Minnesota Iron Range mineral and energy projects

Aside from a handful of iron ore projects, Minnesota’s Iron Range is buzzing with additional proposals for nonferrous mining projects, as well as new energy projects necessary to help meet the energy needs of the region and these mining projects:

1) Minnesota Steel Industries, LLC
   (part of Essar Steel Holdings Ltd. Group-proposed iron ore pellet, direct-reduced iron and steel slab mini mill)
   Location: West of Nashwauk
   Status: Environmental permitting complete
   Capital cost: $1.65 billion
   Estimated permanent employment: 700 in 2011
   Construction jobs: 2,000

2) Mesabi Nugget Delawars LLC
   (world’s first commercial iron nugget plant)
   Location: Hoyt Lakes
   Status: Under construction
   Capital cost: $235 million
   Estimated permanent employment: 200 in 2009
   Construction jobs: 500

3) Northshore Mining Co.
   (800,000-ton-per-year iron ore pellet expansion)
   Location: Silver Bay
   Status: Due to be operational the first week of April
   Project cost: $40 million
   Permanent jobs: 30
   Construction jobs: 100

4) KaoTec
   (3.6 million-ton iron ore pellet expansion)
   Location: Keweenaw
   Status: In permitting process
   Project cost: $44 million
   Permanent jobs: 20
   Construction jobs: 500

5) Taconite Ridge I Energy Center
   (25-megawatt wind farm at U.S. Steel Mesabi mine)
   Location: Cohasset
   Status: Under construction
   Estimated permanent employment: Two
   Construction jobs: 30 to 40

6) Baswell Energy Center Unit 3 environmental retrofit
   (to meet Mercury Emissions Reduction Act of 2006)
   Location: Colinaete
   Status: Retrofit under way
   Capital cost: $200 million
   Estimated permanent employment: None
   Construction jobs: 300

7) Laskin Energy Center
   (biomass energy production facility)
   Location: Hoyt Lakes
   Status: retrofit complete
   Capital cost: $84 million
   Estimated permanent employment: 75

8) Taconite Harbor Energy Center and
    Laskin Energy Center environmental retrofits
   Location: Taconite Harbor and Hoyt Lakes
   Status: Retrofit complete
   Capital cost: $40 million (combined)
   Estimated permanent employment: None
   Construction jobs: 75

9) Mesaba Energy
   (coal gasification electrical power generating station)
   Location: Temperance Township
   Status: In environmental permitting process
   Capital cost: $2 billion
   Estimated permanent employment: 107 in 2012
   Construction jobs: 1,500 at peak

10) Laurentian Energy Authority
    (municipal wood-biomass electrical production)
    Location: public utilities in Hibbing and Virginia
    Status: Operational
    Capital cost: $82 million
    Estimated permanent jobs: 5 to 6
    Construction jobs: 155 in Hibbing at peak construction; 135 in Virginia at peak construction

11) Francoeur Minerals Corp.
    (proposed copper, nickel and precious metals underground mine)
    Location: Babbitt
    Status: Exploratory drilling under way, permitting process yet to be completed
    Project cost: $64 million
    Permanent jobs: 550 in 2010
    Construction jobs: 400

12) Duluth Mixture Energy
    (proposed underground copper, nickel and precious-metals mine)
    Location: Ely
    Status: Exploratory drilling under way, permitting process yet to be completed
    Project cost: $800 million
    Permanent jobs: 500
    Construction jobs: 800

13) PolyMet Mining Corp.
    (proposed copper, nickel and precious-metals open pit mine and processing facility)
    Location: Babbitt
    Status: Draft environmental impact statement from Minnesota DNR due before end of second quarter
    Capital cost: $380 million
    Estimated permanent employment: 400
    Construction jobs: 250 per year for two years

Source: Iron Range Resources

More salt for a struggling economy

Faced with a sloping economy, the state of Minnesota is now facing the public sector equivalent: a $935 million budget deficit. In February of last year, the state was looking at a $1 billion surplus.

Tax revenues are projected to inch up just $300 million (about 1 percent) over the 2006-07 biennium thanks to ample evidence of a slow economy.

Along with a downtrodden housing market, the secretary of state’s office reported that new business registrations were down 2 percent last year, the first decline in nine years. Loan default filings in 2007 rose two-thirds over the previous year.

But a little-noticed wrinkle in the deficit problem comes from the spending side, which is forecast to jump more than $3 billion (about 10 percent) over the last biennium. As of late March, Gov. Tim Pawlenty had proposed spending cuts of about $440 million, along with taking $250 million from both the budget fund and a dedicated health care access fund.

Even if legislators agree, they’ve potentially got bigger problems: State forecasters are predicting the deficit could balloon to $2 billion in a few years.

A pink slip for JOBZ?

On the heels of a critical report from the state legislative auditor, some legislators are reconsidering their support for a popular economic development program in rural and distressed areas.

The Job Opportunity Building Zones program offers a variety of tax breaks to businesses willing to relocate or expand existing operations in a broad swath of greater Minnesota. In February, the state auditor accused the JOBZ program of overstating benefits, failing to target the neediest areas and lacking overall focus and accountability.

Faced with a struggling economy, policymakers are looking to help plug a state budget deficit (see above), the leader of the House tax committee proposed a measure to eliminate all state aid to businesses, including the elimination of JOBZ. That appears unlikely, according to early reports from other legislators as well as the governor’s office, but there does appear to be support for revisiting and possibly revamping the program.

—Ronald A. Wirtz