

SENATE

STATE OF MINNESOTA

EIGHTY-NINTH SESSION

S.F. No. 3582

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DATE	D-PG	OFFICIAL STATUS
04/21/2016	5940	Introduction and first reading Referred to Taxes

A bill for an act

relating to economic development; transferring approval authority from the Iron Range Resources and Rehabilitation Board to the commissioner of Iron Range resources and rehabilitation; requiring the commissioner of Iron Range resources and rehabilitation to seek a recommendation from the board in certain circumstances; amending Minnesota Statutes 2014, sections 15.38, subdivision 7; 116J.424; 216B.161, subdivision 1; 276A.01, subdivisions 8, 17; 282.38, subdivision 1; 298.001, subdivision 8; 298.22, subdivisions 1a, 5a, 6, 8, 10, 11; 298.221; 298.2211, subdivision 3; 298.2213, subdivisions 4, 5; 298.223, subdivisions 1, 2; 298.227; 298.28, subdivisions 7a, 9d; 298.292, subdivision 2; 298.294; 298.296, subdivisions 1, 2, 4; 298.2961, subdivisions 2, 4; 298.298; 298.46, subdivision 2.

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

Section 1. Minnesota Statutes 2014, section 15.38, subdivision 7, is amended to read:

Subd. 7. **Iron Range resources and rehabilitation Board.** After seeking a recommendation from the Iron Range Resources and Rehabilitation Board, the commissioner of Iron Range resources and rehabilitation Board may purchase insurance it ~~considers~~ the commissioner deems necessary and appropriate to insure facilities operated by the board.

Sec. 2. Minnesota Statutes 2014, 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~~, shall provide an equal match for any loan or equity investment made for a facility located in the tax relief area defined in section 273.134, paragraph (b), by the Minnesota minerals 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 ~~it 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. 3. Minnesota Statutes 2014, 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. 4. Minnesota Statutes 2014, 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. 5. Minnesota Statutes 2014, 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. 6. Minnesota Statutes 2014, 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. 7. Minnesota Statutes 2014, 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. 8. Minnesota Statutes 2014, 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.

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

Sec. 9. Minnesota Statutes 2014, section 298.22, subdivision 5a, is amended to read:

Subd. 5a. **Forest trust.** The commissioner, ~~upon approval by~~ after requesting a recommendation from the board, may purchase forest lands in the taconite assistance area defined in under section 273.1341 with funds specifically authorized for the purchase. The acquired forest lands must be held in trust for the benefit of the citizens of the taconite assistance area as the Iron Range Miners' Memorial Forest. The forest trust lands shall be managed and developed for recreation and economic development purposes. The

commissioner, ~~upon approval by~~ after requesting a recommendation from the board,
 may sell forest lands purchased under this subdivision if the ~~board finds~~ commissioner
determines that the sale advances the purposes of the trust. Proceeds derived from the
 management or sale of the lands and from the sale of timber or removal of gravel or
 other minerals from these forest lands shall be deposited into an Iron Range Miners'
 Memorial Forest account that is established within the state financial accounts. Funds may
 be expended from the account ~~upon approval by~~ after the commissioner has sought a
recommendation from the board, to purchase, manage, administer, convey interests in,
 and improve the forest lands. ~~With approval by~~ After the commissioner has sought a
recommendation from the board, money in the Iron Range Miners' Memorial Forest
 account may be transferred into the corpus of the Douglas J. Johnson economic protection
 trust fund established under sections 298.291 to 298.294. The property acquired under
 the authority granted by this subdivision and income derived from the property or the
 operation or management of the property are exempt from taxation by the state or its
 political subdivisions while held by the forest trust.

Sec. 10. Minnesota Statutes 2014, section 298.22, subdivision 6, is amended to read:

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

Sec. 11. Minnesota Statutes 2014, section 298.22, subdivision 8, is amended to read:

Subd. 8. **Spending priority.** In making or ~~approving~~ recommending 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~~ recommending expenditures
 consistent with this subdivision, as well as the areas of residence of persons who suffered

6.1 job loss for which relief is to be targeted under this subdivision. The commissioner
6.2 may lease, for a term not exceeding 50 years and upon the terms determined by the
6.3 commissioner ~~and approved~~ after seeking review by the board, surface and mineral
6.4 interests owned or acquired by the state of Minnesota acting by and through the office of
6.5 the commissioner of Iron Range resources and rehabilitation within those portions of the
6.6 taconite assistance area affected by the closure of the LTV Steel Mining Company facility
6.7 near Hoyt Lakes. The payments and royalties from these leases must be deposited into the
6.8 fund established in section 298.292. This subdivision supersedes any other conflicting
6.9 provisions of law and does not preclude the commissioner ~~and the board~~ from making
6.10 expenditures for programs and projects in other areas after seeking review by the board.

6.11 Sec. 12. Minnesota Statutes 2014, section 298.22, subdivision 10, is amended to read:

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

6.16 Sec. 13. Minnesota Statutes 2014, section 298.22, subdivision 11, is amended to read:

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

6.22 Sec. 14. Minnesota Statutes 2014, section 298.221, is amended to read:

6.23 **298.221 RECEIPTS FROM CONTRACTS; APPROPRIATION.**

6.24 (a) Except as provided in paragraph (c), all money paid to the state of Minnesota
6.25 pursuant to the terms of any contract entered into by the state under authority of section
6.26 298.22 and any fees which may, in the discretion of the commissioner of Iron Range
6.27 resources and rehabilitation, be charged in connection with any project pursuant to that
6.28 section as amended, shall be deposited in the state treasury to the credit of the Iron Range
6.29 Resources and Rehabilitation Board account in the special revenue fund and are hereby
6.30 appropriated for the purposes of section 298.22.

6.31 (b) Notwithstanding section 16A.013, merchandise may be accepted by the
6.32 commissioner of the Iron Range Resources and Rehabilitation Board for payment of
6.33 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~~ 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. 15. Minnesota Statutes 2014, 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~~ the 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. 16. Minnesota Statutes 2014, section 298.2213, subdivision 4, is amended to read:

Subd. 4. **Project approval.** After seeking a recommendation from the board ~~and~~, the 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~~ commissioner unless it the commissioner 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~~ commissioner may submit supplemental projects for approval at any time, after seeking a recommendation from the board.

Sec. 17. Minnesota Statutes 2014, section 298.2213, subdivision 5, is amended to read:

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~~ commissioner shall not act on a proposal until it has received the commissioner has sought review from the board of the evaluation and recommendations of the technical advisory committee.

Sec. 18. Minnesota Statutes 2014, 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 ~~board~~ 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;

(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;

(xv) .5168 cent per ton to the city of Ely for reconstruction of 2nd Avenue West;

(xvi) .6460 cent per ton to the city of Tower for water infrastructure upgrades;

(xvii) .1292 cent per ton to the city of Orr for water infrastructure upgrades;

(xviii) .1292 cent per ton to the city of Silver Bay for emergency cleanup;

(xix) .3230 cent per ton to Lake County for trail construction;

10.1 (xx) .1292 cent per ton to Cook County for construction of tennis courts in Grand
10.2 Marais;

10.3 (xxi) .3101 cent per ton to the city of Two Harbors for water infrastructure
10.4 improvements;

10.5 (xxii) .1938 cent per ton for land acquisition for phase one of Cook Airport project;

10.6 (xxiii) 1.0336 cents per ton to the city of Coleraine for water and sewer
10.7 improvements along Gayley Avenue;

10.8 (xxiv) .3876 cent per ton to the city of Marble for construction of a city
10.9 administration facility;

10.10 (xxv) .1292 cent per ton to the city of Calumet for repairs at city hall and the
10.11 community center;

10.12 (xxvi) .6460 cent per ton to the city of Nashwauk for electrical infrastructure
10.13 upgrades;

10.14 (xxvii) 1.0336 cents per ton to the city of Keewatin for water and sewer upgrades
10.15 along Depot Street;

10.16 (xxviii) .2584 cent per ton to the city of Aitkin for water, sewer, street, and gutter
10.17 improvements;

10.18 (xxix) 1.1628 cents per ton to the city of Grand Rapids for water and sewer
10.19 infrastructure upgrades at Pokegama Golf Course and Park Place;

10.20 (xxx) .1809 cent per ton to the city of Grand Rapids for water and sewer upgrades
10.21 for 1st Avenue from River Road to 3rd Street SE; and

10.22 (xxxi) .9044 cent per ton to the city of Cohasset for upgrades to the railroad crossing
10.23 at Highway 2 and County Road 62.

10.24 Sec. 19. Minnesota Statutes 2014, section 298.223, subdivision 2, is amended to read:

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

10.31 (b) Each year no less than one-half of the amounts deposited into the taconite
10.32 environmental protection fund must be used for public works projects, including
10.33 construction of sewer and water systems, as specified under subdivision 1, clause (3).

10.34 After seeking a recommendation from the Iron Range Resources and Rehabilitation Board,
10.35 the commissioner may waive the requirements of this paragraph.

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

11.9 Sec. 20. Minnesota Statutes 2014, section 298.227, is amended to read:

11.10 **298.227 TACONITE ECONOMIC DEVELOPMENT FUND.**

11.11 (a) An amount equal to that distributed pursuant to each taconite producer's taxable
11.12 production and qualifying sales under section 298.28, subdivision 9a, shall be held by
11.13 the Iron Range Resources and Rehabilitation Board in a separate taconite economic
11.14 development fund for each taconite and direct reduced ore producer. Money from the
11.15 fund for each producer shall be released by the commissioner after review by a joint
11.16 committee consisting of an equal number of representatives of the salaried employees and
11.17 the nonsalaried production and maintenance employees of that producer. The District 11
11.18 director of the United States Steelworkers of America, on advice of each local employee
11.19 president, shall select the employee members. In nonorganized operations, the employee
11.20 committee shall be elected by the nonsalaried production and maintenance employees. The
11.21 review must be completed no later than six months after the producer presents a proposal
11.22 for expenditure of the funds to the committee. The funds held pursuant to this section may
11.23 be released only for workforce development and associated public facility improvement,
11.24 or for acquisition of plant and stationary mining equipment and facilities for the producer
11.25 or for research and development in Minnesota on new mining, or taconite, iron, or steel
11.26 production technology, but only if the producer provides a matching expenditure equal to
11.27 the amount of the distribution to be used for the same purpose beginning with distributions
11.28 in 2014. Effective for proposals for expenditures of money from the fund beginning May
11.29 26, 2007, the commissioner may not release the funds before the next scheduled meeting
11.30 of the board. If a proposed expenditure is not approved by the commissioner, after
11.31 seeking a recommendation from the board, the funds must be deposited in the Taconite
11.32 Environmental Protection Fund under sections 298.222 to 298.225. If a producer uses
11.33 money which has been released from the fund prior to May 26, 2007 to procure haulage
11.34 trucks, mobile equipment, or mining shovels, and the producer removes the piece of
11.35 equipment from the taconite tax relief area defined in section 273.134 within ten years

12.1 from the date of receipt of the money from the fund, a portion of the money granted
12.2 from the fund must be repaid to the taconite economic development fund. The portion
12.3 of the money to be repaid is 100 percent of the grant if the equipment is removed from
12.4 the taconite tax relief area within 12 months after receipt of the money from the fund,
12.5 declining by ten percent for each of the subsequent nine years during which the equipment
12.6 remains within the taconite tax relief area. If a taconite production facility is sold after
12.7 operations at the facility had ceased, any money remaining in the fund for the former
12.8 producer may be released to the purchaser of the facility on the terms otherwise applicable
12.9 to the former producer under this section. If a producer fails to provide matching funds
12.10 for a proposed expenditure within six months after the commissioner approves release
12.11 of the funds, the funds are available for release to another producer in proportion to the
12.12 distribution provided and under the conditions of this section. Any portion of the fund
12.13 which is not released by the commissioner within one year of its deposit in the fund shall
12.14 be divided between the taconite environmental protection fund created in section 298.223
12.15 and the Douglas J. Johnson economic protection trust fund created in section 298.292 for
12.16 placement in their respective special accounts. Two-thirds of the unreleased funds shall be
12.17 distributed to the taconite environmental protection fund and one-third to the Douglas J.
12.18 Johnson economic protection trust fund.

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

12.35 (c) Repayment or transfer of money to the taconite environmental protection fund
12.36 under paragraph (b), item (ii), must be allocated by the commissioner of Iron Range

13.1 resources and rehabilitation, after seeking a recommendation from the Iron Range
13.2 Resources and Rehabilitation Board for public works projects in house legislative districts
13.3 in the same proportion as taxable tonnage of production in 2007 in each house legislative
13.4 district, for distribution in 2008, bears to total taxable tonnage of production in 2007, for
13.5 distribution in 2008. Notwithstanding any other law to the contrary, expenditures under
13.6 this paragraph do not require approval by the governor. For purposes of this paragraph,
13.7 "house legislative districts" means the legislative districts in existence on May 15, 2009.

13.8 Sec. 21. Minnesota Statutes 2014, section 298.28, subdivision 7a, is amended to read:

13.9 Subd. 7a. **Iron Range school consolidation and cooperatively operated school**
13.10 **account.** The following amounts must be allocated to the Iron Range Resources and
13.11 Rehabilitation Board to be deposited in the Iron Range school consolidation and
13.12 cooperatively operated school account that is hereby created:

13.13 (1)(i) for distributions in 2015 through 2023, ten cents per taxable ton of the tax
13.14 imposed under section 298.24; and (ii) for distributions beginning in 2024, five cents per
13.15 taxable ton of the tax imposed under section 298.24;

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

13.17 (3)(i) for distributions in 2015, an amount equal to two-thirds of the increased tax
13.18 proceeds attributable to the increase in the implicit price deflator as provided in section
13.19 298.24, subdivision 1, with the remaining one-third to be distributed to the Douglas J.
13.20 Johnson economic protection trust fund;

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

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

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

13.31 Expenditures from this account shall be made only to provide disbursements to
13.32 assist school districts with the payment of bonds that were issued for qualified school
13.33 projects, or for any other school disbursement as approved by the commissioner after the
13.34 commissioner has sought review of the expenditures by the Iron Range Resources and
13.35 Rehabilitation Board. For purposes of this section, "qualified school projects" means

14.1 school projects within the taconite assistance area as defined in section 273.1341, that were
14.2 (1) approved, by referendum, after April 3, 2006; and (2) approved by the commissioner
14.3 of education pursuant to section 123B.71.

14.4 Beginning in fiscal year 2019, the disbursement to school districts for payments for
14.5 bonds issued under section 123A.482, subdivision 9, must be increased each year to
14.6 offset any reduction in debt service equalization aid that the school district qualifies for in
14.7 that year, under section 123B.53, subdivision 6, compared with the amount the school
14.8 district qualified for in fiscal year 2018.

14.9 No expenditure under this section shall be made unless approved by ~~seven members~~
14.10 of the commissioner after seeking review of the expenditure from the Iron Range
14.11 Resources and Rehabilitation Board.

14.12 Sec. 22. Minnesota Statutes 2014, section 298.28, subdivision 9d, is amended to read:

14.13 Subd. 9d. **Iron Range higher education account.** Five cents per taxable ton must
14.14 be allocated to the Iron Range Resources and Rehabilitation Board to be deposited in
14.15 an Iron Range higher education account that is hereby created, to be used for higher
14.16 education programs conducted at educational institutions in the taconite assistance area
14.17 defined in section 273.1341. The Iron Range Higher Education committee under section
14.18 298.2214, and the ~~Iron Range Resources and Rehabilitation Board~~ commissioner must
14.19 approve all expenditures from the account, after seeking review and recommendation of
14.20 the expenditures from the Iron Range Resources and Rehabilitation Board.

14.21 Sec. 23. Minnesota Statutes 2014, section 298.292, subdivision 2, is amended to read:

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

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

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

14.33 (3) to pay in periodic payments or in a lump-sum payment any or all of the interest
14.34 on bonds issued pursuant to chapter 474 for the purpose of constructing, converting,

15.1 or retrofitting heating facilities in connection with district heating systems or systems
15.2 utilizing alternative energy sources;

15.3 (4) to invest in a venture capital fund or enterprise that will provide capital to other
15.4 entities that are engaging in, or that will engage in, projects or programs that have the
15.5 purposes set forth in subdivision 1. No investments may be made in a venture capital fund
15.6 or enterprise unless at least two other unrelated investors make investments of at least
15.7 \$500,000 in the venture capital fund or enterprise, and the investment by the Douglas
15.8 J. Johnson economic protection trust fund may not exceed the amount of the largest
15.9 investment by an unrelated investor in the venture capital fund or enterprise. For purposes
15.10 of this subdivision, an "unrelated investor" is a person or entity that is not related to
15.11 the entity in which the investment is made or to any individual who owns more than 40
15.12 percent of the value of the entity, in any of the following relationships: spouse, parent,
15.13 child, sibling, employee, or owner of an interest in the entity that exceeds ten percent of
15.14 the value of all interests in it. For purposes of determining the limitations under this
15.15 clause, the amount of investments made by an investor other than the Douglas J. Johnson
15.16 economic protection trust fund is the sum of all investments made in the venture capital
15.17 fund or enterprise during the period beginning one year before the date of the investment
15.18 by the Douglas J. Johnson economic protection trust fund; and

15.19 (5) to purchase forest land in the taconite assistance area defined in section 273.1341
15.20 to be held and managed as a public trust for the benefit of the area for the purposes
15.21 authorized in section 298.22, subdivision 5a. Property purchased under this section may
15.22 be sold by the commissioner ~~upon approval by~~ after seeking a recommendation from
15.23 the board. The net proceeds must be deposited in the trust fund for the purposes and
15.24 uses of this section.

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

15.27 Sec. 24. Minnesota Statutes 2014, section 298.294, is amended to read:

15.28 **298.294 INVESTMENT OF FUND.**

15.29 (a) The trust fund established by section 298.292 shall be invested pursuant to law
15.30 by the State Board of Investment and the net interest, dividends, and other earnings arising
15.31 from the investments shall be transferred, except as provided in paragraph (b), on the first
15.32 day of each month to the trust and shall be included and become part of the trust fund.
15.33 The amounts transferred, including the interest, dividends, and other earnings earned
15.34 prior to July 13, 1982, together with the additional amount of \$10,000,000 for fiscal year
15.35 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 the commissioner after seeking a recommendation from 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. 25. Minnesota Statutes 2014, 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 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 ~~it~~ 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

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

(b) Each project must be approved by ~~over one-half of all of the members of the board and the commissioner of Iron Range resources and rehabilitation~~ after seeking a recommendation from the board for the project. 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~~ commissioner may submit a

17.1 supplemental ~~projects~~ project for approval at any time after seeking a recommendation for
17.2 the project from the board.

17.3 Sec. 26. Minnesota Statutes 2014, section 298.296, subdivision 2, is amended to read:

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

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

17.17 (c) Additionally, an amount equal to 20 percent of the value of the corpus of the trust
17.18 on May 18, 2002, not including the funds authorized in paragraph (b), plus the amounts
17.19 made available under section 298.28, subdivision 4, and Laws 2002, chapter 377, article
17.20 8, section 17, may be expended on projects. Funds may be expended for projects under
17.21 this paragraph only if the project:

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

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

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

17.29 (d) Upon recommendation by ~~a unanimous vote of all members~~ the commissioner
17.30 after seeking unanimous approval of the board, amounts in addition to those authorized
17.31 under paragraphs (a), (b), and (c) may be expended on projects described in section
17.32 298.292, subdivision 1.

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

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

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

Sec. 27. Minnesota Statutes 2014, section 298.296, subdivision 4, is amended to read:

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

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

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

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

Sec. 28. Minnesota Statutes 2014, section 298.2961, subdivision 2, is amended to read:

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

19.1 (1) environmentally unique reclamation projects; or
19.2 (2) pit or plant repairs, expansions, or modernizations other than for a value added
19.3 iron products plant.

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

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

19.11 Sec. 29. Minnesota Statutes 2014, section 298.2961, subdivision 4, is amended to read:

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

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

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

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

19.24 (e) For distributions received in 2008, the first \$2,000,000 of the 2008 distribution
19.25 must be paid to St. Louis County for deposit in its county road and bridge fund to be
19.26 used for relocation of St. Louis County Road 715, commonly referred to as Pike River
19.27 Road. The remainder of the 2008 distribution must be paid to St. Louis County for a
19.28 grant to the city of Virginia for connecting sewer and water lines to the St. Louis County
19.29 maintenance garage on Highway 135, further extending the lines to interconnect with the
19.30 city of Gilbert's sewer and water lines. All distributions received in 2009 and subsequent
19.31 years are allocated for projects under section 298.223, subdivision 1.

19.32 Sec. 30. Minnesota Statutes 2014, section 298.298, is amended to read:

19.33 **298.298 LONG-RANGE PLAN.**

20.1 Consistent with the policy established in sections 298.291 to 298.298, the Iron
20.2 Range Resources and Rehabilitation Board shall prepare and present to the governor and
20.3 the legislature by December 31, 2006, a long-range plan for the use of the Douglas J.
20.4 Johnson economic protection trust fund for the economic development and diversification
20.5 of the taconite assistance area defined in section 273.1341. No project shall be ~~approved~~
20.6 recommended by the Iron Range Resources and Rehabilitation Board ~~which~~ if the board
20.7 finds that the project is not consistent with the goals and objectives established in the
20.8 long-range plan.

20.9 Sec. 31. Minnesota Statutes 2014, section 298.46, subdivision 2, is amended to read:

20.10 Subd. 2. **Unmined iron ore; valuation petition.** When in the opinion of the duly
20.11 constituted authorities of a taxing district there are in existence reserves of unmined iron
20.12 ore located in such district, these authorities may petition the commissioner of Iron Range
20.13 resources and rehabilitation Board for authority to petition the county assessor to verify
20.14 the existence of such reserves and to ascertain the value thereof by drilling in a manner
20.15 consistent with established engineering and geological exploration methods, in order that
20.16 such taxing district may be able to forecast in a proper manner its future economic and
20.17 fiscal potentials. The commissioner may grant the authority to petition after seeking a
20.18 recommendation from the Iron Range Resources and Rehabilitation Board.