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State of Minnesota
HOUSE OF REPRESENTATIVES
NINETIETH SESSION

H. F. No. 4139

03/21/2018

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The bill was read for the first time and referred to the Committee on Job Growth and Energy Affordability Policy and Finance

1.1 A bill for an act
1.2 relating to economic development; modifying definition of taconite assistance
1.3 area; clarifying use of taconite economic development fund; providing for transfer
1.4 of 2018 distribution; amending Minnesota Statutes 2016, sections 273.1341; 298.28,
1.5 subdivision 9a; Minnesota Statutes 2017 Supplement, section 298.227.

1.6 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.7 Section 1. Minnesota Statutes 2016, section 273.1341, is amended to read:

1.8 **273.1341 TACONITE ASSISTANCE AREA.**

1.9 (a) A "taconite assistance area" means the geographic area that falls within the boundaries
1.10 of a school district that contains:

1.11 (1) a municipality in which the assessed valuation of unmined iron ore on May 1, 1941,
1.12 was not less than 40 percent of the assessed valuation of all real property; or

1.13 (2) a municipality in which on January 1, 1977, or the applicable assessment date, there
1.14 is a taconite concentrating plant or where taconite is mined or quarried or where there is
1.15 located an electric generating plant which qualifies as a taconite facility.

1.16 (b) A school district located in St. Louis County that has an existing tuition agreement
1.17 with a school district located within the taconite assistance area is eligible to receive funds
1.18 from the taconite area environmental protection fund under section 298.223 and the Douglas
1.19 J. Johnson economic protection trust fund under sections 298.292 to 298.297.

1.20 Sec. 2. Minnesota Statutes 2017 Supplement, section 298.227, is amended to read:

1.21 **298.227 TACONITE ECONOMIC DEVELOPMENT FUND.**

2.1 An amount equal to that distributed pursuant to each taconite producer's taxable
2.2 production and qualifying sales under section 298.28, subdivision 9a, shall be held by the
2.3 commissioner of Iron Range resources and rehabilitation in a separate taconite economic
2.4 development fund for each taconite and direct reduced ore producer for expenditure on new
2.5 projects as provided in this section. For purposes of this section, "new projects" means
2.6 projects that have not yet been commenced. Money from the fund for each producer shall
2.7 be released by the commissioner after review by a joint committee consisting of an equal
2.8 number of representatives of the salaried employees and the nonsalaried production and
2.9 maintenance employees of that producer. The District 11 director of the United States
2.10 Steelworkers of America, on advice of each local employee president, shall select the
2.11 employee members. In nonorganized operations, the employee committee shall be elected
2.12 by the nonsalaried production and maintenance employees. The review must be completed
2.13 no later than six months after the producer presents a proposal for expenditure of the funds
2.14 to the committee. The funds held pursuant to this section may be released only for workforce
2.15 development and associated public facility improvement, concurrent reclamation, or for
2.16 acquisition of plant and stationary mining equipment and facilities for the producer, or for
2.17 research and development in Minnesota on new mining, or taconite, iron, or steel production
2.18 technology, but only if the producer provides a matching expenditure equal to the amount
2.19 of the distribution to be used for the same purpose ~~beginning with distributions in 2014.~~
2.20 ~~Effective for proposals for expenditures of money from the fund beginning May 26, 2007,~~
2.21 ~~the commissioner may not release the funds before the next scheduled meeting of the board.~~
2.22 If a proposed expenditure is not approved by the commissioner, after consultation with the
2.23 advisory board, the funds must be deposited in the taconite environmental protection fund
2.24 under sections 298.222 to 298.225. If a taconite production facility is sold after operations
2.25 at the facility had ceased, any money remaining in the fund for the former producer may
2.26 be released to the purchaser of the facility on the terms otherwise applicable to the former
2.27 producer under this section. If a producer fails to provide matching funds for a proposed
2.28 expenditure within six months after the commissioner approves release of the funds, the
2.29 funds ~~are available for release to another producer in proportion to the distribution provided~~
2.30 ~~and under the conditions of this section~~ may be released by the commissioner for deposit
2.31 in the taconite area environmental protection fund created in section 298.223. Any portion
2.32 of the fund which is not released by the commissioner within one year of its deposit in the
2.33 fund shall be ~~divided between~~ distributed to the taconite environmental protection fund
2.34 ~~created in section 298.223 and the Douglas J. Johnson economic protection trust fund created~~
2.35 ~~in section 298.292 for placement in their respective special accounts. Two-thirds of the~~

3.1 ~~unreleased funds shall be distributed to the taconite environmental protection fund and~~
3.2 ~~one-third to the Douglas J. Johnson economic protection trust fund.~~

3.3 Sec. 3. Minnesota Statutes 2016, section 298.28, subdivision 9a, is amended to read:

3.4 Subd. 9a. **Taconite economic development fund.** (a) 25.1 cents per ton for distributions
3.5 in 2002 and thereafter must be paid to the taconite economic development fund. No
3.6 distribution shall be made under this paragraph in 2004 or any subsequent year in which
3.7 total industry production falls below 30 million tons. Distribution shall only be made to a
3.8 taconite producer's fund under section 298.227 if the producer timely pays its tax under
3.9 section 298.24 by the dates provided under section 298.27, or pursuant to the due dates
3.10 provided by an administrative agreement with the commissioner.

3.11 ~~(b) An amount equal to 50 percent of the tax under section 298.24 for concentrate sold~~
3.12 ~~in the form of pellet chips and fines not exceeding 5/16 inch in size and not including crushed~~
3.13 ~~pellets shall be paid to the taconite economic development fund. The amount paid shall not~~
3.14 ~~exceed \$700,000 annually for all companies. If the initial amount to be paid to the fund~~
3.15 ~~exceeds this amount, each company's payment shall be prorated so the total does not exceed~~
3.16 ~~\$700,000.~~

3.17 **EFFECTIVE DATE.** This section is effective retroactively from December 31, 2016.

3.18 Sec. 4. **TRANSFER 2018 DISTRIBUTION ONLY.**

3.19 For the 2018 distribution only, the commissioner of revenue shall transfer cents
3.20 per ton of any excess of the balance remaining after distribution of amounts required under
3.21 Minnesota Statutes, section 298.28, subdivision 6, to the fund established under Minnesota
3.22 Statutes, section 298.28, subdivision 7.

3.23 **EFFECTIVE DATE.** This section is effective for the 2018 distribution, and the transfer
3.24 must be made within ten days of the August 2018 payment.