



EMPLOYMENT AND
ECONOMIC DEVELOPMENT

PROMISE Act Update

House Workforce, Labor, & Economic Development Committee
March 4, 2026



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Legislative Background

Establishment

- 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.
- 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.

Promise Act Grant Allocations

- A total of \$103 million across three appropriations in 2023, 2024, and 2025
- \$2,684,166.67 for each of the six Minnesota Initiative Foundations covering all of Greater Minnesota (~\$16m total)
- \$86,418,000 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 7-county metro suburbs (first appropriated in 2024 legislative session).
- Partners can retain up to 5% (\$5.1m) of funding for administrative cost and 3% (\$3m) for technical assistance to applicants. DEED receives \$237,500 per year for administration through June 30, 2027.

Eligibility & Preference Requirements in Law

- Applicant must:
 - Be a for-profit business or a nonprofit organization that earns revenue in ways similar to businesses
 - Have primary business operations 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 shall be given to businesses that:
 - Demonstrate financial hardship
 - Did not receive previous assistance of more than \$10,000 from other state financial assistance programs

Award Amounts

- Businesses will be provided financial assistance based on gross annual revenue in the prior taxable year.
 - Businesses with gross annual revenue in the prior year of \$100,000 or less can receive up to \$10,000
 - Businesses with gross annual revenue in the prior year of more than \$100,000 but no more than \$350,000 can receive up to \$25,000
 - Businesses with gross annual revenue in the prior year of more than \$350,000 but no more than \$750,000 can receive up to \$50,000

Implementation

Timeline

Timeline	Milestones
May 2023	Promise Act is passed and signed into law.
July 1, 2023 – October 2023	Law in effect, program guidelines are drafted, and partner contracts are finalized.
November 2023 – February 2024	Partners develop their applications, evaluation and awarding process, and begin community outreach.
March 2024 – June 2024	Partners begin opening Round 1 application portals.
July 2024 – July 2025	Partners review Round 1 applications, make award determinations, and disburse funds. DEED monitors partners, spot checks determinations, and ensure partners are complying with the program requirements.
May 2025	New eligibility requirements and expanded eligible areas are signed into law.
July 2025	2025 session changes go into effect, guidelines are updated, and partners make changes to their programs and processes.
August 2025 - Ongoing	Partners begin opening Round 2 applications and making awards
Ongoing	Partners receiving Round 2 applications and making awards.

PROMISE Grants

Partner Organization	Total Allocation	Admin	Technical Assistance	Promise Act Grants	Promise Grant \$ Awarded <small>(As of 3/2/2026)</small>	Applicants Awarded
Neighborhood Development Center	\$86,418,000.00	\$4,320,900.00	\$2,592,540.00	\$79,504,560.00	\$14,199,000.00 (17.8%)	901
Northland Foundation	\$2,684,166.66	\$134,208.33	\$80,524.99	\$2,469,433.34	\$1,120,000.00 (45.3%)	45
Northwest Minnesota Foundation	\$2,684,166.66	\$134,208.33	\$80,524.99	\$2,469,433.34	\$1,145,000.00 (46.4%)	50
West Central Initiative Foundation	\$2,684,166.66	\$134,208.33	\$80,524.99	\$2,469,433.34	\$1,150,000.00(46.6%)	52
Southwest Initiative Foundation	\$2,684,166.66	\$134,208.33	\$80,524.99	\$2,469,433.34	\$1,035,000.00(41.9%)	41
Southern Minnesota Initiative Foundation	\$2,684,166.66	\$134,208.33	\$80,524.99	\$2,469,433.34	\$1,145,000.00 (46.37%)	43
Initiative Foundation	\$2,684,166.66	\$134,208.33	\$80,524.99	\$2,469,433.34	\$2,469,433.34 (100%)	103
Total	\$102,522,999.96	\$5,126,149.98	\$3,075,689.94	\$94,321,160.04	\$22,263,433.34 (23.6%)	1,235

Partners and Service Area

Partner Organization	Region	Subregions
Neighborhood Development Center	Twin Cities Metro	<ul style="list-style-type: none"> • North Minneapolis: West Broadway, Camden, or other Northside neighborhoods • South Minneapolis: Lake Street, 38th and Chicago, Franklin, Nicollet, and Riverside corridors • Saint Paul: St. Paul's University Avenue, Midway, Eastside, or other St. Paul neighborhoods • Metro Suburbs: CDFI Investment Areas excluding Minneapolis and Saint Paul
Northland Foundation	Northeast	Koochiching, Cook, Lake, Aitkin, Itasca, St. Louis, and Carlton Counties
Northwest Minnesota Foundation	Northwest	Kittson, Marshall, Norman, Red Lake, Roseau, Polk, Pennington, Lake of the Woods, Clearwater, Mahnomon, Beltrami, and Hubbard Counties
Initiative Foundation	Central	Cass, Wadena, Todd, Morrison, Crow Wing, Pine, Kanabec, Mille Lacs, Isanti, Chisago, Benton, Stearns, Wright, and Sherburne Counties.
West Central Initiative Foundation	West Central	Traverse, Wilkin, Grant, Pope, Stevens, Becker, Otter Tail, Douglas, and Clay Counties.
Southern Minnesota Initiative Foundation	Southeast	Faribault, Watonwan, Sibley, Martin, Brown, Waseca, LeSueur, Nicollet, Blue Earth, Fillmore, Houston, Wabasha, Freeborn, Dodge, Mower, Goodhue, Winona, Steele, Rice, and Olmsted Counties.
Southwest Minnesota Initiative Foundation	Southwest	Renville, Meeker, Kandiyohi, McLeod, Lac qui Parle, Big Stone, Yellow Medicine, Swift, Chippewa, Lincoln, Murray, Jackson, Redwood, Cottonwood, Rock, Pipestone, Nobles, and Lyon Counties

PROMISE Act Loans

- The PROMISE Act also established a loan program to make loans to businesses, nonprofits, and developers in communities that have been adversely affected by structural racial discrimination, civil unrest, lack of access to capital, a loss of population or an aging population, or a lack of regional economic diversification.
- An eligible recipient must:
 - Have primary operations located in Minnesota
 - Have gross annual revenue of less than \$1.5 million based on an applicant's prior year taxes
 - Be located in a geography that has been adversely affected by structural racial discrimination, civil unrest, lack of access to capital, a loss of population or an aging population, or a lack of regional economic diversification.

PROMISE Loans

Organization	Allocation	Admin	TA	Lent	# of Loans	Avg. Loan
MEDA	\$24,000,000	\$1,200,000	\$720,000	\$5,954,618	19	\$313,400
Northland Foundation	\$920,000	\$50,000	\$30,000	\$478,000	5	\$100,000
Northwest Foundation	\$920,000	\$50,000	\$30,000	\$650,000	3	\$250,000
West Central Initiative	\$920,000	\$50,000	\$30,000	\$300,174	2	\$150,087
Southwest Initiative Foundation	\$920,000	\$50,000	\$30,000	\$745,000	4	\$186,250
Southern Minnesota Initiative Foundation	\$920,000	\$50,000	\$30,000	\$400,000	2	\$200,000
Initiative Foundation	\$920,000	\$50,000	\$30,000	\$822,068	11	\$74,733 <small>mn.gov/deed</small>

Roles and Risk Mitigation

What does it take for a business to get a Promise Act Grant?

1. Gather 2-3 years of tax documentation and other source documentation (photo IDs, SSN, EIN, leases, utility bills) to verify they meet all eligibility criteria
2. Complete an application attesting how they will use the funds and upload all their source documentation to a secure portal
3. Meet initial eligibility checks conducted by partner organizations
4. Proceed through the identify and documentation verification process
5. If selected and verified as eligible, sign a legally binding contract with the partner organization
6. Have their determination sent to DEED for randomized audits of determinations, including review of applicants' source documentation
7. Wait for DEED to disburse funds to partner
8. Receive the funds from the partner and maintain records for 6 years on their use of funds.

Roles and Oversight

	Partners	DEED
Pre-Application	Provide outreach and technical assistance.	Develop guidelines, templates, and monitor partners
Application & Evaluation Process	Receive applications (to date 6,900+ applications), validates identities & business information to make eligibility determinations	Random audits of source documentation of 10% of determinations
Awards and Disbursement	Submit award determinations to DEED. Once funds are received from DEED, partners execute contracts with each approved applicant and disburses the funds	Funds are disbursed to the partner after random audits and payment monitoring
Post Award	<ul style="list-style-type: none">• Survey awardees• Collect stories of impact• Evaluate performance• Authority to audit awardees of use of funds	DEED retains the authority to audit any awardee of their use of funds

Questions?