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State of Minnesota
HOUSE OF REPRESENTATIVES

EIGHTY-NINTH SESSION

H. F. No. 2799

03/10/2016 Authored by Thissen and Kahn

The bill was read for the first time and referred to the Committee on Job Growth and Energy Affordability Policy and Finance

1.1 A bill for an act
1.2 relating to economic development; capital improvements; creating a state research
1.3 and development authority; establishing a research and development fund;
1.4 authorizing the sale and issuance of state bonds; appropriating money; requiring
1.5 a report; proposing coding for new law in Minnesota Statutes, chapter 116W.

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

1.7 ARTICLE 1

1.8 RESEARCH AND DEVELOPMENT AUTHORITY

1.9 Section 1. [116W.35] MINNESOTA RESEARCH AND DEVELOPMENT
1.10 AUTHORITY ACT.

1.11 Sections 116W.35 to 116W.58 may be cited as the "Minnesota Research and
1.12 Development Authority Act."

1.13 Sec. 2. [116W.36] DEFINITIONS.

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

1.16 Subd. 2. **Authority.** "Authority" means the Minnesota Research and Development
1.17 Authority under section 116W.37.

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

1.21 (1) research and development capabilities;

1.22 (2) product and process innovation and commercialization;

1.23 (3) manufacturing capabilities; or

2.1 (4) workforce training and preparation.

2.2 Subd. 4. **Advisory commission.** "Advisory commission" means the advisory
 2.3 commission under section 116W.41.

2.4 Subd. 5. **Key sectors.** "Key sectors" means:

2.5 (1) health and life sciences;

2.6 (2) food science and technology;

2.7 (3) water, natural resources, and environmental science and technology;

2.8 (4) advanced manufacturing and technology;

2.9 (5) energy technology and production;

2.10 (6) computer science and information technology; and

2.11 (7) financial services.

2.12 The authority must periodically reassess whether the list of key sectors under this
 2.13 subdivision should be modified and shall make recommendations to the legislature
 2.14 regarding proposed modifications.

2.15 Sec. 3. [116W.37] MINNESOTA RESEARCH AND DEVELOPMENT

2.16 **AUTHORITY.**

2.17 Subdivision 1. **Membership.** The Minnesota Research and Development Authority
 2.18 consists of the commissioner of employment and economic development, the commissioner
 2.19 of management and budget, the commissioner of revenue, the commissioner of commerce,
 2.20 the commissioner of agriculture, and the president of the University of Minnesota.

2.21 Subd. 2. **Chair; other officers.** The commissioner of employment and economic
 2.22 development shall serve as the chair and chief executive officer of the authority. The
 2.23 authority shall rotate the position of vice-chair annually among its members. The
 2.24 commissioner of employment and economic development shall convene the first meeting
 2.25 of the authority no later than July 30, 2016. In the absence of the chair or vice-chair at
 2.26 meetings of the authority, members may elect a chair for the meeting and may elect other
 2.27 officers as necessary from its members.

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

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

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

3.5 Subd. 5. **Executive director; staffing.** The authority shall employ an executive
 3.6 director in the unclassified service. The executive director is responsible for hiring staff
 3.7 necessary to assist the executive director to carry out the duties and responsibilities of the
 3.8 authority. The executive director shall perform duties required by the authority in carrying
 3.9 out its responsibilities to manage and implement the funds and programs in sections
 3.10 116W.35 to 116W.58, and comply with all state and federal program requirements, and
 3.11 state and federal securities and tax laws and regulations. The executive director shall assist
 3.12 the advisory board in fulfilling its duties under sections 116.35 to 116W.58.

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

3.15 Subd. 7. **Expiration.** This section expires June 30, 2026. Section 15.059,
 3.16 subdivision 5, does not apply to the authority.

3.17 Sec. 4. **[116W.38] INFORMATION TECHNOLOGY.**

3.18 To the extent the projects or grants approved by the authority or other work of the
 3.19 authority impact state information systems, these information systems are subject to the
 3.20 jurisdiction of the MN.IT services under chapter 16E.

3.21 Sec. 5. **[116W.39] POWERS AND DUTIES.**

3.22 Subdivision 1. **Duties.** The Minnesota Research and Development Authority shall
 3.23 design, coordinate, and administer a strategic research and development enhancement and
 3.24 investment program to maximize the economic growth of the state and create and retain
 3.25 jobs in key sectors of the state's industrial base through development of the state's research
 3.26 and development capabilities including, but not limited to, investment in physical plant,
 3.27 laboratories, and other infrastructure; increased translational research activities; product
 3.28 and process innovation and commercialization; expanded manufacturing capabilities; and
 3.29 workforce training and preparation. The authority must:

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

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

- 4.1 (3) work with Minnesota nonprofit institutions including the University of
4.2 Minnesota, Minnesota State Colleges and Universities, the Hormel Institute, and the Mayo
4.3 Clinic in promoting collaborative efforts to respond to federal funding opportunities;
4.4 (4) develop a framework for Minnesota companies to establish sole-source
4.5 relationships with federal agencies;
4.6 (5) provide grants or other forms of financial assistance to eligible recipients for
4.7 purposes of this chapter;
4.8 (6) coordinate assistance with business proposals, licensing, intellectual property
4.9 protection, commercialization, and government auditing with the University of Minnesota
4.10 and Minnesota State Colleges and Universities; and
4.11 (7) develop and implement a comprehensive research and development enhancement
4.12 and investment strategy for the state.

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

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

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

4.27 Subd. 5. **Gifts; grants.** The authority may apply for, accept, and disburse gifts,
4.28 grants, loans, or other property from the United States, the state, private sources, or
4.29 any other source for any of its purposes. Money received by the authority under this
4.30 subdivision must be deposited in the Minnesota research and development fund under
4.31 section 116W.55, and is appropriated to the authority to carry out its duties.

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

4.35 Subd. 7. **Fees.** The authority may establish and collect fees, subject to legislative
4.36 approval, for costs incurred by the authority, the Department of Employment and Economic

5.1 Development, the Department of Management and Budget, the Department of Revenue,
 5.2 the Department of Commerce, the Department of Labor and Industry, and the Department
 5.3 of Agriculture, including costs for personnel, professional, and administrative services.

5.4 Subd. 8. **Reports.** (a) The authority shall report by February 1 each year to the
 5.5 chairs and ranking minority members of the legislative committees and divisions with
 5.6 jurisdiction over finance and economic development on its progress to design, coordinate,
 5.7 and administer a strategic research and development enhancement and investment
 5.8 program for the state to promote the welfare of the people of the state, maximize the
 5.9 economic growth of the state, and create and retain jobs in key sectors of the state's
 5.10 industrial base through enhancement of Minnesota's:

5.11 (1) research and development capabilities;

5.12 (2) product and process innovation and commercialization;

5.13 (3) expanded manufacturing capabilities; and

5.14 (4) workforce training and preparation.

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

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

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

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

5.29 Sec. 6. **[116W.40] PROJECT FINANCIAL ASSISTANCE.**

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

5.34 Subd. 2. **Financial feasibility review.** (a) The authority shall review the proposed
 5.35 financing for each project submitted to the authority to determine whether: (1) the

6.1 proposed project and financing plan is an eligible use of the money; and (2) the proposal is
 6.2 in compliance with applicable state and federal tax and securities laws and regulations.
 6.3 Grants in excess of \$50,000 must be approved by the authority. Grants of \$50,000 or less
 6.4 may be authorized by the executive director. All grant approvals or disapprovals must
 6.5 be completed within 30 days of submission to the authority. Grants approved by the
 6.6 executive director must be reviewed by the authority each month.

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

6.14 **Sec. 7. [116W.41] ADVISORY COMMISSION.**

6.15 Subdivision 1. **Advisory commission membership.** (a) A Research and
 6.16 Development Initiative Advisory Commission is established and is comprised of:

6.17 (1) two representatives of the University of Minnesota, selected by the vice president
 6.18 of research of the university, including a faculty member actively involved in research
 6.19 and development;

6.20 (2) two representatives of the Minnesota State Colleges and Universities, selected by
 6.21 the chancellor, including a faculty member actively involved in research and development;

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

6.23 (4) the president or a designee of the Minnesota High Tech Association or its
 6.24 successor organization;

6.25 (5) the executive director of the Hormel Institute or a designee;

6.26 (6) six chief executive officers or designees from research-oriented or
 6.27 technology-oriented companies;

6.28 (7) four representatives from research-oriented or technology-oriented organizations;

6.29 (8) two representatives of organized labor;

6.30 (9) a venture capital representative;

6.31 (10) a representative of angel investors; and

6.32 (11) other members deemed appropriate by the authority in consultation with the
 6.33 governor.

6.34 (b) A member must have experience in research and development in order to serve
 6.35 on the commission.

7.1 (c) Members of the commission listed in clauses (6) to (11), shall be appointed by
 7.2 the authority.

7.3 Subd. 2. **Advisory commission duties.** The advisory commission must assist
 7.4 the authority in developing a comprehensive research and development enhancement
 7.5 and investment plan to be presented to the chairs and ranking minority members of
 7.6 the legislative committees and divisions with jurisdiction over economic development
 7.7 and higher education by January 15, 2017. The plan must include recommendations in
 7.8 strategic areas for research and development investments, recommendations on additional
 7.9 programs to support research and development focused economic development activities
 7.10 in the state, selection of specific programs and grantees for support from program funds
 7.11 authorized by the advisory commission and ongoing assessment of the effectiveness
 7.12 of programmatic elements according to metrics to be developed by the authority in
 7.13 consultation with the advisory commission. The advisory commission may also advise
 7.14 and assist the authority in fulfilling its duties under section 116W.39.

7.15 Subd. 3. **Membership terms; vacancies; compensation.** The membership terms,
 7.16 removal of members, and filling of vacancies are as provided under section 15.059, unless
 7.17 specified otherwise. The executive director may provide compensation to members if
 7.18 funds are available.

7.19 Subd. 4. **Expiration.** The advisory commission expires June 30, 2026.

7.20 Subd. 5. **Convening of meetings; staffing.** The executive director of the authority
 7.21 must convene the first meeting of the commission by September 1, 2016. The executive
 7.22 director must provide administrative support and staff to the commission.

7.23 Sec. 8. **[116W.42] MONEY OF THE AUTHORITY.**

7.24 Subdivision 1. **Functions of commissioner of management and budget.** Except
 7.25 as otherwise provided in this section, money of the authority must be paid to the
 7.26 commissioner of management and budget as agent of the authority, and the commissioner
 7.27 shall not commingle the money with other money. The money in the accounts of the
 7.28 authority must be paid out only on warrants drawn by the commissioner of management
 7.29 and budget on requisition of the executive director of the authority or of another officer or
 7.30 employee as the authority authorizes. Deposits of the authority's money must, if required
 7.31 by the commissioner or the authority, be secured by obligations of the United States or of
 7.32 the state of a market value equal at all times to the amount of the deposit, and all banks
 7.33 and trust companies are authorized to give security for the deposits. All money paid to the
 7.34 commissioner as agent of the authority is appropriated to the authority. The commissioner

8.1 must annually report to the committees of the legislature with responsibility for economic
 8.2 development and management and budget on the use of appropriations under this section.

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

8.5 **Sec. 9. [116W.43] NONLIABILITY.**

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

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

8.14 **Sec. 10. [116W.44] STATE PLEDGE AGAINST IMPAIRMENT OF**
 8.15 **CONTRACTS.**

8.16 The state pledges and agrees with parties to any loans or other agreements or
 8.17 contracts of the authority that the state will not:

8.18 (1) limit or alter the rights vested in the authority to fulfill the terms of any agreements
 8.19 made with the parties to any loans or other agreements or contracts of the authority; or

8.20 (2) in any way impair the rights and remedies of the parties to any loans or other
 8.21 agreements or contracts of the authority.

8.22 The authority may include this pledge and agreement of the state in any agreement with
 8.23 the parties in any loans or other agreements or contracts of the authority.

8.24 **Sec. 11. [116W.45] RESERVES; FUNDS; ACCOUNTS.**

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

8.28 **ARTICLE 2**

8.29 **RESEARCH AND DEVELOPMENT PROGRAM**

8.30 **Section 1. [116W.46] CITATION.**

9.1 Sections 116W.46 to 116W.58 may be cited as the "Minnesota Research and
9.2 Development Program."

9.3 **Sec. 2. [116W.47] DEFINITIONS.**

9.4 Subdivision 1. **Applicability.** For the purposes of sections 116W.46 to 116W.58,
9.5 the terms in this section have the meanings given them.

9.6 Subd. 2. **Authority.** "Authority" means the Minnesota Research and Development
9.7 Authority established under sections 116W.46 to 116W.58.

9.8 Subd. 3. **College or university.** "College or university" means an institution of
9.9 postsecondary education, public or private, that grants undergraduate or postgraduate
9.10 academic degrees and conducts significant research or development activities within
9.11 key sectors of the state's industrial base.

9.12 Subd. 4. **Commercialization.** "Commercialization" means any of the full spectrum
9.13 of activities required for a new technology, product, or process to be developed from
9.14 its basic research or conceptual stage through applied research or development to the
9.15 marketplace including, without limitation, the steps leading up to and including licensure,
9.16 sales, and services.

9.17 Subd. 5. **Commercialized research project.** "Commercialized research project"
9.18 means research conducted within a college or university, nonprofit research institution, or
9.19 by a qualified research and development company that has shown advanced commercial
9.20 potential through license agreements, patents, or other forms of invention disclosure, and
9.21 by which a qualified research and development company has been or is being currently
9.22 formed.

9.23 Subd. 6. **Fund.** "Fund" means the Minnesota research and development fund
9.24 under section 116W.55.

9.25 Subd. 7. **Nonprofit research institution.** "Nonprofit research institution" means an
9.26 entity with its principle place of business in Minnesota, that qualifies under section 501(c)
9.27 of the Internal Revenue Code, and that conducts significant research or development
9.28 activities in this state in key sectors of the state's industrial base.

9.29 Subd. 8. **Program.** "Program" means the Minnesota research and development
9.30 program.

9.31 Subd. 9. **Qualified research and development company.** "Qualified research and
9.32 development company" means a corporation, limited liability company, S corporation,
9.33 partnership, limited liability partnership, or sole proprietorship with fewer than 100
9.34 employees that is engaged in research and development, or production of products,

10.1 processes, or services for specific commercial or public purposes within key sectors of
10.2 the state's industrial base.

10.3 **Sec. 3. [116W.48] COMMERCIALIZED RESEARCH PROGRAM.**

10.4 (a) The authority may establish a commercialized research program to accelerate
10.5 the commercialization of research and development products, processes, or services
10.6 from colleges or universities, nonprofit research institutions, or qualified research and
10.7 development companies that lead to an increase in business activity and jobs in key sectors
10.8 of the state's industrial base. The program must:

10.9 (1) provide research and development gap funding of up to \$500,000 per research
10.10 and development project to assist in the commercialization and transfer of research and
10.11 development projects from a college or university or nonprofit research institution to a
10.12 qualified research and development company;

10.13 (2) provide funding of up to \$250,000 for early stage development for qualified
10.14 research and development companies to conduct commercialized research projects; and

10.15 (3) provide funding of up to \$500,000 for loans to provide start-up capital to early
10.16 stage companies in key sectors of the state's industrial base.

10.17 (b) All activities under the commercialized research program require:

10.18 (1) written criteria set by the authority for the application, award, and use of the funds;

10.19 (2) matching funds by the participating qualified research and development
10.20 company, college or university, or nonprofit research institution;

10.21 (3) that no more than 15 percent of the funds awarded by the authority may be
10.22 used for administrative costs; and

10.23 (4) a report by the participating qualified research and development company,
10.24 college or university, or nonprofit research institution that provides documentation of the
10.25 use of funds and outcomes of the award. The report must be submitted to the authority
10.26 within one calendar year of the date of the award.

10.27 **Sec. 4. [116W.49] FEDERAL RESEARCH AND DEVELOPMENT SUPPORT**
10.28 **PROGRAM.**

10.29 (a) The authority may establish a federal research and development support program
10.30 to increase and coordinate efforts to procure federal funding for research projects of
10.31 primary benefit to qualified research and development companies, colleges or universities,
10.32 and nonprofit research institutions. The program must:

11.1 (1) develop and execute a strategy to identify specific federal agencies and programs
 11.2 that support the growth of research and development in key sectors of the state's industrial
 11.3 base; and

11.4 (2) provide grants to qualified research and development companies:

11.5 (i) to assist in the development of federal Small Business Innovation (SBIR) or
 11.6 Small Business Technology Transfer (STTR) proposals; and

11.7 (ii) to match funds received through SBIR or STTR awards. No more than
 11.8 \$1,500,000 may be awarded in a year for matching grants under this item.

11.9 (b) All activities under the federal research and development support program require:

11.10 (1) written criteria set by the authority for the application, award, and use of the funds;

11.11 (2) matching funds by the participating qualified research and development
 11.12 company, college or university, or nonprofit research institution;

11.13 (3) that no more than 15 percent of the funds awarded by the authority may be
 11.14 used for administrative costs; and

11.15 (4) a report by the participating qualified research and development company,
 11.16 college or university, or nonprofit research institution that provides documentation of the
 11.17 use of funds and outcomes of the award. The report must be submitted to the authority
 11.18 within one calendar year of the date of the award.

11.19 **Sec. 5. [116W.50] INDUSTRIAL TECHNOLOGY INNOVATION AND**
 11.20 **COMPETITIVENESS PROGRAM.**

11.21 (a) The authority may establish an industrial technology innovation and
 11.22 competitiveness program to advance the technological capacity and competitiveness of
 11.23 existing and emerging research and development industries. The program must:

11.24 (1) provide matching funds to programs and organizations that assist entrepreneurs
 11.25 in starting and growing qualified research and development companies including, but not
 11.26 limited to, matching funds for mentoring programs, consulting and technical services,
 11.27 and related activities;

11.28 (2) fund initiatives that retain engineering, science, technology, and mathematical
 11.29 occupations in the state including, but not limited to, internships, mentoring, and support
 11.30 of industry and professional organizations; and

11.31 (3) fund initiatives that support the growth of targeted industry clusters in key
 11.32 sectors and the competitiveness of existing qualified research and development companies
 11.33 in developing and marketing new products and services.

11.34 (b) All activities under the industrial technology innovation and competitiveness
 11.35 program shall require:

12.1 (1) written criteria set by the authority for the application, award, and use of the
 12.2 funds; and

12.3 (2) a report by each award recipient providing documentation on the use of the funds
 12.4 and outcomes of the award. The report must be submitted to the authority within one
 12.5 calendar year from the date of the award.

12.6 **Sec. 6. [116W.51] CAPITAL INNOVATIONS PROGRAM.**

12.7 (a) The authority may establish a capital innovations program to provide grants to
 12.8 maintain and strengthen the state's position as a leader in key sectors of the industrial
 12.9 base throughout the state. Grants may be used to construct or improve infrastructure for
 12.10 new research, development, and innovation activities at or conducted in partnership with
 12.11 public and private institutions. The authority shall give priority to projects to restore or
 12.12 develop and construct research, development, and innovation infrastructure throughout
 12.13 the state. Preference must be given to projects that include at least a ... percent match
 12.14 of nonstate funds.

12.15 (b) All activities under the capital innovations program require:

12.16 (1) written criteria set by the authority for the application, award, and use of the funds;

12.17 (2) matching funds by award recipients;

12.18 (3) unless otherwise prohibited, up to 15 percent of the funds awarded by the
 12.19 authority may be used for administrative costs; and

12.20 (4) a report by each award recipient that provides documentation of the use of funds
 12.21 and outcomes of the award. The report must be submitted to the authority within one
 12.22 calendar year of the date of the award.

12.23 **Sec. 7. [116W.52] MINNESOTA SCIENCE, TECHNOLOGY, ENGINEERING,**
 12.24 **MATH, AND MANUFACTURING (STEMM) GRANT PROGRAM.**

12.25 (a) The authority may establish a Minnesota science, technology, engineering, math,
 12.26 and manufacturing grant program to provide equipment and supplies to support STEMM
 12.27 education and training programs, including education and training in the technological
 12.28 skills needed for manufacturing jobs, for students in grades 7 through 12 who are:
 12.29 enrolled in eligible schools located in Minnesota; or receiving STEMM education and
 12.30 training programs or services from nonprofit organizations. For the purposes of this
 12.31 section, "eligible schools" means a public school or nonpublic school that is accredited
 12.32 by an accrediting agency recognized according to section 123B.445, or recognized by
 12.33 the commissioner of education. The maximum grant award under this section may not
 12.34 exceed \$100,000 per eligible school. Applicants seeking funding in excess of \$50,000

13.1 must demonstrate the availability of nonpublic matching funds provided by an industry
 13.2 partner or foundation.

13.3 (b) All activities under paragraph (a) require:

13.4 (1) written criteria set by the authority for the application, award, and use of the funds;

13.5 (2) that no more than 15 percent of the funds awarded by the authority may be
 13.6 used for administrative costs; and

13.7 (3) a report by the participating school or nonprofit organization that provides
 13.8 documentation of the use of funds and outcomes of the award. The report must be
 13.9 submitted to the authority within one calendar year of the date of the award.

13.10 **Sec. 8. [116W.53] HIGH SCHOOL OPPORTUNITY INTERNSHIP PROGRAM.**

13.11 (a) The authority may establish a high school opportunity internship program
 13.12 to provide opportunities for high school age students to observe and experience
 13.13 manufacturing, laboratory, and other job environments in key sector industries. The
 13.14 authority must work with eligible schools, host companies and other organizations to
 13.15 implement the program.

13.16 (b) All activities under paragraph (a) require:

13.17 (1) written criteria set by the authority for the application, award, and use of the funds;

13.18 (2) matching funds by the participating eligible school or nonprofit organization;

13.19 (3) that no more than 15 percent of the funds awarded by the authority may be
 13.20 used for administrative costs; and

13.21 (4) a report by the participating schools, host companies, or nonprofit organization
 13.22 that provides documentation of the use of funds and outcomes of the award. The report
 13.23 must be submitted to the authority within one calendar year of the date of the award.

13.24 **Sec. 9. [116W.54] CHALLENGE INTERNSHIP PROGRAM.**

13.25 (a) The authority may establish a grant program to promote science, technology,
 13.26 engineering, math, and manufacturing (STEMM) internship opportunities for young
 13.27 adults aged 18 to 25. The program shall match young adults with paid internships within
 13.28 STEMM disciplines at companies operating in key sector industries throughout the state.
 13.29 Host companies may receive up to 50 percent of wages paid to an intern. The authority
 13.30 must develop an evaluation of the internship program that includes information about
 13.31 postinternship employment.

13.32 (b) All activities under paragraph (a) require:

13.33 (1) written criteria set by the authority for the application, award, and use of the funds;

14.1 (2) that no more than 15 percent of the funds awarded by the authority may be
 14.2 used for administrative costs; and

14.3 (3) a report by each award recipient that provides documentation of the use of funds
 14.4 and outcomes of the award. The report must be submitted to the authority within one
 14.5 calendar year of the date of the award.

14.6 **Sec. 10. [116W.55] MINNESOTA RESEARCH AND DEVELOPMENT FUND.**

14.7 (a) A Minnesota research and development fund is created in the state treasury.
 14.8 The fund is a direct-appropriated special revenue fund. Money of the authority must be
 14.9 paid to the commissioner of management and budget as agent of the authority, and the
 14.10 commissioner shall not commingle the money with other money. The money in the fund
 14.11 must be paid out only on warrants drawn by the commissioner of management and budget
 14.12 on requisition of the executive director of the authority or designee.

14.13 (b) Funds available to the authority under this section may be expended by the
 14.14 authority for any purpose authorized under this chapter.

14.15 **Sec. 11. [116W.56] MINNESOTA RESEARCH AND DEVELOPMENT**
 14.16 **AUTHORITY; POWERS UNDER FUND.**

14.17 Subdivision 1. **General powers.** The authority shall have all of the powers
 14.18 necessary to carry out the purposes and provisions of sections 116W.35 to 116W.58
 14.19 including, but not limited to, those provided under section 116W.39 and the following:

14.20 (1) the authority may make awards in the form of grants or loans, and charge and
 14.21 receive a reasonable interest for the loans, or take an equity position in form of stock, a
 14.22 convertible note, or other securities in consideration of an award. Interests, revenues, or
 14.23 other proceeds received as a result of a transaction authorized by use of the fund shall be
 14.24 deposited to the corpus of the fund and used in the same manner as the corpus of the fund;

14.25 (2) in awarding money from the fund, priority shall be given to proposals from
 14.26 applicants that have demonstrable economic benefit to the state in terms of the formation
 14.27 of a new private sector business entity, the creation of jobs, or the attraction of federal
 14.28 and private funding;

14.29 (3) in awarding money from the fund, priority shall be given to proposals from
 14.30 applicants that:

14.31 (i) promote collaboration between any combination of colleges or universities,
 14.32 nonprofit research institutions, and private industry;

14.33 (ii) enhance existing research superiority by attracting new research entities,
 14.34 research talent, or resources to the state; and

15.1 (iii) create new research superiority that attracts significant researchers and resources
 15.2 from outside the state;

15.3 (4) subject to the limits in this clause, money within the fund may be used
 15.4 for reasonable administrative expenses by the authority including staffing and direct
 15.5 operational expenses, and professional fees for accounting, legal, and other technical
 15.6 services required to carry out the intent of the program and administration of the fund.

15.7 Administrative expenses may not exceed five percent of the first \$5,000,000 in the fund
 15.8 and two percent of any amount in excess of \$5,000,000;

15.9 (5) before making an award, the authority shall enter into a written agreement with
 15.10 the entity receiving the award that specifies the uses of the award; and

15.11 (6) if the award recipient has not used the award received for the purposes intended,
 15.12 as of the date provided in the agreement, the recipient shall repay that amount and any
 15.13 interest applicable under the agreement to the authority. All repayments must be deposited
 15.14 to the corpus of the fund.

15.15 Subd. 2. **Rules.** The authority may adopt rules to implement the programs
 15.16 authorized under this chapter.

15.17 **Sec. 12. [116W.57] REPAYMENT.**

15.18 An entity must repay all or a portion of the amount of any award, grant, loan, or
 15.19 financial assistance of any type paid by the authority under sections 116W.40 and 116W.48
 15.20 to 116W.54, if the entity relocates outside the state or ceases operation in Minnesota
 15.21 within four years from the date the authority provided the financial award. If the entity
 15.22 relocates outside of this state or ceases operation in Minnesota within three years of the
 15.23 financial award, the entity must repay 100 percent of the award. If the entity relocates or
 15.24 ceases operation in Minnesota after a period of three years, but before four years from the
 15.25 date of the financial award, the entity must repay 75 percent of the financial award.

15.26 **Sec. 13. [116W.58] EXPIRATION.**

15.27 Sections 116W.46 to 116W.56 expire on the expiration date of the authority under
 15.28 section 116W.37, subdivision 7. Section 116W.57 expires four years from the date of
 15.29 the expiration of the authority. Any unused money in the fund shall be deposited in the
 15.30 general fund.

15.31 **Sec. 14. BOND SALE.**

15.32 To provide the money appropriated in section 15 from the bond proceeds fund, the
 15.33 commissioner of management and budget shall sell and issue bonds of the state in an

16.1 amount up to \$500,000,000 in the manner, upon the terms, and with the effect prescribed
16.2 by Minnesota Statutes, sections 16A.631 to 16A.675, and by the Minnesota Constitution,
16.3 article XI, sections 4 to 7.

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

16.5 Sec. 15. **BOND APPROPRIATION.**

16.6 Subdivision 1. **Appropriation.** \$500,000,000 is appropriated from the bond
16.7 proceeds fund to the research and development authority to make grants to eligible public
16.8 entities under the capital innovations program under Minnesota Statutes, section 116W.51,
16.9 to predesign, design, acquire land or an interest in land, construct, reconstruct, renovate,
16.10 furnish, equip, and make other related publicly owned infrastructure improvements.

16.11 Subd. 2. **Schedule.** This appropriation is for \$50,000,000 each year in fiscal years
16.12 2017 through 2026.

16.13 Subd. 3. **Cancellation.** The appropriation under this section is not subject to
16.14 Minnesota Statutes, section 16A.642.

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

16.16 Sec. 16. **APPROPRIATION.**

16.17 \$500,000,000 in fiscal year 2017 is appropriated from the general fund to the
16.18 commissioner of management and budget for deposit into the Minnesota research and
16.19 development fund. This appropriation is available until expended.

APPENDIX
Article locations in 16-6484

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