

1 Pollution Control Agency

2

3 Adopted Permanent Rules Relating to Grants and Loans for Waste

4 Tire Processing

5

6 Rules as Adopted

7 9220.0800 DEFINITIONS.

8 Subpart 1. **Scope.** For the purposes of parts 9220.0800 to  
9 9220.0835, the following terms have the meaning given them  
10 unless the context requires otherwise.

11 Subp. 2. **Agency.** "Agency" means the Minnesota Pollution  
12 Control Agency.

13 Subp. 3. **Commissioner.** "Commissioner" means the  
14 commissioner of the agency or staff designated by the  
15 commissioner.

16 Subp. 4. **Institutional arrangements.** "Institutional  
17 arrangements" means methods of financing, marketing,  
18 procurement, or securing the waste tire or tire-derived product  
19 supply.

20 Subp. 4a. **Manufacturing process.** "Manufacturing process"  
21 means a process that uses the resources contained in waste tires  
22 to create a new rubber-based product. Manufacturing process  
23 does not include the recovery of energy from waste tires or the  
24 use of waste tire shreds for their physical properties.

25 Subp. 5. **Waste tire processing.** "Waste tire processing"  
26 means methods used to recover resources or energy from waste  
27 tires, including cleaning, reducing, or other actions taken to  
28 prepare waste tires for recovery of resources or energy.

29 Subp. 6. [See Repealer.]

30 Subp. 7. **Waste tire project.** "Waste tire project" means  
31 the waste tire processing operation or manufacturing process  
32 that is proposed to be developed using funds provided by the  
33 agency.

34 Subp. 8. **Tire-derived product.** "Tire-derived product"  
35 means the usable materials produced from the chemical or

1 physical processing of a waste tire.

2 9220.0805 SCOPE.

3 Parts 9220.0800 to 9220.0835 implement the waste tire  
4 processing grant and loan program created in Minnesota Statutes,  
5 section 115A.913 by establishing the substantive criteria and  
6 procedural conditions under which the agency may award grants  
7 for waste tire processing studies and loans for waste tire  
8 processing.

9 9220.0810 GRANTS.

10 Subpart 1. Eligible applicants. Individuals,  
11 partnerships, corporations, municipalities, counties, and  
12 associations are eligible for grants.

13 Subp. 2. Eligible studies. Grant funds are available to  
14 pay costs associated with studies necessary to demonstrate the  
15 technical and economic feasibility of:

16 A. waste tire processing methods; or

17 B. the use of tire-derived products in a  
18 manufacturing process.

19 Subp. 3. Eligible costs. Eligible costs are limited to  
20 the following:

21 A. the salary of employees or the cost of a  
22 consultant employed to research and analyze the technical and  
23 economic feasibility of the waste tire processing or use of  
24 tire-derived products in a manufacturing process that is the  
25 subject of the study;

26 B. the cost of drafting, printing, and distributing  
27 the final report required under part 9220.0820;

28 C. the cost of in-state travel, provided that the  
29 purpose of the travel is to gather information needed for the  
30 study, and the costs incurred do not exceed travel expenses paid  
31 to state employees under the current commissioner's plan adopted  
32 by the commissioner of employee relations under Minnesota  
33 Statutes, section 43A.18, subdivision 2; and

34 D. the cost of supplies required for the study,  
35 provided the supplies are fully expended during the course of

1 the research or production of the report.

2 Subp. 4. **Ineligible costs.** The cost of overhead and the  
3 cost of developing the grant application submitted to the agency  
4 are not eligible for funding. Only costs incurred after the  
5 effective date of the grant agreement required under part  
6 9220.0820 are eligible for funding.

7 9220.0815 **CONTENT, REVIEW, AND EVALUATION OF GRANT APPLICATION.**

8 Subpart 1. **Contents.** An application for a grant must  
9 include the following information:

10 A. the name, address, and telephone number of the  
11 applicant;

12 B. a description of the waste tire processing method  
13 or use of tire-derived products in a manufacturing process that  
14 will be the subject of the study;

15 C. a detailed description of the proposed study,  
16 including objectives, tasks, estimated hours for completion of  
17 each task, and the estimated cost of completing each task;

18 D. a description of the information that will be  
19 contained in the final report developed as required by part  
20 9220.0820;

21 E. the total cost of the study and the eligible cost  
22 of the study;

23 F. the total grant funding requested; and

24 G. the name, address, and telephone number of the  
25 person or persons who will actually perform the research, if  
26 known.

27 Subp. 2. **Determination of eligibility and completeness.**

28 Upon receipt of an application, the commissioner shall determine  
29 the eligibility of the applicant, the eligibility of the costs  
30 identified in the application, the eligibility of the study  
31 described in the application, and the completeness of the  
32 application.

33 Subp. 3. **Notice of determination of eligibility and**  
34 **completeness.** After receiving the application, the commissioner  
35 shall notify the applicant of the commissioner's determinations

1 of eligibility and completeness. If the commissioner determines  
2 that the applicant or the study is ineligible, the commissioner  
3 shall reject the application, return it to the applicant, and  
4 notify the applicant of the reasons for the rejection. If the  
5 commissioner determines that any part of the study costs is  
6 ineligible or that the application is incomplete, the  
7 commissioner shall notify the applicant of the ineligible  
8 portion of the costs or of the deficiency. The applicant has 60  
9 days after receiving the notice to correct any inadequacies  
10 identified by the commissioner. If the inadequacies are  
11 corrected within the time allowed, the application will be  
12 evaluated by the commissioner and sent to the agency for  
13 approval.

14 Subp. 4. Agency approval. The agency shall award grants  
15 for studies that will result in the generation of information  
16 that will aid the state in developing waste tire processing  
17 methods or uses for tire-derived products in manufacturing  
18 processes. The agency shall give priority to studies that are  
19 unlikely to be undertaken without state assistance, or that  
20 could lead directly to development of new waste tire processing  
21 methods needed in the state or development of a new or expanded  
22 use of tire-derived products in a manufacturing process.

23 9220.0820 GRANT LIMITATIONS; AGREEMENT.

24 Subpart 1. Grant amount. Grants must not exceed 75  
25 percent of the eligible costs of the proposed study. No single  
26 grant may exceed \$30,000. Grants must not be awarded to cover a  
27 cost incurred before the grant agreement is effective or after  
28 the expiration of the grant agreement.

29 Subp. 2. Grant agreement. Grant funds must be disbursed  
30 only after a grant agreement containing the terms of this  
31 subpart has been executed by the agency and the recipient of the  
32 grant award. The grant agreement must:

33 A. require the preparation of a final report to be  
34 submitted to the agency that contains:

35 (1) a detailed analysis of the technical and

1 economic feasibility of the waste tire processing method or  
2 manufacturing process that is the subject of the study,  
3 including an estimate of the net operating revenue, if any, to  
4 be generated by the waste tire processing method or  
5 manufacturing process studied if it were developed, considering  
6 the availability of waste tires or demand for tire-derived  
7 products and markets for products;

8 (2) a proposal for developing the waste tire  
9 processing method or manufacturing process that was the subject  
10 of the study, including a proposal for financing, if the study  
11 concludes that development is feasible;

12 (3) an analysis of the impact that the waste tire  
13 processing method or manufacturing process studied would have on  
14 existing waste tire processing or tire-derived product uses if  
15 the methods were developed; and

16 (4) other information that would be relevant to a  
17 future decision by the state or other private or public entities  
18 to fund or otherwise support the development of the waste tire  
19 processing methods or manufacturing process that was studied;

20 B. provide for staged disbursement of funds as  
21 documentation of costs incurred is received from the grant  
22 recipient, and for retainage of 15 percent of the funds until  
23 the final report is submitted and determined by the commissioner  
24 to be satisfactory; and

25 C. provide that any cost overruns incurred in  
26 performing the study and preparing the final report are the sole  
27 responsibility of the recipient and that the agency shall not  
28 consider amendments to the grant agreement requesting that  
29 additional funds be awarded to the recipient.

30 9220.0825 LOANS.

31 Subpart 1. Eligible applicants. Individuals,  
32 partnerships, corporations, municipalities, counties, and  
33 associations are eligible for waste tire processing loans if  
34 they are engaged or intending to become engaged in a waste tire  
35 processing business or a business that uses tire-derived

1 products in a manufacturing process.

2 Subp. 2. Eligible costs. Loan funds are available to pay  
3 costs incurred for capital improvements associated with the  
4 construction or betterment of a waste tire project, including  
5 the cost of land and building acquisition or construction and  
6 the cost of equipment purchase and installation. Loan funds are  
7 also available for the capital cost of equipment needed to  
8 transport waste tires to a waste tire processing facility. Only  
9 costs incurred after the loan agreement required under part  
10 9220.0835 has been executed are eligible for funding.

11 9220.0830 CONTENT, REVIEW, AND EVALUATION OF LOAN APPLICATION.

12 Subpart 1. Contents. An application for a loan must  
13 include the following information:

- 14 A. the name, address, and telephone number of the  
15 applicant and project manager;  
16 B. a description of the waste tire project;  
17 C. the total capital cost of the project;  
18 D. the total loan eligible cost of the project;  
19 E. the amount of the loan requested; and  
20 F. the amount and source of all other funding that  
21 will be contributed to the project, including the amount of  
22 funds to be contributed by the applicant.

23 Subp. 2. Supporting documentation. An application for a  
24 loan must include the following supporting documentation:

- 25 A. Credit information sufficient to support a finding  
26 that the loan will be repaid. Credit information available from  
27 private credit rating agencies such as Standard and Poor's, or  
28 Dun and Bradstreet must be submitted. For businesses that do  
29 not have a credit rating, personal credit information pertaining  
30 to individual owners, partners, or shareholders of closely held  
31 corporations must be submitted for evaluation and evaluated.  
32 Personal credit information must include personal tax returns,  
33 personal credit reports from credit bureaus or other credit  
34 reporting agencies if available, and references from personal  
35 bankers. For municipalities and counties, a resolution stating

1 that the municipality or county pledges its full faith and  
2 credit to repay the loan is required.

3 B. A conceptual and technical feasibility report that  
4 includes at least the following:

5 (1) a detailed description of the proposed waste  
6 tire project;

7 (2) a description of the institutional  
8 arrangements necessary for project implementation and operation;

9 (3) a description of the method of project  
10 facility development, including equipment procurement;

11 (4) documentation substantiating that the  
12 equipment to be procured has the capability and operating  
13 history to perform as proposed;

14 (5) final design and engineering specifications,  
15 including site plans, building plans, and floor plans detailing  
16 the equipment layout; and

17 (6) an analysis of the quantity and source of the  
18 waste tires or tire-derived product that will be processed or  
19 that will be used in a manufacturing process.

20 C. A financial plan that contains:

21 (1) initial capital development costs and the  
22 method of financing those costs;

23 (2) annual operating and maintenance costs;

24 (3) projections of total project costs and  
25 revenues over the term of the loan;

26 (4) projected tipping fees; and

27 (5) proposed contracts for the sale of products  
28 that could be produced by the waste tire project. Contracts  
29 must specify quantity, price per unit, and the life of the  
30 contract.

31 D. A description of how the project fits the solid  
32 waste management objectives of the jurisdiction where the  
33 project will be located.

34 Subp. 3. Determination of eligibility and completeness.

35 Upon receipt of an application, the commissioner shall determine  
36 the eligibility of the applicant and the eligibility of the

1 costs identified in the application, and the completeness of the  
2 application.

3 Subp. 4. **Notice of determination of eligibility and**  
4 **completeness.** After receiving the application, the commissioner  
5 shall notify the applicant of the commissioner's determinations  
6 of eligibility and completeness. If the commissioner determines  
7 that the applicant or the project is ineligible, the  
8 commissioner shall reject the application, return it to the  
9 applicant, and notify the applicant of the reasons for the  
10 rejection. If the commissioner determines that any part of the  
11 project cost is ineligible or that the application is  
12 incomplete, the commissioner shall notify the applicant of the  
13 ineligible portion of the costs or of the deficiency. The  
14 applicant has 60 days after receiving the notice to correct any  
15 inadequacies identified by the commissioner. If the  
16 inadequacies are corrected within the time allowed, the  
17 application will be evaluated by the commissioner and sent to  
18 the agency for decision.

19 Subp. 5. **Agency approval.** The agency shall approve  
20 applications and award loans that will result in the development  
21 of waste tire processing or uses for tire-derived products in a  
22 manufacturing process. If available funds are not adequate to  
23 fund all applications before the agency, the agency shall give  
24 priority to those applications that would aid the agency in  
25 fulfilling waste tire management objectives, such as development  
26 of a facility in an area where processing capacity is needed.  
27 The agency shall also give priority to applications proposing  
28 the development of facilities to recycle material from waste  
29 tires. No loan may be awarded unless the agency finds that the  
30 proposed project has operating revenues that will be sufficient  
31 to ensure full repayment of the loan, including interest.

32 9220.0835 LOAN LIMITATIONS.

33 Subpart 1. **Loan amount.** The maximum loan is 90 percent of  
34 the eligible capital costs of the project or \$1,500,000,  
35 whichever is less. The agency shall award a loan amount based



1 on what is necessary to facilitate development of a project and  
2 shall consider available program funds and the needs of other  
3 applicants when determining the loan amount.

4 Subp. 2. Interest rate. The interest rate of a loan shall  
5 not be less than an annual percentage rate of three percent.  
6 Interest payments on the loan are due annually and begin to  
7 accrue from the effective date of the loan agreement. The first  
8 repayment of the principal amount of the loan is due one year  
9 after the project becomes operational or two years after the  
10 date the loan agreement is executed by the agency, whichever is  
11 earlier. The commissioner shall consider the project  
12 operational at the point where the project meets all vendor  
13 guaranteed operating specifications.

14 Subp. 3. Loan agreement. Loan funds must be disbursed  
15 only after a loan agreement containing the terms of this subpart  
16 has been executed by the commissioner and the recipient of a  
17 loan award. A loan agreement must:

18 A. establish the term of the loan, which is  
19 determined by considering the expected life of the facility or  
20 equipment;

21 B. establish a schedule for repayment of principal  
22 and interest, and procedures to be followed in the case of  
23 default in repayment;

24 C. provide that any cost overruns incurred in the  
25 development of the project are the sole responsibility of the  
26 loan recipient;

27 D. provide that the board will not accept any  
28 amendments or supplementary applications requesting that  
29 additional loan funds be awarded to the loan recipient; and

30 E. require that the recipient provide periodic  
31 reports to the agency on the developmental and operational  
32 history of the project so that knowledge and experience gained  
33 may be made available to other businesses in the state.

34 Subp. 4. Failure to complete and operate project. If a  
35 project funded by a loan under this part is not operational in  
36 accordance with the terms and conditions of the loan agreement,

1 including time schedules, the agency shall declare default and  
2 require that the entire outstanding balance of the loan be  
3 repaid. Before finding a default, the agency shall make a  
4 determination as to the reason the project was not completed and  
5 operated as required. If the agency finds that the recipient  
6 could not complete or operate the project as required due to  
7 forces beyond the control of the recipient, the agency shall  
8 consider an amendment to the loan agreement that will allow the  
9 original objectives of the loan to be accomplished.

10

11 REPEALER. Minnesota Rules, parts 9220.0800, subpart 6, is  
12 repealed.