State of Minnesota

HOUSE OF REPRESENTATIVES

SECOND SPECIAL SESSION

H. F. No. **52**

07/13/2020   Authored by Erickson
The bill was read for the first time and referred to the Jobs and Economic Development Finance Division

1.1   A bill for an act

1.2   relating to economic development; forgiving loans under the Lake Mille Lacs area
1.3   economic relief program; amending Laws 2016, chapter 189, article 7, section 46,
1.4   subdivision 2.

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

1.6   Section 1. Laws 2016, chapter 189, article 7, section 46, subdivision 2, is amended to

1.7   read:

1.8   Subd. 2. **Available relief.** (a) The economic relief program established under this section

1.9   may include grants or loans as provided in this section to the extent that funds are available.

1.10   Prior to awarding a grant to Mille Lacs County for the relief program under this section:

1.11   (1) the county must develop criteria, procedures, and requirements for:

1.12   (i) determining eligibility for assistance;

1.13   (ii) the duration, terms, underwriting and security requirements, and repayment

1.14   requirements for loans;

1.15   (iii) evaluating applications for assistance;

1.16   (iv) awarding assistance; and

1.17   (v) administering the grant and loan program authorized under this section;

1.18   (2) the county must submit its criteria, procedures, and requirements developed pursuant

1.19   to clause (1) to the commissioner of employment and economic development for review;

1.20   and

Section 1.   1

2.1 (3) the commissioner must approve the criteria, procedures, and requirements as

2.2 developed pursuant to clause (1) to be used by the county in determining eligibility for

2.3 assistance, evaluating, awarding, and administering the grant and loan program.

2.4 (b) The relief authorized under this section includes:

2.5 (1) grants not to exceed $50,000 per business. Grants may be awarded to applicants only

2.6 when the county determines that a loan is not appropriate to address the needs of the

2.7 applicant; and

2.8 (2) loans, with or without interest, and deferred or forgivable loans. The maximum loan

2.9 amount under this subdivision is $100,000 per business. The lending criteria adopted by

2.10 the county for loans under this subdivision must:

2.11 (i) specify that an entity receiving a deferred or forgivable loan must remain in the local

2.12 community a minimum of five years after the date of the loan. The maximum loan deferral

2.13 period must not exceed five years from the date the loan is approved. The maximum amount

2.14 of a loan that may be forgiven must not exceed 50 percent of the principle amount and may

2.15 be forgiven only if the business has remained in operation in the community for at least ten

2.16 years after the loan is approved; and

2.17 (ii) require submission of a business plan for continued operation until the walleye fishing

2.18 resource recovers. The plan must document the probable success of the applicant's business

2.19 plan and probable success in repaying the loan according to the terms established for the

2.20 loan program; and

2.21 (3) tourism promotion grants to the Mille Lacs Tourism Council.

2.22 (c) All loan repayment funds under this subdivision must be paid to the commissioner

2.23 of employment and economic development for deposit in the Minnesota investment fund

2.24 disaster contingency account under Minnesota Statutes, section 116J.8731.

2.25 **EFFECTIVE DATE.** This section is effective retroactively from July 1, 2016.

2.26 Sec. 2. **MILLE LACS LOAN FORGIVENESS.**

2.27 The commissioner of employment and economic development must request that Mille

2.28 Lacs County forgive all outstanding loans issued under Minnesota Laws 2016, chapter 189,

2.29 article 7, section 46. The commissioner shall modify as necessary any terms of the grant to

2.30 Mille Lacs County that was made under that section.