

**SENATE**  
**STATE OF MINNESOTA**  
**EIGHTY-NINTH SESSION**

**S.F. No. 2738**

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DATE	D-PG	OFFICIAL STATUS
03/14/2016	5040	Introduction and first reading Referred to State and Local Government
03/17/2016	5125	Author added Dziezic
04/06/2016	5632a	Comm report: To pass as amended and re-refer to Finance

1.1 A bill for an act  
 1.2 relating to state government; proposing a targeted group business program for  
 1.3 businesses that are not small; amending Minnesota Statutes 2015 Supplement,  
 1.4 section 16C.19; proposing coding for new law in Minnesota Statutes, chapter 16C.

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

1.6 Section 1. **[16C.165] PROCUREMENT FROM OTHER TARGETED GROUP**  
 1.7 **AND VETERAN-OWNED BUSINESSES.**

1.8 Subdivision 1. **Designation of eligible groups.** The commissioner may designate  
 1.9 businesses that are not small but otherwise qualify under section 16C.16, subdivisions 5  
 1.10 and 6a, as eligible for preferences under this section.

1.11 Subd. 2. **Preference.** The commissioner may award up to a three percent preference  
 1.12 for specified goods, services, or construction to businesses designated under subdivision 1.

1.13 Subd. 3. **Limitations on preference.** If the application of preference under  
 1.14 subdivision 2 precludes a business designated under section 16C.16, subdivisions 5 and  
 1.15 6a, from receiving an award, the preference in subdivision 2 shall not be applied.

1.16 Subd. 4. **Subcontracting incentives and penalties.** The financial incentives for  
 1.17 prime contractors who exceed the goals for use of small business or small targeted group  
 1.18 business subcontractors and financial penalties for prime contractors who fail to meet the  
 1.19 goals for use of small business or small targeted group business subcontractors apply to  
 1.20 businesses designated under subdivision 1.

1.21 Subd. 5. **Mentoring program.** The commissioner shall collaborate with  
 1.22 organizations that represent targeted group and veteran-owned businesses to prepare  
 1.23 recommendations for establishing a targeted group and veteran-owned business mentoring

2.1 program that incentivizes larger businesses to mentor businesses certified under sections  
2.2 16C.16 and 16C.165.

2.3 Sec. 2. Minnesota Statutes 2015 Supplement, section 16C.19, is amended to read:

2.4 **16C.19 ELIGIBILITY; RULES.**

2.5 (a) A small business wishing to participate in the programs under section 16C.16,  
2.6 subdivisions 4 to 7, or 16C.165 must be certified by the commissioner or by a nationally  
2.7 recognized certifying organization authorized by the commissioner. The commissioner  
2.8 shall adopt by rule standards and procedures for certifying that small targeted group  
2.9 businesses, small businesses located in economically disadvantaged areas, and  
2.10 veteran-owned small businesses are eligible to participate under the requirements of  
2.11 sections 16C.16 to 16C.21. The commissioner shall adopt by rule under paragraph (g)  
2.12 standards and procedures for certifying that businesses designated under section 16C.165  
2.13 are eligible to participate. The commissioner shall adopt by rule standards and procedures  
2.14 for hearing appeals and grievances and other rules necessary to carry out the duties set  
2.15 forth in sections 16C.16 to 16C.21.

2.16 (b) The commissioner may make rules which exclude or limit the participation of  
2.17 nonmanufacturing business, including third-party lessors, brokers, franchises, jobbers,  
2.18 manufacturers' representatives, and others from eligibility under sections 16C.16 to 16C.21.

2.19 (c) The commissioner may make rules that set time limits and other eligibility limits  
2.20 on business participation in programs under sections 16C.16 to 16C.21.

2.21 (d) Notwithstanding paragraph (a), for purposes of sections 16C.16 to 16C.21, a  
2.22 veteran-owned small business, the principal place of business of which is in Minnesota,  
2.23 is certified if:

2.24 (1) it has been verified by the United States Department of Veterans Affairs as  
2.25 being either a veteran-owned small business or a service-disabled veteran-owned small  
2.26 business, in accordance with Public Law 109-461 and Code of Federal Regulations, title  
2.27 38, part 74; or

2.28 (2) the veteran-owned small business supplies the commissioner with proof that the  
2.29 small business is majority-owned and operated by:

2.30 (i) a veteran as defined in section 197.447; or

2.31 (ii) a veteran with a service-connected disability, as determined at any time by the  
2.32 United States Department of Veterans Affairs.

2.33 (e) Until rules are adopted pursuant to paragraph (a) for the purpose of certifying  
2.34 veteran-owned small businesses, the provisions of Minnesota Rules, part 1230.1700, may  
2.35 be read to include veteran-owned small businesses. In addition to the documentation

3.1 required in Minnesota Rules, part 1230.1700, the veteran owner must have been  
3.2 discharged under honorable conditions from active service, as indicated by the veteran  
3.3 owner's most current United States Department of Defense form DD-214.

3.4 (f) Notwithstanding paragraph (a), for purposes of sections 16C.16 to 16C.21, a  
3.5 minority- or woman-owned small business, the principal place of business of which is  
3.6 in Minnesota, is certified if it has been certified by the Minnesota unified certification  
3.7 program under the provisions of Code of Federal Regulations, title 49, part 26.

3.8 (g) The commissioner may adopt rules to implement the programs under section  
3.9 16C.16, subdivisions 4 to 7, using the expedited rulemaking process in section 14.389.