

## Minnesota Initiative Program: Support Local Small Business Development SF 2437/HF 2884 (Sparks/Vogel)

This bill expands the Urban Initiative Program to serve the entire state, renaming the program the **Minnesota Initiative Program** and **adding \$4 million** in state resources to provide capital to more entrepreneurs. It also provides **\$1 million in new funding** to support organizational capacity building for nonprofit lenders that have strong relationships with communities of color and want to expand their lending capacity.

### Why?

Our state has become increasingly diverse, not just in the Twin Cities metro area but across the state. The current Urban Initiative Program is limited in geography and funding, so entrepreneurs across the state are unable to access the capital they need to start or grow their business. A recent study on minority businesses done by the University of Minnesota and the University of Concordia has shown that **we have the potential to close the wealth gap** through growing our minority entrepreneurs.

### The Proposal:

The **Minnesota Initiative Program** (MIP) will:

- Provide loan capital for small business lending to be available across the state, focusing on minority, women, and low-income entrepreneurs and the community-led organizations that serve them.
- Provide separate funding for capacity building grants, to enable community-led organizations working in communities of color to train and hire staff for the purpose of participating in MIP.

### How it works:

- Organizations become certified MIP lenders with DEED and then make loans from this loan pool.
- Half of the funds are restricted for lending in Greater MN and half in the Metro area.
- Loans may be made from \$5,000 to \$150,000 max.
- For loans of up to \$35,000 there is no matching requirement; on loans over \$35,000, state funds may not exceed 50% of each loan.

### The Current UIP Program:

The Urban Initiative Program (UIP) was created in 1993 to strengthen minority enterprise development, encourage private investment, create jobs and promote economic development in Minneapolis, St. Paul, and low-income census tracts in the metro area. The program provides loans to new and expanding businesses in these targeted areas. Since the program launched, 81% of loans have been to minority business enterprises.

### 2010 - 2015 Program Outcomes:

- Total lent out since 2010: **\$5,464,787**, leveraging **\$43,458,158** in financing and equity.
- For every state dollar, about **\$8 were leveraged** in financing and equity.
- **170** loans were made between 2010 and 2015, creating approximately **765** jobs.
- The average jobs each loan created was **4.5**, with an average wage of **\$14.44/hr**.

*Supported by the Metropolitan Consortium of Community Developers (MCCD) and their 50+ members, the Minnesota Asset Building Coalition (MABC) and their 127 members across the state, the Minnesota Bankers Association and the Minnesota Credit Union Network. For more information, contact:  
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