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**Subject:** Six unorganized territories added to a production tax distribution

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## Overview

Under current law, towns in the taconite tax relief area are eligible for a distribution of the production tax. The base amount of the distribution in 2009 was 3 cents per ton (cpt), which increased under an inflation indexing formula for distributions in 2010 through 2014. The amount of the distribution has been frozen at 3.25 cpt since 2014 and is set to increase again for distributions in 2018. HF 342 adds six new unorganized territories to this distribution starting in 2018. St. Louis and Itasca Counties may then use those funds for infrastructure projects benefitting the territories.

### Section

- 1**      **Cities; towns.** Makes the following changes to paragraph (d):
- Clause (1) rebases the distribution amount for 2017 at the current rate of 3.25 cpt and strikes the annual indexing requirement, which is moved to clause (2).
  - Clause (2) includes the annual indexing language and provides that this amount is distributed to towns already included in the distribution, in addition to the six new unorganized territories.
  - Includes new language clarifying that the current requirements for distributions apply to the new unorganized territories.
  - Clarifies that the distribution to the unorganized territories may be held by the counties for infrastructure projects that benefit the territories.