

**Subject** Revolving loan fund for southeastern Minnesota  
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## Overview

Creates a revolving loan fund for southeastern Minnesota funded by a onetime \$25,000,000 appropriation.

## Summary

Section	Description
1	<p><b>Purpose.</b></p> <p>States that the bill's purpose is to act on the findings of the economic development study of southeastern Minnesota funded by the 2017 Jobs Omnibus law.</p>
2	<p><b>Venture SE Minnesota Diversification Loan Fund.</b></p> <p><b>Subd. 1. Establishment; revolving loan fund.</b> Establishes a Venture SE Minnesota Diversification revolving loan program with Journey to Growth as the loan administrator.</p> <p><b>Subd. 2. Eligible borrower.</b> Defines eligible borrowers as sole proprietors, partnerships, and corporations engaged in the following industries, or political subdivisions of the state that are supporting the same: agriculture; manufacturing of durable goods primarily sold outside the state; technology primarily serving customers outside the state; healthcare businesses primarily serving customers outside the state; transportation within the southeastern Minnesota; child care; and residential development. Also includes political subdivisions of the state that are supporting redevelopment, main street commercial district improvements, local business infrastructure, or transportation infrastructure.</p> <p>Requires that participating businesses keep their same industry type throughout the period of the loan.</p> <p>Restricts eligibility to entities located within 11 counties in southeastern Minnesota, but not within the city of Rochester, and which are not relocating from elsewhere in Minnesota without the consent of the municipality of origin.</p> <p><b>Subd. 3. Use of loan proceeds.</b> Stipulates that loans may be used for: increasing energy efficiency or business competitiveness of a business through the purchase</p>

Section	Description
	<p>of equipment or improvement of facilities; financing of income-qualified housing projects; remodeling of homes to add a licensed in-home child care center; and public infrastructure.</p>
	<p><b>Subd. 4. Loan terms.</b> Sets the maximum loan term as 10 years. Makes the maximum interest rate one point above the published prime rate, except for loans to political subdivisions, which may be negotiated individually and may not exceed one point below the published prime rate. Allows Journey to Growth to charge an administrative fee of up to 0.5 percent of the loan amount, deducted from the loan proceeds.</p>
	<p>Limits individual loans to the lesser of 25 percent of total project cost or \$500,000. States that the borrower is responsible for finding the remaining funds and that Journey to Growth may subordinate its position to that of other financial institutions that provide funding.</p>
	<p><b>Subd. 5. Fund administration; report.</b> Requires the formation of a loan approval committee comprised of economic development professionals and local representatives to review and approve loans under this section or partnering with an existing nonprofit development organization's loan approval committee to do the same. Allows Journey to Growth to contract with another nonprofit development organization. Stipulates Journey to Growth will develop the loan application form, procedures, and deadlines, and will provide all these to the commissioner of employment and economic development for publishing on the department's website.</p>
	<p>Provides that Journey to Growth may use up to \$500,000 of program income annually generated from interest and fees for administrative costs and may invest all remaining income in businesses eligible to borrow from the fund to develop regional apprenticeship, internship, and mentorship programs.</p>
	<p>Requires an annual report to the commissioner and the legislature, beginning by January 15, 2020, on the uses of funds under this section. Obliges the commissioner, starting August 1, 2020, to annually certify Journey to Growth's annual budget before funds can be expended and to provide the legislature with a copy of this certification. Subjects the program to audit by the legislative auditor.</p>
3	<p><b>Appropriation.</b> Makes a onetime appropriation of \$25,000,000 in fiscal year 2020 from the general fund to the commissioner of employment and economic development for the Venture SE Minnesota Diversification loan fund, which is available until expended.</p>



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