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State of Minnesota  
**HOUSE OF REPRESENTATIVES**

**EIGHTY-SEVENTH  
SESSION**

**HOUSE FILE No. 308**

January 31, 2011

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The bill was read for the first time and referred to the Committee on Education Finance

1.1 A bill for an act  
1.2 relating to taconite; restoring the general education aid reduction for certain  
1.3 taconite distributions; amending Minnesota Statutes 2010, section 298.28,  
1.4 subdivisions 2, 4; repealing Laws 2009, chapter 88, article 12, section 23,  
1.5 paragraph (c).

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

1.7 Section 1. Minnesota Statutes 2010, section 298.28, subdivision 2, is amended to read:

1.8 Subd. 2. **City or town where quarried or produced.** (a) 4.5 cents per gross ton of  
1.9 merchantable iron ore concentrate, hereinafter referred to as "taxable ton," ~~plus the amount~~  
1.10 ~~provided in paragraph (c)~~; must be allocated to the city or town in the county in which  
1.11 the lands from which taconite was mined or quarried were located or within which the  
1.12 concentrate was produced. If the mining, quarrying, and concentration, or different steps  
1.13 in either thereof are carried on in more than one taxing district, the commissioner shall  
1.14 apportion equitably the proceeds of the part of the tax going to cities and towns among  
1.15 such subdivisions upon the basis of attributing 50 percent of the proceeds of the tax to  
1.16 the operation of mining or quarrying the taconite, and the remainder to the concentrating  
1.17 plant and to the processes of concentration, and with respect to each thereof giving due  
1.18 consideration to the relative extent of such operations performed in each such taxing  
1.19 district. The commissioner's order making such apportionment shall be subject to review  
1.20 by the Tax Court at the instance of any of the interested taxing districts, in the same  
1.21 manner as other orders of the commissioner.

1.22 (b) Four cents per taxable ton shall be allocated to cities and organized townships  
1.23 affected by mining because their boundaries are within three miles of a taconite mine pit  
1.24 that has been actively mined in at least one of the prior three years. If a city or town is  
1.25 located near more than one mine meeting these criteria, the city or town is eligible to

2.1 receive aid calculated from only the mine producing the largest taxable tonnage. When  
2.2 more than one municipality qualifies for aid based on one company's production, the aid  
2.3 must be apportioned among the municipalities in proportion to their populations. Of the  
2.4 amounts distributed under this paragraph to each municipality, one-half must be used for  
2.5 infrastructure improvement projects, and one-half must be used for projects in which two  
2.6 or more municipalities cooperate. Each municipality that receives a distribution under this  
2.7 paragraph must report annually to the Iron Range Resources and Rehabilitation Board and  
2.8 the commissioner of Iron Range resources and rehabilitation on the projects involving  
2.9 cooperation with other municipalities.

2.10 ~~(c) The amount that would have been computed for the current year under Minnesota~~  
2.11 ~~Statutes 2008, section 126C.21, subdivision 4, for a school district within which the~~  
2.12 ~~taconite was mined or quarried or within which the concentrate is produced is added to~~  
2.13 ~~the amount to be distributed to the cities and towns located within that school district as~~  
2.14 ~~provided in paragraph (a).~~

2.15 **EFFECTIVE DATE.** This section is effective for distributions in 2012 and  
2.16 thereafter.

2.17 Sec. 2. Minnesota Statutes 2010, section 298.28, subdivision 4, is amended to read:

2.18 Subd. 4. **School districts.** (a) 23.15 cents per taxable ton, plus the increase provided  
2.19 in paragraph (d), ~~less the amount that would have been computed under Minnesota~~  
2.20 ~~Statutes 2008, section 126C.21, subdivision 4, for the current year for that district,~~ must be  
2.21 allocated to qualifying school districts to be distributed, based upon the certification of the  
2.22 commissioner of revenue, under paragraphs (b), (c), and (f).

2.23 (b)(i) 3.43 cents per taxable ton must be distributed to the school districts in which  
2.24 the lands from which taconite was mined or quarried were located or within which the  
2.25 concentrate was produced. The distribution must be based on the apportionment formula  
2.26 prescribed in subdivision 2.

2.27 (ii) Four cents per taxable ton from each taconite facility must be distributed to  
2.28 each affected school district for deposit in a fund dedicated to building maintenance  
2.29 and repairs, as follows:

2.30 (1) proceeds from Keewatin Taconite or its successor are distributed to Independent  
2.31 School Districts Nos. 316, Coleraine, and 319, Nashwauk-Keewatin, or their successor  
2.32 districts;

2.33 (2) proceeds from the Hibbing Taconite Company or its successor are distributed to  
2.34 Independent School Districts Nos. 695, Chisholm, and 701, Hibbing, or their successor  
2.35 districts;

3.1 (3) proceeds from the Mittal Steel Company and Minntac or their successors are  
3.2 distributed to Independent School Districts Nos. 712, Mountain Iron-Buhl, 706, Virginia,  
3.3 2711, Mesabi East, and 2154, Eveleth-Gilbert, or their successor districts;

3.4 (4) proceeds from the Northshore Mining Company or its successor are distributed  
3.5 to Independent School Districts Nos. 2142, St. Louis County, and 381, Lake Superior,  
3.6 or their successor districts; and

3.7 (5) proceeds from United Taconite or its successor are distributed to Independent  
3.8 School Districts Nos. 2142, St. Louis County, and 2154, Eveleth-Gilbert, or their  
3.9 successor districts.

3.10 Revenues that are required to be distributed to more than one district shall be  
3.11 apportioned according to the number of pupil units identified in section 126C.05,  
3.12 subdivision 1, enrolled in the second previous year.

3.13 (c)(i) 15.72 cents per taxable ton, less any amount distributed under paragraph (e),  
3.14 shall be distributed to a group of school districts comprised of those school districts which  
3.15 qualify as a tax relief area under section 273.134, paragraph (b), or in which there is a  
3.16 qualifying municipality as defined by section 273.134, paragraph (a), in direct proportion  
3.17 to school district indexes as follows: for each school district, its pupil units determined  
3.18 under section 126C.05 for the prior school year shall be multiplied by the ratio of the  
3.19 average adjusted net tax capacity per pupil unit for school districts receiving aid under  
3.20 this clause as calculated pursuant to chapters 122A, 126C, and 127A for the school year  
3.21 ending prior to distribution to the adjusted net tax capacity per pupil unit of the district.  
3.22 Each district shall receive that portion of the distribution which its index bears to the sum  
3.23 of the indices for all school districts that receive the distributions.

3.24 (ii) Notwithstanding clause (i), each school district that receives a distribution  
3.25 under sections 298.018; 298.23 to 298.28, exclusive of any amount received under this  
3.26 clause; 298.34 to 298.39; 298.391 to 298.396; 298.405; or any law imposing a tax on  
3.27 severed mineral values after reduction for any portion distributed to cities and towns  
3.28 under section 126C.48, subdivision 8, paragraph (5), that is less than the amount of its  
3.29 levy reduction under section 126C.48, subdivision 8, for the second year prior to the  
3.30 year of the distribution shall receive a distribution equal to the difference; the amount  
3.31 necessary to make this payment shall be derived from proportionate reductions in the  
3.32 initial distribution to other school districts under clause (i). If there are insufficient tax  
3.33 proceeds to make the distribution provided under this paragraph in any year, money must  
3.34 be transferred from the taconite property tax relief account in subdivision 6, to the extent  
3.35 of the shortfall in the distribution.

4.1 (d) Any school district described in paragraph (c) where a levy increase pursuant to  
4.2 section 126C.17, subdivision 9, was authorized by referendum for taxes payable in 2001,  
4.3 shall receive a distribution of 21.3 cents per ton. Each district shall receive \$175 times the  
4.4 pupil units identified in section 126C.05, subdivision 1, enrolled in the second previous  
4.5 year or the 1983-1984 school year, whichever is greater, less the product of 1.8 percent  
4.6 times the district's taxable net tax capacity in the second previous year.

4.7 If the total amount provided by paragraph (d) is insufficient to make the payments  
4.8 herein required then the entitlement of \$175 per pupil unit shall be reduced uniformly  
4.9 so as not to exceed the funds available. Any amounts received by a qualifying school  
4.10 district in any fiscal year pursuant to paragraph (d) shall not be applied to reduce general  
4.11 education aid which the district receives pursuant to section 126C.13 or the permissible  
4.12 levies of the district. Any amount remaining after the payments provided in this paragraph  
4.13 shall be paid to the commissioner of Iron Range resources and rehabilitation who shall  
4.14 deposit the same in the taconite environmental protection fund and the Douglas J. Johnson  
4.15 economic protection trust fund as provided in subdivision 11.

4.16 Each district receiving money according to this paragraph shall reserve the lesser of  
4.17 the amount received under this paragraph or \$25 times the number of pupil units served  
4.18 in the district. It may use the money for early childhood programs or for outcome-based  
4.19 learning programs that enhance the academic quality of the district's curriculum. The  
4.20 outcome-based learning programs must be approved by the commissioner of education.

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

4.23 (f) Four cents per taxable ton must be distributed to qualifying school districts  
4.24 according to the distribution specified in paragraph (b), clause (ii), and two cents per  
4.25 taxable ton must be distributed according to the distribution specified in paragraph  
4.26 (c). These amounts are not subject to sections 126C.21, subdivision 4, and 126C.48,  
4.27 subdivision 8.

4.28 **EFFECTIVE DATE.** This section is effective for distributions in 2012 and  
4.29 thereafter.

4.30 **Sec. 3. REPEALER AND REENACTMENT.**

4.31 Laws 2009, chapter 88, article 12, section 23, paragraph (c), is repealed and  
4.32 Minnesota Statutes 2008, section 126C.21, subdivision 4, is reenacted for revenue for  
4.33 fiscal year 2012 and thereafter.

APPENDIX

Repealed Minnesota Session Laws: 11-0362

***Laws 2009, chapter 88, article 12, section 23***

Sec. 23. **REPEALER.** (a) Laws 1998, chapter 407, article 8, section 12, subdivision 4, is repealed.(b) Laws 2009, chapter 37, article 1, section 31, subdivision 3, is repealed.(c) Minnesota Statutes 2008, section 126C.21, subdivision 4, is repealed.

**EFFECTIVE DATE.** Paragraph (a) is effective the day following final enactment. Paragraph (b) is effective May 8, 2009. Paragraph (c) is effective for revenue for fiscal year 2010 and thereafter.