

## CHAPTER 631—H.F.No.2100

*An act relating to taxation; occupation and royalty taxes on ores; providing for change of dates for assessment, payment and collection; transferring certain administrative duties to commissioner of taxation; amending Minnesota Statutes 1971, Sections 298.01, Subdivisions 1 and 2; 298.10; 298.12; 298.13; 298.28, Subdivision 1; 298.282, Subdivisions 2, 3, and 4; 298.283; 299.012, Subdivision 3; 299.05; 299.06; 299.07; 299.08; 299.09; and 299.10.*

Be it enacted by the Legislature of the State of Minnesota:

Section 1. Minnesota Statutes 1971, Section 298.01, Subdivision 1, is amended to read:

**298.01 TAXATION; OCCUPATION AND ROYALTY TAXES ON ORES; MINING OR PRODUCING ORES.** Subdivision 1. Every person engaged in the business of mining or producing iron ore or other ores in this state shall pay to the state of Minnesota an occupation tax equal to 15.5 percent of the valuation of all ores except taconite, semi-taconite and iron sulphides mined or produced after December 31, 1971. Said tax shall be in addition to all other taxes provided for by law and shall be due and payable from such person on ~~May 1~~ or before June 15 of the year next succeeding the calendar year covered by the report thereon to be filed as hereinafter provided.

Sec. 2. Minnesota Statutes 1971, Section 298.01, Subdivision 2, is amended to read:

Subd. 2. Every person engaged in the business of producing or mining taconite, semi-taconite and iron sulphides in this state shall pay to the state an occupation tax equal to 15 percent of the valuation of all taconite, semi-taconite and iron sulphides mined or produced after December 31, 1970. The tax shall be in addition to all other taxes provided for by law and shall be due and payable from such person on ~~May 1~~ or before June 15 of the year next succeeding the calendar year covered by the report thereon to be filed as hereinafter provided.

Sec. 3. Minnesota Statutes 1971, Section 298.10, is amended to read:

**298.10 COMMISSIONER TO ASSESS TAXES AND BILL PERSONS LIABLE FOR TAX.** The commissioner of taxation shall enter on his records the amount of taxes found and determined by him to be due from any person, as herein provided; and, on or before June first, shall ~~certify such amount to the state auditor, who thereupon shall make his draft upon such person for the~~

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~~amount of taxes as thus certified, and place the same in the hands of the state treasurer for collection~~ make an assessment and send a statement to the person subject to the tax, which tax shall be payable to the commissioner of taxation as provided in this chapter and deposited in the state treasury.

Sec. 4. Minnesota Statutes 1971, Section 298.12, is amended to read:

**298.12 COMMISSIONER'S ASSESSMENT PRIMA FACIE EVIDENCE OF AMOUNT DUE.** ~~The draft of the state auditor assessment of the commissioner of taxation for the tax, or tax and penalties, imposed by the provisions of sections 298.01 to 298.11, shall be prima facie evidence, in any court where proceedings may be brought for its enforcement, that the amount therein stated is due the state from the person against whom the same is drawn indicated.~~

Sec. 5. Minnesota Statutes 1971, Section 298.13, is amended to read:

**298.13 ATTORNEY GENERAL TO COLLECT UNPAID TAXES.** On July first each year, ~~the state treasurer~~ commissioner of taxation shall deliver to the attorney general a certification of all unpaid drafts for taxes imposed under sections 298.01 to 298.16, and he shall bring an action thereon in the district court of Ramsey county, or of the county where such ores are mined or produced, for the amount of such ~~draft taxes,~~ together with interest, penalties, and costs. The judgment of the court, when so obtained, shall bear interest at the rate of one percent per month and be enforceable in the manner provided by law for the enforcement of judgments obtained in civil actions.

Sec. 6. Minnesota Statutes 1971, Section 298.28, Subdivision 1, is amended to read:

**298.28 DIVISION OF PROCEEDS.** Subdivision 1. The proceeds of the tax collected under section 298.24 shall be distributed by the state treasurer, upon certificate of the commissioner of taxation to the general fund of the state and to the various taxing districts in which the lands from which taconite was mined or quarried were located in the following manner and proportions: 11½ percent thereof to the city, village or town; 27 percent thereof to the school district; 11½ percent thereof to the county; three percent thereof to the state and 47 percent thereof, less any amount required to be distributed under subdivision 1a to the taconite property tax relief account in the apportionment fund in the state treasury. If the mining, quarrying, and concentration, or different steps in either thereof are carried on in more than one taxing district, the commissioner shall apportion equitably the

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proceeds of the part of the tax going to cities, villages and towns among such subdivisions as provided above, and the part going to school districts among such districts, and the part going to counties among such counties, upon the basis of attributing 40 percent of the proceeds of the tax to the operation of mining or quarrying the taconite, and the remainder to the concentrating plant and to the processes of concentration, and with respect to each thereof giving due consideration to the relative extent of such operations performed in each such taxing district. His order making such apportionment shall be subject to review by the tax court at the instance of any of the interested taxing districts, in the same manner as other orders of the commissioner. The amount so distributed shall be divided among the various funds of the state, or of the taxing districts in the same proportion as the general ad valorem tax thereof. If in any year the state shall not spread any general ad valorem tax levy against real property, the state's proportion of the tax shall be paid into the general fund. The amount distributed to any city or village and one-third in 1971 and that portion not deducted from state aids in section 124.212, subdivision 8, thereafter of the amount distributed to any school district under the provisions hereof shall be included in computing the permissible levies of such city, village or school district under sections 275.11 or 275.125, provided, in computing the deduction from permissible levies of cities or villages by reason hereof effect shall be given to the cost of living adjustment allowed by section 275.11, subdivision 2, regardless of whether or not more than 25 percent of the assessed valuation consists of iron ore. On or before October 10 of each calendar year each producer of taconite or iron sulphides subject to taxation under section 298.24 (hereinafter called "taxpayer") shall file with the commissioner of taxation and with the county auditor of each county in which such taxpayer operates, and with the chief clerical officer of each school district, city or village which is entitled to participate in the distribution of the tax, an estimate of the amount of tax which would be payable by such taxpayer under said law for such calendar year; provided such estimate shall be in an amount not less than the amount due on the mining and production of concentrates up to September 30 of said year plus the amount becoming due because of probable production between September 30 and December 31 of said year, less any credit allowable as hereinafter provided. Such estimate shall list the taxing districts entitled to participate in the distribution of such tax, and the amount of the estimated tax which would be distributable to each such district in such next ensuing calendar year on the basis of the last percentage distribution certified by the commissioner of taxation. If there be no such prior certification, the taxpayer shall set forth its estimate of the proper distribution of such tax under the law, which estimate may be corrected by the commissioner if he deems it improper, notice of such correction being given by him to the taxpayer and the public officers

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receiving such estimate. The officers with whom such report is so filed shall use the amount so indicated as being distributable to each taxing district except in the case of school districts one-third in 1971 and that portion not deducted from state aids in section 124.212, subdivision 8, thereafter of the indicated amount is to be used in computing, pursuant to sections 275.11 or 275.125, the permissible tax levy of such city, village or school district in the year in which such estimate is made, and payable in the next ensuing calendar year. Such taxpayer shall then pay, at the times payments are required to be made pursuant to section ~~294.25~~ 298.27, as the amount of tax payable under section 298.24, the greater of (a) the amount shown by such estimate, or (b) the amount due under said section as finally determined by the commissioner of taxation pursuant to law. If, as a result of the payment of the amount of such estimate, the taxpayer has paid in any calendar year an amount of tax in excess of the amount due in such year under section 298.24, after application of credits for any excess payments made in previous years, all as determined by the commissioner of taxation, the taxpayer shall be given credit for such excess amount against any taxes which, under said section, may become due from the taxpayer in subsequent years. In any calendar year in which a general property tax levy subject to sections 275.11 or 275.125 has been made, if the taxes distributable to any such city, village or school district are greater than the amount estimated to be paid to any such city, village or school district in such year, the excess of such distribution shall be held in a special fund by the city, village or school district and shall not be expended until the succeeding calendar year, and shall be included in computing the permissible levies under sections 275.11 or 275.125, of such city, village or school district payable in such year. If the amounts distributable to any such city, village or school district, after final determination by the commissioner of taxation under section 298.28 are less than the amounts indicated by such estimates, such city, village or school district may issue certificates of indebtedness in the amount of the shortage, and may include in its next tax levy, in excess of the limitations of sections 275.11 or 275.125 an amount sufficient to pay such certificates of indebtedness and interest thereon, or, if no certificates were issued, an amount equal to such shortage.

There is hereby appropriated to such taxing districts as are stated herein and to the taconite property tax relief account in the apportionment fund in the state treasury, from any fund or account in the state treasury to which the money was credited, an amount sufficient to make the payment or transfer.

Sec. 7. Minnesota Statutes 1971, Section 298.282, Subdivision 2, is amended to read:

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Subd. 2. Each year commencing in 1972, and the following final determination of the amount of taxes payable under section 298.241, the ~~state auditor~~ commissioner of taxation shall determine the amount in the taconite municipal aid account as of July 1 of such year and the amount to be distributed to each qualifying municipality during such year. The amount to be distributed to each qualifying municipality shall be determined by dividing the total amount in said account as of July 1 by the total population according to the latest federal census of all qualifying municipalities to determine the per capita distributive share for such year and by multiplying the per capita distributive share by the population of such municipality. Upon completion of such determination, the ~~state auditor~~ commissioner of taxation shall certify to the chief clerical officer of each qualifying municipality the amount which will be distributed to such municipality from the taconite municipal aid account that year.

Sec. 8. Minnesota Statutes 1971, Section 298.282, Subdivision 3, is amended to read:

Subd. 3. If the amount certified by the ~~state auditor~~ commissioner of taxation as distributable to any qualifying municipality is greater than the amount previously estimated to have been distributable to such qualifying municipality in such year, the excess distributed to such municipality shall be held in a separate fund by the qualifying municipality and shall not be expended until the succeeding calendar year and shall be deducted, first, from the permissible general levy and then proportionately from permissible excess levies of the qualifying municipality in the succeeding calendar year. If the amount distributable to any qualifying municipality, after final determination by the ~~state auditor~~ commissioner of taxation is less than the amount estimated to have been distributable to such qualifying municipality, such municipality may issue certificates of indebtedness in the amount of the shortage and may include in its next tax levy in excess of then existing levy limitations an amount sufficient to pay such certificates of indebtedness and interest thereon or, if no certificates were issued, an amount equal to such shortage.

Sec. 9. Minnesota Statutes 1971, Section 298.282, Subdivision 4, is amended to read:

Subd. 4. On or before August 15, 1972, and on or before August 15 of each year thereafter, the state auditor shall issue his warrant in favor of the treasurer of each qualifying municipality in the amount determined by the ~~state auditor~~ commissioner of taxation to be due and payable to such qualifying municipality in such year.

Sec. 10. Minnesota Statutes 1971, Section 298.283, is amended to read:

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**298.283 CHANGE OF STATUS OF MUNICIPALITY; DATE FOR DETERMINING STATUS.** If any qualifying municipality as defined in section 298.282, is consolidated with another municipality or part thereof, the secretary of state shall certify that fact to the ~~state auditor~~ commissioner of taxation, who shall ~~issue his warrant determine the amounts payable~~ to the consolidated municipality according to the combined population resulting, for the purpose of determining aid payable under the provisions of section 298.282. The determination of amounts payable under the provisions of section 298.282 shall however be based on the status of the municipality on January 1 of each year.

Sec. 11. Minnesota Statutes 1971, Section 299.012, Subdivision 3, is amended to read:

Subd. 3. In case any tax is not paid at the time provided in section 299.07, the commissioner, not earlier than ten days after notice to the royalty recipient, shall direct the royalty payor to withhold from any royalties due, or to become due to said recipient, the amount of tax determined to be delinquent, and shall direct such royalty payor to remit the same to the ~~state treasurer~~ commissioner of taxation in the same manner and under the same conditions as prescribed by said section 299.08 for the withholding and remitting of the royalty tax.

Sec. 12. Minnesota Statutes 1971, Section 299.05, is amended to read:

**299.05 ASSESSMENT BY COMMISSIONER.** Upon the receipt by the commissioner of taxation of the report provided for in section 299.03, he shall determine, from such information as he may possess, or obtain, whether the same is correct, or otherwise; and, if found correct, he shall determine therefrom the amount of tax due from such person, enter the amount thereof in his records, make his ~~certificate~~ assessment of taxes due thereon from such person, and the amount that has been paid thereon; and, on or before June 30, of each year, ~~file the same with the state auditor and file a duplicate thereof with the state treasurer~~ demand payment from such person. The commissioner of taxation shall have power, in case he shall deem the report incorrect, or in case the report is not made and filed with the commissioner as provided in section 299.03, to make his findings as to the amount of such taxes due after hearing upon notice to the person interested, and his findings shall have the same effect as the determination of the amount of such taxes upon a report made as hereinbefore provided.

A person subletting land for the use of which he received royalty shall be required to pay taxes only on the difference between the amount of royalty paid by him and the amount received.

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Sec. 13. Minnesota Statutes 1971, Section 299.06, is amended to read:

**299.06 FAILURE TO MAKE REPORTS; PENALTY; PROCEDURE.** If any person subject to the tax provided by this chapter shall fail to make the report provided for in section 299.03, at the time and in the manner therein provided, there shall accrue upon the tax herein imposed a penalty in an amount equal to ten percent of the tax so imposed, the said penalty to be imposed ratably in proportion to the number of days delinquent but not exceeding 60 days after which the full penalty of ten percent shall be applied. After the said penalty or any proportion thereof has been assessed the commissioner of taxation shall serve notice by registered mail to the royalty recipient at his last known address of the amount of penalty due and of his intention to demand payment thereof from the royalty payor by withholding the same in the same manner as provided for withholding the royalty tax under section 299.08. Thereupon the commissioner not earlier than ten days after notice to the royalty recipient shall direct the royalty payor to withhold from any royalties due, or thereafter to become due said recipient, the amount of the penalty so assessed and remit the same to the ~~state treasurer~~ commissioner of taxation in the same manner and under the same conditions as prescribed by said section 299.08 for the withholding and remitting of the royalty tax.

Sec. 14. Minnesota Statutes 1971, Section 299.07, is amended to read:

**299.07 TIME FOR PAYMENT.** Any portion of such tax that has not been withheld and paid by the royalty payor, as herein required, shall be due and payable on or before July 15, of each year.

Sec. 15. Minnesota Statutes 1971, Section 299.08, is amended to read:

**299.08 LIEN; PAYMENT OF TAX.** The situs of royalty, for all purposes of this chapter, shall be in this state; and the tax herein provided for shall be a specific lien from the time the royalty accrues upon all and singular the right, title, and interest of the person to whom such royalty is payable, in and to the land, for permission to explore, mine, take out, and remove ore on which the royalty is paid, and shall be a specific lien upon such royalties as they accrue. Every person paying royalty to another which is subject to tax hereunder, upon which the royalty tax has not been paid, shall withhold the amount of the tax upon such royalty and remit the same to the ~~state treasurer~~ commissioner of taxation at the time the royalty is paid. Such payment ~~to the state treasurer~~ shall operate to discharge to that extent the liability of the person paying such royalty to the royalty recipient. In addition thereto,

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he shall withhold any additional amounts certified pursuant to section 299.012, subdivision 3. At the time of such payment he shall file ~~with the state treasurer and~~ with the commissioner of taxation a report thereof on forms to be prescribed by the commissioner of taxation. If any person paying royalty to another shall fail to withhold the tax thereon or the penalty imposed by section 299.06, after notice thereof as therein provided, and pay the same to the ~~state treasurer~~ commissioner of taxation, he shall be liable for the amount of such tax and penalty, with interest at the rate of 12 percent per annum from the time the same should have been paid, to be recovered in an action by the attorney general for and on behalf of the state. The commissioner of taxation, may, upon petition of any royalty payor or recipient, upon such conditions as he may impose, permit the paying of the tax in one annual payment instead of as such royalty accrues, in which case such annual payment shall be made at such times as the commissioner of taxation directs, not later than June 30 of the year following the accrual of the royalty. No such extension of time shall be granted unless, as one of the conditions thereof, the royalty payor shall guarantee the payment of the tax.

In the event the royalty is paid in ore instead of in cash the tax provided for herein shall be a specific lien upon the ore apportioned to the royalty recipient; or, if such ore be not apportioned, upon the royalty recipient's interest in the ore mined, and such ore shall not be shipped from this state unless:

- (1) The royalty tax be paid; or
- (2) A bond be given to secure such payment, upon a form and with sureties approved by the commissioner of taxation, in an amount 25 percent in excess of his estimate of the tax; or
- (3) The estimated amount of the tax, such estimate to be made by the commissioner of taxation, be deposited with the state treasurer as security for such payment; or
- (4) The payment of the tax be guaranteed or secured in some other manner satisfactory to the commissioner of taxation.

Sec. 16. Minnesota Statutes 1971, Section 299.09, is amended to read:

**299.09 ASSESSMENT FOR TAX; COLLECTION.** ~~On or before June 25, in each year, the state auditor shall make his draft, upon the person against whom a tax has been certified, for the amount of tax and penalty, if any, due and place the same in the hands of the state treasurer for collection. The draft of the state auditor~~ assessment of the commissioner of taxation for the tax and penalties imposed by the foregoing provisions of this chapter shall

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be prima facie evidence, in any court where proceedings may be brought ~~for its enforcement~~, that the amount therein stated is due the state from the person against whom the same is ~~drawn~~ assessed.

Sec. 17. Minnesota Statutes 1971, Section 299.10, is amended to read:

**299.10 PENALTY FOR NON-PAYMENT; COLLECTION OF DELINQUENT TAX.** If the tax herein provided for is not paid ~~before~~ by July 15 of the year when due and payable a penalty of ten percent thereof shall immediately accrue and thereafter one percent per month shall be added to such tax while it remains unpaid. On July 16, of each year, the ~~state treasurer~~ commissioner of taxation shall deliver ~~all unpaid drafts~~ a certification of unpaid liability to the attorney general, whose duty it shall be to bring an action ~~thereon~~ in the district court of Ramsey county for the amount of such draft tax, together with penalties, interest, and costs of the proceedings; and the judgment of the court, when so obtained and properly docketed, shall be a lien upon all right, title, and interest of the taxpayer to the land upon which such tax is a lien from the time the same is docketed; and the lien shall continue without limitation, with interest at the rate of one percent per month, and the property may be sold in satisfaction of the judgment in the same manner as provided by law for the sale of property upon execution.

Sec. 18. This act is effective the day following its final enactment.

Approved May 23, 1973.

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## CHAPTER 632—H.F.No.2145

[Not Coded]

*An act relating to the city of Alexandria, the townships of Alexandria, Carlos, Hudson and LaGrand and the sanitary sewer board of the Alexandria lake area sanitary district in the county of Douglas; amending Laws 1971, Chapter 869, Sections 2, Subdivision 2; 4, Subdivision 5; 12, Subdivisions 1 and 2; 13, Subdivision 4; 17, Subdivision 7; and 18, Subdivision 6.*

Be it enacted by the Legislature of the State of Minnesota:

Section 1. Laws 1971, Chapter 869, Section 2, Subdivision 2, is amended to read:

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