

1 Department of Trade and Economic Development

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3 Adopted Permanent Rules Relating to Business and Community

4 Development Grants

5

6 Rules as Adopted

7 BUSINESS AND COMMUNITY DEVELOPMENT DIVISION

8 COMMUNITY BLOCK GRANTS

9 4300.0100 DEFINITIONS.

10 [For text of subps 1 and 2, see M.R.]

11 Subp. 2a. [See renumberer.]

12 Subp. 2b. Business and community development application.

13 "Business and community development application" means the
14 official consolidated application form as developed by the
15 Department of Trade and Economic Development to be used to apply
16 for funding assistance from various assistance programs
17 administered by the business and community development division.

18 Subp. 3. Business and community development need.

19 "Business and community development need" means a demonstrated
20 deficiency in housing stock, public facilities, economic
21 development opportunities consistent with part 4300.1901, or
22 other services which are necessary for developing or maintaining
23 viable communities.

24 [For text of subps 4 and 5, see M.R.]

25 Subp. 5a. Division. "Division" means the business and
26 community development division in the Department of Trade and
27 Economic Development to which the program is assigned.

28 Subp. 5b. Economic development grant. "Economic
29 development grant" means an agreement between the state and an
30 eligible recipient through which the state provides money to
31 carry out specified programs, services, or activities designed
32 to create new employment, maintain existing employment, increase
33 the local tax base, or otherwise increase economic activity in a
34 community.

35 [For text of subps 6 to 12, see M.R.]

1 Subp. 13. Low and moderate income. As it applies to
2 federal sources of funding, "low and moderate income" means
3 income which does not exceed 80 percent of the median income for
4 the area, with adjustments for smaller and larger families.
5 State funds are not limited to or constrained by low and
6 moderate income requirements.

7 [For text of subps 14 to 17, see M.R.]

8 Subp. 18. [See repealer.]

9 [For text of subps 19 to 22, see M.R.]

10 Subp. 23. [See repealer.]

11 [For text of subps 25 to 27, see M.R.]

12 4300.1200 APPLICATION PROCESS AND REQUIREMENTS.

13 Subpart 1. Business and community development application
14 manual. The division shall make the business and community
15 development application manual, additional instructional
16 materials, and forms available on a year-round basis. The
17 manual and additional materials and forms shall instruct
18 applicants in the preparation of applications and describe the
19 method by which the division will evaluate and rank applications.

20 [For text of subp 2, see M.R.]

21 Subp. 3. Disqualification of applicants. Applications
22 from otherwise eligible applicants ~~may~~ shall be disqualified if
23 it is determined by the division that any of the following
24 conditions exist:

25 A. there are outstanding audit findings on previous
26 economic development or competitive grants and the grantee has
27 not objected on a reasonable basis to the findings or
28 demonstrated a willingness to resolve the findings;

29 [For text of items B and C, see M.R.]

30 Subp. 4. Contents of business and community development
31 application. The contents of a business and community
32 development application must be consistent with the
33 informational requirements of this chapter and must be on a form
34 prescribed by the division. A complete business and community
35 development application shall include, but not be limited to:

1 [For text of items A to D, see M.R.]

2 E. resolution, from the submission of the local
3 government applicant approving the application and authorizing
4 execution of the grant agreement according to the requirements
5 of the business and community development division if funds are
6 made available; and

7 [For text of item F, see M.R.]

8 [For text of subps 5 and 6, see M.R.]

9 4300.1901 EVALUATION OF ECONOMIC DEVELOPMENT PROJECTS.

10 [For text of subpart 1, see M.R.]

11 Subp. 2. Federal and state eligibility thresholds.

12 Applicants for federal funds shall provide a description of the
13 ways that activities address one of the federal objectives
14 described in part 4300.0300 and the state economic development
15 objectives in items A to D. Each activity proposed for funding
16 must be eligible under current federal regulations.

17 Applicants for state funds shall describe how they will
18 meet the following state economic development objectives:

19 A. creation or retention of permanent private sector
20 jobs;

21 B. stimulation or leverage of private investment;

22 C. increase in local tax base; or

23 D. improved employment and economic opportunity for
24 Minnesota citizens to create a reasonable standard of living.

25 Subp. 3. Project review. Applications that meet
26 eligibility thresholds will be awarded points by the division
27 based on evaluation of the two rating categories: project
28 design and financial feasibility. Applications must attain at
29 least 400 of the 600 available points for economic development
30 to be recommended for funding. Applications must score at least
31 half of the points available in each of the two rating
32 categories.

33 Four hundred points will be awarded based on an evaluation
34 of project design including an assessment of need, impact, and
35 the capacity of the applicant to complete the project in a

1 timely manner. Need for an economic development project must be
2 based on the value and benefit of the project as it relates to
3 securing and improving economic stability while giving
4 consideration to deficiencies in employment opportunities and
5 circumstances contributing to economic vulnerability and
6 distress. Consideration of impact must be based on the extent
7 to which the project positively affects or addresses the
8 creation or retention of permanent private sector jobs, the wage
9 level of those jobs, and the increase in tax base.

10 Consideration of capacity must be based on demonstration of
11 administrative capability, realistic implementation schedules,
12 and the ability to conform to state and federal requirements.

13 Two hundred points will be awarded based on an evaluation
14 of the effective use of program funds to induce economic
15 development. Consideration of financial feasibility must
16 include investment analysis, commitment of other funds, and
17 other factors relating to the type of program assistance
18 requested.

19 Subp. 4. Funding recommendations. Applications that
20 attain at least 400 points may will be recommended to the
21 commissioner for funding. Applications not recommended for
22 funding may be revised and resubmitted.

23 4300.2000 DETERMINATION OF GRANT AWARDS.

24 Subpart 1. Funds available for grants. The amount of
25 funds available for grants shall be equal to the total
26 allocation of federal funds made available to the state under
27 United States Code, title 42, section 5306, after subtracting an
28 amount for costs available to the division for administration of
29 the program, as allowed by that law, plus any money made
30 available by the state legislature. The department is not
31 liable for any grants under this chapter until funds are
32 received from the United States Department of Housing and Urban
33 Development.

34 Subp. 2. Division of funds. Of the federal funds
35 available in each grant year, 30 percent shall be reserved to

1 fund single purpose grants, 15 percent shall be reserved for
2 economic development grants, and 55 percent shall be reserved by
3 the commissioner to fund comprehensive grants. However, the
4 commissioner may modify the proportions of funds available if
5 the commissioner determines that there is a shortage of fundable
6 applications in any category.

7 [For text of subps 3 to 6, see M.R.]

8 4300.3100 GRANT AGREEMENTS.

9 [For text of subpart 1, see M.R.]

10 Subp. 2. Contents of grant contract. The grant contract
11 must include:

12 [For text of items A and B, see M.R.]

13 C. assurances that the grant recipient will comply
14 with all applicable state and federal laws, including the
15 federal laws or regulations for which the state is made
16 responsible for enforcement in Code of Federal Regulations,
17 title 24, sections 570.495 and 570.496.

18 [For text of subps 3 to 7, see M.R.]

19 Subp. 8. Grant termination. If the department finds that
20 there has been a failure to comply with the provisions of the
21 grant agreement, that reasonable progress has not been made, or
22 that the purposes for which the funds were granted have not been
23 made, the department may take action to terminate the grant
24 and/or protect the interests of the state, including requiring
25 the return of all or part of the funds already disbursed.

26 REPEALER. Minnesota Rules, part 4300.0100, subparts 18 and 23,
27 are repealed.

28 TERM CHANGE. Part 4300.0300, change headnote to read "Objective
29 of the Competitive Program."

30 RENUMBERER. Renumber part 4300.0100, subpart 2a, as subpart 3a.