

**File Number:** H.F. 1643  
**Version:** As introduced

**Date:** February 23, 2017

**Authors:** Layman

**Subject:** Reform of the Iron Range Resources and Rehabilitation Board

**Analyst:** Anna Scholin

This publication can be made available in alternative formats upon request. Please call 651-296-6753 (voice); or the Minnesota State Relay Service at 1-800-627-3529 (TTY) for assistance. Summaries are also available on our website at: [www.house.mn/hrd/](http://www.house.mn/hrd/).

### 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 both legislators and citizens from the Iron Range. (Section 5.) 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 4 and 14.) 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 14 and 17.) Finally, long-term strategic planning, careful tracking of grants and loans, and consistent evaluation of projects against set criteria are required. (Sections 6, 7, and 15.)

#### Section

- 1 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.

## Section

- 2**        **Commissioner.** Defines “commissioner” as the commissioner of Iron Range resources and rehabilitation for the relevant statutory sections.
- 3**        **Commission.** Defines “commission” as the new Iron Range Resources and Rehabilitation Legislative-Citizen Commission for the relevant statutory sections.
- 4**        **The Office of the Commissioner 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;
  - 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.
- 5**        **Iron Range Resources and Rehabilitation Legislative-Citizen Commission.** Replaces the current board with a new Legislative-Citizen Commission consisting of: (1) the same nine legislator members as the current board, plus (2) the executive director of the Range Association of Municipalities and Schools, who is an ex officio, non-voting member, and (3) nine citizens appointed by the governor. These citizens must live in the taconite assistance area (with no more than three from any one county), have appropriate expertise, and not be elected officials, former legislators, or the spouses of current or former legislators. Citizen members have four-year terms and are limited to two terms. The commission must meet at least quarterly to review the actions of the commissioner.
- 6**        **Evaluation of proposed budgets and projects.** Sets forth factors the commission must use in evaluating budget proposals.
- 7**        **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.
- 8**        **Public meetings and data practices.** Requires the commission to comply with public meeting and data practices laws.
- 9**        **Administrative and staff support.** Specifies that the commissioner will provide administrative and staff support for the commission.
- 10**       **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.

## Section

- 11 **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.
- 12 **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.
- 13 **Sale or privatization of functions.** Forbids the commissioner to sell or privatize the Ironworld Discovery Center or Giants Ridge without first consulting the commission.
- 14 **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.
- 15 **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.
- 16 **Expenditures; taconite assistance area.** Requires all Iron Range resources and rehabilitation funds to be spent to benefit the taconite assistance area.
- 17 **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.
- 18 **Project approval.** Applies the standard budget process to spending by the commissioner generally.
- 19 **Fee setting.** Conforming change, "board" becomes "commissioner."
- 20 **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.
- 21 **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.
- 22 **Iron Range resources and rehabilitation account.** Applies the standard budget process to spending from the Iron Range resources and rehabilitation account.
- 23 **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.
- 24 **Distribution; city of Eveleth.** Conforming change, "board" becomes "commissioner."
- 25 **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

**Section**

higher education account. Approval from the Iron Range Higher Education Committee is also still required.

- 26**      **Remainder.** Technical change to correct statutory references and conforming change of “board” to “account.”
- 27**      **Use of money.** Requires consultation with the commission in order to buy or sell forest land, as in section 11 above.
- 28**      **Operation of Fund.** Applies the standard budget process to spending from the Douglas J. Johnson economic protection trust fund.
- 29**      **Producer Grants.** Applies the standard budget process to spending from the special producer grant account.
- 30**      **Advisory Committees.** Conforming change, “board” becomes “commission,” and board’s action replaced with commission’s recommendation.
- 31**      **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.