

**RFP to Support Minnesota’s Small Businesses**

**INSTRUCTIONS TO RESPONDENTS**
Small businesses across Minnesota invite you to submit a response to this Request for Proposal ("RFP"). Entrepreneurs are hard at work in your communities and are seeking proposals from all levels of government to create the business conditions that make it easier for them to start new businesses and grow existing ones. We encourage interested entities to coordinate with other relevant jurisdictions to create the conditions in our community that make it easier for our businesses to thrive.

Unlike big corporations, we are not asking for a giveaway. We are asking for policies that you can enact that will support small businesses and the Minnesota families that support us. By doing so, Minnesota can create an environment that will support the growth of emerging businesses, rather than providing unnecessary subsidies to established corporations.

**PROPOSAL REQUIREMENTS**
Please provide an electronic copy of your proposal to minnesota@mainstreetalliance.org.

**TIMELINE**
Ongoing. We are working day in and day out to start and grow our businesses. We are looking for programs and policy changes that can be launched right away, but we aren’t going anywhere. We live in our communities and are deeply rooted. We have a long-term timeline, but want to see the conditions in our community for equitable, sustainable, long-term growth right now!
OVERVIEW

Background: The purpose of this RFP is to describe the needs of our small business community and prompt elected officials and economic development staff at all levels of government in Minnesota to consider how they can best create the conditions that allow small businesses in diverse communities across our state to thrive.

The Project is creating a better business climate for Minnesota’s diverse small business community. The business climate can be improved with economic development programs that target small businesses. Currently few small businesses are connected to programs of city, county, or state economic development. Few programs exist that serve the needs of small businesses -- from expanding access to capital to invest in growth to technical assistance. Even where programs do exist, entrepreneurs often do not know they exist as there is little outreach about existing programs. The challenges accessing existing programs are even greater for immigrant business owners and business owners of color. Successfully confronting this issue will improve our economy and make our state a more equitable place.

We envision a state with programs that help small businesses succeed at all levels of government, that are clearly communicated to a diverse array of entrepreneurs with aggressive outreach. Support should not disproportionately go to large and well-connected businesses.

A better business climate depends on investment in our communities -- in transportation, education, health care, and child care. Small businesses thrive when our communities thrive.

Minnesota’s Small Businesses employ over 1.2 million people, create nearly 30,000 new jobs annually, and contribute over $150 billion to Minnesota’s GDP each year. They contribute to the state’s tax base, and invest right here in Minnesota.

Each of our communities is supported by our local business owners. Small business owners donate 250% more than large businesses to nonprofits and local groups, providing important resources for everything from youth sports to food shelves to providers of life-saving services. Unlike companies that extract wealth from our communities and send it out of state, the profit from local businesses stay in their communities. When consumers spend money at a local business, 68 cents of every dollar stays in the community, compared to nearly nothing when buying online from an out-of-state retailer.
In considering whether to start or expand our business, small business leaders have a preference for:

- Universal access to quality affordable healthcare. This supports entrepreneurs as they risk venturing out on their own, and helps small businesses attract and retain employees by allowing them to compete on benefits with larger companies.
- Improved access and affordability of childcare options to help maintain a quality workforce. Too many potential employees (and entrepreneurs) are left on the sideline because they can't afford childcare.
- High quality education system for our future, with workforce and job training for our changing economy.
- Investments in transportation, including a 21st century mass-transit system, and well-maintained roads and bridges to keep the state and region moving.
- Retirement security options for small business owners and their employees.
- Vastly improved communication with entrepreneurs about existing programs. When economic development leaders wait for businesses to contact them rather than proactively outreaching to a broad array of businesses, programs don't reach entrepreneurs that could best utilize them. Our state loses and large, connected business owners win.
- Increase access to capital for entrepreneurial investment. Provide a robust and functional low interest loan process for entrepreneurial investment. Too often, small businesses are shut out by traditional sources of capital, preventing them from growing our economy.
- Invest in providing ongoing, multilingual education for small business owners & employees, so that those willing to take the risk to build a business in their community will be equipped with the best tools for success.
- Provide aggressive tax incentives to property owners to update and improve underutilized commercial spaces so that they can provide stable, low cost spaces for small scale employers to thrive.
- Initiate a statewide call to tech innovators to develop infrastructure to help small businesses more fairly compete with the resources of corporations.
- Institute a practice of including the voices & expertise of small business in the consideration of municipal & state RFPs every single time.

Ideas could be, but don't have to be:

- Oppositional to large businesses. We don't have anything against large businesses. Many large businesses are important parts of our economy and for some of us, our customers. We just don't think they should get special treatment. And we think that our economic development policies should be positively focused on our local small businesses, run by and for Minnesotans.
**KEY PREFERENCES AND DECISION DRIVERS**
The below are our preferences and not in a ranking order. We want to encourage you to think big and be creative as you are collaborating to respond. Please address the drivers discussed below in your RFP submittals.

**Capital and Operating Costs** - A stable and small-business friendly environment and tax structure are important to us. We want to ensure that all businesses are paying their fair share. Too often we see larger businesses avoiding taxes through offshoring profits, elaborate accounting strategies, and other approaches that help them avoid their full share. When large businesses don’t pay their share, small businesses and individuals need to pay more and that is not fair and not good for our economy. Minnesota’s small businesses are firmly rooted in our communities and don’t have the legal and accounting departments to avoid paying their fair share of taxes.

**Incentives** - All too often, we see big businesses and others with connections take advantage of municipalities by making them compete against each other for maximum resources from our communities. As members of our community, we think we all lose when our leaders chase after businesses with financial incentives that aren’t broadly available in a clear and transparent way to a wide array of businesses.

**Labor Force** - A robust, accessible childcare, education, and higher education system help ensure that every child in Minnesota can thrive -- and also provides the workforce for the jobs of tomorrow. A smart, coordinated workforce development plan would bring more Minnesotans in off the sidelines, including those coming from traditionally marginalized or excluded communities.

**Cultural Community Fit** - Just as with many large businesses including Amazon, small businesses require a compatible cultural and community environment for their long-term success. This includes the presence and support of a diverse population, excellent institutions of higher education, local government structure and elected officials eager and willing to work with small businesses, among other attributes.

**Community/Quality of Life** - Minnesota routinely ranks near the top in rankings of the best place to live. We value the arts and vibrant, diverse communities. Our public investments should reflect that.
INFORMATION REQUESTED

1. Please provide a summary of information regarding existing programs that address the needs identified in this RFP.

2. Please provide strategies you propose to make it easier for small businesses in Minnesota to navigate through programs at different levels of government.

3. Please include a proposal for making quality healthcare more accessible and affordable to entrepreneurs and their employees. Note that our strong preference is for a universal healthcare system where all Minnesotans have access to quality care and entrepreneurs can take worrying about finding and managing health care off their overwhelmingly long to-do lists.

4. Please include innovative proposals that address the preferences listed in the bullet points above.

Conclusion:

Minnesota is already the home of a dynamic, diverse and invested workforce, and some of the most exciting and innovative concepts for our state exist on the small & micro business level. If we are truly interested in housing the economy of the future, our leadership must not only engage the vision of those with boots already on the ground, but invest in the talent & potential that exists today within our small business & entrepreneurial community.

Instead of trying to lure outside companies with tax breaks, we need to invest in businesses that are rooted in our communities so that they can flourish and expand. By making everyday needs like healthcare and childcare more affordable for middle class and low-income Minnesotans, we will allow families to support the local companies that are already a part of their communities. In return, our local companies will continue to grow and support their communities in many ways.

Our priority as a state should be to invest in the vitality, diversity and brilliance of Minnesotans. That is the Minnesota way.

As this is a community project, we welcome the opportunity to engage with you in the creation of policies and programs that make our community a better place and improve the business climate for diverse small businesses. We encourage you to suggest policy proposals that need support and we will work with you to provide feedback on those ideas and, where appropriate, help encourage elected officials to support those policies.