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### Overview

This bill responds to issues and potential constitutional problems identified by the Office of the Legislative Auditor's 2016 report on the Iron Range Resources and Rehabilitation Board. Primarily, this bill replaces the current board – consisting of legislators working in the executive branch and holding approval authority – with a legislative branch advisory commission made up of legislators representing the Iron Range (Section 26). All Iron Range resources and rehabilitation spending is also standardized into a single annual budget process where the commissioner must consult with the commission and get the governor's approval before spending the funds authorized by the budget (Sections 25 and 34). Supplemental budgets following this same process are allowed whenever necessary to respond to unanticipated needs. Additionally, annual budget reports must be made through the Minnesota Management and Budget system, along with annual reports of spending and immediate reports of any loan or grant over \$1 million to the legislative committees with primary jurisdiction (Sections 34 and 37). Finally, long-term strategic planning, careful tracking of grants and loans, and consistent evaluation of projects against set criteria are required (Sections 27, 28, and 35).

#### Section

- 1 **Definitions.** Conforming change, “board” becomes “department.”
- 2 **Exclusions.** Conforming changes, “board” becomes “department” and “commissioner.”
- 3 **Departments of the State.** Adds the Department of Iron Range Resources and Rehabilitation to the list of state agencies.

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- 4 **Department of Iron Range Resources and Rehabilitation.** Allows the commissioner, after consulting the commission, to purchase insurance for facilities.
- 5 **Group II salary limits.** Conforming change, “board” removed from title of commissioner.
- 6 **Executive branch.** Conforming change, “board” becomes “department.”
- 7 **Advisory council created.** Conforming change, “board” becomes “commissioner.”
- 8 **Definitions.** Conforming change, “department” added to name of agency.
- 9 **Use of fund.** Technical change to correct the name of the tax relief area.
- 10 **Iron Range Resources and Rehabilitation Board contribution.** Applies the standard budget process (proposal by commissioner, consultation with commission, approval by governor) to matching loans or investments from the Minnesota 21st century fund.
- 11 **Subsidy agreement.** Conforming change, “board” becomes “department.”
- 12 **Public notice and hearing.** Conforming changes, “board” becomes “commissioner.”
- 13 **Reports by recipients to grantors.** Conforming changes, “board” becomes “commissioner.”
- 14 **Definitions.** Conforming change, “board” becomes “commissioner.”
- 15 **Definition.** Conforming change, “board” removed from title of commissioner.
- 16 **Municipality.** Requires the commissioner to consult the commission before jointly determining with the commissioner of revenue which municipalities can participate in the tax base sharing program.
- 17 **School fund allocation.** Requires the commissioner to consult the commission before certifying the areawide levy or that there are insufficient funds to make payments.
- 18 **Certification of values; payment.** Conforming change, “board” becomes “commissioner.”
- 19 **Development.** Requires the commissioner to consult the commission before assisting a county in development of forest resources.
- 20 **Not to affect commissioner of Iron Range resources and rehabilitation.** Technical change to correct the name of the department.
- 21 **Commissioner.** Defines “commissioner” as the commissioner of Iron Range resources and rehabilitation for the relevant statutory sections.
- 22 **Commission.** Defines “commission” as the new Legislative Commission on Iron Range Resources and Rehabilitation for the relevant statutory sections.
- 23 **Within taconite assistance area.** Conforming change, “board” becomes “commissioner.”
- 24 **Occupation taxes to be apportioned.** Conforming changes, “board” becomes “commissioner” and is removed from the name of the account.
- 25 **Department of Iron Range Resources and Rehabilitation.** Requires the standard budget process for all transfers and expenditures from the following funds and accounts:
- ▶ the taconite area environmental protection fund;
  - ▶ the Douglas J. Johnson economic protection trust fund;

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- ▶ the Iron Range resources and rehabilitation account in the special revenue fund;
- ▶ the Iron Range schools consolidation and cooperatively operated schools account;
- ▶ the Minnesota 21st century fund (match purposes); and
- ▶ the Iron Range higher education account.

Provides a list of items exempted from the standard budget process, including issues related to bond and debt obligations, expenses related to binding contracts, and formula driven allocations of taxes certified by the commissioner of revenue to cities, counties, school districts, towns, the taconite economic development fund, and for property tax relief. Deletes obsolete language about arbitrator awards.

- 26** **Legislative Commission on Iron Range Resources and Rehabilitation.** Replaces the current board with a new legislative commission consisting of the same nine legislator members as the current board. The members of the commission will elect a chair who will convene meetings as often as necessary to conduct the business of the commission, but at least quarterly.
- 27** **Evaluation of proposed budgets and projects.** Sets forth factors the commission must use in evaluating budget proposals.
- 28** **Strategic plan required.** Directs the commissioner, in consultation with the commission, to adopt a six-year strategic plan. Requires the plan to be reviewed every two years.
- 29** **Administrative and staff assistance.** Specifies that the Legislative Coordinating Commission will provide administrative and staff support to the commission, but that the commissioner will provide additional information and research assistance when requested.
- 30** **Expenses of the commission.** Requires that all expenses of the commission be paid from Iron Range resources and rehabilitation funds or money otherwise made available by law to the commissioner.
- 31** **Forest trust.** Authorizes the commissioner, after consulting the commission, to buy and sell forest lands if any required funds are approved through the standard budget process. Money from such sales goes into a special account also subject to the standard budget process.
- 32** **Private entity participation.** Authorizes the commissioner, after consultation with the commission, to decide whether the fund will take an equity interest in exchange for money approved through the standard budget process and can set up and manage entities associated with the project.
- 33** **Sale or privatization of functions.** Forbids the commissioner to sell or privatize the Ironworld Discovery Center or Giants Ridge without first consulting the commission.
- 34** **Budgeting.** Codifies the standard budget process (proposal by commissioner, consultation with commission, approval by governor), both for the required annual budget and any supplemental budgets necessary to respond to unanticipated needs. Requires annual budget reports through the Minnesota Management and Budget system.
- 35** **Grants and loans; requirements.** Sets forth criteria the commissioner must consider in evaluating potential grants and loans, recommends including job creation incentives in agreements with recipients, and requires tracking awards and outcomes more closely.

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- 36 Expenditures; taconite assistance area.** Requires all Iron Range resources and rehabilitation funds to be spent to benefit the taconite assistance area.
- 37 Reports to the legislature.** Requires submission of annual expenditure reports and immediate reports of grants and loans over \$1 million to the legislative committees with jurisdiction.
- 38 Receipts from contracts; appropriation.** Conforming changes, “board” removed from name of account, in other places becomes “commissioner” or “commission,” requirement of board approval deleted.
- 39 Project approval.** Applies the standard budget process to spending by the commissioner generally.
- 40 Fee setting.** Conforming change, “board” becomes “commissioner.”
- 41 Investment of Funds.** Conforming change, “board” removed from name of account.
- 42 Iron Range Higher Education Committee; membership.** Conforming change, “board” becomes “commission.”
- 43 Taconite Area Environmental Protection Fund.** Applies the standard budget process to spending from the taconite area environmental protection fund. Deletes the requirement that half of the funds be spent on public works projects.
- 44 Taconite Economic Development Fund.** Applies the standard budget process to spending from the taconite economic development fund. Deletes language that will become obsolete on May 26, 2017. Removes language about special funding allowances tied to production in 2007.
- 45 Collection and payment of tax.** Conforming changes, “board” becomes “commissioner,” ambiguity about which commissioner resolved.
- 46 Iron Range resources and rehabilitation account.** Applies the standard budget process to spending from the Iron Range resources and rehabilitation account.
- 47 Iron Range school consolidation and cooperatively operated school account.** Applies the standard budget process to spending from the Iron Range school consolidation and cooperatively operated school account.
- 48 Distribution; city of Eveleth.** Conforming change, “board” becomes “commissioner.”
- 49 Iron Range higher education account.** Allocates funds directly to the Iron Range higher education account. Applies the standard budget process to spending from the Iron Range higher education account. Approval from the Iron Range Higher Education committee is also still required.
- 50 Remainder.** Technical changes to correct statutory references and conforming change of “board” to “account.”
- 51 Use of money.** Requires consultation with the commission in order to buy or sell forest land, as in section 31 above.

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- 52 Operation of fund.** Applies the standard budget process to spending from the Douglas J. Johnson economic protection trust fund.
- 53 Producer grants.** Applies the standard budget process to spending from the special producer grant account.
- 54 Advisory committees.** Conforming changes, “board” becomes “commission,” and board’s action replaced with commission’s recommendation.
- 55 Unmined iron ore; valuation petition.** Requires consultation with commission before commissioner grants authority to petition.
- 56 Payment of costs; reimbursement.** Conforming changes, “board” becomes “commissioner.”
- 57 Refusal to reimburse; reduction of other payments.** Conforming change, “board” becomes “commissioner.”
- 58 Water access sites.** Conforming change, “board” becomes “commissioner.”
- 59 Local government unit.** Technical change to correct the name of the department.
- 60 Preliminary resolution.** Technical change, rewritten for clarity, “board” removed from title.
- 61 Giants Ridge Recreation Area Taxing Authority.** Conforming changes, for future decisions about the tax only (current language describing the process in the past remains in place), the commissioner acts after consultation with the commission rather than approval by the board.
- 62 Revisor’s instruction.** Instructs the revisor to prepare legislation that makes conforming changes in accordance with this act.
- 63 Repealer.** Repeals sections that:
- (1) gave special funding priority to areas affected by the LTV Steel Mining Company closure in 2000 and 2001;
  - (2) created the Northeast Minnesota economic development fund in 1987; this fund has been empty and unused for many years; and
  - (3) required a long-range plan for the board to be presented to the legislature by 2006.