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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-THIRD SESSION

H. F. No. 504

01/18/2023 Authored by Hanson, J.; Hassan; Noor; Kozlowski; Frazier and others
The bill was read for the first time and referred to the Committee on Economic Development Finance and Policy

1.1 A bill for an act
1.2 relating to business development; codifying the small business partnership program;
1.3 appropriating money; requiring reports; proposing coding for new law in Minnesota
1.4 Statutes, chapter 116J.

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

1.6 Section 1. [116J.8746] SMALL BUSINESS PARTNERSHIP PROGRAM.

1.7 Subdivision 1. Definitions. (a) For the purposes of this section, the following terms have
1.8 the meanings given.

1.9 (b) "Commissioner" means the commissioner of employment and economic development.

1.10 (c) "Eligible business" means an entity that:

1.11 (1) is a business, commercial cooperative, employee-owned business, or commercial
1.12 land trust; and

1.13 (2) is either:

1.14 (i) located in greater Minnesota;

1.15 (ii) in the field of high technology; or

1.16 (iii) at least 51 percent owned by people who are either:

1.17 (A) Black, indigenous, or people of color;

1.18 (B) women;

1.19 (C) immigrants;

1.20 (D) veterans;

2.1 (E) people with disabilities; or

2.2 (F) low-income.

2.3 (d) "Program" means the small business partnership program established in this section.

2.4 Subd. 2. **Establishment.** The commissioner of employment and economic development  
 2.5 shall establish a small business partnership program to make statewide grants to local and  
 2.6 regional community-based nonprofit organizations to support the start-up, growth, and  
 2.7 success of eligible businesses through the delivery of high-quality free or low-cost  
 2.8 professional business development and technical assistance services.

2.9 Subd. 3. **Grants to nonprofits.** (a) Nonprofit organizations shall apply for grants using  
 2.10 a competitive process established by the commissioner.

2.11 (b) All grants shall be made in the first year of the biennium and shall be for two years.

2.12 (c) Up to ten percent of the grant amount may be used by the nonprofit for administrative  
 2.13 expenses.

2.14 (d) Preference shall be given to applications from nonprofits that can demonstrate a  
 2.15 record of successful outcomes serving historically underserved communities or increasing  
 2.16 the upward economic mobility of clients.

2.17 Subd. 4. **Administration.** The commissioner may use up to five percent of program  
 2.18 funds for administering and monitoring the program.

2.19 Subd. 5. **Reporting.** (a) Grant recipients shall report to the commissioner each year they  
 2.20 receive grant funds. This report shall detail the use of grant funds and shall include data on  
 2.21 the number of individuals served and other measures of program impact, along with any  
 2.22 other information requested by the commissioner.

2.23 (b) By January 15, 2025, and by January 15 each odd-numbered year thereafter, the  
 2.24 commissioner shall submit a report to the chairs and ranking minority members of the  
 2.25 committees of the house of representatives and the senate having jurisdiction over business  
 2.26 development that details the use of program funds and the program's impact. This report is  
 2.27 in addition to the reporting required under section 3.195.

2.28 Sec. 2. **SMALL BUSINESS PARTNERSHIP PROGRAM; APPROPRIATION.**

2.29 \$12,500,000 in fiscal year 2024 and \$12,500,000 in fiscal year 2025 are appropriated  
 2.30 from the general fund to the commissioner of employment and economic development for  
 2.31 the small business partnership program under Minnesota Statutes, section 116J.8746.