

Minneapolis and St. Paul Announce COVID-19 Relief Plans For Small Businesses

by Jeffrey J. Maleska - Thursday, April 09, 2020



Just as we have seen all levels of government imposing health mandates, so too have we seen all levels of government stepping in to offer relief to individuals and businesses.

Both Minneapolis and St. Paul have recently announced plans to make City funding available to small businesses located in the these cities which have been negatively impacted by the COVID-19 pandemic. Minneapolis' [Gap Funding Program](#), among other things, allocates \$2.2 million in City funding for forgivable, no-interest loans to support small Minneapolis businesses and self-employed workers. It also modifies Minneapolis' existing 2% Participation Loan Program for small businesses by reducing the interest rate on such loans to 0%. In comparison, St. Paul's Bridge Fund Program, among other things, allocates \$2.25 million in City funding to provide grants of \$7,500 to small St. Paul businesses.

MINNEAPOLIS' FORGIVABLE, NO INTEREST LOANS

Minneapolis' forgivable, no-interest loans for qualifying businesses will be offered in fixed amounts of \$5,000 or \$10,000, and will be based on the needs of each business as a result of the COVID-19 pandemic ("Forgivable Loans"). To be eligible for a Forgivable Loan, a business must meet the following requirements:

- Be located in a designated area of Minneapolis, including Cultural Districts, a Promise Zone, a Green Zone, or in an Area of Concentrated Poverty where 50% of more of the residents are people of color (i.e., ACP50); and
- Have 20 or fewer employees or \$1 million or less in annual revenue.

Self-employed workers are also eligible for a Forgivable Loan.

In addition to meeting eligibility requirements, Minneapolis will prioritize near-term working capital needs of businesses such as:

- Payroll and employee benefits;
- Rent or mortgage payments;
- Accounts payable and payments due to supply chain; and
- Other critical working capital needs.

MINNEAPOLIS' NO INTEREST PARTICIPATION LOANS

In addition to the Forgivable Loans, Minneapolis has modified its existing **2% Participation Loan Program** by reducing the interest rate on loans to 0% and expanding eligible expenses to include working capital costs ("No Interest Loans").

To be eligible for a No Interest Loan, a business must meet the following requirements:

- Demonstrate a financial impact from the COVID-19 pandemic; and
- Have 20 or fewer employees or \$1 million or less in annual revenue.

As with Forgivable Loans, self-employed workers are eligible for a No Interest Loan.

No Interest Loans will be originated and serviced by participating lenders and must have the following terms:

- Available in amounts up to \$50,000 or \$75,000, depending on the business' location;
- Up to 10 years will be matched by the term of the lending partner's loan;
- 0% interest on the City's portion of the loan;
- Deferred payments for up to the first six months, matching the deferral terms of the participating lender; and
- Principle and interest amortized over term thereafter.

ST. PAUL'S BRIDGE FUND FOR SMALL BUSINESSES

As noted above, St. Paul is providing \$7,500 grants to eligible businesses to cover immediate business expenses. To be eligible to receive a grant, a business must meet the following

requirements:

- Gross revenue of \$2 million or less;
- In operation for the last three months in Saint Paul; and
- Its revenues significantly impacted by the COVID-19 pandemic.

Businesses that receive a grant under St. Paul's Bridge Fund Program may use the funds for immediate business expenses including:

- Rent/mortgage payments;
- Employee health benefits;
- Leave payments and payroll;
- Accounts payables; and
- Payments due to suppliers.

BOTTOM LINE

Additional details about Minneapolis' and St. Paul's respective business assistance programs, including the application processes, have not been released but are expected in the coming weeks. Ultimately, these funding programs offer an additional, localized way that some small businesses can alleviate the economic impact of the COVID-19 outbreak.

For all of the latest critical COVID-19 information for employers, check our continually updated FAQ's by clicking on the banner headline at the top of the [Felhaber Larson web page](#).