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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-SECOND SESSION

H. F. No. 4580

03/24/2022

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The bill was read for the first time and referred to the Committee on Workforce and Business Development Finance and Policy

1.1 A bill for an act
1.2 relating to economic development; appropriating money for nonprofit relief grants.

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

1.4 Section 1. MINNESOTA NONPROFIT RELIEF GRANTS; APPROPRIATION.

1.5 Subdivision 1. Grants. (a) The commissioner of employment and economic development
1.6 shall make grants to the Saint Paul & Minnesota Foundation and the six Minnesota Initiative
1.7 Foundations to make grants to eligible nonprofits under paragraph (d). Intermediaries shall
1.8 make grants to nonprofits using criteria, forms, applications, and reporting requirements
1.9 developed by the commissioner.

1.10 (b) To be eligible for a grant under this section, a nonprofit must:

1.11 (1) be located in the state of Minnesota;

1.12 (2) have a permanent physical location;

1.13 (3) provide the organization's federal taxpayer identification number (EIN);

1.14 (4) be a 501(c)(3) public charity; provide evidence of a submitted application for 501(c)(3)
1.15 status awaiting approval if dated before December 31, 2019; or provide a written fiscal
1.16 sponsor agreement signed by the 501(c)(3) fiscal sponsor and the sponsored organization;

1.17 (5) be currently registered with and have no current tax liens on record with the secretary
1.18 of state at the time of application for a grant;

1.19 (6) not be a hospital or clinic, sports facility, private school, credit union, religious
1.20 corporation, or institution of higher education; and

2.1 (7) be able to attest to financial hardship as a result of the COVID-19 pandemic. This
2.2 hardship can be due to loss of revenue or an increased demand for services.

2.3 (c) Nonprofits may use grant funds under this section for working capital to support
2.4 providing continued services, including payroll, rent, mortgage, utilities, and other similar
2.5 expenses that occur in the regular course of operations.

2.6 (d) The commissioner of employment and economic development shall develop criteria,
2.7 forms, and applications necessary to issue these grants. The commissioner shall work with
2.8 the intermediaries to ensure that all criteria, forms, applications, and reporting requirements
2.9 are appropriate for the nonprofit entities and are no more rigorous than the Small Business
2.10 Relief Grants program administered by the Department of Employment and Economic
2.11 Development under Laws 2020, First Special Session chapter 1, section 4. The commissioner
2.12 shall accept applications and complete a randomized selection process and shall provide
2.13 money to the named intermediaries who will determine eligibility and disperse grants.

2.14 Subd. 2. Grant Amounts. Grants under this section shall be for the following amounts:

2.15 (1) \$50,000 for organizations that have organizational revenue for fiscal year 2019
2.16 between \$50,000 and equal or less than \$1,500,000;

2.17 (2) \$100,000 for organizations that have organizational revenue for fiscal year 2019
2.18 greater than \$1,500,000, but less than \$5,000,000;

2.19 (3) \$150,000 for organizations that have organizational revenue for fiscal year 2019
2.20 greater than \$5,000,000, but less than \$35,000,000; and

2.21 (4) \$75,000 for organizations that qualify as a culturally specific organization and have
2.22 organization revenue between \$250,000 and equal to or less than \$1,500,000. For the
2.23 purposes of this section, "culturally specific organization" means primarily serving
2.24 historically underserved cultural communities and possessing two out of the three following
2.25 criteria:

2.26 (i) the organization's governing board has a majority representation of the base community
2.27 or communities the organization serves;

2.28 (ii) the majority of the people who interact with the organization as clients are from the
2.29 base cultural community or communities the organization serves; and

2.30 (iii) either a majority of the leadership staff or a majority of the entire staff are from the
2.31 base cultural community or communities the organization serves.

3.1 Subd. 3. **Distribution of awards.** (a) Of grant funds awarded under subdivision 2, a
3.2 minimum of:

3.3 (1) \$33,000,000 must be awarded to organizations that provide human services;

3.4 (2) \$6,500,000 must be awarded to culturally specific organization; and

3.5 (3) \$7,500,000 must be awarded to organizations in greater Minnesota that have
3.6 organizational revenue for fiscal year 2019 of between \$250,000 and equal to or less than
3.7 \$1,500,000.

3.8 (b) Nonprofits eligible for grants in the categories provided in subdivision 2, clauses (2)
3.9 to (4), that operate from more than one location may apply to the randomized selection
3.10 process for each location with a maximum of two awards to an individual nonprofit.

3.11 (c) Grants and the process of making grants under this section are exempt from the
3.12 following statutes and related policies: Minnesota Statutes, sections 16A.15, subdivision 3;
3.13 16B.97; and 16B.98, subdivisions 5, 7, and 8.

3.14 (d) By December 31, 2023, the commissioner of employment and economic development
3.15 shall submit a report to the chairs and ranking minority members of the legislative committees
3.16 with jurisdiction over economic development detailing the use of money under this section.

3.17 (e) Any money not spent by intermediaries by June 30, 2023, must be returned to the
3.18 commissioner and canceled back to the general fund.

3.19 Subd. 4. **Appropriations.** (a) \$50,000,000 in fiscal year 2023 is appropriated from the
3.20 general fund to the commissioner of employment and economic development for nonprofit
3.21 relief grants in this section. Of the total amount, half is for eligible nonprofits in the
3.22 seven-county metropolitan area and half is for eligible nonprofits outside the seven-county
3.23 metropolitan area.

3.24 (b) Of this amount, up to:

3.25 (1) \$100,000 is for the commissioner of employment and economic development to
3.26 administer the program;

3.27 (2) \$49,900,000 is to the Saint Paul & Minnesota Foundation and the six Minnesota
3.28 Initiative Foundations to support distribution of money as a result of the randomized selection
3.29 process; and

3.30 (3) up to five percent may be used by the organizations in clause (2) for administrative
3.31 costs incurred to administer the program. Thirty percent of allowable administrative expenses
3.32 must be made available to the organizations in clause (2) on July 1, 2022, to ensure those

- 4.1 organizations have the infrastructure and staffing in place to efficiently administer this
4.2 program. The schedule for payment of the remaining allowable administrative expenses
4.3 must be determined by the commissioner of employment and economic development in
4.4 consultation with the organizations under clause (2).