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State of Minnesota
HOUSE OF REPRESENTATIVES

EIGHTY-FIFTH
SESSION

HOUSE FILE No. **1366**

February 26, 2007

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The bill was read for the first time and referred to the Committee on Finance

1.1 A bill for an act
1.2 relating to economic development; authorizing the purchase of forest land by
1.3 the IRRRB using the Douglas J. Johnson economic trust fund; establishing the
1.4 Iron Range Miners' Memorial Forest; allowing transfer of money; amending
1.5 Minnesota Statutes 2006, sections 298.22, by adding a subdivision; 298.292,
1.6 subdivision 2.

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

1.8 Section 1. Minnesota Statutes 2006, section 298.22, is amended by adding a
1.9 subdivision to read:

1.10 Subd. 5a. **Forest trust.** The board may purchase forest lands in the taconite
1.11 assistance area under section 273.1341 with funds specifically authorized for the purchase.
1.12 All of these forest lands must be held in trust for the benefit of the citizens of the area as
1.13 the Iron Range Miners' Memorial Forest. The board may use the forest trust lands for
1.14 recreation and economic uses. The board must deposit the proceeds from the sale of
1.15 timber or removal of gravel or other minerals from these forest lands into an Iron Range
1.16 Miners' Memorial Forest account established by the board. By majority vote of the board,
1.17 up to \$..... of the amount in the Iron Range Miners' Memorial Forest account may be
1.18 transferred into the Douglas J. Johnson economic protection trust fund under sections
1.19 298.291 to 298.294.

1.20 Sec. 2. Minnesota Statutes 2006, section 298.292, subdivision 2, is amended to read:

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

1.23 (1) to provide loans, loan guarantees, interest buy-downs and other forms of
1.24 participation with private sources of financing, but a loan to a private enterprise shall be

2.1 for a principal amount not to exceed one-half of the cost of the project for which financing
 2.2 is sought, and the rate of interest on a loan to a private enterprise shall be no less than the
 2.3 lesser of eight percent or an interest rate three percentage points less than a full faith
 2.4 and credit obligation of the United States government of comparable maturity, at the
 2.5 time that the loan is approved;

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

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

2.12 (4) to invest in a venture capital fund or enterprise that will provide capital to other
 2.13 entities that are engaging in, or that will engage in, projects or programs that have the
 2.14 purposes set forth in subdivision 1. No investments may be made in a venture capital fund
 2.15 or enterprise unless at least two other unrelated investors make investments of at least
 2.16 \$500,000 in the venture capital fund or enterprise, and the investment by the Douglas
 2.17 J. Johnson economic protection trust fund may not exceed the amount of the largest
 2.18 investment by an unrelated investor in the venture capital fund or enterprise. For purposes
 2.19 of this subdivision, an "unrelated investor" is a person or entity that is not related to
 2.20 the entity in which the investment is made or to any individual who owns more than 40
 2.21 percent of the value of the entity, in any of the following relationships: spouse, parent,
 2.22 child, sibling, employee, or owner of an interest in the entity that exceeds ten percent of
 2.23 the value of all interests in it. For purposes of determining the limitations under this
 2.24 clause, the amount of investments made by an investor other than the Douglas J. Johnson
 2.25 economic protection trust fund is the sum of all investments made in the venture capital
 2.26 fund or enterprise during the period beginning one year before the date of the investment
 2.27 by the Douglas J. Johnson economic protection trust fund; and

2.28 (5) to purchase forest land in the taconite assistance area under section 273.1341 to
 2.29 be held as a public trust for the benefit of the area for recreational uses and for economic
 2.30 purposes, including timber sales and gravel removal.

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

2.33 **Sec. 3. IRON RANGE MEMORIAL FOREST.**

2.34 Notwithstanding Minnesota Statutes, section 298.293, the Iron Range Resources
 2.35 and Rehabilitation Board under Minnesota Statutes, section 298.22, may expend funds

3.1 from the principal of the Douglas J. Johnson economic protection trust fund under
3.2 Minnesota Statutes, sections 298.291 to 298.294, to purchase forest lands from the Potlach
3.3 Corporation. All forest lands purchased under this section must be held in trust for the
3.4 benefit of the citizens of the taconite assistance area under Minnesota Statutes, section
3.5 273.1341, as the Iron Range Miners' Memorial Forest for the benefit of the area as
3.6 provided under section 1.

3.7 **Sec. 4. EFFECTIVE DATE.**

3.8 Sections 1 to 3 are effective the day following final enactment.