



Department of Natural Resources Fact Sheet



MINERALS MANAGEMENT FEE

HF 1133/ SF 1088

Summary

The DNR proposal is to shift the cost for mineral management from the General Fund to the funds that currently benefit from the revenue. The Permanent School Fund, the University Fund, and any DNR accounts that receive mineral revenues will be charged for mineral management. This along with the mineral revenue that is currently paid into the General Fund for the management of minerals mined from tax-forfeited and a portion from consolidated conservation lands, will be paid into a new Mineral Management Account within the Natural Resources Fund. The proposal is to annually collect 20% of the mineral revenue generated to pay for mineral management. This amount has been selected because it equals the amount collected by the state since 1945 for the management of tax-forfeited minerals.

The proposed DNR Mineral Management Account will work as follows:

- 1) Each fiscal year (starting in FY 2006) the account will receive 20% of the mineral revenues generated from mining on state-owned lands;
- 2) Money from the fund would be appropriated for two purposes:
 - To pay for mineral management (\$1.526 million during each of FY 2006 and FY 2007); and
 - To conduct activities to enhance mineral income generating potential (\$420,000 per year);
- 3) Any remaining money (which is expected to vary from year to year, but is estimated to start at \$1,166,000 the first year) would be carried forward to cover shortfalls if mineral income drops from current levels (this amount is proposed to be capped as described below); and
- 4) Because mining is a cyclic activity, with good and bad years, money not spent in one year would be used to bridge any periods of reduced income.

The DNR is proposing that the account balance be capped at \$3.0 million (about two years worth of

mineral management costs). Any excess above that amount would be paid to the Permanent School and Permanent University Funds.

The spreadsheet on the back of this fact sheet depicts how the Mineral Management Account would function based on forecasts of mineral income over the next few years.

It is needed because

The DNR has fiduciary responsibilities established by the Minnesota Constitution that require the DNR to manage state-owned minerals for a number of funds. The cost of mineral management has been borne by the General Fund for years. This proposal to shift the payment for mineral management to the funds that actually benefit from mineral revenue would stabilize the source of management funding and ensure that essential activities will continue in a manner unaffected by economic fluctuations that have recently adversely impacted the General Fund.

Financial implications (if appropriate)

This bill will result in a continuation of mineral management activities at current levels (\$1,526,000 during each of the next two fiscal years). It will also make \$420,000 available to invest in activities designed to enhance future mineral income.

Background

The DNR currently manages mineral rights on about 12 million acres of land. In its capacity as mineral manager the DNR performs a number of tasks including:

- Collecting and maintaining geologic data and samples;
- Inspecting exploratory drill sites;
- Conducting mineral lease sales;
- Negotiating mineral leases and preparing lease documents and other legal contracts;
- Ensuring lease compliance through legal and financial administration and inspections;

- Cooperatively working with industry to identify cost effective technologies;
- Identifying environmentally acceptable practices to ensure that mine areas continue to have utility and value when mining ceases; and
- Providing technical advice on new mining proposals when state funds are used.

The DNR has an annual budget of about \$1.5 million for mineral management. As a result of this investment, mineral income for 2004 was \$10.9 million (see the chart below for additional years' revenues).

With only a few exceptions, the DNR's mineral management program has been funded with appropriations from the General Fund. Those

exceptions occurred during periods in the 1990s when the General Fund was experiencing deficits and the Legislature determined that mineral management activities were essential for the continuation of mineral revenue generation.

For further information contact:

William C. Brice, Director
 DNR Division of Lands and Minerals
 (651) 296-9553
 william.brice@dnr.state.mn.us

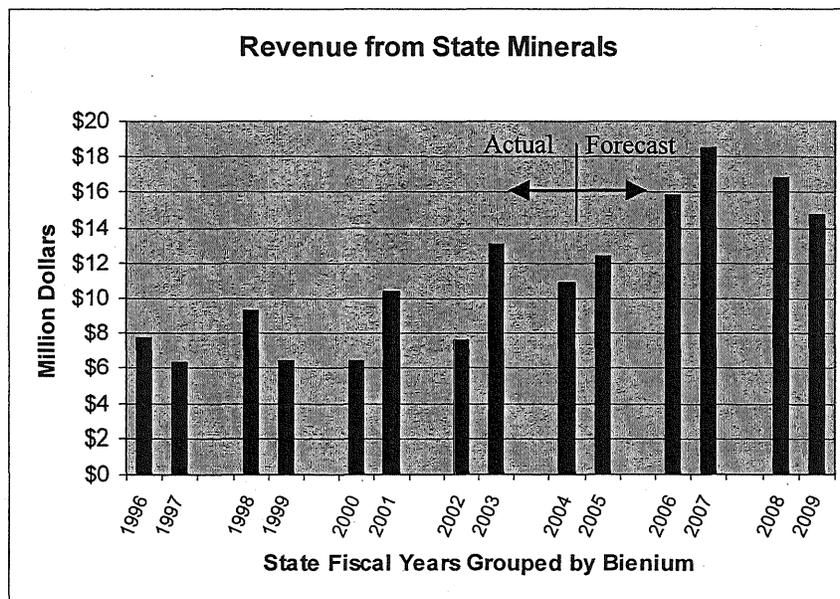
Marty Vadis, Assistant Director
 DNR Division of Lands and Minerals
 (218) 262-6767
 marty.vadis@dnr.state.mn.us

January 25, 2005

Spreadsheet Demonstrating How the Mineral Management Account is Intended to Operate

	(in '000s)			
Mineral Management Account	FY 2006	FY 2007	FY 2008	FY 2009
Balance Start of Year		\$1,166	\$2,864	\$3,000
Receipts (20% of Total Mineral Revenue)	\$3,112	\$3,644	\$3,299	\$2,899
Expenditures for Management	\$1,526	\$1,526	\$1,946	\$1,946
Expenditures for Enhancement	\$420	\$420		
Return to School and University Funds**			(\$1,217)	(\$953)
Year End Balance	\$1,166	\$2,864	\$3,000	\$3,000

** These funds would be in addition to the 80% of mineral revenue that is already going into the Permanent School and Permanent University Funds



Proposed Mineral Management Account

(Values Reported in Thousands)

Projections of Mineral Revenue Collected

Fiscal Year Forecasts Account	2006	2007	2008	2009
School Trust	9,204	10,715	9,797	7,197
University Trust	5,671	6,946	6,300	6,900
Tax-Forfeited*	655	529	363	363
Other Lands**	28	28	28	28
Total Revenue	15,558	18,218	16,488	14,488

* Amount Collected For Tax-Forfeited Lands (80% to Counties & 20% to General Fund)

** Amount Collected For Volstead and Con-Con Lands (50% to Counties & 50% to General Fund)

Proposed Mineral Management Account Activity

Fiscal Year Account	2006	2007	2008	2009
Balance Start of Year	0	1,166	2,864	3,000
Receipts = 20% of Total Revenue*	3,112	3,644	3,299	2,899
Expenditures - Management	1,526	1,526	1,946	1,946
Expenditures - Enhancement	420	420	n/a	n/a
Return to School and University Funds**	0	0	-1,217	-953
Year End Balance	1,166	2,864	3,000	3,000

* For Tax-Forfeited, Con-Con and Volstead Lands, Mineral Management Account Receipts Come Only from General Fund

** When the Account Balance exceeds \$3 million at end of Fiscal Year, Excess is Paid to the School & University Funds

Impact on School and University Funds

Fiscal Year Account		2006	2007	2008	2009
School Trust Fund	Current Revenue*	9,204	10,715	9,797	7,197
	Management Fee	1,841	2,143	1,219	953
	New Revenue**	7,363	8,572	8,578	6,244
University Trust Fund	Current Revenue*	5,671	6,946	6,300	6,900
	Management Fee	1,134	1,389	784	914
	New Revenue**	4,537	5,557	5,516	5,986

* Revenues are projected and Mineral Management is Paid by General Fund

** Revenues are projected and Mineral Management is Paid by All Funds Receiving Mineral Revenue

MINERAL MANAGEMENT INITIATIVE

The Mineral Management Account proposal contains \$420,000 for improved Mineral Management. The following projects are directed at maintaining current royalty revenue or increasing royalty revenue in existing mining areas or in new areas.

Drill Core Analysis \$100,000

The purpose of the project is to market and lease state-owned metallic minerals. The tasks are to collect and compile information and develop new materials that support the marketing mineral properties. The product would be a summary of new assay data developed from drill cores available in the DNR core repository. This new information would be used to market the resources for industry evaluation, investment, and development. The objective would be to identify new zones of mineralization, such as kimberlite dikes, and new zones of alteration. Some drilling of new core may also occur. The materials developed would include:

- Location maps
- New geologic drill logs to support the selection of samples for analysis
- New drill core chemical and mineralogical analyses pertinent to ore deposits
- Summary of available resource inventory data relevant to further exploration or evaluation, including site-specific geophysical surveys related to the drill core
- Photographs of selected features in the drill core
- Development of cross section diagrams and other graphics that depict new information

The model for this work is the discovery of the Birch Lake copper-nickel-PGE deposit by a DNR geologist who recognized chromite and sulfides in a drill core. Subsequently, the core was assayed and platinum-palladium values were identified. Private investment followed.

Land and Mineral Title Research \$75,000

The state owns large acreages of mineral rights for which there are poor ownership records. Companies and the DNR need to know the mineral owners for exploration to occur. Mineral ownership title work will be completed on 25,000 to 35,000 acres. The ownership identification would increase the acreage of state mineral rights available for leasing and ensure that the state's ownership interests are properly identified. Research will be focused on priority areas on the Mesabi Range and on other areas of the state that have non-ferrous metallic mineral potential.

Mineral Lease Property Portfolio \$50,000

Development of mineral portfolios will aide in leasing and development of state-owned mineral deposits. The tasks are to compile information and develop materials that support marketing state mineral properties that have potential for near-term development. Property portfolios will be compiled from existing and new data. They will contain geology, drilling, deposit evaluation, ownership, access and infrastructure data. A similar prospectus was prepared for the LTV taconite site after the company's bankruptcy. Today, several redevelopment proposals are being considered at the site and a new stone business has been started. The goal would be to develop several portfolios each biennium.

Permitting and Environmental Review \$65,000

Numerous projects that involve state-owned mineral rights have recently been proposed and are in various stages of permitting. Examples include Minnesota Steel Industries taconite mine and new plant facility near Nashwauk, Ispat Inland's proposed new taconite mine near McKinley, an exploration shaft development near Babbitt, the Mesabi Nugget project at the former LTV mine, and Minntac's tailings basin permitting. By expediting permitting and environmental review the state would experience additional economic development of its mineral resources.

Control of Mercury in Taconite Mining \$75,000

Approximately two thirds of the lakes and rivers in Minnesota that are listed as impaired, are due to high concentrations of mercury in fish. High mercury results from increased atmospheric deposition of the element. Minnesota has joined national and international efforts to reduce mercury emissions and limit statewide emissions by 93%, (from 11,272 lbs/year in 1990 to 785 lbs/year in 2010). In order for Minnesota to reach its emission goal, significant reduction in mercury emitted by taconite processing will be needed, as this industry alone emits approximately 750 lbs/yr.

Mercury in taconite stack emissions is a range-wide problem best studied in a coordinated effort involving public and private industry scientists and engineers with special expertise in the field. In cooperation with the industry, US Environmental Protection Agency, and the PCA, the DNR has been actively studying mercury emissions and control options for the taconite plants. Additional funds will be used to initiate, coordinate, and communicate research associated with mercury in taconite stack emissions. The collective information gained from the coordinated studies will be used to design cost-effective and plant-specific mercury control strategies to reduce emissions.

Value-Added Iron and Coal Gas Production \$55,000

This project would continue the past investigations into value-added iron processes and investigate options for coal gas from western coal. These investigations would examine technologies other than those proposed for the iron nugget plant that is planned for construction near Hoyt Lakes, Minnesota. The three following value-added processes should be investigated for applicability in Minnesota. These processes are capable of using western coal to produce pig iron and produce a high quality gas that can be used for taconite pellet induration or other industrial uses.

Voest Alpine, an Austrian, company developed the **FINEX** process. A commercial plant that produces 800,000 tons of pig iron per year has been operating at the Posco steel plant in South Korea since May of 2003. The off-gas from the process is used to pre-reduce iron for the furnace and produce electricity for the steel plant. Construction of a 1.2 million ton per year **FINEX** plant is currently being planned in South Korea.

A **Midrex-COREX** plant that produces 650,000 tons of pig iron in a **COREX** furnace and 800,000 tons of direct reduced iron in a **Midrex** furnace is operating at the Saldhana steel plant (Mittal Steel) in South Africa. Voest Alpine also designed this plant. The off-gas from the **COREX** furnace produces direct reduced iron in the **Midrex** furnace.

The **Hismelt** process also appears to be applicable in Minnesota. Outokumpu and Rio Tinto are currently constructing a facility in Australia that will produce 600,000 tons of pig iron per year. The plant will begin operation in May of 2005.

Three of six Minnesota taconite plants can only use natural gas as a fuel to fire taconite pellets due to furnace design. The price of natural gas has doubled in the last three years. A facility that would produce pig iron from western coal and at the same time produce an off-gas capable of use in pellet furnaces would be ideal for taconite production and value-added production.

Summary

The six projects listed above support recommendations contained in the *Governor's Committee on Minnesota's Mining Future*, dated September, 2004. These projects are the highest priority at the present time and would be started first. In the future projects would be evaluated based upon the feasibility of producing future mineral income.

February 23, 2005
Division of Lands and Minerals

THE SUSTAINABLE AGRICULTURE INFORMATION EXCHANGE

MINNESOTA INSTITUTE FOR SUSTAINABLE AGRICULTURE

A PARTNERSHIP BETWEEN

THE COLLEGE OF AGRICULTURAL, FOOD AND ENVIRONMENTAL SCIENCES AND THE SUSTAINERS' COALITION

What is the Information Exchange? A program within the Minnesota Institute for Sustainable Agriculture, charged by the Minnesota State Legislature "to gather, evaluate, publish and disseminate sustainable agriculture information to a broad audience through both printed and electronic means".

What the Information Exchange does:

- ◊ develops educational materials on sustainable agriculture
- ◊ acts as a clearinghouse for sustainable agriculture information

Funding:

- ◊ In 1995, The Minnesota State Legislature appropriated \$200,000 per biennium to MISA for these activities. Funds were administered through a contract with MDA.
- ◊ Funding from the Minnesota state legislature ended in FY03.

Why is this program important?

- ◊ There is a great demand for information on sustainable agriculture.
- ◊ The Information Exchange program has effectively facilitated the pulling together of existing information into formats that are readily available and user-friendly.
- ◊ No other program is supplying this type of usable information to such a broad audience.

MINNESOTA
INSTITUTE FOR
SUSTAINABLE
AGRICULTURE

VALUE
Good return on state's
investment (6:1 in
leveraged dollar value
with other
collaborators)

"...When I ask people
where they go for
authoritative
information on
sustainable agriculture,
they usually say MISA's
the best and first stop"

IMPACT
650 visits per
week on the
MISA website

Educational Materials:

- ◇ Organic Certification of Crop Production in Minnesota
 - ◇ Whole Farm Planning: Combining Family, Profit and Environment
 - ◇ Minnesota Soil Management Series
 - ◇ Collaborative Marketing: A Roadmap and Guide for Farmers
 - ◇ Discovering Profits in Unlikely Places: Agroforestry Opportunities for Added Income
 - ◇ Hogs Your Way: Choosing a Hog Production System in the Upper Midwest
 - ◇ Building a Sustainable Business: A Guide to Developing a Business Plan for Farms and Rural Businesses
 - ◇ Time, Soil, and Children
 - ◇ Resources for Beginning Farmers
- In Development:
- ◇ Supporting Local Food Systems
 - ◇ Poultry Your Way
 - ◇ Dairy Your Way

Web page: www.misa.umn.edu

- ◇ interactive "Ask MISA" service
- ◇ sustainable agriculture information by subject
- ◇ calendar of sustainable agriculture events
- ◇ announcements
- ◇ searchable database of resources
- ◇ links to electronic versions of all MISA publications
- ◇ links to key information providers and partners
- ◇ information about MISA's programs

Collaboration

- ◇ The Information Exchange Program facilitates collaboration among multiple, diverse stakeholders. That collaboration is critical to the uniqueness and success of this program.
- ◇ Participating stakeholders include farmers, University of Minnesota researchers and Extension educators, MDA and other state agency staff, federal agency staff, and sustainable agriculture non-profit organizations.
- ◇ As a program of MISA, we have ready access to these groups, as well as to the production and distribution capacity of the University Extension Service.

Good
COLLABORATION
with University,
farmers, state
agencies and
community

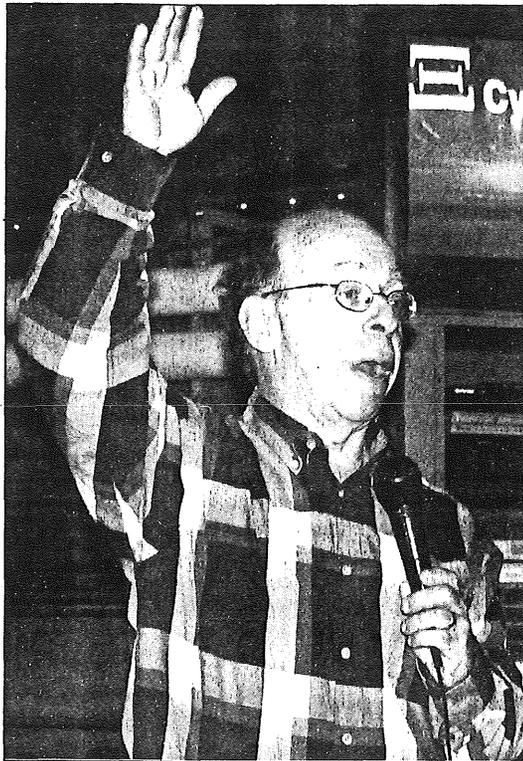
"These projects ...with
lots of involvement from
stakeholders...greatly
increase the quality and
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product "

ESTABLISHED
PROCESS
and structure for
producing information
on sustainable
agriculture

High QUALITY,
easy to use,
relevant
materials

SCIENCE AND JOBS

DUSEL potential lauded during county board tour



by MARSHALL HELMBERGER
Managing Editor

St. Louis County commissioners got a crash course in high energy physics and the potential of deep underground research during a tour of the Soudan Mine's physics laboratories this week. With the start-up of the MINOS project earlier this month and new and intriguing projects in the works for Soudan, the potential for major economic spin-offs for the region continue to grow.

Perhaps most exciting from an economic standpoint is the University of Minnesota's latest proposal to establish the nation's Deep Underground Science and Education Laboratory (DUSEL) at Soudan.

That proposal, which was made to the National Science

Left: Physicist Marvin Marshak gestures while outlining some of the research currently underway in Soudan. photo by M. HelMBERGER

Foundation on Feb. 28, would likely create 150-200 long-term jobs in a facility that would include a new circular ramp to allow easy access to all levels of the facility, many new experiments, and an expansion of cavern construction to depths as great as 9,000 feet. The university is seeking \$500,000 from the NSF for additional engineering and design work on the proposal. That funding should be approved this summer, assuming Soudan makes the first cut, as expected.

MINOS Project Manager Bill Miller told commissioners the DUSEL would bring \$750 million to \$1 billion in new investment in lab infrastructure and instrumentation to Soudan over the next 30 years.

"I really get excited about it," said Fourth District Commissioner Mike Forsman following the tour. "This kind of investment has a real spin-off effect on the local economy. "This is the kind of thing the public doesn't really see

because it's underground, but it's your friends and neighbors working there," he said.

And while Soudan has played second fiddle to the Homestake Mine as the likely site for DUSEL in the past, it appears Soudan could well be the leading candidate this time around.

"Soudan's advantage is that we keep improving and expanding incrementally," said physicist Marvin Marshak, who is spearheading the university's proposal.

Homestake, on the other hand, has no research work currently underway and the mine has been slowly filling with water ever since its main pumps were turned off more than eighteen months ago—a fact that is further complicating chances for that mine, located near Lead, South Dakota. Physicists in other states, including Washington, Colorado and California, will be pushing proposals of their own, but none of those proposed DUSEL sites have any existing research facilities.

"Soudan is already the leading underground lab in the United States," notes Marshak. And Marshak believes Soudan keeps boosting its own prospects as each new project comes on line. The MINOS detector itself, which is the only large neutrino detector with its own aimed particle beam in the country, is perhaps Soudan's biggest ace in the hole. But a new background radiation counting facility, which is already under partial construction in the cavern that once housed the university's former proton decay experiment, is another piece in the puzzle, according to Marshak.

Other research underway includes the Cold Dark Matter Search, geophysical studies, and geomicrobiology and geohydrology research.

The university has also agreed to fund a test bore to 5,000 feet this summer, to help confirm the suitability of rock at that depth for the kind of construction proposed for the DUSEL.

Second neutrino detector now on the fast track

County board may declare St. Louis County "Neutrino Capitol of the World"

by MARSHALL HELMBERGER
Managing Editor

Prospects for construction of a massive neutrino detector along the

the federal science budget by President Bush last month and that proved to be mostly good news for supporters of the Ash River project, known as the "off-axis detector."

with the urging of Fermilab officials, resubmitted a revised proposal this week for construction of the new detector, which will provide researchers at Fermilab with additional

give its approval to the \$165 million project. "It's progressing very quickly," said MINOS Project Manager Bill Miller. "They're putting it on the fast track because the [neutrino] beam is

months ahead.

In related news, Commissioner Mike Forsman said he'll pursue an idea suggested by Marshak this week to declare St. Louis County the "Neutrino



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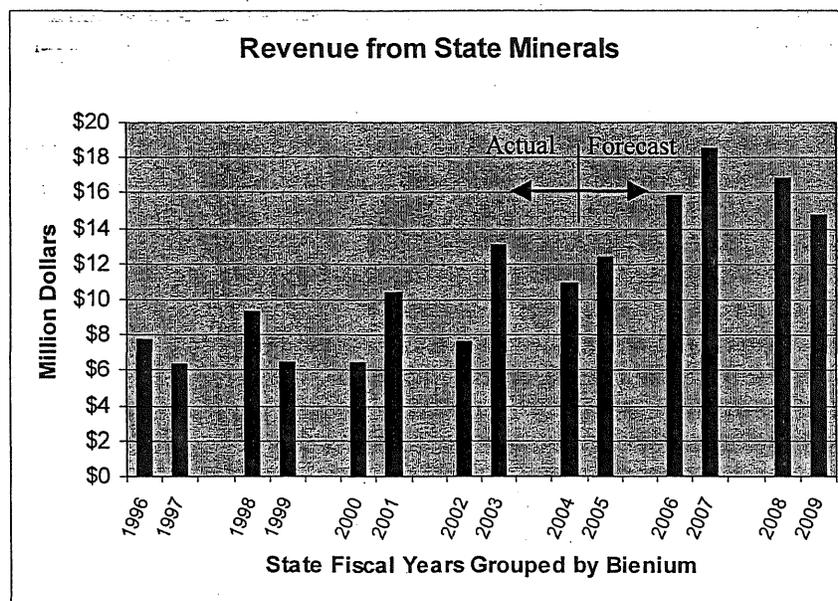
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Numerous projects that involve state-owned mineral rights have recently been proposed and are in various stages of permitting. Examples include Minnesota Steel Industries taconite mine and new plant facility near Nashwauk, Ispat Inland's proposed new taconite mine near McKinley, an exploration shaft development near Babbitt, the Mesabi Nugget project at the former LTV mine, and Minntac's tailings basin permitting. By expediting permitting and environmental review the state would experience additional economic development of its mineral resources.

Control of Mercury in Taconite Mining \$75,000

Approximately two thirds of the lakes and rivers in Minnesota that are listed as impaired, are due to high concentrations of mercury in fish. High mercury results from increased atmospheric deposition of the element. Minnesota has joined national and international efforts to reduce mercury emissions and limit statewide emissions by 93%, (from 11,272 lbs/year in 1990 to 785 lbs/year in 2010). In order for Minnesota to reach its emission goal, significant reduction in mercury emitted by taconite processing will be needed, as this industry alone emits approximately 750 lbs/yr.

Mercury in taconite stack emissions is a range-wide problem best studied in a coordinated effort involving public and private industry scientists and engineers with special expertise in the field. In cooperation with the industry, US Environmental Protection Agency, and the PCA, the DNR has been actively studying mercury emissions and control options for the taconite plants. Additional funds will be used to initiate, coordinate, and communicate research associated with mercury in taconite stack emissions. The collective information gained from the coordinated studies will be used to design cost-effective and plant-specific mercury control strategies to reduce emissions.

Value-Added Iron and Coal Gas Production \$55,000

This project would continue the past investigations into value-added iron processes and investigate options for coal gas from western coal. These investigations would examine technologies other than those proposed for the iron nugget plant that is planned for construction near Hoyt Lakes, Minnesota. The three following value-added processes should be investigated for applicability in Minnesota. These processes are capable of using western coal to produce pig iron and produce a high quality gas that can be used for taconite pellet induration or other industrial uses.

Voest Alpine, an Austrian, company developed the **FINEX** process. A commercial plant that produces 800,000 tons of pig iron per year has been operating at the Posco steel plant in South Korea since May of 2003. The off-gas from the process is used to pre-reduce iron for the furnace and produce electricity for the steel plant. Construction of a 1.2 million ton per year **FINEX** plant is currently being planned in South Korea.

A **Midrex-COREX** plant that produces 650,000 tons of pig iron in a **COREX** furnace and 800,000 tons of direct reduced iron in a **Midrex** furnace is operating at the Saldhana steel plant (Mittal Steel) in South Africa. Voest Alpine also designed this plant. The off-gas from the **COREX** furnace produces direct reduced iron in the **Midrex** furnace.

The **Hismelt** process also appears to be applicable in Minnesota. Outokumpu and Rio Tinto are currently constructing a facility in Australia that will produce 600,000 tons of pig iron per year. The plant will begin operation in May of 2005.

Three of six Minnesota taconite plants can only use natural gas as a fuel to fire taconite pellets due to furnace design. The price of natural gas has doubled in the last three years. A facility that would produce pig iron from western coal and at the same time produce an off-gas capable of use in pellet furnaces would be ideal for taconite production and value-added production.

Summary

The six projects listed above support recommendations contained in the *Governor's Committee on Minnesota's Mining Future*, dated September, 2004. These projects are the highest priority at the present time and would be started first. In the future projects would be evaluated based upon the feasibility of producing future mineral income.

February 23, 2005
Division of Lands and Minerals

Senators Johnson, D.E.; Anderson; Frederickson; Murphy and Koering introduced--
S.F. No. 1764: Referred to the Committee on Finance.

1 A bill for an act
2 relating to agriculture; appropriating money for the
3 Minnesota Institute for Sustainable Agriculture
4 information exchange program.
5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:
6 Section 1. [APPROPRIATION.]
7 \$200,000 is appropriated from the general fund to the
8 University of Minnesota for use by the Minnesota Institute for
9 Sustainable Agriculture for its information exchange program.
10 This appropriation is available until June 30, 2007.

Senators Stumpf and Kelley introduced--**S.F. No. 1088: Referred to the Committee on Environment and Natural Resources.**

1 A bill for an act
2 relating to natural resources; creating minerals
3 management account; modifying disposition of certain
4 mineral payments; appropriating money; amending
5 Minnesota Statutes 2004, section 93.22, subdivision 1;
6 proposing coding for new law in Minnesota Statutes,
7 chapter 93.

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

9 Section 1. Minnesota Statutes 2004, section 93.22,
10 subdivision 1, is amended to read:

11 Subdivision 1. [GENERALLY.] (a) All payments under
12 sections 93.14 to 93.285 shall be made to the Department of
13 Natural Resources and shall be credited according to this
14 section.

15 ~~(a)~~ (b) Twenty percent of all payments under sections 93.14
16 to 93.285 shall be credited to the minerals management account
17 in the natural resources fund as costs for the administration
18 and management of state mineral resources by the commissioner of
19 natural resources.

20 (c) The remainder of the payments shall be credited as
21 follows:

22 (1) If the lands or minerals and mineral rights covered by
23 a lease are held by the state by virtue of an act of Congress,
24 payments made under the lease shall be credited to the permanent
25 fund of the class of land to which the leased premises belong.

26 ~~(b)~~ (2) If a lease covers the bed of navigable waters,

1 payments made under the lease shall be credited to the permanent
2 school fund of the state.

3 ~~(e)~~ (3) If the lands or minerals and mineral rights covered
4 by a lease are held by the state in trust for the taxing
5 districts, payments made under the lease shall be distributed
6 annually on the first day of September ~~as follows:~~

7 ~~(1)-20-percent-to-the-general-fund,-and~~

8 ~~(2)-80-percent~~ to the respective counties in which the
9 lands lie, to be apportioned among the taxing districts
10 interested therein as follows: county, three-ninths; town or
11 city, two-ninths; and school district, four-ninths.

12 (4) If the lands or mineral rights covered by a lease
13 became the absolute property of the state under the provisions
14 of chapter 84A, payments made under the lease shall be
15 distributed as follows: county containing the land from which
16 the income was derived, five-eighths; and general fund of the
17 state, three-eighths.

18 ~~(d)~~ (5) Except as provided under this section and except
19 where the disposition of payments may be otherwise directed by
20 law, ~~all~~ payments made under a lease shall be paid into the
21 general fund of the state.

22 Sec. 2. [93.2236] [MINERALS MANAGEMENT ACCOUNT.]

23 (a) The minerals management account is created as an
24 account in the natural resources fund. Interest earned on money
25 in the account accrues to the account. Money in the account may
26 be spent or distributed only as provided in paragraphs (b) and
27 (c).

28 (b) If the balance in the minerals management account
29 exceeds \$3,000,000 on June 30, the amount exceeding \$3,000,000
30 must be distributed to the permanent school fund and the
31 permanent university fund. The amount distributed to each fund
32 must be in the same proportion as the total mineral lease
33 revenue received in the previous biennium from school trust
34 lands and university lands.

35 (c) Subject to appropriation by the legislature, money in
36 the minerals management account may be spent by the commissioner

1 of natural resources for mineral resource management and
2 projects to enhance future mineral income and promote new
3 mineral resource opportunities.

4 Sec. 3. [APPROPRIATIONS.]

5 \$1,946,000 in fiscal year 2006 and \$1,946,000 in fiscal
6 year 2007 are appropriated from the minerals management account
7 to the commissioner of natural resources. Of the amount,
8 \$1,526,000 each year is for mineral resource management and
9 \$420,000 each year is for projects to enhance future income and
10 promote new opportunities, including value-added iron products,
11 geological mapping, and mercury research. The appropriation is
12 from the revenue deposited to the minerals management account
13 under Minnesota Statutes, section 93.22, subdivision 1,
14 paragraph (b).

Senators Bakk and Tomassoni introduced--
S.F. No. 1642: Referred to the Committee on Finance.

1 A bill for an act
2 relating to higher education; authorizing transfer of
3 funds from the mineral research account to the
4 University of Minnesota Board of Regents;
5 appropriating money.
6 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:
7 Section 1. [APPROPRIATION OF MONEY FROM THE MINERAL
8 RESEARCH ACCOUNT.]
9 Notwithstanding Minnesota Statutes, section 137.022,
10 subdivision 4, \$250,000 of the funds which would be credited to
11 the mineral research account is appropriated to the Board of
12 Regents for drilling a 5,000 foot core sampling bore hole at the
13 Tower-Soudan mine complex in support of a National Science
14 Foundation grant.

1 A bill for an act

2 relating to higher education; Minnesota State Colleges
3 and Universities; providing for centers of excellence;
4 appropriating money; proposing coding for new law in
5 Minnesota Statutes, chapter 136F.

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

7 Section 1. [136F.31] [CENTERS OF EXCELLENCE.]

8 Subdivision 1. [BOARD DESIGNATION.] The board must
9 designate at least three and up to eight different program
10 centers of excellence. The board must determine the form and
11 required information contained in applications from member
12 institutions.

13 Subd. 2. [CENTER SELECTION CRITERIA.] The board must
14 select programs based on institutional proposals demonstrating:
15 (1) the capacity to build multistate regional or national
16 recognition of the program within five years;
17 (2) a commitment to expanding the influence of the center
18 to improve results in related programs in participating
19 institutions;
20 (3) the capacity to improve employment placement and income
21 expectations of graduates from the program;
22 (4) a strong partnership between a four-year and at least
23 one two-year institution that maximizes the leverage of academic
24 and training capacities in each institution;
25 (5) a comprehensive academic plan that includes a seamless

1 continuum of academic offerings in the program area that
2 supports career development at multiple levels in related
3 employment fields;

4 (6) a specific development plan that includes a description
5 of how the institution will pursue continuous improvement and
6 accountability;

7 (7) identified commitments from employers that include
8 measurable financial and programmatic commitment to the center
9 of excellence on the part of employers who will benefit from the
10 development of the center. A center for teacher education must
11 demonstrate support from local school districts;

12 (8) a commitment from the institution that the new
13 designated funding will not supplant current budgets from
14 related programs;

15 (9) a strong existing program upon which the proposed
16 center will build; and

17 (10) a separate fund for donations dedicated for the
18 program within current institutional foundations.

19 The board may adopt additional criteria that promote
20 general goals of the centers. The board shall give priority to
21 programs that integrate the academic and training outcomes of
22 the center with business clusters that have a significant
23 multiplier effect on the state's economy based on projections of
24 job, income, or general economic growth. The board shall
25 consult with the Department of Employment and Economic
26 Development to identify these clusters and the potential
27 economic impact of developing a center for excellence.

28 Subd. 3. [ADVISORY COMMITTEE AND REPORTS REQUIRED.] A
29 center of excellence must create an advisory committee
30 representing local, statewide, and national leaders in the
31 field. By January 15 of each odd-numbered year, each designated
32 center must provide a report to the governor and the chairs of
33 committees of the legislature with jurisdiction over higher
34 education finance, that includes annual and integrated data on
35 program enrollment, student demographics, student admission
36 data, endowment growth, graduation rates, graduation outcomes,

1 employer involvement, indicators of student or graduate
2 employment success, and other outcomes as determined by the
3 board. After a center has been in existence for three years,
4 the report must include measures of the program's impact on the
5 local economy. A report under this subdivision must also
6 include the use of any funds made available by a legislative
7 appropriation for incentive payments to faculty or staff.

8 Sec. 2. [APPROPRIATION.]

9 \$..... in fiscal year 2006 and \$..... in fiscal year
10 2007 are appropriated from the general fund to the Board of
11 Trustees of the Minnesota State Colleges and Universities for
12 the purposes of section 1.