

# HOUSE BILL No. 4775

June 11, 1987, Introduced by Rep. Jacobetti and referred to the Committee on Taxation.

A bill to amend 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.

## THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Section 1. Sections 1 and 4 of Act No. 77 of the Public  
2 Acts of 1951, being sections 211.621 and 211.624 of the Michigan  
3 Compiled Laws, are amended to read as follows:

4 Sec. 1. As used in this act:

5 (a) "Low grade iron ore" means iron-bearing rock, also known  
6 as iron formation, jasper, ferruginous chert, or ferruginous

1 slate, ~~which~~ THAT is not merchantable as ore in its natural  
2 state and from which a merchantable product can be produced only  
3 by beneficiation or treatment involving fine grinding.

4 (b) "Low grade iron ore mining property" means mineral bear-  
5 ing land from which low grade iron ore is mined, and includes the  
6 beneficiation or treatment plants, and other necessary land,  
7 buildings, facilities, equipment, tools, and supplies used in  
8 connection with the mining, transportation, and beneficiation or  
9 treatment of the low grade iron ore in producing merchantable  
10 iron ore pellets or other concentrated ~~and~~ or agglomerated  
11 products.

12 FOR THE 1987 TAX YEAR ONLY, LOW GRADE IRON ORE MINING PROP-  
13 ERTY INCLUDES A POWER GENERATING FACILITY OR A PORTION OF A POWER  
14 GENERATING FACILITY THAT COMPLIES WITH BOTH OF THE FOLLOWING:

15 (i) THE FACILITY OR PORTION OF A FACILITY PRODUCES POWER  
16 THAT FOR 1987 IS RESERVED FOR USE BY OTHER LOW GRADE IRON ORE  
17 MINING PROPERTY BEFORE THAT POWER IS USED FOR OTHER PURPOSES.  
18 NOT MORE THAN 30 DAYS AFTER THE EFFECTIVE DATE OF THE AMENDATORY  
19 ACT THAT ADDED THIS SUBPARAGRAPH, THE OWNER OF THE POWER GENERAT-  
20 ING FACILITY SHALL CERTIFY THE PORTION OF THE FACILITY RESERVED  
21 FOR FIRST USE BY THE MINING OPERATION FOR 1987.

22 (ii) THE FACILITY OR PORTION OF A FACILITY IS OWNED OR CON-  
23 TROLLED BY A PERSON OR CORPORATION THAT OWNS AT LEAST 15% OF THE  
24 OTHER LOW GRADE IRON ORE MINING PROPERTY FOR WHICH THE POWER IS  
25 RESERVED.

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

4       (2) The township supervisor shall remove from the list of  
5 land descriptions assessed and taxed under THE GENERAL PROPERTY  
6 TAX ACT, Act No. 206 of the Public Acts of 1893, as amended,  
7 being sections 211.1 to 211.157 of the Michigan Compiled Laws,  
8 the land descriptions of property taxed under this act, and shall  
9 enter the land descriptions on a separate roll. The township  
10 supervisor shall spread the specific tax against the property and  
11 the township treasurer shall collect the specific tax at the same  
12 time, in the same manner, and subject to the same collection  
13 charges as general property taxes. Property listed and taxed  
14 under this act shall be subject to return and sale for nonpayment  
15 of taxes in the same manner, at the same time, and under the same  
16 penalties as property returned and sold for nonpayment of taxes  
17 levied under Act No. 206 of the Public Acts of 1893, as  
18 amended. A valuation shall not be determined for a description  
19 listed under this act and the property shall not be considered by  
20 the county board of commissioners or by the state board of equal-  
21 ization in connection with county or state equalization for taxa-  
22 tion purposes. If a low grade iron ore mining property is  
23 located in more than 1 township, the state geologist shall deter-  
24 mine the portion attributable to each township. Sums collected  
25 under this act shall be distributed by the township treasurer to  
26 school districts and governmental units in the same proportion as  
27 the general property taxes are distributed. THE DISTRIBUTION

1 CALCULATIONS FOR 1987 SHALL EXCLUDE THE VALUE OF A POWER  
2 GENERATING FACILITY OR A PORTION OF A POWER GENERATING FACILITY  
3 THAT QUALIFIES AS LOW GRADE IRON ORE MINING PROPERTY. The amounts  
4 distributed may be used by the school districts and governmental  
5 units for operating expenses, for capital improvements, and for  
6 the accumulation of reserves in a building and site fund or for  
7 the payment of interest or principal on bonds.

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

10 (a) The low grade iron ore.

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

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

13 (d) The production of iron ore pellets or other concentrated  
14 ~~and/~~ or agglomerated products.

15 (e) The iron ore pellets or other concentrated ~~and/~~ or  
16 agglomerated merchantable products.

17 (f) Land occupied by or used in connection with the mining,  
18 transportation, and beneficiation of the ore and shipping of iron  
19 ore pellets or other concentrated ~~and/~~ or agglomerated mer-  
20 chantable products.