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State of Minnesota
HOUSE OF REPRESENTATIVES

EIGHTY-EIGHTH SESSION

H. F. No. **351**

02/04/2013 Authored by Melin, Anzelc, Dill, Metsa and Radinovich

The bill was read for the first time and referred to the Committee on Jobs and Economic Development Finance and Policy

02/20/2013 Adoption of Report: Pass as Amended and re-referred to the Committee on Government Operations

1.1 A bill for an act
1.2 relating to economic development; regulating the Iron Range Resources and
1.3 Rehabilitation Board; modifying board composition and approval provisions;
1.4 amending Minnesota Statutes 2012, sections 116J.424; 298.22, subdivisions 5a,
1.5 8, 10, 11, by adding a subdivision; 298.221; 298.2211, subdivision 3; 298.2213,
1.6 subdivision 4; 298.2214, subdivision 6; 298.223, subdivisions 1, 2; 298.227;
1.7 298.28, subdivision 9d; 298.292, subdivision 2; 298.294; 298.296, subdivisions
1.8 1, 2; 298.2961, subdivisions 2, 4, 5; repealing Minnesota Statutes 2012, section
1.9 298.22, subdivision 2.

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

1.11 Section 1. Minnesota Statutes 2012, section 116J.424, is amended to read:

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

1.14 The commissioner of the Iron Range Resources and Rehabilitation Board with
1.15 approval by ~~at least seven Iron Range Resources and Rehabilitation Board members~~ the
1.16 board, shall provide an equal match for any loan or equity investment made for a facility
1.17 located in the tax relief area defined in section 273.134, paragraph (b), by the Minnesota
1.18 minerals 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 decide what interest it acquires
1.22 in a project. The commissioner of employment and economic development may require a
1.23 commitment from the board to make the match prior to disbursing money from the fund.

1.24 Sec. 2. Minnesota Statutes 2012, section 298.22, is amended by adding a subdivision
1.25 to read:

2.1 Subd. 1a. **Iron Range Resources and Rehabilitation Board.** The Iron Range
2.2 Resources and Rehabilitation Board consists of the state senators and representatives
2.3 elected from state senatorial or legislative districts in which one-third or more of
2.4 the residents reside in a taconite assistance area as defined in section 273.1341. All
2.5 expenditures and projects made by the commissioner shall first be submitted to the board
2.6 for approval. The expenses of the board shall be paid by the state from funds available
2.7 under this section. Members of the board may be reimbursed for expenses in the manner
2.8 provided in sections 3.099, subdivision 1, and 3.101, and may receive per diem payments
2.9 during the interims between legislative sessions in the manner provided in section 3.099,
2.10 subdivision 1.

2.11 Sec. 3. Minnesota Statutes 2012, section 298.22, subdivision 5a, is amended to read:

2.12 Subd. 5a. **Forest trust.** The commissioner, upon ~~the affirmative vote of at least~~
2.13 ~~seven Iron Range Resources and Rehabilitation Board members~~ approval by the board,
2.14 may purchase forest lands in the taconite assistance area defined in under section 273.1341
2.15 with funds specifically authorized for the purchase. The acquired forest lands must be
2.16 held in trust for the benefit of the citizens of the taconite assistance area as the Iron Range
2.17 Miners' Memorial Forest. The forest trust lands shall be managed and developed for
2.18 recreation and economic development purposes. The commissioner, upon ~~the affirmative~~
2.19 ~~vote of at least seven Iron Range Resources and Rehabilitation Board members~~ approval
2.20 by the board, may sell forest lands purchased under this subdivision if the board finds that
2.21 the sale advances the purposes of the trust. Proceeds derived from the management or sale
2.22 of the lands and from the sale of timber or removal of gravel or other minerals from these
2.23 forest lands shall be deposited into an Iron Range Miners' Memorial Forest account that is
2.24 established within the state financial accounts. Funds may be expended from the account
2.25 upon approval by ~~at least seven Iron Range Resources and Rehabilitation Board members~~
2.26 the board, to purchase, manage, administer, convey interests in, and improve the forest
2.27 lands. ~~By an affirmative vote of at least seven Iron Range Resources and Rehabilitation~~
2.28 ~~Board members~~ With approval by the board, money in the Iron Range Miners' Memorial
2.29 Forest account may be transferred into the corpus of the Douglas J. Johnson economic
2.30 protection trust fund established under sections 298.291 to 298.294. The property acquired
2.31 under the authority granted by this subdivision and income derived from the property or
2.32 the operation or management of the property are exempt from taxation by the state or its
2.33 political subdivisions while held by the forest trust.

2.34 Sec. 4. Minnesota Statutes 2012, section 298.22, subdivision 8, is amended to read:

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

3.21 Sec. 5. Minnesota Statutes 2012, section 298.22, subdivision 10, is amended to read:

3.22 Subd. 10. **Sale or privatization of functions.** The commissioner of Iron Range
3.23 resources and rehabilitation may not sell or privatize the Ironworld Discovery Center or
3.24 Giants Ridge Golf and Ski Resort without prior approval by ~~at least seven Iron Range~~
3.25 ~~Resources and Rehabilitation Board members~~ the board.

3.26 Sec. 6. Minnesota Statutes 2012, section 298.22, subdivision 11, is amended to read:

3.27 Subd. 11. **Budgeting.** The commissioner of Iron Range resources and rehabilitation
3.28 shall annually prepare a budget for operational expenditures, programs, and projects, and
3.29 submit it to the Iron Range Resources and Rehabilitation Board ~~and the governor~~. After
3.30 the budget is approved by ~~at least seven Iron Range Resources and Rehabilitation Board~~
3.31 ~~members~~ the board and the governor, the commissioner may spend money in accordance
3.32 with the approved budget.

Sec. 7. Minnesota Statutes 2012, section 298.221, is amended to read:

298.221 RECEIPTS FROM CONTRACTS; APPROPRIATION.

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

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

(c) All fees charged by the commissioner in connection with public use of the state-owned ski and golf facilities at the Giants Ridge Recreation Area and all other revenues derived by the commissioner from the operation or lease of those facilities and from the lease, sale, or other disposition of undeveloped lands at the Giants Ridge Recreation Area must be deposited into an Iron Range Resources and Rehabilitation Board account that is created within the state enterprise fund. All funds deposited in the enterprise fund account are appropriated to the commissioner to be expended, subject to approval by ~~at least seven Iron Range Resources and Rehabilitation Board members~~ the board, as follows:

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

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

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

Sec. 8. Minnesota Statutes 2012, section 298.2211, subdivision 3, is amended to read:

Subd. 3. **Project approval.** All projects authorized by this section shall be submitted by the commissioner to the Iron Range Resources and Rehabilitation Board for approval by ~~at least seven Iron Range Resources and Rehabilitation Board members~~ the board. Prior to the commencement of a project involving the exercise by the commissioner of any authority of sections 469.174 to 469.179, the governing body of each municipality in which any part of the project is located and the county board of any county containing

portions of the project not located in an incorporated area shall by majority vote approve or disapprove the project. Any project approved by ~~at least seven Iron Range Resources and Rehabilitation Board members~~ the board and the applicable governing bodies, if any, together with detailed information concerning the project, its costs, the sources of its funding, and the amount of any bonded indebtedness to be incurred in connection with the project, shall be transmitted to the governor, who shall approve, disapprove, or return the proposal for additional consideration within 30 days of receipt. No project authorized under this section shall be undertaken, and no obligations shall be issued and no tax increments shall be expended for a project authorized under this section until the project has been approved by the governor.

Sec. 9. Minnesota Statutes 2012, section 298.2213, subdivision 4, is amended to read:

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 ~~at least seven Iron Range Resources and Rehabilitation Board members~~ 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.

Sec. 10. Minnesota Statutes 2012, section 298.2214, subdivision 6, is amended to read:

Subd. 6. **Per diem.** Members of the committee may be reimbursed for expenses ~~in the manner provided in section 298.22, subdivision 2~~ by the state from funds available under section 298.22.

Sec. 11. Minnesota Statutes 2012, section 298.223, subdivision 1, is amended to read:

Subdivision 1. **Creation; purposes.** A fund called the taconite environmental protection fund is created for the purpose of reclaiming, restoring and enhancing those

areas of northeast Minnesota located within the taconite assistance area defined in section 273.1341, that are adversely affected by the environmentally damaging operations involved in mining taconite and iron ore and producing iron ore concentrate and for the purpose of promoting the economic development of northeast Minnesota. The taconite environmental protection fund shall be used for the following purposes:

(1) to initiate investigations into matters the Iron Range Resources and Rehabilitation Board determines are in need of study and which will determine the environmental problems requiring remedial action;

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

(3) local economic development projects but only if those projects are approved by ~~at least seven Iron Range Resources and Rehabilitation Board members~~ the board, and public works, including construction of sewer and water systems located within the taconite assistance area defined in section 273.1341;

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

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

(6) local public works projects as provided under this clause. The following amounts shall be distributed in 2009 based upon the taxable tonnage of production in 2008:

(i) .4651 cent per ton to the city of Aurora for street repair and renovation;

(ii) .4264 cent per ton to the city of Biwabik for street and utility infrastructure improvements to the south side industrial site;

(iii) .6460 cent per ton to the city of Buhl for street repair;

(iv) 1.0336 cents per ton to the city of Hoyt Lakes for public utility improvements;

(v) 1.1628 cents per ton to the city of Eveleth for water and sewer infrastructure upgrades;

(vi) 1.0336 cents per ton to the city of Gilbert for water and sewer infrastructure upgrades;

(vii) .7752 cent per ton to the city of Mountain Iron for water and sewer infrastructure;

(viii) 1.2920 cents per ton to the city of Virginia for utility upgrades and accessibility modifications for the miners' memorial;

(ix) .6460 cent per ton to the town of White for Highway 135 road upgrades;

(x) 1.9380 cents per ton to the city of Hibbing for public infrastructure projects;

(xi) 1.1628 cents per ton to the city of Chisholm for water and sewer repair;

(xii) .6460 cent per ton to the town of Balkan for community center repairs;

(xiii) .9044 cent per ton to the city of Babbitt for city garage construction;

(xiv) .5168 cent per ton to the city of Cook for public infrastructure projects;

7.1 (xv) .5168 cent per ton to the city of Ely for reconstruction of 2nd Avenue West;
7.2 (xvi) .6460 cent per ton to the city of Tower for water infrastructure upgrades;
7.3 (xvii) .1292 cent per ton to the city of Orr for water infrastructure upgrades;
7.4 (xviii) .1292 cent per ton to the city of Silver Bay for emergency cleanup;
7.5 (xvix) .3230 cent per ton to Lake County for trail construction;
7.6 (xx) .1292 cent per ton to Cook County for construction of tennis courts in Grand
7.7 Marais;
7.8 (xxi) .3101 cent per ton to the city of Two Harbors for water infrastructure
7.9 improvements;
7.10 (xxii) .1938 cent per ton for land acquisition for phase one of Cook Airport project;
7.11 (xxiii) 1.0336 cents per ton to the city of Coleraine for water and sewer
7.12 improvements along Gayley Avenue;
7.13 (xxiv) .3876 cent per ton to the city of Marble for construction of a city
7.14 administration facility;
7.15 (xxv) .1292 cent per ton to the city of Calumet for repairs at city hall and the
7.16 community center;
7.17 (xxvi) .6460 cent per ton to the city of Nashwauk for electrical infrastructure
7.18 upgrades;
7.19 (xxvii) 1.0336 cents per ton to the city of Keewatin for water and sewer upgrades
7.20 along Depot Street;
7.21 (xxviii) .2584 cent per ton to the city of Aitkin for water, sewer, street, and gutter
7.22 improvements;
7.23 (xxix) 1.1628 cents per ton to the city of Grand Rapids for water and sewer
7.24 infrastructure upgrades at Pokegama Golf Course and Park Place;
7.25 (xxx) .1809 cent per ton to the city of Grand Rapids for water and sewer upgrades
7.26 for 1st Avenue from River Road to 3rd Street SE; and
7.27 (xxxi) .9044 cent per ton to the city of Cohasset for upgrades to the railroad crossing
7.28 at Highway 2 and County Road 62.

7.29 Sec. 12. Minnesota Statutes 2012, section 298.223, subdivision 2, is amended to read:

7.30 Subd. 2. **Administration.** (a) The taconite area environmental protection fund shall
7.31 be administered by the commissioner of the Iron Range Resources and Rehabilitation
7.32 Board. The commissioner shall by September 1 of each year submit to the board a list
7.33 of projects to be funded from the taconite area environmental protection fund, with such
7.34 supporting information including description of the projects, plans, and cost estimates as
7.35 may be necessary.

(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 ~~with approval by at least seven Iron Range Resources and Rehabilitation Board members~~, may waive the requirements of this paragraph.

(c) Upon approval by ~~at least seven Iron Range Resources and Rehabilitation Board members~~ 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 ~~at least seven Iron Range Resources and Rehabilitation Board members~~, the board and the governor. The commissioner may submit supplemental projects to the board and governor for approval at any time.

Sec. 13. Minnesota Statutes 2012, 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 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 committee consisting of an equal number of representatives of the salaried employees and the nonsalaried production and maintenance employees of that producer. The District 11 director of the United States Steelworkers of America, on advice of each local employee president, shall select the employee members. In nonorganized operations, the employee committee shall be elected by the nonsalaried production and maintenance employees. The review must be completed no later than six months after the producer presents a proposal for expenditure of the funds to the committee. The funds held pursuant to this section may be released only for workforce development and associated public facility improvement, or for acquisition of plant and stationary mining equipment and facilities for the producer or for research and development in Minnesota on new mining, or taconite, iron, or steel production technology, but only if the producer provides a matching expenditure to be used for the same purpose of at least 50 percent of the distribution based on 14.7 cents per ton beginning with distributions in 2002. Effective for proposals for expenditures of money from the fund beginning May 26, 2007, the commissioner may not release the funds before the next scheduled meeting of the board. If a proposed

9.1 expenditure is not approved by ~~at least seven Iron Range Resources and Rehabilitation~~
9.2 ~~Board members~~ the board, the funds must be deposited in the Taconite Environmental
9.3 Protection Fund under sections 298.222 to 298.225. If a producer uses money which has
9.4 been released from the fund prior to May 26, 2007 to procure haulage trucks, mobile
9.5 equipment, or mining shovels, and the producer removes the piece of equipment from the
9.6 taconite tax relief area defined in section 273.134 within ten years from the date of receipt
9.7 of the money from the fund, a portion of the money granted from the fund must be repaid
9.8 to the taconite economic development fund. The portion of the money to be repaid is 100
9.9 percent of the grant if the equipment is removed from the taconite tax relief area within 12
9.10 months after receipt of the money from the fund, declining by ten percent for each of the
9.11 subsequent nine years during which the equipment remains within the taconite tax relief
9.12 area. If a taconite production facility is sold after operations at the facility had ceased, any
9.13 money remaining in the fund for the former producer may be released to the purchaser of
9.14 the facility on the terms otherwise applicable to the former producer under this section. If
9.15 a producer fails to provide matching funds for a proposed expenditure within six months
9.16 after the commissioner approves release of the funds, the funds are available for release to
9.17 another producer in proportion to the distribution provided and under the conditions of
9.18 this section. Any portion of the fund which is not released by the commissioner within
9.19 one year of its deposit in the fund shall be divided between the taconite environmental
9.20 protection fund created in section 298.223 and the Douglas J. Johnson economic protection
9.21 trust fund created in section 298.292 for placement in their respective special accounts.
9.22 Two-thirds of the unreleased funds shall be distributed to the taconite environmental
9.23 protection fund and one-third to the Douglas J. Johnson economic protection trust fund.

9.24 (b)(i) Notwithstanding the requirements of paragraph (a), setting the amount of
9.25 distributions and the review process, an amount equal to ten cents per taxable ton of
9.26 production in 2007, for distribution in 2008 only, that would otherwise be distributed
9.27 under paragraph (a), may be used for a loan or grant for the cost of providing for a
9.28 value-added wood product facility located in the taconite tax relief area and in a county
9.29 that contains a city of the first class. This amount must be deducted from the distribution
9.30 under paragraph (a) for which a matching expenditure by the producer is not required. The
9.31 granting of the loan or grant is subject to approval by ~~at least seven Iron Range Resources~~
9.32 ~~and Rehabilitation Board members~~ the board. If the money is provided as a loan, interest
9.33 must be payable on the loan at the rate prescribed in section 298.2213, subdivision 3. (ii)
9.34 Repayments of the loan and interest, if any, must be deposited in the taconite environment
9.35 protection fund under sections 298.222 to 298.225. If a loan or grant is not made under
9.36 this paragraph by July 1, 2012, the amount that had been made available for the loan under

10.1 this paragraph must be transferred to the taconite environment protection fund under
10.2 sections 298.222 to 298.225. (iii) Money distributed in 2008 to the fund established
10.3 under this section that exceeds ten cents per ton is available to qualifying producers under
10.4 paragraph (a) on a pro rata basis.

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

10.13 Sec. 14. Minnesota Statutes 2012, section 298.28, subdivision 9d, is amended to read:

10.14 Subd. 9d. **Iron Range higher education account.** Five cents per taxable ton must
10.15 be allocated to the Iron Range Resources and Rehabilitation Board to be deposited in
10.16 an Iron Range higher education account that is hereby created, to be used for higher
10.17 education programs conducted at educational institutions in the taconite assistance area
10.18 defined in section 273.1341. The Iron Range Higher Education committee under section
10.19 298.2214, and the Iron Range Resources and Rehabilitation Board ~~by an affirmative vote~~
10.20 ~~of at least seven Iron Range Resources and Rehabilitation Board members,~~ must approve
10.21 all expenditures from the account.

10.22 Sec. 15. Minnesota Statutes 2012, section 298.292, subdivision 2, is amended to read:

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

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

10.32 (2) to fund reserve accounts established to secure the payment when due of the
10.33 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 ~~at least seven Iron Range Resourcees and Rehabilitation Board members~~ the board. 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. 16. Minnesota Statutes 2012, section 298.294, is amended to read:

298.294 INVESTMENT OF FUND.

(a) The trust fund established by section 298.292 shall be invested pursuant to law by the State Board of Investment and the net interest, dividends, and other earnings arising from the investments shall be transferred, except as provided in paragraph (b), on the first day of each month to the trust and shall be included and become part of the trust fund. The amounts transferred, including the interest, dividends, and other earnings earned

prior to July 13, 1982, together with the additional amount of \$10,000,000 for fiscal year 1983, which is appropriated April 21, 1983, are appropriated from the trust fund to the commissioner of Iron Range resources and rehabilitation for deposit in a separate account for expenditure for the purposes set forth in section 298.292. Amounts appropriated pursuant to this section shall not cancel but shall remain available unless expended.

(b) For fiscal years 2010 and 2011 only, \$1,500,000 of the net interest, dividends, and other earnings under paragraph (a) shall be transferred to a special account. Funds in the special account are available for loans or grants to businesses, with priority given to businesses with 25 or fewer employees. Funds may be used for wage subsidies for up to 52 weeks of up to \$5 per hour or other activities, including, but not limited to, short-term operating expenses and purchase of equipment and materials by businesses under financial duress, that will create additional jobs in the taconite assistance area under section 273.1341. Expenditures from the special account must be approved by ~~at least seven Iron Range Resources and Rehabilitation Board members~~ the board.

(c) To qualify for a grant or loan, a business must be currently operating and have been operating for one year immediately prior to its application for a loan or grant, and its corporate headquarters must be located in the taconite assistance area.

Sec. 17. Minnesota Statutes 2012, section 298.296, subdivision 1, is amended to read:

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. These projects shall be consistent with the priorities established in section 298.292 and shall not be approved by the board unless it 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 ~~at least eight Iron Range Resources and Rehabilitation Board~~ 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.

13.1 Sec. 18. Minnesota Statutes 2012, section 298.296, subdivision 2, is amended to read:

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

13.11 (b) Additionally, upon recommendation by the board, up to \$13,000,000 from the
13.12 corpus of the trust may be made available for use as provided in subdivision 4, and up to
13.13 \$10,000,000 from the corpus of the trust may be made available for use as provided in
13.14 section 298.2961.

13.15 (c) Additionally, an amount equal to 20 percent of the value of the corpus of the trust
13.16 on May 18, 2002, not including the funds authorized in paragraph (b), plus the amounts
13.17 made available under section 298.28, subdivision 4, and Laws 2002, chapter 377, article
13.18 8, section 17, may be expended on projects. Funds may be expended for projects under
13.19 this paragraph only if the project:

13.20 (1) is for the purposes established under section 298.292, subdivision 1, clause
13.21 (1) or (2); and

13.22 (2) is approved by at least two-thirds of all of the members of the board ~~upon an~~
13.23 ~~affirmative vote of at least ten of its members.~~

13.24 No money made available under this paragraph or paragraph (d) can be used for
13.25 administrative or operating expenses of the Iron Range Resources and Rehabilitation Board
13.26 or expenses relating to any facilities owned or operated by the board on May 18, 2002.

13.27 (d) Upon recommendation by a unanimous vote of all members of the board,
13.28 amounts in addition to those authorized under paragraphs (a), (b), and (c) may be
13.29 expended on projects described in section 298.292, subdivision 1.

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

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

14.1 (g) Additionally, notwithstanding section 298.293, upon the ~~affirmative vote of at~~
14.2 ~~least seven Iron Range Resourcees and Rehabilitation Board members~~ approval of the
14.3 board, money from the corpus of the trust may be expanded to purchase forest lands
14.4 within the taconite assistance area as provided in sections 298.22, subdivision 5a, and
14.5 298.292, subdivision 2, clause (5).

14.6 Sec. 19. Minnesota Statutes 2012, section 298.2961, subdivision 2, is amended to read:

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

14.8 (1) environmentally unique reclamation projects; or

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

14.11 (b) To be proposed by the board, a project must be approved by ~~at least eight Iron~~
14.12 ~~Range Resourcees and Rehabilitation Board members~~ the board. The money for a project
14.13 may be spent only upon approval of the project by the governor. The board may submit
14.14 supplemental projects for approval at any time.

14.15 (c) The board may require that it receive an equity percentage in any project to
14.16 which it contributes under this section.

14.17 Sec. 20. Minnesota Statutes 2012, section 298.2961, subdivision 4, is amended to read:

14.18 Subd. 4. **Grant and loan fund.** (a) A fund is established to receive distributions
14.19 under section 298.28, subdivision 9b, and to make grants or loans as provided in this
14.20 subdivision. Any grant or loan made under this subdivision must be approved by ~~at least~~
14.21 ~~seven Iron Range Resourcees and Rehabilitation Board members~~ the board, established
14.22 under section 298.22.

14.23 (b) Distributions received in calendar year 2005 are allocated to the city of Virginia
14.24 for improvements and repairs to the city's steam heating system.

14.25 (c) Distributions received in calendar year 2006 are allocated to a project of the
14.26 public utilities commissions of the cities of Hibbing and Virginia to convert their electrical
14.27 generating plants to the use of biomass products, such as wood.

14.28 (d) Distributions received in calendar year 2007 must be paid to the city of Tower to
14.29 be used for the East Two Rivers project in or near the city of Tower.

14.30 (e) For distributions received in 2008, the first \$2,000,000 of the 2008 distribution
14.31 must be paid to St. Louis County for deposit in its county road and bridge fund to be
14.32 used for relocation of St. Louis County Road 715, commonly referred to as Pike River
14.33 Road. The remainder of the 2008 distribution must be paid to St. Louis County for a
14.34 grant to the city of Virginia for connecting sewer and water lines to the St. Louis County

15.1 maintenance garage on Highway 135, further extending the lines to interconnect with the
15.2 city of Gilbert's sewer and water lines. All distributions received in 2009 and subsequent
15.3 years are allocated for projects under section 298.223, subdivision 1.

15.4 Sec. 21. Minnesota Statutes 2012, section 298.2961, subdivision 5, is amended to read:

15.5 Subd. 5. **Public works and local economic development fund.** For distributions in
15.6 2007 only, a special fund is established to receive 38.4 cents per ton that otherwise would
15.7 be allocated under section 298.28, subdivision 6. The following amounts are allocated to
15.8 St. Louis County acting as the fiscal agent for the recipients for the specific purposes:

15.9 (1) 13.4 cents per ton for the Central Iron Range Sanitary Sewer District for
15.10 construction of a combined wastewater facility and notwithstanding section 298.28,
15.11 subdivision 11, paragraph (a), or any other law, interest accrued on this money while held
15.12 by St. Louis County shall also be distributed to the recipient;

15.13 (2) six cents per ton to the city of Eveleth to redesign and design and construct
15.14 improvements to renovate its water treatment facility;

15.15 (3) one cent per ton for the East Range Joint Powers Board to acquire land for and to
15.16 design a central wastewater collection and treatment system;

15.17 (4) 0.5 cents per ton to the city of Hoyt Lakes to repair Leeds Road;

15.18 (5) 0.7 cents per ton to the city of Virginia to extend Eighth Street South;

15.19 (6) 0.7 cents per ton to the city of Mountain Iron to repair Hoover Road;

15.20 (7) 0.9 cents per ton to the city of Gilbert for alley repairs between Michigan and
15.21 Indiana Avenues and for repayment of a loan to the Minnesota Department of Employment
15.22 and Economic Development;

15.23 (8) 0.4 cents per ton to the city of Keewatin for a new city well;

15.24 (9) 0.3 cents per ton to the city of Grand Rapids for planning for a fire and hazardous
15.25 materials center;

15.26 (10) 0.9 cents per ton to Aitkin County Growth for an economic development
15.27 project for peat harvesting;

15.28 (11) 0.4 cents per ton to the city of Nashwauk to develop a comprehensive city plan;

15.29 (12) 0.4 cents per ton to the city of Taconite for development of a city comprehensive
15.30 plan;

15.31 (13) 0.3 cents per ton to the city of Marble for water and sewer infrastructure;

15.32 (14) 0.8 cents per ton to Aitkin County for improvements to the Long Lake
15.33 Environmental Learning Center;

15.34 (15) 0.3 cents per ton to the city of Coleraine for the Coleraine Technology Center;

16.1 (16) 0.5 cents per ton to the Economic Development Authority of the city of Grand
16.2 Rapids for planning for the North Central Research and Technology Laboratory;
16.3 (17) 0.6 cents per ton to the city of Bovey for sewer and water extension;
16.4 (18) 0.3 cents per ton to the city of Calumet for infrastructure improvements; and
16.5 (19) ten cents per ton to the commissioner of Iron Range Resources and
16.6 Rehabilitation for deposit in a Highway 1 Corridor Account established by the
16.7 commissioner, to be distributed by the commissioner to any of the cities of Babbitt, Cook,
16.8 Ely, or Tower, for economic development projects approved by ~~at least seven Iron Range~~
16.9 ~~Resources and Rehabilitation Board members~~ the board; notwithstanding section 298.28,
16.10 subdivision 11, paragraph (a), or any other law, interest accrued on this money while held
16.11 by St. Louis County or the commissioner shall also be distributed to the recipient.

16.12 Sec. 22. **REPEALER.**

16.13 Minnesota Statutes 2012, section 298.22, subdivision 2, is repealed.

16.14 Sec. 23. **EFFECTIVE DATE.**

16.15 This act is effective the day following final enactment.

298.22 IRON RANGE RESOURCES AND REHABILITATION.

Subd. 2. **Iron Range Resources and Rehabilitation Board.** There is hereby created the Iron Range Resources and Rehabilitation Board, consisting of 13 members, five of whom are state senators appointed by the Subcommittee on Committees of the Rules Committee of the senate, and five of whom are representatives, appointed by the speaker of the house. The remaining members shall be appointed one each by the senate majority leader, the speaker of the house, and the governor and must be nonlegislators who reside in a taconite assistance area as defined in section 273.1341. The members shall be appointed in January of every odd-numbered year, except that the initial nonlegislator members shall be appointed by July 1, 1999, and shall serve until January of the next odd-numbered year. Vacancies on the board shall be filled in the same manner as the original members were chosen. At least a majority of the legislative members of the board shall be elected from state senatorial or legislative districts in which over 50 percent of the residents reside within a taconite assistance area as defined in section 273.1341. All expenditures and projects made by the commissioner of Iron Range resources and rehabilitation shall be consistent with the priorities established in subdivision 8 and shall first be submitted to the Iron Range Resources and Rehabilitation Board for approval of expenditures and projects for rehabilitation purposes as provided by this section, and the method, manner, and time of payment of all funds proposed to be disbursed, by at least seven Iron Range Resources and Rehabilitation Board members. The board shall biennially make its report to the governor and the legislature on or before November 15 of each even-numbered year. The expenses of the board shall be paid by the state from the funds raised pursuant to this section. Members of the board who are legislators may be reimbursed for expenses in the manner provided in sections 3.099, subdivision 1, and 3.101, and may receive per diem payments during the interims between legislative sessions in the manner provided in section 3.099, subdivision 1. Members of the board who are not legislators may receive per diem payments and be reimbursed for expenses at the lowest rate provided for legislative members.