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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETIETH SESSION

H. F. No. 1643

02/23/2017 Authored by Layman, Ecklund and Lueck
The bill was read for the first time and referred to the Committee on Government Operations and Elections Policy

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-Citizen Commission; amending Minnesota
1.4 Statutes 2016, sections 116J.424; 298.001, subdivision 8, by adding a subdivision;
1.5 298.22, subdivisions 1, 1a, 5a, 6, 10, 11, by adding subdivisions; 298.2211,
1.6 subdivisions 3, 6; 298.223; 298.227; 298.28, subdivisions 7, 7a, 9c, 9d, 11; 298.292,
1.7 subdivision 2; 298.296; 298.2961; 298.297; repealing Minnesota Statutes 2016,
1.8 sections 298.22, subdivision 8; 298.2213; 298.298.

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

1.10 Section 1. Minnesota Statutes 2016, section 116J.424, is amended to read:

1.11 116J.424 IRON RANGE RESOURCES AND REHABILITATION BOARD
1.12 CONTRIBUTION.

1.13 The commissioner of the Iron Range resources and rehabilitation Board with approval
1.14 by the board, after consultation with the Iron Range Resources and Rehabilitation
1.15 Legislative-Citizen Commission and complying with the requirements for expenditures
1.16 under section 298.22, may provide an equal match for any loan or equity investment made
1.17 for a project located in the tax relief area defined in section 273.134, paragraph (b), by the
1.18 Minnesota 21st century fund created by section 116J.423. The match may be in the form
1.19 of a loan or equity investment, notwithstanding whether the fund makes a loan or equity
1.20 investment. The state shall not acquire an equity interest because of an equity investment
1.21 or loan by the board and the board at its sole discretion shall commissioner of Iron Range
1.22 resources and rehabilitation and the commissioner, after consultation with the commission,
1.23 shall have sole discretion to decide what interest # the fund acquires in a project. The
1.24 commissioner of employment and economic development may require a commitment from

2.1 the ~~board~~ commissioner of Iron Range resources and rehabilitation to make the match prior
2.2 to disbursing money from the fund.

2.3 Sec. 2. Minnesota Statutes 2016, section 298.001, subdivision 8, is amended to read:

2.4 Subd. 8. **Commissioner.** "Commissioner" means the commissioner of revenue of the
2.5 state of Minnesota, except that when used in sections 298.22 to 298.227 and 298.291 to
2.6 298.298, "commissioner" means the commissioner of Iron Range resources and rehabilitation.

2.7 Sec. 3. Minnesota Statutes 2016, section 298.001, is amended by adding a subdivision to
2.8 read:

2.9 Subd. 11. **Commission.** "Commission" means the Iron Range Resources and
2.10 Rehabilitation Legislative-Citizen Commission, as established under section 298.22.

2.11 Sec. 4. Minnesota Statutes 2016, section 298.22, subdivision 1, is amended to read:

2.12 Subdivision 1. **The Office of Commissioner of Iron Range Resources and**
2.13 **Rehabilitation.** (a) The Office of the Commissioner of Iron Range Resources and
2.14 Rehabilitation is created as an agency in the executive branch of state government. The
2.15 governor shall appoint the commissioner of Iron Range resources and rehabilitation under
2.16 section 15.06.

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

2.25 (c) When the commissioner determines that distress and unemployment exists or may
2.26 exist in the future in any county by reason of the removal of natural resources or a possibly
2.27 limited use of natural resources in the future and any resulting decrease in employment, the
2.28 commissioner may use whatever amounts of the appropriation made to the commissioner
2.29 of revenue in section 298.28 that are determined to be necessary and proper in the
2.30 development of the remaining resources of the county and in the vocational training and
2.31 rehabilitation of its residents, ~~except that the amount needed to cover cost overruns awarded~~
2.32 ~~to a contractor by an arbitrator in relation to a contract awarded by the commissioner or in~~

3.1 effect after July 1, 1985, is appropriated from the general fund. For the purposes of this
 3.2 section, "development of remaining resources" includes, but is not limited to, the promotion
 3.3 of tourism.

3.4 (d) The commissioner shall annually submit a budget proposal to the Legislative-Citizen
 3.5 Commission on Iron Range resources and rehabilitation. The commission must review and
 3.6 make recommendations on the commissioner's budget proposal and the governor must
 3.7 approve the commissioner's budget proposal as provided in subdivisions 1b, 1c, and 11.
 3.8 This paragraph applies to transfers and expenditures from the following funds or accounts:

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

3.11 (2) the Douglas J. Johnson Economic Protection Trust Fund Act under sections 298.291
 3.12 to 298.298, including grants under section 298.2961;

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

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

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

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

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

3.20 (1) the commissioner's obligations under sections 298.221; 298.2211, subdivision 4;
 3.21 298.225, subdivision 2; and 298.292, subdivision 2, clause (3);

3.22 (2) payments of amounts authorized under section 298.28, subdivisions 2, 3, 4, 5, 6, 7a,
 3.23 clause (4), and 9a; or

3.24 (3) other expenditures required to pay bonds or binding contracts entered into prior to
 3.25 the effective date of this section.

3.26 Sec. 5. Minnesota Statutes 2016, section 298.22, subdivision 1a, is amended to read:

3.27 Subd. 1a. **Iron Range Resources and Rehabilitation Board** Legislative-Citizen
 3.28 Commission. (a) The Iron Range Resources and Rehabilitation Board Legislative-Citizen
 3.29 Commission is created in the legislative branch. The commissioner shall consult the
 3.30 commission before making expenditures or undertaking projects authorized under this
 3.31 chapter. The commission consists of:

4.1 (1) the state senators and representatives elected from state senatorial or legislative
4.2 districts in which one-third or more of the residents reside in a taconite assistance area as
4.3 defined in section 273.1341. One additional state senator shall also be appointed by the
4.4 senate Subcommittee on Committees of the Committee on Rules and Administration. ~~All~~
4.5 ~~expenditures and projects made by the commissioner shall first be submitted to the board~~
4.6 ~~for approval. The expenses of the board shall be paid by the state from the funds raised~~
4.7 ~~pursuant to this section.~~ Members of the board may be reimbursed for expenses in the
4.8 manner provided in sections 3.099, subdivision 1, and 3.101, and may receive per diem
4.9 payments during the interims between legislative sessions in the manner provided in section
4.10 3.099, subdivision 1;

4.11 ~~The members shall be appointed in January of every odd-numbered year, and shall serve~~
4.12 ~~until January of the next odd-numbered year. Vacancies on the board shall be filled in the~~
4.13 ~~same manner as original members were chosen.~~

4.14 (2) nine citizens, appointed by the governor. No more than three citizen members may
4.15 have their primary residence in the same county. Citizen members are entitled to per diem
4.16 and reimbursement for expenses incurred in the service of the commission, as provided in
4.17 section 15.059, subdivision 3. The citizen members must:

4.18 (i) have experience or expertise in economic and workforce development, community
4.19 development, natural resources development, and any other issue determined by the
4.20 commission;

4.21 (ii) have strong knowledge regarding issues on the Iron Range;

4.22 (iii) have demonstrated ability to work in a collaborative environment;

4.23 (iv) have a primary residence located in the taconite assistance area as defined in section
4.24 273.1341;

4.25 (v) not currently hold any elected office;

4.26 (vi) not have previously served as a member of the state legislature; and

4.27 (vii) not be the spouse of a current or former state legislator; and

4.28 (3) the executive director of the Range Association of Municipalities and Schools. This
4.29 member is entitled to per diem and reimbursement for expenses incurred in the service of
4.30 the commission, as provided in section 15.059, subdivision 3. This member is an ex officio
4.31 member and does not vote.

5.1 (b) The most senior legislator will serve as temporary chair for the purposes of convening
5.2 the first meeting, at which members shall develop procedures to elect a chair. The chair
5.3 shall preside and convene meetings as often as necessary to conduct duties prescribed by
5.4 this chapter. The commission must meet at least quarterly to review the actions of the
5.5 commissioner.

5.6 (c) Appointed legislative members shall serve on the commission for two-year terms,
5.7 beginning January 1 of each odd-numbered year. With the exception of initial appointees
5.8 under paragraph (e), appointed citizen members shall serve four-year terms, beginning
5.9 January 1 of the year following the year of appointment, and are limited to serving two
5.10 terms. The executive director of the Range Association of Municipalities and Schools shall
5.11 serve until replaced as executive director, when the new executive director would become
5.12 a member of the commission. Citizen and legislative members serve until their successors
5.13 are appointed and qualified.

5.14 (d) A citizen member may be removed by the governor under section 15.0575, subdivision
5.15 4. Vacancies on the commission do not affect the authority of the remaining members of
5.16 the commission to carry out their duties, and vacancies shall be filled by the governor for
5.17 the remainder of the unexpired term.

5.18 (e) Citizen members shall be initially appointed according to the following schedule of
5.19 terms:

5.20 (1) two members for terms ending December 31, 2019;

5.21 (2) two members for terms ending December 31, 2020;

5.22 (3) two members for terms ending December 31, 2021; and

5.23 (4) three members for terms ending December 31, 2022.

5.24 **EFFECTIVE DATE.** This section is effective the day following final enactment. The
5.25 governor must make appointments to the Iron Range Resources and Rehabilitation
5.26 Legislative-Citizen Commission no later than January 30, 2018.

5.27 Sec. 6. Minnesota Statutes 2016, section 298.22, is amended by adding a subdivision to
5.28 read:

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

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

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

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

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

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

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

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

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

6.18 Sec. 7. Minnesota Statutes 2016, section 298.22, is amended by adding a subdivision to
 6.19 read:

6.20 Subd. 1c. **Strategic plan required.** The commissioner, in consultation with the
 6.21 commission, shall adopt a strategic plan for making expenditures including identifying the
 6.22 priority areas for funding for the next six years. The strategic plan must be reviewed every
 6.23 two years. The strategic plan must have clearly stated short- and long-term goals and
 6.24 strategies for expenditures, provide measurable outcomes for expenditures, and determine
 6.25 areas of emphasis for funding.

6.26 Sec. 8. Minnesota Statutes 2016, section 298.22, is amended by adding a subdivision to
 6.27 read:

6.28 Subd. 1d. **Public meetings and data practices.** Meetings of the commission, committees
 6.29 or subcommittees of the commission, and technical advisory committees are subject to
 6.30 chapter 13D. The commission is subject to chapter 13.

6.31 **EFFECTIVE DATE.** This section is effective the day following final enactment.

7.1 Sec. 9. Minnesota Statutes 2016, section 298.22, is amended by adding a subdivision to
7.2 read:

7.3 Subd. 1e. **Administrative and staff support.** The commissioner, in consultation with
7.4 the Legislative Coordinating Commission, shall provide administrative and staff support to
7.5 the commission, as requested by the commission.

7.6 Sec. 10. Minnesota Statutes 2016, section 298.22, is amended by adding a subdivision to
7.7 read:

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

7.11 Sec. 11. Minnesota Statutes 2016, section 298.22, subdivision 5a, is amended to read:

7.12 Subd. 5a. **Forest trust.** The commissioner, ~~upon approval by the board~~ after consultation
7.13 with the commission, may purchase forest lands in the taconite assistance area defined in
7.14 under section 273.1341 with funds specifically authorized for the purchase. The acquired
7.15 forest lands must be held in trust for the benefit of the citizens of the taconite assistance
7.16 area as the Iron Range Miners' Memorial Forest. The forest trust lands shall be managed
7.17 and developed for recreation and economic development purposes. The commissioner, ~~upon~~
7.18 ~~approval by the board~~ after consultation with the commission, may sell forest lands purchased
7.19 under this subdivision if the ~~board finds~~ commissioner determines that the sale advances
7.20 the purposes of the trust. Proceeds derived from the management or sale of the lands and
7.21 from the sale of timber or removal of gravel or other minerals from these forest lands shall
7.22 be deposited into an Iron Range Miners' Memorial Forest account that is established within
7.23 the state financial accounts. Funds may be expended from the account ~~upon approval by~~
7.24 ~~the board~~ by the commissioner, after consultation with the commission, to purchase, manage,
7.25 administer, convey interests in, and improve the forest lands. ~~With approval by the board,~~
7.26 After consultation with the commission, the commissioner may transfer money in the Iron
7.27 Range Miners' Memorial Forest account ~~may be transferred~~ into the corpus of the Douglas
7.28 J. Johnson economic protection trust fund established under sections 298.291 to 298.294.
7.29 The property acquired under the authority granted by this subdivision and income derived
7.30 from the property or the operation or management of the property are exempt from taxation
7.31 by the state or its political subdivisions while held by the forest trust. The commissioner's
7.32 actions under this subdivision must at all times comply with the requirements for expenditures
7.33 under subdivisions 1, 1b, 1c, and 11.

8.1 Sec. 12. Minnesota Statutes 2016, section 298.22, subdivision 6, is amended to read:

8.2 Subd. 6. **Private entity participation.** The ~~board~~ commissioner, after consultation with
8.3 the commission, may acquire an equity interest in any project for which ~~the commissioner~~
8.4 provides funding. The commissioner may, after consultation with the commission, establish,
8.5 participate in the management of, and dispose of the assets of charitable foundations,
8.6 nonprofit limited liability companies, and nonprofit corporations associated with any project
8.7 for which ~~the commissioner~~ provides funding, including specifically, but without limitation,
8.8 a corporation within the meaning of section 317A.011, subdivision 6. The commissioner's
8.9 actions under this subdivision must at all times comply with the requirements for expenditures
8.10 under subdivisions 1, 1b, 1c, and 11.

8.11 Sec. 13. Minnesota Statutes 2016, section 298.22, subdivision 10, is amended to read:

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

8.16 Sec. 14. Minnesota Statutes 2016, section 298.22, subdivision 11, is amended to read:

8.17 Subd. 11. **Budgeting.** The commissioner of Iron Range resources and rehabilitation
8.18 shall annually prepare a budget for operational expenditures, programs, and projects, and
8.19 submit it to the ~~Iron Range Resources and Rehabilitation Board~~ commission. After the
8.20 commission has been consulted, its recommendations and the commissioner's budget shall
8.21 be submitted to the governor. Once the budget is approved by ~~the board~~ and the governor,
8.22 the commissioner may spend money in accordance with the approved budget. If unanticipated
8.23 needs for funds arise outside of the annual budget process, the commissioner must consult
8.24 the commission and receive the governor's approval before spending the funds. In addition,
8.25 the commissioner must submit annual budget reports through the Minnesota Management
8.26 and Budget system.

8.27 Sec. 15. Minnesota Statutes 2016, section 298.22, is amended by adding a subdivision to
8.28 read:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

9.23 Sec. 16. Minnesota Statutes 2016, section 298.22, is amended by adding a subdivision to
 9.24 read:

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

10.1 Sec. 17. Minnesota Statutes 2016, section 298.22, is amended by adding a subdivision to
10.2 read:

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

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

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

10.9 Sec. 18. Minnesota Statutes 2016, section 298.2211, subdivision 3, is amended to read:

10.10 Subd. 3. **Project approval.** ~~All projects authorized by this section shall be submitted~~
10.11 ~~by the commissioner to the Iron Range Resources and Rehabilitation Board for approval~~
10.12 ~~by the board~~ To get approval of a project under this section, the commissioner must comply
10.13 with all the requirements for expenditures under section 298.22. Prior to the commencement
10.14 of a project involving the exercise by the commissioner of any authority of sections 469.174
10.15 to 469.179, the governing body of each municipality in which any part of the project is
10.16 located and the county board of any county containing portions of the project not located
10.17 in an incorporated area shall by majority vote approve or disapprove the project. ~~Any project~~
10.18 ~~approved by the board and the applicable governing bodies, if any, together with detailed~~
10.19 ~~information concerning the project, its costs, the sources of its funding, and the amount of~~
10.20 ~~any bonded indebtedness to be incurred in connection with the project, shall be transmitted~~
10.21 ~~to the governor, who shall approve, disapprove, or return the proposal for additional~~
10.22 ~~consideration within 30 days of receipt. No project authorized under this section shall be~~
10.23 ~~undertaken, and no obligations shall be issued and no tax increments shall be expended for~~
10.24 ~~a project authorized under this section until the project has been approved by the governor.~~

10.25 Sec. 19. Minnesota Statutes 2016, section 298.2211, subdivision 6, is amended to read:

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

10.30 Sec. 20. Minnesota Statutes 2016, section 298.223, is amended to read:

10.31 **298.223 TACONITE AREA ENVIRONMENTAL PROTECTION FUND.**

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

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

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

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

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

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

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

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

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

12.1 ~~the governor. The commissioner may submit supplemental projects to the board and governor~~
 12.2 ~~for approval at any time.~~

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

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

12.10 Sec. 21. Minnesota Statutes 2016, section 298.227, is amended to read:

12.11 **298.227 TACONITE ECONOMIC DEVELOPMENT FUND.**

12.12 (a) An amount equal to that distributed pursuant to each taconite producer's taxable
 12.13 production and qualifying sales under section 298.28, subdivision 9a, shall be held by the
 12.14 commissioner of Iron Range resources and rehabilitation Board in a separate taconite
 12.15 economic development fund for each taconite and direct reduced ore producer. Money from
 12.16 the fund for each producer shall be released by the commissioner after review by a joint
 12.17 committee consisting of an equal number of representatives of the salaried employees and
 12.18 the nonsalaried production and maintenance employees of that producer. The District 11
 12.19 director of the United States Steelworkers of America, on advice of each local employee
 12.20 president, shall select the employee members. In nonorganized operations, the employee
 12.21 committee shall be elected by the nonsalaried production and maintenance employees. The
 12.22 review must be completed no later than six months after the producer presents a proposal
 12.23 for expenditure of the funds to the committee. The funds held pursuant to this section may
 12.24 be released only for workforce development and associated public facility improvement,
 12.25 or for acquisition of plant and stationary mining equipment and facilities for the producer
 12.26 or for research and development in Minnesota on new mining, or taconite, iron, or steel
 12.27 production technology, but only if the producer provides a matching expenditure equal to
 12.28 the amount of the distribution to be used for the same purpose beginning with distributions
 12.29 in 2014. Effective for proposals for expenditures of money from the fund beginning May
 12.30 26, 2007, the commissioner may not release the funds before the next scheduled meeting
 12.31 of the board. If a proposed expenditure is not approved by the board under the requirements
 12.32 for expenditures under section 298.22, the funds must be deposited in the Taconite
 12.33 Environmental Protection Fund under sections 298.222 to 298.225. ~~If a producer uses money~~
 12.34 ~~which has been released from the fund prior to May 26, 2007 to procure haulage trucks,~~

13.1 ~~mobile equipment, or mining shovels, and the producer removes the piece of equipment~~
13.2 ~~from the taconite tax relief area defined in section 273.134 within ten years from the date~~
13.3 ~~of receipt of the money from the fund, a portion of the money granted from the fund must~~
13.4 ~~be repaid to the taconite economic development fund. The portion of the money to be repaid~~
13.5 ~~is 100 percent of the grant if the equipment is removed from the taconite tax relief area~~
13.6 ~~within 12 months after receipt of the money from the fund, declining by ten percent for~~
13.7 ~~each of the subsequent nine years during which the equipment remains within the taconite~~
13.8 ~~tax relief area. If a taconite production facility is sold after operations at the facility had~~
13.9 ~~ceased, any money remaining in the fund for the former producer may be released to the~~
13.10 ~~purchaser of the facility on the terms otherwise applicable to the former producer under this~~
13.11 ~~section. If a producer fails to provide matching funds for a proposed expenditure within six~~
13.12 ~~months after the commissioner approves release of the funds, the funds are available for~~
13.13 ~~release to another producer in proportion to the distribution provided and under the conditions~~
13.14 ~~of this section. Any portion of the fund which is not released by the commissioner within~~
13.15 ~~one year of its deposit in the fund shall be divided between the taconite environmental~~
13.16 ~~protection fund created in section 298.223 and the Douglas J. Johnson economic protection~~
13.17 ~~trust fund created in section 298.292 for placement in their respective special accounts.~~
13.18 ~~Two-thirds of the unreleased funds shall be distributed to the taconite environmental~~
13.19 ~~protection fund and one-third to the Douglas J. Johnson economic protection trust fund.~~

13.20 ~~(b)(i) Notwithstanding the requirements of paragraph (a), setting the amount of~~
13.21 ~~distributions and the review process, an amount equal to ten cents per taxable ton of~~
13.22 ~~production in 2007, for distribution in 2008 only, that would otherwise be distributed under~~
13.23 ~~paragraph (a), may be used for a loan or grant for the cost of providing for a value-added~~
13.24 ~~wood product facility located in the taconite tax relief area and in a county that contains a~~
13.25 ~~city of the first class. This amount must be deducted from the distribution under paragraph~~
13.26 ~~(a) for which a matching expenditure by the producer is not required. The granting of the~~
13.27 ~~loan or grant is subject to approval by the board. If the money is provided as a loan, interest~~
13.28 ~~must be payable on the loan at the rate prescribed in section 298.2213, subdivision 3. (ii)~~
13.29 ~~Repayments of the loan and interest, if any, must be deposited in the taconite environment~~
13.30 ~~protection fund under sections 298.222 to 298.225. If a loan or grant is not made under this~~
13.31 ~~paragraph by July 1, 2012, the amount that had been made available for the loan under this~~
13.32 ~~paragraph must be transferred to the taconite environment protection fund under sections~~
13.33 ~~298.222 to 298.225. (iii) Money distributed in 2008 to the fund established under this section~~
13.34 ~~that exceeds ten cents per ton is available to qualifying producers under paragraph (a) on a~~
13.35 ~~pro rata basis.~~

14.1 ~~(e) Repayment or transfer of money to the taconite environmental protection fund under~~
 14.2 ~~paragraph (b), item (ii), must be allocated by the Iron Range resources and rehabilitation~~
 14.3 ~~Board for public works projects in house legislative districts in the same proportion as~~
 14.4 ~~taxable tonnage of production in 2007 in each house legislative district, for distribution in~~
 14.5 ~~2008, bears to total taxable tonnage of production in 2007, for distribution in 2008.~~
 14.6 ~~Notwithstanding any other law to the contrary, expenditures under this paragraph do not~~
 14.7 ~~require approval by the governor. For purposes of this paragraph, "house legislative districts"~~
 14.8 ~~means the legislative districts in existence on May 15, 2009.~~

14.9 Sec. 22. Minnesota Statutes 2016, section 298.28, subdivision 7, is amended to read:

14.10 Subd. 7. **Iron Range resources and rehabilitation Board account.** For the 1998
 14.11 distribution, 6.5 cents per taxable ton shall be paid to the Iron Range resources and
 14.12 rehabilitation Board account for the purposes of section 298.22. That amount shall be
 14.13 increased for distribution years 1999 through 2014 and for distribution in 2018 and
 14.14 subsequent years in the same proportion as the increase in the implicit price deflator as
 14.15 provided in section 298.24, subdivision 1. The amount distributed pursuant to this subdivision
 14.16 shall be expended within or for the benefit of the taconite assistance area defined in section
 14.17 273.1341 and in compliance with the requirements for expenditures under section 298.22.
 14.18 ~~No part of the fund provided in this subdivision may be used to provide loans for the~~
 14.19 ~~operation of private business unless the loan is approved by the governor.~~

14.20 Sec. 23. Minnesota Statutes 2016, section 298.28, subdivision 7a, is amended to read:

14.21 Subd. 7a. **Iron Range school consolidation and cooperatively operated school account.**
 14.22 (a) The following amounts must be allocated to the Iron Range resources and rehabilitation
 14.23 Board account to be deposited in the Iron Range school consolidation and cooperatively
 14.24 operated school account that is hereby created:

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

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

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

14.30 (3)(i) for distributions in 2015, an amount equal to two-thirds of the increased tax
 14.31 proceeds attributable to the increase in the implicit price deflator as provided in section

15.1 298.24, subdivision 1, with the remaining one-third to be distributed to the Douglas J.
15.2 Johnson economic protection trust fund;

15.3 (ii) for distributions in 2016, an amount equal to two-thirds of the sum of the increased
15.4 tax proceeds attributable to the increase in the implicit price deflator as provided in section
15.5 298.24, subdivision 1, for distribution years 2015 and 2016, with the remaining one-third
15.6 to be distributed to the Douglas J. Johnson economic protection trust fund; and

15.7 (iii) for distributions in 2017, an amount equal to two-thirds of the sum of the increased
15.8 tax proceeds attributable to the increase in the implicit price deflator as provided in section
15.9 298.24, subdivision 1, for distribution years 2015, 2016, and 2017, with the remaining
15.10 one-third to be distributed to the Douglas J. Johnson economic protection trust fund; and

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

15.12 (b) Expenditures from this account shall be made only to provide disbursements to assist
15.13 school districts with the payment of bonds that were issued for qualified school projects,
15.14 or for any other school disbursement as approved by the commissioner of Iron Range
15.15 resources and rehabilitation Board, after consultation with the commission. For purposes
15.16 of this section, "qualified school projects" means school projects within the taconite assistance
15.17 area as defined in section 273.1341, that were (1) approved, by referendum, after April 3,
15.18 2006; and (2) approved by the commissioner of education pursuant to section 123B.71.

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

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

15.27 Sec. 24. Minnesota Statutes 2016, section 298.28, subdivision 9c, is amended to read:

15.28 Subd. 9c. **Distribution; city of Eveleth.** 0.20 cent per taxable ton must be paid to the
15.29 city of Eveleth for distribution in 2013 and thereafter, to be used for the support of the
15.30 Hockey Hall of Fame, provided that it continues to operate in that city, and provided that
15.31 the city of Eveleth certifies to the St. Louis County auditor that it has received donations
15.32 for the support of the Hockey Hall of Fame from other donors. If the Hockey Hall of Fame
15.33 ceases to operate in the city of Eveleth prior to receipt of the distribution in any year, and

16.1 the governing body of the city determines that it is unlikely to resume operation there within
 16.2 a six-month period, the distribution under this subdivision shall be made to the commissioner
 16.3 of Iron Range resources and rehabilitation Board.

16.4 Sec. 25. Minnesota Statutes 2016, section 298.28, subdivision 9d, is amended to read:

16.5 Subd. 9d. **Iron Range higher education account.** Five cents per taxable ton must be
 16.6 ~~allocated to the Iron Range Resources and Rehabilitation Board to be deposited in an Iron~~
 16.7 Range higher education account that is hereby created, to be used for higher education
 16.8 programs conducted at educational institutions in the taconite assistance area defined in
 16.9 section 273.1341. The Iron Range Higher Education committee under section 298.2214,
 16.10 and the commissioner of Iron Range resources and rehabilitation Board, after complying
 16.11 with all the requirements for expenditures under section 298.22, must approve all
 16.12 expenditures from the account.

16.13 Sec. 26. Minnesota Statutes 2016, section 298.28, subdivision 11, is amended to read:

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

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

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

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

17.3 Sec. 27. Minnesota Statutes 2016, section 298.292, subdivision 2, is amended to read:

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

17.6 (1) to provide loans, loan guarantees, interest buy-downs and other forms of participation
17.7 with private sources of financing, but a loan to a private enterprise shall be for a principal
17.8 amount not to exceed one-half of the cost of the project for which financing is sought, and
17.9 the rate of interest on a loan to a private enterprise shall be no less than the lesser of eight
17.10 percent or an interest rate three percentage points less than a full faith and credit obligation
17.11 of the United States government of comparable maturity, at the time that the loan is approved;

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

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

17.18 (4) to invest in a venture capital fund or enterprise that will provide capital to other
17.19 entities that are engaging in, or that will engage in, projects or programs that have the
17.20 purposes set forth in subdivision 1. No investments may be made in a venture capital fund
17.21 or enterprise unless at least two other unrelated investors make investments of at least
17.22 \$500,000 in the venture capital fund or enterprise, and the investment by the Douglas J.
17.23 Johnson economic protection trust fund may not exceed the amount of the largest investment
17.24 by an unrelated investor in the venture capital fund or enterprise. For purposes of this
17.25 subdivision, an "unrelated investor" is a person or entity that is not related to the entity in
17.26 which the investment is made or to any individual who owns more than 40 percent of the
17.27 value of the entity, in any of the following relationships: spouse, parent, child, sibling,
17.28 employee, or owner of an interest in the entity that exceeds ten percent of the value of all
17.29 interests in it. For purposes of determining the limitations under this clause, the amount of
17.30 investments made by an investor other than the Douglas J. Johnson economic protection
17.31 trust fund is the sum of all investments made in the venture capital fund or enterprise during
17.32 the period beginning one year before the date of the investment by the Douglas J. Johnson
17.33 economic protection trust fund; and

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

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

18.8 Sec. 28. Minnesota Statutes 2016, section 298.296, is amended to read:

18.9 **298.296 OPERATION OF FUND.**

18.10 Subdivision 1. **Project approval.** ~~The board and commissioner shall by August 1 of~~
 18.11 ~~each year prepare a list of projects to be funded from the Douglas J. Johnson economic~~
 18.12 ~~protection trust with necessary supporting information including description of the projects,~~
 18.13 ~~plans, and cost estimates~~ must comply with the requirements for expenditures under section
 18.14 298.22. These Projects shall be consistent with the priorities established in section 298.292
 18.15 and shall not be ~~approved by the board unless it~~ proposed by the commissioner unless the
 18.16 commissioner finds that:

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

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

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

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

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

19.1 to make school bond payments and payments to recipients of taconite production tax proceeds
 19.2 pursuant to section 298.225, may be taken from the corpus of the trust.

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

19.7 (c) Additionally, an amount equal to 20 percent of the value of the corpus of the trust
 19.8 on May 18, 2002, not including the funds authorized in paragraph (b), plus the amounts
 19.9 made available under section 298.28, subdivision 4, and Laws 2002, chapter 377, article 8,
 19.10 section 17, may be expended on projects. ~~Funds~~ The commissioner may be expended expend
 19.11 funds for projects under this paragraph only if ~~the project~~:

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

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

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

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

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

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

19.31 (g) Additionally, notwithstanding section 298.293, ~~upon the approval of the board~~ if the
 19.32 commissioner complies with the requirements for expenditures under section 298.22, money
 19.33 from the corpus of the trust may be expended to purchase forest lands within the taconite

20.1 assistance area as provided in sections 298.22, subdivision 5a, and 298.292, subdivision 2,
20.2 clause (5).

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

20.6 Subd. 4. **Temporary loan authority.** (a) ~~The board may recommend that~~ If the
20.7 commissioner complies with the requirements for expenditures under section 298.22, the
20.8 commissioner may use up to \$7,500,000 from the corpus of the trust ~~may be used~~ for loans,
20.9 loan guarantees, grants, or equity investments as provided in this subdivision. The money
20.10 would be available for loans for construction and equipping of facilities constituting (1) a
20.11 value added iron products plant, which may be either a new plant or a facility incorporated
20.12 into an existing plant that produces iron upgraded to a minimum of 75 percent iron content
20.13 or any iron alloy with a total minimum metallic content of 90 percent; or (2) a new mine or
20.14 minerals processing plant for any mineral subject to the net proceeds tax imposed under
20.15 section 298.015. A loan or loan guarantee under this paragraph may not exceed \$5,000,000
20.16 for any facility.

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

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

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

20.28 Sec. 29. Minnesota Statutes 2016, section 298.2961, is amended to read:

20.29 **298.2961 PRODUCER GRANTS.**

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

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

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

21.4 (1) environmentally unique reclamation projects; or

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

21.7 (b) ~~To be proposed by the board, a project must be approved by the board. The money~~
 21.8 ~~for a project may be spent only upon approval of the project by the governor. The board~~
 21.9 ~~may submit supplemental projects for approval at any time~~ For all such projects, the
 21.10 commissioner must comply with the requirements for expenditures under section 298.22.

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

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

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

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

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

21.31 Sec. 30. Minnesota Statutes 2016, section 298.297, is amended to read:

21.32 **298.297 ADVISORY COMMITTEES.**

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

22.9 Sec. 31. **REPEALER.**

22.10 Minnesota Statutes 2016, sections 298.22, subdivision 8; 298.2213; and 298.298, are
22.11 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.