

SUBSTITUTE FOR
SENATE BILL NO. 390

A bill to amend 1951 PA 77, entitled

"An act providing for the specific taxation of low grade iron ore, of low grade iron ore mining property, and of rights to minerals in lands containing low grade iron ores; to provide for the collection and distribution of the specific tax; to make an appropriation; and to prescribe the powers and duties of the state geologist and township supervisors and treasurers with respect to the specific tax,"

by amending section 4 (MCL 211.624), as amended by 2002 PA 443.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 4. (1) If the specific tax determined under section 3 is
2 less than the specific tax determined under section 2, then section
3 2 shall govern.

4 (2) The township supervisor shall remove from the list of land
5 descriptions assessed and taxed under the general property tax act,
6 1893 PA 206, MCL 211.1 to ~~211.157~~, **211.155**, the land descriptions
7 of property taxed under this act, and shall enter the land

1 descriptions on a separate roll. The township supervisor shall
2 spread the specific tax against the property and the township
3 treasurer shall collect the specific tax at the same time, in the
4 same manner, and subject to the same collection charges as general
5 property taxes under the general property tax act, 1893 PA 206, MCL
6 211.1 to ~~211.157.~~ **211.155.** Property listed and taxed under this act
7 shall be subject to return and sale for nonpayment of taxes in the
8 same manner, at the same time, and under the same penalties as
9 property returned and sold for nonpayment of taxes levied under the
10 general property tax act, 1893 PA 206, MCL 211.1 to ~~211.157.~~
11 **211.155.** A valuation shall not be determined for a description
12 listed under this act and the property shall not be considered by
13 the county board of commissioners or by the state board of
14 equalization in connection with county or state equalization for
15 taxation purposes. If a low grade iron ore mining property is
16 located in more than 1 township, the state geologist shall
17 determine the portion attributable to each township. Except as
18 provided in subsections (5), ~~and (6),~~ **AND (7),** sums collected under
19 this act shall be distributed by the township treasurer to school
20 districts, this state, and to local governmental units in the same
21 proportion as the general property taxes are distributed. The
22 amounts distributed may be used by the school districts and local
23 governmental units for operating expenses, for capital
24 improvements, and for the accumulation of reserves in a building
25 and site fund or for the payment of interest or principal on bonds.
26 (3) The tax provided in this act shall be in lieu of an ad
27 valorem tax on any of the following:

1 (a) The low grade iron ore.

2 (b) The low grade iron ore mining property.

3 (c) The mining of the low grade iron ore mining property.

4 (d) The production of iron ore pellets or other concentrated
5 or agglomerated products.

6 (e) The iron ore pellets or other concentrated or agglomerated
7 merchantable products.

8 (f) Land occupied by or used in connection with the mining,
9 transportation, and beneficiation of the ore and shipping of iron
10 ore pellets or other concentrated or agglomerated merchantable
11 products.

12 (4) For specific taxes levied after 1993, to determine the
13 proportion for the disbursement of taxes under this section and for
14 attribution of taxes under subsection (5) for the specific taxes
15 collected pursuant to this act, the number of mills levied for
16 local school district operating purposes to be used in the
17 calculation shall equal the number of mills for local school
18 district operating purposes levied in 1993 minus the number of
19 mills levied under the state education tax act, 1993 PA 331, MCL
20 211.901 to 211.906, for the year for which the disbursement is
21 calculated.

22 (5) For specific taxes levied after 1993 and school operating
23 purposes, **SUBJECT TO SUBSECTION (7)**, the amount that would
24 otherwise be disbursed to a local school district shall be paid
25 instead to the state treasury and credited to the state school aid
26 fund established by section 11 of article IX of the state
27 constitution of 1963.

1 (6) The proceeds of the specific tax levied under subsection
2 (1) beginning December 31, 2001 through December 31, 2006 shall be
3 distributed as follows:

4 (a) To school districts and local governmental units the same
5 amount that they would have been entitled to receive if the
6 specific tax rate were 1.1%.

7 (b) After the distribution under subdivision (a) is made, the
8 remaining proceeds shall be deposited into the state school aid
9 fund.

10 (7) FOR SPECIFIC TAXES LEVIED AFTER 2016, EACH YEAR THE AMOUNT
11 THAT WOULD OTHERWISE BE PAID TO THE STATE TREASURY AND CREDITED TO
12 THE STATE SCHOOL AID FUND ESTABLISHED BY SECTION 11 OF ARTICLE IX
13 OF THE STATE CONSTITUTION OF 1963 SHALL BE DISTRIBUTED AS FOLLOWS:

14 (A) AN AMOUNT EQUAL TO \$500,000.00 SHALL BE DISBURSED TO THE
15 INTERMEDIATE SCHOOL DISTRICT THAT SERVES THE COUNTY IN WHICH 1 OR
16 MORE MINING PROPERTIES THAT ARE PERMITTED ON OR BEFORE THE
17 EFFECTIVE DATE OF THE AMENDATORY ACT THAT ADDED THIS SUBSECTION ARE
18 LOCATED TO BE DISTRIBUTED TO SCHOOL DISTRICTS IN THAT COUNTY FOR
19 SCHOOL OPERATING PURPOSES AS DETERMINED IN A WRITTEN AGREEMENT
20 BETWEEN THE INTERMEDIATE SCHOOL DISTRICT AND THE SCHOOL DISTRICTS.

21 (B) SUBSEQUENT TO THE DISTRIBUTION OF FUNDS IN SUBDIVISION
22 (A), EXCEPT AS OTHERWISE PROVIDED IN SUBDIVISIONS (C) AND (D), THE
23 REMAINDER SHALL BE FORWARDED TO THE STATE TREASURER FOR DEPOSIT IN
24 THE FERROUS MINERAL RECLAMATION FUND ESTABLISHED IN SUBSECTION (8).

25 (C) FUNDS SHALL ONLY BE FORWARDED TO THE STATE TREASURER FOR
26 DEPOSIT IN THE FERROUS MINERAL RECLAMATION FUND UNTIL THE FERROUS
27 MINERAL RECLAMATION FUND ACCRUES AN AMOUNT THAT IS EQUAL TO THE

1 LIABILITY OF THE FERROUS MINERAL OPERATIONS ASSURED BY THE FERROUS
2 MINERAL RECLAMATION FUND AS DETERMINED UNDER THE AGREEMENT IN
3 SUBSECTION (11).

4 (D) AFTER THE FERROUS MINERAL RECLAMATION FUND ACCRUES AN
5 AMOUNT THAT IS EQUAL TO THE LIABILITY OF THE FERROUS MINERAL
6 OPERATIONS ASSURED BY THE FERROUS MINERAL RECLAMATION FUND, FUNDS
7 WILL NO LONGER BE FORWARDED TO THE STATE TREASURER FOR DEPOSIT IN
8 THE FERROUS MINERAL RECLAMATION FUND AND WILL INSTEAD BE PAID TO
9 THE STATE TREASURY AND CREDITED TO THE STATE SCHOOL AID FUND.

10 (8) THE FERROUS MINERAL RECLAMATION FUND IS CREATED WITHIN THE
11 DEPARTMENT OF TREASURY TO BE HELD IN TRUST FOR USE ONLY AS PROVIDED
12 IN SUBSECTIONS (9) AND (10). FUNDS IN THE FERROUS MINERAL
13 RECLAMATION FUND ARE NOT STATE FUNDS AND ARE NOT REQUIRED TO BE
14 APPROPRIATED BY LAW. THE STATE TREASURER SHALL DIRECT THE
15 INVESTMENT OF THE FERROUS MINERAL RECLAMATION FUND. THE STATE
16 TREASURER SHALL CREDIT TO THE FERROUS MINERAL RECLAMATION FUND
17 INTEREST AND EARNINGS FROM FERROUS MINERAL RECLAMATION FUND
18 INVESTMENTS.

19 (9) THE FERROUS MINERAL RECLAMATION FUND SHALL SERVE AS A FORM
20 OF ASSURANCE AS DESCRIBED IN SECTION 63107 OF THE NATURAL RESOURCES
21 AND ENVIRONMENTAL PROTECTION ACT, 1994 PA 451, MCL 324.63107, FOR
22 PERMITTED FERROUS MINERAL OPERATIONS THAT ARE UNDER THE COMMON
23 OWNERSHIP OF A PARENT CORPORATION FOR WHICH AT LEAST 1 OF THE
24 FERROUS MINERAL OPERATIONS PAID SPECIFIC TAXES DEPOSITED INTO THE
25 FERROUS MINERAL RECLAMATION FUND. IF A FERROUS MINERAL MINING
26 PERMIT IS TRANSFERRED TO ANOTHER OPERATOR, THE ASSURANCE SHALL BE
27 APPLIED TO THE FERROUS MINERAL OPERATIONS OF THE OPERATOR ACQUIRING

1 THE PERMIT IN THE SAME MANNER AS TO THE ORIGINAL PERMITTEE.

2 (10) THE DEPARTMENT OF ENVIRONMENTAL QUALITY SHALL EXPEND
3 MONEY FROM THE FERROUS MINERAL RECLAMATION FUND ONLY TO IMPLEMENT
4 THE MINING AND RECLAMATION PLAN UNDER SECTION 63103A OF THE NATURAL
5 RESOURCES AND ENVIRONMENTAL PROTECTION ACT, 1994 PA 451, MCL
6 324.63103A, AS WELL AS NECESSARY ENVIRONMENTAL PROTECTION MEASURES,
7 INCLUDING REMEDIATION OF ANY CONTAMINATION OF THE AIR, SURFACE
8 WATER, OR GROUNDWATER THAT IS IN VIOLATION OF THE MINING PERMIT,
9 WHEN A PERMITTEE FAILS TO TIMELY IMPLEMENT THE MINING AND
10 RECLAMATION PLAN OR MEASURES IN THE MINING AND RECLAMATION PLAN.

11 (11) THE FERROUS MINERAL OPERATORS THAT ARE ASSURED BY THE
12 FERROUS MINERAL RECLAMATION FUND, OR THE PARENT CORPORATION OF THE
13 FERROUS MINERAL OPERATORS THAT ARE ASSURED BY THE FERROUS MINERAL
14 RECLAMATION FUND, AND THE DEPARTMENT OF ENVIRONMENTAL QUALITY SHALL
15 DEVELOP AN IMPLEMENTATION AND ACCESS AGREEMENT THAT ESTABLISHES THE
16 LIABILITY OF THE FERROUS MINERAL OPERATIONS ASSURED BY THE FERROUS
17 MINERAL RECLAMATION FUND AND THE PERMISSIBLE EXPENDITURES OF THE
18 FERROUS MINERAL RECLAMATION FUND WITHIN THE SCOPE OF SUBSECTION
19 (10).

20 (12) MONEY IN THE FERROUS MINERAL RECLAMATION FUND SHALL BE
21 RETURNED TO THE STATE SCHOOL AID FUND UPON NOTICE AND APPROVAL OF
22 COMPLETED RECLAMATION UNDER R 425.12 OF THE MICHIGAN ADMINISTRATIVE
23 CODE UNDER PART 631 OF THE NATURAL RESOURCES AND ENVIRONMENTAL
24 PROTECTION ACT, 1994 PA 451, MCL 324.63101 TO 324.63110, AT ALL THE
25 FERROUS MINERAL OPERATIONS THAT ARE ASSURED BY THE FERROUS MINERAL
26 RECLAMATION FUND AS DESCRIBED IN SUBSECTION (9).

27 (13) AS USED IN THIS SECTION, "FERROUS MINERAL RECLAMATION

- 1 FUND" MEANS THE FERROUS MINERAL RECLAMATION FUND CREATED IN
- 2 SUBSECTION (8) .