

Minnesota Attorney General: Administrative Rules Proceedings

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Version 3
August 20, 2018

Our File No. 1131

RULE REVIEW CHECKLIST

DATE RULE RECEIVED 2-6-85
DATE FOR REVIEW 2-15-85
DATE DUE 2-20-85

Adopted w/a hearing _____
Adopted w/o hearing ✓
Temporary rule _____

Approved 2-20-85 (LDS) Disapproved _____ Returned to Agency 2-20-85

Resubmitted _____ Due _____
Approved _____ Disapproved _____ Returned to Agency _____

Date filed w/Secretary of State 2-20-85 Revisor approved 2/6/85 disapproved _____

✓ Rule as Adopted

_____ Rule as Proposed

✓ Order Adopting 2.5.85 Date

_____ Notice of Intent to Solicit Outside Opinion

✓ Order for rulemaking
N/A date of Hearing

N/A Certificate of Board's Authorizing Resolution

✓ Notice of rulemaking
✓ Sufficiency contains small biz statement

✓ Affidavit of Mailing Notice or rulemaking
12.18.84 At least 30 days prior to ~~hearing~~/adoption

✓ Mailing list Certificate

✓ Publication in State Register
12.24.84 At least 30/~~20~~ days prior to ~~hearing~~/adoption

N/A Hearing Examiner's Report

_____ Chief Hearing Examiner's Report(s)
_____ Approving H.E.'s Report
_____ Approving agency action

✓ Agency's Findings of Fact

_____ LCRAR Report or agency Affidavit

_____ Certificate of Board's Resolution Adopting Rules

_____ Order Approving Incorporation by Reference

✓ Statement of Need and Reasonableness contains small biz statement.

N/A Petition for Adoption of a Rule

✓ Record (includes transcript or tape, exhibits, comments received by agency, requests for a hearing, and other relevant materials)

✓ Certificate of Compliance w/Rulemaking Procedures

N/A Affidavit of Mailing Notice of Submission to Attorney General

✓ Notice of Submission to the Attorney General

SF-00006-02

STATE OF MINNESOTA

DEPARTMENT ATTORNEY GENERAL

Office Memorandum

TO JON NICHOLS, Commissioner
Department of Agriculture

DATE: 2/20/85

ATTN: JON MURPHY, Special Assistant Attorney General

FROM : LARRY D. STARNS
Special Assistant Attorney General
LDS

PHONE: 297-3493

SUBJECT: IN THE MATTER OF THE PROPOSED RULES OF THE DEPARTMENT OF AGRICULTURE GOVERNING ADMINISTRATION OF AGRICULTURAL DEVELOPMENT GRANTS (MINNESOTA RULES 1552.0010 - 1552.0110)

Enclosed herewith are the rules you have submitted for approval. These rules have been approved by this office and filed with the Secretary of State. Please note that they have not been filed with the State Register. This must be done promptly by your agency.

Upon receipt and before transmittal to your agency, however, it is important that you recheck these rules as to:

1. Affixation of stamps of the Attorney General and Secretary of State;

2. Coverage by these stamps of all rules submitted; and

3. Inclusion of all pages to the rules in the approved set.

If you have any questions in this regard, please contact me.

LDS:dw

Encs.

cc: Ms. Kathy Burek
Mr. Duane Harves

PLANNING DIVISION
DEPARTMENT OF AGRICULTURE

LIST OF ATTACHED DOCUMENTS

A. Rule as Adopted (Original and three copies). Each copy reflects amendments made in the rules since original publication.

B. Order Adopting the Rule (two copies).

C. Order for Notice of Intent to Adopt Rule Without Public Hearing (one copy).

D. Notice of Intent to Adopt a Rule Without Public Hearing (one copy).

E. Affidavit of Mailing Notice of Intent to Adopt a Rule Without Public Hearing (one copy).

F. Mailing List Certificate (one copy).

G. Rule as Proposed (one copy).

H. Findings of Fact and Conclusions (one copy).

I. Statement of Need and Reasonableness (one copy).

J. Written Comments Received (one copy).

K. Certificate of Compliance with Rulemaking Procedures (one copy).

SF-00006-03

STATE OF MINNESOTA

DEPARTMENT OF AGRICULTURE

Office Memorandum

TO: Judith Wehrwein
Administration - Finance Division
Office of the Attorney General

DATE: 01/30/85

FROM: Carol Milligan, Management Analyst
Planning Division

PHONE: 296-6909

SUBJECT: Review of Rules Governing Administration of Agricultural Development Grants (Minnesota Rules 1552.0010-1552.0110)

The Department of Agriculture adopted the above-mentioned emergency rules pursuant to Minnesota Statutes, sections 14.22-14.28. Enclosed with this memorandum are the documents which are required to be submitted to the Attorney General for review prior to final approval of the rules. A list of the documents is attached for your convenience.

The Department fulfilled the requirements of Minnesota Statutes, section 14.115, subd. 4, by notifying small businesses of the expected impact of the rules. Such notice was given in the Notice of Intent to Adopt Rules Without Public Hearing. The requirements of subd. 2 are dealt with in the Statement of Need and Reasonableness.

One written comment was received which resulted in a change in the rule as proposed. The reason for the change is given in the Findings of Fact and Conclusions. The Department did not receive any requests for a public hearing, nor did anyone request to be notified when these documents were submitted to the Attorney General.

If you have questions, please contact me.

CM:cb

Attachment

cc: Jim Nichols, Commissioner
Rollin Dennistoun, Ph.D., Deputy Commissioner
Jon Murphy, Special Assistant Attorney General
Craig Lindeke, Office of Revisor of Statutes
Gerald Heil, Director, Planning Division

RECEIVED
FEB 06 1985
ATTORNEY GENERAL
ADMINISTRATIVE AGENCIES

AG copy

Department of Agriculture

Planning Division

Adopted Rules for Administration of Agricultural Development Grants

Rules as Adopted

CHAPTER 1552
DEPARTMENT OF AGRICULTURE
AGRICULTURAL DEVELOPMENT GRANTS

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.

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 ~~animal~~ 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.

FF

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

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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.

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.

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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.

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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:

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

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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.

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

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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.

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.

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

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 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.

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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."

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.

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

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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,

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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.

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.

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.

APPROVED IN THE
REVISOR OF STATUTES
OFFICE BY:

STATE OF MINNESOTA
DEPARTMENT OF STATE
FILED
FEB 20 1985
Joan Anderson Growe
Secretary of State
2:30 PM

APPROVED AS TO LEGALITY
February 20 1985
HUBERT H. HUMPHREY, III
ATTORNEY GENERAL
BY
SPECIAL ASSISTANT ATTORNEY GENERAL

STATE OF MINNESOTA

DEPARTMENT OF AGRICULTURE

In the Matter of the Proposed Rules
of the Department of Agriculture
Governing Administration of Agricultural
Development Grants
(Minnesota Rules 1552.0010 -1552.0110)

ORDER ADOPTING
RULES

Notice of the Commissioner's intent to adopt the above-entitled rules without a public hearing was published in the State Register on December 24, 1984, and was sent by United States mail to all persons on the list maintained by the department pursuant to Minnesota Statutes, Section 14.22 on December 18, 1984. After affording interested and affected persons an opportunity to submit comments for 30 days after Notice, receiving fewer than 25 written requests for a public hearing within the 30 day comment period, reviewing and considering the comments, and determining the need for and reasonableness of the above-captioned rules,

NOW, THEREFORE, IT IS ORDERED that these rules identified as the Rules Governing Administration of Agricultural Development Grants adopted this 5th day of February, 1985, pursuant to authority vested in me by Minnesota Statutes, section 17.101, subd. 2.

STATE OF MINNESOTA

Jim Nichols

JIM NICHOLS
COMMISSIONER
DEPARTMENT OF AGRICULTURE

STATE OF MINNESOTA

DEPARTMENT OF AGRICULTURE

In the Matter of the Proposed
Rules of the Department of Agriculture
Governing Administration of the
Agricultural Development Grants Program
(Minnesota Rules 1552.0010-1552.0110)

ORDER FOR NOTICE
OF INTENT TO ADOPT
RULES WITHOUT
PUBLIC HEARING

IT IS ORDERED this 10th day of December, 1984, that a Notice of Intent to Adopt Rules Without Public Hearing in the above-entitled matter be given to all persons who have registered their names with the Minnesota Department of Agriculture for that purpose and be published in the State Register.

STATE OF MINNESOTA

Jim Nichols

Commissioner of Agriculture

Department of Agriculture

Planning Division

In the Matter of the Proposed Rules Governing Administration of Agricultural Development Grants (Minnesota Rules 1552.0010 - 1552.0110).

Notice of Intent to Adopt Rules Without a Public Hearing

Notice is hereby given that the Minnesota Department of Agriculture proposes to adopt the above-entitled rules without a public hearing. The Commissioner of Agriculture has determined that the proposed adoption of these amendments will be noncontroversial in nature and has elected to follow the procedures set forth in Minnesota Statutes, Sections 14.22-14.28 (1982).

Persons interested in these rules are encouraged to submit comment in support of or in opposition to the proposed amendments, and shall have 30 days to do so. Each comment should identify the portion of the proposed amendments addressed, the reason for the comment, and any change proposed. The proposed amendments may be modified if the modifications are supported by the data and views submitted to the department and do not result in a substantial change in the proposed language.

Unless 25 or more persons submit written requests for a public hearing on the proposed rules within the 30-day comment period, a public hearing will not be held. Persons requesting a public hearing should state their name and address, and are encouraged to identify the portion of the proposed rules addressed, the reason for the request, and any proposed change. In the event a public hearing is required, the department will proceed according to the provisions of Minnesota Statutes, Sections 14.11-14.20 (1982).

Persons who wish to submit comments or a written request for a public hearing should submit them to: Gerald Heil, Minnesota Department of Agriculture, 90 West Plato Boulevard, St. Paul, MN 55107, (612) 296-1486.

Authority to adopt these rules is contained in Minnesota Statutes, Section 17.101, Subd. 2. Additionally, a Statement of Need and Reasonableness that describes the need for and reasonableness of each provision of the proposed amendments and identifies the data and information relied upon to support the proposed amendments has been prepared and is available upon request from Mr. Heil.

Upon adoption of the final amended rules without a public hearing, the proposed rules, this Notice, the Statement of Need and Reasonableness, all written comments received, and the final Rules as Adopted will be delivered to the Attorney General for review as to form and legality, including the issue of substantial change. Persons who wish to be advised of the submission of this material to the Attorney General, or who wish to receive a copy of the final rules as adopted, should submit a written statement of such request to Mr. Heil.

The Department is authorized by Minnesota Statutes, Section 17.101, Subd. 2 to adopt rules for the administration of the Agricultural Development Grant Program. Temporary rules for the program were first adopted on January 23, 1984, and extended on July 2, 1984. Permanent rules for administration of the program are now being proposed. The purpose of the Agricultural Development Grants Program is to encourage and promote marketing of Minnesota agricultural products.

The rules as proposed inlcude provisions for the amount and duration of grants; eligibility criteria for both projects and applicants; requirements for the content of grant applications; procedures in event of incomplete grant applications; review criteria for applications; notification procedures; and provisions governing the general terms and conditions of grant contracts. The rules also include provisions for monitoring, review and evaulation of projects funded by the program.

The proposed amendments will have a positive impact on small business as defined in Minnesota Statutes, Section 14.115. The agricultural development grants program was designed for small businesses to assist with market development, both foreign and domestic, and promotional activities. Since the program was intended for small businesses, the rules were written to make application procedures relevant and monitoring procedures unburdensom by requiring only necessary and pertinent records, reports and information.

One free copy of this Notice and the proposed rules are available and may be obtained by contacting Mr. Heil.

STATE OF MINNESOTA

Date: Dec 10, 1984 Jim Nichols

Commissioner of Agriculture

In the Matter of the Proposed
Amendments to the Rules of the
Department of Agriculture
Governing Administration of
Agricultural Development Grants
(Minnesota Rules 1552.0010 - 1552.0110)

AFFIDAVIT OF
MAILING

STATE OF MINNESOTA)
) ss.
COUNTY OF RAMSEY)

Marie Skerbitz, being first duly sworn, deposes and says:

That on the 18th day of December, 1984, at the City of St. Paul, County of Ramsey, State of Minnesota, he/she served the attached Notice of Intent to Adopt Rules Without a Public Hearing by depositing in the State of Minnesota Central Mail System for United States mailing at said City of St. Paul, a copy thereof, properly enveloped, with postage prepaid, on all persons and associations who have requested that their names be placed on file with the Minnesota Department of Agriculture for the purpose of receiving notice of the proposed adoption of rules by this Department.

DIANE M. WINDHAM
NOTARY PUBLIC-MINNESOTA
RAMSEY COUNTY
MY COMMISSION EXPIRES NOVEMBER 1, 1990

Marie Skerbitz

Subscribed and sworn to before me
this 18th day of December, 1984.

Diane M. Windham

STATE OF MINNESOTA

COUNTY OF RAMSEY

CERTIFICATE

In the Matter of the Proposed Amendments
to the Rules of the Department of
Agriculture Governing Administration of
Agricultural Development Grants
(Minnesota Rules 1552.0010 - 1552.0110)

I hereby certify that the list of persons, associations, and other interested groups who have requested, pursuant to Minn. Stat. § 14.14, subd. 1, that their names be placed on file with and maintained by the Minnesota Department of Agriculture for the purpose of receiving notice of the proposed adoption of rules by this Department is accurate and complete as of 10:00 a.m., this 18th day of December, 1984.

Carol Milligan

PROPOSED RULES

Pursuant to Minn. Stat. of 1982, §§ 14.22, an agency may propose to adopt, amend, suspend or repeal rules without first holding a public hearing, as long as the agency determines that the rules will be noncontroversial in nature. The agency must first publish a notice of intent to adopt rules without a public hearing, together with the proposed rules, in the *State Register*. The notice must advise the public:

1. that they have 30 days in which to submit comment on the proposed rules;
2. that no public hearing will be held unless 25 or more persons make a written request for a hearing within the 30-day comment period;
3. of the manner in which persons shall request a hearing on the proposed rules; and
4. that the rule may be modified if the modifications are supported by the data and views submitted.

If, during the 30-day comment period, 25 or more persons submit to the agency a written request for a hearing of the proposed rules, the agency must proceed under the provisions of §§ 14.14-14.20, which state that if an agency decides to hold a public hearing, it must publish a notice of intent in the *State Register*.

Pursuant to Minn. Stat. §§ 14.29 and 14.30, agencies may propose emergency rules under certain circumstances. Proposed emergency rules are published in the *State Register* and, for at least 25 days thereafter, interested persons may submit data and views in writing to the proposing agency.

Department of Agriculture Planning Division

Proposed Rules for Administration of Agricultural Development Grants

Notice of Intent to Adopt Rules without a Public Hearing

Notice is hereby given that the Minnesota Department of Agriculture proposes to adopt the above-entitled rules without a public hearing. The Commissioner of Agriculture has determined that the proposed adoption of these amendments will be noncontroversial in nature and has elected to follow the procedures set forth in Minnesota Statutes, Sections 14.22-14.28 (1982).

Persons interested in these rules are encouraged to submit comment in support of or in opposition to the proposed amendments, and shall have 30 days to do so. Each comment should identify the portion of the proposed amendments addressed, the reason for the comment, and any change proposed. The proposed amendments may be modified if the modifications are supported by the data and views submitted to the department and do not result in a substantial change in the proposed language.

Unless 25 or more persons submit written requests for a public hearing on the proposed rules within the 30-day comment period, a public hearing will not be held. Persons requesting a public hearing should state their name and address, and are encouraged to identify the portion of the proposed rules addressed, the reason for the request, and any proposed change. In the event a public hearing is required, the department will proceed according to the provisions of Minnesota Statutes, Sections 14.11-14.20 (1982).

Persons who wish to submit comments or a written request for a public hearing should submit them to: Gerald Heil, Minnesota Department of Agriculture, 90 West Plato Boulevard, St. Paul, MN 55107, (612) 296-1486.

Authority to adopt these rules is contained in Minnesota Statutes, Section 17.101, Subd. 2. Additionally, a Statement of Need and Reasonableness that describes the need for and reasonableness of each provision of the proposed amendments and identifies the data and information relied upon to support the proposed amendments has been prepared and is available upon request from Mr. Heil.

Upon adoption of the final amended rules without a public hearing, the proposed rules, this notice, the Statement of Need and Reasonableness, all written comments received, and the final Rules as Adopted will be delivered to the Attorney General for review as to form and legality, including the issue of substantial change. Persons who wish to be advised of the submission of this material to the Attorney General, or who wish to receive a copy of the final rules as adopted, should submit a written statement of such request to Mr. Heil.

The Department is authorized by Minnesota Statutes, Section 17.101, Subd. 2 to adopt rules for the administration of the Agricultural Development Grant Program. Temporary rules for the program were first adopted on January 23, 1984, and extended on July 2, 1984. Permanent rules for administration of the program are now being proposed. The purpose of the Agricultural Development Grants Program is to encourage and promote marketing of Minnesota agricultural products.

The rules as proposed include provisions for the amount and duration of grants; eligibility criteria for both projects and applicants; requirements for the content of grant applications; procedures in event of incomplete grant applications; review criteria for applications; notification procedures; and provisions governing the general terms and conditions of grant contracts. The rules also include provisions for monitoring, review and evaluation of projects funded by the program.

The proposed amendments will have a positive impact on small business as defined in Minnesota Statutes, Section 14.115. The agricultural development grants program was designed for small businesses to assist with market development, both foreign and domestic, and promotional activities. Since the program was intended for small businesses, the rules were written to make application procedures relevant and monitoring procedures unburdensome by requiring only necessary and pertinent records, reports and information.

One free copy of this notice and the proposed rules are available and may be obtained by contacting Mr. Heil.

December 10, 1984

Jim Nichols,
Commissioner of Agriculture

Rules as Proposed (all new material)

CHAPTER 1552
DEPARTMENT OF AGRICULTURE
AGRICULTURAL DEVELOPMENT GRANTS

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.

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 animal 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.

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.

KEY: PROPOSED RULES SECTION — Underlining indicates additions to existing rule language. ~~Strike outs~~ indicate deletions from existing rule language. If a proposed rule is totally new, it is designated "all new material." ADOPTED RULES SECTION — Underlining indicates additions to proposed rule language. ~~Strike outs~~ indicate deletions from proposed rule language.

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*.

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 team's 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.

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:

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.

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.

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.

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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 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."

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.

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.

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 usused supplies or materials and all unexpended grant funds must immediately be returned to the commissioner.

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.

State Board of Education
Department of Education
Management Assistance Division

Proposed Rules Relating to Staffing Requirements for Principals; Clarification on Out-of-State Administrative Licensure

Notice of Hearing

Notice is hereby given that a public hearing concerning the proposed rules will be held at Veterans Service Building, Room D, 20 West 12th Street and Columbus Avenue, St. Paul, Minnesota on January 30, 1985, commencing at 9:00 a.m. and continuing until all interested persons have had an opportunity to be heard. The proposed rules may be modified as a result of the hearing process. Therefore, if you are affected in any manner by the proposed rules, you are urged to participate in the rule hearing process.

Following the agency's presentation at the hearing all interested or affected persons will have an opportunity to ask questions and make comments. Statements may be made orally and written comments may be submitted. In addition, whether or not an appearance is made at the hearing, written statements or material may be submitted to Peter C. Erickson,

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STATE OF MINNESOTA

DEPARTMENT OF AGRICULTURE

In the Matter of the Proposed Adoption
of Rules of the Department of Agriculture
Governing Agricultural Development Grants

FINDINGS OF FACT
AND CONCLUSIONS

The above-entitled rules and Notice of Intent to Adopt Rules were published in the State Register on the 24th day of December, 1984, and proper notice required by Minnesota Statutes 14.05 to 14.36 was served upon all persons, associations, and other interested groups registered with the Minnesota Department of Agriculture for that purpose.

After affording interested persons an opportunity to present written and oral data, statements and arguments, having heard all of the testimony, having considered all of the evidence adduced upon the records, files, and proceedings herein, I find the following:

Findings and Conclusions

The Department agrees with the suggestions made by the Minnesota Veterinary Medical Association. The change recommended by that Association has been incorporated into the Rules as adopted.

It is the purpose of the Agricultural Development Grants Program to stimulate employment growth in areas related to agriculture. Agricultural services are another sector of the agricultural economy that can be marketed and expanded. The addition of language including agricultural services is consistent with the intent of the program.

STATE OF MINNESOTA

Robin W. Dennison

COMMISSIONER OF AGRICULTURE

STATE OF MINNESOTA

DEPARTMENT OF AGRICULTURE

In the Matter of the Proposed Rules of the Department of Agriculture Governing Agricultural Development Grants (Minnesota Rules 1552.0010 - 1552.0110)	)))))	STATEMENT OF NEED AND REASONABLENESS

I. INTRODUCTION

The subject of this rulemaking is the proposed adoption of permanent rules governing the administration of the Agricultural Development Grant Program. Minnesota Statutes, Section 17.101, Subd. 2 authorizes the Department to establish rules for the administration of the Agricultural Development Grant Program.

The Commissioner of Agriculture has determined that the proposed permanent rules would be non-controversial in nature based upon the following:

(1) The successful administration of this program over the past year. Emergency rules were adopted in January, 1984, and the program was governed by those rules over the past year;

(2) Public comments and reactions to the proposed emergency rules were favorable. An extensive consultation process was conducted with legislative staff, potential grantees and other applicable resource people during the drafting of the emergency rules. Following the drafting of the proposed emergency rules, an equally extensive review and comment process was conducted through mailings and public meetings;

(3) The proposed rules are similar in nature and content to existing rules which govern other grant programs; and

(4) The proposed permanent rules are similar to the emergency rules with the exceptions noted below.

The nature of the proposed rule-making is the adoption of permanent rules which largely contain the previously adopted emergency rules that have been in effect since January, 1984. However, the following new provisions were added:

First, projects that develop, expand, or promote private label, trademark products are ineligible for this program. Secondly, the criteria for approval section has been rewritten to provide a clearer statement upon which to weigh one application with another; and thirdly, a provision is added which requires that state assistance be acknowledged in all material published pursuant to an agricultural development grant.

The Statement of Need and Reasonableness was completed prior to publication of the Notice of Intent to Adopt Rules Without a Public Hearing in accordance with Minnesota Statutes, Section 14.23.

II. OVERVIEW

This program was authorized and funded by the Legislature in 1983 (Laws of Minnesota 1983, Chapter 293, Sections 5 and 29). Since this was a new program for the Department, emergency rules were adopted on January 23, 1984, to provide for the administration of this program for F.Y. 1984 and F.Y. 1985; the emergency rules were extended until January 18, 1985. Since the existing emergency rules cannot be extended again, it is necessary to adopt permanent rules to govern the continued administration of this program.

The purpose and intent of this program is to increase the sale of Minnesota agricultural products that are produced and/or processed by Minnesota agricultural firms - from farm operator to agribusiness firms. Minnesota

farmers depend heavily upon exports, with approximately one-third of all farm products going directly into export channels. A major determinant of farm income is Minnesota's ability to keep existing markets as well as expand its market share of both domestic and foreign markets.

The beneficiaries of the program will be these firms as well as the support and service business that are associated with Minnesota agriculture. Minnesota producers will benefit indirectly, but in substantial ways if the program is successful.

III. NEED FOR AND REASONABLENESS OF THE PROPOSED RULES

For the sake of brevity, the complete content of each of the rules will not appear here, but rather the number of each rule will be provided for reference.

1552.0010 PURPOSE AND AUTHORITY

This part is necessary and reasonable as a statement of purpose and authority to administer this program. The authority to promulgate these rules is contained in Laws of Minnesota for 1983, Chapter 293, Section 29, subd. 2 (MS 17.101, subd. 2)

1552.0020 DEFINITIONS

This part is necessary and reasonable for the administration of this program and to clarify terms used throughout the rule.

1552.0030 GENERAL TERMS AND CONDITIONS OF GRANTS

This part is necessary and reasonable to fulfill the requirements of the statute which directs the Commissioner to promulgate rules for the administration of grants and contracts.

Subparts 1 and 3 are specified in the statute which states, "Contracts entered into by the Commissioner pursuant to this subdivision shall not exceed 75 percent of the cost of the project supported by the Commissioner's grant. In any biennium, no organization shall receive more than $70,000 in grants from the Commissioner."

Subparts 2 and 4 are necessary and reasonable to assist potential applicants in their planning and the Department to conduct an orderly program.

1552.0040 ELIGIBILITY OF PROJECTS AND APPLICANTS

This part is necessary and reasonable to fulfill the requirements of the statute which directs the Commissioner to establish rules governing eligibility criteria (M.S. 17.101, subd. 2). The department has established both project and applicant eligibility criteria.

Subpart 1 recites the statute which states, "...the Commissioner of Agriculture shall encourage and promote the marketing of these products by means of:

(a) Advertising Minnesota agricultural products;
(b) Assisting state agricultural commodity organizations;
(c) Developing methods to increase 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 appropriate to promote Minnesota agricultural products in national and international markets.

It is the department's judgement that these criteria are sufficient to define the types of projects for which the legislature wished the funds to be used.

Subpart 2 is necessary and reasonable to obtain the greatest public good from these program funds. This subpart is to prevent the use of public funds for purely private gain.

Subpart 3 is necessary and reasonable to obtain bona fide applicants. Since the statute limits state assistance to 75% of the total cost of a project, the grantee must be able to provide the 25% share that is required. It is also necessary that potential grantees demonstrate their ability to conduct the proposed project.

1552.0050 APPLICATION PROCEDURES

The statute directs the Commissioner to establish application procedures (M.S. 17.101, subd. 2). The four subparts are necessary and reasonable to assist potential applicants to define what they plan to do, how they are going to achieve their objectives, identify the type and amount of resources necessary to achieve their objectives, and to specify the expected results and beneficiaries of the project. Without the required information, the deparatment cannot make an informed decision on the proposals it receives.

These subparts are also necessary and reasonable requirements to provide the Department with an objective basis upon which to weigh one application with another to obtain the greatest public good from the use of these public funds.

1552.0060 APPLICATION REVIEW; APPROVAL; AND NOTIFICATION

Subpart 1 is necessary and reasonable to provide for the use of an Advisory Committee, which is provided for in the statute which states, "The Commissioner may establish an ad hoc advisory group to assist him in evaluating grant requests made pursuant to subdivision 2."

Subparts 2 is necessary and reasonable to fulfill the requirements of the statute which states, ".....the Commissioner shall make.....(c) Provision for application review....." Since funds appropriated for this program are limited it is also necessary and reasonable to weigh and compare all grant applications, one with another, to attempt to achieve the greatest public benefit from these limited funds.

Subpart 3 is necessary and reasonable to fulfill the requirements of the statute which states, ".....the Commissioner shall make.....(c) Provisions for.....project approval." The criteria for approval provides an objective, analytical standard, or foundation upon which to base the approval of a grant application.

Subpart 4 is necessary and reasonable to inform each application of the results of the Commissioner's review and decision.

Over the past two years, the Department has received nearly 100 applications requesting nearly $4.0 million in funding assistance. This is four times the current budget, hence the need of having an objective analytical basis upon which to evaluate each application.

1552.0070 GRANT ADMINISTRATION

M.S. 17.101, subd. 2, directs the Commissioner to promulgate rules governing the administration of "grants and contracts." These subparts are necessary and reasonable to provide a mechanism to accomplish the objectives of the applicants awarded grants.

Subpart 1 is necessary and reasonable to fulfill the requirements of the statute which state that, "the Commissioner.....may enter into contracts to carry out those programs and projects." This provision states the terms under which the grantee and Department can accomplish the objectives of the grantees' project.

Subpart 2 is necessary and reasonable to require the grantee to promptly return the signed contract.

Subpart 3 is necessary and reasonable to prevent the expenditure of public funds prior to the execution of a contract, thereby protecting both the grantee and the Department.

Subpart 4 is necessary and reasonable to fulfill the requirements of the Statute which states, "the contracts may not include the acquisition of land or buildings....." It is equally necessary and reasonable to state clearly what the grant funds may be used for in order to assist the grantee in the formulation of his project budget.

1552.0080 EXTENSIONS

This part is necessary and reasonable as a contingency to allow the grantee additional time to successfully complete the grant project.

1552.0090 MONITORING AND REVIEW

Subpart 1 is required by statute which states, "The books, records, documents and accounting procedures and pracatices of any organization receiving a grant from the Commissioner under the provisions of subdivision 2 shall be subject to examination by the Department. The Commissioner may prescribe uniform methods of accounting to be used by grant recipients."

Subparts 2 is necessary and reasonable to document progress that is accomplished during the life of the contract and to provide an incentive to the grantee to maintain the schedule of work tasks specified in the project statements.

Subpart 3 is necessary and reasonable to ensure that grant funds are being expended for the purposes of the grant and to determine the progress that is being made to accomplish project objectives.

Subpart 4 is necessary and reasonable to provide authority to take action to protect the public interest in the use of grant funds.

Subpart 5 is necessary and reasonable to assess the accomplishments of this grant and to provide for a final accounting of these funds.

1552.0100 TERMINATION OF CONTRACT

This part is necessary and reasonable to provide for the means to bring a completed project to an end and to make provisions for any unexpended funds.

1552.0110 MISREPRESENTATION BY APPLICANT OR GRANTEE

This part is necessary and reasonable to provide authority to take action to protect public interest in the use of these funds.

IV. SMALL BUSINESS IMPACT

Minnesota Statutes, Section 14.115, requires that the impact on small business be addressed concerning the proposed Minnesota Rules 1552.0010-1552.0110. Small business was notified of the propsed rule and the probable impact of the rule in the Notice of Intent to Adopt Rules Without a Public Hearing, published in the State Register on December 24, 1984.

The impact will be positive and beneficial. The intent of this program is to increase the sale of Minnesota agricultural products that are produced and/or processed by Minnesota agricultural firms - from farm operators to agribusiness firms. The impact of increased sales will be felt throughout the economy of Minnesota.

In the Matter of the Proposed
Rules of the Department of
Agriculture Governing
Administration of Agricultural
Development Grants
(Minnesota Rules 1552.0010 - 1552.0110)

STATEMENT OF
COMPLIANCE WITH
RULEMAKING PROCEDURES

I, (Special Assistant Attorney General) Jon Murphy, do hereby declare that I have examined the rules and all related documents and that, based on my examination and my personal familiarity with the applicable procedures, the Administrative Procedure Act, the rules of the Office of Administrative Hearings, and the rules of the Attorney General have been followed. Any exceptions are noted below.

Special Assistant Attorney General

Date: Feb. 5, 1985