

## CHAPTER 298

### OCCUPATION TAXES

298.01	Mining or producing ores.	298.14	Repealed.
298.015	Net proceeds tax on mining.	298.15	Repealed.
298.05	Repealed.	298.16	Taxes to be credited to general fund.
298.06	Repealed.	298.17	Occupation taxes to be apportioned.
298.07	Repealed.	298.19	Repealed.
298.08	Repealed.	298.20	Repealed.
298.09	Repealed.	298.21	Person.
298.10	Repealed.	298.2214	Iron range higher education.
298.11	Repealed.	298.27	Collection and payment of tax.
298.12	Repealed.	298.28	Division and distribution of proceeds.
298.13	Repealed.		

#### 298.01 MINING OR PRODUCING ORES.

**Subd. 3. Occupation tax; other ores.** Every person engaged in the business of mining or producing ores in this state, except iron ore or taconite concentrates, shall pay an occupation tax to the state of Minnesota as provided in this subdivision. The tax is determined in the same manner as the tax imposed by section 290.02, except that sections 290.05, subdivision 1, clause (a), and 290.17, subdivision 4, do not apply. The tax is in addition to all other taxes.

*[For text of subds 3a to 3c, see M.S.1990]*

**Subd. 3d. Alternative minimum tax credit.** A credit is allowed against qualified regular tax for qualified alternative minimum tax previously paid. The amount of the credit allowed under this subdivision is determined under section 290.0921, subdivision 8. For purposes of calculating this credit, the following terms have the meanings given:

(a) "Qualified alternative minimum tax" means the amount determined under subdivision 3 and section 290.0921, subdivision 1.

(b) "Qualified regular tax" means the tax imposed under subdivision 3 and section 290.06, subdivision 1.

**Subd. 4. Occupation tax; iron ore; taconite concentrates.** A person engaged in the business of mining or producing of iron ore or taconite concentrates in this state shall pay an occupation tax to the state of Minnesota. The tax is determined in the same manner as the tax imposed by section 290.02, except that sections 290.05, subdivision 1, clause (a), and 290.17, subdivision 4, do not apply. The tax is in addition to all other taxes.

*[For text of subds 4a to 4d, see M.S.1990]*

**Subd. 4e. Alternative minimum tax credit.** (a) A credit is allowed against the tax imposed by subdivision 4 for the increases in occupation taxes paid in 1988, 1989, and 1990 attributable to the alternative minimum tax imposed under section 290.092 and Minnesota Statutes 1986, section 298.40. The amount of the credit allowed under this paragraph is determined under section 290.06, subdivision 21.

(b) A credit is allowed against qualified regular tax for qualified alternative minimum tax previously paid. The amount of the credit allowed under this paragraph is determined under section 290.0921, subdivision 8. For purposes of calculating this credit, the following terms have the meanings given:

(1) "Qualified alternative minimum tax" means the amount determined under subdivision 4d and section 290.0921, subdivision 1.

(2) "Qualified regular tax" means the tax imposed under subdivision 4 and section 290.06, subdivision 1.

*[For text of subd 5, see M.S.1990]*

**History:** 1991 c 291 art 11 s 12-15

**298.015 NET PROCEEDS TAX ON MINING.**

Subdivision 1. **Tax imposed.** A person engaged in the business of mining shall pay to the state of Minnesota for distribution as provided in section 298.018 a net proceeds tax equal to two percent of the net proceeds from mining in Minnesota. The tax applies to all mineral and energy resources mined or extracted within the state of Minnesota except for sand, silica sand, gravel, building stone, crushed rock, limestone, granite, dimension granite, dimension stone, horticultural peat, clay, soil, iron ore, and taconite concentrates. The tax is in addition to all other taxes provided for by law.

*[For text of subd 2, see M.S.1990]*

**History:** 1991 c 291 art 11 s 16

- 298.05** [Repealed, 1991 c 291 art 11 s 20]
- 298.06** [Repealed, 1991 c 291 art 11 s 20]
- 298.07** [Repealed, 1991 c 291 art 11 s 20]
- 298.08** [Repealed, 1991 c 291 art 11 s 20]
- 298.09** [Repealed, 1991 c 291 art 11 s 20]
- 298.10** [Repealed, 1991 c 291 art 11 s 20]
- 298.11** [Repealed, 1991 c 291 art 11 s 20]
- 298.12** [Repealed, 1991 c 291 art 11 s 20]
- 298.13** [Repealed, 1991 c 291 art 11 s 20]
- 298.14** [Repealed, 1991 c 291 art 11 s 20]
- 298.15** [Repealed, 1991 c 291 art 11 s 20]

**298.16 TAXES TO BE CREDITED TO GENERAL FUND.**

All taxes imposed under sections 298.01 and 298.015 must be paid into the state treasury and credited to the general fund.

**History:** 1991 c 291 art 11 s 17

**298.17 OCCUPATION TAXES TO BE APPORTIONED.**

All occupation taxes paid by 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 X, 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. Of the moneys apportioned to the general fund by this section there is annually appropriated and credited to the iron range resources and rehabilitation board account in the special revenue fund an amount equal to that which would have been generated by a one cent tax imposed by section 298.24 on each taxable ton produced in the preceding calendar year, to be expended for the purposes of section 298.22. The money appropriated pursuant to this section shall be used (1) 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 or (2) to provide economic development loans or grants to businesses located within any such county, provided that the county board or an advisory group appointed by the county board to provide recommendations on economic development shall make recommendations to the iron range resources and rehabilitation board regarding the loans. Payment to the iron range resources and rehabilitation board account shall be made by May 15 annually.

**History:** 1991 c 199 art 1 s 65

**298.19** [Repealed, 1991 c 291 art 11 s 20]

**298.20** [Repealed, 1991 c 291 art 11 s 20]

**298.21 PERSON.**

For all purposes of sections 298.01 to 298.018, the word "person" means individuals, fiduciaries, estates, trusts, partnerships, companies, joint stock companies, corporations, and all associations.

**History:** 1991 c 291 art 11 s 18

**IRON RANGE HIGHER EDUCATION**

**298.2214 IRON RANGE HIGHER EDUCATION.**

**Subdivision 1. Creation of committee; purpose.** A committee is created to advise the commissioner of iron range resources and rehabilitation on providing higher education programs in the taconite tax relief area defined in section 273.134. The committee is subject to section 15.059.

**Subd. 2. Membership.** The members of the committee shall consist of:

- (1) one member appointed by the governor;
- (2) one member appointed by the president of the University of Minnesota;
- (3) two members appointed by the commissioner of iron range resources and rehabilitation; and
- (4) the commissioner of iron range resources and rehabilitation.

**Subd. 3. Advisory function.** The committee shall advise the commissioner regarding development of a contract with the state university system. The contract would require the system to provide courses within the taconite tax relief area.

**Subd. 4. Contract.** The commissioner shall prepare a contract as described in subdivision 3 and submit it to the committee for review and recommendations for approval, disapproval, or modifications. At the conclusion of the review process, the commissioner shall enter into a contract with the state university system to provide the services.

**Subd. 5. HECB and system approval.** A program may not be offered under a contract executed according to this section unless it is approved by the higher education coordinating board and the board of the system offering the program.

**History:** 1991 c 356 art 4 s 1

**298.27 COLLECTION AND PAYMENT OF TAX.**

The taxes provided by section 298.24 shall be paid directly to each eligible county and the iron range resources and rehabilitation board. The commissioner of revenue shall notify each producer of the amount to be paid each recipient prior to February 8. Every person subject to taxes imposed by section 298.24 shall file a correct report covering the preceding year. The report must contain the information required by the commissioner. The report shall be filed on or before February 1. A remittance equal to 90 percent of the total tax required to be paid hereunder shall be paid on or before February 15. On or before February 25, the county auditor shall make distribution of the payment received by the county in the manner provided by section 298.28. The balance due shall be paid on or before April 15 following the production year, and shall be distributed by the county auditor as provided in section 298.28 by May 15. 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 rules as to the form and manner of filing reports necessary for the determination of the tax hereunder, and by such rules 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 and determination of the occupation tax,

including all provisions for appeals from or review of the orders of the commissioner of revenue relative thereto, but not including provisions for refunds, are 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 information possessed or obtained, 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 1, which penalty shall equal ten percent of the tax imposed and be treated as a part thereof.

If any person responsible for making a partial tax payment at the time and in the manner herein provided 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 partial 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.

**History:** 1991 c 291 art 11 s 19

## 298.28 DIVISION AND DISTRIBUTION OF PROCEEDS.

*[For text of subds 1 to 3, see M.S.1990]*

**Subd. 4. School districts.** (a) 27.5 cents per taxable ton plus the increase provided in paragraph (d) must be allocated to qualifying school districts to be distributed, based upon the certification of the commissioner of revenue, under paragraphs (b) and (c).

(b) 5.5 cents per taxable ton must be distributed 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 distribution must be based on the apportionment formula prescribed in subdivision 2.

(c)(i) 22 cents per taxable ton, less any amount distributed under paragraph (e), shall be distributed to a group of school districts comprised of those school districts in which the taconite was mined or quarried or the concentrate produced or in which there is a qualifying municipality as defined by section 273.134 in direct proportion to school district indexes as follows: for each school district, its pupil units determined under section 124.17 for the prior school year shall be multiplied by the ratio of the average adjusted net tax capacity per pupil unit for school districts receiving aid under this clause as calculated pursuant to chapter 124A for the school year ending prior to distribution to the adjusted net tax capacity per pupil unit of the district. Each district shall receive that portion of the distribution which its index bears to the sum of the indices for all school districts that receive the distributions.

(ii) Notwithstanding clause (i), each school district that receives a distribution under sections 298.018; 298.23 to 298.28, exclusive of any amount received under this clause; 298.34 to 298.39; 298.391 to 298.396; 298.405; or any law imposing a tax on severed mineral values that is less than the amount of its levy reduction under section 275.125, subdivision 9, for the second year prior to the year of the distribution shall receive a distribution equal to the difference; the amount necessary to make this payment shall be derived from proportionate reductions in the initial distribution to other school districts under clause (i).

(d) On July 15, in years prior to 1988, an amount equal to the increase derived by increasing the amount determined by paragraph (c) in the same proportion as the increase in the steel mill products index over the base year of 1977 as provided in section 298.24, subdivision 1, clause (a), shall be distributed to any school district

described in paragraph (c) where a levy increase pursuant to section 124A.03, subdivision 2, is authorized by referendum, according to the following formula. On July 15, 1988, the increase over the amount established for 1987 shall be determined as if there had been an increase in the tax rate under section 298.24, subdivision 1, paragraph (b), according to the increase in the implicit price deflator. On July 15, 1989, 1990, and 1991, the increase over the amount established for the prior year shall be determined according to the increase in the implicit price deflator as provided in section 298.24, subdivision 1, paragraph (a). In 1992 and 1993, the amount distributed per ton shall be the same as that determined for distribution in 1991. In 1994, the amount distributed per ton shall be equal to the amount per ton distributed in 1991 increased in the same proportion as the increase between the fourth quarter of 1988 and the fourth quarter of 1992 in the implicit price deflator as defined in section 298.24, subdivision 1. On July 15, 1995, and subsequent years, the increase over the amount established for the prior year shall be determined according to the increase in the implicit price deflator as provided in section 298.24, subdivision 1. Each district shall receive the product of:

(i) \$175 times the pupil units identified in section 124.17, subdivision 1, enrolled in the second previous year or the 1983-1984 school year, whichever is greater, less the product of 1.8 percent times the district's taxable net tax capacity in the second previous year; times

(ii) the lesser of:

(A) one, or

(B) the ratio of the sum of the amount certified pursuant to section 124A.03, subdivision 1g, in the previous year, plus the amount certified pursuant to section 124A.03, subdivision 1i, in the previous year, plus the referendum aid according to section 124A.03, subdivision 1h, for the current year, to the product of 1.8 percent times the district's taxable net tax capacity in the second previous year.

If the total amount provided by paragraph (d) is insufficient to make the payments herein required then the entitlement of \$175 per pupil unit shall be reduced uniformly so as not to exceed the funds available. Any amounts received by a qualifying school district in any fiscal year pursuant to paragraph (d) shall not be applied to reduce general education aid which the district receives pursuant to section 124A.23 or the permissible levies of the district. Any amount remaining after the payments provided in this paragraph shall be paid to the commissioner of iron range resources and rehabilitation who shall deposit the same in the taconite environmental protection fund and the northeast Minnesota economic protection trust fund as provided in subdivision 11.

Each district receiving money according to this paragraph shall reserve \$25 times the number of pupil units in the district. It may use the money only for outcome-based learning programs that enhance the academic quality of the district's curriculum. The programs must be approved by the commissioner of education.

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

*[For text of subs 5 and 6, see M.S.1990]*

**Subd. 7. Iron range resources and rehabilitation board.** Three cents per taxable ton shall be paid to the iron range resources and rehabilitation board for the purposes of section 298.22. The amount determined in this subdivision shall be increased in 1981 and subsequent years prior to 1988 in the same proportion as the increase in the steel mill products index as provided in section 298.24, subdivision 1, and shall be increased in 1989, 1990, and 1991 according to the increase in the implicit price deflator as provided in section 298.24, subdivision 1. In 1992 and 1993, the amount distributed per ton shall be the same as the amount distributed per ton in 1991. In 1994, the amount distributed shall be the distribution per ton for 1991 increased in the same proportion as the increase between the fourth quarter of 1988 and the fourth quarter of 1992 in the implicit price deflator as defined in section 298.24, subdivision 1. That amount shall be increased in 1995 and subsequent years in the same proportion as the increase

in the implicit price deflator as provided in section 298.24, subdivision 1. The amount distributed in 1988 shall be increased according to the increase that would have occurred in the rate of tax under section 298.24 if the rate had been adjusted according to the implicit price deflator for 1987 production. The amount distributed pursuant to this subdivision shall be expended within or for the benefit of a tax relief area defined in section 273.134. No part of the fund provided in this subdivision may be used to provide loans for the operation of private business unless the loan is approved by the governor and the legislative advisory commission.

*[For text of subds 8 and 9, see M.S.1990]*

**Subd. 10. Increase.** The amounts determined under subdivisions 6, paragraph (a), and 9 shall be increased in 1979 and subsequent years prior to 1988 in the same proportion as the increase in the steel mill products index as provided in section 298.24, subdivision 1. The amount distributed in 1988 shall be increased according to the increase that would have occurred in the rate of tax under section 298.24 if the rate had been adjusted according to the implicit price deflator for 1987 production. Those amounts shall be increased in 1989, 1990, and 1991 in the same proportion as the increase in the implicit price deflator as provided in section 298.24, subdivision 1. In 1992 and 1993, the amounts determined under subdivisions 6, paragraph (a), and 9, shall be the distribution per ton determined for distribution in 1991. In 1994, the amounts determined under subdivisions 6, paragraph (a), and 9, shall be the distribution per ton determined for distribution in 1991 increased in the same proportion as the increase between the fourth quarter of 1988 and the fourth quarter of 1992 in the implicit price deflator as defined in section 298.24, subdivision 1. Those amounts shall be increased in 1995 and subsequent years in the same proportion as the increase in the implicit price deflator as provided in section 298.24, subdivision 1.

The distributions per ton determined under subdivisions 5, paragraphs (b) and (d), and 6, paragraphs (b) and (c) for distribution in 1988 and subsequent years shall be the distribution per ton determined for distribution in 1987.

**Subd. 11. Remainder.** (a) The proceeds of the tax imposed by section 298.24 which remain after the distributions and payments in subdivisions 2 to 10a, as certified by the commissioner of revenue, and paragraphs (b) and (c) have been made, together with interest earned on all money distributed under this section prior to distribution, shall be divided between the taconite environmental protection fund created in section 298.223 and the northeast Minnesota economic protection trust fund created in section 298.292 as follows: Two-thirds to the taconite environmental protection fund and one-third to the northeast Minnesota economic protection trust fund. The proceeds shall be placed in the respective special accounts.

(b) There shall be distributed to each city, town, school district, and county the amount that it received under section 294.26 in calendar year 1977; provided, however, that the amount distributed in 1981 to the unorganized territory number 2 of Lake county and the town of Beaver Bay based on the between-terminal trackage of Erie Mining Company will be distributed in 1982 and subsequent years to the unorganized territory number 2 of Lake county and the towns of Beaver Bay and Stony River based on the miles of track of Erie Mining Company in each taxing district.

(c) There shall be distributed to the iron range resources and rehabilitation board the amounts it received in 1977 under section 298.22. The amount distributed under this paragraph shall be expended within or for the benefit of the tax relief area defined in section 273.134.

*[For text of subds 12 to 15, see M.S.1990]*

**History:** 1991 c 265 art 1 s 27; 1991 c 356 art 4 s 2-4,6