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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-SECOND SESSION

H. F. No. 4749

04/04/2022 Authored by Hollins, Moran and Becker-Finn
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; establishing a nonprofit relief grant program;
1.3 requiring a report; appropriating money.

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

1.5 Section 1. MINNESOTA NONPROFIT RELIEF GRANTS; APPROPRIATION.

1.6 (a) \$200,000,000 in fiscal year 2023 is appropriated from the fund to the commissioner
1.7 of employment and economic development for grants under this section to nonprofits
1.8 experiencing financial hardship as a result of the COVID-19 pandemic. Of the total amount,
1.9 half is for eligible nonprofits in the seven-county metropolitan area and half is for eligible
1.10 nonprofits outside the seven-county metropolitan area. The commissioner of employment
1.11 and economic development shall make grants to the Saint Paul & Minnesota Foundation
1.12 and the six Minnesota Initiative Foundations, as intermediaries, to support distribution of
1.13 funds as a result of the randomized selection process described in paragraph (e).

1.14 (b) Of this amount:

1.15 (1) \$150,000 is for the commissioner of employment and economic development to
1.16 administer the program; and

1.17 (2) up to five percent may be used by the intermediaries for administrative costs incurred
1.18 to administer the program. Thirty percent of allowable administrative expenses must be
1.19 made available to intermediaries up front to ensure intermediaries have the infrastructure
1.20 and staffing in place to efficiently administer this program. The schedule for payment of
1.21 the remaining allowable administrative expenses must be determined by the commissioner
1.22 of employment and economic development in consultation with the intermediaries.

- 2.1 (c) To be eligible for a grant under this section, a nonprofit must:
- 2.2 (1) be located in the state of Minnesota;
- 2.3 (2) provide the organization's federal taxpayer ID number (EIN);
- 2.4 (3) be a 501(c)(3) public charity; provide evidence of a submitted application for 501(c)(3)
- 2.5 status awaiting approval if dated before December 31, 2019; or provide written fiscal sponsor
- 2.6 agreement signed by the 501(c)(3) fiscal sponsor and the sponsored organization;
- 2.7 (4) be currently registered with and have no current tax liens on record with the secretary
- 2.8 of state as of the time of application for a grant;
- 2.9 (5) not be a hospital, private school, credit union, house of worship, or institution of
- 2.10 higher education;
- 2.11 (6) be eligible for state sales tax exemption; and
- 2.12 (7) be able to prove financial hardship as a result of the COVID-19 pandemic by showing
- 2.13 one of the following:
- 2.14 (i) a decline in total revenue, as reported by the nonprofit on the federal Internal Revenue
- 2.15 Services Form 990, of at least ten percent from 2019 to 2020 or from 2019 to 2021;
- 2.16 (ii) an increase in total expenses, as reported by the nonprofit on the federal Internal
- 2.17 Revenue Services Form 990, of at least ten percent from 2019 to 2020 or from 2019 to 2021;
- 2.18 or
- 2.19 (iii) that the nonprofit fits into the categories of organizations that were directly impacted
- 2.20 by an executive order related to the COVID-19 pandemic. Categories of impacted
- 2.21 organizations include all human service organizations as defined in paragraph (i) as well
- 2.22 as other categories of nonprofit organizations as determined by the commissioner of
- 2.23 employment and economic development in consultation with the intermediaries.
- 2.24 (d) Nonprofits may use grant funds under this section for working capital to support
- 2.25 providing continued or expanded services, including the expenses of payroll, rent, mortgage,
- 2.26 utilities, and other similar expenses that occur in the regular course of operations.
- 2.27 (e) The commissioner of employment and economic development shall develop criteria,
- 2.28 forms, and applications necessary to issue these grants. The commissioner shall work with
- 2.29 nonprofit partners to ensure that all criteria, forms, applications, and reporting requirements
- 2.30 are appropriate for the nonprofit entities and create similar accountability standards as the
- 2.31 Small Business Relief Grants program administered by the Department of Employment and
- 2.32 Economic Development under Laws 2020, First Special Session chapter 1, section 4. The

3.1 commissioner shall accept applications and complete a randomized selection process to
3.2 determine award recipients.

3.3 (f) To be eligible for a grant under this section, a nonprofit must meet the criteria listed
3.4 in paragraph (c) and one of the following criteria:

3.5 (1) be headquartered outside the seven-county metropolitan area and have organizational
3.6 revenue for fiscal year 2019 of equal to or less than \$1,500,000;

3.7 (2) provide human services and have organizational revenue for fiscal year 2019 of equal
3.8 to or less than \$1,500,000;

3.9 (3) provide human services and have organizational revenue for fiscal year 2019 between
3.10 \$1,500,000 and \$5,000,000;

3.11 (4) provide human services and have organizational revenue for fiscal year 2019 between
3.12 \$5,000,001 and \$35,000,000;

3.13 (5) be a culturally specific organization, defined as primarily serving historically
3.14 underserved cultural communities and possessing two out of the three following criterion:

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

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

3.19 (iii) either a majority of the leadership staff or a majority of the entire staff are from the
3.20 base cultural community or communities the organization serves; or

3.21 (6) meet the basic eligibility requirements listed in paragraph (c).

3.22 (g) The amounts available for grants for each category listed in paragraph (f) are allocated
3.23 by the following percentages and grant award amounts:

3.24 (1) for grants awarded to a nonprofit eligible under paragraph (f), clause (1), 15 percent
3.25 of the amounts available for grants and the grant award per grant is \$50,000;

3.26 (2) for grants awarded to a nonprofit eligible under paragraph (f), clause (2), 40 percent
3.27 of the amounts available for grants and the grant award per grant is \$50,000;

3.28 (3) for grants awarded to a nonprofit eligible under paragraph (f), clause (3), 12.5 percent
3.29 of the amounts available for grants and the grant award per grant is \$100,000;

3.30 (4) for grants awarded to a nonprofit eligible under paragraph (f), clause (4), 12.5 percent
3.31 of the amounts available for grants and the grant award per grant is \$150,000;

4.1 (5) for grants awarded to a nonprofit eligible under paragraph (f), clause (5), ten percent
4.2 of the amounts available for grants and the grant award per grant is \$75,000; and

4.3 (6) for grants awarded to a nonprofit eligible under paragraph (f), clause (6), ten percent
4.4 of the amounts available for grants and the grant award per grant is \$50,000.

4.5 (h) Any amounts not awarded for the categories listed in paragraph (f), clauses (1) to
4.6 (5), as allocated under paragraph (g) by, 2022, shall be eligible for awards to eligible
4.7 nonprofits under paragraph (f), clause (6).

4.8 (i) For purposes of this section, "human services" includes one or more of the following
4.9 categories:

4.10 (1) community health services, including medical and dental services;

4.11 (2) services for those experiencing housing insecurity and homelessness, including those
4.12 making homes safe for occupancy;

4.13 (3) food insecurity and food assistance services;

4.14 (4) services for youth and families in crisis;

4.15 (5) services providing advocacy, safety, and protection from abuse;

4.16 (6) behavioral health and chemical dependency services;

4.17 (7) income assistance, employment services, or job training;

4.18 (8) services for individuals with physical or developmental disabilities;

4.19 (9) educational support services;

4.20 (10) services for aging adults;

4.21 (11) mental health services;

4.22 (12) technology access services to support educational, employment, and telehealth
4.23 access; and

4.24 (13) childcare.

4.25 (j) Nonprofits eligible for grants in the categories provided in paragraph (f), clause (2),
4.26 (3), or (4), that operate from more than one location may apply for a grant for each
4.27 nonheadquarter location in the category provided in paragraph (f), clause (2). Headquarter
4.28 locations should apply in the applicable clause provided under paragraph (f), clause (2),
4.29 (3), or (4).

5.1 (k) Grants and the process of making grants under this section are exempt from the
5.2 following statutes and related policies: Minnesota Statutes, sections 16A.15, subdivision 3;
5.3 16B.97; and 16B.98, subdivisions 5, 7, and 8.

5.4 (l) Priority in awarding grants may be given to eligible nonprofits that did not receive a
5.5 grant under Laws 2020, Seventh Special Session chapter 2, article 5.

5.6 (m) By December 31, 2023, the commissioner of employment and economic development
5.7 shall submit a report to the chairs and ranking minority members of the legislative committees
5.8 with jurisdiction over economic development detailing the use of funds under this section.

5.9 (n) Any funds not awarded as grants by the intermediaries by June 20, 2023, must be
5.10 returned to the commissioner and canceled back to the general fund.

5.11 **EFFECTIVE DATE.** This section is effective the day following final enactment.