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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETIETH SESSION

H. F. No. 1643

02/23/2017 Authored by Layman and Lueck

The bill was read for the first time and referred to the Committee on Government Operations and Elections Policy

03/02/2017 Adoption of Report: Amended and re-referred to the Committee on Job Growth and Energy Affordability Policy and Finance

1.1 A bill for an act

1.2 relating to Iron Range resources and rehabilitation; modifying duties of the

1.3 commissioner; creating a legislative commission; making conforming changes;

1.4 amending Minnesota Statutes 2016, sections 3.732, subdivision 1; 3.736,

1.5 subdivision 3; 15.01; 15.38, subdivision 7; 15A.0815, subdivision 3; 43A.02,

1.6 subdivision 22; 85.0146, subdivision 1; 116D.04, subdivision 1a; 116J.423,

1.7 subdivision 2; 116J.424; 116J.994, subdivisions 3, 5, 7; 216B.161, subdivision 1;

1.8 216B.1694, subdivision 1; 276A.01, subdivisions 8, 17; 276A.06, subdivision 8;

1.9 282.38, subdivisions 1, 3; 298.001, subdivision 8, by adding a subdivision; 298.018,

1.10 subdivision 1; 298.17; 298.22, subdivisions 1, 1a, 5a, 6, 10, 11, by adding

1.11 subdivisions; 298.221; 298.2211, subdivisions 3, 6; 298.2212; 298.2214,

1.12 subdivision 2; 298.223; 298.227; 298.27; 298.28, subdivisions 7, 7a, 9c, 9d, 11;

1.13 298.292, subdivision 2; 298.296; 298.2961; 298.297; 298.46, subdivisions 2, 5,

1.14 6; 466.03, subdivision 6c; 469.310, subdivision 9; 474A.02, subdivision 21; Laws

1.15 2010, chapter 389, article 5, section 7; repealing Minnesota Statutes 2016, sections

1.16 298.22, subdivision 8; 298.2213; 298.298.

1.17 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.18 Section 1. Minnesota Statutes 2016, section 3.732, subdivision 1, is amended to read:

1.19 Subdivision 1. **Definitions.** As used in this section and section 3.736 the terms defined

1.20 in this section have the meanings given them.

1.21 (1) "State" includes each of the departments, boards, agencies, commissions, courts, and

1.22 officers in the executive, legislative, and judicial branches of the state of Minnesota and

1.23 includes but is not limited to the Housing Finance Agency, the Minnesota Office of Higher

1.24 Education, the Higher Education Facilities Authority, the Health Technology Advisory

1.25 Committee, the Armory Building Commission, the Zoological Board, the Department of

1.26 Iron Range Resources and Rehabilitation ~~Board~~, the Minnesota Historical Society, the State

1.27 Agricultural Society, the University of Minnesota, the Minnesota State Colleges and

Universities, state hospitals, and state penal institutions. It does not include a city, town, county, school district, or other local governmental body corporate and politic.

(2) "Employee of the state" means all present or former officers, members, directors, or employees of the state, members of the Minnesota National Guard, members of a bomb disposal unit approved by the commissioner of public safety and employed by a municipality defined in section 466.01 when engaged in the disposal or neutralization of bombs or other similar hazardous explosives, as defined in section 299C.063, outside the jurisdiction of the municipality but within the state, or persons acting on behalf of the state in an official capacity, temporarily or permanently, with or without compensation. It does not include either an independent contractor except, for purposes of this section and section 3.736 only, a guardian ad litem acting under court appointment, or members of the Minnesota National Guard while engaged in training or duty under United States Code, title 10, or title 32, section 316, 502, 503, 504, or 505, as amended through December 31, 1983. Notwithstanding sections 43A.02 and 611.263, for purposes of this section and section 3.736 only, "employee of the state" includes a district public defender or assistant district public defender in the Second or Fourth Judicial District, a member of the Health Technology Advisory Committee, and any officer, agent, or employee of the state of Wisconsin performing work for the state of Minnesota pursuant to a joint state initiative.

(3) "Scope of office or employment" means that the employee was acting on behalf of the state in the performance of duties or tasks lawfully assigned by competent authority.

(4) "Judicial branch" has the meaning given in section 43A.02, subdivision 25.

Sec. 2. Minnesota Statutes 2016, section 3.736, subdivision 3, is amended to read:

Subd. 3. **Exclusions.** Without intent to preclude the courts from finding additional cases where the state and its employees should not, in equity and good conscience, pay compensation for personal injuries or property losses, the legislature declares that the state and its employees are not liable for the following losses:

(a) a loss caused by an act or omission of a state employee exercising due care in the execution of a valid or invalid statute or rule;

(b) a loss caused by the performance or failure to perform a discretionary duty, whether or not the discretion is abused;

(c) a loss in connection with the assessment and collection of taxes;

(d) a loss caused by snow or ice conditions on a highway or public sidewalk that does not abut a publicly owned building or a publicly owned parking lot, except when the condition is affirmatively caused by the negligent acts of a state employee;

(e) a loss caused by wild animals in their natural state, except as provided in section 3.7371;

(f) a loss other than injury to or loss of property or personal injury or death;

(g) a loss caused by the condition of unimproved real property owned by the state, which means land that the state has not improved, state land that contains idled or abandoned mine pits or shafts, and appurtenances, fixtures, and attachments to land that the state has neither affixed nor improved;

(h) a loss involving or arising out of the use or operation of a recreational motor vehicle, as defined in section 84.90, subdivision 1, within the right-of-way of a trunk highway, as defined in section 160.02, except that the state is liable for conduct that would entitle a trespasser to damages against a private person;

(i) a loss incurred by a user arising from the construction, operation, or maintenance of the outdoor recreation system, as defined in section 86A.04, or for a loss arising from the construction, operation, maintenance, or administration of grants-in-aid trails as defined in section 85.018, or for a loss arising from the construction, operation, or maintenance of a water access site created by the Department of Iron Range Resources and Rehabilitation Board, except that the state is liable for conduct that would entitle a trespasser to damages against a private person. For the purposes of this clause, a water access site, as defined in section 86A.04 or created by the commissioner of Iron Range resources and rehabilitation Board, that provides access to an idled, water filled mine pit, also includes the entire water filled area of the pit and, further, includes losses caused by the caving or slumping of the mine pit walls;

(j) a loss of benefits or compensation due under a program of public assistance or public welfare, except if state compensation for loss is expressly required by federal law in order for the state to receive federal grants-in-aid;

(k) a loss based on the failure of a person to meet the standards needed for a license, permit, or other authorization issued by the state or its agents;

(l) a loss based on the usual care and treatment, or lack of care and treatment, of a person at a state hospital or state corrections facility where reasonable use of available appropriations has been made to provide care;

(m) loss, damage, or destruction of property of a patient or inmate of a state institution except as provided under section 3.7381;

(n) a loss for which recovery is prohibited by section 169A.48, subdivision 2;

(o) a loss caused by an aeration, bubbler, water circulation, or similar system used to increase dissolved oxygen or maintain open water on the ice of public waters, that is operated under a permit issued by the commissioner of natural resources;

(p) a loss incurred by a visitor to the Minnesota Zoological Garden, except that the state is liable for conduct that would entitle a trespasser to damages against a private person;

(q) a loss arising out of a person's use of a logging road on public land that is maintained exclusively to provide access to timber on that land by harvesters of the timber, and is not signed or otherwise held out to the public as a public highway; and

(r) a loss incurred by a user of property owned, leased, or otherwise controlled by the Minnesota National Guard or the Department of Military Affairs, except that the state is liable for conduct that would entitle a trespasser to damages against a private person.

The state will not pay punitive damages.

Sec. 3. Minnesota Statutes 2016, section 15.01, is amended to read:

15.01 DEPARTMENTS OF THE STATE.

The following agencies are designated as the departments of the state government: the Department of Administration; the Department of Agriculture; the Department of Commerce; the Department of Corrections; the Department of Education; the Department of Employment and Economic Development; the Department of Health; the Department of Human Rights; the Department of Iron Range Resources and Rehabilitation; the Department of Labor and Industry; the Department of Management and Budget; the Department of Military Affairs; the Department of Natural Resources; the Department of Public Safety; the Department of Human Services; the Department of Revenue; the Department of Transportation; the Department of Veterans Affairs; and their successor departments.

Sec. 4. Minnesota Statutes 2016, section 15.38, subdivision 7, is amended to read:

Subd. 7. Department of Iron Range Resources and Rehabilitation Board. After seeking a recommendation from the Legislative Commission on Iron Range Resources and Rehabilitation, the commissioner of Iron Range resources and rehabilitation ~~Board~~ may

5.1 purchase insurance ~~it considers~~ the commissioner deems necessary and appropriate to insure
5.2 facilities operated by the ~~board~~ commissioner.

5.3 Sec. 5. Minnesota Statutes 2016, section 15A.0815, subdivision 3, is amended to read:

5.4 Subd. 3. **Group II salary limits.** The salary for a position listed in this subdivision shall
5.5 not exceed 120 percent of the salary of the governor. This limit must be adjusted annually
5.6 on January 1. The new limit must equal the limit for the prior year increased by the percentage
5.7 increase, if any, in the Consumer Price Index for all urban consumers from October of the
5.8 second prior year to October of the immediately prior year. The commissioner of management
5.9 and budget must publish the limit on the department's Web site. This subdivision applies
5.10 to the following positions:

5.11 Executive director of Gambling Control Board;

5.12 Commissioner, of Iron Range resources and rehabilitation ~~Board~~;

5.13 Commissioner, Bureau of Mediation Services;

5.14 Ombudsman for Mental Health and Developmental Disabilities;

5.15 Chair, Metropolitan Council;

5.16 School trust lands director;

5.17 Executive director of pari-mutuel racing; and

5.18 Commissioner, Public Utilities Commission.

5.19 Sec. 6. Minnesota Statutes 2016, section 43A.02, subdivision 22, is amended to read:

5.20 Subd. 22. **Executive branch.** "Executive branch" means heads of all agencies of state
5.21 government, elective or appointive, established by statute or Constitution and all employees
5.22 of those agency heads who have within their particular field of responsibility statewide
5.23 jurisdiction and who are not within the legislative or judicial branches of government. The
5.24 executive branch also includes employees of the Department of Iron Range Resources and
5.25 Rehabilitation ~~Board~~. The executive branch does not include agencies with jurisdiction in
5.26 specifically defined geographical areas, such as regions, counties, cities, towns,
5.27 municipalities, or school districts, the University of Minnesota, the Public Employees
5.28 Retirement Association, the Minnesota State Retirement System, the Teachers Retirement
5.29 Association, the Minnesota Historical Society, and all of their employees, and any other
5.30 entity which is incorporated, even though it receives state funds.

6.1 Sec. 7. Minnesota Statutes 2016, section 85.0146, subdivision 1, is amended to read:

6.2 Subdivision 1. **Advisory council created.** The Cuyuna Country State Recreation Area
6.3 Citizens Advisory Council is established. Membership on the advisory council shall include:

6.4 (1) a representative of the Cuyuna Range Mineland Recreation Area Joint Powers Board;

6.5 (2) a representative of the Croft Mine Historical Park Joint Powers Board;

6.6 (3) a designee of the Cuyuna Range Mineland Reclamation Committee who has worked
6.7 as a miner in the local area;

6.8 (4) a representative of the Crow Wing County Board;

6.9 (5) an elected state official;

6.10 (6) a representative of the Grand Rapids regional office of the Department of Natural
6.11 Resources;

6.12 (7) a designee of the commissioner of Iron Range resources and rehabilitation ~~Board~~;

6.13 (8) a designee of the local business community selected by the area chambers of
6.14 commerce;

6.15 (9) a designee of the local environmental community selected by the Crow Wing County
6.16 District 5 commissioner;

6.17 (10) a designee of a local education organization selected by the Crosby-Ironton School
6.18 Board;

6.19 (11) a designee of one of the recreation area user groups selected by the Cuyuna Range
6.20 Chamber of Commerce; and

6.21 (12) a member of the Cuyuna Country Heritage Preservation Society.

6.22 Sec. 8. Minnesota Statutes 2016, section 116D.04, subdivision 1a, is amended to read:

6.23 Subd. 1a. **Definitions.** For the purposes of this chapter, the following terms have the
6.24 meanings given to them in this subdivision.

6.25 (a) "Natural resources" has the meaning given it in section 116B.02, subdivision 4.

6.26 (b) "Pollution, impairment or destruction" has the meaning given it in section 116B.02,
6.27 subdivision 5.

6.28 (c) "Environmental assessment worksheet" means a brief document which is designed
6.29 to set out the basic facts necessary to determine whether an environmental impact statement
6.30 is required for a proposed action.

(d) "Governmental action" means activities, including projects wholly or partially conducted, permitted, assisted, financed, regulated, or approved by units of government including the federal government.

(e) "Governmental unit" means any state agency and any general or special purpose unit of government in the state including, but not limited to, watershed districts organized under chapter 103D, counties, towns, cities, port authorities, housing authorities, and economic development authorities established under sections 469.090 to 469.108, but not including courts, school districts, the Department of Iron Range Resources and Rehabilitation, and regional development commissions other than the Metropolitan Council.

Sec. 9. Minnesota Statutes 2016, section 116J.423, subdivision 2, is amended to read:

Subd. 2. **Use of fund.** The commissioner shall use money in the fund to make loans or equity investments in mineral, steel, or any other industry processing, production, manufacturing, or technology project that would enhance the economic diversification and that is located within the taconite ~~relief~~ tax relief area as defined under section 273.134. The commissioner must, prior to making any loans or equity investments and after consultation with industry and public officials, develop a strategy for making loans and equity investments that assists the taconite relief area in retaining and enhancing its economic competitiveness. Money in the fund may also be used to pay for the costs of carrying out the commissioner's due diligence duties under this section.

Sec. 10. Minnesota Statutes 2016, section 116J.424, is amended to read:

**116J.424 IRON RANGE RESOURCES AND REHABILITATION BOARD
CONTRIBUTION.**

The commissioner of the Iron Range resources and rehabilitation Board ~~with approval by the board~~, after consultation with the Legislative Commission on Iron Range Resources and Rehabilitation and complying with the requirements for expenditures under section 298.22, may provide an equal match for any loan or equity investment made for a project located in the tax relief area defined in section 273.134, paragraph (b), by the Minnesota 21st century fund created by section 116J.423. The match may be in the form of a loan or equity investment, notwithstanding whether the fund makes a loan or equity investment. The state shall not acquire an equity interest because of an equity investment or loan by the ~~board and the board at its sole discretion shall~~ commissioner of Iron Range resources and rehabilitation and the commissioner, after consultation with the commission, shall have sole discretion to decide what interest ~~the fund~~ acquires in a project. The commissioner of

8.1 employment and economic development may require a commitment from the ~~board~~
8.2 commissioner of Iron Range resources and rehabilitation to make the match prior to
8.3 disbursing money from the fund.

8.4 Sec. 11. Minnesota Statutes 2016, section 116J.994, subdivision 3, is amended to read:

8.5 Subd. 3. **Subsidy agreement.** (a) A recipient must enter into a subsidy agreement with
8.6 the grantor of the subsidy that includes:

8.7 (1) a description of the subsidy, including the amount and type of subsidy, and type of
8.8 district if the subsidy is tax increment financing;

8.9 (2) a statement of the public purposes for the subsidy;

8.10 (3) measurable, specific, and tangible goals for the subsidy;

8.11 (4) a description of the financial obligation of the recipient if the goals are not met;

8.12 (5) a statement of why the subsidy is needed;

8.13 (6) a commitment to continue operations in the jurisdiction where the subsidy is used
8.14 for at least five years after the benefit date;

8.15 (7) the name and address of the parent corporation of the recipient, if any; and

8.16 (8) a list of all financial assistance by all grantors for the project.

8.17 (b) Business subsidies in the form of grants must be structured as forgivable loans. For
8.18 other types of business subsidies, the agreement must state the fair market value of the
8.19 subsidy to the recipient, including the value of conveying property at less than a fair market
8.20 price, or other in-kind benefits to the recipient.

8.21 (c) If a business subsidy benefits more than one recipient, the grantor must assign a
8.22 proportion of the business subsidy to each recipient that signs a subsidy agreement. The
8.23 proportion assessed to each recipient must reflect a reasonable estimate of the recipient's
8.24 share of the total benefits of the project.

8.25 (d) The state or local government agency and the recipient must both sign the subsidy
8.26 agreement and, if the grantor is a local government agency, the agreement must be approved
8.27 by the local elected governing body, except for the St. Paul Port Authority and a seaway
8.28 port authority.

8.29 (e) Notwithstanding the provision in paragraph (a), clause (6), a recipient may be
8.30 authorized to move from the jurisdiction where the subsidy is used within the five-year
8.31 period after the benefit date if, after a public hearing, the grantor approves the recipient's

request to move. For the purpose of this paragraph, if the grantor is a state government agency other than the Department of Iron Range Resources and Rehabilitation Board, "jurisdiction" means a city or township.

Sec. 12. Minnesota Statutes 2016, section 116J.994, subdivision 5, is amended to read:

Subd. 5. Public notice and hearing. (a) Before granting a business subsidy that exceeds \$500,000 for a state government grantor and \$150,000 for a local government grantor, the grantor must provide public notice and a hearing on the subsidy. A public hearing and notice under this subdivision is not required if a hearing and notice on the subsidy is otherwise required by law.

(b) Public notice of a proposed business subsidy under this subdivision by a state government grantor, other than the commissioner of Iron Range resources and rehabilitation Board, must be published in the State Register. Public notice of a proposed business subsidy under this subdivision by a local government grantor or the commissioner of Iron Range resources and rehabilitation Board must be published in a local newspaper of general circulation. The public notice must identify the location at which information about the business subsidy, including a summary of the terms of the subsidy, is available. Published notice should be sufficiently conspicuous in size and placement to distinguish the notice from the surrounding text. The grantor must make the information available in printed paper copies and, if possible, on the Internet. The government agency must provide at least a ten-day notice for the public hearing.

(c) The public notice must include the date, time, and place of the hearing.

(d) The public hearing by a state government grantor other than the commissioner of Iron Range resources and rehabilitation Board must be held in St. Paul.

(e) If more than one nonstate grantor provides a business subsidy to the same recipient, the nonstate grantors may designate one nonstate grantor to hold a single public hearing regarding the business subsidies provided by all nonstate grantors. For the purposes of this paragraph, "nonstate grantor" includes the commissioner of Iron Range resources and rehabilitation Board.

(f) The public notice of any public meeting about a business subsidy agreement, including those required by this subdivision and by subdivision 4, must include notice that a person with residence in or the owner of taxable property in the granting jurisdiction may file a written complaint with the grantor if the grantor fails to comply with sections 116J.993 to

10.1 116J.995, and that no action may be filed against the grantor for the failure to comply unless
10.2 a written complaint is filed.

10.3 Sec. 13. Minnesota Statutes 2016, section 116J.994, subdivision 7, is amended to read:

10.4 Subd. 7. **Reports by recipients to grantors.** (a) A business subsidy grantor must monitor
10.5 the progress by the recipient in achieving agreement goals.

10.6 (b) A recipient must provide information regarding goals and results for two years after
10.7 the benefit date or until the goals are met, whichever is later. If the goals are not met, the
10.8 recipient must continue to provide information on the subsidy until the subsidy is repaid.
10.9 The information must be filed on forms developed by the commissioner in cooperation with
10.10 representatives of local government. Copies of the completed forms must be sent to the
10.11 local government agency that provided the subsidy or to the commissioner if the grantor is
10.12 a state agency. If the commissioner of Iron Range resources and rehabilitation Board is the
10.13 grantor, the copies must be sent to the board. The report must include:

10.14 (1) the type, public purpose, and amount of subsidies and type of district, if the subsidy
10.15 is tax increment financing;

10.16 (2) the hourly wage of each job created with separate bands of wages;

10.17 (3) the sum of the hourly wages and cost of health insurance provided by the employer
10.18 with separate bands of wages;

10.19 (4) the date the job and wage goals will be reached;

10.20 (5) a statement of goals identified in the subsidy agreement and an update on achievement
10.21 of those goals;

10.22 (6) the location of the recipient prior to receiving the business subsidy;

10.23 (7) the number of employees who ceased to be employed by the recipient when the
10.24 recipient relocated to become eligible for the business subsidy;

10.25 (8) why the recipient did not complete the project outlined in the subsidy agreement at
10.26 their previous location, if the recipient was previously located at another site in Minnesota;

10.27 (9) the name and address of the parent corporation of the recipient, if any;

10.28 (10) a list of all financial assistance by all grantors for the project; and

10.29 (11) other information the commissioner may request.

11.1 A report must be filed no later than March 1 of each year for the previous year. The local
11.2 agency and the commissioner of Iron Range resources and rehabilitation Board must forward
11.3 copies of the reports received by recipients to the commissioner by April 1.

11.4 (c) Financial assistance that is excluded from the definition of "business subsidy" by
11.5 section 116J.993, subdivision 3, clauses (4), (5), (8), and (16), is subject to the reporting
11.6 requirements of this subdivision, except that the report of the recipient must include instead:

11.7 (1) the type, public purpose, and amount of the financial assistance, and type of district
11.8 if the assistance is tax increment financing;

11.9 (2) progress towards meeting goals stated in the assistance agreement and the public
11.10 purpose of the assistance;

11.11 (3) if the agreement includes job creation, the hourly wage of each job created with
11.12 separate bands of wages;

11.13 (4) if the agreement includes job creation, the sum of the hourly wages and cost of health
11.14 insurance provided by the employer with separate bands of wages;

11.15 (5) the location of the recipient prior to receiving the assistance; and

11.16 (6) other information the grantor requests.

11.17 (d) If the recipient does not submit its report, the local government agency must mail
11.18 the recipient a warning within one week of the required filing date. If, after 14 days of the
11.19 postmarked date of the warning, the recipient fails to provide a report, the recipient must
11.20 pay to the grantor a penalty of \$100 for each subsequent day until the report is filed. The
11.21 maximum penalty shall not exceed \$1,000.

11.22 Sec. 14. Minnesota Statutes 2016, section 216B.161, subdivision 1, is amended to read:

11.23 Subdivision 1. **Definitions.** (a) For purposes of this section, the following terms have
11.24 the meanings given them in this subdivision.

11.25 (b) "Area development rate" means a rate schedule established by a utility that provides
11.26 customers within an area development zone service under a base utility rate schedule, except
11.27 that charges may be reduced from the base rate as agreed upon by the utility and the customer
11.28 consistent with this section.

11.29 (c) "Area development zone" means a contiguous or noncontiguous area designated by
11.30 an authority or municipality for development or redevelopment and within which one of
11.31 the following conditions exists:

12.1 (1) obsolete buildings not suitable for improvement or conversion or other identified
12.2 hazards to the health, safety, and general well-being of the community;

12.3 (2) buildings in need of substantial rehabilitation or in substandard condition; or

12.4 (3) low values and damaged investments.

12.5 (d) "Authority" means a rural development financing authority established under sections
12.6 469.142 to 469.151; a housing and redevelopment authority established under sections
12.7 469.001 to 469.047; a port authority established under sections 469.048 to 469.068; an
12.8 economic development authority established under sections 469.090 to 469.108; a
12.9 redevelopment agency as defined in sections 469.152 to 469.165; the commissioner of Iron
12.10 Range resources and rehabilitation Board established under section 298.22; a municipality
12.11 that is administering a development district created under sections 469.124 to 469.133 or
12.12 any special law; a municipality that undertakes a project under sections 469.152 to 469.165,
12.13 except a town located outside the metropolitan area as defined in section 473.121, subdivision
12.14 2, or with a population of 5,000 persons or less; or a municipality that exercises the powers
12.15 of a port authority under any general or special law.

12.16 (e) "Municipality" means a city, however organized, and, with respect to a project
12.17 undertaken under sections 469.152 to 469.165, "municipality" has the meaning given in
12.18 sections 469.152 to 469.165, and, with respect to a project undertaken under sections 469.142
12.19 to 469.151 or a county or multicounty project undertaken under sections 469.004 to 469.008,
12.20 also includes any county.

12.21 Sec. 15. Minnesota Statutes 2016, section 216B.1694, subdivision 1, is amended to read:

12.22 Subdivision 1. **Definition.** For the purposes of this section, the term "innovative energy
12.23 project" means a proposed energy-generation facility or group of facilities which may be
12.24 located on up to three sites:

12.25 (1) that makes use of an innovative generation technology utilizing coal as a primary
12.26 fuel in a highly efficient combined-cycle configuration with significantly reduced sulfur
12.27 dioxide, nitrogen oxide, particulate, and mercury emissions from those of traditional
12.28 technologies;

12.29 (2) that the project developer or owner certifies is a project capable of offering a long-term
12.30 supply contract at a hedged, predictable cost; and

12.31 (3) that is designated by the commissioner of ~~the~~ Iron Range resources and rehabilitation
12.32 ~~Board~~ as a project that is located in the taconite tax relief area on a site that has substantial

13.1 real property with adequate infrastructure to support new or expanded development and
13.2 that has received prior financial and other support from the board.

13.3 Sec. 16. Minnesota Statutes 2016, section 276A.01, subdivision 8, is amended to read:

13.4 Subd. 8. **Municipality.** "Municipality" means a city, town, or township located in whole
13.5 or part within the area. If a municipality is located partly within and partly without the area,
13.6 the references in sections 276A.01 to 276A.09 to property or any portion thereof subject to
13.7 taxation or taxing jurisdiction within the municipality are to the property or portion thereof
13.8 that is located in that portion of the municipality within the area, except that the fiscal
13.9 capacity of the municipality must be computed upon the basis of the valuation and population
13.10 of the entire municipality. A municipality shall be excluded from the area if its municipal
13.11 comprehensive zoning and planning policies conscientiously exclude most
13.12 commercial-industrial development, for reasons other than preserving an agricultural use.
13.13 The commissioner of Iron Range resources and rehabilitation Board and the commissioner
13.14 of revenue shall jointly make this determination annually and shall notify those municipalities
13.15 that are ineligible to participate in the tax base sharing program provided in this chapter for
13.16 the following year. Before making the determination, the commissioner of Iron Range
13.17 resources and rehabilitation must consult the Legislative Commission on Iron Range
13.18 Resources and Rehabilitation.

13.19 Sec. 17. Minnesota Statutes 2016, section 276A.01, subdivision 17, is amended to read:

13.20 Subd. 17. **School fund allocation.** (a) "School fund allocation" means an amount up to
13.21 25 percent of the areawide levy certified by the commissioner of Iron Range resources and
13.22 rehabilitation Board, after consultation with the Legislative Commission on Iron Range
13.23 Resources and Rehabilitation, to be used for the purposes of the Iron Range school
13.24 consolidation and cooperatively operated school account under section 298.28, subdivision
13.25 7a.

13.26 (b) The allocation under paragraph (a) shall only be made after the commissioner of
13.27 Iron Range resources and rehabilitation Board, after consultation with the Legislative
13.28 Commission on Iron Range Resources and Rehabilitation, has certified by June 30 that the
13.29 Iron Range school consolidation and cooperatively operated account has insufficient funds
13.30 to make payments as authorized under section 298.28, subdivision 7a.

14.1 Sec. 18. Minnesota Statutes 2016, section 276A.06, subdivision 8, is amended to read:

14.2 Subd. 8. **Certification of values; payment.** The administrative auditor shall determine
14.3 for each county the difference between the total levy on distribution value pursuant to
14.4 subdivision 3, clause (1), including the school fund allocation within the county and the
14.5 total tax on contribution value pursuant to subdivision 7, within the county. On or before
14.6 May 16 of each year, the administrative auditor shall certify the differences so determined
14.7 and the county's portion of the school fund allocation to each county auditor. In addition,
14.8 the administrative auditor shall certify to those county auditors for whose county the total
14.9 tax on contribution value exceeds the total levy on distribution value the settlement the
14.10 county is to make to the other counties of the excess of the total tax on contribution value
14.11 over the total levy on distribution value in the county. On or before June 15 and November
14.12 15 of each year, each county treasurer in a county having a total tax on contribution value
14.13 in excess of the total levy on distribution value shall pay one-half of the excess to the other
14.14 counties in accordance with the administrative auditor's certification. On or before June 15
14.15 and November 15 of each year, each county treasurer shall pay to the administrative auditor
14.16 that county's share of the school fund allocation. On or before December 1 of each year,
14.17 the administrative auditor shall pay the school fund allocation to the commissioner of Iron
14.18 Range resources and rehabilitation Board for deposit in the Iron Range school consolidation
14.19 and cooperatively operated account.

14.20 Sec. 19. Minnesota Statutes 2016, section 282.38, subdivision 1, is amended to read:

14.21 Subdivision 1. **Development.** In any county where the county board by proper resolution
14.22 sets aside funds for forest development pursuant to section 282.08, clause (5), item (i), or
14.23 section 459.06, subdivision 2, the commissioner of Iron Range resources and rehabilitation
14.24 ~~with the approval of the board,~~ after consultation with the Legislative Commission on Iron
14.25 Range Resources and Rehabilitation, may upon request of the county board assist said
14.26 county in carrying out any project for the long range development of its forest resources
14.27 through matching of funds or otherwise.

14.28 Sec. 20. Minnesota Statutes 2016, section 282.38, subdivision 3, is amended to read:

14.29 Subd. 3. **Not to affect commissioner of Iron Range resources and rehabilitation.**
14.30 Nothing herein shall be construed to limit or abrogate the authority of the commissioner of
14.31 Iron Range resources and rehabilitation to give temporary assistance to any county in the
14.32 development of its land use program.

15.1 Sec. 21. Minnesota Statutes 2016, section 298.001, subdivision 8, is amended to read:

15.2 Subd. 8. **Commissioner.** "Commissioner" means the commissioner of revenue of the
15.3 state of Minnesota, except that when used in sections 298.22 to 298.227 and 298.291 to
15.4 298.298, "commissioner" means the commissioner of Iron Range resources and rehabilitation.

15.5 Sec. 22. Minnesota Statutes 2016, section 298.001, is amended by adding a subdivision
15.6 to read:

15.7 Subd. 11. **Commission.** "Commission" means the Legislative Commission on Iron
15.8 Range Resources and Rehabilitation, as established under section 298.22.

15.9 Sec. 23. Minnesota Statutes 2016, section 298.018, subdivision 1, is amended to read:

15.10 Subdivision 1. **Within taconite assistance area.** The proceeds of the tax paid under
15.11 sections 298.015 and 298.016 on ores, metals, or minerals mined or extracted within the
15.12 taconite assistance area defined in section 273.1341, shall be allocated as follows:

15.13 (1) five percent to the city or town within which the minerals or energy resources are
15.14 mined or extracted, or within which the concentrate was produced. If the mining and
15.15 concentration, or different steps in either process, are carried on in more than one taxing
15.16 district, the commissioner shall apportion equitably the proceeds among the cities and towns
15.17 by attributing 50 percent of the proceeds of the tax to the operation of mining or extraction,
15.18 and the remainder to the concentrating plant and to the processes of concentration, and with
15.19 respect to each thereof giving due consideration to the relative extent of the respective
15.20 operations performed in each taxing district;

15.21 (2) ten percent to the taconite municipal aid account to be distributed as provided in
15.22 section 298.282;

15.23 (3) ten percent to the school district within which the minerals or energy resources are
15.24 mined or extracted, or within which the concentrate was produced. If the mining and
15.25 concentration, or different steps in either process, are carried on in more than one school
15.26 district, distribution among the school districts must be based on the apportionment formula
15.27 prescribed in clause (1);

15.28 (4) 20 percent to a group of school districts comprised of those school districts wherein
15.29 the mineral or energy resource was mined or extracted or in which there is a qualifying
15.30 municipality as defined by section 273.134, paragraph (b), in direct proportion to school
15.31 district indexes as follows: for each school district, its pupil units determined under section
15.32 126C.05 for the prior school year shall be multiplied by the ratio of the average adjusted

net tax capacity per pupil unit for school districts receiving aid under this clause as calculated pursuant to chapters 122A, 126C, and 127A for the school year ending prior to distribution to the adjusted net tax capacity per pupil unit of the district. Each district shall receive that portion of the distribution which its index bears to the sum of the indices for all school districts that receive the distributions;

(5) 20 percent to the county within which the minerals or energy resources are mined or extracted, or within which the concentrate was produced. If the mining and concentration, or different steps in either process, are carried on in more than one county, distribution among the counties must be based on the apportionment formula prescribed in clause (1), provided that any county receiving distributions under this clause shall pay one percent of its proceeds to the Range Association of Municipalities and Schools;

(6) 20 percent to St. Louis County acting as the counties' fiscal agent to be distributed as provided in sections 273.134 to 273.136;

(7) five percent to the commissioner of Iron Range resources and rehabilitation Board for the purposes of section 298.22;

(8) three percent to the Douglas J. Johnson economic protection trust fund; and

(9) seven percent to the taconite environmental protection fund.

The proceeds of the tax shall be distributed on July 15 each year.

Sec. 24. Minnesota Statutes 2016, section 298.17, is amended to read:

298.17 OCCUPATION TAXES TO BE APPORTIONED.

(a) All occupation taxes paid by persons, copartnerships, companies, joint stock companies, corporations, and associations, however or for whatever purpose organized, engaged in the business of mining or producing iron ore or other ores, when collected shall be apportioned and distributed in accordance with the Constitution of the state of Minnesota, article X, section 3, in the manner following: 90 percent shall be deposited in the state treasury and credited to the general fund of which four-ninths shall be used for the support of elementary and secondary schools; and ten percent of the proceeds of the tax imposed by this section shall be deposited in the state treasury and credited to the general fund for the general support of the university.

(b) Of the money apportioned to the general fund by this section: (1) there is annually appropriated and credited to the mining environmental and regulatory account in the special revenue fund an amount equal to that which would have been generated by a 2-1/2 cent tax

17.1 imposed by section 298.24 on each taxable ton produced in the preceding calendar year.
17.2 Money in the mining environmental and regulatory account is appropriated annually to the
17.3 commissioner of natural resources to fund agency staff to work on environmental issues
17.4 and provide regulatory services for ferrous and nonferrous mining operations in this state.
17.5 Payment to the mining environmental and regulatory account shall be made by July 1
17.6 annually. The commissioner of natural resources shall execute an interagency agreement
17.7 with the Pollution Control Agency to assist with the provision of environmental regulatory
17.8 services such as monitoring and permitting required for ferrous and nonferrous mining
17.9 operations; (2) there is annually appropriated and credited to the Iron Range resources and
17.10 rehabilitation ~~Board~~ account in the special revenue fund an amount equal to that which
17.11 would have been generated by a 1.5 cent tax imposed by section 298.24 on each taxable
17.12 ton produced in the preceding calendar year, to be expended for the purposes of section
17.13 298.22; and (3) there is annually appropriated and credited to the Iron Range resources and
17.14 rehabilitation ~~Board~~ account in the special revenue fund for transfer to the Iron Range school
17.15 consolidation and cooperatively operated school account under section 298.28, subdivision
17.16 7a, an amount equal to that which would have been generated by a six cent tax imposed by
17.17 section 298.24 on each taxable ton produced in the preceding calendar year. Payment to the
17.18 Iron Range resources and rehabilitation ~~Board~~ account shall be made by May 15 annually.

17.19 (c) The money appropriated pursuant to paragraph (b), clause (2), shall be used (i) to
17.20 provide environmental development grants to local governments located within any county
17.21 in region 3 as defined in governor's executive order number 60, issued on June 12, 1970,
17.22 which does not contain a municipality qualifying pursuant to section 273.134, paragraph
17.23 (b), or (ii) to provide economic development loans or grants to businesses located within
17.24 any such county, provided that the county board or an advisory group appointed by the
17.25 county board to provide recommendations on economic development shall make
17.26 recommendations to the commissioner of Iron Range resources and rehabilitation ~~Board~~
17.27 regarding the loans. Payment to the Iron Range resources and rehabilitation ~~Board~~ account
17.28 shall be made by May 15 annually.

17.29 (d) Of the money allocated to Koochiching County, one-third must be paid to the
17.30 Koochiching County Economic Development Commission.

17.31 Sec. 25. Minnesota Statutes 2016, section 298.22, subdivision 1, is amended to read:

17.32 Subdivision 1. **The Office of Commissioner Department of Iron Range Resources**
17.33 **and Rehabilitation.** (a) The ~~Office of the Commissioner~~ Department of Iron Range
17.34 Resources and Rehabilitation is created as an agency in the executive branch of state

18.1 government. The governor shall appoint the commissioner of Iron Range resources and
18.2 rehabilitation under section 15.06.

18.3 (b) The commissioner may hold other positions or appointments that are not incompatible
18.4 with duties as commissioner of Iron Range resources and rehabilitation. The commissioner
18.5 may appoint a deputy commissioner. All expenses of the commissioner, including the
18.6 payment of staff and other assistance as may be necessary, must be paid out of the amounts
18.7 appropriated by section 298.28 or otherwise made available by law to the commissioner.
18.8 Notwithstanding chapters 16A, 16B, and 16C, the commissioner may utilize contracting
18.9 options available under section 471.345 when the commissioner determines it is in the best
18.10 interest of the agency. The agency is not subject to sections 16E.016 and 16C.05.

18.11 (c) When the commissioner determines that distress and unemployment exists or may
18.12 exist in the future in any county by reason of the removal of natural resources or a possibly
18.13 limited use of natural resources in the future and any resulting decrease in employment, the
18.14 commissioner may use whatever amounts of the appropriation made to the commissioner
18.15 of revenue in section 298.28 that are determined to be necessary and proper in the
18.16 development of the remaining resources of the county and in the vocational training and
18.17 rehabilitation of its residents, ~~except that the amount needed to cover cost overruns awarded~~
18.18 ~~to a contractor by an arbitrator in relation to a contract awarded by the commissioner or in~~
18.19 ~~effect after July 1, 1985, is appropriated from the general fund.~~ For the purposes of this
18.20 section, "development of remaining resources" includes, but is not limited to, the promotion
18.21 of tourism.

18.22 (d) The commissioner shall annually submit a budget proposal to the Legislative
18.23 Commission on Iron Range Resources and Rehabilitation. The commission must review
18.24 and make recommendations on the commissioner's budget proposal and the governor must
18.25 approve the commissioner's budget proposal as provided in subdivisions 1b, 1c, and 11.
18.26 This paragraph applies to transfers and expenditures from the following funds or accounts:

18.27 (1) the taconite area environmental protection fund under section 298.223, including
18.28 grants under section 298.2961;

18.29 (2) the Douglas J. Johnson economic protection trust fund under sections 298.291 to
18.30 298.298, including grants under section 298.2961;

18.31 (3) the Iron Range resources and rehabilitation account in the special revenue fund;

18.32 (4) the Iron Range school consolidation and cooperatively operated school account under
18.33 section 298.28, subdivision 7a, except as provided under paragraph (f);

19.1 (5) the Minnesota 21st century fund match requirements under section 116J.424; and

19.2 (6) the Iron Range higher education account under section 298.28, subdivision 9d.

19.3 (e) Paragraph (d) does not apply to expenditures for:

19.4 (1) the commissioner's obligations under sections 298.221; 298.2211, subdivision 4;

19.5 298.225, subdivision 2; and 298.292, subdivision 2, clause (3);

19.6 (2) payments of amounts authorized under section 298.28, subdivisions 2, 3, 4, 5, 6, 7a,

19.7 clause (4), and 9a; or

19.8 (3) other expenditures required to pay bonds or binding contracts entered into prior to

19.9 the effective date of this section.

19.10 Sec. 26. Minnesota Statutes 2016, section 298.22, subdivision 1a, is amended to read:

19.11 Subd. 1a. **Legislative Commission on Iron Range Resources and Rehabilitation**

19.12 **Board.** (a) The Legislative Commission on Iron Range Resources and Rehabilitation Board

19.13 is created in the legislative branch. The commissioner shall consult the commission before

19.14 making expenditures or undertaking projects authorized under this chapter. The commission

19.15 consists of the state senators and representatives elected from state senatorial or legislative

19.16 districts in which one-third or more of the residents reside in a taconite assistance area as

19.17 defined in section 273.1341. One additional state senator shall also be appointed by the

19.18 senate Subcommittee on Committees of the Committee on Rules and Administration. All

19.19 expenditures and projects made by the commissioner shall first be submitted to the board

19.20 for approval. The expenses of the board shall be paid by the state from the funds raised

19.21 pursuant to this section. Members of the board may be reimbursed for expenses in the

19.22 manner provided in sections 3.099, subdivision 1, and 3.101, and may receive per diem

19.23 payments during the interims between legislative sessions in the manner provided in section

19.24 3.099, subdivision 1.

19.25 ~~The members shall be appointed in January of every odd-numbered year, and shall serve~~

19.26 ~~until January of the next odd-numbered year. Vacancies on the board shall be filled in the~~

19.27 ~~same manner as original members were chosen.~~

19.28 (b) The most senior legislator will serve as temporary chair for the purposes of convening

19.29 the first meeting, at which members shall develop procedures to elect a chair. The chair

19.30 shall preside and convene meetings as often as necessary to conduct duties prescribed by

19.31 this chapter. The commission must meet at least quarterly to review the actions of the

19.32 commissioner.

20.1 (c) The appointed legislative member shall serve on the commission for a two-year term,
20.2 beginning January 1 of each odd-numbered year. The appointed legislative member serves
20.3 until their successor is appointed and qualified.

20.4 **EFFECTIVE DATE.** This section is effective the day following final enactment. The
20.5 additional state senator shall be appointed under this section no later than July 1, 2018.

20.6 Sec. 27. Minnesota Statutes 2016, section 298.22, is amended by adding a subdivision to
20.7 read:

20.8 Subd. 1b. **Evaluation of proposed budgets and projects.** (a) In evaluating budgets
20.9 proposed by the commissioner, the commission must consider factors including but not
20.10 limited to the extent to which the proposed budget:

20.11 (1) contributes to increasing the effectiveness of promoting or managing Iron Range
20.12 economic and workforce development, community development, minerals and natural
20.13 resources development, and any other issue as determined by the commission; and

20.14 (2) advances the strategic plan adopted under subdivision 1c.

20.15 (b) In evaluating projects proposed by the commissioner, the commission must consider
20.16 factors including but not limited to:

20.17 (1) whether, and the extent to which, an applicant could complete the proposed project
20.18 without funding from the commissioner;

20.19 (2) job creation or retention goals for the proposed project, including but not limited to
20.20 wages and benefits; whether the jobs created are full time, part time, temporary, or permanent;
20.21 and whether the stated job creation or retention goals in the proposal can be adequately
20.22 measured using methods established by the commissioner;

20.23 (3) how and to what extent the proposed project is expected to impact the economic
20.24 climate of the Iron Range resources and rehabilitation services area;

20.25 (4) how the proposed project would meet match requirements, if any; and

20.26 (5) whether the proposed project meets the written objectives, priorities, and policies
20.27 established by the commissioner.

20.28 Sec. 28. Minnesota Statutes 2016, section 298.22, is amended by adding a subdivision to
20.29 read:

20.30 Subd. 1c. **Strategic plan required.** The commissioner, in consultation with the
20.31 commission, shall adopt a strategic plan for making expenditures including identifying the

21.1 priority areas for funding for the next six years. The strategic plan must be reviewed every
21.2 two years. The strategic plan must have clearly stated short- and long-term goals and
21.3 strategies for expenditures, provide measurable outcomes for expenditures, and determine
21.4 areas of emphasis for funding.

21.5 Sec. 29. Minnesota Statutes 2016, section 298.22, is amended by adding a subdivision to
21.6 read:

21.7 Subd. 1e. **Administrative and staff assistance.** The Legislative Coordinating
21.8 Commission shall provide administrative and staff support to the commission. The
21.9 commissioner shall provide additional information and research assistance to the commission,
21.10 as requested by the commission.

21.11 Sec. 30. Minnesota Statutes 2016, section 298.22, is amended by adding a subdivision to
21.12 read:

21.13 Subd. 1f. **Expenses of the commission.** All expenses of the commission, including the
21.14 payment of per diems and expenses under subdivision 1a must be paid out of the amounts
21.15 appropriated by section 298.28 or otherwise made available by law to the commissioner.

21.16 Sec. 31. Minnesota Statutes 2016, section 298.22, subdivision 5a, is amended to read:

21.17 Subd. 5a. **Forest trust.** The commissioner, ~~upon approval by the board~~ after consultation
21.18 ~~with the commission,~~ may purchase forest lands in the taconite assistance area defined in
21.19 under section 273.1341 with funds specifically authorized for the purchase. The acquired
21.20 forest lands must be held in trust for the benefit of the citizens of the taconite assistance
21.21 area as the Iron Range Miners' Memorial Forest. The forest trust lands shall be managed
21.22 and developed for recreation and economic development purposes. The commissioner, ~~upon~~
21.23 ~~approval by the board~~ after consultation with the commission, may sell forest lands purchased
21.24 under this subdivision if the ~~board finds~~ commissioner determines that the sale advances
21.25 the purposes of the trust. Proceeds derived from the management or sale of the lands and
21.26 from the sale of timber or removal of gravel or other minerals from these forest lands shall
21.27 be deposited into an Iron Range Miners' Memorial Forest account that is established within
21.28 the state financial accounts. Funds may be expended from the account ~~upon approval by~~
21.29 ~~the board~~ by the commissioner, after consultation with the commission, to purchase, manage,
21.30 administer, convey interests in, and improve the forest lands. ~~With approval by the board,~~
21.31 After consultation with the commission, the commissioner may transfer money in the Iron
21.32 Range Miners' Memorial Forest account ~~may be transferred~~ into the corpus of the Douglas
21.33 J. Johnson economic protection trust fund established under sections 298.291 to 298.294.

22.1 The property acquired under the authority granted by this subdivision and income derived
22.2 from the property or the operation or management of the property are exempt from taxation
22.3 by the state or its political subdivisions while held by the forest trust. The commissioner's
22.4 actions under this subdivision must at all times comply with the requirements for expenditures
22.5 under subdivisions 1, 1b, 1c, and 11.

22.6 Sec. 32. Minnesota Statutes 2016, section 298.22, subdivision 6, is amended to read:

22.7 Subd. 6. **Private entity participation.** ~~The board~~ commissioner, after consultation with
22.8 the commission, may acquire an equity interest in any project for which ~~it~~ the commissioner
22.9 provides funding. The commissioner may, after consultation with the commission, establish,
22.10 participate in the management of, and dispose of the assets of charitable foundations,
22.11 nonprofit limited liability companies, and nonprofit corporations associated with any project
22.12 for which ~~it~~ the commissioner provides funding, including specifically, but without limitation,
22.13 a corporation within the meaning of section 317A.011, subdivision 6. The commissioner's
22.14 actions under this subdivision must at all times comply with the requirements for expenditures
22.15 under subdivisions 1, 1b, 1c, and 11.

22.16 Sec. 33. Minnesota Statutes 2016, section 298.22, subdivision 10, is amended to read:

22.17 Subd. 10. **Sale or privatization of functions.** The commissioner of ~~Iron Range resources~~
22.18 ~~and rehabilitation~~ may not sell or privatize the Ironworld Discovery Center or Giants Ridge
22.19 Golf and Ski Resort without ~~prior approval by the board~~ first seeking the recommendation
22.20 of the commission.

22.21 Sec. 34. Minnesota Statutes 2016, section 298.22, subdivision 11, is amended to read:

22.22 Subd. 11. **Budgeting.** The commissioner of Iron Range resources and rehabilitation
22.23 shall annually prepare a budget for operational expenditures, programs, and projects, and
22.24 submit it to the ~~Iron Range Resources and Rehabilitation Board~~ commission. After the
22.25 commission has been consulted, its recommendations and the commissioner's budget shall
22.26 be submitted to the governor. Once the budget is approved by the board and the governor,
22.27 the commissioner may spend money in accordance with the approved budget. If unanticipated
22.28 needs for funds arise outside of the annual budget process, the commissioner must consult
22.29 the commission and receive the governor's approval before spending the funds. In addition,
22.30 the commissioner must submit annual budget reports through the Minnesota Management
22.31 and Budget system.

23.1 Sec. 35. Minnesota Statutes 2016, section 298.22, is amended by adding a subdivision to
23.2 read:

23.3 Subd. 13. **Grants and loans; requirements.** (a) Prior to awarding any grants or approving
23.4 loans from any fund or account from which the commissioner has the authority under law
23.5 to expend money, the commissioner must evaluate applications based on criteria including,
23.6 but not limited to:

23.7 (1) whether, and the extent to which, an applicant could complete a project without
23.8 funding from the commissioner;

23.9 (2) job creation or retention goals for the project, including but not limited to wages and
23.10 benefits, and whether the jobs created are full time, part time, temporary, or permanent;

23.11 (3) whether the applicant's stated job creation or retention goals can be adequately
23.12 measured using methods established by the commissioner;

23.13 (4) how and to what extent the project proposed by the applicant is expected to impact
23.14 the economic climate of the Iron Range resources and rehabilitation services area;

23.15 (5) how the applicant would meet match requirements, if any; and

23.16 (6) whether the project for which a grant or loan application has been submitted meets
23.17 the written objectives, priorities, and policies established by the commissioner.

23.18 (b) The commissioner, if appropriate, must include incentives in loan and grant award
23.19 agreements to promote and assist grant recipients in achieving the stated job creation and
23.20 retention objectives established by the commissioner.

23.21 (c) For all loans and grants awarded from funds under the commissioner's authority
23.22 pursuant to this chapter, the commissioner must:

23.23 (1) create and maintain a database for tracking loan and grant awards;

23.24 (2) create and maintain an objective mechanism for measuring job creation and retention;

23.25 (3) verify achievement of job creation and retention goals by grant and loan recipients;

23.26 (4) monitor grant and loan awards to ensure that projects comply with applicable Iron
23.27 Range resources and rehabilitation policies; and

23.28 (5) verify that grant or loan recipients have met applicable matching fund requirements.

24.1 Sec. 36. Minnesota Statutes 2016, section 298.22, is amended by adding a subdivision to
24.2 read:

24.3 Subd. 14. **Expenditures; taconite assistance area.** Expenditures subject to the
24.4 requirements of this section may be expended only within or for the benefit of the taconite
24.5 assistance area defined in section 273.1341.

24.6 Sec. 37. Minnesota Statutes 2016, section 298.22, is amended by adding a subdivision to
24.7 read:

24.8 Subd. 15. **Reports to the legislature.** The commissioner shall submit to the chairs and
24.9 ranking minority members of the senate and house of representatives committees with
24.10 primary jurisdiction over economic development policy:

24.11 (1) an annual report of expenditures under this section; and

24.12 (2) an immediate report of any loan or grant of \$1,000,000 or more made by the
24.13 commissioner.

24.14 Sec. 38. Minnesota Statutes 2016, section 298.221, is amended to read:

24.15 **298.221 RECEIPTS FROM CONTRACTS; APPROPRIATION.**

24.16 (a) Except as provided in paragraph (c), all money paid to the state of Minnesota pursuant
24.17 to the terms of any contract entered into by the state under authority of section 298.22 and
24.18 any fees which may, in the discretion of the commissioner of Iron Range resources and
24.19 rehabilitation, be charged in connection with any project pursuant to that section as amended,
24.20 shall be deposited in the state treasury to the credit of the Iron Range resources and
24.21 rehabilitation ~~Board~~ account in the special revenue fund and are hereby appropriated for
24.22 the purposes of section 298.22.

24.23 (b) Notwithstanding section 16A.013, merchandise may be accepted by the commissioner
24.24 of the Iron Range resources and rehabilitation ~~Board~~ for payment of advertising contracts
24.25 if the commissioner determines that the merchandise can be used for special event prizes
24.26 or mementos at facilities operated by the ~~board~~ commissioner. Nothing in this paragraph
24.27 authorizes the commissioner or a member of the ~~board~~ commission to receive merchandise
24.28 for personal use.

24.29 (c) All fees charged by the commissioner in connection with public use of the state-owned
24.30 ski and golf facilities at the Giants Ridge Recreation Area and all other revenues derived
24.31 by the commissioner from the operation or lease of those facilities and from the lease, sale,
24.32 or other disposition of undeveloped lands at the Giants Ridge Recreation Area must be

25.1 deposited into an Iron Range resources and rehabilitation ~~Board~~ account that is created
25.2 within the state enterprise fund. All funds deposited in the enterprise fund account are
25.3 appropriated to the commissioner ~~to be expended, subject to approval by the board, and~~
25.4 may only be used, as follows:

25.5 (1) to pay costs associated with the construction, equipping, operation, repair, or
25.6 improvement of the Giants Ridge Recreation Area facilities or lands;

25.7 (2) to pay principal, interest and associated bond issuance, reserve, and servicing costs
25.8 associated with the financing of the facilities; and

25.9 (3) to pay the costs of any other project authorized under section 298.22.

25.10 Sec. 39. Minnesota Statutes 2016, section 298.2211, subdivision 3, is amended to read:

25.11 Subd. 3. **Project approval.** ~~All projects authorized by this section shall be submitted~~
25.12 ~~by the commissioner to the Iron Range Resources and Rehabilitation Board for approval~~
25.13 ~~by the board~~ To get approval of a project under this section, the commissioner must comply
25.14 with all the requirements for expenditures under section 298.22. Prior to the commencement
25.15 of a project involving the exercise by the commissioner of any authority of sections 469.174
25.16 to 469.179, the governing body of each municipality in which any part of the project is
25.17 located and the county board of any county containing portions of the project not located
25.18 in an incorporated area shall by majority vote approve or disapprove the project. ~~Any project~~
25.19 ~~approved by the board and the applicable governing bodies, if any, together with detailed~~
25.20 ~~information concerning the project, its costs, the sources of its funding, and the amount of~~
25.21 ~~any bonded indebtedness to be incurred in connection with the project, shall be transmitted~~
25.22 ~~to the governor, who shall approve, disapprove, or return the proposal for additional~~
25.23 ~~consideration within 30 days of receipt. No project authorized under this section shall be~~
25.24 ~~undertaken, and no obligations shall be issued and no tax increments shall be expended for~~
25.25 ~~a project authorized under this section until the project has been approved by the governor.~~

25.26 Sec. 40. Minnesota Statutes 2016, section 298.2211, subdivision 6, is amended to read:

25.27 Subd. 6. **Fee setting.** Fees for admission to or use of facilities operated by the
25.28 commissioner of Iron Range resources and rehabilitation ~~Board~~ that have been established
25.29 according to prevailing market conditions and to recover operating costs need not be set by
25.30 rule.

25.31 Sec. 41. Minnesota Statutes 2016, section 298.2212, is amended to read:

25.32 **298.2212 INVESTMENT OF FUNDS.**

26.1 All funds credited to the Iron Range resources and rehabilitation ~~Board~~ account in the
26.2 special revenue fund for the purposes of section 298.22 must be invested pursuant to law.
26.3 The net interest and dividends from the investments are included and become part of the
26.4 funds available for purposes of section 298.22.

26.5 Sec. 42. Minnesota Statutes 2016, section 298.2214, subdivision 2, is amended to read:

26.6 Subd. 2. **Iron Range Higher Education Committee; membership.** The members of
26.7 the committee shall consist of:

26.8 (1) one member appointed by the governor;

26.9 (2) one member appointed by the president of the University of Minnesota;

26.10 (3) four members of the Legislative Commission on Iron Range Resources and
26.11 Rehabilitation ~~Board~~ appointed by the chair;

26.12 (4) the commissioner of Iron Range resources and rehabilitation; and

26.13 (5) the president of the Northeast Higher Education District or its successor.

26.14 Sec. 43. Minnesota Statutes 2016, section 298.223, is amended to read:

26.15 **298.223 TACONITE AREA ENVIRONMENTAL PROTECTION FUND.**

26.16 Subdivision 1. **Creation; purposes.** A fund called the taconite environmental protection
26.17 fund is created for the purpose of reclaiming, restoring and enhancing those areas of northeast
26.18 Minnesota located within the taconite assistance area defined in section 273.1341, that are
26.19 adversely affected by the environmentally damaging operations involved in mining taconite
26.20 and iron ore and producing iron ore concentrate and for the purpose of promoting the
26.21 economic development of northeast Minnesota. The taconite environmental protection fund
26.22 shall be used for the following purposes:

26.23 (1) to initiate investigations into matters the commissioner of Iron Range resources and
26.24 rehabilitation ~~Board~~ determines are in need of study and which will determine the
26.25 environmental problems requiring remedial action;

26.26 (2) reclamation, restoration, or reforestation of mine lands not otherwise provided for
26.27 by state law;

26.28 (3) local economic development projects ~~but only if those projects are approved by the~~
26.29 ~~board~~, and public works, including construction of sewer and water systems located within
26.30 the taconite assistance area defined in section 273.1341;

(4) monitoring of mineral industry related health problems among mining employees;
and

(5) local public works projects under section 298.227, paragraph (c).

Subd. 2. **Administration.** ~~(a) The taconite area environmental protection fund shall be administered by the commissioner of the Iron Range resources and rehabilitation Board. The commissioner shall by September 1 of each year submit to the board a list of projects to be funded from the taconite area environmental protection fund, with such supporting information including description of the projects, plans, and cost estimates as may be necessary. in compliance with the requirements for expenditures under section 298.22.~~

~~(b) Each year no less than one-half of the amounts deposited into the taconite environmental protection fund must be used for public works projects, including construction of sewer and water systems, as specified under subdivision 1, clause (3). The Iron Range Resources and Rehabilitation Board may waive the requirements of this paragraph.~~

~~(c) Upon approval by the board, the list of projects approved under this subdivision shall be submitted to the governor by November 1 of each year. By December 1 of each year, the governor shall approve or disapprove, or return for further consideration, each project. Funds for a project may be expended only upon approval of the project by the board and the governor. The commissioner may submit supplemental projects to the board and governor for approval at any time.~~

Subd. 3. **Appropriation.** There is annually appropriated to the commissioner of Iron Range resources and rehabilitation taconite area environmental protection funds necessary to carry out approved projects and programs and the funds necessary for administration of this section. Annual administrative costs, not including detailed engineering expenses for the projects, shall not exceed five percent of the amount annually expended from the fund.

Funds for the purposes of this section are provided by section 298.28, subdivision 11, relating to the taconite area environmental protection fund.

Sec. 44. Minnesota Statutes 2016, section 298.227, is amended to read:

298.227 TACONITE ECONOMIC DEVELOPMENT FUND.

(a) An amount equal to that distributed pursuant to each taconite producer's taxable production and qualifying sales under section 298.28, subdivision 9a, shall be held by the commissioner of Iron Range resources and rehabilitation Board in a separate taconite economic development fund for each taconite and direct reduced ore producer. Money from the fund for each producer shall be released by the commissioner after review by a joint

28.1 committee consisting of an equal number of representatives of the salaried employees and
28.2 the nonsalaried production and maintenance employees of that producer. The District 11
28.3 director of the United States Steelworkers of America, on advice of each local employee
28.4 president, shall select the employee members. In nonorganized operations, the employee
28.5 committee shall be elected by the nonsalaried production and maintenance employees. The
28.6 review must be completed no later than six months after the producer presents a proposal
28.7 for expenditure of the funds to the committee. The funds held pursuant to this section may
28.8 be released only for workforce development and associated public facility improvement,
28.9 or for acquisition of plant and stationary mining equipment and facilities for the producer
28.10 or for research and development in Minnesota on new mining, or taconite, iron, or steel
28.11 production technology, but only if the producer provides a matching expenditure equal to
28.12 the amount of the distribution to be used for the same purpose beginning with distributions
28.13 in 2014. Effective for proposals for expenditures of money from the fund beginning May
28.14 26, 2007, the commissioner may not release the funds before the next scheduled meeting
28.15 of the board. If a proposed expenditure is not approved ~~by the board~~ under the requirements
28.16 for expenditures under section 298.22, the funds must be deposited in the Taconite
28.17 Environmental Protection Fund under sections 298.222 to 298.225. ~~If a producer uses money~~
28.18 ~~which has been released from the fund prior to May 26, 2007 to procure haulage trucks,~~
28.19 ~~mobile equipment, or mining shovels, and the producer removes the piece of equipment~~
28.20 ~~from the taconite tax relief area defined in section 273.134 within ten years from the date~~
28.21 ~~of receipt of the money from the fund, a portion of the money granted from the fund must~~
28.22 ~~be repaid to the taconite economic development fund. The portion of the money to be repaid~~
28.23 ~~is 100 percent of the grant if the equipment is removed from the taconite tax relief area~~
28.24 ~~within 12 months after receipt of the money from the fund, declining by ten percent for~~
28.25 ~~each of the subsequent nine years during which the equipment remains within the taconite~~
28.26 ~~tax relief area.~~ If a taconite production facility is sold after operations at the facility had
28.27 ceased, any money remaining in the fund for the former producer may be released to the
28.28 purchaser of the facility on the terms otherwise applicable to the former producer under this
28.29 section. If a producer fails to provide matching funds for a proposed expenditure within six
28.30 months after the commissioner approves release of the funds, the funds are available for
28.31 release to another producer in proportion to the distribution provided and under the conditions
28.32 of this section. Any portion of the fund which is not released by the commissioner within
28.33 one year of its deposit in the fund shall be divided between the taconite environmental
28.34 protection fund created in section 298.223 and the Douglas J. Johnson economic protection
28.35 trust fund created in section 298.292 for placement in their respective special accounts.

Two-thirds of the unreleased funds shall be distributed to the taconite environmental protection fund and one-third to the Douglas J. Johnson economic protection trust fund.

~~(b)(i) Notwithstanding the requirements of paragraph (a), setting the amount of distributions and the review process, an amount equal to ten cents per taxable ton of production in 2007, for distribution in 2008 only, that would otherwise be distributed under paragraph (a), may be used for a loan or grant for the cost of providing for a value-added wood product facility located in the taconite tax relief area and in a county that contains a city of the first class. This amount must be deducted from the distribution under paragraph (a) for which a matching expenditure by the producer is not required. The granting of the loan or grant is subject to approval by the board. If the money is provided as a loan, interest must be payable on the loan at the rate prescribed in section 298.2213, subdivision 3. (ii) Repayments of the loan and interest, if any, must be deposited in the taconite environment protection fund under sections 298.222 to 298.225. If a loan or grant is not made under this paragraph by July 1, 2012, the amount that had been made available for the loan under this paragraph must be transferred to the taconite environment protection fund under sections 298.222 to 298.225. (iii) Money distributed in 2008 to the fund established under this section that exceeds ten cents per ton is available to qualifying producers under paragraph (a) on a pro rata basis.~~

~~(c) Repayment or transfer of money to the taconite environmental protection fund under paragraph (b), item (ii), must be allocated by the Iron Range resources and rehabilitation Board for public works projects in house legislative districts in the same proportion as taxable tonnage of production in 2007 in each house legislative district, for distribution in 2008, bears to total taxable tonnage of production in 2007, for distribution in 2008. Notwithstanding any other law to the contrary, expenditures under this paragraph do not require approval by the governor. For purposes of this paragraph, "house legislative districts" means the legislative districts in existence on May 15, 2009.~~

Sec. 45. Minnesota Statutes 2016, section 298.27, is amended to read:

298.27 COLLECTION AND PAYMENT OF TAX.

The taxes provided by section 298.24 shall be paid directly to each eligible county and the commissioner of Iron Range resources and rehabilitation Board. The commissioner of revenue shall notify each producer of the amount to be paid each recipient prior to February 15. Every person subject to taxes imposed by section 298.24 shall file a correct report covering the preceding year. The report must contain the information required by the commissioner of revenue. The report shall be filed by each producer on or before February

1. A remittance equal to 50 percent of the total tax required to be paid hereunder shall be paid on or before February 24. A remittance equal to the remaining total tax required to be paid hereunder shall be paid on or before August 24. On or before February 25 and August 25, the county auditor shall make distribution of the payments previously received by the county in the manner provided by section 298.28. Reports shall be made and hearings held upon the determination of the tax in accordance with procedures established by the commissioner of revenue. The commissioner of revenue shall have authority to make reasonable rules as to the form and manner of filing reports necessary for the determination of the tax hereunder, and by such rules may require the production of such information as may be reasonably necessary or convenient for the determination and apportionment of the tax. All the provisions of the occupation tax law with reference to the assessment and determination of the occupation tax, including all provisions for appeals from or review of the orders of the commissioner of revenue relative thereto, but not including provisions for refunds, are applicable to the taxes imposed by section 298.24 except in so far as inconsistent herewith. If any person subject to section 298.24 shall fail to make the report provided for in this section at the time and in the manner herein provided, the commissioner of revenue shall in such case, upon information possessed or obtained, ascertain the kind and amount of ore mined or produced and thereon find and determine the amount of the tax due from such person. There shall be added to the amount of tax due a penalty for failure to report on or before February 1, which penalty shall equal ten percent of the tax imposed and be treated as a part thereof.

If any person responsible for making a tax payment at the time and in the manner herein provided fails to do so, there shall be imposed a penalty equal to ten percent of the amount so due, which penalty shall be treated as part of the tax due.

In the case of any underpayment of the tax payment required herein, there may be added and be treated as part of the tax due a penalty equal to ten percent of the amount so underpaid.

A person having a liability of \$120,000 or more during a calendar year must remit all liabilities by means of a funds transfer as defined in section 336.4A-104, paragraph (a). The funds transfer payment date, as defined in section 336.4A-401, must be on or before the date the tax is due. If the date the tax is due is not a funds transfer business day, as defined in section 336.4A-105, paragraph (a), clause (4), the payment date must be on or before the funds transfer business day next following the date the tax is due.

31.1 Sec. 46. Minnesota Statutes 2016, section 298.28, subdivision 7, is amended to read:

31.2 Subd. 7. **Iron Range resources and rehabilitation ~~Board~~ account.** For the 1998
31.3 distribution, 6.5 cents per taxable ton shall be paid to the Iron Range resources and
31.4 rehabilitation ~~Board~~ account for the purposes of section 298.22. That amount shall be
31.5 increased for distribution years 1999 through 2014 and for distribution in 2018 and
31.6 subsequent years in the same proportion as the increase in the implicit price deflator as
31.7 provided in section 298.24, subdivision 1. The amount distributed pursuant to this subdivision
31.8 shall be expended within or for the benefit of the taconite assistance area defined in section
31.9 273.1341 and in compliance with the requirements for expenditures under section 298.22.
31.10 ~~No part of the fund provided in this subdivision may be used to provide loans for the~~
31.11 ~~operation of private business unless the loan is approved by the governor.~~

31.12 Sec. 47. Minnesota Statutes 2016, section 298.28, subdivision 7a, is amended to read:

31.13 Subd. 7a. **Iron Range school consolidation and cooperatively operated school account.**
31.14 (a) The following amounts must be allocated to the Iron Range resources and rehabilitation
31.15 ~~Board~~ account to be deposited in the Iron Range school consolidation and cooperatively
31.16 operated school account that is hereby created:

31.17 (1)(i) for distributions in 2015 through 2023, ten cents per taxable ton of the tax imposed
31.18 under section 298.24; and

31.19 (ii) for distributions beginning in 2024, five cents per taxable ton of the tax imposed
31.20 under section 298.24;

31.21 (2) the amount as determined under section 298.17, paragraph (b), clause (3);

31.22 (3)(i) for distributions in 2015, an amount equal to two-thirds of the increased tax
31.23 proceeds attributable to the increase in the implicit price deflator as provided in section
31.24 298.24, subdivision 1, with the remaining one-third to be distributed to the Douglas J.
31.25 Johnson economic protection trust fund;

31.26 (ii) for distributions in 2016, an amount equal to two-thirds of the sum of the increased
31.27 tax proceeds attributable to the increase in the implicit price deflator as provided in section
31.28 298.24, subdivision 1, for distribution years 2015 and 2016, with the remaining one-third
31.29 to be distributed to the Douglas J. Johnson economic protection trust fund; and

31.30 (iii) for distributions in 2017, an amount equal to two-thirds of the sum of the increased
31.31 tax proceeds attributable to the increase in the implicit price deflator as provided in section
31.32 298.24, subdivision 1, for distribution years 2015, 2016, and 2017, with the remaining
31.33 one-third to be distributed to the Douglas J. Johnson economic protection trust fund; and

32.1 (4) any other amount as provided by law.

32.2 (b) Expenditures from this account shall be made only to provide disbursements to assist
32.3 school districts with the payment of bonds that were issued for qualified school projects,
32.4 or for any other school disbursement as approved by the commissioner of Iron Range
32.5 resources and rehabilitation Board, after consultation with the commission. For purposes
32.6 of this section, "qualified school projects" means school projects within the taconite assistance
32.7 area as defined in section 273.1341, that were (1) approved, by referendum, after April 3,
32.8 2006; and (2) approved by the commissioner of education pursuant to section 123B.71.

32.9 (c) Beginning in fiscal year 2019, the disbursement to school districts for payments for
32.10 bonds issued under section 123A.482, subdivision 9, must be increased each year to offset
32.11 any reduction in debt service equalization aid that the school district qualifies for in that
32.12 year, under section 123B.53, subdivision 6, compared with the amount the school district
32.13 qualified for in fiscal year 2018.

32.14 (d) No expenditure under this section shall be made unless ~~approved by seven members~~
32.15 ~~of the Iron Range Resources and Rehabilitation Board~~ the commissioner has complied with
32.16 the requirements for expenditures under section 298.22.

32.17 Sec. 48. Minnesota Statutes 2016, section 298.28, subdivision 9c, is amended to read:

32.18 Subd. 9c. **Distribution; city of Eveleth.** 0.20 cent per taxable ton must be paid to the
32.19 city of Eveleth for distribution in 2013 and thereafter, to be used for the support of the
32.20 Hockey Hall of Fame, provided that it continues to operate in that city, and provided that
32.21 the city of Eveleth certifies to the St. Louis County auditor that it has received donations
32.22 for the support of the Hockey Hall of Fame from other donors. If the Hockey Hall of Fame
32.23 ceases to operate in the city of Eveleth prior to receipt of the distribution in any year, and
32.24 the governing body of the city determines that it is unlikely to resume operation there within
32.25 a six-month period, the distribution under this subdivision shall be made to the commissioner
32.26 of Iron Range resources and rehabilitation Board.

32.27 Sec. 49. Minnesota Statutes 2016, section 298.28, subdivision 9d, is amended to read:

32.28 Subd. 9d. **Iron Range higher education account.** Five cents per taxable ton must be
32.29 ~~allocated to the Iron Range Resources and Rehabilitation Board to be~~ deposited in an Iron
32.30 Range higher education account that is hereby created, to be used for higher education
32.31 programs conducted at educational institutions in the taconite assistance area defined in
32.32 section 273.1341. The Iron Range Higher Education committee under section 298.2214,
32.33 and the commissioner of Iron Range resources and rehabilitation Board, after complying

33.1 with all the requirements for expenditures under section 298.22, must approve all
33.2 expenditures from the account.

33.3 Sec. 50. Minnesota Statutes 2016, section 298.28, subdivision 11, is amended to read:

33.4 Subd. 11. **Remainder.** (a) The proceeds of the tax imposed by section 298.24 which
33.5 remain after the distributions and payments in subdivisions 2 to 10a, as certified by the
33.6 commissioner of revenue, and paragraphs (b), (c), and (d) have been made, together with
33.7 interest earned on all money distributed under this section prior to distribution, shall be
33.8 divided between the taconite environmental protection fund created in section 298.223 and
33.9 the Douglas J. Johnson economic protection trust fund created in section 298.292 as follows:
33.10 Two-thirds to the taconite environmental protection fund and one-third to the Douglas J.
33.11 Johnson economic protection trust fund. The proceeds shall be placed in the respective
33.12 special accounts.

33.13 (b) There shall be distributed to each city, town, and county the amount that it received
33.14 under Minnesota Statutes 1978, section 294.26₂ in calendar year 1977; provided, however,
33.15 that the amount distributed in 1981 to the unorganized territory number 2 of Lake County
33.16 and the town of Beaver Bay based on the between-terminal trackage of Erie Mining Company
33.17 will be distributed in 1982 and subsequent years to the unorganized territory number 2 of
33.18 Lake County and the towns of Beaver Bay and Stony River based on the miles of track of
33.19 Erie Mining Company in each taxing district.

33.20 (c) There shall be distributed to the Iron Range resources and rehabilitation ~~Board~~ account
33.21 the amounts it received in 1977 under Minnesota Statutes 1978, section 298.22. The amount
33.22 distributed under this paragraph shall be expended within or for the benefit of the taconite
33.23 assistance area defined in section 273.1341.

33.24 (d) There shall be distributed to each school district 62 percent of the amount that it
33.25 received under Minnesota Statutes 1978, section 294.26₂ in calendar year 1977.

33.26 Sec. 51. Minnesota Statutes 2016, section 298.292, subdivision 2, is amended to read:

33.27 Subd. 2. **Use of money.** Money in the Douglas J. Johnson economic protection trust
33.28 fund may be used for the following purposes:

33.29 (1) to provide loans, loan guarantees, interest buy-downs and other forms of participation
33.30 with private sources of financing, but a loan to a private enterprise shall be for a principal
33.31 amount not to exceed one-half of the cost of the project for which financing is sought, and
33.32 the rate of interest on a loan to a private enterprise shall be no less than the lesser of eight

percent or an interest rate three percentage points less than a full faith and credit obligation of the United States government of comparable maturity, at the time that the loan is approved;

(2) to fund reserve accounts established to secure the payment when due of the principal of and interest on bonds issued pursuant to section 298.2211;

(3) to pay in periodic payments or in a lump-sum payment any or all of the interest on bonds issued pursuant to chapter 474 for the purpose of constructing, converting, or retrofitting heating facilities in connection with district heating systems or systems utilizing alternative energy sources;

(4) to invest in a venture capital fund or enterprise that will provide capital to other entities that are engaging in, or that will engage in, projects or programs that have the purposes set forth in subdivision 1. No investments may be made in a venture capital fund or enterprise unless at least two other unrelated investors make investments of at least \$500,000 in the venture capital fund or enterprise, and the investment by the Douglas J. Johnson economic protection trust fund may not exceed the amount of the largest investment by an unrelated investor in the venture capital fund or enterprise. For purposes of this subdivision, an "unrelated investor" is a person or entity that is not related to the entity in which the investment is made or to any individual who owns more than 40 percent of the value of the entity, in any of the following relationships: spouse, parent, child, sibling, employee, or owner of an interest in the entity that exceeds ten percent of the value of all interests in it. For purposes of determining the limitations under this clause, the amount of investments made by an investor other than the Douglas J. Johnson economic protection trust fund is the sum of all investments made in the venture capital fund or enterprise during the period beginning one year before the date of the investment by the Douglas J. Johnson economic protection trust fund; and

(5) to purchase forest land in the taconite assistance area defined in section 273.1341 to be held and managed as a public trust for the benefit of the area for the purposes authorized in section 298.22, subdivision 5a. Property purchased under this section may be sold by the commissioner ~~upon approval by the board~~, after consultation with the commission. The net proceeds must be deposited in the trust fund for the purposes and uses of this section.

Money from the trust fund shall be expended only in or for the benefit of the taconite assistance area defined in section 273.1341.

Sec. 52. Minnesota Statutes 2016, section 298.296, is amended to read:

298.296 OPERATION OF FUND.

Subdivision 1. **Project approval.** ~~The board and commissioner shall by August 1 of each year prepare a list of projects to be funded from the Douglas J. Johnson economic protection trust with necessary supporting information including description of the projects, plans, and cost estimates~~ must comply with the requirements for expenditures under section 298.22. These Projects shall be consistent with the priorities established in section 298.292 and shall not be ~~approved by the board unless it~~ proposed by the commissioner unless the commissioner finds that:

(a) the project will materially assist, directly or indirectly, the creation of additional long-term employment opportunities;

(b) the prospective benefits of the expenditure exceed the anticipated costs; and

(c) in the case of assistance to private enterprise, the project will serve a sound business purpose.

~~Each project must be approved by over one-half of all of the members of the board and the commissioner of Iron Range resources and rehabilitation. The list of projects shall be submitted to the governor, who shall, by November 15 of each year, approve or disapprove, or return for further consideration, each project. The money for a project may be expended only upon approval of the project by the governor. The board may submit supplemental projects for approval at any time.~~

Subd. 2. **Expenditure of funds.** (a) Before January 1, 2028, funds may be expended on projects and for administration of the trust fund only from the net interest, earnings, and dividends arising from the investment of the trust at any time, including net interest, earnings, and dividends that have arisen prior to July 13, 1982, plus \$10,000,000 made available for use in fiscal year 1983, except that any amount required to be paid out of the trust fund to provide the property tax relief specified in Laws 1977, chapter 423, article X, section 4, and to make school bond payments and payments to recipients of taconite production tax proceeds pursuant to section 298.225, may be taken from the corpus of the trust.

(b) Additionally, ~~upon recommendation by the board,~~ the commissioner, after consulting the commission, may choose to make up to \$13,000,000 from the corpus of the trust ~~may be made~~ available for use as provided in subdivision 4, and up to \$10,000,000 from the corpus of the trust may be made available for use as provided in section 298.2961.

(c) Additionally, an amount equal to 20 percent of the value of the corpus of the trust on May 18, 2002, not including the funds authorized in paragraph (b), plus the amounts made available under section 298.28, subdivision 4, and Laws 2002, chapter 377, article 8,

36.1 section 17, may be expended on projects. ~~Funds~~ The commissioner may be expended expend
36.2 funds for projects under this paragraph only if ~~the project~~:

36.3 (1) the project is for the purposes established under section 298.292, subdivision 1,
36.4 clause (1) or (2); and

36.5 (2) ~~is approved by two-thirds of all of the members of the board~~ the commissioner
36.6 complied with the requirements for expenditures under section 298.22.

36.7 No money made available under this paragraph or paragraph (d) can be used for
36.8 administrative or operating expenses of the Department of Iron Range resources and
36.9 rehabilitation ~~Board~~ or expenses relating to any facilities owned or operated by the ~~board~~
36.10 commissioner on May 18, 2002.

36.11 (d) ~~Upon recommendation by a unanimous vote of all members of the board,~~ The
36.12 commissioner may spend amounts in addition to those authorized under paragraphs (a), (b),
36.13 and (c) ~~may be expended~~ on projects described in section 298.292, subdivision 1, if the
36.14 commissioner complies with the requirements for expenditures under section 298.22.

36.15 (e) Annual administrative costs, not including detailed engineering expenses for the
36.16 projects, shall not exceed five percent of the net interest, dividends, and earnings arising
36.17 from the trust in the preceding fiscal year.

36.18 (f) Principal and interest received in repayment of loans made pursuant to this section,
36.19 and earnings on other investments made under section 298.292, subdivision 2, clause (4),
36.20 shall be deposited in the state treasury and credited to the trust. These receipts are
36.21 appropriated to the board for the purposes of sections 298.291 to 298.298.

36.22 (g) Additionally, notwithstanding section 298.293, ~~upon the approval of the board~~ if the
36.23 commissioner complies with the requirements for expenditures under section 298.22, money
36.24 from the corpus of the trust may be expended to purchase forest lands within the taconite
36.25 assistance area as provided in sections 298.22, subdivision 5a, and 298.292, subdivision 2,
36.26 clause (5).

36.27 Subd. 3. **Administration.** The commissioner ~~and staff of the~~ Iron Range resources and
36.28 rehabilitation ~~Board~~ shall administer the program under which funds are expended pursuant
36.29 to sections 298.292 to 298.298.

36.30 Subd. 4. **Temporary loan authority.** (a) ~~The board may recommend that~~ If the
36.31 commissioner complies with the requirements for expenditures under section 298.22, the
36.32 commissioner may use up to \$7,500,000 from the corpus of the trust ~~may be used~~ for loans,
36.33 loan guarantees, grants, or equity investments as provided in this subdivision. The money

would be available for loans for construction and equipping of facilities constituting (1) a value added iron products plant, which may be either a new plant or a facility incorporated into an existing plant that produces iron upgraded to a minimum of 75 percent iron content or any iron alloy with a total minimum metallic content of 90 percent; or (2) a new mine or minerals processing plant for any mineral subject to the net proceeds tax imposed under section 298.015. A loan or loan guarantee under this paragraph may not exceed \$5,000,000 for any facility.

(b) Additionally, ~~the board must reserve~~ the first \$2,000,000 of the net interest, dividends, and earnings arising from the investment of the trust after June 30, 1996, ~~to be used~~ must be reserved for grants, loans, loan guarantees, or equity investments for the purposes set forth in paragraph (a). This amount must be reserved until it is used as described in this subdivision.

(c) Additionally, ~~the board may recommend that~~ up to \$5,500,000 from the corpus of the trust may be used for additional grants, loans, loan guarantees, or equity investments for the purposes set forth in paragraph (a).

(d) ~~The board~~ commissioner, after consultation with the commission, may require that ~~it~~ the fund receive an equity percentage in any project to which it contributes under this section.

Sec. 53. Minnesota Statutes 2016, section 298.2961, is amended to read:

298.2961 PRODUCER GRANTS.

Subdivision 1. **Appropriation.** (a) \$10,000,000 is appropriated from the Douglas J. Johnson economic protection trust fund to a special account in the taconite area environmental protection fund for grants to producers on a project-by-project basis as provided in this section.

(b) The proceeds of the tax designated under section 298.28, subdivision 9b, are appropriated for grants to producers on a project-by-project basis as provided in this section.

Subd. 2. **Projects; approval.** (a) Projects funded must be for:

(1) environmentally unique reclamation projects; or

(2) pit or plant repairs, expansions, or modernizations other than for a value added iron products plant.

~~(b) To be proposed by the board, a project must be approved by the board. The money for a project may be spent only upon approval of the project by the governor. The board~~

~~may submit supplemental projects for approval at any time~~ For all such projects, the commissioner must comply with the requirements for expenditures under section 298.22.

(c) The ~~board~~ commissioner, after consultation with the commission, may require that ~~it~~ the fund receive an equity percentage in any project to which it contributes under this section.

Subd. 3. **Redistribution.** (a) If a taconite production facility is sold after operations at the facility had ceased, any money remaining in the taconite environmental fund for the former producer may be released to the purchaser of the facility on the terms otherwise applicable to the former producer under this section.

(b) Any portion of the taconite environmental fund that is not released by the commissioner within three years of its deposit in the taconite environmental fund shall be divided between the taconite environmental protection fund created in section 298.223 and the Douglas J. Johnson economic protection trust fund created in section 298.292 for placement in their respective special accounts. Two-thirds of the unreleased funds must be distributed to the taconite environmental protection fund and one-third to the Douglas J. Johnson economic protection trust fund.

Subd. 4. **Grant and loan fund.** (a) A fund is established to receive distributions under section 298.28, subdivision 9b, and to make grants or loans as provided in this subdivision. Any grant or loan made under this subdivision must ~~be approved by the board, established under section 298.22~~ comply with the requirements for expenditures under section 298.22.

(b) All distributions received in 2009 and subsequent years are allocated for projects under section 298.223, subdivision 1.

Sec. 54. Minnesota Statutes 2016, section 298.297, is amended to read:

298.297 ADVISORY COMMITTEES.

Before submission of a project to the ~~board~~ commission, the commissioner of Iron Range resources and rehabilitation shall appoint a technical advisory committee consisting of one or more persons who are knowledgeable in areas related to the objectives of the proposal. Members of the committees shall be compensated as provided in section 15.059, subdivision 3. The ~~board shall not act~~ commission shall not make recommendations on a proposal until it has received the evaluation and recommendations of the technical advisory committee or until 15 days have elapsed since the proposal was transmitted to the advisory committee, whichever occurs first.

39.1 Sec. 55. Minnesota Statutes 2016, section 298.46, subdivision 2, is amended to read:

39.2 Subd. 2. **Unmined iron ore; valuation petition.** When in the opinion of the duly
39.3 constituted authorities of a taxing district there are in existence reserves of unmined iron
39.4 ore located in such district, these authorities may petition the commissioner of Iron Range
39.5 resources and rehabilitation ~~Board~~ for authority to petition the county assessor to verify the
39.6 existence of such reserves and to ascertain the value thereof by drilling in a manner consistent
39.7 with established engineering and geological exploration methods, in order that such taxing
39.8 district may be able to forecast in a proper manner its future economic and fiscal potentials.
39.9 The commissioner may grant the authority to petition only after consultation with the
39.10 commission.

39.11 Sec. 56. Minnesota Statutes 2016, section 298.46, subdivision 5, is amended to read:

39.12 Subd. 5. **Payment of costs; reimbursement.** The cost of such exploration or drilling
39.13 plus any damages to the property which may be assessed by the district court shall be paid
39.14 by the commissioner of Iron Range resources and rehabilitation Board from amounts
39.15 appropriated to ~~that board~~ the commissioner under section 298.22. The commissioner of
39.16 Iron Range resources and rehabilitation ~~Board~~ shall be reimbursed for one-half of the
39.17 amounts thus expended. Such reimbursement shall be made by the taxing districts in the
39.18 proportion that each such taxing district's levy on the property involved bears to the total
39.19 levy on such property. Such reimbursement shall be made to the commissioner of Iron
39.20 Range resources and rehabilitation ~~Board~~ in the manner provided by section 298.221.

39.21 Sec. 57. Minnesota Statutes 2016, section 298.46, subdivision 6, is amended to read:

39.22 Subd. 6. **Refusal to reimburse; reduction of other payments.** If any taxing district
39.23 refuses to pay its share of the reimbursement as provided in subdivision 5, the county auditor
39.24 is hereby authorized to reduce payments required to be made by the county to such taxing
39.25 district under other provisions of law. Thereafter the auditor shall draw a warrant, which
39.26 shall be deposited with the state treasury in accordance with section 298.221, to the credit
39.27 of the commissioner of Iron Range resources and rehabilitation Board.

39.28 Sec. 58. Minnesota Statutes 2016, section 466.03, subdivision 6c, is amended to read:

39.29 Subd. 6c. **Water access sites.** Any claim based upon the construction, operation, or
39.30 maintenance by a municipality of a water access site created by the commissioner of Iron
39.31 Range resources and rehabilitation ~~Board~~. A water access site under this subdivision that
39.32 provides access to an idled, water filled mine pit also includes the entire water filled area

40.1 of the pit, and, further, claims related to a mine pit water access site under this subdivision
40.2 include those based upon the caving or slumping of mine pit walls.

40.3 Sec. 59. Minnesota Statutes 2016, section 469.310, subdivision 9, is amended to read:

40.4 Subd. 9. **Local government unit.** "Local government unit" means a statutory or home
40.5 rule charter city, county, town, the Department of Iron Range Resources and Rehabilitation
40.6 ~~agency~~, regional development commission, or a federally designated economic development
40.7 district.

40.8 Sec. 60. Minnesota Statutes 2016, section 474A.02, subdivision 21, is amended to read:

40.9 Subd. 21. **Preliminary resolution.** "Preliminary resolution" means a resolution adopted
40.10 by the governing body or board of the issuer, or ~~in the case of the~~ by the commissioner of
40.11 Iron Range resources and rehabilitation Board ~~by the commissioner~~. The resolution must
40.12 express a preliminary intention of the issuer to issue obligations for a specific project,
40.13 identify the proposed project, and disclose the proposed amount of qualified bonds to be
40.14 issued. Preliminary resolutions for mortgage bonds and student loan bonds need not identify
40.15 a specific project.

40.16 Sec. 61. Laws 2010, chapter 389, article 5, section 7, is amended to read:

40.17 Sec. 7. **GIANTS RIDGE RECREATION AREA TAXING AUTHORITY.**

40.18 Subdivision 1. **Additional taxes authorized.** Notwithstanding Minnesota Statutes,
40.19 section 477A.016, or any other law, ordinance, or charter provision to the contrary, the city
40.20 of Biwabik, upon approval both by its governing body and by the vote of at least seven
40.21 members of the Iron Range Resources and Rehabilitation Board, may impose any or all of
40.22 the taxes described in this section.

40.23 Subd. 2. **Use of proceeds.** The proceeds of any taxes imposed under this section, less
40.24 refunds and costs of collection, must be deposited into the Iron Range Resources and
40.25 Rehabilitation Board account enterprise fund created under the provisions of Minnesota
40.26 Statutes, section 298.221, paragraph (c), and must be dedicated and expended by the
40.27 commissioner of the Iron Range resources and rehabilitation Board, ~~upon approval by the~~
40.28 ~~vote of at least seven members of~~ after consultation with the Legislative Commission on
40.29 Iron Range Resources and Rehabilitation Board, to pay costs for the construction, renovation,
40.30 improvement, expansion, and maintenance of public recreational facilities located in those
40.31 portions of the city within the Giants Ridge Recreation Area as defined in Minnesota Statutes,
40.32 section 298.22, subdivision 7, or to pay any principal, interest, or premium on any bond

41.1 issued to finance the construction, renovation, improvement, or expansion of such public
41.2 recreational facilities.

41.3 Subd. 3. **Lodging tax.** (a) The city of Biwabik, upon approval both by its governing
41.4 body and by the vote of at least seven members of the Iron Range Resources and
41.5 Rehabilitation Board, may impose, by ordinance, a tax of not more than five percent on the
41.6 gross receipts subject to the lodging tax under Minnesota Statutes, section 469.190. This
41.7 tax is in addition to any tax imposed under Minnesota Statutes, section 469.190, and may
41.8 be imposed only on gross lodging receipts generated within the Giants Ridge Recreation
41.9 Area as defined in Minnesota Statutes, section 298.22, subdivision 7.

41.10 (b) If, after July 31, 2017, the city of Biwabik changes by ordinance the rate of the tax
41.11 imposed under paragraph (a), the change must be approved by both the governing body of
41.12 the city of Biwabik and the commissioner of Iron Range resources and rehabilitation, after
41.13 the commissioner consults with the Legislative Commission on Iron Range Resources and
41.14 Rehabilitation.

41.15 Subd. 4. **Admissions and recreation tax.** (a) The city of Biwabik, upon approval both
41.16 by its governing body and by the vote of at least seven members of the Iron Range Resources
41.17 and Rehabilitation Board, may impose, by ordinance, a tax of not more than five percent
41.18 on admission receipts to entertainment and recreational facilities and on receipts from the
41.19 rental of recreation equipment, at sites within the Giants Ridge Recreation Area as defined
41.20 in Minnesota Statutes, section 298.22, subdivision 7. The provisions of Minnesota Statutes,
41.21 section 297A.99, except for subdivisions 2 and 3, govern the imposition, administration,
41.22 collection, and enforcement of the tax authorized in this subdivision.

41.23 (b) If the city imposes the tax under paragraph (a), it must include in the ordinance an
41.24 exemption for purchases of season tickets or passes.

41.25 (c) If, after July 31, 2017, the city of Biwabik changes by ordinance the rate of the tax
41.26 imposed under paragraph (a), the change must be approved by both the governing body of
41.27 the city of Biwabik and the commissioner of Iron Range resources and rehabilitation, after
41.28 the commissioner consults with the Legislative Commission on Iron Range Resources and
41.29 Rehabilitation.

41.30 Subd. 5. **Food and beverage tax.** (a) The city of Biwabik, upon approval both by its
41.31 governing body and by the vote of at least seven members of the Iron Range Resources and
41.32 Rehabilitation Board, may impose, by ordinance, an additional sales tax of not more than
41.33 one percent on gross receipts of food and beverages sold whether it is consumed on or off
41.34 the premises by restaurants and places of refreshment as defined by resolution of the city

within the Giants Ridge Recreation Area as defined in Minnesota Statutes, section 298.22, subdivision 7. The provisions of Minnesota Statutes, section 297A.99, except for subdivisions 2 and 3, govern the imposition, administration, collection, and enforcement of the tax authorized in this subdivision.

(b) If, after July 31, 2017, the city of Biwabik changes by ordinance the rate of the tax imposed under paragraph (a), the change must be approved by both the governing body of the city of Biwabik and the commissioner of Iron Range resources and rehabilitation, after the commissioner consults with the Legislative Commission on Iron Range Resources and Rehabilitation.

EFFECTIVE DATE. This section is effective August 1, 2017, without local approval pursuant to Minnesota Statutes, section 645.023, subdivision 1, paragraph (a).

Sec. 62. **REVISOR'S INSTRUCTION.**

The revisor of statutes, with cooperation from the House Research Department and the Office of Senate Counsel, Research, and Fiscal Analysis, shall prepare legislation that makes conforming changes in accordance with the provisions of this act. The revisor shall submit the proposal, in a form ready for introduction, during the 2018 regular legislative session to the chairs and ranking minority members of the senate and house of representatives committees with jurisdiction over taxes.

Sec. 63. **REPEALER.**

Minnesota Statutes 2016, sections 298.22, subdivision 8; 298.2213; and 298.298, are repealed.

298.22 IRON RANGE RESOURCES AND REHABILITATION.

Subd. 8. **Spending priority.** In making or approving any expenditures on programs or projects, the commissioner and the board shall give the highest priority to programs and projects that target relief to those areas of the taconite assistance area as defined in section 273.1341, that have the largest percentages of job losses and population losses directly attributable to the economic downturn in the taconite industry since the 1980s. The commissioner and the board shall compare the 1980 population and employment figures with the 2000 population and employment figures, and shall specifically consider the job losses in 2000 and 2001 resulting from the closure of LTV Steel Mining Company, in making or approving expenditures consistent with this subdivision, as well as the areas of residence of persons who suffered job loss for which relief is to be targeted under this subdivision. The commissioner may lease, for a term not exceeding 50 years and upon the terms determined by the commissioner and approved by the board, surface and mineral interests owned or acquired by the state of Minnesota acting by and through the office of the commissioner of Iron Range resources and rehabilitation within those portions of the taconite assistance area affected by the closure of the LTV Steel Mining Company facility near Hoyt Lakes. The payments and royalties from these leases must be deposited into the fund established in section 298.292. This subdivision supersedes any other conflicting provisions of law and does not preclude the commissioner and the board from making expenditures for programs and projects in other areas.

298.2213 NORTHEAST MINNESOTA ECONOMIC DEVELOPMENT FUND.

Subdivision 1. **Appropriation.** \$4,000,000 is appropriated from the general fund to the commissioner of Iron Range resources and rehabilitation. \$300,000 of this appropriation must be used in the same manner as money appropriated under section 298.17.

Subd. 2. **Purpose of expenditures.** The money appropriated in this section may be used for projects and programs for which technological and economic feasibility have been demonstrated and that have the following purposes:

(1) creating and maintaining productive, permanent, skilled employment, including employment in technologically innovative businesses; and

(2) encouraging diversification of the economy and promoting the development of minerals, alternative energy sources utilizing indigenous fuels, forestry, small business, and tourism.

Subd. 3. **Use of money.** The money appropriated under this section may be used to provide loans, loan guarantees, interest buy-downs, and other forms of participation with private sources of financing, provided that a loan to a private enterprise must be for a principal amount not to exceed one-half of the cost of the project for which financing is sought, and the rate of interest on a loan must be no less than the lesser of eight percent or the rate of interest that is three percentage points less than a full faith and credit obligation of the United States government of comparable maturity, at the time that the loan is approved.

Money appropriated in this section must be expended only in or for the benefit of the taconite assistance area defined in section 273.1341, and as otherwise provided in this section.

Subd. 4. **Project approval.** The board and commissioner shall by August 1 each year prepare a list of projects to be funded from the money appropriated in this section with necessary supporting information including descriptions of the projects, plans, and cost estimates. A project must not be approved by the board unless it finds that:

(1) the project will materially assist, directly or indirectly, the creation of additional long-term employment opportunities;

(2) the prospective benefits of the expenditure exceed the anticipated costs; and

(3) in the case of assistance to private enterprise, the project will serve a sound business purpose.

Each project must be approved by the board and the commissioner of Iron Range resources and rehabilitation. The list of projects must be submitted to the governor, who shall, by November 15 of each year, approve, disapprove, or return for further consideration, each project. The money for a project may be spent only upon approval of the project by the governor. The board may submit supplemental projects for approval at any time.

Subd. 5. **Advisory committees.** Before submission to the board of a proposal for a project for expenditure of money appropriated under this section, the commissioner of Iron Range resources and rehabilitation shall appoint a technical advisory committee consisting of at least seven persons who are knowledgeable in areas related to the objectives of the proposal. If the

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project involves investment in a scientific research proposal, at least four of the committee members must be knowledgeable in the specific scientific research area relating to the project. Members of the committees must be compensated as provided in section 15.059, subdivision 3. The board shall not act on a proposal until it has received the evaluation and recommendations of the technical advisory committee.

Subd. 6. **Use of repayments and earnings.** Principal and interest received in repayment of loans made under this section must be deposited in the state treasury and are appropriated to the board for the purposes of this section.

298.298 LONG-RANGE PLAN.

Consistent with the policy established in sections 298.291 to 298.298, the Iron Range Resources and Rehabilitation Board shall prepare and present to the governor and the legislature by December 31, 2006, a long-range plan for the use of the Douglas J. Johnson economic protection trust fund for the economic development and diversification of the taconite assistance area defined in section 273.1341. No project shall be approved by the Iron Range Resources and Rehabilitation Board which is not consistent with the goals and objectives established in the long-range plan.