

**SENATE
STATE OF MINNESOTA
NINETIETH SESSION**

S.F. No. 2915

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DATE
03/05/2018

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OFFICIAL STATUS
Introduction and first reading
Referred to Jobs and Economic Growth Finance and Policy

1.1 A bill for an act
1.2 relating to economic development; limiting use of funds in the Douglas J. Johnson
1.3 economic protection trust fund; amending Minnesota Statutes 2017 Supplement,
1.4 section 298.292, subdivision 2.

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

1.6 Section 1. Minnesota Statutes 2017 Supplement, section 298.292, subdivision 2, is amended
1.7 to read:

1.8 Subd. 2. **Use of money.** (a) Money in the Douglas J. Johnson economic protection trust
1.9 fund may be used for the following purposes:

1.10 (1) to provide loans, loan guarantees, interest buy-downs and other forms of participation
1.11 with private sources of financing, but a loan to a private enterprise shall be for a principal
1.12 amount not to exceed one-half of the cost of the project for which financing is sought, and
1.13 the rate of interest on a loan to a private enterprise shall be no less than the lesser of eight
1.14 percent or an interest rate three percentage points less than a full faith and credit obligation
1.15 of the United States government of comparable maturity, at the time that the loan is approved;

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

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

1.22 (4) to invest in a venture capital fund or enterprise that will provide capital to other
1.23 entities that are engaging in, or that will engage in, projects or programs that have the

2.1 purposes set forth in subdivision 1. No investments may be made in a venture capital fund
2.2 or enterprise unless at least two other unrelated investors make investments of at least
2.3 \$500,000 in the venture capital fund or enterprise, and the investment by the Douglas J.
2.4 Johnson economic protection trust fund may not exceed the amount of the largest investment
2.5 by an unrelated investor in the venture capital fund or enterprise. For purposes of this
2.6 subdivision, an "unrelated investor" is a person or entity that is not related to the entity in
2.7 which the investment is made or to any individual who owns more than 40 percent of the
2.8 value of the entity, in any of the following relationships: spouse, parent, child, sibling,
2.9 employee, or owner of an interest in the entity that exceeds ten percent of the value of all
2.10 interests in it. For purposes of determining the limitations under this clause, the amount of
2.11 investments made by an investor other than the Douglas J. Johnson economic protection
2.12 trust fund is the sum of all investments made in the venture capital fund or enterprise during
2.13 the period beginning one year before the date of the investment by the Douglas J. Johnson
2.14 economic protection trust fund; and

2.15 (5) to purchase forest land in the taconite assistance area defined in section 273.1341 to
2.16 be held and managed as a public trust for the benefit of the area for the purposes authorized
2.17 in section 298.22, subdivision 5a. Property purchased under this section may be sold by the
2.18 commissioner, after consultation with the advisory board. The net proceeds must be deposited
2.19 in the trust fund for the purposes and uses of this section.

2.20 (b) Money from the trust fund shall be expended only in or for the benefit of the taconite
2.21 assistance area defined in section 273.1341.

2.22 (c) Money devoted to the trust fund under this section shall not be expended, appropriated,
2.23 or transferred from the trust fund for any purpose except as provided in this section.