



HOUSE BILL No. 5097

October 12, 1993, Introduced by Reps. Profit, Palamara, Shugars, Griffin, O'Neill and Gagliardi and referred to the Committee on Taxation.

A bill 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:

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

1 Sec. 2. Before the first calendar year in which production
 2 of merchantable ore from a low grade iron ore mining property has
 3 been established on a commercial basis, or before the period of
 4 construction of the plants for the beneficiation or treatment of
 5 low grade iron ore and the period of experimental operation of
 6 the plants, the low grade iron ore mining property ~~shall be~~ IS
 7 subject to a specific tax equal to the rated annual capacity of
 8 the plant in gross tons multiplied by ~~.55%~~ .4% of the mine
 9 value per gross ton, based upon the projected natural iron analy-
 10 sis of the iron ore pellets or of the concentrated ~~and/or~~ OR
 11 agglomerated products, multiplied by the percent of construction
 12 completion of the low grade iron ore mining property.

13 Sec. 3. (1) Beginning with the first calendar year after
 14 production of merchantable ore from a low grade iron ore mining
 15 property has been established on a commercial basis, the low
 16 grade iron ore mining property ~~shall be~~ IS subject to a spe-
 17 cific tax equal to the average annual production in gross tons
 18 during the preceding 5-year period, multiplied by ~~1.1%~~ .8% of
 19 the mine value per gross ton, based on the average natural iron
 20 analysis of shipments for that year of the iron ore pellets or of
 21 the concentrated ~~and/or~~ OR agglomerated products. A year in
 22 which production did not take place shall be excluded in comput-
 23 ing the average production but only until the property has a
 24 5-year record of commercial production. Mine value is determined
 25 by subtracting from the published lower lake price of Lake
 26 Superior iron ore pellets, or the particular concentrated
 27 ~~and/or~~ OR agglomerated products as of December 31, for the

1 subsequent calendar year, all the transportation and handling
2 costs, including any tax charged for transporting or handling the
3 iron ore pellets or products, from the mining property to Lake
4 Erie ports.

5 (2) As used in this section, "lower lake price" means the
6 base price of Lake Superior district iron ore pellets or of the
7 particular concentrated ~~and/or~~ OR agglomerated products at rail
8 of vessel at lower lake ports as published in "Iron Age" pub-
9 lished in New York City, New York, and "Industry Week" published
10 in Cleveland, Ohio. If either "Iron Age" or "Industry Week" is
11 not published or does not publish a price, a replacement trade
12 journal recognized and generally accepted as reliable by the iron
13 ore industry shall be substituted. If "Iron Age" or "Industry
14 Week" do not publish the same price, if 1 of the trade journals
15 publishes 2 different prices, or if the replacement trade journal
16 does not publish a price, the price shall be the generally pre-
17 vailing market price at which iron ore pellets or concentrated
18 ~~and/or~~ OR agglomerated products, of comparable quality and
19 utility are being offered for sale in comparable quantity by or
20 on behalf of bona fide producers from sources in the continental
21 United States or Canada.

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

25 (2) The township supervisor shall remove from the list of
26 land descriptions assessed and taxed under the general property
27 tax act, Act No. 206 of the Public Acts of 1893, as amended,

1 being sections 211.1 to 211.157 of the Michigan Compiled Laws,
2 the land descriptions of property taxed under this act, and shall
3 enter the land descriptions on a separate roll. The township
4 supervisor shall spread the specific tax against the property and
5 the township treasurer shall collect the specific tax at the same
6 time, in the same manner, and subject to the same collection
7 charges as general property taxes. Property listed and taxed
8 under this act ~~shall be~~ IS subject to return and sale for non-
9 payment of taxes in the same manner, at the same time, and under
10 the same penalties as property returned and sold for nonpayment
11 of taxes levied under Act No. 206 of the Public Acts of 1893, as
12 amended. A valuation shall not be determined for a description
13 listed under this act and the property shall not be considered by
14 the county board of commissioners or by the state board of equal-
15 ization in connection with county or state equalization for taxa-
16 tion purposes. If a low grade iron ore mining property is
17 located in more than 1 township, the state geologist shall deter-
18 mine the portion attributable to each township. ~~Sums~~ MONEY
19 collected under this act shall be distributed by the township
20 treasurer to school districts and governmental units in the same
21 proportion as the general property taxes are distributed. The
22 distribution calculations for 1987 shall exclude the value of a
23 power generating facility or a portion of a power generating
24 facility that qualifies as low grade iron ore mining property.
25 The amounts distributed may be used by ~~the school districts and~~
26 governmental units for operating expenses — AND BY GOVERNMENTAL
27 UNITS AND SCHOOL DISTRICTS for capital improvements, ~~and~~ for

1 the accumulation of reserves in a building and site fund, ~~or~~
2 AND for the payment of interest or principal on bonds.

3 (3) The tax provided in this act shall be in lieu of ~~an~~
4 ANY STATE OR LOCAL ad valorem tax on any of the following:

5 (a) The low grade iron ore.

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

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

8 (d) The production of iron ore pellets or other concentrated
9 or agglomerated products.

10 (e) The iron ore pellets or other concentrated or agglomer-
11 ated merchantable products.

12 (f) Land occupied by or used in connection with the mining,
13 transportation, and beneficiation of the ore and shipping of iron
14 ore pellets or other concentrated or agglomerated merchantable
15 products.