

A bill for an act
relating to economic development; authorizing certain investments; creating a
program; appropriating money; proposing coding for new law in Minnesota
Statutes, chapter 116J.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

Section 1. **[116J.417] GREATER MINNESOTA BUSINESS DEVELOPMENT
INVESTMENT FUND.**

Subdivision 1. **Eligible organization.** For the purposes of this section, "eligible
organization" means an organization established pursuant to section 116J.415 which
provides business financing to greater Minnesota businesses.

Subd. 2. **Investment fund establishment.** The commissioner shall establish an
investment fund from which fund investments can be made in eligible organizations. The
funds repaid by the eligible organizations are to be returned to the fund for subsequent
reinvestment in eligible organizations.

Subd. 3. **Authorized investments.** The commissioner is authorized to make
investments in eligible organizations. The commissioner shall invest funds in the form of
loans to eligible organizations for the purpose of providing capital to new and expanding
businesses in the form of debt or equity, or both.

Subd. 4. **Investment authorized.** The commissioner may make investments in
eligible organizations under the following terms:

(1) the organization seeking an investment of funds must guarantee repayment of not
less than 100 percent of the funds invested in the eligible organization;

(2) the investments are to be made in the form of a loan to the eligible organization
for a term of ten years, at an interest rate of one percent;

2.1 (3) during the ten-year term of the loan, the eligible organization shall make annual
2.2 interest-only payments;

2.3 (4) at the end of the ten-year term, the eligible organization is required to make a
2.4 payment in the entire principal amount of the initial loan;

2.5 (5) the state investment by the commissioner in any eligible organization may not
2.6 exceed \$2,000,000;

2.7 (6) the full amount of state investment will be advanced to the approved eligible
2.8 organization upon execution of a formal investment agreement, specifying the terms of the
2.9 loan, as well as reporting and other requirements outlined in subdivision 5;

2.10 (7) the eligible organization must maintain the funds in accounts that allow the funds
2.11 to be readily available for business investments;

2.12 (8) the eligible organization must make business investments totaling the entire
2.13 amount of funds loaned by the state within three years of the execution of the investment
2.14 agreement and subsequent transmittal of the funds; and

2.15 (9) an eligible organization that receives an investment under this section shall
2.16 report annually, in a format prescribed by the commissioner, the nature and amount of
2.17 the business investments made, including, for each financing transaction involving funds
2.18 received pursuant to this section, all forms and amounts of financing provided by the
2.19 eligible organization from sources other than the investment fund established pursuant to
2.20 this section, along with the number of jobs created and private sector investment leveraged.

2.21 Subd. 5. **Requirements for state investments.** All investments are subject to an
2.22 investment agreement which must include:

2.23 (1) a description of the eligible organization, including business finance experience,
2.24 qualifications, and investment history;

2.25 (2) a description of the uses of investment proceeds by the eligible organization;

2.26 (3) an explanation of the investment objectives;

2.27 (4) a description of accounting and reporting standards to be used by the eligible
2.28 organization; and

2.29 (5) a copy of the most recent audited financial statements of the eligible organization.

2.30 **Sec. 2. APPROPRIATION.**

2.31 \$12,000,000 is appropriated from the general fund to the commissioner of
2.32 employment and economic development to provide loans authorized under section 1.

2.33 This appropriation is available until expended.