

## CHAPTER 298

## OCCUPATION TAXES

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## MINING

**298.01 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 or before June 15 of the year next succeeding the calendar year covered by the report thereon to be filed as hereinafter provided.

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 or before

June 15 of the year next succeeding the calendar year covered by the report thereon to be filed as hereinafter provided.

[ 1921 c 223 s 1; Ex1937 c 85 s 1; 1939 c 356 s 1; 1941 c 544 s 1; 1943 c 590 s 1,2; 1945 c 448 s 1; 1947 c 542 s 1; Ex1955 c 2 art 2 s 1; Ex1957 c 1 art 4 s 1; Ex1959 c 70 art 8 s 1; Ex1971 c 31 art 4 s 1; 1973 c 631 s 1,2 ] (2373, 2373-1)

**298.011** [ Repealed, Ex1971 c 31 art 4 s 5 ]

**298.012 DEFINITION.** For purposes of chapter 298, the word "city" includes any home rule charter city, statutory city, or any city however organized.

[ 1977 c 423 art 10 s 6 ]

**298.02 LOW GRADE ORE.** Subdivision 1. **Credit.** For the purpose of increasing employment and the utilization of low-grade, underground, and high labor cost ores any taxpayer on whom a tax is imposed by reason of the provisions of section 298.01, subdivisions 1 and 2, shall be allowed a credit against the occupation tax as computed in said subdivisions because of the mining or production of ore from any mine, in an amount calculated as follows:

(a) In the case of underground mines or that tonnage of merchantable ore produced in open pit mines in the year in question which tonnage has resulted from beneficiation at an ore beneficiation plant within the state by jigging, heavy media, cyclone process, roasting, drying by artificial heat, sintering, magnetic separation, flotation, agglomeration or any process requiring fine grinding, ten percent of that part of the cost of labor employed by said mine or in the beneficiation of all ore mined or produced in said calendar year in excess of 70 cents and not in excess of 90 cents per ton of the merchantable ore produced during the year at said mine, and 15 percent of that part of the cost of such labor in excess of 90 cents per ton; in the case of any other tonnage produced at said mine or in the case of other mines, ten percent of the amount by which the average cost per ton of labor employed at said mine, or in the beneficiation of such ore at or near the mine, exceeds 80 cents, but does not exceed \$1.05, plus 15 percent of the amount by which such average labor cost per ton exceeds \$1.05, multiplied by the number of tons of ore produced at said mine, not exceeding 100,000 tons, but this 100,000 tons or less shall be first reduced by any tonnage described in the first part of this subparagraph; provided, however, that in no event shall the credit allowed hereunder be in excess of three-fourths of eleven percent, as applied to underground and taconite or semi-taconite operations, and six-tenths of eleven percent as applied to all other operations, of the valuation of the ore used in computing the tax under the provisions of section 298.01. The expression "merchantable ore produced" as used herein means ores which as mined or as mined and beneficiated, are ready for shipment as a merchantable product. The provisions of this subparagraph (a) shall be applicable to all ores mined or produced subsequent to December 31, 1956.

(b) The aggregate amount of all credits allowed under this subdivision to all mines shall not exceed six and two-tenths percent of the aggregate amount of occupation taxes imposed under section 298.01, subdivision 1, assessed against all mines in the state for said year prior to the deduction of such credits, provided, that after December 31, 1954, labor credits to underground mines or taconite or semi-taconite operations shall not be subject to such percentage limitation and both the occupation taxes of such underground mines or taconite or semi-taconite operations and the labor credits allowed thereto, shall be excluded in calculating such percentage limitations. At the time of his final determination of occupation tax pursuant to section 298.09, subdivision 3, the commissioner shall reduce the credit otherwise allowable to each mine hereunder by such equal percentage as will bring the total within such limitation. If an equal percentage reduction is made in the labor credits of mines pursuant to this subparagraph at the time of certification to the commissioner of finance as set forth in section 298.10, the same percentage will be used where changes are made pursuant to section 298.09, subdivision 4, subsequent to June 1. Also if no reduction is made at the time of certification to the commissioner of finance on or before June 1, pursuant to this subdivision and section 298.10, no reduction will be made subsequent to June 1, due to changes made pursuant to section 298.09, subdivision 4. This subparagraph shall apply to occupation tax calculations in calendar years subsequent to December 31, 1952.

**Subd. 2. Credit in lieu of cost of labor.** In lieu of the credit above provided, at the election of the taxpayer, there may be allowed a credit against the occupation tax assessed against any mine of two-thirds of one percent of the amount of such tax for

each one percent of the total production of iron ore from said mine which is converted into pig iron, sponge iron, or powdered iron, within the limits of the state of Minnesota. The taxpayer shall make such election at the time of filing the occupation tax return for said mine.

**Subd. 3. If declared unconstitutional.** In the event that the credit provided for in subdivision 2 is found unconstitutional by any court of last resort, then the taxpayer shall be limited to the labor credit herein provided in subdivision 1.

[ 1939 c 356 s 3; 1941 c 544 s 3; 1943 c 590 s 3; 1945 c 445 s 1; 1947 c 541 s 1; 1949 c 639 s 1; 1951 c 664 s 1; 1953 c 646 s 1; Ex1955 c 2 art 2 s 2; 1957 c 856 s 1; Ex1959 c 70 art 8 s 3; 1963 c 232 s 1; Ex1971 c 31 art 4 s 2; 1973 c 492 s 14 ] (2373-2)

**298.025** [ Repealed, Ex1971 c 31 art 4 s 5 ]

**298.026 CREDIT FOR RESEARCH, EXPERIMENTATION AND EXPLORATION.** A tax credit shall be allowed to each taxpayer against the taxes payable by such taxpayer as computed each year under sections 298.01, and 298.02, for the cost of all research, experimentation, pilot plant tests and exploration work performed in Minnesota in such year for the express purpose of furthering the discovery, development, or beneficiation of Minnesota iron ore or other Minnesota ores.

Such credit shall be computed by applying to such costs and allowances the weighted average net effective rate of all the occupation taxes applicable to such taxpayer for such year imposed pursuant to section 298.01, after the application of the credits against such occupation taxes allowed under section 298.02, subdivision 1, but before the application of the credit herein provided.

Any such credit shall be applied against the tax for the year for which such credit is computed except that any such credit in excess of such tax shall be applied in like manner in the next year and thereafter from year to year, but not exceeding two years, until the entire credit has been so applied.

The determination as to what type of costs will qualify under this law, and the amount allowable, will be made by the commissioner of revenue who may use the services of the University of Minnesota School of Mines and Metallurgy which is hereby established as a technical consultant to the commissioner for the purposes of this section.

[ 1963 c 610 s 1; 1973 c 582 s 3; 1976 c 2 s 113 ]

**298.027 COSTS OF MINING EXCEEDING VALUE OF ORE TAX CREDIT.** A tax credit shall be allowed to each taxpayer against the taxes computed under this chapter where the allowable costs for any mine determined under section 298.03 except taconite and semi-taconite exceed the value of the ore at the place where the same is brought to the surface of the earth. The said allowable costs shall not include amounts attributable to or payable by reason of the termination of mining operations.

The credit shall be computed by applying the tax rates specified in section 298.01 to the excess of such deductions over such value, but limited to; in the case of open pit iron ore mines, 53.68 percent of the credit so computed and in the case of underground mines, 42.10 percent of the credit so computed.

Such credit shall be allowed for the year in which such excess occurs.

[ 1963 c 687 s 1; 1976 c 2 s 114 ]

**298.03 VALUE OF ORE; HOW ASCERTAINED.** The valuation of iron or other ores for the purposes of determining the amount of tax to be paid under the provisions of section 298.01 shall be ascertained by subtracting from the value of such ore, at the place where the same is brought to the surface of the earth, such value to be determined by the commissioner of revenue:

(1) The reasonable cost of supplies used and labor performed at the mine in separating the ore from the ore body, including hoisting, elevating, or conveying the same to the surface of the earth;

(2) If the ore is taken from an open pit mine, an amount for each ton of ore mined or produced during the year equal to the cost of removing the overburden, divided by the number of tons of ore uncovered, the number of tons of ore uncovered in each case to be determined by the commissioner of revenue;

(3) If the ore is taken from an underground mine, an amount for each ton of ore mined or produced during the year equal to the cost of sinking and constructing

shafts and running drifts, divided by the number of tons of ore that can be advantageously taken out through such shafts and drifts, the number of tons of ore that can be advantageously taken out in each case to be determined by the commissioner of revenue;

(4) The amount of royalties paid on the ore mined or produced during the year;

(5) A percentage of the ad valorem taxes levied for such year against the realty in which the ore is deposited equal to the percentage that the tons mined or produced during such year bears to the total tonnage in the mine;

(6) In the case of taconite, semi-taconite and iron sulphide operations, the tax payable under section 298.24, but not exceeding 25 cents per taxable ton, and that payable under section 298.35, on the concentrates produced in said year and any taxes paid under Laws 1955, Chapters 391, 429, 514, 576 or 540, or any other law imposing on such taconite operations a specific tax for school or other governmental purposes;

(7) The amount or amounts of all the foregoing subtractions shall be ascertained and determined by the commissioner of revenue. Deductions for interest on plant investment shall not exceed the greater of (a) four percent of book value, or (b) the amount actually paid but not exceeding six percent of book value. No subtraction shall be allowed for shrinkage of iron ore.

[ 1921 c 223 s 2; 1925 c 307 s 1; Ex1937 c 85 s 2; 1957 c 365 s 1; 1965 c 184 s 1; 1974 c 556 s 27; 1977 c 423 art 10 s 7 ] (2374)

**298.031 VALUATION OF ORE.** Subdivision 1. **Definitions.** The following words and phrases when used in this section, unless the context clearly indicates otherwise, shall have the meanings ascribed to them in this subdivision:

(1) "Commissioner" means commissioner of revenue.

(2) "Discount" means the difference in excess of 50 cents between the taxpayer's average actual bona fide selling price per ton of iron ore arrived at in open and competitive sales during the taxable year and the value of such iron ore together with the value of ores produced and not sold in bona fide sales, as determined by the commissioner pursuant to the provisions of Minnesota Statutes 1957, Chapter 298, Section 298.03, and other applicable provisions, if any.

**Subd. 2. Value of certain ore; how ascertained.** (1) The taxpayer shall be given a credit in each taxable year upon the occupation tax assessed in such year under Minnesota Statutes 1957, Chapter 298, against a given mine after credit for labor credits has been given, in an amount equal to the occupation tax under said chapter 298 upon an amount produced by multiplying the number of tons of ore sold at a discount by the amount of such discount.

(2) The aggregate amount of all credits allowed under this section to all mines shall not exceed one percent of the aggregate amount of all occupation taxes imposed under section 298.01, subdivision 1, assessed against all mines, except taconite and semi-taconite mines, in the state for said year prior to the deduction of the credit allowed by this section.

(3) The amount of the foregoing subtraction shall be ascertained and determined by the commissioner.

**Subd. 3. Credit, application.** The credit provided by this section shall not be applicable with respect to any mine operated by a mining company or an operating agent

(a) if the net marketable tonnage of iron ores, exclusive of taconite and semi-taconite, produced from all mines operated by such mining company or operating agent exceeds seven percent of the net marketable tonnage of iron ores, exclusive of taconite and semi-taconite, produced in this state during the year for which the tax is being determined, or

(b) if such mining company or operating agent is also engaged in the manufacture of steel, or

(c) if any company manufacturing steel has an interest, either directly or indirectly, through stock ownership in such mining company or operating agent.

The taxpayer shall have the burden of proving its right to the credit provided by this section.

Subd. 4. **Non-severability.** In the event that any of the provisions of subdivision 3 are held to be unconstitutional, this entire section shall be void and of no effect.

[ Ex1961 c 66 s 1; 1969 c 795 s 1; 1973 c 582 s 3 ]

**298.04 ORES SUBJECT TO TAX.** All ores mined or produced subsequent to December 31, 1936, shall be subject to the provisions of sections 298.01, 298.03, and 298.04.

[ Ex1937 c 85 s 3 ] (2374-1)

**298.045 DECLARATION OF ESTIMATED OCCUPATION TAX.** Subdivision 1. **Requirements of declaration.** Every person subject to the taxes imposed by sections 298.01 to 298.21 shall file with the commissioner of revenue a declaration of estimated tax for the calendar year based on the estimate of the mining and production of ores that will occur in that year. In making the declaration, each person shall aggregate total production from all of that person's natural ore mines located in Minnesota. The declaration shall contain any pertinent information the commissioner of revenue may by rule or form prescribe.

Subd. 2. **Filing requirement for declaration.** The declaration of estimated tax for that year shall be filed on March 15 of that year, except that the declaration for 1977 shall be filed in accordance with subdivision 3.

Subd. 3. **Time for filing declarations for 1977.** The declaration of estimated tax required by this section for 1977 shall be filed on or before July 15, 1977. The amount of the estimated tax shall be paid in four equal installments on the following dates: July 15, September 15, and December 15, of 1977, and March 15, 1978.

Subd. 4. **Extension of time for filing declarations.** The commissioner may grant a reasonable extension of time for filing the declaration required by this section. No extension shall be for more than six months.

Subd. 5. **Amendment.** An amendment of a declaration may be filed in any interval between installment dates prescribed for the year, but only one amendment may be filed in an interval.

[ 1977 c 423 art 9 s 1 ]

**298.046 INSTALLMENT PAYMENTS OF ESTIMATED OCCUPATION TAX.** Subdivision 1. **Amount and time for payment of each installment.** The amount of estimated tax with respect to which a declaration is required shall be paid in four equal installments on the 15th day of March, June, September, and December of the calendar year for which the declaration is required.

Subd. 2. **Amendment of declaration.** If an amendment of a declaration is filed, the amount of any remaining installments shall be the amount which would have been payable if the new estimate had been made when the first estimate for the calendar year was made, increased or decreased by any amount computed by dividing:

(a) the difference between (i) the amount of estimated tax required to be paid before the date on which the amendment is made, and (ii) the amount of estimated tax which would have been required to be paid before that date if the new estimate had been made when the first estimate was made, by

(b) the number of installments remaining to be paid on or after the date on which the amendment is made.

Subd. 3. **Installments paid in advance.** At the election of the taxpayer, an installment of the estimated tax may be paid before the date prescribed for its payment.

[ 1977 c 423 art 9 s 2 ]

**298.047 FAILURE TO PAY ESTIMATED OCCUPATION TAX.** Subdivision 1. **Addition to the tax.** In the case of an underpayment of estimated tax by a taxpayer, except as provided in subdivision 4, there shall be added to the estimated tax for the calendar year a penalty of ten percent and interest at the rate specified in section 270.75 upon the amount of the underpayment determined under subdivision 2 for the period of the underpayment determined under subdivision 3.

Subd. 2. **Amount of underpayment.** For purposes of subdivision 1, the amount of the underpayment shall be the excess of:

(a) the amount of the installment that was due, over

(b) the amount, if any, of the installment paid on or before the last date prescribed for payment.

**Subd. 3. Period of underpayment.** The period of the underpayment shall run from the date the installment was required to be paid to whichever of the following dates is the earlier:

(a) March 1 of the following calendar year; or

(b) with respect to any portion of the underpayment, the date on which the portion is paid. For purposes of this paragraph, a payment of estimated tax on an installment date shall be considered a payment of a previous underpayment only to the extent the payment exceeds the amount of the installment for that installment date.

**Subd. 4. Exception.** Notwithstanding the provisions of subdivisions 1 to 3, penalty and interest with respect to an underpayment of an installment shall not be imposed if the total amount of all payments of estimated tax made on or before the last date prescribed for the payment of the installment equals or exceeds the amount which would have been required to be paid on or before that date if the estimated tax were the lesser of:

(a) (i) in the case of a person subject to the tax imposed by section 298.01, subdivision 2, the tax as finally determined by the commissioner for the preceding calendar year if a tax liability existed for the preceding calendar year; or

(ii) in the case of a person subject to the tax imposed by section 298.01, subdivision 1, the tax shown on the aggregate returns of the taxpayer or a predecessor company for the preceding calendar year reduced by \$100,000, if a return was filed by the taxpayer for the preceding calendar year; or

(iii) in the case of a person subject to the tax imposed by section 298.01, subdivision 1, if that person or its predecessor company had a tax liability of less than \$100,000 in the preceding calendar year, its anticipated tax payment on its aggregate returns reduced by \$100,000; or

(b) an amount equal to the tax computed at the rates applicable to the calendar year but otherwise on the basis of the facts shown on the report of the taxpayer for, and the law applicable to, the preceding calendar year.

**Subd. 5. Failure to file an estimate.** In the case of a taxpayer who fails to file a declaration of estimated tax for a calendar year when one is required, the period of the underpayment shall run from the four installment dates as set forth in section 298.046, subdivision 1, to whichever of the periods set forth in subdivision 3, clauses (a) and (b), is the earlier.

[ 1977 c 423 art 9 s 3 ]

**298.048 OVERPAYMENT OF ESTIMATED TAX.** Where the amount of an installment payment of estimated tax exceeds the amount determined to be the correct amount of the installment payment, the overpayment shall be credited against any unpaid installments. Where the total amount of the estimated tax payments and other payments, if any, exceeds by \$1 or more the taxes and any added penalties and interest as finally determined by the commissioner, the commissioner shall make and file an order determining the amount of the overpayment and credit it against occupation taxes otherwise payable by the person who has overpaid the amount so determined.

[ 1977 c 423 art 9 s 4 ]

**298.05 MINING COMPANIES TO REPORT ANNUALLY.** Every person engaged in such mining or production of ores shall, annually, on or before the first day of March, file with the commissioner of revenue, under oath, a correct report, in such form and containing such information as he may require, covering the preceding calendar year.

[ 1921 c 223 s 3; 1925 c 307 s 2; 1973 c 582 s 3 ] (2375)

**298.06 COMMISSIONER TO DETERMINE TAX.** Upon receipt by the commissioner of revenue of such report 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, on or before May first, find and determine therefrom the amount of tax due from such person.

[ 1921 c 223 s 4; 1973 c 582 s 3 ] (2376)

**298.07 WHEN REPORT INCORRECT COMMISSIONER TO FIX AMOUNT OF TAX.** Upon receipt by the commissioner of revenue of such report, he shall determine, from such information as he may possess or obtain, whether the same is correct or otherwise; and, if found incorrect, from such information as he may possess or obtain, he shall find and determine the amount of tax due from such person.

[ 1921 c 223 s 5; 1973 c 582 s 3 ] (2381)

**298.08 PROCEDURE WHEN NO REPORT IS FILED; PENALTY FOR FAILURE TO REPORT.** If any person subject to sections 298.01, 298.03, 298.05 to 298.16, and 298.21 shall fail to make the report provided for in section 298.05 at the time and in the manner therein provided, the commissioner of revenue shall in such case, upon such information as he may possess or obtain, ascertain the kind and amount of ore mined or produced, together with the valuation thereof, and thereon find and determine the amount of the tax due from such person. There shall be added thereto a penalty for failure to report, which penalty shall equal ten percent of the tax imposed and be treated as a part thereof.

[ 1921 c 223 s 6; 1973 c 582 s 3 ] (2382)

**298.09 NOTICES; HEARINGS; DETERMINATION OF AMOUNT OF TAX IS FINAL; CERTIORARI.** Subdivision 1. On or before May 1 in each year, the commissioner of revenue shall send to each person subject to an occupation tax under the provisions of Laws 1921, Chapter 223, as amended, a notice of the amount of the tax so determined to be due from him. Said notice shall be sent by certified mail and directed to him at the address given in the report filed by him, and, if no report has been filed or no address given, then at such address as the commissioner of revenue may be able to ascertain; but the validity of the tax shall not be affected by the failure of the commissioner of revenue to mail such notice or the failure of the person subject to the tax to receive it.

Subd. 2. On the first secular day following the fourteenth day of May, the commissioner of revenue shall hold a hearing at his office in St. Paul which may be adjourned from day to day. All relevant and material evidence having probative value with respect to the issues shall be submitted at the hearing and such hearing shall not be a "contested case" within the meaning of section 15.0411, subdivision 4. Every person subject to such tax may at such hearing present evidence and argument on any matter bearing upon the validity or correctness of the tax determined to be due from him, and the commissioner of revenue shall review his determination of such tax.

Subd. 3. After such hearing the commissioner of revenue shall make his order either affirming his determination of the tax due from the person so appearing or modifying such determination as he shall deem just and equitable, and, upon the making and filing of such order, said determination shall, except as hereinafter provided, become final and conclusive. The determination of the amount of tax due from any person not appearing at such hearing shall, except as hereinafter provided, become final and conclusive on the second secular day following the fourteenth day of May without further order. The determination by the commissioner of revenue of the amount of any tax due hereunder shall, except as hereinafter provided, be subject to review only on a writ of certiorari issued out of the supreme court on petition therefor presented to said court by the person subject to the tax on or before July first next following the determination of the tax.

Subd. 4. If the amount of tax determined by the commissioner is subsequently found to be erroneous, the commissioner may, at any time within three years from the date the tax is certified as provided in section 298.10, redetermine the amount thereof. No such redetermination shall be made increasing the tax unless the person from whom the additional amount is due is given ten days written notice thereof and an opportunity to be heard thereon. If an order is made increasing the tax, the same proceedings shall be had as provided for occupation taxes originally determined and certified. Any person who has paid an occupation tax may apply to the commissioner within the time herein limited for a redetermination of the tax, and if the commissioner determines that the tax has been overpaid, he shall make and file an order determining the amount of such overpayment, and credit it against occupation taxes otherwise payable by the person who has overpaid the amount as so determined. If the tax is increased, interest at the rate specified in section 270.75 from the date payment should have been made shall be determined and paid; if the tax is reduced, inter-

est at the rate of six percent per annum from the date of overpayment shall be allowed.

[ 1921 c 223 s 7; 1925 c 307 s 3; 1943 c 657 s 1; 1963 c 525 s 1; 1973 c 582 s 3; 1975 c 377 s 38; 1977 c 203 s 4 ] (2383)

**298.10 COMMISSIONER TO ASSESS TAXES AND BILL PERSONS LIABLE FOR TAX.** The commissioner of revenue 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 make an assessment and send a statement to the person subject to the tax, which tax shall be payable to the commissioner of revenue as provided in this chapter and deposited in the state treasury.

[ 1921 c 223 s 8; 1925 c 307 s 4; 1973 c 582 s 3; 1973 c 631 s 3 ] (2384)

**298.11 TIME FOR PAYMENT OF TAXES; PENALTIES.** In case the tax provided for in sections 298.01 to 298.16 is not paid before the fifteenth day of June 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 and penalty while such tax remains unpaid.

[ 1921 c 223 s 9; 1925 c 307 s 5 ] (2385)

**298.12 COMMISSIONER'S ASSESSMENT PRIMA FACIE EVIDENCE OF AMOUNT DUE.** The assessment of the commissioner of revenue 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 indicated.

[ 1921 c 223 s 10; 1973 c 582 s 3; 1973 c 631 s 4 ] (2377)

**298.13 ATTORNEY GENERAL TO COLLECT UNPAID TAXES.** On July first each year, the commissioner of revenue shall deliver to the attorney general a certification of all unpaid 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 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.

[ 1921 c 223 s 11; 1973 c 582 s 3; 1973 c 631 s 5 ] (2378)

**298.14 PENALTY FOR FALSE RETURN.** Any person who, for the purpose of evading the payment of the tax hereinbefore provided, or any part thereof, makes any false return or report under section 298.05 shall pay to the state a penalty of 50 percent of the amount of the tax; and any one who shall knowingly make or sign, under oath, any false return of the kind and amount of ores produced therefrom, and of the value thereof, or who shall knowingly submit any other false information required by sections 298.01 to 298.16, shall be deemed guilty of perjury; and, upon conviction, punished therefor as provided by law.

[ 1921 c 223 s 12 ] (2379)

**298.15 RECORDS OF COMPANIES TO BE OPEN TO INSPECTION.** All books, way-bills, inventories, correspondence, and memoranda relating to or used in the transaction of the business of any person owning or operating any such mine shall, on demand by the commissioner of revenue, or his authorized representatives, be open to inspection or examination. If any one having charge, control, or possession of these papers and books of such person shall neglect or refuse, on demand of the commissioner of revenue, or his authorized representatives, access to these papers and books, he shall be deemed guilty of a gross misdemeanor; and, upon conviction, punished therefor as provided by law.

[ 1921 c 223 s 13; 1973 c 582 s 3 ] (2380)

**298.16 TAXES TO BE CREDITED TO GENERAL FUND.** All taxes imposed and collected under the provisions of sections 298.01 to 298.15 shall be paid into the state treasury and credited to the general fund.

[ 1921 c 223 s 14; 1969 c 399 s 49 ] (2386)

**298.17 OCCUPATION TAXES TO BE APPORTIONED.** All occupation taxes which shall become due and payable on May 1, 1924, and subsequent thereto, from



persons, copartnerships, companies, joint stock companies, corporations, and associations, however or for whatever purpose organized, engaged in the business of mining or producing iron ore or other ores, when collected shall be apportioned and distributed in accordance with the Constitution of the state of Minnesota, Article 10, Section 3, in the manner following: 90 percent shall be deposited in the state treasury and credited to the general fund of which four-ninths shall be used for the support of elementary and secondary schools; and ten percent of the proceeds of the tax imposed by this section shall be deposited in the state treasury and credited to the general fund for the general support of the university.

[ 1923 c 402 s 1; 1961 c 561 s 9; 1969 c 399 s 42; 1976 c 2 s 172 ] (2391)

**298.18 TAXES TO GO TO GENERAL FUND IF SECTION 298.17 INVALID.** If for any reason section 298.17 shall be held to be invalid, then all such taxes, when collected, shall be paid into the state treasury and credited to the general fund.

[ 1923 c 402 s 2; 1969 c 399 s 49 ] (2392)

**298.19 ORE CARRYING ROADS TO REPORT TO COMMISSIONER.** It shall be the duty of every railway company or other common carrier receiving iron ore for original shipment from any mine in this state to make report, in writing, delivered or deposited in the mail addressed to the commissioner of revenue, at St. Paul, Minnesota, on or before the tenth day of May and November, each and every year, the amounts in tons received for shipment, as provided for in sections 298.19 and 298.20, up to and inclusive of the last day of April and October, of each year, setting forth the total amount, in tons, received for shipment from each such mine and of the amounts of tons received for shipment since the last date required to be included in the last report, and whether received from open pit, pocket, or stock-pile, stating the amount, in tons, so received from each of such sources. The report shall also show the place where the ore was received for shipment and the name of the shipper in each case.

[ 1923 c 354 s 1; 1973 c 582 s 3 ] (2389)

**298.20 VIOLATION A GROSS MISDEMEANOR.** Any railway company or other common carrier which fails, neglects, or refuses to make any report required by section 298.19 shall be deemed guilty of a gross misdemeanor; and, upon conviction, fined not exceeding \$5,000 for each such offense.

[ 1923 c 354 s 2 ] (2390)

**298.21 PERSON.** For all purposes of sections 298.01 to 298.16, the word "person" shall be construed to include individuals, copartnerships, companies, joint stock companies, corporations, and all associations, however and for whatever purpose organized.

[ 1921 c 223 s 16 ] (2388)

**298.22 IRON RANGE RESOURCES AND REHABILITATION.** Subdivision 1.  
(1) The office of commissioner of iron range resources and rehabilitation is created. The commissioner shall be appointed by the governor under the provisions of section 15.06.

(2) The commissioner may hold such other positions or appointments as are not incompatible with his duties as commissioner of iron range resources and rehabilitation. The commissioner may appoint a deputy commissioner. All expenses of the commissioner, including the payment of such assistance as may be necessary, shall be paid out of the amounts appropriated by section 298.28, subdivision 1.

(3) When the commissioner shall determine that distress and unemployment exists or may exist in the future in any county by reason of the removal of natural resources or a possibly limited use thereof in the future and the decrease in employment resulting therefrom, now or hereafter, he may use such amounts of the appropriation made to him in section 298.28, subdivision 1 as he may determine to be necessary and proper in the development of the remaining resources of said county and in the vocational training and rehabilitation of its residents. For the purposes of this section, "development of remaining resources" includes, but is not limited to, the promotion of tourism.

Subd. 2. There is hereby created the iron range resources and rehabilitation board, consisting of eleven members, five of whom shall be state senators appointed

by the subcommittee on committees of the rules committee of the senate, and five of whom shall be representatives, appointed by the speaker of the house of representatives, their terms of office to commence on May 1, 1943, and continue until January 3rd, 1945, or until their successors are appointed and qualified. Their successors shall be appointed each two years in the same manner as the original members were appointed, in January of every second year, commencing in January, 1945. The eleventh member of said board shall be the commissioner of natural resources of the state of Minnesota. Vacancies on the board shall be filled in the same manner as the original members were chosen. All expenditures and projects made by the commissioner of iron range resources and rehabilitation shall first be submitted to said iron range resources and rehabilitation board which shall recommend approval or disapproval or modification of expenditures and projects for rehabilitation purposes as provided by this section, and the method, manner, and time of payment of all said funds proposed to be disbursed shall be first approved or disapproved by said board. The board shall biennially make its report to the governor and the legislature on or before November 15 of each even numbered year. The expenses of said board shall be paid by the state of Minnesota from the funds raised pursuant to this section.

Subd. 3. Whenever the commissioner of iron range resources and rehabilitation has made determinations required by subdivision 1 and has determined that distress and unemployment exists or may exist in the future in any county by reason of the removal of the natural resources or a possible limited use thereof in the future and the decrease in employment resulting therefrom and he deems that the acquirement of real estate or personal property is necessary and proper in the development of the remaining resources, he may acquire such property or interests therein by gift, purchase or lease. If after such property is acquired it is necessary in the judgment of the commissioner to acquire a right of way for access to projects operated on property acquired, by gift, purchase or lease, said right of way may be acquired by condemnation in the manner provided by law.

Subd. 4. Whenever property has been granted and conveyed to the state of Minnesota in accordance with an agreement made by the commissioner of iron range resources and rehabilitation and the commissioner of administration for the necessary and proper development of the remaining resources of any distressed county, such grants, and conveyances or leases are hereby accepted in accordance with the terms and conditions thereof.

Subd. 5. In order to carry out the terms and provisions of this section, the commissioner of iron range resources and rehabilitation and the commissioner of administration may lease any property acquired hereunder for a term not to exceed 20 years upon such terms as they may determine, provided that such property shall not be leased to any person in such a manner as to constitute a direct contribution of working capital to a business enterprise. Such lease may provide that in the event the property is ever sold by the state to such lessee, the lessee may obtain a credit on the purchase price covering the rentals paid under his lease or any renewals thereof and that said real estate can be conveyed by the commissioner of iron range resources and rehabilitation and the commissioner of administration and the said commissioners are hereby authorized to make such conveyances.

[ 1941 c 544 s 4; 1943 c 590 s 4; 1949 c 739 s 22; 1951 c 713 s 31; 1957 c 882 s 1; Ex1959 c 49 s 1; 1969 c 399 s 43,49; 1969 c 1129 art 8 s 9; 1969 c 1129 art 10 s 2; 1971 c 25 s 59; 1973 c 613 s 1; 1974 c 406 s 67; 1975 c 271 s 6; 1977 c 305 s 34; 1977 c 423 art 10 s 8,9 ]

**298.221 RECEIPTS FROM CONTRACTS; APPROPRIATION.** All moneys paid to the state of Minnesota pursuant to the terms of any contract entered into by the state under authority of Laws 1941, Chapter 544, Section 4, or of said section as amended and any fees which may, in the discretion of the commissioner of iron range resources and rehabilitation, be charged in connection with any project pursuant to that section as amended, shall be deposited in the state treasury to the credit of the iron range resources and rehabilitation board account in the special revenue fund and are hereby appropriated for the purposes of section 298.22.

[ 1961 c 215 s 1; 1973 c 613 s 2; 1975 c 271 s 6 ]

TACONITE ENVIRONMENTAL  
PROTECTION FUND ACT

**298.222 CITATION.** Sections 298.222 to 298.226 and Laws 1977, Chapter 423, Article 10, Section 22 shall be known as the taconite environmental protection fund act of 1977.

[ 1977 c 423 art 10 s 19 ]

**298.223 TACONITE AREA ENVIRONMENTAL PROTECTION FUND.** A fund called the taconite environmental protection fund is created for the purpose of reclaiming, restoring and enhancing those areas of northeast Minnesota adversely affected by the environmentally damaging operations involved in mining taconite and iron ore and producing iron ore concentrate and for the purpose of promoting the economic development of northeast Minnesota. The taconite environmental protection fund shall be used for the following purposes:

(a) to initiate investigations into matters the Iron Range Resources and Rehabilitation Board determines are in need of study and which will determine the environmental problems requiring remedial action;

(b) reclamation, restoration or reforestation of minelands not otherwise provided for by state law;

(c) local economic development projects including construction of sewer and water systems, and other public works;

(d) monitoring of mineral industry related health problems among mining employees.

The taconite environmental protection fund shall be administered by the commissioner of the Iron Range Resources and Rehabilitation Board. The commissioner shall by September 1 of each year prepare a list of projects to be funded from the taconite environmental protection fund, with such supporting information including description of the projects, plans, and cost estimates as may be necessary. Upon recommendation of the Iron Range Resources and Rehabilitation Board, this list shall be submitted to the legislative advisory commission for its review. This list with the recommendation of the legislative advisory commission shall then be transmitted to the governor by November 1 of each year. By December 1 of each year, the governor shall approve or disapprove, or return for further consideration, each individual project. Funds for a project may be expended only upon approval of the project by the governor.

Notwithstanding the above, in 1977 the commissioner, with the recommendation of the board, shall submit a list of projects to the legislative advisory commission by June 15. This list shall by July 1 be transmitted to the governor for approval. Funds may be expended upon approval by the governor.

There is hereby annually appropriated to the commissioner of the Iron Range Resources and Rehabilitation Board such funds as are necessary to carry out the projects approved and such funds as are necessary for administration of this section. Annual administrative costs, not including detailed engineering expenses for the projects, shall not exceed five percent of the amount annually expended from the fund.

Funds for the purposes of this section are provided by section 298.28, subdivision 1, clause (9) relating to the taconite environmental protection fund.

[ 1977 c 423 art 10 s 20 ]

**298.224 INVESTMENT OF FUNDS; INCOME.** The fund established by section 298.223 shall be invested pursuant to law and the net interest and dividends arising from the investment shall be included and become part of the fund.

[ 1977 c 423 art 10 s 21 ]

**298.225 APPROPRIATION.** If a taconite producer ceases beneficiation operations, either temporarily or permanently, and if the recipients of the taconite production tax as provided in section 298.28, subdivision 1, clauses (1) to (8), would receive decreased distributions as a result thereof, then the distribution to these recipients in each of the two years immediately following the year in which operations ceased shall be equal to the amount they received in the last full year before operations ceased.

There is hereby appropriated from the taconite environmental protection fund to the commissioner of revenue the amount needed to make the above payments. If a taconite producer, which ceases beneficiation operations either temporarily or permanently, is required by a special law to make bond payments for a school district, the taconite environmental protection fund shall assume the payments of the taconite producer if the producer ceases to make the needed payments. There is hereby appropriated from the taconite environmental protection fund to the commissioner of revenue the amounts needed to make these school bond payments.

[ 1977 c 423 art 10 s 23 ]

**298.226 APPROPRIATION.** There is hereby appropriated from the general fund to the taconite environmental protection fund the amount needed to pay the payments authorized under section 298.225. The commissioner of finance shall transfer the funds only if the taconite environmental protection fund does not have a sufficient balance to pay the payments. No funds may be transferred from the general fund after January 1, 1980. Any amount transferred to the taconite environmental protection fund shall be repaid to the general fund without interest as soon as practicable.

[ 1977 c 423 art 10 s 24 ]

#### TAX ON TACONITE AND IRON SULPHIDES

**298.23 TACONITE AND IRON SULPHIDES DEFINED.** For the purpose of sections 298.23 to 298.28, "taconite" is defined as ferruginous chert or ferruginous slate in the form of compact, siliceous rock, in which the iron oxide is so finely disseminated that substantially all of the iron-bearing particles of merchantable grade are smaller than 20 mesh and which is not merchantable as iron ore in its natural state, and which cannot be made merchantable by simple methods of beneficiation involving only crushing, screening, washing, jigging, drying, or any combination thereof. "Iron sulphides" are defined as chemical combinations of iron and sulphur (mineralogically known as pyrrhotite, pyrites or marcasite), in relatively impure condition, which are not merchantable as iron ore and which cannot be made merchantable by the simple methods of beneficiation above described.

[ 1941 c 375 s 1; 1947 c 93 s 1; 1957 c 362 s 1 ]

**298.24 TAX ON TACONITE AND IRON SULPHIDES.** Subdivision 1. (a) There is hereby imposed upon taconite and iron sulphides, and upon the mining and quarrying thereof, and upon the production of iron ore concentrate therefrom, and upon the concentrate so produced, a tax of \$1.25 cents per gross ton of merchantable iron ore concentrate produced therefrom. The tax on concentrates produced in 1978 and subsequent years shall be equal to \$1.25 multiplied by the steel mill products index during the production year, divided by the steel mill products index in 1977. The index stated in code number 1013, or any subsequent equivalent, as published by the United States Department of Labor, Bureau of Labor Statistics Wholesale Prices and Price Indexes for the month of January of the year in which the concentrate is produced shall be the index used in calculating the tax imposed herein. In no event shall the tax be less than \$1.25 per gross ton of merchantable iron ore concentrate.

(b) An additional tax is hereby imposed equal to 1.6 percent of the total tax imposed by clause (a) per gross ton for each one percent that the iron content of such product exceeds 62 percent, when dried at 212 degrees Fahrenheit.

(c) The tax imposed by this subdivision shall be computed on the production for the current year or the average of the production for the current year and the previous two years, whichever is higher. This clause shall not apply in the case of the closing of a taconite facility if the property taxes on the facility would be higher if this clause and section 298.25 were not applicable.

(d) If the tax or any part of the tax imposed by this subdivision is held to be unconstitutional, a tax of \$1.25 per gross ton of merchantable iron ore concentrate produced shall be imposed.

Subd. 2. There is hereby imposed upon taconite and iron sulphides, and upon the mining and quarrying thereof, and upon the production of iron ore concentrate therefrom, and upon the tailings so produced an additional tax of 10 cents per 2,000 pounds of tailings produced. For the purposes of this subdivision tailings mean the

solid and liquid waste materials resulting from the beneficiation process.

The tax imposed by this subdivision shall only apply to those tailings from a taconite facility which are not deposited on land in accordance with permits issued by the pollution control agency and the department of natural resources.

The proceeds of the tax imposed by this subdivision shall be deposited in the general fund of the state.

Subd. 3. A credit in the amount of two cents per gross ton of merchantable iron ore concentrate produced shall be allowed against the tax imposed by subdivision 1, with respect to the production of iron ore concentrate from taconite plants which, together with the lands upon which they are located and lands used in connection with the mining, quarrying and concentration of taconite and buildings, machinery, equipment and other fixtures used in the production of taconite, and notwithstanding the provisions of section 298.25, have heretofore by law been made subject to direct taxes for the payment of principal and interest on bonds issued by a school district or city; provided however, that the total amount of credit allowable hereunder with respect to production from any plant heretofore subjected to such direct taxes shall not exceed the amount of the direct taxes levied against such plant and payable after January 1, 1969, and until said bonds and the indebtedness secured thereby have been paid in full; and provided further that no credit shall be allowed hereunder after December 31, 1978. Any credit provided for herein shall reduce the credit authorized under Laws 1965, Chapter 735.

[ 1941 c 375 s 2; 1947 c 93 s 2; 1951 c 613 s 1; 1969 c 1156 s 1; 1973 c 123 art 5 s 7; 1977 c 423 art 10 s 10,11 ]

**298.241** [ Repealed, 1977 c 423 art 10 s 31 ]

**298.242** [ Repealed, 1975 c 437 art 11 s 7 ]

**298.243** [ Repealed, 1977 c 423 art 10 s 31 ]

**298.244 LAKE SUPERIOR WATER FILTRATION AND PURIFICATION.** Subdivision 1. [ Repealed, 1977 c 423 art 10 s 30 ]

Subd. 2. (a) For the purposes of this subdivision, the following terms shall have the meanings given them.

(1) "Agency" means the state commissioner of health.

(2) "Municipality" means any city or any other governmental subdivision having the power or duty to provide drinking water and using Lake Superior as the source of the drinking water.

(3) "Eligible cost" includes all costs incurred by a municipality including acquisition of necessary real and personal property, engineering, system cleaning, construction, alteration, improvements, inspection, supervision of construction and all other costs related to the construction and establishment of a permanent water filtration or purification system. Such costs shall be eligible even if incurred prior to June 7, 1975.

(4) "Municipal water purification system" includes all properties, real or personal, determined by a municipality and the state to be necessary for the elimination of polluting or potentially injurious substances from water used for municipal water supply purposes.

(b) There is hereby appropriated from the general fund to the state commissioner of health the sum of \$2,500,000 and an additional amount of \$1,750,000 for a grant program for the construction of water filtration and purification systems for those communities using Lake Superior as a drinking water source. The commissioner of health shall establish a grant program to implement the provisions of this subdivision. This program shall include the disbursement of funds hereinafter described for the construction of the facilities, the creation of guidelines designed to assure that the funds will be disbursed in accord with the purposes of this subdivision, the continued surveillance of the effectiveness of constructed facilities in cooperation with other related state agencies, and other duties of administration necessary to accomplish the purpose of this subdivision. Grants shall be made in accordance with the guidelines created under authority of this subdivision and shall not exceed 33 percent of the eligible project cost.

(c) A Lake Superior water filtration and purification fund is created as a separate bookkeeping account in the general books of account of the state, to record receipts of the proceeds of moneys appropriated to the fund and disbursements of

money appropriated from the fund to municipalities for the acquisition and betterment of public land, buildings, and improvements of a capital nature needed for the construction of water filtration and purification systems, in accordance with the purpose of this subdivision. It is determined that state financial assistance for the construction of water filtration and purification facilities needed to fulfill the purposes of this subdivision is a public purpose and a proper function of state government.

(d) No recipient of financial assistance may receive more than 80 percent of the total amount of funds appropriated in this subdivision. Any recipient of financial assistance shall pursue its remedies under the permits granted to the discharges or surrogate to the state those remedies for purposes of obtaining reimbursement of the state funds expended for the purposes of this subdivision. The commissioner of health shall at the time of any disbursement of funds under this subdivision enter into necessary agreements for reimbursement. Any amounts recovered pursuant to this subdivision shall be credited to and disbursed as provided in section 298.28, subdivision 1, clause (4), part (a).

(e) Prior to July 1, 1977, \$2,500,000 of the proceeds of the tax collected under section 298.243 shall be paid to the general fund of the state treasury from those funds distributed to the counties, except from the portion distributed to Itasca county, pursuant to subdivision 1, clause (1).

(f) This subdivision of Laws 1975, Chapter 437, Article 11, Section 2 is effective on June 7, 1975. The \$2,500,000 in funds appropriated pursuant to this subdivision are available as of July 1, 1975. The additional amount of \$1,750,000 appropriated pursuant to this subdivision shall be available July 1, 1977.

(g) The additional \$1,750,000 appropriated by this subdivision shall be repaid to the general fund from proceeds of the tax imposed by section 298.24, subdivision 2.

[ 1975 c 271 s 6; 1975 c 437 art 11 s 2; 1976 c 18 s 4; 1976 c 271 s 91; 1977 c 305 s 45; 1977 c 423 art 10 s 12 ]

**298.25 TAXES ADDITIONAL TO OTHER TAXES.** The taxes imposed under section 298.24 shall be in addition to the occupation tax imposed upon the business of mining and producing iron ore and in addition to the royalty tax imposed upon royalties received for permission to mine and produce iron ore. Except as herein otherwise provided, such taxes shall be in lieu of all other taxes upon such taconite and iron sulphides, or the lands in which they are contained, or upon the mining or quarrying thereof, or the production of concentrate therefrom, or upon the concentrate produced, or upon the machinery, equipment, tools, supplies and buildings used in such mining, quarrying or production, or upon the lands occupied by, or used in connection with, such mining, quarrying or production facilities. If electric or steam power for the mining, transportation or concentration of such taconite or the concentrates produced therefrom is generated in plants principally devoted to the generation of power for such purposes, the plants in which such power is generated and all machinery, equipment, tools, supplies, transmission and distribution lines used in the generation and distribution of such power, shall be considered to be machinery, equipment, tools, supplies and buildings used in the mining, quarrying or production of taconite and taconite concentrates within the meaning of this section. If part of the power generated in such a plant is used for purposes other than the mining or concentration of taconite or the transportation or loading of taconite or the concentrates thereof, a proportionate share of the value of such generating facilities, equal to the proportion that the power used for such other purpose bears to the generating capacity of the plant, shall be subject to the general property tax in the same manner as other property; provided, power generated in such a plant and exchanged for an equivalent amount of power which is used for the mining, transportation or concentration of such taconite or concentrates produced therefrom, shall be considered as used for such purposes within the meaning of this section. Nothing herein shall prevent the assessment and taxation of the surface of reserve land containing taconite and not occupied by such facilities or used in connection therewith at the value thereof without regard to the taconite or iron sulphides therein, nor the assessment and taxation of merchantable iron ore or other minerals, or iron-bearing materials other than taconite or iron sulphides in such lands in the manner provided by law, nor the assessment and taxation of facilities used in producing sulphur or sulphur products from iron sulphide concentrates, or in refining such sulphur products, under the general property tax laws. Nothing herein shall except from general taxation or from taxation as provided by other laws

any property used for residential or townsite purposes, including utility services thereto.

[ 1941 c 375 s 3; 1947 c 93 s 3; 1955 c 729 s 1; 1957 c 363 s 1; 1961 c 450 s 1; Ex1971 c 31 art 30 s 2; 1977 c 423 art 10 s 13 ]

**298.26 TAX ON UNMINED IRON ORE OR IRON SULPHIDES.** In any year in which at least 1,000 tons of iron ore concentrate is not produced from any 40-acre tract or governmental lot containing taconite or iron sulphides, a tax may be assessed upon the taconite or iron sulphides therein at the mill rate prevailing in the taxing district and spread against the assessed value of the taconite or iron sulphides, such assessed value to be determined in accordance with existing laws. The amount of the tax spread under authority of this section by reason of the taconite and iron sulphides in any tract of land shall not exceed \$10 per acre.

[ 1941 c 375 s 4; 1947 c 93 s 4; 1977 c 423 art 10 s 14 ]

**298.27 COLLECTION AND PAYMENT OF TAX.** The taxes provided by section 298.24 shall be collected and paid in the same manner as provided by law for the payment of the occupation tax, except that the report required by section 298.05 shall be filed on or before February 15 together with a remittance equal to 90 percent of the estimated tax required to be paid hereunder on or before April 15. On or before February 25, the commissioner of revenue shall make distribution of such estimated payment in the manner provided by section 298.28. The commissioner of revenue shall determine the amount of tax due on or before March 15. The tax found to be due shall be paid on or before April 15 following the production year. Reports shall be made and hearings held upon the determination of the tax in accordance with procedures established by the commissioner of revenue. The commissioner of revenue shall have authority to make reasonable regulations as to the form and manner of filing reports necessary for the determination of the tax hereunder, and by such regulations may require the production of such information as may be reasonably necessary or convenient for the determination and apportionment of the tax. All the provisions of the occupation tax law with reference to the assessment, determination, and collection of the occupation tax, including all provisions for appeals from or review of the orders of the commissioner of revenue relative thereto, are hereby made applicable to the taxes imposed by section 298.24 except in so far as inconsistent herewith. If any person subject to section 298.24 shall fail to make the report provided for in this section at the time and in the manner herein provided, the commissioner of revenue shall in such case, upon such information as he may possess or obtain, ascertain the kind and amount of ore mined or produced and thereon find and determine the amount of the tax due from such person. There shall be added to the amount of tax due a penalty for failure to report on or before February 15, which penalty shall equal ten percent of the tax imposed and be treated as a part thereof.

If any person required to make an estimated tax payment at the time and in the manner herein provided, and fails to do so, there shall be imposed a penalty equal to ten percent of the amount so due, which penalty shall be treated as part of the tax due.

In the case of any underpayment of the estimated tax payment required herein, there may be added and be treated as part of the tax due a penalty equal to ten percent of the amount so underpaid.

If any portion of the taxes provided for in section 298.24 is not paid before the fifteenth day of April of the year in which due and payable, a penalty of ten percent of such unpaid portion shall immediately accrue, and thereafter one percent per month shall be added to such tax and penalty while such tax remains unpaid.

[ 1941 c 375 s 5; 1947 c 193 s 1; Ex1971 c 31 art 30 s 3; 1973 c 582 s 3; 1975 c 46 s 7; 1975 c 437 art 11 s 5; 1977 c 423 art 10 s 15 ]

**298.28 DIVISION AND DISTRIBUTION OF PROCEEDS.** Subdivision 1. The proceeds of the taxes collected under section 298.24, except the tax collected under section 298.24, subdivision 2, shall, upon certificate of the commissioner of revenue to the general fund of the state, be paid by the commissioner of revenue as follows:

(1) 2.5 cents per gross ton of merchantable iron ore concentrate, hereinafter referred to as "taxable ton", to the city or town in which the lands from which taconite was mined or quarried were located or within which the concentrate was produced. 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 proceeds of the part of the tax going to cities and towns among such subdivisions 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.

(2) 12.5 cents per taxable ton, less any amount distributed under clause (8), to the taconite municipal aid account in the apportionment fund of the state treasury, to be distributed as provided in section 298.282.

(3) 29 cents per taxable ton to school districts to be distributed as follows:

(a) 6 cents per taxable ton to the school districts in which the lands from which taconite was mined or quarried were located or within which the concentrate was produced. The commissioner shall follow the apportionment formula prescribed in clause (1).

(b) 23 cents per taxable ton, less any amount distributed under part (c), shall be distributed to a group of school districts comprised of those school districts wherein the taconite was mined or quarried or the concentrate produced or in which there is a qualifying municipality as defined by section 273.134 or in which is located property which is entitled to the reduction of tax pursuant to section 273.135, subdivision 2, clause (c). The 23 cents, less any amount distributed under part (c), shall be distributed in direct proportion to school district tax levies as follows: each district shall receive that portion of the total distribution which its permitted levy for the prior year, computed pursuant to section 275.125, comprises of the sum of permitted levies for the prior year for all qualifying districts, computed pursuant to section 275.125. For purposes of distributions pursuant to this part, permitted levies for the prior year computed pursuant to section 275.125 shall not include the amount of any increased levy authorized by referendum pursuant to section 275.125, subdivision 2a, clause (4).

(c) There shall be distributed to any school district the amount which the school district was entitled to receive under section 298.32 in 1975.

(4) 19.5 cents per taxable ton to counties to be distributed as follows:

(a) 15.5 cents per taxable ton shall be distributed to the county in which the taconite is mined or quarried or in which the concentrate is produced, less any amount which is to be distributed pursuant to part (b). The commissioner shall follow the apportionment formula prescribed in clause (1).

(b) If an electric power plant owned by and providing the primary source of power for a taxpayer mining and concentrating taconite is located in a county other than the county in which the mining and the concentrating processes are conducted, one cent per taxable ton of the tax distributed to the counties pursuant to part (a) and imposed on and collected from such taxpayer shall be distributed by the commissioner of revenue to the county in which the power plant is located.

(c) 4 cents per taxable ton shall be paid to the county from which the taconite was mined, quarried or concentrated to be deposited in the county road and bridge fund. If the mining, quarrying and concentrating, or separate steps in any of those processes are carried on in more than one county, the commissioner shall follow the apportionment formula prescribed in clause (1).

(5) (a) 25.75 cents per taxable ton, less any amount required to be distributed under part (b), to the taconite property tax relief account in the apportionment fund in the state treasury, to be distributed as provided in sections 273.134 to 273.136.

(b) If an electric power plant owned by and providing the primary source of power for a taxpayer mining and concentrating taconite is located in a county other than the county in which the mining and the concentrating processes are conducted, .75 cent per taxable ton of the tax imposed and collected from such taxpayer shall be distributed by the commissioner of revenue to the county and school district in which the power plant is located as follows: 25 percent to the county and 75 percent to the school district.

(6) 1 cent per taxable ton to the state.

(7) 3 cents per taxable ton shall be deposited in the state treasury to the credit of the iron range resources and rehabilitation board account in the special revenue fund



for the purposes of section 298.22. Of this amount, one cent per taxable ton is to be used to provide environmental development grants to local governments located within any county in region 3 as defined in governor's executive order number 60 issued on June 12, 1970, which does not contain a municipality qualifying pursuant to section 273.134.

(8) .20 cent per taxable ton shall be paid in 1979 and each year thereafter, to the range association of municipalities and schools, for the purpose of providing an area wide approach to problems which demand coordinated and cooperative actions and which are common to those areas of northeast Minnesota affected by operations involved in mining iron ore and taconite and producing concentrate therefrom, and for the purpose of promoting the general welfare and economic development of the cities, towns and school districts within the iron range area of northeast Minnesota.

(9) the amounts determined under clauses (4)(a), (4)(c), and (5) shall be increased in 1979 and subsequent years in the same proportion as the increase in the steel mill products index as provided in section 298.24, subdivision 1.

(10) the proceeds of the tax imposed by section 298.24 which remain after the distributions in clauses (1) to (9) and parts (a), (b), and (c) of this clause have been made shall be divided between the taconite environmental protection fund created in section 298.223 and the northeast Minnesota economic protection fund created in section 298.292 as follows: In 1978, 1979, 1980, 1981, and 1982, two-thirds to the taconite environmental protection fund and one-third to the northeast Minnesota economic protection fund; in 1983 and thereafter, one-half to each fund. The proceeds shall be placed in the respective special accounts in the general fund.

(a) In 1978 and each year thereafter, there shall be distributed to each city, town, school district, and county the amount that they received under section 294.26 in calendar year 1977.

(b) In 1978 and each year thereafter, there shall be distributed to the iron range resources and rehabilitation board the amounts it received in 1977 under section 298.22.

(c) 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 revenue 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 town 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 the next ensuing calendar year on the basis of the last percentage distribution certified by the commissioner of revenue. 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 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 in computing the permissible tax levy of such county, city or school district in the year in which such estimate is made, and payable in the next ensuing calendar year, except that in 1978 and 1979 two cents per taxable ton, and in 1980 and thereafter, one cent per taxable ton of the amount distributed under clause (4)(c) shall not be deducted in calculating the permissible levy. Such taxpayer shall then pay, at the times payments are required to be made pursuant to section 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 revenue 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 revenue, 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 275.125 or 275.50 to 275.59 has been made, if the taxes distributable to any such county, city or school district are greater than the amount estimated to be paid to any such county, city or school district in such year, the excess of such distribution shall be held in a special fund by the county, city or school district and shall not be expended until the succeeding calendar year, and shall be included in computing the permissible levies under sections 275.125 or 275.50 to 275.59, of such county, city or school district payable in such year. If the amounts distributable to any such county, city or school district, after final determination by the commissioner of revenue under this section are less than the amounts indicated by such estimates, such county, city 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 275.125 or 275.50 to 275.59 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 annually appropriated to such taxing districts as are stated herein, to the taconite property tax relief account and to the taconite municipal aid account in the apportionment fund in the state treasury, to the department of revenue, to the iron range resources and rehabilitation board, to the range association of municipalities and schools, to the taconite environmental protection fund, and to the northeast Minnesota economic protection fund, from any fund or account in the state treasury to which the money was credited, an amount sufficient to make the payment or transfer. The payment of the amount appropriated to such taxing districts shall be made by the commissioner of revenue on or before May 15 annually.

Subd. 1a. [ Repealed, 1977 c 423 art 10 s 30 ]

Subd. 2. In distributing the proceeds of the tax collected under section 298.24, the commissioner of revenue shall deduct the amount of any credits authorized under section 298.24, subdivision 3, against the tax imposed under subdivision 1 of said section, from the amount which would otherwise have been distributed to the taconite property tax relief account in the apportionment fund in the state treasury under subdivision 1 of this section.

Subd. 3. Nothing in this section shall be deemed to apply to the distribution of taxes under section 298.64.

[ 1941 c 375 s 6; 1947 c 193 s 2; 1955 c 728 s 1; 1959 c 158 s 26; 1959 c 677 s 1; 1965 c 698 s 1; 1969 c 399 s 49; 1969 c 1156 s 2; 1971 c 736 s 1,2; Ex1971 c 31 art 35 s 2; 1973 c 123 art 5 s 7; 1973 c 582 s 3; 1973 c 631 s 6; 1975 c 46 s 8; 1976 c 134 s 78; 1977 c 307 s 29; 1977 c 423 art 10 s 16; 1978 c 721 art 9 s 3; 1978 c 764 s 113; 1978 c 793 s 70 ]

**298.281** [ Repealed, 1977 c 423 art 10 s 30 ]

**298.282 DISTRIBUTION OF TACONITE MUNICIPAL AID ACCOUNT; TACONITE MUNICIPAL AID; PAYMENT.** Subdivision 1. The amount deposited to the credit of the taconite municipal aid account in the apportionment fund of the state treasury as provided in section 298.28, subdivision 1, clause (2) shall be distributed as provided by this section, among the municipalities comprising a tax relief area under section 273.134, as amended hereby, each being herein referred to as a qualifying municipality.

Subd. 2. Each year following the final determination of the amount of taxes payable under section 298.24, the commissioner of revenue 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, after a reduction equal to the amount of the distribution in subdivision 5, 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. If the distribution under this section, sections 273.138, 298.26 and 298.28, and chapter 477A, to any municipality would exceed that municipality's levy limit base for that year, computed pursuant to sections 275.50 to 275.59, the amount in excess of the levy limit base for that year shall reduce the amount distributed to the municipality under this section and this excess amount shall be distributed to the other qualifying municipalities on a per capita basis. The distributions to be received in the year in which the taxes are payable shall be compared to the levy limit base for that same

year. Upon completion of such determination, the commissioner of revenue 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.

Subd. 3. If the amount certified by the commissioner of revenue 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 commissioner of revenue 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.

Subd. 4. On or before August 15, 1972, and on or before August 15 of each year thereafter, the commissioner of finance shall issue his warrant in favor of the treasurer of each qualifying municipality in the amount determined by the commissioner of revenue to be due and payable to such qualifying municipality in such year. In 1975 and subsequent years, such payment shall be made by the commissioner of revenue on or before September 15.

Subd. 5. Commencing in 1977, the commissioner of revenue shall annually on September 15 make a payment from the taconite municipal aid fund to cities and towns for the purpose of replacing the revenue loss to them resulting from Laws 1975, Chapter 437, Article XI, Section 7. The amount of aid to be paid annually to each city and town is the amount they were entitled to receive for 1975 under the provisions of Minnesota Statutes 1974, Section 298.32.

[ Ex 1971 c 31 art 30 s 6; 1973 c 492 s 14; 1973 c 582 s 3; 1973 c 631 s 7-9; 1975 c 46 s 10; 1976 c 328 s 1,2; 1977 c 423 art 10 s 17,18; 1978 c 767 s 35 ]

**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 commissioner of revenue, who shall 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.

[ Ex 1971 c 31 art 30 s 7; 1973 c 582 s 3; 1973 c 631 s 10 ]

**298.29** [ Renumbered 117.46 ]

## NORTHEAST MINNESOTA ECONOMIC

### PROTECTION FUND ACT

**298.291 CITATION.** Sections 298.291 to 298.294 shall be known as the "northeast Minnesota economic protection fund act of 1977".

[ 1977 c 423 art 10 s 25 ]

**298.292 POLICY.** The legislature is cognizant of the severe economic dislocations and widespread unemployment that result when a single industry on which an area is largely dependent, experiences a drastic reduction in activity. The northeast Minnesota economic protection fund is hereby created to be devoted to economic rehabilitation and diversification of industrial enterprises where these conditions ensue as the result of the decline of such a single industry.

[ 1977 c 423 art 10 s 26 ]

**298.293 DECLARATION OF EMERGENCY; EXPENDING FUNDS.** The funds provided by section 298.28, subdivision 1, clause (10), relating to the northeast Minnesota economic protection fund shall not be expended prior to (a) a declaration by the governor to the effect that the economic situation of northeast Minnesota requires

remedial action by the legislature as a result of a decline in mineral-related activities, and (b) an appropriation of the funds by the legislature. The governor shall recommend to the legislature those measures that he believes will be appropriate in order to accomplish the purpose of his declaration. The funds provided by this fund may be spent only in those areas that are tax relief areas as defined in section 273.134. The funds provided by section 298.28, subdivision 1, clause (10), for this fund shall not be expended for this purpose prior to January 1, 2002. If during any year the taconite property tax account under sections 273.134 to 273.136 does not contain sufficient funds to pay the property tax relief specified in Laws 1977, Chapter 423, Article X, Section 4, there is appropriated from this fund to the relief account sufficient funds to pay the relief specified in Laws 1977, Chapter 423, Article X, Section 4.

[ 1977 c 423 art 10 s 27; 1978 c 721 art 9 s 4 ]

**298.294 INVESTMENT OF FUND.** The fund established by section 298.292 shall be invested pursuant to law and the net interest and dividends arising from the investment shall be included and become part of the fund; provided that the governor may authorize the state treasurer to borrow an amount not exceeding 50 percent of the amount in the fund for a period terminating no later than December 31, 2001. The state treasurer, pursuant to the authorization, shall issue notes pledging the full faith and credit of the state for the purpose of repayment, and the notes shall bear interest at five percent per annum until paid.

[ 1977 c 423 art 10 s 28 ]

**298.30** [ Renumbered 117.47 ]

**298.31** [ Private ]

**298.32** [ Repealed, 1975 c 437 art 11 s 7; 1976 c 239 s 27 ]

#### SEMI-TACONITE TAXATION

**298.34 SEMI-TACONITE, TAXATION, DEFINITIONS.** Subdivision 1. **Semi-taconite.** For the purposes of sections 298.34 to 298.39, "semi-taconite" is defined as altered iron formation, altered taconite, ferruginous chert or ferruginous slate which has been oxidized and partially leached and in which the iron oxide is so finely disseminated that substantially all of the iron-bearing particles of merchantable grade are smaller than 20 mesh and which is not merchantable as iron ore in its natural state, and which cannot be made merchantable by simple methods of beneficiation involving only crushing, screening, washing, jigging, heavy media separation, spirals, cyclones, drying or any combination thereof.

Subd. 2. **Semi-taconite deposit.** For the purposes of sections 298.34 to 298.39, a "semi-taconite deposit" is a deposit of altered iron formation, altered taconite, composites of iron-bearing and other minerals that exist either in mass as altered iron formation, or as intermingled masses of altered iron formation and other iron-bearing materials, from which, and in accordance with good mining practice, the concentrates or equivalent must be produced in an operation involving the beneficiation of the semi-taconite. Such deposits include stockpiles of semi-taconite. They also include rejects or tailings that in themselves are of semi-taconite type (as defined in subdivision 1), produced from mining or beneficiation operations. Not included is any separable portion of merchantable iron-bearing material if this separable portion is of such size and so situated that in accordance with good practice it can be mined and shipped. Also not included is any separable portion of iron-bearing material that can be made merchantable by simple methods of beneficiation (as defined in subdivision 1), if this separable portion is of such size and so situated that in accordance with good practice it can be mined, beneficiated, and shipped in a separate commercial operation.

Subd. 3. **Semi-taconite facility.** For the purposes of sections 298.34 to 298.39, a semi-taconite facility is: (a) a beneficiating plant or a section or part thereof used solely in the process of beneficiating semi-taconite, including buildings, machinery, tools, equipment and supplies used in connection therewith; (b) machinery, tools, equipment and supplies used solely in the mining of semi-taconite or semi-taconite deposit; (c) in the case of a part or section of a mining or beneficiating facility or buildings, machinery, tools, equipment or supplies used to a substantial extent, but not solely, in the mining or beneficiating of semi-taconite or a semi-taconite deposit, such proportionate part of the valuation of the part of the facility or the buildings, machinery, tools, equipment or supplies that the use for mining or beneficiation of semi-taconite or semi-taconite deposit bears to the whole use thereof shall be consid-

ered a semi-taconite mining or beneficiation facility, and the remaining proportionate part shall remain subject to taxation in the same manner as other property, such proportion to be determined, and redetermined from time to time, by the commissioner of revenue upon application of the assessing officer or the owner of such facility.

Subd. 4. **Taconite.** The term "taconite" is used herein as defined in section 298.23.

[ *Ex1959 c 81 s 1; 1973 c 582 s 3* ]

**298.35 IMPOSITION OF TAX; AMOUNT.** There is hereby imposed upon semi-taconite and semi-taconite deposits, and upon the mining and quarrying thereof, and upon the production of concentrate or equivalent therefrom, and upon the concentrate or equivalent so produced, a tax of (a) in the case of concentrates agglomerated or sintered in Minnesota or to be agglomerated or sintered in Minnesota, five cents per gross ton of merchantable concentrate as produced therefrom, plus one-tenth of one cent per gross ton for each one percent that the iron content of such product exceeds 55 percent, when dried at 212 degrees Fahrenheit, or (b) in the case of all other concentrates or equivalent ten cents per gross ton of merchantable concentrate or equivalent as produced therefrom, plus one-tenth of one cent per gross ton for each one-half percent that the iron content of such product exceeds 55 percent, when dried at 212 degrees Fahrenheit. If any part of the ore materials from a semi-taconite deposit, beneficiated in connection with or incidental to the beneficiation of semi-taconite therefrom, is made merchantable by simple methods of beneficiation referred to in section 298.34, the tax hereunder upon the portion of merchantable concentrate so beneficiated shall be at the rate of ten cents per gross ton plus one-tenth of one cent per gross ton for each one-half of one percent that the iron content of such product exceeds 55 percent, when dried at 212 degrees Fahrenheit.

[ *Ex1959 c 81 s 2* ]

**298.36 NATURE OF TAX.** Such tax shall be in addition to the occupation tax imposed upon the business of mining and producing iron ore and in addition to the royalty tax imposed upon royalties received for permission to mine and produce iron ore. Except as herein otherwise provided, it shall be in lieu of all other taxes upon such semi-taconite and semi-taconite deposits, or the lands in which contained, or upon the mining or quarrying thereof, or the production of concentrates therefrom, or upon the concentrate produced, or upon semi-taconite mining and beneficiation facilities used in connection therewith, or upon the lands occupied by such semi-taconite mining or beneficiation facilities. If electric or steam power for the mining, transportation or concentration of such semi-taconite or the concentrates produced therefrom is generated in plants principally devoted to the generation of power for such purposes, the plants in which such power is generated and all machinery, equipment, tools, supplies, transmission and distribution lines used in the generation and distribution of such power, shall be considered to be machinery, equipment, tools, supplies and buildings used in the mining, quarrying or production of semi-taconite and semi-taconite concentrates within the meaning of this section. If part of the power generated in such a plant is used for purposes other than the mining or concentration of semi-taconite or the transportation or loading of semi-taconite or the concentrates thereof, a proportionate share of the value of such generating facilities, equal to the proportion that the power used for such other purpose bears to the whole amount of power generated therein, shall be subject to the general property tax in the same manner as other property; provided, power generated in such a plant and exchanged for an equivalent amount of power which is used for the mining, transportation or concentration of such semi-taconite or concentrates produced therefrom, shall be considered as used for such purposes within the meaning of this section. Nothing herein shall prevent the assessment and taxation of the surface of reserve land containing semi-taconite and not occupied by such facilities or used solely in connection therewith at the value thereof without regard to the semi-taconite therein, nor the assessment and taxation of merchantable iron ore or other minerals, or iron-bearing materials other than semi-taconite in such lands in the manner provided by law, nor the assessment and taxation of facilities used in producing sulphur or sulphur products from iron sulphide concentrates, or in refining such sulphur products, under the general property tax laws. Nothing herein shall except from general taxation or from taxation as provided by other laws any property used for residential or townsite purposes, including utility services thereto.

[ *Ex1959 c 81 s 3* ]

**298.37 ASSESSMENT AT MILL RATE.** In any year in which at least 1,000 tons of iron are concentrate is not produced from any 40-acre tract or governmental lot containing semi-taconite, a tax may be assessed upon the semi-taconite therein at the mill rate prevailing in the taxing district and spread against the assessed value of the semi-taconite; such assessed value shall not exceed the greater of: (a) the assessed value specifically assigned to the semi-taconite material in said land in the assessment for the year 1958, or, (b) an amount sufficient to yield a tax of \$1 per acre less the amount of any tax assessed against such land under the authority of section 298.26.

[ Ex1959 c 81 s 4 ]

**298.38 PAYMENT AND COLLECTION.** The tax provided in section 298.35 shall be collected and paid in the same manner and at the same time as provided by law for the payment of the occupation tax. Reports shall be made and hearings held upon the determination of the tax at the same times and in the same manner as provided by law for the occupation tax. The commissioner of revenue shall have authority to make reasonable regulations as to the form and manner of filing reports necessary for the determination of the tax hereunder, and by such regulations may require the production of such information as may be reasonably necessary or convenient for the determination and apportionment of the tax. All the provisions of the occupation tax law with reference to the assessment, determination, and collection of the occupation tax, including all provisions for penalties and for appeals from or review of the orders of the commissioner of revenue relative thereto, are hereby made applicable to the tax imposed by section 298.35, except insofar as inconsistent herewith.

[ Ex1959 c 81 s 5; 1973 c 582 s 3 ]

**298.39 DISTRIBUTION OF PROCEEDS.** The proceeds of the tax collected under section 298.35 shall be distributed by the state treasurer, upon certificate of the commissioner of revenue to the general fund of the state and to the various taxing districts in which the lands from which the semi-taconite was mined or quarried were located in the following proportions: 22 percent thereof to the city or town; 50 percent thereof to the school district; 22 percent thereof to the county; six percent thereof to the state. If the mining and concentration, or different steps in either thereof are carried on in more than one taxing district, the commissioner shall apportion equitably the proceeds of the part of the tax going to cities or towns among such subdivisions, 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 semi-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 shall be included in computing the permissible levies of such city under section 275.11, but shall not be included in computing mill rate limitations, including cost of living adjustments thereof, so long as the levies do not exceed the limitations provided by section 275.11. On or before October 10 of each calendar year each producer of semi-taconite subject to taxation under section 298.35, hereinafter called "taxpayer," shall file with the commissioner of revenue and with the county auditor of each county in which such taxpayer operates, and with the chief clerical officer of each school district or city 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 revenue. If there be no such prior certification, the taxpayer shall set forth its estimate of the proper dis-

tribution 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 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 in computing, pursuant to section 275.11, the permissible tax levy of such city 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 298.36, as the amount of tax payable under section 298.35, 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 revenue 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 298.35, after application of credits for any excess payments made in previous years, all as determined by the commissioner of revenue, 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 or school district are greater than the amount estimated to be paid to any such city or school district in such year, the excess of such distribution shall be held in a special fund by the city 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 or school district payable in such year. If the amounts distributable to any such city or school district, after final determination by the commissioner of revenue under this section are less than the amounts indicated by such estimates, such city 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, from any fund or account in the state treasury to which the money was credited, an amount sufficient to make the payment or transfer.

[ *Ex1959 c 81 s 6; 1965 c 641 s 1; 1965 c 698 s 1; 1969 c 399 s 49; Ex1971 c 31 art 35 s 4; 1973 c 123 art 5 s 7; 1973 c 582 s 3; 1976 c 134 s 78; 1977 c 307 s 29; 1978 c 764 s 114* ]

**298.391 AGGLOMERATING FACILITIES DEFINITIONS.** Subdivision 1. When used in sections 298.391 to 298.396, the following terms have the meaning assigned to them in this section, unless the context otherwise requires.

Subd. 2. "Agglomerates" means the merchantable iron ore aggregates which are produced by agglomeration.

Subd. 3. "Agglomerating facility" means a plant or plants, other than taconite plants or semi-taconite facilities for the production of agglomerates and other merchantable iron ore products not less than 80 percent of the total annual productive capacity of which is designed and used for the production of agglomerates, together with all lands, except iron ore and iron bearing material therein; all structures, buildings, machinery, equipment, tools and supplies which are used or to be used in connection with such plant or plants or in connection with the mining of agglomerate reserves; mined iron ore, iron bearing materials and concentrates stockpiled at said plant or plants for processing therein and stockpiles of the merchantable iron ore products which have been produced therein.

Subd. 4. "Agglomeration" means the application of a process either of pelletizing, sintering, nodulizing, briquetting, extruding or mechanical pressure to iron ore and iron bearing material, other than taconite and semi-taconite, at temperatures in excess of 900 degrees Fahrenheit.

Subd. 5. "Commissioner" means the commissioner of revenue of the state of Minnesota.

[ *1965 c 893 s 1; 1973 c 582 s 3* ]

**298.392 QUALIFICATION OF AGGLOMERATING FACILITIES; PROCEDURE AND ORDER.** An agglomerating facility shall be or become subject to taxation under sections 298.391 to 298.396 after it shall have been approved as such by order of the commissioner. Request for such approval shall be in writing and shall contain a de-

scription of the facility, together with such additional information and supporting data as the commissioner may require. The commissioner may make reasonable regulations not inconsistent herewith prescribing the form of such requests. If the commissioner determines that the facility, which may include existing structures, buildings, machinery, equipment, tools and supplies, qualifies as an agglomerating facility under sections 298.391 to 298.396, he shall by order approve the same as such and the facility shall thereupon become subject to the provisions of sections 298.391 to 298.396.

[ 1965 c 893 s 2 ]

**298.393 IMPOSITION OF TAX; AMOUNT.** There is hereby imposed upon agglomerating facilities and upon the production of agglomerates and other merchantable iron ore products therein and upon the agglomerates and other products so produced, a tax equal to five cents per gross ton of agglomerates and other merchantable iron ore products which shall have been produced in the agglomerating facility during the calendar year plus one-tenth of one cent per gross ton for each one percent that the iron content of such products exceeds 55 percent, when dried at 212 degrees Fahrenheit.

[ 1965 c 893 s 3 ]

**298.394 NATURE OF TAX.** Such tax shall be in addition to the occupation tax imposed upon the business of mining and producing iron ore and in addition to the royalty tax imposed upon royalties received for permission to mine and produce iron ore. Except as herein otherwise provided, it shall be in lieu of all other taxes upon the agglomerating facility or upon the production of agglomerates and other merchantable iron ore products therein, or upon the agglomerates and other products so produced.

[ 1965 c 893 s 4 ]

**298.395 PAYMENT AND COLLECTION.** The tax provided in section 298.393 shall be collected and paid in the same manner and at the same time as provided by law for the payment of the occupation tax. Reports shall be made and hearings held upon the determination of the tax at the same times and in the same manner as provided by law for the occupation tax. The commissioner of revenue shall have authority to make reasonable regulations as to the form and manner of filing reports necessary for the determination of the tax hereunder, and by such regulations may require the submission by taxpayer of such information as may be reasonably necessary or convenient for the determination and apportionment of the tax. All the provisions of the occupation tax law with reference to the assessment, determination and collection of the occupation tax, including all provisions for penalties and for appeals from or review of the orders of the commissioner of revenue relative thereto, are hereby made applicable to the tax imposed by said section 298.393, except insofar as inconsistent herewith.

[ 1965 c 893 s 5; 1973 c 582 s 3 ]

**298.396 DISTRIBUTION OF PROCEEDS.** The proceeds of the tax collected under section 298.393 shall be distributed by the state treasurer, upon certificate of the commissioner to the general fund of the state and to the various taxing districts in which the agglomerating facility is located in the following proportions: 22 percent thereof to the city or town; 50 percent thereof to the school district; 22 percent thereof to the county; 6 percent thereof to the state. If the agglomerating facility is located in more than one tax district, the commissioner shall apportion equitably the proceeds of the part of the tax going to cities or towns among such subdivisions, and the part going to school districts among such districts, and the part going to counties among such counties, giving due consideration to the relative extent of the facilities located 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 to be distributed among the several taxing districts of the state shall be divided by such districts among the funds of such districts in the same proportion as the general ad valorem tax thereof. The amount distributed to any city shall be included in computing the permissible amount of the levies of such city under section 275.11, but shall not be included in computing mill rate limitations, including cost of living adjustments thereof, so long as the levies do not exceed the limitations provided by section 275.11.

[ 1965 c 698 s 3; 1965 c 893 s 6; 1969 c 399 s 49; Ex1971 c 31 art 35 s 5; 1973 c 123 art 5 s 7; 1976 c 134 s 78; 1977 c 307 s 29; 1978 c 764 s 115 ]



**298.40 TACONITE AND SEMI-TACONITE, LIMITATIONS ON TAXATION.**

Subdivision 1. The combined occupation, royalty, and excise taxes imposed upon or required to be paid with respect to the mining, production, or beneficiation of taconite or semi-taconite by any person or corporation engaged in such mining, production, or beneficiation, shall not be increased so as to exceed the greater of (a) the amount which would be payable if such taxes were computed under the laws in existence as of July 1, 1963, or (b) the amount which would be payable if such person or corporation were taxed with respect to such mining, production, or beneficiation under the income, franchise, and excise tax laws generally applicable to manufacturing corporations transacting business within the state, as such laws may be enacted or amended from time to time, except that for the purpose of the computation under this clause (b), (1) income shall be apportioned to Minnesota in the manner which may be otherwise specified by law; (2) operating losses shall be carried forward from one taxable year to another only to the extent which may be otherwise permitted by law; and (3) the market value of the taconite or semi-taconite, or the beneficiated product thereof, at the point where the beneficiation processes within this state are completed may be treated by law as gross receipts for the purpose of determining gross income from the business of mining, producing, or beneficiating taconite or semi-taconite, provided that if such market value is so used, to the extent that federal income taxes are deductible in computing taxes of manufacturing corporations generally, deductions shall be computed and allowed as if such taxes had been computed, assessed, and paid under the federal income tax laws with the market value of the taconite or semi-taconite or the beneficiated product thereof constituting the gross receipts for the purpose of determining gross income from the business of mining, producing, or beneficiating taconite or semi-taconite.

Subd. 2. Taxes imposed upon the mining or quarrying of taconite or semi-taconite and upon the production of iron ore concentrates therefrom, which are in lieu of a tax on real or personal property, shall not be considered to be occupation, royalty, or excise taxes within the meaning of this section.

Subd. 3. For the purpose of this section "taconite" and "semi-taconite" shall have the meaning given to them by laws in existence at the time of the adoption of this section.

[ 1963 c 81 s 1-3 ]

**298.405 IRON ORE BEARING MATERIAL OTHER THAN TACONITE AND SEMI-TACONITE; TAXATION.** Subdivision 1. **Imposition of tax.** In any year in which iron bearing material other than taconite and semi-taconite as defined by law, having not more than 46.5 percent natural iron content on the average, produced from any 40 acre tract or governmental lot, but not from more than three such tracts or lots by an individual producer, is finer than or is ground to 90 percent passing 20 mesh and is treated for the purpose of separating the iron particles from silica, alumina, or other detrimental compounds or elements unless used in a direct reduction process, and is treated in Minnesota:

(a) By either electro-static separation, roasting and magnetic separation; or flotation or

(b) By a direct reduction process or

(c) By any combination of such processes or

(d) By any other process or method not presently employed in gravity separation plants employing only crushing, screening, washing, jigging, heavy media separation, spirals, cyclones, drying or any combination thereof, the production of such ore shall be taxed in the manner and at the rates provided for the taxation of semi-taconite under section 298.35 provided that the amount of concentrates or final product so produced each year from any one 40 acre tract or governmental lot exceeds 100,000 tons or exceeds 25,000 tons from any one 40 acre tract or governmental lot where the average phosphorus content exceeds .125 percent dry analysis or .10 percent sulphur dry analysis. Such tax shall be in addition to the occupation and royalty taxes but shall be in lieu of all other taxes upon the said 40 acre tract or governmental lot, the iron ore contained therein, the concentrates produced, and the mining and beneficiating facilities used in such production. The determination as to what materials will qualify under this law will be made by the commissioner of revenue who may use the services of the ore estimate division of the University of Minnesota, school of mines and metallurgy, which is hereby established as a technical consultant to the commissioner for

the purposes of this act. The tax imposed shall be collected, paid, and the proceeds thereof distributed in the same manner and at the same time as the tax imposed upon semi-taconite by section 298.35 is collected, paid, and distributed.

The tax imposed by this section is not an occupation, royalty or excise tax imposed upon or required to be paid with respect to the mining, production, or beneficiation of taconite or semi-taconite within the provisions of section 298.40, and the provisions of said section 298.40 have no application to the provisions of this section.

**Subd. 2. Producer; annual report.** On or before October 1 of each calendar year each producer of the iron bearing material described above in this section subject to taxation under section 298.35 (hereinafter called "taxpayer") shall file with the commissioner of revenue a report in the form prescribed by the commissioner of revenue. Such report shall show, with such other facts as the commissioner may require, by months the number of tons of such iron bearing material produced in each 40 acre tract or governmental lot, with a description thereof and of the number of concentrates produced therefrom, all during the current calendar year; the estimated number of tons of such material and of concentrates which will be produced in each such tract or governmental lot during the remainder of the current calendar year and the name and location of the beneficiating facilities used in such production; and a description of the 40 acre tract or governmental lot and a description of the real property which it is claimed is exempt from taxation under the in lieu provisions of subdivision 1 by virtue of the removal of iron ore bearing material from such 40 acre tract or governmental lot. From such report, the commissioner of revenue shall tentatively determine the descriptions of real estate which it appears will not be subject to general ad valorem taxation under the in lieu provisions of subdivision 1, and certify the same to the appropriate county auditor. As soon as possible after each March 1, the commissioner of revenue shall make a final determination of the descriptions of the real estate which will not be subject to general ad valorem taxation under the in lieu provisions of subdivision 1, and certify the same to the appropriate county auditor.

**Subd. 3. Producer; final report; payment.** On or before February 15 of each calendar year the taxpayer shall file with the commissioner of revenue a final report in such form as the commissioner of revenue may prescribe setting forth the description of each 40 acre tract or governmental lot from which such iron bearing material was processed, and the number of tons of concentrate produced from such iron bearing materials from each 40 acre tract or governmental lot. The taxpayer shall pay the tax due on or before the March 1 next following.

**Subd. 4. Commissioner of revenue; certification of nonexempt real property.** If less than 100,000 tons of concentrates are produced from a 40 acre tract or governmental subdivision which was listed in the report required by subdivision 2 in a calendar year, the commissioner of revenue shall certify such fact to the county auditor of the county in which the affected lands are located. If any of such lands and mining and beneficiating facilities have been treated as exempt from taxation under the provisions of this section, the county auditor shall treat such lands and facilities as omitted property and proceed with collection of the taxes thereon.

[ 1963 c 735 s 1; 1963 c 841 s 1; 1973 c 582 s 3 ]

**298.41** [ Repealed, Ex1971 c 31 art 12 s 1 ]

**298.42** [ Repealed, Ex1971 c 31 art 12 s 1 ]

**298.43** [ Repealed, Ex1971 c 31 art 12 s 1 ]

**298.44** [ Repealed, Ex1971 c 31 art 12 s 1 ]

**298.45** [ Repealed, Ex1971 c 31 art 12 s 1 ]

**298.46 EXPLORATORY DRILLING FOR IRON ORE.** Subdivision 1. It is hereby declared to be in the public interest of this state as a whole, and in particular with respect to counties or other political subdivisions, to encourage the location of all deposits of iron ore hitherto unknown to such political subdivisions, that may be susceptible of economic exploitation.

**Subd. 2.** When in the opinion of the duly constituted authorities of a taxing district there are in existence reserves of unmined iron ore located in such district, these authorities may petition the iron range resources and rehabilitation board for authority to petition the county assessor to verify the existence of such reserves and to ascertain the value thereof by drilling in a manner consistent with established engineering and geological exploration methods, in order that such taxing district may be

able to forecast in a proper manner its future economic and fiscal potentials.

Subd. 3. If the fee owner of the land on which the unmined iron ore is believed to be located, or the owner of a mineral interest therein, refuses to permit the county assessor to ascertain the value of unmined iron ore believed to be located on such land, the county attorney, acting in the name of the county may institute proceedings under chapter 117, for the express purpose of being granted an easement which would permit the county assessor to verify whether or not such land does, in fact, contain reserves of unmined iron ore.

Subd. 4. When the county assessor has verified the existence of reserves of iron ore and has ascertained the value of such reserves, or in the alternative has failed to locate any reserves susceptible of being economically exploited, he shall notify the county attorney, and the county attorney shall then, by appropriate means, request the district court to discharge the easement secured for the purpose stated above.

Subd. 5. The cost of such exploration or drilling plus any damages to the property which may be assessed by the district court shall be paid by the iron range resources and rehabilitation board from amounts appropriated to that board under section 298.22. The iron range resources and rehabilitation board shall be reimbursed for one-half of the amounts thus expended. Such reimbursement shall be made by the taxing districts in the proportion that each such taxing district's levy on the property involved bears to the total levy on such property. Such reimbursement shall be made to the iron range resources and rehabilitation board in the manner provided by section 298.221.

Subd. 6. If any taxing district refuses to pay its share of the reimbursement as provided in subdivision 5, the county auditor is hereby authorized to reduce payments required to be made by the county to such taxing district under other provisions of law. Thereafter he shall draw his warrant, which shall be deposited with the state treasury in accordance with section 298.221, to the credit of the iron range resources and rehabilitation board.

Subd. 7. The provisions of this section shall not apply in the boundary waters canoe area.

[ 1974 c 365 s 1; 1975 c 271 s 6 ]

**298.47 NOTIFICATION OF COMMISSIONER OF REVENUE OF UNMINED IRON ORE.** In the event that the county assessor ascertains that there are in existence reserves of unmined iron ore previously unreported, he shall transmit all the relevant information to the commissioner of revenue as soon as expedient.

[ 1974 c 365 s 2 ]

**298.48 MINERAL RIGHTS; EXPLORATION DATA; FILING REQUIREMENTS; PENALTIES.** Subdivision 1. **Annual filing.** Every owner or lessee of mineral rights who, in respect thereto, has engaged in any exploration for or mining of taconite, semi-taconite, or iron-sulphide shall, within six months of June 3, 1977, file with the commissioner of revenue all data of the following kinds in the possession or under the control of the owner or lessee which was acquired prior to January 1, 1977:

(a) Maps and other records indicating the location, character and extent of exploration for taconite, semi-taconite, or iron-sulphides;

(b) Logs, notes and other records indicating the nature of minerals encountered during the course of exploration;

(c) The results of any analyses of metallurgical tests or samples taken in connection with exploration;

(d) The ultimate pit layout and the supporting cross sections; and

(e) Any other data which the commissioner of revenue may determine to be relevant to the determination of the location, nature, extent, quality or quantity of unmined ores of said minerals. The commissioner of revenue shall have the power to compel submission of the data. The clerk of any court of record, upon demand of the commissioner, shall issue a subpoena for the production of any data before the commissioner. Disobedience of subpoenas issued under this section shall be punished by the district court of the district in which the subpoena is issued as for a contempt of the district court. By April 1 of each succeeding year every owner or lessee of mineral rights shall file with the commissioner of revenue all such data acquired during the preceding calendar year.

Subd. 2. **Use of date.** Notwithstanding any other law to the contrary, the commissioner of revenue may use any data filed pursuant to subdivision 1 and any similar data otherwise obtained to the extent and in the manner he deems necessary to project the future availability, value, and utilization of the metallic mineral resources of this state. In making such projections the commissioner of revenue may consult with the commissioner of natural resources and may provide him with data as he deems appropriate.

Subd. 3. **Penalties.** Any owner or lessee of mineral rights who fails, neglects or refuses to make any filing required by this section is guilty of a gross misdemeanor.

Subd. 4. **Confidential nature of information.** The data filed pursuant to subdivision 1 shall be considered confidential for three years from the date it is filed with the commissioner. Nothing herein contained shall be construed to prohibit the commissioner from disclosing information or publishing statistics so classified as not to disclose the identity of particular data.

Notwithstanding the other provisions of this subdivision, the commissioner, at his discretion, may furnish any information supplied under this section to the commissioner of natural resources, the director of the state planning agency, or a county assessor. Any person violating the provisions of this section shall be guilty of a gross misdemeanor.

[ 1977 c 423 art 10 s 29; 1978 c 767 s 36 ]

## MINING OR PRODUCING

### COPPER-NICKEL ORES

**298.51 OCCUPATION TAX; EXEMPTION FROM TAX UNDER SECTION 298.01; TAX IN LIEU THEREOF; APPORTIONMENT AND DISTRIBUTION OF PROCEEDS.** Subdivision 1. Every person engaged in the business of mining or producing copper-nickel ores in this state shall be exempt from the occupation taxes imposed under section 298.01, but, in lieu of the taxes under said section, shall pay to the state of Minnesota an occupation tax equal to one percent of the valuation of all such ores mined or produced. Said tax shall be in addition to all other taxes provided for by law and shall be due and payable from such person as provided in section 298.53.

Subd. 2. The proceeds of the tax imposed by this section shall be deposited in the state treasury and apportioned and distributed in accordance with Minnesota Constitution, Article 10, Section 3, in the following manner: 50 percent to the general fund, 40 percent for the support of elementary and secondary schools and 10 percent for the general support of the university.

[ 1967 c 671 s 7; 1969 c 399 s 49; 1976 c 2 s 115,172 ]

**298.52 VALUATION OF ORE; HOW ASCERTAINED.** The valuation of copper-nickel ores for the purposes of determining the amount of tax to be paid under the provisions of section 298.51 shall be ascertained by subtracting from the value of such ore, at the place where the same is brought to the surface of the earth, such value to be determined by the commissioner of revenue:

(1) The reasonable cost of supplies used and labor performed at the mine in separating the ore from the ore body, including hoisting, elevating or conveying the same to the surface of the earth;

(2) If the ore is taken from an open pit mine, an amount for each ton of ore mined or produced during the year equal to the cost of removing the overburden, divided by the number of tons of ore uncovered, the number of tons of ore uncovered in each case to be determined by the commissioner of revenue;

(3) If the ore is taken from an underground mine, an amount for each ton of ore mined or produced during the year equal to the cost of sinking and constructing shafts and running drifts, divided by the number of tons of ore that can be advantageously taken out through such shafts and drifts, the number of tons of ore that can be advantageously taken out in each case to be determined by the commissioner of revenue;

(4) The amount of royalties paid on the ore mined or produced during the year; and

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(5) The tax payable under section 298.61 on the ore transported to and entering the concentrating mill in said year and any other specific taxes payable in respect of such operations.

The amount or amounts of all of the foregoing subtractions shall be ascertained and determined by the commissioner of revenue.

[ 1967 c 671 s 8; 1973 c 582 s 3 ]

**298.53 COLLECTION AND PAYMENT.** The tax provided in section 298.51 shall be collected and paid in the same manner and at the same time as provided by law for the collection and payment of the occupation taxes imposed under section 298.01. Reports shall be made and hearings held upon the determination of the tax at the same times and in the same manner as provided by law for the occupation taxes imposed under section 298.01. The commissioner of revenue shall have authority to make reasonable regulations as to the form and manner of filing reports necessary for the determination of the tax hereunder, and by such regulations may require the production of such information as may be reasonably necessary or convenient for the determination of the tax. All the provisions of the law with reference to the assessment, determination and collection of the occupation tax imposed under section 298.01 including all provisions for penalties and for appeals from or review of the orders of the commissioner of revenue relative thereto, are hereby made applicable to the tax imposed by section 298.51 except to the extent such provisions are inconsistent herewith.

[ 1967 c 671 s 9; 1973 c 582 s 3; 1976 c 2 s 116 ]

**298.54 CREDIT FOR PROCESSING IN STATE.** There shall be allowed a credit against the occupation tax assessed under section 298.51 against any mine of two-thirds of one percent of the amount of such tax for each one percent of the total production of copper-nickel ore from said mine which is converted into semi-refined or refined metal, blister copper, copper powder, nickel powder, ferro-nickel, nickel sinter, or other primary or intermediate forms of copper, nickel or copper-nickel metals within the limits of the state of Minnesota.

[ 1967 c 671 s 10 ]

**298.55 CREDIT FOR RESEARCH, EXPERIMENTATION AND EXPLORATION.** A tax credit shall be allowed to each taxpayer against the taxes payable by such taxpayer as computed each year under sections 298.51 and 298.52 for the cost of all research, experimentation, pilot plant tests and exploration work performed in Minnesota in such year for the express purpose of furthering the discovery, development or beneficiation of Minnesota copper-nickel ores.

Such credit shall be computed by applying to such costs and allowances the net effective rate of the occupation tax applicable to such taxpayer for such year imposed pursuant to section 298.51 after the application of the credits against such occupation tax allowed under section 298.54 hereof, but before the application of the credit herein provided.

Any such credit shall be applied against the tax for the year for which such credit is computed except that any such credit in excess of such tax shall be applied in like manner in the next year and thereafter from year to year, but not exceeding two years, until the entire credit has been so applied.

The determination as to what type of costs will qualify under this section, and the amount allowable, will be made by the commissioner of revenue who may use the services of the University of Minnesota School of Mines and Metallurgy which is hereby established as a technical consultant to the commissioner for the purposes hereof.

[ 1967 c 671 s 11; 1973 c 582 s 3 ]

**298.61 TAX ON COPPER-NICKEL.** Subdivision 1. There is hereby imposed upon copper-nickel ore, and upon the mining and quarrying thereof, and upon the production of concentrates therefrom, and upon the concentrates so produced, a base tax of two and one-half cents per gross ton of copper-nickel ore transported to and entering the concentrating mill plus ten percent of the base tax per ton for each one-tenth of one percent that the average copper-nickel content per gross ton of such ore during the period for which the tax is being computed, exceeds one percent, when dried at 212 degrees Fahrenheit.

Subd. 2. The rate determined in accordance with subdivision 1 shall be increased in a ratio equal to any increase in the index of Wholesale Prices for all commodities prepared for the Joint Economic Committee by the Council of Economic Advisors, and distributed by the Superintendent of Documents, Government Printing Office, which shall be computed as follows:

The base index in such determination shall be the average monthly index of all commodities for 1967. The rate of increase, if any, shall be determined by applying the average monthly index of all commodities for the taxable year in which the concentrate is produced, to the base index.

[ 1967 c 671 s 12 ]

**298.62 TAX AS ADDITIONAL TO OTHER TAXES.** The tax imposed under section 298.61 shall be in addition to the occupation tax imposed under section 298.51, the tax imposed under section 299.013 upon royalties received for permission to mine and produce copper-nickel ore, and the income tax under Minnesota Statutes 1965, Chapter 290, as amended by Laws 1967, Chapter 671. Except as herein otherwise provided, such tax shall be in lieu of all other taxes upon such copper-nickel ores, or the lands in which they are contained, or upon the mining or quarrying thereof, or the production of concentrates therefrom, or upon the concentrates produced, or upon the machinery, equipment, tools, supplies and buildings used in such mining, quarrying or production, or upon lands occupied by, or used in connection with, such mining, quarrying or production facilities. Nothing herein shall prevent the assessment and taxation of the surface of reserve land containing copper-nickel ores and not occupied by such facilities or used in connection therewith at the value thereof without regard to the copper-nickel ores therein, nor the assessment and taxation of merchantable iron ore or other minerals, other than copper-nickel minerals and minerals associated therewith in the copper-nickel ores, in such lands in the manner provided by law, nor the assessment and taxation of facilities used in producing sulphur or sulphur products, from iron sulphide concentrates, or in refining such sulphur products, under the general property tax laws. Nothing herein shall except from general taxation or from taxation as provided by other laws any property used for residential or townsite purposes, including utility services thereto.

[ 1967 c 671 s 13 ]

**298.63 COLLECTION AND PAYMENT OF TAX.** The tax provided by section 298.61 shall be collected and paid in the same manner and at the same time as provided by law for the collection and payment of the occupation tax under section 298.01. Reports shall be made and hearings held upon the determination of the tax at the same times and in the same manner as provided by law for the occupation tax under section 298.01. The commissioner of revenue shall have authority to make reasonable regulations as to the form and manner of filing reports necessary for the determination of the tax hereunder, and by such regulations may require the production of such information as may be reasonably necessary or convenient for the determination and apportionment of the tax. All the provisions of the occupation tax law with reference to the assessment, determination and collection of the occupation tax, including all provisions for penalties and for appeals from or review of the orders of the commissioner of revenue relative thereto, are hereby made applicable to the tax imposed by section 298.61, except insofar as inconsistent herewith.

[ 1967 c 671 s 14; 1973 c 582 s 3; 1976 c 2 s 117 ]

**298.64 DIVISION OF PROCEEDS.** The proceeds of the tax collected under section 298.61 shall be distributed by the state treasurer in the same ratio and in the same manner as the tax imposed by Minnesota Statutes 1965, Section 298.24. All of the provisions of Minnesota Statutes 1965, Section 298.28, except those inconsistent herewith, are hereby made applicable to the tax imposed by section 298.61.

[ 1967 c 671 s 15 ]

**298.65 DIVISION OF PROCEEDS IN CERTAIN AREA.** Notwithstanding the provisions of section 298.64, that portion of the proceeds of any tax collected under section 298.61 from the mining or concentrating of copper-nickel ore in townships T 61 N-R 10 W, T 61 N-R 11 W, T 62 N-R 10 W, T 62 N-R 11 W, Lake County, distributable to school districts, cities and towns, shall be distributed as follows:

(a) The portion of the proceeds distributable under section 298.64 to school districts shall be distributed between Independent School Districts 381 and 696 in the following manner: 50 percent to Independent School District 696 and 50 percent to Independent School District 381.

(b) The portion of the proceeds distributable to cities and towns shall be distributed to the nearest city to said mine, or concentrating facility.

[ 1967 c 671 s 16; 1973 c 123 art 5 s 7 ]

**298.66 DECLARATION OF STATE POLICY; LIMITATIONS ON TAXATION.**

During the period prescribed in Minnesota Constitution, Article 10, Section 6, the combined occupation and royalty taxes imposed or required to be paid under sections 298.51 and 299.013 and the income and excise or franchise taxes imposed or required to be paid under Minnesota Statutes 1965, Chapter 290, as amended by Laws 1967, Chapter 671, Sections 1 to 6, with respect to the mining, production or beneficiation of copper-nickel ore by any person or corporation engaged in such mining, production or beneficiation shall not be increased so as to exceed the combined amount of such taxes if such taxes were computed under the laws in existence as of May 23, 1967, unless income, excise and franchise taxes imposed on manufacturing corporations transacting business within this state as of May 23, 1967, are also increased and then only to the same extent and in the same proportion that income, excise and franchise taxes on such manufacturing corporations are increased, nor shall any other taxes be imposed upon the mining, production or beneficiation of copper-nickel ore or upon any person or corporation engaged in such mining, production or beneficiation unless such other taxes are also imposed with equal effect on such manufacturing corporations. Nothing contained herein shall restrict the power of the legislature to amend, repeal, modify, increase or decrease the taxes imposed or required to be paid with respect to the mining, production or beneficiation of copper-nickel ore by any person or corporation engaged in the mining, production or beneficiation thereof under section 298.61.

[ 1967 c 671 s 18; 1976 c 2 s 172 ]

**298.67 COPPER-NICKEL ORE DEFINED.** As used in Laws 1967, Chapter 671, the term "copper-nickel ore" means any ore in which copper or nickel, or both, constitute the major element or elements of value thereof.

[ 1967 c 671 s 19 ]