

Taconite Economic Development Fund

Fund Overview

The Taconite Economic Development Fund (TEDF) supports the local mining industry, which comprises over 30% of the regional economy. Each iron ore producer is eligible for a tax rebate of 25.1 cents per ton (CPT) of iron concentrate produced annually, provided total industry production is at least 30 million tons. The producer must match the tax rebate dollar for dollar.

The Taconite Production Tax, paid by each mining company in lieu of property taxes, is based on the annual amount of tonnage plus chips and fines produced by each company. The TEDF funds operating or capital improvement projects that meet these goals. TEDF is legislatively mandated, per Minnesota Statutes Section 298.227.

Contact Information

Jason Janisch, Jason.Janisch@state.mn.us, 218-735-3057.

Funding Availability

The maximum tax rebate each company is eligible to receive is equal to 25.1 CPT based on each producer's 2025 taxable taconite production tonnage as determined by the Minnesota Department of Revenue.

Eligibility

Eligible Applicants

Minnesota iron ore producers qualify under Minnesota Statutes Sections 298.227 and 298.28, subdivision 9a.

Eligible Projects

Research and development on new mining, taconite, iron or steel production technology and other forms of innovation. Acquisition of stationary plant mining equipment and facilities. Workforce development and associated facility improvements.

Producer Requirements

- Producer must meet the statutory requirements as outlined in Minnesota Statutes Section 298.227.
- Producer must pay both installments (February and August) of their production tax.

- Producer must match the rebate 1:1.
- Producer must form a TEDF committee to review and recommend projects. This committee must consist of an equal number of salaried and non-salaried production and maintenance employees.
- After completing the TEDF committee approval process, approved projects should be sent to the agency accompanied by the TEDF application and additional documents.
- Proposed projects will be reviewed by staff and presented at the next scheduled Iron Range Resources & Rehabilitation (IRRR) Advisory Board meeting. If a proposed project is not approved by the commissioner, after consultation with the advisory board, the funds must be distributed as per statute below.
- If a producer does not have a board-approved project within 12 months, funds are distributed as per the statute below.

Application Submission

Application Process and Review

- Applications are provided in the FLUXX grants portal for applicants to access once projects are approved by the TEDF committee.
- The applicant completes the application and uploads the required documents stated in the Application Checklist.
- Applicant submits application.
- The application is reviewed by the fund administrator and eligible applications are presented at the next scheduled agency advisory board meeting for approval.

Application Checklist

- Project narrative.
- Annual financial report.
- Resolution authorizing applicant to apply for and accept funds.

Fields to be Completed within the FLUXX System

All Applicants

- Project budget detail, to include match and/or other project funds.
- Project timeline/milestones.
- Select environmental impacts, if applicable.
- Select diversity, equity and inclusion impacts, if applicable.
- Conflict of interest disclosure.

Applicants Requesting \$50K or More

Certification requirement that no current principals have been convicted of a felony financial crime in the last ten years.

Fund Outcomes

The program outcomes will result in strengthening the local mining industry.

Accountability and Reporting

- Spending for project expenses within the agency's service area is encouraged.
- A progress report is required within 12 months and annually thereafter.
- A final progress report is required before final payment.
- Minnesota Statutes Section 16B.97 and Policy 08-10 Grant Monitoring https://mn.gov/admin/assets/grants_policy_08-10_tcm36-207117.pdf require the following:
 - One monitoring visit/report during the grant period on all grants of \$50,000 and higher.
 - Annual monitoring visits/reports during the grant period on all grants of \$250,000 and higher.
 - Conducting a financial reconciliation of the grantee's expenditures at least once during the grant period on grants of \$50,000 and higher.
- A close-out acknowledgment form may be required if there is a balance remaining.

Minnesota Statutes Section 298.227: Taconite Economic Development Fund

An amount equal to that distributed pursuant to each taconite producer's taxable production and qualifying sales under Minnesota Statutes Section 298.28, subdivision 9a shall be held by the commissioner of Iron Range Resources & Rehabilitation in a separate taconite economic development fund for each taconite and direct reduced ore producer. Money from the fund for each producer shall be released by the commissioner after review by a joint committee consisting of an equal number of representatives of the salaried employees and the non-salaried production and maintenance employees of that producer. The District 11 director of the United States Steelworkers of America, on the advice of each local employee president, shall select the employee members. In nonorganized operations, the employee committee shall be elected by the non-salaried production and maintenance employees. The review must be completed no later than six months after the producer presents a proposal for expenditure of the funds to the committee. The funds held pursuant to this section may be released only for workforce development, concurrent reclamation, plant and stationary mining equipment, facilities for the producer, or research and development in Minnesota on new mining, taconite, iron, or steel production technology, but only if the producer provides a matching expenditure equal to the amount of the distribution to be used for the same purpose. If a proposed expenditure is not approved by the commissioner, after consultation with the advisory board, the funds must be deposited in the taconite environmental protection fund under Minnesota Statutes Sections 298.222 to 298.225. If a taconite production facility is sold after operations at the facility have ceased, any money remaining in the fund for the former producer may be released to the purchaser of the facility on the terms otherwise applicable to the former producer under this section. If a producer fails to provide matching funds for proposed expenditure within six months after the commissioner approves the release of the funds, the funds may be released by the commissioner for deposit in the Taconite Area Environmental Protection Fund created in section 298.223. Any portion of the fund that is not released by the commissioner within one year of its deposit in the fund shall be distributed to the Taconite Environmental Protection Fund.

Accessibility Inquiries or Accommodation Requests

Contact: Jordan Metsa, Jordan.Metsa@state.mn.us or 218-735-3061.