

HOUSE BILL NO. 6254

June 21, 2022, Introduced by Rep. Cambensy and referred to the Committee on Natural Resources and Outdoor Recreation.

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 1 and 4 (MCL 211.621 and 211.624), section 1 as amended by 1987 PA 277 and section 4 as amended by 2002 PA 443, and by adding sections 4a and 4b.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 1. As used in this act:

2 **(a) "Ferrous mining research and design fund" or "fund" means**
3 **the ferrous mining research and design fund created in section 4a.**

4 **(b) ~~(a)~~**—"Low grade iron ore" means iron-bearing rock, also
5 known as iron formation, jasper, ferruginous chert, or ferruginous
6 slate, that is not merchantable as ore in its natural state and
7 from which a merchantable product can be produced only by
8 beneficiation or treatment involving fine grinding.

9 **(c) ~~(b)~~**—"Low grade iron ore mining property" means mineral
10 bearing land from which low grade iron ore is mined, and includes
11 the beneficiation or treatment plants, and other necessary land,
12 buildings, facilities, equipment, tools, and supplies used in
13 connection with the mining, transportation, and beneficiation or
14 treatment of the low grade iron ore in producing merchantable iron
15 ore pellets or other concentrated or agglomerated products. ~~For the~~
16 ~~1987 tax year only, low grade iron ore mining property includes a~~
17 ~~coal-fired power generating facility or a portion of a coal-fired~~
18 ~~power generating facility if all of the following conditions are~~
19 ~~met:~~

20 ~~(i) The power generating facility or portion of the power~~
21 ~~generating facility has a manufacturer's rated capacity of 400~~
22 ~~megawatts or less and produces power that for 1987 is reserved for~~
23 ~~use by other low grade iron ore mining property before that power~~
24 ~~is used for other purposes. Not more than 30 days after the~~
25 ~~effective date of the amendatory act that added this subparagraph,~~
26 ~~the owner of the power generating facility on tax day of the 1987~~
27 ~~tax year shall certify the portion of the facility reserved for~~
28 ~~first use by the mining operation for 1987.~~

29 ~~(ii) The power generating facility or portion of the power~~

1 ~~generating facility is owned directly or indirectly on tax day of~~
2 ~~the 1987 tax year by a person or corporation that owns directly or~~
3 ~~indirectly at least 15% of the other low grade iron ore mining~~
4 ~~property for which the power is reserved.~~

5 Sec. 4. (1) If the specific tax determined under section 3 is
6 less than the specific tax determined under section 2, then section
7 2 shall govern.

8 (2) The township supervisor shall remove from the list of land
9 descriptions assessed and taxed under the general property tax act,
10 1893 PA 206, MCL 211.1 to ~~211.157,~~ **211.155**, the land descriptions
11 of property taxed under this act, and shall enter the land
12 descriptions on a separate roll. The township supervisor shall
13 spread the specific tax against the property and the township
14 treasurer shall collect the specific tax at the same time, in the
15 same manner, and subject to the same collection charges as general
16 property taxes under the general property tax act, 1893 PA 206, MCL
17 211.1 to ~~211.157.~~ **211.155**. Property listed and taxed under this act
18 shall be subject to return and sale for nonpayment of taxes in the
19 same manner, at the same time, and under the same penalties as
20 property returned and sold for nonpayment of taxes levied under the
21 general property tax act, 1893 PA 206, MCL 211.1 to ~~211.157.~~
22 **211.155**. A valuation shall not be determined for a description
23 listed under this act and the property shall not be considered by
24 the county board of commissioners or by the state board of
25 equalization in connection with county or state equalization for
26 taxation purposes. If a low grade iron ore mining property is
27 located in more than 1 township, the state geologist shall
28 determine the portion attributable to each township. Except as
29 provided in subsections (5), ~~and (6), (7), and (8)~~, sums collected

1 under this act shall be distributed by the township treasurer to
2 school districts, this state, and to local governmental units in
3 the same proportion as the general property taxes are distributed.
4 The amounts distributed may be used by the school districts and
5 local governmental units for operating expenses, for capital
6 improvements, and for the accumulation of reserves in a building
7 and site fund or for the payment of interest or principal on bonds.

8 (3) The **specific** tax provided in this act shall be in lieu of
9 an ad 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 or agglomerated products.

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

21 (4) For specific taxes levied after 1993, to determine the
22 proportion for the disbursement of taxes under this section and for
23 attribution of taxes under subsection (5) for the specific taxes
24 collected pursuant to this act, the number of mills levied for
25 local school district operating purposes to be used in the
26 calculation shall equal the number of mills for local school
27 district operating purposes levied in 1993 minus the number of
28 mills levied under the state education tax act, 1993 PA 331, MCL
29 211.901 to 211.906, for the year for which the disbursement is

1 calculated.

2 (5) For specific taxes levied after 1993 and school operating
3 purposes, the amount that would otherwise be disbursed to a local
4 school district shall be paid instead to the state treasury and
5 credited to the state school aid fund established by section 11 of
6 article IX of the state constitution of 1963.

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

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

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

16 (7) **Beginning October 1, 2023, each year the first \$250,000.00**
17 **of the proceeds of the specific tax collected under subsection (1)**
18 **to be distributed to this state shall be deposited into the**
19 **metallic mineral mine reclamation fund created in section 63603 of**
20 **the natural resources and environmental protection act, 1994 PA**
21 **451, MCL 324.63603.**

22 (8) **Beginning October 1, 2023 through September 30, 2033, each**
23 **year, after the distribution under subsection (7) is made, the next**
24 **\$200,000.00 of the proceeds of the specific tax collected under**
25 **subsection (1) to be distributed to this state shall be deposited**
26 **into the ferrous mining research and design fund.**

27 **Sec. 4a. (1) The ferrous mining research and design fund is**
28 **created within the state treasury.**

29 (2) **The state treasurer may receive money or other assets from**

1 any source for deposit into the fund. The state treasurer shall
2 direct the investment of the fund. The state treasurer shall credit
3 to the fund interest and earnings from fund investments.

4 (3) Money in the fund at the close of the fiscal year shall
5 remain in the fund and shall not lapse to the general fund.

6 (4) The department of environment, Great Lakes, and energy
7 shall be the administrator of the fund for auditing purposes.

8 (5) The department of environment, Great Lakes, and energy
9 shall expend money from the fund, upon appropriation, only for
10 grants under the ferrous mining research and design grant program
11 described in section 4b.

12 (6) At the close of any fiscal year, if the fund has a balance
13 of more than \$2,000,000.00, then any amount over \$2,000,000.00 in
14 the fund shall be disbursed as provided in section 4.

15 Sec. 4b. (1) The department of environment, Great Lakes, and
16 energy shall create and operate a ferrous mining research and
17 design grant program as provided in this section.

18 (2) The grant program described in subsection (1) must include
19 all of the following:

20 (a) Grants must be made only to public colleges and
21 universities located in this state that have a focus on mining and
22 geology and be used to encourage 21st century mining research and
23 innovation in Michigan iron ore bodies to facilitate the reopening
24 of a closed or idled mine, the expansion of an existing mine, or
25 the development of future mine locations.

26 (b) Grants must be matched on a 1-to-1 basis by owners of low
27 grade iron ore mining property that is subject to a specific tax
28 under this act.

29 (c) Grant recipients must work with the owners of low grade

1 iron ore mining property that is subject to a specific tax under
2 this act that provide the matching funds and with the department of
3 environment, Great Lakes, and energy to identify 21st century
4 mining research projects.

5 (3) The department of environment, Great Lakes, and energy
6 shall create an application process, selection criteria, and a
7 grant dispersal process and post the application process, selection
8 criteria, and grant dispersal process on the department's website.

9 Enacting section 1. This amendatory act does not take effect
10 unless Senate Bill No. ____ or House Bill No. 6257 (request no.
11 06391'22) of the 101st Legislature is enacted into law.