

SENATE

STATE OF MINNESOTA

NINETIETH SESSION

S.F. No. 1394

(SENATE AUTHORS: BAKK, Eichorn and Ruud)

DATE	D-PG	OFFICIAL STATUS
02/23/2017	768	Introduction and first reading
		Referred to Jobs and Economic Growth Finance and Policy
03/09/2017	1199a	Comm report: To pass as amended and re-refer to State Government Finance and Policy and Elections
03/15/2017		Comm report: To pass as amended and re-refer to Taxes

1.1

A bill for an act

1.2

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

1.3

commissioner; amending Minnesota Statutes 2016, sections 15.38, subdivision 7;

1.4

116J.423, subdivision 2; 116J.424; 216B.161, subdivision 1; 276A.01, subdivisions

1.5

8, 17; 282.38, subdivision 1; 298.001, subdivision 8; 298.22, subdivisions 1, 1a,

1.6

5a, 6, 10, 11; 298.221; 298.2211, subdivision 3; 298.223, subdivisions 1, 2; 298.227;

1.7

298.28, subdivisions 7a, 9d; 298.292, subdivision 2; 298.296, subdivisions 1, 2,

1.8

4; 298.2961, subdivisions 2, 4; 298.46, subdivision 2; 477A.17; Laws 2010, chapter

1.9

216, section 58, as amended; repealing Minnesota Statutes 2016, sections 298.22,

1.10

subdivision 8; 298.2213, subdivisions 4, 5, 6; 298.298.

1.11

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

1.12

Section 1. Minnesota Statutes 2016, section 15.38, subdivision 7, is amended to read:

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Subd. 7. **Iron Range resources and rehabilitation Board.** After seeking a

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recommendation from the Iron Range Resources and Rehabilitation Board, the commissioner

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of Iron Range resources and rehabilitation Board may purchase insurance it considers the

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commissioner deems necessary and appropriate to insure facilities operated by the board.

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

1.18

Subd. 2. **Use of fund.** The commissioner shall use money in the fund to make loans ~~or~~₂

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including forgivable loans, equity investments or grants for infrastructure in mineral, steel,

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or any other industry processing, production, manufacturing, or technology project that

1.21

would enhance the economic diversification and that is located within the taconite relief

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tax area as defined under section 273.134. The commissioner must, prior to making any

1.23

loans or equity investments and after consultation with industry and public officials, develop

1.24

a strategy for making loans ~~and~~₂ equity investments or grants for infrastructure that assists

1.25

the taconite relief area in retaining and enhancing its economic competitiveness. Money in

the fund may also be used to pay for the costs of carrying out the commissioner's due diligence duties under this section.

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

Sec. 3. Minnesota Statutes 2016, section 116J.424, is amended to read:

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

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

Sec. 4. Minnesota Statutes 2016, section 216B.161, subdivision 1, is amended to read:

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

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

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

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

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

(3) low values and damaged investments.

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

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

Sec. 5. Minnesota Statutes 2016, section 276A.01, subdivision 8, is amended to read:

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

Sec. 6. Minnesota Statutes 2016, section 276A.01, subdivision 17, is amended to read:

Subd. 17. **School fund allocation.** (a) "School fund allocation" means an amount up to 25 percent of the areawide levy certified by the commissioner of Iron Range resources and rehabilitation, after seeking a recommendation from the Iron Range Resources and Rehabilitation Board, to be used for the purposes of the Iron Range school consolidation and cooperatively operated school account under section 298.28, subdivision 7a.

(b) The allocation under paragraph (a) shall only be made after the commissioner of Iron Range resources and rehabilitation, after seeking a recommendation from the Iron Range Resources and Rehabilitation Board, has certified by June 30 that the Iron Range school consolidation and cooperatively operated account has insufficient funds to make payments as authorized under section 298.28, subdivision 7a.

Sec. 7. Minnesota Statutes 2016, section 282.38, subdivision 1, is amended to read:

Subdivision 1. **Development.** In any county where the county board by proper resolution sets aside funds for forest development pursuant to section 282.08, clause (5), item (i), or section 459.06, subdivision 2, the commissioner of Iron Range resources and rehabilitation ~~with the approval of the~~, after seeking a recommendation from the Iron Range Resources and Rehabilitation Board, may upon request of the county board assist said county in carrying out any project for the long range development of its forest resources through matching of funds or otherwise.

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

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

Sec. 9. Minnesota Statutes 2016, section 298.22, subdivision 1, is amended to read:

Subdivision 1. **The Office of the Commissioner of Iron Range Resources and Rehabilitation.** (a) The Office of the Commissioner of Iron Range Resources and Rehabilitation is created as an agency in the executive branch of state government. The governor shall appoint the commissioner of Iron Range resources and rehabilitation under section 15.06. The commissioner may expend amounts appropriated to the commissioner or the board for projects after submitting the expenditure to the board for a recommendation under subdivision 1a.

(b) The commissioner may hold other positions or appointments that are not incompatible with duties as commissioner of Iron Range resources and rehabilitation. The commissioner may appoint a deputy commissioner. All expenses of the commissioner, including the payment of staff and other assistance as may be necessary, must be paid out of the amounts appropriated by section 298.28 or otherwise made available by law to the commissioner. Notwithstanding chapters 16A, 16B, and 16C, the commissioner may utilize contracting options available under section 471.345 when the commissioner determines it is in the best interest of the agency. The agency is not subject to sections 16E.016 and 16C.05. The agency has the authority to reimburse any nongovernmental manager operating state-owned facilities within the Giants Ridge Recreation Area for purchasing materials, supplies, equipment, or other items used in the operations at such facilities.

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

Sec. 10. Minnesota Statutes 2016, section 298.22, subdivision 1a, is amended to read:

Subd. 1a. **Iron Range Resources and Rehabilitation Board.** The Iron Range Resources and Rehabilitation Board consists of the state senators and representatives elected from state senatorial or legislative districts in which one-third or more of the residents reside in a taconite assistance area as defined in section 273.1341. One additional state senator shall also be appointed by the senate Subcommittee on Committees of the Committee on Rules and Administration. All expenditures and projects made by the commissioner shall first be submitted to the board ~~for approval.~~ The board shall recommend approval or disapproval or modification of the expenditures and projects. The expenses of the board shall be paid by the state from the funds raised pursuant to this section. Members of the board 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.

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

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

6.5 Subd. 5a. **Forest trust.** The commissioner, ~~upon approval by~~ after requesting a
6.6 recommendation from the board, may purchase forest lands in the taconite assistance area
6.7 defined in under section 273.1341 with funds specifically authorized for the purchase. The
6.8 acquired forest lands must be held in trust for the benefit of the citizens of the taconite
6.9 assistance area as the Iron Range Miners' Memorial Forest. The forest trust lands shall be
6.10 managed and developed for recreation and economic development purposes. The
6.11 commissioner, ~~upon approval by~~ after requesting a recommendation from the board, may
6.12 sell forest lands purchased under this subdivision if the ~~board finds~~ commissioner determines
6.13 that the sale advances the purposes of the trust. Proceeds derived from the management or
6.14 sale of the lands and from the sale of timber or removal of gravel or other minerals from
6.15 these forest lands shall be deposited into an Iron Range Miners' Memorial Forest account
6.16 that is established within the state financial accounts. Funds may be expended from the
6.17 account ~~upon approval by~~ after the commissioner has sought a recommendation from the
6.18 board, to purchase, manage, administer, convey interests in, and improve the forest lands.
6.19 ~~With approval by~~ After the commissioner has sought a recommendation from the board,
6.20 money in the Iron Range Miners' Memorial Forest account may be transferred into the
6.21 corpus of the Douglas J. Johnson economic protection trust fund established under sections
6.22 298.291 to 298.294. The property acquired under the authority granted by this subdivision
6.23 and income derived from the property or the operation or management of the property are
6.24 exempt from taxation by the state or its political subdivisions while held by the forest trust.

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

6.26 Subd. 6. **Private entity participation.** After seeking a recommendation from the board,
6.27 the commissioner may acquire an equity interest in any project for which ~~it~~ the commissioner
6.28 provides funding. The commissioner may establish, participate in the management of, and
6.29 dispose of the assets of charitable foundations, nonprofit limited liability companies, and
6.30 nonprofit corporations associated with any project for which it provides funding, including
6.31 specifically, but without limitation, a corporation within the meaning of section 317A.011,
6.32 subdivision 6.

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

7.2 Subd. 10. **Sale or privatization of functions.** The commissioner of Iron Range resources
7.3 and rehabilitation may not sell or privatize the Ironworld Discovery Center or Giants Ridge
7.4 Golf and Ski Resort without ~~prior approval by~~ first seeking a recommendation from the
7.5 board.

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

7.7 Subd. 11. **Budgeting.** The commissioner of Iron Range resources and rehabilitation
7.8 shall annually prepare a budget for operational expenditures, programs, and projects, and
7.9 submit it to the Iron Range Resources and Rehabilitation Board for a recommendation.
7.10 After the budget is approved by ~~the board and~~ the governor, the commissioner may spend
7.11 money in accordance with the approved budget.

7.12 Sec. 15. Minnesota Statutes 2016, section 298.221, is amended to read:

7.13 **298.221 RECEIPTS FROM CONTRACTS; APPROPRIATION.**

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

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

7.26 (c) All fees charged by the commissioner in connection with public use of the state-owned
7.27 ski and golf facilities at the Giants Ridge Recreation Area and all other revenues derived
7.28 by the commissioner from the operation or lease of those facilities and from the lease, sale,
7.29 or other disposition of undeveloped lands at the Giants Ridge Recreation Area must be
7.30 deposited into an Iron Range Resources and Rehabilitation Board account that is created
7.31 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~~ after seeking a recommendation from 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. 16. Minnesota Statutes 2016, 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 a recommendation from 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 the ~~board~~ commissioner 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. 17. Minnesota Statutes 2016, 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 the commissioner after seeking a recommendation of the projects from 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; and

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

Sec. 18. Minnesota Statutes 2016, section 298.223, subdivision 2, is amended to read:

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

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

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

Sec. 19. Minnesota Statutes 2016, section 298.227, is amended to read:

298.227 TACONITE ECONOMIC DEVELOPMENT FUND.

10.1 (a) An amount equal to that distributed pursuant to each taconite producer's taxable
10.2 production and qualifying sales under section 298.28, subdivision 9a, shall be held by the
10.3 Iron Range Resources and Rehabilitation Board in a separate taconite economic development
10.4 fund for each taconite and direct reduced ore producer. Money from the fund for each
10.5 producer shall be released by the commissioner after review by a joint committee consisting
10.6 of an equal number of representatives of the salaried employees and the nonsalaried
10.7 production and maintenance employees of that producer. The District 11 director of the
10.8 United States Steelworkers of America, on advice of each local employee president, shall
10.9 select the employee members. In nonorganized operations, the employee committee shall
10.10 be elected by the nonsalaried production and maintenance employees. The review must be
10.11 completed no later than six months after the producer presents a proposal for expenditure
10.12 of the funds to the committee. The funds held pursuant to this section may be released only
10.13 for workforce development and associated public facility improvement, or for acquisition
10.14 of plant and stationary mining equipment and facilities for the producer or for research and
10.15 development in Minnesota on new mining, or taconite, iron, or steel production technology,
10.16 but only if the producer provides a matching expenditure equal to the amount of the
10.17 distribution to be used for the same purpose beginning with distributions in 2014. Effective
10.18 for proposals for expenditures of money from the fund beginning May 26, 2007, the
10.19 commissioner may not release the funds before the next scheduled meeting of the board. If
10.20 a proposed expenditure is not approved by the commissioner, after seeking a recommendation
10.21 from the board, the funds must be deposited in the Taconite Environmental Protection Fund
10.22 under sections 298.222 to 298.225. ~~If a producer uses money which has been released from~~
10.23 ~~the fund prior to May 26, 2007 to procure haulage trucks, mobile equipment, or mining~~
10.24 ~~shovels, and the producer removes the piece of equipment from the taconite tax relief area~~
10.25 ~~defined in section 273.134 within ten years from the date of receipt of the money from the~~
10.26 ~~fund, a portion of the money granted from the fund must be repaid to the taconite economic~~
10.27 ~~development fund. The portion of the money to be repaid is 100 percent of the grant if the~~
10.28 ~~equipment is removed from the taconite tax relief area within 12 months after receipt of the~~
10.29 ~~money from the fund, declining by ten percent for each of the subsequent nine years during~~
10.30 ~~which the equipment remains within the taconite tax relief area.~~ If a taconite production
10.31 facility is sold after operations at the facility had ceased, any money remaining in the fund
10.32 for the former producer may be released to the purchaser of the facility on the terms otherwise
10.33 applicable to the former producer under this section. If a producer fails to provide matching
10.34 funds for a proposed expenditure within six months after the commissioner approves release
10.35 of the funds, the funds are available for release to another producer in proportion to the
10.36 distribution provided and under the conditions of this section. Any portion of the fund which

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

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

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

Sec. 20. Minnesota Statutes 2016, section 298.28, subdivision 7a, is amended to read:

Subd. 7a. Iron Range school consolidation and cooperatively operated school account.

(a) The following amounts must be allocated to the Iron Range Resources and Rehabilitation

12.1 Board to be deposited in the Iron Range school consolidation and cooperatively operated
12.2 school account that is hereby created:

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

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

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

12.8 (3)(i) for distributions in 2015, an amount equal to two-thirds of the increased tax
12.9 proceeds attributable to the increase in the implicit price deflator as provided in section
12.10 298.24, subdivision 1, with the remaining one-third to be distributed to the Douglas J.
12.11 Johnson economic protection trust fund;

12.12 (ii) for distributions in 2016, an amount equal to two-thirds of the sum of the increased
12.13 tax proceeds attributable to the increase in the implicit price deflator as provided in section
12.14 298.24, subdivision 1, for distribution years 2015 and 2016, with the remaining one-third
12.15 to be distributed to the Douglas J. Johnson economic protection trust fund; and

12.16 (iii) for distributions in 2017, an amount equal to two-thirds of the sum of the increased
12.17 tax proceeds attributable to the increase in the implicit price deflator as provided in section
12.18 298.24, subdivision 1, for distribution years 2015, 2016, and 2017, with the remaining
12.19 one-third to be distributed to the Douglas J. Johnson economic protection trust fund; and

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

12.21 (b) Expenditures from this account may be approved as ongoing annual expenditures
12.22 and shall be made only to provide disbursements to assist school districts with the payment
12.23 of bonds that were issued for qualified school projects, or for any other school disbursement
12.24 as approved by the commissioner of Iron Range resources and rehabilitation after the
12.25 commissioner of Iron Range resources and rehabilitation has sought review of the
12.26 expenditures by the Iron Range Resources and Rehabilitation Board. For purposes of this
12.27 section, "qualified school projects" means school projects within the taconite assistance
12.28 area as defined in section 273.1341, that were (1) approved, by referendum, after April 3,
12.29 2006; and (2) approved by the commissioner of education pursuant to section 123B.71.

12.30 (c) Beginning in fiscal year 2019, the disbursement to school districts for payments for
12.31 bonds issued under section 123A.482, subdivision 9, must be increased each year to offset
12.32 any reduction in debt service equalization aid that the school district qualifies for in that

13.1 year, under section 123B.53, subdivision 6, compared with the amount the school district
13.2 qualified for in fiscal year 2018.

13.3 (d) No expenditure under this section shall be made unless approved by ~~seven members~~
13.4 ~~of the commissioner of Iron Range resources and rehabilitation after seeking review of the~~
13.5 expenditure from the Iron Range Resources and Rehabilitation Board.

13.6 Sec. 21. Minnesota Statutes 2016, section 298.28, subdivision 9d, is amended to read:

13.7 Subd. 9d. **Iron Range higher education account.** Five cents per taxable ton must be
13.8 allocated to the Iron Range Resources and Rehabilitation Board to be deposited in an Iron
13.9 Range higher education account that is hereby created, to be used for higher education
13.10 programs conducted at educational institutions in the taconite assistance area defined in
13.11 section 273.1341. The Iron Range Higher Education committee under section 298.2214,
13.12 and the ~~Iron Range Resources and Rehabilitation Board~~ commissioner of Iron Range
13.13 resources and rehabilitation must approve all expenditures from the account, after seeking
13.14 review and recommendation of the expenditures from the Iron Range Resources and
13.15 Rehabilitation Board.

13.16 Sec. 22. Minnesota Statutes 2016, section 298.292, subdivision 2, is amended to read:

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

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

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

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

13.31 (4) to invest in a venture capital fund or enterprise that will provide capital to other
13.32 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~~ after seeking a recommendation from 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. 23. Minnesota Statutes 2016, section 298.296, subdivision 1, is amended to read:

Subdivision 1. **Project approval.** (a) The commissioner of Iron Range resources and rehabilitation, after seeking a recommendation from the board and ~~commissioner shall by August 1 of each year prepare a list of projects to be funded,~~ may expend funds for 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~~ commissioner unless ~~if~~ the commissioner, after seeking a recommendation from the board, finds that:

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

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

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

15.3 (b) Each project must be approved by ~~over one-half of all of the members of the board~~
15.4 ~~and the commissioner of Iron Range resources and rehabilitation~~ after seeking a
15.5 recommendation from the board for the project. ~~The list of projects shall be submitted to~~
15.6 ~~the governor, who shall, by November 15 of each year, approve or disapprove, or return~~
15.7 ~~for further consideration, each project. The money for a project may be expended only upon~~
15.8 ~~approval of the project by the governor. The board may submit supplemental projects for~~
15.9 ~~approval at any time.~~

15.10 Sec. 24. Minnesota Statutes 2016, section 298.296, subdivision 2, is amended to read:

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

15.19 (b) Additionally, upon recommendation by the commissioner after seeking a
15.20 recommendation from the board, up to \$13,000,000 from the corpus of the trust may be
15.21 made available for use as provided in subdivision 4, and up to \$10,000,000 from the corpus
15.22 of the trust may be made available for use as provided in section 298.2961.

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

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

15.30 (2) is approved by ~~two-thirds of all of the members of the commissioner~~ after seeking
15.31 a recommendation from the board.

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

16.4 (d) Upon recommendation by ~~a unanimous vote of all members~~ the commissioner after
16.5 seeking a recommendation of the board, amounts in addition to those authorized under
16.6 paragraphs (a), (b), and (c) may be expended on projects described in section 298.292,
16.7 subdivision 1.

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

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

16.15 (g) Additionally, notwithstanding section 298.293, upon the approval of the commissioner
16.16 of Iron Range resources and rehabilitation, after seeking a recommendation from the board,
16.17 money from the corpus of the trust may be expended to purchase forest lands within the
16.18 taconite assistance area as provided in sections 298.22, subdivision 5a, and 298.292,
16.19 subdivision 2, clause (5).

16.20 Sec. 25. Minnesota Statutes 2016, section 298.296, subdivision 4, is amended to read:

16.21 Subd. 4. **Temporary loan authority.** (a) After seeking a recommendation from the
16.22 board, the commissioner of Iron Range resources and rehabilitation may ~~recommend that~~
16.23 use up to \$7,500,000 from the corpus of the trust may be ~~used~~ for loans, loan guarantees,
16.24 grants, or equity investments as provided in this subdivision. The money would be available
16.25 for loans for construction and equipping of facilities constituting (1) a value added iron
16.26 products plant, which may be either a new plant or a facility incorporated into an existing
16.27 plant that produces iron upgraded to a minimum of 75 percent iron content or any iron alloy
16.28 with a total minimum metallic content of 90 percent; or (2) a new mine or minerals processing
16.29 plant for any mineral subject to the net proceeds tax imposed under section 298.015. A loan
16.30 or loan guarantee under this paragraph may not exceed \$5,000,000 for any facility.

16.31 (b) Additionally, the ~~board~~ commissioner of Iron Range resources and rehabilitation
16.32 must reserve the first \$2,000,000 of the net interest, dividends, and earnings arising from
16.33 the investment of the trust after June 30, 1996, to be used for grants, loans, loan guarantees,

17.1 or equity investments for the purposes set forth in paragraph (a). This amount must be
17.2 reserved until it is used as described in this subdivision.

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

17.6 (d) The commissioner of Iron Range resources and rehabilitation, after seeking a
17.7 recommendation from the board, may require that ~~it~~ the board receive an equity percentage
17.8 in any project to which it contributes under this section.

17.9 Sec. 26. Minnesota Statutes 2016, section 298.2961, subdivision 2, is amended to read:

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

17.11 (1) environmentally unique reclamation projects; or

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

17.14 (b) ~~To be proposed by the board, a project must be approved by~~ Before the commissioner
17.15 may propose a project, the commissioner must seek a recommendation from the board. The
17.16 ~~money for a project may be spent only upon approval of the project by the governor. The~~
17.17 ~~board commissioner~~ may submit a supplemental ~~projects~~ project for approval at any time
17.18 after seeking a recommendation for the project from the board.

17.19 (c) The ~~board~~ commissioner may require that ~~it~~ the board receive an equity percentage
17.20 in any project to which it contributes under this section.

17.21 Sec. 27. Minnesota Statutes 2016, section 298.2961, subdivision 4, is amended to read:

17.22 Subd. 4. **Grant and loan fund.** (a) A fund is established to receive distributions under
17.23 section 298.28, subdivision 9b, and to make grants or loans as provided in this subdivision.
17.24 Any grant or loan made under this subdivision must first be approved by the commissioner
17.25 after seeking a recommendation from the board, established under section 298.22.

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

17.28 Sec. 28. Minnesota Statutes 2016, section 298.46, subdivision 2, is amended to read:

17.29 Subd. 2. **Unmined iron ore; valuation petition.** When in the opinion of the duly
17.30 constituted authorities of a taxing district there are in existence reserves of unmined iron

ore located in such district, these authorities may petition the commissioner of Iron Range resources and rehabilitation Board for authority to petition the county assessor to verify the existence of such reserves and to ascertain the value thereof by drilling in a manner consistent with established engineering and geological exploration methods, in order that such taxing district may be able to forecast in a proper manner its future economic and fiscal potentials. The commissioner of Iron Range resources and rehabilitation may grant the authority to petition after seeking a recommendation from the Iron Range Resources and Rehabilitation Board.

Sec. 29. Minnesota Statutes 2016, section 477A.17, is amended to read:

**477A.17 LAKE VERMILION-SOUDAN UNDERGROUND MINE STATE PARK;
ANNUAL PAYMENTS.**

(a) In lieu of the payment amount provided under section 477A.12, subdivision 1, clause (1), the county shall receive an annual payment for state-owned land within the boundary of Lake Vermilion-Soudan Underground Mine State Park, established in section 85.012, subdivision 38a, equal to 1.5 percent of the appraised value of the state-owned land.

(b) For the purposes of this section, the appraised value of the land acquired for Lake Vermilion-Soudan Underground Mine State Park for the first five years after acquisition shall be the purchase price of the land, plus the value of any portion of the land that is acquired by donation. Thereafter, the appraised value of the state-owned land shall be as determined under section 477A.12, subdivision 3, except that the appraised value of the state-owned land within the park shall not be reduced below the 2010 appraised value of the land.

(c) The annual payments under this section shall be distributed to the taxing jurisdictions containing the property as follows: one-third to the school districts; one-third to the town; and one-third to the county. The payment to school districts is not a county apportionment under section 127A.34 and is not subject to aid recapture. Each of those taxing jurisdictions may use the payments for their general purposes.

(d) Except as provided in this section, the payments shall be made as provided in sections 477A.11 to 477A.13.

EFFECTIVE DATE. This section is effective beginning with aids payable in 2017.

Sec. 30. Laws 2010, chapter 216, section 58, as amended by Laws 2010, chapter 347, article 7, section 1, and Laws 2010, chapter 389, article 7, section 20, is amended to read:

Sec. 58. 2010 DISTRIBUTIONS ONLY.

For distributions in 2010 only, a special fund is established to receive the sum of the following amounts that otherwise would be allocated under Minnesota Statutes, section 298.28, subdivision 6. The following amounts are allocated to St. Louis County acting as the fiscal agent for the recipients for the specific purposes:

(1) 0.764 cent per ton must be paid to Northern Minnesota Dental to provide incentives for at least two dentists to establish dental practices in high-need areas of the taconite tax relief area;

(2) 0.955 cent per ton must be paid to the city of Virginia for repairs and geothermal heat at the Olcott Park Greenhouse/Virginia Commons project;

(3) 0.796 cent per ton must be paid to the city of Virginia for health and safety repairs at the Miners Memorial;

(4) 1.114 cents per ton must be paid to the city of Eveleth for the reconstruction of Highway 142/Grant and Park Avenues;

(5) 0.478 cent per ton must be paid to the Greenway Joint Recreation Board for upgrades and capital improvements to the public arena in Coleraine;

(6) 0.796 cent per ton must be paid to the city of Calumet for water treatment and pumphouse modifications;

(7) 0.159 cent per ton must be paid to the city of Bovey for residential and commercial claims for water damage due to water and flood-related damage caused by the Canisteo Pit;

(8) 0.637 cent per ton must be paid to the city of Nashwauk for a community and child care center;

(9) 0.637 cent per ton must be paid to the city of Keewatin for water and sewer upgrades;

(10) 0.637 cent per ton must be paid to the city of Marble for the city hall and library project;

(11) 0.955 cent per ton must be paid to the city of Grand Rapids for extension of water and sewer services for Lakewood Housing;

(12) 0.159 cent per ton must be paid to the city of Grand Rapids for exhibits at the Children's Museum;

- 20.1 (13) 0.637 cent per ton must be paid to the city of Grand Rapids for Block 20/21 soil
20.2 corrections. This amount must be matched by local sources;
- 20.3 (14) 0.605 cent per ton must be paid to the city of Aitkin for three water loops;
- 20.4 (15) 0.048 cent per ton must be paid to the city of Aitkin for signage;
- 20.5 (16) 0.159 cent per ton must be paid to Aitkin County for a trail;
- 20.6 (17) 0.637 cent per ton must be paid to the city of Cohasset for the Beiers Road railroad
20.7 crossing;
- 20.8 (18) 0.088 cent per ton must be paid to the town of Clinton for expansion and striping
20.9 of the community center parking lot;
- 20.10 (19) 0.398 cent per ton must be paid to the city of Kinney for water line replacement;
- 20.11 (20) 0.796 cent per ton must be paid to the city of Gilbert for infrastructure improvements,
20.12 milling, and overlay for Summit Street between Alaska Avenue and Highway 135;
- 20.13 (21) 0.318 cent per ton must be paid to the city of Gilbert for sanitary sewer main
20.14 replacements and improvements in the Northeast Lower Alley area;
- 20.15 (22) 0.637 cent per ton must be paid to the town of White for replacement of the Stepetz
20.16 Road culvert;
- 20.17 (23) 0.796 cent per ton must be paid to the city of Buhl for reconstruction of Sharon
20.18 Street and associated infrastructure;
- 20.19 (24) 0.796 cent per ton must be paid to the city of Mountain Iron for site improvements
20.20 at the Park Ridge development;
- 20.21 (25) 0.796 cent per ton must be paid to the city of Mountain Iron for infrastructure and
20.22 site preparation for its renewable and sustainable energy park;
- 20.23 (26) 0.637 cent per ton must be paid to the city of Biwabik for sanitary sewer
20.24 improvements;
- 20.25 (27) 0.796 cent per ton must be paid to the city of Aurora for alley and road rebuilding
20.26 for the Summit Addition;
- 20.27 (28) 0.955 cent per ton must be paid to the city of Silver Bay for bioenergy facility
20.28 improvements;
- 20.29 (29) 0.318 cent per ton must be paid to the city of Grand Marais for water and sewer
20.30 infrastructure improvements;

21.1 (30) 0.318 cent per ton must be paid to the city of Orr for airport, water, and sewer
21.2 improvements;

21.3 (31) 0.716 cent per ton must be paid to the city of Cook for street and bridge
21.4 improvements and land purchase, provided that if the city sells or otherwise disposes of any
21.5 of the land purchased with the money provided under this clause within a period of ~~ten~~ five
21.6 years after it was purchased, the city must transfer a portion of the proceeds of the sale equal
21.7 to the amount of the purchase price paid from the money provided under this clause to the
21.8 commissioner of Iron Range Resources and Rehabilitation for deposit in the taconite
21.9 environmental protection fund to be used for the purposes of the fund under Minnesota
21.10 Statutes, section 298.223;

21.11 (32) 0.955 cent per ton must be paid to the city of Ely for street, water, and sewer
21.12 improvements;

21.13 (33) 0.318 cent per ton must be paid to the city of Tower for water and sewer
21.14 improvements;

21.15 (34) 0.955 cent per ton must be paid to the city of Two Harbors for water and sewer
21.16 improvements;

21.17 (35) 0.637 cent per ton must be paid to the city of Babbitt for water and sewer
21.18 improvements;

21.19 (36) 0.096 cent per ton must be paid to the township of Duluth for infrastructure
21.20 improvements;

21.21 (37) 0.096 cent per ton must be paid to the township of Tofte for infrastructure
21.22 improvements;

21.23 (38) 3.184 cents per ton must be paid to the city of Hibbing for sewer improvements;

21.24 (39) 1.273 cents per ton must be paid to the city of Chisholm for NW Area Project
21.25 infrastructure improvements;

21.26 (40) 0.318 cent per ton must be paid to the city of Chisholm for health and safety
21.27 improvements at the athletic facility;

21.28 (41) 0.796 cent per ton must be paid to the city of Hoyt Lakes for residential street
21.29 improvements;

21.30 (42) 0.796 cent per ton must be paid to the Bois Forte Indian Reservation for infrastructure
21.31 related to a housing development;

21.32 (43) 0.159 cent per ton must be paid to Balkan Township for building improvements;

22.1 (44) 0.159 cent per ton must be paid to the city of Grand Rapids for a grant to a nonprofit
22.2 for a signage kiosk;

22.3 (45) 0.318 cent per ton must be paid to the city of Crane Lake for sanitary sewer lines
22.4 and adjacent development near County State-Aid Highway 24; and

22.5 (46) 0.159 cent per ton must be paid to the city of Chisholm to rehabilitate historic wall
22.6 infrastructure around the athletic complex.

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

22.8 Sec. 31. **CLARIFYING AUTHORITY TO USE PREVIOUSLY DISTRIBUTED**
22.9 **TACONITE TAX PROCEEDS.**

22.10 The commissioner of Iron Range Resources and Rehabilitation may use any unspent
22.11 amounts allocated under Minnesota Statutes 2014, section 298.2961, subdivision 5, clause
22.12 (19), remaining as of May 22, 2016, for the specific purposes identified in that section.
22.13 Notwithstanding Minnesota Statutes, section 298.28, subdivision 11, paragraph (a), or any
22.14 other law to the contrary, interest accrued on this amount shall also be distributed to the
22.15 recipient. Amounts under this section are available until expended and do not lapse or cancel
22.16 under Minnesota Statutes, section 16A.28.

22.17 **EFFECTIVE DATE.** This section is effective retroactively from May 22, 2016.

22.18 Sec. 32. **IRON RANGE RESOURCES AND REHABILITATION BOARD; EARLY**
22.19 **SEPARATION INCENTIVE PROGRAM AUTHORIZATION.**

22.20 (a) "Commissioner" as used in this section means the commissioner of the Iron Range
22.21 Resources and Rehabilitation Board unless otherwise specified.

22.22 (b) Notwithstanding any law to the contrary, the commissioner, in consultation with the
22.23 commissioner of management and budget, shall offer a targeted early separation incentive
22.24 program for employees of the commissioner who have attained the age of 60 years or who
22.25 have received credit for at least 30 years of allowable service under the provisions of
22.26 Minnesota Statutes, chapter 352. The commissioner shall also offer a targeted separation
22.27 incentive program for employees of the commissioner whose positions are in support of
22.28 operations at Giants Ridge and will be eliminated if the agency no longer directly manages
22.29 Giants Ridge operations.

22.30 (c) The early separation incentive program may include one or more of the following:

22.31 (1) employer-paid postseparation health, medical, and dental insurance until age 65; and

23.1 (2) cash incentives that may, but are not required to be, used to purchase additional years
23.2 of service credit through the Minnesota State Retirement System, to the extent that the
23.3 purchases are otherwise authorized by law.

23.4 (d) The commissioner shall establish eligibility requirements for employees to receive
23.5 an incentive.

23.6 (e) The commissioner, consistent with the established program provisions under paragraph
23.7 (b), and with the eligibility requirements under paragraph (f), may designate specific
23.8 programs or employees as eligible to be offered the incentive program.

23.9 (f) Acceptance of the offered incentive must be voluntary on the part of the employee
23.10 and must be in writing. The incentive may only be offered at the sole discretion of the
23.11 commissioner.

23.12 (g) The cost of the incentive is payable solely by funds made available to the
23.13 commissioner by law, but only on prior approval of the expenditures by the commissioner,
23.14 after seeking a recommendation from the Iron Range Resources and Rehabilitation Board.

23.15 (h) Unilateral implementation of this section by the commissioner is not an unfair labor
23.16 practice under Minnesota Statutes, chapter 179A.

23.17 **EFFECTIVE DATE.** This section is effective the day following final enactment. This
23.18 section is repealed July 30, 2019.

23.19 Sec. 33. **APPROPRIATION CANCELLATION.**

23.20 All unspent funds, estimated to be \$7,100,000, for a grant or forgivable loan to Hoyt
23.21 Lakes pursuant to Laws 2014, chapter 312, article 2, section 2, subdivision 6, are canceled
23.22 to the Minnesota 21st century fund on June 1, 2017.

23.23 Sec. 34. **REVISOR'S INSTRUCTION.**

23.24 The revisor of statutes shall identify and propose necessary changes to Minnesota Statutes
23.25 and Minnesota Rules that are consistent with the goals of this act to (i) transfer discretionary
23.26 approval authority for all expenditures and projects from the Iron Range Resources and
23.27 Rehabilitation Board to the commissioner of Iron Range resources and rehabilitation, and
23.28 (ii) provide that the commissioner must, in good faith, seek the review and recommendation
23.29 of the board, as required, before exercising approval authority. The revisor shall submit the
23.30 proposal, in a form ready for introduction, during the 2017 regular legislative session to the
23.31 chairs and ranking minority members of the senate and house of representatives committees
23.32 with jurisdiction over taxes.

24.1

Sec. 35. **REPEALER.**

24.2

Minnesota Statutes 2016, sections 298.22, subdivision 8; 298.2213, subdivisions 4, 5,

24.3

and 6; and 298.298, are repealed.

298.22 IRON RANGE RESOURCES AND REHABILITATION.

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

298.2213 NORTHEAST MINNESOTA ECONOMIC DEVELOPMENT FUND.

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 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.