

HOUSE RESEARCH

Bill Summary

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Subject: Allowing Kanabec County to impose gravel tax

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Overview

Allows Kanabec county to impose a tax on the removal of aggregate materials (i.e., gravel). Requires local approval before effective.

Section

- 1 **Counties allowed to impose tax.** Allows Kanabec county to impose a production tax on aggregate materials. This tax is generally known as the "gravel tax."
Currently there are 28 counties and certain townships in St. Louis County that have been given the statutory authorization to impose this tax upon removal of the aggregate material from gravel pits or deposits in the county. The rates are 10 cents per cubic yard or 7 cents per ton. Local approval is necessary in order to impose the tax.
In calendar year 1999, 23 counties and 3 townships in St. Louis county imposed the tax.

The statewide total gravel tax for 1999 is \$2,886,000. The tax is paid to the county; 60 percent of the proceeds go to the county road and bridge fund; 30 percent goes to the city or town for roads and bridges; and 10 percent is used for restoration of abandoned pits.
- 2 **Effective date.** Provides that section 1 is effective for Kanabec county upon local approval.