

Aggregate Tax

Counties may impose aggregate taxes

Minnesota law authorizes counties to impose taxes on aggregate mined in the county. These taxes are often referred to as “gravel taxes.” By law, the proceeds of the taxes (net of collection costs) are used for transportation infrastructure and restoration of the mine sites.

Aggregate material includes a number of nonmetallic substances

For purposes of taxation, aggregate material is defined as a number of nonmetallic substances that include silica sand, gravel, limestone, and granite. Taconite tailings and some other material removed from taconite mines are also included in this category. This material must be measured or weighed after it has been extracted to determine the appropriate tax.

Thirty-five counties and one town impose aggregate taxes

According to Department of Revenue data, 35 counties collected the tax in 2017. The map on the next page shows the counties. Special laws also authorize a few towns in St. Louis and Ottertail counties to impose aggregate taxes, as long as the county does not impose the tax. Only Solway Township in St. Louis County collected tax under this authority in 2017.

The tax rate is 21.5 cents per cubic yard

State law sets the rate of the tax at 21.5 cents per cubic yard or 15 cents per ton; counties do not have discretion to set a lower rate.

However, if the county borders two states and is not contiguous to a county imposing an aggregate tax, the law authorizes the county to impose a rate of 10 cents per cubic yard or 7 cents per cubic ton. This limit expires on December 31, 2024, and currently applies to Rock County.

A county board may exempt an operator that removed less than 20,000 tons, or 14,000 cubic yards, in the previous year.

The tax is imposed on the amount of aggregate excavated

The aggregate tax is imposed when the material is taken from the extraction site or sold, whichever occurs first. If the aggregate is stored in a stockpile without being transferred on a public road, the tax is imposed either when the aggregate is sold, when transported from the stockpile site, or when it is used from the stockpile, whichever comes first.

The taxes are apportioned among counties

If aggregate material is transported outside the county via a waterway, railway, or any other means besides a public road, the tax is to be apportioned equally between the county where the material is extracted and the county where the material is imported. If the receiving county is not in Minnesota, the county where the material was extracted receives the full amount of the tax.

Other fees are prohibited

A county, city, or town that receives aggregate tax proceeds is prohibited from imposing any additional host community fees on aggregate production.

