

CHAPTER 362

ECONOMIC DEVELOPMENT

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362.01-362.06 [Repealed, 1947 c 587 s 22]

362.07 DEPARTMENT OF ECONOMIC DEVELOPMENT. There is hereby created and established a department of the state government to be designated and known as the Department of Economic Development, said department and all officials thereof to be subject to the provisions and limitations of sections 362.07 to 362.23.

[1947 c 587 s 1; 1953 c 754 s 1; 1967 c 299 s 1; 1971 c 24 s 39]

362.08 DEFINITIONS. As used in sections 362.07 to 362.23, "department" means the department of economic development, and "commissioner" means the commissioner of economic development.

[1947 c 587 s 2; 1953 c 754 s 2; 1967 c 299 s 2; 1971 c 24 s 40]

362.09 COMMISSIONER; ADVISORY COMMITTEE. Subdivision 1. The department shall be under the supervision and control of a commissioner of economic development who shall be appointed by the governor under the provisions of section 15.06. He shall be chosen with regard to his knowledge, training, experience, and ability in administering the functions of the department.

The commissioner shall appoint a deputy commissioner.

Subd. 2. Subject to the provisions of applicable law the commissioner shall organize the department. He shall establish a division of tourist development, a division of industrial development and such other divisions as he may deem necessary to discharge the functions of his department. The division of industrial development shall consist of two bureaus (a) a bureau of rural development (b) a bureau of urban development and special services. He shall staff each division and bureau so as to best enable him to carry out his duties and responsibilities.

Subd. 3. A committee of 21 members to act in an advisory capacity to the commissioner is created. Members thereof shall be appointed by the commissioner, two from each congressional district and five from the state at large, for terms to coincide with the term of the governor. The commissioner shall appoint the chairman of the committee. The committee shall organize and elect from among its members such other officers as it may deem necessary. The committee shall meet at the call of the chairman or the commissioner. The committee shall expire and the terms, compensation, and removal of members shall be as provided by section 15.059.

Subd. 4. The commissioner shall submit his biennial budget to the committee for review and comment. He shall also periodically seek the advice of the committee concerning the operation of the department. The commissioner shall also file an annual report of his activities with the committee on or before December 31 of each year and the report shall be a public record.

[1947 c 587 s 3; 1951 c 713 s 33; 1953 c 754 s 3; Ex1961 c 65 s 1; 1965 c 51 s 69; 1967 c 299 s 3; 1969 c 1129 art 8 s 13; 1975 c 271 s 6; 1975 c 315 s 22; 1977 c 305 s 37]

362.10 FUNCTIONS. The department of economic development shall encompass the following functions:

(1) Research and statistics,

- (2) Publicity and promotion,
 - (3) Promotion of the higher use of agricultural and forest lands,
 - (4) Business, economic and industrial development services, and
 - (5) Promotion of tourism.
- [1947 c 587 s 4; 1953 c 754 s 4; 1967 c 299 s 4]

362.11 DUTIES OF COMMISSIONER. The commissioner shall have power, and it shall be his duty, to exercise the functions, perform the work, and carry on the activities specified in sections 325.907, 362.13, 362.15 as functions of the department.

[1947 c 587 s 5]

362.12 SCOPE OF DEPARTMENTAL POWERS AND DUTIES. Subdivision 1. Enumeration. The department shall:

- (1) Investigate, study, and undertake ways and means of promoting and encouraging the prosperous development and protection of the legitimate interest and welfare of Minnesota business, industry, and commerce, within and outside the state;
- (2) Locate markets for manufacturers and processors and aid merchants in locating and contacting markets;
- (3) Investigate and study conditions affecting Minnesota business, industry, and commerce and collect and disseminate information, and engage in technical studies, scientific investigations, and statistical research and educational activities necessary or useful for the proper execution of the powers and duties of the department in promoting and developing Minnesota business, industry, and commerce, both within and outside the state;
- (4) Plan and develop an effective business information service both for the direct assistance of business and industry of the state and for the encouragement of business and industry outside the state to use economic facilities within the state;
- (5) Compile, collect, and develop periodically, or otherwise make available, information relating to current business conditions;
- (6) Conduct or encourage research designed to further new and more extensive uses of the natural and other resources of the state and designed to develop new products and industrial processes;
- (7) Study trends and developments in the industries of the state and analyze the reasons underlying such trends; study costs and other factors affecting successful operation of businesses within the state; and make recommendations regarding circumstances promoting or hampering business and industrial development;
- (8) Serve as a clearing house for business and industrial problems of the state; and advise small business enterprises regarding improved methods of accounting and bookkeeping;
- (9) Encourage and develop commerce with other states and foreign countries and devise ways and means of removing trade barriers hampering the free flow of commerce between this and other states;
- (10) Cooperate with interstate commissions engaged in formulating and promoting the adoption of interstate compacts and agreements helpful to business, industry, and commerce;
- (11) Cooperate with other state departments, and with boards, commissions, and other state agencies, in the preparation and coordination of plans and policies for the development of the state and for the use and conservation of its resources insofar as such use, conservation, and development may be appropriately directed or influenced by state agency;
- (12) Assemble and coordinate information relative to the status, scope, cost, and employment possibilities and the availability of materials, equipment, and labor in connection with public works projects, state, county, and municipal; recommend limitations on said public works; gather current progress information with reference to public and private works projects of the state and its political subdivisions with reference to conditions of employment; inquire into and report to the governor, when requested by him, with respect to any program of public state improvements and the financing thereof; and request and obtain information from other state departments or agencies as may be needed properly to report thereon;

(13) Study changes in population and current trends and prepare plans and suggest policies for the development and conservation of the resources of the state;

(14) Confer and cooperate with the executive, legislative, or planning authorities of the United States and neighboring states and of the counties and municipalities of such neighboring states, for the purpose of bringing about a coordination between the development of such neighboring states, counties, and municipalities and the development of this state;

(15) Generally, gather, compile, and make available statistical information relating to business, trade, commerce, industry, transportation, communication, natural resources, and other like subjects in this state; with authority to call upon other departments of the state for statistical data and results obtained by them and to arrange and compile that statistical information in such manner as may seem wise.

Subd. 1a. Promotional contracts. In order to best carry out his duties and responsibilities and to serve the people of the state in the promotion of tourism 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. Such contracts may be negotiated and shall not be subject to the provisions of chapter 16, insofar as such provisions relate to competitive bidding.

Subd. 2. Information available to the public. Statistical and other information obtained by the division of research and statistics in the exercise of its powers and duties shall be available at all times to the public.

Subd. 3. Governor may assign new duties; transfer from other departments. The governor may by order in writing transfer at any time the whole or any part of any office, bureau, division, or other branch of the state government engaged in statistical work to the department of business research and development, and in every such case the duties and authority performed by and conferred by law upon such office, bureau, division, or other branch of the state government or the part thereof so transferred shall be thereby transferred with such office, bureau, division, or other branch of the state government or the part thereof which is so transferred.

[1947 c 587 s 6; 1967 c 299 s 5]

362.121 IMPREST FUNDS, USE. The commissioner of economic development may use the money in the imprest fund of his department in order to facilitate and expedite its business particularly in the making of advances of moneys to officers and employees of the department and members of the advisory committee for the purpose of defraying the expenses of travel, subsistence, and other similar expenses, and in meeting emergencies, and in accordance with such requirements therefor as may be prescribed by the commissioner of finance. The imprest fund shall be reimbursed for all moneys advanced in the manner prescribed by the rules of the commissioner of administration.

[1967 c 299 s 8; 1973 c 492 s 14; 1975 c 271 s 6]

362.125 PROMOTIONAL EXPENSES. In the promotion of tourism and economic development of the state of Minnesota, the state commissioner of economic development may expend from moneys appropriated by the legislature for such purposes in the same manner as private persons, firms, corporations and associations make expenditures for such purposes. For purposes of allotment, encumbrance and disbursement all transactions for promotional purposes shall be coded under the commissioner of finance's object of expenditure code for advertising. The encumbrance shall be made on a miscellaneous encumbrance requisition. Any such expenditures for food, lodging or travel shall not be governed by the travel regulations of the commissioner of administration.

[Ex1967 c 48 s 84; 1973 c 492 s 14; 1977 c 455 s 84]

362.13 ADDITIONAL POWERS AND DUTIES. The department shall:

(1) Have control of the work of carrying on a continuous program of education for businessmen;

(2) Publish, disseminate, and distribute information and statistics acquired by the division of research and statistics in cooperation with that division;

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(3) Promote and encourage the expansion and development of markets for Minnesota products;

(4) Promote and encourage the location and development of new business in the state as well as the maintenance and expansion of existing business and for that purpose cooperate with state and local agencies and individuals, both within and outside the state;

(5) Advertise and disseminate information as to natural resources, desirable locations, and other advantages for the purpose of attracting business to locate in this state;

(6) Aid the various communities in this state in getting business to locate therein;

(7) Advise and cooperate with municipal, county, regional, and other planning agencies and planning groups within the state for the purpose of promoting coordination between the state and localities as to plans and development in order to maintain a high level of gainful employment in private profitable production and achieve commensurate advancement in social and cultural welfare; coordinate the activities of state-wide and local planning agencies, correlate information secured from them and from state departments and disseminate information and suggestions to such planning agencies; and encourage and assist in the organization and functioning of local planning agencies where none exist; and may provide at the request of any governmental subdivision hereinafter mentioned planning assistance, which includes but is not limited to surveys, land use studies, urban renewal plans, technical services and other planning work to any city or other municipality in the state or perform similar planning work in any county, metropolitan or regional area in the state providing that the department of business development shall not perform such planning work with respect to a metropolitan or regional area which is under the jurisdiction for such planning purposes of a county, metropolitan, regional or joint planning body, except at the request or with the consent of the respective county, metropolitan, regional or joint planning body. The department is authorized to receive and expend funds from municipal, county, regional and other planning agencies; and may accept and disburse grants and other aids for planning purposes from the federal government and from other public or private sources, and may utilize moneys so received for the employment of consultants and other temporary personnel to assist in the supervision or performance of planning work supported by funds other than state appropriated funds, and may enter into such contracts with agencies of the federal government, units of local government or combinations thereof, and with private persons as are necessary in the performance of its planning assistance function. In furtherance of their planning functions, any city or town, however organized, may expend funds and contract with agencies of the federal government, appropriate departments of state government, other local units of government and with private persons;

(8) Adopt such measures as may best be calculated to promote public interest in and understanding of the problems of planning and, to that end, may publish and distribute copies of any plan or any report and may employ such other means of publicity and education as shall give full effect to the provisions of sections 362.07 to 362.23;

NOTE: Duties relating to community planning, clauses 7 and 8, transferred to state planning office. See section 4.16, subd. 5.

(9) Perform the functions and carry out programs heretofore performed and carried out by the tourist bureau of the department of natural resources, plan and conduct programs of information and publicity designed to attract tourists, visitors, and other interested persons from outside the state to this state, and in that connection encourage and coordinate the efforts of other public and private organizations or groups of citizens to publicize the facilities and attractions of the state and work with representatives of the tourist and resort industry in carrying out its programs.

[1947 c 587 s 7; 1957 c 842 s 1; 1959 c 598 s 1; 1969 c 1129 art 3 s 2; 1971 c 24 s 41; 1973 c 123 art 5 s 7]

362.14 [Renumbered 325.907]

362.15 REPORTS AND RECOMMENDATIONS TO THE GOVERNOR. The commissioner shall cause to be prepared and submitted to the governor and to the

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legislature by November 15 of each even numbered year, and at each special session when so requested by the governor, a report of the activities of the department, together with such information and data in the possession of the department as the commissioner shall deem of value to the governor, the legislature, and the people of the state of Minnesota. Each such report may contain such recommendations and legislation as the commissioner may deem necessary to give full effect to all the provisions of sections 362.07 to 362.23.

[1947 c 587 s 9; 1971 c 24 s 42; 1974 c 406 s 69]

362.16 [Repealed, 1976 c 149 s 63]

362.17 GRANTS FROM FEDERAL GOVERNMENT OR FROM INDIVIDUALS.

The department is authorized to accept any grant of funds or property made by the United States or any department or agency thereof, or by any individual, for any or all of the purposes specified in sections 362.07 to 362.23, and shall expend said funds in accordance with the terms and conditions of the grant.

[1947 c 587 s 11; 1971 c 24 s 43; 1976 c 2 s 129]

362.18 DEPARTMENT TO RECEIVE ASSISTANCE, INFORMATION, AND ADVICE FROM OTHER STATE DEPARTMENTS OR AGENCIES.

The governor may direct that assistance, information and advice be given the department in the performance of its duties and functions by any officer, agent, or employee of the state. The head of any other state department may assign temporarily to the department experts and employees of his department or may direct any division or agency under his supervision and control to make any special study or survey requested by the commissioner.

[1947 c 587 s 12]

362.19 COOPERATION WITH UNIVERSITY OF MINNESOTA. The commissioner shall at all times cooperate with the University of Minnesota and its departments and shall obtain from the university such assistance as it may be able to afford him in relation to research and promotion as will aid in carrying out the provisions of sections 362.07 to 362.23.

[1947 c 587 s 13; 1971 c 24 s 44]

362.20 SALE OF PAMPHLETS AND PUBLICATIONS. The commissioner shall have authority to sell, at their approximate cost to the state, such publications of the department as in his judgment should not be supplied gratis to those who wish to employ them in the conduct of their business.

[1947 c 587 s 14]

362.21 [Repealed, 1961 c 561 s 17]

362.22 [Repealed, 1961 c 561 s 17]

362.23 PERSONNEL. The commissioner may hire such personnel as is necessary to carry on the functions of the department. The commissioner may appoint to serve at his pleasure in the unclassified service of the state civil service a director of research, director of publicity and promotion, a director of tourist development, a director of finance, and a director of industrial development, and may assign to them such duties as he desires. Each director shall enjoy a confidential relationship with the commissioner.

[1947 c 587 s 18; 1953 c 754 s 5; 1967 c 299 s 6]

362.231 [Repealed, 1967 c 299 s 10]

362.24 [Repealed, 1961 c 561 s 17]

362.241 [Renumbered 325.905]

362.31 [Renumbered 32A.03]

362.32 [Renumbered 32A.04]

362.33 [Renumbered 32A.05]

362.34 [Renumbered 32A.06]

362.35 [Renumbered 32A.07]

362.36 [Renumbered 32A.08]

362.37 [Renumbered 32A.09]

362.38 [Renumbered 32A.02]

362.39 [Renumbered 32A.01]

362.40 LOANS TO INDIANS LIVING ON AND OFF RESERVATION. Subdivision 1. For purposes of this section the following terms shall have the meanings ascribed to them herein.

Subd. 2. "Indian" means a person of one-quarter or more Indian blood.

Subd. 3. "Census" means the most recent census taken by the Minnesota department of economic security.

Subd. 4. "Reservation residents" means Indians living on reservations at the time of the census.

Subd. 5. "Nonreservation residents" means Indians living off reservations in Minnesota at the time of the census, and who are enrolled members of a Minnesota-based tribe or band.

Subd. 6. "Person" means an individual Indian, or a partnership comprising Indians only, or a corporation whose stock is owned wholly by Indians.

Subd. 7. "Tribal council" means the reservation business committee or equivalent duly constituted tribal authority.

Subd. 8. The remaining 20 percent of the tax revenue received by the county auditor under section 273.13, subdivision 2a shall be remitted by the county auditor to the state treasurer and shall be deposited in the general fund in special accounts identified as "reservation residents loan accounts" and a "nonreservation residents loan account". The amount to be credited to each reservation residents loan account shall be that percentage of the amount received from all the counties pursuant to subdivision 8 as the number of Indians living on such reservation bears to all the Indians in Minnesota, according to the census. The amount remaining shall be credited to the nonreservation residents loan account. The amounts credited to each of these special accounts shall be used solely for making loans to Indians, in the manner provided by subdivisions 9 and 10.

Subd. 9. A reservation resident, desiring to make a loan for the purpose of starting a business enterprise or expanding a going business, shall make application to the state department of economic development. The department shall prescribe the necessary forms, and advise the prospective borrower as to the condition under which his application may be expected to receive favorable consideration. Thereafter the application shall be forwarded to the tribal council, which is empowered either to approve or reject the application. If the application is approved, the tribal council shall forward the application, together with all relevant documents pertinent thereto, to the commissioner of finance, who shall draw his warrant in favor of the tribal council with appropriate notations identifying the borrower. The tribal council shall thereafter reimburse suppliers and vendors for purchases of equipment, real estate and inventory made by the borrower pursuant to the conditions or guidelines established by the state department of economic development. The tribal council shall maintain records of transactions for each borrower in a manner consistent with good accounting practice. Simple interest at two percent of the amount of the debt owed shall be charged. When any portion of a debt is repaid, the tribal council shall remit the amount so received plus interest paid thereon to the state treasurer. The amount so received shall be credited to such reservation residents loan account. The tribal council shall secure a bond from a surety company, in favor of the state treasurer, in an amount equal to the maximum amount to the credit of such reservation residents loan account during the fiscal year. Ten percent of the total amount made available to any tribal council during the fiscal year shall be paid to such council prior to December 31 for the purpose of financing administrative costs.

Subd. 10. A nonreservation resident desiring to make a loan for the purpose of starting a business enterprise or expanding a going business shall make application to the state department of economic development, on forms prescribed by the department. The department is empowered to either accept or reject the application, based upon guidelines and conditions essentially similar to those used for the purpose of recommending approval or rejection of reservation residents by the tribal council under

subdivision 9. If the application is approved by the state department of economic development, the department shall forward the application, together with all the relevant documents pertinent thereto, to the commissioner of finance, who shall draw his warrant in favor of the commissioner of economic development, with appropriate notations identifying the borrower. The department of economic development shall thereafter reimburse suppliers and vendors for purchases of equipment, real estate and inventory made by the borrower pursuant to the conditions or guidelines established by the department. The department of economic development shall maintain records of transactions for each borrower in a manner consistent with good accounting practice. Simple interest at two percent shall be charged. When any portion of a debt is repaid, the department of economic development shall remit the amount so received plus interest paid thereon to the state treasurer. The amount so received shall be credited to the nonreservation residents loan account.

Subd. 11. Loans made under subdivisions 9 and 10 shall be limited to a period of 20 years, if made for the purpose of financing nonreal estate purchases. Loans made for the purpose of financing real estate purchases, where such real property is to be used for nonresidential purposes only, shall be limited to a period of 40 years, and shall be a lien on the real property so acquired.

Subd. 12. Any person misrepresenting facts regarding the Indian ancestry of a prospective borrower for the purpose of securing a loan under subdivisions 9 and 10, whether such borrower be an individual, partnership or corporation, shall be guilty of a gross misdemeanor.

Subd. 13. The county auditor shall remit the tax revenue received yearly to the state treasurer as required by subdivision 8 no later than December 15.

Subd. 14. There is appropriated annually an amount equal to the tax revenue allotted under subdivisions 9 and 10.

[1973 c 254 s 3; 1973 c 492 s 14; 1973 c 650 art 20 s 4; 1977 c 430 s 25 subd 1]

362.41 COMMUNITY DEVELOPMENT CORPORATIONS. Subdivision 1. For the purposes of this section, the following terms shall have the meanings given them:

Subd. 2. "Economic development region" means an area so designated in the governor's executive order number 60, dated June 12, 1970, as amended.

Subd. 3. "Federal poverty level" means the income level established by the United States Community Services Administration in 45 CFR 1060.2-2.

Subd. 4. "Low income" means an annual income below the federal poverty level.

Subd. 5. The commissioner of economic development shall administer this section and shall enforce the rules related to the community development corporations promulgated by the commissioner. The commissioner may amend, suspend, repeal or otherwise modify these rules as provided for in chapter 15.

Subd. 6. The commissioner shall designate a community development corporation as eligible to receive grants pursuant to this section if the corporation:

(a) Is a non-profit corporation incorporated under chapter 317;

(b) Designates in its articles of incorporation or bylaws a specific geographic community within which it will operate. At least ten percent of the population within the designated community must have low income. Within the metropolitan area as defined in section 473.121, subdivision 2, a designated community shall be an identifiable neighborhood, or a combination of neighborhoods or home rule charter or statutory cities, townships, unincorporated areas or combinations thereof. Outstate designated communities shall to the extent possible not cross existing economic development boundaries;

(c) Limits voting membership to residents of the designated community;

(d) Has a board of directors with 15 to 30 members, unless the corporation can demonstrate to the commissioner that a smaller or larger board is more advantageous. At least 60 percent of the directors shall have low incomes and the remaining directors shall be members of the business or financial community and the community at large. To the greatest extent possible directors shall be residents of the designated community. The low income directors shall be elected by the members of the corporation, and the remaining directors may be elected by the members of the corporation or selected by the low income directors; and

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(e) Hires low income residents of the designated community to fill non-managerial and non-professional positions.

Subd. 7. 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. 8. 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. 9. Factors considered by the commissioner in approving a grant to a community development corporation should include the creation of employment opportunities, the maximization of profit and the effect on securing funds from sources other than the state.

Subd. 10. Grants under this section shall not be available for programs conducted by churches or religious organizations or for securing or developing social services.

Subd. 11. A person shall not be excluded from participation in a program funded pursuant to this section because of race, color, religion, sex, age or national origin.

[1977 c 391 s 1; 1978 c 709 s 4,5]

362.42 SMALL BUSINESS ASSISTANCE. The commissioner of economic development shall establish within the department an operating unit having as its sole function the provision of assistance to small businesses in the state. This unit shall be accorded equal status with the other major operating units within the department.

[1978 c 709 s 2]