

Act No. 324  
Public Acts of 1993  
Approved by the Governor  
December 31, 1993  
Filed with the Secretary of State  
December 31, 1993

**STATE OF MICHIGAN  
87TH LEGISLATURE  
REGULAR SESSION OF 1993**

Introduced by Reps. Profit, Palamara, Shugars, Griffin, O'Neill and Gagliardi  
Reps. Alley, Bobier, Kukuk, Pitoniak, Randall, Shepich and Yokich named co-sponsors

# **ENROLLED HOUSE BILL No. 5097**

AN ACT to amend sections 2, 3, 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; 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," section 4 as amended by Act No. 277 of the Public Acts of 1987, being sections 211.622, 211.623, and 211.624 of the Michigan Compiled Laws.

*The People of the State of Michigan enact:*

Section 1. Sections 2, 3, and 4 of Act No. 77 of the Public Acts of 1951, section 4 as amended by Act No. 277 of the Public Acts of 1987, being sections 211.622, 211.623, and 211.624 of the Michigan Compiled Laws, are amended to read as follows:

Sec. 2. Before the first calendar year in which production of merchantable ore from a low grade iron ore mining property has been established on a commercial basis, or before the period of construction of the plants for the beneficiation or treatment of low grade iron ore and the period of experimental operation of the plants, the low grade iron ore mining property is subject to a specific tax equal to the rated annual capacity of the plant in gross tons multiplied by .5% of the mine value per gross ton, based upon the projected natural iron analysis of the iron ore pellets or of the concentrated or agglomerated products, multiplied by the percent of construction completion of the low grade iron ore mining property.

Sec. 3. (1) Beginning with the first calendar year after production of merchantable ore from a low grade iron ore mining property has been established on a commercial basis, the low grade iron ore mining property is subject to a

specific tax equal to the average annual production in gross tons during the preceding 5-year period, multiplied by 1.0% of the mine value per gross ton, based on the average natural iron analysis of shipments for that year of the iron ore pellets or of the concentrated or agglomerated products. A year in which production did not take place shall be excluded in computing the average production but only until the property has a 5-year record of commercial production. Mine value is determined by subtracting from the published lower lake price of Lake Superior iron ore pellets, or the particular concentrated or agglomerated products as of December 31, for the subsequent calendar year, all the transportation and handling costs, including any tax charged for transporting or handling the iron ore pellets or products, from the mining property to Lake Erie ports.

(2) As used in this section, "lower lake price" means the base price of Lake Superior district iron ore pellets or of the particular concentrated or agglomerated products at rail of vessel at lower lake ports as published in "Iron Age" published in New York City, New York, and "Industry Week" published in Cleveland, Ohio. If either "Iron Age" or "Industry Week" is not published or does not publish a price, a replacement trade journal recognized and generally accepted as reliable by the iron ore industry shall be substituted. If "Iron Age" or "Industry Week" do not publish the same price, if 1 of the trade journals publishes 2 different prices, or if the replacement trade journal does not publish a price, the price shall be the generally prevailing market price at which iron ore pellets or concentrated or agglomerated products, of comparable quality and utility are being offered for sale in comparable quantity by or on behalf of bona fide producers from sources in the continental United States or Canada.

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 is 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. Money 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. Beginning in 1994, the amount to be distributed to local school districts shall be paid to the state treasury and credited to the state school aid fund established by section 11 of article IX of the state constitution of 1963. 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, and for the payment of interest or principal on bonds.

(3) The tax provided in this act shall be in lieu of any state or local 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.

Section 2. It is the intent of this legislature that the reduction in specific tax provided for in this amendatory act shall not reduce the amount of the specific tax distributed to each local unit of government other than a school district to an amount less than what was distributed to each of those local units of government in 1993.

Section 3. This amendatory act shall take effect on January 1, 1994.

Section 4. This amendatory act shall not take effect if Senate Joint Resolution S of the 87th Legislature becomes part of the state constitution of 1963 as provided in section 1 of article XII of the state constitution of 1963.

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Co-Clerk of the House of Representatives.

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Secretary of the Senate.

Approved -----

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Governor.