

Act No. 277
Public Acts of 1987
Approved by the Governor
January 5, 1988
Filed with the Secretary of State
January 6, 1988

**STATE OF MICHIGAN
84TH LEGISLATURE
REGULAR SESSION OF 1987**

Introduced by Rep. Jacobetti

ENROLLED HOUSE BILL No. 4775

AN ACT to amend the title and sections 1 and 4 of Act No. 77 of the Public Acts of 1951, entitled as amended "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; and to prescribe the powers and duties of the state geologist and township supervisors and treasurers with respect thereto," being sections 211.621 and 211.624 of the Michigan Compiled Laws; and to add section 6.

The People of the State of Michigan enact:

Section 1. The title and sections 1 and 4 of Act No. 77 of the Public Acts of 1951, being sections 211.621 and 211.624 of the Michigan Compiled Laws, are amended and section 6 is added to read as follows:

TITLE

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.

Sec. 1. As used in this act:

(a) "Low grade iron ore" means iron-bearing rock, also known as iron formation, jasper, ferruginous chert, or ferruginous slate, that is not merchantable as ore in its natural state and from which a merchantable product can be produced only by beneficiation or treatment involving fine grinding.

(b) "Low grade iron ore mining property" means mineral bearing land from which low grade iron ore is mined, and includes the beneficiation or treatment plants, and other necessary land, buildings, facilities, equipment, tools, and supplies used in connection with the mining, transportation, and beneficiation or treatment of the low grade iron ore in producing merchantable iron ore pellets or other concentrated or agglomerated products. For the 1987 tax year only, low grade iron ore mining property includes a coal-fired power generating facility or a portion of a coal-fired power generating facility if all of the following conditions are met:

(i) The power generating facility or portion of the power generating facility has a manufacturer's rated capacity of 400 megawatts or less and produces power that for 1987 is reserved for use by other low grade iron ore mining property before that power is used for other purposes. Not more than 30 days after the effective date of the amendatory act that added this subparagraph, the owner of the power generating facility on tax day of the 1987 tax year shall certify the portion of the facility reserved for first use by the mining operation for 1987.

(ii) The power generating facility or portion of the power generating facility is owned directly or indirectly on tax day of the 1987 tax year by a person or corporation that owns directly or indirectly at least 15% of the other low grade iron ore mining property for which the power is reserved.

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

(2) The township supervisor shall remove from the list of land descriptions assessed and taxed under the general property tax act, Act No. 206 of the Public Acts of 1893, as amended, being sections 211.1 to 211.157 of the Michigan Compiled Laws, the land descriptions of property taxed under this act, and shall enter the land descriptions on a separate roll. The township supervisor shall spread the specific tax against the property and the township treasurer shall collect the specific tax at the same time, in the same manner, and subject to the same collection charges as general property taxes. Property listed and taxed under this act shall be subject to return and sale for nonpayment of taxes in the same manner, at the same time, and under the same penalties as property returned and sold for nonpayment of taxes levied under Act No. 206 of the Public Acts of 1893, as amended. A valuation shall not be determined for a description listed under this act and the property shall not be considered by the county board of commissioners or by the state board of equalization in connection with county or state equalization for taxation purposes. If a low grade iron ore mining property is located in more than 1 township, the state geologist shall determine the portion attributable to each township. Sums collected under this act shall be distributed by the township treasurer to school districts and governmental units in the same proportion as the general property taxes are distributed. The distribution calculations for 1987 shall exclude the value of a power generating facility or a portion of a power generating facility that qualifies as low grade iron ore mining property. The amounts distributed may be used by the school districts and governmental units for operating expenses, for capital improvements, and for the accumulation of reserves in a building and site fund or for the payment of interest or principal on bonds.

(3) The tax provided in this act shall be in lieu of an ad valorem tax on any of the following:

- (a) The low grade iron ore.
- (b) The low grade iron ore mining property.
- (c) The mining of the low grade iron ore mining property.
- (d) The production of iron ore pellets or other concentrated or agglomerated products.
- (e) The iron ore pellets or other concentrated or agglomerated merchantable products.
- (f) Land occupied by or used in connection with the mining, transportation, and beneficiation of the ore and shipping of iron ore pellets or other concentrated or agglomerated merchantable products.

Sec. 6. There is appropriated from the general fund \$1,651,000.00 for reimbursement of governmental units and school districts for the amount by which property tax revenue, excluding revenue included in the calculation of payments made under section 21(1) of the state school aid act of 1979, Act No. 94 of the Public Acts of 1979, being section 388.1621 of the Michigan Compiled Laws, is reduced as a result of the inclusion of a power generating facility or a portion of a power generating facility in the definition of low grade iron ore mining property.

Section 2. This act shall be known and cited as the "James Goulette iron ore recovery act of 1987".

Section 3. This amendatory act shall not take effect unless all of the following bills of the 84th Legislature are enacted into law before December 31, 1987:

- (a) Senate Bill No. 130.
- (b) House Bill No. 4280.