

CHAPTER 5203
DEPARTMENT OF LABOR AND INDUSTRY
SAFETY ACCOUNT GRANT AND LOAN PROGRAM

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5203.0010 SCOPE AND AUTHORITY.

Parts 5203.0010 to 5203.0070 implement the safety account grant and loan program created and described by Minnesota Statutes, section 79.253, by establishing the criteria and procedural conditions under which the commissioner may award grants or loans from funds generated by fines levied against insurers pursuant to Minnesota Statutes, chapter 176, for costs of implementing safety recommendations.

Statutory Authority: *MS s 79.253*

History: *17 SR 3361*

5203.0020 DEFINITIONS.

Subpart 1. **Scope.** For the purposes of parts 5203.0010 to 5203.0070, the following terms have the meanings given them.

Subp. 2. **Account.** "Account" means the safety account established in Minnesota Statutes, section 79.253.

Subp. 3. **Commissioner.** "Commissioner" means the commissioner of the Department of Labor and Industry.

Subp. 4. **Eligible applicant.** "Eligible applicant" means an employer who is insured by an insurer subject to penalties under Minnesota Statutes, chapter 176, who has been the subject of an on-site safety survey conducted by Minnesota OSHA under Minnesota Statutes, section 79.253, chapter 182, or another similar authority, that results in specifically recommended safety practices and equipment designed to reduce the risk of injury to employees.

Subp. 5. **Eligible costs.** "Eligible costs" means all or part of the cost of meeting the standard set forth in Minnesota Statutes, section 79.253, "to establish and promote workplace safety and health programs," and meeting criteria established by the on-site safety inspection. Regardless of the amount of eligible costs, no grant or loan shall be awarded for an amount that exceeds the maximum established by the notice under part 5203.0030, subpart 1.

Subp. 6. **Eligible projects.** "Eligible projects" means projects that are designed to reduce the risk of injury to employees pursuant to recommendations resulting from on-site safety inspections of employers.

Subp. 7. **Employee.** "Employee" has the meaning given in Minnesota Statutes, section 176.011, subdivisions 9 and 9a.

Subp. 8. **Employer.** "Employer" has the meaning given in Minnesota Statutes, section 176.011, subdivision 10.

Subp. 9. **Person.** "Person" means an individual, partnership, association, public or private organization, or other legal entity, the state, or an agency, department, or political subdivision of the state.

Subp. 10. **Program.** "Program" means the safety account grant and loan program.

Statutory Authority: *MS s 14.388; 79.253*

History: *17 SR 3361; 28 SR 1169*

5203.0030 APPLICATION PROCEDURES.

Subpart 1. **Notification by commissioner.** To initiate the process for awarding program grants and loans, the commissioner shall publish a notice in the State Register advising eligible applicants of the availability of safety grants and loans. The notice shall describe the maximum amount of funding available for a project and establish a deadline by which proposals must be submitted. In the notice, the commissioner may also limit the types of projects for which a grant or loan would be awarded in the funding round initiated by the notice.

Subp. 2. **Proposals.** Following the publication of a notice in the State Register, eligible applicants who seek assistance must submit proposals to the commissioner. Proposals must be received by the commissioner by the deadline established in the notice.

A. Proposals for grants under part 5203.0060 shall contain the information in part 5203.0060, subpart 2.

B. Proposals for loans under part 5203.0070 shall contain the information in part 5203.0070, subpart 2.

Subp. 3. **Determination of eligibility and completeness.** For all proposals received by the commissioner by the deadline established in the notice, the commissioner shall determine the eligibility of the applicant, the proposed project, the costs identified in the proposal, and the completeness of the proposal.

Subp. 4. **Notice of determination of eligibility and completeness.** The commissioner shall notify the applicant of the commissioner's determination of eligibility and completeness of the proposal. If the commissioner determines that the applicant or the project is ineligible, the commissioner shall reject the proposal and notify the applicant. If the commissioner determines that any of the project costs are ineligible or that the proposal is incomplete, the commissioner shall notify the applicant of the ineligible portion of the costs or of the deficiency. The applicant has 14 days after receiving the notice to correct any inadequacies. Extensions shall be granted if requested in a timely manner and good cause exists for the extension. If the inadequacies are not corrected within the time allowed, the proposal shall be rejected.

Subp. 5. **Evaluation of proposal.** The commissioner shall evaluate each proposal that is determined to be eligible and complete.

A. Proposals for grants under part 5203.0060 shall be evaluated using the criteria in part 5203.0060, subparts 3 and 4.

B. Proposals for loans under part 5203.0070 shall be evaluated using the criteria in part 5203.0070, subparts 3 and 4.

Subp. 6. **Award of grant or loan.** The commissioner shall award a grant or loan for those projects that the commissioner determines best satisfy the criteria applicable to the program under which the applicant is requesting financial assistance. The commissioner shall notify those applicants that do not receive grant or loan awards. An applicant that does not receive an award may resubmit a proposal upon future notice by the commissioner under subpart 1.

Subp. 7. **No grant or loan awards.** If the commissioner determines that no proposal will sufficiently advance the safety account's safety goals, the commissioner may decide not to award any grant or loan. The commissioner may then reinstate the process for awarding grants and loans by publishing a notice under subpart 1.

Subp. 8. **Safety surveys; consideration.** In the commissioner's evaluation of the proposal, the commissioner shall consider recommendations provided by on-site surveys of employers.

Statutory Authority: *MS s 79.253*

History: *17 SR 3361*

5203.0040 LIMITATIONS.

Subpart 1. **Reduced grant or loan awards.** The commissioner shall ask an applicant to document the impacts of reduced financial assistance before awarding funds less than the eligible amount requested by the applicant or less than the maximum award established in the notice under part 5203.0030, subpart 1. Reduced funds shall be awarded if the commissioner determines that:

- A. program resources are insufficient to provide full assistance to all applicants to which the commissioner intends to award grants or loans; or
- B. the reduced grant or loan could still achieve safety objectives.

Subp. 2. **Limitations on disbursement of funds.** No grant or loan funds shall be disbursed until the recipient has executed a written grant or loan agreement with the commissioner.

Statutory Authority: *MS s 79.253*

History: *17 SR 3361*

5203.0050 GRANT OR LOAN AGREEMENTS.

A grant or loan agreement shall:

- A. incorporate by reference the proposal submitted to the commissioner;
- B. provide that any cost overruns incurred in the development and implementation of the proposed project shall be the sole responsibility of the recipient;
- C. require that the recipient provide periodic written reports to the commissioner on the implementation and results of the project;
- D. identify the interest rate and repayment obligations for the loan recipient;
- E. authorize the commissioner to rescind the grant and require the grant recipient to repay the grant in full if the commissioner determines that, due to the bad faith of the grant recipient, a project has not been developed and implemented according to the terms and conditions of the grant agreement;
- F. authorize the commissioner to determine that the loan recipient is in default and require the loan recipient to immediately repay the loan in full if the commissioner determines that, due to the bad faith of the loan recipient, a project has not been developed and implemented according to the terms and conditions of the loan agreement;
- G. authorize the commissioner to cease making further disbursements to the grant or loan recipient and to recover the unspent funds if the commissioner determines that, for reasons other than bad faith, a project has not been developed and implemented according to the terms and conditions of the grant or loan agreement and amendment of the agreement is not justified;
- H. require that the recipient perform and complete project activities according to the work plan in the proposal submitted to the commissioner and incorporated into the grant or loan agreement;
- I. require that all information developed as a result of a grant or loan shall be made public;
- J. require that the recipient maintain detailed records of all expenditures related to the project; and
- K. establish other conditions or terms needed to manage or implement the grant or loan agreement.

Statutory Authority: *MS s 79.253*

History: *17 SR 3361*

5203.0060 SAFETY ACCOUNT GRANT PROGRAM.

Subpart 1. **Scope.** This part establishes the conditions under which the commissioner shall award grants for costs of implementing safety recommendations made to eligible applicants.

Subp. 2. **Proposal.** An eligible applicant shall submit a proposal in the form specified by the commissioner. The commissioner may request additional information from the applicant if it is necessary to clarify the proposal. A proposal must include the following information:

A. the names, qualifications, and addresses of the applicant and other project participants;

B. a description of the proposed project, including:

(1) a work plan that includes a list of project activities, an implementation schedule with specific timelines, and persons involved in completing each activity;

(2) the location of the proposed project if it involves capital equipment or necessary real property;

(3) the current status of the proposed project; and

(4) a description or identification of employees that the proposed project will benefit in terms of reducing risk of injury;

C. a financial report, including:

(1) an itemized description of the proposed project costs, including the total estimated cost, the total grant eligible costs, the amount of grant funding requested, and a discussion of the economic feasibility of implementing the proposed project;

(2) an itemized description of the proposed project financing, including the applicant contributions, other government contributions, private contributions, and, where applicable, any projected revenues from the proposed project; and

(3) a business plan that demonstrates ongoing financial commitment over the projected life of the proposed project to be funded by the grant;

D. information demonstrating, where applicable, the technical feasibility of the proposed project, including preliminary design and engineering plans for capital expenditures; and

E. information demonstrating that the project will comply with applicable regulations, including a list of permits required for the project.

Subp. 3. **Evaluation of proposals.** The commissioner shall evaluate each proposal that is determined to be eligible and complete, and shall award grants to those projects that, in the commissioner's view, best satisfy the following criteria:

A. the proposed project is technically and economically feasible and is consistent with the recommendations resulting from the on-site safety survey of the employer;

B. the applicant has the experience and knowledge to complete the proposed project and is committed to implementing the proposed project in a timely manner upon receipt of a grant award;

C. the proposed project is consistent with the objective of reducing risk of injury to employees;

D. the proposed project has the necessary financial commitment to cover all proposed project costs;

E. the applicant has demonstrated that the proposed project has the support of all public entities that are involved in the proposed project; and

F. the proposed project complies with federal, state, and local regulations.

Subp. 4. **Proposal preference.** Proposals shall be evaluated in order of need and desirability on the basis of the following factors and in the descending order as listed:

A. a project that impacts a site of employment which provides goods producing, manufacturing, or processing jobs for a significant proportion of the workers in the area;

B. a project for operating a site where jobs have been lost or are in jeopardy because of problems relating to safety shortcomings addressed by the proposal; and

C. other projects that meet the criteria specified elsewhere.

Statutory Authority: *MS s 14.388; 79.253*

History: *17 SR 3361; 28 SR 1169*

5203.0070 SAFETY ACCOUNT LOAN PROGRAM.

Subpart 1. **Scope.** This part establishes the conditions under which the commissioner shall award program loans for costs of implementing safety recommendations made to eligible applicants.

Subp. 2. **Proposal.** An eligible applicant shall submit a proposal in the form specified by the commissioner. The commissioner may request additional information from the applicant if it is necessary to clarify the proposal. A proposal must include the information required by part 5203.0060, subpart 2, and:

A. a credit history of the applicant; and

B. financial statements for the last three years.

Subp. 3. **Evaluation of proposals.** The commissioner shall evaluate each proposal that is determined to be eligible and complete and shall award loans to those projects that, in the commissioner's view, best satisfy the criteria in part 5203.0060, subpart 3, items A to D and F.

Subp. 4. **Proposal preference.** Proposals shall be evaluated in order of need and desirability according to part 5203.0060, subpart 4.

Statutory Authority: *MS s 79.253*

History: *17 SR 3361*