

MINNESOTA · REVENUE

TACONITE PRODUCTION TAX Northeast Minnesota Economic Protection Trust Fund

March 11, 2002

	Yes	No
Separate Official Fiscal Note Requested		X
Fiscal Impact		
DOR Administrative Costs/Savings		X

Department of Revenue
Analysis of H.F. 3397 (Rukavina) / S.F.3280 (Johnson, Doug)

	Revenue Gain or (Loss)			
	<u>F.Y. 2002</u>	<u>F.Y. 2003</u>	<u>F.Y. 2004</u>	<u>F.Y. 2005</u>
		(000's)		
General Fund			\$0	\$0

Effective January 1, 2003.

EXPLANATION OF THE BILL

Current Law: The Northeast Economic Protection Trust Fund was created to be devoted to economic rehabilitation and diversification of industrial enterprises on the Iron Range. Spending from the fund, with certain exceptions, shall not exceed the sum of the net interest, dividends, and earnings arising from the investment of the trust for the preceding 12 calendar months. On and after January 1, 2003, funds from the trust may be expended on projects and for administration from any assets of the trust.

Proposed Law: On and after January 1, 2002 funds from the trust may continue to be expended on projects and for administration but such expenditures must not exceed 20 percent of the value of the trust, and funds for this purpose may be expended only if approved by the Iron Range Resources and Rehabilitation Board by at least 10 of its members.

REVENUE ANALYSIS DETAIL

- The Northeast Economic Protection Trust Fund is funded from distributions from the taconite production tax, and the proposed limit on expenditures will have no effect on the state general fund.

ADMINISTRATIVE/OPERATIONAL IMPACT

There will be no significant administrative or operational costs or savings to DOR in administration of this bill.

Source: Minnesota Department of Revenue
Tax Research Division

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<http://www.taxes.state.mn.us/polic.html#analyses>