

**MINERALS TAX  
House Minerals Article**

April 29, 2026

	<b>Yes</b>	<b>No</b>
<b>DOR Administrative Costs/Savings</b>		<b>X</b>

Department of Revenue  
Analysis of H.F. 5092 (Igo) as proposed to be amended by H5092DE1

**Fund Impact**

	<b>F.Y. 2026</b>	<b>F.Y. 2027</b>	<b>F.Y. 2028</b>	<b>F.Y. 2029</b>
	(000's)			
General Fund	\$0	\$0	\$0	\$0

Effective for distributions in the year after the year in which Mesabi Metallics begins production.

**EXPLANATION OF THE BILL**

The proposal would modify how taconite production tax revenue from Mesabi Metallics is contributed and distributed once the company begins production.

- Create guaranteed minimum distributions to certain school districts and cities for the first two years of Mesabi Metallics production.
- Adjust Mesabi Metallics per ton contributions (based on 2023 production) as follows:
  - Taconite Cities and Towns Fund: from 4.5 cents per ton to 1.0 cent per ton.
  - Mining Effects Fund: from 4.0 cents per ton to 1.0 cent per ton.
  - Taconite Municipal Aid Account: from 12.5 cents per ton to 2.0 cents per ton.
  - Taconite School Fund: from 3.43 cents per ton to 4.57 cents per ton, plus \$100,000 each to the Ely and Chisholm school districts.
  - School Building Maintenance Fund: from 4.0 cents per ton to 8.0 cents per ton, plus an additional \$300,000.
- Modify distributions from the School Building Maintenance Fund to include 8.0 cents per ton and \$150,000 each to the Greenway and Ely school districts.
- Increase distributions by 4.0 cents per ton to school districts receiving revenue from the School Building Maintenance Fund due to Mesabi Metallics production.
- Allocate 20 cents per ton produced by Mesabi Metallics to the Iron Range Schools and Community Development Account.
- Exempt Mesabi Metallics from contributing 0.5 cents per ton to the Range Association of Municipalities and Schools (RAMS) and 25.1 centers per ton to the Taconite Economic Development Fund.
- Prohibit Mesabi Metallics from receiving distributions from the Taconite Economic Development Fund.
- Proportionately reduce certain distribution amounts if tax revenue from Mesabi Metallics is insufficient to cover all the distributions.

The proposal would make the following additional changes to taconite production tax distributions:

- Make unorganized townships eligible for distributions from the Mining Effects Fund.
- Increases the maximum Township Fund distribution from \$50,000 to \$70,000.
- Allow Iron Range Schools and Community Development Account distributions to be used for community development purposes.
- Increase the share of Taconite Railroad Aid Account distributions going to school districts from 62% to 75% of the 1977 distribution amount.
- Create annual distributions from the Taconite Municipal Aid Account of \$25,000 each for the cities of Orr and Winton, and \$75,000 each for the cities of Cook and Two Harbors.

#### **REVENUE ANALYSIS DETAIL**

- The proposed modifications to mineral tax provisions are assumed to have no direct impact on the state general fund.
- Changes to distributions and allocations would shift production tax revenues among various taconite-related funds.

Source: Minnesota Department of Revenue  
Property Tax Division – Research Unit  
<https://www.revenue.state.mn.us/revenue-analyses>

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