

**MINERALS TAX  
Senate Minerals Article**

April 22, 2026

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

Department of Revenue  
Analysis of S.F. 2766 (Hauschild) as proposed to be amended by SCS2766A-1

**Fund Impact**

	<b>F.Y. 2026</b>	<b>F.Y. 2027</b>	<b>F.Y. 2028</b>	<b>F.Y. 2029</b>
	(000's)			
General Fund	\$0	\$0	\$0	\$0

Effective for distributions in the year after the year in which Mesabi Metallics begins production.

**EXPLANATION OF THE BILL**

The proposal would modify how taconite production tax revenue from Mesabi Metallics is contributed and distributed once the company begins production.

- Create guaranteed minimum distributions to certain school districts and cities for the first two years of Mesabi Metallics production.
- Adjust Mesabi Metallics per ton contributions (based on 2023 production) as follows:
  - Taconite Cities and Towns Fund: from 4.5 cents per ton to 1.0 cent per ton.
  - Mining Effects Fund: from 4.0 cents per ton to 1.0 cent per ton.
  - Taconite Municipal Aid Account: from 14.83 cents per ton to 2.0 cents per ton.
  - Taconite School Fund: from 3.43 cents per ton to 4.57 cents per ton, plus \$100,000 each to the Ely and Chisholm school districts.
  - School Building Maintenance Fund: from 4.0 cents per ton to 8.0 cents per ton, plus an additional \$300,000.
- Modify distributions from the School Building Maintenance Fund to include 8.0 cents per ton and \$150,000 each to the Greenway and Ely school districts.
- Increase distributions by 4.0 cents per ton to school districts receiving revenue from the School Building Maintenance Fund due to Mesabi Metallics production.
- Allocate 20 cents per ton produced by Mesabi Metallics to the Iron Range Schools and Community Development Account.
- Exempt Mesabi Metallics from contributing 0.5 cents per ton to the Range Association of Municipalities and Schools (RAMS) and 25.1 centers per ton to the Taconite Economic Development Fund.
- Prohibit Mesabi Metallics from receiving distributions from the Taconite Economic Development Fund.
- Require the Douglas J. Johnson Economic Protection Trust Fund to cover any distributions attributed to Mesabi Metallics that exceed the company’s actual production-based contributions.

The proposal would make the following additional changes to taconite production tax distributions:

- Make unorganized townships eligible for distributions from the Mining Effects Fund.
- Increases the maximum Township Fund distribution from \$50,000 to \$70,000.
- Allow Iron Range Schools and Community Development Account distributions to be used for community development purposes.
- Increase the share of Taconite Railroad Aid Account distributions going to school districts from 62% to 75% of the 1977 distribution amount.
- Create annual distributions from the Taconite Municipal Aid Account of \$25,000 each for the cities of Orr and Winton, and \$75,000 each for the cities of Cook and Two Harbors.

#### **REVENUE ANALYSIS DETAIL**

- The proposed modifications to mineral tax provisions are assumed to have no direct impact on the state general fund.
- Changes to distributions and allocations would shift production tax revenues among various taconite-related funds.

Source: Minnesota Department of Revenue  
Property Tax Division – Research Unit  
<https://www.revenue.state.mn.us/revenue-analyses>

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