

**MINERALS TAX  
Taconite municipal aid distribution  
modified and indexed for inflation**

February 07, 2019

	<b>Yes</b>	<b>No</b>
<b>DOR Administrative Cost/Savings</b>		X

Department of Revenue

Analysis of H.F. 0324 (Lislegard) / S.F. 0989 (Tomassoni) as introduced

	<b>Fund Impact</b>			
	<b>FY2020</b>	<b>FY2021</b>	<b>FY2022</b>	<b>FY2023</b>
	(000's)			
General Fund	\$0	\$0	\$0	\$0

Effective beginning for distributions in 2020.

**EXPLANATION OF THE BILL**

Under current law, the guarantee for the Taconite Municipal Aid Account is a variable percentage or 100% of the 1983 distributions (whichever is lower) and the account distributions are not indexed for inflation.

The bill would modify taconite production tax distributions by removing the variable percentage and making the guarantee for the Taconite Municipal Aid Account equal to 100% of the 1983 distributions. The bill would also annually index the cents per ton distribution rate for inflation.

**REVENUE ANALYSIS DETAIL**

- The changes to the local distribution of taconite production taxes would have no impact on the state general fund.
- The increased distribution to cities and townships would equal approximately \$420,000 for distribution year 2020.
- The increased distribution to cities and townships would reduce distributions to the Taconite Environmental Protection Fund and the Douglas J. Johnson Economic Fund.

Source: Minnesota Department of Revenue  
Property Tax Division - Research Unit  
[www.revenue.state.mn.us/research\\_stats/pages/revenue-analyses.aspx](http://www.revenue.state.mn.us/research_stats/pages/revenue-analyses.aspx)

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