



**EMPLOYMENT AND
ECONOMIC DEVELOPMENT**

PROMISE Act Report

House Workforce, Labor, and Economic Development Finance and Policy Committee
April 9, 2026



Program Overview

- The PROMISE Act was created during the **2023 legislative session**. It was amended in the 2024 and 2025 sessions.
- The program awards grants to legislatively named community partners to provide **financial assistance** in the form of grants to eligible businesses in communities that have been adversely affected by structural racial discrimination, civil unrest, lack of access to capital, loss of population or an aging population, or lack of regional economic diversification.
 - Priority went to those who had not received assistance under COVID relief programs.
- A total of **\$94.3 million** in financial assistance will be awarded in multiple rounds.
- Funds can be used for working capital to support payroll expenses, rent or mortgage payments, utility bills, equipment, and other similar expenses that occur in the regular course of business.

To be eligible for financial assistance under this program, applicants must submit an application along with support documentation that demonstrates:

- Be a for-profit business or a nonprofit organization that earns revenue in ways similar to businesses
- Have primary business operation located in the state of Minnesota
- Be located in an eligible geography
- Have a gross annual revenue of \$750,000 or less based on the prior taxable year
- ***New for Round 2*** If the business location is the taxpayer's residence, the business must have claimed and been allowed the deduction for home office expenses in the prior taxable year.

Preference Requirements

The law requires that preference be given to eligible applicants based on the following criteria:

- The applicant received \$10,000 or less in assistance total from previous state financial assistance programs including: (1) Minnesota Small Business Emergency Loan Program, (2) Minnesota Small Business Relief Grants, (3) Minnesota County Relief Grants to Local Businesses, and (4) Minnesota Movie Theater and Convention Center Grant.
- The applicant can demonstrate their business experience financial hardship. Financial hardship has been defined by DEED and its partners as follows: (1) Either the applicant can demonstrate their business experienced 10% decline in gross revenue for the prior year compared to the previous tax year, or (2) the applicant can demonstrate their business experienced a decrease in net income of more than 0% for the prior year compared to the previous tax year.

Appropriations

- A total of \$103 million was appropriated to the PROMISE Act.
- The Minnesota Initiative Foundations each received \$2,684,166.67 (~\$16 million total).
- \$86,418,000 was appropriated to the Neighborhood Development Center for the following areas:
 - \$33,105,000 for North Minneapolis' West Broadway, Camden, or other Northside Neighborhoods
 - \$28,105,000 for South Minneapolis' Lake Street, 38th and Chicago, Franklin, Nicollet, and Riverside Corridors
 - \$21,104,000 for St. Paul's University Avenue, Midway, Eastside, or other St. Paul neighborhoods
 - \$4,104,000 for the 7-county metro suburbs

Oversight, Compliance, and Risk Mitigation

- Each partner organization creates and maintains their own application portal for this program. Partners receive applications directly and serve as the initial reviewers for every applicant.
- The review process features numerous steps to verify the information submitted including verifying applicant identity, verifying business location, and reviewing tax documents.
- DEED spot checks 10% of all determinations. DEED will also audit businesses 12 months after award, in addition to any referral suspected of misconduct.

Application Steps

To apply for and receive financial assistance, a business must:

- Gather 2-3 years of tax documentation and other source documentation
- Complete an application attesting how they will use funds and upload source documentation
- Meet initial eligibility checks conducted by partner organizations
- Proceed through the identification and documentation verification process
- If selected and verified as eligible, sign a contract with the partner organization
- Partners send the applicants' determination to DEED for randomized audits of determinations
- Wait for DEED to disburse funds to partner
- Receive the funds from the partner and spend within 12 months for eligible purposes
- Retain records for six years on their use of funds

Fraud Prevention Review

- Any application receiving the “unable to verify authenticity or necessary documentation” designation was deemed ineligible and the application was rejected.
- Partner organizations submitted reports to DEED with the business and contact names of individuals whose applications received these flags. DEED refers the reports to its Internal Audit team. Internal Audit refers cases to the Bureau of Criminal Apprehension for further investigation.
- During Round 1, DEED’s partners identified 76 applications as having responses or source documentation that could not be verified as authentic or was potentially fraudulent.

Program Results

Through Round 1, partners have awarded 929 financial assistance grants totaling \$16,312,000.

- The average gross revenue of a business receiving an award was \$188,327,85
- The average award was \$17,558.67
- 92.2% of all awards went to businesses earning less than \$500,000 in gross revenue the prior year

Applications and Awards by Partner (Round 1)

Partner Organization	Total Applications	Applications Awarded	Ineligible Applications	Total Funding Approved for Awards
Neighborhood Development Center	3,709	651	1,597	\$9,567,000
Northland Foundation	211	45	39	\$1,120,000
Northwest Minnesota Foundation	187	50	30	\$1,145,000
West Central Initiative Foundation	451	52	88	\$1,150,000
Southwest Initiative Foundation	292	41	39	\$1,035,000
Southern Minnesota Initiative Foundation	812	43	77	\$1,145,000
Initiative Foundation	783	47	304	\$1,175,000

Awards by Business Structure

Business Structure	Awards	% of Total Awards
Sole Proprietorship	360	39%
Limited Liability Company	352	38%
Corporation	151	16%
Nonprofit Corporation	47	5%
Limited Liability Partnerships	16	2%

Most Common Businesses by Industry

Industry (2-Digit NAICS Code)	# of Awards	% of Total Awards
Transportation and Warehousing	344	37%
Other Services (except public administration) – Personal and Professional Services	114	12%
Retail Trade	104	11%
Accommodation and Food Service	75	8%
Health Care and Social Assistance	68	7%
Arts, Entertainment, and Recreation	44	5%
Educational Services	33	4%
Professional, Scientific, and Technical Services	30	3%

Next Steps

- DEED will audit 10% of determinations.
- DEED also conducts re-evaluations on any businesses that are flagged as being potentially ineligible or suspected of fraud.
- Grantees are asked to seek additional documentation to verify business location.
- DEED is looking to implement new technology to help screen businesses for eligibility.

Questions?