

2.1 and section 298.25 were not applicable. The tax on other iron-bearing material shall be
2.2 imposed on the current year production.

2.3 (e) If the tax or any part of the tax imposed by this subdivision is held to be
2.4 unconstitutional, a tax of \$2.56 per gross ton of merchantable iron ore concentrate
2.5 produced shall be imposed.

2.6 (f) Consistent with the intent of this subdivision to impose a tax based upon the
2.7 weight of merchantable iron ore concentrate, the commissioner of revenue may indirectly
2.8 determine the weight of merchantable iron ore concentrate included in fluxed pellets by
2.9 subtracting the weight of the limestone, dolomite, or olivine derivatives or other basic
2.10 flux additives included in the pellets from the weight of the pellets. For purposes of this
2.11 paragraph, "fluxed pellets" are pellets produced in a process in which limestone, dolomite,
2.12 olivine, or other basic flux additives are combined with merchantable iron ore concentrate.
2.13 No subtraction from the weight of the pellets shall be allowed for binders, mineral and
2.14 chemical additives other than basic flux additives, or moisture.

2.15 (g)(1) Notwithstanding any other provision of this subdivision, for the first two years
2.16 of a plant's commercial production of direct reduced ore from ore mined in this state, no
2.17 tax is imposed under this section. As used in this paragraph, "commercial production" is
2.18 production of more than 50,000 tons of direct reduced ore in the current year or in any prior
2.19 year, "noncommercial production" is production of 50,000 tons or less of direct reduced ore
2.20 in any year, and "direct reduced ore" is ore that results in a product that has an iron content
2.21 of at least 75 percent. For the third year of a plant's commercial production of direct
2.22 reduced ore, the rate to be applied to direct reduced ore is 25 percent of the rate otherwise
2.23 determined under this subdivision. For the fourth commercial production year, the rate is
2.24 50 percent of the rate otherwise determined under this subdivision; for the fifth commercial
2.25 production year, the rate is 75 percent of the rate otherwise determined under this
2.26 subdivision; and for all subsequent commercial production years, the full rate is imposed.

2.27 (2) Subject to clause (1), production of direct reduced ore in this state is subject to
2.28 the tax imposed by this section, but if that production is not produced by a producer of
2.29 taconite, iron sulfides, or other iron-bearing material, the production of taconite, iron
2.30 sulfides, or other iron-bearing material, that is consumed in the production of direct
2.31 reduced iron in this state is not subject to the tax imposed by this section on taconite,
2.32 iron sulfides, or other iron-bearing material.

2.33 (3) Notwithstanding any other provision of this subdivision, no tax is imposed
2.34 on direct reduced ore under this section during the facility's noncommercial production
2.35 of direct reduced ore. The taconite or iron sulphides consumed in the noncommercial
2.36 production of direct reduced ore is subject to the tax imposed by this section on taconite

3.1 and iron sulphides. Three-year average production of direct reduced ore does not
3.2 include production of direct reduced ore in any noncommercial year. Three-year average
3.3 production for a direct reduced ore facility that has noncommercial production is the
3.4 average of the commercial production of direct reduced ore for the current year and the
3.5 previous two commercial years.

3.6 ~~(4) This paragraph applies only to plants for which all environmental permits have~~
3.7 ~~been obtained and construction has begun before July 1, 2008.~~

3.8 **EFFECTIVE DATE.** This section is effective for taxes based on concentrate
3.9 produced in 2015 and thereafter.