A bill for an act

relating to state government; appropriating money for jobs, economic development, and housing; establishing and modifying certain programs; providing for regulation of certain activities and practices; providing for accounts, assessments, and fees; changing codes and licensing provisions; providing penalties; amending Minnesota Statutes 2006, sections 115C.07, subdivision 3; 116J.03, by adding a subdivision; 116J.656; 116J.66; 116J.68; 116L.02; 116L.04, by adding a subdivision; 446A.12, subdivision 1; 462A.21, by adding a subdivision; 462A.22, subdivision 1; 609.531, subdivision 1; Minnesota Statutes 2007 Supplement, sections 10A.01, subdivision 35; 80A.28, subdivision 1; 116L.17, subdivision 1; 268.047, subdivision 2; 341.321; 446A.072, subdivisions 3, 5a; 446A.086; Laws 2007, chapter 135, article 1, section 3, subdivision 2; proposing coding for new law in Minnesota Statutes, chapters 116J; 116L; 446A; 462A; repealing Laws 2004, chapter 188, section 2.

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

ARTICLE 1

JOBS, ECONOMIC DEVELOPMENT, HOUSING AND MINNESOTA HERITAGE APPROPRIATIONS SUMMARY

Section 1. **SUMMARY OF APPROPRIATIONS.**

The amounts shown in this section summarize direct appropriations or reductions, by fund, made in this act.

		2008		2009		Total
General	$	-0-	$	11,789,000	$	11,789,000
Oil Overcharge		-0-		7,704,000		7,704,000
Cancellations		-0-		6,358,000		6,358,000
Transfers From Other Funds		-0-		14,000,000		14,000,000
Total	**$**	**-0-**	**$**	**(865,000)**	**$**	**(865,000)**

Sec. 2. **JOBS AND ECONOMIC DEVELOPMENT APPROPRIATIONS AND REDUCTIONS.**

The dollar amounts in the columns under "APPROPRIATIONS AND REDUCTIONS" are added to or, if shown in parentheses, subtracted from the appropriations in Laws 2007, chapter 135, or other law to the specified agencies. The appropriations are from the general fund, or another named fund, and are available for the fiscal years indicated for each purpose. The figures "2008" and "2009" used in this act mean that the appropriations listed under them are available for the fiscal year ending June 30, 2008, or June 30, 2009, respectively. "The first year" is fiscal year 2008. "The second year" is fiscal year 2009. "The biennium" is fiscal years 2008 and 2009. Appropriations for the fiscal year ending June 30, 2008, are effective the day following final enactment.

	APPROPRIATIONS AND REDUCTIONS Available for the Year Ending June 30	
	2008	**2009**

Sec. 3. **COMMERCE**

Subdivision 1. **Total Appropriation**	**$ -0-**	**$ 7,658,000**

Appropriations by Fund

	2008	2009
General	-0-	(46,000)
Oil Overcharge	-0-	7,704,000
Cancellations	-0-	2,600,000
Transfers From Other Funds	-0-	2,000,000

Subd. 2. **Administration**	-0-	(46,000)

This is a base reduction to the administration and Office of Energy Security programs.

Subd. 3. **Energy and Telecommunications**	-0-	7,704,000

Appropriations by Fund

Oil Overcharge	-0-	7,704,000

The petroleum violation escrow funds appropriated to the commissioner by Laws 1988, chapter 686, article 1, section 38, for state energy loan programs for schools, hospitals, and public buildings, and reappropriated under Laws 2007, chapter 57, article 2, section 30, are appropriated to the commissioner for the purposes of building efficiency and energy conservation, and are available until spent,

Subd. 4. **Cancellations**

Prior to July 31, 2008, $2,600,000 from the unexpended balance from the appropriation made in Laws 2007, chapter 57, article 2, section 3, subdivision 6, for renewable hydrogen initiative grants is canceled to the general fund.

Subd. 5. **Transfer**

Prior to July 31, 2008, $2,000,000 from the unexpended balance of the insurance fraud prevention account in the market assurance program shall be transferred to the general fund.

Sec. 4. **PUBLIC UTILITIES COMMISSION**

Prior to July 31, 2008, $4,000,000 from the unexpended balance of the telephone Access Minnesota account in the special revenue fund shall be transferred to the general fund.

Sec. 5. **EMPLOYMENT AND ECONOMIC DEVELOPMENT**

Subdivision 1. **Total Appropriation** **$ -0- $ 10,620,000**

Appropriations by Fund

	2008	2009
General	-0-	10,620,000
Cancellations	-0-	1,758,000
Transfers From Other Funds	-0-	10,000,000

The amounts that may be spent for each purpose are specified in the following subdivisions.

Subd. 2. **Business and Community Development**	-0-	10,900,000

Appropriations by Fund		
General	-0-	10,900,000

$550,000 in the second year is for expansion of the services provided to small businesses by the small business development centers established under Minnesota Statutes, section 116J.66 and is available until expended. $500,000 of this appropriation is added to the department's budget base and is available until expended.

$600,000 in the second year is for development of a network to support increased entrepreneurial opportunities including, but not limited to, readiness assessment and services for potential rural entrepreneurs through Minnesota's workforce center system, programs linking aspiring entrepreneurs with qualified mentors, and electronic and other communications means to certify and bring available services to potential entrepreneurs. This appropriation is available until expended. Of this amount, $400,000 is added to the department's budget base and is available until expended.

$400,000 in the second year is for operation of the Office of Technology and Commercialization established under Minnesota Statutes, section 116J.656. This appropriation is added to the department's budget base and is available until expended.

$350,000 in the second year is for grants to organizations initiating or continuing programs to assist rural small manufacturing businesses in implementing technology and business improvements that increase the competitiveness of those businesses. The application process will reference similar measures as the growth acceleration program and be established by the commissioner. The grants are open to all qualified organizations as defined by the commissioner through solicitation. This is a onetime appropriation and is available until expended.

$100,000 in the second year is for the Minnesota Trade Office to increase export services in greater Minnesota. This is a onetime appropriation and is available until expended.

$1,500,000 in the second year is for the Minnesota rural enterprise microloan program established under Minnesota Statutes, section 116J.432. This is a onetime appropriation and is available until expended.

$2,000,000 in the second year is for grants to the six regional initiative fund foundations established under Minnesota Statutes, section 116J.415, as regional organizations, to expand their ability to provide loans to small businesses. The grants must be matched by new private funds. This is a onetime appropriation and is available until expended.

$500,000 in the second year is for small business development program grants under Minnesota Statutes, section 116J.8749. This appropriation is added to the department's budget base and is available until expended.

$2,000,000 in the second year is for the Minnesota investment fund under Minnesota Statutes, section 116J.8731. Awards made under this appropriation may include businesses that increase productivity, increase research and product development, and modernize technology. Priority shall be given to targeted rural opportunity communities as defined in Minnesota Statutes, section 116J.03, subdivision 4. This is a onetime appropriation and is available until expended.

$500,000 in the second year is for the community leadership and planning program as defined in Minnesota Statutes, section 116J.9825, and is available until expended. Of this amount, $400,000 is added to the department's budget base and is available until expended.

$2,000,000 in the second year is for the Main Street revitalization grant program as defined in Minnesota Statutes, section 116J.9805, to increase business creation, to promote business retention, or for general economic vitality improvements. This appropriation is available until expended. Of this amount, $800,000 is added to the department's base budget and is available until expended.

$150,000 in the second year is to develop and implement a new Web-based community and property profile system. This appropriation is available until expended.

$100,000 in the second year is for expenses associated with marketing the state of Minnesota to attract new business development opportunities. These funds must be used to attract industries in which the commissioner determines that Minnesota has a current or potential competitive advantage, including renewable energy and other industries with strengths and opportunities to grow additional businesses and jobs. State funds awarded to the department must be matched by nonstate sources. The appropriation is available until expended.

$150,000 in the second year is for business surveys to determine benefit and vacancy levels on an occupational and regional basis, and to improve accessibility of economic and labor market information data collected by the Department of Employment and Economic Development through the Internet. This is a onetime appropriation and is available until expended.

Subd. 3. **Workforce Development**		-0-		(280,000)

Appropriations by Fund

General	-0-	(280,000)

$280,000 in the second year is a base reduction to the extended employment grants program. Of this amount, $125,000 is from supplemental funds paid for wage incentives for the community support fund established in Minnesota Rules, part 3300.2045.

Subd. 4. **Cancellations**	$	-0-	$	1,758,000

Prior to July 31, 2008, the unexpended balances from the following appropriations are canceled to the general fund:

(1) the appropriation made in Laws 2005, First Special Session chapter 3, article 10, section 23, to the foreign trade zone authority; and

(2) the appropriation made in Laws 2005, First Special Session chapter 1, article 3, section 2, subdivision 2, for the methamphetamine laboratory cleanup revolving loan fund.

Prior to July 31, 2008, of the unexpended balance in the job skills partnership account, $1,000,000 is canceled to the general fund.

Subd. 5. **Transfers**	$	-0-	$	10,000,000

Prior to July 31, 2008, the specified amounts from the unexpended balance of the named funds shall be transferred to the general fund:

(1) $8,000,000 from the workforce development fund; and

(2) $2,000,000 from the 21st century minerals fund.

Sec. 6. **EXPLORE MINNESOTA TOURISM**	**$**	**-0-**	**$**	**500,000**

$500,000 in the second year is from the special marketing account established pursuant to Laws 2005, First Special Session chapter 1, article 3, section 6, for a onetime grant to the Minnesota Film and TV Board for the filming of a movie in Minnesota in 2008 and 2009. The grant is in addition to any payments made for the same purpose from the film production jobs program under Minnesota Statutes, section 116U.26. This appropriation is available until expended.

Sec. 7. **LABOR AND INDUSTRY**	**$**	**-0-**	**$**	**(41,000)**

$41,000 in the second year is a base reduction to the municipal building permit reporting unit in the labor standards program.

Sec. 8. **BUREAU OF MEDIATION SERVICES**	**$**	**-0-**	**$**	**(69,000)**

This is a base reduction.

Sec. 9. **MINNESOTA HISTORICAL SOCIETY**	**$**	**-0-**	**$**	**825,000**

$825,000 in the second year is a onetime appropriation for the Minnesota Sesquicentennial Commission. The Minnesota Historical Society, the State Arts Board, and Explore Minnesota Tourism may assist the commission in designing and implementing the grants program. The commission shall encourage private contributions to match the state funds to the greatest extent possible. Any gifts, pledges, membership fees, or contributions received by the commission are appropriated to the commission.

Sec. 10. **COMBATIVE SPORTS COMMISSION**	**$**	**-0-**	**$**	**80,000**

This amount is added to the commission's base budget.

ARTICLE 2
GENERAL

Section 1. Minnesota Statutes 2007 Supplement, section 10A.01, subdivision 35, is amended to read:

Subd. 35. **Public official.** "Public official" means any:

(1) member of the legislature;

(2) individual employed by the legislature as secretary of the senate, legislative auditor, chief clerk of the house, revisor of statutes, or researcher, legislative analyst, or attorney in the Office of Senate Counsel and Research or House Research;

(3) constitutional officer in the executive branch and the officer's chief administrative deputy;

(4) solicitor general or deputy, assistant, or special assistant attorney general;

(5) commissioner, deputy commissioner, or assistant commissioner of any state department or agency as listed in section 15.01 or 15.06, or the state chief information officer;

(6) member, chief administrative officer, or deputy chief administrative officer of a state board or commission that has either the power to adopt, amend, or repeal rules under chapter 14, or the power to adjudicate contested cases or appeals under chapter 14;

(7) individual employed in the executive branch who is authorized to adopt, amend, or repeal rules under chapter 14 or adjudicate contested cases under chapter 14;

(8) executive director of the State Board of Investment;

(9) deputy of any official listed in clauses (7) and (8);

(10) judge of the Workers' Compensation Court of Appeals;

(11) administrative law judge or compensation judge in the State Office of Administrative Hearings or referee in the Department of Employment and Economic Development;

(12) member, regional administrator, division director, general counsel, or operations manager of the Metropolitan Council;

(13) member or chief administrator of a metropolitan agency;

(14) director of the Division of Alcohol and Gambling Enforcement in the Department of Public Safety;

(15) member or executive director of the Higher Education Facilities Authority;

(16) member of the board of directors or president of Minnesota Technology, Inc.;

(17) member of the board of directors or executive director of the Minnesota State High School League;

(18) member of the Minnesota Ballpark Authority established in section 473.755;

(19) citizen member of the Legislative-Citizen Commission on Minnesota Resources;

(20) manager of a watershed district, or member of a watershed management organization as defined under section 103B.205, subdivision 13; ~~or~~

(21) supervisor of a soil and water conservation district<u>; or</u>

<u>(22) director of Explore Minnesota Tourism</u>.

Sec. 2. Minnesota Statutes 2007 Supplement, section 80A.28, subdivision 1, is amended to read:

Subdivision 1. **Registration or notice filing fee.** (a) There shall be a filing fee of $100 for every application for registration or notice filing. There shall be an additional fee of one-tenth of one percent of the maximum aggregate offering price at which the securities are to be offered in this state, and the maximum combined fees shall not exceed $300.

(b) When an application for registration is withdrawn before the effective date or a preeffective stop order is entered under section 80A.13, subdivision 1, all but the $100 filing fee shall be returned. If an application to register securities is denied, the total of all fees received shall be retained.

(c) Where a filing is made in connection with a federal covered security under section 18(b)(2) of the Securities Act of 1933, there is a fee of $100 for every initial filing. If the filing is made in connection with redeemable securities issued by an open end management company or unit investment trust, as defined in the Investment Company Act of 1940, there is an additional annual fee of 1/20 of one percent of the maximum aggregate offering price at which the securities are to be offered in this state during the notice filing period. The fee must be paid at the time of the initial filing and thereafter in connection with each renewal no later than July 1 of each year and must be sufficient to cover the shares the issuer expects to sell in this state over the next 12 months. If during a current notice filing the issuer determines it is likely to sell shares in excess of the shares for which fees have been paid to the commissioner, the issuer shall submit an amended notice filing to the commissioner under section 80A.122, subdivision 1, clause (3), together with a fee of 1/20 of one percent of the maximum aggregate offering price of the additional shares. Shares for which a fee has been paid, but which have not been sold at the time of expiration of the notice filing, may not be sold unless an additional fee to cover the shares has been paid to the commissioner as provided in this section and section 80A.122, subdivision 4a. If the filing is made in connection with redeemable securities issued by such a company or trust, there is no maximum fee for securities filings made according to this paragraph. If the filing is made in connection with any other federal covered security under Section 18(b)(2) of the Securities Act of 1933, there is an additional fee of one-tenth of one percent of the maximum aggregate offering price at which the securities are to be offered in this state, and the combined fees shall not exceed $300. Beginning with fiscal year 2001 and continuing each fiscal year thereafter, as of the last day of each fiscal year, the commissioner shall determine the total amount of all fees that were collected under this paragraph in connection with any filings made for that fiscal year for securities of an open-end investment company on behalf of a security that is a federal covered security pursuant to section 18(b)(2) of the Securities Act of 1933. ~~To the extent the total fees collected by the commissioner in connection with these filings exceed $25,600,000 in a fiscal year, the commissioner shall refund, on a pro rata basis, to all persons who paid any fees for that fiscal year, the amount of fees collected by the commissioner in excess of $25,600,000.~~ No individual refund is required of amounts of $100 or less for a fiscal year.

Sec. 3. Minnesota Statutes 2006, section 115C.07, subdivision 3, is amended to read:

Subd. 3. **Rules.** (a) The board shall adopt rules regarding its practices and procedures, the form and procedure for applications for compensation from the fund, procedures for investigation of claims and specifying the costs that are eligible for reimbursement from the fund.

(b) The board may adopt rules requiring certification of environmental consultants.

(c) The board may adopt other rules necessary to implement this chapter.

(d) The board may use section 14.389 to adopt rules specifying the competitive bidding requirements for consultant services proposals.

(e) The board may use section 14.389 to adopt rules specifying the written proposal and invoice requirements for consultant services.

(f) Upon written notification from the board of the adjusted dollar amounts determined pursuant to Minnesota Rules, parts 2890.1900, item D, and 2890.3900, item D, the revisor of statutes must adjust the dollar amounts in Minnesota Rules, parts 2890.1300 to 2890.1600, 2890.2600, 2890.2800 to 2890.3100, and 2890.3300 to 2890.3800, to reflect the adjustments announced and published by the board.

EFFECTIVE DATE. This section is effective for changes announced in 2006 and thereafter.

Sec. 4. Minnesota Statutes 2006, section 116L.04, is amended by adding a subdivision to read:

Subd. 1b. **Rural workforce innovation grants.** The partnership program may provide up to $1,000,000 in grants each fiscal year for the rural workforce innovation program under section 116L.175.

Sec. 5. Minnesota Statutes 2007 Supplement, section 341.321, is amended to read:

341.321 FEE SCHEDULE.

(a) The fee schedule for professional licenses issued by the ~~Minnesota Boxing~~ commission is as follows:

(1) referees, ~~$45~~ $25 for each initial license and each renewal;

(2) promoters, $400 for each initial license and each renewal;

(3) judges and knockdown judges, ~~$45~~ $25 for each initial license and each renewal;

(4) trainers, ~~$45~~ $25 for each initial license and each renewal;

(5) ring announcers, ~~$45~~ $25 for each initial license and each renewal;

(6) ~~boxers'~~ seconds, ~~$45~~ $25 for each initial license and each renewal;

(7) timekeepers, ~~$45~~ $25 for each initial license and each renewal;

(8) ~~boxers~~ combatant, ~~$45~~ $25 for each initial license and each renewal;

(9) managers, ~~$45~~ $25 for each initial license and each renewal; and

(10) ringside physicians, ~~$45~~ $25 for each initial license and each renewal.

In addition to the license fee and the late filing penalty fee in section 341.32, subdivision 2, if applicable, an individual who applies for a combatant license on the same day the combative sporting event is held shall pay a fee of $100 at the time the application is submitted.

(b) The fee schedule for amateur licenses issued by the commission is as follows:

(1) referees, $10 for each initial license and each renewal;

(2) promoters, $100 for each initial license and each renewal;

(3) judges and knockdown judges, $10 for each initial license and each renewal;

(4) trainers, $10 for each initial license and each renewal;

(5) ring announcers, $10 for each initial license and each renewal;

(6) seconds, $10 for each initial license and each renewal;

(7) timekeepers, $10 for each initial license and each renewal;

(8) combatant, $10 for each initial license and each renewal;

(9) managers, $10 for each initial license and each renewal; and

(10) ringside physicians, $10 for each initial license and each renewal.

~~(b)~~ (c) The commission shall establish ~~and assess an event~~ a contest fee for each ~~sporting event~~ combative sport contest. The ~~event~~ contest fee is ~~set at a minimum of~~ $1,500 per event or ~~a percentage~~ not more than four percent of the gross ticket sales as determined by the commission when the ~~sporting event~~ combative sport contest is scheduled, except that the amateur combative sport contest fee shall be $150. The commission shall consider the size and type of venue when establishing a contest fee. The commission may establish the maximum number of complimentary tickets allowed for each event by rule. An amateur combative sport contest fee is nonrefundable.

~~(c)~~ (d) All fees collected by the ~~Minnesota Boxing~~ commission must be deposited in the ~~Boxing~~ commission account in the special revenue fund.

Sec. 6. **[462A.36] NONPROFIT HOUSING BONDS; AUTHORIZATION; STANDING APPROPRIATION.**

Subdivision 1. **Definitions.** For purposes of this section, the following terms have the meanings given them in this subdivision:

(1) "debt service" means the amount payable in any fiscal year of principal of, premium, in any, and interest on nonprofit housing bonds and the fees, charges, and expenses related to the bonds;

(2) "Internal Revenue Code" means the Internal Revenue Code of 1986, as amended; and

(3) "nonprofit housing bonds" means bonds issued by the agency under chapter 462A that are "qualified 501(c)(3) bonds" within the meaning of section 145(a) of the Internal Revenue Code or are not "private activity bonds" within the meaning of section 141(a) of the Internal Revenue Code, for the purpose of financing or refinancing affordable housing authorized under chapter 462A.

Subd. 2. **Appropriation of debt service; payment to agency or trustee.** (a) Up to $2,400,000 annually is appropriated from the general fund for deposit in the nonprofit housing bond account established in section 462A.21, subdivision 32, to pay the debt service on nonprofit housing bonds. The appropriation of up to $2,400,000 per year may be made for no more than 20 years, commencing with the fiscal year beginning July 1, 2009.

(b) On July 1 of each year, but no earlier than July 1, 2009, and for so long as any nonprofit housing bonds are outstanding, the state must transfer from the general fund to the nonprofit housing bond account established under section 462A.21, subdivision 32, the amount of debt service payable in the fiscal year certified by the agency to the commissioner of finance, not to exceed $2,400,000 annually.

(c) The agency may pledge to the payment of the nonprofit housing bonds the payments to be made by the state pursuant to this section.

Subd. 3. **No full faith and credit.** The nonprofit housing bonds are not public debt of the state, and the full faith and credit and taxing powers of the state are not pledged to the payment of the nonprofit housing bonds or to any payment that the state agrees to make under this section. The bonds must contain a conspicuous statement to such effect.

Subd. 4. **Authorization.** The agency may issue up to $30,000,000 of nonprofit housing bonds in one or more series to which the payments made pursuant to this section may be pledged. The nonprofit housing bonds authorized in this subdivision may be issued for the purpose of making loans, on terms and conditions the agency deems appropriate, to finance the costs of the construction, acquisition, preservation, and rehabilitation of permanent supportive housing for individuals and families who: (1) either have been without a permanent residence for at least 12 months or at least four times in the last three years; or (2) are at significant risk of lacking a permanent residence for 12 months or at least four times in the last three years. An insubstantial portion of the bond proceeds may be used for permanent supportive housing for individuals and families experiencing homelessness who do not meet the criteria of the previous sentence. For purposes of this subdivision, "permanent supportive housing" means housing that is not time-limited and provides or coordinates with linkages to services necessary for residents to maintain housing stability and maximize opportunities for education and employment.

Sec. 7. Minnesota Statutes 2006, section 462A.21, is amended by adding a subdivision to read:

Subd. 32. **Nonprofit housing bonds account.** It may establish a nonprofit housing bond account as a separate account within the housing development fund. Proceeds of nonprofit housing bonds and payments made by the state pursuant to section 462A.36 may be deposited in the account. The agency may transfer the proceeds of nonprofit housing bonds to another account within the housing development fund that it determines appropriate to accomplish the purposes for which the bonds are authorized under section 462A.36.

Sec. 8. Minnesota Statutes 2006, section 462A.22, subdivision 1, is amended to read:

Subdivision 1. **Debt ceiling.** The aggregate principal amount of bonds and notes which are outstanding at any time, excluding the principal amount of any bonds and notes refunded by the issuance of new bonds or notes, shall not exceed the sum of ~~$3,000,000,000~~ $5,000,000,000.

Sec. 9. Minnesota Statutes 2006, section 609.531, subdivision 1, is amended to read:

Subdivision 1. **Definitions.** For the purpose of sections 609.531 to 609.5318, the following terms have the meanings given them.

(a) "Conveyance device" means a device used for transportation and includes, but is not limited to, a motor vehicle, trailer, snowmobile, airplane, and vessel and any equipment attached to it. The term "conveyance device" does not include property which is, in fact, itself stolen or taken in violation of the law.

(b) "Weapon used" means a dangerous weapon as defined under section 609.02, subdivision 6, that the actor used or had in possession in furtherance of a crime.

(c) "Property" means property as defined in section 609.52, subdivision 1, clause (1).

(d) "Contraband" means property which is illegal to possess under Minnesota law.

(e) "Appropriate agency" means the Bureau of Criminal Apprehension, the Department of Commerce Division of Insurance Fraud Prevention, the Minnesota Division of Driver and Vehicle Services, the Minnesota State Patrol, a county sheriff's department, the Three Rivers Park District park rangers, the Department of Natural Resources Division of Enforcement, the University of Minnesota Police Department, the Department of Corrections' Fugitive Apprehension Unit, or a city or airport police department.

(f) "Designated offense" includes:

(1) for weapons used: any violation of this chapter, chapter 152, or chapter 624;

(2) for driver's license or identification card transactions: any violation of section 171.22; and

(3) for all other purposes: a felony violation of, or a felony-level attempt or conspiracy to violate, section 325E.17; 325E.18; 609.185; 609.19; 609.195; 609.21; 609.221; 609.222; 609.223; 609.2231; 609.24; 609.245; 609.25; 609.255; 609.282; 609.283; 609.322; 609.342, subdivision 1, clauses (a) to (f); 609.343, subdivision 1, clauses (a) to (f); 609.344, subdivision 1, clauses (a) to (e), and (h) to (j); 609.345, subdivision 1, clauses (a) to (e), and (h) to (j); 609.352; 609.42; 609.425; 609.466; 609.485; 609.487; 609.52; 609.525; 609.527; 609.528; 609.53; 609.54; 609.551; 609.561; 609.562; 609.563; 609.582; 609.59; 609.595; 609.611; 609.631; 609.66, subdivision 1e; 609.671, subdivisions 3, 4, 5, 8, and 12; 609.687; 609.821; 609.825; 609.86; 609.88; 609.89; 609.893; 609.895; 617.246; 617.247; or a gross misdemeanor or felony violation of section 609.891 or 624.7181; or any violation of section 609.324.

(g) "Controlled substance" has the meaning given in section 152.01, subdivision 4.

Sec. 10. Laws 2007, chapter 135, article 1, section 3, subdivision 2, is amended to read:

Subd. 2. **Business and Community Development**			40,667,000	8,639,000
Appropriations by Fund				
General	39,967,000	7,939,000		
Remediation	700,000	700,000		

(a) (1) $250,000 the first year and $250,000 the second year are from the general fund for a grant under Minnesota Statutes, section 116J.421, to the Rural Policy and Development Center at St. Peter, Minnesota. The grant shall be used for research and policy analysis on emerging economic and social issues in rural Minnesota, to serve as a policy resource center for rural Minnesota communities, to encourage collaboration across higher education institutions to provide interdisciplinary team approaches to research and problem-solving in rural communities, and to administer overall operations of the center.

(2) The grant shall be provided upon the condition that each state-appropriated dollar be matched with a nonstate dollar. Acceptable matching funds are nonstate contributions that the center has received and have not been used to match previous state grants. Any unencumbered balance in the first year is available for the second year.

(b) $250,000 the first year and $250,000 the second year are from the general fund for a grant to WomenVenture for women's business development programs.

(c) $250,000 the first year is for a grant to University Enterprise Laboratories (UEL) for its direct and indirect expenses to support efforts to encourage the growth of early-stage and emerging bioscience companies. UEL must provide a report by June 30 each year to the commissioner on the expenditures until the appropriation is expended. This is a onetime appropriation and is available until expended.

(d) $2,000,000 the first year is for grants under Minnesota Statutes, section 116J.571, for the redevelopment grant program. This is a onetime appropriation.

(e) $100,000 the first year and $100,000 the second year are to help small businesses access federal funds through the federal Small Business Innovation Research Program and the federal Small Business Technology Transfer Program. Department services must include maintaining connections to 11 federal programs, assessment of specific funding opportunities, review of funding proposals, referral to specific consulting services, and training workshops throughout the state. Unless prohibited by federal law, the department must implement fees for services that help companies seek federal Phase II Small Business Innovation Research grants. The recommended fee schedule must be reported to the chairs of the house of representatives finance committee and senate budget division with jurisdiction over economic development by February 1, 2008.

(f) $100,000 the first year and $100,000 the second year are appropriated to the Public Facilities Authority for the small community wastewater treatment program under Minnesota Statutes, chapter 446A.

(g) $255,000 the first year and $155,000 the second year are from the general fund for a grant to the Metropolitan Economic Development Association for continuing minority business development programs in the metropolitan area.

(h) $85,000 the first year and $85,000 the second year are for grants to the Minnesota Inventors Congress. Of this amount, $10,000 each year is for the Student Inventors Congress.

(i) $151,000 the first year is for a onetime grant to the city of Faribault to design, construct, furnish, and equip renovations to accommodate handicapped accessibility at the Paradise Center for the Arts.

(j) $750,000 the first year is to Minnesota Technology, Inc. for the small business growth acceleration program established under Minnesota Statutes, section 116O.115. This is a onetime appropriation.

(k) $300,000 the first year is for a onetime grant to the city of Northome for the construction of a new municipal building to replace the structures damaged by fire on July 22, 2006. This appropriation is available when the commissioner determines that a sufficient match is available from nonstate sources to complete the project.

(l) $300,000 the first year is for a grant to the city of Worthington for an agricultural-based bioscience training and testing center. Funds appropriated under this section must be used to provide a training and testing facility for incubator firms developing new agricultural processes and products. This is a onetime appropriation and is available until expended.

(m) $1,750,000 the first year is for a onetime grant to BioBusiness Alliance of Minnesota for bioscience business development programs to promote and position the state as a global leader in bioscience business activities. These funds may be used for:

(1) completion and periodic updating of a statewide bioscience business industry assessment of business technology enterprises and Minnesota's competitive position employing annual updates to federal industry classification data;

(2) long-term strategic planning that includes projections of market changes resulting from developments in biotechnology and the development of 20-year goals, strategies, and identified objectives for renewable energy, medical devices, biopharma, and biologics business development in Minnesota;

(3) the design and construction of a Minnesota focused bioscience business model to test competing strategies and scenarios, evaluate options, and forecast outcomes; and

(4) creation of a bioscience business resources network that includes development of a statewide bioscience business economic development framework to encourage bioscience business development and encourage spin-off activities, attract bioscience business location or expansion in Minnesota, and establish a local capability to support strategic system level planning for industry, government, and academia.

This appropriation is available until June 30, 2009.

(n) $125,000 the first year is to develop and operate a bioscience business marketing program to market Minnesota bioscience businesses and business opportunities to other states and other countries. The bioscience business marketing program must emphasize bioscience business location and expansion opportunities in communities outside of the seven-county metropolitan area as defined in Minnesota Statutes, section 473.121, subdivision 2, that have established collaborative plans among two or more municipal units for bioscience business activities, and that are within 15 miles of a four-year, baccalaureate degree granting institution or a two-year technical or community college that offers bioscience curricula. The commissioner must report to the committees of the senate and house of representatives having jurisdiction over bioscience and technology issues by February 1 of each year on the expenditures of these funds and the promotional activities undertaken to market the Minnesota bioscience industry to persons outside of the state. This is a onetime appropriation and is available until expended.

(o) $325,000 is for a grant to the Walker Area Community Center, Inc., to construct, furnish, and equip the Walker Area Community Center. This appropriation is not available until the commissioner has determined that an amount sufficient to complete the project has been committed from nonstate sources. This is a onetime appropriation and is available until expended.

(p) $100,000 the first year is for a grant to the Pine Island Economic Development Authority for predesign to upgrade and extend utilities to serve Elk Run Bioscience Research Park and The Falls - Healthy

Living By Nature, an integrated medicine facility. This is a onetime appropriation and is available until expended.

(q) $350,000 the first year is for a grant to Thomson Township for infrastructure improvements for the industrial park. This is a onetime appropriation and is available until expended.

(r) $75,000 the first year is for a grant to Le Sueur County for the cost of cleaning up debris from lakes in Le Sueur County, caused by the August 24, 2006, tornado in southern Le Sueur County. This is a onetime appropriation and is available until expended.

(s) $400,000 the first year is for a grant to the city of Rogers to be used for relief from damages caused by the September 16, 2006, tornado.

(t) $75,000 the first year is for a grant to the city of Warroad for new public facilities to replace those damaged or destroyed by the August 2006 tornado, including approximately 28 new street lights and underground electrical circuits and a new fish cleaning house. This is a onetime appropriation and is available until expended. If an appropriation for this purpose is enacted more than once in the 2007 session, the appropriation is effective only once.

(u) $500,000 the first year is for a grant to the Upper Sioux Community to improve the current water system to ensure continuity of service to the entire population of the community and to meet the demands of the community expansion over the next 20 years.

The is a onetime appropriation and is not available until the Public Facilities Authority has determined that at least $1,000,000 has been committed from nonstate sources. This appropriation is available until expended. * (The preceding text beginning "(u) $500,000 the first year is for" was indicated as vetoed by the governor.)

(v) $755,000 the first year is for the urban challenge grant program under Minnesota Statutes, section 116M.18. This is a onetime appropriation.

(w) $1,100,000 is for a grant to the Neighborhood Development Center for assistance necessary to retain minority business enterprises at the Global Market. This is a onetime appropriation and is available until expended.

(x) $350,000 the first year is for a onetime grant to the city of Inver Grove Heights to reduce debt on the Inver Grove Heights Veterans Memorial Community Center. * (The preceding text beginning "(x) $350,000 the first year is for" was indicated as vetoed by the governor.)

(y) $14,900,000 the first year is for the Minnesota minerals 21st century fund created in Minnesota Statutes, section 116J.423, to partially restore the money unallotted by the commissioner of finance in 2003 pursuant to Minnesota Statutes, section 16A.152. This appropriation may be used as provided in Minnesota Statutes, section 116J.423, subdivision 2. This appropriation is available until expended.

(z) $2,500,000 the first year is for a grant to the city of St. Paul to be used to pay, redeem, or refund debt service costs incurred for the River Centre Campus. * (The preceding text beginning "(z) $2,500,000 the first year is for" was indicated as vetoed by the governor.)

(aa) $147,000 each year is appropriated from the general fund to the commissioner of employment and economic development for grants of $49,000 to eligible organizations each year and for the purposes of this paragraph. Each state grant dollar must be matched with $1 of nonstate funds. Any balance in the first year does not cancel but is available in the second year. The base for these grants in fiscal years 2010 and 2011 is $189,000 each year, with each eligible organization receiving a $63,000 grant each year.

The commissioner of employment and economic development must make grants to organizations to assist in the development of entrepreneurs and small businesses. Three grants must be awarded to continue or to develop a program. One grant must be awarded to the Riverbend Center for Entrepreneurial Facilitation in Blue Earth County, and two to other organizations serving Faribault and Martin Counties. Grant recipients must report to the commissioner by February 1 of each year that the organization receives a grant with the number of customers served; the number of businesses started, stabilized, or expanded; the number of jobs created and retained; and business success rates. The commissioner must report to the house of representatives and senate committees with jurisdiction over economic development finance on the effectiveness of these programs for assisting in the development of entrepreneurs and small businesses.

(bb) $5,000,000 the first year is for grants under Minnesota Statutes, section 116J.8731, for the Minnesota investment fund program. Of this amount, up to $3,000,000 may be used for a legal reference office and data center facility, provided that the total capital investment in the facility is at least $60,000,000. This grant is not subject to grant limitations under Minnesota Statutes, section 116J.8731, subdivision 5. This is a onetime appropriation and is available in either year of the biennium.

Sec. 11. **REPEALER.**

Laws 2004, chapter 188, section 2, is repealed.

EFFECTIVE DATE. This section is effective the day following final enactment.

ARTICLE 3
ENTREPRENEURIAL ECONOMIC DEVELOPMENT

Section 1. Minnesota Statutes 2006, section 116J.03, is amended by adding a subdivision to read:

Subd. 4. **Targeted rural opportunity community.** "Targeted rural opportunity community" means a city or township in a county that either lost population from 1980 to 2000 according to the decennial census or had an unemployment rate higher than the Minnesota state annual average in 2006 according to local area unemployment statistics published by the Department of Employment and Economic Development.

Sec. 2. **[116J.432] RURAL ENTERPRISE MICROLOAN PROGRAM.**

Subdivision 1. **Definitions.** For purposes of this section, the definitions in this subdivision have the meanings given them:

(1) "Commissioner" means the commissioner of employment and economic development.

(2) "Nonprofit corporation" means a corporation organized and operating under chapter 317A and holding tax exempt status under section 501(c)(3), 501(c)(4)(A), or 501(c)(5) of the Internal Revenue Code, or a Minnesota private foundation meeting the definition of section 509 of the Internal Revenue Code.

(3) "Rural areas" means those areas of Minnesota located outside the metropolitan area as defined in section 473.121, subdivision 2.

Subd. 2. **Established.** The rural enterprise microloan program is created to provide rural enterprise grants to nonprofit corporations to encourage private investment, create jobs for persons in rural areas, and promote economic development.

Subd. 3. **Eligibility.** The commissioner shall enter into agreements with nonprofit corporations to provide rural enterprise microloans in rural areas as provided under this section. In order to qualify for a rural enterprise microloan grant, a corporation must demonstrate that the corporation:

(1) has a board of directors that includes citizens experienced in business lending and development, the operations of rural business enterprises, and the creation of jobs in low-income, economically disadvantaged rural areas;

(2) has the technical skills to analyze projects;

(3) is familiar with other available public and private funding sources and economic development programs;

(4) can initiate and implement economic development projects;

(5) can establish and administer a rural enterprise microloan account which will be used to disburse loans to qualifying businesses and receive loan repayments; and

(6) has demonstrated a capacity to deliver financial, technical, managerial, and marketing assistance to a business enterprise receiving a microloan under this section. This assistance may be delivered by the nonprofit corporation or through other appropriate organizations as provided by the nonprofit corporation through written agreements.

Subd. 4. **Revolving loan funds.** Nonprofit corporations must establish a revolving loan fund to receive rural enterprise microloan grants. Grants must be used to make loans to new and expanding for-profit business enterprises in rural areas, targeted rural opportunity communities, and disadvantaged business enterprises in rural areas in order to promote business enterprises and job creation.

Subd. 5. **Revolving fund administration.** (a) The department shall establish a maximum interest rate for loans made under this section.

(b) Loan repayment amounts, including principal and interest, must be deposited in a revolving fund created by the nonprofit corporation to be used for additional loans consistent with the loan criteria specified in this section or as allowed under paragraph (c).

(c) Expenses incurred by a nonprofit corporation in providing financial, technical, managerial, and marketing assistance to a business enterprise receiving a loan under this section may be paid out of interest earned from rural enterprise loans, as allowed by the department.

Subd. 6. **Loan criteria.** (a) The criteria in this subdivision apply to loans made or guaranteed by nonprofit corporations under the rural enterprise microloan program.

(b) Loans or guarantees must be made to businesses that are not likely to undertake a project for which loans are sought without assistance from the rural enterprise microloan program.

(c) The minimum state contribution to a loan or guarantee is $1,000 and the maximum is $50,000.

(d) The state contributions must be matched by at least an equal amount of new private investment.

Subd. 7. **Reporting requirement.** A nonprofit corporation that receives a rural enterprise microloan grant shall submit, in a format prescribed by the department, an annual report by October 1 of each year that provides information as to the use and impact of the grant funds.

Subd. 8. **Report to legislature.** The commissioner shall submit an annual report that provides information as to the use and impact of the funds provided under this section, by January 15 of each year to the economic development committees of the senate and house of representatives.

Subd. 9. **Rules.** The commissioner shall adopt rules for eligibility, revolving fund administration, and other details of rural enterprise microloans, using the expedited process under section 14.389.

Sec. 3. Minnesota Statutes 2006, section 116J.656, is amended to read:

116J.656 ~~SMALL BUSINESS ACCESS TO FEDERAL RESEARCH FUNDS~~ OFFICE OF TECHNOLOGY AND COMMERCIALIZATION.

(a) ~~The commissioner shall assist small businesses to access federal money through the federal Small Business Innovation Research program and the Small Business Technology Transfer program.~~ The commissioner shall establish within the department an Office of Technology and Commercialization. The Office of Technology and Commercialization shall serve as an intermediary to leverage and coordinate regional public and private resources to maximize technology-related economic growth and shall serve as an intermediary in assisting small businesses in forming alliances and joint ventures with medium- and large-sized corporations. The office shall provide entrepreneurial and innovation services to expand the competitiveness of high technology companies. These services shall include, but not be limited to, technology training and information exchange; assistance with federal funding sources, to include the small business innovation research and small business technology transfer programs; and assistance in forming alliances for technology development and commercialization. In providing ~~this assistance~~ these services, the commissioner shall maintain connections to eligible federal programs, assess specific funding opportunities, review funding proposals, provide referrals to specific consulting services, and hold training workshops throughout the state.

(b) Unless prohibited by federal law, the commissioner must implement fees for services that help companies seek federal Phase II Small Business Innovation Research grants. The fees must be deposited in a special revenue account and are annually appropriated to the commissioner for the small business innovation research and small business technology transfer programs.

Sec. 4. Minnesota Statutes 2006, section 116J.66, is amended to read:

116J.66 ~~BUSINESS ASSISTANCE~~ OFFICE OF ENTREPRENEURSHIP AND SMALL BUSINESS DEVELOPMENT.

The commissioner shall establish within the department ~~a business assistance center. The center~~ an Office of Entrepreneurship and Small Business Development, which shall consist of:

(1) ~~a Bureau of Small Business which shall have as its sole function the provision of assistance~~ an entrepreneurs network which shall serve as the state's central network for entrepreneurs and small businesses to access qualified network member providers of entrepreneurial and small business assistance, to access developed and shared business information and research resources, and to develop policy recommendations that support development of entrepreneurs and small businesses;

(2) an entrepreneur and small business development center network which shall operate a network of small business development centers throughout the state under a cooperative agreement with the United States Small Business Administration pursuant to United States Code, title 15, section 648;

(3) an Office of Business Information and Professional Services to provide information and professional assistance and guidance to small businesses in the state ~~and (2)~~;

(4) a Bureau of Licenses to assist all businesses in obtaining state licenses and permits~~. This center shall be accorded at least equal status with the other major operating units within the department.~~; and

(5) an Office of Technology and Commercialization to provide entrepreneurial and innovation services to high technology companies.

Sec. 5. Minnesota Statutes 2006, section 116J.68, is amended to read:

116J.68 ~~BUREAU OF SMALL BUSINESS~~ OFFICE OF BUSINESS INFORMATION AND PROFESSIONAL SERVICES.

Subdivision 1. **Generally; definition.** (a) The ~~Bureau of Small Business~~ Office of Business Information and Professional Services within the ~~business assistance center~~ Office of Entrepreneurship and Small Business Development shall serve as a clearinghouse and referral service for information needed by small businesses including small targeted group businesses and small businesses located in an economically disadvantaged area.

(b) For purposes of this section, "office" means the Office of Business Information and Professional Services.

Subd. 2. **Duties.** The ~~bureau~~ office shall:

~~(a)~~ (1) provide information and assistance with respect to all aspects of business planning and business management related to the start-up, operation, or expansion of a small business in Minnesota;

~~(b)~~ (2) refer persons interested in the start-up, operation, or expansion of a small business in Minnesota to assistance programs sponsored by federal agencies, state agencies, educational institutions, chambers of commerce, civic organizations, community development groups, private industry associations, and other organizations or to the business assistance referral system established by the ~~Minnesota Project Outreach Corporation~~ Office of Entrepreneurship and Small Business Development;

~~(c)~~ (3) plan, develop, and implement a master file of information on small business assistance programs of federal, state, and local governments, and other public and private organizations so as to provide comprehensive, timely information to the ~~bureau's~~ office's clients;

~~(d)~~ (4) employ staff with adequate and appropriate skills and education and training for the delivery of information and assistance;

~~(e)~~ (5) seek out and utilize, to the extent practicable, contributed expertise and services of federal, state, and local governments, educational institutions, and other public and private organizations;

~~(f)~~ (6) maintain a close and continued relationship with the director of the procurement program within the Department of Administration so as to facilitate the department's duties and responsibilities under sections 16C.16 to 16C.19 relating to the small targeted group business and economically disadvantaged business program of the state;

~~(g)~~ (7) develop an information system which will enable the commissioner and other state agencies to efficiently store, retrieve, analyze, and exchange data regarding small business development and growth in the state. All executive branch agencies of state government and the secretary of state shall to the extent practicable, assist the ~~bureau~~ office in the development and implementation of the information system;

~~(h)~~ (8) establish and maintain a toll free telephone number so that all small business persons anywhere in the state can call the ~~bureau~~ office for assistance. An outreach program shall be established to make the existence of the ~~bureau~~ office well known to its potential clientele throughout the state. If the small business person requires a referral to another provider the ~~bureau~~ office may use the business assistance referral system established by the ~~Minnesota Project Outreach Corporation~~ Office of Entrepreneurship and Small Business Development;

~~(i)~~ (9) conduct research and provide data as required by the state legislature;

~~(j)~~ (10) develop and publish material on all aspects of the start-up, operation, or expansion of a small business in Minnesota;

~~(k)~~ (11) collect and disseminate information on state procurement opportunities, including information on the procurement process; and

~~(l)~~ (12) develop a public awareness program through the use of newsletters, personal contacts, and electronic and print news media advertising about state assistance programs for small businesses, including those programs specifically for socially disadvantaged small business persons~~;~~.

~~(m) enter into agreements with the federal government and other public and private entities to serve as the statewide coordinator or host agency for the federal small business development center program under United States Code, title 15, section 648; and~~

~~(n) assist providers in the evaluation of their programs and the assessment of their service area needs. The bureau may establish model evaluation techniques and performance standards for providers to use.~~

Subd. 5. **Advisory board meetings.** (a) If compliance with section 13D.02 is impractical, the Small Business Development Center Advisory Board, created pursuant to United States Code, title 15, section 648, may conduct a meeting of its members by telephone or other electronic means so long as the following conditions are met:

(1) all members of the board participating in the meeting, wherever their physical location, can hear one another and can hear all discussion and testimony;

(2) members of the public present at the regular meeting location of the board can hear clearly all discussion and testimony and all votes of members of the board and, if needed, receive those services required by sections 15.44 and 15.441;

(3) at least one member of the board is physically present at the regular meeting location; and

(4) all votes are conducted by roll call, so each member's vote on each issue can be identified and recorded.

(b) Each member of the board participating in a meeting by telephone or other electronic means is considered present at the meeting for purposes of determining a quorum and participating in all proceedings.

(c) If telephone or other electronic means is used to conduct a meeting, the board, to the extent practical, shall allow a person to monitor the meeting electronically from a remote location. The board may require the person making such a connection to pay for documented marginal costs that the board incurs as a result of the additional connection.

(d) If telephone or other electronic means is used to conduct a regular, special, or emergency meeting, the board shall provide notice of the regular meeting location, of the fact that some members may participate by telephone or other electronic means, and of the provisions of paragraph (c). The timing and method of providing notice is governed by section 13D.04.

Sec. 6. **[116J.8749] SMALL BUSINESS PRODUCT DEVELOPMENT PROGRAM.**

Subdivision 1. **Establishment.** The commissioner of employment and economic development shall implement a small business product development program to assist entrepreneurs and businesses in demonstrating the feasibility of a technology or completing new product development, leading to the commercialization of new products though industry and research partnerships.

Subd. 2. **Awards.** Funds shall be awarded to entities that conduct research who agree to provide these services to a specific business or entrepreneur.

Subd. 3. **Application.** Applications must be coauthored by the business or entrepreneur and must demonstrate commercial potential and time frames for commercialization. Applications must be approved through an internal review committee within the research institution to assess the technology and business plan prior to official submission to the state entity.

Subd. 4. **Eligibility.** (a) Eligible institutions include, but are not limited to, all Minnesota-based two- and four-year colleges and universities and other publicly funded research organizations.

(b) Eligible businesses must be Minnesota-based with either headquarters or a majority of operations in the state. If relocating, businesses must set up headquarters or have a majority of its operations in the state within one year of award.

Subd. 5. **Review board.** The Department of Employment and Economic Development will assemble a technical and business review board to evaluate the applications.

Subd. 6. **Limitations.** Funds used for a single business may not exceed $25,000 per calendar year and must be matched dollar-for-dollar by the business with additional cash or in-kind contributions. Up to 50 percent of the awards may be made to small businesses that receive federal funding for research. Funds expended prior to the start of the award will not be considered as match.

Subd. 7. **Rules.** The commissioner shall adopt rules for eligibility and other details of the small business product development program, using the expedited process under section 14.389.

Sec. 7. **[116J.9805] MAIN STREET REVITALIZATION GRANT PROGRAM.**

Subdivision 1. **Grants.** (a) The Main Street revitalization grant program is created to provide grants to eligible communities to increase business creation, promote business retention, or make general, viable, economic improvements to eligible communities or business districts within an eligible community.

(b) Eligible activities include, but are not limited to, rehabilitation, new construction, demolition of buildings, financing for public infrastructure that benefits the business district, the installation of new technology or equipment for business to either remain or be more competitive.

(c) The Department of Employment and Economic Development shall administer funds appropriated for the Main Street revitalization grant program as required under section 116J.980.

Subd. 2. **Eligibility.** Targeted rural opportunity communities as defined in section 116J.03, subdivision 4, are eligible for a grant under this section. An application to the small cities development program will be considered as an application to the Main Street revitalization grant program if all other eligibility requirements for the Main Street revitalization grant program are met.

Subd. 3. **Application process.** The commissioner shall award grants to eligible communities based on an evaluation of economic and business-related needs, using the same competitive application criteria, exclusive of the HUD federal objective requirements, developed for the small cities development program. Funds shall be disbursed to eligible communities according to the procedures used by the small cities development program.

Subd. 4. **Limitations.** A grant may not exceed $600,000 per activity per eligible applicant.

Subd. 5. **Local match requirement.** A local match shall be required for each grant awarded, with preference given to projects that leverage private investment or nonstate funding resources and do not use federal funds as a match.

Subd. 6. **Carryforward.** Any funds not allocated, obligated, or expended in a fiscal year shall be available for allocation, obligation, or expenditure in the following fiscal year.

Sec. 8. **[116J.9825] COMMUNITY LEADERSHIP AND PLANNING PROGRAM.**

Subdivision 1. **Establishment.** The commissioner of employment and economic development shall establish the community leadership and planning program to award grants to qualified organizations to support leadership development and planning.

Subd. 2. **Eligibility.** Grants are only available to targeted rural opportunity communities, as defined in section 116J.03, subdivision 4.

Subd. 3. **Grants; limits.** Grants must be awarded to organizations that have demonstrated experience in implementing community leadership and planning programs. Priority must be given to projects which will provide the intended services in rural communities that otherwise would not have access to them. A grant must not exceed $50,000.

Subd. 4. **Use of funds.** (a) Grants must be used for programs that:

(1) help rural community members increase members' leadership skills to address community issues and needs;

(2) assist in evaluation of community assets, needs, and priorities;

(3) support an understanding of the community's place in the regional economy and appropriate plans based on that understanding; and

(4) develop action plans that the communities can use for future growth and improvement.

(b) The commissioner may award a portion of the funds for projects intended for participation by multiple communities to facilitate leadership and planning among communities with similar issues and regional interaction.

Subd. 5. **Matching funds.** The commissioner shall require that when state funds are awarded, the grants must be matched by at least an equal amount of nonstate funds.

Subd. 6. **Report required.** The commissioner of employment and economic development must report to the legislative chairs of the economic development policy and finance committees, by September 1, 2009, on the first grant awards, the outcomes, and recommendations for improvement in the program.

Subd. 7. **Rules.** The commissioner shall adopt rules for eligibility, use of funds, and other details of the community leadership and planning program using the expedited process under section 14.389.

Sec. 9. Minnesota Statutes 2006, section 116L.02, is amended to read:

116L.02 JOB SKILLS PARTNERSHIP PROGRAM.

(a) The Minnesota Job Skills Partnership program is created to act as a catalyst to bring together employers with specific training needs with educational or other nonprofit institutions which can design programs to fill those needs. The partnership shall work closely with employers to prepare, train and place prospective or incumbent workers in identifiable positions as well as assisting educational or other nonprofit institutions in developing training programs that coincide with current and future employer requirements. The partnership shall provide grants to educational or other nonprofit institutions for the purpose of training workers. A participating business must match the grant-in-aid made by the Minnesota Job Skills Partnership. The match may be in the form of funding, equipment, or faculty.

(b) The partnership program shall administer the health care and human services worker training and retention program under sections 116L.10 to 116L.15.

(c) The partnership program is authorized to use funds to pay for training for individuals who have incomes at or below 200 percent of the federal poverty line. The board may grant funds to eligible recipients to pay for board-certified training. Eligible recipients of grants may include public, private, or nonprofit entities that provide employment services to low-income individuals.

(d) The partnership program shall administer the rural workforce innovation grant program under section 116L.175.

Sec. 10. **[116L.175] RURAL WORKFORCE INNOVATION GRANTS.**

Subdivision 1. **Purpose.** The rural workforce innovation grant program is created to promote incumbent worker training at small businesses in rural Minnesota. This program and the related grants and training will assist small businesses in increasing employee skill development, worker productivity, and overall job security for trained workers.

Subd. 2. **Definitions.** (a) for the purposes of this section, the following terms have the meanings given them.

(b) "Incumbent worker" means an individual employed by a qualifying employer, who is paid by that employer for at least 20 hours per week.

(c) "Qualifying employer" means a for-profit business or nonprofit organization located in a targeted rural opportunity community as defined in section 116J.03, subdivision 4, with at least one but no more than 50 full-time paid employees. Public sector organizations are not considered qualifying employers.

(d) "Direct training services" are services provided by an accredited educational program or institution. These services include, but are not limited to, occupational skills training, customized training, entrepreneurial training, on-the-job training, and other training that results in an industry-recognized credential.

Subd. 3. **Grants.** At the beginning of each fiscal year, the board shall make initial grants to any number of local workforce investment boards using a competitive process. The board shall spend at least 75 percent of its annual appropriation on these initial grants. Following the initial allocation, the board may make subsequent grants at the request of local workforce investment boards. The board shall make all grants based on demonstrated need, likely impact, and other criteria as necessary.

Subd. 4. **Use of funds.** Local workforce investment boards shall use funds granted under this section for direct training services at qualifying employers, to provide a measurable increase in the job-related skills of participating incumbent workers. Local workforce investment boards may also use funds to provide basic assessment, counseling, and preemployment training services requested by the qualifying employer. No funds may be used for support services as described in section 116L.17, subdivision 4, clause (2). No funds may be used to pay or supplement the wages of a qualifying employer's employees. No qualifying employer shall receive more than $50,000 per year for activities under this section.

Subd. 5. **Administrative costs.** The board may spend, and allow local workforce investment boards to spend, funds for administrative costs. The limits on these costs shall be consistent with those established for other programs under the authority of the board.

Subd. 6. **Matching funds requirement.** The board may establish statewide matching requirements for qualifying employers. Those requirements may include any or all of the following: funding, equipment, or faculty. The board shall consult with local workforce investment boards in establishing any statewide matching requirements.

Subd. 7. **Accountability and performance measures.** The board and the commissioner of employment and economic development shall jointly develop performance outcome measures and standards for this program. The commissioner and the board shall consult with local workforce investment boards in establishing standards. Measures, at a minimum, shall include posttraining retention, promotion, and wage increase. The board and commissioner shall provide a report to the legislature by March 1 of each year regarding the previous fiscal year's program performance. Local workforce investment boards shall provide all necessary data in a timely manner for the completion of this report, as well as any interim reports required by the board.

Sec. 11. **EFFECTIVE DATE.**

Sections 1 to 10 are effective the day following final enactment.

ARTICLE 4
VETERANS LOANS

Section 1. **[116J.996] MILITARY RESERVIST ECONOMIC INJURY LOANS.**

Subdivision 1. **Definitions.** (a) The definitions in this subdivision apply to this section.

(b) "Active service" has the meaning given in section 190.05.

(c) "Commissioner" means the commissioner of employment and economic development.

(d) "Eligible business" means a small business, as defined in section 645.445, that was operating in Minnesota on the date a military reservist received orders for active service.

(e) "Essential employee" means a military reservist who is an owner or employee of an eligible business and whose managerial or technical expertise is critical to the day-to-day operation of the eligible business.

(f) "Military reservist" means a member of the reserve component of the armed forces.

(g) "Reserve component of the armed forces" has the meaning given it in United States Code, title 10, section 101(c).

(h) "Substantial economic injury" means an economic harm to an eligible business that results in the inability of the eligible business to:

(1) meet its obligations as they mature;

(2) pay its ordinary and necessary operating expenses; or

(3) manufacture, produce, market, or provide a product or service ordinarily manufactured, produced, marketed, or provided by the eligible business.

Subd. 2. **Loan program.** The commissioner may make onetime, interest-free loans of up to $20,000 per borrower to eligible businesses that have sustained or are likely to sustain substantial economic injury as a result of the call to active service for 180 days or more of an essential employee. Loans must be made for the purpose of preventing, remedying, or ameliorating the substantial economic injury.

Subd. 3. **Revolving loan account.** The commissioner shall use money appropriated for the purpose to establish a revolving loan account. All repayments of loans made under this section, including principal and interest, must be deposited into this account. Interest earned on money in the account accrues to the account. Money in the account is appropriated to the commissioner for purposes of the loan program created in this section, including costs incurred by the commissioner to establish and administer the program.

Subd. 4. **Rules.** Using the expedited rulemaking procedures of section 14.389, the commissioner shall develop and publish expedited rules for loan applications, use of funds, needed collateral, terms of loans, and other details of military reservist economic injury loans.

Sec. 2. Minnesota Statutes 2007 Supplement, section 116L.17, subdivision 1, is amended to read:

Subdivision 1. **Definitions.** (a) For the purposes of this section, the following terms have the meanings given them in this subdivision.

(b) "Commissioner" means the commissioner of employment and economic development.

(c) "Dislocated worker" means an individual who is a resident of Minnesota at the time employment ceased or was working in the state at the time employment ceased and:

(1) has been permanently separated or has received a notice of permanent separation from public or private sector employment and is eligible for or has exhausted entitlement to unemployment benefits, and is unlikely to return to the previous industry or occupation;

(2) has been long-term unemployed and has limited opportunities for employment or reemployment in the same or a similar occupation in the area in which the individual resides, including older individuals who may have substantial barriers to employment by reason of age;

(3) has been terminated or has received a notice of termination of employment as a result of a plant closing or a substantial layoff at a plant, facility, or enterprise;

(4) has been self-employed, including farmers and ranchers, and is unemployed as a result of general economic conditions in the community in which the individual resides or because of natural disasters;

(5) has been permanently separated from employment in a restaurant, bar, or lawful gambling organization from October 1, 2007, to October 1, 2009, due to the implementation of any state law prohibiting smoking; ~~or~~

(6) is a veteran as defined by section 197.447, was deployed or discharged after September 11, 2001, has been discharged or released from active duty under honorable conditions, and is employed in a job which pays less than what the veteran could verifiably earn, given additional marketable skills obtained during deployment; or

~~(6)~~ (7) is a displaced homemaker. A "displaced homemaker" is an individual who has spent a substantial number of years in the home providing homemaking service and (i) has been dependent upon the financial support of another; and now due to divorce, separation, death, or disability of that person, must find employment to self support; or (ii) derived the substantial share of support from public assistance on account of dependents in the home and no longer receives such support.

To be eligible under this clause, the support must have ceased while the worker resided in Minnesota.

(d) "Eligible organization" means a state or local government unit, nonprofit organization, community action agency, business organization or association, or labor organization.

(e) "Plant closing" means the announced or actual permanent shutdown of a single site of employment, or one or more facilities or operating units within a single site of employment.

(f) "Substantial layoff" means a permanent reduction in the workforce, which is not a result of a plant closing, and which results in an employment loss at a single site of employment during any 30-day period for at least 50 employees excluding those employees that work less than 20 hours per week.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 3. Minnesota Statutes 2007 Supplement, section 268.047, subdivision 2, is amended to read:

Subd. 2. **Exceptions for all employers.** Unemployment benefits paid will not be used in computing the future tax rate of a taxpaying base period employer or charged to the reimbursable account of a base period nonprofit or government employer that has elected to be liable for reimbursements when:

(1) the applicant was discharged from the employment because of aggravated employment misconduct as determined under section 268.095. This exception applies only to unemployment benefits paid for periods after the applicant's discharge from employment;

(2) an applicant's discharge from that employment occurred because a law required removal of the applicant from the position the applicant held;

(3) the employer is in the tourist or recreation industry and is in active operation of business less than 15 calendar weeks each year and the applicant's wage credits from the employer are less than 600 times the applicable state or federal minimum wage;

(4) the employer provided regularly scheduled part-time employment to the applicant during the applicant's base period and continues to provide the applicant with regularly scheduled part-time employment during the benefit year of at least 90 percent of the part-time employment provided in the base period, and is an involved employer because of the applicant's loss of other employment. This exception terminates effective the first week that the employer fails to meet the benefit year employment requirements. This exception applies to educational institutions without consideration of the period between academic years or terms;

(5) the employer is a fire department or firefighting corporation or operator of a life-support transportation service, and continues to provide employment for the applicant as a volunteer firefighter or a volunteer ambulance service personnel during the benefit year on the same basis that employment was provided in the base period. This exception terminates effective the first week that the employer fails to meet the benefit year employment requirements;

(6) the applicant's unemployment from this employer was a direct result of the condemnation of property by a governmental agency, a fire, flood, or act of nature, where 25 percent or more of the employees employed at the affected location, including the applicant, became unemployed as a result. This exception does not apply where the unemployment was a direct result of the intentional act of the employer or a person acting on behalf of the employer;

(7) the unemployment benefits were paid by another state as a result of the transferring of wage credits under a combined wage arrangement provided for in section 268.131;

(8) the applicant stopped working because of a labor dispute at the applicant's primary place of employment if the employer was not a party to the labor dispute;

(9) the unemployment benefits were determined overpaid unemployment benefits under section 268.18; ~~or~~

(10) the applicant was employed as a replacement worker, for a period of six months or longer, for an employee who is in the military reserve and was called for active duty during the time the applicant worked as a replacement, and the applicant was laid off because the employee returned to employment after active duty; or

(11) the trust fund was reimbursed for the unemployment benefits by the federal government.

EFFECTIVE DATE. This section is effective the day following final enactment.

ARTICLE 5
PUBLIC FACILITIES AUTHORITY

Section 1. Minnesota Statutes 2007 Supplement, section 446A.072, subdivision 3, is amended to read:

Subd. 3. **Program administration.** (a) The authority shall provide supplemental assistance, as provided in subdivision 5a to governmental units:

(1) whose projects are listed on the Pollution Control Agency's project priority list;

(2) that demonstrate their projects are a cost-effective solution to an existing environmental or public health problem; and

(3) whose projects are approved by the USDA/RECD or certified by the commissioner of the Pollution Control Agency.

(b) For a governmental unit receiving grant funding from the USDA/RECD, applications must be made to the USDA/RECD with additional information submitted to the authority as required by the authority. Eligible project costs and affordability criteria shall be determined by the USDA/RECD.

(c) For a governmental unit not receiving grant funding from the USDA/RECD, application must be made to the authority on forms prescribed by the authority for the clean water revolving fund program with additional information as required by the authority. In accordance with section 116.182, the Pollution Control Agency shall:

(1) calculate the essential project component percentage which must be multiplied by the total project cost to determine the eligible project cost; and

(2) review and certify approved projects to the authority.

(d) ~~At the time funds are appropriated under this section,~~ Each fiscal year the authority shall make funds available for projects based on their ranking on the Pollution Control Agency's project priority list. The authority shall reserve ~~supplemental assistance~~ funds for ~~projects in order of their rankings on the Pollution Control Agency's project priority list and~~ a project when the applicant receives a funding commitment from the United States Department of Agriculture Rural Development (USDA/RECD) or submits plans and specifications to the Pollution Control Agency. Funds must be reserved in an amount based on ~~their most recent~~ the project cost ~~estimates~~ estimate submitted to the authority ~~or~~ prior to the appropriation of the funds and awarded in the amount reserved or an amount based on the as-bid costs, whichever is less.

Sec. 2. Minnesota Statutes 2007 Supplement, section 446A.072, subdivision 5a, is amended to read:

Subd. 5a. **Type and amount of assistance.** (a) For a governmental unit receiving grant funding from the USDA/RECD, the authority shall provide assistance in the form of a grant of up to ~~one-half~~ 65 percent of the eligible grant ~~amount~~ need determined by USDA/RECD. A governmental unit may not receive a grant under this paragraph for more than $4,000,000 or $15,000 per existing connection, whichever is less, unless specifically approved by law. In the case of a sanitary district or other multijurisdictional project for which the USDA/RECD is unable to fully fund ~~up to one-half~~ its share of the eligible grant ~~amount~~ need, the authority may provide up to an additional $1,000,000 for each additional governmental unit participating up to a maximum of $8,000,000 or $15,000 per existing connection, whichever is less, but not to exceed the maximum grant level determined by the USDA/RECD as needed to keep the project affordable.

(b) For a governmental unit not receiving grant funding from the USDA/RECD, the authority shall provide assistance in the form of a loan for the eligible project costs plus the outstanding balance on any existing wastewater system debt that together exceed five percent of the market value of properties in the project service area, less the amount of any other grant funding received by the governmental unit for the project. A governmental unit may not receive a loan under this paragraph for more than $4,000,000 or $15,000 per existing connection, whichever is less, unless specifically approved by law. In the case of a sanitary district or other multijurisdictional project, the authority may provide a loan under this paragraph for up to an additional $1,000,000 for each additional municipality participating up to a maximum of $8,000,000 or $15,000 per existing connection, whichever is less, unless specifically approved by law. A loan under this paragraph must bear no interest, must be repaid as provided in subdivision 7, and must only be provided in conjunction with a loan from the clean water revolving fund under section 446A.07.

(c) Notwithstanding the limits in paragraphs (a) and (b), for a governmental unit receiving supplemental assistance under this section after January 1, 2002, if the authority determines that the governmental unit's construction and installation costs are significantly increased due to geological conditions of crystalline bedrock or karst areas and discharge limits that are more stringent than secondary treatment, the authority shall provide assistance in the form of half grant and half loan. Assistance from the authority may not be more than $25,000 per existing connection. Any additional grant amount received for the same project must be used to reduce the amount of the governmental unit's loan from the clean water ~~pollution control~~ revolving fund that exceeds five percent of the market value of properties in the project service area.

Sec. 3. Minnesota Statutes 2007 Supplement, section 446A.086, is amended to read:

446A.086 STATE MAY GUARANTEE ~~COUNTY~~ GOVERNMENTAL UNIT BUILDING DEBT; REPAYMENT.

Subdivision 1. **Definitions.** (a) As used in this section, the following terms have the meanings given.

(b) "Authority" means the Minnesota Public Facilities Authority.

(c) "Commissioner" means the commissioner of finance.

(d) "Debt obligation" means:

(1) a general obligation bond issued by a county, a bond to which the general obligation of a county is pledged under section 469.034, subdivision 2, or a bond payable from a county lease obligation under section 641.24, to provide funds for the construction of:

~~(1)~~ (i) jails;

~~(2)~~ (ii) correctional facilities;

~~(3)~~ (iii) law enforcement facilities;

~~(4)~~ (iv) social services and human services facilities;

~~(5)~~ (v) solid waste facilities; or

~~(6)~~ (vi) qualified housing development projects as defined in section 469.034, subdivision 2; or

(2) a general obligation bond issued by a governmental unit and acquired under the credit enhanced bond program established under section 446A.087.

Subd. 2. **Application.** (a) This section provides a state guarantee of the payment of principal and interest on debt obligations if:

(1) the obligations are issued after June 30, 2000;

(2) application to the Public Facilities Authority is made before issuance; and

(3) the obligations are covered by an agreement meeting the requirements of subdivision 3.

(b) Applications to be covered by the provisions of this section must be made in a form and contain the information prescribed by the authority. Applications are subject to a fee of $500 for ~~the first~~ each bond issue requested by the county ~~and $250 for each bond issue thereafter~~ or applicable fees under section 446A.087.

(c) Application fees paid under this section must be deposited in a separate ~~county~~ credit enhancement bond guarantee account in the general fund. Money in the ~~county~~ credit enhancement bond guarantee account is appropriated to the authority for purposes of administering this section.

(d) Neither the authority nor the commissioner is required to promulgate administrative rules under this section and the procedures and requirements established by the authority or commissioner under this section are not subject to chapter 14.

Subd. 3. **Agreement.** (a) For specified debt obligations ~~of a county~~ to be covered by this section, the ~~county~~ governmental unit must enter an agreement with the authority obligating the ~~county~~ governmental unit to be bound by this section.

(b) This agreement must be in a form prescribed by the authority and contain any provisions required by the authority, including, at least, an obligation to:

(1) deposit with the paying agent three days before the date on which the payment is due an amount sufficient to make that payment or ten days prior to the date a payment is due on revenue bonds issued by the authority under section 446A.087;

(2) notify the authority, if the ~~county~~ governmental unit will be unable to make all or a portion of the payment; and

(3) include a provision in the bond resolution and county's agreement with the paying agent for the debt obligation that requires the paying agent to inform the commissioner if it becomes aware of a default or potential default in the payment of principal or interest on that issue or if, on the day two business days before the date a payment is due on that issue, there are insufficient funds to make the payment on deposit with the paying agent.

(c) Funds invested in a refunding escrow account established under section 475.67 that are to become available to the paying agent on a principal or interest payment date are deemed to be on deposit with the paying agent three business days before the payment date.

(d) The provisions of an agreement under this subdivision are binding as to an issue as long as any debt obligation of the issue remains outstanding.

(e) This section and the obligations of the state under this section are not a public debt of the state under article XI, section 4, of the Minnesota Constitution, and the legislature may, at any time, choose not to appropriate amounts under subdivision 4, paragraph (b).

Subd. 4. **Notifications; payment; appropriation.** (a) After receipt of a notice of a default or potential default in payment of principal or interest in debt obligations covered by this section or an agreement under this section, and after consultation with the ~~county,~~ governmental unit and the paying agent, and after verification of the accuracy of the information provided, the authority shall notify the commissioner of the potential default. The notice must include a final figure as to the amount due that the ~~county~~ governmental unit will be unable to repay on the date due.

(b) Upon receipt of this notice from the authority, the commissioner shall issue a warrant and authorize the authority to pay to the bond holders or paying agent for the debt obligation the specified amount on or before the date due. The amounts needed for the purposes of this subdivision are annually appropriated to the authority from the general fund.

Subd. 5. **Interest on state paid amount.** If the state has paid part or all of the principal or interest due on a ~~county's~~ debt obligation, the amount paid bears interest from the date paid by the state until the date of repayment. The interest rate is the commissioner's invested cash rate as it is certified by the commissioner. Interest only accrues on the amounts paid and outstanding less the reduction in aid under subdivision 7 and other payments received from the ~~county~~ governmental unit.

Subd. 6. **Pledge of ~~county's~~ governmental unit's full faith and credit.** If the state has paid part or all of the principal or interest due on a ~~county's~~ debt obligation, the ~~county's~~ governmental unit's pledge of its full faith and credit and unlimited taxing powers to repay the principal and interest due on those debt obligations becomes, without an election or the requirement of a further authorization, a pledge of the full faith and credit and unlimited taxing powers of the ~~county~~ governmental unit to repay to the state the amount paid, with interest. Amounts paid by the state must be repaid in the order in which the state payments were made.

Subd. 7. **Aid reduction for repayment.** (a) Except as provided in paragraph (b), the commissioner may reduce, by the amount paid by the state under this section on behalf of the ~~county~~ governmental unit, plus the interest due on the state payments, the ~~county program~~ local government aid under ~~section 477A.0124~~ chapter 477A. The amount of any aid reduction reverts from the appropriate account to the state general fund.

(b) If, after review of the financial situation of the ~~county~~ governmental unit, the authority advises the commissioner that a total reduction of the aids would cause an undue hardship on the ~~county~~ governmental unit, the authority, with the approval of the commissioner, may establish a different schedule for reduction of aids to repay the state. The amount of aids to be reduced are decreased by any amounts repaid to the state by the ~~county~~ governmental unit from other revenue sources.

Subd. 8. **Tax levy for repayment.** (a) With the approval of the authority, a ~~county~~ governmental unit may levy in the year the state makes a payment under this section an amount up to the amount necessary to provide funds for the repayment of the amount paid by the state plus interest through the date of estimated repayment by the ~~county~~ governmental unit. The proceeds of this levy may be used only for this purpose unless they exceed the amount actually due. Any excess must be used to repay other state payments made under this section or must be deposited in the debt redemption fund of the ~~county~~ governmental unit. The amount of aids to be reduced to repay the state are decreased by the amount levied.

(b) If the state is not repaid in full for a payment made under this section by November 30 of the calendar year following the year in which the state makes the payment, the authority shall require the ~~county~~ governmental unit to certify a property tax levy in an amount up to the amount necessary to provide funds for repayment of the amount paid by the state plus interest through the date of estimated repayment by the ~~county~~ governmental unit. To prevent undue hardship, the authority may allow the ~~county~~ governmental unit to certify the levy over a five-year period. The proceeds of the levy may be used only for this purpose unless they are in excess of the amount actually due, in which case the excess must be used to repay other state payments made under this section or must be deposited in the debt redemption fund of the ~~county~~ governmental unit. If the authority orders the ~~county~~ governmental unit to levy, the amount of aids reduced to repay the state are decreased by the amount levied.

(c) A levy under this subdivision is an increase in the levy limits of the ~~county~~ governmental unit for purposes of section 275.065, subdivision 6, and must be explained as a specific increase at the meeting required under that provision.

Subd. 9. **Mandatory plan; technical assistance.** If the state makes payments on behalf of a ~~county~~ governmental unit under this section or the ~~county~~ governmental unit defaults in the payment of principal or interest on an outstanding debt obligation, it must submit a plan to the authority for approval specifying the measures it intends to implement to resolve the issues which led to its inability to make the payment and to prevent further defaults. If the authority determines that a ~~county's~~ governmental unit's plan is not adequate, the authority shall notify the ~~county~~ governmental unit that the plan has been disapproved, the reasons for the disapproval, and that the state will not make future payments under this section for debt obligations of the affected ~~county~~ governmental unit issued after the date specified in that notice until its plan is approved. The authority may also notify the ~~county~~ governmental unit that until its plan is approved, aids due the ~~county~~ governmental unit will be withheld after a date specified in the notice.

Subd. 10. **Continuing disclosure agreements.** The authority may enter into written agreements or contracts relating to the continuing disclosure of information needed to facilitate the ability of ~~counties~~ governmental units to issue debt obligations according to federal securities laws, rules, and regulations, including securities and exchange commission rules and regulations, section 240.15c2-12. The agreements or contracts may be in any form the authority deems reasonable and in the state's best interests.

Sec. 4. **[446A.087] CREDIT ENHANCED BOND PROGRAM.**

Subdivision 1. **Establishment of program.** A credit enhanced bond program is established for the purposes set forth in subdivision 2.

Subd. 2. **Purpose.** The purpose of the credit enhanced bond program is to provide loans to governmental units through the purchase of general obligation bonds of governmental units issued to finance all or a portion of the costs of a project. The program shall include providing credit enhancement to the general obligation bonds of the governmental unit through the guarantee program as provided in section 446A.086. The authority shall obtain funds to make the loans authorized pursuant to this section through the issuance of its revenue bonds payable from loan repayments pledged to the bonds, and such other sources and security as are specifically pledged by the authority.

Subd. 3. **Definitions.** (a) Terms used in this section have the meanings given to them in this subdivision.

(b) "Applicant" means any governmental unit applying to the authority for a loan pursuant to this section.

(c) "Borrower" means any governmental unit that has entered into a commitment for the sale of its general obligation bonds to the authority pursuant to this section and subsequently sells its general obligation bonds to the authority and enters into a regulatory agreement.

(d) "Commitment" means a written agreement between a governmental unit and the authority obligating the governmental unit to deliver its general obligation bonds to the authority on a date in the future evidencing a loan pursuant to this section and to enter into a regulatory agreement with the authority, all upon the terms and conditions set forth in the commitment.

(e) "Eligible cost" means any cost of a project authorized by law to be financed from the proceeds of general obligation bonds of a governmental unit.

(f) "General obligation bonds" means bonds or notes secured by the full faith and credit and unlimited taxing powers of a governmental unit.

(g) "Project" means the construction, improvement, or rehabilitation of:

(1) wastewater facilities;

(2) drinking water facilities;

(3) storm water facilities;

(4) streets, street lighting, curbs, gutters, and sidewalks;

(5) energy conservation or alternative energy sources for use in public buildings or facilities;

(6) telecommunications facilities;

(7) public safety buildings including those providing police and fire protection; or

(8) any publicly owned building or infrastructure improvement that has received partial funding from grants awarded by the commissioner of employment and economic development related to redevelopment, contaminated site cleanup, bioscience, small cities development programs, and rural business infrastructure programs.

(h) "Regulatory agreement" means a written agreement entered into by the authority and a borrower in connection with the purchase of the borrower's general obligation bonds by the authority pursuant to this section.

Subd. 4. **Establishment of fund and accounts.** A credit enhancement bond program fund is established for the purposes described in subdivision 2. Other accounts may be established in the fund as necessary for its management and administration. Money in the fund is annually appropriated to the authority and does not lapse. The fund must be credited with investment income, and with repayments of principal and interest, except for fees assessed under section 446A.04, subdivisions 5 and 15.

Subd. 5. **Management of fund and accounts.** The authority shall manage and administer the credit enhancement bond program fund and individual accounts in the fund. For those purposes, the authority may exercise all powers provided in this chapter.

Subd. 6. **Applications.** (a) Applicants for participation in the credit enhancement bond program must submit an application to the authority on forms prescribed by the authority. The applicant shall provide information customary to that needed for the disclosure purposes in issuing general obligation bonds in the market, in addition to the following information:

(1) the total estimated cost of the project and the amount of general obligation bond proceeds sought;

(2) other sources of funding if the general obligation bond proceeds do not cover the entire costs identified;

(3) the proposed sources of funds to be used for repayment of the general obligation bonds;

(4) information showing the applicant's financial status and ability of the applicant to repay loans;

(5) the proposed term and principal repayment schedule for the general obligation bonds of the applicant; and

(6) the statutory authorization for the applicant to issue such general obligation bonds, together with a statement that the statutory provision authorizes the use of proceeds of such general obligation bonds to pay the costs of a project.

(b) The authority may establish deadlines or time periods for the submission of applications to facilitate funding loans from the proceeds of a specific bond issue proposed or previously issued by the authority, or the authority may accept applications from time to time.

(c) Each application must be complete and accurate to be considered delivered to and received by the authority or to be considered as having met any deadline established by the authority with respect to an application period. If any application is determined by the authority to be incomplete or inaccurate, the authority shall notify the applicant and specify the missing or inaccurate information.

(d) The executive director and the staff of the authority shall evaluate the applications to determine if the application should be accepted or rejected by the authority.

(e) The authority is not obligated to accept any application including those complete and accurate and submitted by any specified deadline for submission if the authority determines that it is not practicable to fund the loan for any reason including, but not limited to, the creditworthiness of the applicant, the proposed loan amount, the term and repayment schedule, the sources of funding available to the authority, and current market conditions. Upon acceptance and approval of an application by the authority, the authority may require that the applicant authorize, execute, and deliver a commitment to the authority within such time period specified by the authority in its acceptance of the application. The authority may reject an approved application for failure by the applicant to authorize, execute, and deliver a commitment by the specified deadline.

Subd. 7. **Loan terms and conditions.** (a) The terms and conditions of loans provided by the authority pursuant to the credit enhanced bond program are as provided by this section, any applicable bond resolution or series bond resolution of the authority, any trust indenture pursuant to which any series of bonds of the authority are issued, the regulatory agreement, the commitment and the general obligation bond, and the authorizing resolution of the borrower.

(b) The loan must be made by the authority through its purchase of the general obligation bond of the borrower. The borrower shall provide the authority with the opinion of nationally recognized bond counsel as to the valid authorization, issuance, and enforceability of the general obligation bond of the borrower, and the exclusion of interest thereon from gross income for the purposes of federal taxation, subject to customary qualifications. The general obligation bond of the borrower may pledge other specified sources of revenues for repayment to the extent permitted or required by law, in addition to the full faith and credit and unlimited taxing powers of the borrower.

(c) The authority may disburse the proceeds of the loan as a single payment for the general obligation bond or from time to time pursuant to draw requests if the general obligation bond of the borrower is structured as a periodic drawdown bond. In the event the authority pays for the general obligation bond in a single payment, the borrower shall establish a project account and disburse the proceeds of its general obligation bond solely for costs of the project approved in its application pursuant to such additional requirements specified in the regulatory agreement.

(d) In order to facilitate the issuance of the authority's revenue bonds to finance a pool of loans to different borrowers, the authority may require the borrower in the commitment to issue its general obligation bond on a date certain in the future, and may require the borrower to pay the costs incurred by the authority as a result of the borrower's failure to deliver its general obligation bond as required by the commitment. The commitment may also require the borrower to provide to the authority full disclosure of all material facts and financial information relating to the borrower that would be required if the borrower issued its general obligation bond to the public, certified as to completeness and accuracy by authorized officers of the borrower, and authorization for the authority to use such information in connection with the sale of the authority's revenue bonds or disclosure relating to the authority's revenue bonds.

(e) In addition to delivering its general obligation bond, each borrower shall enter into a regulatory agreement with the authority providing additional terms of the loan as the authority may specify, including providing to the authority periodic reports and information relating to the acquisition or construction of the project and use of the proceeds of the borrower's general obligation bond and periodic operating, financial, and other information as to the creditworthiness of the borrower, and providing and filing continuing secondary market disclosure to the extent required by the authority.

(f) The purchase or commitment to purchase general obligation bonds of borrowers by the authority shall be subject to the availability of proceeds of revenue bonds of the authority for such purpose and the authority is not liable to any borrower for the failure to purchase its general obligation bond pursuant to a commitment or any other agreement if proceeds of the authority's revenue bonds are not available for any reason.

Subd. 8. **Interest rate determination.** The rate of interest on the general obligation bonds of the borrower must be the true interest cost on the revenue bonds of the authority issued to purchase such general obligation bonds of the borrower plus the ongoing percentage fee charged by the authority under subdivision 10; provided that the interest rate must not exceed any limit imposed by federal tax law with respect to the authority's revenue bonds.

Subd. 9. **Market considerations.** The authority may suspend offering loans if it is determined by the executive director that there are extreme or unusual events impacting the bond market and that to continue making loans would be detrimental to holders of the authority's revenue bonds or the financial viability of the credit enhanced bond program, or if the state is warned by one of its rating agencies that continuing to make loans will result in lowering the state's bond rating. If the making of loans is suspended under this section, the authority shall have the option to resume making loans once it has determined that the conditions for suspending the program no longer exist.

Subd. 10. **Fees.** The authority shall charge a nonrefundable application fee of $1,000 payable by each applicant upon submission of an application to the authority. A separate application fee must be payable for each application submitted, including a resubmitted application for an application that was rejected by the authority or determined to be incomplete or inaccurate by the authority. The authority shall charge an ongoing periodic fee of ten basis points of the outstanding principal amount of the loan to be added to, and be a component of, the interest rate on the general obligation bonds of the borrower.

Subd. 11. **Authority revenue bonds.** (a) The authority is authorized to issue revenue bonds as provided in this chapter to fund the credit enhanced bond program. The revenue bonds may be issued in one or more series pursuant to a resolution of the authority or a series resolution or pursuant to a trust indenture with a financial institution with trust powers as trustee, authorized by resolution of the authority. Any issue of bonds may be used to fund one or more loans, may be payable by the loans funded from such issue of bonds and such additional loans as pledged by the authority, and may be payable on a subordinated basis to other bonds. As permitted by the terms of any revenue bonds issued by the authority, the authority may sell the general obligations pledged to the payment of the revenue bonds and any proceeds of the sale in excess of those used to pay the principal of the revenue bonds must be deposited to the credit enhanced bond program fund and may be used to purchase additional general obligation bonds of borrowers, to provide credit enhancement for the authority's revenue bonds, or to pay any other expense of the credit enhanced bond program.

(b) The authority may issue short-term bonds in anticipation of issuing long-term bonds for the purpose of acquiring general obligation bonds of borrowers.

(c) Bonds issued by the authority for the credit enhanced bond program must not be general obligations of the authority to the payment of which the general assets of the authority are pledged or available for payment. All bonds issued for the credit enhanced bond programs by the authority must be revenue bonds payable solely from the sources specified in the bond.

Subd. 12. **Reports, disclosure, audits.** (a) During the term of the loan the borrower shall provide written reports to the authority. The content and timing of these reports must be as specified in the regulatory agreement.

(b) During the term of the loan the borrower shall disclose to the authority any material information or events adversely affecting the creditworthiness of the borrower as specified in the regulatory agreement. If required by the authority in a regulatory agreement, the borrower shall enter into a continuing disclosure undertaking to provide disclosure to the market.

(c) During the term of the loan, the borrower shall provide to the authority on an annual basis financial statements of the borrower audited by an independent accounting firm, as further specified in the regulatory agreement.

Sec. 5. Minnesota Statutes 2006, section 446A.12, subdivision 1, is amended to read:

Subdivision 1. **Bonding authority.** The authority may issue negotiable bonds in a principal amount that the authority determines necessary to provide sufficient funds for achieving its purposes, including the making of loans and purchase of securities, the payment of interest on bonds of the authority, the establishment of reserves to secure its bonds, the payment of fees to a third party providing credit enhancement, and the payment of all other expenditures of the authority incident to and necessary or convenient to carry out its corporate purposes and powers, but not including the making of grants. Bonds of the authority may be issued as bonds or notes or in any other form authorized by law. The principal amount of bonds issued and outstanding under this section at any time may not exceed $1,500,000,000, excluding bonds for which refunding bonds or crossover refunding bonds have been issued~~.~~, and excluding any bonds issued for the credit enhanced bond program or refunding or crossover refunding bonds issued under the program. The principal amount of bonds issued and outstanding under section 446A.087, may not exceed $500,000,000, excluding bonds for which refunding bonds or crossover refunding bonds have been issued.

APPENDIX
Article locations in 08-6625

Laws 2004, chapter 188, section 2

Sec. 2. **TRANSFERS AND CANCELLATIONS**

Subdivision 1. Vocational Rehabilitation Transfer

Beginning in fiscal year 2005, the commissioner of employment and economic development may transfer $1,325,000 from the independent living program's general fund appropriation to the vocational rehabilitation program. Each year the state director of the vocational rehabilitation program shall immediately restore from the vocational rehabilitation program's federal Social Security Administration program income or federal Title I funds, the $1,325,000 to the Centers for Independent Living.

Subd. 2. Federal Funds Match

The transferred independent living general funds under subdivision 1 must be used to match federal vocational rehabilitation funds as they become available, and each year the resulting additional federal funds must be divided equally between the vocational rehabilitation program and the Centers for Independent Living.

The maximum amount of federal vocational rehabilitation funds that may be shared with the Centers for Independent Living is $2,438,000. The vocational rehabilitation program may not use the Centers for Independent Living's share of the additional federal funds for any other purpose than to fund the Centers for Independent Living.

Subd. 3. Data Sharing

The Centers for Independent Living must share data with the vocational rehabilitation program to ensure that the transfer of funds under subdivision 1 and the related contracts meet all legal requirements.