HOUSE BILL NO. 699

INTRODUCED BY ELLISON, RANEY

IN THE HOUSE

FEBRUARY 8, 1991 INTRODUCED AND REFERRED TO COMMITTEE ON TAXATION.

FIRST READING.

MARCH 5, 1991 COMMITTEE RECOMMEND BILL DO PASS. REPORT ADOPTED.

MARCH 6, 1991 PRINTING REPORT.

APRIL 3, 1991 SECOND READING, DO PASS.

ON MOTION, RULES SUSPENDED. BILL PLACED ON THIRD READING THIS DAY.

THIRD READING, PASSED. AYES, 72; NOES, 28.

APRIL 4, 1991 ENGROSSING REPORT.

TRANSMITTED TO SENATE.

IN THE SENATE

APRIL 4, 1991

INTRODUCED AND REFERRED TO COMMITTEE ON TAXATION.

FIRST READING.

APRIL 8, 1991 COMMITTEE RECOMMEND BILL BE CONCURRED IN. REPORT ADOPTED.

APRIL 9, 1991 SECOND READING, CONCURRED IN.

ON MOTION, SEGREGATED FROM COMMITTEE OF WHOLE REPORT.

APRIL 15, 1991 SECOND READING, CONCURRED IN AS AMENDED.

APRIL 16, 1991 THIRD READING, CONCURRED IN. AYES, 49; NOES, 0.

RETURNED TO HOUSE WITH AMENDMENTS.

IN THE HOUSE

APRIL 18, 1991

RECEIVED FROM SENATE.

SECOND READING, AMENDMENTS CONCURRED IN.

APRIL 19, 1991

THIRD READING, AMENDMENTS CONCURRED IN.

SENT TO ENROLLING.

REPORTED CORRECTLY ENROLLED.

INTRODUCED BY Ellison Parey 1 2 3 Δ A BILL FOR AN ACT ENTITLED: "AN ACT TO EXEMPT TRAVERTINE 5 AND BUILDING STONE FROM MINES NET PROCEEDS TAXATION; AMENDING SECTIONS 15-6-131 AND 15-23-502, MCA; AND PROVIDING б AN IMMEDIATE EFFECTIVE DATE AND A RETROACTIVE APPLICABILITY 7 8 DATE." 9 10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA: 11 Section 1. Section 15-6-131, MCA, is amended to read: "15-6-131. Class one property -- description -- taxable 12 13 percentage, (1) Class one property includes the annual net 14 proceeds of all mines and mining claims except coal, travertine, building stone, and metal mines. 15 16 (2) Class one property is taxed at 100% of its annual 17 net proceeds after deducting the expenses specified and 18 allowed by 15-23-503 or, for talc, as provided in 15-23-515." 19

Section 2. Section 15-23-502, MCA, is amended to read:
"15-23-502. Net proceeds tax -- statement of yield.
Every person engaged in mining, extracting, or producing
from any quartz vein or lode, placer claim, dump or
tailings, or other place or source whatever precious stones
or gems, vermiculite, bentonite, or other valuable mineral,

Montana Legislative Council

1 except coal, travertine, building stone, and metals, must on or before March 31 each year make out a statement of the 2 3 gross yield and value of the above-named metals or minerals 4 from each mine owned or worked by such person during the 5 year preceding January 1 of the year in which such statement 6 is made. Such statement shall be in the form prescribed by 7 the department of revenue and must be verified by the oath 8 of the person completing the statement or the manager, 9 superintendent, agent, president, or vice-president, if a 10 corporation, association, or partnership, and must **be** 11 delivered to the department on or before March 31. Except as provided in 15-23-515, the statement shall show the 12 13 following:

(1) the name and address of the owner or lessee or operator of the mine, together with the names and addresses of any and all persons owning or claiming any royalty interest in the mineral product of such mine or the proceeds derived from the sale thereof, and the amount or amounts paid or yielded as royalty to each of such persons during the period covered by the statement;

21 (2) the description and location of the mine;

(3) the number of tons of ore or other mineral products
or deposits extracted, produced, and treated or sold from
the mine during the period covered by the statement;
(4) the amount and character of such ores, mineral

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products, or deposits and the yield of such ores, mineral 1 products, or deposits from such mine in constituents of 2 that is, commercially valuable 3 commercial value; constituents of the ores, mineral products, or deposits, 4 measured by standard units of measurement, yielded to such 5 person so engaged in mining and to each royalty holder, if 6 any, during the period covered by the statement; 7

8 (5) the gross yield or value in dollars and cents;

9 (6) cost of extracting from the mine;

10 (7) cost of transporting to place of reduction or sale;

11 (8) cost of reduction or sale;

12 (9) cost of marketing the product and conversion of 13 same into money;

(10) cost of construction, repairs, and betterments of
mines and cost of repairs and replacements of reduction
works;

17 (11) the assessed valuation of reduction works for the18 calendar year for which such return is made;

(12) cost of fire insurance, workers' compensation
insurance, boiler and machinery insurance, and public
liability insurance paid for the mine, reduction works, or
beneficiation process;

(13) cost of welfare and retirement fund paymentsprovided for in wage contracts;

25 (14) cost of testing extracted minerals for the purpose

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of satisfying federal or state health and safety laws or regulations, the cost of plant security in Montana, the cost of assaying and sampling the extracted minerals, and the costs incurred in Montana for engineering and geological services for existing mining operations but not including any such services beyond the stage of reduction and beneficiation of the minerals; and

8 (15) cost of mine reclamation."

<u>NEW SECTION.</u> Section 3. Effective date -- retroactive
 applicability. [This act] is effective on passage and
 approval and applies retroactively, within the meaning of

12 1-2-109, to tax years beginning after December 31, 1990.

-End-

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STATE OF MONTANA - FISCAL NOTE Form BD-15 In compliance with a written request, there is hereby submitted a Fiscal Note for <u>HB0699</u>, <u>as introduced</u>.

DESCRIPTION OF PROPOSED LEGISLATION:

An act to exempt travertine and building stone from mines net proceeds taxation; and providing an immediate effective date and a retroactive applicability date.

FISCAL IMPACT:

To date, the Department of Revenue has identified only one producer of travertine in the state. The department has solicited returns for production years 1988 and 1989, but the taxpayer has not filed the returns. Based on past audit information, the department estimates the taxpayer will have a net proceeds liability of \$10,000 per year.

ROD SUNDSTED, BUDGET DIRECTOR DATE Office of Budget and Program Planning

ORVAL S. ELLISON, PRIMARY SPONSOR

DATE

Fiscal Note for HB0699, as introduced

HB 699

52nd Legislature LC 1601/01 APPROVED BY COMMITTEE ON TAXATION INTRODUCED BY Ellison Parcy 1 2 3 4 A BILL FOR AN ACT ENTITLED: "AN ACT TO EXEMPT TRAVERTINE 5 AND BUILDING STONE FROM MINES NET PROCEEDS TAXATION; 6 AMENDING SECTIONS 15-6-131 AND 15-23-502, MCA: AND PROVIDING 7 AN IMMEDIATE EFFECTIVE DATE AND A RETROACTIVE APPLICABILITY 8 DATE." 9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA: 10 11 Section 1. Section 15-6-131, MCA, is amended to read: 12 *15-6-131. Class one property -- description -- taxable 13 percentage. (1) Class one property includes the annual net 14 proceeds of all mines and mining claims except coal, 15 travertine, building stone, and metal mines. 16 (2) Class one property is taxed at 100% of its annual 17 net proceeds after deducting the expenses specified and 18 allowed by 15-23-503 or, for talc, as provided in 15-23-515." 19 20 Section 2. Section 15-23-502, MCA, is amended to read: 21 "15-23-502. Net proceeds tax -- statement of yield. 22 Every person engaged in mining, extracting, or producing 23 from any quartz vein or lode, placer claim, dump or 24 tailings, or other place or source whatever precious stones 25 or gems, vermiculite, bentonite, or other valuable mineral,

1 except coal, travertine, building stone, and metals, must on or before March 31 each year make out a statement of the 2 3 gross yield and value of the above-named metals or minerals 4 from each mine owned or worked by such person during the 5 year preceding January 1 of the year in which such statement is made. Such statement shall be in the form prescribed by 7 the department of revenue and must be verified by the oath 8 of the person completing the statement or the manager. 9 superintendent, agent, president, or vice-president, if a 10 corporation, association, or partnership, and must be 11 delivered to the department on or before March 31. Except as 12 provided in 15-23-515, the statement shall show the 13 following:

(1) the name and address of the owner or lessee or operator of the mine, together with the names and addresses of any and all persons owning or claiming any royalty interest in the mineral product of such mine or the proceeds derived from the sale thereof, and the amount or amounts paid or yielded as royalty to each of such persons during the period covered by the statement:

21 (2) the description and location of the mine;

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. Sotana Legislative Council (3) the number of tons of ore or other mineral products
or deposits extracted, produced, and treated or sold from
the mine during the period covered by the statement;

(4) the amount and character of such ores, mineral

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SECOND READING

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1 products, or deposits and the yield of such ores, mineral 2 products, or deposits from such mine in constituents of 3 commercial value; that is, commercially valuable 4 constituents of the ores, mineral products, or deposits, 5 measured by standard units of measurement, yielded to such 6 person so engaged in mining and to each royalty holder, if 7 any, during the period covered by the statement;

8 (5) the gross yield or value in dollars and cents;

9 (6) cost of extracting from the mine;

10 (7) cost of transporting to place of reduction or sale;

11 (8) cost of reduction or sale;

12 (9) cost of marketing the product and conversion of 13 same into money;

14 (10) cost of construction, repairs, and betterments of 15 mines and cost of repairs and replacements of reduction 16 works:

17 (11) the assessed valuation of reduction works for the18 calendar year for which such return is made;

19 (12) cost of fire insurance, workers' compensation
20 insurance, boiler and machinery insurance, and public
21 liability insurance paid for the mine, reduction works, or
22 beneficiation process;

23 (13) cost of welfare and retirement fund payments24 provided for in wage contracts;

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of satisfying federal or state health and safety laws or regulations, the cost of plant security in Montana, the cost of assaying and sampling the extracted minerals, and the costs incurred in Montana for engineering and geological services for existing mining operations but not including any such services beyond the stage of reduction and

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- 7 beneficiation of the minerals; and
- 8 (15) cost of mine reclamation."

<u>NEW SECTION.</u> Section 3. Effective date -- retroactive
applicability. [This act] is effective on passage and
approval and applies retroactively, within the meaning of
1-2-109, to tax years beginning after December 31, 1990.

-End-

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(14) cost of testing extracted minerals for the purpose

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INTRODUCED BY Ellisen Parcy 2 3 4 A BILL FOR AN ACT ENTITLED: "AN ACT TO EXEMPT TRAVERTINE 5 BUILDING STONE FROM MINES NET PROCEEDS TAXATION; AND 6 AMENDING SECTIONS 15-6-131 AND 15-23-502, MCA: AND PROVIDING 7 AN IMMEDIATE EFFECTIVE DATE AND A RETROACTIVE APPLICABILITY 8 DATE." 9 10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA: Section 1. Section 15-6-131, MCA, is amended to read: 11 *15-6-131. Class one property -- description -- taxable 12 13 percentage. (1) Class one property includes the annual net 14 proceeds of all mines and mining claims except coal,

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1 except coal, travertine, building stone, and metals, must on 2 or before March 31 each year make out a statement of the З gross yield and value of the above-named metals or minerals from each mine owned or worked by such person during the 4 5 year preceding January 1 of the year in which such statement 6 is made. Such statement shall be in the form prescribed by 7 the department of revenue and must be verified by the oath R of the person completing the statement or the manager, 9 superintendent, agent, president, or vice-president, if a 10 corporation, association, or partnership, and must be 11 delivered to the department on or before March 31. Except as 12 provided in 15-23-515, the statement shall show the following: 13

14 (1) the name and address of the owner or lessee or 15 operator of the mine, together with the names and addresses 16 of any and all persons owning or claiming any royalty 17 interest in the mineral product of such mine or the proceeds 18 derived from the sale thereof, and the amount or amounts 19 paid or yielded as royalty to each of such persons during 20 the period covered by the statement;

21 (2) the description and location of the mine;

22 (3) the number of tons of ore or other mineral products 23 or deposits extracted, produced, and treated or sold from 24 the mine during the period covered by the statement;

25 (4) the amount and character of such ores, mineral

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products, or deposits and the yield of such ores, mineral 1 2 products, or deposits from such mine in constituents of that is, commercially valuable 3 commercial value; 4 constituents of the ores, mineral products, or deposits, 5 measured by standard units of measurement, yielded to such 6 person so engaged in mining and to each royalty holder, if 7 any, during the period covered by the statement;

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19 (12) cost of fire insurance, workers' compensation
20 insurance, boiler and machinery insurance, and public
21 liability insurance paid for the mine, reduction works, or
22 beneficiation process;

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25 (14) cost of testing extracted minerals for the purpose

of satisfying federal or state health and safety laws or regulations, the cost of plant security in Montana, the cost of assaying and sampling the extracted minerals, and the costs incurred in Montana for engineering and geological services for existing mining operations but not including any such services beyond the stage of reduction and beneficiation of the minerals; and

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8 (15) cost of mine reclamation."

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-End-

SENATE COMMITTEE OF THE WHOLE AMENDMENT

April 9, 1991 2:49 pm Mr. Chairman: I move to amend House Bill No. 699 (third reading copy -- blue) as follows:

1. Title, line 7. Strike: "AND"

2. Title, line 8. Following: "DATE" Insert: "; AND A TERMINATION DATE"

3. Page 4, following line 12. Insert: "<u>NEW SECTION.</u> Section 4. Termination. [This act] terminates December 31, 1993."

ADOPT REJECT Signed:

Senator Towe

<u>191</u> 4-9-9 Kond. Coord.

<u>SB 4-9</u> 3:05 ec. of Senate

SENATE HB699 HB 0699/03

HB 0699/03

1 HOUSE BILL NO. 699 1 2 INTRODUCED BY ELLISON, RANEY 2 3 3 A BILL FOR AN ACT ENTITLED: "AN ACT TO EXEMPT TRAVERTINE 4 4 5 AND BUILDING STONE FROM MINES NET PROCEEDS TAXATION: 5 AMENDING SECTIONS 15-6-131 AND 15-23-502, MCA; AND PROVIDING 6 б 7 AN IMMEDIATE EFFECTIVE DATE AND, A RETROACTIVE APPLICABILITY 7 DATE, AND A TERMINATION DATE." 8 8 9 9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA: 10 10 11 Section 1. Section 15-6-131, MCA, is amended to read: 11 12 12 *15-6-131. Class one property -- description -- taxable 13 13 percentage. (1) Class one property includes the annual net 14 proceeds of all mines and mining claims except coal, 14 15 15 travertine, building stone, and metal mines. 16 16 (2) Class one property is taxed at 100% of its annual 17 17 net proceeds after deducting the expenses specified and 18 allowed by 15-23-503 or, for talc, as provided in 18 19 19 15-23-515." 20 20 Section 2. Section 15-23-502, MCA, is amended to read: 21 21 "15-23-502. Net proceeds tax -- statement of yield. 22 22 Every person engaged in mining, extracting, or producing 23 from any quartz vein or lode, placer claim, dump or 23 24 tailings, or other place or source whatever precious stones 24 25 25 or gems, vermiculite, bentonite, or other valuable mineral,

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(2) the description and location of the mine;

22 (3) the number of tons of ore or other mineral products

- 23 or deposits extracted, produced, and treated or sold from
- 24 the mine during the period covered by the statement;
- 25 (4) the amount and character of such ores, mineral

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REFERENCE BILL AS AMENDED

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(6) cost of extracting from the mine; 9

(7) cost of transporting to place of reduction or sale; 10 (8) cost of reduction or sale; 11

(9) cost of marketing the product and conversion of 12 same into money; 13

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(14) cost of testing extracted minerals for the purpose 25

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NEW SECTION. SECTION 4. TERMINATION. 13 THIS ACT]

14 TERMINATES DECEMBER 31, 1993.

-End-

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