

## Superintendent Report

### 1. Legislative Session

#### **Compensatory revenue:**

- Appropriates \$10 million in FY27 and \$1 million in FY28.
- Revenue for each district equals at least 65.9971% of the revenue calculated at the site in FY26, after adjustment for any decline in total enrollment between October 1, 2024, and October 1, 2025.
- Authorizes a school district to allocate up to 40 percent of its FY28 compensatory revenue to school sites according to a plan adopted by the school board.
- Greenway FY 26 \$ 1,510,324
- FY 27 \$ 1,082,765
- **Approved FY 27 \$ 1,151,010 Net Loss (359,314)**

**Operating capital revenue:** Authorizes a school district to use operating capital revenue to pay utility service costs.

**Seasonal tax base replacement aid:** Establishes an ongoing school district seasonal tax base replacement aid program that reduces voter-approved operating referendum levies by up to 50% in districts with a certain amount of class 4c(12) seasonal recreational market value. Effective for taxes payable in 2027 and later. Must have minimum of 15% seasonal rec tax base Greenway is est to be 9% seasonal rec property.

#### **Constitutional Amendment on Permanent School Fund Distribution Final Passage**

The House and Senate took final action this week on the [legislation](#) proposing a constitutional amendment regarding the distribution of the Permanent School Fund. Bills proposing constitutional amendments do not require the governor's signature, so this question will now appear on the November ballot.

#### **Minerals Article**

One of the most significant policy developments for northeastern Minnesota to pass this session was the 2026 Minerals Article. Generally, there is a minerals article in the annual tax bill that addresses Minnesota's complicated taxation of minerals and the distribution of its proceeds.

This legislative effort was a bipartisan update by the united Iron Range Delegation to Minnesota's taconite production tax system in anticipation of the expected startup of

Mesabi Metallics in 2026 or 2027. Mesabi Metallics is the state's newest taconite plant, and the first one constructed in over 50 years. At its core, the proposal restructures how future production tax revenues from this new facility will be distributed across the Iron Range, ensuring that local communities directly benefit from this once-in-a-generation economic development opportunity.

As a reminder, Minnesota's taconite production tax is an "in-lieu-of" property tax system. Rather than traditional property taxes, mining operations contribute through a production-based formula, with revenues distributed to support schools, local governments, infrastructure, environmental programs, and regional economic development. The Minerals Article updates that formula to better reflect today's economic realities and the scale of modern mining operations. There is no tax increase proposed in this article.

Because Mesabi Metallics represents the first new taconite production facility, as we noted, in Minnesota in roughly fifty years, policymakers are using this moment to modernize distribution formulas and ensure that the benefits of this new production are shared broadly across the region, particularly for communities that have faced decades of stagnant or outdated funding levels. For local aids from taconite revenue, most are not subject to inflation and have been leveled for decades. Inflation has made a major dent in this structure.

In addition to updating formulas, the bill includes important transitional provisions to provide certainty during the early years of production, when output levels may fluctuate.

### **Major Benefits for School Districts**

The proposal delivers significant increases in several key education-related funding streams tied to taconite production:

- School districts receiving funding through the Taconite Railroad Aid Account would see distributions increase by approximately 20.9 percent. This includes districts such as Cook County, Lake Superior, St. Louis County, and Mesabi East.
- Just as importantly, school building maintenance funding would double, from 4 cents per taxable ton to 8 cents per taxable ton. This represents a meaningful investment in addressing deferred maintenance needs that have built up over

many years. Districts benefiting from this increase include Greenway, Nashwauk-Keewatin, Lake Superior, Chisholm, Hibbing, Mountain Iron-Buhl, St. Louis County, Mesabi East, and Rock Ridge.

- The Taconite Referendum Fund would also see a substantial increase, adding 4.57 cents per ton, an increase of approximately 133 percent for certain school districts which were eligible for the Taconite School Fund. This provides additional flexible revenue for a wide range of educational needs across the same core group of nine Iron Range districts.
- In addition, the bill provides targeted annual allocations of \$150,000 to Ely and Grand Rapids school districts, and \$100,000 annually to Ely and Chisholm schools under separate provisions, ensuring smaller districts also see meaningful benefit. These amounts to schools and allocations to the cities of Cook, Orr, Two Harbors, and Winton are guaranteed for two years once Mesabi Metallics starts production.

Taken together, these provisions represent one of the most significant school funding enhancements tied to mining in recent memory, directly addressing long-standing facility and operational needs. The article also provides funding for the school account and dedicates it to renovation of the Greenway Public Schools, where the new taconite plant is located, which we detail below.

### **Greenway Provision and Long-Term Investment**

A notable provision within the bill dedicates 20 cents per ton of Mesabi Metallics production through 2050 to the Iron Range Schools and Community Development Account. These funds are initially targeted toward projects within the Greenway School District, subject to local referendum approval and review by Iron Range Resources & Rehabilitation (IRRR).

This creates a long-term, stable investment stream tied directly to new production, with the potential to support transformative community and educational projects. The Greenway School District, along with Nashwauk-Keewatin, are the home districts of Mesabi Metallics.

Committee Meetings or Representative Meetings

Finance: June 3 5:00 pm District Office ( Storlie and Cogswell )

Infinity Online Governing Board June 3 3 pm Online ( Johnson )