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CHAPTER 1552 DEPARTMENT OF AGRICULTURE AGRICULTURAL DEVELOPMENT GRANTS

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1552.0010 PURPOSE AND AUTHORITY.

Parts 1552.0010 to 1552.0110 are prescribed by the commissioner to provide for the administration of agricultural development grants pursuant to Minnesota Statutes, section 17.101, subdivision 2.

Statutory Authority: *MS s 17.101 subd 2*

History: 9 SR 2062

1552.0020 DEFINITIONS.

Subpart 1. **Scope.** For the purpose of parts 1552.0010 to 1552.0110, the terms defined in this part have the meanings given them.

Subp. 2. **Advisory group.** "Advisory group" means the ad hoc committee which may be selected by the commissioner pursuant to Minnesota Statutes, section 17.101 to assist in the evaluation of grant requests.

Subp. 3. **Agricultural products.** "Agricultural products" means animals and animal products, services which contribute to the health, management, and growth of animals and animal products, dairy products, poultry or poultry products, fruit, vegetables, horticultural crops, grain, bees and apiary products, and products of aquaculture, horticulture, and silviculture grown, raised, produced, fed, or processed within the state of Minnesota.

Subp. 4. **Commissioner.** "Commissioner" means the commissioner of agriculture or the commissioner's designee.

Subp. 5. **Contract.** "Contract" means an agreement between the commissioner and a grantee setting forth the terms of the grant.

Subp. 6. **Department.** "Department" means the Department of Agriculture.

Subp. 7. **Fiscal year.** "Fiscal year" means the period from July 1 of one year through June 30 of the following year.

Subp. 8. **Grant.** "Grant" means an agricultural development grant authorized by Minnesota Statutes, section 17.101.

Subp. 9. **Grantee.** "Grantee" means an applicant that has been awarded a grant under the program governed by parts 1552.0010 to 1552.0110.

Subp. 10. **Termination date.** "Termination date" means the ending date of a grant awarded under the program governed by parts 1552.0010 to 1552.0110.

Statutory Authority: *MS s 17.101 subd 2*

History: 9 SR 2062

1552.0030 GENERAL TERMS AND CONDITIONS OF GRANTS.

Subpart 1. **Grant ratio.** A grant made by the commissioner may not exceed 75 percent of the total cost of the grant project. The grantee must contribute at least 25 percent of the total project cost in the form of cash or contributed goods and services.

Subp. 2. **Duration of grant.** A grant will ordinarily be made for 12 months

or less. Applications will be accepted for projects of longer duration, but grant funds will be committed for only 12 months. For projects extending beyond 12 months, a new application must be submitted and approved in accordance with parts 1552.0010 to 1552.0110 prior to the commitment of additional grant funds.

Subp. 3. Amount of assistance. An applicant may submit more than one grant application in a fiscal year. The grant amount for any project may not exceed \$70,000. The total of all grants to the same grantee may not exceed \$70,000 for the biennium.

Subp. 4. Application deadline. The commissioner shall establish an application deadline for each fiscal year and publish at least 60 days notice of the deadline in the State Register.

Statutory Authority: *MS s 17.101 subd 2*

History: *9 SR 2062*

1552.0040 ELIGIBILITY OF PROJECTS AND APPLICANTS.

Subpart 1. Eligible projects. A proposed project is eligible for a grant if it will expand, improve, or develop markets for the products of Minnesota agriculture through one of the following:

- A. advertising Minnesota agricultural products;
- B. assisting state agricultural commodity organizations desiring to sell their agricultural products in national and international markets;
- C. developing methods to increase the processing and marketing of agricultural commodities including commodities not being produced in Minnesota on a commercial scale, but which may have economic potential in national and international markets;
- D. investigating and identifying new marketing technology and methods to enhance the competitive position of Minnesota agricultural products;
- E. evaluating livestock marketing opportunities;
- F. assessing and developing national and international markets for Minnesota agricultural products;
- G. studying the conversion of raw agricultural products to manufactured products including ethanol;
- H. hosting the visits of foreign trade teams to Minnesota and defraying the teams' expenses;
- I. assisting Minnesota agricultural businesses desiring to sell their products in national and international markets; and
- J. other activities the commissioner deems reasonably related to promoting Minnesota agricultural products in national and international markets.

Subp. 2. Ineligible projects. Projects to develop or promote a trademark, tradename, or product identified by a trademark or tradename, are ineligible.

Subp. 3. Eligible applicants. In its application, the applicant must demonstrate that it has the capability to meet the proposed objectives of the project and the grant contribution requirements.

Statutory Authority: *MS s 17.101 subd 2*

History: *9 SR 2062*

1552.0050 APPLICATION PROCEDURES.

Subpart 1. Submission of application. An applicant for an agricultural development grant shall submit to the commissioner an original and five copies of a completed application. Applications must be received by the commissioner by the application deadline.

Subp. 2. Application content. The application must include the following information:

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A. a brief description of the characteristics of the applicant, including the legal name, the federal and state tax identification or social security number, address, and a brief statement of the applicant's organizational structure, history, and interest in the proposed project;

B. the name of the individual or individuals authorized to negotiate and sign contracts, and to receive and report on grant funds;

C. a general statement regarding which of the agricultural promotion activities listed in part 1552.0040 will be pursued;

D. a project description that includes the following:

(1) a statement of the project's objectives, and a statement of major work tasks, stated in measurable and quantifiable terms whenever possible;

(2) an identification of primary direct beneficiaries of the project;

(3) a statement of the results expected from the project;

(4) criteria for evaluating the success of the project; and

(5) a statement regarding the anticipated project starting and completion dates;

E. a description of qualifications of personnel who would be assigned to the project;

F. a budget showing total project costs and contributions, as follows:

(1) an identification of all sources of contributions and the amounts and types of contributions from each source;

(2) an itemization of costs and indication of the source and type of contribution for the following items: personnel, travel, rental of office space or equipment, supplies, printing, postage and telephone, promotional or demonstrational equipment to be purchased, or other costs, and a description of the source and amount of funds for each type of expenditure (either anticipated grant or applicant contribution);

G. a copy of the latest audit report, financial statement, or other appropriate statement of financial condition of the applicant; and

H. a statement certifying that the applicant will not use agricultural development grant funds to continue existing agricultural promotion activities.

Subp. 3. Incomplete application. The commissioner shall consider an application when a completed application is received. If an application is incomplete, the commissioner shall notify the applicant specifying the additional information required. The applicant has 20 days from the date on the commissioner's letter to provide the additional information. If there is no response to the commissioner's letter within 20 days, the commissioner shall not consider the application further.

Subp. 4. Additional information. The commissioner may require the applicant to submit other information reasonably related to a determination of applicant or project eligibility or project feasibility.

Statutory Authority: *MS s 17.101 subd 2*

History: *9 SR 2062*

1552.0060 APPLICATION REVIEW; APPROVAL; AND NOTIFICATION.

Subpart 1. Advisory group review. If an advisory group is selected, the advisory group will convene at the call of the commissioner to review applications and will submit their evaluations to the commissioner.

Subp. 2. Commissioner's review and determination. The commissioner shall review all applications. The commissioner shall determine whether an application shall be granted, and the amount and terms of the grant. The commissioner shall weigh and compare all grant applications in light of the availability of funds.

Subp. 3. Criteria for approval. The following criteria shall be used by the commissioner in reviewing each grant application.

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A. whether the applicant and the project are eligible under part 1552.0040 and meet the contribution requirements of part 1552.0030, subpart 1;

B. whether the proposed project is likely to expand, improve, or develop markets for Minnesota agricultural products by means of conducting one or more of the activities stated in part 1552.0040, subpart 1;

C. whether the project is feasible and likely to produce the desired objective;

D. the degree to which the proposed project employs novel, creative, and innovative ideas for the promotion of Minnesota agricultural products;

E. the degree to which the proposed project would have a generic impact upon the sector of Minnesota agriculture for which it is proposed;

F. whether the experience or capability of the applicant make likely the successful completion of the project;

G. the degree to which the proposed project is coordinated with or complementary to similar or related efforts to promote Minnesota agricultural products;

H. whether the proposed budget is adequate to accomplish the proposed project;

I. the degree to which similar or related projects by this applicant or other persons have been successful or unsuccessful;

J. whether the applicant appears able to apply generally accepted accounting principles and appears financially qualified for the project; and

K. the applicant's past performance as a grantee under this program, if applicable.

Subp. 4. **Notification.** The commissioner shall notify the applicant in writing of the approval or disapproval of its grant application.

Statutory Authority: *MS s 17.101 subd 2*

History: *9 SR 2062*

1552.0070 GRANT ADMINISTRATION.

Subpart 1. **Contract.** Each approved grant must be governed by a contract between the department and the grantee. The following terms among others must be specified in the contract:

A. the total amount of the grant and the timing of grant payments;

B. the starting and termination dates of the contract;

C. dates for submitting progress reports;

D. a list of the eligible costs of the project, in accordance with subpart 4, item C; and

E. a statement that the grantee must inform the commissioner of any significant change in implementation of the project, and must obtain prior approval before initiating the change.

Subp. 2. **Rescission of grant.** The individual authorized by the grantee must sign and return the contract with all attachments to the commissioner no later than 30 days after the date the grantee receives the contract. If the grantee does not sign and return the contract with all attachments to the commissioner within those 30 days, the commissioner may rescind the grant commitment.

Subp. 3. **Commencement of spending.** The grantee may not obligate or begin to spend money under the grant until the contract has been signed by all necessary parties and a fully executed copy has been returned to the grantee.

Subp. 4. **Payments and use of funds.**

A. Payments to the grantee must be made according to the schedule stated in the contract, if the grantee has complied with all contract provisions, including submission of progress reports. In all cases, payment of the final ten

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percent of the grant funds must be made upon the commissioner's receipt and acceptance of the final report required under part 1552.0090, subpart 5:

B. Grant funds may not be used for acquisition of land, buildings, general office equipment, and other capital expenditures.

C. Grant funds may be used for the following:

(1) employment of personnel to carry out the objectives of the project;

(2) consulting services but not consulting fees to develop the proposal submitted to the commissioner;

(3) rental of office space or equipment;

(4) purchase of supplies;

(5) printing or publication services;

(6) travel expenses;

(7) charges for telephone service;

(8) purchase of promotional or demonstrational equipment necessary for the project and specifically identified in the application as a proposed purchase; and

(9) services, facilities, or goods specified in the application or the contract.

D. Grant funds used for the development, printing, or publication of books, reports, brochures, or films must be acknowledged with the phrase "funding assistance provided by the Minnesota Department of Agriculture."

Statutory Authority: *MS s 17.101 subd 2*

History: 9 SR 2062

1552.0080 EXTENSIONS.

The grantee must make a written request for an extension of the contract no later than 90 days prior to the termination date explaining the reasons an extension is needed. The commissioner may grant an extension up to six months if necessary for successful completion of the grant project and realization of grant objectives. As a condition of the contract extension, the commissioner may modify the terms of the contract.

Statutory Authority: *MS s 17.101 subd 2*

History: 9 SR 2062

1552.0090 MONITORING AND REVIEW.

Subpart 1. **Records.** The grantee must keep records of all activities undertaken in connection with implementation of the grant proposal. The books, records, documents, and accounting procedures and practices of the grantee related to the grant are subject to examination by the commissioner. The grantee must give the commissioner access during normal business hours to all business records related to the project.

Subp. 2. **Progress reports.** Grantees must submit progress reports to the commissioner on dates specified in the contract. Each progress report must include a narrative statement of the progress toward project objectives and work tasks, an itemized statement of project funds, including grant funds received and the grantee's contributions, and an itemized statement of project expenditures.

Subp. 3. **On-site visit.** The commissioner may conduct on-site visits during the term of the grant to determine what progress has been made to accomplish project objectives and work tasks or if the grantee has been complying with all terms and conditions of the contract.

Subp. 4. **Evaluation.** If the commissioner determines through an examination that the grantee has not been complying with the terms of the contract, the

commissioner may direct the grantee to adhere to the terms of the contract, may modify the terms of the grant contract as necessary to assure that project objectives are met, may terminate the contract, or may seek a legal remedy in a court of competent jurisdiction.

Subp. 5. Final report. A grantee must return all unexpended grant funds and submit a final written report on the project within 60 days of the termination date of the contract. A grantee may submit additional information in the final report, but the final report must include the following information:

A. an assessment regarding the completion of project objectives and work tasks as well as the results achieved, written, to the extent possible, in measurable and quantifiable terms;

B. an assessment of further work that may be necessary with respect to the objectives of the project, based on the experience gained through implementing the project;

C. an evaluation of the project stating both its immediate and long-term impact regarding the expansion, improvement, or development of markets for products of Minnesota agriculture; and

D. a complete financial statement accounting for all receipts and expenditures of grant funds and for all the grantee's contributions of money, goods, and services.

Statutory Authority: *MS s 17.101 subd 2*

History: *9 SR 2062*

1552.0100 TERMINATION OF CONTRACT.

The contract terminates on the termination date specified in the contract unless it is extended under part 1552.0080 or terminated by the commissioner under part 1552.0090 or 1552.0110. Upon termination of the contract at any time, any unused supplies or materials and all unexpended grant funds must immediately be returned to the commissioner.

Statutory Authority: *MS s 17.101 subd 2*

History: *9 SR 2062*

1552.0110 MISREPRESENTATION BY APPLICANT OR GRANTEE.

If any grant application, progress report, or final report contains material false or misleading statements or information, the commissioner may take one or more of the following actions, as appropriate: reject the grant application; conduct an examination of the use of grant funds; modify the terms of the grant contract as necessary to assure that project objectives are met; terminate the grant contract; or recover grant funds through available legal remedies.

Statutory Authority: *MS s 17.101 subd 2*

History: *9 SR 2062*