

CanStartup Grant Program

Department of Employment and Economic Development

As required by 2023 Minn. Laws, Chap. 63, Art. 3, Sec. 1, Subd. 7

3/1/2024

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As requested by Minnesota Statute 3.197: This report cost approximately \$158.19 to prepare, including staff time, printing, and mailing expenses.
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Program Description and Background

This program supports entrepreneurship within Minnesota's legal cannabis industry, with a preference on serving entrepreneurs in those communities that have experienced barriers that would qualify them as social equity applicants. The program makes grants to nonprofit lenders to deploy as low-interest loans to new microbusinesses in the legal cannabis industry. The minimum state contribution to a loan is \$2,500 and the maximum is \$50,000, with no matching requirement. The statute allows for a contribution of up to \$150,000 from the state if it is matched by an equal or greater amount of new private investment. Critical criteria for the competitive grant awards include the applicant organization's demonstrated success in economic development and job creation, as well as a history of successfully providing services to areas where long-term residents are eligible to be social equity applicants. Minnesota Statutes §116J.659 provides the Department of Employment and Economic Development (DEED) the authority to award grants to provide startup financing to microbusinesses in the legal cannabis industry.

The relevant legislation states:

§116J.659 Cannabis Industry Startup Financing Grants

Subd. 1. Establishment: The commissioner of employment and economic development shall establish CanStartup, a program to award grants to nonprofit corporations to fund loans to new cannabis microbusinesses and to support job creation in communities where long-term residents are eligible to be social equity applicants.

Subd. 7. Reports to the legislature: (b) By March 1, 2024, and each March 1 thereafter, the commissioner must submit a report to the chairs and ranking minority members of the committees of the house of representatives and the senate having jurisdiction over economic development that details awards given through the CanStartup program and the use of grant money, including any measures of success toward financing new cannabis microbusinesses and creating jobs in communities where long-term residents are eligible to be social equity applicants.

Funding

The 2023 Minnesota legislature appropriated \$3,000,000 each year for FY24 and FY25 for the CanStartup grant program, with up to 4% available for administrative expenses.

Development Process

DEED has formed an intra-agency working group to develop the CanNavigate, CanStartup, and CanTrain grant programs. This working group is designed so each of the three program teams are able to share insights and learnings as each grant program is created. Research has included targeted conversations with experts and a request for information (RFI) is currently in development.

Conclusion and Next Steps

The RFI will be released by early in Q2. The responses will be integrated into the development of the grant programs and will result in the issuance of request for proposals (RFPs), which are on track to be released in mid-2024, in coordination with the Office of Cannabis Management.