

A bill for an act
relating to economic development; creating the Minnesota Science and
Technology Authority; appropriating money; amending Laws 2009, chapter 78,
article 1, section 3, subdivision 2; proposing coding for new law as Minnesota
Statutes, chapter 116W; repealing Minnesota Statutes 2008, section 116J.657.

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

Section 1. **[116W.01] MINNESOTA SCIENCE AND TECHNOLOGY
AUTHORITY ACT.**

This chapter may be cited as the "Minnesota Science and Technology Authority Act."

Sec. 2. **[116W.02] DEFINITIONS.**

Subdivision 1. **Applicability.** For the purposes of this chapter, the terms in this
section have the meanings given them.

Subd. 2. **Authority.** "Authority" means the Minnesota Science and Technology
Authority.

Subd. 3. **Eligible recipient.** "Eligible recipient" means an entity primarily operating
to create and retain jobs in the state's industrial base and maximize the economic growth
of the state through:

(1) high-technology research and development capabilities;

(2) product and process innovation and commercialization;

(3) high-technology manufacturing capabilities;

(4) science and technology business environment; or

(5) science and technology workforce preparation.

Subd. 4. **Advisory commission.** "Advisory commission" means the advisory
commission under section 116W.051.

Sec. 3. [116W.03] MINNESOTA SCIENCE AND TECHNOLOGY AUTHORITY.

Subdivision 1. **Membership.** The Minnesota Science and Technology Authority consists of the commissioner of employment and economic development, the commissioner of management and budget, the commissioner of revenue, the commissioner of commerce, and the commissioner of agriculture.

Subd. 2. **Chair; other officers.** The commissioner of employment and economic development shall serve as the chair and chief executive officer of the authority. The authority shall rotate the position of vice chair annually among its members. The commissioner of employment and economic development shall convene the first meeting of the authority no later than July 1, 2010. In the absence of the chair or vice chair at meetings of the authority members may elect a chair for the meeting, and may elect other officers as necessary from its members.

Subd. 3. **Delegation.** In addition to any powers to delegate that members of the authority have as commissioners, they may delegate to the chair, vice chair, or executive director their responsibilities as members of the authority for reviewing and approving financing of eligible projects, projects that have been authorized by law, or programs specifically authorized by resolution of the authority.

Subd. 4. **Actions.** (a) A majority of the authority, excluding vacancies, constitutes a quorum to conduct its business, to exercise its powers, and for all other purposes.

(b) The authority may conduct its business by any technological means available, including teleconference calls or interactive video, that allows for an interaction between members. If a meeting is conducted under this paragraph, a specific location must be available for the public to attend the meeting and at least one member must be present at that location.

Subd. 5. **Executive director; staffing.** The authority shall employ an executive director in the unclassified service. The initial executive director must be the individual in the position of director of the Office of Science and Technology as of January 1, 2010, under section 116J.657. The executive director is responsible for hiring staff necessary to assist the executive director to carry out the duties and responsibilities of the authority. The executive director shall perform duties that the authority may require in carrying out its responsibilities to manage and implement the funds and programs in this chapter, and comply with all state and federal program requirements, and state and federal securities and tax laws and regulations. The executive director shall assist the advisory board in fulfilling its duties under this chapter.

Subd. 6. **Administrative services.** The authority shall enter into agreements for administrative and professional services and technical support.

Subd. 7. **Expiration.** The authority is permanent and the provisions of section 15.059, subdivision 5, do not apply.

Sec. 4. **[116W.04] POWERS AND DUTIES.**

Subdivision 1. **Duties.** The Science and Technology Authority shall:

(1) coordinate public and private efforts to procure federal funding for collaborative research and development projects of primary benefit to small-sized and medium-sized businesses;

(2) promote contractual relationships between Minnesota businesses that are recipients of federal grants and prime contractors, and Minnesota-based subcontractors;

(3) work with Minnesota nonprofit institutions including the University of Minnesota, Minnesota State Colleges and Universities, and the Mayo Clinic in promoting collaborative efforts to respond to federal funding opportunities;

(4) develop a framework for Minnesota companies to establish sole-source relationships with federal agencies;

(5) provide grants or other forms of financial assistance to eligible recipients for purposes of this chapter;

(6) coordinate workshops, assistance with business proposals, licensing, intellectual property protection, commercialization, and government auditing with the University of Minnesota and Minnesota State Colleges and Universities; and

(7) develop and implement a comprehensive science and technology economic development strategy for the state.

Subd. 2. **Technology matchmaking.** The authority must assist businesses in identifying qualified suppliers and vendors through a program to serve as a conduit for Minnesota-based companies to network with firms able to support their success. Firms outside Minnesota can participate in the technology matchmaking network if one of the participating companies is located in Minnesota.

Subd. 3. **Commercialization assistance.** The authority must provide commercialization assistance to Minnesota firms that have received a Phase I Small Business Innovation Research (SBIR) or a Phase I Small Business Technology Transfer (STTR) award and are submitting a Phase II proposal. Local service providers must assist the applicant with developing and reviewing the required commercialization plan prior to Phase II submission. The authority may provide SBIR Phase I proposal technical review.

Subd. 4. **Power to sue; enter contracts.** The authority may sue and be sued. The authority may make and enter into contracts, leases, and agreements necessary to perform its duties and exercise its powers.

4.1 Subd. 5. **Gifts; grants.** The authority may apply for, accept, and disburse gifts,
4.2 grants, loans, or other property from the United States, the state, private sources, or
4.3 any other source for any of its purposes. Money received by the authority under this
4.4 subdivision must be deposited in the state treasury and is appropriated to the authority to
4.5 carry out its duties.

4.6 Subd. 6. **Contract for services.** The authority may retain or contract for the
4.7 services of accountants, financial advisors, and other consultants or agents needed to
4.8 perform its duties and exercise its powers.

4.9 Subd. 7. **Fees.** The authority may set and collect fees for costs incurred by the
4.10 authority, the Department of Employment and Economic Development, the Department of
4.11 Management and Budget, the Department of Revenue, the Department of Commerce, the
4.12 Department of Labor and Industry, and the Department of Agriculture, including costs
4.13 for personnel, professional, and administrative services.

4.14 Subd. 8. **Reports.** (a) The authority shall report by February 1 each year to the
4.15 chairs and ranking minority members of the legislative committees and divisions with
4.16 jurisdiction over finance and economic development on its progress to design, coordinate,
4.17 and administer a strategic science and technology program for the state to promote the
4.18 welfare of the people of the state, maximize the economic growth of the state, and create
4.19 and retain jobs in the state's industrial base through enhancement of Minnesota's:

4.20 (1) high-technology research and development capabilities;

4.21 (2) product and process innovation and commercialization;

4.22 (3) high-technology manufacturing capabilities;

4.23 (4) science and technology business environment; and

4.24 (5) science and technology workforce preparation.

4.25 (b) The report must include a complete operating and financial statement covering
4.26 the authority's operations during the year, including amounts of income from all sources.
4.27 Books and records of the authority are subject to audit by the legislative auditor in the
4.28 manner prescribed for state agencies.

4.29 Subd. 9. **Consultative and technical services.** The authority may provide general
4.30 consultative and technical services to assist eligible projects and enter into agreements or
4.31 other transactions concerning the receipt or provision of those services.

4.32 Subd. 10. **Financial information.** Financial information, including credit reports,
4.33 financial statements, and net worth calculations, received or prepared by the authority
4.34 regarding financial assistance, is private data with regard to data on individuals as defined
4.35 in section 13.02, subdivision 12, and nonpublic data with regard to data not on individuals
4.36 as defined in section 13.02, subdivision 9.

Subd. 11. **General.** The authority shall have all powers necessary and appropriate to fulfill its responsibilities under this chapter.

Sec. 5. **[116W.05] PROJECT FINANCIAL ASSISTANCE.**

Subdivision 1. **Determination of financial assistance.** The authority shall assist eligible recipients in identifying grants or other sources of financial assistance available to finance projects and may assist eligible recipients in applying for and obtaining grants and other forms of assistance.

Subd. 2. **Financial feasibility review.** (a) The authority shall review the proposed financing for each project submitted to the authority to determine whether: (1) the proposed project and financing plan is an eligible use of the money; and (2) the proposal is in compliance with applicable state and federal tax and securities laws and regulations. Grants in excess of \$50,000 must be approved by the authority. Grants of \$50,000 or less may be authorized by the executive director. All grant approvals or disapprovals must be completed within 30 days of submission to the authority. Grants approved by the executive director must be reviewed by the authority each month.

(b) Unless a project is specifically authorized by law, the authority may reject the proposed financing for a project meeting the requirements in paragraph (a) if there are not sufficient funds available or if a majority of members believe the financing of the project would not be in the best interests of the state or would be detrimental to the authority's funds or programs. A determination to reject a proposed project must not be made in an arbitrary and capricious manner and must be supported by substantive evidence and documented by a resolution of the authority stating its findings.

Sec. 6. **[116W.051] ADVISORY COMMISSION.**

Subdivision 1. **Advisory commission membership.** A Science and Technology Initiative Advisory Commission of 17 members is established and is comprised of:

(1) two representatives of the University of Minnesota, selected by the president of the university, including a faculty member actively involved in science and technology research;

(2) a representative of Minnesota State Colleges and Universities, selected by the chancellor;

(3) the chief executive officer of the Mayo Clinic or a designee;

(4) six chief executive officers or designees from science-oriented or technology-oriented companies;

(5) four representatives from science-oriented and technology-oriented organizations;

(6) one representative of organized labor;

(7) a venture capital representative; and

(8) a representative of angel investors.

A member must have experience in science or technology in order to serve on the commission.

Members of the commission listed in clauses (4) to (8) shall be appointed by the authority.

Subd. 2. **Advisory commission duties.** The advisory commission must assist the authority in developing a comprehensive science and technology economic development plan to be presented to the chairs and ranking minority members of the legislative committees and divisions with jurisdiction over economic development by January 15, 2011. The plan must include recommendations in strategic areas for science and technology investments, recommendations on additional programs to support science and technology focused economic development activities in the state, selection of specific programs and grantees for support from program funds authorized by the advisory commission and ongoing assessment of the effectiveness of programmatic elements according to metrics to be developed by the authority in consultation with the advisory commission. The advisory commission may also advise and assist the authority in fulfilling its duties under section 116W.04.

Subd. 3. **Membership terms; vacancies; compensation.** The membership terms, removal of members, filling of vacancies and compensation of members are as provided under section 15.059. The compensation required under this section must be paid by the authority.

Subd. 4. **Expiration.** The advisory commission expires June 30, 2013.

Subd. 5. **Convening of meetings; staffing.** The executive director of the authority must convene the first meeting of the commission by August 1, 2010. The executive director must provide administrative support and staff to the commission.

Sec. 7. [116W.20] MONEY OF THE AUTHORITY.

Subdivision 1. **Functions of commissioner of management and budget.** Except as otherwise provided in this section, money of the authority must be paid to the commissioner of management and budget as agent of the authority and the commissioner shall not commingle the money with other money. The money in the accounts of the authority must be paid out only on warrants drawn by the commissioner of management

and budget on requisition of the executive director of the authority or of another officer or employee as the authority authorizes. Deposits of the authority's money must, if required by the commissioner or the authority, be secured by obligations of the United States or of the state of a market value equal at all times to the amount of the deposit and all banks and trust companies are authorized to give security for the deposits. All money paid to the commissioner as agent of the authority is appropriated to the authority.

Subd. 2. **System of accounts.** The commissioner of management and budget shall prescribe a system of accounts.

Sec. 8. [116W.21] NONLIABILITY.

Subdivision 1. **Nonliability of individuals.** No member of the authority, staff of the authority, or other person executing other agreements or contracts of the authority is liable personally or is subject to any personal liability or accountability by reason of their issuance, execution, delivery, or performance.

Subd. 2. **Nonliability of state.** The state is not liable on loans or other agreements or contracts of the authority issued or entered into under this chapter and the loans or other agreements or contracts of the authority are not a debt of the state. The loans or other agreements or contracts of the authority must contain on their face a statement to that effect.

Sec. 9. [116W.23] STATE PLEDGE AGAINST IMPAIRMENT OF CONTRACTS.

The state pledges and agrees with parties to any loans or other agreements or contracts of the authority that the state will not: (1) limit or alter the rights vested in the authority to fulfill the terms of any agreements made with the parties to any loans or other agreements or contracts of the authority; or (2) in any way impair the rights and remedies of the parties to any loans or other agreements or contracts of the authority. The authority may include this pledge and agreement of the state in any agreement with the parties in any loans or other agreements or contracts of the authority.

Sec. 10. [116W.24] RESERVES; FUNDS; ACCOUNTS.

The authority may establish reserves, funds, or accounts necessary to carry out the purposes of the authority or to comply with any agreement made by or any resolution passed by the authority.

Sec. 11. Laws 2009, chapter 78, article 1, section 3, subdivision 2, is amended to read:

8.1	Subd. 2. Business and Community		
8.2	Development	8,980,000	8,980,000

8.3	Appropriations by Fund		
8.4	General	7,941,000	7,941,000
8.5	Remediation	700,000	700,000
8.6	Workforce		
8.7	Development	339,000	339,000

8.8 (a) \$700,000 the first year and \$700,000 the
8.9 second year are from the remediation fund for
8.10 contaminated site cleanup and development
8.11 grants under Minnesota Statutes, section
8.12 116J.554. This appropriation is available
8.13 until expended.

8.14 (b) \$200,000 each year is from the general
8.15 fund for a grant to WomenVenture for
8.16 women's business development programs
8.17 and for programs that encourage and assist
8.18 women to enter nontraditional careers in the
8.19 trades; manual and technical occupations;
8.20 science, technology, engineering, and
8.21 mathematics-related occupations; and green
8.22 jobs. This appropriation may be matched
8.23 dollar for dollar with any resources available
8.24 from the federal government for these
8.25 purposes with priority given to initiatives
8.26 that have a goal of increasing by at least ten
8.27 percent the number of women in occupations
8.28 where women currently comprise less than 25
8.29 percent of the workforce. The appropriation
8.30 is available until expended.

8.31 (c) \$105,000 each year is from the general
8.32 fund and \$50,000 each year is from the
8.33 workforce development fund for a grant to
8.34 the Metropolitan Economic Development
8.35 Association for continuing minority business
8.36 development programs in the metropolitan

9.1 area. This appropriation must be used for the
9.2 sole purpose of providing free or reduced
9.3 fee business consulting services to minority
9.4 entrepreneurs and contractors.

9.5 (d)(1) \$500,000 each year is from the
9.6 general fund for a grant to BioBusiness
9.7 Alliance of Minnesota for bioscience
9.8 business development programs to promote
9.9 and position the state as a global leader
9.10 in bioscience business activities. This
9.11 appropriation is added to the department's
9.12 base. These funds may be used to create,
9.13 recruit, retain, and expand biobusiness
9.14 activity in Minnesota; implement the
9.15 destination 2025 statewide plan; update
9.16 a statewide assessment of the bioscience
9.17 industry and the competitive position of
9.18 Minnesota-based bioscience businesses
9.19 relative to other states and other nations;
9.20 and develop and implement business and
9.21 scenario-planning models to create, recruit,
9.22 retain, and expand biobusiness activity in
9.23 Minnesota.

9.24 (2) The BioBusiness Alliance must report
9.25 each year by February 15 to the committees
9.26 of the house of representatives and the senate
9.27 having jurisdiction over bioscience industry
9.28 activity in Minnesota on the use of funds;
9.29 the number of bioscience businesses and
9.30 jobs created, recruited, retained, or expanded
9.31 in the state since the last reporting period;
9.32 the competitive position of the biobusiness
9.33 industry; and utilization rates and results of
9.34 the business and scenario-planning models
9.35 and outcomes resulting from utilization of
9.36 the business and scenario-planning models.

10.1 (e)(1) Of the money available in the
10.2 Minnesota Investment Fund, Minnesota
10.3 Statutes, section 116J.8731, to the
10.4 commissioner of the Department of
10.5 Employment and Economic Development,
10.6 up to \$3,000,000 is appropriated in fiscal year
10.7 2010 for a loan to an aircraft manufacturing
10.8 and assembly company, associated with the
10.9 aerospace industry, for equipment utilized
10.10 to establish an aircraft completion center
10.11 at the Minneapolis-St. Paul International
10.12 Airport. The finishing center must use the
10.13 state's vocational training programs designed
10.14 specifically for aircraft maintenance training,
10.15 and to the extent possible, work to recruit
10.16 employees from these programs. The center
10.17 must create at least 200 new manufacturing
10.18 jobs within 24 months of receiving the
10.19 loan, and create not less than 500 new
10.20 manufacturing jobs over a five-year period
10.21 in Minnesota.

10.22 (2) This loan is not subject to loan limitations
10.23 under Minnesota Statutes, section 116J.8731,
10.24 subdivision 5. Any match requirements
10.25 under Minnesota Statutes, section 116J.8731,
10.26 subdivision 3, may be made from current
10.27 resources. This is a onetime appropriation
10.28 and is effective the day following final
10.29 enactment.

10.30 (f) \$65,000 each year is from the general
10.31 fund for a grant to the Minnesota Inventors
10.32 Congress, of which at least \$6,500 must be
10.33 used for youth inventors.

10.34 (g) \$200,000 the first year ~~and \$200,000~~
10.35 ~~the second year are~~ is for the Office of

11.1 Science and Technology. This is a onetime
11.2 appropriation.

11.3 (h) \$500,000 the first year and \$500,000 the
11.4 second year are for a grant to Enterprise
11.5 Minnesota, Inc., for the small business
11.6 growth acceleration program under
11.7 Minnesota Statutes, section 116O.115. This
11.8 is a onetime appropriation and is available
11.9 until expended.

11.10 (i)(1) \$100,000 each year is from the
11.11 workforce development fund for a grant
11.12 under Minnesota Statutes, section 116J.421,
11.13 to the Rural Policy and Development
11.14 Center at St. Peter, Minnesota. The grant
11.15 shall be used for research and policy
11.16 analysis on emerging economic and social
11.17 issues in rural Minnesota, to serve as a
11.18 policy resource center for rural Minnesota
11.19 communities, to encourage collaboration
11.20 across higher education institutions, to
11.21 provide interdisciplinary team approaches
11.22 to research and problem-solving in rural
11.23 communities, and to administer overall
11.24 operations of the center.

11.25 (2) The grant shall be provided upon the
11.26 condition that each state-appropriated
11.27 dollar be matched with a nonstate dollar.
11.28 Acceptable matching funds are nonstate
11.29 contributions that the center has received and
11.30 have not been used to match previous state
11.31 grants. Any funds not spent the first year are
11.32 available the second year.

11.33 (j) Notwithstanding Minnesota Statutes,
11.34 section 268.18, subdivision 2, \$414,000 of
11.35 funds collected for unemployment insurance

12.1 administration under this subdivision is
12.2 appropriated as follows: \$250,000 to Lake
12.3 County for ice storm damage; \$64,000 is for
12.4 the city of Green Isle for reimbursement of
12.5 fire relief efforts and other expenses incurred
12.6 as a result of the fire in the city of Green Isle;
12.7 and \$100,000 is to develop the construction
12.8 mitigation pilot program to make grants for
12.9 up to five projects statewide available to local
12.10 government units to mitigate the impacts of
12.11 transportation construction on local small
12.12 business. These are onetime appropriations
12.13 and are available until expended.

12.14 (k) Up to \$10,000,000 is appropriated
12.15 from the Minnesota minerals 21st century
12.16 fund to the commissioner of Iron Range
12.17 resources and rehabilitation to make a grant
12.18 or forgivable loan to a manufacturer of
12.19 windmill blades at a facility to be located
12.20 within the taconite tax relief area defined in
12.21 Minnesota Statutes, section 273.134.

12.22 (l) \$1,000,000 is appropriated from the
12.23 Minnesota minerals 21st century fund to
12.24 the Board of Trustees of the Minnesota
12.25 State Colleges and Universities for a grant
12.26 to the Northeast Higher Education District
12.27 for planning, design, and construction of
12.28 classrooms and housing facilities for upper
12.29 division students in the engineering program.

12.30 (m)(1) \$189,000 each year is appropriated
12.31 from the workforce development fund for
12.32 grants of \$63,000 to eligible organizations
12.33 each year to assist in the development of
12.34 entrepreneurs and small businesses. Each
12.35 state grant dollar must be matched with \$1

13.1 of nonstate funds. Any balance in the first
13.2 year does not cancel but is available in the
13.3 second year.

13.4 (2) Three grants must be awarded to
13.5 continue or to develop a program. One
13.6 grant must be awarded to the Riverbend
13.7 Center for Entrepreneurial Facilitation
13.8 in Blue Earth County, and two to other
13.9 organizations serving Faribault and Martin
13.10 Counties. Grant recipients must report to the
13.11 commissioner by February 1 of each year
13.12 that the organization receives a grant with the
13.13 number of customers served; the number of
13.14 businesses started, stabilized, or expanded;
13.15 the number of jobs created and retained; and
13.16 business success rates. The commissioner
13.17 must report to the house of representatives
13.18 and senate committees with jurisdiction
13.19 over economic development finance on the
13.20 effectiveness of these programs for assisting
13.21 in the development of entrepreneurs and
13.22 small businesses.

13.23 Sec. 12. **APPROPRIATION.**

13.24 \$..... is appropriated from the general fund in fiscal year 2011 to the Minnesota
13.25 Science and Technology Authority for the purposes of Minnesota Statutes, chapter 116W.

13.26 Sec. 13. **REPEALER.**

13.27 Minnesota Statutes 2008, section 116J.657, is repealed.

13.28 Sec. 14. **EFFECTIVE DATE.**

13.29 Sections 1 to 13 are effective July 1, 2010.

116J.657 OFFICE OF SCIENCE AND TECHNOLOGY.

Subdivision 1. **Establishment.** An Office of Science and Technology is established in the Department of Employment and Economic Development to do the following:

- (1) coordinate public and private efforts to procure federal funding for collaborative research and development projects of primary benefit to small and medium-sized businesses;
- (2) promote contractual relationships between Minnesota businesses that are recipients of federal grants and prime contractors, and Minnesota-based subcontractors;
- (3) work with Minnesota nonprofit institutions including the University of Minnesota, Minnesota State Colleges and Universities, and the Mayo Clinic in promoting collaborative efforts to respond to federal funding opportunities;
- (4) develop a framework for Minnesota companies to establish sole-source relationships with federal agencies; and
- (5) coordinate workshops, assistance with business proposals, licensing, intellectual property protection, commercialization, and government auditing with the University of Minnesota and Minnesota State Colleges and Universities.

For the purposes of this section, "office" means the Office of Science and Technology established in this subdivision.

Subd. 2. **Technology partnering with a prime contractor.** The office must develop a program to assist small businesses competing for a small business innovation research award by matching the applicant with a larger company. Prime contractors are matched to small businesses through a prescreening process that may result in a letter of support for the applicant designed to increase the chance of receiving a Small Business Innovation Research (SBIR) award.

Subd. 3. **Collaborate to commercialize.** The office must develop a program to use the federal high-risk research and development investment program to encourage the development of new technologies, products, and business development and to reduce development risks by encouraging alliances between medium-sized companies and innovative small businesses.

Subd. 4. **Technology matchmaking.** The office must assist businesses in identifying qualified suppliers and vendors through a program to serve as a conduit for Minnesota-based companies to network with firms able to support their success. Firms outside Minnesota can participate in the technology matchmaking network if one of the participating companies is located in Minnesota.

Subd. 5. **Commercialization assistance.** The office must provide commercialization assistance to Minnesota firms that have received a Phase I Small Business Innovation Research (SBIR) or a Phase I Small Business Technology Transfer (STTR) award and are submitting a Phase II proposal. Local service providers must assist the applicant with developing and reviewing the required commercialization plan prior to Phase II submission. The office may provide SBIR Phase I proposal technical review.

Subd. 6. **Report.** The commissioner of employment and economic development must report to the committees in the house of representatives and senate having jurisdiction over bioscience and technology issues on the activities of the Office of Science and Technology by June 30, 2009.