

**1230.1860 LIMITS TO PROGRAM PARTICIPATION.**

To ensure equitable distribution of awards and reduce the dependency of any given business on state awards for a major part of its annual revenues, the following limitations apply:

A. [Repealed, L 1999 c 232 s 2]

B. Eligibility for set-aside or preference for a specific business participating in the Socially Disadvantaged or Economically Disadvantaged Area Small Business Program must be terminated when the review of financial statements or the cumulative record of awards compiled by the division from reports submitted by agencies covered under the statute indicate that any of the following conditions exist:

(1) more than an average of 80 percent of the business's gross revenues or sales are attained through preference or set-aside awards during the second and third years of participation in the program;

(2) for years four and five, the limitation average shall be 50 percent of gross annual revenues or sales;

(3) for years six and beyond, the limit shall not exceed 40 percent.

There will be no limit on awards acquired through the normal competitive bid process at any time.

C. No business may participate in the Socially Disadvantaged or Economically Disadvantaged Area Small Business Program indefinitely. A business shall graduate from the program when one of the following circumstances exists:

(1) if certified under part 1230.1700 according to Minnesota Statutes, section 16C.16, subdivision 5, designation of targeted groups, and a new study conducted by the commissioner of administration finds the original conditions defining eligibility and certification no longer exist;

(2) demographic statistics justify loss of status as a labor surplus area, a 70 percent median income county, or a disadvantaged area; or

(3) the business has captured a proportionate share in its market for assets employed, by the following averages:

(a) 200 percent in year one;

(b) 175 percent in years one and two;

(c) 150 percent in years one, two, and three;

(d) 125 percent in years two, three, and four;

(e) 125 percent in years three, four, and five, or any three consecutive years thereafter.

**Statutory Authority:** *MS s 16B.04; 16B.18; 16B.19; 16B.22; 16C.03; 16C.16; 16C.19*

**History:** *16 SR 194; L 1999 c 232 s 2; 28 SR 499*

**Published Electronically:** *January 14, 2005*