

Subject Emerging developer fund program

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Summary

Creates the emerging developer fund program, with the proposed coding 116J.9926, to make loans to less established developers from targeted groups to pursue development projects that are intended to reduce racial and socioeconomic disparities. Includes minorities, women, people with disabilities, and low-income people as the groups potentially eligible for loans under the program. Limits predevelopment loans to \$50,000 and all other types of loans to \$500,000. Sets loan duration as six months to five years, all at low or zero interest, depending on the commissioner of employment and economic development's analysis of project risk. Mandates flexible collateral requirements, and allows both personal guaranty requirements and largely unsecured loans. Anticipates repayment of loans once permanent financing or a conventional loan is secured, with no prepayment penalty. Allows the commissioner to require a recipient to work with a more experienced developer or professional services consultant as the project develops. Directs all loan repayments to the emerging developer fund account in the special revenue fund, also created in this bill, which will fund additional loans. Defines what expenses are eligible uses of the various types of loans. Requires annual reports to the legislature on loans made under the program. Makes a onetime appropriation of an unspecified amount in fiscal year 2024 from the general fund to the emerging developer fund account and allows up to five percent of the appropriation to be used for the administrative expenses of the program.