

## CHAPTER 392—S.F.No. 2795

*An act relating to state government; regulating investments; modifying investment options for the medical education endowment fund and the tobacco use prevention and local public health endowment fund; amending Minnesota Statutes 1998, section 11A.24, subdivisions 5 and 6; Minnesota Statutes 1999 Supplement, sections 62J.694, subdivisions 1 and 2; and 144.395, subdivisions 1 and 2; proposing coding for new law in Minnesota Statutes, chapter 136F.*

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

Section 1. Minnesota Statutes 1998, section 11A.24, subdivision 5, is amended to read:

Subd. 5. **CORPORATE STOCKS.** The state board may invest funds in stocks or convertible issues of any corporation organized under the laws of the United States or the states thereof, the Dominion of Canada or its provinces, or any corporation listed on the New York Stock Exchange or the American Stock an exchange regulated by an agency of the United States or Canadian national government, if they conform to the following provisions:

(a) The aggregate value of corporate stock investments, as adjusted for realized profits and losses, shall not exceed 85 percent of the market or book value, whichever is less, of a fund, less the aggregate value of investments according to subdivision 6;

(b) Investments shall not exceed five percent of the total outstanding shares of any one corporation, except that the state board may hold up to 20 percent of the shares of a real estate investment trust and up to 20 percent of the shares of a closed-end mutual fund.

Sec. 2. Minnesota Statutes 1998, section 11A.24, subdivision 6, is amended to read:

Subd. 6. **OTHER INVESTMENTS.** (a) In addition to the investments authorized in subdivisions 1 to 5, and subject to the provisions in paragraph (b), the state board may invest funds in:

(1) venture capital investment businesses through participation in limited partnerships, trusts, private placements, limited liability corporations, limited liability companies, limited liability partnerships, and corporations;

(2) real estate ownership interests or loans secured by mortgages or deeds of trust or shares of real estate investment trusts through investment in limited partnerships, bank sponsored collective funds, trusts, mortgage participation agreements, and insurance company commingled accounts, including separate accounts;

(3) regional and mutual funds through bank sponsored collective funds and open-end investment companies registered under the Federal Investment Company Act of 1940, and closed-end mutual funds listed on an exchange regulated by a governmental agency;

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(4) resource investments through limited partnerships, trusts, private placements, limited liability corporations, limited liability companies, limited liability partnerships, and corporations; and

(5) international securities.

(b) The investments authorized in paragraph (a) must conform to the following provisions:

(1) the aggregate value of all investments made according to paragraph (a), clauses (1) to (4), may not exceed 35 percent of the market value of the fund for which the state board is investing;

(2) there must be at least four unrelated owners of the investment other than the state board for investments made under paragraph (a), clause (1), (2), (3), or (4);

(3) state board participation in an investment vehicle is limited to 20 percent thereof for investments made under paragraph (a), clause (1), (2), (3), or (4); and

(4) state board participation in a limited partnership does not include a general partnership interest or other interest involving general liability. The state board may not engage in any activity as a limited partner which creates general liability.

Sec. 3. Minnesota Statutes 1999 Supplement, section 62J.694, subdivision 1, is amended to read:

Subdivision 1. **CREATION.** The medical education endowment fund is created in the state treasury. The state board of investment shall invest the fund under section 11A.24. All earnings of the fund must be credited to the fund. The principal of the fund must be maintained inviolate, except that the principal may be used to make expenditures from the fund for the purposes specified in this section when the market value of the fund falls below 105 percent of the cumulative total of the tobacco settlement payments received by the state and credited to the tobacco settlement fund under section 16A.87, subdivision 2. For purposes of this section, "principal" means an amount equal to the cumulative total of the tobacco settlement payments received by the state and credited to the tobacco settlement fund under section 16A.87, subdivision 2.

Sec. 4. Minnesota Statutes 1999 Supplement, section 62J.694, subdivision 2, is amended to read:

Subd. 2. **EXPENDITURES.** (a) ~~Earnings of the fund,~~ Up to five percent of the fair market value of the fund, ~~are~~ is appropriated for medical education activities in the state of Minnesota. The appropriations are to be transferred quarterly for the purposes identified in the following paragraphs. ~~Actual appropriations are not to exceed actual earnings.~~

(b) For fiscal year 2000, 70 percent of the appropriation in paragraph (a) is for transfer to the board of regents for the instructional costs of health professional programs at the academic health center and affiliated teaching institutions, and 30 percent of the appropriation is for transfer to the commissioner of health to be

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distributed for medical education under section 62J.692.

(c) For fiscal year 2001, 49 percent of the appropriation in paragraph (a) is for transfer to the board of regents for the instructional costs of health professional programs at the academic health center and affiliated teaching institutions, and 51 percent is for transfer to the commissioner of health to be distributed for medical education under section 62J.692.

(d) For fiscal year 2002, and each year thereafter, 42 percent of the appropriation in paragraph (a) may be appropriated by another law for the instructional costs of health professional programs at publicly funded academic health centers and affiliated teaching institutions, and 58 percent is for transfer to the commissioner of health to be distributed for medical education under section 62J.692.

(e) A maximum of \$150,000 of each annual appropriation to the commissioner of health in paragraph (d) may be used by the commissioner for administrative expenses associated with implementing section 62J.692.

#### Sec. 5. [136F.77] EQUITY INVESTMENTS.

The board may acquire an interest in a product or a private business entity for the purpose of developing and providing educational materials and related programs or services to further the mission of the Minnesota state colleges and universities and foster the economic growth of the state. The board may enter into joint venture agreements with private corporations to develop educational materials and related programs or services. Any proceeds from the investments or ventures are appropriated to the board. The state is not liable for any obligations or liabilities that arise from investments under this section. The board must report annually by September 1 to the legislature regarding its earnings from partnerships and the disposition of those earnings.

Sec. 6. Minnesota Statutes 1999 Supplement, section 144.395, subdivision 1, is amended to read:

Subdivision 1. **CREATION.** The tobacco use prevention and local public health endowment fund is created in the state treasury. The state board of investment shall invest the fund under section 11A.24. All earnings of the fund must be credited to the fund. The principal of the fund must be maintained inviolate, except that the principal may be used to make expenditures from the fund for the purposes specified in this section when the market value of the fund falls below 105 percent of the cumulative total of the tobacco settlement payments received by the state and credited to the tobacco settlement fund under section 16A.87, subdivision 2. For purposes of this section, "principal" means an amount equal to the cumulative total of the tobacco settlement payments received by the state and credited to the tobacco settlement fund under section 16A.87, subdivision 2.

Sec. 7. Minnesota Statutes 1999 Supplement, section 144.395, subdivision 2, is amended to read:

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Subd. 2. **EXPENDITURES.** (a) ~~Earnings of the fund,~~ Up to five percent of the fair market value of the fund on the preceding July 1, must be spent to reduce the human and economic consequences of tobacco use among the youth of this state through state and local tobacco prevention measures and efforts, and for other public health initiatives.

(b) Notwithstanding paragraph (a), on January 1, 2000, up to five percent of the fair market value of the fund is appropriated to the commissioner of health to distribute as grants under section 144.396, subdivisions 5 and 6, in accordance with allocations in paragraph (c), clauses (1) and (2). Up to \$200,000 of this appropriation is available to the commissioner to conduct the statewide assessments described in section 144.396, subdivision 3.

(c) Beginning July 1, 2000, and on July 1 of each year thereafter, the money in paragraph (a) is appropriated as follows, except as provided in paragraphs (d) and (e):

(1) 67 percent to the commissioner of health to distribute as grants under section 144.396, subdivision 5, to fund statewide tobacco use prevention initiatives aimed at youth;

(2) 16.5 percent to the commissioner of health to distribute as grants under section 144.396, subdivision 6, to fund local public health initiatives aimed at tobacco use prevention in coordination with other local health-related efforts to achieve measurable improvements in health among youth; and

(3) 16.5 percent to the commissioner of health to distribute in accordance with section 144.396, subdivision 7.

(d) A maximum of \$150,000 of each annual appropriation to the commissioner of health in paragraphs (b) and (c) may be used by the commissioner for administrative expenses associated with implementing this section.

(e) Beginning July 1, 2001, \$1,100,000 of each annual appropriation to the commissioner under paragraph (c), clause (1), may be used to provide base level funding for the commissioner's tobacco prevention and control programs and activities. This appropriation must occur before any other appropriation under this subdivision.

#### Sec. 8. **EFFECTIVE DATE.**

This act is effective the day following final enactment.

Presented to the governor April 11, 2000

Signed by the governor April 14, 2000, 2:10 p.m.

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### CHAPTER 393—S.F.No. 2877

*An act relating to natural resources; adding to the Iron Range off-highway vehicle state*

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