

# HOUSE RESEARCH

## Bill Summary

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**Version:** As introduced

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**Subject:** Mining taxes; changing rates

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### Overview

This bill reduces the rate of the taconite occupation tax, repeals the alternative minimum tax (AMT) for purposes of the occupation tax, and delays indexing of the taconite production tax rate for two additional years (2004 and 2005).

#### Section

**1 Occupation tax; other ores.** Reduces the rate of the occupation tax from 9.8 percent to 0.25 percent and (in conjunction with section 0) repeals the AMT under the occupation tax that applies to non-taconite mining companies. Mining companies pay the occupation tax instead of the corporate franchise tax. The tax is computed in a fashion similar to the corporate franchise tax (i.e., it is based on a net income computation, uses formula apportionment to determine the amount of Minnesota income, and so forth).

Effective for taxable years beginning after December 31, 2002.

**2 Occupation tax; iron ore; taconite.** Makes the same changes in the occupation tax that applies to iron ore and taconite mining companies as is done in section 0 for the other ores.

Effective for taxable years beginning after December 31, 2002.

**3 Inflation index; taconite.** Delays indexing the taconite production tax rate for inflation through 2005. Under current law, the production tax rate will be indexed for inflation beginning for concentrate produced in 2004. This section delays increasing the tax rate for inflation for an additional two years; i.e., for concentrate produced in 2006 and thereafter.

**4 Repealer.** Repeals AMT for purposes of the occupation taxes.

Effective for taxable years beginning after December 31, 2002.

