

A bill for an act
relating to economic development; promoting a science and technology initiative;
creating a commission; establishing a center; creating economic development
grant programs; defining terms; requiring reports; appropriating money;
proposing coding for new law in Minnesota Statutes, chapter 116J.

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

Section 1. **[116J.658] DEFINITIONS.**

Subdivision 1. **Scope.** For the purposes of sections 116J.6581 to 116J.6587, the
following terms have the meanings given.

Subd. 2. **North Star Rising; NSR.** "North Star Rising" and "NSR" mean North Star
Rising Science and Technology Economic Development Commission.

Subd. 3. **SBIR/STTR.** "SBIR/STTR" means Small Business Innovation Research
and Small Business Technology Transfer Programs.

Sec. 2. **[116J.6581] NORTH STAR RISING SCIENCE AND TECHNOLOGY
ECONOMIC DEVELOPMENT COMMISSION.**

Subdivision 1. **Creation; purpose.** (a) The North Star Rising Science and
Technology Economic Development Commission, also known as "North Star Rising" or
"NSR," is created. The objectives of North Star Rising are to design, coordinate, and
administer a strategic science and technology program for the state, designed to promote
the welfare of the people of the state, maximize the economic growth of the state, and
create and retain jobs in the state's industrial base through enhancement of Minnesota's:

(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; and

(5) science and technology workforce preparation.

(b) North Star Rising shall guide and manage the state's investment in science and technology in the interest of the objectives described in paragraph (a).

Subd. 2. **Membership; terms.** (a) North Star Rising membership shall consist of science and technology experts from public, academic, and private sectors. A member must have a background in science or technology in order to serve on the commission. NSR shall consist of at least 13 members as follows: a representative of the University of Minnesota; a representative of Minnesota State Colleges and Universities; the CEO of Mayo Clinic or a designee; and six CEOs or designees from science- or technology-oriented companies and four representatives from science- and technology-oriented trade organizations, appointed by the governor.

(b) Of the ten persons appointed by the governor, initial terms of service are to be determined by the governor as follows: three members for one year, four members for two years, and three members for three years. Thereafter, appointments are for three-year terms. Members may be reappointed and vacancies must be filled in the same manner as appointments.

Subd. 3. **Chair.** The membership of North Star Rising shall select a chair from among the members, who shall serve for a term of two years.

Subd. 4. **Meetings.** North Star Rising shall establish its own meeting schedule, sufficient to accomplish the objectives set forth in subdivision 1, and may be at the call of the chair. A majority of all members of NSR constitutes a quorum and no action shall be taken without the concurrence of a majority of the members.

Subd. 5. **Conflict of interest.** Members of North Star Rising may not participate in or vote on a decision of the board relating to an organization in which the member has either a direct or indirect financial interest.

Subd. 6. **Powers and duties.** North Star Rising shall:

(1) contract with, retain the services of, or designate and fix the compensation of financial consultants, accountants, other consultants and advisors, and other independent contractors as may be necessary or desirable to carry out NSR duties;

(2) make grants and loans to individuals, public agencies, private companies or organizations, or joint ventures for the broad range of activities related to science and technology advancement;

(3) recommend to the legislature a series of specific programs designed to address critical science and technology needs required to satisfy the objectives under subdivision 1 and recommend sufficient appropriation levels for the programs;

(4) determine the infrastructure and translational research requirements and appropriations needed to create public and private centers of innovation, initially the categories of nanotechnology, bioinformatics, and biomass, and select appropriate academic scientists, engineers, and industry experts to design the centers and the centers' missions;

(5) establish a competitive process for the award of grants and loans designed to fund the most meritorious proposals and, when appropriate, provide for peer review of proposals;

(6) set forth a plan for periodic strategic assessments of the types of state investments in research, commercialization, and workforce development to create jobs and business opportunities in the state and produce the most beneficial long-term improvements to the economic well-being of Minnesotans;

(7) solicit input and comments from specialized industry, professional, and other relevant interest groups concerning NSR purposes;

(8) develop a series of metrics and measures that will be applied to evaluate the effectiveness of individual programs established under this section and to monitor and account for effectiveness of individual grants, awards, or loans made; and

(9) cooperate with the Department of Employment and Economic Development in implementing the Minnesota Commercialization Enhancement program, the Small Business Federal Grant Competitiveness Center, and other NSR programs.

Subd. 7. **Member compensation.** North Star Rising members shall serve without compensation, but shall receive reimbursement of their reasonable and necessary expenses incurred in the conduct of NSR business.

Subd. 8. **Appropriations; costs.** North Star Rising shall administer money appropriated to it by the legislature. NSR must use appropriations for administrative costs associated with the operation of NSR and for programs or activities administered by NSR. To reduce costs, existing space and administration support will be provided by state or public academic institutions or private companies whenever possible.

Subd. 9. **Report requirements.** North Star Rising must continuously assess its overall effectiveness, its individual component programs, and the mechanisms implemented to govern investments. NSR must report to the legislative committees having jurisdiction over science and technology and economic development issues on its activities and must recommend changes or additions to its organization, based upon its annual assessment, including specific recommendations for necessary legislation.

Sec. 3. [116J.6583] SMALL BUSINESS FEDERAL GRANT
COMPETITIVENESS CENTER.

Subdivision 1. **Creation.** (a) The Small Business Federal Grant Competitiveness Center is established in the Department of Employment and Economic Development, in cooperation and consultation with North Star Rising Science and Technology Economic Development Commission (NSR).

(b) For purposes of this section, "the center" means the Small Business Federal Grant Competitiveness Center.

Subd. 2. **Duties.** The center shall:

(1) focus on increasing science and technology jobs by increasing the funding success rate of Small Business Innovation Research and Small Business Technology Transfer Programs (SBIR/STTR) and other federal grant and contract proposals, particularly as submitted by Minnesota development stage companies to the National Institutes of Health, the National Science Foundation, the Department of Defense, and other federal agencies;

(2) coordinate with technical assistance centers, trade organizations, regional economic development agencies, and corporations in Minnesota to maximize opportunities for small businesses and small business innovation research programs located in the state;

(3) set a performance objective of increasing the successful SBIR/STTR Phase I and Phase II programs and related federal grants and contracts awarded to businesses located in this state by 33 percent by July 31, 2011;

(4) provide the administrative management of any programs established to provide matching funds for SBIR/STTR or other federal grant awards to small businesses, following the guidelines established by North Star Rising; and

(5) provide resources needed to meet the performance objective described in clause (3) by July 31, 2011. The resources may include but are not limited to the following:

(i) entering into contracts with grant writing and management consultants and technical consultants to provide services to small businesses for grant proposal preparation and award management, including presubmission technical review services where appropriate;

(ii) providing access to market research related to preparing commercialization plans for grant proposals;

(iii) providing training in federal grant financial management and reporting requirements, including using specific accounting software that may be required to meet reporting requirements;

(iv) facilitating access to university laboratories and researchers that may be needed to obtain technical information, assist the small business with research plan development,

and provide access to analytical instrumentation, laboratories, animal testing, and any other resources that may be required either for grant proposal preparation or for collaborative research and subcontract development during the course of a funded grant project;

(v) providing free or subsidized access to technical and business library services that may be operated by the state, state-funded universities, and not-for-profit organizations in the state; and

(vi) developing other programs that may enhance the outcome success of Minnesota companies competing for federal grants.

Subd. 3. **Administration.** The center is located and operated within the Department of Employment and Economic Development and reports to NSR. The staff of the Office of Science and Technology, supplemented by a support person and technical staff person, shall operate the center and prepare its initial business plan and program of services. The director of the Office of Science and Technology is executive director of the center. Additional staff may be hired once a business plan has been developed and approved by North Star Rising. The development plan must include the percentage of funds used for grants, loans, and operating expenses.

Subd. 4. **Powers.** The center may exercise those powers, privileges, and authorities that the Department of Employment and Economic Development and North Star Rising may invest in it.

Subd. 5. **Limitations.** The center shall not use any state funds to construct or renovate a building for its own use.

Sec. 4. [116J.6585] MINNESOTA COMMERCIALIZATION ENHANCEMENT PROGRAM.

Subdivision 1. **Program.** The Minnesota commercialization enhancement program is established under North Star Rising to support the commercialization of new products and services created through SBIR/STTR research and development projects. The program is designed to provide commercialization costs and to otherwise reduce the time-to-commercial market of SBIR/STTR developed technologies.

Subd. 2. **Grants.** The Minnesota commercialization enhancement program shall award grants to enhance the likelihood of successful commercialization of new products and services resulting from SBIR/STTR program-supported research and development. The grants must be used to:

(1) support thoughtfully structured commercialization plans of SBIR/STTR Phase II recipients;

(2) accelerate and enhance commercial impacts of SBIR/STTR technologies; and

(3) establish and enhance successful technology-based businesses in Minnesota.

Subd. 3. **Proposals.** (a) North Star Rising must solicit proposals for projects involving an active Phase II contract or grant with a federal agency. Proposals must outline how the Minnesota commercialization enhancement program funds will be used to accelerate commercialization activities including, but not limited to, the following:

(1) intellectual property protection;

(2) market analysis;

(3) business development;

(4) cost engineering;

(5) manufacturing planning; and

(6) sourcing of materials, systems, or other partners.

(b) Requests for proposals must be posted in a timely manner on North Star Rising's Web site and wherever else NSR deems necessary.

Subd. 4. **Eligibility.** An applicant is eligible for a Minnesota commercialization enhancement program grant if:

(1) the applicant has a principal place of business in Minnesota;

(2) the applicant is a small business that has received a SBIR/STTR Phase II award that is active at time of proposal submission;

(3) at least 50 percent of the federal program dollars are expended prior to submission of a proposal;

(4) the applicant provides evidence in the proposal of current progress toward achievement of Phase II objectives; and

(5) the technology being commercialized is directly related to the technology funded under the SBIR/STTR Phase II award.

Subd. 5. **Limitations.** There is no limit as to the number of proposals that a single company may submit. However, only one grant per company may be awarded per award cycle, as established by NSR.

Subd. 6. **Use of appropriation.** Depending on funding allocated to this program, North Star Rising may elect to increase the amount per award from \$250,000 up to a maximum award of \$500,000 per individual grant. The awards must be made with performance periods of up to two years and are contingent on the availability of funds.

Sec. 5. BIOBUSINESS ALLIANCE APPROPRIATION.

(a) \$1,100,000 is appropriated each year in fiscal years 2010 and 2011 from the general fund to the commissioner of employment and economic development for the operation of the BioBusiness Alliance of Minnesota. Funds must be used to:

(1) create, recruit, retain, and expand biobusiness activity in Minnesota;

(2) implement the destination 2025 statewide plan to promote the growth of biobusiness in Minnesota including medical devices, biologics, biopharmaceuticals, animal health, food, renewable energy, and renewable materials business activity in Minnesota;

(3) update a statewide assessment of the bioscience industry and the competitive position of Minnesota-based bioscience businesses relative to other states and other nations; and

(4) develop and implement business and scenario-planning models to create, recruit, retain, and expand biobusiness activity in Minnesota.

(b) The BioBusiness Alliance must report each year by February 15 to the committees of the house of representatives and the senate having jurisdiction over bioscience industry activity in Minnesota on:

(1) the use of funds;

(2) the number of bioscience businesses and jobs created, recruited, retained, or expanded in the state since the last reporting period;

(3) the competitive position of the biobusiness industry; and

(4) utilization rates and results of the business and scenario-planning models and outcomes resulting from utilization of the business and scenario-planning models.

Sec. 6. NORTH STAR RISING SCIENCE AND TECHNOLOGY ECONOMIC DEVELOPMENT COMMISSION; APPROPRIATION; REPORT.

(a) \$500,000 in fiscal year 2010 and \$500,000 in fiscal year 2011 are appropriated from the general fund to the commissioner of employment and economic development for the creation and implementation of North Star Rising Science and Technology Economic Development Commission (NSR) to design, coordinate, and administer a strategic science and technology program for the state, to promote the welfare of the people of the state, to maximize the economic growth of the state, and to create and retain jobs in the state's industrial base, under Minnesota Statutes, section 116J.6581.

(b) By January 1, 2010, NSR must file a report to the legislature on its progress in implementing its objectives.

(c) By October 2010, NSR shall submit to the governor and the legislature a recommendation for a governance structure for NSR, whether that be a government commission, a not-for-profit economic development corporation, or some other alternative that will achieve the objectives listed under Minnesota Statutes, section 116J.6581, subdivision 1, paragraph (a), as well as an expanded plan for the programs to be

established under NSR and the scope of appropriations and bonding that will be required to implement that plan.

(d) By January 2011, NSR will submit to the governor and the legislature a ten-year strategic science and technology plan for the state, together with its updated recommendations for the programs and scope of appropriations and bonding that will be required to implement and maintain NSR.

Sec. 7. SMALL BUSINESS FEDERAL GRANT COMPETITIVENESS CENTER; APPROPRIATION.

\$1,000,000 in fiscal year 2010 and \$1,000,000 in fiscal year 2011 are appropriated from the general fund to the commissioner of employment and economic development for grants to small businesses under Minnesota Statutes, section 116J.6583, to be used for consulting services that provide assistance with grant identification and preparation, including access to costly market research and patent search services needed to write a commercially viable grant.

Sec. 8. MINNESOTA COMMERCIALIZATION ENHANCEMENT PROGRAM; APPROPRIATION.

\$2,000,000 is appropriated in the 2010-2011 biennium for the Minnesota commercialization enhancement program under Minnesota Statutes, section 116J.6585, for matching grants. A total of eight grants must be made to eligible applicants each in the amount of \$250,000. Only one grant per company is allowed.

Sec. 9. INTERSHIPS; APPROPRIATION.

\$250,000 in fiscal year 2010 and \$250,000 in fiscal year 2011 are appropriated from the general fund to the commissioner of employment and economic development in cooperation with the North Star Rising Science and Technology Economic Development Commission for internships for university researchers or student interns at a small company or for industry researchers to intern at a university laboratory. The program may reimburse up to 50 percent of the intern's wages, but no more than \$3,000 per intern.