

## CHAPTER 79.

## TAXATION OF LOW-GRADE IRON ORE PROPERTIES.

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**79.01 Definitions.** In this chapter, unless the context otherwise requires:

(1) "Low-grade iron ore" means any iron-bearing material in its natural state from which a merchantable concentrate suitable for use in the steel industry can be produced only by a method of beneficiation which:

(a) Increases the percentage of iron content in the concentrate above the acceptable minimum, or

(b) Removes objectionable percentages of foreign materials by fine grinding or chemical process.

(2) "Low-grade iron ore property" means a unit of mining property owned, held under mining lease or other appropriate form of lease, or otherwise controlled, by the same owner, and including the following:

(a) A beneficiation or treatment plant and all necessary buildings, facilities, equipment, tools, supplies, mined rock or ore, finished product and other personal property used in connection with the mining, quarrying, transportation and beneficiation or treatment of low-grade iron ore to produce a merchantable concentrate, and including the merchantable concentrate while stock-piled and held for shipment. If electric or steam power for the mining or concentration of low-grade iron ore is generated in plants a substantial part of which are devoted to the generation of power for such purposes, the plants in which such power is generated and all machinery, equipment, tools, supplies, transmission and distribution lines used in the generation and distribution of such power, shall be considered to be machinery, equipment, tools, supplies and buildings used in the mining, quarrying or production of low-grade iron ore within the meaning of this section. If part of the power generated in such a plant is used for purposes other than the mining or concentration of low-grade iron ore, or the transportation or loading of low-grade iron ore or the concentrates thereof, a proportionate share of the values of such generating facilities, equal to the proportion that the power used for such other purpose bears to the whole amount of power generated therein, shall be subject to the general property tax in the same manner as other property under ch. 70;

(b) Mineral-bearing lands estimated to contain sufficient available low-grade iron ore to maintain capacity operation of such plant for a period up to 30 years; and

(c) Such nonmineral lands as may be reasonably necessary in connection with the operation of such plant; namely, plant sites, tailing basins, stripping dumps, and other related uses, except that lands used primarily for townsites or dwelling for employes are not to be considered as part of the "low-grade iron ore property." The acreage of nonmineral lands to mineral lands in the low-grade iron ore property shall not exceed a ratio of 7 acres of nonmineral land to one acre of mineral land.

**79.02 Taxation of units.** (1) DURING CONSTRUCTION. (a) Beginning with the first year in which, prior to May 1, construction of a pilot or commercial plant for the beneficiation or treatment of low-grade iron ore shall have commenced and up to and including the first full calendar year of production of merchantable concentrate from the low-grade iron ore property on either an experimental or commercial basis, such unit of low-grade iron ore property shall be taxed in each year as follows:

(b) The rated gross ton capacity in merchantable concentrate annually of the pilot or commercial concentration plant shall be multiplied by one per cent of the value per gross ton f. o. b. the mining property of old range non-Bessemer iron ore containing 51½ per cent natural iron, and the result shall be multiplied by the per cent that construction has been completed on May 1 of such year. The figure thus arrived at shall be the amount in dollars of tax payable to the state in lieu of all real and personal property taxes on such unit of property for such year.

(2) DURING PRODUCTION PERIOD. Beginning with the first year following the first full calendar year of production of merchantable concentrate from the low-grade iron

ore property and for each year thereafter such unit of low-grade iron ore property shall be taxed as follows:

(a) The amount of tax shall be calculated by multiplying the average number of tons of merchantable concentrate produced annually from such unit of property during the preceding 5-year period by an amount equal to 2 per cent of the value per gross ton f. o. b. the mining property of old range non-Bessemer iron ore containing 51½ per cent natural iron in effect on May 1 in the then current year. In calculating the average annual production of merchantable concentrate from such low-grade iron ore property during the preceding 5-year period, any year in which there shall have been no production shall be omitted. The first year to be used in the first such 5-year period shall be the last year in which the low-grade iron ore property was subject to the provisions of s. 79.02 (1). The figure arrived at shall be the amount in dollars of the tax payable under this subsection to the state and shall be in lieu of all real and personal property taxes on such unit of property.

(b) The value per gross ton f. o. b. the mining property of old range non-Bessemer iron ore containing 51½ per cent natural iron is defined as the published Lake Erie price per gross ton of such ore in effect on May 1 in the then current year, reduced by:

1. Rail freight rates and charges (including transportation tax).
2. Lake freight rates and charges (including transportation tax).
3. Commission.
4. Stockpile loading expense.
5. Shrinkage (one per cent of value).
6. Analyses and insurance expense.
7. Discount on cash sale.
8. Other expenses which may occur in the future which would be proper deductions in arriving at the value of the ore at the loading point.

**79.03 Mineral and nonmineral lands in unit.** (1) DETERMINATION BY STATE GEOLOGIST. The mineral and nonmineral lands to be included in the low-grade iron ore property shall be determined by the state geologist. In the event the productive capacity of the plant shall thereafter be increased the state geologist shall determine what additional acreage of mineral and nonmineral lands shall be included in such low-grade iron ore property on account of such increase.

(2) REMOVAL FROM LOCAL ASSESSMENT ROLL. The state geologist shall certify to the department of taxation the mineral and nonmineral lands that shall be included in the low-grade iron ore property, either initially or on account of increases in capacity, as set forth in s. 79.03 and the commissioner of taxation shall thereupon notify the local assessor of the taxation district wherein such lands are located that the lands are to be removed from the local assessment roll as of May 1 following such notification.

**79.04 Reports, assessments, appeals.** (1) REPORTS. On or before May 1, the owner or operator of a low-grade iron ore property shall file with the department of taxation a report that will set forth the data required under this section, and such other further data as may be required by the department, to facilitate the determination of the tax. The books and records of the owner or operator shall be open to inspection and examination to employees of the department of taxation designated by the commissioner of taxation and to the state geologist.

(2) ASSESSMENTS. On July 1, the department of taxation shall notify the taxpayer by registered mail of his liability under this section.

(3) APPEALS. (a) Any taxpayer feeling aggrieved by the assessment notice shall, within 30 days after the receipt thereof, file with the department of taxation an abatement application setting forth its objections to the assessment. If the taxpayer desires an informal conference with representatives of the department of taxation and the state geologist prior to September 1, such pleasure may be indicated in the abatement application. The commissioner of taxation shall act on such application on or before September 1. If the taxpayer is aggrieved by the commissioner of taxation's denial in total or in part of the abatement application he shall have the right to appeal to the Wisconsin board of tax appeals providing the appeal is filed with the board on or before October 1. The board of tax appeals shall hear the appeal before November 1, and shall decide the case before December 1. Any admitted portion of the tax shall be paid to the department of taxation on or before January 31 of the year following the assessment notice year.

(b) Determinations of the board shall be subject to review in the manner provided in ch. 227.

**79.05 Collection of tax.** All taxes as evidenced by the notice of tax liability dated July 1 shall be due and payable to the department of taxation on or before January 31

of the year following the assessment year, and shall be deposited by the department with the state treasurer.

**79.06 Collection of delinquent tax.** (1) Taxes unpaid on January 31 shall be deemed delinquent as of that date, and when delinquent shall be subject to a penalty of 2 per cent on the amount of tax and interest at the rate of 5 per cent per annum until paid, and the department of taxation shall immediately proceed to collect the same. For the purpose of such collection the department or its duly authorized agent shall have the same powers as conferred by law upon the county treasurer, county clerk, sheriff and district attorney.

(2) Any part of an assessment which is contested before the board of tax appeals or the courts, which after hearing shall be ordered to be paid, shall be considered as a delinquent tax if unpaid on the tenth day following the date of such final order and shall be subject to the penalty and interest provisions under s. 79.06 (1).

(3) After the tax becomes delinquent, the department of taxation shall issue a warrant to the sheriff of any county of the state in which the low-grade iron ore property is located in total or in part commanding him to levy upon and sell sufficient of the taxpayer's low-grade iron ore property found within his county, to pay such tax with the penalties, interest and costs, and to proceed upon the same in all respects and in the same manner as upon an execution against property issued out of a court of record, and to return such warrant to the department and pay to it the money collected, or such part thereof as may be necessary to pay such tax, penalties, interest and costs, within 60 days after the receipt of such warrant, and deliver the balance, if any, after deduction of lawful charges to the taxpayer.

(4) The sheriff shall within 5 days after the receipt of the warrant, file with the clerk of the circuit court of his county a copy thereof, unless the taxpayer shall make satisfactory arrangements for the payment thereof with the department of taxation, in which case, the sheriff shall, at the direction of the department, return such warrant to it. The clerk shall docket the warrant in the same manner as a delinquent income tax warrant is docketed under s. 270.745. The clerk of circuit court shall accept, file and docket such warrant without prepayment of any fee, but the clerk shall submit a statement of such proper fees within 30 days to the department of taxation and such fees shall then be paid by the state treasurer upon audit by the department of administration on the certificate of the commissioner of taxation and shall be charged to the proper appropriation for the department of taxation. The sheriff shall be entitled to the same fees for executing upon said warrant as upon an execution against property issued out of a court of record, to be collected in the same manner. Upon the sale of any real estate the sheriff shall execute a deed of the same, and the taxpayer shall have the right to redeem the said real estate as from a sale under an execution against property upon a judgment of a court of record. No public official shall be entitled to demand prepayment of any fee for the performance of any official act required in carrying out the provisions of this section.

**79.07 Distribution and apportionment of tax.** (1) Fifteen days after the collection of the tax under this section the department of administration and the state treasurer upon certification by the department of taxation shall pay:

- (a) 10 per cent to the state general fund;
- (b) 20 per cent to the county or counties wherein the unit of low-grade iron ore property is located;
- (c) 40 per cent to the taxation district or districts wherein the unit of low-grade iron ore property is located;
- (d) 30 per cent to the school district wherein the unit of low-grade iron ore property is located for operation, maintenance expenses, and building costs.

(2) Where the tax is applicable to a unit of low-grade iron ore property located in more than one taxation district, the apportionment of the tax shall be made as follows:

(a) The mineral lands within the unit shall be given a valuation by the state geologist on the basis of his estimate of the low-grade iron ore within each 40 acre tract that it is anticipated can be quarried. This determination to be made at the time the required reserve is determined as provided under s. 79.03. The values as placed on these lands shall remain the same during the 30-year life of the unit of low-grade iron ore property.

(b) The nonmineral lands are to be given a valuation on the basis of the combined judgment of the state geologist, the local assessor and the state supervisor of assessments in whose district the nonmineral lands are located at the time values are determined under par. (a). The values as placed on these lands shall remain the same during the 30-year life of the unit of low-grade iron ore property. In the event there is no meeting of the minds on the valuation of the nonmineral lands, the commissioner of taxation shall make the determinations.

(c) The value of the plant and equipment for apportionment purposes shall be established at 20 per cent of the total cost.

(d) The ratio of the value of mineral lands, nonmineral lands and plants and equipment value as determined under pars. (a), (b) and (c) in each taxation district shall be the basis of apportioning the tax certified under sub. (1).

**79.08 Nonapplication of chapter.** Nothing herein shall be construed to exempt from taxation or change the present method of taxation of the properties of mining units now in operation or of any unit that may be developed after May 13, 1953, and mining high grade ore.