

1.1 ..... moves to amend H.F. No. 2012 as follows:

1.2 Delete everything after the enacting clause and insert:

1.3 "Section 1. Minnesota Statutes 2022, section 272.02, subdivision 73, is amended to read:

1.4 Subd. 73. **Property subject to taconite production tax or ~~net~~ gross proceeds tax.** (a)

1.5 Real and personal property described in section 298.25 is exempt to the extent the tax on  
1.6 taconite and iron sulphides under section 298.24 is described in section 298.25 as being in  
1.7 lieu of other taxes on such property. This exemption applies for taxes payable in each year  
1.8 that the tax under section 298.24 is payable with respect to such property.

1.9 (b) Deposits of mineral, metal, or energy resources the mining of which is subject to  
1.10 taxation or the minimum payment under section 298.015 are exempt.

1.11 **EFFECTIVE DATE.** This section is effective beginning with assessment year 2023.

1.12 Sec. 2. Minnesota Statutes 2022, section 273.1341, is amended to read:

1.13 **273.1341 TACONITE ASSISTANCE AREA.**

1.14 A "taconite assistance area" means the geographic area that falls within the boundaries  
1.15 of a school district that contains:

1.16 (1) a municipality in which the assessed valuation of unmined iron ore on May 1, 1941,  
1.17 was not less than 40 percent of the assessed valuation of all real property; ~~or~~

1.18 (2) a municipality in which on January 1, 1977, or the applicable assessment date, there  
1.19 is a taconite concentrating plant or where taconite is mined or quarried or where there is  
1.20 located an electric generating plant which qualifies as a taconite facility; or

1.21 (3) a municipality:

2.1 (i) that is located in a county that contains a school district described in clause (1) or  
 2.2 (2); and

2.3 (ii) where active mining of materials subject to the tax under section 298.015, subdivision  
 2.4 1, is occurring.

2.5 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
 2.6 31, 2022.

2.7 Sec. 3. Minnesota Statutes 2022, section 297A.68, subdivision 4, is amended to read:

2.8 Subd. 4. **Taconite, other ores, metals, or minerals; production materials.** Mill liners,  
 2.9 grinding rods, and grinding balls that are substantially consumed in the production of taconite  
 2.10 or other ores, metals, or minerals are exempt when sold to or stored, used, or consumed by  
 2.11 persons taxed under the in-lieu or net gross proceeds provisions of chapter 298.

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

2.13 Sec. 4. Minnesota Statutes 2022, section 298.015, is amended to read:

2.14 **298.015 NET GROSS PROCEEDS TAX ON MINING.**

2.15 Subdivision 1. **Tax imposed.** A person engaged in the business of mining shall pay to  
 2.16 the state of Minnesota for distribution as provided in section 298.018 a net gross proceeds  
 2.17 tax equal to ~~two~~ 0.4 percent of the net gross proceeds from mining in Minnesota. The tax  
 2.18 applies to all ores, metals, and minerals mined, extracted, produced, or refined within the  
 2.19 state of Minnesota except for sand, silica sand, gravel, building stone, crushed rock,  
 2.20 limestone, granite, dimension granite, dimension stone, horticultural peat, clay, soil, iron  
 2.21 ore, and taconite concentrates. The tax is in addition to all other taxes provided for by law.

2.22 Subd. 2. **Net Gross proceeds.** For purposes of this section, the term "net gross proceeds"  
 2.23 means the gross proceeds from mining, as defined in section 298.016, ~~less the deductions~~  
 2.24 ~~for purposes of determining taxable income under section 298.01, subdivision 3b, applied~~  
 2.25 ~~to the mining, production, processing, beneficiation, smelting, or refining of metal or mineral~~  
 2.26 ~~products. No other credits or deductions shall apply to this tax.~~

2.27 Subd. 3. **Minimum payment.** A person who has obtained all required permits to mine  
 2.28 all ores and metals, except for sand, silica sand, gravel, building stone, crushed rock,  
 2.29 limestone, granite, dimension granite, dimension stone, horticultural peat, clay, soil, iron  
 2.30 ore, and iron concentrates, is annually subject to the minimum payment under this  
 2.31 subdivision, unless the tax imposed on the individual under subdivision 1 in a given year  
 2.32 is greater than zero. The annual minimum payment under this subdivision is \$2,000,000.

3.1 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
3.2 31, 2022.

3.3 Sec. 5. Minnesota Statutes 2022, section 298.018, subdivision 1, is amended to read:

3.4 Subdivision 1. **Within taconite assistance area.** (a) The proceeds of the tax paid under  
3.5 sections 298.015 and 298.016 on ores, metals, or minerals mined or extracted within the  
3.6 taconite assistance area defined in section 273.1341, shall be allocated as follows:

3.7 (1) except as provided under paragraph (b), five percent to the city or town within which  
3.8 the minerals or energy resources are mined or extracted, or within which the concentrate  
3.9 was produced. If the mining and concentration, or different steps in either process, are  
3.10 carried on in more than one taxing district, the commissioner shall apportion equitably the  
3.11 proceeds among the cities and towns by attributing 50 percent of the proceeds of the tax to  
3.12 the operation of mining or extraction, and the remainder to the concentrating plant and to  
3.13 the processes of concentration, and with respect to each thereof giving due consideration  
3.14 to the relative extent of the respective operations performed in each taxing district;

3.15 (2) ten percent to the taconite municipal aid account to be distributed as provided in  
3.16 section 298.282, subdivisions 1 and 2, on the dates provided under this section;

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

3.22 (4) 20 percent to a group of school districts comprised of those school districts wherein  
3.23 the mineral or energy resource was mined or extracted or in which there is a qualifying  
3.24 municipality as defined by section 273.134, paragraph (b), in direct proportion to school  
3.25 district indexes as follows: for each school district, its pupil units determined under section  
3.26 126C.05 for the prior school year shall be multiplied by the ratio of the average adjusted  
3.27 net tax capacity per pupil unit for school districts receiving aid under this clause as calculated  
3.28 pursuant to chapters 122A, 126C, and 127A for the school year ending prior to distribution  
3.29 to the adjusted net tax capacity per pupil unit of the district. Each district shall receive that  
3.30 portion of the distribution which its index bears to the sum of the indices for all school  
3.31 districts that receive the distributions;

3.32 (5) ~~20~~ ten percent to the county within which the minerals or energy resources are mined  
3.33 or extracted, or within which the concentrate was produced. If the mining and concentration,

4.1 or different steps in either process, are carried on in more than one county, distribution  
4.2 among the counties must be based on the apportionment formula prescribed in clause (1),  
4.3 provided that any county receiving distributions under this clause shall pay one percent of  
4.4 its proceeds to the Range Association of Municipalities and Schools;

4.5 (6) ~~20~~ five percent to St. Louis County acting as the counties' fiscal agent to be distributed  
4.6 as provided in sections 273.134 to 273.136;

4.7 (7) ~~five~~ 20 percent to the commissioner of Iron Range resources and rehabilitation for  
4.8 the purposes of section 298.22;

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

4.10 (9) seven percent to the taconite environmental protection fund; and

4.11 (10) ten percent to the commissioner of Iron Range resources and rehabilitation for  
4.12 capital improvements to Giants Ridge Recreation Area.

4.13 (b) If the materials or energy resources are mined, extracted, or concentrated in School  
4.14 District No. 2711, Mesabi East, then the amount under paragraph (a), clause (1), must instead  
4.15 be distributed pursuant to this paragraph. The cities of Aurora, Babbitt, Ely, and Hoyt Lakes  
4.16 must each receive 20 percent of the amount. The city of Biwabik and Embarrass Township  
4.17 must each receive ten percent of the amount.

4.18 (c) For the first five years that distributions are made under this subdivision, ten percent  
4.19 of the total proceeds distributed in each year must first be distributed pursuant to this  
4.20 paragraph. The remaining 90 percent of the total proceeds distributed in each of those years  
4.21 must be distributed as outlined in paragraph (a). Of the amount available under this paragraph,  
4.22 the cities of Aurora, Babbitt, Ely, and Hoyt Lakes must each receive 20 percent. Of the  
4.23 amount available under this paragraph, the city of Biwabik and Embarrass Township must  
4.24 each receive ten percent.

4.25 **EFFECTIVE DATE.** This section is effective for distributions beginning after December  
4.26 31, 2022.

4.27 Sec. 6. Minnesota Statutes 2022, section 298.018, subdivision 1a, is amended to read:

4.28 Subd. 1a. **Distribution date.** The proceeds of the tax allocated under subdivision 1 shall  
4.29 be distributed on December 15 each year. Any payment of proceeds received after December  
4.30 15 shall be distributed on the next ~~net~~ gross proceeds tax distribution date.

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

5.1 Sec. 7. Minnesota Statutes 2022, section 298.28, subdivision 5, is amended to read:

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

5.6 (b) 10.525 cents per taxable ton shall be distributed to the county in which the taconite  
5.7 is mined or quarried or in which the concentrate is produced, less any amount which is to  
5.8 be distributed pursuant to paragraph (c). The apportionment formula prescribed in subdivision  
5.9 2 is the basis for the distribution.

5.10 (c) 1.0 cent per taxable ton of the tax distributed to the counties under paragraph (b)  
5.11 shall be paid to a county that received a distribution under this section in 2000 because there  
5.12 was located in the county an electric power plant owned by and providing the primary source  
5.13 of power for a taxpayer mining and concentrating taconite in a different county.

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

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

5.21 Sec. 8. Minnesota Statutes 2022, section 298.28, subdivision 7a, is amended to read:

5.22 Subd. 7a. **Iron Range school consolidation and cooperatively operated school**  
5.23 **account.** (a) The following amounts must be allocated to the commissioner of Iron Range  
5.24 resources and rehabilitation to be deposited in the Iron Range school consolidation and  
5.25 cooperatively operated school account that is hereby created:

5.26 (1)(i) ~~for distributions beginning in 2015 through 2023,~~ ten cents per taxable ton of the  
5.27 tax imposed under section 298.24; ~~and~~

5.28 ~~(ii) for distributions beginning in 2024, five cents per taxable ton of the tax imposed~~  
5.29 ~~under section 298.24;~~

5.30 (2) the amount as determined under section 298.17, paragraph (b), clause (3); and

5.31 (3) any other amount as provided by law.

6.1 (b) Expenditures from this account may be approved as ongoing annual expenditures  
6.2 and shall be made only to provide disbursements to assist school districts with the payment  
6.3 of bonds that were issued for qualified school projects, or for any other school disbursement  
6.4 as approved by the commissioner of Iron Range resources and rehabilitation after consultation  
6.5 with the Iron Range Resources and Rehabilitation Board. For purposes of this section,  
6.6 "qualified school projects" means school projects within the taconite assistance area as  
6.7 defined in section 273.1341, that were (1) approved, by referendum, after April 3, 2006;  
6.8 and (2) approved by the commissioner of education pursuant to section 123B.71.

6.9 (c) Beginning in fiscal year 2019, the disbursement to school districts for payments for  
6.10 bonds issued under section 123A.482, subdivision 9, must be increased each year to offset  
6.11 any reduction in debt service equalization aid that the school district qualifies for in that  
6.12 year, under section 123B.53, subdivision 6, compared with the amount the school district  
6.13 qualified for in fiscal year 2018.

6.14 (d) No expenditure under this section shall be made unless approved by the commissioner  
6.15 of Iron Range resources and rehabilitation after consultation with the Iron Range Resources  
6.16 and Rehabilitation Board.

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

6.18 Sec. 9. Minnesota Statutes 2022, section 298.296, subdivision 4, is amended to read:

6.19 Subd. 4. **Temporary loan authority.** (a) After consultation with the advisory board,  
6.20 the commissioner may use up to \$7,500,000 from the corpus of the trust for loans, loan  
6.21 guarantees, grants, or equity investments as provided in this subdivision. The money would  
6.22 be available for loans for construction and equipping of facilities constituting (1) a value  
6.23 added iron products plant, which may be either a new plant or a facility incorporated into  
6.24 an existing plant that produces iron upgraded to a minimum of 75 percent iron content or  
6.25 any iron alloy with a total minimum metallic content of 90 percent; or (2) a new mine or  
6.26 minerals processing plant for any mineral subject to the ~~net~~ gross proceeds tax imposed  
6.27 under section 298.015. A loan or loan guarantee under this paragraph may not exceed  
6.28 \$5,000,000 for any facility.

6.29 (b) Additionally, the commissioner, after consultation with the advisory board, may use  
6.30 up to \$5,500,000 from the corpus of the trust for additional grants, loans, loan guarantees,  
6.31 or equity investments for the purposes set forth in paragraph (a).

6.32 (c) The commissioner, after consultation with the advisory board, may require that the  
6.33 fund receive an equity percentage in any project to which it contributes under this section.

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

7.2 Sec. 10. **TRANSFER 2023 DISTRIBUTION ONLY.**

7.3 The fund established under Minnesota Statutes, section 298.28, subdivision 7, shall  
7.4 receive the excess balance remaining in the fund established under Minnesota Statutes,  
7.5 section 298.28, subdivision 6, after the distribution of amounts required under Minnesota  
7.6 Statutes, section 298.28, subdivision 6, for the 2023 distribution. The transfer amount under  
7.7 this section must not exceed \$6,000,000 and must be made within ten days of the August  
7.8 2023 payment.

7.9 **EFFECTIVE DATE.** This section is effective the day following final enactment and  
7.10 applies only to the 2023 distribution."

7.11 Amend the title accordingly