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# HOUSE FILE NO. 2972

## FIRST COMMITTEE ENGROSSMENT

February 14, 2008

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The bill was read for the first time and referred to the Committee on Finance

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*Referred by Chair to Higher Education and Work Force Development Policy and Finance Division.*

February 28, 2008

*Returned to the Education Finance and Economic Competitiveness Finance Division as Amended.*

A bill for an act

relating to economic development; renaming Minnesota Technology, Inc. to Enterprise Minnesota, Inc.; updating provisions; making technical changes; recodifying the Agricultural Utilization Research Institute provisions in a new chapter; amending Minnesota Statutes 2006, sections 116O.01; 116O.011; 116O.02, subdivision 6; 116O.03, subdivisions 1a, 7; 116O.04, subdivisions 1, 2; 116O.05, subdivisions 1, 2, 4; proposing coding for new law in Minnesota Statutes, chapter 116O; proposing coding for new law as Minnesota Statutes, chapter 116V; repealing Minnesota Statutes 2006, sections 116O.03, subdivision 11; 116O.06; 116O.07; 116O.071; 116O.072; 116O.08; 116O.09, subdivisions 1, 1a, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13; 116O.091, subdivisions 1, 4, 5, 6; 116O.10; 116O.11; 116O.12; 116O.122; 116O.13; Minnesota Statutes 2007 Supplement, section 116O.09, subdivision 2.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

Section 1. Minnesota Statutes 2006, section 116O.01, is amended to read:

**116O.01 CITATION.**

Sections 116O.01 to ~~116O.10~~ 116O.061 may be cited as the "~~Minnesota Technology, Inc. Act~~ Enterprise Minnesota, Inc. Act."

Sec. 2. Minnesota Statutes 2006, section 116O.011, is amended to read:

**116O.011 NAME CHANGE.**

~~The Greater Minnesota Corporation is renamed~~ Minnesota Technology, Inc.,  
formerly known as the Greater Minnesota Corporation, is renamed Enterprise Minnesota, Inc.

Sec. 3. Minnesota Statutes 2006, section 116O.02, subdivision 6, is amended to read:

2.1 Subd. 6. **Technology-related assistance.** "Technology-related assistance" means  
2.2 the ~~transfer~~ application and utilization of technological information and technologies to  
2.3 assist in the development and production of new technology-related products or services  
2.4 or to increase the productivity or otherwise enhance the production or delivery of existing  
2.5 products or services. "Technology-related assistance" includes assistance in utilizing and  
2.6 developing processes and products that conserve energy.

2.7 Sec. 4. Minnesota Statutes 2006, section 116O.03, subdivision 1a, is amended to read:

2.8 Subd. 1a. **Purpose.** The purpose of the corporation is to foster long-term  
2.9 economic growth and job creation by stimulating innovation and the development of new  
2.10 products, services, and production processes through energy conservation, technology  
2.11 ~~transfer, applied research~~ application and utilization, and financial assistance. The  
2.12 corporation's purpose is not to create new programs or services but to build on the existing  
2.13 educational, business, and economic development infrastructure. The primary focus of  
2.14 the corporation's activities must be to benefit new or existing small and medium-sized  
2.15 businesses in greater Minnesota.

2.16 Sec. 5. Minnesota Statutes 2006, section 116O.03, subdivision 7, is amended to read:

2.17 Subd. 7. **Application and investigative data.** The following data is classified as  
2.18 private data with regard to data on individuals under section 13.02, subdivision 12, or as  
2.19 nonpublic data with regard to data not on individuals under section 13.02, subdivision 9,  
2.20 whichever is applicable:

2.21 (1) financial data, statistics, and information furnished in connection with assistance  
2.22 or proposed assistance under section ~~116O.06~~ 116O.061, including credit reports, financial  
2.23 statements, statements of net worth, income tax returns, either personal or corporate, and  
2.24 any other business and personal financial records; or

2.25 (2) security information, trade secret information, or labor relations information, as  
2.26 defined in section 13.37, subdivision 1, disclosed to members of the corporation board or  
2.27 employees of the corporation under section ~~116O.06~~ 116O.061.

2.28 Sec. 6. Minnesota Statutes 2006, section 116O.04, subdivision 1, is amended to read:

2.29 Subdivision 1. **Generally.** The board shall appoint and set the compensation for  
2.30 a president, who serves as chief executive officer of the corporation, and who may  
2.31 appoint subordinate officers. ~~The president's salary may not exceed 95 percent of the~~  
2.32 ~~governor's salary.~~ The board may designate the president as its general agent. Subject to  
2.33 the control of the board, the president shall employ employees, consultants, and agents the

3.1 president considers necessary. The staff of the corporation must include individuals with  
3.2 operational experience and knowledgeable in commercial and industrial financing, energy  
3.3 conservation, research and development, economic development, and general fiscal affairs.  
3.4 The board shall define the duties and designate the titles of the employees and agents.

3.5 Sec. 7. Minnesota Statutes 2006, section 116O.04, subdivision 2, is amended to read:

3.6 Subd. 2. **Status of employees.** (a) Employees, officers, and directors of the  
3.7 corporation and programs governed by this chapter are not state employees, but are  
3.8 covered by section 3.736 and, at the option of the board, may participate in the state  
3.9 retirement plan and the state deferred compensation plan for employees in the unclassified  
3.10 service and an insurance plan administered by the commissioner of employee relations.

3.11 ~~(b) The board of Minnesota Project Innovation, Inc., may extend the health care~~  
3.12 ~~insurance benefits and coverage referenced in paragraph (a) to all of its employees.~~

3.13 Sec. 8. Minnesota Statutes 2006, section 116O.05, subdivision 1, is amended to read:

3.14 Subdivision 1. **General corporate powers.** (a) The corporation has the powers  
3.15 granted to a business corporation by section 302A.161, subdivisions 3; 4; 5; 7; 8; 9; 11;  
3.16 12; 13, except that the corporation may not act as a general partner in any partnership; 14;  
3.17 15; 16; 17; 18; and 22.

3.18 (b) The state is not liable for the obligations of the corporation.

3.19 (c) Section 302A.041 applies to this chapter and the corporation in the same manner  
3.20 that it applies to business corporations established under chapter 302A.

3.21 ~~(d) The corporation is a state agency for the purposes of the following accounting~~  
3.22 ~~and budgeting requirements:~~

3.23 ~~(1) financial reports and other requirements under section 16A.06;~~

3.24 ~~(2) the state budget system under sections 16A.095, 16A.10, and 16A.11;~~

3.25 ~~(3) the state allotment and encumbrance, and accounting systems under sections~~  
3.26 ~~16A.14, subdivisions 2, 3, 4, and 5; and 16A.15, subdivisions 2 and 3; and~~

3.27 ~~(4) indirect costs under section 16A.127.~~

3.28 Sec. 9. Minnesota Statutes 2006, section 116O.05, subdivision 2, is amended to read:

3.29 Subd. 2. **Duties.** (a) The primary duties of the corporation shall include:

3.30 (1) applied research development of new products and processes for operational  
3.31 efficiency and excellence, enabling company growth; and

4.1 (2) ~~technology transfer and early stage funding to small manufacturers~~ business  
 4.2 development services with technology utilization and application, primarily for small  
 4.3 and medium-sized manufacturers.

4.4 (b) The corporation shall also:

4.5 (1) ~~establish programs, activities, and policies that provide technology transfer~~  
 4.6 ~~and applied research and development assistance to individuals, sole proprietorships,~~  
 4.7 ~~partnerships, corporations, other business entities, and nonprofit organizations in the~~  
 4.8 ~~state that are primarily new and existing small and medium-sized businesses in greater~~  
 4.9 ~~Minnesota;~~

4.10 (2) provide or provide for technology-related assistance to individuals, sole  
 4.11 proprietorships, partnerships, corporations, other business entities, and nonprofit  
 4.12 organizations; and

4.13 (3) ~~provide financial assistance under section 116O.06 to assist the development of~~  
 4.14 ~~new products, services, or production processes, to assist in energy conservation, or to~~  
 4.15 ~~assist in bringing new products or services to the marketplace;~~

4.16 (4) ~~provide or provide for research services including on-site research and testing of~~  
 4.17 ~~production techniques and product quality;~~

4.18 (5) ~~establish and operate regional research institutes as provided for in section~~  
 4.19 ~~116O.08;~~

4.20 (6) ~~make matching research grants for applied research and development to public~~  
 4.21 ~~and private postsecondary education institutes as provided for in section 116O.11;~~

4.22 (7) ~~enter into contracts for establishing formal relationships with public or private~~  
 4.23 ~~research institutes or facilities;~~

4.24 (8) ~~establish the Agricultural Utilization Research Institute under section 116O.09;~~  
 4.25 ~~and~~

4.26 (9) (2) not duplicate existing services or activities provided by other public and  
 4.27 private organizations but shall build on the existing educational, business, and economic  
 4.28 development infrastructure.

4.29 Sec. 10. Minnesota Statutes 2006, section 116O.05, subdivision 4, is amended to read:

4.30 Subd. 4. **Supporting organizations.** On making a determination that the public  
 4.31 policies and purposes of this chapter will be carried out to a greater extent than what  
 4.32 might otherwise occur, the board may cause to be created and may delegate, assign, or  
 4.33 transfer to one or more entities, including without limitation a corporation, nonprofit  
 4.34 corporation, limited liability company, partnership, or limited partnership, any or all rights  
 4.35 and duties, assets and liabilities, powers or authority created, authorized, or allowed under

5.1 this chapter, ~~including without limitation those pertaining to the seed capital fund under~~  
5.2 ~~section 116O.122~~, except to the extent specifically limited by the Constitution or by law.

5.3 **Sec. 11. [116O.061] FINANCIAL ASSISTANCE.**

5.4 (a) Financial assistance may be provided to sole proprietorships, corporations, other  
5.5 entities, or nonprofit organizations. Financial assistance includes, but is not limited to,  
5.6 assisting a qualified company or organization with business services and products that  
5.7 will enhance the operations of the entity.

5.8 (b) Preference and priority will be given to business entities that are expanding their  
5.9 operations in Minnesota. Priority will be assigned to:

5.10 (1) projects whose return, in economic benefits, are most substantial and clear;

5.11 (2) projects whose outcomes are best accelerated through internal resources of  
5.12 the corporation; and

5.13 (3) companies and organizations not typically able to leverage external assistance.

5.14 (c) The corporation may enter into agreements with, or solicit grants from, other  
5.15 organizations to jointly promote:

5.16 (1) business improvements;

5.17 (2) the application of technology, energy conservation, new product development,  
5.18 and other initiatives leading to economic development; and

5.19 (3) job creation.

5.20 **Sec. 12. [116V.01] DEFINITIONS.**

5.21 For purposes of this chapter:

5.22 (1) "board" means the board of directors of the Agricultural Utilization Research  
5.23 Institute; and

5.24 (2) "institute" means the Agricultural Utilization Research Institute established  
5.25 in section 116V.02.

5.26 **Sec. 13. [116V.02] AGRICULTURAL UTILIZATION RESEARCH INSTITUTE.**

5.27 Subdivision 1. **Establishment.** The Agricultural Utilization Research Institute is  
5.28 established as a nonprofit corporation under section 501(c)(3) of the Internal Revenue  
5.29 Code of 1986, as amended. The institute shall conduct onsite and applied research and  
5.30 promote the establishment of new products and product uses and the expansion of existing  
5.31 markets for the state's agricultural commodities and products, including direct financial  
5.32 and technical assistance for Minnesota entrepreneurs. The institute must establish or

6.1 maintain facilities and work with private and public entities to leverage the resources  
6.2 available to achieve maximum results for Minnesota agriculture.

6.3 Subd. 2. **Board of directors.** The board of directors of the institute is comprised of:

6.4 (1) the chairs of the senate and the house of representatives standing committees  
6.5 with jurisdiction over agriculture finance or the chair's designee;

6.6 (2) two representatives of statewide farm organizations;

6.7 (3) two representatives of agribusiness; and

6.8 (4) three representatives of the commodity promotion councils.

6.9 Subd. 3. **Duties.** (a) The institute shall:

6.10 (1) identify development opportunities for agricultural products;

6.11 (2) implement a program that identifies techniques to meet those opportunities;

6.12 (3) monitor and coordinate research among the public and private organizations and  
6.13 individuals specifically addressing procedures to transfer new technology to businesses,  
6.14 farmers, and individuals;

6.15 (4) provide research grants to public and private educational institutions and other  
6.16 organizations that are undertaking basic and applied research to promote the development  
6.17 of emerging agricultural industries;

6.18 (5) assist organizations and individuals with market analysis and product marketing  
6.19 implementations;

6.20 (6) to the extent possible, earn and receive revenue from contracts, patents, licenses,  
6.21 royalties, grants, fees-for-service, and memberships;

6.22 (7) work with the Department of Agriculture, the United States Department of  
6.23 Agriculture, the Department of Employment and Economic Development, and other  
6.24 agencies to maximize marketing opportunities locally, nationally, and internationally; and

6.25 (8) leverage available funds from federal, state, and private sources to develop new  
6.26 markets and value-added opportunities for Minnesota agricultural products.

6.27 (b) The board shall have the sole approval authority for establishing agricultural  
6.28 utilization research priorities and requests for proposals to meet those priorities, awarding  
6.29 of grants, hiring and direction of personnel, and other expenditures of funds consistent  
6.30 with the adopted and approved mission and goals of the institute. The actions and  
6.31 expenditures of the institute are subject to audit. By February 1, the institute shall  
6.32 annually report to the senate and house of representatives standing committees with  
6.33 jurisdiction over agricultural policy and funding. The report must list: projects initiated;  
6.34 progress on projects; and financial information relating to expenditures, income from other  
6.35 sources, and other information to allow the committees to evaluate the effectiveness of  
6.36 the institute's activities.

7.1 (c) The institute shall convene a renewable energy roundtable, the purpose of which  
7.2 shall be to further the state's leadership on bioenergy issues.

7.3 (i) The renewable energy roundtable shall consist of one representative appointed  
7.4 by the commissioner of the Minnesota Department of Agriculture, one appointed by the  
7.5 commissioner of the Minnesota Department of Commerce, one appointed by the chancellor  
7.6 of the Minnesota State Colleges and Universities, and one appointed by the president of  
7.7 the University of Minnesota. The appointees must have expertise relevant to bioenergy.

7.8 (ii) The board shall oversee the activities and shall provide staff to assist the  
7.9 renewable energy roundtable.

7.10 (iii) The renewable energy roundtable shall engage professionals and experts from  
7.11 private, government, academic, and nonprofit entities across the state to identify bioenergy  
7.12 opportunities and collaborate with a broad group of interested parties to identify future  
7.13 alternative courses of action the state can take to sustain a long-term competitive position  
7.14 in renewable energy through the year 2025. The renewable energy roundtable shall  
7.15 consult, advise, and review projects and initiatives funded by the state as directed by  
7.16 the governor and the legislature.

7.17 Subd. 4. **Staff.** The board shall hire staff for the institute. Persons employed by  
7.18 the institute are not state employees and may participate in state retirement, deferred  
7.19 compensation, insurance, or other plans that apply to state employees generally and are  
7.20 subject to regulation by the state Campaign Finance and Public Disclosure Board.

7.21 Subd. 5. **Agricultural research grants.** The institute may make matching grants  
7.22 for agricultural product utilization research to the University of Minnesota, the Minnesota  
7.23 State Colleges and Universities, a Minnesota private college or university, a private  
7.24 corporation, or a person. Grants may be matched from private sources, including farm  
7.25 commodity groups and farm organizations.

7.26 Subd. 6. **Research contracts.** The institute may enter into contracts with  
7.27 individuals, businesses, or organizations to provide research and development assistance  
7.28 at institute facilities or at other sites the board of directors determines appropriate.

7.29 Subd. 7. **Advisory board.** A 26-member advisory board may be established  
7.30 to identify priorities for the institute. Members of the advisory board are appointed by  
7.31 the board. The advisory board consists of: the chair of the house of representatives  
7.32 agricultural committee; the chair of the senate agricultural committee; a representative  
7.33 from each of the ten largest agricultural-related businesses in the state as determined by the  
7.34 board; a member from each of the appropriate trade organizations representing producers  
7.35 of beef cattle, dairy, corn, soybeans, pork, wheat, turkey, barley, wild rice, edible beans,  
7.36 eggs, and potatoes; a member of the Farmers Union; and a member of the Farm Bureau.

8.1 Terms and removal of members must be set by the board and members of the advisory  
8.2 board serve without compensation but shall receive their necessary and actual expenses.

8.3 The advisory board shall annually provide a list of priorities and suggested research  
8.4 and marketing studies that should be performed by the institute.

8.5 Subd. 8. **Bylaws.** The board shall adopt bylaws necessary for the conduct of the  
8.6 business of the institute consistent with this section. The board must publish bylaws and  
8.7 amendments to the bylaws in the State Register.

8.8 Subd. 9. **Place of business.** The board shall locate and maintain the institute's  
8.9 place of business within the state.

8.10 Subd. 10. **Chair.** The board shall annually elect from among its members a chair  
8.11 and other officers necessary for the performance of its duties.

8.12 Subd. 11. **Meetings.** The board shall meet at least twice each year and may hold  
8.13 additional meetings upon giving notice in accordance with the bylaws of the institute.  
8.14 Board meetings are subject to chapter 13D, except as it pertains to financial information,  
8.15 business plans, income and expense projections, customer lists, market and feasibility  
8.16 studies, and trade secret information as defined by section 13.37, subdivision 1, paragraph  
8.17 (b).

8.18 Subd. 12. **Conflict of interest.** A director, employee, or officer of the institute may  
8.19 not participate in or vote on a decision of the board relating to an organization in which  
8.20 the director has either a direct or indirect financial interest.

8.21 Subd. 13. **No benefit to private individuals or corporations.** The institute shall  
8.22 not afford pecuniary gain, incidental or otherwise, to any private individual, firm, or  
8.23 corporation, except the payment of reasonable fees for goods and services provided and  
8.24 approved in accordance with the bylaws of the corporation. No part of the net income or  
8.25 net earnings of the institute shall, directly or indirectly, be distributable to or otherwise  
8.26 inure to the benefit of any individual.

8.27 Subd. 14. **Funds.** The institute may accept and use gifts, grants, or contributions  
8.28 from any source. Unless otherwise restricted by the terms of a gift or bequest, the board  
8.29 may sell, exchange, or otherwise dispose of and invest or reinvest the money, securities, or  
8.30 other property given or bequested to it. The principal of these funds, the income from  
8.31 them, and all other revenues received by it from any nonstate source must be placed in the  
8.32 depositories the board determines and is subject to expenditure for the board's purposes.  
8.33 Expenditures of more than \$25,000 must be approved by the full board.

8.34 Subd. 15. **Accounts; audits.** The institute may establish funds and accounts that it  
8.35 finds convenient. The board shall provide for and pay the cost of an independent annual

9.1 audit of its official books and records by the legislative auditor subject to sections 3.971  
9.2 and 3.972. A copy of the audit shall be filed with the secretary of state.

9.3 **Sec. 14. [116V.03] AGRICULTURAL PROJECT UTILIZATION ACCOUNT.**

9.4 The agricultural project utilization account is an account in the special revenue fund.  
9.5 Money in the account is appropriated to the institute to be used for agricultural research  
9.6 grants as provided in section 116V.02, and for the institute.

9.7 **Sec. 15. REPEALER.**

9.8 Minnesota Statutes 2006, sections 116O.03, subdivision 11; 116O.06; 116O.07;  
9.9 116O.071; 116O.072; 116O.08; 116O.09, subdivisions 1, 1a, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12,  
9.10 and 13; 116O.091, subdivisions 1, 4, 5, and 6; 116O.10; 116O.11; 116O.12; 116O.122;  
9.11 and 116O.13; and Minnesota Statutes 2007 Supplement, section 116O.09, subdivision  
9.12 2, are repealed.

9.13 **Sec. 16. EFFECTIVE DATE.**

9.14 Sections 1 to 15 are effective the day following final enactment.