

Cannabis Industry Startup Financing Grants

2024 Annual Report

As Required by Minn. Stat. § 116J.659, Subd. 7

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Program Background

The Cannabis Industry Startup Financing Grant (CanStartup) program was established by Minn. Stat. §. 116J.659. The CanStartup program awards grants to nonprofit corporations to fund loans to new cannabis microbusinesses. The goal of this program is to support small business and job creation, especially in communities where long-term residents are eligible to be Social Equity Applicants (SEA), as defined by Minn. Stat. § 342.17. Nonprofit organizations must use grant funds to finance loans for new microbusinesses in the legal cannabis industry that are not likely to undertake the project for which loans are sought without the assistance from this program. Priority in loan applications is provided to businesses that meet either of the following criteria: (1) businesses that individuals who are eligible to be SEA have at least 65% ownership or, (2) businesses that are located in communities where long-term residents are eligible to be SEA. The minimum State contribution to a loan is \$2,500 and the maximum is \$50,000; however, loans up to \$150,000 are available if State contributions are matched by an equal or greater amount of new private investment. Loan applications are given preliminary approval by the nonprofit corporation and must be forwarded to the commissioner of the Department of Employment and Economic Development (DEED) for final approval. The commissioner may approve partial or full forgiveness of interest or principal amounts if the borrower has been current on all payments for at least three years and has met additional forgiveness criteria approved by the commissioner.

History and Funding Availability

This program was authorized by the Legislature pursuant to Laws of Minnesota 2023, Chapter 63, Article 3, Section 1. CanStartup is codified in Minn. Stat § 116J.659. The CanStartup revolving loan account is established in the special revenue fund. The appropriation to initially fund the program included \$3,000,000 in SFY24 and \$3,000,000 in SFY25, pursuant to Laws of Minnesota 2023, Chapter 63, Article 9, Section 9 (b).

Activity and Impact

No grant awards have been made to nonprofit corporations within the current reporting period. Since the legislature authorized adult-use cannabis programs in Minnesota, program staff managing the CanStartup program have been working closely with other DEED programs that manage the Cannabis Industry Navigation Grants (CanNavigate) and Cannabis Industry Training Grants (CanTrain) all in collaboration with the Minnesota Office of Cannabis Management (OCM). Microbusinesses, including Social Equity Applicants, have an opportunity to receive assistance in navigating the regulatory structure of the legal cannabis industry through CanNavigate as well as funding through CanStartup. Microbusinesses also have an opportunity to employ people that receive training for work in the legal cannabis industry through the CanTrain program. The complimentary nature of these programs and the complexities of rulemaking and licensing through OCM has required a timeline sufficient to assure

success in launching the CanStartup program. The Request for Proposal was published on March 10, 2025.