

Act No. 443
Public Acts of 2002
Approved by the Governor
June 17, 2002
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**STATE OF MICHIGAN
91ST LEGISLATURE
REGULAR SESSION OF 2002**

Introduced by Senators Koivisto, Gougeon, North, Dingell, McCotter, Dunaskiss, Young, Bullard, McManus, Gast, Peters, Goschka, Schwarz, Shugars and Garcia

ENROLLED SENATE BILL No. 1204

AN ACT 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:

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 shall be subject to a specific tax equal to the average annual production in gross tons during the preceding 5-year period, multiplied by 1.1% or beginning December 31, 2001 through December 31, 2006 0.75% 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, 1893 PA 206, MCL 211.1 to 211.157, 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 under the general property tax act, 1893 PA 206, MCL 211.1 to 211.157. 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 the general property tax act, 1893 PA 206, MCL 211.1 to 211.157. 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. Except as provided in subsections (5) and (6), sums collected under this act shall be distributed by the township treasurer to school districts, this state, and to local governmental units in the same proportion as the general property taxes are distributed. The amounts distributed may be used by the school districts and local 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.

(4) For specific taxes levied after 1993, to determine the proportion for the disbursement of taxes under this section and for attribution of taxes under subsection (5) for the specific taxes collected pursuant to this act, the number of mills levied for local school district operating purposes to be used in the calculation shall equal the number of mills for local school district operating purposes levied in 1993 minus the number of mills levied under the state education tax act, 1993 PA 331, MCL 211.901 to 211.906, for the year for which the disbursement is calculated.

(5) For specific taxes levied after 1993 and school operating purposes, the amount that would otherwise be disbursed to a local school district shall be paid instead 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.

(6) The proceeds of the specific tax levied under subsection (1) beginning December 31, 2001 through December 31, 2006 shall be distributed as follows:

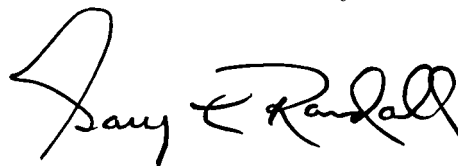
(a) To school districts and local governmental units the same amount that they would have been entitled to receive if the specific tax rate were 1.1%.

(b) After the distribution under subdivision (a) is made, the remaining proceeds shall be deposited into the state school aid fund.

This act is ordered to take immediate effect.



Secretary of the Senate.



Clerk of the House of Representatives.

Approved

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Governor.