

A bill for an act

relating to economic development; renaming Minnesota Technology, Inc. to Enterprise Minnesota, Inc.; updating provisions; making technical changes; recodifying the Agricultural Utilization Research Institute provisions in a new chapter; amending Minnesota Statutes 2006, sections 116O.01; 116O.011; 116O.02, subdivision 6; 116O.03, subdivisions 1a, 7; 116O.04, subdivisions 1, 2; 116O.05, subdivisions 1, 2, 4; proposing coding for new law in Minnesota Statutes, chapter 116O; proposing coding for new law as Minnesota Statutes, chapter 116V; repealing Minnesota Statutes 2006, sections 116O.06; 116O.07; 116O.071; 116O.072; 116O.08; 116O.09, subdivisions 1, 1a, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13; 116O.091, subdivisions 1, 4, 5, 6; 116O.10; 116O.11; 116O.12; 116O.122; 116O.13; Minnesota Statutes 2007 Supplement, section 116O.09, subdivision 2.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

Section 1. Minnesota Statutes 2006, section 116O.01, is amended to read:

116O.01 CITATION.

Sections 116O.01 to ~~116O.10~~ 116O.061 may be cited as the "~~Minnesota Technology, Inc. Act~~ Enterprise Minnesota, Inc. Act."

Sec. 2. Minnesota Statutes 2006, section 116O.011, is amended to read:

116O.011 NAME CHANGE.

~~The Greater Minnesota Corporation is renamed~~ Minnesota Technology, Inc.,
formerly known as the Greater Minnesota Corporation, is renamed Enterprise Minnesota,
Inc.

Sec. 3. Minnesota Statutes 2006, section 116O.02, subdivision 6, is amended to read:

Subd. 6. **Technology-related assistance.** "Technology-related assistance" means the ~~transfer~~ application and utilization of technological information and technologies to assist in the development and production of new technology-related products or services or to increase the productivity or otherwise enhance the production or delivery of existing products or services. "Technology-related assistance" includes assistance in utilizing and developing processes and products that conserve energy.

Sec. 4. Minnesota Statutes 2006, section 116O.03, subdivision 1a, is amended to read:

Subd. 1a. **Purpose.** The purpose of the corporation is to foster long-term economic growth and job creation by stimulating innovation and the development of new products, services, and production processes through energy conservation, technology ~~transfer, applied research~~ application and utilization, and financial assistance. The corporation's purpose is not to create new programs or services but to build on the existing educational, business, and economic development infrastructure. The primary focus of the corporation's activities must be to benefit new or existing small and medium-sized businesses in greater Minnesota.

Sec. 5. Minnesota Statutes 2006, section 116O.03, subdivision 7, is amended to read:

Subd. 7. **Application and investigative data.** The following data is classified as private data with regard to data on individuals under section 13.02, subdivision 12, or as nonpublic data with regard to data not on individuals under section 13.02, subdivision 9, whichever is applicable:

(1) financial data, statistics, and information furnished in connection with assistance or proposed assistance under section ~~116O.06~~ 116O.061, including credit reports, financial statements, statements of net worth, income tax returns, either personal or corporate, and any other business and personal financial records; or

(2) security information, trade secret information, or labor relations information, as defined in section 13.37, subdivision 1, disclosed to members of the corporation board or employees of the corporation under section ~~116O.06~~ 116O.061.

Sec. 6. Minnesota Statutes 2006, section 116O.04, subdivision 1, is amended to read:

Subdivision 1. **Generally.** The board shall appoint and set the compensation for a president, who serves as chief executive officer of the corporation, and who may appoint subordinate officers. ~~The president's salary may not exceed 95 percent of the governor's salary.~~ The board may designate the president as its general agent. Subject to the control of the board, the president shall employ employees, consultants, and agents the

president considers necessary. The staff of the corporation must include individuals with operational experience and knowledgeable in commercial and industrial financing, energy conservation, research and development, economic development, and general fiscal affairs. The board shall define the duties and designate the titles of the employees and agents.

Sec. 7. Minnesota Statutes 2006, section 116O.04, subdivision 2, is amended to read:

Subd. 2. **Status of employees.** (a) Employees, officers, and directors of the corporation and programs governed by this chapter are not state employees, but are covered by section 3.736 and, at the option of the board, may participate in the state retirement plan and the state deferred compensation plan for employees in the unclassified service and an insurance plan administered by the commissioner of employee relations.

~~(b) The board of Minnesota Project Innovation, Inc., may extend the health care insurance benefits and coverage referenced in paragraph (a) to all of its employees.~~

Sec. 8. Minnesota Statutes 2006, section 116O.05, subdivision 1, is amended to read:

Subdivision 1. **General corporate powers.** (a) The corporation has the powers granted to a business corporation by section 302A.161, subdivisions 3; 4; 5; 7; 8; 9; 11; 12; 13, except that the corporation may not act as a general partner in any partnership; 14; 15; 16; 17; 18; and 22.

(b) The state is not liable for the obligations of the corporation.

(c) Section 302A.041 applies to this chapter and the corporation in the same manner that it applies to business corporations established under chapter 302A.

~~(d) The corporation is a state agency for the purposes of the following accounting and budgeting requirements:~~

~~(1) financial reports and other requirements under section 16A.06;~~

~~(2) the state budget system under sections 16A.095, 16A.10, and 16A.11;~~

~~(3) the state allotment and encumbrance, and accounting systems under sections 16A.14, subdivisions 2, 3, 4, and 5; and 16A.15, subdivisions 2 and 3; and~~

~~(4) indirect costs under section 16A.127.~~

Sec. 9. Minnesota Statutes 2006, section 116O.05, subdivision 2, is amended to read:

Subd. 2. **Duties.** (a) The primary duties of the corporation shall include:

(1) applied research development of new products and processes for operational efficiency and excellence, enabling company growth; and

~~(2) technology transfer and early stage funding to small manufacturers business development services with technology utilization and application, primarily for small and medium-sized manufacturers.~~

(b) The corporation shall also:

~~(1) establish programs, activities, and policies that provide technology transfer and applied research and development assistance to individuals, sole proprietorships, partnerships, corporations, other business entities, and nonprofit organizations in the state that are primarily new and existing small and medium-sized businesses in greater Minnesota;~~

~~(2) provide or provide for technology-related assistance to individuals, sole proprietorships, partnerships, corporations, other business entities, and nonprofit organizations; and~~

~~(3) provide financial assistance under section 116O.06 to assist the development of new products, services, or production processes, to assist in energy conservation, or to assist in bringing new products or services to the marketplace;~~

~~(4) provide or provide for research services including on-site research and testing of production techniques and product quality;~~

~~(5) establish and operate regional research institutes as provided for in section 116O.08;~~

~~(6) make matching research grants for applied research and development to public and private postsecondary education institutes as provided for in section 116O.11;~~

~~(7) enter into contracts for establishing formal relationships with public or private research institutes or facilities;~~

~~(8) establish the Agricultural Utilization Research Institute under section 116O.09; and~~

~~(9) (2) not duplicate existing services or activities provided by other public and private organizations but shall build on the existing educational, business, and economic development infrastructure.~~

Sec. 10. Minnesota Statutes 2006, section 116O.05, subdivision 4, is amended to read:

Subd. 4. **Supporting organizations.** On making a determination that the public policies and purposes of this chapter will be carried out to a greater extent than what might otherwise occur, the board may cause to be created and may delegate, assign, or transfer to one or more entities, including without limitation a corporation, nonprofit corporation, limited liability company, partnership, or limited partnership, any or all rights and duties, assets and liabilities, powers or authority created, authorized, or allowed under

this chapter, ~~including without limitation those pertaining to the seed capital fund under section 116O.122,~~ except to the extent specifically limited by the Constitution or by law.

Sec. 11. **[116O.061] FINANCIAL ASSISTANCE.**

(a) Financial assistance may be provided to sole proprietorships, corporations, other entities, or nonprofit organizations. Financial assistance includes, but is not limited to, assisting a qualified company or organization with business services and products that will enhance the operations of the entity.

(b) Preference and priority will be given to business entities that are expanding their operations in Minnesota. Priority will be assigned to:

(1) projects whose return, in economic benefits, are most substantial and clear;

(2) projects whose outcomes are best accelerated through internal resources of the corporation; and

(3) companies and organizations not typically able to leverage external assistance.

(c) The corporation may enter into agreements with, or solicit grants from, other organizations to jointly promote:

(1) business improvements;

(2) the application of technology, energy conservation, new product development, and other initiatives leading to economic development; and

(3) job creation.

Sec. 12. **[116V.01] DEFINITIONS.**

For purposes of this chapter:

(1) "board" means the board of directors of the Agricultural Utilization Research Institute; and

(2) "institute" means the Agricultural Utilization Research Institute established in section 116V.02.

Sec. 13. **[116V.02] AGRICULTURAL UTILIZATION RESEARCH INSTITUTE.**

Subdivision 1. **Establishment.** The Agricultural Utilization Research Institute is established as a nonprofit corporation under section 501(c)(3) of the Internal Revenue Code of 1986, as amended. The institute shall conduct onsite and applied research and promote the establishment of new products and product uses and the expansion of existing markets for the state's agricultural commodities and products, including direct financial and technical assistance for Minnesota entrepreneurs. The institute must establish or

maintain facilities and work with private and public entities to leverage the resources available to achieve maximum results for Minnesota agriculture.

Subd. 2. **Board of directors.** The board of directors of the institute is comprised of:

(1) the chairs of the senate and the house of representatives standing committees with jurisdiction over agriculture finance or the chair's designee;

(2) two representatives of statewide farm organizations;

(3) two representatives of agribusiness; and

(4) three representatives of the commodity promotion councils.

Subd. 3. **Duties.** (a) The institute shall:

(1) identify development opportunities for agricultural products;

(2) implement a program that identifies techniques to meet those opportunities;

(3) monitor and coordinate research among the public and private organizations and individuals specifically addressing procedures to transfer new technology to businesses, farmers, and individuals;

(4) provide research grants to public and private educational institutions and other organizations that are undertaking basic and applied research to promote the development of emerging agricultural industries;

(5) assist organizations and individuals with market analysis and product marketing implementations;

(6) to the extent possible, earn and receive revenue from contracts, patents, licenses, royalties, grants, fees-for-service, and memberships;

(7) work with the Department of Agriculture, the United States Department of Agriculture, the Department of Employment and Economic Development, and other agencies to maximize marketing opportunities locally, nationally, and internationally; and

(8) leverage available funds from federal, state, and private sources to develop new markets and value-added opportunities for Minnesota agricultural products.

(b) The board shall have the sole approval authority for establishing agricultural utilization research priorities and requests for proposals to meet those priorities, awarding of grants, hiring and direction of personnel, and other expenditures of funds consistent with the adopted and approved mission and goals of the institute. The actions and expenditures of the institute are subject to audit. By February 1, the institute shall annually report to the senate and house of representatives standing committees with jurisdiction over agricultural policy and funding. The report must list: projects initiated; progress on projects; and financial information relating to expenditures, income from other sources, and other information to allow the committees to evaluate the effectiveness of the institute's activities.

(c) The institute shall convene a renewable energy roundtable, the purpose of which shall be to further the state's leadership on bioenergy issues.

(i) The renewable energy roundtable shall consist of one representative appointed by the commissioner of the Minnesota Department of Agriculture, one appointed by the commissioner of the Minnesota Department of Commerce, one appointed by the chancellor of the Minnesota State Colleges and Universities, and one appointed by the president of the University of Minnesota. The appointees must have expertise relevant to bioenergy.

(ii) The board shall oversee the activities and shall provide staff to assist the renewable energy roundtable.

(iii) The renewable energy roundtable shall engage professionals and experts from private, government, academic, and nonprofit entities across the state to identify bioenergy opportunities and collaborate with a broad group of interested parties to identify future alternative courses of action the state can take to sustain a long-term competitive position in renewable energy through the year 2025. The renewable energy roundtable shall consult, advise, and review projects and initiatives funded by the state as directed by the governor and the legislature.

Subd. 4. **Staff.** The board shall hire staff for the institute. Persons employed by the institute are not state employees and may participate in state retirement, deferred compensation, insurance, or other plans that apply to state employees generally and are subject to regulation by the state Campaign Finance and Public Disclosure Board.

Subd. 5. **Agricultural research grants.** The institute may make matching grants for agricultural product utilization research to the University of Minnesota, the Minnesota State Colleges and Universities, a Minnesota private college or university, a private corporation, or a person. Grants may be matched from private sources, including farm commodity groups and farm organizations.

Subd. 6. **Research contracts.** The institute may enter into contracts with individuals, businesses, or organizations to provide research and development assistance at institute facilities or at other sites the board of directors determines appropriate.

Subd. 7. **Advisory board.** A 26-member advisory board may be established to identify priorities for the institute. Members of the advisory board are appointed by the board. The advisory board consists of: the chair of the house of representatives agricultural committee; the chair of the senate agricultural committee; a representative from each of the ten largest agricultural-related businesses in the state as determined by the board; a member from each of the appropriate trade organizations representing producers of beef cattle, dairy, corn, soybeans, pork, wheat, turkey, barley, wild rice, edible beans, eggs, and potatoes; a member of the Farmers Union; and a member of the Farm Bureau.

Terms and removal of members must be set by the board and members of the advisory board serve without compensation but shall receive their necessary and actual expenses.

The advisory board shall annually provide a list of priorities and suggested research and marketing studies that should be performed by the institute.

Subd. 8. **Bylaws.** The board shall adopt bylaws necessary for the conduct of the business of the institute consistent with this section. The board must publish bylaws and amendments to the bylaws in the State Register.

Subd. 9. **Place of business.** The board shall locate and maintain the institute's place of business within the state.

Subd. 10. **Chair.** The board shall annually elect from among its members a chair and other officers necessary for the performance of its duties.

Subd. 11. **Meetings.** The board shall meet at least twice each year and may hold additional meetings upon giving notice in accordance with the bylaws of the institute. Board meetings are subject to chapter 13D, except as it pertains to financial information, business plans, income and expense projections, customer lists, market and feasibility studies, and trade secret information as defined by section 13.37, subdivision 1, paragraph (b).

Subd. 12. **Conflict of interest.** A director, employee, or officer of the institute may not participate in or vote on a decision of the board relating to an organization in which the director has either a direct or indirect financial interest.

Subd. 13. **No benefit to private individuals or corporations.** The institute shall not afford pecuniary gain, incidental or otherwise, to any private individual, firm, or corporation, except the payment of reasonable fees for goods and services provided and approved in accordance with the bylaws of the corporation. No part of the net income or net earnings of the institute shall, directly or indirectly, be distributable to or otherwise inure to the benefit of any individual.

Subd. 14. **Funds.** The institute may accept and use gifts, grants, or contributions from any source. Unless otherwise restricted by the terms of a gift or bequest, the board may sell, exchange, or otherwise dispose of and invest or reinvest the money, securities, or other property given or bequested to it. The principal of these funds, the income from them, and all other revenues received by it from any nonstate source must be placed in the depositories the board determines and is subject to expenditure for the board's purposes. Expenditures of more than \$25,000 must be approved by the full board.

Subd. 15. **Accounts; audits.** The institute may establish funds and accounts that it finds convenient. The board shall provide for and pay the cost of an independent annual

9.1 audit of its official books and records by the legislative auditor subject to sections 3.971
9.2 and 3.972. A copy of the audit shall be filed with the secretary of state.

9.3 Sec. 14. **[116V.03] AGRICULTURAL PROJECT UTILIZATION ACCOUNT.**

9.4 The agricultural project utilization account is an account in the special revenue fund.
9.5 Money in the account is appropriated to the institute to be used for agricultural research
9.6 grants as provided in section 116V.02, and for the institute.

9.7 Sec. 15. **REPEALER.**

9.8 Minnesota Statutes 2006, sections 116O.06; 116O.07; 116O.071; 116O.072;
9.9 116O.08; 116O.09, subdivisions 1, 1a, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, and 13; 116O.091,
9.10 subdivisions 1, 4, 5, and 6; 116O.10; 116O.11; 116O.12; 116O.122; and 116O.13, and
9.11 Minnesota Statutes 2007 Supplement, section 116O.09, subdivision 2, are repealed.

9.12 Sec. 16. **EFFECTIVE DATE.**

9.13 Sections 1 to 15 are effective the day following final enactment.

116O.06 FINANCIAL ASSISTANCE.

Subdivision 1. **Financial assistance; types.** The corporation may provide financial assistance to individuals, sole proprietorships, partnerships, corporations, other business entities, or nonprofit organizations that have (1) received research assistance from a corporation research facility or as a result of a research grant under section 116O.09, subdivision 4, or 116O.11; or (2) received favorable review through a peer review process established under guidelines developed under section 116O.10, subdivision 2. Financial assistance includes, but is not limited to, loan guarantees or insurance, direct loans, and interest subsidy payments. The corporation may participate in loans by purchasing from a lender up to 50 percent of each loan. Financial assistance under this section is for assisting in the financing of a business's debt financing, energy conservation, product development financing, or working capital needs.

Subd. 2. **Equity investments.** The corporation may acquire an interest in a product or a private business entity, except that the corporation may not acquire an interest in a business entity engaged in a trade or industry whose profits are directly regulated by the commissioner of commerce or the Public Utilities Commission. The corporation may enter into joint venture agreements with other private corporations to promote economic development and job creation.

Subd. 3. **Minnesota Technology, Inc. Finance Authority.** The board may designate the Minnesota Technology, Inc. Finance Authority to provide financial assistance. The authority, if established, consists of seven members, five of whom are members of the general public appointed by the board with experience in business development, finance, banking, or venture capital. The president of the corporation and one board member must be members of the authority. Members of the authority shall serve without compensation but shall receive necessary and actual expenses while engaged in the business of the corporation.

Subd. 4. **Standards.** The board may establish minimum interest rates, security requirements, restrictions on the amount of the corporation's financial participation in a project, and other financial standards the board determines necessary to establish in providing financial assistance.

Subd. 5. **Preference.** In providing financial assistance, the corporation must give preference to individuals, sole proprietorships, partnerships, corporations, other business entities, or organizations that are starting or expanding their operations in greater Minnesota.

116O.07 ON-SITE RESEARCH.

The corporation may construct, acquire, lease, own, or operate one or more on-site research facilities in Minnesota.

116O.071 SCIENCE AND TECHNOLOGY.

Subdivision 1. **Duties.** The corporation shall:

(1) prepare and deliver to the legislature every January 15 a science and technology annual report that must contain:

(i) a list of the scientifically and technologically related research and development projects and development activities funded by a grant or loan of state money that provides significant promise for the development of job-creating businesses; and

(ii) an analysis of the efficacy and completeness of a decentralized research peer review process, with special emphasis on whether or not scientifically and technologically related research and development projects in Minnesota have resulted or will result in creating scientifically and technologically related jobs;

(2) keep a current roster of technology intensive businesses in the state;

(3) collect and disseminate information on financial, technical, marketing, management, and other services available to technology intensive small and emerging businesses, including potential sources of debt and equity capital;

(4) review the technological development potential of various regions of the state and cooperate with and make recommendations to the legislature, state agencies, local governments, local technology development agencies, the federal government, private businesses, and individuals for the realization of the development potential; and

(5) sponsor and conduct conferences and studies, collect and disseminate information, and issue periodic reports relating to scientifically and technologically related research and development and education in the state, and represent the state at appropriate interstate and national conferences.

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Subd. 2. **Peer review plans.** A state agency, board, commission, authority, institution, or other entity that allocates state money by a grant, loan, or contract for scientifically and technologically related research shall establish a peer review system to evaluate the research. The corporation shall recommend guidelines for establishing effective peer review. An agency, board, commission, authority, or institution that funds scientifically and technologically related research shall, at least biennially, present to the corporation or to ad hoc committees a review and evaluation of the peer review process used in that organization.

Subd. 3. **Authority to perform requested evaluations.** The governor, speaker of the house of representatives, house of representatives minority leader, senate majority leader, senate minority leader, chair of the house of representatives Ways and Means Committee, chair of the senate Finance Committee, director, or a member of the legislature considering the introduction or approval of legislation containing funding for scientifically and technologically related research and development may request the corporation to evaluate a loan or grant made or to be made or the proposed legislation for funding scientifically and technologically related research and development to determine (1) whether it complies with the guidelines required by subdivision 1, clause (1), item (ii); (2) whether it is technically feasible; and (3) for development proposals, whether the proposal appears to have the potential for economic development. Ad hoc committees may be appointed by the corporation.

116O.072 TECHNOLOGY RESOURCE CENTERS.

The corporation must provide funding for technology resource centers so as to maintain a geographic balance of services throughout Minnesota.

116O.08 REGIONAL RESEARCH INSTITUTES.

Subdivision 1. **Establishment.** The board may establish up to four regional research institutes in greater Minnesota. Each institute shall be located at or near a postsecondary education institution whose primary focus is comparable to the mission of the institute.

Subd. 2. **Purpose.** The purpose of the institutes is to provide applied research and development services to individuals, businesses, or organizations for the purposes of developing the region's economy through the utilization of the region's resources and the development of technology. Research and development services may include energy conservation consultations, on-site research, product development grants, testing of production techniques and product quality and feasibility studies.

Subd. 3. **Institute administration; staff.** The board shall appoint a director to manage the operation of the institute. The director may employ employees and enter into contracts with postsecondary education governing boards for research services of postsecondary institution staff, facilities, or equipment.

Subd. 4. **Research contracts.** The director of each institute may enter into contracts with individuals, businesses, or organizations to provide research and development assistance at institute facilities or at other sites the director determines appropriate. The board shall establish the overall contract guidelines.

Subd. 5. **Product development grants.** The director of each institute may provide product development grants to those individuals, businesses, or for-profit or nonprofit organizations that, without financial assistance, would not be able to undertake the development of a product or technology-related service. The board shall establish eligibility criteria and the terms of the product development grants.

Subd. 6. **Institute advisory board.** A regional research institute advisory board may be appointed by the board. The advisory board may consist of representatives of public postsecondary institutions in the area surrounding the institute, business owners, and members of the general public. Terms and removal of members must be set by the board and the members of each advisory board shall serve without compensation but shall receive their necessary and actual expenses. The purpose of the advisory board is to provide the institute director assistance in operating the institute, review contract proposals and provide recommendations relating to product development grants.

Subd. 7. **Designated research institute.** The Agricultural Utilization Research Institute established in section 116O.09 is designated as one of the regional research institutes authorized under this section.

116O.09 AGRICULTURAL UTILIZATION RESEARCH INSTITUTE.

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Subdivision 1. **Establishment.** The Agricultural Utilization Research Institute is established as a nonprofit corporation under section 501(c)(3) of the Internal Revenue Code of 1986, as amended. The Agricultural Utilization Research Institute shall promote the establishment of new products and product uses and the expansion of existing markets for the state's agricultural commodities and products, including direct financial and technical assistance for Minnesota entrepreneurs. The institute must establish or maintain facilities and work with private and public entities to leverage the resources available to achieve maximum results for Minnesota agriculture.

Subd. 1a. **Board of directors.** The board of directors of the Agricultural Utilization Research Institute is comprised of:

- (1) the chairs of the senate and the house of representatives standing committees with jurisdiction over agriculture finance or the chair's designee;
- (2) two representatives of statewide farm organizations;
- (3) two representatives of agribusiness; and
- (4) three representatives of the commodity promotion councils.

Subd. 2. **Duties.** (a) In addition to the duties and powers assigned to the institutes in section 116O.08, the Agricultural Utilization Research Institute shall:

- (1) identify development opportunities for agricultural products;
- (2) implement a program that identifies techniques to meet those opportunities;
- (3) monitor and coordinate research among the public and private organizations and individuals specifically addressing procedures to transfer new technology to businesses, farmers, and individuals;
- (4) provide research grants to public and private educational institutions and other organizations that are undertaking basic and applied research to promote the development of emerging agricultural industries;
- (5) assist organizations and individuals with market analysis and product marketing implementations;
- (6) to the extent possible earn and receive revenue from contracts, patents, licenses, royalties, grants, fees-for-service, and memberships;
- (7) work with the Department of Agriculture, the United States Department of Agriculture, the Department of Employment and Economic Development, and other agencies to maximize marketing opportunities locally, nationally, and internationally; and
- (8) leverage available funds from federal, state, and private sources to develop new markets and value added opportunities for Minnesota agricultural products.

(b) The Agricultural Utilization Research Institute board of directors shall have the sole approval authority for establishing agricultural utilization research priorities, requests for proposals to meet those priorities, awarding of grants, hiring and direction of personnel, and other expenditures of funds consistent with the adopted and approved mission and goals of the Agricultural Utilization Research Institute. The actions and expenditures of the Agricultural Utilization Research Institute are subject to audit. The institute shall annually report by February 1 to the senate and house of representatives standing committees with jurisdiction over agricultural policy and funding. The report must list projects initiated, progress on projects, and financial information relating to expenditures, income from other sources, and other information to allow the committees to evaluate the effectiveness of the institute's activities.

(c) The Agricultural Utilization Research Institute shall convene a Renewable Energy Roundtable, the purpose of which shall be to further the state's leadership on bioenergy issues.

(i) The Renewable Energy Roundtable shall consist of one representative appointed by the commissioner of the Minnesota Department of Agriculture, one appointed by the commissioner of the Minnesota Department of Commerce, one appointed by the chancellor of the Minnesota State Colleges and Universities, and one appointed by the president of the University of Minnesota. The appointees must have expertise relevant to bioenergy.

(ii) The board shall oversee the activities and shall provide staff to assist the Renewable Energy Roundtable.

(iii) The Renewable Energy Roundtable will engage professionals and experts from private, government, academic, and nonprofit entities across the state to identify bioenergy opportunities and collaborate with a broad group of interested parties to identify future alternative courses of action the state can take to sustain a long-term competitive position in renewable energy through the year 2025. The Renewable Energy Roundtable will consult, advise, and review projects and initiatives funded by the state as directed by the administration and the legislature.

Subd. 3. **Staff.** The board of directors shall hire staff for the Agricultural Utilization Research Institute. Persons employed by the Agricultural Utilization Research Institute are not state employees and may participate in state retirement, deferred compensation, insurance, or

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other plans that apply to state employees generally and are subject to regulation by the state Campaign Finance and Public Disclosure Board.

Subd. 4. **Agricultural research grants.** The institute may make matching grants for agricultural product utilization research to the University of Minnesota, the Minnesota State Colleges and Universities, a Minnesota private college or university, a private corporation, or a person. Grants may be matched from private sources, including farm commodity groups and farm organizations.

Subd. 5. **Advisory board.** A 26-member advisory board may be established to identify priorities for the Agricultural Utilization Research Institute. Members of the advisory board are appointed by the board. The advisory board consists of: the chair of the Minnesota House of Representatives Agricultural Committee; the chair of the Minnesota Senate Agricultural Committee; a representative from each of the ten largest agricultural-related businesses in the state as determined by the corporation; a member from each of the appropriate trade organizations representing producers of beef cattle, dairy, corn, soybeans, pork, wheat, turkey, barley, wild rice, edible beans, eggs, and potatoes; a member of the Farmers's Union; and a member of the Farm Bureau. Terms and removal of members must be set by the board and members of the advisory board serve without compensation but shall receive their necessary and actual expenses.

The advisory board shall annually provide a list of priorities and suggested research and marketing studies that should be performed by the Agricultural Utilization Research Institute.

Subd. 6. **Bylaws.** The board of directors shall adopt bylaws necessary for the conduct of the business of the institute consistent with this section. The corporation must publish bylaws and amendments to the bylaws in the State Register.

Subd. 7. **Place of business.** The board of directors shall locate and maintain the institute's place of business within the state.

Subd. 8. **Chair.** The board of directors shall annually elect from among its members a chair and other officers necessary for the performance of its duties.

Subd. 9. **Meetings.** The board of directors shall meet at least twice each year and may hold additional meetings upon giving notice in accordance with the bylaws of the institute. Board meetings are subject to chapter 13D, except subdivision 1b as it pertains to financial information, business plans, income and expense projections, customer lists, market and feasibility studies, and trade secret information as defined by section 13.37, subdivision 1, paragraph (b).

Subd. 10. **Conflict of interest.** A director, employee, or officer of the institute may not participate in or vote on a decision of the board relating to an organization in which the director has either a direct or indirect financial interest.

Subd. 11. **No benefit to private individuals or corporations.** This institute shall not afford pecuniary gain, incidental or otherwise, to any private individual, firm, or corporation, except the payment of reasonable fees for goods and services provided and approved in accordance with the bylaws of the corporation. No part of the net income or net earnings of the institute shall, directly or indirectly, be distributable to or otherwise inure to the benefit of any individual.

Subd. 12. **Funds.** The institute may accept and use gifts, grants, or contributions from any source. Unless otherwise restricted by the terms of a gift or bequest, the board may sell, exchange, or otherwise dispose of and invest or reinvest the money, securities, or other property given or bequested to it. The principal of these funds, the income from them, and all other revenues received by it from any nonstate source must be placed in the depositories the board determines and is subject to expenditure for the board's purposes. Expenditures of more than \$25,000 must be approved by the full board.

Subd. 13. **Accounts; audits.** The institute may establish funds and accounts that it finds convenient. The board shall provide for and pay the cost of an independent annual audit of its official books and records by the legislative auditor subject to sections 3.971 and 3.972. A copy of this audit shall be filed with the secretary of state.

For purposes of this section, "institute" means the Agricultural Utilization Research Institute established under this section and "board of directors" means the board of directors of the Agricultural Utilization Research Institute.

1160.091 PROJECT OUTREACH.

Subdivision 1. **Establishment; purpose.** Project Outreach is established. The purpose of the project is to (i) facilitate the transfer of technology and scientific advice from the University of Minnesota and other institutions to businesses in the state that may make economic use of the information; and (ii) to assist small and medium-sized businesses in finding technical and financial assistance providers that meet their needs.

Subd. 4. **Duties.** The corporation shall:

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(1) establish a technology assistance system to assist business, specifically new and other small and medium-sized businesses across the state, in gaining access to technical information, including but not limited to technologies developed by the University of Minnesota and other higher education systems and their personnel; and in gaining access to technology-related federal programs;

(2) establish and maintain a database or databases that provide information for the technology assistance system under clause (1) that may include information on (i) science and technology experts, (ii) technical research projects underway at public higher education institutions in the state, (iii) licensable technology available at public higher education institutions in the state, (iv) access to federal technology and technical information, and (v) access to technical and business education;

(3) provide literature search and document retrieval services through the technology assistance system under clause (1);

(4) establish and continually update a business assistance referral system which includes a database of economic development related technical assistance and financial assistance providers or programs sponsored by federal agencies, state agencies, educational institutions, chambers of commerce, civic organizations, community development groups, local governments, private industry associations, and other organizations and individuals that provide assistance;

(5) establish and maintain or contract for the establishment of a toll-free telephone number operated by trained staff familiar with the business assistance referral system and database;

(6) maintain a marketing and outreach program informing persons interested in starting, operating, or expanding small business and assistance providers of the technology assistance system and the business assistance referral system;

(7) establish, where possible, regional bases and referral systems for the business assistance referral system, and a system to reference experts in the state university system; and

(8) make available the database of the business assistance referral system to the legislature, the Department of Employment and Economic Development, and other state agencies for evaluating the effectiveness and efficiency of the provision of economic development-related technical and financial assistance in the state.

Subd. 5. **State agency cooperation.** The corporation shall consult with the Department of Employment and Economic Development in the development and marketing of the business assistance referral system. The corporation shall assist the Department of Employment and Economic Development in establishing an evaluation mechanism for the business assistance referral system which at least includes a process for determining the effectiveness of the economic development related technical or financial assistance provider's service in meeting the needs of the client referred to the provider.

Subd. 6. **Charges to clients.** (a) The corporation may charge reasonable fees to a client for the technology assistance system. The corporation shall establish a fee structure for the technology assistance system and may base the fee structure on the type of service provided, the size of the client based on number of employees or amount of annual revenues, the length of time the client has been in operation, and other criteria.

(b) The corporation shall provide the business assistance referral system at no cost to the client and may not charge the client a fee or any other compensation for the referral to a provider. This subdivision does not prohibit the technical or financial assistance provider from charging a fee or other compensation to a client that has been referred to the provider by the business assistance referral system.

1160.10 RESEARCH ADVISORY BOARD.

Subdivision 1. **Establishment.** The board shall establish a Research Advisory Board to provide advisory assistance to the board and the research institutes. The Research Advisory Board consists of seven members appointed by the board. Terms and removal of members must be set by the board and Research Advisory Board members shall serve without compensation but shall receive their necessary and actual expenses while engaged in the business of the corporation. The membership of the advisory board must have representatives that are experienced or have expertise in technology, applied research, agriculture, business, labor, or productivity.

Subd. 2. **Duties.** The Research Advisory Board has the following duties and responsibilities:

(1) identify specific areas where research and development will contribute to the productivity of the state's businesses and farms.

(2) determine specific areas where financial assistance for research and development could assist the development of businesses and create new employment opportunities.

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(3) advise the board in the development and establishment of the regional research institutes and the research grants to public and private postsecondary education institutions.

(4) advise public and private postsecondary education institutions on the research and development needs of businesses in Minnesota.

(5) review the applications and make recommendations to the board for research grants to public and private postsecondary education institutions.

(6) develop guidelines for an effective peer review process for evaluating scientifically or technologically related financial assistance.

116O.11 RESEARCH GRANTS TO EDUCATION UNITS.

The board may make matching grants to public and private postsecondary education institutions or units within those institutions, including the Natural Resource Research Institute, for applied research and development. Grants are to be made for projects which will likely result in assisting economic and employment development in greater Minnesota. The corporation board shall not give final approval to a research grant until it has received an evaluation and recommendation from the Research Advisory Board established in section 116O.10.

116O.12 MINNESOTA TECHNOLOGY ACCOUNT.

The Minnesota technology account is in the special revenue fund. Money in the account not needed for the immediate purposes of the corporation may be invested by the State Board of Investment in any way authorized by section 11A.24. Money in the account is appropriated to the corporation to be used as provided in this chapter.

116O.122 SEED CAPITAL FUND.

Subdivision 1. **Establishment.** The corporation shall, in consultation with private venture and seed capital companies and other public and private organizations as appropriate, implement a centrally managed seed capital fund to invest in early stage companies and small companies in Minnesota through equity or equity-type investments. The seed capital fund may receive contributions from the corporation, as well as from local, state, or federal government, private foundations, or other sources. Total investments by the seed capital fund in seven-county metropolitan area based companies must not exceed 20 percent of the total capitalization appropriated by the legislature or provided by the corporation. Investments which contribute to the 20 percent metropolitan area limitation are those which will primarily enhance the operations of a metropolitan based facility. Investments that benefit a Greater Minnesota facility of a metropolitan based company are not subject to the limitation. Investments by the seed capital fund must be matched by other sources of capital at a ratio to be determined by the corporation. The seed capital fund shall identify sources of technical, management, and marketing assistance for companies funded by the seed capital program and make appropriate referrals. The seed capital fund shall establish a procedure for liquidating private investments.

Subd. 2. **Regional seed capital report.** By February 15, the board shall submit to the legislature and governor an annual report on the activities of the seed capital program.

116O.13 AGRICULTURAL PROJECT UTILIZATION ACCOUNT.

The agricultural project utilization account is an account in the special revenue fund. Money in the account is appropriated to the Agricultural Utilization Research Institute to be used for agricultural research grants as provided in section 116O.09, subdivision 4, and for the Agricultural Utilization Research Institute.