

Signed by the governor May 14, 1993, 10:04 p.m.

CHAPTER 176—H.F.No. 964

An act relating to public safety; authorizing commissioner of public safety to apply for federal natural disaster assistance funds; amending Minnesota Statutes 1992, section 12.221.

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

Section 1. Minnesota Statutes 1992, section 12.221, is amended to read:

12.221 MINNESOTA NATURAL DISASTER ASSISTANCE.

Subdivision 1. **DISASTER ASSISTANCE AGREEMENT.** The division of emergency management is authorized to enter into an agreement with the federal disaster assistance administration for the maintenance of the Minnesota natural disaster assistance ~~plan~~ program and for administration of federal disaster assistance programs as provided for under provisions of federal law and regulation. The commissioner may apply for and accept federal money for natural disaster assistance. Federal money received is appropriated to the commissioner, who shall report its expenditure to the chairs of the house of representatives ways and means committee and the senate finance committee.

Subd. 2. **FEDERAL ASSISTANCE FOR PROGRAM.** Under the agreement the federal disaster assistance administration will provide ~~\$25,000~~ \$50,000 in federal funds annually toward the cost incurred by implementation of the natural disaster assistance program. The division of emergency management shall provide two planners and the necessary equipment and facilities for project operations.

Sec. 2. **EFFECTIVE DATE.**

Section 1 is effective the day following final enactment.

Presented to the governor May 12, 1993

Signed by the governor May 14, 1993, 3:50 p.m.

CHAPTER 177—S.F.No. 338

An act relating to economic development; creating Minnesota Business Finance, Inc. to provide capital for commercial borrowers through the Small Business Administration; providing for powers and duties of a board of directors and employees; transferring funds from the certified development company established under the department of trade and economic

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development to the new corporation; providing for certain grants and projects; appropriating money; amending Minnesota Statutes 1992, section 13.99, by adding a subdivision; proposing coding for new law as Minnesota Statutes, chapter 116S; repealing Minnesota Statutes 1992, sections 41A.065 and 116J.985.

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

Section 1. Minnesota Statutes 1992, section 13.99, is amended by adding a subdivision to read:

Subd. 27a. MINNESOTA BUSINESS FINANCE, INC. Certain data of Minnesota Business Finance, Inc., are classified under section 3.

Sec. 2. [116S.01] DEFINITIONS.

Subdivision 1. APPLICABILITY. The definitions in this section apply to this chapter.

Subd. 2. BOARD. "Board" means the board of directors of Minnesota Business Finance, Inc.

Subd. 3. CORPORATION. "Corporation" means Minnesota Business Finance, Inc.

Sec. 3. [116S.02] CORPORATION; MEMBERS; BOARD OF DIRECTORS; POWERS.

Subdivision 1. PUBLIC CORPORATION. Minnesota Business Finance, Inc. is a public corporation of the state and is not subject to the laws governing a state agency except as provided in this chapter. The business of the corporation must be conducted under the name "Minnesota Business Finance, Inc."

Subd. 2. PURPOSE. The purpose of the corporation is to engage in economic development activities throughout Minnesota and to provide access to capital for commercial borrowers throughout Minnesota primarily through the Small Business Administration section 503 program, United States Code, title 15, section 697, as amended.

Subd. 3. BOARD OF DIRECTORS. The corporation is governed by a board of 14 directors. The membership terms, compensation, removal, and filling of vacancies of public members of the board are governed by section 15.0575 except that the terms of the public members are concurrent. The membership of the board consists of the commissioner of trade and economic development or the commissioner's designee and 13 members who are:

- (1) involved in economic development within the state of Minnesota;
- (2) selected by the membership of the corporation in accordance with section 5, subdivision 3; and
- (3) representative of government, private-sector lending institutions, com-

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munity organizations, and business organizations as described in Code of Federal Regulation, title 13, section 108.503-1(b)(2), as amended.

Subd. 4. BYLAWS. The board of directors shall adopt bylaws and publish the bylaws and amendments to the bylaws in the State Register.

Subd. 5. PLACES OF BUSINESS. The board shall locate and maintain the corporation's places of business within the state.

Subd. 6. MEETINGS AND ACTIONS OF THE BOARD. (a) The board shall meet at least twice a year and may hold additional meetings upon giving notice in accordance with the bylaws of the corporation. Except as provided in subdivision 7, board meetings are subject to section 471.705.

(b) A conference among directors by any means of communication through which the directors may simultaneously hear each other during the conference constitutes a board meeting if the number of directors participating in the conference is sufficient to constitute a quorum for the meeting. Participation in a meeting by that means constitutes presence in person at the meeting.

Subd. 7. CLOSED MEETINGS; RECORDING. The board of directors may by a majority vote in a public meeting decide to hold a closed meeting for purposes of discussing data described in subdivision 8 or security information, trade secret information, or labor relations information, as defined in section 13.37, subdivision 1. The time and place of the closed meeting must be announced at the public meeting. A written roll of members present at the closed meeting must be made available to the public after the closed meeting. The proceedings of a closed meeting must be tape recorded. The data on the tape are nonpublic data or private data on individuals as defined in section 13.02, subdivision 9 or 12, whichever is applicable.

Subd. 8. APPLICATION AND INVESTIGATIVE DATA. Financial data, statistics, and information furnished to the corporation in connection with assistance or proposed assistance, including credit reports, financial statements, statements of net worth, income tax returns, either personal or corporate, and any other business and personal financial records are private data with regard to data on individuals under section 13.02, subdivision 12, or as nonpublic data with regard to data not on individuals under section 13.02, subdivision 9.

Subd. 9. CONFLICT OF INTEREST. A director, employee, or officer of the corporation may not participate in or vote on a decision of the board relating to an organization in which the director has either a direct or indirect financial interest or a conflict of interest as described in section 10A.07.

Subd. 10. TORT CLAIMS. The corporation is a state agency for purposes of section 3.736.

Subd. 11. DATA PRACTICES AND RECORDS MANAGEMENT. The corporation is subject to chapter 13 and sections 15.17 and 138.163 to 138.226.

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Sec. 4. [116S.03] CORPORATE PERSONNEL.

Subdivision 1. GENERALLY. The board shall appoint and set the compensation for the executive director, who serves as chief executive officer of the corporation. The executive director's compensation may not exceed 95 percent of the salary of the governor set under section 15A.082. The board may designate the executive director as its general agent. Subject to the approval of the board, the executive director shall employ staff consultants and other agents necessary to carry out the mission of the corporation.

Subd. 2. STATUS OF EMPLOYEES. Employees, officers, and directors of the corporation are not state employees, but are covered by section 3.736 and, at the option of the board, may participate in the state retirement plan, the state deferred compensation plan for employees in the unclassified service, and an insurance plan administered by the commissioner of employee relations.

Sec. 5. [116S.04] POWERS OF THE CORPORATION.

Subdivision 1. GENERAL CORPORATE POWERS. (a) The corporation has the powers granted to a nonprofit corporation by section 317A.161, except as otherwise provided in this chapter.

(b) Except as specified in section 3, subdivision 10, the state is not liable for the obligations of the corporation.

(c) Section 317A.161 applies to this chapter and the corporation in the same manner that it applies to business corporations established under chapter 317A.

(d) The corporation is a state agency for purposes of the following accounting and budgeting requirements:

(1) financial reports and other requirements under section 16A.06;

(2) the state budget system under sections 16A.095, 16A.10, and 16A.11;

(3) the state allotment and encumbrance, and accounting systems under sections 16A.14, subdivisions 2, 3, 4, and 5; and 16A.15, subdivisions 2 and 3; and

(4) indirect costs under section 16A.127.

Subd. 2. DUTIES. (a) The corporation must qualify as a state development company for purposes of United States Code, title 15, section 697, as amended, and must comply with applicable Small Business Administration organizational, operational, regulatory, and reporting requirements.

(b) The corporation must also comply with the requirements of the Small Business Administration's section 504 loan program, United States Code, title 15, section 697a, as amended.

Subd. 3. MEMBERSHIP. The governor shall appoint at least 25 members of the corporation, who must be representatives of government, private-sector lending institutions, community organizations, and business organizations, as described in Code of Federal Regulations, title 13, section 108.503-1(d), as

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amended. The membership shall select the members of the board of directors in accordance with section 3, subdivision 3. The board may submit names of persons for consideration by the governor in filling vacancies in the membership under this subdivision.

Sec. 6. [116S.05] REGISTERED NAME.

Notwithstanding section 317A.115, the secretary of state shall register the name "Minnesota Business Finance, Inc." on behalf of the corporation.

Sec. 7. [116S.06] MINNESOTA BUSINESS FINANCE ACCOUNT.

The Minnesota business finance account is an account in the special revenue fund. Money in the account not needed for the immediate purposes of the corporation may be invested by the state board of investment in any way authorized by section 11A.24. Money in the account is appropriated to the corporation to be used as provided in this chapter.

Sec. 8. [116S.07] AUDITS.

The corporation is subject to the auditing requirements of sections 3.971 and 3.972.

Sec. 9. [116S.08] ANNUAL REPORTS.

The board shall submit annual reports to the chairs of the committee on commerce and economic development of the house of representatives and the committee on jobs, energy and community development of the senate and to the Small Business Administration on the activities of the corporation. The board shall supply more frequent reports if requested.

Sec. 10. [116S.09] DISSOLUTION.

In the event of dissolution of the corporation for any reason, the state, upon action by the governor, and after consultation with the legislative advisory commission, may require the liquidation of all holdings and investments and the return of the proceeds of that liquidation and any wholly-owned assets of the corporation to the state, in exchange for the assumption of all outstanding obligations of the corporation.

If the corporation is dissolved, or certain of its functions transferred to another entity, the assets and liabilities and property associated with the dissolved or transferred functions must return to the state or to the entity designated by laws.

Sec. 11. [116S.10] SUCCESSOR STATUS.

(a) Minnesota Business Finance, Inc. is the legal successor in all respects of Opportunities Minnesota Incorporated established under section 116J.985, and all assets and liabilities are transferred to it. The board of directors shall promptly upon appointment amend the relevant documents and file them with the secretary of state.

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(b) The balance of the funds in the special revenue fund account currently allocated to Opportunities Minnesota Incorporated are transferred to the Minnesota business finance account for the purposes of sections 1 to 10.

Sec. 12. [116S.11] RELATIONSHIP TO OTHER CERTIFIED DEVELOPMENT COMPANIES.

The corporation must refer all small business administration 504 projects to a local certified development company if a local certified development company serves the area where the project is located. If the local certified development company is unable to assist a business it must inform the business that it can apply for the project through the corporation.

Sec. 13. TERMS OF INITIAL BOARD MEMBERS.

The terms of the first members of the board of directors selected under section 3, subdivision 3, end on the first Monday in January, 1997.

Sec. 14. MANUFACTURING COLLABORATIVE NETWORK GRANT.

Subdivision 1. PURPOSE. The purpose of this section is to promote the industrial development of the state of Minnesota by fostering creation of collaborative flexible manufacturing networks to assist small manufacturers in joint purchase of products and services, in the production of new products beyond the capability of individual firms, and to promote use of quality management and quality assurance programs.

Subd. 2. AUTHORITY. Minnesota Technology, Inc., may approve one grant of funds. Any grant made to an eligible nonprofit organization as described in subdivision 3 shall be used for the purposes stated in subdivision 1.

Subd. 3. ELIGIBILITY. The manufacturing collaborative network grant authorized under this section must be made to a nonprofit organization that has a dues-paying membership of more than 50 firms, each with fewer than 300 employees. The board of directors governing the nonprofit organization must be elected solely by members that manufacture goods or that provide related value added services. Membership of the nonprofit organization must include firms that produce a wide range of goods and services.

Subd. 4. MATCHING FUNDS REQUIREMENT. The selected nonprofit organization must provide one dollar of nonpublic matching funds for each dollar granted under this section.

Subd. 5. REPORT TO THE LEGISLATURE. The president of Minnesota Technology, Inc., must report to the legislature by January 15, 1994, on the progress of the grant recipient in forming manufacturing networks.

Sec. 15. REPEALER.

Minnesota Statutes 1992, sections 41A.065 and 116J.985, are repealed.

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Presented to the governor May 12, 1993

Signed by the governor May 14, 1993, 3:48 p.m.

CHAPTER 178—S.F.No. 1032

An act relating to commerce; regulating prize notices; requiring certain disclosures by solicitors; providing for reimbursement in certain cases; providing penalties and remedies; proposing coding for new law in Minnesota Statutes, chapter 325F.

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

Section 1. **[325F.755] PRIZE NOTICES AND SOLICITATIONS.**

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

(a) "Prize" means a gift, award, or other item or service of value that is offered or awarded to a participant in a real or purported contest, competition, sweepstakes, puzzle, drawing, scheme, plan, or other selection process.

(b) "Retail value" of a prize means:

(1) a price at which the sponsor can substantiate that a substantial number of the prizes have been sold to the public in Minnesota in the preceding year; or

(2) if the sponsor is unable to satisfy the requirement in clause (1), then no more than 1.5 times the amount the sponsor paid for the prize in a bona fide purchase from an unaffiliated seller.

(c) "Sponsor" means a corporation, partnership, limited liability company, sole proprietorship, or natural person that requires a person in Minnesota to pay the sponsor money as a condition of awarding the person a prize, or as a condition of allowing the person to receive, use, compete for, or obtain information about a prize, or that creates the reasonable impression that such a payment is required.

Subd. 2. DISCLOSURES REQUIRED. (a) No sponsor shall require a person in Minnesota to pay the sponsor money as a condition of awarding the person a prize, or as a condition of allowing the person to receive, use, compete for, or obtain information about a prize, nor shall a sponsor use any solicitation that creates the reasonable impression that a payment is required, unless the person has first received a written prize notice containing the information required in paragraphs (b) and (c).

(b) A written prize notice must contain each of the following:

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