

## CHAPTER 116N

### RURAL DEVELOPMENT BOARD

116N.02 Rural development board.  
116N.03 Powers.

116N.06 Rural investment guide.  
116N.08 Challenge grant program.

#### 116N.02 RURAL DEVELOPMENT BOARD.

Subdivision 1. **Membership.** The rural development board consists of the commissioner of trade and economic development, the commissioner of economic security, the commissioner of agriculture, the president of the Minnesota Technology, Inc. board, the chancellor of vocational technical education, the chancellor of the state university board, the chancellor of the state board for community colleges, the president of the University of Minnesota or the president's designee, and six members from the general public appointed by the governor, with at least one public member from each of the regions established in section 116N.08. Two of the public members must be local elected officials. Two of the public members must be members of farm organizations. One public member must represent the interests of business, and one public member must represent the interests of organized labor.

*[For text of subs 2 to 6, see M.S.1994]*

**History:** 1995 c 232 s 6

#### 116N.03 POWERS.

*[For text of subd 1, see M.S.1994]*

Subd. 2. **Gifts; grants.** The board may apply for, accept, and disburse gifts, grants, loans, or other property from the United States, the state, private foundations, or any other source. It may enter into an agreement required for the gifts, grants, or loans and may hold, use, and dispose of its assets in accordance with the terms of the gift, grant, loan, or agreement. Money received by the board under this subdivision must be deposited in a separate account in the state treasury and invested by the state board of investment. The amount deposited, including investment earnings, is appropriated to the board to carry out its duties.

**History:** 1995 c 224 s 63

#### 116N.06 RURAL INVESTMENT GUIDE.

The board, after appropriate study and public hearings as necessary, shall adopt a comprehensive state rural investment guide consisting of policy statements, objectives, standards, and program criteria to guide state agencies in establishing and implementing programs relating to rural development. The guide must recognize the community and economic needs, the food and agricultural policy, and the resources of rural Minnesota, and provide a plan to coordinate and allocate public and private resources to the rural areas of the state. The board shall submit the guide to the appropriate committees of the legislature. The guide shall be prepared every fourth year.

**History:** 1995 c 232 s 7

#### 116N.08 CHALLENGE GRANT PROGRAM.

*[For text of subs 1 to 4, see M.S.1994]*

Subd. 5. **Loan criteria.** The following criteria apply to loans made under the challenge grant program:

- (a) Loans must be made to businesses that are not likely to undertake a project for which loans are sought without assistance from the challenge grant program.
- (b) A loan must be used for a project designed principally to benefit low-income persons through the creation of job or business opportunities for them.
- (c) The minimum loan is \$5,000 and the maximum is \$100,000.

(d) A loan may not exceed 50 percent of the total cost of an individual project.

(e) A loan may not be used for a retail development project.

(f) A business applying for a loan, except a microenterprise loan under subdivision 5a, must be sponsored by a resolution of the governing body of the local governmental unit within whose jurisdiction the project is located.

**Subd. 5a. Microenterprise loans.** Challenge grants may be used to make microenterprise loans to small, beginning businesses, including a sole proprietorship. Microenterprise loans are subject to this section except that:

(1) they may also be made to qualified retail businesses;

(2) they may be for a minimum of \$1,000 and a maximum of \$10,000; and

(3) they do not require a match.

**Subd. 6. Revolving fund administration.** (a) The board shall establish a minimum interest rate for loans to ensure that necessary management costs are covered.

(b) Loan repayment amounts equal to one-half of the principal and interest must be deposited in the rural rehabilitation revolving fund for challenge grants to the region from which the money was originally designated. The remaining amount of the loan repayment may be deposited in the regional revolving loan fund for further distribution by the regional organization, consistent with the loan criteria specified in subdivisions 4 and 5.

(c) The first \$1,000,000 of revolving loans for each region must be matched by nonstate sources. The matching requirement does not apply to loans made under subdivision 6, clause (b).

(d) Administrative expenses of each organization may be paid out of the interest earned on loans and on interest earned on money invested by the state board of investment under section 116N.03, subdivision 2.

*[For text of subds 7 to 10, see M.S.1994]*

**History:** 1995 c 224 s 64-66