

CHAPTER 116M

URBAN INITIATIVE BOARD

116M.16 Powers.

116M.18 Urban challenge grants program.

116M.16 POWERS.*[For text of subd 1, see M.S.1994]*

Subd. 2. Gifts; grants; appropriation. The board may apply for, accept, and disburse gifts, grants, loans, or other property from the United States, the state, private foundations, or any other source. It may enter into an agreement required for the gifts, grants, or loans and may hold, use, and dispose of its assets in accordance with the terms of the gift, grant, loan, or agreement. Money received by the board under this subdivision must be deposited in a separate account in the state treasury and invested by the state board of investment. The amount deposited, including investment earnings, is appropriated to the board to carry out its duties.

History: 1995 c 224 s 59**116M.18 URBAN CHALLENGE GRANTS PROGRAM.***[For text of subds 1 to 3, see M.S.1994]*

Subd. 4. Business loan criteria. (a) The criteria in this subdivision apply to loans made under the urban challenge grant program.

(b) Loans must be made to businesses that are not likely to undertake a project for which loans are sought without assistance from the urban challenge grant program.

(c) A loan must be used for a project designed to benefit persons in low-income areas through the creation of job or business opportunities for them. Priority must be given for loans to the lowest income areas.

(d) The minimum loan is \$5,000 and the maximum is \$150,000.

(e) A loan must be matched by at least an equal amount of new private investment.

(f) A loan may not be used for a retail development project.

(g) The business must agree to work with job referral networks that focus on minority applicants from low-income areas.

Subd. 4a. Microenterprise loan. Urban challenge grants may be used to make microenterprise loans to small, beginning businesses, including a sole proprietorship. Microenterprise loans are subject to this section except that:

(1) they may also be made to qualified retail businesses;

(2) they may be made for a minimum of \$1,000 and a maximum of \$10,000; and

(3) they do not require a match.

Subd. 5. Revolving fund administration; rules. (a) The board shall establish a minimum interest rate for loans to ensure that necessary loan administration costs are covered.

(b) Loan repayment amounts equal to one-half of the principal and interest must be deposited in a revolving fund created by the board for challenge grants. The remaining amount of the loan repayment may be deposited in a revolving loan fund created by the nonprofit corporation originating the loan being repaid for further distribution, consistent with the loan criteria specified in subdivision 4.

(c) Administrative expenses of the board and nonprofit corporations with whom the board enters into agreements under subdivision 2 may be paid out of the interest earned on loans and out of interest earned on money invested by the state board of investment under section 116M.16, subdivision 2.

*[For text of subds 6 to 8, see M.S.1994]***History:** 1995 c 224 s 60-62