

298.24 TAX ON TACONITE AND IRON SULPHIDES.

Subdivision 1. **Imposed; calculation.** (a) For concentrate produced in 2013, there is 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 \$2.56 per gross ton of merchantable iron ore concentrate produced therefrom.

(b) For concentrates produced in 2014 and subsequent years, the tax rate shall be equal to the preceding year's tax rate plus an amount equal to the preceding year's tax rate multiplied by the percentage increase in the implicit price deflator from the fourth quarter of the second preceding year to the fourth quarter of the preceding year. "Implicit price deflator" means the implicit price deflator for the gross domestic product prepared by the Bureau of Economic Analysis of the United States Department of Commerce.

(c) An additional tax is imposed equal to three cents per gross ton of merchantable iron ore concentrate for each one percent that the iron content of the product exceeds 72 percent, when dried at 212 degrees Fahrenheit.

(d) The tax on taconite and iron sulphides shall be imposed on the average of the production for the current year and the previous two years. The rate of the tax imposed will be the current year's tax rate. 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.

(e) The tax under paragraph (a) is also imposed upon other iron-bearing material. The tax on other iron-bearing material shall be imposed on the current year production. The rate of the tax imposed is the current year's tax rate.

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

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

(h)(1) Notwithstanding any other provision of this subdivision, for the first two years of a plant's commercial production of direct reduced ore from ore mined in this state, no tax is imposed under this section. For the third year of a plant's commercial production of direct reduced ore, the rate to be applied to direct reduced ore is 25 percent of the rate otherwise determined under this subdivision. For the fourth commercial production year, the rate is 50 percent of the rate otherwise determined under this subdivision; for the fifth commercial production year, the rate is 75 percent of the rate otherwise determined under this subdivision; and for all subsequent commercial production years, the full rate is imposed.

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

(3) Notwithstanding any other provision of this subdivision, no tax is imposed on direct reduced ore under this section during the facility's noncommercial production of direct reduced ore. The taconite or iron sulphides consumed in the noncommercial production of direct reduced ore is subject to the tax imposed by this section on taconite and iron sulphides. Three-year average production of direct reduced ore does not include production of direct reduced ore in any noncommercial year.

(4) Three-year average production for a direct reduced ore facility that has noncommercial production is the average of the commercial production of direct reduced ore for the current year and the previous two commercial years.

(5) As used in this paragraph, "commercial production" means production of more than 50,000 tons of direct reduced ore in the current year or in any prior year, and "noncommercial production" means production of 50,000 tons or less of direct reduced ore in any year.

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

Subd. 2. Imposition and calculation of additional tailings tax. 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. [Repealed, 2003 c 127 art 11 s 13]

Subd. 4. [Repealed, 1992 c 511 art 9 s 33]

History: 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; 1979 c 303 art 10 s 13; 1Sp1981 c 1 art 10 s 14; 1982 c 523 art 30 s 2; 1984 c 502 art 7 s 14,15,22 subd 2; 1984 c 655 art 2 s 23 subd 1; 1Sp1985 c 14 art 10 s 15; 1986 c 441 s 11; 1Sp1986 c 1 art 4 s 43; 1987 c 268 art 9 s 37; 1990 c 604 art 10 s 18; 1992 c 511 art 9 s 9; 1994 c 587 art 6 s 3; 1995 c 264 art 7 s 3; 1996 c 471 art 12 s 2; 1997 c 231 art 8 s 7; 1998 c 389 art 10 s 9; 1999 c 243 art 9 s 1; 2000 c 490 art 13 s 17; 1Sp2001 c 5 art 6 s 22; 2005 c 151 art 8 s 18; 1Sp2005 c 3 art 1 s 27; 2008 c 154 art 8 s 5; 2008 c 366 art 10 s 6; 2013 c 143 art 11 s 4; 2017 c 40 art 1 s 107; 1Sp2017 c 1 art 19 s 4