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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-FOURTH SESSION

H. F. No. **5092**

04/28/2026 Authored by Igo, Warwas and Skraba  
The bill was read for the first time and referred to the Committee on Taxes

1.1 A bill for an act  
1.2 relating to taxes; minerals taxes; modifying the production tax distribution;  
1.3 amending Minnesota Statutes 2024, section 298.28, subdivision 4.  
1.4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.5 Section 1. Minnesota Statutes 2024, section 298.28, subdivision 4, is amended to read:

1.6 Subd. 4. **School districts.** (a) 32.15 cents per taxable ton, plus the increase provided in  
1.7 paragraph (d), less the amount that would have been computed under Minnesota Statutes  
1.8 2008, section 126C.21, subdivision 4, for the current year for that district, must be allocated  
1.9 to qualifying school districts to be distributed, based upon the certification of the  
1.10 commissioner of revenue, under paragraphs (b), (c), and (f).

1.11 (b)(i) 3.43 cents per taxable ton must be distributed to the school districts in which the  
1.12 lands from which taconite was mined or quarried were located or within which the  
1.13 concentrate was produced. The distribution must be based on the apportionment formula  
1.14 prescribed in subdivision 2.

1.15 (ii) Four cents per taxable ton from each taconite facility must be distributed to each  
1.16 affected school district for deposit in a fund dedicated to building maintenance and repairs,  
1.17 as follows:

1.18 (1) proceeds from Keewatin Taconite or its successor are distributed to Independent  
1.19 School Districts Nos. 316, Coleraine, and 319, Nashwauk-Keewatin, or their successor  
1.20 districts;

2.1 (2) proceeds from the Hibbing Taconite Company or its successor are distributed to  
 2.2 Independent School Districts Nos. 695, Chisholm, and 701, Hibbing, or their successor  
 2.3 districts;

2.4 (3) proceeds from the Mittal Steel Company and Minntac or their successors are  
 2.5 distributed to Independent School Districts Nos. 712, Mountain Iron-Buhl, 706, Virginia,  
 2.6 2711, Mesabi East, and 2154, Eveleth-Gilbert, or their successor districts;

2.7 (4) proceeds from the Northshore Mining Company or its successor are distributed to  
 2.8 Independent School Districts Nos. 2142, St. Louis County, and 381, Lake Superior, or their  
 2.9 successor districts; ~~and~~

2.10 (5) proceeds from United Taconite or its successor are distributed to Independent School  
 2.11 Districts Nos. 2142, St. Louis County, and 2154, Eveleth-Gilbert, or their successor districts;  
 2.12 and

2.13 (6) proceeds from Mesabi Metallics or its successor are distributed to Independent School  
 2.14 Districts Nos. 316, Greenway, and 319, Nashwauk-Keewatin, or their successor districts.

2.15 Revenues that are required to be distributed to more than one district shall be apportioned  
 2.16 according to the number of pupil units identified in section 126C.05, subdivision 1, enrolled  
 2.17 in the second previous year.

2.18 (c)(i) 24.72 cents per taxable ton, less any amount distributed under paragraph (e), shall  
 2.19 be distributed to a group of school districts comprised of those school districts which qualify  
 2.20 as a tax relief area under section 273.134, paragraph (b), or in which there is a qualifying  
 2.21 municipality as defined by section 273.134, paragraph (a), in direct proportion to school  
 2.22 district indexes as follows: for each school district, its pupil units determined under section  
 2.23 126C.05 for the prior school year shall be multiplied by the ratio of the average adjusted  
 2.24 net tax capacity per pupil unit for school districts receiving aid under this clause as calculated  
 2.25 pursuant to chapters 122A, 126C, and 127A for the school year ending prior to distribution  
 2.26 to the adjusted net tax capacity per pupil unit of the district. Each district shall receive that  
 2.27 portion of the distribution which its index bears to the sum of the indices for all school  
 2.28 districts that receive the distributions.

2.29 (ii) Notwithstanding clause (i), each school district that receives a distribution under  
 2.30 sections 298.018; 298.24; and 298.25 to 298.28, exclusive of any amount received under  
 2.31 this clause; 298.34 to 298.39; 298.391 to 298.396; 298.405; or any law imposing a tax on  
 2.32 severed mineral values after reduction for any portion distributed to cities and towns under  
 2.33 section 126C.48, subdivision 8, paragraph (5), that is less than the amount of its levy  
 2.34 reduction under section 126C.48, subdivision 8, for the second year prior to the year of the

3.1 distribution shall receive a distribution equal to the difference; the amount necessary to  
3.2 make this payment shall be derived from proportionate reductions in the initial distribution  
3.3 to other school districts under clause (i). If there are insufficient tax proceeds to make the  
3.4 distribution provided under this paragraph in any year, money must be transferred from the  
3.5 taconite property tax relief account in subdivision 6, to the extent of the shortfall in the  
3.6 distribution.

3.7 (d)(1) Any school district described in paragraph (c) where a levy increase pursuant to  
3.8 section 126C.17, subdivision 9, was authorized by referendum for taxes payable in 2001,  
3.9 shall receive a distribution of 21.3 cents per ton. Each district shall receive \$175 times the  
3.10 pupil units identified in section 126C.05, subdivision 1, enrolled in the second previous  
3.11 year or the 1983-1984 school year, whichever is greater, less the product of 1.8 percent  
3.12 times the district's taxable net tax capacity in 2011.

3.13 (2) Districts qualifying under paragraph (c) must receive additional taconite aid each  
3.14 year equal to 22.5 percent of the amount obtained by subtracting:

3.15 (i) 1.8 percent of the district's net tax capacity for 2011, from:

3.16 (ii) the district's weighted average daily membership for fiscal year 2012, multiplied by  
3.17 the sum of:

3.18 (A) \$415, plus

3.19 (B) the district's referendum revenue allowance for fiscal year 2013.

3.20 If the total amount provided by paragraph (d) is insufficient to make the payments herein  
3.21 required then the entitlement of \$175 per pupil unit shall be reduced uniformly so as not to  
3.22 exceed the funds available. Any amounts received by a qualifying school district in any  
3.23 fiscal year pursuant to paragraph (d) shall not be applied to reduce general education aid  
3.24 which the district receives pursuant to section 126C.13 or the permissible levies of the  
3.25 district. Any amount remaining after the payments provided in this paragraph shall be paid  
3.26 to the commissioner of Iron Range resources and rehabilitation who shall deposit the same  
3.27 in the taconite environmental protection fund and the Douglas J. Johnson economic protection  
3.28 trust fund as provided in subdivision 11.

3.29 Each district receiving money according to this paragraph shall reserve the lesser of the  
3.30 amount received under this paragraph or \$25 times the number of pupil units served in the  
3.31 district. It may use the money for early childhood programs.

3.32 (e) There shall be distributed to any school district the amount which the school district  
3.33 was entitled to receive under section 298.32 in 1975.

4.1 (f) Four cents per taxable ton must be distributed to qualifying school districts according  
4.2 to the distribution specified in paragraph (b), clause (ii), and 11 cents per taxable ton must  
4.3 be distributed according to the distribution specified in paragraph (c). These amounts are  
4.4 not subject to section 126C.48, subdivision 8.

4.5 **EFFECTIVE DATE.** This section is effective the day following final enactment.