

# MINNESOTA RULES 1983

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## CHAPTER 4350 DEPARTMENT OF ENERGY, PLANNING AND DEVELOPMENT BUSINESS AND COMMUNITY DEVELOPMENT DIVISION PILOT COMMUNITY DEVELOPMENT CORPORATIONS

**NOTE:** Under Laws of Minnesota 1983, chapter 289, section 40, this chapter of Minnesota Rules shall be administered by the Department of Energy and Economic Development. Thus, references to the Department of Energy, Planning, and Development, or to its divisions, should be read as intending the Department of Energy and Economic Development.

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### 4350.0200 DEFINITIONS.

Subpart 1. **Scope.** As used in parts 4350.0200 to 4350.0700, the following words and terms shall have the meanings given.

Subp. 2. **Assistant commissioner.** "Assistant commissioner" means the assistant commissioner of the Business Community Development Division of the Minnesota Department of Energy, Planning and Development, or his designated representative.

Subp. 3. **Economic development region.** "Economic development region" means any of the geographical areas defined as such by Executive Order number 60 of Governor Wendell Anderson, dated June 12, 1970.

Subp. 4. **Federal poverty level.** "Federal poverty level" means the income level established by the United States Office of Economic Opportunity, in Community Services Administration Instruction 6004-1.

Subp. 5. **Low income.** "Low-income" means having an annual income below the federal poverty level.

Subp. 6. **Program.** "Program" means the program of funding of pilot community development corporation projects pursuant to Laws of Minnesota 1975, chapter 331, section 3.

**Statutory Authority:** *MS s 116J.65 subd 5*

### 4350.0300 PURPOSE.

The purpose of parts 4350.0200 to 4350.0700 is to augment Laws of Minnesota 1975, chapter 331, section 3, by establishing criteria for the establishment of pilot community development corporation projects.

**Statutory Authority:** *MS s 116J.65 subd 5*

## 4350.0400 PILOT COMMUNITY DEVELOPMENT CORPORATIONS 3178

### 4350.0400 AVAILABILITY OF PROGRAM FUNDS.

Program funds shall be available only to eligible community development corporations designated as such by the assistant commissioner, with the approval of the State Executive Council.

**Statutory Authority:** *MS s 116J.65 subd 5*

### 4350.0500 ORGANIZATIONAL CRITERIA FOR COMMUNITY DEVELOPMENT CORPORATIONS.

Subpart 1. **Eligibility.** No corporation shall be designated an eligible community development corporation unless it conforms to the following requirements.

Subp. 2. **Form of organization.** A community development corporation must be incorporated under the Minnesota Nonprofit Corporations Act, Minnesota Statutes, chapter 317.

Subp. 3. **Designated community.** A community development corporation must identify in its articles of incorporation or its bylaws a defined geographic area within which it will operate, called its designated community.

A. At least ten percent of the population of the designated community must have incomes below the existing federal poverty level at the time of incorporation.

B. No more than one community development corporation shall be designated within any one out-state economic development region, with the exception of economic development regions in which a community development corporation was in existence at the time of promulgation of these rules.

C. Within the metropolitan area, the designated community shall be an identifiable neighborhood or combination of neighborhoods where designated by the Metropolitan Council. Elsewhere in region eleven, the designated community shall be townships, cities, unincorporated areas or combinations thereof.

Subp. 4. **Membership.** Voting membership in a community development corporation shall be limited to residents of the corporation's designated community.

Subp. 5. **Board of directors.** The articles of incorporation or bylaws of a community development corporation shall conform to the following requirements concerning its board of directors:

A. **Size:** the board shall be composed of not less than 15 and not more than 30 directors, unless the corporation can demonstrate to the satisfaction of the assistant commissioner that the disadvantages of a smaller or larger board will be overcome.

B. Not less than 60 percent of the directors of a community development corporation shall be low-income members of the corporation.

C. The remaining directors shall be members of the business, financial, and general communities who, to the maximum extent possible, shall be residents of the designated community.

D. **Election of directors:** The low-income directors shall be elected by the members of the community development corporation. The remaining directors shall be elected either by the members of the corporation or by the low-income directors.

Subp. 6. **Employees.** Nonmanagerial and nonprofessional employees of a community development corporation shall be hired from among the low-income residents of the designated community.

**Statutory Authority:** *MS s 116J.65 subd 5*

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## 4350.0600 PROJECT GRANTS.

Subpart 1. **Program funds.** Program funds shall be made available to eligible community development corporations in the form of project grants, on approval by the commissioner of an application therefor, with the concurrence of the State Executive Council. All applications shall be in a form prescribed by the assistant commissioner. Project grants shall be made only with respect to projects that will be carried on within the designated community of the applicant community development corporation, except where the applicant demonstrates that a project carried on outside the designated community will have a significant impact within the designated community.

Subp. 2. **Types of grants.** Grants shall be available for planning and capital venture projects.

Subp. 3. **Planning grants.** Planning grants shall be available for:

- A. the organizational development of a community development corporation;
- B. comprehensive economic development planning for the designated community; and
- C. the development of operational funding proposals.

Subp. 4. **Capital venture grants.** Capital venture grants shall be available for two categories of projects:

A. **Business ventures:** projects in this category involve the community development corporation's establishment of, assistance to existing, or purchase of a partial or full ownership interest in a business venture to be carried on for profit within the designated community.

B. **infrastructure development:** projects in this category involve the community development corporation's development of resources or facilities within its designated community that are necessary preconditions to the development of business ventures. Such projects shall be approved only where it can be shown that they will, in fact, lead to immediate business development and employment opportunities.

Subp. 5. **Priorities for approval of project applications.** Project applications that present the greatest potential for achievement of the following goals shall receive priority in the distribution of program funds:

- A. creation of employment opportunities;
- B. maximization of profits;
- C. short-term economic impact on the designated community; and
- D. use of nonstate funds to complement program funds.

Subp. 6. **Restrictions on use of program funds.** No part of a project funded by program funds shall be conducted by a religious or church-related institution. Projects must be entirely secular in content and purpose.

No program funds shall be expended for the cost of meals for employees or officers of community development corporations or authorized business ventures.

No program funds shall be expended for the cost of securing or developing social services.

**Statutory Authority:** *MS s 116J.65 subd 5*

## 4350.0700 NO DISCRIMINATION.

No person shall, on the grounds of race, color, religion, sex, age, or national origin, be excluded from participation in, be denied the proceeds of, or be the subject of discrimination in a project approved and funded under the program. In all hiring or employment made possible by or resulting from a grant action, each employer will not discriminate against any employee or applicant for employment because of race, color, religion, sex, age, or national origin, and will take affirmative action to ensure that applicants are employed and that employees are treated during employment without regard to their race, color,

religion, sex, age, or national origin.

**Statutory Authority:** *MS s 116J.65 subd 5*

**RULES GOVERNING UNIFORM BUSINESS LICENSING**

**4350.2100 DEFINITIONS.**

Subpart 1. **Scope.** For the purposes of parts 4350.2100 to 4350.2300, the terms defined in this part have the meanings given them.

Subp. 2. **Agency.** "Agency" has the meaning given it in Minnesota Statutes, section 14.02, subdivision 2.

Subp. 3. **Director.** "Director" has the meaning given it in Minnesota Statutes, section 116J.74, subdivision 6.

Subp. 4. **Initial response period.** "Initial response period" means the 60-day time limit imposed by Minnesota Statutes, section 116J.74, subdivision 3 on an agency for the rendering of a written review and opinion.

Subp. 5. **License.** "License" has the meaning given "business license" in Minnesota Statutes, section 116J.70, subdivision 2.

Subp. 6. **Person.** "Person" has the meaning given it in Minnesota Statutes, section 116J.74, subdivision 8.

Subp. 7. **Written review and opinion.** "Written review and opinion" means a written statement by an agency that incorporates the information required by Minnesota Statutes, section 116J.79, subdivision 2 relating to a proposed business activity.

**Statutory Authority:** *MS s 116J.79 subd 5*

**4350.2200 PREAPPLICATION CONFERENCE.**

Subpart 1. **Request.** Any person may request a preapplication conference by submitting to the bureau of business licenses a formal request in the format prescribed by the bureau.

Subp. 2. **Approval and notice.** If the director determines, after consideration of a formal request, that a preapplication conference is warranted, he shall secure the participation of the interested agencies and notify the person in writing of the date, time, and place of the conference.

The director will consider the following factors in making his determination as to whether a preapplication conference is warranted:

- A. the dollar volume of the proposed activity;
- B. whether the proposed activity involves multiple licenses from agencies; and
- C. whether the proposed activity involves business or corporate structures, activities, technologies, products, or processes that are different from, or reasonably appear to be different from, those for which a license has been required in the past.

Subp. 3. **Supervision.** The director or his designated representative shall preside over the preapplication conference to ensure that it achieves the purposes set forth in Minnesota Statutes, section 116J.79, subdivision 1.

Subp. 4. **Effect upon participants.** A preapplication conference is not binding upon any of the participants.

**Statutory Authority:** *MS s 116J.79 subd 5*

**4350.2300 WRITTEN REVIEW AND OPINION.**

Subpart 1. **Authorization.** If during a preapplication conference the director determines that a proposed business activity meets the criteria set forth in Minnesota Statutes, section 116J.79, subdivision 2, he shall request each affected agency to provide the person with a written review and opinion as to every license the agency requires for the proposed business activity.

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Subp. 2. **Request.** The director's request for a written review and opinion shall be submitted in writing to the agency. The request shall specify the date on which the agency's initial response period begins.

Subp. 3. **Extensions.** A request for an extension of the initial response period shall be set forth in writing by the agency and include the specific reasons justifying the extension.

If the agency does not receive written notice from the director denying the extension within ten days of submission of its request, the extension is granted and is effective for an additional 60-day period.

The director shall provide the person with written notice of his approval of the extension, its duration, and the reasons the extension was approved.

Subp. 4. **Modification or amendment.** An agency may modify or amend a written review and opinion by notifying the person and the director in writing of its intent to do so. The notice shall include a statement setting forth the reasons for the modification or amendment.

The modification or amendment shall be provided to the person and director within 30 days of transmittal of the agency's notification of modification or amendment.

**Statutory Authority:** *MS s 116J.79 subd 5*

### **RULES GOVERNING FREE ENTERPRISE ZONE**

#### **4350.6100 DEFINITIONS.**

Subpart 1. **Statutory definitions.** The terms defined in Laws of Minnesota 1982, chapter 523, article VI, section 2, codified as Minnesota Statutes, section 273.1312, have the same meaning when used in parts 4350.6100 to 4350.6800.

Subp. 2. **Scope.** The terms in subparts 3 to 6 have the meanings given them for the purposes of Laws of Minnesota 1982, chapter 523, article VI, section 2, codified as Minnesota Statutes, section 273.1312.

Subp. 3. **Data source.** "Data source" means the most recent federal decennial census data, unless otherwise provided.

Subp. 4. **Manufacturing.** "Manufacturing" includes activities in standard industrial classification codes 20 to 39, contained in the "Minnesota Directory of Manufacturing."

Subp. 5. **Recently experienced.** "Recently experienced" means within the last five years.

Subp. 6. **Significant employment.** "Significant employment" means one percent of the total employment base of a community.

**Statutory Authority:** *MS s 273.1312*

#### **4350.6200 PURPOSE.**

Parts 4350.6100 to 4350.6800 are promulgated pursuant to Laws of Minnesota 1982, chapter 523, article VI, section 2, codified as Minnesota Statutes, section 273.1312, to implement and make specific the provisions of Laws of Minnesota 1982, chapter 523, article VI and relate to the designation of enterprise zones.

**Statutory Authority:** *MS s 273.1312*

#### **4350.6300 APPLICATION CYCLE.**

Applications will be accepted from July 1983 through March 1984 for the initial year of receiving applications. After the initial year, applications from governing bodies for enterprise zone designation will be accepted during the first quarter of each calendar year.

**Statutory Authority:** *MS s 273.1312*

**4350.6400 PILOT COMMUNITY DEVELOPMENT CORPORATIONS 3182**

**4350.6400 APPLICATION FOR ENTERPRISE ZONE DESIGNATION.**

The assistant commissioner shall prepare uniform application forms for use by governing bodies setting forth the information necessary for the determination of eligibility as an enterprise zone.

**Statutory Authority:** *MS s 273.1312*

**4350.6500 INFORMATION IN ENTERPRISE ZONE DESIGNATION APPLICATIONS.**

Subpart 1. **Statutory information.** An application must demonstrate that the proposed enterprise zone complies with statutory requirements to be designated an enterprise zone.

Subp. 2. **Data connected to zone.** Data in an enterprise zone application must be for all areas most closely corresponding to the proposed enterprise zone area. Data need not be for an area identical to the proposed area of the enterprise zone, but should be for an area as closely identical as reasonably possible.

Subp. 3. **Statistical sources; economic hardship area.** Statistical sources to be used in determining whether an area is an economic hardship area will be those approved by the state demographer.

Subp. 4. **Population statistics.** The most recent federal census or estimates by the state demographer or the metropolitan council may be used for population data.

**Statutory Authority:** *MS s 273.1312*

**4350.6600 ACTION PLANS.**

An action plan to promote economic development must be designated and passed on by resolution by the governing body. The action plan should be between three and five pages in length. An action plan shall contain:

A. a brief description of the organization of the governing body designated in charge of developing and implementing the action plan;

B. a brief summary of the area's economic situation based on an analysis of data for the area and surrounding region related, for example, to employment income, labor force composition, unemployment, housing, and land use;

C. some conclusions and judgments about the area's potential for economic development; for example, development of underutilized resources and ways to overcome any barriers to development; and

D. an identification of realistic actions that the governing body wants to initiate to spur economic growth. Each action identified should address six items: what the action is, its purpose, when action will be initiated, when it will be completed, who is going to complete it, and how it will be completed.

**Statutory Authority:** *MS s 273.1312*

**4350.6700 DETERMINATION OF ENTERPRISE ZONE SIZE.**

A governing body may apply for more than one enterprise zone designation but no land area may be part of more than one enterprise zone.

**Statutory Authority:** *MS s 273.1312*

**4350.6800 APPLICATION PROCEDURES.**

Subpart 1. **Submission of application.** The governing body shall submit to the assistant commissioner three copies of the completed application upon the forms and in the format designated by the commissioner.

Subp. 2. **Review by assistant commissioner.** The assistant commissioner has 30 days from the date of its receipt to approve or disapprove an application.

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Subp. 3. **Notification of determination.** The assistant commissioner shall notify the governing body of a determination as follows:

A. If the assistant commissioner determines that the application is complete and the area is eligible for enterprise zone designation, the governing body shall be notified within 15 days and a copy of the approved application shall be sent to the Department of Revenue.

B. If the assistant commissioner determines that an incomplete application has been submitted, the assistant commissioner shall notify the applicant specifying the deficiencies. The applicant has 30 days from the date of the assistant commissioner's notification to complete the application. In the event the application is then completed in a timely fashion, notification shall be as in item A. If the application is not complete within the 30 days, the application shall be rejected and not further considered during that application receipt period.

**Statutory Authority:** *MS s 273.1312*