A bill for an act

relating to higher education; establishing a pilot project for the local deposit of certain reserves.

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

Section 1. **PILOT PROJECT; LOCAL DEPOSIT OF RESERVES OF MINNESOTA STATE COLLEGES AND UNIVERSITIES.**

Subdivision 1. **Establishment.** To increase the distribution of potential economic benefit of deposits of reserve funds of the institutions of the Minnesota State Colleges and Universities, a pilot project is established to transfer certain reserve deposits of selected institutions from the state treasury to a community financial institution. Notwithstanding Minnesota Statutes, section 16A.27, on July 1, 2010, the commissioner of management and budget shall transfer the reserve funds of colleges and universities selected by the board of trustees under subdivision 2, to a community financial institution designated for each of the participating colleges and universities.

Subd. 2. **Participating colleges and universities.** By June 11, 2010, colleges and universities must apply to the Board of Trustees of the Minnesota State Colleges and Universities for participation in the pilot project. Each applicant must designate one or more community financial institutions for the deposit of reserves, with the terms of the deposit for each designated community financial institution. The designated community financial institution must be located within 25 miles of a participating campus. From the applicants, the board shall select four to eight postsecondary institutions to participate in the local deposit pilot project. In making its selection, the board must consider the size of the institution's reserves and the terms offered by the designated community financial

institutions. Two-year and four-year institutions must be selected to participate in the pilot project and the majority of the selected institutions must be located in greater Minnesota.

By June 25, 2010, the board must notify the commissioner of management and budget of the participating colleges and universities and the associated community financial institutions.

Subd. 3. **Community financial institution.** As used in this section, "community financial institution" means a federally insured bank or credit union, chartered as a bank or credit union by the state of Minnesota or the United States, that is headquartered in Minnesota.

Subd. 4. **Evaluation and report.** The commissioner of management and budget and the board of trustees shall independently evaluate the effectiveness of the local deposit pilot project in increasing the use of community financial institutions and providing wider distribution of the economic benefit of the deposit of postsecondary reserves. Each evaluation must include the participating colleges, universities, and community financial institutions. The commissioner and the board shall report the results of the pilot project evaluation to the appropriate committees of the legislature by December 1, 2011, with recommendations on the future implementation of the pilot project.