

# HOUSE RESEARCH

## Bill Summary

**FILE NUMBER:** H.F. 1336  
**Version:** As introduced

**DATE:** March 19, 2013

**Authors:** Hansen

**Subject:** Silica sand taxation

**Analyst:** Andrew Biggerstaff, [andrew.biggerstaff@house.mn](mailto:andrew.biggerstaff@house.mn)

This publication can be made available in alternative formats upon request. Please call 651-296-6753 (voice); or the Minnesota State Relay Service at 1-800-627-3529 (TTY) for assistance. Summaries are also available on our website at: [www.house.mn/hrd/](http://www.house.mn/hrd/).

---

### Overview

This bill creates a taxing structure for the extraction and processing of silica sand mined in the state. A tax is imposed on the extraction of silica sand as well as the processing or washing of sand that occurs in Minnesota. The aggregate tax, which is currently authorized in some counties, is also increased in those counties which choose to implement it.

#### Section

- 1 Definitions.** Creates definitions to be used in this chapter.
- 2 Tax imposed and proceeds.** A tax of \$1 per ton is imposed on the extraction of silica sand. A separate tax is imposed on the processing of silica sand, and this amount is equal to 3 percent of the market value of the sand. Proceeds from the extraction tax are to be appropriated to the Environmental Quality Board. Proceeds from the production tax are divided in equal parts and appropriated to the commission of transportation for road maintenance, the commissioner of natural resources for acquisition of certain lands, and to the Board of Water and Soil Resources to acquire easements preventing mining in wellhead protection areas.
- 3 Reporting and registration.** Establishes registration and reporting requirements for persons engaged in extracting or processing fracturing sand. Persons registered must file a report with the commissioner on the twentieth day of each month which shows the amount of sand extracted or processed.

**Section**

- 4**      **Limitations on time of taxation.** This section establishes a timeline for the assessment of taxes under this chapter. It requires taxable amounts to be assessed within 3.5 years after the date the return is filed. This limit is extended for amounts exceeding 25 percent of the taxes reported. Rules for timing of refunds and bankruptcy are also established.
- 5-7**     **Penalties.** These sections establish civil and criminal penalties for failure to pay taxes imposed under this chapter. It also establishes payments of penalties, including interest on penalties.
- 8**      **Aggregate tax.** Increases the amount of the tax authorized to be levied by certain county boards under the aggregate tax. The rates are increased to 43 cents per cubic yard or 30 cents per ton of material.