

Subject Minerals Article

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Overview

H.F. 5092 establishes an alternative distribution of the proceeds of the taconite production tax from Mesabi Metallics. Proceeds from the company's production tax would be used to increase payments to various school districts and municipalities. These increases would be covered by reductions in distributions to other funds.

Summary

Section	Description
1	<p>Appropriation.</p> <p>Guarantees, for two years, the increases of distributions in this bill to the taconite municipal aid account, taconite school fund, school building maintenance fund, and taconite railroad account. This section states that, in the first two years that Mesabi Metallics is subject to the production tax, any shortfall in distributions to these accounts would be covered by the Douglas J. Johnson economic protection trust fund.</p>
2	<p>Taconite economic development fund.</p> <p>Prohibits Mesabi Metallics from receiving distributions from the taconite economic development fund. Under current law, each producer is eligible for distributions from this fund, equal to the amount of tax the producer paid into the fund, provided that certain conditions are met.</p>
3	<p>City or town where quarried or produced.</p> <p>Requires the distribution of Mesabi Metallics' production tax to the taconite cities and town fund and to the mining effects fund to each be equal to one cent per taxable ton of the total tonnage produced by all mines in 2023. Additionally, the section makes unorganized townships eligible for distributions from the mining effects fund and requires counties to use distributions to unorganized townships for infrastructure improvement projects within the unorganized township that receives the distribution.</p>

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4	<p data-bbox="318 264 496 289">Cities; towns.</p> <p data-bbox="318 310 1393 457">Requires the distribution of Mesabi Metallics' production tax to the taconite municipal aid account to be equal to two cents per taxable ton of the total tonnage produced by all mines in 2023. This section also increases from \$50,000 to \$70,000 the maximum amount a township may receive annually from the township fund.</p>
5	<p data-bbox="318 506 524 531">School districts.</p> <p data-bbox="318 552 1393 615">Makes the following changes to the distribution of production taxes to the taconite school fund and the school building maintenance fund:</p> <ul data-bbox="415 657 1419 1455" style="list-style-type: none"><li data-bbox="415 657 1419 762">▪ requires the distribution of Mesabi Metallics' production tax to the taconite school fund to be equal to 4.57 cents per taxable ton of the total tonnage produced by all mines in 2023;<li data-bbox="415 783 1419 846">▪ creates annual distributions from the taconite school fund of \$100,000 each to Chisholm School District and Ely School District;<li data-bbox="415 867 1419 1014">▪ requires the distribution of Mesabi Metallics' production tax to the school building maintenance fund to be equal to eight cents per taxable ton, plus \$300,000, plus an amount equal to four cents per taxable ton of the total tonnage produced by all mines in 2023; and<li data-bbox="415 1035 1419 1455">▪ allocates Mesabi Metallics' annual distribution to the school building maintenance fund as follows:<ul data-bbox="513 1098 1419 1455" style="list-style-type: none"><li data-bbox="513 1098 1419 1161">○ \$150,000 each to Grand Rapids School District and Ely School District;<li data-bbox="513 1182 1419 1287">○ eight cents per taxable ton of Mesabi Metallics' annual production to Greenway School District and Nashwauk-Keewatin School District; and<li data-bbox="513 1308 1419 1455">○ an amount equal to four cents per taxable of the total tonnage produced by all mines in 2023 distributed to all school districts that received a distribution from the school building maintenance fund in 2024.
6	<p data-bbox="318 1503 1068 1528">Iron Range school and community development account.</p> <p data-bbox="318 1549 1419 1848">Requires an additional 20 cents per taxable ton of Mesabi Metallics' production tax to be distributed to the Iron Range school and community development account to be used for projects within the Greenway School District that are approved by referendum and the commissioner of Iron Range Resources and rehabilitation. This additional distribution would be made through 2050. If no eligible projects are approved within five years of the start of this additional distribution or if the amount available exceeds the amount necessary for these projects, then the funds must be used for other eligible expenditures allowed from this account. This section also</p>

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	clarifies that expenditures from this account can be used for community development purposes.
7	Range Association of Municipalities and Schools. Exempts Mesabi Metallics' from the 0.5 cents per taxable ton distribution to the fund for the Range Association of Municipalities and Schools.
8	Taconite economic development fund. Exempts Mesabi Metallics from the 25.1 cents per taxable ton distribution to the taconite economic development fund. This section also excludes production from Maglron at Plant 4 in Grand Rapids and Mesabi Metallics' production from the calculation of the minimum amount of total production used to determine if distributions from this fund are made.
9	Taconite environmental fund. Clarifies that distributions to this fund are based on taxable tons. This is a technical correction.
10	Insufficient proceeds. Establishes that if production tax proceeds from Mesabi Metallics are insufficient to cover required distributions of the proceeds, then the distributions of Mesabi Metallics' proceeds that are based on the tonnage produced by all mines in 2023 must be proportionally reduced to fund the distributions.
11	Remainder. Increases distributions to school districts from the taconite railroad account from 62 percent to 75 percent of the amount paid in 1977.
12	Distribution of taconite municipal aid. Provides that the cities of Orr and Winton must annually receive \$25,000 from the taconite municipal aid account and that the cities of Cook and Two Harbors must annually receive \$75,000 from the taconite municipal aid account.
13	Effective date; revisor notification. Creates effective dates for sections 1-8 and 10-12, all of which would be effective once Mesabi Metallics starts production. This section would require the commissioner of revenue to notify the revisor of statutes once the company has started to mine.



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