



Minnesota  
Pollution  
Control  
Agency

# Small Business Environmental Improvement Loan Program

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## Background

The Minnesota Pollution Control Agency (MPCA) recognizes that environmental issues often have a significant financial impact on small businesses. For example, air quality rules for dry cleaners and metal platers create financial and regulatory concerns. Site investigations and cleanups can also be very costly. A small business may also face expense in eliminating a toxic product or reducing a waste stream to protect workers, human health and the environment. All of these costs can create burdens that require assistance.

## Why a loan program?

The MPCA offers the **Small Business Environmental Improvement Loan Program** as a means to help small businesses help themselves with environmental projects. Through the program, small businesses are able to achieve successes with their environmental projects and goals, while at the same time helping to preserve Minnesota's air, land, lakes and quality of life.

The program provides low-interest loans to small businesses to finance environmental projects such as capital equipment upgrades that meet or exceed environmental regulations, and costs associated with the investigation and cleanup of hazardous materials.

Businesses benefit in many ways from the projects possible with the loan program. Common benefits include reduced worker exposures, lower costs for waste disposal fees and reduced regulatory burdens. Businesses may also find that through

pollution prevention efforts they may qualify for simpler environmental permits or licenses. Frequently, these benefits also have a positive impact on the business bottom line.

## Who is eligible for the loan program?

Many different types of businesses are eligible to receive loans through the program. To qualify, a borrower must:

- be an existing small business corporation, sole proprietorship, partnership or association
- have less than 50 full-time employees
- have an after-tax profit of less than \$500,000
- have a net worth of less than \$1,000,000
- demonstrate an ability to repay the loan

## What types of projects are eligible?

Many different types of projects are eligible for loans through the program. To qualify, projects need to involve pre-approved capital equipment purchases that meet or exceed environmental rules and regulations, or pre-approved site investigations and cleanups. **Please note - projects that were begun or completed prior to receiving approval from the MPCA through the application process are not eligible for the program.**

## What are conditions of the loan?

The general terms are as follows:

- a loan amount not less than \$1,000 or more than \$50,000
- an interest rate of four percent or one-half the prime rate, whichever is greater at the time the loan is awarded
- a repayment term of not more than seven years
- collateral is required

In addition, once the project is completed, borrowers are asked to complete an evaluation of the project's realized environmental and economic benefits. The MPCA uses this information as ongoing feedback to evaluate and enhance the program.

## How do I apply for a loan?

To receive an application, contact the MPCA's Small Business Ombudsman as provided at the end of this document. Loans are awarded on a competitive basis so it is important to submit a complete application.

**Loans are awarded quarterly throughout the calendar year, with application deadlines set for the first of January, April, July, and October.** Loan applications not awarded are held over for one additional loan cycle. In this case, the applicant may be asked to provide follow-up information to keep the application current. The number of loans awarded in any quarter depends on available funds and number of applications received.

## What are the evaluation criteria?

The criteria used to evaluate loan applications are the applicant's financial need and ability to secure and repay the loan, and the project's expected environmental benefits. The applicant is prompted to provide detailed information to address these criteria in the loan application. At times specific businesses and/or projects may be given special consideration by the MPCA. This is often done when the MPCA is targeting assistance to a specific industry sector in response to a new regulation. Please contact the MPCA's Small Business Ombudsman as provided in the next column to learn more about current assistance efforts.

## Who decides the awards?

A screening committee composed of financial and environmental professionals evaluates each application for financial need, ability to repay and expected environmental benefits. This committee makes the final determination on all loan awards.

Please note that funds for this program are limited. As a result, the committee awards loans on a competitive basis based on available funds and number of applications received. It typically takes a minimum of 45 days to complete the process once a loan is awarded.

## Contact Information

For more information, or to request an application, please contact the MPCA's Small Business Ombudsman as follows:

Small Business Ombudsman  
MPCA  
520 Lafayette Road North  
St. Paul, MN 55155  
651-757-2121 or 800-985-4247  
[www.pca.state.mn.us/sbo](http://www.pca.state.mn.us/sbo)