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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-SECOND SESSION

H. F. No. 1784

03/01/2021

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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; requiring a report; appropriating money for a
1.3 small business support program.

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

1.5 Section 1. SMALL BUSINESS SUPPORT PROGRAM.

1.6 Subdivision 1. Analysis of small business programs. \$..... in fiscal year 2022 and
1.7 \$..... in fiscal year 2023 are appropriated from the general fund to the commissioner of
1.8 employment and economic development to conduct a study of the effectiveness and impact
1.9 of small business support programs administered or funded by the department. The study
1.10 must assess how the state can most effectively support small business development and
1.11 growth into the future, especially for BIPOC and women entrepreneurs and small business
1.12 owners. The study must examine money spent by the department in fiscal years 2018 to
1.13 2021, and examine loans, grants, and consulting services provided to support entrepreneurs
1.14 and small businesses with fewer than 300 employees. In addition, the study must include
1.15 an examination of approaches used around the country to identify best practices and
1.16 approaches that should be considered in the state.

1.17 Subd. 2. Quantitative aspects. The study must include the following quantitative data:

- 1.18 (1) the number of businesses that received assistance;
- 1.19 (2) the demographics of business owners receiving assistance;
- 1.20 (3) the size of businesses;
- 1.21 (4) the type and value of assistance, including grants, loans, technical assistance, education
- 1.22 about starting a business, business planning, insurance, taxes, and local and state regulations;

2.1 (5) the amount of money spent on administration;

2.2 (6) for below market rate loans, whether businesses would have qualified for capital on
2.3 the private market; and

2.4 (7) information about the eligibility criteria and application requirements.

2.5 Subd. 3. **Qualitative aspects.** (a) The study must include the following qualitative data:

2.6 (1) interviews, surveys, or focus groups with business owners who received assistance
2.7 from business support programs about their experience applying for the assistance and the
2.8 impact of the assistance as to what worked well, what was challenging, and what could be
2.9 improved;

2.10 (2) interviews, surveys, or focus groups with applicants who did not receive assistance
2.11 and entrepreneurs or business owners who did not apply for business support programs
2.12 about their experience applying and why they did not apply, respectively; and

2.13 (3) interviews, surveys, or focus groups with public and nonprofit program administrators
2.14 to identify ways in which the programs work well, barriers to accessing the programs, and
2.15 what could be improved.

2.16 (b) The study must oversample entrepreneurs and small business owners from BIPOC
2.17 communities and who are women and program administrators who focus on serving these
2.18 communities.

2.19 Subd. 4. **Report and recommendations.** The commissioner of employment and economic
2.20 development must submit a report on the study and make recommendations for how the
2.21 state can maximize the effectiveness of investments in small business supports, particularly
2.22 for BIPOC and women entrepreneurs, by January 15, 2023, to the chairs and ranking minority
2.23 members of the committees in the senate and house of representatives with jurisdiction over
2.24 jobs and economic development.

2.25 Subd. 5. **Advisory group.** (a) To complete the study and report under this section, the
2.26 commissioner of employment and economic development must consult with a group of four
2.27 public or nonprofit program administrators and at least eight small businesses owners
2.28 appointed by Main Street Alliance on:

2.29 (1) the development of the qualitative data collection tools;

2.30 (2) the methods and sample for qualitative data collection; and

2.31 (3) the recommendations to the legislature under subdivision 3.

- 3.1 (b) Of the business owners advising the department, at least half must identify as BIPOC,
3.2 at least half as women, and all owners must own a business in economically disadvantaged
3.3 areas of Minneapolis, St. Paul, or outside of the seven-county metropolitan area.