SCAMBLER TOWNSHIP
OTTER TAIL COUNTY, MINNESOTA
Ordinance Number: 2026-01

SCAMBLER TOWNSHIP AGGREGATE PRODUCTION TAX

The Board of Supervisors of the Town of Scambler ordains:

Section 1. Legislative Findings. The Town Board of Scambler Township ("Town") hereby finds and determines as follows:

(a) Minnesota Statutes, section 298.75 ("Act") authorizes counties to impose an aggregate production tax.

(b) Pursuant to subdivision 11 the Act, if Otter Tail County does not impose an aggregate production tax, the Town is expressly authorized to impose its own aggregate materials tax under the statute until such time as the County imposes its own tax.

(c) The County has not imposed an aggregate production tax.

(d) The Town is therefore authorized under the Act to impose its own aggregate production tax within the boundaries of the Town.

(e) The Town is treated as a county for the purposes of applying the Act, except the Town is required to retain all proceeds of the tax to be used for the authorized purposes under the Act.

(f) The Town Board determines that imposing and administering an aggregate production tax is in the best interests of the Town to help offset the costs and effects associated with those operations, including increased wear on Town roads.

Section 2. Authority and Purpose. The Town Board adopts this ordinance, which shall be known as the "Scambler Township Aggregate Production Tax" (referred to herein as this "ordinance"), pursuant to its authority under the Act and such other laws as may apply. The purpose of this ordinance is to protect public health, safety, and general welfare to provide the Town with additional funding to account for the additional costs associated with aggregate material removal operations in the area. This ordinance is intended to comply with, and shall be interpreted consistently with, the provisions of the Act.

Section 3. Definitions. The following words and phrases, when used in this ordinance, unless the content clearly indicates otherwise, shall have the meanings given to them in this section. Any term not defined in this section shall have the meaning given the term in the Act, if defined therein.

(a) "Act" means the current enactment of Minnesota Statute, section 298.75.

(b) "Aggregate material" means:

(1) Nonmetallic natural mineral aggregate including, but not limited to sand, silica sand, gravel, crushed rock, limestone, granite, and borrow, but only if the borrow is transported on a public road, street, or highway, provided that nonmetallic aggregate material does not include dimension stone and dimension granite; and

(2) Taconite tailings, crushed rock, and architectural or dimension stone and dimension granite removed from a taconite mine or the site of a previously operated taconite mine.

(c) "County" means Otter Tail County, Minnesota.

(d) "Extraction site" means a pit, quarry, or deposit containing aggregate material and any contiguous property to the pit, quarry, or deposit which is used by the operator for stockpiling the aggregate material.

(e) "Importer" means any person who buys aggregate material produced from a county that does not impose an aggregate material removal production tax or another state and causes the aggregate material to be imported into a county in this state which imposes a tax on aggregate material.

(f) "Operator" means any person engaged in the business of removing aggregate from the surface or subsurface of the soil, for the purpose of sale, either directly or indirectly, through the use of the aggregate in a marketable product or service.

(g) "Ordinance" means this ordinance imposing an aggregate production tax within the Town.

(h) "Person" means any individual, firm, partnership, corporation, organization, trustee, association, or other entity.

(i) "Tax" means the aggregate production tax imposed by this ordinance.

(j) "Town" means Scambler Township, Otter Tail County, Minnesota.

(k) "Town Board" means the Town Board of Scambler Township and its authorized representatives.

(l) "Treasurer" means the Scambler Township Treasurer, or designee.

Section 4. <u>Imposition of Tax</u>.

(a) The Town hereby imposes upon every operator a production tax of 21.5 cents per cubic yard or of 15 cents per ton of aggregate material, excavated in the Town. The Town Board may, in its discretion, decide not to impose this tax if it determines that in the previous year operators removed less than 20,000 tons or 14,000 cubic yards of aggregate material from the Town.

(b) The tax shall not be imposed on aggregate material excavated in the Town until the aggregate material is transported from the extraction site or sold, whichever occurs first. When aggregate material is stored in a stockpile within the State of Minnesota and a public highway, road, or street is not used for transporting the aggregate material, the tax shall not be imposed until either when the aggregate material is sold, or when it is transported from stockpile site, or when it is used from the stockpile, whichever occurs first.

(c) There shall be a production tax of 21.5 cents per cubic yard or 15 cents per ton imposed for any aggregate material imported into the Town. The tax shall be imposed when the aggregate material is imported from the extraction site or sold. When imported aggregate material is stored in a stockpile within the state of Minnesota and a public highway, road or street is not used for transporting the aggregate material, the tax shall be imposed either: a) when the aggregate material is sold, when it is transported from the stockpile site, or b) when it is used form the stockpile, whichever occurs first.

(d) If the aggregate material is transported directly from the extraction site to a waterway, railway, or another mode of transportation other than a highway, road, or street, the tax imposed shall be proportioned equally between the Town where the aggregate material is extracted and the county to which the aggregate material is originally transported. If that destination is not located in Minnesota, then the Town where the aggregate material was extracted shall receive all of the proceeds of the tax.

Section 5. <u>Measuring and Reporting Requirements</u>.

(a) Aggregate material must be measured or weighed after it has been extracted from the pit, quarry, or deposit.

(b) By the 14th day following the last day of each calendar quarter every operator or importer shall make and file with the Treasurer a correct report under oath, in such form and containing such information as the Treasurer shall require, stating the quantity of aggregate material removed or imported during the preceding calendar quarter. The report shall be accompanied by a remittance of the amount of tax due.

(c) If any of the proceeds of the tax are to be apportioned, as in Section 4(d), the operator or importer shall also include in the report any relevant information concerning the amount of aggregate material transported, the tax and the county or town of destination. The Treasurer shall remit the tax to the appropriate county or town within 30 days.

(d) If the Treasurer has not received the report required by Section 5(b) by the 15th day after the last day of each calendar quarter from the operator or importer, or has received an erroneous report, the Treasurer shall estimate the amount of tax due and notify the operator or importer by registered mail of the amount of tax so estimated within the next 14 days. An operator or importer may, within 30 days from the date of mailing the notice, and upon payment of the amount of tax determined to be due, file with the Treasurer a written statement of objections to the amount of taxes determined to be due. The statement of objections shall be deemed to be a petition within the meaning of Chapter 278 and shall be governed by Sections 278.02 and 278.13. The Town shall coordinate the review and action with the County as may be required under law.

Section 6. Violations and Penalties.

(a) Failure to file the report and submit payment shall result in a penalty of $5 for each of the first 30 days, beginning on the 15th day after the last day of each calendar quarter, for which the report and payment is due and no statement of objection has been filed as provided in Section 5(d), and a penalty of $10 for each subsequent day shall be assessed against the operator or importer who is required to file the report. The penalties imposed shall be collected as part of the tax and credited to the county revenue fund. If neither the report nor a statement of objection has been filed after more than 60 days have elapsed from the date when the notice was sent, the operator or importer who is required to file the report is guilty of a misdemeanor.

(b) It is a misdemeanor for any operator or importer to remove aggregate from a pit, quarry, or deposit, or for any importer to import aggregate material unless all taxes due under this ordinance for all previous reporting periods have been paid or objections thereto have been properly filed.

(c) It is a misdemeanor for the operator or importer who is required to file a report to file a false report made with intent to evade the tax.

(d) The Treasurer or its duly authorized agent may examine records, including computer records, maintained by an importer or operator. The term "record" includes, but is not limited to, all accounts of an importer or operator. The Treasurer, or its duly authorized agent, must have access at all reasonable times to inspect and copy all business records related to an importer's or operator's collection, transportation, and disposal of aggregate material to the extent necessary to ensure that all aggregate material production taxes required to be paid have been remitted to the county. The records must be maintained by the importer or operator for no less than six (6) years.

(e) Any person who violates this ordinance shall be guilty of a misdemeanor and upon conviction thereof, punished by a fine not to exceed one thousand dollars ($1,000), or by imprisonment for a period not to exceed ninety (90) days, or both.

(f) The provisions of this section do not alter the consequences of a violation of state law.

Section 7. Distribution of Revenues.

(a) All money collected as taxes under this ordinance shall be deposited in the Town treasury and credited as follows:

(1) The Town may retain an annual administrative fee of up to five percent (5%) of the total taxes collected in any year.

(2) The balance of the taxes after deducting the annual administrative fee shall be credited as follows:

(i) Eighty five percent (85%) to the Town road and bridge fund for expenditure for the maintenance, construction, and reconstruction of roads and bridges; and

(ii) Fifteen percent (15%) to a special reserve fund, which is hereby established, for expenditure for the restoration of abandoned pits, quarries, or deposits located within the County. If there are no abandoned pits, quarries, or deposits located within the Town, this portion of the tax shall be used for any other unmet reclamation need or for conservation or other environmental needs.

Section 8. Severability. It is hereby declared to be the intention of the Town Board that this ordinance, and every provision thereof, shall be severable in accordance with the following:

(a) If any court of competent jurisdiction shall adjudge any provision of this ordinance to be invalid, such judgment shall not affect any other provisions of this ordinance not specifically included in said judgment.

(b) If any court of competent jurisdiction shall adjudge invalid the application of any provision of this ordinance to a particular pit, quarry, deposit, or operator or importer, such judgment shall not affect the application of said provision to any other pit, quarry, deposit, or operator or importer not specifically included in said judgment.

Section 9. Termination. The tax imposed by this ordinance shall terminate upon the effective date of an aggregate production tax imposed by the County. Operators shall remain responsible for paying the Town for the portion of the tax applicable to its operation up to the effective date of the County's tax.

Section 10. Effective Date. This ordinance shall be effective on the first day of publication after adoption.

Adopted this 20th day of May 2026.

BY THE TOWN BOARD

Nancy Hebert

Nancy Hebert, Chairperson

Attest: DeeNelle Stephenson

DeeNelle L. Stephenson, Clerk

DEENELLE L STEPHENSON
NOTARY PUBLIC - MINNESOTA
My Comm. Exp. Jan. 31, 2030