

HOUSE BILL NO. 832

INTRODUCED BY ELLISON, ELLIOTT

IN THE HOUSE

FEBRUARY 13, 1991 INTRODUCED AND REFERRED TO COMMITTEE
ON TAXATION.

FEBRUARY 14, 1991 FIRST READING.

MARCH 6, 1991 ON MOTION, ADDITIONAL SPONSORS ADDED.

MARCH 23, 1991 COMMITTEE RECOMMEND BILL
DO PASS AS AMENDED. REPORT ADOPTED.

MARCH 25, 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, 87; NOES, 13.

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 AS AMENDED. REPORT
ADOPTED.

APRIL 9, 1991 SECOND READING, CONCURRED IN.

APRIL 10, 1991 THIRD READING, CONCURRED IN.
AYES, 50; NOES, 0.

 RETURNED TO HOUSE WITH AMENDMENTS.

IN THE HOUSE

APRIL 12, 1991 RECEIVED FROM SENATE.

SECOND READING, AMENDMENTS
CONCURRED IN.

APRIL 13, 1991

THIRD READING, AMENDMENTS
CONCURRED IN.

SENT TO ENROLLING.

APRIL 17, 1991

REPORTED CORRECTLY ENROLLED.

APRIL 18, 1991

SIGNED BY SPEAKER.

APRIL 19, 1991

SIGNED BY PRESIDENT.

DELIVERED TO GOVERNOR.

APRIL 22, 1991

RETURNED FROM GOVERNOR WITH
RECOMMENDED AMENDMENTS.

APRIL 23, 1991

SECOND READING, GOVERNOR'S
AMENDMENTS CONCURRED IN.

IN THE SENATE

APRIL 23, 1991

SECOND READING, GOVERNOR'S
AMENDMENTS CONCURRED IN.

APRIL 24, 1991

THIRD READING, GOVERNOR'S
AMENDMENTS CONCURRED IN.

IN THE HOUSE

APRIL 24, 1991

SENT TO ENROLLING.

REPORTED CORRECTLY ENROLLED.

1 HOUSE BILL NO. 832
2 INTRODUCED BY Ellison

3
4 A BILL FOR AN ACT ENTITLED: "AN ACT ALLOCATING 20 PERCENT
5 OF AN INCREASE IN GROSS PROCEEDS TAX TO THE LOCAL GOVERNMENT
6 UNIT IN WHICH THE ORE WAS LOCATED; ALLOCATING THE APPLICABLE
7 METAL MINES LICENSE TAX TO THOSE COUNTIES IDENTIFIED AS
8 EXPERIENCING IMPACTS IF AN IMPACT PLAN HAS BEEN PREPARED;
9 AMENDING SECTIONS 15-37-117 AND 90-6-404, MCA; AND PROVIDING
10 A RETROACTIVE APPLICABILITY DATE."

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

13 **Section 1.** Section 90-6-404, MCA, is amended to read:

14 **"90-6-404.** Allocation of taxable valuation for local
15 taxation purposes. When property of a large-scale mineral
16 development is subject to the provisions of 90-6-403, the
17 increase in taxable valuation must be allocated by the
18 department of revenue as follows:

19 (1) Twenty percent of the total increase in taxable
20 valuation of the gross proceeds must be allocated to the
21 local government unit in which the ore was located.

22 ~~(1)~~(2) The ~~total~~ remaining increase in taxable
23 valuation of the mineral development must be allocated
24 between affected counties and affected municipalities
25 according to the following formula based on the place of

1 residence of mineral development employees:

2 (a) A portion, not to exceed 20%, to affected
3 municipalities, based on that percentage of the total number
4 of mineral development employees that reside within
5 municipal boundaries. The taxable valuation allocated to
6 affected municipalities must be distributed to each
7 municipality according to its percentage of the total number
8 of mineral development employees who reside within municipal
9 boundaries. That portion of the taxable valuation
10 distributed to a municipality pursuant to this section is
11 subject to the same county mill levy as other taxable
12 properties located in the municipality.

13 (b) The remaining portion of the taxable valuation must
14 be distributed to each affected county according to its
15 percentage of the total number of mineral development
16 employees that reside within the county.

17 ~~(2)~~(3) The ~~total~~ increase in taxable valuation equal to
18 that subject to subsection (2) must be distributed pro rata
19 among each affected high school district according to the
20 percentage of the total number of mineral development high
21 school students that reside within each district.

22 ~~(3)~~(4) The ~~total~~ increase in taxable valuation equal to
23 that subject to subsection (2) must be distributed pro rata
24 among each affected elementary school district according to
25 the percentage of the total number of mineral development



1 elementary school students that reside within each
2 district."

3 **Section 2.** Section 15-37-117, MCA, is amended to read:

4 "15-37-117. Disposition of metalliferous mines license
5 taxes. (1) Metalliferous mines license taxes collected under
6 the provisions of this part are allocated as follows:

7 (a) to the credit of the general fund of the state, 58%
8 of total collections each year;

9 (b) to the state special revenue fund to the credit of
10 a hard-rock mining impact trust account, 1.5% of total
11 collections each year;

12 (c) to the state resource indemnity trust fund, 15.5%
13 of total collections each year;

14 (d) to the county, or proportionally to the counties,
15 identified as experiencing fiscal and economic impacts under
16 an impact plan for a large-scale mineral development
17 prepared and approved pursuant to 90-6-307 or, if no impact
18 plan has been prepared, to the county in which the mine is
19 located, 25% of total collections each year, to be allocated
20 by the county commissioners as follows:

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

23 (ii) all money not allocated to the account pursuant to
24 subsection (1)(d)(i) to be further allocated as follows;
25 ~~except--that-more-than-one-entity-may-share-an-allocation-if~~

1 ~~a-jurisdictional-revenue-disparity-is-identified-pursuant-to~~
2 ~~subsection-(2):~~

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

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

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

11 (2) When an impact plan for a large-scale mineral
12 development approved pursuant to 90-6-307 identifies a
13 jurisdictional revenue disparity, the county shall
14 distribute the proceeds allocated under subsection (1)(d) in
15 a manner similar to that provided for property tax sharing
16 under Title 90, chapter 6, part 4.

17 (3) The department shall return to the county in which
18 metals are produced the tax collections allocated under
19 subsection (1)(d). The allocation to the county described by
20 subsection (1)(d) is a statutory appropriation pursuant to
21 17-7-502."

22 NEW SECTION. **Section 3. Retroactive applicability.**

23 [This act] applies retroactively, within the meaning of
24 1-2-109, to all large-scale mineral developments required to
25 comply with 90-6-307 that did not have an impact plan

LC 0370/01

1 approved pursuant to 90-6-307, as of 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 HB0832, as introduced.

DESCRIPTION OF PROPOSED LEGISLATION:

An act allocating 20 percent of an increase in gross proceeds tax to the local government unit in which the ore was located; allocating the applicable metal mines license tax to those counties identified as experiencing impacts if an impact plan has been prepared; and providing a retroactive applicability date.


FISCAL IMPACT:

The proposal has no effect on state expenditures or revenues.

EFFECT ON COUNTY OR OTHER LOCAL REVENUES OR EXPENDITURES:

The proposal reallocates the increase in gross proceeds taxable valuation by giving 20% to the local government unit in which the ore is located. The remainder of the increased taxable valuation is to be distributed among elementary and high school districts according to current law. Because the department possesses no information or assumptions on increases in future taxable valuation, quantification of this redistribution is not possible.

The proposal reallocates that portion of the metalliferous mines license tax which is distributed to counties (25%). Under current law the county portion is distributed exclusively to the county (ies) in which the mine is located. The proposal allows the portion to be distributed to the county (or among the counties) experiencing fiscal and economic impacts that has an approved impact plan. Because there is no information on future impact plans or the counties to which they may apply, this possible redistribution cannot be quantified.


ROD SUNDSTED, BUDGET DIRECTOR 2-18-91
Office of Budget and Program Planning DATE


ORVAL S. ELLISON, PRIMARY SPONSOR 2/19/91
DATE

Fiscal Note for HB0832, as introduced

HB 832

APPROVED BY COMMITTEE
ON TAXATION

HOUSE BILL NO. 832

INTRODUCED BY ELLISON, ELLIOTT

A BILL FOR AN ACT ENTITLED: "AN ACT ALLOCATING 20 PERCENT OF AN INCREASE IN GROSS PROCEEDS TAX TO THE LOCAL GOVERNMENT UNIT IN WHICH THE ORE WAS LOCATED; ALLOCATING THE APPLICABLE METAL MINES LICENSE TAX TO THOSE COUNTIES IDENTIFIED AS EXPERIENCING IMPACTS IF AN IMPACT PLAN HAS BEEN PREPARED; AMENDING SECTIONS 15-37-117 AND 90-6-404, MCA; AND PROVIDING A RETROACTIVE APPLICABILITY DATE."

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

Section 1. Section 90-6-404, MCA, is amended to read:

***90-6-404. Allocation of taxable valuation for local taxation purposes.** When property of a large-scale mineral development is subject to the provisions of 90-6-403, the increase in taxable valuation must be allocated by the department of revenue as follows:

(1) Twenty percent of the total increase in taxable valuation of the gross proceeds must be allocated to the local government unit in which the ore was located.

~~(1)~~(2) The ~~total~~ remaining increase in taxable valuation of the mineral development must be allocated between affected counties and affected municipalities according to the following formula based on the place of

residence of mineral development employees:

(a) A portion, not to exceed 20%, to affected municipalities, based on that percentage of the total number of mineral development employees that reside within municipal boundaries. The taxable valuation allocated to affected municipalities must be distributed to each municipality according to its percentage of the total number of mineral development employees who reside within municipal boundaries. That portion of the taxable valuation distributed to a municipality pursuant to this section is subject to the same county mill levy as other taxable properties located in the municipality.

(b) The remaining portion of the taxable valuation must be distributed to each affected county according to its percentage of the total number of mineral development employees that reside within the county.

~~(2)~~(3) The ~~total~~ increase in taxable valuation equal to that subject to subsection (2) must be distributed pro rata among each affected high school district according to the percentage of the total number of mineral development high school students that reside within each district.

~~(3)~~(4) The ~~total~~ increase in taxable valuation equal to that subject to subsection (2) must be distributed pro rata among each affected elementary school district according to the percentage of the total number of mineral development

1 elementary school students that reside within each district.

2 (5) THE DISTRIBUTION FORMULA SPECIFIED IN SUBSECTIONS
 3 (2) THROUGH (4) MAY BE MODIFIED BY AN IMPACT PLAN APPROVED
 4 AS PROVIDED IN 90-6-307 OR AMENDED AS PROVIDED IN 90-6-311,
 5 IF THE MODIFICATION IS NEEDED IN ORDER TO ENSURE A
 6 REASONABLE CORRESPONDENCE BETWEEN THE OCCURRENCE OF
 7 INCREASED COSTS RESULTING FROM THE MINERAL DEVELOPMENT AND
 8 THE ALLOCATION OF TAXABLE VALUATION RESULTING FROM THE
 9 MINERAL DEVELOPMENT."

10 **Section 2.** Section 15-37-117, MCA, is amended to read:
 11 "15-37-117. Disposition of metalliferous mines license
 12 taxes. (1) Metalliferous mines license taxes collected under
 13 the provisions of this part are allocated as follows:
 14 (a) to the credit of the general fund of the state, 58%
 15 of total collections each year;
 16 (b) to the state special revenue fund to the credit of
 17 a hard-rock mining impact trust account, 1.5% of total
 18 collections each year;
 19 (c) to the state resource indemnity trust fund, 15.5%
 20 of total collections each year;
 21 (d) to the county, or proportionally to the counties,
 22 identified as experiencing fiscal and economic impacts,
 23 RESULTING IN INCREASED EMPLOYMENT OR LOCAL GOVERNMENT COSTS,
 24 under an impact plan for a large-scale mineral development
 25 prepared and approved pursuant to 90-6-307 or, if no impact

1 prepared and approved pursuant to 90-6-307 or, if no impact
 2 plan has been prepared, to the county in which the mine is
 3 located, 25% of total collections each year, to be allocated
 4 by the county commissioners as follows:

- 5 (i) not less than 40% to the county hard-rock mine
 6 trust reserve account established in 7-6-2225; and
- 7 (ii) all money not allocated to the account pursuant to
 8 subsection (1)(d)(i) to be further allocated as follows,
 9 ~~except--that-more-than-one-entity-may-share-an-allocation-if~~
 10 ~~a-jurisdictional-revenue-disparity-is-identified-pursuant-to~~
 11 ~~subsection-(2):~~

- 12 (A) 33 1/3% is allocated to the county for planning or
 13 economic development activities;
 - 14 (B) 33 1/3% is allocated to the elementary school
 15 districts within the county that have been affected by the
 16 development or operation of the metal mine; and
 - 17 (C) 33 1/3% is allocated to the high school districts
 18 within the county that have been affected by the development
 19 or operation of the metal mine.
- 20 (2) When an impact plan for a large-scale mineral
 21 development approved pursuant to 90-6-307 identifies a
 22 jurisdictional revenue disparity, the county shall
 23 distribute the proceeds allocated under subsection (1)(d) in
 24 a manner similar to that provided for property tax sharing
 25 under Title 90, chapter 6, part 4.

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

6 NEW SECTION. **Section 3.** Retroactive applicability.
7 [This act] applies retroactively, within the meaning of
8 1-2-109, to all large-scale mineral developments required to
9 comply with 90-6-307 that did not have an impact plan
10 approved pursuant to 90-6-307, as of December 31, 1990.

-End-

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2 INTRODUCED BY ELLISON, ELLIOTT

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5 OF AN INCREASE IN GROSS PROCEEDS TAX TO THE LOCAL GOVERNMENT
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12 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

13 Section 1. Section 90-6-404, MCA, is amended to read:

14 "90-6-404. Allocation of taxable valuation for local
15 taxation purposes. When property of a large-scale mineral
16 development is subject to the provisions of 90-6-403, the
17 increase in taxable valuation must be allocated by the
18 department of revenue as follows:

19 (1) Twenty percent of the total increase in taxable
20 valuation of the gross proceeds must be allocated to the
21 local government unit in which the ore was located.

22 ~~(2)~~ (2) The ~~total~~ remaining increase in taxable
23 valuation of the mineral development must be allocated
24 between affected counties and affected municipalities
25 according to the following formula based on the place of

1 residence of mineral development employees:

2 (a) A portion, not to exceed 20%, to affected
3 municipalities, based on that percentage of the total number
4 of mineral development employees that reside within
5 municipal boundaries. The taxable valuation allocated to
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7 municipality according to its percentage of the total number
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9 boundaries. That portion of the taxable valuation
10 distributed to a municipality pursuant to this section is
11 subject to the same county mill levy as other taxable
12 properties located in the municipality.

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18 that subject to subsection (2) must be distributed pro rata
19 among each affected high school district according to the
20 percentage of the total number of mineral development high
21 school students that reside within each district.

22 ~~(4)~~ (4) The ~~total~~ increase in taxable valuation equal to
23 that subject to subsection (2) must be distributed pro rata
24 among each affected elementary school district according to
25 the percentage of the total number of mineral development

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10 **Section 2.** Section 15-37-117, MCA, is amended to read:

11 "15-37-117. Disposition of metalliferous mines license
 12 taxes. (1) Metalliferous mines license taxes collected under
 13 the provisions of this part are allocated as follows:

14 (a) to the credit of the general fund of the state, 50%
 15 of total collections each year;

16 (b) to the state special revenue fund to the credit of
 17 a hard-rock mining impact trust account, 1.5% of total
 18 collections each year;

19 (c) to the state resource indemnity trust fund, 15.5%
 20 of total collections each year;

21 (d) to the county, or proportionally to the counties,
 22 identified as experiencing fiscal and economic impacts,
 23 RESULTING IN INCREASED EMPLOYMENT OR LOCAL GOVERNMENT COSTS,
 24 under an impact plan for a large-scale mineral development
 25 prepared and approved pursuant to 90-6-307 or, if no impact

1 prepared and approved pursuant to 90-6-307 or, if no impact
 2 plan has been prepared, to the county in which the mine is
 3 located, 25% of total collections each year, to be allocated
 4 by the county commissioners as follows:

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7 (ii) all money not allocated to the account pursuant to
 8 subsection (1)(d)(i) to be further allocated as follows
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 15 districts within the county that have been affected by the
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 18 within the county that have been affected by the development
 19 or operation of the metal mine.

20 (2) When an impact plan for a large-scale mineral
 21 development approved pursuant to 90-6-307 identifies a
 22 jurisdictional revenue disparity, the county shall
 23 distribute the proceeds allocated under subsection (1)(d) in
 24 a manner similar to that provided for property tax sharing
 25 under Title 90, chapter 6, part 4.

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

6 NEW SECTION. **Section 3. Retroactive applicability.**
7 [This act] applies retroactively, within the meaning of
8 1-2-109, to all large-scale mineral developments required to
9 comply with 90-6-307 that did not have an impact plan
10 approved pursuant to 90-6-307, as of December 31, 1990.

-End-

SENATE STANDING COMMITTEE REPORT

Page 1 of 1
April 8, 1991

MR. PRESIDENT:

We, your committee on Taxation having had under consideration House Bill No. 832 (third reading copy -- blue), respectfully report that House Bill No. 832 be amended and as so amended be concurred in:

1. Page 3, line 21.

Following: "county"

Strike: "└"

Strike: "proportionally to the"

Following: "counties"

Strike: "└"

2. Page 3, line 25.

Following: "90-6-307"

Insert: ", in direct proportion to the fiscal and economic impacts determined in the plan,"

3. Page 3, line 25 through page 4, line 1.

Strike: "if" on page 3, line 25 through "or," on page 4, line 1.

Signed: _____


Mike Halligan, Chairman

JA 4-8-91
Ad. Coord.

SB 4-8 2:10
Sec. of Senate

SENATE
HB 832

HOUSE BILL NO. 832

INTRODUCED BY ELLISON, ELLIOTT

A BILL FOR AN ACT ENTITLED: "AN ACT ALLOCATING 20 PERCENT OF AN INCREASE IN GROSS PROCEEDS TAX TO THE LOCAL GOVERNMENT UNIT IN WHICH THE ORE WAS LOCATED; ALLOCATING THE APPLICABLE METAL MINES LICENSE TAX TO THOSE COUNTIES IDENTIFIED AS EXPERIENCING IMPACTS IF AN IMPACT PLAN HAS BEEN PREPARED; AMENDING SECTIONS 15-37-117 AND 90-6-404, MCA; AND PROVIDING A RETROACTIVE APPLICABILITY DATE."

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(2) The total remaining increase in taxable valuation of the mineral development must be allocated between affected counties and affected municipalities according to the following formula based on the place of

residence of mineral development employees:

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(b) The remaining portion of the taxable valuation must be distributed to each affected county according to its percentage of the total number of mineral development employees that reside within the county.

(3) The total increase in taxable valuation equal to that subject to subsection (2) must be distributed pro rata among each affected high school district according to the percentage of the total number of mineral development high school students that reside within each district.

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18 collections each year;

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20 of total collections each year;

21 (d) to the county ~~or proportionally to the counties~~
22 identified as experiencing fiscal and economic impacts,
23 RESULTING IN INCREASED EMPLOYMENT OR LOCAL GOVERNMENT COSTS,
24 under an impact plan for a large-scale mineral development
25 prepared and approved pursuant to 90-6-307, IN DIRECT

1 PROPORTION TO THE FISCAL AND ECONOMIC IMPACTS DETERMINED IN
2 THE PLAN, or, if no impact plan has been prepared, to the
3 county in which the mine is located, 25% of total
4 collections each year, to be allocated by the county
5 commissioners as follows:

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7 trust reserve account established in 7-6-2225; and

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14 economic development activities;

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22 development approved pursuant to 90-6-307 identifies a
23 jurisdictional revenue disparity, the county shall
24 distribute the proceeds allocated under subsection (1)(d) in
25 a manner similar to that provided for property tax sharing

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3 metals are produced the tax collections allocated under
4 subsection (1)(d). The allocation to the county described by
5 subsection (1)(d) is a statutory appropriation pursuant to
6 17-7-502."

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8 [This act] applies retroactively, within the meaning of
9 1-2-109, to all large-scale mineral developments required to
10 comply with 90-6-307 that did not have an impact plan
11 approved pursuant to 90-6-307, as of December 31, 1990.

-End-

GOVERNOR'S AMENDMENTS TO
HOUSE BILL 832
(REFERENCE COPY, AS AMENDED)
APRIL 22, 1991

1. Page 1, line 19.
Following: "(1)"
Insert: "If the board determines that the local government unit, in which the ore body or the mineral deposit being mined is located, is not affected by the development and this determination is shown on the impact plan,"
2. Page 1, line 20.
Following: "to"
Strike: "the"
Insert: "that"
3. Page 1, line 21.
Following: "unit"
Strike: "in which the ore was located"
Insert: "This provision is intended to establish a minimum allocation for such units and does not prohibit proof by such a unit that actual direct impacts would exceed 20 percent of the total impacts of the development."

*Gov. Amend.
HB 832*