

CHAPTER 116J

DEPARTMENT OF TRADE AND ECONOMIC
DEVELOPMENT

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116J.01 DEPARTMENT OF TRADE AND ECONOMIC DEVELOPMENT.

Subdivision 1. **Appointment.** The department of trade and economic development is supervised and controlled by the commissioner of trade and economic development, who is appointed by the governor and serves under section 15.06.

Subd. 2. **Confidential secretary.** The commissioner may appoint a confidential secretary in the unclassified service.

Subd. 3. **Departmental organization.** The commissioner shall organize the department as provided in section 15.06. The department must be organized into three divisions, designated as the business promotion and marketing division, the community development division, and the Minnesota trade division, and two offices, the office of tourism and the policy analysis office. Each division and office shall administer the duties and functions assigned to it by law. When the duties of the divisions or office are not allocated by law, the commissioner may establish and revise the assignments of each division and office. Each division is under the direction of a deputy commissioner in the unclassified service. The deputy commissioner of the Minnesota trade division must be experienced and knowledgeable in matters of international trade. Each office is under the direction of a director in the unclassified service.

History: 1987 c 312 art 1 s 14

116J.03 DEFINITIONS.

Subdivision 1. **Scope.** As used in this chapter, the terms defined in this section have the meaning given them.

Subd. 2. **Commissioner.** "Commissioner" means the commissioner of trade and economic development.

Subd. 3. **Department.** "Department" means the department of trade and economic development.

History: 1987 c 312 art 1 s 15

116J.035 DUTIES AND POWERS OF COMMISSIONER; RULES.

[For text of subs 1 and 2, see M.S.1986]

Subd. 3. [Repealed, 1987 c 403 art 2 s 164]

116J.27 ENERGY CONSERVATION STANDARDS FOR EXISTING RESIDENCES.

[For text of subs 1 to 3, see M.S.1986]

Subd. 4. **Inspections.** The commissioner shall conduct inspections on a random basis for compliance with the provisions of subdivision 3. The commissioner may authorize a municipality, with its consent, to conduct the inspections within the municipality's jurisdiction, or to otherwise enforce the provisions of subdivision 3. Any municipality which conducts an inspections or other enforcement program shall have authority under all subdivisions of section 116J.30 to enforce the provisions of subdivision 3; provided that 100 percent of the penalties for violation of subdivision 3 shall be paid to the municipality. With respect to low-rent housing owned by a public housing authority or a housing and redevelopment authority described in sections 469.001 to 469.047, the commissioner or the municipality which conducts the inspection shall submit the results of the inspection to the housing and redevelopment authority or the public housing authority for review. If the housing and redevelopment authority or the public housing authority does not concur in the findings of the commissioner or the municipality, then the housing and redevelopment authority or the public housing authority and the commissioner or the municipality shall select a mutually acceptable independent third party or panel of experts knowledgeable in the area of energy conservation. The results of the inspection, the conclusions of the commissioner or the municipality as to compliance with the standards established pursuant to subdivision 1, and the basis for such conclusions, and the position of the housing and redevelopment authority or the public housing authority and the basis for such position shall be submitted to the independent third party or panel for a determination of the specific energy conservation measures which must be completed for compliance with the standards established pursuant to subdivision 1. The costs of the independent third party or panel shall be paid equally by the housing and redevelopment authority or the public housing authority and the commissioner or the municipality.

[For text of subs 4a to 8, see M.S.1986]

History: 1987 c 291 s 196

116J.36 DISTRICT HEATING AND QUALIFIED ENERGY IMPROVEMENT LOANS.

[For text of subd 1, see M.S.1986]

Subd. 2. **Definitions.** In this section:

- (a) "Authority" means the Minnesota public facilities authority.
- (b) "Construction costs" means all costs associated with the construction, modification or expansion of a district heating system except for preliminary planning costs and detailed design costs. Construction costs include the cost of debt service from the time a construction loan is made until five years after the beginning of the operation of the district heating system constructed or the part of the system being modified or expanded.
- (c) "District heating" means the use of a central energy conversion facility to produce hot water or steam for a district heating system. District heating facilities may also produce electricity in addition to hot water or steam.
- (d) "Municipality" means any county, home rule charter or statutory city, town, school district or a municipal power agency formed pursuant to sections 453.53 to 453.62. Municipality also means a public utility, as defined in section 452.01, subdivision 3, owned and operated by a city, however organized. For purposes of a district heating system only, municipality also means a nonprofit corporation organized pursuant to the provisions of chapter 317 whose membership is limited to the mayor and governing body of the city in which the district heating system is located.

(e) "District heating system" means any existing or proposed facility for (1) the production, through cogeneration or otherwise, of hot water or steam to be used for district heating, or (2) the transmission and distribution of hot water or steam for district heating either directly to heating consumers or to another facility or facilities for transmission and distribution, or (3) any part or combination of the foregoing facilities.

(f) "Qualified energy improvement" means a cost-effective capital improvement to public land, buildings, or energy using systems, other than a district heating system, including the purchase or installation of equipment to reduce the usage of conventional energy sources or to use alternative energy resources. Qualified energy improvements also include waste-to-energy facilities that meet the criteria specified in subdivision 8a and any rule adopted under that subdivision. Qualified energy improvements shall meet all environmental and permitting standards established by state and federal law.

[For text of subds 3 and 3a, see M.S.1986]

Subd. 3b. Grant eligibility, district heating. The authority may provide district heating system planning grants to municipalities certified by the director of public service as eligible to receive planning grants. The municipality must demonstrate that a community heatload survey and map have been successfully completed, that potential district heating load is sufficiently large to justify further consideration, and that sufficient resources are available for the municipality to meet its financial requirements. Eligible planning grant costs include project definition, development of preliminary financing and distribution system plans, and obtaining commitment for detailed planning or design and preparation of a final report. The amount of the grant to a municipality is limited to 90 percent of eligible planning costs and shall not exceed \$70,000 as established by rule or emergency rule.

Subd. 3c. Grant eligibility, qualified energy improvements. The authority may provide qualified energy improvement planning grants to municipalities certified by the director of public service as eligible to receive planning grants. The municipality must demonstrate that sufficient resources are available for the municipality to meet its financial requirements. Eligible planning grant costs include definition of the improvement, development of preliminary financing plans, and obtaining commitment for detailed planning or design and preparation of a final report. The amount of a grant to a municipality is limited to 90 percent of eligible planning costs and must not exceed \$100,000 as established by rule or emergency rule.

[For text of subds 4 to 5, see M.S.1986]

Subd. 6. Loans, district heating and qualified energy improvements. Upon the recommendation of the authority pursuant to subdivision 8, the commissioner of finance shall make loans to municipalities on the following terms:

(a) In the case of loans for design costs, the maximum amount of the loan shall be limited by the provisions of this clause. For cities of the first class and counties containing a city of the first class, individually or through the exercise of joint powers agreements, the amount of the loan shall not exceed 40 percent of the design costs. For counties containing one city of the first class not exceeding 100,000 inhabitants, the amount of the loan for that portion of the county excluding the city of the first class shall not exceed 90 percent of the design costs. For cities of the second, third and fourth class, and other municipalities, the amount of the loan shall not exceed 90 percent of the design costs;

(b) In the case for loans for construction costs, a municipality must demonstrate that all design activities have been completed; that the project or improvement is economically and technologically feasible; that the district heating system or qualified energy improvement will be constructed, and that it has made adequate provisions to assure proper and efficient operation and maintenance of the project or improvement. For cities of the first class and counties containing a city of the first class, individually or through the exercise of joint powers agreements, the amount of the loan shall be up

to 50 percent of the construction costs. For counties containing one city of the first class not exceeding 100,000 inhabitants, the amount of the loan for that portion of the county excluding the city of the first class shall not exceed 90 percent of the construction costs. For cities of the second class, the amount of the loan shall be up to 80 percent of the construction costs. For cities of the third or fourth class, and other municipalities, the amount of the loan shall be up to 90 percent of the construction costs.

(c) A loan made pursuant to this section is repayable over a period of not more than 20 years from the date the loan is made. Interest shall accrue from the date of the loan at a rate of interest assigned at the date of loan commitment, but the first payment of interest shall not be due until one year after the loan was made. Principal payments shall begin not more than five years after receipt of the loan on a level payment schedule. The loan may be amortized in accordance with repayment schedules not exceeding 25 years in length. Any outstanding balance of the principal at the end of the repayment period must be repaid along with the final scheduled payment. Interest attributable to the first year of deferred payment shall be amortized in equal periodic payments over the remainder of the term of the loan. For each loan, the initial deposit to the state bond fund required by section 16A.65, subdivision 1, shall be made by the commissioner of finance, and no loan may be refused solely because the municipality does not provide the initial deposit.

(d) The authority may also pledge a segregated portion of the energy development fund to guarantee or insure bonds and notes, or the interest rate thereon, issued by the commissioner of finance on behalf of the state of Minnesota for purposes of this section or section 116J.37.

(e) The borrowing municipality must provide adequate security, as determined by the commissioner of finance, to insure repayment of the loan. The security provided may include letters of credit, the pledging of state aids to be received by the municipality or other sufficient and tangible security.

[For text of subd 7, see M.S.1986]

Subd. 8. Loan approval. The director of public service shall prepare and submit to the authority separate priority lists of loan requests for district heating systems and qualified energy improvements. The priority list for district heating loans must be based on the requirements under subdivisions 3, 4, 5, 6, and 7. The priority list for qualified energy improvements must be based on the requirements under subdivisions 3a, 3c, 4a, 5, and 6. The commissioner of finance shall sell bonds and the authority shall make loans for district heating projects and qualified energy improvements only upon the recommendation of the director of public service.

Subd. 8a. Criteria for qualified energy improvements. Qualified energy improvements eligible for loans must meet criteria established in rule by the director of public service. Rules shall include criteria for analyzing the cost-effectiveness of improvements. Rules relating to qualified energy improvements involving a waste-to-energy facility must be adopted in consultation with the waste management board, the authority, and the pollution control agency. An improvement involving a waste-to-energy facility must be part of a solid waste management plan approved by the pollution control agency or a plan approved under section 473.803.

[For text of subds 9 and 10, see M.S.1986]

Subd. 11. Rules. The commissioner of energy and economic development shall adopt rules and may adopt emergency rules necessary to carry out the programs of this section. The director of public service shall adopt rules for the administration of programs under this section. The director of public service may adopt emergency rules pursuant to sections 14.29 to 14.36, meeting the requirements of this section. The rules shall contain as a minimum:

- (a) Procedures for application by municipalities; and
- (b) Criteria for reviewing grant and loan applications.

History: 1987 c 275 s 7; 1987 c 386 art 3 s 10-15

116J.37 ENERGY CONSERVATION INVESTMENT LOANS.

Subdivision 1. **Definitions.** In this section:

(a) "Commissioner" means the commissioner of energy and economic development. Upon passage of legislation creating a body known as the Minnesota public facilities authority, the duties assigned to the commissioner in this section are delegated to the authority.

(b) "Maxi-audit" means a detailed engineering analysis of energy-saving improvements to existing buildings or stationary energy-using systems, including (1) modifications to building structures; (2) heating, ventilating, and air conditioning systems; (3) operation practices; (4) lighting; and (5) other factors that relate to energy use. The primary purpose of the engineering analysis is to quantify the economic and engineering feasibility of energy-saving improvements that require capital expenditures or major operational modifications.

(c) "Energy conservation investments" mean all capital expenditures that are associated with conservation measures identified in a maxi-audit and that have a ten-year or less payback period. Public school districts that received a federal institutional building grant in 1984 to convert a heating system to wood, and that apply for an energy conservation investment loan to match a federal grant for wood conversion, shall be allowed to calculate payback of conservation measures based on the costs of the traditional fuel in use prior to the wood conversion.

(d) "Municipality" means any county, statutory or home rule charter city, town, school district, or any combination of those units operating under an agreement to jointly undertake projects authorized in this section.

Subd. 2. **Eligibility.** The commissioner shall approve loans to municipalities for energy conservation investments. A loan may be made to a municipality that has demonstrated that it has complied with all the appropriate provisions of this section and has made adequate provisions to assure proper and efficient operation of the municipal facilities after improvements and modifications are completed.

Subd. 3. **Application.** Application for a loan to be made pursuant to this section shall be made by a municipality to the commissioner on a form the commissioner prescribes by rule. The commissioner shall review each application to determine:

- (a) whether or not the municipality's proposal is complete;
- (b) whether the project is eligible for a loan;
- (c) the amount of the loan for which the project is eligible; and
- (d) the means by which the municipality proposes to finance the project including:
 - (1) a loan authorized by this section;
 - (2) a grant of money appropriated by state law;
 - (3) a grant to the municipality by an agency of the federal government within the amount of money then appropriated to that agency; or
 - (4) the appropriation of other money of the municipality to an account for the construction of the project.

Subd. 4. **Loans.** The commissioner shall approve loans to municipalities on the following conditions:

(a) A municipality must demonstrate that the project is economically feasible, and that it has made adequate provisions to assure proper and efficient operation of the facility once the project is completed.

(b) A loan made pursuant to this section is repayable over a period of not more than ten years from the date the loan is made. Interest shall accrue from the date the loan is made, but the first payment of interest or principal shall not be due until one year after the loan was made. The principal shall be amortized in equal periodic payments over the remainder of the term of the loan. The accrued interest on the balance of the loan principal shall be due with each payment. Interest attributable to the first year of deferred payment shall be paid in the same manner as principal.

(c) Public schools shall receive funding priority whenever approvable loan applications exceed available funds.

Subd. 5. Payment; obligation. The commissioner shall not approve payment to a municipality pursuant to an approved loan until the commissioner has determined that financing of the project is assured by an irrevocable undertaking, by resolution of the governing body of the municipality, to annually levy or otherwise collect an amount of money sufficient to pay the principal and interest due on the loan as well as any of the commissioner of finance's administrative expenses according to the terms of the loan.

Subd. 6. Receipts; appropriation. The commissioner of finance shall deposit in the state treasury all principal and interest payments received in repayment of the loans authorized by this section. These payments shall be credited to the state building fund and are appropriated to the commissioner of finance for the purposes of that account.

Subd. 7. Rules. The commissioner shall adopt rules necessary to implement this section. The commissioner shall adopt emergency rules pursuant to sections 14.29 to 14.36, meeting the requirements of this section. The rules shall contain as a minimum:

- (a) procedures for application by municipalities;
- (b) criteria for reviewing loan applications; and
- (c) procedures and guidelines for program monitoring, closeout, and evaluation.

Subd. 8. Technical support. The director of public service shall prepare and submit to the authority the technical evaluation of all applicants under this section.

History: 1987 c 289 s 1; 1987 c 386 art 3 s 16,17

116J.404 [Repealed, 1987 c 312 art 1 s 25]

116J.405 [Repealed, 1987 c 312 art 1 s 25]

116J.58 POWERS AND DUTIES.

[For text of subd 1, see M.S.1986]

Subd. 2. Promotional contracts. In order to best carry out duties and responsibilities and to serve the people of the state in the promotion of tourism, trade, and economic development, the commissioner may engage in programs and projects jointly with a private person, firm, corporation or association and may enter into contracts under terms to be mutually agreed upon to carry out such programs and projects not including acquisition of land or buildings. Contracts may be negotiated and are not subject to the provisions of chapter 16B relating to competitive bidding.

[For text of subd 3, see M.S.1986]

History: 1987 c 312 art 1 s 16

116J.60 PROMOTIONAL EXPENSES.

In the promotion of tourism, trade, and economic development of the state, the commissioner of trade and economic development may expend money appropriated by the legislature for these purposes in the same manner as private persons, firms, corporations, and associations make expenditures for these purposes. An expenditure for food, lodging, or travel is not governed by the travel rules of the commissioner of employee relations. No money shall be expended for the appearance in radio or television broadcasts by an elected public official.

History: 1987 c 312 art 1 s 17

116J.613 WASHINGTON OFFICE.

The commissioner may appoint employees in the Washington, D.C., office of the state of Minnesota in accordance with chapter 43A, and prescribe their duties.

In the operation of the Washington, D.C., office of the state of Minnesota, the

commissioner may expend money appropriated by the legislature for promotional purposes in the same manner as private persons, firms, corporations, and associations expend money for promotional purposes. Promotional expenditures for food, lodging, or travel are not governed by the travel rules of the commissioner of employee relations.

History: 1987 c 312 art 1 s 18

116J.63 SALE OF PAMPHLETS AND PUBLICATIONS; FEES; ADVERTISING.

[For text of subd 1, see M.S.1986]

Subd. 2. Fees for reports, publications, or related publicity or promotional material are not subject to the rulemaking requirements of chapter 14 and are not subject to sections 16A.128 and 16A.1281. The fees prescribed by the commissioner must be commensurate with the distribution objective of the department for the material produced or with the cost of furnishing the services. All fees for materials and services must be deposited in the general fund.

[For text of subd 3, see M.S.1986]

History: 1987 c 312 art 1 s 19 .

116J.72 EXISTING LICENSES.

Nothing in sections 116J.69 to 116J.71 shall affect the validity of duration of an existing issued license.

History: 1987 c 384 art 2 s 23

116J.87 [Repealed, 1987 c 404 s 191]

116J.94 [Repealed, 1987 c 314 s 5]

COUNCIL ON PRODUCTIVITY AND QUALITY

116J.941 COUNCIL ON PRODUCTIVITY AND QUALITY.

Subdivision 1. **Membership.** The Minnesota council on productivity and quality consists of the commissioner of energy and economic development and eight members, appointed from the general public to four-year terms, who have backgrounds in or are representatives of management, labor, small business, engineering, or business-management education. The governor shall appoint four members, the speaker of the house of representatives shall appoint two members, and the senate majority leader shall appoint two members. The council shall elect two co-chairs from its membership, except that the commissioner of energy and economic development may not serve as a co-chair. Compensation of public members for expenses is as provided for members of advisory task forces under section 15.059, subdivision 6.

Subd. 2. **Staff.** The council may employ an executive director. Subject to the approval of the council, the executive director may employ employees necessary to carry out the council's policies. Council employees, including the executive director, are not state employees, but, at the option of the council, may participate in the state unclassified employees retirement plan, the state deferred compensation plan, and the insurance plans for employees covered by section 43A.18, subdivision 3.

History: 1987 c 316 s 1

NOTE: This section, as added by Laws 1987, chapter 316, section 1, is repealed June 30, 1989. See Laws 1987, chapter 316, section 4.

116J.942 COUNCIL ACTIVITIES.

Subdivision 1. **Public information.** The council shall inform the business community, organized labor, and the general public of the importance of productivity and quality in the workplace to the state and its economy. To do so, the council may use advertisements, press releases, public service announcements, seminars, workshops, or any other means the council deems practical and effective.

Subd. 2. **Research.** The council shall conduct research into education programs relating to productivity and quality, the effectiveness of those programs, new production technologies, methods of quality control, innovative strategies for marketing goods and services, issues relating to the quality of the workplace, and developments in labor-management relations. The council shall establish a system for receiving and responding to requests for information in those areas.

Subd. 3. **Matching funds.** The council shall seek money or in-kind services from the private sector to match money appropriated by the state for its activities. The council may accept gifts, grants, or services from individuals, firms, corporations, foundations, or other organizations.

Subd. 4. **Consultants.** The council shall compile a list of consultants experienced in productivity and quality techniques and education and shall, upon request, provide the names of appropriately qualified consultants to businesses or labor organizations. The list may include the names of individuals, businesses, or organizations willing to provide consulting services without fee to clients selected by the council as an in-kind grant to the council. The council may establish a grant program to assist businesses or labor organizations in need of consulting services but unable to pay a consulting fee and for which no in-kind grant of services is available.

Subd. 5. **Contract for research and monitoring services.** The council shall contract with the commissioner of energy and economic development to investigate and monitor developments in productivity and quality in the state and the nation. The investigation may examine the effect of productivity and quality improvements on the state's economy and seek to identify kinds of businesses that could especially benefit from new productivity and quality control techniques.

Subd. 6. **Report to governor and legislature.** By January 15 of each odd-numbered year, the council shall report to the governor and the legislature on its activities in the preceding two years. The report must include:

- (1) the means the council used to educate business, labor, and the public on the importance of productivity and quality;
- (2) the number of businesses and labor organizations the council helped to find appropriately qualified consultants;
- (3) the amount of private funds raised to help support the council and its activities;
- (4) a summary of its research and of the results of the investigating and monitoring services provided for it under contract by the commissioner of energy and economic development;
- (5) recommendations for changes in state policies that could improve productivity and quality in the state; and
- (6) a recommendation as to whether the state should continue to appropriate money for the council's activities.

History: 1987 c 316 s 2

NOTE: This section, as added by Laws 1987, chapter 316, section 2, is repealed June 30, 1989. See Laws 1987, chapter 316, section 4.

116J.951 [Repealed, 1987 c 386 art 1 s 13]

116J.955 RURAL REHABILITATION REVOLVING FUND.

Subdivision 1. **Establishment.** The rural rehabilitation revolving fund is established as an account in the state treasury. The money transferred to the state as a result of liquidating the rural rehabilitation corporation trust, and money derived from transfer of the trust to the state, must be credited to the rural rehabilitation revolving fund. The principal amount of the rural rehabilitation revolving fund must be invested by the state investment board. The income attributable to investment of the principal is appropriated to the commissioner for the purposes of Laws 1987, chapter 386, article 1.

Subd. 2. **Expenditure of fund.** The commissioner may use the rural rehabilitation revolving fund for the purposes that are allowed under the Minnesota rural rehabilitation corporation's charter and agreement with the United States Secretary of Agriculture as provided in Public Law Number 499, 81st Congress, enacted May 3, 1950 and as allowed under Laws 1987, chapter 386, article 1. Not more than three percent of the book value of the Minnesota rural rehabilitation corporation's assets may be used for administrative purposes in a year without approval of the United States Secretary of Agriculture. The commissioner may create separate accounts within the fund for use in accordance with the fund's purposes.

[For text of subd 3, see M.S.1986]

History: 1987 c 386 art 1 s 1,2

116J.961 [Repealed, 1987 c 386 art 1 s 13]

116J.965 [Repealed, 1987 c 386 art 1 s 13]

116J.966 COMMISSIONER'S TRADE PROMOTION DUTIES.

Subdivision 1. **Generally.** (a) The commissioner shall promote, develop, and facilitate trade and foreign investment in Minnesota. In furtherance of these goals, and in addition to the powers granted by section 116J.035, the commissioner may:

(1) locate, develop, and promote international markets for Minnesota products and services;

(2) arrange and lead trade missions to countries with promising international markets for Minnesota goods, technology, services, and agricultural products;

(3) promote Minnesota products and services at domestic and international trade shows;

(4) organize, promote, and present domestic and international trade shows featuring Minnesota products and services;

(5) host trade delegations and assist foreign traders in contacting appropriate Minnesota businesses and investments;

(6) develop contacts with Minnesota businesses and gather and provide information to assist them in locating and communicating with international trading or joint venture counterparts;

(7) provide information, education, and counseling services to Minnesota businesses regarding the economic, commercial, legal, and cultural contexts of international trade;

(8) provide Minnesota businesses with international trade leads and information about the availability and sources of services relating to international trade, such as export financing, licensing, freight forwarding, international advertising, translation, and custom brokering;

(9) locate, attract, and promote foreign investment and business development in Minnesota to enhance employment opportunities in Minnesota;

(10) provide foreign businesses and investors desiring to locate facilities in Minnesota information regarding sources of governmental, legal, real estate, financial, and business services;

(11) undertake activities to support the world trade center; and

(12) enter into contracts or other agreements with private persons and public entities to carry out the purposes of promoting international trade and attracting investment from foreign countries to Minnesota and to carry out this section, without regard to sections 16B.07 and 16B.09.

(b) The programs and activities of the commissioner of trade and economic development and the Minnesota trade division may not duplicate programs and activities of the commissioner of agriculture or the Minnesota world trade center corporation.

Subd. 2. Agricultural promotion. The commissioner of agriculture, the commissioner of trade and economic development, and the director of the Minnesota trade division shall cooperate with each other to promote the beneficial agricultural interests of the state. The commissioner of trade and economic development and the director of the Minnesota trade division have primary responsibility for promoting state agricultural interests to international markets. The commissioner of trade and economic development and the director of the Minnesota trade division are also responsible for the promotion of national trade programs related to international marketing. The commissioner of agriculture has primary responsibility for promoting the agriculture interests of producers, promoting state agricultural markets, and promoting agricultural interests of the state in cooperative production and marketing efforts with other states and the United States Department of Agriculture. The commissioner of agriculture is also responsible for promoting the national marketing of state agricultural products.

History: 1987 c 312 art 1 s 20

116J.967 COMMISSIONER'S TRADE PROMOTION DUTIES.

Subdivision 1. Generally. (a) The commissioner shall promote, develop, and facilitate trade and foreign investment in Minnesota. In furtherance of these goals, and in addition to the powers granted by section 116J.035, the commissioner may:

(1) locate, develop, and promote international markets for Minnesota products and services;

(2) arrange and lead trade missions to countries with promising international markets for Minnesota goods, technology, services, and agricultural products;

(3) promote Minnesota products and services at international trade shows;

(4) organize, promote, and present international trade shows featuring Minnesota products and services;

(5) host trade delegations and assist foreign traders in contacting appropriate Minnesota businesses and investments;

(6) develop contacts with Minnesota businesses and gather and provide information to assist them in locating and communicating with international trading or joint venture counterparts;

(7) provide information, education, and counseling services to Minnesota businesses regarding the economic, commercial, legal, and cultural contexts of international trade;

(8) provide Minnesota businesses with international trade leads and information about the availability and sources of services relating to international trade, such as export financing, licensing, freight forwarding, international advertising, translation, and custom brokering;

(9) locate, attract, and promote foreign investment and business development in Minnesota to enhance employment opportunities in Minnesota;

(10) provide foreign businesses and investors desiring to locate facilities in Minnesota information regarding sources of governmental, legal, real estate, financial, and business services;

(11) undertake activities to support the world trade center; and

(12) enter into contracts or other agreements with private persons and public entities to carry out the purposes of promoting international trade and attracting investment from foreign countries to Minnesota and to carry out this section, without regard to sections 16B.07 and 16B.09.

(b) The programs and activities of the commissioner of energy and economic development and the Minnesota trade office may not duplicate programs and activities of the commissioner of agriculture.

Subd. 2. Agricultural promotion. The commissioner of trade and economic development and the director of the Minnesota trade office shall cooperate and consult with

the commissioner of agriculture in promoting the beneficial agricultural interests of the state. The commissioner of trade and economic development and the director of the Minnesota trade office shall have the primary responsibility for promoting state agricultural interests to international markets. The commissioner of agriculture has primary responsibility for promoting the agricultural interests of producers, promoting state agricultural markets, and promoting the agricultural interests of the state in cooperative production and marketing efforts with other states and the United States Department of Agriculture.

History: 1987 c 396 art 10 s 4

116J.968 ECONOMIC DEVELOPMENT FUND.

Notwithstanding the repeal of section 116M.06, subdivision 4, the economic development fund is continued.

History: 1987 c 384 art 3 s 29

OFFICE OF SCIENCE AND TECHNOLOGY

116J.970 SCIENCE AND TECHNOLOGY OFFICE.

Subdivision 1. **Duties.** The commissioner shall establish an office of science and technology, which shall:

(1) provide assistance to the committee on science and technology research and development established in section 116J.971;

(2) prepare and deliver to the legislature every January 15, a science and technology annual report that shall contain:

(i) a list of the scientifically and technologically related research and development projects and development activities funded by a grant or loan of state money;

(ii) guidelines that the legislature may use in allocating state grant or loan money for scientifically and technologically related research and development projects, to include assessments of emerging technologies and those technologies that provide significant promise for the development of job-creating businesses; and

(iii) an analysis of the efficacy and completeness of the decentralized research peer review processes mandated in section 116J.971, subdivision 5, with special emphasis on whether or not scientifically and technologically related research and development projects in Minnesota are in conformance with the guidelines established in item (ii), and whether or not the scientifically and technologically related research and development projects have or will result in creating scientifically and technologically related jobs;

(3) keep a current roster of technology intensive businesses in the state;

(4) collect and disseminate information on financial, technical, marketing, management, and other services available to technology intensive small and emerging businesses, including potential sources of debt and equity capital;

(5) review the technological development potential of various regions of the state and cooperate with and make recommendations to the legislature, state agencies, local governments, local technology development agencies, the federal government, private businesses, and individuals for the realization of the development potential;

(6) sponsor and conduct conferences and studies, collect and disseminate information, and issue periodic reports relating to scientifically and technologically related research and development, and education in the state and represent the state at appropriate interstate and national conferences; and

(7) take other action as assigned by the commissioner.

History: 1987 c 314 s 1

116J.971 COMMITTEE ON SCIENCE AND TECHNOLOGY RESEARCH AND DEVELOPMENT.

Subdivision 1. **Membership.** The committee on science and technology research and development consists of:

- (1) a chair appointed by the governor to a four-year term;
- (2) eight members appointed by the governor to six-year terms;
- (3) one member appointed by the speaker of the house of representatives at the beginning of each biennium to a two-year term;
- (4) one member appointed by the minority leader of the house of representatives at the beginning of each biennium to a two-year term;
- (5) one member appointed by the majority leader of the senate at the beginning of each biennium to a two-year term; and
- (6) one member appointed by the minority leader of the senate at the beginning of each biennium to a two-year term.

At least one member must be appointed from each of the regions established in subdivision 2.

Subd. 2. **Rural region representation.** The department of energy and economic development shall divide the part of the state located outside of the metropolitan area as defined in section 473.121, subdivision 2, into six regions. A region's boundaries must be coterminous with the boundaries of one or more of the development regions established under section 462.385.

Subd. 3. **Qualifications and duties of the committee on science and technology research and development.** Members of the committee on science and technology research and development must be qualified in at least one of the five following areas: economic development, academic and applied research, the administration of research, the review of research processes, and the management and development of technology intensive companies. The committee shall:

- (i) advise upon and approve by a majority vote the guidelines required by section 116J.970, clause (2), item (ii);
- (ii) advise the director of the office of science and technology on the preparation of the analysis required by section 116J.970, clause (2), item (iii);
- (iii) approve the assignment of ad hoc advisory committees on science and technology research and development as needed; and
- (iv) review and comment upon, if the committee considers it to be necessary, the reports of the ad hoc advisory committees and forward the reports to the director of the office of science and technology.

Subd. 4. **Ad hoc advisory committees.** To perform the acts required by section 116J.970, clause (2), the committee on science and technology research and development may, from time to time, approve the creation and use of ad hoc advisory committees composed of three to 15 members each. Members of the committee on science and technology research and development may be ad hoc committee members, but members of the permanent committee may not be a majority of an ad hoc committee.

Subd. 5. **Compensation.** Members of the committee on science and technology research and development and of the ad hoc advisory committees receive no compensation but payment of their expenses is governed by section 15.059, subdivision 6.

Subd. 6. **Peer review plans.** A state agency, board, commission, authority, or institution that funds scientifically and technologically related research shall establish a peer review system to evaluate the research. The committee on science and technology research and development shall recommend guidelines for establishing effective peer review. An agency, board, commission, authority, or institution that funds scientifically and technologically related research shall, at least biennially, present to the committee on science and technology research and development or to ad hoc committees, as determined by the committee on science and technology research and development, a review and evaluation of the peer review process used in that organization.

Subd. 7. Authority to perform requested evaluations. The governor, commissioner or director of the office of science and technology, speaker of the house of representatives, house of representatives minority leader, senate majority leader, senate minority leader, chair of the house of representatives appropriations committee, chair of the senate finance committee, or a member of the legislature considering the introduction or approval of legislation containing funding for scientifically and technologically related research and development, may request the committee on science and technology research and development to evaluate a loan or grant made or to be made or the proposed legislation for funding scientifically and technologically related research and development to determine (1) whether it complies with the guidelines required by section 116J.970, clause (2), item (ii); (2) whether it is technically feasible; and (3) for development proposals, whether the proposal appears to have the potential for economic development. Ad hoc committees may be appointed by the committee on science and technology research and development to perform these reviews.

Subd. 8. Authority for review and comment upon research and development programs. Each agency, board, commission, authority or institution receiving an appropriation for the funding of scientifically and technologically related research and development must notify the office of science and technology within 60 days of making a loan or grant for scientifically or technologically related research and development. The notice shall contain a summary of the nature of and significant objectives of the research and development project funded by a grant or loan. The notice must also include information on the size and timing of previous grants or loans and anticipated additional funding needs. The committee on science and technology research and development shall, at least once each biennium, review scientifically and technologically related research funded by a state agency, board, commission, authority, or institution to assess whether or not the research and development is conducted in accordance with the guidelines required by section 116J.970, clause (2), item (ii). The committee's assessment shall be sent to the legislature on or before January 15 of every odd-numbered year.

Subd. 9. Staff appointments. The director of the office of science and technology shall appoint those staff members necessary to perform the functions of the science and technology division. The director shall appoint in the unclassified service an executive director of the committee on science and technology research and development, who shall report to the director. The executive director must hold a postbaccalaureate degree in scientific or technologically related studies, or demonstrate experience in technological policy formulation.

History: 1987 c 314 s 2

COMMUNITY DEVELOPMENT

116J.980 COMMUNITY DEVELOPMENT DIVISION.

Subdivision 1. Duties. The community development division is a division within the department of energy and economic development. It shall:

(1) be responsible for administering all state community development and assistance programs, including the economic recovery fund, the outdoor recreation grant program, the rural development board programs, the community development corporation program, the urban revitalization program, the Minnesota public facilities authority loan and grant programs, and the enterprise zone program;

(2) be responsible for state administration of federally funded community development and assistance programs, including the small cities development grant program and land and water conservation program;

(3) provide technical assistance to rural communities for community development in cooperation with regional development commissions;

(4) coordinate the development and review of state rural development policies;

(5) provide staff and consultant services to the rural development board; and

(6) be responsible for coordinating community assistance and development programs in cooperation with regional development commissions.

Subd. 2. **General complement authority.** The community development division may combine all related state and federal complement positions into general fund positions, to carry out the responsibilities under subdivision 1. The number of general fund positions must not exceed the aggregate number of all state and federal positions that are to be combined. Records of the actual number of employee hours charged to each state and federal account must be maintained for each general fund position.

History: 1987 c 386 art 4 s 1

116J.981 MAIN STREET PROGRAM.

The commissioner shall develop and administer a main street program to assist cities in the revitalization of their businesses. The purpose of the program is to strengthen local organization and local management of business districts so that cities become more self-reliant and not dependent on future state financial assistance. The staff dedicated for this program shall assist cities that request assistance in the following manner:

- (1) improving the organization of a city's business district including the leadership skills of business owners and city officials;
- (2) establishing a marketing strategy to promote a city's business district to residents of the surrounding trade area;
- (3) providing technical assistance in the design and rehabilitation of buildings in a city's business district including historic preservation; and
- (4) establishing a strategy to strengthen existing businesses, recruit new businesses, diversify the mix of businesses, and develop vacant property in a city's business district.

History: 1987 c 386 art 4 s 2

116J.982 COMMUNITY DEVELOPMENT CORPORATIONS.

Subdivision 1. **Definitions.** For the purposes of this section, the terms in this subdivision have the meanings given them:

- (a) "Commissioner" means the commissioner of energy and economic development.
- (b) "Economic development region" means an area so designated in the governor's executive order number 60, dated June 12, 1970, as amended.
- (c) "Federal poverty level" means the income level established by the United States Community Services Administration in Code of Federal Regulations, title 45, section 1060.2-2.
- (d) "Low income" means an annual income below the federal poverty level.

Subd. 2. **Administration.** The commissioner shall administer this section and shall enforce the rules related to the community development corporations adopted by the commissioner. The commissioner may amend, suspend, repeal, or otherwise modify these rules as provided for in chapter 14.

Subd. 3. **Grants; corporations eligible.** (a) The commissioner shall designate a community development corporation as eligible to receive grants under this section if the corporation is a nonprofit corporation incorporated under chapter 317 and meets the other criteria in this subdivision.

(b) The corporation, in its articles of incorporation or bylaws, shall designate a specific geographic community within which it will operate. As least ten percent of the population within the designated community must have low incomes. Within the metropolitan area as defined in section 473.121, subdivision 2, a designated community must be an identifiable neighborhood or a combination of neighborhoods or home rule charter or statutory cities, townships, unincorporated areas, or combinations of those entities. Outside the metropolitan area, designated communities, so far as possible, may not cross existing economic development boundaries. If a proposed

geographic area overlaps the designated community of a community development corporation existing before August 1, 1987, the proposed community development corporation shall obtain the written consent of the existing community development corporation before the proposed corporation may be designated as eligible to receive grants under this section.

(c) The corporation shall limit voting membership to residents of its designated area.

(d) The corporation shall have a board of directors with 15 to 30 members unless the corporation can demonstrate to the satisfaction of the commissioner that a smaller or larger board is more advantageous. At least 40 percent of the directors must have incomes that do not exceed 80 percent of the county median family income or 80 percent of the statewide median family income as determined by the state demographer, whichever is less, and the remaining directors must be members of the business or financial community and the community at large. To the greatest extent possible, and at least 60 percent of, the directors must be residents of the designated community. Directors who meet the income limitations of this paragraph must be elected by the members of the corporation. The remaining directors may be elected by the members or appointed by the directors who meet the income limitations of this paragraph.

(e) The corporation shall hire low-income residents of the designated community to fill nonmanagerial and nonprofessional positions.

(f) The corporation shall demonstrate that it has or will have the technical skills to analyze projects, that it is familiar with other available public and private funding sources and economic development programs, and that it is capable of packaging economic development projects.

Subd. 4. Grant approval for projects. The commissioner shall approve a grant to a community development corporation only for a project carried on within the designated community, except when the corporation demonstrates that a project carried on outside will have a significant impact inside the designated community.

Subd. 5. Use of grant. The commissioner may approve a grant to a community development corporation for planning, including organization of the corporation, training of the directors, creation of a comprehensive community economic development plan, and development of a proposal for a venture grant, or for establishment of a business venture, including assistance to an existing business venture, purchase of partial or full ownership of a business venture, or development of resources or facilities necessary for the establishment of a business venture.

Subd. 6. Assignee. The commissioner must be named as an assignee of the rights of a state-funded community development corporation on any loan or other evidence of debt provided by a community development corporation to a private enterprise. The assignment of rights must provide that it will be effective upon the dormancy or cessation of existence of the community development corporation. "Dormancy" for the purpose of this section means the continuation of the corporation in name only without any functioning officers or activities. Upon the cessation of the activities of a state-funded community development corporation, any assigned money paid to the commissioner must be deposited in the state treasury and credited to the general fund.

Subd. 7. Factors for grant approval. Factors considered by the commissioner in approving a grant to a community development corporation must include the creation of employment opportunities, the maximization of profit, and the effect on securing money from sources other than the state.

Subd. 8. Prohibition. Grants under this section are not available for programs conducted by churches or religious organizations or for securing or developing social services.

Subd. 9. No exclusion. A person may not be excluded from participation in a program funded under this section because of race, color, religion, sex, age, or national origin.

History: 1987 c 386 art 4 s 3