

S.F. No. 681, as introduced - 87th Legislative Session (2011-2012) [11-2371]

2.1 or business during the tax period are of the taxpayer's total payrolls paid or incurred in
2.2 connection with the trade or business during the tax period.

2.3 The tax is in addition to all other taxes.

2.4 Sec. 2. Minnesota Statutes 2010, section 298.015, subdivision 1, is amended to read:

2.5 Subdivision 1. **Tax imposed.** A person engaged in the business of mining shall pay
2.6 to the state of Minnesota for distribution as provided in section 298.018 a net proceeds tax
2.7 equal to ~~two~~ 3.35 percent of the net proceeds from mining in Minnesota. The tax applies
2.8 to all mineral and energy resources mined or extracted within the state of Minnesota
2.9 except for sand, silica sand, gravel, building stone, crushed rock, limestone, granite,
2.10 dimension granite, dimension stone, horticultural peat, clay, soil, iron ore, and taconite
2.11 concentrates. The tax is in addition to all other taxes provided for by law.

2.12 Sec. 3. Minnesota Statutes 2010, section 298.018, subdivision 1, is amended to read:

2.13 Subdivision 1. **Within taconite assistance area.** The proceeds of the tax paid under
2.14 sections 298.015 to 298.017 on minerals and energy resources mined or extracted within
2.15 the taconite assistance area defined in section 273.1341, shall be allocated as follows:

2.16 (1) five percent to the city or town within which the minerals or energy resources
2.17 are mined or extracted or within which the concentrate was produced. If the mining
2.18 and concentration, or different steps in either process, are carried on in more than one
2.19 taxing district, the commissioner shall apportion equitably the proceeds of the part of the
2.20 tax going to cities and towns among them upon the basis of attributing 50 percent of
2.21 the proceeds of the tax to the operation of mining or extraction, and the remainder to
2.22 the concentrating plant and to the processes of concentration, and with respect to each
2.23 thereof giving due consideration to the relative extent of such operations performed in
2.24 each taxing district. The commissioner's order making the apportionment is subject to
2.25 review by the Tax Court at the request of any of the taxing districts, in the same manner as
2.26 other orders of the commissioner;

2.27 (2) ten percent to the taconite municipal aid account to be distributed as provided
2.28 in section 298.282;

2.29 (3) ten percent to the school district within which the minerals or energy resources
2.30 are mined or extracted or within which the concentrate was produced. If the mining
2.31 and concentration, or different steps in either process, are carried on in more than one
2.32 school district, distribution among the school districts must be based on the apportionment
2.33 formula prescribed in clause (1);

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3.1 (4) 20 percent to a group of school districts comprised of those school districts
3.2 wherein the mineral or energy resource was mined or extracted or in which there is a
3.3 qualifying municipality as defined by section 273.134, paragraph (b), in direct proportion
3.4 to school district indexes as follows: for each school district, its pupil units determined
3.5 under section 126C.05 for the prior school year shall be multiplied by the ratio of the
3.6 average adjusted net tax capacity per pupil unit for school districts receiving aid under
3.7 this clause as calculated pursuant to chapters 122A, 126C, and 127A for the school year
3.8 ending prior to distribution to the adjusted net tax capacity per pupil unit of the district.
3.9 Each district shall receive that portion of the distribution which its index bears to the sum
3.10 of the indices for all school districts that receive the distributions;

3.11 (5) 20 percent to the county within which the minerals or energy resources are mined
3.12 or extracted, provided that the county shall pay one percent of its proceeds to the Range
3.13 Association of Municipalities and Schools;

3.14 (6) 20 percent to St. Louis County acting as the counties' fiscal agent to be
3.15 distributed as provided in sections 273.134 to 273.136;

3.16 (7) five percent to the Iron Range Resources and Rehabilitation Board for the
3.17 purposes of section 298.22;

3.18 (8) ~~five~~ three percent to the Douglas J. Johnson economic protection trust fund; and

3.19 (9) ~~five~~ seven percent to the taconite environmental protection fund.

3.20 The proceeds of the tax shall be distributed on July 15 each year.

3.21 Sec. 4. Minnesota Statutes 2010, section 298.28, subdivision 3, is amended to read:

3.22 Subd. 3. **Cities; towns.** (a) 12.5 cents per taxable ton, less any amount distributed
3.23 under subdivision 8, and paragraph (b), must be allocated to the taconite municipal aid
3.24 account to be distributed as provided in section 298.282.

3.25 (b) An amount must be allocated to towns or cities that is annually certified by
3.26 the county auditor of a county containing a taconite tax relief area as defined in section
3.27 273.134, paragraph (b), within which there is (1) an organized township if, as of January
3.28 2, 1982, more than 75 percent of the assessed valuation of the township consists of iron
3.29 ore or (2) a city if, as of January 2, 1980, more than 75 percent of the assessed valuation
3.30 of the city consists of iron ore.

3.31 (c) The amount allocated under paragraph (b) will be the portion of a township's or
3.32 city's certified levy equal to the proportion of (1) the difference between 50 percent of
3.33 January 2, 1982, assessed value in the case of a township and 50 percent of the January 2,
3.34 1980, assessed value in the case of a city and its current assessed value to (2) the sum of
3.35 its current assessed value plus the difference determined in (1), provided that the amount

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4.1 distributed shall not exceed \$55 per capita in the case of a township or \$75 per capita in
4.2 the case of a city. For purposes of this limitation, population will be determined according
4.3 to the 1980 decennial census conducted by the United States Bureau of the Census. If the
4.4 current assessed value of the township exceeds 50 percent of the township's January 2,
4.5 1982, assessed value, or if the current assessed value of the city exceeds 50 percent of the
4.6 city's January 2, 1980, assessed value, this paragraph shall not apply. For purposes of this
4.7 paragraph, "assessed value," when used in reference to years other than 1980 or 1982,
4.8 means the appropriate net tax capacities multiplied by 10.2.

4.9 (d) In addition to other distributions under this subdivision, three cents per taxable
4.10 ton for distributions in 2009 must be allocated for distribution to towns that are entirely
4.11 located within the taconite tax relief area defined in section 273.134, paragraph (b).
4.12 ~~For distribution in 2010 and subsequent years, the three-cent amount must be annually~~
4.13 ~~increased in the same proportion as the increase in the implicit price deflator as provided~~
4.14 ~~in section 298.24, subdivision 1.~~ The amount available under this paragraph will be
4.15 distributed to eligible towns on a per capita basis, provided that no town may receive more
4.16 than \$50,000 in any year under this paragraph. Any amount of the distribution that exceeds
4.17 the \$50,000 limitation for a town under this paragraph must be redistributed on a per
4.18 capita basis among the other eligible towns, to whose distributions do not exceed \$50,000.

4.19 **EFFECTIVE DATE.** This section is effective for the 2012 distribution.

4.20 Sec. 5. Minnesota Statutes 2010, section 298.28, subdivision 11, is amended to read:

4.21 Subd. 11. **Remainder.** (a) The proceeds of the tax imposed by section 298.24 which
4.22 remain after the distributions and payments in subdivisions 2 to 10a, as certified by the
4.23 commissioner of revenue, and paragraphs (b), (c), and (d) have been made, together with
4.24 interest earned on all money distributed under this section prior to distribution, shall be
4.25 divided between the taconite environmental protection fund created in section 298.223
4.26 and the Douglas J. Johnson economic protection trust fund created in section 298.292 as
4.27 follows: Two-thirds to the taconite environmental protection fund and one-third to the
4.28 Douglas J. Johnson economic protection trust fund. The proceeds shall be placed in
4.29 the respective special accounts.

4.30 (b) There shall be distributed to each city, town, and county the amount that it
4.31 received under section 294.26 in calendar year 1977; provided, however, that the amount
4.32 distributed in 1981 to the unorganized territory number 2 of Lake County and the town
4.33 of Beaver Bay based on the between-terminal trackage of Erie Mining Company will be
4.34 distributed in 1982 and subsequent years to the unorganized territory number 2 of Lake

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5.1 County and the towns of Beaver Bay and Stony River based on the miles of track of Erie
5.2 Mining Company in each taxing district.

5.3 (c) There shall be distributed to the Iron Range Resources and Rehabilitation Board
5.4 the amounts it received in 1977 under section 298.22. The amount distributed under
5.5 this paragraph shall be expended within or for the benefit of the taconite assistance area
5.6 defined in section 273.1341.

5.7 ~~(d) There shall be distributed to each school district 62 percent of the amount that it~~
5.8 ~~received under section 294.26 in calendar year 1977.~~

5.9 **EFFECTIVE DATE.** This section is effective for the 2012 distribution.