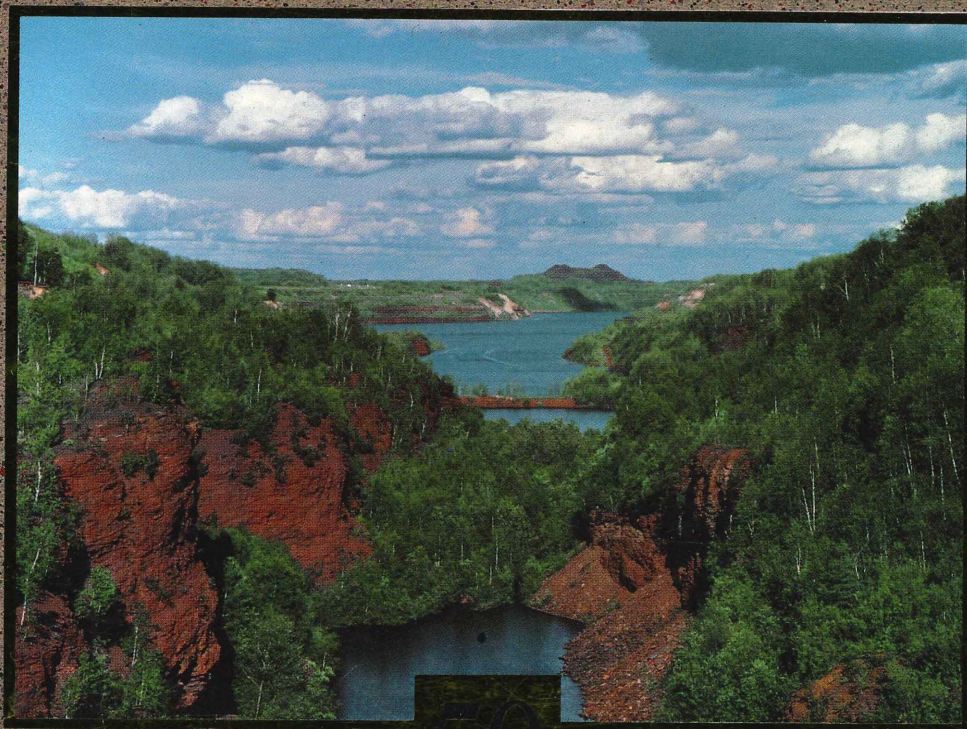


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IRON RANGE RESOURCES & REHABILITATION BOARD 1989-1990 BIENNIAL REPORT

Pursuant to Mn Stat 298.22, suba

TO THE GOVERNOR AND LEGISLATURE OF THE STATE OF MINNESOTA:

It is my pleasure to submit to the Honorable Arne Carlson, Governor of the State of Minnesota, and the Seventy-Seventh Legislature of the State, this twenty-fourth Biennial Report of the Iron Range Resources and Rehabilitation Board.

This report was prepared in compliance with Minnesota Statutes 1983, Section 298.22, Subdivision 2, for fiscal years 1989 and 1990.

This biennium was significant in that it marked the fiftieth year of the IRRRB's service to northeastern Minnesota. During the past fifty years, the IRRRB has continually strived to diversify and strengthen northeastern Minnesota's economy. As we move into a new decade, the IRRRB will continue its efforts to build a brighter future for northeastern Minnesota and its people.

This report is available to members of the State Legislature, citizens and public entities.

Respectfully submitted,
Jack DeLuca
Commissioner





Current IRRR Board Members: Front Row (l-r): Senator Ron Dicklich, District 5; Commissioner Jack DeLuca; Chairman—Senator Doug Johnson, District 6; Vice Chair—Representative Joe Begich, District 6B.
Back Row (l-r): DNR Region 2 Administrator, John Chell; Senator Florian Chmielewski, District 14; Senator Sam Solon, District 7; Representative David Battaglia, District 6A; Representative Loren Solberg, District 3B; Representative Mary Murphy, District 8A; Senator Bob Lessard, District 3; Representative Tom Rukavina, District 5A.

PRESENT BOARD MEMBERS

Senator Douglas Johnson, Chairman	Cook
Senator Florian Chmielewski	Sturgeon Lake
Senator Ron Dicklich	Hibbing
Senator Robert Lessard	International Falls
Senator Sam Solon	Duluth
Representative Joseph Begich, Vice Chairman	Eveleth
Representative David Battaglia	Two Harbors
Representative Mary Murphy	Hermantown
Representative Thomas Rukavina	Virginia
Representative Loren Solberg	Bovey
Commissioner Joseph Alexander, Department of Natural Resources	

Past Commissioners

Herbert J. Miller	July 1, 1941—June 30, 1942
Robert E. Wilson	July 1, 1942—May 1, 1949
Ben P. Constantine	May 1, 1949—November 20, 1950
Edward G. Bayuk	November 20, 1950—April 30, 1955
Kaarlo Otava	May 1, 1955—January 4, 1961
Hyrom S. Sorenson	January 5, 1961—February 2, 1961
A.M. DeYoannes	February 3, 1961—May 1, 1971
Robert J. Scuffy	May 2, 1971—January 10, 1975
Frank Ongaro	January 11, 1975—December 31, 1978
Patrick J. McGauley	January 1, 1979—December 31, 1982
Gary Lamppa	January 1, 1983—February 27, 1987

INTRODUCTION

The Iron Range Resources and Rehabilitation Board (IRRRB), a regionally based state agency, is dedicated to strengthening and diversifying the economic base of northeastern Minnesota. The IRRRB continually strives to develop programs and projects that meet the changing needs of northeastern Minnesota's Taconite Tax Relief Area.

The Taconite Tax Relief Area encompasses northeastern Minnesota's three iron ranges: the Mesabi, Vermilion, and Cuyuna, and covers all or portions of Cook, Lake, St. Louis (excluding Duluth), Itasca, Aitkin and Crow Wing counties. In accordance with MS 273.134, it is determined by the boundaries of school districts containing unmined iron ore deposits, taconite plants or electric generating plants supplying electricity to the taconite plants.

The IRRRB has six divisions through which it accomplishes its missions: Community Development, Economic Development, Giant's Ridge, the Iron Range Research & Interpretative Centers, IRONWORLD USA and Mineland Reclamation. A brief background and description of each division and its programs are included in this report.

Created by the Legislature in 1941, the IRRRB will commemorate fifty years of service to the Iron Range during the 1991 calendar year. This report includes a special anniversary section which briefly describes the history of the region and the IRRRB's contributions during the past 50 years.

Jack DeLuca was appointed Commissioner of the IRRRB by Governor Rudy Perpich in February 1987. An eleven member Board of five state senators, five state representatives and the Commissioner of the Department of Natural Resources reviews projects and programs developed by the IRRRB Commissioner and staff.

Note: Governor Arne Carlson appointed Wayne Dalke Commissioner of the IRRRB on January 8, 1991. His term will start February 1, 1991. Acting Commissioner Greg Love will serve in the interim.

COMMUNITY DEVELOPMENT

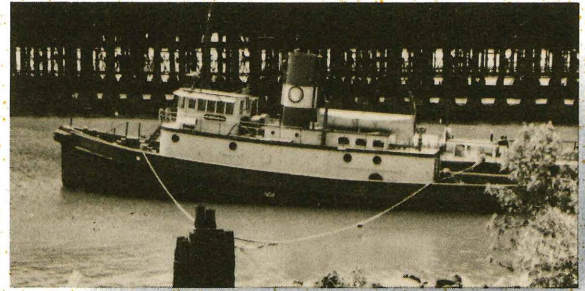
GRANTS PROGRAM

Since 1977, the IRRRB has granted more than \$120 million for projects such as water and sewer systems, airports, mineland reclamation, recreation, tourism, business development and community development.

The current IRRRB grants program began in 1977 with the creation of the Taconite Area Environmental Protection Fund (MS 298.223). Money deposited into this fund is derived from a per ton production tax on taconite which is paid by the mining companies in lieu of property taxes. A portion of these revenues which are divided by a formula detailed in MS 298.28, are used for grants purposes. Because the money is derived in lieu of local property taxes, it is considered "local" and must be limited to the Taconite Tax Relief Area.

Grants are also made from the IRRR Board Account (Minnesota Statute 298.22). Through this account, the Commissioner has the statutory authority to fund projects which aid in the relief of distress and unemployment due to the reduction or limited use of natural resources. Again, these funds are limited to eligible applicants located within the Taconite Tax Relief Area.

Each year from January 1 through April 15, the IRRRB accepts pre-applications (project profiles) from eligible grantees. The project profiles are reviewed by staff and those selected for further consideration are asked to submit formal applications prior to July 1. In September, a final list of recommended projects is presented to the IRRR Board for approval. Projects approved through the Taconite Fund are sent to the Legislative Advisory Commission for recommendation and to the Governor for approval.



Two Harbors was given a grant to develop the "Edna G" Tugboat into a tourist attraction for the Lake County Museum. The tugboat, which was built in 1896, will be "dry docked." It was placed on the National Register of Historical Places in 1975.



A new community center was built in Aurora as a result of a community development grant. The facility will accommodate a variety of activities including a daycare, various civic organizations and groups, and recreation.

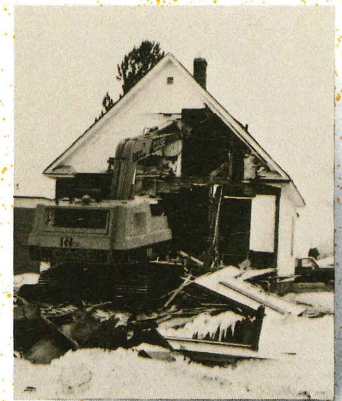
BUILDING DEMOLITION PROGRAM

Since the early 70s, the IRRRB Building Demolition Program has allowed Iron Range communities to maintain a well-kept image. This program, which razes dilapidated and unmarketable buildings, not only improves the appearance of the communities, it also removes safety hazards, makes room for new construction, and puts properties back on the tax rolls. Buildings that pose a safety hazard and those razed to make room for new construction are a priority.

The Building Demolition Program was started by Governor Rudy Perpich in 1972, while he served as Lieutenant Governor. It has since razed more than 4300 buildings. The demolition crew razes an average of 350 buildings per year.

Applicants for this program include local units of government (cities, townships and counties) and local property owners who apply through a local unit of government. Almost every community on the Iron Range has received assistance through the Building Demolition Program. In fact, demand for the program is so great that most applicants are on a waiting list several months before their buildings are razed.

The Building Demolition Program is funded entirely by the IRRRB with no charge to the property owner for the service.



Gordy Dormanen operates a backhoe to raze an old house in Biwabik. A neighbor purchased the empty lot, which in turn adds value to tax rolls.

COMMUNITY DEVELOPMENT GRANTS

FY 89-90

AEOA.....	Transit Service Building.....	(\$100,000)
Aitkin County.....	Soo Line Trail.....	(\$18,000)
Alborn VFD.....	Fire Hall Improvements.....	(\$27,000)
Aurora.....	Community Center.....	(\$100,000)
	Sewer Main.....	(\$100,000)
Babbitt.....	Golf Course Improvements.....	(\$20,000)
Bass Brook Township.....	Agri-Park Heat Valve.....	(\$10,000)
Bigfork.....	Waste Treatment Facility.....	(\$140,000)
Biwabik, City of.....	Senior Center Addition.....	(\$30,000)
Biwabik Township.....	Fire Hall Completion.....	(\$50,000)
Bovey.....	Waterline Repair.....	(\$60,000)
Breitung Township.....	Water and Sewer Line.....	(\$160,000)
Buhl.....	Sanitary Sewer.....	(\$100,000)
Calumet.....	Water and Sewer Lines.....	(\$50,000)
Cedar Valley Township.....	Town Hall Improvements.....	(\$5,000)
Central Lakes VFD.....	Well/Tank Filling System.....	(\$3,500)
Cherry Township.....	Recreation Area Improvements.....	(\$60,000)
Chisholm.....	City Hall Improvements.....	(\$35,000)
	Water Tank.....	(\$300,000)
Chisholm-Hibbing Airport.....	Airport Improvements.....	(\$43,000)
Citizen's Council.....	Operational Expenses.....	(\$7,000)
(Voyageurs Park)		
Clinton Township.....	Septic and Water.....	(\$12,900)
Coleraine.....	Ski Jump.....	(\$50,000)
Cook.....	Municipal Water Supply Repair.....	(\$50,000)
	Airport Improvements.....	(\$30,260)
	Hospital Windows.....	(\$15,000)
	Water Filter.....	(\$50,000)
	Arrival-Departure Building.....	(\$28,000)
Cook County.....	Golf Course Improvements.....	(\$25,000)
Cotton Township.....	Community Center Improvements.....	(\$10,000)
Crosby.....	Waste Treatment Facility.....	(\$120,000)
Crosby-Ironton JPB.....	Croft Mine Operations.....	(\$20,000)
CWDC.....	Box Factory.....	(\$50,000)
Dean Lake Township.....	Town Hall.....	(\$17,305)
Deerwood.....	Water and Sewer Line Extension.....	(\$120,000)
Elmer Township.....	Fire Hall Improvements.....	(\$14,000)
Ely.....	Senior Center Improvements.....	(\$35,000)
	Water Treatment Facility.....	(\$400,000)
Ely Area Seniors.....	Building Improvements.....	(\$31,000)
Ely Ski Club.....	Ski Jump Improvements.....	(\$5,000)
Embarrass Township.....	Multi-purpose Facility.....	(\$55,000)

Eveleth.....	Downtown Revitalization.....	(\$100,000)
	Frontage Road-Garage Site.....	(\$65,000)
	Camp Chicagami.....	(\$75,000)
	Hospital Renovation.....	(\$100,000)
	Frontage Road.....	(\$100,000)
Eveleth-Virginia Airport.....	Airport Improvements.....	(\$55,000)
Evergreen VFD.....	Water Supply System.....	(\$8,000)
Fairbanks Township.....	Petrell Hall Improvements.....	(\$12,000)
Fayal Township.....	Storage Building.....	(\$26,000)
	Watermain.....	(\$275,000)
	Town Hall Improvements.....	(\$31,896)
	Water & Sewer.....	(\$100,000)
Finland VFD.....	Fire Hall Improvements.....	(\$18,000)
French Township.....	Fire Hall.....	(\$130,000)
Gilbert.....	Broadway Avenue Reconstruction.....	(\$100,000)
Goodland Township.....	Fire Hall/Community Center.....	(\$100,000)
Grand Rapids-Itasca.....	Airport Improvements.....	(\$80,000)
Great Scott Township.....	Fire Hall.....	(\$35,000)
Greenway Township.....	Twin Lakes Beach Improvements.....	(\$50,000)
	Ballfield Improvements.....	(\$14,394)
Hibbing.....	Water and Sewer Repairs.....	(\$250,000)
	Building Demolition.....	(\$45,000)
	Recreation Area Improvements.....	(\$87,000)
	Bus Origin Center.....	(\$25,000)
Hibbing Rec & Park.....	Recreation Area Improvements.....	(\$30,000)
Hoyt Lakes.....	Waste Treat. Fac. Improvements.....	(\$75,000)
	Building Demolition.....	(\$6,000)
Iron Junction.....	Waste Treatment Facility.....	(\$160,000)
Iron Range Township.....	Beach Acquisition.....	(\$5,000)
Ironton.....	Watermain.....	(\$110,000)
Keewatin.....	Waste Treatment Facility.....	(\$175,000)
	Building Demolition.....	(\$45,000)
	O'Brien Reservoir Improvements.....	(\$9,400)
Kinney.....	Sidewalk Replacement.....	(\$30,000)
	Park Equipment.....	(\$5,000)
Old North Society.....	Building Construction.....	(\$20,000)
Lake County.....	Two Harbors Lighthouse Improvements.....	(\$13,000)
	Waste Treatment Facility.....	(\$80,000)
Lake Kabetogama VFD.....	Fire Hall Improvements.....	(\$10,000)
Laurentian Seniors.....	Center Improvements.....	(\$16,000)
Lawrence Township.....	Town Hall Renovation.....	(\$20,000)
Lone Pine Township.....	Swan Lake Sewer Study.....	(\$10,000)
Maple Hill Seniors.....	Building Improvements.....	(\$5,000)
Marble.....	Water Supply System Improvements.....	(\$80,000)
McKinley.....	Water Supply System Improvements.....	(\$75,000)
	Water System Shortfall.....	(\$25,000)

	Waste Treatment Facility.....	(\$140,000)
Meadowlands.....	Hydrants.....	(\$10,000)
Morse Township.....	Golf Course Improvements.....	(\$50,000)
Moundsview-North.....	Facility Improvements.....	(\$50,000)
Mt. Iron.....	Locomotive #806 Improvements.....	(\$20,000)
	Commercial Area Revitalization.....	(\$150,000)
	Waste Treatment Facility.....	(\$180,000)
Nashwauk.....	Relocate Clerk's Office.....	(\$25,000)
Ness Township.....	Weed Sprayer.....	(\$2,800)
New Independence Township.....	Town Hall Improvements.....	(\$20,000)
Orr.....	Airport Improvements.....	(\$180,000)
	Waste Treatment Facility Repairs.....	(\$10,000)
Pike Township.....	Town Hall Improvements.....	(\$15,000)
Range Center, Inc.....	Roof.....	(\$100,000)
St. Louis County.....	Makinen Fire Hall Improvements.....	(\$90,000)
	4-H Camp Renovation.....	(\$50,000)
Sturgeon Township.....	Town Hall Improvements.....	(\$2,000)
Tower.....	Airport Improvements.....	(\$150,000)
Trout Lake Township.....	Kom-On-In Beach Improvements.....	(\$20,000)
Two Harbors.....	Edna G. Tourist Site.....	(\$100,000)
	Clubhouse.....	(\$20,000)
Vermilion Fairways, Inc.....	Storage Building.....	(\$20,000)
Vermilion College.....	Sewer System Improvements.....	(\$65,000)
Vermilion Lake Township.....	Recreation Area Improvements.....	(\$15,000)
Veterans On The Lake.....	Septic System.....	(\$10,000)
Virginia.....	Water System Improvements.....	(\$200,000)
	Multi-Purpose Building.....	(\$60,000)
	Commercial Area Improvements.....	(\$150,000)
	Lake Beautification.....	(\$25,000)
Warba.....	Sidewalk Replacement.....	(\$20,000)
White Township.....	Fire Hall Addition.....	(\$80,000)
Wolford Township.....	Town Hall Improvements.....	(\$6,000)
Total.....		\$7,479,455

ECONOMIC DEVELOPMENT

In 1983, the IRRRB established an Economic Development Division to administer money derived from the Northeast Minnesota Economic Protection Trust Fund (the "2002" fund). Economic development programs provide assistance to businesses and communities located within the Taconite Tax Relief Area. These programs focus on industrial sectors considered to be the primary building blocks of an economically healthy region: manufacturing and assembly, minerals, wood products, tourism and technologically innovative businesses. To date, the IRRRB has participated in more than 150 projects, representing a total private and public investment exceeding \$100 million.

A prospective project or program is first reviewed by a technical advisory committee consisting of nine people with expertise in business and financial matters. Then, it must be approved by at least eight IRRRB Board members and the Commissioner. It is then reviewed by the Legislative Advisory Commission before proceeding to the Governor for final approval.

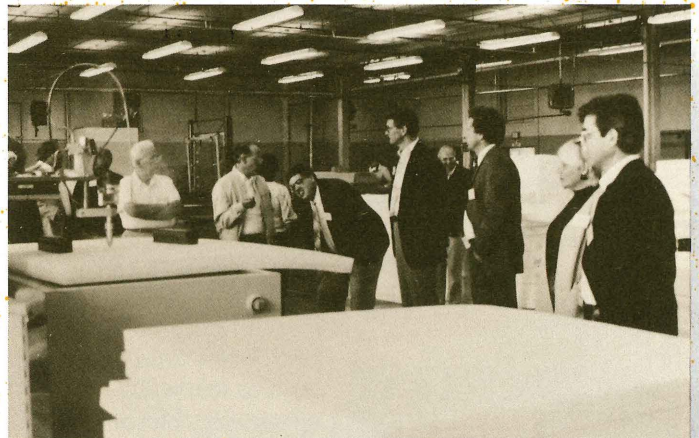
BANK PARTICIPATION LOANS

The IRRRB works with private lenders to combine private and public funding into custom designed financial packages for eligible businesses.

The IRRRB uses its Bank Participation Loan Program to buy up to a 50% participation in eligible business loans. The IRRRB portion of the loan is offered at interest rates 3% less than Treasury securities of comparable term on the date of project approval.

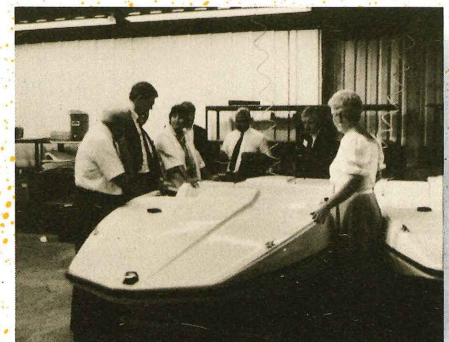
The IRRRB Bank Participation Loan Program has been very well received within the financial community. The IRRRB's primary role in the program is to strengthen businesses by providing significantly lower cost capital to the borrower.

The application process for an IRRRB participation loan forces a business to formally analyze its business and marketing plans to obtain information which will facilitate decision-making for both the IRRRB and the bank. During the past biennium, the IRRRB participated in financing the start-up or expansion of 22 businesses within the Taconite Tax Relief Area, leveraging a total of \$10 million in new business development investments that resulted in the creation and/or retention of more than 470 jobs. Since the inception of the program in 1983, more than 3,000 jobs have been retained or created.



Visitors to Foam Technologies in Eveleth observe as a computer-assisted water jet cuts foam to specifications.

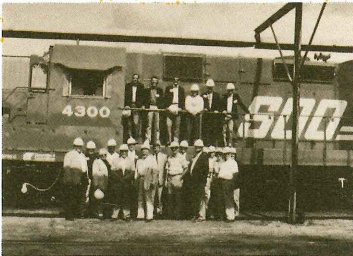
Ultranaotics, Inc., a manufacturer of Jetstar boats located in Crosby, displays the quality workmanship of its product.



ASSISTANCE TO BUSINESS AND ENTREPRENEURS

While the IRRRB often acts as a participatory lender in development projects, the agency also provides information and referral services to businesses ineligible for IRRRB bank participation loans. Staff facilitates economic development projects through information networking and referral for entrepreneurs seeking to define their objectives and design individual marketing strategies. Staff also refers entrepreneurs to other providers which offer various types of technical or financial assistance. Additional services may include gathering information on employment availability and continuing education, or searching for a suitable location.

The IRRRB cooperates closely with a number of groups to encourage new business start-ups in the area. They include the Arrowhead Regional Development Commission (ARDC), UMD Center for Economic Development, Natural Resources Research Institute (NRRI), the State of Minnesota Department of Trade and Economic Development, and the SBA-sponsored Small Business Development Centers. These groups, along with a number of other local development organizations, provide the region with a complete and comprehensive economic development infrastructure.

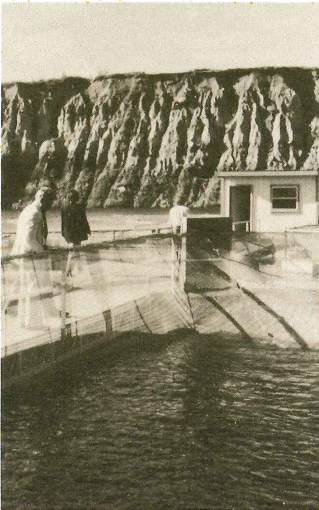


Members of the Northeast Minnesota Metro Advisory Board, representing the Twin Cities business community, and several legislative staff participated in a tour of Generation II Locomotives, a locomotive refurbishing facility in Babbitt.

BUSINESS MARKETING

In 1987, the Economic Development Division initiated a new marketing program to provide basic advice to new or existing businesses in areas such as marketing and business plans, product development and design, packaging, advertising, inventory control, warehousing and shipping. IRRRB staff works with a local consultant to carefully monitor each business to ensure that the scope of the services provided remains within acceptable cost and time limits. To date, more than 110 Iron Range businesses have been assisted by the program.

The IRRRB Economic Development Division has also recognized the need to market itself, thereby raising public awareness of the programs it delivers. This has resulted in a series of local ad campaigns and a presentation folder which explains the services offered by the Economic Development Division.



Feeding time at the Minnesota Aquafarms in Chisholm is a fascinating experience for visitors.

NEW PROGRAMS

Two new programs offering assistance to businesses and communities include the Storefront Renovation Grant Program and the Business Development Program for Municipal Buildings.

The Storefront Renovation Grant Program will provide \$900,000 over three years to communities to assist main street businesses with storefront renovation. The IRRRB will match every dollar raised by the community with three dollars in grant funding.

The Business Development Program for Municipal Buildings will provide grants to communities to renovate municipally-owned buildings. The tenant or business using the building will repay the cost of renovation through lease or rent payments. The city may then use these funds for further economic development.

During this biennium, the IRRRB began two new projects as part of a multifaceted strategy designed to create and nurture an economic development network of both public and private sector people interested in diversifying and strengthening the economy of the Iron Range. The Northeastern Minnesota Metro Advisory Board is a group of successful private sector businessmen and women that

have some ties to the Iron Range. The IRRRB meets with the Advisory Board several times a year to discuss business opportunities and update a referral network of businesses that may be interested in locating on the Iron Range.

RangeView is a new publication which features the people, resources and economic development opportunities of northeastern Minnesota. It is distributed to 40,000 people nationwide, including more than 35,000 former Iron Rangers. *RangeView's* primary role is to spread the word that northeastern Minnesota is a good place to do business; also that the region is a great place to live and recreate.

FUTURE DIRECTION

The IRRRB will continue to spearhead regional development in all sectors of economic opportunity, including tourism, wood products, minerals and small business development. Based on the recent success of its economic development programs, the IRRRB is confident that its diversification efforts will continue to stimulate and strengthen the economy of northeastern Minnesota. The agency's ability to remain flexible, proactive and adaptable will remain the key to future success.

LOANS APPROVED FOR FY 89-90

from the Northeast Minnesota Economic Protection Trust Fund
and the Northeast Minnesota Economic Development Fund of the
Iron Range Resources and Rehabilitation Board.

Berry's RV Park & Campground.....	\$ 20,000.....	Ely
Tackle Tamer.....	\$ 41,500.....	Keewatin
JAMA, Inc.....	\$ 110,000.....	Grand Rapids
Pelican Lake Land and Lumber.....	\$ 67,500.....	Orr
Star Harbor Resort.....	\$ 80,794.....	Two Harbors
Tartan Transportation Sys., Inc.....	\$ 155,000.....	Tower
Northernaire Lodge.....	\$ 120,000.....	Ely
Timber Trails Resort.....	\$ 100,000.....	Ely
Wilderness Adventures, Inc.....	\$ 22,000.....	Ely
Hibbing Fabricators, Inc.....	\$ 200,000.....	Hibbing
Greenwood International, Inc.....	\$ 77,000.....	Gheen
CWDC Industries, Inc.....	\$ 100,000.....	Grand Rapids
		Virginia
		Hibbing
Ludlow's Island Lodge.....	\$ 37,500.....	Cook
Northstar Resort.....	\$ 32,500.....	Ray
Woodline Manufacturing, Inc.....	\$164,313.....	Eveleth
JAACO, Inc.....	\$ 95,000.....	Deerwood
Minnesota Aquafarms, Inc.....	\$500,000.....	Chisholm
Ebel's Minnesota Voyageur, Inc.....	\$125,000.....	Orr
Holland Grand Marais Corp.....	\$250,000.....	Grand Marais
MacMillan Bloedel, Ltd.....	\$700,000.....	Deerwood

City of Ely, Office Building.....	\$250,000.....	Ely
Northshore Manufacturing, Inc.....	\$ 75,000.....	Two Harbors
Titan Medical, Inc.....	\$ 75,000.....	Eveleth
Cook County Econ. Dev. Authority.....	\$200,000.....	Grand Marais
Foam Technologies, Inc.....	\$ 56,124.....	Eveleth
Cascade Lodge.....	\$ 50,000.....	Grand Marais
Poler Enterprises, Inc.....	\$ 22,000.....	Eveleth
New Frontier Foods, Inc.....	\$ 76,800.....	Aitkin

DEVELOPMENT GRANTS FOR FY 89-90

from the Northeast Minnesota Economic Protection
Trust Fund and the Northeast Minnesota Economic Development
Fund of the IRRRB

City of Babbitt.....	\$200,000
Building Renovation for Rosedale Furniture	
City of Eveleth.....	\$100,000
Building Renovation for Foam Technologies	
City of Virginia.....	\$ 50,000
Building Renovation for Diesel Cylinder Head Corporation	
East Range Joint Powers Board.....	\$ 20,000
Building Renovation for Partridge River, Inc.	
Aitkin County Growth.....	\$132,818
Building Renovation for New Frontier Foods, Inc.	
MacMillan Bloedel, Ltd.....	\$300,000
Interest Rate Buydown	
Lighthouse for the Blind.....	\$ 50,000
Duluth, Minnesota	
The Northspan Group.....	\$ 25,000
Minnesota Marketplace Grant	
Northeast Minnesota Initiative Fund.....	\$250,000
Matched by a grant from the McKnight Foundation	
City of Meadowlands.....	\$ 96,000
Building Renovation for American Furniture Craftsmen, Inc.	

GIANTS RIDGE RECREATION AREA

Giants Ridge has become the focal point of winter activity on Minnesota's Iron Range. From its early beginnings in 1953, it has been recognized as something special. Slope exposure facing north and east, a vertical drop of approximately 500 feet, and a lake offering a ready supply of water for snowmaking were physical attributes not readily found elsewhere.

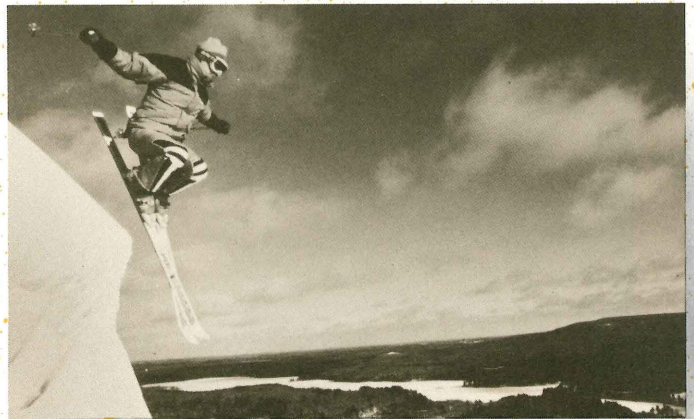
With a 40 acre lease from the Lake Mining Company, a group of local men began cutting and clearing, not by means of the chainsaw, but rather the basic axe. In two years time, Rams Run was ready to see its first skier gracefully swoosh down the hill. A non-profit corporation was started in 1956, and one early investment was a truck that was driven to the top of Rams Run, anchored in concrete, and used to power the first rope tow. With a 20' X 52' building moved from a trailer park, and an outhouse installed on site, Giants Ridge was born. However, the corporation lacked the capital needed to provide the infrastructure and amenities desired by modern skiers. The facility faltered in the early 1980s and shut down in 1982.

The IRRRB purchased Giants Ridge in November of 1983 and re-opened its doors in 1984. The IRRRB set high goals for Giants Ridge. First, to provide quality recreational facilities to the people of the Iron Range and the general public to enhance the quality of life in Northeastern Minnesota. Second, to create economic development on the Iron Range and attract private development. Third, to create a year-round destination resort/recreation area. And finally, to draw world class athletes and put Biwabik, Minnesota on the map.

Beginning with the World Cup Cross Country race in 1985, Giants Ridge has demonstrated its ability to accommodate the most elite skier, while at the same time, meeting the needs of the recreational skier. Annual events such as the Pepsi Challenge and the Mesabi-East High School Invitational, the largest high school cross-country race in the country, continue to draw thousands of participants and spectators to Giants Ridge.

Giants Ridge skier visits totalled 43,000 during the 1984-85 season. Skier visits have grown steadily each season and in 1989-90, more than 114,000 skiers visited Giants Ridge. Now boasting four chairlifts, one J-bar, twenty-two snowguns, nineteen meticulously groomed runs, and 55 kilometers of groomed cross country ski trails, Giants Ridge has given a new source of pride to the citizens of the Iron Range.

From its humble beginnings to its present status as a training site of the United States Cross Country and Biathlon team, Giants Ridge has come a long way. What began as a weekend project by a few local people unafraid of hard work and with a desire to ski, has become a world class recreational facility.



From the summit of Giants Ridge, a skier's view of the great northwoods stretches for miles and miles.



Guaranteed smiles, once you've experienced the snow conditions and grooming at Giants Ridge.

STAR OF THE NORTH STATE WINTER GAMES

In January, 1990, Giants Ridge hosted the nation's largest, and the state's first, winter games. Citizen participation was encouraged in competitions ranging from curling to speedskating. Competition venues were located throughout the Iron Range, from Hibbing to Ely, with Giants Ridge serving as the center of activity. Thousands of amateurs competed in the 1990 Star of the North Winter Games.



After a day on the slopes, skiers relax in the lounge and restaurant or experience fine dining in the Laurentian Supper Club.

JAPANESE LANGUAGE VILLAGE

During the past biennium, Giants Ridge continued to host the Japanese Language Village, Mori-No-Ike, in cooperation with Concordia Language Villages of Moorhead. Nearly 600 villagers, ranging in age from 9-18, participated in the summer program which totally immerses the youths into the Japanese culture.

ECONOMIC IMPACT

The success of Giants Ridge has positively affected the entire region. The Ridge generates more than \$8 million in economic impact annually, and, in six years, more than \$40 million has been generated in northeastern Minnesota.

NEW DEVELOPMENT

Recent developments at Giants Ridge have included a new sewer and water system, installed the summer of 1990; land acquisition of 200 acres in 1989; and \$2.5 million in funding from the 1990 Minnesota Legislative Bonding Bill for the development of indoor and outdoor shooting sport facilities. These funds, in addition to the \$400,000 in planning money provided in the 1989 Minnesota Legislative Bonding Bill, will be used to build a regional shooting sports training facility and competition site for all aspects of shooting sports, including: field and range archery, biathlon, small bore rifle and pistol, high power rifle, pistol, clay target, and an indoor range for air rifle and pistol, moving targets, and archery. Completion of this project will enable Giants Ridge to become a year-round training and recreational facility.



THE IRON RANGE RESOURCES & REHABILITATION BOARD 50 YEARS OF VISION

For Minnesota's Mesabi Iron Range, 1941 was a year of rehabilitation, in more ways than one.

In April 1941, the Minnesota Legislature, with the strong support and encouragement of Minnesota Governor Harold Stassen, established the Department of Iron Range Resources and Rehabilitation. The mission of the new agency was to develop the rich resources of northeastern Minnesota to create a more diversified economy based on tourism, agriculture, wood products, vocational education and low-grade iron ores.

The war then raging in Europe and Asia in the early months of 1941 did its part to rehabilitate the Mesabi Range. America wasn't at war yet, but President Franklin Delano Roosevelt's bid to make the United States "the Arsenal of Democracy" was beginning to show results in St. Louis and Itasca County as iron ore shipments increased dramatically throughout the summer months of 1941. Across the seas, Hitler was invading the Soviet Union, and the Japanese were marching across China and Manchuria. When Japan attacked Pearl Harbor on December 7, 1941, the Mesabi Iron Range stood ready to provide iron needed by America to defeat its enemies.

Integral to industrial production was the role played by the Department of Iron Range Resources & Rehabilitation (since renamed the Iron Range Resources & Rehabilitation Board). Through three wars in the last 50 years—World War II, Korea and Vietnam—and through the peace that has followed, the IRRRB has been a force for economic stability. Its 50 years of existence represents a longer tenure than better known state-sponsored agencies, like the Minnesota Pollution Control Agency, the Department of Health and Human

Services, and the Department of Trade and Economic Development.

The 50-year progressive record of the Iron Range Resources and Rehabilitation Board affirms the vision of Governor Harold Stassen and the Minnesota Legislature in 1941.



Governor Harold Stassen

A LEGACY OF WASTE

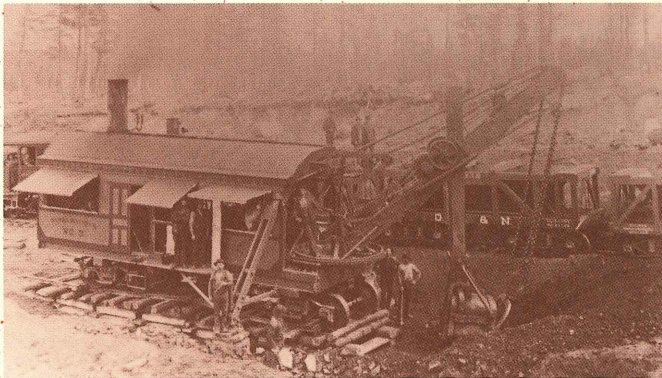
It wasn't always that way on the Mesabi Range. From the 1880s on, when Charlemagne Tower of Philadelphia and Duluth's Merritt Family opened up the rich iron ore deposits of the Vermilion and Mesabi Ranges, northeastern Minnesota was a resource-based economy, subject to the whims of a steel-based industrial economy hundreds, if not thousands of miles away.

The other pillar of the Iron Range economy was white pine timber. Loggers from Michigan and Maine had moved into the Arrowhead Region of Minnesota shortly before the turn of the century and had decimated the white pine forests. Almost overnight, the port city of Duluth became the lumber capital of the world. Sawmills dotted the waterfront, and billions of board feet of saw-timber went down the Great Lakes, piled high on the decks of lumber

REHABILITATION: IDEA TO REALITY

(left)
Steam shovel at Mountain Iron Mine, 1893.

(right)
Steamship of Lake Vermilion. (Lake County Historical Society photo.)



packets, destined to build the cities, homes and industries of places like Chicago, Detroit, Cleveland and Buffalo. As soon as it began, it was over. In the early 1920s, the Virginia and Rainy Lake Company sawmill at Virginia boasted it was the largest white pine mill in the world, cutting two million board feet of dressed timber a day. By the late 1920s, the industry was defunct. It had moved west to the forested mountainsides of Montana, Idaho and the Pacific Northwest. It left behind a scarred landscape and a legacy of waste.

Similarly, iron ore died in the 1930s. The onset of the Great Depression dealt a near death blow to iron and steel. During the 1920s, ore shipments had averaged about 33 million tons per year. Production dropped to 16.5 million tons of iron in 1931 and plummeted to 2.2 million tons of ore in 1932. Employment on the Range fell from an average of approximately 12,000 miners during the 1920s, to less than 2,000 miners in 1932. Residents wondered if they were witnessing the beginning of the end of Minnesota's mining industry.

kinds of taxes: ad valorem taxes and occupation taxes. The ad valorem taxes were assessed by the municipalities and school districts and represented a form of property tax, levied on the amount of iron ore remaining in the ground. The occupation taxes were more like an income tax, assessed by the state and levied on the amount of iron ore mined and shipped.

In high-production years, the mining companies found the ad valorem taxes hardly bearable. But in the Great Depression years, the tax was a great strain on the industry. The ore in the ground was taxed over and over, and during the high-production years of the 1920s, the average annual tax was \$18 million. In 1932, when production had dramatically decreased, the ad valorem tax was still nearly \$16 million. Something had to be done about the inequity.

Throughout the 1930s, the ad valorem tax issue came up in every session of the legislature. The matter was stalemated each session until 1939, when Governor Stassen forced the legislature to make a comprehensive study of mining taxes.

THE BLATNIK-KELLY PLAN

At about the same time, a group of young Iron Rangers developed a plan for area rehabilitation. John Blatnik and Richard Kelly, both members of the Chisholm Junior Chamber of Commerce, unveiled a plan in 1938 to change the region's tax laws to encourage underground mining, the establishment of municipal forests, closer cooperation among the area's local governments, the establishment of a four-year college, and the development of a new industry based on taconite.

Blatnik and Kelly secured the endorsement of Junior Chambers statewide and presented the plan to Governor Stassen—a Junior Chamber member—and the 1941 Legislature. Blatnik was elected a state senator in 1940, and he and Stassen forged a bipartisan program of rehabilitation for the Iron Range. After wrangling back and forth, legislation was prepared for the governor's signature which would increase occupation taxes on the richest ores, create a new taconite tax, limit ad valorem taxes to an amount based on population, and dedicate a certain portion of the increased occupation taxes to a new department of Iron Range Resources and Rehabilitation.

There were parts of the bill that Stassen did not like, but he signed it in the waning hours of the session, on April 27, 1941. To his credit, Harold Stassen bucked his own party to assist an area of the state with an overwhelming record of Farmer-Labor support. He understood that Iron Rangers did not want charity or relief. They wanted jobs and the opportunities that went hand-in-hand with steady employment.

Assistance in creating those jobs would be the new agency's number one priority.

A NEW DAY DAWNING

The office of the Commissioner of Iron Range Resources and Rehabilitation was created by Section 4, Chapter 544 of the Session Laws of 1941. Funding was provided by a five percent allotment of the occupation tax paid by the iron mining companies and totaled \$158,000 that first year. Herbert J. Miller, then executive secretary of the Minnesota Resources Commission, was named by Stassen as the agency's first Commissioner.

Miller understood the purpose of the IRRRB was to "develop jobs and income principally in those counties affected by the decreasing amounts of taxes from iron ore," and he moved quickly to locate an office in Chisholm.

Before Miller could implement some of the economic surveys he had planned for the region, World War II intervened, and the Mesabi Iron Range was suddenly a busy, productive place. In fact, by 1941, more than two billion tons of the rich, red hematite ore of the Mesabi had been shipped down the Great Lakes to the steel mills of Chicago, Cleveland and the Monongahela Valley. Miller left the agency in 1942, and was replaced by Robert E. Wilson of Minneapolis, who served as Commissioner until 1949.



*Herbert J. Miller, IRRRB
Commissioner, July 1, 1941-June
30, 1942.*

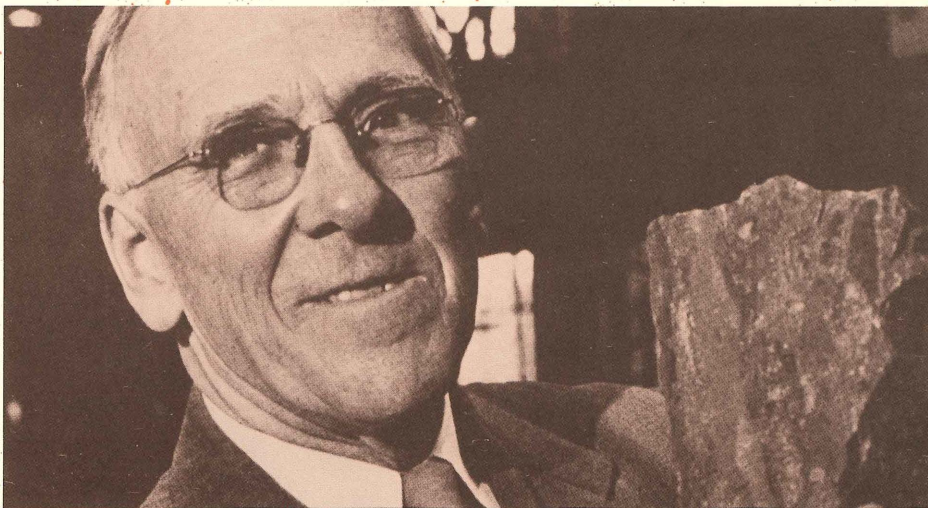
Robert E. Wilson moved swiftly to meld rehabilitation with the war effort, emphasizing vocational education and training, and establishing a series of natural resources surveys and inventories. The agency made professional foresters available at no cost to all northern Minnesota counties, a gesture which paid dividends in the subsequent adaptation of conservation and reforestation practices. Wilson saw real promise in northeastern Minnesota's agricultural potential, and he stressed the production of cash crops like berries, flax, potatoes and rutabagas.

It was during Wilson's tenure that the Minnesota Legislature began to address the state's low-grade iron ore



Robert E. Wilson, IRRRB Commissioner, July 1, 1942-May 1, 1949.

IRRRB had committed to the University of Minnesota Mines Experiment Station had found their way to the research laboratories of Dr. Edward Wilson Davis, the man primarily responsible for the



Professor E.W. Davis, the "Father of Taconite."

resources, as the IRRRB helped fund the experiment of a revolutionary process involving powdered iron through the University of Minnesota's Mines Experiment Station.

THE TACONITE REVOLUTION

The passage of the Taconite Amendment in November 1964 set in motion a chain of events that had been precipitated back in 1941 by the creation of the IRRRB. The monies that the

taconite revolution.

In 40 years with the Mines Experiment Station, Davis and his colleagues did the research work that led to the discovery of a cost-effective method of beneficiating taconite into pellets suitable for the blast furnace feed at lower Great Lakes steel mills. From 1942 to 1968, more than \$2.5 million was transferred from the agency to the Mines Experiment Station.

Other legislative-mandated transfers

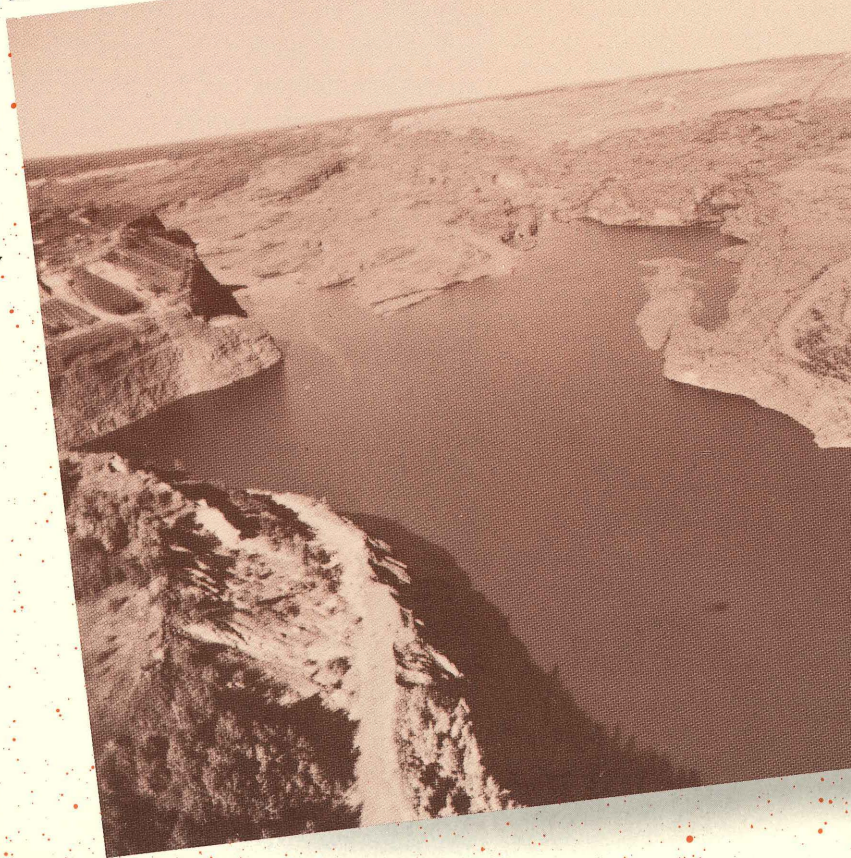
during the agency's first 25 years of existence went to forest surveys in all 87 Minnesota counties and to economic development projects as far from the Iron Range as Staples, Royalton, St. Cloud and Anoka. All told, about \$6.5 million of the agency's funding—a total approaching one-third of the agency's appropriations during its first quarter century—went to legislative transfers.

A 1947 article in *Fortune* noted the imminent demise of the natural ore resources of the Mesabi Iron Range, primarily because the reserves of ore had been depleted by the heavy demand of the allied war effort. Anything the agency could do in the way of iron ore research and development was absolutely critical to the long-term future of northeastern Minnesota.

Ironically, the passage of the taconite amendment in 1964 decreased the revenues of the IRRRB, since the agency derived its funds from a portion of the occupation tax on iron ore. It was only with the passage of supplementary legislation by the 1971 and 1977 Minnesota Legislatures that a portion of the taconite production tax and the taconite occupation tax were appropriated to the agency.



This section of the Hull-Rust mine, located north of Hibbing, ceased active open pit operations in the late 1950's. It is now on



A maple syrup plant in Mineral Springs, Minnesota, in 1958.

ENCOURAGING A DIVERSIFIED ECONOMY

The 1950s and 1960s were a period in which the agency made great strides in the encouragement of diversified economic activity in northeastern Minnesota.

After being on the point of extinction during the Great Depression, the area's wood products industry made a strong comeback during the postwar years. IRRRB reforestation activities gave the forest products industry a fiber source to draw upon, and new wood products plants were built in Virginia, Bemidji and Duluth. Smaller manufacturers, making everything from processed charcoal to fence posts to kiln-dried lumber were helped with agency financial assistance.

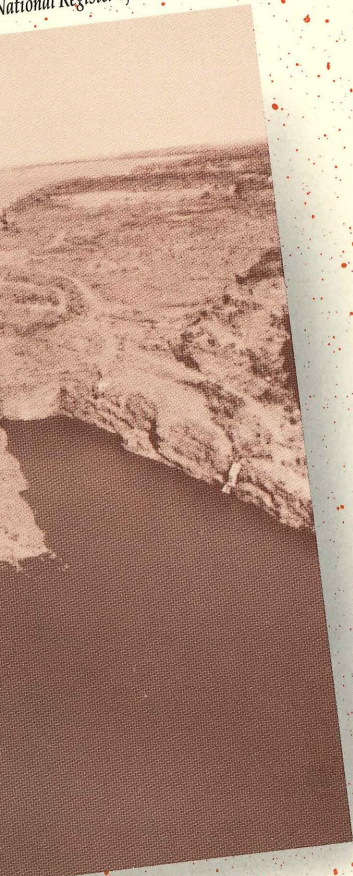
Although agriculture in northeastern Minnesota never lived up to the potential foreseen by early agency planners, there were success stories. The agency helped Duluth entrepreneur Jeno F. Paulucci start his Chun King Chinese food venture, and an innovative project with the Nett Lake Bank of Chippewa helped lay the groundwork for the creation of a paddy-grown wild rice industry.

IRRRB has also been in the forefront of peat research and development. Northern Minnesota contains the largest concentration of peat in the contiguous 48 states, and although peat's abundance has been overshadowed by other domestic energy resources, the agency continues to study the properties of the state's peat bogs in preparation for the day when peat will join the list of marketable resources in northeastern Minnesota.

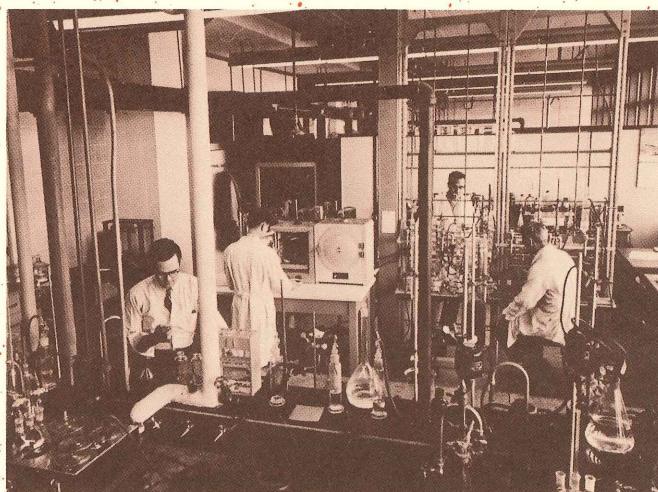
Tourism, a dream of the early founders of the agency, wasn't able to benefit from agency financial assistance during the 1950s and 1960s, primarily because of legal interpretations by the

Attorney General. In the 1970s, the interpretation changed to allow the agency the opportunity to promote what has become one of the region's most valuable resources.

National Register of Historic Places.

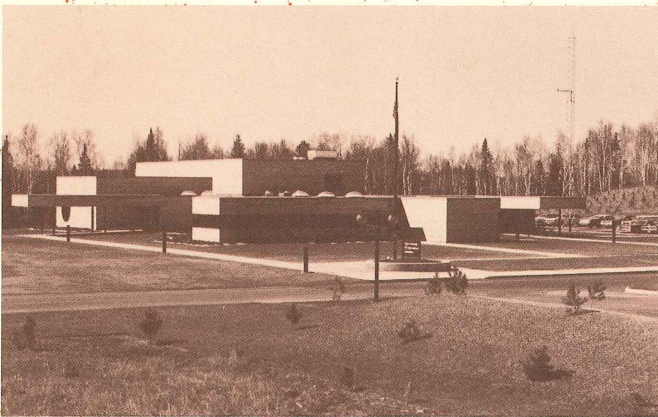


Scientists perform peat research at the UMD lab (1954-1956).



HOME ON THE RANGE

To be closer to its area of responsibility, IRRRB constructed a new headquarters building approximately three miles south of Eveleth on U.S. Highway 53. The facility opened in 1975 and housed administrative staff and other agency divisions. After more than 30 years of maintaining offices in both the state capitol and on the Iron Range, the IRRRB was at last consolidated into a single office in northeastern Minnesota.



(left)
Iron Range Resources & Rehabilitation offices, Eveleth, Minnesota, 1976.

(right)
Groundbreaking ceremonies at the Iron Range Interpretative Center.



NEW DIRECTIONS

The Attorney General's 1972 ruling that tourism was indeed an industry was a landmark for the agency. The ruling opened the way for the IRRRB to help develop tourism in northern Minnesota, 30 years after Governor Harold Stassen cited tourism as one of the main reasons for the formation of the agency.

A top priority of the tourism development program was the construction of an interpretive museum to explain to visitors and local residents alike the culture and history of the Iron Range. On August 19, 1977, Minnesota Governor Rudy Perpich opened the Iron Range Interpretative Center to the public. Three years later, the instant success and wide support for the Center led to the construction of the Iron Range

Research Center, a facility dedicated to the collection and preservation of the historical resources of the Iron Range.

In the late 1970s, the agency acquired its second interpretive site, the Hill-Annex Mine at Calumet, which offered visitors the opportunity to tour an open pit iron mine. In 1986, the Iron Range Interpretative Center was renamed IRONWORLD in recognition of the need to enhance the attraction by combining history with quality theme entertainment. At the same time, the agency acquired Giants Ridge near Biwabik when it was feared that the last remaining Iron Range ski area might go out of business. Giants Ridge now enjoys a regional reputation and attracts more than 100,000 skier visits per season.

FINANCING THE DREAM

As early as 1976, northeastern Minnesota lawmakers attempted to increase the taconite production tax in an effort to create a "rainy day" fund for the time when mining would experience its inevitable decline. The effort was successful in 1977 when the tax increase passed and was signed into law by Governor Perpich.

The 1977 Legislation set up two major funds, which became the pillars of the agency's grant programs and economic development efforts. The Taconite Area Environmental Protection (TAEP) fund provided the IRRRB with a means to grant money to Range municipalities, townships and other units of government for local economic development.

A second fund was set up with interest-bearing securities to be used for economic development in the future, specifically in the year 2002 and after. Known informally as the 2002 Fund, but officially the Northeast Minnesota Economic Protection Fund, the money was essentially set aside from a portion of the taconite production tax for the future.

The 1977 Legislation also formalized the description of the "taconite area," drawing the boundaries along school district lines on the Iron Range to reflect the distribution of approximately 90 percent of the tax revenues.

The effect of the TAEP tax dollars on the Iron Range has been little short of amazing. Once an area of decaying infrastructure and declining community service, northeastern Minnesota today is well prepared for business and industrial development, with excellent sewer and water systems and a variety of social, educational, recreational and community advantages. These are the results of

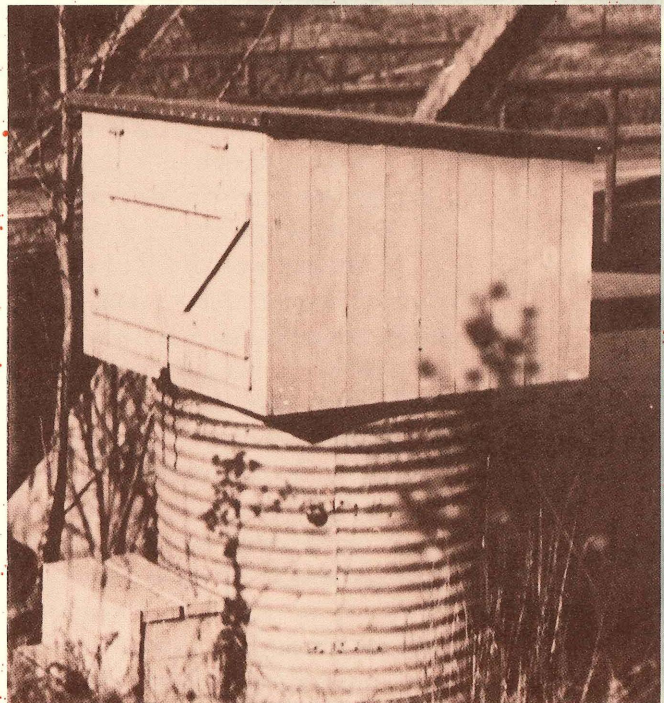
payments of more than \$120 million to taconite area communities through the TAEP grant programs administered by the IRRRB.

(top)

Recording instruments for river level recordings, 1945-1947.

(bottom)

Special facilities for housing river level recording mechanisms.



DECLINE AND REBIRTH

The 1980s dawned with high expectations for the residents of the Mesabi Iron Range. The area's taconite industry had enjoyed banner years during the 1970s, producing a record 60 million tons of pellets in 1978. It was not to last.

The worst downturn in America's steel and manufacturing industry since the Great Depression struck in the 1980s. It had often been said that when Pittsburgh got a cold, the Iron Range caught pneumonia. This time, Pittsburgh had pneumonia, and the Iron Range was in intensive care. Taconite mills cut back production, thousand of miners were laid off, and two plants even closed. (Although Reserve Mining Company has since reopened as Cyprus Northshore Mining Company).

The IRRRB responded as best as it could, tapping the 2002 Fund for public works programs in a desperate attempt to keep residents working at least part time. The Minnesota Legislature helped by authorizing taconite taxes paid to the agency to be averaged over a three-year period, eliminating previous drastic swings in income.

In 1983, the agency's focus shifted from public works to economic development and tourism. The bulk of agency funds were targeted at the creation of new businesses or the expansion of existing ones. Bank participation loans, interest buy-downs and industrial bonding were used to help small businesses, especially in the high technology field, to establish themselves on the Range and to grow and prosper.

The agency found itself tested during the 1980s, striving to remedy the region's reliance on natural resources, and often criticized for investment decisions made in the face of economic catastrophe. But



The Hibbing Daily Tribune

VOLUME 96 NUMBER 240 HIBBING, MINNESOTA 55746, FRIDAY EVENING, JUNE 28, 1985

Butler Taconite 1967-1985



Butler Taconite 1967-1985
OWNERSHIP: Island, 38%; Hamco, 37.5%; Wheeling Pittsburgh, 24.5%
PEAK EMPLOYMENT: 672
PRODUCTION CAPACITY: 2.6 million tons each year
PRODUCTION IN 1984: 1.96 million tons
TOTAL PRODUCTION: Nearly 40 million tons of taconite pellets
TAXES PAID: \$50 million from Jan. 1968 to April 1985
WAGES PAID: \$161,722,000 from 1967 to April 1985
EMPLOYEE BENEFITS PAID: \$33,318,000
SUPPLIES BOUGHT: \$413 million

Butler Tac closes after 18 years of operation

By CHUCK MORLEY
 Today is the final day for the Butler Taconite plant in Hibbing. After nearly 18 years of operation, during which it produced more than 40 million tons of taconite pellets, the plant will shut down for good today when it stops producing pellets at 11 p.m.

At 10 p.m., many of whom have been working in the Hibbing plant or the National Steel Pellet Co. plant — both of which are owned by the same group — will be on hand to see the plant's last day of operation. The plant's closure is a sad day for many of the workers who have spent their careers at the plant. The plant's closure is a sad day for many of the workers who have spent their careers at the plant.

The plant's closure is a sad day for many of the workers who have spent their careers at the plant. The plant's closure is a sad day for many of the workers who have spent their careers at the plant.

THE TUESDAY MESABI DAILY NEWS

THE RANGE NEWSPAPER VIRGINIA MINNESOTA MAY 14, 1985

Butler shutdown shocks Iron Range

The closure of the Butler Taconite plant has shocked the Iron Range. Many workers are concerned about their future. The plant's closure is a sad day for many of the workers who have spent their careers at the plant.

State's finance official resigns

Richard McFarland, Minnesota's finance official, has resigned. He was appointed to the position in 1983. His resignation was accepted by the governor.

Woman won't leave California

A woman who was ordered to leave California has refused to do so. She claims that she has a right to stay in the state.

like the iron that lies beneath the Mesabi Iron Range, the agency was forged in the fires of economic diversity and came out stronger for the experience.

Over the years, the IRRRB has supported and funded many programs to improve the quality of life enjoyed by Iron Range residents and visitors. Some of these efforts have been temporary, phased out as conditions have warranted. Some have failed. Some have had a continuing impact on the lives and fortunes of the people of the northeastern part of the state.

THE NEXT HALF CENTURY

In 1970, Commissioner Armando M. "Mundo" DeYoannes posed the question: "Is there still a need for Iron Range Resources and Rehabilitation?" The answer: a resounding "Yes," and it remains no less affirmative today.

As the IRRRB heads into its second half century, major emphasis will remain on the retention and expansion of a healthy taconite and wood products industry, the extractive resources that have been a part of northeastern Minnesota for 100 years. As in the past, the agency will continue to actively seek economic development of the region's resources through job creation and support for the tourism industry.

As always, the interests of the people of the Iron Range are paramount. Former Commissioner Jack DeLuca asked for their input on new and existing programs. Like DeYoannes 20 years before him, DeLuca posed the question: "What role do the people of the Iron Range want to see the IRRRB play in their future?"

The answer to that question and others will be addressed by Commissioner Wayne Dalke, who was appointed by Governor Arne Carlson on January 8, 1991.

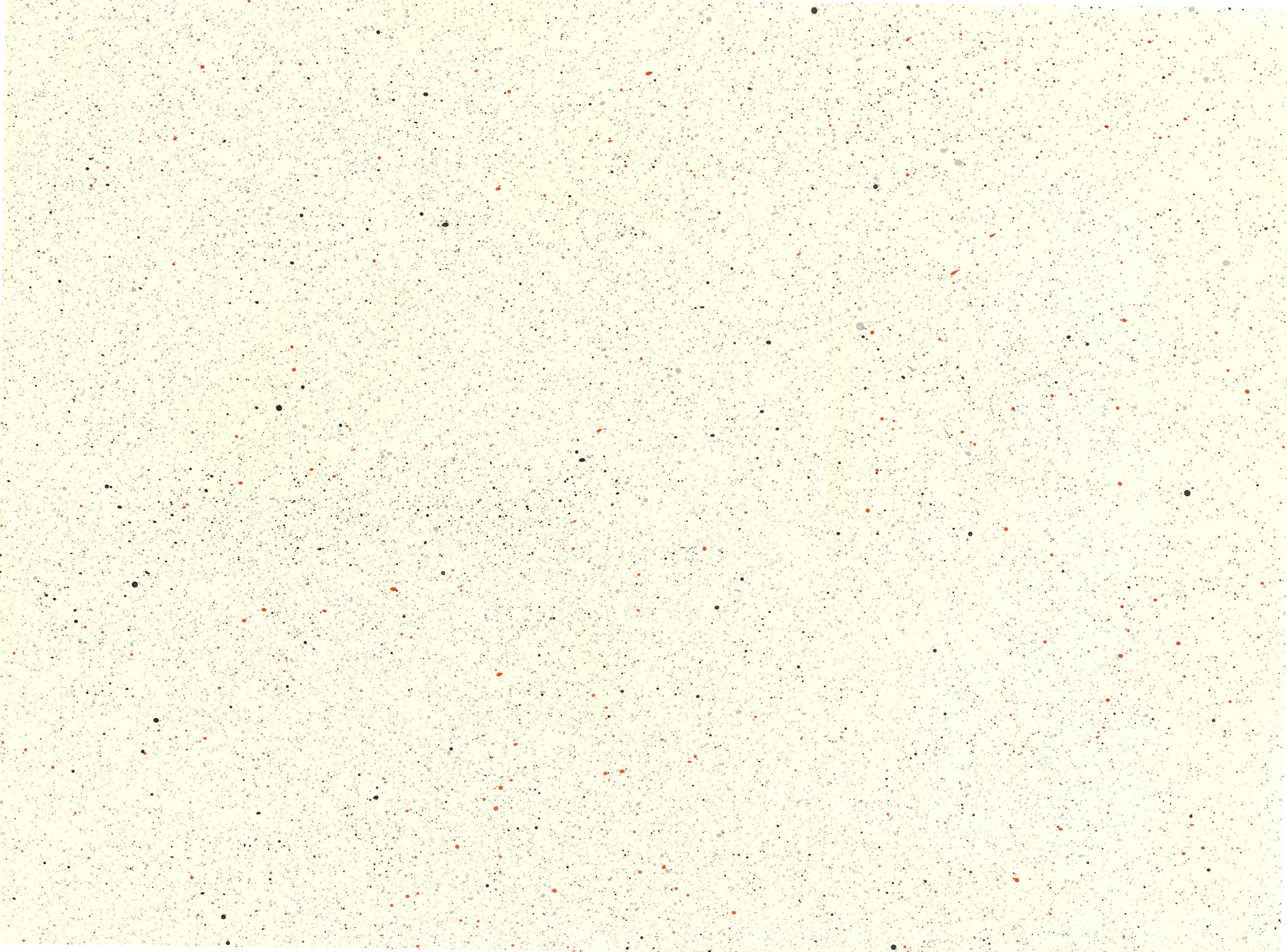
Hostage to Syria

By STEPHEN MERRITT
 BEIRUT, Lebanon (UPI) — The Arab world's first hostage-taker, an American black banker, today said he had been released from a Syrian prison. The banker, who was held for 18 months, said he was in good health and was planning to return to the United States.

Cour 'Hibb' union

By CHUCK MORLEY
 Hibbing Tribune weather chart
 Hibbing Tribune weather chart
 Hibbing Tribune weather chart





TRAILS PROGRAM

The underlying philosophy of the IRRRB's Trails Program is to provide assistance to trail-oriented clubs and public service organizations in the Taconite Tax Relief Area. During the past biennium, every snowmobile trail and winter-oriented public service organization was positively impacted by the agency's efforts.

The IRRRB provides financial assistance, technical assistance, and equipment for trail development and maintenance in an effort to help increase winter tourism and to diversify the economy of northeastern Minnesota. The agency has provided various levels of grooming for ten snowmobile events, including two nationally-sanctioned events; sanctioned sled dog races, and the Pepsi Challenge Cross Country Ski Race. In addition, staff has coordinated several cross country ski and snowmobile trail projects which involved all levels of government and various components of private industry.

The Taconite Tax Relief Area contains more than 3,100 miles of trails and hosts some of the world's best snowmobiling. Of the 3,100 miles, approximately 2,700 miles are maintained by local service organizations and/or clubs who rely almost entirely on volunteers.

During the past several years, the number of snowmobilers utilizing the trail system in our service area has nearly tripled. Trail users come from all parts of the country, such as New York, Iowa, Illinois, Utah, Florida, Wisconsin, and Michigan. In a recently completed economic impact study titled "Economic Impact: Snowmobiling in Northern Minnesota," it was determined that snowmobilers spent nearly \$50 million in our service area during the 1988-89 winter season. Snowmobiling in northeastern Minnesota is no longer a local phenomenon, but a significant tourism product.



Snowmobilers encounter beautiful scenery as they ride the more than 3,100 miles of groomed trails in northeastern Minnesota.

IRON RANGE RESEARCH & INTERPRETATIVE CENTERS

The Iron Range Research Center, located at IRONWORLD USA in Chisholm, Minnesota, is dedicated to the immigrant people who worked, settled and raised families in northeastern Minnesota. The mission of the facility has remained unchanged over the years: to collect, preserve and make available to all, the historical and cultural resources of this unique region known as the Iron Range.

Construction of the Iron Range Research Center began in 1978, and the Center opened to the public for the first time in October 1980, with Governor Al Quie and the Iron Range Resources and Rehabilitation Board members in attendance.

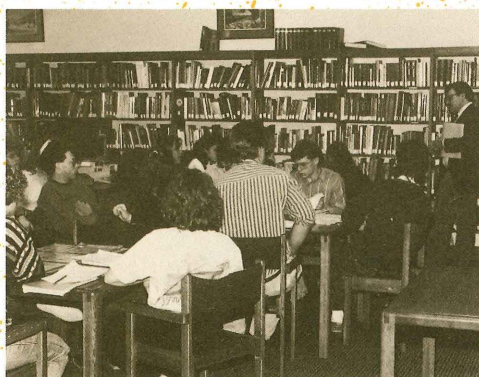
The Research Center staff has worked over the years to bring Research Center programs, exhibits, collections and professional assistance to cities and towns, schools, business and industry, organizations, and individuals throughout the Taconite Tax Relief Area.



Iron Range Research and Interpretative Center
main entrance.

The Research Center collections at first numbered only a few reference books and oral history tapes. It was widely assumed that the available space would last for many decades, if not forever. Today, only ten years later, the facility is rapidly approaching its space limitations.

Major public records collections include those from 27 area municipalities, townships, school districts and the IRRRB archives. A dynamic oral history program has resulted in the compilation of more than 2,000 hours of oral history tapes covering all aspects of Iron Range experience. The iron mining industry has been especially helpful in donating tens of thousands of documents, records, drawings and



Ed Nelson, Assistant Director and Archivist at the Iron Range Research & Interpretative Centers, teaches a class from Mesabi East how to use the historical resources at the Center's library.

pictures to the Research Center. These donations provide the facility with the finest iron mining collections in the nation. Indeed, every facet of Iron Range society has supported the efforts and goals of the Iron Range Research Center, and they rightfully view this facility as their own.

Over the years, the Research Center has sponsored genealogy and history conferences, films and lectures. Staff members provide historical and informational programs to area organizations and groups and assist with technical expertise on projects such as centennial celebrations.

In 1988, the Iron Range Research Center assumed responsibility for the exhibits, programs, audio-visual department and other aspects of the adjacent Iron Range Interpretative Center. The center has been renamed the Iron Range Research & Interpretative Centers. Since then, a major exhibit on steel has been introduced, exhibits have been upgraded and modernized, and an education program for area school districts developed.

MESABA JUNCTION

Another major development planned and under construction is located at the area known as Mesaba Junction. It will include a location site, a circa 1950s mine site and walking trails so visitors may view Iron Range life as it was during this period.

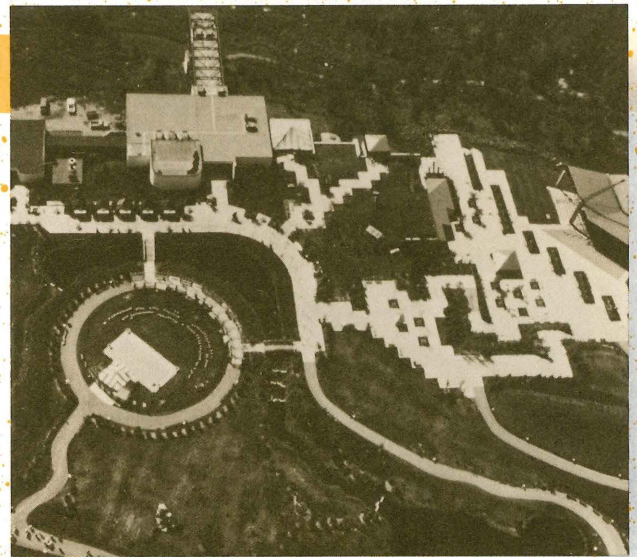
CIVILIAN CONSERVATION CORPS (CCC)

In 1990, Commissioner Jack DeLuca and the Iron Range Resources and Rehabilitation Board approved the construction of a Civilian Conservation Corps interpretive center at Mesaba Junction. Scheduled for completion in late-1991, the facility will tell the story of this popular and worthwhile program through the eyes of the men who lived it. In Minnesota alone, more than 84,000 young men worked in the camps, the majority of which were located in the northeastern part of the state.

The Iron Range Research & Interpretative Centers have lived up to the mission of collecting and preserving the historical resources of the taconite area. With the continued strong support of the Commissioner and Board, the next ten years will be even better. The next decade promises more programs, new exhibits and an active outreach program to bring an understanding of northeastern Minnesota's unique history and culture to all.

IRONWORLD USA

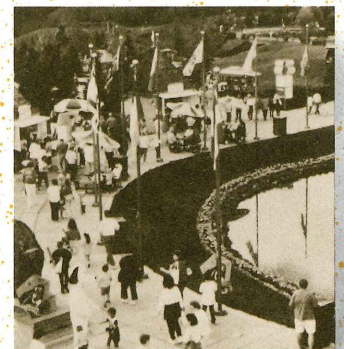
IRONWORLD USA, one of Minnesota's major theme parks, evolved from the Iron Range Interpretative Center. The 1976-78 Biennial Report states that the IRRRB supported construction of the Interpretative Center in 1977 as a means of generating tourism in the Iron Range region. "But," stated the report, "while the economic impact is important justification for the existence of the center, of equal importance is the effort to preserve the rich ethnic heritage and traditions of the Iron Range and to focus attention on the accomplishments of the people and industry of the Iron Range." Although IRONWORLD USA has greatly expanded its original facilities, this two-fold mission remains its motivating force.



An aerial view of the IRONWORLD USA complex.

FESTIVAL PARK

The beautifully landscaped 15-acre Festival Park is the central point of activity at IRONWORLD USA. Among the brilliant flower gardens, native Americans demonstrate authentic Ojibway crafts, while in the Pioneer Village, fleece is being carded and woven into wool. A newly constructed Festival Pavilion, which seats 300, is home to IRONWORLD USA's own ethnic troupe, Passport, which is sponsored by US WEST. Corporate involvement enables IRONWORLD USA to employ, train and costume this talented 13-member troupe of college-aged performers. The Festival Pavilion also provides an alternative for other performers.



Crowds gather in Festival Park during the first Wow-Days festival at IRONWORLD USA.

RAILWAY SYSTEM

Destination: Mesaba Junction

An electric trolley and diesel train transport visitors to Mesaba Junction where they are greeted by Gloria, a storyteller who relates stories about her Norwegian Grandmother, or by Casey, who sings amusing railroad songs. Mesaba Junction features mining equipment in a mining environment and an opportunity to visit a miner's house which was once part of the Glen Mine Location. The Junction also offers a wooden caboose, a vintage steam engine and a steam tractor to climb aboard.

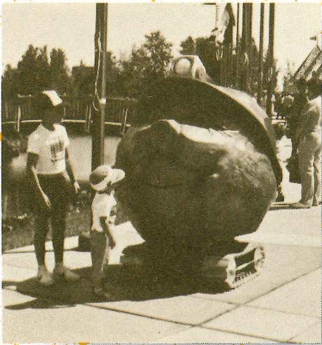
CHILDREN'S AREA

IRONWORLD USA celebrated the grand opening of its new Children's Area this past summer. This area consists of a beautifully hand-crafted carousel and ten radio-controlled replicas of Lake Superior ore boats or tug boats in a miniature Duluth Harbor. Other attractions planned for this area include a 31-foot spiral slide, a moon walk, a rope walk, a small children's railroad system, food concessions and restrooms.

As part of the grand opening, local Spies Super Valu stores and WKKQ Radio Station in Hibbing sponsored WOW DAYS for area children. More than 25 product mascots, including Captain Crunch, the Energizer Bunny, the Ninja Turtles and Garfield were at IRONWORLD USA to greet children and have photos taken with young fans. Bugs Bunny and Daffy Duck were also on hand to celebrate Bugs Bunny's 50th Birthday. More than 7600 children and adults attended this event.



The handcrafted carousel in IRONWORLD's new Children's Area. The Children's Area will also include a spiral slide, a playport and a food kiosk.



IRONWORLD USA's very own Pellet Pete delights children as they enter Festival Park.

AMPHITHEATRE

Superstar-quality entertainment abounds in IRONWORLD USA's 1600-seat amphitheatre. The Star Series concerts have attracted such internationally-known stars as Ronnie Milsap, Pat and Debbie Boone, Tammy Wynette, Dick Contino, the Stars of Lawrence Welk, and Chubby Checker during the past two seasons.

A highlight of the past season was "Home Again," an exceptional Broadway-style musical production which depicts life on the Iron Range over the past 100 years. With its rich characterizations and outstanding musical score, the ten-day run of the production attracted over 5,000.

Hundreds of area children have been involved in IRONWORLD USA's Prairie Fire Theater productions. During the past biennium, *Cinderella*, *Robin Hood* and *Snow White* have been presented in the amphitheater. A cast of approximately sixty local children participated in each production, along with members of the Twin Cities-based Prairie Fire Theater staff.

MAJOR EVENTS

IRONWORLD USA lives up to its slogan, "Everyday's a Celebration," by filling its calendar with a variety of special events.

Most notable are the International Polkafest, a five-day celebration which attracts top-name polka musicians and thousands of polka fans annually; and the twelve-day Minnesota Ethnic Days celebration, during which visitors have a chance to sample the delicious ethnic foods, the folk music and culture of a different nationality each day. These two festivals account for over 32,000 visitors annually.

ECONOMIC IMPACT

IRONWORLD USA attracts approximately 120,000 visitors annually. Random exit surveys show that 83 percent of the people visiting IRONWORLD USA are from outside the area. Of those 83 percent, more than half stay one or more nights in the area. The expenditure in the park for meals, souvenirs, etc. by each visitor averages \$9.00, which parallels the national average expenditure at other attractions.

The impact of IRONWORLD USA on the regional economy is significant. Studies show that approximately \$12.5 million annually is generated in the region by IRONWORLD USA. Recently, the City of Chisholm authorized tax increment financing for a proposed \$2.3 million motel project to be developed on Highway 169 across from the IRONWORLD USA complex. The proposed 65-room lodging facility will include a pool, sauna, conference room, restaurant and lounge. According to Ione Tomasetti, president of the Chisholm Development Association, the new motel complex is needed in the region to accommodate increased tourist traffic generated, at least in part, by IRONWORLD USA.

NEW DEVELOPMENTS

During the past biennium, several capital improvement projects were undertaken at IRONWORLD USA. A 300-seat pavilion in Festival Park accommodates smaller sized troupes. Sidewalls were added to the Amphitheatre to provide the audience and performers with added protection from the sun, wind and rain. Also, new sidewalks and railings were added for increased handicapped accessibility.

MINELAND RECLAMATION

Since mining began in 1882, millions of tons of earth have been moved on Minnesota's three iron ranges: the Cuyuna, Mesabi and Vermilion. The mining effort left gigantic holes, some several miles long and hundreds of feet deep. Overburden and lean ore removed to reach the merchantable ore was stockpiled, creating hills, some of which are hundreds of feet high and covering hundreds of acres.

In 1978, the Mineland Reclamation Division of the IRRRB was given the authority to reclaim abandoned minelands located in the Taconite Tax Relief Area for the purpose of improving the quality of life along northeastern Minnesota's Iron Range.

Funding for this program is provided by the Taconite Area Environmental Protection Fund.

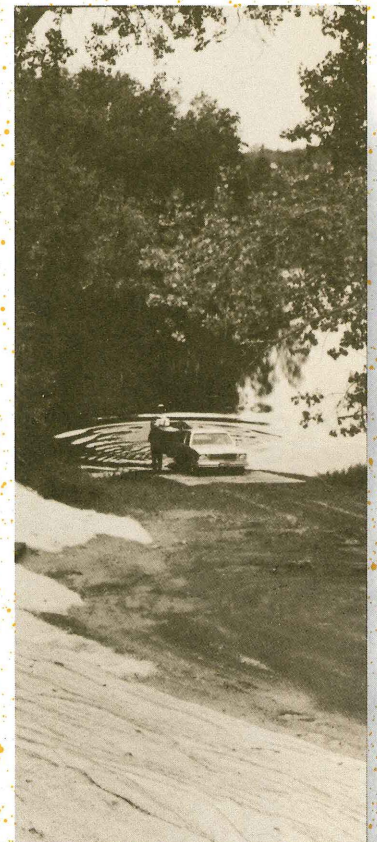
It is physically impossible to return the land to its original state. Instead, efforts are directed in six problem areas: safety, water pollution, erosion, air pollution, lack of vegetation and aesthetics. The reclaimed lands are usually reshaped, stabilized and revegetated.

Reshaping the abandoned pits is a common reclamation activity because it reduces the danger of steep banks and makes the land usable. Reshaping the pit involves changing the slope of the walls and planting vegetation to control erosion.

Revegetation also plays a crucial role in mineland reclamation. It produces an aesthetically pleasing appearance, controls erosion, prevents dust pollution and provides barriers to unsafe areas.

The subsequent uses of the reclaimed lands vary from tourism and recreation to wildlife and timber production. Tourism projects have included campgrounds and site-seeing destinations. Recreation projects have included sliding hills, trails, beaches and boat accesses. And wildlife production is enhanced through various planting activities which improve the natural habitat on tailings basins and stockpiles.

In 1989, Mineland Reclamation received the *Minnesota Beautiful Award* from Governor Rudy Perpich in appreciation of its generous contribution of time, talent and energy to help keep Minnesota beautiful.



The IRRRB constructed an access into the Sagamore Mine Pit near Riverton. Trout, bass, crappies and sunfish are plentiful in this minepit lake.

GROWTH CHAMBER

The Mineland Reclamation Division was transferred from the Hill Annex Mine in Calumet to IRONWORLD in Chisholm, during the fall of 1988. This resulted in many changes for the division, one of which was the discontinuation of the growth chamber operations in Calumet, which operated from March, 1982, through October, 1988. During its 6.5 years, the Calumet growth chamber produced 902,219 containerized seedlings. A total of 44 species were produced, many of which weren't available commercially. This growth chamber allowed the IRRRB to grow superior quality plant materials needed to successfully carry out its reclamation programs.

In November, 1988, work began on designing a state-of-the-art growth chamber facility that would house two growth chambers, a headhouse, a lab, offices, classrooms and storage areas. When completed, it will provide opportunities to expand education outreach programs in the classroom, produce the 300,000 seedlings per year needed to meet reclamation needs and provide unique plant materials for the IRONWORLD grounds. A growth chamber allows total control of a plant's growing environment, and two growth chambers allow the simultaneous production of two dissimilar crops.

Construction began on September 9, 1989, and the first phase was completed in April, 1990. This phase included two growth chambers, a headhouse, a lab and storage areas needed to begin growing seedlings. The second phase of construction will be completed in May, 1991, and will include the Mineland Reclamation Division offices and educational outreach spaces.

TREE PLANTING

The demand for larger (6'-8') trees used in mineland reclamation and Community Entrance Enhancement projects was such that Mineland Reclamation purchased another vermeer tree spade in 1989. This has allowed the division to double production; more than 500 trees are transplanted annually.

During this biennium, Mineland Reclamation planted 229,000 seedlings, 7340 transplants, and 720 vermeer trees. The number of seedlings planted this year decreased due to the closing of the Calumet growth chamber and waiting for the completion of the new facility at IRONWORLD USA. Since 1978, the division has planted a total of 1,500,000 trees.

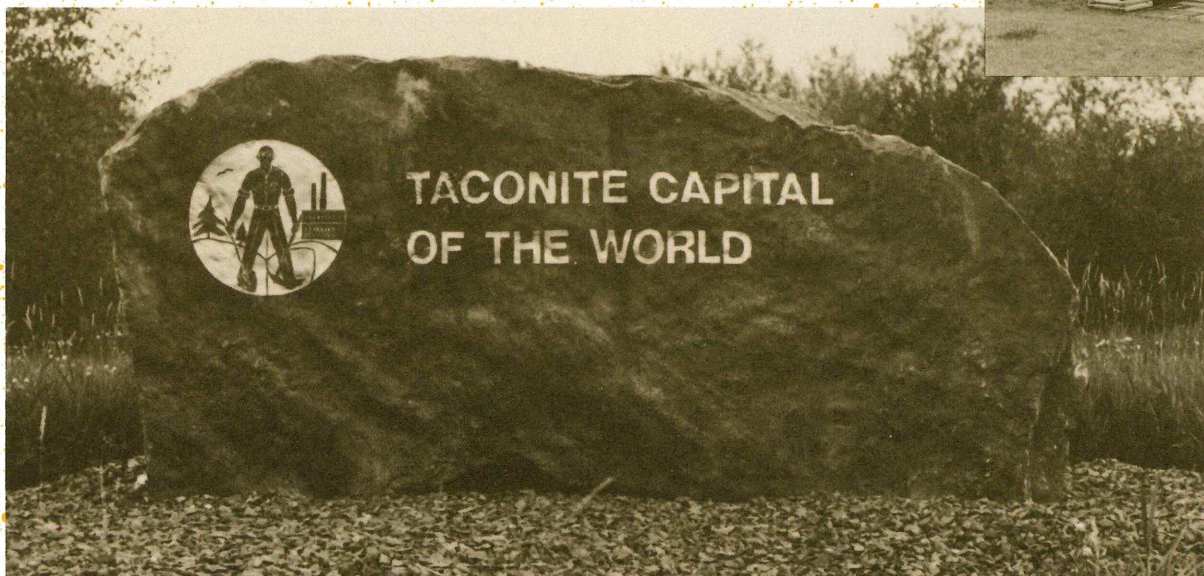
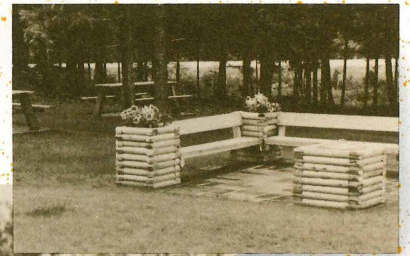


The Mineland Reclamation Division plants 150,000 trees annually. The tree planting program includes seedlings, vermeer transplants (8'-10'), and hand transplants (3'-4'). This picture shows an employee planting hand transplants.

EDUCATION

For the past eight years, Mineland Reclamation has coordinated an annual Arbor Day Celebration for the region. The completion of the growth chamber in April allowed the Mineland Reclamation Division to host the first Environmental Education Day/Arbor Day Celebration at IRONWORLD on April 27, 1990. Approximately 500 fourth grade students spent the day at IRONWORLD rotating among 19 learning stations. Staff and field experts at each station presented an environmentally related topic. This event was so successful and well received that plans are already being made for Arbor Day 1991.

Another education program sponsored by Mineland Reclamation was the "Planting Communities for 1990" seminar. This event was held on March 30, 1990 and involved civic leaders from Iron Range communities. Statewide experts discussed how to plan, organize and carry out community beautification projects. This seminar complemented and promoted IRRRB's Community Entrance Enhancement Program.



COMMUNITY ENTRANCE ENHANCEMENT PROGRAM

Since its creation in 1988, the Community Entrance Enhancement Program (CEEP) has assisted 36 cities and townships with entrance beautification. This three-year program provided nearly \$1,000,000 in fiscal years '89, '90 and '91 in matching grant funds to local units of government and community interest groups.

CEEP provides funding and technical assistance to innovative community entrance projects. Generally, the projects help to make the community a better place in which to live, work and play. The program was created under the premise that, as entrances are enhanced, the community then becomes more attractive for economic development. In addition, the projects accentuate the natural landscape attributes of each area.

Money for the program comes from the IRRR Board account. As with all IRRRB programs, assistance is available only to those units of government located within the Taconite Tax Relief Area.

(top)
The Township of Embarrass constructed a wayside rest/tourist information area with funding from the Community Entrance Enhancement Program. These efforts are part of a larger project to rejuvenate the township's Finnish Heritage.

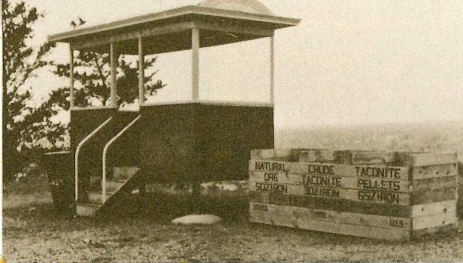
(bottom)
The City of Mt. Iron received a Community Entrance Enhancement grant to landscape, plant trees and build this new entrance sign out of taconite rock.

OBSERVATION OVERLOOKS

The IRRRB's commitment to tourism is evidenced by the funding of two new observation points. The Leonidas Overlook was constructed on the 220 foot high, 30 acre Leonidas Stockpile located between the cities of Eveleth and West Eveleth. A viewstand constructed at the site provides a spectacular view of a large portion of the mid-Mesabi Range including the Eveleth Mines. The City of Eveleth maintains the Leonidas Overlook.

The Wacootah Overlook is located on the Wacootah Stockpile just east of Mountain Iron. The overlook provides an excellent view of the U.S.X. Minntac operation, the cities of Mountain Iron and Virginia, and many abandoned mine pits.

An old mining company platform was restored and sits at the highest vantage point. Visitors to the Wacootah Overlook can take home samples of iron ore, taconite rock and taconite pellets. The City of Mountain Iron maintains the Wacootah Overlook.



(top)
Reshaping the large mine stockpile on the west side of Biwabik has greatly improved the entrance to the city. The city plans to use the reclaimed land for a mining museum, a tree nursery, a wildflower garden and a wayside rest.

(bottom)
The Wacootah Overlook, located 1/2 mile east of the City of Mt. Iron, provides a spectacular view of the U.S.X. Minntac Mining operation, the cities of Mt. Iron and Virginia, and the surrounding area. The Overlook was funded by the IRRRB/Mineland Reclamation Division and is maintained by the City of Mt. Iron.

MESABI MAP PROJECT

A cooperative effort between the IRRRB, the Department of Natural Resources Minerals Division, the Department of Revenue, St. Louis and Itasca County Assessor's Offices and the Range Association of Municipalities and Schools, this project involved completing an atlas of maps of the Mesabi Range. These maps detail the mining activities, minerals, roads and communities located on the Mesabi Range.

WILDLIFE HABITAT

Mineland Reclamation continues to support the return of sharptail grouse populations to the Iron Range in a cooperative effort with the Department of Natural Resources, the Soil Conservation Service and the mining companies. This project involves preparing food plots and improving habitat areas on abandoned tailing basins.

CROFT MINE HISTORICAL PARK

During the past biennium, the IRRRB turned over the operations of the Croft Mine Historical Park to the Crosby-Ironton Joint Powers Board. This facility gives tourists a simulated underground mining experience while presenting history and artifacts from the Cuyuna Range. A dedication of the park was held in August 1989.

HILL ANNEX MINE

Legislative action in 1988 transferred the Hill Annex Mine from the IRRRB to the Department of Natural Resources (DNR). The Hill Annex is now a state park.

Along with the transfer of mine dollars, the IRRRB agreed to subsidize operations for 3 years at \$200,000 per year. During this biennium, \$400,000 was transferred to the DNR for this purpose.

OPERATIONAL ACCOUNTS:

IRRRB programs are funded through three different operating accounts: the basic operating account, Iron Range Resources and Rehabilitation Board Account; the Taconite Area Environmental Protection Fund; and the Northeast Minnesota Economic Protection Fund.

Taconite production taxes are the primary source of funding for the Board Account and the Taconite Area Environmental Protection Fund. Interest earnings on invested cash and loan payback are the primary sources of funding for the Northeast Minnesota Economic Protection Fund. These tax receipts are received by the IRRRB in the spring of each year and are reserved (carried forward) for the next fiscal year, along with any other unexpended funds. The IRRRB operates on a fiscal year starting July 1 and ending June 30. Because of the unpredictability of the annual level of taconite production taxes, the IRRRB maintains a significant carry forward of funds each year. The carry forward to FY 1991 for all three operating accounts totaled \$25,406,883, which included \$2,746,810 to complete projects which were approved in FY89 or FY90.

Other revenue sources include interest earned on invested cash, admission fees from the agency's tourism facilities, loan repayments, and other miscellaneous refunds and revenues. By law, admission fees from the agency's tourism facilities must be deposited in the Board Account.

Sources of Funds

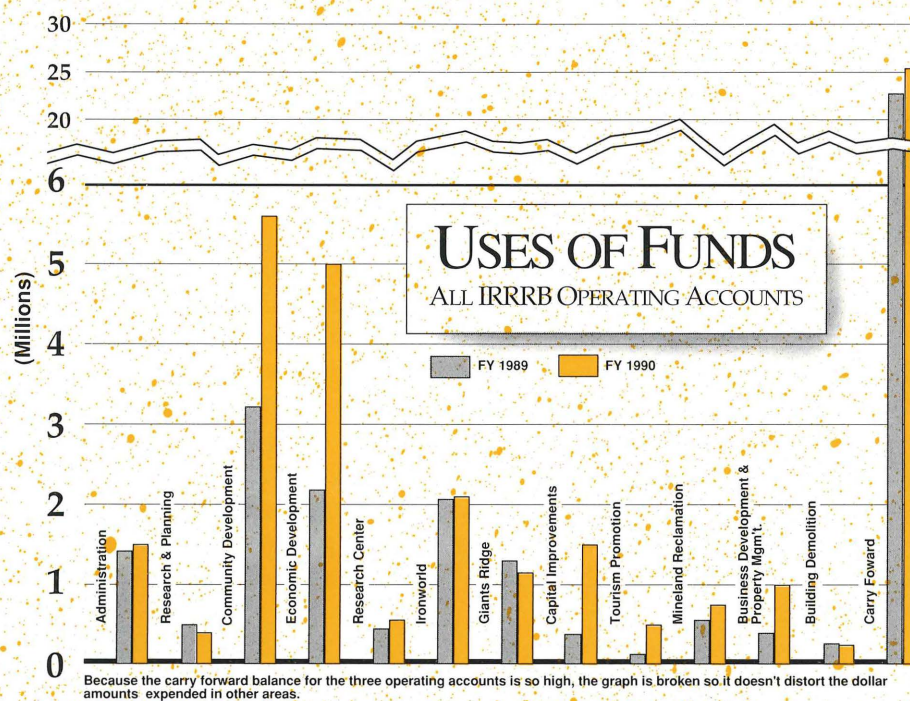
All Operating Accounts

	FY 1989	FY 1990
Prior Year Carry Forward...	\$19,366,799	\$22,847,673
Taconite Production Taxes..	\$ 7,580,846	\$12,523,487
Departmental Earnings.....	\$ 1,575,850	\$ 1,906,031
Interest earned on invested cash.....	\$ 5,892,885	\$ 6,700,181
Economic Development Loan Repayments.....	\$ 1,597,062	\$ 2,172,071
Total.....	\$36,013,442	\$46,149,443

Uses of Funds

All Operating Accounts

	FY 1989	FY 1990
Agency administrative costs.....	\$ 1,415,441	\$ 1,509,126
Research & Planning Activity.....	\$ 504,996	\$ 369,451
Community Development grants/projects.....	\$ 3,256,920	\$ 5,652,173
Economic Development grants/loans/projects.....	\$ 2,267,527	\$ 5,064,542
Research Center.....	\$ 493,972	\$ 572,615
Ironworld USA.....	\$ 2,131,504	\$ 2,140,948
Giants Ridge.....	\$ 1,363,224	\$ 1,215,709
Facility Capital Improvements.....	\$ 336,937	\$ 1,528,350
Trails Activity & Tourism Promotion.....	\$ 98,881	\$ 531,569
Mineland Reclamation.....	\$ 581,116	\$ 792,719
Business Development & Property Management.....	\$ 407,472	\$ 1,048,909
Building Demolition.....	\$ 307,781	\$ 316,449
Carry Forward.....	\$22,847,671	\$25,406,883
Total.....	\$36,013,442	\$46,149,443



IRRR Board Account

Sources of Funds	FY 1989	FY 1990
Prior Year Carry Forward...	\$3,361,072	\$3,648,396
Taconite Production Taxes...	\$3,012,799	\$3,247,375
Giants Ridge Receipts.....	\$ 830,214	\$ 970,802
Ironworld USA Receipts.....	\$ 573,072	\$ 521,701
Misc. Revenue.....	\$ 81,420	\$ 42,596
Interest earned on invested cash.....	\$ 620,973	\$ 745,354
Total.....	\$8,479,550	\$9,176,224

IRRR Board Account

Uses of Funds	FY 1989	FY 1990
State of MN administrative costs.....	\$ 143,127	\$ 129,463
Agency administrative costs.....	\$ 605,499	\$ 438,692
Grant/project funding.....	\$1,620,630	\$2,447,683
Research Center.....	\$ 493,972	\$ 6,732
Giant's Ridge operation.....	\$1,358,912	\$1,215,709
Capital Improvements.....	\$ 104,019	\$ 85,324
Research & Planning.....	\$ 504,996	\$ 369,451
Carry Forward.....	\$3,648,395	\$4,483,170
Total.....	\$8,479,550	\$9,176,224

Taconite Area Environmental Protection Fund

Sources of Funds:	FY 1989	FY 1990
Prior Year Carry Forward.....	\$2,487,115	\$ 2,739,242
Taconite Production Taxes.....	\$4,568,047	\$ 9,276,112
Miscellaneous Receipts.....	\$ 45,331	\$ 78,937
Interest earned on invested cash.....	\$ 786,090	\$ 1,323,460
Total.....	\$7,886,583	\$13,417,751

Taconite Area Environmental Protection Fund

Uses of Funds:	FY 1989	FY 1990
Agency administrative costs.....	\$ 462,322	\$ 711,521
Grant funding.....	\$1,636,290	\$ 3,204,490
Mineland Reclamation.....	\$ 581,116	\$ 792,719
Ironworld USA Operation..	\$2,131,504	\$ 2,140,948
Facility Capital Improvements.....	\$ 232,918	\$ 1,443,026
Trails Activity and Tourism Promotion.....	\$ 98,881	\$ 531,569
Research Center.....	\$ 0	\$ 565,883
Giants Ridge Prior Year (Project).....	\$ 4,312	\$ 0
Carry Forward.....	\$2,739,240	\$ 4,027,595
Total.....	\$7,886,583	\$13,417,751

Northeast Minnesota Economic Protection Fund

Sources of Funds:	FY 1989	FY 1990
Prior Year Carry Forward.....	\$13,518,612	\$16,460,035
Loan Repayments.....	\$ 1,597,062	\$ 2,172,071
Miscellaneous Receipts, property rentals.....	\$ 45,813	\$ 291,995
Interest earned on invested cash.....	\$ 4,485,822	\$ 4,631,367
Total.....	\$19,647,309	\$23,555,468

Northeast Minnesota Economic Protection Fund

Uses of Funds:	FY 1989	FY 1990
Agency administrative costs.....	\$ 204,493	\$ 229,450
Grant/loan/project funding.....	\$ 2,267,527	\$ 5,064,542
Business Development & Property.....	\$ 407,472	\$ 1,048,909
Building Demolition.....	\$ 307,781	\$ 316,449
Carry Forward out.....	\$16,460,036	\$16,896,118
Total.....	\$19,647,309	\$23,555,468

NON-OPERATIONAL ACCOUNTS

In addition to its three operating accounts, the IRRRB administers funds for economic and environmental development within Koochiching and Carlton counties. This "Supplemental Tax Account" is funded by occupation taxes as provided by M.S. 298.17. Except for an administrative charge, all funds are disbursed for projects at the request of each county.

The IRRRB also administers the corpus of the Northeast Minnesota Economic Trust Fund (2002 Fund). Interest earned on the corpus is credited to the IRRRB Northeast Minnesota Economic Protection Fund for economic development projects. Only the legislature can authorize appropriations from this corpus. In FY 1990, a withdrawal from this account was made to provide funding for a deficit in the taconite production tax relief account. This withdrawal was authorized by M.S. 298.293.

Supplemental Tax Account

Sources of Funds:	FY 1989	FY 1990
Prior Year Carry Forward.....	\$464,938	\$331,853
Loan repayments (Reserved for Carlton Co.) ..	\$135,863	
Occupation Taxes.....	\$321,832	\$369,528
Total.....	\$922,633	\$701,381

Supplemental Tax Account

Uses of Funds:	FY 1989	FY 1990
Project Funding		
Koochiching County.....	\$299,000	\$163,468
Carlton County.....	\$277,779	\$154,385
Agency administrative costs.....	\$ 14,000	\$ 14,000
Carry Forward.....	\$331,854	\$369,528
Total.....	\$922,633	\$701,381

Northeast MN Economic Protection Trust Fund (CORPUS)

Sources of Funds:	FY 1989	FY 1990
Prior Year Carry Forward.....	\$31,290,815	\$33,628,484
Taconite Production Taxes..	\$ 2,337,669	\$ 4,638,012
Total.....	\$33,628,484	\$38,266,496

Northeast MN Economic Protection Trust Fund (CORPUS)

Uses of Funds:	FY 1989	FY 1990
Property Tax relief.....	\$ 0	\$ 1,892,536
Carry Forward.....	\$33,628,484	\$36,373,960
Total.....	\$33,628,484	\$38,266,496

TACONITE PRODUCTION TAX DISTRIBUTION TO IRRRB

The taconite production tax, a portion of which funds the IRRRB, is paid by the mining companies on each ton of taconite produced. This tax is paid **in lieu of**, or instead of, a property tax. Thus, the IRRRB is funded by Iron Range tax dollars, and as a State of Minnesota agency, the IRRRB acts as the fiscal agent for this money. The IRRRB receives no basic operational funding from the State of Minnesota general fund.

Taconite production taxes are based on the level of taconite production which occurs in each calendar year, and taxes are paid by the mining companies shortly after the end of the calendar year. The IRRRB also receives interest on any taconite tax monies which are paid to counties for later distribution as property tax relief or municipal aid.

The IRRRB operates on a fiscal year basis (July 1 - June 30), rather than on a calendar year basis, and generally budgets the expenditure of taconite tax payments for the year following receipt of tax monies. For example, taconite production taxes based on calendar year 1987 production levels are paid to the IRRRB during FY1988 and are budgeted for expenditure by the IRRRB in FY1989. An exception to this budgetary allocation process occurs for the corpus of the Northeast Minnesota Economic Protection Fund. Taconite production tax monies credited to the corpus of the Northeast are included in the allocation of available funding in the fiscal year in which the monies are received. The following financial information is provided to show the fiscal year in which taconite tax monies are received by the IRRRB and the fiscal year in which those monies are budgeted by the IRRRB.

Taconite Production Tax Payments to IRRRB:

Production Year	1987	1988	1989	1990
Fiscal Year	FY88	FY89	FY90	FY91
IRRR Board Account:				
Tax Payments from Steel Companies	\$3,012,799	\$3,247,375	\$3,578,456	*
Taconite Environmental Protection Fund (TEPF):				
Tax Payments from Steel Companies	\$4,397,896	\$9,075,227	\$13,434,666	*
Interest on tax monies paid direct to counties	\$170,151	\$200,885	\$274,717	
Total TEPF tax receipts	\$4,568,047	\$9,276,112	\$13,709,383	
NEPF Corpus:				
Tax Payments from Steel Companies	\$15,365	\$2,237,226	\$4,500,653	*
Interest on tax monies paid direct to counties	\$84,808	\$100,443	\$137,359	
Total NEPF Corpus tax receipts	\$100,173	\$2,337,669	\$4,638,012	

IRRRB Budgetary Allocation of Taconite Tax receipts:

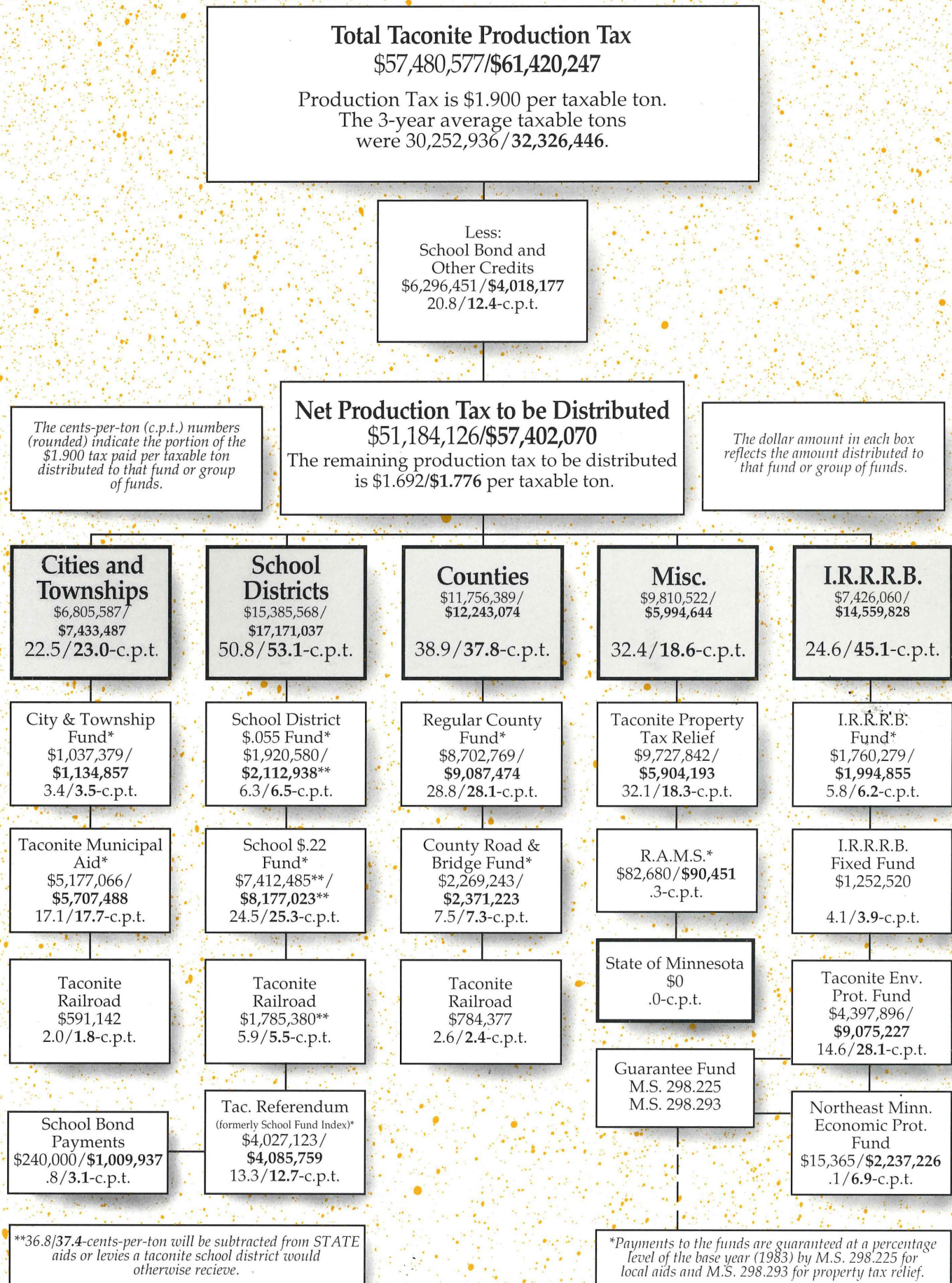
Fiscal Year	FY89	FY90	FY91
IRRR Board Account	\$3,012,799	\$3,247,375	\$3,578,456
Taconite Area Environmental Protection Fund	\$4,568,047	\$9,276,112	\$13,709,383

Allocation of Taconite Tax receipts for non-budgetary purposes:

Fiscal Year	FY89	FY90	FY91
NEPF Corpus (Unexpendable trust fund)	\$2,337,669	\$4,638,012	*

* Tax payments for FY91 will be received by the IRRRB during FY91.

1988/1989 Taconite Production Tax Distribution Flow Chart



Flowchart developed by Minnesota Department of Revenue. Production occurred during calendar years 1987 and 1988.

