

## CHAPTER 298

### OCCUPATION TAXES

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#### 298.22 IRON RANGE RESOURCES AND REHABILITATION.

*[For text of subd 1, see M.S.1998]*

Subd. 2. **Iron range resources and rehabilitation board.** There is hereby created the iron range resources and rehabilitation board, consisting of 13 members, five of whom are state senators appointed by the subcommittee on committees of the rules committee of the senate, and five of whom are representatives, appointed by the speaker of the house of representatives. The remaining members shall be appointed one each by the senate majority leader, the speaker of the house of representatives, and the governor and must be nonlegislators who reside in a tax relief area as defined in section 273.134. The members shall be appointed in January of every odd-numbered year, except that the initial nonlegislator members shall be appointed by July 1, 1999, and shall serve until January of the next odd-numbered year. Vacancies on the board shall be filled in the same manner as the original members were chosen. At least a majority of the legislative members of the board shall be elected from state senatorial or legislative districts in which over 50 percent of the residents reside within a tax relief area as defined in section 273.134. All expenditures and projects made by the commissioner of iron range resources and rehabilitation shall first be submitted to the iron range resources and rehabilitation board for approval by a majority of the board of expenditures and projects for rehabilitation purposes as provided by this section, and the method, manner, and time of payment of all funds proposed to be disbursed shall be first approved or disapproved by the board. The board shall biennially make its report to the governor and the legislature on or before November 15 of each even-numbered year. The expenses of the board shall be paid by the state from the funds raised pursuant to this section.

*[For text of subs 3 to 5, see M.S.1998]*

Subd. 6. **Private entity participation.** The board may acquire an equity interest in any project for which it provides funding. The commissioner may establish, participate in the management of, and dispose of the assets of charitable foundations and nonprofit corporations associated with any project for which it provides funding, including specifically, but without limitation, a corporation within the meaning of section 317A.011, subdivision 6.

Subd. 7. **Giants Ridge recreation area.** (a) In addition to the other powers granted in this section and other law, the commissioner, for purposes of fostering economic development and tourism within the Giants Ridge recreation area, may spend any money made available to the agency under section 298.28 to acquire real or personal property or interests therein by gift, purchase, or lease and may convey by lease, sale, or other means of conveyance or commitment any or all of those property interests acquired.

(b) In furtherance of development of the Giants Ridge recreation area, the commissioner may establish and participate in charitable foundations and nonprofit corporations, including a corporation within the meaning of section 317A.011, subdivision 6.

(c) The term "Giants Ridge recreation area" refers to an economic development project area established by the commissioner in furtherance of the powers delegated in this section within St. Louis county in the western portions of the town of White and in the eastern portion of the westerly, adjacent, unorganized township.

**History:** 1999 c 223 art 2 s 42,43; 1999 c 243 art 5 s 33

**298.2213 NORTHEAST MINNESOTA ECONOMIC DEVELOPMENT FUND.**

*[For text of subs 1 to 3, see M.S.1998]*

Subd. 4. **Project approval.** The board shall by August 1 each year prepare a list of projects to be funded from the money appropriated in this section with necessary supporting information including descriptions of the projects, plans, and cost estimates. A project must not be approved by the board unless it finds that:

- (1) the project will materially assist, directly or indirectly, the creation of additional long-term employment opportunities;
- (2) the prospective benefits of the expenditure exceed the anticipated costs; and
- (3) in the case of assistance to private enterprise, the project will serve a sound business purpose.

To be proposed by the board, a project must be approved by a majority of the iron range resources and rehabilitation board members and the commissioner of iron range resources and rehabilitation. The list of projects must be submitted to the governor, who shall, by November 15 of each year, approve, disapprove, or return for further consideration, each project. The money for a project may be spent only upon approval of the project by the governor. The board may submit supplemental projects for approval at any time.

*[For text of subs 5 and 6, see M.S.1998]*

**History:** 1999 c 223 art 2 s 44

**298.223 TACONITE AREA ENVIRONMENTAL PROTECTION FUND:**

*[For text of subd 1, see M.S.1998]*

Subd. 2. **Administration.** The taconite environmental protection fund shall be administered by the commissioner of the iron range resources and rehabilitation board. The commissioner shall by September 1 of each year submit to the board a list of projects to be funded from the taconite environmental protection fund, with such supporting information including description of the projects, plans, and cost estimates as may be necessary. Upon approval by a majority of the members of the iron range resources and rehabilitation board, this list shall be submitted to the governor by November 1 of each year. By December 1 of each year, the governor shall approve or disapprove, or return for further consideration, each project. Funds for a project may be expended only upon approval of the project by the board and governor. The commissioner may submit supplemental projects to the board and governor for approval at any time.

*[For text of subd 3, see M.S.1998]*

**History:** 1999 c 223 art 2 s 45

**298.24 TAX ON TACONITE AND IRON SULPHIDES.**

Subdivision 1. (a) For concentrate produced in 1999, there is imposed upon taconite and iron sulphides, and upon the mining and quarrying thereof, and upon the production of iron ore concentrate therefrom, and upon the concentrate so produced, a tax of \$2.141 per gross ton of merchantable iron ore concentrate produced therefrom.

(b) For concentrates produced in 2000 and subsequent years, the tax rate shall be equal to the preceding year's tax rate plus an amount equal to the preceding year's tax rate multiplied by the percentage increase in the implicit price deflator from the fourth quarter of the second preceding year to the fourth quarter of the preceding year. "Implicit price deflator" for the gross national product means the implicit price deflator prepared by the bureau of economic analysis of the United States Department of Commerce.

(c) On concentrates produced in 1997 and thereafter, an additional tax is imposed equal to three cents per gross ton of merchantable iron ore concentrate for each one percent that the iron content of the product exceeds 72 percent, when dried at 212 degrees Fahrenheit.

(d) The tax shall be imposed on the average of the production for the current year and the previous two years. The rate of the tax imposed will be the current year's tax rate. This clause

shall not apply in the case of the closing of a taconite facility if the property taxes on the facility would be higher if this clause and section 298.25 were not applicable.

(e) If the tax or any part of the tax imposed by this subdivision is held to be unconstitutional, a tax of \$2.141 per gross ton of merchantable iron ore concentrate produced shall be imposed.

(f) Consistent with the intent of this subdivision to impose a tax based upon the weight of merchantable iron ore concentrate, the commissioner of revenue may indirectly determine the weight of merchantable iron ore concentrate included in fluxed pellets by subtracting the weight of the limestone, dolomite, or olivine derivatives or other basic flux additives included in the pellets from the weight of the pellets. For purposes of this paragraph, "fluxed pellets" are pellets produced in a process in which limestone, dolomite, olivine, or other basic flux additives are combined with merchantable iron ore concentrate. No subtraction from the weight of the pellets shall be allowed for binders, mineral and chemical additives other than basic flux additives, or moisture.

(g)(1) Notwithstanding any other provision of this subdivision, for the first two years of a plant's production of direct reduced ore, no tax is imposed under this section. As used in this paragraph, "direct reduced ore" is ore that results in a product that has an iron content of at least 75 percent. For the third year of a plant's production of direct reduced ore, the rate to be applied to direct reduced ore is 25 percent of the rate otherwise determined under this subdivision. For the fourth such production year, the rate is 50 percent of the rate otherwise determined under this subdivision; for the fifth such production year, the rate is 75 percent of the rate otherwise determined under this subdivision; and for all subsequent production years, the full rate is imposed.

(2) Subject to clause (1), production of direct reduced ore in this state is subject to the tax imposed by this section, but if that production is not produced by a producer of taconite or iron sulfides, the production of taconite or iron sulfides consumed in the production of direct reduced iron in this state is not subject to the tax imposed by this section on taconite or iron sulfides.

*[For text of subs 2 and 3, see M.S.1998]*

**History:** 1999 c 243 art 9 s 1

## 298.28 DIVISION AND DISTRIBUTION OF PROCEEDS.

*[For text of subs 1 to 9, see M.S.1998]*

Subd. 9a. **Taconite economic development fund.** (a) 15.4 cents per ton for distributions in 1999, 2000, 2001, and 2002 must be paid to the taconite economic development fund. No distribution shall be made under this paragraph in any year in which total industry production falls below 30 million tons.

(b) An amount equal to 50 percent of the tax under section 298.24 for concentrate sold in the form of pellet chips and fines not exceeding 5/16 inch in size and not including crushed pellets shall be paid to the taconite economic development fund. The amount paid shall not exceed \$700,000 annually for all companies. If the initial amount to be paid to the fund exceeds this amount, each company's payment shall be prorated so the total does not exceed \$700,000.

Subd. 9b. **Taconite environmental fund.** Five cents per ton for distributions in 1999, 2000, 2001, and 2002 must be paid to the taconite environmental fund for use under section 298.2961. No distribution may be made under this paragraph in any year in which total industry production falls below 30,000,000 tons.

*[For text of subs 10 to 15, see M.S.1998]*

**History:** 1999 c 243 art 9 s 2,3

## 298.296 OPERATION OF FUND.

*[For text of subs 1 to 3, see M.S.1998]*

Subd. 4. **Temporary loan authority.** (a) The board may recommend that up to \$7,500,000 from the corpus of the trust may be used for loans, grants, or equity investments as provided in this subdivision. The money would be available for loans for construction and equipping of facilities constituting (1) a value added iron products plant, which may be either a new plant or a facility incorporated into an existing plant that produces iron upgraded to a minimum of 75 percent iron content or any iron alloy with a total minimum metallic content of 90 percent; or (2) a new mine or minerals processing plant for any mineral subject to the net proceeds tax imposed under section 298.015. A loan under this paragraph may not exceed \$5,000,000 for any facility.

(b) Additionally, the board must reserve the first \$2,000,000 of the net interest, dividends, and earnings arising from the investment of the trust after June 30, 1996, to be used for additional grants for the purposes set forth in paragraph (a). This amount must be reserved until it is used for the grants.

(c) Additionally, the board may recommend that up to \$5,500,000 from the corpus of the trust may be used for additional grants for the purposes set forth in paragraph (a).

(d) The board may require that it receive an equity percentage in any project to which it contributes under this section.

**History:** 1999 c 243 art 9 s 4