

# SENATE BILL No. 1204

March 14, 2002, Introduced by Senators KOIVISTO, GOUGEON, NORTH, DINGELL, MC COTTER, DUNASKISS, YOUNG, BULLARD, MC MANUS, GAST, PETERS, GOSCHKA and SCHWARZ and referred to the Committee on Finance.

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 sections 3 and 4 (MCL 211.623 and 211.624), section 4 as amended by 1994 PA 367.

## THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1       Sec. 3. (1) Beginning with the first calendar year after  
2 production of merchantable ore from a low grade iron ore mining  
3 property has been established on a commercial basis, the low  
4 grade iron ore mining property shall be subject to a specific tax  
5 equal to the average annual production in gross tons during the  
6 preceding 5-year period, multiplied by 1.1% OR BEGINNING DECEMBER  
7 31, 2001 0.55% of the mine value per gross ton, based on the

06198'01

JLB

1 average natural iron analysis of shipments for that year of the  
2 iron ore pellets or of the concentrated ~~and/or~~ OR agglomerated  
3 products. A year in which production did not take place shall be  
4 excluded in computing the average production but only until the  
5 property has a 5-year record of commercial production. Mine  
6 value is determined by subtracting from the published lower lake  
7 price of Lake Superior iron ore pellets, or the particular con-  
8 centrated ~~and/or~~ OR agglomerated products as of December 31,  
9 for the subsequent calendar year, all the transportation and han-  
10 dling costs, including any tax charged for transporting or han-  
11 dling the iron ore pellets or products, from the mining property  
12 to Lake Erie ports.

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22 Week" do not publish the same price, if 1 of the trade journals  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

1 on behalf of bona fide producers from sources in the continental  
2 United States or Canada.

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

6       (2) The township supervisor shall remove from the list of  
7 land descriptions assessed and taxed under the general property  
8 tax act, ~~Act No. 206 of the Public Acts of 1893, as amended,~~  
9 ~~being sections 211.1 to 211.157 of the Michigan Compiled Laws~~  
10 1893 PA 206, MCL 211.1 TO 211.157, the land descriptions of prop-  
11 erty taxed under this act, and shall enter the land descriptions  
12 on a separate roll. The township supervisor shall spread the  
13 specific tax against the property and the township treasurer  
14 shall collect the specific tax at the same time, in the same  
15 manner, and subject to the same collection charges as general  
16 property taxes UNDER THE GENERAL PROPERTY TAX ACT, 1893 PA 206,  
17 MCL 211.1 TO 211.157. Property listed and taxed under this act  
18 shall be subject to return and sale for nonpayment of taxes in  
19 the same manner, at the same time, and under the same penalties  
20 as property returned and sold for nonpayment of taxes levied  
21 under ~~Act No. 206 of the Public Acts of 1893, as amended~~ THE  
22 GENERAL PROPERTY TAX ACT, 1893 PA 206, MCL 211.1 TO 211.157. A  
23 valuation shall not be determined for a description listed under  
24 this act and the property shall not be considered by the county  
25 board of commissioners or by the state board of equalization in  
26 connection with county or state equalization for taxation  
27 purposes. If a low grade iron ore mining property is located in

1 more than 1 township, the state geologist shall determine the  
2 portion attributable to each township. Except as provided in  
3 ~~subsection~~ SUBSECTIONS (5) AND (6), sums collected under this  
4 act shall be distributed by the township treasurer to school dis-  
5 tricts and TO LOCAL governmental units in the same proportion as  
6 the general property taxes are distributed. ~~The distribution~~  
7 ~~calculations for 1987 shall exclude the value of a power generat-~~  
8 ~~ing facility or a portion of a power generating facility that~~  
9 ~~qualifies as low grade iron ore mining property.~~ The amounts  
10 distributed may be used by the school districts and LOCAL govern-  
11 mental units for operating expenses, for capital improvements,  
12 and for the accumulation of reserves in a building and site fund  
13 or for the payment of interest or principal on bonds.

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

16 (a) The low grade iron ore.

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

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

19 (d) The production of iron ore pellets or other concentrated  
20 or agglomerated products.

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

23 (f) Land occupied by or used in connection with the mining,  
24 transportation, and beneficiation of the ore and shipping of iron  
25 ore pellets or other concentrated or agglomerated merchantable  
26 products.

1       (4) For specific taxes levied after 1993, to determine the  
2 proportion for the disbursement of taxes under this section and  
3 for attribution of taxes under ~~subsection~~ SUBSECTIONS (5) AND  
4 (6) for the specific taxes collected pursuant to this act, the  
5 number of mills levied for local school district operating pur-  
6 poses to be used in the calculation shall equal the number of  
7 mills for local school district operating purposes levied in 1993  
8 minus the number of mills levied under the state education tax  
9 act, ~~Act No. 331 of the Public Acts of 1993, being~~  
10 ~~sections 211.901 to 211.906 of the Michigan Compiled Laws~~ 1993  
11 PA 331, MCL 211.901 TO 211.906, for the year for which the dis-  
12 bursement is calculated.

13       (5) For specific taxes levied after 1993 and THROUGH 2001  
14 FOR school operating purposes, the amount that would otherwise be  
15 disbursed to a local school district shall be paid instead to the  
16 state treasury and credited to the state school aid fund estab-  
17 lished by section 11 of article IX of the state constitution of  
18 1963.

19       (6) FOR SPECIFIC TAXES LEVIED AFTER 2001 FOR SCHOOL OPERAT-  
20 ING PURPOSES, NO AMOUNT SHALL BE DISBURSED TO A LOCAL SCHOOL DIS-  
21 TRICT AND NO AMOUNT SHALL BE PAID TO THE STATE TREASURY AND CRED-  
22 ITED TO THE STATE SCHOOL AID FUND ESTABLISHED BY SECTION 11 OF  
23 ARTICLE IX OF THE STATE CONSTITUTION OF 1963.