



## Fiscal Estimate Narratives

DOR 1/22/2013

LRB Number	<b>13-1129/1</b>	Introduction Number	<b>AB-0001</b>	Estimate Type	<b>Original</b>
<b>Description</b> Regulation of ferrous metallic mining and related activities, procedures for obtaining approvals from the Department of Natural Resources for the construction of utility facilities, making an appropriation, and providing penalties					

### Assumptions Used in Arriving at Fiscal Estimate

This bill affects two areas of direct interest for the Department of Revenue (DOR): the allocation of the mining net proceeds tax and the amount expendable under the notice of intent payment.

#### MINING NET PROCEEDS TAX

The mining net proceeds tax is a graduated tax based on the net proceeds (essentially gross revenues less allowed deductions) from the mining of metalliferous minerals in the state. The tax is administered by the DOR.

Under current law, 15 days after the tax is collected by the DOR and remitted to the Department of Administration (DOA), the DOA transfers 100% of the collections to the Investment and Local Impact Fund (a SEG fund).

Under the bill, with regard to collections from an operator of an iron ore mine, the DOA is to transfer 60% of the collections to the Investment and Local Impact Fund and 40% to the Economic Development Fund (a SEG fund). This shift has no net fiscal effect on the state.

The amount by which the amount transferred to the Investment and Local Impact Fund would be decreased in comparison with current law would depend on how many iron ore mines would begin operating in the state and the profitability of these mines. It is not possible to reasonably project the shift in net proceeds tax revenues at this time.

#### NOTICE OF INTENT PAYMENT

Under current law, when a mining company intends to submit a mining permit to the Department of Natural Resources, it must pay to the DOR up to \$150,000, in three separate \$50,000 installments, for deposit in the Investment and Local Impact Fund. This money can be disbursed by the Mining investment and Local Impact Fund Board to local governments affected by the proposed mine for their costs related to negotiating "local agreements" with the mining companies.

Under the bill, the payment to DOR is increased to as much as \$225,000 in three separate \$75,000 installments. Thus, it is possible that the total payments by a mining company with regard to notice of intent payments could increase by \$75,000.

### Long-Range Fiscal Implications

## Fiscal Estimate Worksheet - 2013 Session

Detailed Estimate of Annual Fiscal Effect

Original     
  Updated     
  Corrected     
  Supplemental

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<b>Description</b> Regulation of ferrous metallic mining and related activities, procedures for obtaining approvals from the Department of Natural Resources for the construction of utility facilities, making an appropriation, and providing penalties			
<b>I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):</b>			
<b>II. Annualized Costs:</b>		<b>Annualized Fiscal Impact on funds from:</b>	
		Increased Costs	Decreased Costs
<b>A. State Costs by Category</b>			
	State Operations - Salaries and Fringes	\$	\$
	(FTE Position Changes)		
	State Operations - Other Costs		
	Local Assistance		
	Aids to Individuals or Organizations		
	<b>TOTAL State Costs by Category</b>	<b>\$</b>	<b>\$</b>
<b>B. State Costs by Source of Funds</b>			
	GPR		
	FED		
	PRO/PRS		
	SEG/SEG-S		
<b>III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)</b>			
		Increased Rev	Decreased Rev
	GPR Taxes	\$	\$
	GPR Earned		
	FED		
	PRO/PRS		
	SEG/SEG-S		
	<b>TOTAL State Revenues</b>	<b>\$</b>	<b>\$</b>
<b>NET ANNUALIZED FISCAL IMPACT</b>			
		<u>State</u>	<u>Local</u>
NET CHANGE IN COSTS		\$	\$
NET CHANGE IN REVENUE		\$see text of fiscal note	\$see text of fiscal note
<b>Agency/Prepared By</b>		<b>Authorized Signature</b>	<b>Date</b>
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