The Marquette County Board of Commissioners met in Special Session on Tuesday, November 9, 1993 at 5:30 p.m. in Room 231 of the Henry A. Skewis Annex, Marquette, Michigan.


A Salute to the Flag was given, followed by the Pledge of Allegiance.

Chairperson Corkin opened the meeting for public comment. None was forthcoming.

It was moved by Comm. Seppanen, seconded by Comm. Arsenault, and unanimously carried that the agenda be approved as presented.

Informational Items

It was moved by Comm. Arsenault, seconded by Comm. Braumse, and unanimously carried on a roll call vote that a resolution from Arenac County calling for all funds collected under House Bill 4873 (PA 189) be held in escrow rather than forwarded to the State Court Fund.

Action Items

The County Board considered House Bill 5097, legislation to amend the Specific Ore Tax was introduced by Representatives Profit, Palamara, Shugars, Griffin, O’Neill, and Gagliardi at the urging of Cleveland Cliff’s Iron Company. This bill would reduce the tax burden on Michigan low grade iron mining companies by approximately 27%. Funds generated by specific taxes are presently distributed to school districts and local units of government in the same proportion as ad valorem property taxes. Marquette County has a substantial interest in this revenue source since about 11% ($950,000) of its budget is obtained from specific tax revenues. Specific ore taxes generate about $5.6 million in local revenue.

Marquette County Treasurer Jim Sodergren was present to explain that HB 5097 would lower specific taxes from 40 cents to 29 cents a ton, or about $4 million. In Minnesota, the mining companies pay $2.49 a ton, or about $96 million in specific ore taxes. If CCI was paying an equivalent rate of taxation in Michigan, it would amount to $27 million a year.

Mr. Sodergren explained that the legislation was introduced on October 12th without any notification from CCI or our representatives. The Michigan Association of County Treasurers has a lobbyist in Lansing who contacted Mr. Sodergren about the bill. He then responded with a letter to the Representatives on the House Taxation Committee on October 26th. He believes that House Bill 5097, which calls for the further reduction of the mining companies tax liability ought to be opposed. This bill, however, provides a window of opportunity for the County Board to propose some amendments to the specific ore tax legislation. Marquette County has tried for several years to amend the specific ore tax and make the law clear. Approximately $172,000 in litigation costs have been spent by local units because the present law is unclear. It’s ironic that CCI seems to have no problem in getting a bill introduced to reduce their taxes. Mr. Sodergren strongly recommended that the County Board get involved and provide the necessary funds to lobby with legislators in Lansing. He recommends that the specific taxes on iron ore should be comparable to taxes in Minnesota or else eliminate the specific tax and place the iron mining industry back on ad valorem taxes.

Ken Tuominen, Ely Township Supervisor, representing the Marquette County Township Association, contended that they are opposed House Bill 5097 and are working through the Michigan Townships Association. In the period 1981 through 1992, local property taxes have increased by 133%, but the specific ore taxes have remained level. When compared to inflation,
they have actually gone down.

Dennis Aloia, County Administrator, pointed out that the Michigan Legislature is looking for responses from Counties on all taxation issues. As you know, SEI has proposed many sweeping changes in the tax system in the state of Michigan. New legislation will have a substantial impact on County government affecting counties in many ways, including the swamp tax, the commercial forest tax, general revenue sharing, and specific ore tax.

Marquette County, along with other counties in Michigan, is invited to be part of a county task force organized by the Michigan Association of Counties to review issues and make recommendations to the legislature. Although it is difficult for Marquette County to participate in these state forums because of distance and cost, Administrator Aloia thought it to be important, especially with the specific ore tax issue, that Marquette County become involved. Administrator Aloia has reviewed the HB 5097, proposed by CCI, with County Treasurer Jim Sodergren, Civil Counsel, Dave Payant, and Finance Manager, Gary Yoder.

Administrator Aloia distributed a copy of a letter from Richard Reed, the County's attorney in the litigation on the specific ore tax currently pending with CCI. Mr. Reed's analysis of HB 5097 is that inequities still remain in the legislation. Mr. Reed is willing to work on the County's behalf to investigate alternative proposals to funding iron mining in Marquette County. Administrator Aloia has also discussed the matter with Don Wilson of the MAC staff, who will follow the bill through the taxation committee. Mr. Aloia recommends the County Board take action to begin active participation in the budget discussions and tax issues taking place in Lansing.

Civil Counsel Payant reviewed a draft proposal prepared by County staff to amend HB 5097. This proposal will be forwarded to the House Taxation Committee requesting five basic changes be made in HB 5097. 1) The specific tax be set at $1 per ton, and that 10 cents of $1 be set aside into a permanent interest bearing account, to be used for the reclamation of mined lands. 2) Eliminate the use of a "published" or "prevailing market" price which can be manipulated. 3) To stabilize revenues, the specific tax should be paid on a five-year production average, however, in any year where production is less than 50% of the rate of capacity of the mine, these figures will not be used in averaging the tax. 4) The specific tax should be tied to an inflationary rate as determined by the U.S. Department of Labor Bureau of Statistics. This will allow the tax to gradually increase without the need for amendments to the statute. 5) A change was also made so that idle mines are taxed under the specific tax and not under the ad valorem property rolls.

Civil Counsel Payant contended that the proposed amendments will insure that our mining companies pay local property taxes consistent with other mines in the Great Lakes Region. It will still mean that mining companies have a substantial tax break compared to other industries, but will also insure, for the first time, that mines pay a fair share of taxes that generate predictable revenues for local units of government.

Commissioners agreed that Marquette County must make its presence felt and do its homework on taxation issues. We may have to spend $50,000 now to save $1 million over the next 10 years. The Board consensus was to do what is necessary to stabilize the specific tax, get reclamation dollars, get rid of the published price. Also, if efforts to amend HB 5097 aren't successful, then the County Board should make an effort to place the mines back on the ad valorem tax roll.

It was moved by Comm. Seppanen, seconded by Comm. Braamse, and unanimously carried on a roll call vote that the Marquette County Board of Administration oppose House Bill 5097, introduced on October 12th with the urging of Cleveland Cliff's Iron Company, and presently in consideration by the House Taxation Committee.

It was moved by Comm. Seppanen, seconded by Comm. Potvin, and unanimously carried on a roll call vote that the County Board approve the legislative proposal drafted by staff (Civil Counsel Dave Payant, Administrator Dennis Aloia, Treasurer Jim Sodergren, Finance Manager, Gary Yoder) and if efforts to amend HB 5097 aren't successful, the County Board use as a
back-up position, the placing of the mines on the ad valorem tax rolls.

The County Board considered a recommendation from County Administrator Dennis Aloia for a travel budget to lobby on taxation issues. Administrator Aloia urged the County Board take action to begin active participation in budget discussions taking place in Lansing. He recommended that Marquette County hire Attorney Richard Reed to represent us in investigating alternative legislation that might be considered for mining taxation. Administrator Aloia recommends the County Board seriously consider appropriating money out of the uncommitted tax delinquent fund, to be held in a special account, to be utilized by the County Board and Staff as necessary, to achieve its lobbying goals and protect the County's interest. Administrator Aloia proposed that the County Board fund the taxation issue and travel as follows:

Specific ore legislation:
Hire Attorney Richard Reed  
$165 per hour × 40 hours  
$6,600

Approve Travel:
2 to 3 people from the County to testify,  
up to 3 to 4 trips $500 per person  
6,000

Taxation Issues:
2 trips per month, for 6 months  
$500 each  
6,000

Total Cost  
$18,600

Administrator Aloia further recommends that the County ask the Michigan Association of Counties and the Michigan Township Association to monitor the specific ore tax legislation on their behalf, so that we have someone in the capital on a daily basis to watch the legislation.

Gary Johnson, Republic Township Supervisor, explained that the Republic Township Board voted at that evening to help Marquette County with expenses for lobbying efforts to support the proposed amendments to the specific ore tax. A good portion of evidence that shows many deficiencies and loopholes in the present specific ore tax law has already been provided to Richard Reed.

It was moved by Comm. Seppanen, seconded by Comm. Angeli, and unanimously carried on a roll call vote that the County Board approve the Administrator's recommendations and establish a special fund to be used for monitoring/lobby/travel regarding state budget discussions and taxation issues taking place in Lansing, budget amendment as follows:

RESOLUTION AMENDING GENERAL FUND BUDGET
Fiscal year 1993 Amendment No. 46

WHEREAS, budgets were adopted by the County Board on October 13, 1992 to govern the receipts and expenditures of the various County funds for the next fiscal year of the County; and

WHEREAS, as a result of unanticipated changes in revenues and/or needed expenditures, it is necessary to modify the aforesaid budget; and

WHEREAS, such modification will still maintain a balanced budget between revenues and expenditures as required by P.A. 621 of 1978.

NOW THEREFORE, BE IT RESOLVED that the aforesaid budget be modified as follows:

<table>
<thead>
<tr>
<th>Expense Budget Account</th>
<th>Previous Amount</th>
<th>Amended Amount</th>
<th>Change (+/-)</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Fund</td>
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<tr>
<td>Board of Commissioners</td>
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<td>Professional/Contractual Service</td>
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<td>Travel-Specific Tax</td>
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<td>Travel-Taxation Issues</td>
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<td>Total Expenditure Changes</td>
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<td>18,600.00</td>
<td>18,600.00</td>
</tr>
</tbody>
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BOARD OF COMMISSIONERS          COUNTY OF MARQUETTE          November 9, 1993

Revenue Budget Account

General Fund
Previous  Amended  Change

Prior to consideration of the above, a breakdown of the
Board of Commissioners
Transfer-D.T.R.F.  268,154.00  286,754.00  18,600.00
Total Revenue Changes  268,154.00  286,754.00  18,600.00

Motion was made by Comm. Seppanen, Seconded by Comm. Angeli, to adopt
the foregoing resolution. Upon roll call vote, the following vote was
recorded:

Aye  Nay
L. Angeli    X  ___
P. Arsenault  X  ___
C. Bergdahl  X  ___
P. Braamse    X  ___
G. Corkin    X  ___

N. Joseph   X  ___
J. Minelli   X  ___
D. Potvin    X  ___
G. Seppanen  X  ___
C. Trudell   X  ___

The Chairperson declared the motion carried and the resolution duly
adopted this 9th day of November, 1993.

It was moved by Comm. Joseph, seconded by Comm. Potvin, and unanimously
carried on a roll call vote that the Marquette County Board of Commissioners
send a letter to our Upper Peninsula Legislators, expressing our dissatis-
faction with their service, specifically not notifying us of legislation
introduced (HB 5097) which will have a tremendous effect only on the Upper
Peninsula and Marquette County, and further that our Upper Peninsula
Representatives explain to the Marquette County Board their position on HB
5097.

Chairperson Corkin opened the meeting for public comment. Jim Soder-
gren, County Treasurer, declared himself very happy with the discussion and
direction taken by the County Board this evening. He will continue to
dedicate his best efforts to these issues, as will Administrator Aloja and
Civil Counsel Payant.

Chairperson Corkin, on behalf of the County Board, thanked Treasurer
Sodergren for working on the specific ore tax issue for the last 15 years.
The intent here is not to hurt CCI, but to get tax fairness.

Gary Johnson, Republican Township Supervisor, expressed pleasure in that
the County Board is going to fund a lobbying effort specific ore tax and
other taxation issues. He requested that the County Board please let
Republican Township Board know how they can help.

Chairperson Corkin added that volunteers will be needed to travel to
Lansing on a number of occasions to lobby on the tax issues. Commissioners
Arsenault, Seppanen, and Potvin have volunteered their efforts and if others
are interested, please let him know.

There being no further business, the meeting was adjourned.

Respectfully submitted,

David J. Roberts
Marquette County Clerk
MARQUETTE COUNTY BOARD OF COMMISSIONERS  
SPECIAL MEETING  
Tuesday, November 9, 1993 at 5:30 p.m.  
Room 231, Henry A. Skewis Annex, Marquette, Michigan 49855

1. ROLL CALL.  
2. SALUTE TO THE FLAG AND PLEDGE OF ALLEGIANCE.  
3. NO MINUTES TO APPROVE  
4. PROCLAMATIONS, PRESENTATIONS AND AWARDS.  
5. PUBLIC COMMENT. (time limit 20 minutes total)  
6. APPROVAL OF THE AGENDA.  
7. PUBLIC HEARINGS.  
8. PRIVILEGED COMMENT:  
9. INFORMATIONAL ITEMS:  
   a. A resolution from Arenac County to hold all funds collected under  
      HB 4873 (PA 189) earmarked for the State Court Fund.  
10. ACTION ITEMS:  
    a. Specific Ore Tax Legislation (HB 5097)  
    b. Consideration of a travel budget for taxation issues (materials  
       forthcoming)  
11. LATE ADDITIONS:  
12. PUBLIC COMMENT. (time limit 20 minutes total)  
13. COMMISSIONERS COMMENTS AND ANNOUNCEMENTS.  
14. ADJOURNMENT.