

Occupation Tax-Mine Value

Current Statute

Minnesota Statutes, 298.01, subdivision 4a, (a) For purposes of determining a person's taxable income under subdivision 4, gross income is determined by the mine value of the ore mined in Minnesota and includes any gain or loss recognized from the sale or disposition of assets used in the business in this state.

(b) Mine value is the value, or selling price, of iron ore or taconite concentrates, f.o.b. mine. The mine value is calculated by multiplying the iron unit price for the period, as determined by the commissioner, by the tons produced and the weighted average analysis.

Background/History

The Mine Value computation is based on a 1990 agreement between taconite producers and the Minnesota Department of Revenue. This agreement provides that any change to mine value will be determined by two factors:

1. The change in the Steel Mill Products Index (SMPI) from June of the prior to June of the current year. (This element is weighted 75%)
2. The actual selling prices of non-equity sales. (This element is weighted 25%)

Steel Mill Products Index:

The Steel Mill Products Index (SMPI) is available on the United States Department of Labor's Bureau of Labor Statistics website.

The current link to that site is:

<https://data.bls.gov/cgi-bin/surveymost?wp>

When in that site, you will need to check the box titled "Steel mill Products – WPU1017" and then click the retrieve data button on the bottom of the page.

The Index amount is usually finalized in November of each year.

Non-Equity Sales:

Mining companies are asked to fill out Form M30S to report its non-equity sales from October 1 of the previous year through September 30 of the current year. Typically, a letter is sent from the Minerals Division in early October to the Mining companies that includes the Form M30S form and instructions as well as the date we expect their response.

Computation of 2016 Mine Values:

Acid Pellets

ACID PELLETS		2016	FINAL				
Steel Mill Product Index (SMPI)							
June SMPI		2015	(final)	176.9			
June SMPI		2016	(final)	170.7			
		SMPI % of PY value		96.495%			
		2015 Acid Pellet Mine Value		\$	1.137		
		2016 SMPI % of PY value			96.495%		
		2016 SMPI Factor - Estimate		\$	1.097		
Non-equity Sales							
		Weighted average all pellet sales price		\$	4,691,229		
		Total Fe (iron) units			5,319,439		
		Weighted average sales price per Fe (iron) unit		\$	0.882		
				\$	1.097	75%	\$ 0.823
				\$	0.882	25%	\$ 0.220
		2016 acid pellet mine value		\$	1.043		per Fe (iron) unit

Partial Flux Pellets

PARTIAL FLUX PELLETS							
				\$	1.043		
				\$	0.015		
				\$	1.058		per Fe (iron) unit

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Flux Pellets

FLUX PELLETS							
				\$	1.043		
				\$	0.060		
				\$	1.103		per Fe (iron) unit

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Direct Reduced Iron (DRI)

DIRECT REDUCED IRON (DRI)							
Steel Mill Product Index (SMPI)							
June SMPI		2015	(final)	176.9			
June SMPI		2016	(final)	170.7			
		SMPI % of PY value		96.495%			
		2015 Mine Value		\$	4.250		
		2016 SMPI % of PY value			96.495%		
		2016 DRI Mine Value		\$	4.101		per Fe (iron) unit

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