

CHAPTER 31, Laws of 1977
(Vetoed in Part)

AN ACT to repeal 20.835 (4) (d), 70.87 to 70.98, 70.995 (1) (d) 15, 71.046 and 71.047; to amend 15.431, 70.01, 70.02, 70.995 (1) (a) and (5), 71.046 (1) (intro.) and (2) and 71.047 (1) and (2) (a); and to create 13.83 (5), 15.431 (1), 15.435, 20.566 (2) (c), (f), (fz), (n) and (q), 25.17 (1) (jc), 70.37 to 70.395 and 71.046 (1m) of the statutes, relating to taxation of metalliferous mineral mining, creating an investment and local impact fund board in the department of revenue, making appropriations and granting rule-making authority.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

SECTION 1. 13.83 (5) of the statutes is created to read:

13.83 (5) **MINING COMMITTEE.** The legislative council shall in each biennium create a committee on mining. The committee shall consist of 3 senators, 3 representatives to the assembly and 2 public members, to be named by the council, and one department representative, to be named by the governor.

(a) The committee shall study the social, educational, economic and environmental impacts of mining on state and local governments.

(b) The committee shall advise the investment and local impact fund board on the investment and distribution of revenues received by the board under s. 70.395 (1) (b).

SECTION 2. 15.431 of the statutes is amended to read:

15.431 Same; program responsibilities. The department of revenue shall have the program responsibilities specified for the department under Title X, chs. 139 and 176 and ss. 18.05 (2), 19.44 (2), 25.06, 25.08, 25.09, 25.12, 36.25 (6), 66.054, 66.057 (3), (4) and (5), 67.03, 69.61 to 69.65, 79.20, 79.21, 79.22, 79.23, 121.06, 128.14 (1), 865.11 (1) and 867.01. In addition:

SECTION 3. 15.431 (1) of the statutes is created to read:

15.431 (1) **INVESTMENT AND LOCAL IMPACT FUND BOARD.** The investment and local impact fund board shall have the program responsibilities specified for the board under s. 70.395 (2).

SECTION 4. 15.435 of the statutes is created to read:

15.435 Same; attached boards. (1) **INVESTMENT AND LOCAL IMPACT FUND BOARD.** There is created an investment and local impact fund board, with rule-making authority, consisting of the secretaries of local affairs and development and revenue or their designees, 2 public members, 2 municipal officials, one county official and one school board member appointed for staggered 4-year terms. If a municipal or county official or a school board member leaves office while serving on the board, the member's position on the board shall be considered vacant until a successor is appointed under s. 15.07 (1) (b). One of the public members and one of the local officials shall reside in a county or school district in which metalliferous mineral development is occurring or in an adjacent county or school district and one local official shall reside in a county or school district in which metalliferous minerals are extracted or an adjacent county or school district. One municipal official member shall be recommended by the league of Wisconsin municipalities. One municipal official member shall be recommended by the Wisconsin towns association. The

school board member shall be recommended by the Wisconsin association of school boards. The county official member shall be recommended by the Wisconsin county boards association.

(2) The board shall be attached to the department of revenue under s. 15.03. An executive secretary shall be appointed to serve at the pleasure of the board. The executive secretary may request of any state agency such assistance as may be necessary for the board to fulfill the duties specified in s. 70.395 (2). The board may request advice from the legislative council mining committee on any matter relating to the board's duties under s. 70.395 (2). The board shall meet at least twice per year at a time and place determined by the chairperson.

SECTION 5. In the appropriate place in the schedule in section 20.005 of the statutes, insert the following amounts for the purposes indicated:

20.566 Revenue, department of		1977-78	1978-79
(2)	STATE AND LOCAL FINANCE		
(c)	Investment and local impact fund supplement	GPR A -0-	-0-
(f)	Investment and local impact fund administrative expenses	GPR A 25,000	25,000
(fz)	General fund loan to the investment and local impact fund board	GPR C 2,000,000	-0-

SECTION 6. 20.566 (2) (c), (f), (fz), (n) and (q) of the statutes are created to read:

20.566 (2) (c) *Investment and local impact fund supplement.* The amounts in the schedule to supplement par. (q) for the purposes of s. 70.395 (2).

(f) *Investment and local impact fund administrative expenses.* The amounts in the schedule for administrative expenses, travel, materials, staff salaries and other necessary expenses for the purposes of s. 70.395 (2).

(fz) *General fund loan to the investment and local impact fund board.* As a continuing appropriation, the amounts in the schedule to be disbursed as a general fund loan to the investment and local impact board under s. 70.395 (2) at the discretion of the investment and local impact fund board whenever the unencumbered balances of the appropriations under pars. (c) and (q) are zero. Commencing 5 years after the effective date of this act (1977), the unencumbered balance of this appropriation shall lapse to the general fund and the investment and local impact fund board shall pay to the general fund from the investment and local impact fund an amount equal to the amount of the general fund loan made under this paragraph, or the unencumbered balance in the appropriation under par. (q), whichever is greater. If there are insufficient funds in the investment and local impact fund to repay in full the principal and interest on the general fund loan made under this paragraph on such date, interest of 3% per year on the balance due shall accrue to the general fund. Commencing 5 years after the effective date of this act (1977), the board shall pay quarterly to the general fund any amounts in the investment and local impact fund or the balance due on the general fund loan made under this paragraph including interest, whichever is less, until the general fund loan made under this paragraph is repaid in full.

(n) As a continuing appropriation, all federal mining revenue received from the sales, bonuses, royalties and rentals of federal public lands within this state, to be distributed under s. 70.395 (3).

(q) *Investment and local impact fund.* From the investment and local impact fund, all moneys received under s. 70.395 (1) (b) to be disbursed under s. 70.395 (2).

SECTION 7. 20.835 (4) (d) of the statutes is repealed.

SECTION 8. 25.17 (1) (jc) of the statutes is created to read:

25.17 (1) (jc) Investment and local impact fund (s. 70.395 (2) (b)).

SECTION 9. 70.01 and 70.02 of the statutes are amended to read:

70.01 General property taxes; upon whom levied. Taxes shall be levied, under this chapter, upon all general property in this state except as is exempted therefrom. Real estate taxes are deemed to be levied when the tax roll on which they are extended has been delivered to the local treasurer with ~~his~~ a warrant for collection. When so levied such taxes shall be a lien upon the property against which they are assessed, superior to all other liens, effective as of May 1 in the year when levied, except in the case of special assessments of benefits for local improvements where the lien of such assessments shall be in force from the time as provided in s. 66.60 (15), and except that such special assessments in cities of the ~~first~~ 1st class shall be in force as provided by the charter or general laws applicable to such cities. In this chapter, unless the context requires otherwise, references to "this chapter" shall not include ss. ~~70.91 70.37 to 70.98 70.395.~~

70.02 Definition of general property. General property is all the taxable real and personal property defined in ss. 70.03 and 70.04 except that which is taxed under ss. ~~70.91 70.37 to 70.98 70.395~~ and chs. 76 and 77. General property includes manufacturing property subject to s. 70.995, but assessment of such property shall be made according to s. 70.995.

SECTION 10. 70.37 to 70.395 of the statutes are created to read:

70.37 Net proceeds occupation tax on persons extracting metalliferous minerals in this state. (1) LEGISLATIVE FINDINGS. The legislature finds that:

(a) The existence has been announced of several economically significant ore bodies containing copper, zinc, lead, taconite and other metalliferous minerals in this state, including one of the largest zinc deposits in North America.

(b) Metalliferous minerals are valuable, irreplaceable natural resources which, once removed, are forever lost as an economic asset to the state.

(c) The activity of mining metalliferous minerals creates jobs, economic activity, tax revenues and other valuable benefits to the economy and residents of this state.

(d) The activity of mining metalliferous minerals creates additional costs to the state and municipalities for highways, sewers, schools and other improvements which are necessary to accommodate the development of a metalliferous mining industry.

(e) The activity of mining metalliferous minerals has a permanent and often damaging effect on the environment of the state.

(f) The activity of mining metalliferous minerals significantly alters the quality of life in communities directly affected by mining.

(g) As the size of a mining operation increases, the cost to the state and municipalities to support the operation increases, as does the damage to the environment. Furthermore, as the size of a mining operation increases, the person mining metalliferous minerals benefits from economies of scale in the mining operation.

(h) A graduated net proceeds occupational tax, by taxing profitability at rates which vary with the level of profitability, encourages important state goals, such as:

1. Gradual, continuous and complete extraction of metalliferous minerals.
2. Continued stable employment.
3. Taxation according to ability to pay.

4. Taxation based on the privileges enjoyed by persons mining metalliferous metallic minerals.

(1) Municipalities incur long-term economic costs as a result of metalliferous mineral mining after the mining operation shuts down. An impact fund, in which is deposited a portion of the tax revenues, should assure that moneys will be available to such municipalities for long- and short-term costs associated with social, educational, environmental and economic impacts of metalliferous mineral mining.

(2) LEGISLATIVE INTENT. It is the declared intent of the legislature to establish a net proceeds occupation tax on persons engaged in the activity of mining metalliferous minerals in this state. The tax is established in order that the state may derive a benefit from the extraction of irreplaceable metalliferous minerals and in order to compensate the state and municipalities for costs, past, present and future, incurred or to be incurred as a result of the loss of valuable irreplaceable metallic mineral resources.

70.375 Net proceeds occupation tax on mining of metallic minerals; computation.

(1) DEFINITIONS. In ss. 70.37 to 70.395:

(a) "Department" means the department of revenue.

(b) "Mining" or "mined" means all or part of the process involved in mining metalliferous minerals for commercial purposes, including extraction, agglomeration and beneficiation.

Vetoed in Part (c) "Municipality" means any county, city, village, town, school district or vocational, technical and adult education district.

(d) "Person" means a sole proprietorship, partnership, association or corporation and includes a lessee engaged in mining metalliferous minerals.

(e) "Secretary" means the secretary of revenue.

(2) TAX IMPOSED. (a) There is imposed upon persons engaged in mining metalliferous minerals in this state a net proceeds occupation tax effective on the date on which extraction begins to compensate the state and municipalities for the loss of valuable, irreplaceable metalliferous minerals. The amount of the tax shall be determined by applying the rates established under sub. (5) to the average of the net proceeds of the person for the preceding 3-year period. Any month in which there has been no production or in which production has been insignificant shall be omitted and the average shall be computed on those months in which there was production. The net proceeds of a person for each year shall be the difference between the gross proceeds, computed under sub. (3) for the year, and the deductions allowed under sub. (4) for the year.

(b) The secretary may promulgate any rules necessary to implement the tax under ss. 70.37 to 70.39 and 70.395 (1). Section 71.11 (4), (7m), (8) and (20) to (22) applies to the administration of this section.

Vetoed in Part (3) COMPUTATION OF GROSS PROCEEDS. (a) If the secretary finds that the actual amount realized from the sale of metalliferous minerals extracted in this state clearly reflects or approximates actual market transactions between persons not controlled directly or indirectly by the same interests, the actual amount realized shall be the gross proceeds of the person for the taxable year. If the secretary does not make the finding, the gross proceeds shall be computed under par. (b).

(b) The gross proceeds of the person shall be computed by multiplying the production of recovered metalliferous mineral during the taxable year by the average price of that mineral for the taxable year. The average price shall be computed from the monthly prices published in the engineering and mining journal, as follows:

1. Taconite pellets, lower lake ports price.

2. Copper, United States producer price, F.O.B. refinery.
3. Lead, United States producer price.
4. Zinc, United States prime western price.
5. Silver, United States producer price.
6. Gold, London final price.
7. Other metalliferous minerals or other forms of metalliferous minerals not including mineral aggregates such as stone, sand and gravel, at a price determined by the secretary, by rule, from a nationally known publication or other nationally known source listing prices of metalliferous minerals.
 - (4) DEDUCTIONS. There shall be allowed to persons subject to the tax under sub. (1) the following deductions:
 - (a) The actual and necessary expenses incurred during the taxable year for labor, tools, appliances and supplies used in mining metalliferous minerals, including the labor of the lessee and the lessee's employes and the amount expended by the lessee for tools, appliances and supplies used by the lessee in the mining operation. The personal labor of the lessee shall be computed at the prevailing wage rate.
 - (b) The actual and necessary expenses for transporting, milling, reducing, assaying and sampling the ore and for further processing required to obtain the product to which the published price applies.
 - (c) The actual and necessary expenses for administrative, appraising, accounting, legal, medical, engineering, clerical and technical services directly related to mining metalliferous minerals in this state, excluding salaries and expenses for corporate officers and for lobbying, as defined in s. 13.62 (1).
 - (d) The actual and necessary expenses directly related to the repair and maintenance of any machinery, mills, reduction works, buildings, structures, other necessary improvements, tools, appliances and supplies used in mining metalliferous minerals extracted in this state.
 - (e) General and personal property taxes levied in this state.
 - (f) Rents paid on personal property used in mining metalliferous minerals.
 - (g) The cost of relocating employes within this state.
 - (h) The cost of premiums for bonds required under s. 144.86.
 - (i) The cost of premiums for insurance on persons or tangible assets relating to mining metalliferous minerals.
 - (j) Losses from uninsured casualty losses and the sale of personal property used in mining metalliferous minerals.
 - (k) Depreciation and amortization over the expected life of the item by the straight-line method of the actual cost of the items listed in subds. 1 to 4, if necessary, and if used in connection with mining metalliferous minerals in this state. The items may be depreciated or amortized if they were purchased, constructed or incurred not more than 5 years prior to the date on which extraction begins.
 1. Machinery, mills and reduction works.
 2. Buildings, structures and other improvements.
 3. Permit fees, license fees and any other fees for formal written authorization required by a department or instrumentality of the state.
 4. Development of the mine after the date on which extraction begins.
 - (L) If metalliferous minerals were extracted at the mine 5 or more years prior to the effective date of this act (1977), royalties paid to owners of the mineral rights to

the lands where the mine or an extension of the mine is located. In this paragraph, "mine" means an excavation in or at the earth's surface made for the purpose of extracting metalliferous minerals.

(5) RATES. The tax to be assessed, levied and collected upon the average of the net proceeds of the preceding 3 years of persons engaging in mining metalliferous minerals in this state shall be computed at the following rates:

(a) On the amount from \$100,001 to \$4,000,000, ~~or any part thereof~~, at a rate of 6%.

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(b) On the amount from \$4,000,001 to \$8,000,000, ~~or any part thereof~~, at a rate of 8%.

(c) On the amount from \$8,000,001 to \$10,000,000, ~~or any part thereof~~, at a rate of 12%.

(d) On the amount from \$10,000,001 to \$20,000,000, at a rate of 16%.

(e) On the amount from \$20,000,001 to \$30,000,000, at a rate of 18%.

(f) On the amount exceeding \$30,000,000, at a rate of 20%.

70.38 Reports, assessment notice, appeals, combined reporting. (1) REPORTS. On or before February 10, persons mining metalliferous minerals shall file with the department a report which sets forth the data required by the department to administer the tax under s. 70.375. The books and records of the person shall be open to inspection and examination to employees of the department designated by the secretary and to the state geologist.

(2) COMBINED REPORTING. (a) If the same person extracts metalliferous minerals from different sites in this state, the net proceeds of the person for each site shall be combined for the purposes of computing the amount of the tax under s. 70.375 (5).

(b) For parent and subsidiary persons, if the parent and one or more subsidiaries, or if 2 or more subsidiaries of the same parent are extracting metalliferous minerals in this state, the net proceeds shall be combined for the purposes of computing the amount of the tax under s. 70.375 (5). Such persons shall be jointly liable for the tax under s. 70.375 on the combined net proceeds. The department may assess the combined net proceeds against any subsidiary or the parent.

(3) ASSESSMENT NOTICE. On April 25, the department shall notify the person by registered mail of the person's liability under s. 70.375.

(4) APPEALS. (a) Any person feeling aggrieved by the assessment notice shall, within 30 days after the receipt thereof, file with the department an abatement application setting forth the person's objections to the assessment. The person may request an informal conference with representatives of the department prior to June 15. The request shall be indicated in the abatement application. The secretary shall act on the application on or before June 20. The person shall pay the amount determined by the secretary pursuant to the secretary's action on the abatement application on or before June 30. If the person is aggrieved by the secretary's denial, in total or in part, of the abatement application the person may appeal to the tax appeals commission providing the appeal is filed with the commission on or before August 1. The commission shall hear the appeal before September 1, and shall decide the case before October 1. Any portion of the tax not admitted shall be refunded by the department to the person on or before November 30.

(b) Determinations of the tax appeals commission shall be subject to judicial review under ch. 227.

70.385 Collection of the tax. (1) All taxes as evidenced by the notice of tax liability dated April 25 shall be due and payable to the department on or before June 30, and shall be deposited by the department with the state treasurer.

(2) If a request from the person is filed with the department by February 10, the secretary may, upon a finding that extraordinary circumstances have prevented the sale of the preceding year's production, grant an extension of up to one year for the payment of the tax due and payable under sub. (1). The secretary shall notify the person by June 1 whether an extension has been granted. The secretary may obtain such additional information as is necessary to determine whether the extraordinary circumstances continue to exist prior to making a determination on the request.

70.39 Collection of delinquent tax. (1) Taxes due and unpaid on June 30 shall be deemed delinquent as of that date, and when delinquent shall be subject to a penalty of 4% of the tax and interest at the rate of 1.5% per month until paid. The parent shall be liable for any delinquent taxes of a subsidiary person. The department shall immediately proceed to collect the tax due, penalty, interest and costs. For the purpose of collection the department or its duly authorized agent has 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 tax appeals commission or the courts, which after hearing shall be ordered to be paid, shall be considered as a delinquent tax if unpaid on the 10th day following the date of the final order and shall be subject to the penalty and interest provisions under sub. (1).

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

(4) Within 5 days after the receipt of the warrant the sheriff shall file a copy of it with the clerk of the circuit court of the county, unless the person makes satisfactory arrangements for payment with the department, in which case, the sheriff shall, at the direction of the department, return the warrant to it. The clerk shall docket the warrant as a delinquent income tax warrant is docketed under s. 806.11. The clerk shall accept, file and docket the warrant without prepayment of any fee, but shall submit a statement of the proper fees within 30 days to the department of revenue. The fees shall be paid by the state treasurer upon audit by the department of administration on the certificate of the secretary of revenue and shall be charged to the proper appropriation for the department of revenue. The sheriff shall be entitled to the same fees for executing upon the 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 real estate, and the person may redeem the real estate as from a sale under an execution against property upon a judgment of a court of record. No public official may demand prepayment of any fee for the performance of any official act required in carrying out this section.

70.395 Distribution and apportionment of tax. (1) DISTRIBUTION. Fifteen days after the collection of the tax under ss. 70.38 to 70.39, the department of administration, upon certification of the department of revenue, shall transfer the amount collected as follows:

- (a) Fifty percent to the general fund.
- (b) Fifty percent to the investment and local impact fund.

(2) INVESTMENT AND LOCAL IMPACT FUND. (a) It is the intent of the legislature that the investment and local impact fund be used exclusively to provide funds to municipalities for costs associated with social, educational, environmental and economic impacts of metalliferous mineral mining incurred prior to, during and after the extraction of metalliferous minerals, including the impacts of metalliferous mineral mining occurring prior to the effective date of this act (1977). The fund may not be used to compensate counties, towns, cities and villages for the costs of mine reclamation for which the person mining the metalliferous minerals is liable under s. 144.91 (2).

(b) There is created an investment and local impact fund under the jurisdiction and management of the investment and local impact fund board, as created under s. 15.435.

(c) The board shall, according to procedures established by rule:

1. Certify to the department of administration the amount of funds to be distributed to municipalities under pars. (d) to (g).
2. Determine the amount which is not distributed under subd. 1 which shall be invested under s. 25.17 (1) (jc).

(d) Annually, on the first Monday in December, from the fund, the department of administration shall distribute, upon certification of the board:

1. To each county in which metalliferous minerals are extracted, 20% of the tax collected under ss. 70.38 to 70.39 from persons extracting metalliferous minerals in the county, or \$300,000, whichever is less.

2. To each city, town or village in which metalliferous minerals are extracted, 10% of the tax collected under ss. 70.38 to 70.39 from persons extracting metalliferous minerals in the city, town or village, or \$75,000, whichever is less.

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in Part ~~3. To the incorporated municipality with a population of more than 1,000 persons as last determined under s. 16.96, which is in the closest geographical proximity to the actual site of extraction and which is either in or adjacent to a county in which metalliferous minerals are extracted, 10% of the tax collected under ss. 70.38 to 70.39 from persons extracting metalliferous minerals in the county or \$25,000, whichever is less.~~

(e) If the appropriations under s. 20.566 (2) (c) and (q) in any one year are insufficient to pay the full amount under par. (d), payments shall be prorated among the counties and municipalities entitled thereto.

(f) A school district may apply to the board for payments from the fund in an amount equal to the school district's nonshared costs. If the board finds that the school district has incurred costs attributable to enrollment resulting from the development and operation of metalliferous mineral mining and if the board and the school board of the school district reach an agreement on a payment schedule, the board shall certify to the department of administration for payment to the school district an amount equal to all or part of the nonshared costs of the school district in the year in which the initial agreement was reached. The board and the school district may, by mutual consent, modify the provisions of the agreement at any time. The payment shall be considered a nondeductible receipt for the purposes of s. 121.07 (6). In this paragraph, "nonshared costs" means the amount of the school district's principal and interest payments on long-term indebtedness and annual capital outlay for the current school year, which is not shared under s. 121.07 (6) (a) or other nonshared costs and

which is attributable to enrollment increases resulting from the development of metalliferous mineral mining operations.

(g) The board may distribute the revenues received under sub. (1) (b) or proceeds thereof in accordance with par. (h) for the following purposes, as the board determines necessary:

1. Protective services, such as police and fire services associated with the construction and operation of the mining facility.

2. Highways, as defined in s. 990.01 (12), repaired or constructed as a consequence of the construction and operation of the mining facility.

3. Studies and projects for local development.

4. Monitoring the effects of the mining operation on the environment.

5. Extraordinary community facilities and services provided as a result of mining activity.

6. Legal counsel and technical consultants to represent and assist municipalities appearing before state agencies on matters relating to metalliferous mineral mining.

7. Other expenses associated with the construction and operation of the mining facility.

8. The preparation of areawide community service plans for municipalities applying for funds under par. (h) which identify social, economic, educational and environmental impacts associated with mining and set forth a plan for minimizing the impacts.

9. Provision of educational services in a school district ~~or in a vocational, technical and adult education district.~~ Vetoed
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10. Expenses attributable to a permanent or temporary closing of a mine including the cost of providing retraining and other educational programs designed to assist displaced workers in finding new employment opportunities and the cost of operating any job placement referral programs connected with the curtailment of mining operations in any area of this state.

(h) Distribution under par. (g) shall be as follows:

1. Distribution shall first be made to those municipalities in which metalliferous minerals are extracted or were extracted within 3 years previous to December 31 of the current year, or in which a permit has been issued under s. 144.85 to commence mining;

2. Distribution shall next be made to those municipalities adjacent to municipalities in which metalliferous minerals are extracted or were extracted more than 3 years, but less than 7 years previous to December 31 of the current year;

3. Distribution shall next be made to those municipalities which are not adjacent to municipalities in which metalliferous minerals are extracted and in which metalliferous minerals are not extracted.

(3) FEDERAL REVENUE DISTRIBUTION. The investment and local impact fund board shall distribute federal mining revenue received by the state from the sales, bonuses, royalties and rentals of federal public lands located within the state. The distribution of such federal revenues by the board shall give priority to those municipalities socially or economically impacted by mining on such federal lands and shall be used for planning, construction and maintenance of public facilities or provision of public services.

(4) SPECIAL SCHOOL DISTRICT DISTRIBUTION. Within 15 days after transfer of the amount of net proceeds tax revenues collected under sub. (1) (b), the department of

administration shall distribute from the fund, upon certification of the board, to school districts which received a payment under s. 70.97 (1) (d), 1975 stats., in 1976:

- (a) \$50,000 for the 1977-78 school year.
- (b) \$40,000 for the 1978-79 school year.
- (c) \$30,000 for the 1979-80 school year.
- (d) \$20,000 for the 1980-81 school year.
- (e) \$10,000 for the 1981-82 school year.

SECTION 11. 70.87 to 70.98 of the statutes are repealed.

SECTION 12. 70.995 (1) (a) and (5) of the statutes are amended to read:

70.995 (1) (a) In this section "manufacturing property" includes all lands, buildings, structures and other real property used or, if vacant, designed for use in manufacturing, assembling, processing, fabricating, making or milling tangible personal property for profit. Manufacturing property also includes warehouses, storage facilities and office structures when the predominant use of ~~such the~~ warehouses, storage facilities or offices is in support of the manufacturing property, and all personal property owned or used by any person engaged in this state in any of the activities mentioned, and used in ~~such the~~ activity, including raw materials, supplies, machinery, equipment, work in process and finished inventory when located at the site of ~~such the~~ activity. Establishments engaged in assembling component parts of manufactured products are considered manufacturing establishments if the new product is neither a structure nor other fixed improvement. Materials processed by a manufacturing establishment include products of agriculture, forestry, fishing, mining and quarrying. For the purposes of this section, establishments ~~engaged which engage in the production of copper-bearing ores and copper concentrates~~ mining metalliferous minerals are considered manufacturing establishments.

(5) Commencing January 1, 1974, and annually thereafter, the department of revenue shall assess all property of manufacturing establishments included under subs. (1) and (2) as of the close of May 1 of each year. In assessing lands from which metalliferous minerals are being extracted and valued for purposes of the tax ~~on copper production~~ under s. ~~70.87~~ 70.375, the value of the metalliferous mineral content of such lands shall be excluded. ~~The taxes imposed by s. 70.87 shall be in lieu of such exclusion.~~

SECTION 13. 70.995 (1) (d) 15 of the statutes is repealed.

SECTION 14. 71.046 (1) (intro.) of the statutes is amended to read:

71.046 (1) (intro.) ~~Beginning with the calendar year 1947 or corresponding fiscal year, in addition to other deductions allowed by s. 71.04~~ In lieu of depletion based on cost, there shall be allowed mines, which have a gross income from sales of ore or ore products in calendar year 1976 or the corresponding fiscal year of at least \$100,000, and which are owned by corporations producing ores of lead, zinc, copper or other metals except iron, but including sulphur and iron resulting from the processing of lead, zinc, copper or other metals except iron, or mills finishing the products of such mines for the smelter, or smelters located in Wisconsin processing the products of ~~such the~~ lead, zinc, copper or other metal mines, except iron mines, or mills the following allowance for depletion:

SECTION 15. 71.046 (1m) of the statutes is created to read:

71.046 (1m) For taxes paid for calendar year 1977 or the corresponding fiscal year, a depletion allowance shall be allowed as a deduction which is 90% of the amount computed under sub. (1). The percent of the amount computed under sub. (1) which shall be allowed as a deduction shall be reduced 10 percentage points each year for the

9 succeeding years after calendar year 1977 or the corresponding fiscal year until the amount deducted shall be zero.

SECTION 16. 71.046 (2) of the statutes is amended to read:

71.046 (2) In no case shall the depletion allowance provided in ~~subsection sub.~~ (1) ~~for taxes paid for calendar year 1977 or the corresponding fiscal year be in excess of 50 per cent~~ 45% of net income as computed under this chapter without the benefit of the depletion allowance provided by this section. The maximum percentage of net income allowed as a depletion allowance under this section shall be reduced 5 percentage points each year for the 9 succeeding years after calendar year 1977 or the corresponding fiscal year until the maximum percentage of net income allowed as a deduction shall be zero.

SECTION 17. 71.047 (1) and (2) (a) of the statutes are amended to read:

71.047 (1) (a) Corporations ~~engaged in having a gross income of at least \$100,000 in calendar year 1976 or the corresponding fiscal year from the mining of low-grade iron ore in this state shall be allowed~~ may deduct, in lieu of depletion based upon cost of such ore, percentage depletion in the amount of 15% of the gross income from mining of such low-grade iron ore after first deducting from such gross income all sums paid for rents or royalties, ~~but such.~~ For taxes paid for calendar year 1977 or the corresponding fiscal year, a depletion allowance shall be allowed as a deduction which is 90% of the amount of depletion allowance for 1976. The amount computed under this paragraph which shall be allowed as a deduction shall be reduced 10 percentage points each year for the 9 succeeding years after calendar 1977 or the corresponding fiscal year until the amount deducted shall be zero.

(b) For taxes paid for calendar year 1977 or the corresponding fiscal year, the allowance provided in par. (a) shall not exceed 50% 45% of the taxpayer's taxable income from such mining computed under this chapter without the allowance for depletion provided by this section. ~~In no event shall such allowance for depletion be less than the amount allowable under s. 71.04.~~ The maximum percentage of net income allowed as a depletion allowance under this paragraph shall be reduced 5 percentage points each year for the 9 succeeding years after calendar year 1977 or the corresponding fiscal year until the maximum percentage of net income allowed as a deduction shall be zero.

(2) (a) "Low-grade iron ore" means such ore as defined in s. 70.93 (1), 1975 stats.

SECTION 18. 71.046 and 71.047 of the statutes are repealed.

SECTION 19. **Initial appointments, investment and local impact fund board.** The municipal, county and school board members of the investment and local impact board, created by this act, shall serve initial appointments, as follows: The county official member and one public member shall be appointed for 4-year terms, one municipal official member shall be appointed for a 3-year term, one municipal official member and one public member shall be appointed for 2-year terms and the school board member shall be appointed for a one-year term.

SECTION 20. **Smelting study.** The legislative council mining committee shall study the environmental and economic effects of smelting of metallic minerals in this state. The committee shall report its findings and recommendations to the 1979 legislature.

SECTION 21. **1977 mining taxes.** For computing the net proceeds tax on persons extracting metalliferous minerals in this state in 1977, only the net proceeds for the years after 1976 shall be included in the computation of the net proceeds tax under the act. The net proceeds tax shall be paid on all net proceeds for the 1977 calendar year. No tax shall be paid for 1977 under section 70.91 of the statutes, as repealed by the act.

SECTION 22. Program responsibilities. In the list of program responsibilities specified for the department of administration in section 15.101 (intro.) of the statutes, delete reference to section "70.97" and insert reference to sections "70.39 (4)" and "70.395".

SECTION 23. Cross reference changes. In the sections of the statutes listed in Column A, the cross references shown in Column B are changed to the cross references shown in Column C:

A	B	C
Statute Sections	Old Cross References	New Cross References
15.101 (1)	70.94 (3)(a)	70.38 (4)(a)

SECTION 24. Effective date. (1) Except as provided in subsection (2), this act takes effect on July 1, 1977, or the day after publication, whichever is later.

(2) The repeal of sections 71.046 and 71.047 of the statutes by this act takes effect January 1, 1988.
