

STATE OF MINNESOTA  
COUNTY OF RAMSEY

BEFORE THE MINNESOTA  
COMMISSIONER OF ENERGY,  
PLANNING AND DEVELOPMENT

IN THE MATTER OS A PROPOSED RULE  
RELATED TO THE DESIGNATION OF  
ENTERPRISE ZONES

STATEMENT OF NEED  
AND REASONABLENESS

The Minnesota Commissioner of Energy, Planning and Development (hereinafter "Commissioner") pursuant to Minnesota Stat. 15.0412, subdivision 4 (1978), hereby affirmatively presents facts establishing the need for and reasonableness of the above captioned proposed rule. Terms used throughout this statement will have the definitions given them in proposed rule 4 MCAR 2.501.

1. STATUTORY AUTHORITY AND NEED FOR PROMULGATION OF 4 MCAR 2.501 - 2.508

Minnesota Stat. 273.1312 authorizes the Commissioner to designate areas as enterprise zones. A zone is so designated, according to Minnesota Stat. 273-1312 sub. 2 if an application is made in the appropriate form and manner, has been approved by the governing body of the area, and is determined to be eligible.

These enterprise zones will constitute a resource that will encourage the location and development of new business and the expansion of existing business. The purpose of these zones is to encourage the business growth to occur in areas experiencing extreme economic difficulties due to high level of poverty and unemployment, population erosion and infrastructure decay.

The proposed rule identifies, as required by Minnesota Stat. 273.1213, sub. 4, "the eligibility requirements" to be met in the designation of enterprise zones.

The Commissioner published in the State Register pursuant to Minnesota Stat. 15.0412, sub. 6, a Notice of Intent to Solicit Outside Opinions concerning this rule, 6 S.R. 54 (May 24, 1982). A copy is attached hereto as Appendix A and made a part hereof. No written comments were received in response to this Notice.

In addition, the Commissioner, on October 13, 1982 also distributed the initial proposed rule by mail to interested parties, including state agencies, and other agencies and parties concerned with economic development issues. Written comments that are received as a result of this mailing will be submitted in the record as separate items.

## II. REASONABLENESS OF PROPOSED RULE.

### 4 MCAR 2.502 Definition.

A. Applicability. The definitions in this section provide common terminology and meaning for terms used in discussing and understanding the substantive provisions of this proposed rule.

B. Sub-section A is statutory definitions, referenced for ease of identification.

C. Data Source is defined here to identify the most recent federal decennial census as the source of information when addressing eligibility requirements. This section is added to the rules for purposes of establishing a common data base for all applicants to use.

D. Recently experienced is defined to reference the time that has elapsed since a community has experienced a federal installation closing as stated in Minnesota Stat. 273.1314 subd. 4.5a. It is defined as five years so the immediate impact of such action can be adequately addressed and not be mitigated by an environment that

has change due to the passing of substantial time.

E. Manufacturing is defined here by the generally accepted industry definition (Minn. Stat. 273.1312 subd. 4). This section is added to the rules for the purpose of establishing a measurable statistic that is applicable to any applicant.

4 MCAR 2.503 Application Cycle.

A. Time frame. This section provides for a party submitting an application for enterprise zone designation to do so during the first quarter of each calender year. It is necessary and reasonable to limit submission of applications to the first calendar quarter in order to meet the time frame necessary for appropriate tax classification of property within the zone once it has been so designated (Minn. Stat. 273.1313).

4 MCAR 2.504 Application for enterprise zone designation

A. Request. This section provides for a party requesting enterprise zone designation to submit a formal request on uniform application forms prescribed by the commissioner. It is necessary for the request to be directed to the commissioner since he is charged by statute with authority to designate. Further, it is reasonable to direct it to the commissioner since he serves as head of the agency that maintains the data needed to meet the eligibility requirements. This results in case of verification.

It is necessary and reasonable that the request be in a form prescribed by the commissioner so that the commissioner can have such information from the party requesting the zone designation as will be necessary to identify that all eligibility requirements have been met. Since the information to be presented by any requesting party is the same, it is reasonable that the request be



presented in a uniform format for ease of verification and expedience in evaluation.

4 MCAR 2.505 Information on enterprise zone designation applications.

A. Authorization. This section is included in order to provide additional information on how data is defined. It is included for purposes of clarity and to ensure that a common data base is used by all applicants. The common data base is to ensure that all interested parties have access to adequate and sufficient information when determining program eligibility.

4 MCAR 2.506 Action Plans.

A. Authorization. This section is included in order to provide information regarding necessary components of an action plan. Although this section is repetitive of statutory language, it is included for purposes of clarity.

B. Effect upon participants. This section provides that format of the action plan is flexible and able to meet the specific and unique circumstances and environment of each applicant.

The applicants may chose any number of factors and issues to describe their economic condition. The parameters of the action plan should serve as a planning aid; it is not intended to lock businesses into an inflexible structure. The limit on length is necessary and reasonable to insure the task does not become an unreasonable burden to the applicant. Since the purpose of the action plan is to help communities develop a strategy that will result in economic development, by providing information and clarifying issues, it is reasonable to identify broad issues that would be valuable and appropriate without setting exclusive standards that would define an action plan.

4 MCAR 2.507 Determination of enterprise zone size.

A. Authorization. This section is included to clarify for applicants that the statute does not limit the number of zone determinations per applicant.

B. Effect upon participants. The intent of the legislation is to provide an incentive for business development to occur in specific areas of extreme economic hardship. It is therefore necessary and reasonable to restrict the usage of "poverty pockets" to one area. This helps ensure development will take place where intended and that applicants will not manipulate data to receive zone designation but promote development in areas significantly distanced from the hardship area.

4 MCAR 2.508 Application procedures


A. Submission of application. This section is included to specify the number of copies of application to be submitted. Although this section is repetitive of statutory language, it is included for purpose of clarity.

B. Review. This section provides for the commissioner to approve or disapprove applications within thirty days of their receipt. This time frame is necessary in order for actions relating to tax certification of property (Minn. Stat. 273.1313) be completed by the October deadline.

C. Notification of Determination. This section provides for notification of the designation and transmittal of the designation to the Department of Revenue (Minn. Stat. 273.1313) and an extension of 30 day time limit for resubmission of any missing data necessary for determining eligibility. It is reasonable to provide a procedure for notifying an applicant of an incomplete application

and allow a time limit for resubmission of a completed application. It is necessary to limit the resubmission of an application to 30 days and then require the application to be held until the next application cycle in order for approved zones to adhere to time limits structured by Minnesota Statute 273.1313.

STATE OF MINNESOTA  
DEPARTMENT OF ENERGY, PLANNING &  
DEVELOPMENT  
OFFICE OF THE COMMISSIONER

  
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Robert G. Renner, Jr./