

HOUSE BILL 215

Introduced by Driscoll, et al.

1/16	Introduced
1/16	Referred to Natural Resources
1/17	First Reading
1/21	Fiscal Note Requested
1/23	Fiscal Note Received
1/23	Fiscal Note Printed
1/24	Revised Fiscal Note Requested
1/25	Hearing
1/30	Revised Fiscal Note Received
1/31	Revised Fiscal Note Printed
3/13	Committee Report--Bill Passed as Amended
3/14	Rereferred to Taxation
3/27	Tabled in Committee

1 *HOUSE* BILL NO. *215*
 2 INTRODUCED BY *Donald Hilbert Raney HARP*
 3 BY REQUEST OF THE ENVIRONMENTAL QUALITY COUNCIL *Donald*
 4 *Yellowtail Wending*
 5 A BILL FOR AN ACT ENTITLED: "AN ACT CHANGING THE NAME OF
 6 THE MONTANA RESOURCE INDEMNITY TRUST ACT; REALLOCATING A
 7 PORTION OF THE TAX PROCEEDS TO THE GROUND WATER ASSESSMENT
 8 ACCOUNT; AMENDING SECTIONS 15-38-101, 15-38-102, AND
 9 15-38-106, MCA; AND PROVIDING AN EFFECTIVE DATE."

10
 11 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

12 **Section 1.** Section 15-38-101, MCA, is amended to read:

13 "15-38-101. Short title. This chapter shall be known
 14 and may be cited as "The Montana Resource Indemnity Trust
 15 and Ground Water Assessment Act"."

16 **Section 2.** Section 15-38-102, MCA, is amended to read:

17 "15-38-102. Legislative policy. It is the policy of the
 18 state of Montana to indemnify its citizens for the loss of
 19 long-term value resulting from the depletion of its mineral
 20 resource base and for environmental damage caused by mineral
 21 development. This policy of indemnification is achieved by
 22 establishing a permanent resource indemnity trust, as
 23 required by Article IX, section 2, of the Montana
 24 constitution, by supporting ground water assessment programs
 25 from the proceeds of a tax levied on mineral extraction, and

1 by allocating spendable trust revenues:

2 (1) to protect and restore the environment from damages
 3 resulting from mineral development; and

4 (2) to support a variety of development programs that
 5 benefit the economy of the state and the lives of Montana
 6 citizens; and

7 (3) to assess the state's ground water resources."

8 **Section 3.** Section 15-38-106, MCA, is amended to read:

9 "15-38-106. Payment of tax -- records -- collection of
 10 taxes -- refunds. (1) The tax imposed by this chapter shall
 11 be paid by each person to which the tax applies, on or
 12 before March 31, on the value of product in the year
 13 preceding January 1 of the year in which the tax is paid.
 14 The tax shall be paid to the department at the time the
 15 statement of yield for the preceding calendar year is filed
 16 with the department.

17 (2) The department shall deposit the proceeds of the
 18 tax in the resource indemnity trust fund of the
 19 nonexpendable trust fund type, except that 14.1% of the
 20 proceeds shall be deposited in the ground water assessment
 21 account established by [section 4 of LC 785]. Every person
 22 to whom the tax applies shall keep records in accordance
 23 with 15-38-105, and the records are subject to inspection by
 24 the department upon reasonable notice during normal business
 25 hours.

1 (3) The department shall examine the statement and
2 compute the taxes thereon, and the amount computed by the
3 department shall be the taxes imposed, assessed against, and
4 payable by the taxpayer. If the tax found to be due is
5 greater than the amount paid, the excess shall be paid by
6 the taxpayer to the department within 30 days after written
7 notice of the amount of deficiency is mailed by the
8 department to the taxpayer. If the tax imposed is less than
9 the amount paid, the difference must be applied as a tax
10 credit against tax liability for subsequent years or
11 refunded if requested by the taxpayer."

12 NEW SECTION. **Section 4.** Name change. In the provisions
13 of the Montana Code Annotated, the code commissioner is
14 instructed to change the term "resource indemnity trust
15 tax", meaning the tax created by Title 15, chapter 38, to
16 "resource indemnity and ground water assessment tax".

17 NEW SECTION. **Section 5.** Coordination instruction. If
18 [LC 785] is not passed and approved, then this bill is void.

19 NEW SECTION. **Section 6.** Effective date. [This act] is
20 effective July 1, 1991.

-End-

STATE OF MONTANA - FISCAL NOTE

Form BD-15

In compliance with a written request, there is hereby submitted a Fiscal Note for HB0215, as introduced.

DESCRIPTION OF PROPOSED LEGISLATION:

An act changing the name of the Montana Resource Indemnity Trust Act; reallocating a portion of the tax proceeds to the ground water assessment account; and providing an effective date.

ASSUMPTIONS:


1. There is no impact on the Resource Indemnity Trust Tax (RITT) collections.
2. Under this proposal, 14.1% of the RITT collections will go to the ground water assessment account, 85.9% to the RITT fund.
3. The maximum to be deposited in the ground water assessment account is \$666,000 per fiscal year. (LC0785/SB0094)
4. It is assumed that the unobligated cash balance in the ground water assessment account will be \$0.00 at the beginning of FY92 and FY93.

FISCAL IMPACT:

	FY '92			FY '93		
	<u>Current Law</u>	<u>Proposed Law</u>	<u>Difference</u>	<u>Current Law</u>	<u>Proposed Law</u>	<u>Difference</u>
RITT Collections (09)	5,377,000	5,377,000	0	4,894,000	4,894,000	0
<u>Funding:</u>						
RITT Fund (09)	5,377,000	4,711,000	(666,000)	4,894,000	4,228,000	(666,000)
Ground Water Fund (02)	<u>0</u>	<u>666,000</u>	<u>666,000</u>	<u>0</u>	<u>666,000</u>	<u>666,000</u>
Total	5,377,000	5,377,000	0	4,894,000	4,894,000	0
RITT Interest Earnings (09)	7,953,000	7,884,000	(69,000)	8,605,000	8,473,000	(132,000)

TECHNICAL NOTES:

This proposal was drafted in conjunction with LC0785 (SB0094). The fiscal impact shown here is for both SB0094 and HB0215.

 1-22-91
 ROD SUNDSTED, BUDGET DIRECTOR DATE
 Office of Budget and Program Planning

 1-23-91
 JERRY L. DRISCOLL, PRIMARY SPONSOR DATE

Fiscal Note for HB0215, as introduced

HB 215

STATE OF MONTANA - FISCAL NOTE
Form BD-15

In compliance with a written request, there is hereby submitted a Revised Fiscal Note for HB0215, as introduced.

DESCRIPTION OF PROPOSED LEGISLATION:

An act changing the name of the Montana Resource Indemnity Trust Act; reallocating a portion of the tax proceeds to the ground water assessment account; and providing an effective date.

ASSUMPTIONS:


1. There is no impact on the Resource Indemnity Trust Tax (RITT) collections.
2. Under this proposal, 14.1% of the RITT collections will go to the ground water assessment account, 85.9% to the RITT fund.
3. The maximum to be deposited in the ground water assessment account is \$666,000 per fiscal year. (LC0785/SB0094)
4. It is assumed that the unobligated cash balance in the ground water assessment account will be \$0.00 at the beginning of FY92 and FY93.

FISCAL IMPACT:

	FY '92			FY '93		
	<u>Current Law</u>	<u>Proposed Law</u>	<u>Difference</u>	<u>Current Law</u>	<u>Proposed Law</u>	<u>Difference</u>
RITT Collections (09)	5,377,000	5,377,000	0	4,894,000	4,894,000	0
<u>Funding:</u>						
RITT Fund (09)	5,377,000	4,711,000	(666,000)	4,894,000	4,228,000	(666,000)
Ground Water Fund (02)	<u>0</u>	<u>666,000</u>	<u>666,000</u>	<u>0</u>	<u>666,000</u>	<u>666,000</u>
Total	5,377,000	5,377,000	0	4,894,000	4,894,000	0
RITT Interest Earnings (09)	7,953,000	7,947,000	(6,000)	8,605,000	8,536,000	(69,000)

TECHNICAL NOTES:

This proposal was drafted in conjunction with LC0785 (SB0094). The fiscal impact shown here is for both SB0094 and HB0215.


 ROD SUNDSTED, BUDGET DIRECTOR
 Office of Budget and Program Planning
 DATE 1-30-91


 JERRY L. DRISCOLL, PRIMARY SPONSOR
 DATE

Revised Fiscal Note for HB0215, as introduced

HB 215
Rev.

APPROVED BY COMM. ON NATURAL RESOURCES

HOUSE BILL NO. 215

INTRODUCED BY DRISCOLL, GILBERT, RANEY, HARP,

GRADY, YELLOWTAIL, WEEDING

BY REQUEST OF THE ENVIRONMENTAL QUALITY COUNCIL

A BILL FOR AN ACT ENTITLED: "AN ACT CHANGING THE NAME OF THE MONTANA RESOURCE INDEMNITY TRUST ACT INCREASING THE RATE OF THE METAL MINE LICENSE TAX; REALLOCATING A PORTION OF THE TAX PROCEEDS TO THE GROUND WATER ASSESSMENT ACCOUNT; AMENDING SECTIONS 15-38-101, 15-38-102, AND 15-38-106 7-6-2225, 7-6-2226, 15-37-103, 15-37-117, AND 20-9-231, MCA; AND PROVIDING AN EFFECTIVE DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1 - Section 15-38-101, MCA, is amended to read:

"15-38-101. Short title. This chapter shall be known and may be cited as "The Montana Resource Indemnity Trust and Ground Water Assessment Act"."

Section 2. Section 15-38-102, MCA, is amended to read:

"15-38-102. Legislative policy. It is the policy of the state of Montana to indemnify its citizens for the loss of long-term value resulting from the depletion of its mineral resource base and for environmental damage caused by mineral development. This policy of indemnification is achieved by establishing a permanent resource indemnity trust, as

required by Article IX, section 2, of the Montana constitution, by supporting ground-water assessment programs from the proceeds of a tax levied on mineral extraction, and by allocating spendable trust revenues: (1) to protect and restore the environment from damages resulting from mineral development, and (2) to support a variety of development programs that benefit the economy of the state and the lives of Montana citizens, and (3) to assess the state's ground-water resources."

Section 3. Section 15-38-106, MCA, is amended to read:

"15-38-106. Payment of tax records collection of taxes refunds. (1) The tax imposed by this chapter shall be paid by each person to which the tax applies, on or before March 31, on the value of product in the year preceding January 1 of the year in which the tax is paid. The tax shall be paid to the department at the time the statement of yield for the preceding calendar year is filed with the department.

(2) The department shall deposit the proceeds of the tax in the resource indemnity trust fund of the nonexpendable trust fund type, except that 14.1% of the proceeds shall be deposited in the ground-water assessment account established by section 4 of BE 785. Every person to whom the tax applies shall keep records in accordance



1 with-15-38-105, and the records are subject to inspection by
2 the department upon reasonable notice during normal business
3 hours.

4 (3) The department shall examine the statement and
5 compute the taxes thereon, and the amount computed by the
6 department shall be the taxes imposed, assessed against, and
7 payable by the taxpayer. If the tax found to be due is
8 greater than the amount paid, the excess shall be paid by
9 the taxpayer to the department within 30 days after written
10 notice of the amount of deficiency is mailed by the
11 department to the taxpayer. If the tax imposed is less than
12 the amount paid, the difference must be applied as a tax
13 credit against tax liability for subsequent years or
14 refunded if requested by the taxpayer."

15 ~~NEW SECTION. Section 4. Name change. In the provisions~~
16 ~~of the Montana Code Annotated, the code commissioner is~~
17 ~~instructed to change the term "resource indemnity trust~~
18 ~~tax" meaning the tax created by Title 15, chapter 38, to~~
19 ~~"resource indemnity and ground water assessment tax".~~

20 SECTION 1. SECTION 15-37-103, MCA, IS AMENDED TO READ:
21 "15-37-103. Rate of tax. (1) The annual license tax to
22 be paid by a person engaged in or carrying on the business
23 of working or operating any mine or mining property in this
24 state from which gold, silver, copper, lead, or any other
25 metal or metals or precious or semiprecious gems or stones

1 are produced shall be an amount computed on the gross value
2 of product which may have been derived by the person from
3 mining business, work, or operation within this state during
4 the calendar year immediately preceding.

5 (2) Concentrate shipped to a smelter, mill, or
6 reduction work is taxed at the following rates:

7 Gross Value	8 Rate of Tax
9 of Product	10 (percentage of gross value)
11 first \$250,000	12 0%
13 more than \$250,000	14 1.81% 1.97% of the increment

15 (3) Gold, silver, or any platinum-group metal that is
16 dore, bullion, or matte and that is shipped to a refinery is
17 taxed at the following rates:

18 Gross Value	19 Rate of Tax
20 of Product	21 (percentage of gross value)
22 first \$250,000	23 0%
24 more than \$250,000	25 1.6% 1.74% of the increment"

26 SECTION 2. SECTION 15-37-117, MCA, IS AMENDED TO READ:

27 "15-37-117. Disposition of metalliferous mines license
28 taxes. (1) Metalliferous mines license taxes collected under
29 the provisions of this part are allocated as follows:

30 (a) to the credit of the general fund of the state, 58%
31 53.3% of total collections each year;

32 (b) to the state special revenue fund to the credit of
33 a hard-rock mining impact trust account, ~~1.5%~~ 1.38% of total

1 collections each year;

2 (c) to the state resource indemnity trust fund, ~~15-5%~~
3 14.24% of total collections each year;

4 (d) to the state special revenue fund to the credit of
5 the ground water assessment account, 8.1%;

6 (e) to the county in which the mine is located, ~~25%~~
7 22.98% of total collections each year, to be allocated by
8 the county commissioners as follows:

9 (i) not less than 40% to the county hard-rock mine
10 trust reserve account established in 7-6-2225; and

11 (ii) all money not allocated to the account pursuant to
12 subsection ~~(1)(d)(1)~~ (1)(e)(i) to be further allocated as
13 follows, except that more than one entity may share an
14 allocation if a jurisdictional revenue disparity is
15 identified pursuant to subsection (2):

16 (A) 33 1/3% is allocated to the county for planning or
17 economic development activities;

18 (B) 33 1/3% is allocated to the elementary school
19 districts within the county that have been affected by the
20 development or operation of the metal mine; and

21 (C) 33 1/3% is allocated to the high school districts
22 within the county that have been affected by the development
23 or operation of the metal mine.

24 (2) When an impact plan for a large-scale mineral
25 development approved pursuant to 90-6-307 identifies a

1 jurisdictional revenue disparity, the county shall
2 distribute the proceeds allocated under subsection ~~(1)(d)~~
3 (1)(e) in a manner similar to that provided for property tax
4 sharing under Title 90, chapter 6, part 4.

5 (3) The department shall return to the county in which
6 metals are produced the tax collections allocated under
7 subsection ~~(1)(d)~~ (1)(e). The allocation to the county
8 described by subsection ~~(1)(d)~~ (1)(e) is a statutory
9 appropriation pursuant to 17-7-502."

10 **SECTION 3. SECTION 7-6-2225, MCA, IS AMENDED TO READ:**

11 "7-6-2225. County hard-rock mine trust reserve account
12 -- expenditure restrictions. (1) The governing body of a
13 county receiving an allocation under 15-37-117~~(1)(d)~~(1)(e)
14 shall establish a county hard-rock mine trust reserve
15 account.

16 (2) Money received by a county pursuant to 15-37-117 or
17 90-6-331 must remain in the account and may not be
18 appropriated by the governing body until:

19 (a) a mining operation has permanently ceased all
20 mining related activity; or

21 (b) the number of persons employed full-time in mining
22 activities by the mining operation is less than one-half of
23 the average number of persons employed full-time in mining
24 activities by the mining operation during the immediately
25 preceding 5-year period.

1 (3) If the circumstances described in subsections
2 (2)(a) or (2)(b) occur, the governing body of the county
3 must allocate at least one-third of the funds proportionally
4 to affected high school districts and elementary school
5 districts in the county, and may use the remaining funds in
6 the account to:

7 (a) pay for outstanding capital project bonds or other
8 expenses incurred prior to the end of mining activity or the
9 reduction in the mining work force described in subsection
10 (2)(b);

11 (b) decrease property tax mill levies that are directly
12 caused by the cessation or reduction of mining activity;

13 (c) promote diversification and development of the
14 economic base within the jurisdiction of a local government
15 unit;

16 (d) attract new industry to the impact area;

17 (e) provide cash incentives for expanding the
18 employment base of the area impacted by the changes in
19 mining activity described in subsection (2); or

20 (f) provide grants or loans to other local government
21 jurisdictions to assist with impacts caused by the changes
22 in mining activity described in subsection (2).

23 (4) Except as provided in subsection (3)(b), money held
24 in the account may not be considered as cash balance for the
25 purpose of reducing mill levies.

1 (5) Money in the reserve account must be invested as
2 provided by law. Interest and income from the investment of
3 funds in the account must be credited to the account."

4 **SECTION 4. SECTION 7-6-2226, MCA, IS AMENDED TO READ:**

5 "7-6-2226. Metal mines tax reserve account. (1) The
6 governing body of a county receiving tax collections under
7 15-37-117~~(f)~~~~(d)~~~~(1)~~(e) may establish a metal mines tax
8 reserve account to be used to hold the collections. The
9 governing body may hold money in the account for any time
10 period deemed appropriate by the governing body. Money held
11 in the account may not be considered as cash balance for the
12 purpose of reducing mill levies.

13 (2) Money may be expended from the account for any
14 purpose provided by law.

15 (3) Money in the account must be invested as provided
16 by law. Interest and income from the investment of the metal
17 mines tax reserve account must be credited to the account."

18 **SECTION 5. SECTION 20-9-231, MCA, IS AMENDED TO READ:**

19 "20-9-231. Metal mines tax reserve account. (1) The
20 governing body of a local school district receiving tax
21 collections under 15-37-117~~(f)~~~~(d)~~~~(1)~~(e) may establish a
22 metal mines tax reserve account to be used to hold the
23 collections. The governing body may hold money in the
24 account for any time period deemed appropriate by the
25 governing body. Money held in the account may not be

1 considered as cash balance for the purpose of reducing mill
2 levies.

3 (2) Money may be expended from the account for any
4 purpose provided by law.

5 (3) Money in the account must be invested as provided
6 by law. Interest and income from the investment of the metal
7 mines tax reserve account must be credited to the account."

8 NEW SECTION. Section 6. Coordination instruction. If
9 [LC 785] is not passed and approved, then this bill is void.

10 NEW SECTION. Section 7. Effective date. [This act] is
11 effective July 1, 1991.

-End-