ARTICLE 8

MISCELLANEOUS

THE FOLLOWING SECTION WAS PULLED OUT OF HOUSE ARTICLE 8.

The following text is from House Language:

Senate Language S2934-3

185.9 Section 1. FINANCIAL REVIEW OF GRANT AND BUSINESS SUBSIDY RECIPIENTS.

185.10 Subdivision 1. Definitions. (a) As used in this section, the following terms have the meanings given:

185.11 Subd. 1. the grantor to document and resolved the grantor's concerns; and the grantor's final decision. This documentation

185.13 (b) "Grant" means a grant or business subsidy funded by an appropriation in this act.

185.14 (c) "Grantee" means a business entity as defined in Minnesota Statutes, section 5.001.

185.15 Subd. 2. Financial information required; determination of ability to perform. Before an agency awards a competitive, legislatively named, single-source, or sole-source grant, the agency must assess the risk that a grantee cannot or would not perform the required duties. In making this assessment, the agency must review the following information:

185.19 (1) the grantee's history of performing duties similar to those required by the grant,

185.20 whether the size of the grant requires the grantee to perform services at a significantly increased scale, and whether the size of the grant will require significant changes to the operation of the grantee's organization;

185.23 (2) for a grantee that is a nonprofit organization, the grantee's Form 990 or Form 990-EZ filed with the Internal Revenue Service in each of the prior three years. If the grantee has not been in existence long enough or is not required to file Form 990 or Form 990-EZ, the grantee must demonstrate to the grantor's satisfaction that the grantee is exempt and must instead submit the grantee's most recent board-reviewed financial statements and documentation of internal controls;

185.29 (3) for a for-profit business, three years of federal and state tax returns; current financial statements, certification that the business is not under bankruptcy proceedings, and disclosure of any liens on its assets. If a business has not been in business long enough to have three

177.8 Sec. 11. FINANCIAL REVIEW OF NONPROFIT GRANT RECIPIENTS REQUIRED.

177.9 Subdivision 1. Financial review required. (a) Before awarding a competitive, legislatively named, single-source, or sole-source grant to a nonprofit organization under this act, the grantor must require the applicant to submit financial information sufficient for the grantor to document and assess the applicant's current financial standing and management;

177.10 (b) At a minimum, the grantor must require each applicant to provide the following:

177.22 (1) the applicant's most recent Form 990, Form 990-EZ, or Form 990-N filed with the Internal Revenue Service. If the applicant has not been in existence long enough or is not required to file Form 990, Form 990-EZ, or Form 990-N, the applicant must demonstrate to the grantor that the applicant is exempt and must instead submit documentation of internal controls and the applicant's most recent financial statement prepared in accordance with generally accepted accounting principles and approved by the applicant's board of directors or trustees, or if there is no such board, by the applicant's managing group;

177.29 (2) evidence of registration and good standing with the secretary of state under Minnesota Statutes, chapter 317A, or other applicable law.
years of tax returns, the grantee must demonstrate to the grantor's satisfaction that the grantee
has appropriate internal financial controls;
(4) evidence of registration and good standing with the secretary of state under Minnesota
Statutes, chapter 317A, or other applicable law;
(5) if the grantee's total annual revenue exceeds $750,000, the grantee's most recent
financial audit performed by an independent third party in accordance with generally accepted
accounting principles; and
(6) certification, provided by the grantee, that none of its principals have been convicted
of a financial crime.

Subd. 3. Additional measures for some grantees. The agency may require additional
information and must provide enhanced oversight for grants that have not previously received
state or federal grants for similar amounts or similar duties and so have not yet demonstrated
the ability to perform the duties required under the grant on the scale required.

Subd. 4. Assistance from administration. An agency without adequate resources or
experience to perform obligations under this section may contract with the commissioner
of administration to perform the agency's duties under this section.

Subd. 5. Agency authority to not award grant. If an agency determines that there is
an appreciable risk that a grantee receiving a competitive, single source, or sole source grant
cannot or would not perform the required duties under the grant agreement, the agency must
notify the grantee and the commissioner of administration and give the grantee an opportunity
to respond to the agency's concerns. If the grantee does not satisfy the agency's concerns
within 45 days, the agency must not award the grant.

Subd. 6. Legislatively-named grantees. If an agency determines that there is an
appreciable risk that a grantee receiving a legislatively-named grant cannot or would not
perform the required duties under the grant agreement, the agency must notify the grantee,
the commissioner of administration, and the chair and ranking minority members of Ways
and Means Committee in the house of representatives, the chairs and ranking minority
members of the Finance Committee in the senate, and the chairs and ranking minority
members of the committees in the house of representatives and the senate with primary
jurisdiction over the bill in which the money for the grant was appropriated. The agency
must give the grantee an opportunity to respond to the agency's concerns. If the grantee
does not satisfy the agency's concerns within 45 days, the agency must delay award of the
grant until adjournment of the next regular or special legislative session.

Subd. 7. Subgrants. If a grantee will disburse the money received from the grant to
other organizations to perform duties required under the grant agreement, the agency must
be a party to agreements between the grantee and a subgrantee. Before entering agreements
for subgrants, the agency must perform the financial review required under this section with
respect to the subgrantees.
Subd. 3. Authority to award subject to additional assistance and oversight. A grantor that identifies an area of significant concern regarding an applicant's financial standing or management may award a grant to the applicant if the grantor provides or the grantee otherwise obtains additional technical assistance, as needed, and the grantor imposes additional requirements in the grant agreement. Additional requirements may include but are not limited to enhanced monitoring, additional reporting, or other reasonable requirements imposed by the grantor to protect the interests of the state.

Subd. 4. Relation to other law and policy. The requirements in this section are in addition to any other requirements imposed by law, the commissioner of administration under Minnesota Statutes, sections 16B.97 to 16B.98, or agency grant policy.