

SENATE
STATE OF MINNESOTA
EIGHTY-NINTH SESSION

S.F. No. 3403

(SENATE AUTHORS: HANN)

DATE	D-PG	OFFICIAL STATUS
03/31/2016	5429	Introduction and first reading Referred to Taxes

1.1 A bill for an act
 1.2 relating to taxation; minerals; modifying distribution of the taconite production
 1.3 tax; amending Minnesota Statutes 2014, sections 298.225, subdivision 1; 298.28,
 1.4 subdivision 5.

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

1.6 Section 1. Minnesota Statutes 2014, section 298.225, subdivision 1, is amended to read:

1.7 Subdivision 1. **Guaranteed distribution.** (a) The distribution of the taconite
 1.8 production tax as provided in section 298.28, subdivisions 3 to 5, 6, paragraph (b), 7, and
 1.9 8, shall equal the lesser of the following amounts:

1.10 (1) the amount distributed pursuant to this section and section 298.28, with respect
 1.11 to 1983 production if the production for the year prior to the distribution year is no less
 1.12 than 42,000,000 taxable tons. If the production is less than 42,000,000 taxable tons, the
 1.13 amount of the distributions shall be reduced proportionately at the rate of two percent
 1.14 for each 1,000,000 tons, or part of 1,000,000 tons by which the production is less than
 1.15 42,000,000 tons; or

1.16 (2)(i) for the distributions made pursuant to section 298.28, subdivisions 4,
 1.17 paragraphs (b) and (c), and 6, paragraph (c), 31.2 percent of the amount distributed
 1.18 pursuant to this section and section 298.28, with respect to 1983 production;

1.19 (ii) for the distributions made pursuant to section 298.28, subdivision 5, paragraphs
 1.20 (b) and (d), 75 percent of the amount distributed pursuant to this section and section
 1.21 298.28, with respect to 1983 production ~~provided that the aid guarantee for distributions~~
 1.22 ~~under section 298.28, subdivision 5, paragraph (b), shall be reduced by five cents per~~
 1.23 ~~taxable ton for production years 2014 and thereafter.~~

2.1 (b) The distribution of the taconite production tax as provided in section 298.28,
 2.2 subdivision 2, shall equal the following amount:

2.3 (1) if the production for the year prior to the distribution year is at least 42,000,000
 2.4 taxable tons, the amount distributed pursuant to this section and section 298.28 with
 2.5 respect to 1999 production; or

2.6 (2) if the production for the year prior to the distribution year is less than 42,000,000
 2.7 taxable tons, the amount distributed pursuant to this section and section 298.28 with respect
 2.8 to 1999 production, reduced proportionately at the rate of two percent for each 1,000,000
 2.9 tons or part of 1,000,000 tons by which the production is less than 42,000,000 tons.

2.10 **EFFECTIVE DATE.** This section is effective beginning with distributions in 2016
 2.11 and thereafter.

2.12 Sec. 2. Minnesota Statutes 2014, section 298.28, subdivision 5, is amended to read:

2.13 Subd. 5. **Counties.** (a) ~~21.05 cents per taxable ton for distributions in 2015 through~~
 2.14 ~~2023, and 26.05 cents per taxable ton for distributions beginning in 2024,~~ is allocated
 2.15 to counties to be distributed, based upon certification by the commissioner of revenue,
 2.16 under paragraphs (b) to (d).

2.17 (b) ~~10.525~~ 15.525 cents per taxable ton shall be distributed to the county in which
 2.18 the taconite is mined or quarried or in which the concentrate is produced, less any
 2.19 amount which is to be distributed pursuant to paragraph (c). The apportionment formula
 2.20 prescribed in subdivision 2 is the basis for the distribution.

2.21 (c) If an electric power plant owned by and providing the primary source of power for
 2.22 a taxpayer mining and concentrating taconite is located in a county other than the county
 2.23 in which the mining and the concentrating processes are conducted, one cent per taxable
 2.24 ton of the tax distributed to the counties pursuant to paragraph (b) and imposed on and
 2.25 collected from such taxpayer shall be paid to the county in which the power plant is located.

2.26 (d) ~~10.525 cents per taxable ton for distributions in 2015 through 2023, and 15.525~~
 2.27 ~~cents per taxable ton for distributions beginning in 2024,~~ shall be paid to the county from
 2.28 which the taconite was mined, quarried or concentrated to be deposited in the county road
 2.29 and bridge fund. If the mining, quarrying and concentrating, or separate steps in any of
 2.30 those processes are carried on in more than one county, the commissioner shall follow the
 2.31 apportionment formula prescribed in subdivision 2.

2.32 **EFFECTIVE DATE.** This section is effective beginning with distributions in 2016
 2.33 and thereafter.