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State of Minnesota
HOUSE OF REPRESENTATIVES

EIGHTY-SIXTH
SESSION

HOUSE FILE No. **3448**

March 8, 2010

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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 higher education; establishing a pilot project for the local deposit of
1.3 certain reserves.

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

1.5 Section 1. **PILOT PROJECT; LOCAL DEPOSIT OF RESERVES OF**
1.6 **MINNESOTA STATE COLLEGES AND UNIVERSITIES.**

1.7 Subdivision 1. Establishment. To increase the distribution of potential economic
1.8 benefit of deposits of reserve funds of the institutions of the Minnesota State Colleges and
1.9 Universities, a pilot project is established to transfer certain reserve deposits of selected
1.10 institutions from the state treasury to a community financial institution. Notwithstanding
1.11 Minnesota Statutes, section 16A.27, on July 1, 2010, the commissioner of management
1.12 and budget shall transfer the reserve funds of colleges and universities selected by the
1.13 board of trustees under subdivision 2, to a community financial institution designated for
1.14 each of the participating colleges and universities.

1.15 Subd. 2. Participating colleges and universities. By June 11, 2010, colleges and
1.16 universities must apply to the Board of Trustees of the Minnesota State Colleges and
1.17 Universities for participation in the pilot project. Each applicant must designate one or
1.18 more community financial institutions for the deposit of reserves, with the terms of the
1.19 deposit for each designated community financial institution. The designated community
1.20 financial institution must be located within 25 miles of a participating campus. From the
1.21 applicants, the board shall select four to eight postsecondary institutions to participate in
1.22 the local deposit pilot project. In making its selection, the board must consider the size
1.23 of the institution's reserves and the terms offered by the designated community financial

2.1 institutions. Two-year and four-year institutions must be selected to participate in the pilot
2.2 project and the majority of the selected institutions must be located in greater Minnesota.

2.3 By June 25, 2010, the board must notify the commissioner of management and
2.4 budget of the participating colleges and universities and the associated community
2.5 financial institutions.

2.6 Subd. 3. **Community financial institution.** As used in this section, "community
2.7 financial institution" means a federally insured bank or credit union, chartered as a bank
2.8 or credit union by the state of Minnesota or the United States, that is headquartered in
2.9 Minnesota.

2.10 Subd. 4. **Evaluation and report.** The commissioner of management and budget
2.11 and the board of trustees shall independently evaluate the effectiveness of the local deposit
2.12 pilot project in increasing the use of community financial institutions and providing wider
2.13 distribution of the economic benefit of the deposit of postsecondary reserves. Each
2.14 evaluation must include the participating colleges, universities, and community financial
2.15 institutions. The commissioner and the board shall report the results of the pilot project
2.16 evaluation to the appropriate committees of the legislature by December 1, 2011, with
2.17 recommendations on the future implementation of the pilot project.