

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.

1 House BILL NO. 699
2 INTRODUCED BY Ellison Roney
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."
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10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

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
19 15-23-515."

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,

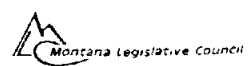
1 except coal, travertine, building stone, and metals, must on
2 or before March 31 each year make out a statement of the
3 gross yield and value of the above-named metals or minerals
4 from each mine owned or worked by such person during the
5 year preceding January 1 of the year in which such statement
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
12 provided in 15-23-515, the statement shall show the
13 following:

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



-2- INTRODUCED BILL
HB 699

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 the
 18 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 payments
 24 provided for in wage contracts;
 25 (14) cost of testing extracted minerals for the purpose

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

- 8 (15) cost of mine reclamation."
 9 NEW SECTION. **Section 3.** Effective date -- retroactive
 10 applicability. [This act] is effective on passage and
 11 approval and applies retroactively, within the meaning of
 12 1-2-109, to tax years beginning after December 31, 1990.

-End-

STATE OF MONTANA - FISCAL NOTE

Form BD-15


In compliance with a written request, there is hereby submitted a Fiscal Note for HB0699, as introduced.

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 7-12-91
Office of Budget and Program Planning DATE


ORVAL S. ELLISON, PRIMARY SPONSOR DATE

Fiscal Note for HB0699, as introduced

HB 699

APPROVED BY COMMITTEE
ON TAXATION

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17 net proceeds after deducting the expenses specified and
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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
2 or before March 31 each year make out a statement of the
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
12 provided in 15-23-515, the statement shall show the
13 following:

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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

SECOND READING

HB 699



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 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 the
 18 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;

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 24 provided for in wage contracts;

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

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

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9 NEW SECTION. **Section 3. Effective date -- retroactive**
 10 **applicability.** [This act] is effective on passage and
 11 approval and applies retroactively, within the meaning of
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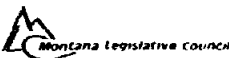
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-End-

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: "NEW SECTION. Section 4. Termination.
[This act] terminates December 31, 1993."

ADOPT

REJECT

Signed: _____



Senator Towe

JA 4-9-91
Ad. Coord.

SB 4-9 3:05
Sec. of Senate

SENATE
HB 699

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13 NEW SECTION. SECTION 4. TERMINATION. [THIS ACT]
 14 TERMINATES DECEMBER 31, 1993.

-End-