



Minnesota PROMISE Act



Providing Resources & Opportunity & Maximizing Investments in Striving Entrepreneurs

2024 Program Year Information Session

Finalized February 14, 2024

Minneapolis – Saint Paul Program

Agenda

- I. Minnesota PROMISE Act Overview
- II. Program Eligibility
- III. Grant Program
- IV. Loan Program
- V. Other Small Business Resources
- VI. Questions

Presented by



**Neighborhood
Development
Center**

In Partnership with





Program Overview

What is the Minnesota PROMISE Act legislation?

Who are the program partners?





The Minnesota PROMISE Act's mission

Providing Resources & Opportunity & Maximizing
Investments in Striving Entrepreneurs

is to help disadvantaged businesses in
underinvested areas reach their full potential

Approved by the Minnesota State Legislature,
and signed into law by Governor Tim Walz,
the Minnesota PROMISE Act is
overseen by the Minnesota State Agency DEED

MN Department of Employment and Economic Development

Why was the PROMISE Act passed?

The **PROMISE Act** is a program funded by the Minnesota (MN) legislature to **support the growth and repositioning** of businesses located, or who operate in, neighborhoods of communities that have been adversely affected by:

- Structural Racial Discrimination

- Civil Unrest – such as 2020

- Lack of Access to Capital

- A Lack of Regional Economic Diversification

- A Loss of Population

- An Aging Population

2024 eligible areas were selected based on the above criteria.

Minnesota DEED selected PROMISE Act Partners to manage the application and distribution of funding for different areas of Minnesota

Minneapolis-Saint Paul



www.ndc-mn.org

Grants



www.meda.net

Loans

Greater Minnesota



www.ifound.org

Grants & Loans

Minneapolis – Saint Paul Program Partners

The **PROMISE Act** partners are responsible for the management and distribution of grants & loans to support disadvantaged small businesses located in certain neighborhoods across Minnesota.

Program partners for Minneapolis and Saint-Paul:



Neighborhood
Development
Center

Grant Program

For more information about the NDC visit
www.ndc-mn.org



Loan Program

For information and events MEDA visit
www.meda.net



MN PROMISE Act

2024 Program Eligibility

What are the eligibility requirements in the first program year?



Which businesses are eligible to apply in 2024?

- **An Active Minnesota Business**

An active business with primary operations located in the State of Minnesota with two-years of state and federal tax returns. (2021, 2022 or 2022, 2023)

- **Small Business or Non-profit**

The business must have a gross annual revenue of either

\$750,000 or less for the
Grant Program

OR

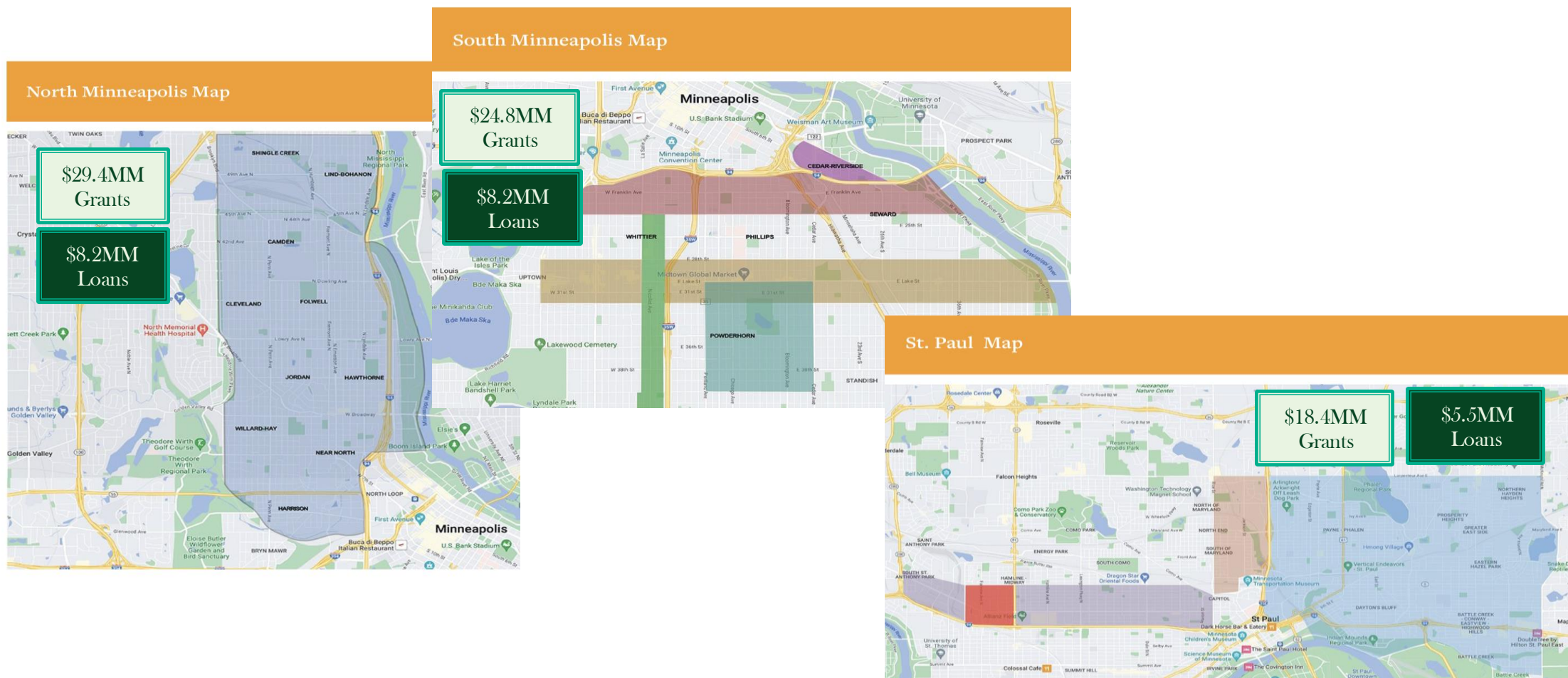
\$1,000,000 or less for the
Loan Program

...based on 2021 or 2022 - the *earlier* year of two-subsequent tax filings.

- **Within a Designated Geographic Area / Neighborhood**

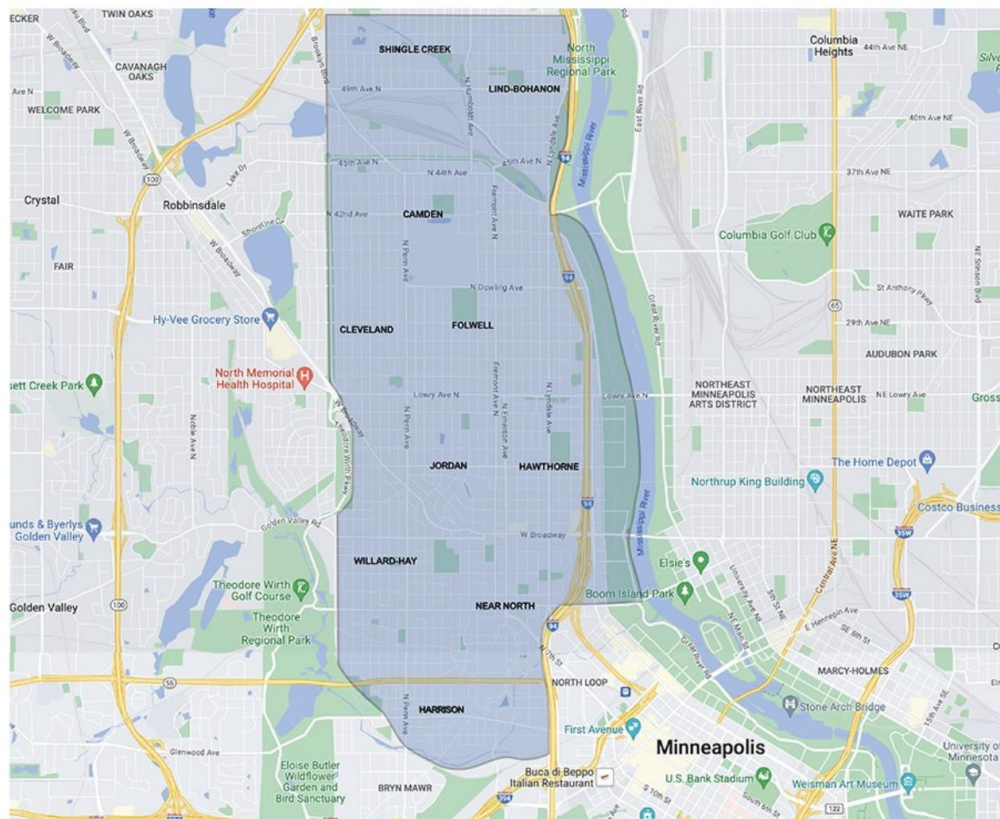
- Selected neighborhoods in North Minneapolis, South Minneapolis and Saint Paul.
- Greater-Minnesota neighborhoods will be announced by the Initiative Foundation.

Overview of 2024 Eligible Areas in Minneapolis & Saint Paul



2024 Eligible Areas of North Minneapolis

North Minneapolis Map

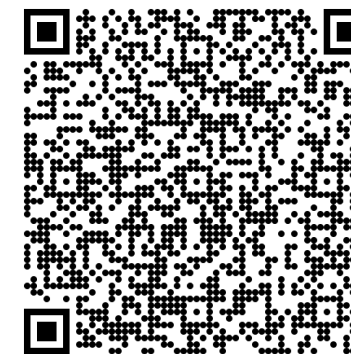


Areas include:

- West Broadway
- Camden
- and more

Grant Program
\$29.4 Million
Over 2 Years

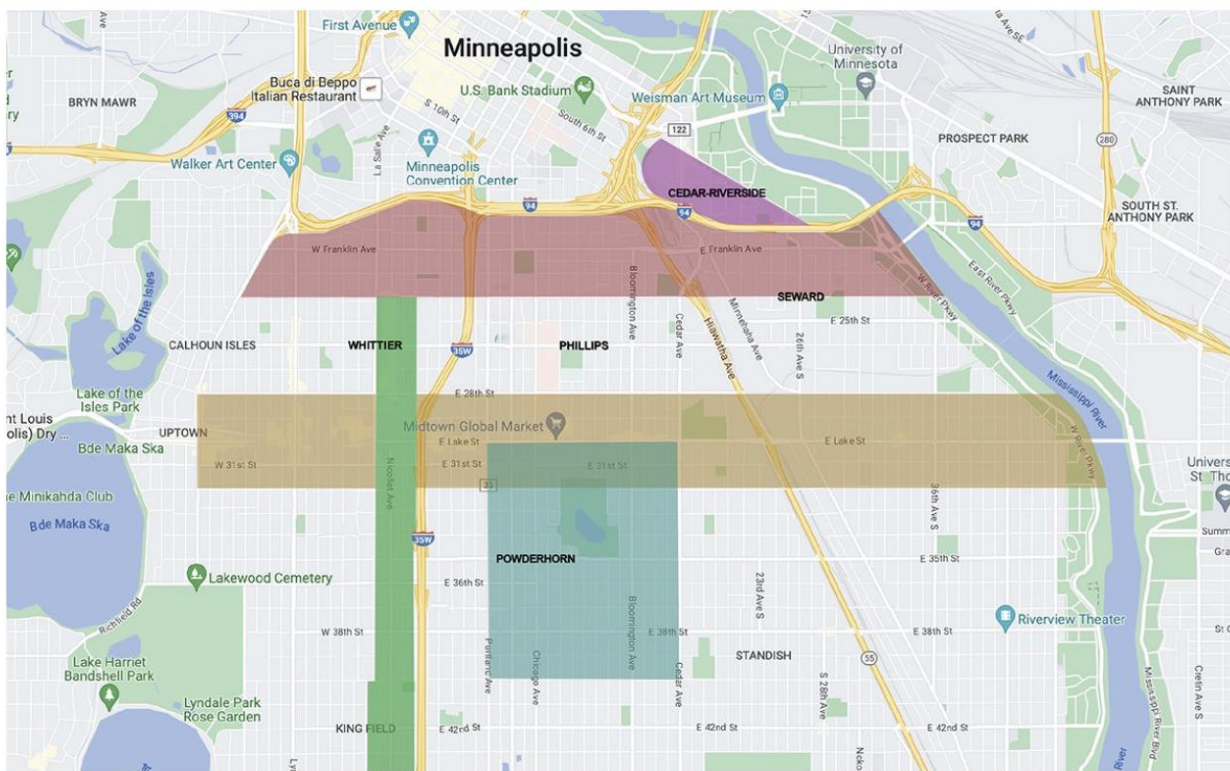
Loan Program
\$8.28 Million



Scan here for a detailed
Minneapolis Google map

2024 Eligible Areas of South Minneapolis

South Minneapolis Map



Grant Program
\$24.8 Million
Over 2 Years

Loan Program
\$8.2 Million

Areas include:

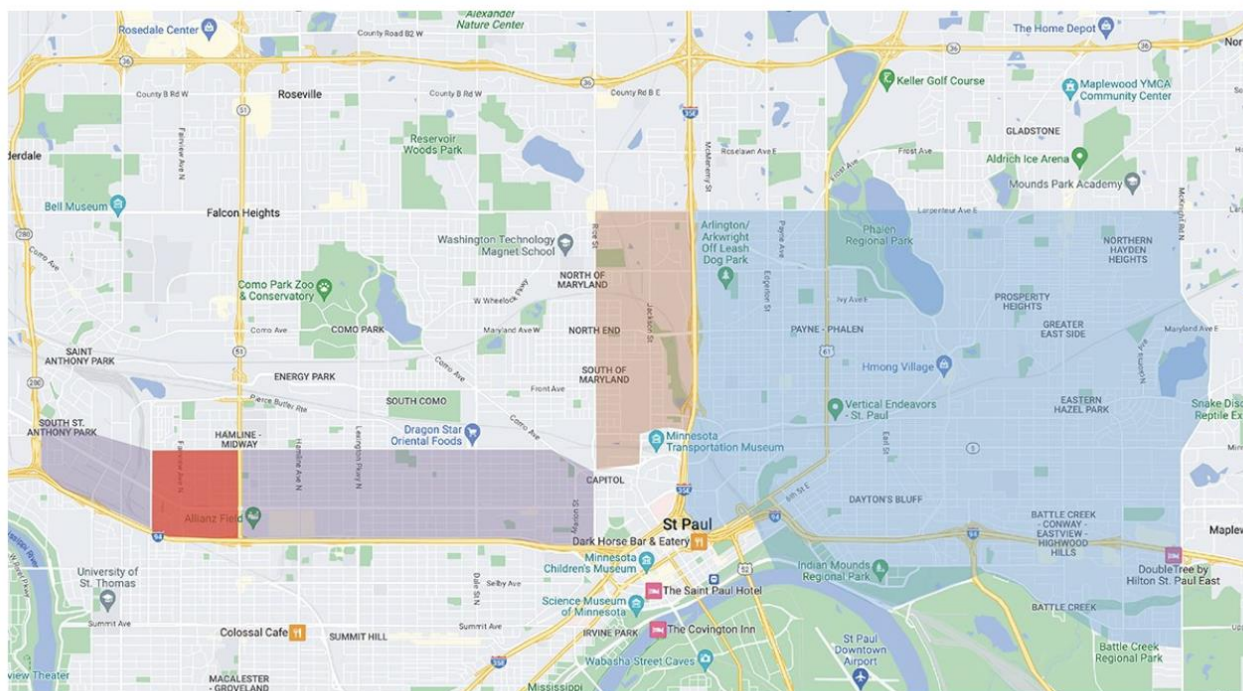
- Lake Street
- 38th & Chicago
- Franklin Avenue South
- Nicollet Avenue
- Riverside corridors
- and more



Scan here for a detailed Minneapolis Google map

2024 Eligible Areas of Saint Paul

St. Paul Map



Grant Program
\$18.4 Million
Over 2 Years

Loan Program
\$5.5 Million

Areas include:

- University Avenue
- Midway
- Eastside
- and more



Scan here for a detailed
Saint Paul Google map

How do you demonstrate grant eligibility in 2024?

Registered Business

Current registration with the MN Secretary of State – *such as LLC, 501c3, S-Corp, and others*

OR

Sole Proprietorship *and unincorporated*

Sole proprietors are required to submit tax forms, including a copy of the Schedule C

■ Business Operating for 2 Years

Businesses are required to submit two-years of state and federal tax filings (**2021, 2022** or **2022, 2023**) that show annual gross revenue. Businesses without tax documentation will not be eligible.

■ Eligible Business Address on Legal Documentation

Eligible business address must match the address on your business registration, tax documentation or other relevant licensure.



Grant Program Funding & Use

What can grant funding be used for?

How much funding is available for a business?

Which businesses can be prioritized?





What can grant funding be used for?

Grants are intended to support normal business operations; also known as *working capital*.

Funding is intended to cover a range of essential expenses, including but not limited to:

- Payroll, rent, mortgage payments, and utilities
- Purchase new, or upgrade, business equipment
- Other routine operational expenses



How much funding can a business receive as a grant?

The grant award is based on the gross revenue of **2022** or **2023**, whichever is the *later* year of the two subsequent tax filings submitted.

*Gross Revenue
up to \$100,000*

*Receives up to a
\$10,000 Grant*

- Award will equal about 10% of gross annual revenue.
- For example - \$30,000 of gross revenue would provide a \$3,000 award.

*Gross Revenue
from \$100,000 to \$350,000*

*Receives up to a
\$25,000 Grant*

- Award will equal about 10% of gross annual revenue for the first \$100,000 and an extra ~6% for revenue up to \$350,000.
- For example - \$225,000 of gross revenue would provide a \$17,500 award.

*Gross Revenue
from \$350,000 to \$750,000*

*Receives up to a
\$50,000 Grant*

- Award will equal about 10% of gross annual revenue for the first \$100,000 and an extra ~6% for revenue up to \$750,000.
- For example - \$550,000 of gross revenue would provide a \$37,500 award.

Important Reminder:

If the business gross revenue is greater than \$750,000 it would *not be eligible* for the grant.



Which businesses are prioritized?

For the purposes of **equity**, funding priority has been allowed to business owners who match the following criteria:

Limited or No Access to 2020 & 2021 Grants or Forgivable Loans

The business received less than \$10,000 of grants, or forgivable loans, through state-funded COVID-19 small business grant programs.

Less Revenue / Income Year over Year

The business that can demonstrate ‘financial hardship’ over the two years of the submitted tax returns. For example, *you made less money in 2022 than in 2021.*

UPDATE: Prioritization will focus on the two factors explicitly listed in the law. Equitable access for businesses with underrepresented ownership was considered when selecting the eligible geography.



Neighborhood
Development
Center



Grant Program Application Process

When will applications open?

What will the grant application process be like?

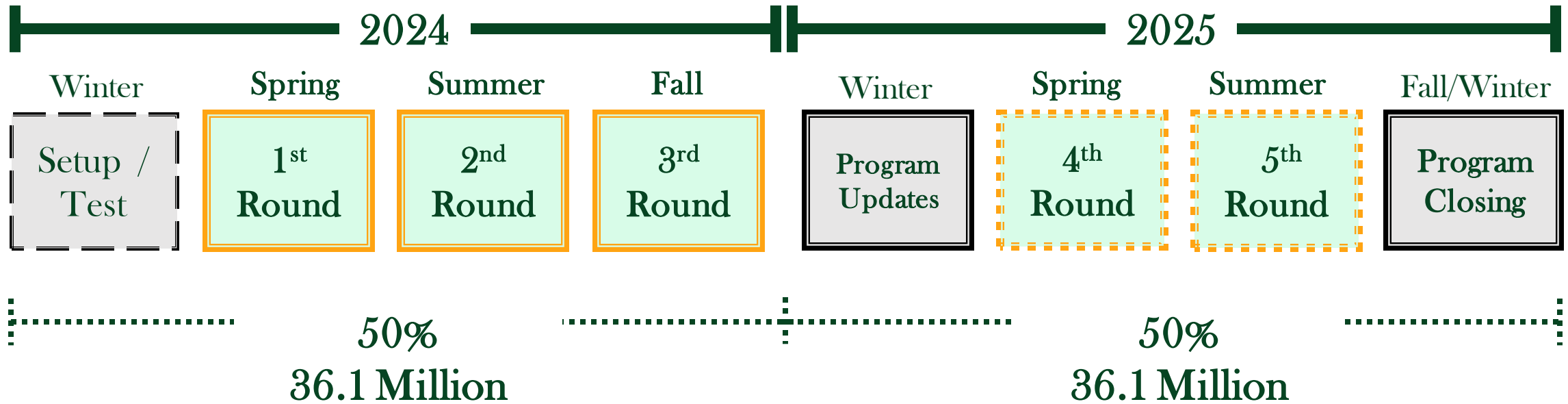
What grant application support is available?



How will grant funding become available?

The PROMISE Act grant funds will be dispersed over multiple application rounds over a two-year time frame.

Below is a **draft** two-year timeline for the rounds of funding.



How can a business apply for a grant?

In Spring 2024, the *first round* of applications will open through an NDC managed website. *Examples* of required information will include:

Question Topics

Examples

Applicant Information

Who is the applying on behalf of the business?

- ✓ Business Owner Legal Information (Registered Agent)
- ✓ Protected Class Information

Business Information

What business would the grant support?

- ✓ Business Registration including Name, unless sole proprietor
- ✓ Business Address *in eligible area*

Grant Usage

How would funding be used by the business?

- ✓ Describe how grant funds would be used in business operations such as payroll, rent, utilities, equipment, etc.

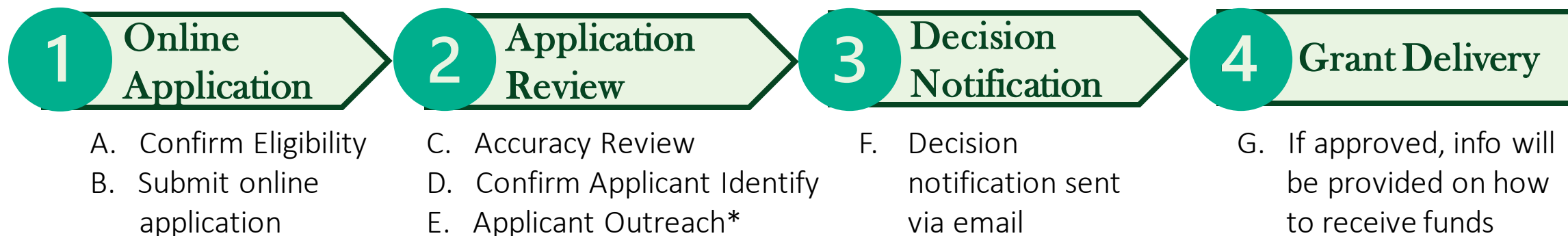
Tax Information

What were revenues over two years?

- ✓ Two-years of Digital Federal & State Tax Filings
 - 2021 & 2022 c 2022 & 2023

Applicant Taxpayer Identification Number (TIN) and / or Employer Identification Number will help the application process.

Grant Application Process Overview



Evaluation Process

- Applications will be reviewed and evaluate in the order they are received
- Many applications are expected - estimated timeframes may change as the team learns more
 - As of January 2024, we expect the Application review process will likely take ***at least 4 weeks***

Outreach

- *NDC may need to reach out to applicants for additional information to verify business eligibility
- Majority of communication will be managed ***through email***, including decision notification

Business Support Sessions for Grant Applicants

'Get Ready - Grant' Workshops with TA

'Get Ready' workshops will be available to support business owners as they work to prepare for the application process.

Application Computer Labs

During grant application rounds, NDC will host in-depth grant application guidance sessions including computer access.

Business Planning/Coaching TA

No-cost business coaching will be available to help applicants decide how best to use awarded grant funding to support business growth.

Sessions will be hosted or lead by community organizations or NDC throughout the eligible geographic areas in North Minneapolis, South Minneapolis & Saint Paul.

TA stands for **T**echnical **A**ssistance and is also referred to as business coaching

Cultural Support

Language Support

- The application process will be available in four languages – English, Hmong, Spanish, and Somali. There will be translation support available, by appointment.

For assistance with completing the application or to request a translator, please email us at promiseact@ndc-mn.org or call (651) 379-8102.



Loan Program Funding Terms & Use

How much funding is available?

What can loan funds be used for?



How much funding can a business receive as a loan?

Loan award levels are based on the business's needs and ability to repay the loan.

Minimum
\$50,000 Loan

No more than
10 Year Term

No more than
3% Interest

Important Notes: *If your business had gross revenue greater than \$1,000,000 , in the prior year of submitted tax documentation, you would **not be eligible** for the loan.*

What can a loan be used for?

Loans Can Be Used For:

- ✓ Buying a Building for Business Purposes
- ✓ Commercial Building Renovation
- ✓ Commercial Building Expansion

Loans Cannot Be Used For:

- To Refinance / Pay Off Existing Debt
- Pay Off Delinquent (Past-Due) Debt
- Inventory Purchases
- Working Capital
- Employment Needs
- Residential Purchases such as apartment or homes to rent



Helping BIPOC
Entrepreneurs Succeed



Loan Program Application Process

What will the loan application process be like?

How can I get loan application support?



Loan Application Process at MEDA



1. **Submit Pre-Application:** Your business location, business income, and years open will determine your businesses eligibility for the MN PROMISE Act loan program.
2. **If eligible for funding,** you will receive an email with a link to the full application. MEDA will need the following documentation to start the credit application and underwriting process:

- MN PROMISE Act Loan Application** including questions about:
 - How much funding is requested?
 - How do you plan on using the requested funds?

Eligible uses reminder - Buying a building for business purposes, commercial building renovation, and commercial building expansion.

- YTD Profit and Loss
- YTD Balance Sheet
- Three-Months of Most Recent Business Bank Statements
- Current Business Plan
- Operating Agreement

From the time *all* documentation are submitted, the process will take *at least 4 weeks* to complete.

Loan Application Support

MEDA Promise Act staff will be available to provide support for anyone who is interested in completing an application.

For assistance with completing the application, please email us at MNPromiseAct@MEDA.net or call 612-254-8025.



More Resources

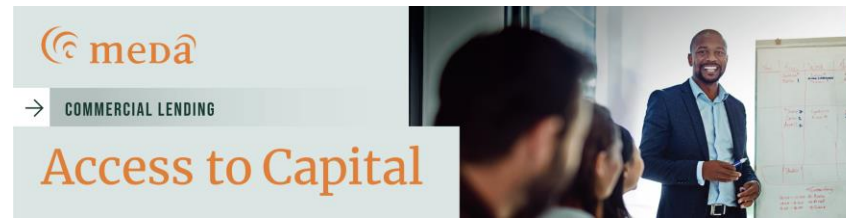
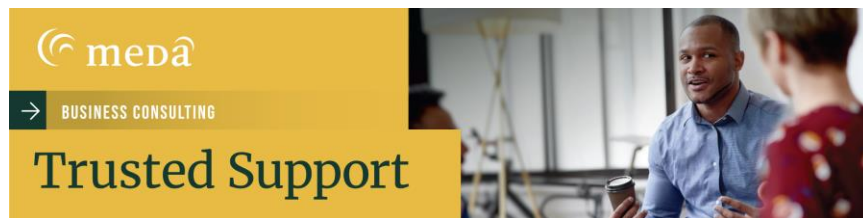
Small Business Community Support



Small Business Resources

Providing the tools and resources BIPOC Entrepreneurs need to help realize their dreams.

MEDA provided opportunities to provide access to its BIPOC Entrepreneurs, helping them scale to new heights and achieve their dreams. Access to Money (Capital), Access to Markets (Contracts), and Access to Management Education (Connections).



For more information visit www.meda.net



NDC Small Business Resources

Providing the tools and resources entrepreneurs need to help realize their dreams.

NDC's commitment to assisting underserved entrepreneurs extends beyond grant eligibility and encompasses a variety of programs and resources designed to empower and strengthen our community's economy.

Connect To Receive And Give Technical Assistance (TA)

Receive Business Support

We are here to assist you on your journey to success from business plan to growth.

Give Business Support

NDC contracts with business advisors who have skills, and passion, related to small business growth.

For more information visit www.ndc-mn.org

Initiative Foundation


Mission & Strategy

The Initiative Foundation's mission to serve the people of Central Minnesota hasn't wavered since its inception in 1986. Its goal is to inspire hope and to create opportunity through its mission:

To empower people throughout Central Minnesota to build a thriving economy, vibrant communities and a lasting culture of generosity.

To learn more about the services the greater-Minnesota PROMISE Act Partner offers, please visit their website <https://ifound.org>

PROMISE Act Grants

 **AREA SERVED**
Central Minnesota

 **EMPHASIS**
Coming Soon: In early 2024, the Initiative Foundation will partner with the Minnesota Department of Employment and Economic Development (DEED) to administer the distribution of up to \$1.1 million in **PROMISE Act** funds to eligible Central Minnesota small business. Grants through the Providing Resources & Opportunity & Maximizing Investments in Striving Entrepreneurs (PROMISE) Act will range from \$10,000 to \$50,000. Complete our **PROMISE Act contact form** to be notified when the grant application opens.

PROMISE Act: Learn More 

Visit MN PROMISE Act Website for the
latest information:



www.MNPROMISEAct.org



THANK YOU



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