

HOUSE RESEARCH

Bill Summary

FILE NUMBER: H.F. 3638

DATE: March 30, 2006

Version: The delete everything amendment

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Subject: Greater Minnesota business development investments

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Overview

This bill creates a new program through which the commissioner of employment and economic development (commissioner) would invest in qualified organizations serving greater Minnesota businesses. The commissioner would make long-term loans of up to \$2,000,000 to organizations that meet statutory eligibility requirements. An organization receiving a loan would have to provide collateral or security for the entire amount of funds invested by the state and demonstrate that it will have a projected return on investment of at least one percent per year. The bill appropriates \$12,000,000 from the general fund to the commissioner to make these investments in greater Minnesota business development.

Section

1 Greater Minnesota business development investments.

Subd. 1. Investment fund. Requires the commissioner to establish an investment fund from which the commissioner can make fund investments in qualified organizations. Requires amounts repaid by qualified organizations to be returned to the fund for subsequent reinvestments.

Subd. 2. Qualified organizations. Authorizes the commissioner to make investments in organizations that are established under the Challenge Grant Program and that provide business financing to Greater Minnesota businesses.

Section

Subd. 3. Authorized investments. Requires the commissioner to make loans to provide capital for business lending and investment by qualified organizations.

Subd. 4. Investments authorized. Authorizes the commissioner to make investments a qualified organization if the investment conforms to the following terms:

- the organization provides collateral or security for 100 percent of the funds invested in the organization;
- the investment is made in the form of a ten-year loan, at a one percent interest rate;
- the organization will make interest-only payments during the term of the loan;
- the organization will make a payment of the entire principal amount of the loan at the end of the ten-year term of the loan; and
- the commissioner does not invest more than \$2,000,000 in any one organization under this section.

2 Appropriation. Appropriates \$12,000,000 from the general fund to the commissioner to provide loans authorized under section 1.