MINNESOTA · REVENUE

March 20, 2013

MINERALS TAX
Taconite Production Tax Modifications

	Yes	No
DOR Administrative Cost/Savings		X

Department of Revenue
Analysis of H.F. 1646 (Melin) as proposed to be amended (JM-A01)

	Fund Impact			
	FY2014	**FY2015**	**FY2016**	**FY2017**
	(000's)			
General Fund	$0	$0	$0	$0

Section 4 is effective for the distribution made in 2013.
All other sections are effective beginning with distributions in 2014.

EXPLANATION OF THE BILL

The bill would make a number of modifications to the distribution of taconite production taxes.

- Section 1 would increase taconite production tax distributions to school districts by eliminating the reduction based on the 1.8% of net tax capacity of the district.
- Section 2 would increase the cents per ton distributed to the Taconite Property Tax Relief Account.
- Section 3 would reduce the cents per ton distributed to the Taconite Economic Development fund.
- Section 4 would divert an unspecified amount from the 2013 distribution to the Taconite Property Tax Relief Account for projects in the cities of Hibbing and Mountain Iron.
- Section 5 would allow the IRRRB to issue additional revenue bonds and use the bonds to make grants to schools within the taconite assistance area. The amount of additional bonds is unspecified. Taconite production tax revenues of up to 10 cents per ton would be used to pay the principal and interest on the bonds. If the production tax revenues are insufficient in any year, an additional appropriation from the Douglas J. Johnson fund would make up the deficiency.

REVENUE ANALYSIS DETAIL

- The changes to the local distribution of taconite production taxes are assumed to have no impact on the state general fund.

Source: Minnesota Department of Revenue
Property Tax Division - Research Unit
www.revenue.state.mn.us/research_stats/pages/revenue-analyses.aspx

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