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State of Minnesota  
HOUSE OF REPRESENTATIVES

EIGHTY-NINTH SESSION

H. F. No. 1318

03/02/2015 Authored by Metsa

The bill was read for the first time and referred to the Committee on Mining and Outdoor Recreation Policy

1.1 A bill for an act  
1.2 relating to taxation; minerals; making clarifying changes to laws administered  
1.3 by the Office of the Commissioner of Iron Range Resources and Rehabilitation;  
1.4 modifying funds; amending Minnesota Statutes 2014, sections 123B.53,  
1.5 subdivision 1; 273.1341; 273.1342; 273.1391, subdivision 2; 298.018; 298.22,  
1.6 subdivisions 1, 1a, 3, 4, 5, 5a, 6, 8, 10, 11; 298.221; 298.2211, subdivisions 1, 2, 3;  
1.7 298.2213, subdivision 3; 298.2214, subdivisions 1, 3; 298.222; 298.223; 298.225,  
1.8 subdivision 2; 298.227; 298.28, subdivisions 4, 7, 7a, 9a, 9b, 9d, 11, 15; 298.282,  
1.9 subdivision 1; 298.292, subdivision 2; 298.293; 298.294; 298.296, subdivision 2;  
1.10 298.2961, subdivision 3; repealing Minnesota Statutes 2014, section 298.298.

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

1.12 Section 1. Minnesota Statutes 2014, section 123B.53, subdivision 1, is amended to read:

1.13 Subdivision 1. **Definitions.** (a) For purposes of this section, the eligible debt service  
1.14 revenue of a district is defined as follows:

1.15 (1) the amount needed to produce between five and six percent in excess of the  
1.16 amount needed to meet when due the principal and interest payments on the obligations  
1.17 of the district for eligible projects according to subdivision 2, including the amounts  
1.18 necessary for repayment of energy loans according to section 216C.37 or sections 298.292  
1.19 to 298.298, debt service loans and capital loans, lease purchase payments under section  
1.20 126C.40, subdivision 2, alternative facilities levies under section 123B.59, subdivision  
1.21 5, paragraph (a), minus

1.22 (2) the amount of debt service excess levy reduction for that school year calculated  
1.23 according to the procedure established by the commissioner.

1.24 (b) The obligations in this paragraph are excluded from eligible debt service revenue:

1.25 (1) obligations under section 123B.61;

1.26 (2) the part of debt service principal and interest paid from the taconite ~~environmental~~  
1.27 ~~protection~~ economic development fund or Douglas J. Johnson economic protection trust,

2.1 excluding the portion of taconite payments from the Iron Range school consolidation and  
 2.2 cooperatively operated school account under section 298.28, subdivision 7a;

2.3 (3) obligations issued under Laws 1991, chapter 265, article 5, section 18, as  
 2.4 amended by Laws 1992, chapter 499, article 5, section 24;

2.5 (4) obligations under section 123B.62; and

2.6 (5) obligations equalized under section 123B.535.

2.7 (c) For purposes of this section, if a preexisting school district reorganized under  
 2.8 sections 123A.35 to 123A.43, 123A.46, and 123A.48 is solely responsible for retirement  
 2.9 of the preexisting district's bonded indebtedness, capital loans or debt service loans, debt  
 2.10 service equalization aid must be computed separately for each of the preexisting districts.

2.11 (d) For purposes of this section, the adjusted net tax capacity determined according  
 2.12 to sections 127A.48 and 273.1325 shall be adjusted to include the tax capacity of property  
 2.13 generally exempted from ad valorem taxes under section 272.02, subdivision 64.

2.14 Sec. 2. Minnesota Statutes 2014, section 273.1341, is amended to read:

2.15 **273.1341 TACONITE ASSISTANCE AREA IRON RANGE RESOURCES**  
 2.16 **AND REHABILITATION SERVICE AREA.**

2.17 ~~A "taconite assistance area"~~ "Iron Range Resources and Rehabilitation service area"  
 2.18 means the geographic area that falls within the boundaries of a school district that contains:

2.19 (1) a municipality in which the assessed valuation of unmined iron ore on May 1,  
 2.20 1941, was not less than 40 percent of the assessed valuation of all real property; or

2.21 (2) a municipality in which on January 1, 1977, or the applicable assessment date,  
 2.22 there is a taconite concentrating plant or where taconite is mined or quarried or where  
 2.23 there is located an electric generating plant which qualifies as a taconite facility.

2.24 Sec. 3. Minnesota Statutes 2014, section 273.1342, is amended to read:

2.25 **273.1342 ELECTRIC GENERATING PLANTS IN TACONITE TAX RELIEF**  
 2.26 **AREAS.**

2.27 For purposes of definitions of "taconite tax relief area" and ~~"taconite assistance area"~~  
 2.28 "Iron Range Resources and Rehabilitation service area" in Minnesota Statutes, sections  
 2.29 273.134, 273.1341, and related laws, the elimination of the property tax exemption for  
 2.30 certain electric generating plants under Laws 2008, chapter 154, article 8, section 6, does  
 2.31 not change the status of any electric generating plant qualifying as a taconite facility.

2.32 Sec. 4. Minnesota Statutes 2014, section 273.1391, subdivision 2, is amended to read:

3.1 Subd. 2. **Reduction amount.** The amount of the reduction authorized by  
 3.2 subdivision 1 shall be:

3.3 (a) In the case of property located within a school district which does not meet the  
 3.4 qualifications of section 273.134, paragraph (b), as a tax relief area, but which is located in  
 3.5 a county with a population of less than 100,000 in which taconite is mined or quarried  
 3.6 and wherein a school district is located which does meet the qualifications of a tax relief  
 3.7 area, and provided that at least 90 percent of the area of the school district which does  
 3.8 not meet the qualifications of section 273.134, paragraph (b), lies within such county,  
 3.9 57 percent of the tax on qualified property located in the school district that does not  
 3.10 meet the qualifications of section 273.134, paragraph (b), provided that the amount of  
 3.11 said reduction shall not exceed the maximum amounts specified in paragraph (d). The  
 3.12 reduction provided by this paragraph shall only be applicable to property located within  
 3.13 the boundaries of the county described therein.

3.14 (b) In the case of property located within a school district which does not meet the  
 3.15 qualifications of section 273.134, paragraph (b), as a tax relief area, but which is located in  
 3.16 a school district in a county containing a city of the first class and a municipality as defined  
 3.17 in section 273.134, paragraph (a), but not in a school district containing a city of the first  
 3.18 class or adjacent to a school district containing a city of the first class unless the school  
 3.19 district so adjacent contains a municipality as defined in section 273.134, paragraph (a),  
 3.20 57 percent of the tax, but not to exceed the maximums specified in paragraph (d).

3.21 (c) In the case of property located within the boundaries of a municipality that meets  
 3.22 the qualifications in section 273.134, paragraph (a), but not the qualifications of a tax relief  
 3.23 area in section 273.134, paragraph (b), 66 percent of the tax, provided that the reduction  
 3.24 shall not exceed \$315.10. In the case of property located within the boundaries of a  
 3.25 school district which qualifies as a ~~taconite assistance area~~ an Iron Range Resources and  
 3.26 Rehabilitation service area under section 273.1341, but does not qualify as a tax relief area  
 3.27 under section 273.134, paragraph (b), but which is outside the boundaries of a municipality  
 3.28 which meets the qualifications of the preceding sentence, 57 percent of the tax, provided  
 3.29 that the reduction shall not exceed the maximum amounts specified in paragraph (d).

3.30 (d) Except as otherwise provided in this section, the maximum reduction of the  
 3.31 tax is \$289.80.

3.32 Sec. 5. Minnesota Statutes 2014, section 298.018, is amended to read:

3.33 **298.018 DISTRIBUTION OF PROCEEDS.**

3.34 Subdivision 1. **Within ~~taconite assistance area~~ Iron Range Resources and**  
 3.35 **Rehabilitation service area.** The proceeds of the tax paid under sections 298.015 and

4.1 298.016 on ores, metals, or minerals mined or extracted within the ~~taconite assistance area~~  
4.2 Iron Range Resources and Rehabilitation service area defined in section 273.1341, shall  
4.3 be allocated as follows:

4.4 (1) five percent to the city or town within which the minerals or energy resources  
4.5 are mined or extracted, or within which the concentrate was produced. If the mining  
4.6 and concentration, or different steps in either process, are carried on in more than one  
4.7 taxing district, the commissioner shall apportion equitably the proceeds among the  
4.8 cities and towns by attributing 50 percent of the proceeds of the tax to the operation of  
4.9 mining or extraction, and the remainder to the concentrating plant and to the processes of  
4.10 concentration, and with respect to each thereof giving due consideration to the relative  
4.11 extent of the respective operations performed in each taxing district;

4.12 (2) ten percent to the taconite municipal aid account to be distributed as provided  
4.13 in section 298.282;

4.14 (3) ten percent to the school district within which the minerals or energy resources  
4.15 are mined or extracted, or within which the concentrate was produced. If the mining  
4.16 and concentration, or different steps in either process, are carried on in more than one  
4.17 school district, distribution among the school districts must be based on the apportionment  
4.18 formula prescribed in clause (1);

4.19 (4) 20 percent to a group of school districts comprised of those school districts  
4.20 wherein the mineral or energy resource was mined or extracted or in which there is a  
4.21 qualifying municipality as defined by section 273.134, paragraph (b), in direct proportion  
4.22 to school district indexes as follows: for each school district, its pupil units determined  
4.23 under section 126C.05 for the prior school year shall be multiplied by the ratio of the  
4.24 average adjusted net tax capacity per pupil unit for school districts receiving aid under  
4.25 this clause as calculated pursuant to chapters 122A, 126C, and 127A for the school year  
4.26 ending prior to distribution to the adjusted net tax capacity per pupil unit of the district.  
4.27 Each district shall receive that portion of the distribution which its index bears to the sum  
4.28 of the indices for all school districts that receive the distributions;

4.29 (5) 20 percent to the county within which the minerals or energy resources are  
4.30 mined or extracted, or within which the concentrate was produced. If the mining and  
4.31 concentration, or different steps in either process, are carried on in more than one county,  
4.32 distribution among the counties must be based on the apportionment formula prescribed in  
4.33 clause (1), provided that any county receiving distributions under this clause shall pay one  
4.34 percent of its proceeds to the Range Association of Municipalities and Schools;

4.35 (6) 20 percent to St. Louis County acting as the counties' fiscal agent to be  
4.36 distributed as provided in sections 273.134 to 273.136;

5.1 (7) five percent to the Iron Range Resources and Rehabilitation Board for the  
5.2 purposes of section 298.22;

5.3 (8) three percent to the Douglas J. Johnson economic protection trust fund; and

5.4 (9) seven percent to the taconite ~~environmental protection~~ economic development  
5.5 fund.

5.6 The proceeds of the tax shall be distributed on July 15 each year.

5.7 Subd. 2. **Outside taconite assistance area Iron Range Resources and**  
5.8 **Rehabilitation service area.** The proceeds of the tax paid under sections 298.015 and  
5.9 298.016 on ores, metals, or minerals mined or extracted outside of the ~~taconite assistance~~  
5.10 ~~area~~ Iron Range Resources and Rehabilitation service area defined in section 273.1341,  
5.11 shall be deposited in the general fund.

5.12 Sec. 6. Minnesota Statutes 2014, section 298.22, subdivision 1, is amended to read:

5.13 Subdivision 1. **The Office of the Commissioner of Iron Range resources**  
5.14 **and rehabilitation.** (a) The Office of the Commissioner of Iron Range resources and  
5.15 rehabilitation is created as an agency in the executive branch of state government. The  
5.16 governor shall appoint the commissioner of Iron Range resources and rehabilitation under  
5.17 section 15.06.

5.18 (b) The commissioner may hold other positions or appointments that are not  
5.19 incompatible with duties as commissioner ~~of Iron Range resources and rehabilitation.~~ The  
5.20 commissioner may appoint a deputy commissioner. All expenses of the commissioner,  
5.21 including the payment of staff and other assistance as may be necessary, must be paid  
5.22 out of the amounts appropriated by section 298.28 or otherwise made available by law  
5.23 to the commissioner. Notwithstanding chapters 16A, 16B, and 16C, the commissioner  
5.24 may utilize contracting options available under section 471.345 when the commissioner  
5.25 determines it is in the best interest of the agency. The agency is not subject to sections  
5.26 16E.016 and 16C.05.

5.27 (c) When the commissioner determines that distress and unemployment exists or  
5.28 may exist in the future in any county by reason of the removal of natural resources or  
5.29 a possibly limited use of natural resources in the future and any resulting decrease in  
5.30 employment, the commissioner may use whatever amounts of the appropriation made to  
5.31 the commissioner of revenue in section 298.28 that are determined to be necessary and  
5.32 proper in the development of the remaining resources of the county and in the vocational  
5.33 training and rehabilitation of its residents, ~~except that the amount needed to cover cost~~  
5.34 ~~overruns awarded to a contractor by an arbitrator in relation to a contract awarded by~~  
5.35 ~~the commissioner or in effect after July 1, 1985, is appropriated from the general fund.~~

6.1 For the purposes of this section, "development of remaining resources" includes, but is  
 6.2 not limited to, the promotion of tourism.

6.3 (d) Notwithstanding any law to the contrary, any money in any account that is under  
 6.4 control of the commissioner on January 1, 2014, shall remain with the agency and be  
 6.5 used for economic development purposes.

6.6 Sec. 7. Minnesota Statutes 2014, section 298.22, subdivision 1a, is amended to read:

6.7 Subd. 1a. **Iron Range Resources and Rehabilitation Board.** The Iron Range  
 6.8 Resources and Rehabilitation Board consists of the state senators and representatives  
 6.9 elected from state senatorial or legislative districts in which one-third or more of the  
 6.10 residents reside in a ~~taconite assistance area~~ the Iron Range Resources and Rehabilitation  
 6.11 service area as defined in section 273.1341. One additional state senator shall also be  
 6.12 appointed by the senate Subcommittee on Committees of the Committee on Rules and  
 6.13 Administration. All expenditures and projects made by the commissioner shall first be  
 6.14 submitted to the board for approval. The expenses of the board shall be paid by the state  
 6.15 from the funds raised pursuant to this section. Members of the board may be reimbursed  
 6.16 for expenses in the manner provided in sections 3.099, subdivision 1, and 3.101, and may  
 6.17 receive per diem payments during the interims between legislative sessions in the manner  
 6.18 provided in section 3.099, subdivision 1.

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

6.22 Sec. 8. Minnesota Statutes 2014, section 298.22, subdivision 3, is amended to read:

6.23 Subd. 3. **Commissioner may acquire property.** Whenever the commissioner of  
 6.24 Iron Range resources and rehabilitation has made determinations required by subdivision  
 6.25 1 and has determined that ~~distress and unemployment exists or may exist in the future~~  
 6.26 ~~in any county by reason of the removal of the natural resources or a possible limited use~~  
 6.27 ~~thereof in the future and the decrease in employment resulting therefrom and deems that~~  
 6.28 economic conditions might be improved through the acquirement of real estate or personal  
 6.29 property ~~is necessary and proper in the development of the remaining resources,~~ the  
 6.30 commissioner may acquire such property or interests therein by gift, purchase, or lease.  
 6.31 The commissioner may purchase insurance to protect any property acquired from loss or  
 6.32 damage by fire, or to protect the commissioner from any liability the commissioner may  
 6.33 incur by reason of ownership of the property, or both. If after such property is acquired it  
 6.34 is necessary in the judgment of the commissioner to acquire a right-of-way for access to

7.1 projects operated on property acquired by gift, purchase, or lease, said right-of-way may  
 7.2 be acquired by condemnation in the manner provided by law. If the owner or operator of  
 7.3 an iron mine or related production or beneficiation facilities discontinues the operation  
 7.4 of the mine or facilities for any reason, the commissioner may acquire any or all of the  
 7.5 mine lands and related facilities by gift, purchase, lease, or condemnation in the manner  
 7.6 provided in chapter 117.

7.7 Sec. 9. Minnesota Statutes 2014, section 298.22, subdivision 4, is amended to read:

7.8 Subd. 4. **Commissioner may accept grants and conveyances.** Whenever property  
 7.9 has been granted and conveyed to the state of Minnesota in accordance with an agreement  
 7.10 made by the commissioner of Iron Range resources and rehabilitation and the commissioner  
 7.11 of administration for ~~the necessary and proper development of the remaining resources of~~  
 7.12 ~~any distressed county~~ economic development purposes, such grants, and conveyances or  
 7.13 leases are hereby accepted in accordance with the terms and conditions thereof.

7.14 Sec. 10. Minnesota Statutes 2014, section 298.22, subdivision 5, is amended to read:

7.15 Subd. 5. **Commissioner may lease property.** In order to carry out the terms and  
 7.16 provisions of this section, the commissioner of Iron Range resources and rehabilitation  
 7.17 and the commissioner of administration may lease any property acquired hereunder for  
 7.18 a term not to exceed 20 years upon such terms as they may determine, provided that  
 7.19 such property shall not be leased to any person in such a manner as to constitute a direct  
 7.20 contribution of working capital to a business enterprise. Such lease may provide that in the  
 7.21 event the property is ever sold by the state to such lessee, the lessee may obtain a credit  
 7.22 on the purchase price covering the rentals paid under the lease or any renewals thereof  
 7.23 and that said real estate can be conveyed by the commissioner of Iron Range resources  
 7.24 and rehabilitation and the commissioner of administration and the said commissioners  
 7.25 are hereby authorized to make such conveyances. The commissioner may lease, upon the  
 7.26 terms determined by the commissioner and approved by the board, surface and mineral  
 7.27 interests owned or acquired by the state of Minnesota acting by and through the Office  
 7.28 of the Commissioner of Iron Range Resources and Rehabilitation. The payments and  
 7.29 royalties from the leases shall be retained for the benefit of the agency.

7.30 Sec. 11. Minnesota Statutes 2014, section 298.22, subdivision 5a, is amended to read:

7.31 Subd. 5a. **Forest trust.** The commissioner, upon approval by the board,  
 7.32 may purchase forest lands in the ~~taconite assistance area~~ Iron Range Resources and  
 7.33 Rehabilitation service area defined in ~~under~~ section 273.1341 with funds specifically

8.1 authorized for the purchase. The acquired forest lands must be held in trust for the benefit of  
 8.2 the citizens of the ~~taconite assistance area~~ Iron Range Resources and Rehabilitation service  
 8.3 area as the Iron Range Miners' Memorial Forest. The forest trust lands shall be managed  
 8.4 and developed for recreation and economic development purposes. The commissioner,  
 8.5 upon approval by the board, may sell forest lands purchased under this subdivision if the  
 8.6 board finds that the sale advances the purposes of the trust. Proceeds derived from the  
 8.7 management or sale of the lands and from the sale of timber or removal of gravel or other  
 8.8 minerals from these forest lands shall be deposited into an Iron Range Miners' Memorial  
 8.9 Forest account that is established within the state financial accounts. Funds may be  
 8.10 expended from the account upon approval by the board, to purchase, manage, administer,  
 8.11 convey interests in, and improve the forest lands. With approval by the board, money in  
 8.12 the Iron Range Miners' Memorial Forest account may be transferred into the corpus of the  
 8.13 Douglas J. Johnson economic protection trust fund established under sections 298.291  
 8.14 to 298.294. The property acquired under the authority granted by this subdivision and  
 8.15 income derived from the property or the operation or management of the property are  
 8.16 exempt from taxation by the state or its political subdivisions while held by the forest trust.

8.17 Sec. 12. Minnesota Statutes 2014, section 298.22, subdivision 6, is amended to read:

8.18 Subd. 6. **Private entity participation.** The board may acquire an equity interest in  
 8.19 any project for which it provides funding. The commissioner may establish, participate in  
 8.20 the management of, and dispose of the assets of charitable foundations, nonprofit limited  
 8.21 liability companies, and nonprofit corporations associated with any project for which it  
 8.22 provides funding, including specifically, but without limitation, a corporation within the  
 8.23 meaning of section 317A.011, subdivision 6. Notwithstanding any law to the contrary,  
 8.24 agency funds that are transferred to any entity established by the commissioner under this  
 8.25 subdivision shall, upon request by the entity, be invested by the State Board of Investment  
 8.26 on behalf of the entity.

8.27 Sec. 13. Minnesota Statutes 2014, section 298.22, subdivision 8, is amended to read:

8.28 Subd. 8. **Spending priority.** In making or approving any expenditures on programs  
 8.29 or projects, the commissioner and the board shall give the highest priority to programs  
 8.30 and projects that target relief to those areas of the ~~taconite assistance area~~ Iron Range  
 8.31 Resources and Rehabilitation service area as defined in section 273.1341, that have the  
 8.32 largest percentages of job losses and population losses directly attributable to the economic  
 8.33 downturn in the taconite industry since the 1980s. The commissioner and the board shall  
 8.34 compare the 1980 population and employment figures with the 2000 population and



9.1 employment figures, and shall specifically consider the job losses in 2000 and 2001  
 9.2 resulting from the closure of LTV Steel Mining Company, in making or approving  
 9.3 expenditures consistent with this subdivision, as well as the areas of residence of persons  
 9.4 who suffered job loss for which relief is to be targeted under this subdivision. The  
 9.5 commissioner may lease, for a term not exceeding 50 years and upon the terms determined  
 9.6 by the commissioner and approved by the board, surface and mineral interests owned or  
 9.7 acquired by the state of Minnesota acting by and through the office of the commissioner of  
 9.8 Iron Range resources and rehabilitation within those portions of the ~~taconite assistance area~~  
 9.9 Iron Range Resources and Rehabilitation service area affected by the closure of the LTV  
 9.10 Steel Mining Company facility near Hoyt Lakes. The payments and royalties from these  
 9.11 leases must be deposited into the fund established in section 298.292. This subdivision  
 9.12 supersedes any other conflicting provisions of law and does not preclude the commissioner  
 9.13 and the board from making expenditures for programs and projects in other areas.

9.14 Sec. 14. Minnesota Statutes 2014, section 298.22, subdivision 10, is amended to read:

9.15 Subd. 10. **Sale or privatization of functions.** The commissioner of ~~Iron Range~~  
 9.16 ~~resources and rehabilitation~~ may not sell or privatize the Ironworld Discovery Center or  
 9.17 Giants Ridge Golf and Ski Resort without prior approval by the board.

9.18 Sec. 15. Minnesota Statutes 2014, section 298.22, subdivision 11, is amended to read:

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

9.24 Sec. 16. Minnesota Statutes 2014, section 298.221, is amended to read:

9.25 **298.221 RECEIPTS FROM CONTRACTS; APPROPRIATION.**

9.26 (a) Except as provided in paragraph (c), all money paid to the state of Minnesota  
 9.27 pursuant to the terms of any contract entered into by the state under authority of section  
 9.28 298.22 and any fees which may, in the discretion of the commissioner of Iron Range  
 9.29 resources and rehabilitation, be charged in connection with any project pursuant to that  
 9.30 section as amended, shall be deposited in the state treasury to the credit of the Iron Range  
 9.31 Resources and Rehabilitation Board account in the special revenue fund and are hereby  
 9.32 appropriated for the purposes of section 298.22.

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

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

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

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

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

10.20 Sec. 17. Minnesota Statutes 2014, section 298.2211, subdivision 1, is amended to read:

10.21 Subdivision 1. **Purpose; grant of authority.** In order to accomplish the legislative  
 10.22 purposes specified in sections 469.142 to 469.165 and chapter 462C, within the ~~taxonite~~  
 10.23 ~~assistance area~~ Iron Range Resources and Rehabilitation service area as defined in section  
 10.24 273.1341, the commissioner of Iron Range resources and rehabilitation may exercise the  
 10.25 following powers: (1) all powers conferred upon a rural development financing authority  
 10.26 under sections 469.142 to 469.149; (2) all powers conferred upon a city under chapter 462C;  
 10.27 (3) all powers conferred upon a municipality or a redevelopment agency under sections  
 10.28 469.152 to 469.165; (4) all powers provided by sections 469.142 to 469.151 to further any  
 10.29 of the purposes and objectives of chapter 462C and sections 469.152 to 469.165; (5) apply  
 10.30 for, borrow, receive, and expend grant and loan money made available from federal sources  
 10.31 and from federally funded programs; and (6) all powers conferred upon a municipality or  
 10.32 an authority under sections 469.174 to 469.177, 469.178, except subdivision 2 thereof,  
 10.33 and 469.179, subject to compliance with the provisions of section 469.175, subdivisions 1,  
 10.34 2, and 3; provided that any tax increments derived by the commissioner from the exercise  
 10.35 of this authority may be used only to finance or pay premiums or fees for insurance, letters

11.1 of credit, or other contracts guaranteeing the payment when due of net rentals under  
 11.2 a project lease or the payment of principal and interest due on or repurchase of bonds  
 11.3 issued to finance a project or program, to accumulate and maintain reserves securing the  
 11.4 payment when due on bonds issued to finance a project or program, or to provide an  
 11.5 interest rate reduction program pursuant to section 469.012, subdivision 7. Tax increments  
 11.6 and earnings thereon remaining in any bond reserve account after payment or discharge  
 11.7 of any bonds secured thereby shall be used within one year thereafter in furtherance of  
 11.8 this section or returned to the county auditor of the county in which the tax increment  
 11.9 financing district is located. If returned to the county auditor, the county auditor shall  
 11.10 immediately allocate the amount among all government units which would have shared  
 11.11 therein had the amount been received as part of the other ad valorem taxes on property in  
 11.12 the district most recently paid, in the same proportions as other taxes were distributed, and  
 11.13 shall immediately distribute it to the government units in accordance with the allocation.

11.14 Sec. 18. Minnesota Statutes 2014, section 298.2211, subdivision 2, is amended to read:

11.15 Subd. 2. **Area of operation.** Projects undertaken, developed, or financed pursuant  
 11.16 to this section shall be located within the ~~taconite assistance area~~ Iron Range Resources  
 11.17 and Rehabilitation service area defined in section 273.1341.

11.18 Sec. 19. Minnesota Statutes 2014, section 298.2211, subdivision 3, is amended to read:

11.19 Subd. 3. **Project approval.** All projects authorized by this section shall be  
 11.20 submitted by the commissioner to the Iron Range Resources and Rehabilitation Board for  
 11.21 approval by the board. Prior to the commencement of a project involving the exercise by  
 11.22 the commissioner of any authority of sections 469.174 to 469.179, the governing body  
 11.23 of each municipality in which any part of the project is located and the county board of  
 11.24 any county containing portions of the project not located in an incorporated area shall by  
 11.25 majority vote approve or disapprove the project. ~~Any project approved by the board and~~  
 11.26 ~~the applicable governing bodies, if any, together with detailed information concerning the~~  
 11.27 ~~project, its costs, the sources of its funding, and the amount of any bonded indebtedness to~~  
 11.28 ~~be incurred in connection with the project, shall be transmitted to the governor, who shall~~  
 11.29 ~~approve, disapprove, or return the proposal for additional consideration within 30 days of~~  
 11.30 ~~receipt.~~ No project authorized under this section shall be undertaken, and no obligations  
 11.31 shall be issued and no tax increments shall be expended for a project authorized under this  
 11.32 section until the project has been approved by the governor. The governor shall approve,  
 11.33 disapprove, or return the project for additional consideration within 30 days of receipt.

12.1 Sec. 20. Minnesota Statutes 2014, section 298.2213, subdivision 3, is amended to read:

12.2 Subd. 3. **Use of money.** The money appropriated under this section may be used  
 12.3 to provide loans, loan guarantees, interest buy-downs, and other forms of participation  
 12.4 with private sources of financing, provided that a loan to a private enterprise must be for a  
 12.5 principal amount not to exceed one-half of the cost of the project for which financing is  
 12.6 sought, and the rate of interest on a loan must be no less than the lesser of eight percent or  
 12.7 the rate of interest that is three percentage points less than a full faith and credit obligation of  
 12.8 the United States government of comparable maturity, at the time that the loan is approved.

12.9 Money appropriated in this section must be expended only in or for the benefit of the  
 12.10 ~~taconite assistance area~~ Iron Range Resources and Rehabilitation service area defined in  
 12.11 section 273.1341, and as otherwise provided in this section.

12.12 Sec. 21. Minnesota Statutes 2014, section 298.2214, subdivision 1, is amended to read:

12.13 Subdivision 1. **Creation of committee; purpose.** A committee is created to advise  
 12.14 the commissioner of Iron Range resources and rehabilitation on providing higher education  
 12.15 programs in the ~~taconite assistance area~~ Iron Range Resources and Rehabilitation service  
 12.16 area defined in section 273.1341. The committee is subject to section 15.059.

12.17 Sec. 22. Minnesota Statutes 2014, section 298.2214, subdivision 3, is amended to read:

12.18 Subd. 3. **Advisory function.** The committee shall advise the commissioner  
 12.19 regarding development of a contract with the state university system. The contract would  
 12.20 require the system to provide courses within the ~~taconite assistance area~~ Iron Range  
 12.21 Resources and Rehabilitation service area defined in section 273.1341.

12.22 Sec. 23. Minnesota Statutes 2014, section 298.222, is amended to read:

12.23 **298.222 CITATION.**

12.24 Sections 298.222 to 298.226 and Laws 1977, chapter 423, article 10, section 22 shall  
 12.25 be known as the Taconite ~~Environmental Protection~~ Economic Development Fund Act  
 12.26 of 1977.

12.27 Sec. 24. Minnesota Statutes 2014, section 298.223, is amended to read:

12.28 **298.223 TACONITE AREA ENVIRONMENTAL PROTECTION**  
 12.29 **ECONOMIC DEVELOPMENT FUND.**

12.30 Subdivision 1. **Creation; purposes.** A fund called the taconite ~~environmental~~  
 12.31 ~~protection~~ economic development fund is created for the purpose of reclaiming, restoring  
 12.32 and enhancing those areas of northeast Minnesota located within the ~~taconite assistance~~

13.1 ~~area~~ Iron Range Resources and Rehabilitation service area defined in section 273.1341,  
 13.2 that are adversely affected by the environmentally damaging operations involved in  
 13.3 mining taconite and iron ore and producing iron ore concentrate and for the purpose of  
 13.4 promoting the economic development of northeast Minnesota. The taconite environmental  
 13.5 protection fund shall be used for the following purposes:

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

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

13.11 (3) local economic development projects but only if those projects are approved by  
 13.12 the board, and public works, including construction of sewer and water systems located  
 13.13 within the taconite assistance area defined in section 273.1341;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- 14.1 (xvi) .6460 cent per ton to the city of Tower for water infrastructure upgrades;
- 14.2 (xvii) .1292 cent per ton to the city of Orr for water infrastructure upgrades;
- 14.3 (xviii) .1292 cent per ton to the city of Silver Bay for emergency cleanup;
- 14.4 (xix) .3230 cent per ton to Lake County for trail construction;
- 14.5 (xx) .1292 cent per ton to Cook County for construction of tennis courts in Grand
- 14.6 Marais;
- 14.7 (xxi) .3101 cent per ton to the city of Two Harbors for water infrastructure
- 14.8 improvements;
- 14.9 (xxii) .1938 cent per ton for land acquisition for phase one of Cook Airport project;
- 14.10 (xxiii) 1.0336 cents per ton to the city of Coleraine for water and sewer
- 14.11 improvements along Gayley Avenue;
- 14.12 (xxiv) .3876 cent per ton to the city of Marble for construction of a city
- 14.13 administration facility;
- 14.14 (xxv) .1292 cent per ton to the city of Calumet for repairs at city hall and the
- 14.15 community center;
- 14.16 (xxvi) .6460 cent per ton to the city of Nashwauk for electrical infrastructure
- 14.17 upgrades;
- 14.18 (xxvii) 1.0336 cents per ton to the city of Keewatin for water and sewer upgrades
- 14.19 along Depot Street;
- 14.20 (xxviii) .2584 cent per ton to the city of Aitkin for water, sewer, street, and gutter
- 14.21 improvements;
- 14.22 (xxix) 1.1628 cents per ton to the city of Grand Rapids for water and sewer
- 14.23 infrastructure upgrades at Pokegema Golf Course and Park Place;
- 14.24 (xxx) .1809 cent per ton to the city of Grand Rapids for water and sewer upgrades
- 14.25 for 1st Avenue from River Road to 3rd Street SE; and
- 14.26 (xxx) .9044 cent per ton to the city of Cohasset for upgrades to the railroad crossing
- 14.27 at Highway 2 and County Road 62.

14.28 Subd. 2. **Administration.** (a) The taconite area ~~environmental protection~~ economic

14.29 development fund shall be administered by the commissioner of the Iron Range Resources

14.30 and Rehabilitation Board. The commissioner shall by September 1 of each year submit to

14.31 the board a list of projects to be funded from the taconite area ~~environmental protection~~

14.32 economic development fund, with such supporting information including description of

14.33 the projects, plans, and cost estimates as may be necessary.

14.34 (b) Each year no less than one-half of the amounts deposited into the taconite

14.35 ~~environmental protection~~ economic development fund must be used for public works

14.36 projects, including construction of sewer and water systems, as specified under subdivision

15.1 1, clause (3). The Iron Range Resources and Rehabilitation Board may waive the  
15.2 requirements of this paragraph.

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

15.9 Subd. 3. **Appropriation.** There is annually appropriated to the commissioner of  
15.10 Iron Range resources and rehabilitation taconite area ~~environmental protection~~ economic  
15.11 development funds necessary to carry out approved projects and programs and the funds  
15.12 necessary for administration of this section. ~~Annual administrative costs, not including~~  
15.13 ~~detailed engineering expenses for the projects, shall not exceed five percent of the amount~~  
15.14 ~~annually expended from the fund.~~

15.15 Funds for the purposes of this section are provided by section 298.28, subdivision  
15.16 11, relating to the taconite area environmental protection fund.

15.17 Sec. 25. Minnesota Statutes 2014, section 298.225, subdivision 2, is amended to read:

15.18 Subd. 2. **Funding guaranteed distribution level.** The money necessary for funding  
15.19 the difference between the initial distribution made pursuant to section 298.28 and the  
15.20 amount guaranteed in subdivision 1 is appropriated in equal proportions from the initial  
15.21 current year distributions to the taconite ~~environmental protection~~ economic development  
15.22 fund and to the Douglas J. Johnson economic protection trust pursuant to section 298.28.  
15.23 If the initial distributions to the taconite ~~environmental protection~~ economic development  
15.24 fund and the Douglas J. Johnson economic protection trust are insufficient to fund the  
15.25 difference, the commissioner of Iron Range resources and rehabilitation shall make the  
15.26 payments of any remaining difference from the corpus of the taconite ~~environmental~~  
15.27 ~~protection~~ economic development fund and the corpus of the Douglas J. Johnson economic  
15.28 protection trust fund in equal proportions as directed by the commissioner of revenue.

15.29 If a taconite producer ceases beneficiation operations permanently and is required  
15.30 by a special law to make bond payments for a school district, the Douglas J. Johnson  
15.31 economic protection trust fund shall assume the payments of the taconite producer if  
15.32 the producer ceases to make the needed payments. The commissioner of Iron Range  
15.33 resources and rehabilitation shall make these school bond payments from the corpus of  
15.34 the Douglas J. Johnson economic protection trust fund in the amounts certified by the  
15.35 commissioner of revenue.

16.1 Sec. 26. Minnesota Statutes 2014, section 298.227, is amended to read:

16.2 **298.227 TACONITE ECONOMIC DEVELOPMENT MINING**  
 16.3 **REINVESTMENT FUND.**

16.4 (a) An amount equal to that distributed pursuant to each taconite producer's taxable  
 16.5 production and qualifying sales under section 298.28, subdivision 9a, shall be held by  
 16.6 the Iron Range Resources and Rehabilitation Board in a separate ~~taconite economic~~  
 16.7 ~~development~~ mining reinvestment fund for each taconite and direct reduced ore producer.  
 16.8 Money from the fund for each producer shall be released by the commissioner after review  
 16.9 by a joint committee consisting of an equal number of representatives of the salaried  
 16.10 employees and the nonsalaried production and maintenance employees of that producer.  
 16.11 The District 11 director of the United States Steelworkers of America, on advice of each  
 16.12 local employee president, shall select the employee members. In nonorganized operations,  
 16.13 the employee committee shall be elected by the nonsalaried production and maintenance  
 16.14 employees. The review must be completed no later than six months after the producer  
 16.15 presents a proposal for expenditure of the funds to the committee. The funds held pursuant  
 16.16 to this section may be released only for workforce development and associated public  
 16.17 facility improvement, or for acquisition of plant and stationary mining equipment and  
 16.18 facilities for the producer or for research and development in Minnesota on new mining, or  
 16.19 taconite, iron, or steel production technology, but only if the producer provides a matching  
 16.20 expenditure equal to the amount of the distribution to be used for the same purpose  
 16.21 beginning with distributions in 2014. Effective for proposals for expenditures of money  
 16.22 from the fund beginning May 26, 2007, the commissioner may not release the funds before  
 16.23 the next scheduled meeting of the board. If a proposed expenditure is not approved by the  
 16.24 board, the funds must be deposited in the ~~Taconite Environmental Protection Fund~~ taconite  
 16.25 economic development fund under sections 298.222 to 298.225. If a producer uses money  
 16.26 which has been released from the fund prior to May 26, 2007 to procure haulage trucks,  
 16.27 mobile equipment, or mining shovels, and the producer removes the piece of equipment  
 16.28 from the taconite tax relief area defined in section 273.134 within ten years from the date  
 16.29 of receipt of the money from the fund, a portion of the money granted from the fund must  
 16.30 be repaid to the ~~taconite economic development~~ mining reinvestment fund. The portion  
 16.31 of the money to be repaid is 100 percent of the grant if the equipment is removed from  
 16.32 the taconite tax relief area within 12 months after receipt of the money from the fund,  
 16.33 declining by ten percent for each of the subsequent nine years during which the equipment  
 16.34 remains within the taconite tax relief area. If a taconite production facility is sold after  
 16.35 operations at the facility had ceased, any money remaining in the fund for the former  
 16.36 producer may be released to the purchaser of the facility on the terms otherwise applicable



17.1 to the former producer under this section. If a producer fails to provide matching funds  
 17.2 for a proposed expenditure within six months after the commissioner approves release  
 17.3 of the funds, the funds are available for release to another producer in proportion to the  
 17.4 distribution provided and under the conditions of this section. Any portion of the fund  
 17.5 which is not released by the commissioner within one year of its deposit in the fund shall  
 17.6 be divided between the taconite ~~environmental protection~~ economic development fund  
 17.7 created in section 298.223 and the Douglas J. Johnson economic protection trust fund  
 17.8 created in section 298.292 for placement in their respective special accounts. Two-thirds of  
 17.9 the unreleased funds shall be distributed to the taconite ~~environmental protection~~ economic  
 17.10 development fund and one-third to the Douglas J. Johnson economic protection trust fund.

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

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

17.35 Sec. 27. Minnesota Statutes 2014, section 298.28, subdivision 4, is amended to read:

18.1 Subd. 4. **School districts.** (a) 32.15 cents per taxable ton, plus the increase provided  
18.2 in paragraph (d), less the amount that would have been computed under Minnesota  
18.3 Statutes 2008, section 126C.21, subdivision 4, for the current year for that district, must be  
18.4 allocated to qualifying school districts to be distributed, based upon the certification of the  
18.5 commissioner of revenue, under paragraphs (b), (c), and (f).

18.6 (b)(i) 3.43 cents per taxable ton must be distributed to the school districts in which  
18.7 the lands from which taconite was mined or quarried were located or within which the  
18.8 concentrate was produced. The distribution must be based on the apportionment formula  
18.9 prescribed in subdivision 2.

18.10 (ii) Four cents per taxable ton from each taconite facility must be distributed to  
18.11 each affected school district for deposit in a fund dedicated to building maintenance  
18.12 and repairs, as follows:

18.13 (1) proceeds from Keewatin Taconite or its successor are distributed to Independent  
18.14 School Districts Nos. 316, Coleraine, and 319, Nashwauk-Keewatin, or their successor  
18.15 districts;

18.16 (2) proceeds from the Hibbing Taconite Company or its successor are distributed to  
18.17 Independent School Districts Nos. 695, Chisholm, and 701, Hibbing, or their successor  
18.18 districts;

18.19 (3) proceeds from the Mittal Steel Company and Minntac or their successors are  
18.20 distributed to Independent School Districts Nos. 712, Mountain Iron-Buhl, 706, Virginia,  
18.21 2711, Mesabi East, and 2154, Eveleth-Gilbert, or their successor districts;

18.22 (4) proceeds from the Northshore Mining Company or its successor are distributed  
18.23 to Independent School Districts Nos. 2142, St. Louis County, and 381, Lake Superior,  
18.24 or their successor districts; and

18.25 (5) proceeds from United Taconite or its successor are distributed to Independent  
18.26 School Districts Nos. 2142, St. Louis County, and 2154, Eveleth-Gilbert, or their  
18.27 successor districts.

18.28 Revenues that are required to be distributed to more than one district shall be  
18.29 apportioned according to the number of pupil units identified in section 126C.05,  
18.30 subdivision 1, enrolled in the second previous year.

18.31 (c)(i) 24.72 cents per taxable ton, less any amount distributed under paragraph (e),  
18.32 shall be distributed to a group of school districts comprised of those school districts which  
18.33 qualify as a tax relief area under section 273.134, paragraph (b), or in which there is a  
18.34 qualifying municipality as defined by section 273.134, paragraph (a), in direct proportion  
18.35 to school district indexes as follows: for each school district, its pupil units determined  
18.36 under section 126C.05 for the prior school year shall be multiplied by the ratio of the

19.1 average adjusted net tax capacity per pupil unit for school districts receiving aid under  
19.2 this clause as calculated pursuant to chapters 122A, 126C, and 127A for the school year  
19.3 ending prior to distribution to the adjusted net tax capacity per pupil unit of the district.  
19.4 Each district shall receive that portion of the distribution which its index bears to the sum  
19.5 of the indices for all school districts that receive the distributions.

19.6 (ii) Notwithstanding clause (i), each school district that receives a distribution  
19.7 under sections 298.018; 298.23 to 298.28, exclusive of any amount received under this  
19.8 clause; 298.34 to 298.39; 298.391 to 298.396; 298.405; or any law imposing a tax on  
19.9 severed mineral values after reduction for any portion distributed to cities and towns  
19.10 under section 126C.48, subdivision 8, paragraph (5), that is less than the amount of its  
19.11 levy reduction under section 126C.48, subdivision 8, for the second year prior to the  
19.12 year of the distribution shall receive a distribution equal to the difference; the amount  
19.13 necessary to make this payment shall be derived from proportionate reductions in the  
19.14 initial distribution to other school districts under clause (i). If there are insufficient tax  
19.15 proceeds to make the distribution provided under this paragraph in any year, money must  
19.16 be transferred from the taconite property tax relief account in subdivision 6, to the extent  
19.17 of the shortfall in the distribution.

19.18 (d)(1) Any school district described in paragraph (c) where a levy increase pursuant  
19.19 to section 126C.17, subdivision 9, was authorized by referendum for taxes payable in  
19.20 2001, shall receive a distribution of 21.3 cents per ton. Each district shall receive \$175  
19.21 times the pupil units identified in section 126C.05, subdivision 1, enrolled in the second  
19.22 previous year or the 1983-1984 school year, whichever is greater, less the product of 1.8  
19.23 percent times the district's taxable net tax capacity in 2011.

19.24 (2) Districts qualifying under paragraph (c) must receive additional taconite aid each  
19.25 year equal to 22.5 percent of the amount obtained by subtracting:

19.26 (i) 1.8 percent of the district's net tax capacity for 2011, from:

19.27 (ii) the district's weighted average daily membership for fiscal year 2012, multiplied  
19.28 by the sum of:

19.29 (A) \$415, plus

19.30 (B) the district's referendum revenue allowance for fiscal year 2013.

19.31 If the total amount provided by paragraph (d) is insufficient to make the payments  
19.32 herein required then the entitlement of \$175 per pupil unit shall be reduced uniformly  
19.33 so as not to exceed the funds available. Any amounts received by a qualifying school  
19.34 district in any fiscal year pursuant to paragraph (d) shall not be applied to reduce general  
19.35 education aid which the district receives pursuant to section 126C.13 or the permissible  
19.36 levies of the district. Any amount remaining after the payments provided in this paragraph

20.1 shall be paid to the commissioner of Iron Range resources and rehabilitation who shall  
 20.2 deposit the same in the taconite ~~environmental protection~~ economic development fund and  
 20.3 the Douglas J. Johnson economic protection trust fund as provided in subdivision 11.

20.4 Each district receiving money according to this paragraph shall reserve the lesser of  
 20.5 the amount received under this paragraph or \$25 times the number of pupil units served in  
 20.6 the district. It may use the money for early childhood programs.

20.7 (e) There shall be distributed to any school district the amount which the school  
 20.8 district was entitled to receive under section 298.32 in 1975.

20.9 (f) Four cents per taxable ton must be distributed to qualifying school districts  
 20.10 according to the distribution specified in paragraph (b), clause (ii), and 11 cents per taxable  
 20.11 ton must be distributed according to the distribution specified in paragraph (c). These  
 20.12 amounts are not subject to sections 126C.21, subdivision 4, and 126C.48, subdivision 8.

20.13 Sec. 28. Minnesota Statutes 2014, section 298.28, subdivision 7, is amended to read:

20.14 Subd. 7. **Iron Range Resources and Rehabilitation Board.** For the 1998  
 20.15 distribution, 6.5 cents per taxable ton shall be paid to the Iron Range Resources and  
 20.16 Rehabilitation Board for the purposes of section 298.22. That amount shall be increased  
 20.17 for distribution years 1999 through 2014 and for distribution in 2018 and subsequent  
 20.18 years in the same proportion as the increase in the implicit price deflator as provided in  
 20.19 section 298.24, subdivision 1. The amount distributed pursuant to this subdivision shall be  
 20.20 expended within or for the benefit of the ~~taconite assistance area~~ Iron Range Resources  
 20.21 and Rehabilitation service area defined in section 273.1341. No part of the fund provided  
 20.22 in this subdivision may be used to provide loans for the operation of private business  
 20.23 unless the loan is approved by the governor.

20.24 Sec. 29. Minnesota Statutes 2014, section 298.28, subdivision 7a, is amended to read:

20.25 Subd. 7a. **Iron Range school consolidation and cooperatively operated school**  
 20.26 **account.** The following amounts must be allocated to the Iron Range Resources and  
 20.27 Rehabilitation Board to be deposited in the Iron Range school consolidation and  
 20.28 cooperatively operated school account that is hereby created:

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

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

20.33 (3)(i) for distributions in 2015, an amount equal to two-thirds of the increased tax  
 20.34 proceeds attributable to the increase in the implicit price deflator as provided in section

21.1 298.24, subdivision 1, with the remaining one-third to be distributed to the Douglas J.  
21.2 Johnson economic protection trust fund;

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

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

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

21.13 Expenditures from this account shall be made only to provide disbursements to  
21.14 assist school districts with the payment of bonds that were issued for qualified school  
21.15 projects, or for any other school disbursement as approved by the Iron Range Resources  
21.16 and Rehabilitation Board. For purposes of this section, "qualified school projects"  
21.17 means school projects within the ~~taconite assistance area~~ Iron Range Resources and  
21.18 Rehabilitation service area as defined in section 273.1341, that were (1) approved, by  
21.19 referendum, after April 3, 2006; and (2) approved by the commissioner of education  
21.20 pursuant to section 123B.71.

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

21.26 No expenditure under this section shall be made unless approved by seven members  
21.27 of the Iron Range Resources and Rehabilitation Board.

21.28 Sec. 30. Minnesota Statutes 2014, section 298.28, subdivision 9a, is amended to read:

21.29 Subd. 9a. ~~Taconite economic development~~ Mining reinvestment fund. (a)  
21.30 25.1 cents per ton for distributions in 2002 and thereafter must be paid to the ~~taconite~~  
21.31 ~~economic development~~ mining reinvestment fund. No distribution shall be made under  
21.32 this paragraph in 2004 or any subsequent year in which total industry production falls  
21.33 below 30 million tons. Distribution shall only be made to a taconite producer's fund under  
21.34 section 298.227 if the producer timely pays its tax under section 298.24 by the dates

22.1 provided under section 298.27, or pursuant to the due dates provided by an administrative  
22.2 agreement with the commissioner.

22.3 (b) An amount equal to 50 percent of the tax under section 298.24 for concentrate  
22.4 sold in the form of pellet chips and fines not exceeding 5/16 inch in size and not including  
22.5 crushed pellets shall be paid to the ~~taconite economic development~~ mining reinvestment  
22.6 fund. The amount paid shall not exceed \$700,000 annually for all companies. If the initial  
22.7 amount to be paid to the fund exceeds this amount, each company's payment shall be  
22.8 prorated so the total does not exceed \$700,000.

22.9 Sec. 31. Minnesota Statutes 2014, section 298.28, subdivision 9b, is amended to read:

22.10 Subd. 9b. **Taconite environmental fund.** Five cents per ton must be paid to the  
22.11 ~~taconite environmental~~ economic development fund for use under section ~~298.2961,~~  
22.12 ~~subdivision 4~~ 298.223.

22.13 Sec. 32. Minnesota Statutes 2014, section 298.28, subdivision 9d, is amended to read:

22.14 Subd. 9d. **Iron Range higher education account.** Five cents per taxable ton must  
22.15 be allocated to the Iron Range Resources and Rehabilitation Board to be deposited in an  
22.16 Iron Range higher education account that is hereby created, to be used for higher education  
22.17 programs conducted at educational institutions in the ~~taconite assistance area~~ Iron Range  
22.18 Resources and Rehabilitation service area defined in section 273.1341. The Iron Range  
22.19 Higher Education committee under section 298.2214, and the Iron Range Resources and  
22.20 Rehabilitation Board must approve all expenditures from the account.

22.21 Sec. 33. Minnesota Statutes 2014, section 298.28, subdivision 11, is amended to read:

22.22 Subd. 11. **Remainder.** (a) The proceeds of the tax imposed by section 298.24 which  
22.23 remain after the distributions and payments in subdivisions 2 to 10a, as certified by the  
22.24 commissioner of revenue, and paragraphs (b), (c), and (d) have been made, together with  
22.25 interest earned on all money distributed under this section prior to distribution, shall  
22.26 be divided between the ~~taconite environmental protection~~ economic development fund  
22.27 created in section 298.223 and the Douglas J. Johnson economic protection trust fund  
22.28 created in section 298.292 as follows: Two-thirds to the ~~taconite environmental protection~~  
22.29 economic development fund and one-third to the Douglas J. Johnson economic protection  
22.30 trust fund. The proceeds shall be placed in the respective special accounts.

22.31 (b) There shall be distributed to each city, town, and county the amount that it  
22.32 received under section 294.26 in calendar year 1977; provided, however, that the amount  
22.33 distributed in 1981 to the unorganized territory number 2 of Lake County and the town

23.1 of Beaver Bay based on the between-terminal trackage of Erie Mining Company will be  
 23.2 distributed in 1982 and subsequent years to the unorganized territory number 2 of Lake  
 23.3 County and the towns of Beaver Bay and Stony River based on the miles of track of Erie  
 23.4 Mining Company in each taxing district.

23.5 (c) There shall be distributed to the Iron Range Resources and Rehabilitation Board  
 23.6 the amounts it received in 1977 under section 298.22. The amount distributed under this  
 23.7 paragraph shall be expended within or for the benefit of the ~~taconite assistance area~~ Iron  
 23.8 Range Resources and Rehabilitation service area defined in section 273.1341.

23.9 (d) There shall be distributed to each school district 62 percent of the amount that it  
 23.10 received under section 294.26 in calendar year 1977.

23.11 Sec. 34. Minnesota Statutes 2014, section 298.28, subdivision 15, is amended to read:

23.12 Subd. 15. **Distribution of delayed payments.** Notwithstanding any other provision  
 23.13 of this section or any other law, if payment of taxes collected under section 298.24 is  
 23.14 delayed past the due date because the taxpayer is a debtor in a pending bankruptcy  
 23.15 proceeding, the amount paid shall be distributed as follows when received:

23.16 (1) 50 percent to St. Louis County acting as the counties' fiscal agent, to be  
 23.17 distributed as provided in sections 273.134 to 273.136;

23.18 (2) 25 percent to the Douglas J. Johnson economic protection trust fund; and

23.19 (3) 25 percent to the ~~taconite environmental protection~~ economic development fund.

23.20 Sec. 35. Minnesota Statutes 2014, section 298.282, subdivision 1, is amended to read:

23.21 Subdivision 1. **Distribution of taconite municipal aid account.** The amount  
 23.22 deposited with the county as provided in section 298.28, subdivision 3, must be distributed  
 23.23 as provided by this section among: (1) the municipalities comprising a ~~taconite assistance~~  
 23.24 ~~area~~ Iron Range Resources and Rehabilitation service area under section 273.1341; (2)  
 23.25 a township that contains a state park consisting primarily of an underground iron ore  
 23.26 mine; and (3) a city located within five miles of that state park, each being referred to in  
 23.27 this section as a qualifying municipality.

23.28 Sec. 36. Minnesota Statutes 2014, section 298.292, subdivision 2, is amended to read:

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

23.31 (1) to provide loans, loan guarantees, interest buy-downs and other forms of  
 23.32 participation with private sources of financing, but a loan to a private enterprise shall be  
 23.33 for a principal amount not to exceed one-half of the cost of the project for which financing

24.1 is sought, and the rate of interest on a loan to a private enterprise shall be no less than the  
 24.2 lesser of eight percent or an interest rate three percentage points less than a full faith  
 24.3 and credit obligation of the United States government of comparable maturity, at the  
 24.4 time that the loan is approved;

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

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

24.11 ~~(4) (3) to invest in a venture capital fund or enterprise that will provide capital~~  
 24.12 ~~to other entities that are engaging in, or that will engage in, projects or programs that~~  
 24.13 ~~have the purposes set forth in subdivision 1. No investments may be made in a venture~~  
 24.14 ~~capital fund or enterprise unless at least two other unrelated investors make investments~~  
 24.15 ~~of at least \$500,000 in the venture capital fund or enterprise, and the investment by the~~  
 24.16 ~~Douglas J. Johnson economic protection trust fund may not exceed the amount of the~~  
 24.17 ~~largest investment by an unrelated investor in the venture capital fund or enterprise. For~~  
 24.18 ~~purposes of this subdivision, an "unrelated investor" is a person or entity that is not related~~  
 24.19 ~~to the entity in which the investment is made or to any individual who owns more than 40~~  
 24.20 ~~percent of the value of the entity, in any of the following relationships: spouse, parent,~~  
 24.21 ~~child, sibling, employee, or owner of an interest in the entity that exceeds ten percent of~~  
 24.22 ~~the value of all interests in it. For purposes of determining the limitations under this~~  
 24.23 ~~clause, the amount of investments made by an investor other than the Douglas J. Johnson~~  
 24.24 ~~economic protection trust fund is the sum of all investments made in the venture capital~~  
 24.25 ~~fund or enterprise during the period beginning one year before the date of the investment~~  
 24.26 ~~by the Douglas J. Johnson economic protection trust fund; and~~

24.27 ~~(5) (4) to purchase forest land in the taconite assistance area Iron Range Resources~~  
 24.28 ~~and Rehabilitation service area defined in section 273.1341 to be held and managed as~~  
 24.29 ~~a public trust for the benefit of the area for the purposes authorized in section 298.22,~~  
 24.30 ~~subdivision 5a. Property purchased under this section may be sold by the commissioner~~  
 24.31 ~~upon approval by the board. The net proceeds must be deposited in the trust fund for the~~  
 24.32 ~~purposes and uses of this section.~~

24.33 Money from the trust fund shall be expended only in or for the benefit of the taconite  
 24.34 assistance area Iron Range Resources and Rehabilitation service area defined in section  
 24.35 273.1341.



25.1 Sec. 37. Minnesota Statutes 2014, section 298.293, is amended to read:

25.2 **298.293 EXPENDING FUNDS.**

25.3 The funds provided by section 298.28, subdivision 11, relating to the Douglas J.  
 25.4 Johnson economic protection trust fund, ~~except money expended pursuant to Laws 1982,~~  
 25.5 ~~Second Special Session, chapter 2, sections 8 to 14, shall be expended only in an amount~~  
 25.6 ~~that does not exceed the sum of the net interest, dividends, and earnings arising from~~  
 25.7 ~~the investment of the trust for the preceding 12 calendar months from the date of the~~  
 25.8 ~~authorization plus, for fiscal year 1983, \$10,000,000 from the corpus of the fund. The~~  
 25.9 ~~funds may be spent only in or for the benefit of the taconite assistance area~~ Iron Range  
 25.10 Resources and Rehabilitation service area as defined in section 273.1341. If during any  
 25.11 year the taconite property tax account under sections 273.134 to 273.136 does not contain  
 25.12 sufficient funds to pay the property tax relief specified in Laws 1977, chapter 423, article  
 25.13 X, section 4, there is appropriated from this trust fund to the relief account sufficient funds  
 25.14 to pay the relief specified in Laws 1977, chapter 423, article X, section 4.

25.15 Sec. 38. Minnesota Statutes 2014, section 298.294, is amended to read:

25.16 **298.294 INVESTMENT OF FUND.**

25.17 (a) The trust fund established by section 298.292 shall be invested pursuant to law  
 25.18 by the State Board of Investment and the net interest, dividends, and other earnings arising  
 25.19 from the investments shall be transferred, except as provided in paragraph (b), on the first  
 25.20 day of each month to the trust and shall be included and become part of the trust fund.  
 25.21 The amounts transferred, including the interest, dividends, and other earnings earned  
 25.22 prior to July 13, 1982, together with the additional amount of \$10,000,000 for fiscal year  
 25.23 1983, which is appropriated April 21, 1983, are appropriated from the trust fund to the  
 25.24 commissioner of Iron Range resources and rehabilitation for deposit in a separate account  
 25.25 for expenditure for the purposes set forth in section 298.292. Amounts appropriated  
 25.26 pursuant to this section shall not cancel but shall remain available unless expended.

25.27 (b) For fiscal years 2010 and 2011 only, \$1,500,000 of the net interest, dividends,  
 25.28 and other earnings under paragraph (a) shall be transferred to a special account. Funds in  
 25.29 the special account are available for loans or grants to businesses, with priority given to  
 25.30 businesses with 25 or fewer employees. Funds may be used for wage subsidies for up to  
 25.31 52 weeks of up to \$5 per hour or other activities, including, but not limited to, short-term  
 25.32 operating expenses and purchase of equipment and materials by businesses under financial  
 25.33 duress, that will create additional jobs in the ~~taconite assistance area~~ Iron Range Resources  
 25.34 and Rehabilitation service area under section 273.1341. Expenditures from the special  
 25.35 account must be approved by the board.

26.1 (c) To qualify for a grant or loan, a business must be currently operating and have  
 26.2 been operating for one year immediately prior to its application for a loan or grant, and  
 26.3 its corporate headquarters must be located in the ~~taconite assistance area~~ Iron Range  
 26.4 Resources and Rehabilitation service area.

26.5 Sec. 39. Minnesota Statutes 2014, section 298.296, subdivision 2, is amended to read:

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

26.15 (b) Additionally, upon recommendation by the board, up to \$13,000,000 from the  
 26.16 corpus of the trust may be made available for use as provided in subdivision 4, and up to  
 26.17 \$10,000,000 from the corpus of the trust may be made available for use as provided in  
 26.18 section 298.2961.

26.19 (c) Additionally, an amount equal to 20 percent of the value of the corpus of the trust  
 26.20 on May 18, 2002, not including the funds authorized in paragraph (b), plus the amounts  
 26.21 made available under section 298.28, subdivision 4, and Laws 2002, chapter 377, article  
 26.22 8, section 17, may be expended on projects. Funds may be expended for projects under  
 26.23 this paragraph only if the project:

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

26.26 (2) is approved by two-thirds of all of the members of the board.

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

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

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

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

27.5 (g) Additionally, notwithstanding section 298.293, upon the approval of the board,  
27.6 money from the corpus of the trust may be expanded to purchase forest lands within the  
27.7 ~~taconite assistance area~~ Iron Range Resources and Rehabilitation service area as provided  
27.8 in sections 298.22, subdivision 5a, and 298.292, subdivision 2, clause (5).

27.9 Sec. 40. Minnesota Statutes 2014, section 298.2961, subdivision 3, is amended to read:

27.10 Subd. 3. **Redistribution.** (a) If a taconite production facility is sold after operations  
27.11 at the facility had ceased, any money remaining in the taconite environmental fund for the  
27.12 former producer may be released to the purchaser of the facility on the terms otherwise  
27.13 applicable to the former producer under this section.

27.14 (b) Any portion of the taconite environmental fund that is not released by the  
27.15 commissioner within three years of its deposit in the taconite environmental fund shall  
27.16 be divided between the taconite ~~environmental protection~~ economic development fund  
27.17 created in section 298.223 and the Douglas J. Johnson economic protection trust fund  
27.18 created in section 298.292 for placement in their respective special accounts. Two-thirds of  
27.19 the unreleased funds must be distributed to the taconite ~~environmental protection~~ economic  
27.20 development fund and one-third to the Douglas J. Johnson economic protection trust fund.

27.21 Sec. 41. **REPEALER.**

27.22 Minnesota Statutes 2014, section 298.298, is repealed.

APPENDIX  
Repealed Minnesota Statutes: 15-3114

**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.