

MINNESOTA • REVENUE

MINERALS TAX

Nonferrous mining rates modified

April 01, 2014

	Yes	No
DOR Administrative Cost/Savings		X

Department of Revenue

Analysis of H.F. 3245 (Metsa) / S.F. 2919 (Tomassoni) as introduced

Fund Impact

	<u>FY2014</u>	<u>FY2015</u>	<u>FY2016</u>	<u>FY2017</u>
	(000's)			
General Fund	\$0	\$0	\$0	\$0
General Fund	\$0	\$0	\$0	\$0

Various effective dates

EXPLANATION OF THE BILL

The bill reduces the rate of the occupation tax on nonferrous mining from 2.45 percent to 1.45 percent beginning with tax year 2014. The bill increases the rate of the net proceeds tax from 2 percent to 3 percent beginning with tax year 2014. The bill modifies the distribution of the revenues derived from the net proceeds tax and production tax.

REVENUE ANALYSIS DETAIL

- Currently no nonferrous mining activity is projected through the forecast period.
- The proposal would decrease nonferrous occupation tax revenues to the state general fund at such time as there is nonferrous mining in the state.
- The proposal would increase net proceeds tax revenues at such time as there is nonferrous mining in the state.
- Net proceeds tax revenues are distributed in the taconite relief area if the mine is located within that area, and are deposited in the state general fund if the mine is located elsewhere in the state.

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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