

HOUSE RESEARCH

Bill Summary

FILE NUMBER: H.F. 1831

DATE: March 24, 2006

Version: As introduced

Authors: Ruth and others

Subject: Small Business Growth Acceleration Program

Analyst: Elisabeth A. Long, 651-296-5052

This publication can be made available in alternative formats upon request. Please call 651-296-6753 (voice); or the Minnesota State Relay Service at 1-800-627-3529 (TTY) for assistance. Summaries are also available on our website at: www.house.mn/hrd.

Overview

This bill establishes the Small Business Growth Acceleration Program (GAP) as a program of Minnesota Technology, Inc. (MTI). The purpose of the program would be to assist manufacturing companies and manufacturing-related companies that employ fewer than 50 employees by helping them implement technology and business improvements. MTI would report to the legislature on the actual financial impact of GAP funds awarded to companies. This bill appropriates \$1,000,000 to MTI in each fiscal year of the biennium to fund the GAP.

Section

1 Small Business Growth Acceleration Program.

Subd. 1. Establishment; purpose. Establishes the GAP to help qualified companies implement technology and business improvements, and to bridge the gap between standard market pricing for these improvements and what qualified companies can afford to pay.

Subd. 2. Qualified company. Provides that a company qualifies to receive GAP assistance if it is a manufacturing company or a manufacturing-related service company employing no more than 50 full-time employees.

Subd. 3. Applications for assistance. Requires companies to apply for GAP

Section

assistance in accord with requirements established by MTI. Specifies that an application must (1) include an overall plan for technology and business improvement, (2) prioritize components of the plan, and (3) demonstrate need for GAP funds.

Subd. 4. Fund awards; use of funds. Requires MTI to develop procedures for awarding GAP funds and limits the award of funds to situations where it is likely that the technology and business improvements funded could not be accomplished in any other way. Conditions funding as follows:

- GAP funds awarded for a particular project cannot exceed 50 percent of the total cost of the project, capped at \$25,000 during a calendar year.
- A qualified company cannot receive more than \$50,000 in GAP funds per year.
- GAP funds must be used for business services and products that enhance company operations. The services and products must come from MTI or experts approved by MTI.
- GAP funds may not be used for refinancing, overhead costs, new construction, renovation, equipment, or computer hardware.
- MTI may set requirements for the disbursement of funds.

Subd. 5. Service agreements. Requires MTI to enter a written service agreement with each company receiving GAP funds. Requires each agreement to: (1) articulate the company's need for service; (2) state the cost of service; (3) identify who will provide the service; (4) define the scope of the service provided; (5) estimate the financial impact of the service; and (6) require the company to report the actual financial impact to MTI 24 months after the service is provided.

Subd. 6. Reporting. Requires MTI to report annually to the legislative committees with fiscal jurisdiction over the corporation: (1) GAP funds awarded during the past 12 months; (2) the estimated financial impact of GAP funds awarded to each company; and (3) the actual financial impact of GAP funds awarded during the past 24 months.

2 Appropriation. Appropriates \$1,000,000 in fiscal year 2006 and \$1,000,000 in fiscal year 2007 from the general fund to MTI for the GAP.