HOUSE BILL NO. 976

INTRODUCED BY SWYSGOOD, HARRINGTON

IN THE HOUSE

MARCH 5, 1991	INTRODUCED AND REFERRED TO COMMITTEE ON TAXATION.
MARCH 6, 1991	FIRST READING.
MARCH 19, 1991	COMMITTEE RECOMMEND BILL DO PASS. REPORT ADOPTED.
MARCH 20, 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, 94; NOES, 5.
APRIL 4, 1991	ENGROSSING REPORT.
	TRANSMITTED TO SENATE.
IN	THE SENATE
APRIL 4, 1991	THE SENATE INTRODUCED AND REFERRED TO COMMITTEE ON TAXATION.
	INTRODUCED AND REFERRED TO COMMITTEE
APRIL 4, 1991	INTRODUCED AND REFERRED TO COMMITTEE ON TAXATION.
APRIL 4, 1991 APRIL 11, 1991	INTRODUCED AND REFERRED TO COMMITTEE ON TAXATION. FIRST READING. COMMITTEE RECOMMEND BILL BE CONCURRED IN AS AMENDED. REPORT
APRIL 4, 1991 APRIL 11, 1991 APRIL 15, 1991 APRIL 16, 1991	INTRODUCED AND REFERRED TO COMMITTEE ON TAXATION. FIRST READING. COMMITTEE RECOMMEND BILL BE CONCURRED IN AS AMENDED. REPORT ADOPTED.
APRIL 4, 1991 APRIL 11, 1991 APRIL 15, 1991	INTRODUCED AND REFERRED TO COMMITTEE ON TAXATION. FIRST READING. COMMITTEE RECOMMEND BILL BE CONCURRED IN AS AMENDED. REPORT ADOPTED. SECOND READING, CONCURRED IN. THIRD READING, CONCURRED IN.
APRIL 4, 1991 APRIL 11, 1991 APRIL 15, 1991 APRIL 16, 1991	INTRODUCED AND REFERRED TO COMMITTEE ON TAXATION. FIRST READING. COMMITTEE RECOMMEND BILL BE CONCURRED IN AS AMENDED. REPORT ADOPTED. SECOND READING, CONCURRED IN. THIRD READING, CONCURRED IN. AYES, 49; NOES, 0.

SECOND READING, AMENDMENTS

CONCURRED IN.

APRIL 19, 1991

THIRD READING, AMENDMENTS CONCURRED IN.

SENT TO ENROLLING.

REPORTED CORRECTLY ENROLLED.

1 BILL NO. 976
2 INTRODUCED BY Suyagen Harry 1

A BILL FOR AN ACT ENTITLED: "AN ACT ESTABLISHING THE VALUE OF VERMICULITE FOR NET PROCEEDS PROPERTY TAX PURPOSES AND FOR RESOURCE INDEMNITY TRUST TAX PURPOSES; ESTABLISHING A SPECIFIC RESOURCE INDEMNITY TRUST TAX RATE FOR VERMICULITE; REVISING THE INFLATION ADJUSTMENT FOR THE NET PROCEEDS TAX ON TALC TO CONFORM WITH THAT FOR VERMICULITE; AMENDING SECTIONS 15-6-131, 15-8-111, 15-23-103, 15-23-106, 15-23-115, 15-23-502, 15-23-503, 15-23-515, 15-23-521, 15-38-103, AND 15-38-104, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE AND RETROACTIVE APPLICABILITY DATES."

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

NEW SECTION. Section 1. Net proceeds for vermiculite -- statement -- value. (1) A statement of gross yield and value, required in 15-23-502, that is filed by a producer of vermiculite must contain the following:

(a) the name and address of the owner, lessee, or operator of the mine, together with the name and address of any person owning or claiming a royalty interest in the mineral product of the mine or the proceeds derived from the sale of the mineral product, and the amount or amounts paid or yielded as royalty to each person during the period

- 1 covered by the statement;
- (b) the description and location of the mine;
- 3 (c) the number of tons of vermiculite extracted,
 4 produced, and treated or sold from the mine during the
 5 period covered by the statement;
- 6 (d) the amount and character of the vermiculite and the 7 yield of the vermiculite from the mine, measured in tons, 8 yielded to the person engaged in mining and to each royalty 9 holder, if any, during the period covered by the statement; 10 and
- 11 (e) the gross yield or value in dollars and cents.
- 12 (2) (a) For the purposes of this section, the gross
 13 yield or value of vermiculite is determined by multiplying
 14 the number of tons of vermiculite reported under subsection
 15 (1)(c) by:
- 16 (i) for the taxable year beginning January 1, 1991,
- 17 \$27; and
- 18 (ii) for the taxable years beginning January 1, 1992, 19 and thereafter, the product obtained by multiplying \$27 by
- 20 the quotient of the PCE for the first quarter of the year
- 21 previous to the taxable year for which the net proceed value
- 22 is being calculated, divided by the PCE for the first
- 23 quarter of the 1991 taxable year.
- 24 (b) "PCE" means the implicit price deflator for 25 personal consumption expenditures as published quarterly in



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the Survey of Current Business by the bureau of economic analysis of the U.S. department of commerce.

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- NEW SECTION. Section 2. Gross value of product for vermiculite. As used in this part, when referring to vermiculite, "gross value of product" is the gross yield or value of vermiculite as determined in [section 1(2)].
- 7 Section 3. Section 15-6-131, MCA, is amended to read:
 - "15-6-131. Class one property -- description -- taxable percentage. (1) Class one property includes the annual net proceeds of all mines and mining claims except coal and metal mines.
 - (2) Class one property is taxed at 100% of its annual net proceeds after deducting the expenses specified and allowed by 15-23-503 or, for talc, as provided in 15-23-515 or, for vermiculite, as provided in [section 1]."
 - Section 4. Section 15-8-111, MCA, is amended to read:
 - "15-8-111. Assessment -- market value standard -exceptions. (1) All taxable property must be assessed at 100% of its market value except as otherwise provided.
 - (2) (a) Market value is the value at which property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or to sell and both having reasonable knowledge of relevant facts.
- 24 (b) If the department uses construction cost as one 25 approximation of market value, the department shall fully

- consider reduction in value caused by depreciation, whether 2 through physical depreciation, functional obsolescence, or economic obsolescence.
- 4 (c) Except as provided in subsection (3), the market value of all motor trucks; agricultural tools, implements, and machinery; and vehicles of all kinds, including but not limited to boats and all watercraft, is the average wholesale value shown in national appraisal guides and manuals or the value of the vehicle before reconditioning 9 10 and profit margin. The department of revenue shall prepare 11 valuation schedules showing the average wholesale value when 12 no national appraisal quide exists.
- 13 (3) The department of revenue or its agents may not 14 adopt a lower or different standard of value from market 1.5 value in making the official assessment and appraisal of the 16 value of property, except:
- 17 (a) the wholesale value for agricultural implements and 18 machinery is the loan value as shown in the Official Guide, Tractor and Farm Equipment, published by the national farm and power equipment dealers association, St. Louis, Missouri:
- 22 (b) for agricultural implements and machinery 23 listed in the official guide, the department shall prepare a 24 supplemental manual where the values reflect the same depreciation as those found in the official quide; and

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- 1 (c) as otherwise authorized in Title 15 and Title 61.
- 2 (4) For purposes of taxation, assessed value is the 3 same as appraised value.
- 4 (5) The taxable value for all property is the 5 percentage of market or assessed value established for each 6 class of property.
- 7 (6) The assessed value of properties in 15-6-131 8 through 15-6-133 is as follows:
- 9 (a) Properties in 15-6-131, under class one, are
 10 assessed at 100% of the annual net proceeds after deducting
 11 the expenses specified and allowed by 15-23-503 or, if
 12 applicable, as provided in 15-23-515 or [section 1].
- 13 (b) Properties in 15-6-132, under class two, are 14 assessed at 100% of the annual gross proceeds.

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- (c) Properties in 15-6-133, under class three, are assessed at 100% of the productive capacity of the lands when valued for agricultural purposes. All lands that meet the qualifications of 15-7-202 are valued as agricultural lands for tax purposes.
- (d) Properties in 15-6-143, under class thirteen, are assessed at 100% of the combined appraised value of the standing timber and grazing productivity of the land when valued as timberland.
- 24 (7) Land and the improvements thereon are separately 25 assessed when any of the following conditions occur:

- 1 (a) ownership of the improvements is different from 2 ownership of the land;
- 3 (b) the taxpayer makes a written request; or
- (c) the land is outside an incorporated city or town.
- 5 (Subsection (6)(d) terminates January 1, 1991--sec. 10, Ch.
- 6 681, L. 1985.)"
- 7 Section 5. Section 15-23-103, MCA, is amended to read:
- 8 "15-23-103. Due date of reports and returns --
- 9 extensions. (1) Except as provided in subsection (2) and
- 10 15-23-602, each report or return described in 15-23-301,
- 11 15-23-402, 15-23-502, or 15-23-701 shall be delivered to the
- 12 department on or before March 31 each year.
- 13 (2) Each report or return for a natural gas or oil
- 14 pipeline described in 15-23-301 must be delivered to the
- 15 department on or before April 15 each year.
- 16 (3) Each report described in 15-23-201, or 15-23-515,
- 17 or [section 1] must be delivered to the department before
- 18 April 15 each year.
- 19 (4) The department may for good cause extend the time
- 20 for filing a return or report for not more than 30 days."
- 21 Section 6. Section 15-23-106, MCA, is amended to read:
- 22 "15-23-106. Transmission to the counties. (1) On or
- 23 before July 1, the department shall transmit to its agent in
- 24 each county a statement listing:
- 25 (a) the assessed value of railroad property, as

determined under 15-23-202, apportioned to the county, including the length or other description of such property;

- 3 (b) the assessed value of utility property, as 4 determined under 15-23-303, apportioned to the county, 5 including the length or other description of such property;
 - (c) the assessed value of property of airline companies, as determined under 15-23-403, apportioned to the county; 90% of the value of the property of airline companies apportioned to any county by reason of a state airport being located in the county shall be stated separately from the remaining assessed value of the property of airline companies apportioned to the county;
 - (d) the assessed value of the net proceeds and royalties from mines and oil and gas wells in the county, as determined under 15-23-503, 15-23-505, 15-23-515, [section 1], 15-23-603, and 15-23-605; and
- 17 (e) the assessed value of the gross proceeds from coal
 18 mines, as described in 15-23-701.
 - (2) The agent of the department shall enter the assessed values so transmitted in the assessment book in a manner prescribed by the department."
 - Section 7. Section 15-23-115, MCA, is amended to read:
- 23 **15-23-115. Interest. If the department determines that 24 a taxpayer has incorrectly reported a value under 15-23-502,
- 25 15-23-515, <u>[section 1]</u>, 15-23-602, 15-23-701, or 15-23-802,

- the department shall inform its agents at the county level
 of such determination, and if any additional tax is due,
 there must be added thereto until paid in full interest at
 the rate of 1% a month or fraction thereof from the date the
 original tax was due and payable. In no instance will a
 taxpayer subject to imposition of interest pursuant to this
 section be also subject to the penalty and interest
 provisions contained in 15-16-102."
 - Section 8. Section 15-23-502, MCA, is amended to read:
 - 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, except coal and metals, must on or before March 31 each year make out a statement of the gross yield and value of the above-named metals or minerals from each mine owned or worked by such person during the year preceding January 1 of the year in which such statement is made. Such statement shall be in the form prescribed by the department of revenue and must be verified by the oath of the person completing the statement or the manager, superintendent, agent, president, or vice-president, if a corporation, association, or partnership, and must be delivered to the department on

or before March 31. Except as provided in 15-23-515 and

- 1 [section 1], the statement shall show the following:
- 2 (1) the name and address of the owner or lessee or
 3 operator of the mine, together with the names and addresses
 4 of any and all persons owning or claiming any royalty
 5 interest in the mineral product of such mine or the proceeds
 6 derived from the sale thereof, and the amount or amounts
 7 paid or yielded as royalty to each of such persons during
 8 the period covered by the statement;
- 9 (2) the description and location of the mine;

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- (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;
 - products, or deposits and the yield of such ores, mineral products, or deposits from such mine in constituents of commercial value; that is, commercially valuable constituents of the ores, mineral products, or deposits, measured by standard units of measurement, yielded to such person so engaged in mining and to each royalty holder, if any, during the period covered by the statement;
- 21 (5) the gross yield or value in dollars and cents;
- 22 (6) cost of extracting from the mine;
- 23 (7) cost of transporting to place of reduction or sale;
- 24 (8) cost of reduction or sale;
- 25 (9) cost of marketing the product and conversion of

- same into money;
- 2 (10) cost of construction, repairs, and betterments of
- 3 mines and cost of repairs and replacements of reduction
- 4 works:
- 5 (11) the assessed valuation of reduction works for the
- 6 calendar year for which such return is made;
- 7 (12) cost of fire insurance, workers' compensation
- 8 insurance, boiler and machinery insurance, and public
- 9 liability insurance paid for the mine, reduction works, or
- 10 beneficiation process;
- 11 (13) cost of welfare and retirement fund payments
- 12 provided for in wage contracts;
- 13 (14) cost of testing extracted minerals for the purpose
- 14 of satisfying federal or state health and safety laws or
- 15 regulations, the cost of plant security in Montana, the cost
- 16 of assaying and sampling the extracted minerals, and the
- 17 costs incurred in Montana for engineering and geological
- 18 services for existing mining operations but not including
- 19 any such services beyond the stage of reduction and
- 20 beneficiation of the minerals; and
- 21 (15) cost of mine reclamation."
- 22 Section 9. Section 15-23-503, MCA, is amended to read:
- 23 "15-23-503. Net proceeds -- how computed. (1) The
- 24 department of revenue shall calculate from the returns the
- 25 gross product yielded from a mine and its gross value for

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- the year covered by the statement and shall calculate and compute the net proceeds of the mine yielded to the person engaged in mining. Except as provided in 15-23-515 and [section 1], net proceeds shall be determined by subtracting from the value of the gross product of the mine the following:
- 7 (a) all royalty paid or apportioned in cash or in kind8 by the person engaged in mining;
- 9 (b) all money expended for necessary labor, machinery,
 10 and supplies needed and used in the mining operations and
 11 developments:
 - (c) all money expended for improvements, repairs, and betterments necessary in and about the working of the mine, except as provided in this section;

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- (d) all money expended for costs of repairs and replacements of the milling and reduction works used in connection with the mine;
- (e) depreciation in the sum of 6% of the assessed valuation of the milling and reduction works for the calendar year for which the return is made;
- (f) all money actually expended for transporting the ores and mineral products or deposits from the mines to the mill or reduction works or to the place of sale and for extracting the metals and minerals and for marketing the product and the conversion of the product into money;

- 1 (g) all money expended for insurance and welfare and 2 retirement costs reported in the statement required in 3 15-23-502;
 - (h) all money expended for necessary labor, equipment, and supplies for testing minerals extracted to satisfy federal or state health and safety laws or regulations, for plant security in Montana, for assaying and sampling the extracted minerals, for the cost of reclamation at the site of the mine, and for engineering and geological services conducted in Montana for existing mining operations but not including services beyond the stage of reduction and beneficiation of the minerals.
- 13 (2) In computing the deductions allowable for repairs,
 14 improvements, and betterments to the mine, the department
 15 shall allow 10% of the cost each year for a period of 10
 16 years.
- 17 (3) Money invested in mines or improvements may not be
 18 allowed as a deduction unless all machinery, equipment, and
 19 buildings represented by the money are returned to the
 20 county in which the mine is located for assessment purposes
 21 at the level of assessment of all other property in the
 22 county.
 - (4) Money invested in the mines and improvements during any year except the year for which such statement is made and except as provided in this section may not be included

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quarter of the 1989 taxable year.

- in the expenditures, and the expenditures may not include the salary or any portion of the salary of any person or officer not actually engaged in the working of the mine or superintending the management of the mine."
- Section 10. Section 15-23-515, MCA, is amended to read:

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- "15-23-515. Net proceeds for talc -- statement -value. (1) A statement of gross yield and value, required in
 15-23-502, that is filed by a producer of talc must contain
 the following:
- (a) the name and address of the owner or lessee or operator of the mine, together with the name and address of any person owning or claiming a royalty interest in the mineral product of the mine or the proceeds derived from the sale of the mineral product, and the amount or amounts paid or yielded as royalty to each person during the period covered by the statement;
- (b) the description and location of the mine;
- 18 (c) the number of tons of talc extracted, produced, and
 19 treated or sold from the mine during the period covered by
 20 the statement;
 - (d) the amount and character of the talc and the yield of the talc from the mine, measured in tons, yielded to the person engaged in mining and to each royalty holder, if any, during the period covered by the statement; and
- 25 (e) the gross yield or value in dollars and cents.

- 1 (2) (a) For the purposes of this section, the gross 2 yield or value of talc is determined by multiplying the
- 4 (i) for the taxable year beginning January 1, 1989,

number of tons of talc reported under subsection (1)(c) by:

5 \$4.25; and

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- 6 (ii) for the taxable years beginning January 1, 1990,
 7 and thereafter, the product obtained by multiplying \$4.25 by
 8 the quotient of the PCE for the first quarter of the year
 9 previous to the taxable year for which the net proceed value
 10 is being calculated, divided by the PCE for the first
- 12 (b) "PCE" means the implicit price deflator for 13 personal consumption expenditures as published quarterly in 14 the Survey of Current Business by the bureau of economic 15 analysis of the U.S. department of commerce."
- Section 11. Section 15-23-521, MCA, is amended to read:
- 17 *15-23-521. Examination of records by department. The
 18 department of revenue may at any time examine the records of
 19 any person specified in this part as the records may pertain
 20 to the yield of ore or mineral products or deposit in order
 21 to verify the statements made by the person. If from the
 22 examination or from other information, the department finds
 23 any statement or any material part of a statement willfully
- 23 any statement or any material part of a statement willfully
- false or fraudulent, the department must assess in the same
- 25 manner as provided for in 15-23-503, or 15-23-515, or

1 [section 1]."

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- Section 12. Section 15-38-103, MCA, is amended to read:
- - "Department" means department of revenue.
- 6 (2) "Gross value of product" means, except as provided
 7 in 15-38-126 and [section 2], the market value of any
 8 merchantable mineral extracted or produced during the
 9 taxable year.
- 10 (3) "Mineral" means any precious stones or gems, gold,
 11 silver, copper, coal, lead, petroleum, natural gas, oil,
 12 uranium, or other nonrenewable merchantable products
 13 extracted from the surface or subsurface of the state of
 14 Montana.
 - (4) "Total environment" means air, water, soil, flora, and fauna and the social, economic, and cultural conditions that influence communities and individual citizens."
- 18 Section 13. Section 15-38-104, MCA, is amended to read:
- 19 "15-38-104. Tax on mineral production. (1) Except as
 20 provided in subsection subsections (2) and (3), the annual
 21 tax to be paid by a person engaged in or carrying on the
 22 business of mining, extracting, or producing a mineral is
 23 \$25, plus an additional amount computed on the gross value
- 24 of product that was derived from the business work or
- 25 operation within this state during the calendar year

- immediately preceding at the rate of 1/2 of 1% of the amount
- 2 of gross value of product at the time of extraction from the
- 3 ground, if in excess of \$5,000. Unless otherwise provided in
- 4 a contract or lease, the pro rata share of any royalty owner
- 5 or owners may be deducted from any settlements under the
 - lease or leases or division of proceeds orders or other
 - contracts.

- 8 (2) The annual tax to be paid by a person engaged in or
- 9 carrying on the business of mining, extracting, or producing
- 10 talc is \$25 plus an additional amount computed on the gross
- value of product for talc derived from the business work or
- 12 operation within this state during the calendar year
- immediately preceding at the rate of 4%.
- 14 (3) The annual tax to be paid by a person engaged in or
- 15 carrying on the business of mining, extracting, or producing
- 16 vermiculite is \$25 plus an additional amount computed on the
- 17 gross value of product for vermiculite derived from the
- 18 business work or operation within this state during the
- 19 calendar year immediately preceding at the rate of 2%."
- 20 NEW SECTION. Section 14. Codification instruction. (1)
- 21 [Section 1] is intended to be codified as an integral part
- of Title 15, chapter 23, part 5, and the provisions of Title
- 23 15, chapter 23, part 5, apply to [section 1].
- 24 (2) [Section 2] is intended to be codified as an
- 25 integral part of Title 15, chapter 38, part 1, and the

- 1 provisions of Title 15, chapter 38, part 1, apply to
- 2 [section 2].
- 3 NEW SECTION. Section 15. Effective date -- retroactive
- 4 applicability. (1) [This act] is effective on passage and
- 5 approval and, except as provided in subsection (2), applies
- 6 retroactively, within the meaning of 1-2-109, to tax years
- 7 beginning after December 31, 1990.
- θ (2) [Section 10] applies retroactively, within the
- 9 meaning of 1-2-109, to talc produced after December 31,
- 10 1989.

-End-

STATE OF MONTANA - FISCAL NOTE

Form BD-15

In compliance with a written request, there is hereby submitted a Fiscal Note for HB0976, as introduced.

DESCRIPTION OF PROPOSED LEGISLATION:

An act establishing the value of vermiculite for net proceeds property tax purposes and for resource indemnity trust tax purposes; establishing a specific resource indemnity trust tax rate for vermiculite; revising the inflation adjustment for the net proceeds tax on talc to conform with that for vermiculite; and providing an immediate effective date and retroactive applicability dates.

ASSUMPTIONS:

- 1. Currently, there is no vermiculite production in the state. However, a new vermiculite mine is currently being developed in Beaverhead county.
- 2. The price of vermiculite for this mine will be \$93.22 in FY92 and \$92.15 in FY93. (DOR)
- 3. Production at this mine will be 12,750 tons in FY91 and 34,400 tons in FY92. (DOR)
- 4. Net proceeds for this mine, under current law, will be \$29.55 per ton in FY92 and \$23.50 in FY93. (DOR)
- 5. Net proceeds, under the proposal, will be equal to gross value, \$27 per ton.
- 6. The current rate for the RITT is 0.5% of gross value for all minerals, but would become 2.0% for vermiculite only under the proposal.

FISCAL IMPACT:

Expenditures:

The proposal will have no impact on Department of Revenue expenditures.

Revenues:

	FY'92			FY'93			
	Mills	(Current)	(Proposed)	Difference	(Current)	(Proposed)	Difference
Foundation Program	95	\$35,793	\$32,704	(\$3,089)	\$76,792	\$88,236	\$11,444
University System	6	\$2,261	\$2,066	(\$195)	\$4,850	\$5,573	\$723
RITT (02)	<u> NA</u>	<u>\$5,943</u>	<u>\$6.885</u>	\$942	\$15,850	<u>\$18,576</u>	\$2,726
TOTAL STATE	101	\$43,997	\$41,655	(\$2,342)	\$97,492	\$112,385	\$14,893

ROD SUNDSTED, BUDGET DIRECTOR

DATE

Office of Budget and Program Planning

CHARLES SWYSGOOD, PRIMARY/SPØNSOR

DATE

Fiscal Note for <u>HB0976</u>, as introduced

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Fiscal Note Request, <u>HB0976</u>, as introduced Form BD-15
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EFFECT ON LOCAL REVENUES:

		FY'92			FY'93		
	Mills	(Current)	(Proposed)	Difference	(Current)	(Proposed)	<u>Difference</u>
County	74.95	\$28,239	\$25,802	(\$2,437)	\$60,585	\$69,614	\$9,029
Elementary School	52.37	\$19,732	\$18,028	(\$1,704)	\$42,333	\$48,641	\$6,308
High School	36.22	\$13,647	\$12,469	(\$1,178)	\$29,278	\$33,641	\$4,363
Misc. Districts	<u>36.09</u>	\$13.598	\$12,424	(\$1.174)	\$29,173	\$33,520	\$4.347
TOTAL LOCAL	199.63	\$75,216	\$68,723	(\$6,493)	\$161,369	\$185,416	\$24,047

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APPROVED BY COMMITTEE ON TAXATION

INTRODUCED BY Support Harrylin

A BILL FOR AN ACT ENTITLED: "AN ACT ESTABLISHING THE VALUE OF VERMICULITE FOR NET PROCEEDS PROPERTY TAX PURPOSES AND FOR RESOURCE INDEMNITY TRUST TAX PURPOSES; ESTABLISHING A SPECIFIC RESOURCE INDEMNITY TRUST TAX RATE FOR VERMICULITE; REVISING THE INFLATION ADJUSTMENT FOR THE NET PROCEEDS TAX ON TALC TO CONFORM WITH THAT FOR VERMICULITE; AMENDING SECTIONS 15-6-131, 15-8-111, 15-23-103, 15-23-106, 15-23-115, 15-23-502, 15-23-503, 15-23-515, 15-23-521, 15-38-103, AND 15-38-104, MCA; AND PROVIDING AN IMMEDIATE

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

EFFECTIVE DATE AND RETROACTIVE APPLICABILITY DATES."

NEW SECTION. Section 1. Net proceeds for vermiculite
-- statement -- value. (1) A statement of gross yield and
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vermiculite must contain the following:

(a) the name and address of the owner, lessee, or operator of the mine, together with the name and address of any person owning or claiming a royalty interest in the mineral product of the mine or the proceeds derived from the sale of the mineral product, and the amount or amounts paid or yielded as royalty to each person during the period

covered by the statement;

(1)(c) by:

- (b) the description and location of the mine;
- 3 (c) the number of tons of vermiculite extracted,
 4 produced, and treated or sold from the mine during the
 5 period covered by the statement;
- (d) the amount and character of the vermiculite and the yield of the vermiculite from the mine, measured in tons, yielded to the person engaged in mining and to each royalty holder, if any, during the period covered by the statement; and
- (e) the gross yield or value in dollars and cents.
- 12 (2) (a) For the purposes of this section, the gross
 13 yield or value of vermiculite is determined by multiplying
 14 the number of tons of vermiculite reported under subsection
- 16 (i) for the taxable year beginning January 1, 1991.
- 17 \$27; and
 18 (ii) for the taxable years beginning January 1, 1992,
- and thereafter, the product obtained by multiplying \$27 by
 the quotient of the PCE for the first quarter of the year
 previous to the taxable year for which the net proceed value
- 22 is being calculated, divided by the PCE for the first
- 23 quarter of the 1991 taxable year.
- 24 (b) "PCE" means the implicit price deflator for 25 personal consumption expenditures as published quarterly in



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the Survey of Current Business by the bureau of economic analysis of the U.S. department of commerce.

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- NEW SECTION. Section 2. Gross value of product for vermiculite. As used in this part, when referring to vermiculite, "gross value of product" is the gross yield or value of vermiculite as determined in [section 1(2)].
- 7 Section 3. Section 15-6-131, MCA, is amended to read:
 - *15-6-131. Class one property -- description -- taxable percentage. (1) Class one property includes the annual net proceeds of all mines and mining claims except coal and metal mines.
 - (2) Class one property is taxed at 100% of its annual net proceeds after deducting the expenses specified and allowed by 15-23-503 or, for tale, as provided in 15-23-515 or, for vermiculite, as provided in [section 1]."
- Section 4. Section 15-8-111, MCA, is amended to read:
- 17 "15-8-111. Assessment -- market value standard -18 exceptions. (1) All taxable property must be assessed at
 19 100% of its market value except as otherwise provided.
 - (2) (a) Market value is the value at which property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or to sell and both having reasonable knowledge of relevant facts.
- 24 (b) If the department uses construction cost as one 25 approximation of market value, the department shall fully

- consider reduction in value caused by depreciation, whether through physical depreciation, functional obsolescence, or economic obsolescence.
 - (c) Except as provided in subsection (3), the market value of all motor trucks; agricultural tools, implements, and machinery; and vehicles of all kinds, including but not limited to boats and all watercraft, is the average wholesale value shown in national appraisal guides and manuals or the value of the vehicle before reconditioning and profit margin. The department of revenue shall prepare valuation schedules showing the average wholesale value when no national appraisal guide exists.
 - (3) The department of revenue or its agents may not adopt a lower or different standard of value from market value in making the official assessment and appraisal of the value of property, except:
- (a) the wholesale value for agricultural implements and machinery is the loan value as shown in the Official Guide,
 Tractor and Farm Equipment, published by the national farm and power equipment dealers association, St. Louis,
 Missouri;
- 22 (b) for agricultural implements and machinery not 23 listed in the official guide, the department shall prepare a 24 supplemental manual where the values reflect the same 25 depreciation as those found in the official guide; and

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(c) as otherwise authorized in Title 15 and Title 61.

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- 2 (4) For purposes of taxation, assessed value is the 3 same as appraised value.
 - (5) The taxable value for all property is the percentage of market or assessed value established for each class of property.
- 7 (6) The assessed value of properties in 15-6-131 8 through 15-6-133 is as follows:
 - (a) Properties in 15-6-131, under class one, are assessed at 100% of the annual net proceeds after deducting the expenses specified and allowed by 15-23-503 or, if applicable, as provided in 15-23-515 or [section 1].
- (b) Properties in 15-6-132, under class two, are assessed at 100% of the annual gross proceeds.
 - (c) Properties in 15-6-133, under class three, are assessed at 100% of the productive capacity of the lands when valued for agricultural purposes. All lands that meet the qualifications of 15-7-202 are valued as agricultural lands for tax purposes.
 - (d) Properties in 15-6-143, under class thirteen, are assessed at 100% of the combined appraised value of the standing timber and grazing productivity of the land when valued as timberland.
- (7) Land and the improvements thereon are separatelyassessed when any of the following conditions occur:

- 1 (a) ownership of the improvements is different from 2 ownership of the land:
- 3 (b) the taxpayer makes a written request; or
- 4 (c) the land is outside an incorporated city or town.
- 5 (Subsection (6)(d) terminates January 1, 1991--sec. 10, Ch.
- 6 681, L. 1985.)"
 - Section 5. Section 15-23-103, MCA, is amended to read:
- 8 "15-23-103. Due date of reports and returns -9 extensions. (1) Except as provided in subsection (2) and
- 10 15-23-602, each report or return described in 15-23-301,
- 11 15-23-402, 15-23-502, or 15-23-701 shall be delivered to the
- 12 department on or before March 31 each year.
- 13 (2) Each report or return for a natural gas or oil
- 14 pipeline described in 15-23-301 must be delivered to the
- 15 department on or before April 15 each year.
- 16 (3) Each report described in 15-23-201, or 15-23-515,
- 17 or (section 1) must be delivered to the department before
- 18 April 15 each year.
- 19 (4) The department may for good cause extend the time
- 20 for filing a return or report for not more than 30 days."
- 21 Section 6. Section 15-23-106. MCA, is amended to read:
- 22 "15-23-106. Transmission to the counties. (1) On or
- 23 before July 1, the department shall transmit to its agent in
- 24 each county a statement listing:
- 25 (a) the assessed value of railroad property, as

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determined under 15-23-202, apportioned to the county, including the length or other description of such property;

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- (b) the assessed value of utility property, as determined under 15-23-303, apportioned to the county, including the length or other description of such property;
- (c) the assessed value of property of airline companies, as determined under 15-23-403, apportioned to the county; 90% of the value of the property of airline companies apportioned to any county by reason of a state airport being located in the county shall be stated separately from the remaining assessed value of the property of airline companies apportioned to the county;
- (d) the assessed value of the net proceeds and royalties from mines and oil and gas wells in the county, as determined under 15-23-503, 15-23-505, 15-23-515, [section 1], 15-23-603, and 15-23-605; and
- (e) the assessed value of the gross proceeds from coal mines, as described in 15-23-701.
- (2) The agent of the department shall enter the assessed values so transmitted in the assessment book in a manner prescribed by the department."
 - Section 7. Section 15-23-115, MCA, is amended to read:
- 23 *15-23-115. Interest. If the department determines that
 24 a taxpayer has incorrectly reported a value under 15-23-502,
 25 15-23-515, [section 1], 15-23-602, 15-23-701, or 15-23-802,

- the department shall inform its agents at the county level of such determination, and if any additional tax is due, there must be added thereto until paid in full interest at the rate of 1% a month or fraction thereof from the date the original tax was due and payable. In no instance will a taxpayer subject to imposition of interest pursuant to this section be also subject to the penalty and interest provisions contained in 15-16-102."
- 9 Section 8. Section 15-23-502, MCA, is amended to read: "15-23-502. Net proceeds tax -- statement of yield. 10 Every person engaged in mining, extracting, or producing 11 from any quartz vein or lode, placer claim, dump or 12 13 tailings, or other place or source whatever precious stones or gems, vermiculite, bentonite, or other valuable mineral, 14 15 except coal and metals, must on or before March 31 each year 16 make out a statement of the gross yield and value of the 17 above-named metals or minerals from each mine owned or worked by such person during the year preceding January 1 of 18 19 the year in which such statement is made. Such statement shall be in the form prescribed by the department of revenue 20 21 and must be verified by the oath of the person completing 22 the statement or the manager, superintendent, 23 president, or vice-president, if a corporation, association, or partnership, and must be delivered to the department on 24

or before March 31. Except as provided in 15-23-515 and

[section 1], the statement shall show the following:

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- (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 vielded as royalty to each of such persons during the period covered by the statement;
 - (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 products, or deposits and the yield of such ores, mineral products, or deposits from such mine in constituents of commercial value; that is, commercially constituents of the ores, mineral products, or deposits, measured by standard units of measurement, yielded to such person so engaged in mining and to each royalty holder, if any, during the period covered by the statement;
 - (5) the gross yield or value in dollars and cents;
 - (6) cost of extracting from the mine;
- 23 (7) cost of transporting to place of reduction or sale;
- (8) cost of reduction or sale; 24
- 25 (9) cost of marketing the product and conversion of

- same into money: 1
- (10) cost of construction, repairs, and betterments of 2
- mines and cost of repairs and replacements of reduction 3
- works;

- (11) the assessed valuation of reduction works for the 5
 - 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; 10
- (13) cost of welfare and retirement fund payments 11
- provided for in wage contracts; 12
- (14) cost of testing extracted minerals for the purpose 13
- of satisfying federal or state health and safety laws or 14
- 15 regulations, the cost of plant security in Montana, the cost
- of assaying and sampling the extracted minerals, and the 16
- costs incurred in Montana for engineering and geological 17
- services for existing mining operations but not including 18
- any such services beyond the stage of reduction and
- 20 beneficiation of the minerals; and
- (15) cost of mine reclamation." 21
- Section 9. Section 15-23-503, MCA, is amended to read: 22
- *15-23-503. Net proceeds -- how computed. (1) The 23
- department of revenue shall calculate from the returns the 24
- 25 gross product yielded from a mine and its gross value for

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- the year covered by the statement and shall calculate and compute the net proceeds of the mine yielded to the person engaged in mining. Except as provided in 15-23-515 and [section 1], net proceeds shall be determined by subtracting from the value of the gross product of the mine the following:
- 7 (a) all royalty paid or apportioned in cash or in kind8 by the person engaged in mining;
- 9 (b) all money expended for necessary labor, machinery, 10 and supplies needed and used in the mining operations and 11 developments;

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- (c) all money expended for improvements, repairs, and betterments necessary in and about the working of the mine, except as provided in this section;
- (d) all money expended for costs of repairs and replacements of the milling and reduction works used in connection with the mine;
- (e) depreciation in the sum of 6% of the assessed valuation of the milling and reduction works for the calendar year for which the return is made;
- (f) all money actually expended for transporting the ores and mineral products or deposits from the mines to the mill or reduction works or to the place of sale and for extracting the metals and minerals and for marketing the product and the conversion of the product into money;

- 1 (g) all money expended for insurance and welfare and
 2 retirement costs reported in the statement required in
 3 15-23-502;
 - (h) all money expended for necessary labor, equipment, and supplies for testing minerals extracted to satisfy federal or state health and safety laws or regulations, for plant security in Montana, for assaying and sampling the extracted minerals, for the cost of reclamation at the site of the mine, and for engineering and geological services conducted in Montana for existing mining operations but not including services beyond the stage of reduction and beneficiation of the minerals.
 - (2) In computing the deductions allowable for repairs, improvements, and betterments to the mine, the department shall allow 10% of the cost each year for a period of 10 years.
 - (3) Money invested in mines or improvements may not be allowed as a deduction unless all machinery, equipment, and buildings represented by the money are returned to the county in which the mine is located for assessment purposes at the level of assessment of all other property in the county.
- 23 (4) Money invested in the mines and improvements during
 24 any year except the year for which such statement is made
 25 and except as provided in this section may not be included

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- in the expenditures, and the expenditures may not include the salary or any portion of the salary of any person or officer not actually engaged in the working of the mine or superintending the management of the mine."
- Section 10. Section 15-23-515, MCA, is amended to read:

 "15-23-515. Net proceeds for talc -- statement -
 value. (1) A statement of gross yield and value, required in

 15-23-502, that is filed by a producer of talc must contain

 the following:

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- (a) the name and address of the owner or lessee or operator of the mine, together with the name and address of any person owning or claiming a royalty interest in the mineral product of the mine or the proceeds derived from the sale of the mineral product, and the amount or amounts paid or yielded as royalty to each person during the period covered by the statement;
 - (b) the description and location of the mine;
- (c) the number of tons of talc extracted, produced, and treated or sold from the mine during the period covered by the statement;
- (d) the amount and character of the talc and the yield of the talc from the mine, measured in tons, yielded to the person engaged in mining and to each royalty holder, if any, during the period covered by the statement; and
- (e) the gross yield or value in dollars and cents.

- 1 (2) (a) For the purposes of this section, the gross 2 yield or value of talc is determined by multiplying the 3 number of tons of talc reported under subsection (1)(c) by:
- 4 (i) for the taxable year beginning January 1, 1989, 5 \$4.25; and
- 6 (ii) for the taxable years beginning January 1, 1990,
 7 and thereafter, the product obtained by multiplying \$4.25 by
 8 the quotient of the PCE for the first quarter of the year
 9 previous to the taxable year for which the net proceed value
 10 is being calculated, divided by the PCE for the first
 11 quarter of the 1989 taxable year.
 - (b) "PCE" means the implicit price deflator for personal consumption expenditures as published quarterly in the Survey of Current Business by the bureau of economic analysis of the U.S. department of commerce."
 - Section 11. Section 15-23-521, MCA, is amended to read:

 "15-23-521. Examination of records by department. The department of revenue may at any time examine the records of any person specified in this part as the records may pertain to the yield of ore or mineral products or deposit in order to verify the statements made by the person. If from the examination or from other information, the department finds any statement or any material part of a statement willfully false or fraudulent, the department must assess in the same manner as provided for in 15-23-503, or 15-23-515, or

[section 1]." 1

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- 2 Section 12. Section 15-38-103, MCA, is amended to read:
- 3 *15-38-103. Definitions. As used in this chapter, the 4 following definitions apply:
 - (1) "Department" means department of revenue.
- б (2) "Gross value of product" means, except as provided 7 in 15-38-126 and [section 2], the market value of any 8 merchantable mineral extracted or produced during the 9 taxable vear.
- 10 (3) "Mineral" means any precious stones or gems, gold. 11 silver, copper, coal, lead, petroleum, natural gas, oil, 12 uranium, or other nonrenewable merchantable products 13 extracted from the surface or subsurface of the state of 14 Montana.
- (4) "Total environment" means air, water, soil, flora, 15 and fauna and the social, economic, and cultural conditions 16
- that influence communities and individual citizens." 18
- Section 13. Section 15-38-104, MCA, is amended to read: "15-38-104. Tax on mineral production. (1) Except as 19 provided in subsection subsections (2) and (3), the annual 20 tax to be paid by a person engaged in or carrying on the 21 22 business of mining, extracting, or producing a mineral is \$25, plus an additional amount computed on the gross value 23 of product that was derived from the business work or 24

- immediately preceding at the rate of 1/2 of 1% of the amount
- 2 of gross value of product at the time of extraction from the
- ground, if in excess of \$5,000. Unless otherwise provided in
- a contract or lease, the pro rata share of any royalty owner
- or owners may be deducted from any settlements under the
 - lease or leases or division of proceeds orders or other
- 7 contracts.

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- 8 (2) The annual tax to be paid by a person engaged in or 9 carrying on the business of mining, extracting, or producing 10 talc is \$25 plus an additional amount computed on the gross value of product for talc derived from the business work or 11
- 12 operation within this state during the calendar year
- 13 immediately preceding at the rate of 4%.
- 14 (3) The annual tax to be paid by a person engaged in or
- 15 carrying on the business of mining, extracting, or producing
- 16 vermiculite is \$25 plus an additional amount computed on the
- gross value of product for vermiculite derived from the 17
- 18 business work or operation within this state during the
 - calendar year immediately preceding at the rate of 2%."
- NEW SECTION. Section 14. Codification instruction. (1) 20
- 21 [Section 1] is intended to be codified as an integral part
- 22 of Title 15, chapter 23, part 5, and the provisions of Title
- 15, chapter 23, part 5, apply to [section 1]. 23
- 24 (2) [Section 2] is intended to be codified as an
- integral part of Title 15, chapter 38, part 1, and the 25

operation within this state during the calendar year

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- 1 provisions of Title 15, chapter 38, part 1, apply to 2 [section 2].
- 3 NEW SECTION. Section 15. Effective date -- retroactive
- 4 applicability. (1) [This act] is effective on passage and
 5 approval and, except as provided in subsection (2), applies
- 6 retroactively, within the meaning of 1-2-109, to tax years
- 7 beginning after December 31, 1990.
- 8 (2) [Section 10] applies retroactively, within the
- 9 meaning of 1-2-109, to talc produced after December 31,
- 10 1989.

-End-

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1 BILL NO. 976
2 INTRODUCED BY Luysand Harmofta
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A BILL FOR AN ACT ENTITLED: "AN ACT ESTABLISHING THE VALUE OF VERMICULITE FOR NET PROCEEDS PROPERTY TAX PURPOSES AND FOR RESOURCE INDEMNITY TRUST TAX PURPOSES; ESTABLISHING A SPECIFIC RESOURCE INDEMNITY TRUST TAX RATE FOR VERMICULITE; REVISING THE INFLATION ADJUSTMENT FOR THE NET PROCEEDS TAX ON TALC TO CONFORM WITH THAT FOR VERMICULITE; AMENDING SECTIONS 15-6-131, 15-8-111, 15-23-103, 15-23-106, 15-23-115, 15-23-502, 15-23-503, 15-23-515, 15-23-521, 15-38-103, AND 15-38-104, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE AND RETROACTIVE APPLICABILITY DATES."

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

NEW SECTION. Section 1. Net proceeds for vermiculite
-- statement -- value. (1) A statement of gross yield and
value, required in 15-23-502, that is filed by a producer of
vermiculite must contain the following:

(a) the name and address of the owner, lessee, or operator of the mine, together with the name and address of any person owning or claiming a royalty interest in the mineral product of the mine or the proceeds derived from the sale of the mineral product, and the amount or amounts paid or yielded as royalty to each person during the period

1 covered by the statement;

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and

- (b) the description and location of the mine;
- 3 (c) the number of tons of vermiculite extracted,
 4 produced, and treated or sold from the mine during the
 5 period covered by the statement;
- (d) the amount and character of the vermiculite and the yield of the vermiculite from the mine, measured in tons, yielded to the person engaged in mining and to each royalty holder, if any, during the period covered by the statement;
- 11 (e) the gross yield or value in dollars and cents.
- 12 (2) (a) For the purposes of this section, the gross
 13 yield or value of vermiculite is determined by multiplying
 14 the number of tons of vermiculite reported under subsection
 15 (1)(c) by:
- 16 (i) for the taxable year beginning January 1, 1991, 17 \$27; and
- (ii) for the taxable years beginning January 1, 1992, and thereafter, the product obtained by multiplying \$27 by the quotient of the PCE for the first quarter of the year previous to the taxable year for which the net proceed value is being calculated, divided by the PCE for the first quarter of the 1991 taxable year.
- (b) "PCE" means the implicit price deflator forpersonal consumption expenditures as published quarterly in

the Survey of Current Business by the bureau of economic analysis of the U.S. department of commerce.

- NEW SECTION. Section 2. Gross value of product for vermiculite. As used in this part, when referring to vermiculite, "gross value of product" is the gross yield or value of vermiculite as determined in [section 1(2)].
- Section 3. Section 15-6-131, MCA, is amended to read:
 - "15-6-131. Class one property -- description -- taxable percentage. (1) Class one property includes the annual net proceeds of all mines and mining claims except coal and metal mines.
 - (2) Class one property is taxed at 100% of its annual net proceeds after deducting the expenses specified and allowed by 15-23-503 or, for tale, as provided in 15-23-515 or, for vermiculite, as provided in [section 1]."
 - Section 4. Section 15-8-111, MCA, is amended to read:
 - "15-8-111. Assessment -- market value standard -exceptions. (1) All taxable property must be assessed at
 100% of its market value except as otherwise provided.
 - (2) (a) Market value is the value at which property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or to sell and both having reasonable knowledge of relevant facts.
- (b) If the department uses construction cost as one approximation of market value, the department shall fully

- consider reduction in value caused by depreciation, whether through physical depreciation, functional obsolescence, or economic obsolescence.
 - (c) Except as provided in subsection (3), the market value of all motor trucks; agricultural tools, implements, and machinery; and vehicles of all kinds, including but not limited to boats and all watercraft, is the average wholesale value shown in national appraisal guides and manuals or the value of the vehicle before reconditioning and profit margin. The department of revenue shall prepare valuation schedules showing the average wholesale value when no national appraisal guide exists.
 - (3) The department of revenue or its agents may not adopt a lower or different standard of value from market value in making the official assessment and appraisal of the value of property, except:
 - (a) the wholesale value for agricultural implements and machinery is the loan value as shown in the Official Guide, Tractor and Farm Equipment, published by the national farm and power equipment dealers association, St. Louis, Missouri:
- 22 (b) for agricultural implements and machinery not
 23 listed in the official guide, the department shall prepare a
 24 supplemental manual where the values reflect the same
 25 depreciation as those found in the official guide; and

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- 1 (c) as otherwise authorized in Title 15 and Title 61.
- 2 (4) For purposes of taxation, assessed value is the 3 same as appraised value.
- 4 (5) The taxable value for all property is the 5 percentage of market or assessed value established for each 6 class of property.
- 7 (6) The assessed value of properties in 15-6-131 8 through 15-6-133 is as follows:

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- (a) Properties in 15-6-131, under class one, are assessed at 100% of the annual net proceeds after deducting the expenses specified and allowed by 15-23-503 or, if applicable, as provided in 15-23-515 or [section 1].
- (b) Properties in 15-6-132, under class two, are assessed at 100% of the annual gross proceeds.
- (c) Properties in 15-6-133. under class three, are assessed at 100% of the productive capacity of the lands when valued for agricultural purposes. All lands that meet the qualifications of 15-7-202 are valued as agricultural lands for tax purposes.
- (d) Properties in 15-6-143, under class thirteen, are assessed at 100% of the combined appraised value of the standing timber and grazing productivity of the land when valued as timberland.
- 24 (7) Land and the improvements thereon are separately 25 assessed when any of the following conditions occur:

- (a) ownership of the improvements is different from
 ownership of the land;
- 3 (b) the taxpayer makes a written request; or
- 4 (c) the land is outside an incorporated city or town.
- 5 (Subsection (6)(d) terminates January 1, 1991--sec. 10, Ch.
- 6 681, L. 1985.)"
- 7 Section 5. Section 15-23-103, MCA, is amended to read:
- 8 "15-23-103. Due date of reports and returns --
- 9 extensions. (1) Except as provided in subsection (2) and
- 10 15-23-602, each report or return described in 15-23-301,
- 11 15-23-402, 15-23-502, or 15-23-701 shall be delivered to the
- 12 department on or before March 31 each year.
- 13 (2) Each report or return for a natural gas or oil
 14 pipeline described in 15-23-301 must be delivered to the
- 15 department on or before April 15 each year.
- 16 (3) Each report described in 15-23-201, or 15-23-515,
- 17 or [section 1] must be delivered to the department before
- 18 April 15 each year.

- 19 (4) The department may for good cause extend the time
- 20 for filing a return or report for not more than 30 days."
 - Section 6. Section 15-23-106, MCA, is amended to read:
- 22 "15-23-106. Transmission to the counties. (1) On or
- 23 before July 1, the department shall transmit to its agent in
- 24 each county a statement listing:
- 25 (a) the assessed value of railroad property, as

determined under 15-23-202, apportioned to the county, including the length or other description of such property;

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- (b) the assessed value of utility property, as determined under 15-23-303, apportioned to the county, including the length or other description of such property;
- (c) the assessed value of property of airline companies, as determined under 15-23-403, apportioned to the county; 90% of the value of the property of airline companies apportioned to any county by reason of a state airport being located in the county shall be stated separately from the remaining assessed value of the property of airline companies apportioned to the county;
- .(d) the assessed value of the net proceeds and royalties from mines and oil and gas wells in the county, as determined under 15-23-503, 15-23-505, 15-23-515, [section 1], 15-23-603, and 15-23-605; and
- (e) the assessed value of the gross proceeds from coal mines, as described in 15-23-701.
- (2) The agent of the department shall enter the assessed values so transmitted in the assessment book in a manner prescribed by the department."
- Section 7. Section 15-23-115, MCA, is amended to read:
- 23 "15-23-115. Interest. If the department determines that 24 a taxpayer has incorrectly reported a value under 15-23-502, 25 15-23-515, {section 1}, 15-23-602, 15-23-701, or 15-23-802,

- the department shall inform its agents at the county level
 of such determination, and if any additional tax is due,
 there must be added thereto until paid in full interest at
 the rate of 1% a month or fraction thereof from the date the
 original tax was due and payable. In no instance will a
 taxpayer subject to imposition of interest pursuant to this
 section be also subject to the penalty and interest
 provisions contained in 15-16-102."
- Section 8. Section 15-23-502, MCA, is amended to read:
- "15-23-502. Net proceeds tax -- statement of yield. 10 11 Every person engaged in mining, extracting, or producing from any quartz vein or lode, placer claim, dump or 12 13 tailings, or other place or source whatever precious stones or qems, vermiculite, bentonite, or other valuable mineral, 14 15 except coal and metals, must on or before March 31 each year make out a statement of the gross yield and value of the 16 above-named metals or minerals from each mine owned or 17 worked by such person during the year preceding January 1 of 18 the year in which such statement is made. Such statement 19 20 shall be in the form prescribed by the department of revenue and must be verified by the oath of the person completing 21 the statement or the manager, superintendent, agent, 22 23 president, or vice-president, if a corporation, association, or partnership, and must be delivered to the department on 24 or before March 31. Except as provided in 15-23-515 and 25

[section 1], the statement shall show the following:

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- (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;
 - (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 products, or deposits and the yield of such ores, mineral products, or deposits from such mine in constituents of commercial value; that is, commercially valuable constituents of the ores, mineral products, or deposits, measured by standard units of measurement, yielded to such person so engaged in mining and to each royalty holder, if any, during the period covered by the statement;
- 21 (5) the gross yield or value in dollars and cents;
 - (6) cost of extracting from the mine;
- 23 (7) cost of transporting to place of reduction or sale;
- 24 (8) cost of reduction or sale;
- 25 (9) cost of marketing the product and conversion of

- same into money;
- 2 (10) cost of construction, repairs, and betterments of
- 3 mines and cost of repairs and replacements of reduction
- 4 works;

- 5 (11) the assessed valuation of reduction works for the
 - calendar year for which such return is made;
- 7 (12) cost of fire insurance, workers' compensation
- 8 insurance, boiler and machinery insurance, and public
- 9 liability insurance paid for the mine, reduction works, or
- 10 beneficiation process;
- 11 (13) cost of welfare and retirement fund payments
- 12 provided for in wage contracts;
- 13 (14) cost of testing extracted minerals for the purpose
- 14 of satisfying federal or state health and safety laws or
- 15 regulations, the cost of plant security in Montana, the cost
- 16 of assaying and sampling the extracted minerals, and the
- 17 costs incurred in Montana for engineering and geological
- 18 services for existing mining operations but not including
- 19 any such services beyond the stage of reduction and
- 20 beneficiation of the minerals; and
 - (15) cost of mine reclamation."
- 22 Section 9. Section 15-23-503, MCA, is amended to read:
- 23 "15-23-503. Net proceeds -- how computed. (1) The
- 24 department of revenue shall calculate from the returns the
- 25 gross product yielded from a mine and its gross value for

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the year covered by the statement and shall calculate and compute the net proceeds of the mine yielded to the person engaged in mining. Except as provided in 15-23-515 and [section 1], net proceeds shall be determined by subtracting from the value of the gross product of the mine the following:

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- 7 (a) all royalty paid or apportioned in cash or in kind8 by the person engaged in mining;
 - (b) all money expended for necessary labor, machinery, and supplies needed and used in the mining operations and developments;
 - (c) all money expended for improvements, repairs, and betterments necessary in and about the working of the mine, except as provided in this section;
 - (d) all money expended for costs of repairs and replacements of the milling and reduction works used in connection with the mine;
 - (e) depreciation in the sum of 6% of the assessed valuation of the milling and reduction works for the calendar year for which the return is made;
 - (f) all money actually expended for transporting the ores and mineral products or deposits from the mines to the mill or reduction works or to the place of sale and for extracting the metals and minerals and for marketing the product and the conversion of the product into money;

- (g) all money expended for insurance and welfare and retirement costs reported in the statement required in 15-23-502;
- (h) all money expended for necessary labor, equipment, and supplies for testing minerals extracted to satisfy federal or state health and safety laws or regulations, for plant security in Montana, for assaying and sampling the extracted minerals, for the cost of reclamation at the site of the mine, and for engineering and geological services conducted in Montana for existing mining operations but not including services beyond the stage of reduction and beneficiation of the minerals.
- (2) In computing the deductions allowable for repairs, improvements, and betterments to the mine, the department shall allow 10% of the cost each year for a period of 10 years.
- 17 (3) Money invested in mines or improvements may not be
 18 allowed as a deduction unless all machinery, equipment, and
 19 buildings represented by the money are returned to the
 20 county in which the mine is located for assessment purposes
 21 at the level of assessment of all other property in the
 22 county.
 - (4) Money invested in the mines and improvements during any year except the year for which such statement is made and except as provided in this section may not be included

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in the expenditures, and the expenditures may not include the salary or any portion of the salary of any person or officer not actually engaged in the working of the mine or superintending the management of the mine."

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Section 10. Section 15-23-515, MCA, is amended to read:

*15-23-515. Net proceeds for talc -- statement -value. (1) A statement of gross yield and value, required in
15-23-502, that is filed by a producer of talc must contain
the following:

- (a) the name and address of the owner or lessee or operator of the mine, together with the name and address of any person owning or claiming a royalty interest in the mineral product of the mine or the proceeds derived from the sale of the mineral product, and the amount or amounts paid or yielded as royalty to each person during the period covered by the statement;
 - (b) the description and location of the mine;
- (c) the number of tons of talc extracted, produced, and treated or sold from the mine during the period covered by the statement;
- (d) the amount and character of the talc and the yield of the talc from the mine, measured in tons, yielded to the person engaged in mining and to each royalty holder, if any, during the period covered by the statement; and
- (e) the gross yield or value in dollars and cents.

- 1 (2) (a) For the purposes of this section, the gross 2 yield or value of talc is determined by multiplying the 3 number of tons of talc reported under subsection (1)(c) by:
- 4 (i) for the taxable year beginning January 1, 1989, 5 \$4.25; and
- 6 (ii) for the taxable years beginning January 1, 1990,
 7 and thereafter, the product obtained by multiplying \$4.25 by
 8 the quotient of the PCE for the first quarter of the year
 9 previous to the taxable year for which the net proceed value
 10 is being calculated, divided by the PCE for the first
 11 quarter of the 1989 taxable year.
- 12 (b) "PCE" means the implicit price deflator for
 13 personal consumption expenditures as published quarterly in
 14 the Survey of Current Business by the bureau of economic
 15 analysis of the U.S. department of commerce."
 - Section 11. Section 15-23-521, MCA, is amended to read:
 - "15-23-521. Examination of records by department. The department of revenue may at any time examine the records of any person specified in this part as the records may pertain to the yield of ore or mineral products or deposit in order to verify the statements made by the person. If from the examination or from other information, the department finds any statement or any material part of a statement willfully false or fraudulent, the department must assess in the same manner as provided for in 15-23-503, or 15-23-515, or

- l [section 1]."
- Section 12. Section 15-38-103, MCA, is amended to read:
- 3 "15-38-103. Definitions. As used in this chapter, the
 - following definitions apply:
 - (1) "Department" means department of revenue.
- 6 (2) "Gross value of product" means, except as provided
 - in 15-38-126 and [section 2], the market value of any merchantable mineral extracted or produced during the
- 9 taxable year.

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- 10 (3) "Mineral" means any precious stones or gems, gold,
- 11 silver, copper, coal, lead, petroleum, natural gas, oil,
- 12 uranium, or other nonrenewable merchantable products
- 13 extracted from the surface or subsurface of the state of
- 14 Montana.
- 15 (4) "Total environment" means air, water, soil, flora,
 - and fauna and the social, economic, and cultural conditions
- 17 that influence communities and individual citizens."
- 18 Section 13. Section 15-38-104, MCA, is amended to read:
- 19 "15-38-104. Tax on mineral production. (1) Except as
- 20 provided in subsection subsections (2) and (3), the annual
 - tax to be paid by a person engaged in or carrying on the
- 22 business of mining, extracting, or producing a mineral is
- 24 of product that was derived from the business work or
- 25 operation within this state during the calendar year

- immediately preceding at the rate of 1/2 of 1% of the amount
- 2 of gross value of product at the time of extraction from the
- 3 ground, if in excess of \$5,000. Unless otherwise provided in
- 4 a contract or lease, the pro rata share of any royalty owner
- 5 or owners may be deducted from any settlements under the
- 6 lease or leases or division of proceeds orders or other
 - contracts.

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- 8 (2) The annual tax to be paid by a person engaged in or
- 9 carrying on the business of mining, extracting, or producing
- 10 talc is \$25 plus an additional amount computed on the gross
- 11 value of product for talc derived from the business work or
- 12 operation within this state during the calendar year
- 13 immediately preceding at the rate of 4%.
- 14 (3) The annual tax to be paid by a person engaged in or
- 15 carrying on the business of mining, extracting, or producing
- 16 vermiculite is \$25 plus an additional amount computed on the
- 17 gross value of product for vermiculite derived from the
- 18 business work or operation within this state during the
- 19 calendar year immediately preceding at the rate of 2%."
- 20 NEW SECTION. Section 14. Codification instruction. (1)
- 21 (Section 1) is intended to be codified as an integral part
- 22 of Title 15, chapter 23, part 5, and the provisions of Title
 - 15, chapter 23, part 5, apply to [section 1].
 - (2) [Section 2] is intended to be codified as an
- 25 integral part of Title 15, chapter 38, part 1, and the

\$25, plus an additional amount computed on the gross value

- 1 provisions of Title 15, chapter 38, part 1, apply to 2 [section 2].
- 3 <u>NEW SECTION.</u> Section 15. Effective date -- retroactive
- 4 applicability. (1) [This act] is effective on passage and
- s approval and, except as provided in subsection (2), applies
- 6 retroactively, within the meaning of 1-2-109, to tax years
- 7 beginning after December 31, 1990.
- 8 (2) [Section 10] applies retroactively, within the
- 9 meaning of 1-2-109, to talc produced after December 31,
- 10 1989.

-End-

SENATE STANDING COMMITTEE REPORT

Page 1 of 1 April 11, 1991

MR. PRESIDENT:

We, your committee on Taxation having had under consideration House Bill No. 976 (third reading copy -- blue), respectfully report that House Bill No. 976 be amended and as so amended be concurred in:

1. Page 17, line 6.

Strike: "tax"

Insert: "production"

Signed:

Mike Halligan, Chairman

And. Coord.

5B 4-11-91 8:30

Sec. of Senate

#8 976 SENATE

1	HOUSE BILL NO. 976
2	INTRODUCED BY SWYSGOOD, HARRINGTON
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4	A BILL FOR AN ACT ENTITLED: "AN ACT ESTABLISHING THE VALUE
5	OF VERMICULITE FOR NET PROCEEDS PROPERTY TAX PURPOSES AND
6	FOR RESOURCE INDEMNITY TRUST TAX PURPOSES; ESTABLISHING A
7	SPECIFIC RESOURCE INDEMNITY TRUST TAX RATE FOR VERMICULITE;
8	REVISING THE INFLATION ADJUSTMENT FOR THE NET PROCEEDS TAX
9	ON TALC TO CONFORM WITH THAT FOR VERMICULITE; AMENDING
10	SECTIONS 15-6-131, 15-8-111, 15-23-103, 15-23-106,
11	15-23-115, 15-23-502, 15-23-503, 15-23-515, 15-23-521,
12	15-38-103, AND 15-38-104, MCA; AND PROVIDING AN IMMEDIATE
13	EFFECTIVE DATE AND RETROACTIVE APPLICABILITY DATES."
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15	BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:
16	NEW SECTION. Section 1. Net proceeds for vermiculite
17	statement value. (1) A statement of gross yield and
18	value, required in 15-23-502, that is filed by a producer of
19	vermiculite must contain the following:
20	(a) the name and address of the owner, lessee, or
21	operator of the mine, together with the name and address of
22	any person owning or claiming a royalty interest in the
23	mineral product of the mine or the proceeds derived from the
24	sale of the mineral product, and the amount or amounts paid
25	or yielded as royalty to each person during the period

(b) the description and location of the mine;
(c) the number of tons of vermiculite extracted,
produced, and treated or sold from the mine during the
period covered by the statement;
(d) the amount and character of the vermiculite and the
yield of the vermiculite from the mine, measured in tons,
yielded to the person engaged in mining and to each royalty
holder, if any, during the period covered by the statement;
and
(e) the gross yield or value in dollars and cents.
(2) (a) For the purposes of this section, the gross
yield or value of vermiculite is determined by multiplying
the number of tons of vermiculite reported under subsection
(1)(c) by:
(i) for the taxable year beginning January 1, 1991,
\$27; and
(ii) for the taxable years beginning January 1, 1992,
and thereafter, the product obtained by multiplying \$27 by
the quotient of the PCE for the first quarter of the year

previous to the taxable year for which the net proceed value

is being calculated, divided by the PCE for the first

personal consumption expenditures as published quarterly in

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(b) "PCE" means the implicit price deflator for

quarter of the 1991 taxable year.

covered by the statement;

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the Survey of Current Business by the bureau of economic analysis of the U.S. department of commerce.

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- NEW SECTION. Section 2. Gross value of product for vermiculite. As used in this part, when referring to vermiculite, "gross value of product" is the gross yield or value of vermiculite as determined in [section 1(2)].
 - Section 3. Section 15-6-131, MCA, is amended to read:
 - "15-6-131. Class one property -- description -- taxable percentage. (1) Class one property includes the annual net proceeds of all mines and mining claims except coal and metal mines.
 - (2) Class one property is taxed at 100% of its annual net proceeds after deducting the expenses specified and allowed by 15-23-503 or, for talc, as provided in 15-23-515 or, for vermiculite, as provided in [section 1]."
 - Section 4. Section 15-8-111, MCA, is amended to read:
 - "15-8-111. Assessment -- market value standard -exceptions. (1) All taxable property must be assessed at
 100% of its market value except as otherwise provided.
 - (2) (a) Market value is the value at which property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or to sell and both having reasonable knowledge of relevant facts.
- 24 (b) If the department uses construction cost as one 25 approximation of market value, the department shall fully

- 1 consider reduction in value caused by depreciation, whether 2 through physical depreciation, functional obsolescence, or 3 economic obsolescence.
- (c) Except as provided in subsection (3), the market value of all motor trucks; agricultural tools, implements, and machinery; and vehicles of all kinds, including but not limited to boats and all watercraft, is the average wholesale value shown in national appraisal guides and manuals or the value of the vehicle before reconditioning and profit margin. The department of revenue shall prepare valuation schedules showing the average wholesale value when no national appraisal guide exists.
 - (3) The department of revenue or its agents may not adopt a lower or different standard of value from market value in making the official assessment and appraisal of the value of property, except:
- 17 (a) the wholesale value for agricultural implements and
 18 machinery is the loan value as shown in the Official Guide,
 19 Tractor and Farm Equipment, published by the national farm
 20 and power equipment dealers association, St. Louis,
 21 Missouri;
- 22 (b) for agricultural implements and machinery not
 23 listed in the official guide, the department shall prepare a
 24 supplemental manual where the values reflect the same
 25 depreciation as those found in the official guide; and

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- 1 (c) as otherwise authorized in Title 15 and Title 61.
- 2 (4) For purposes of taxation, assessed value is the
- 3 same as appraised value.
- 4 (5) The taxable value for all property is the
- 5 percentage of market or assessed value established for each
- 6 class of property.

- 7 (6) The assessed value of properties in 15-6-131
 - through 15-6-133 is as follows:
- 9 (a) Properties in 15-6-131, under class one, are
- 10 assessed at 100% of the annual net proceeds after deducting
- 11 the expenses specified and allowed by 15-23-503 or, if
- 12 applicable, as provided in 15-23-515 or [section 1].
- 13 (b) Properties in 15-6-132, under class two, are
- 14 assessed at 100% of the annual gross proceeds.
- 15 (c) Properties in 15-6-133, under class three, are
- 16 assessed at 100% of the productive capacity of the lands
- 17 when valued for agricultural purposes. All lands that meet
- 18 the qualifications of 15-7-202 are valued as agricultural
- 19 lands for tax purposes.
- 20 (d) Properties in 15-6-143, under class thirteen, are
- 21 assessed at 100% of the combined appraised value of the
- 22 standing timber and grazing productivity of the land when
- 23 valued as timberland.
- 24 (7) Land and the improvements thereon are separately

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25 assessed when any of the following conditions occur:

- (a) ownership of the improvements is different fromownership of the land;
- 3 (b) the taxpayer makes a written request; or
 - (c) the land is outside an incorporated city or town.
- 5 (Subsection (6)(d) terminates January 1, 1991--sec. 10, Ch.
- 6 681, L. 1985.)"
- 7 Section 5. Section 15-23-103, MCA, is amended to read:
- 8 "15-23-103. Due date of reports and returns --
- 9 extensions. (1) Except as provided in subsection (2) and
- 10 15-23-602, each report or return described in 15-23-301,
- 11 15-23-402, 15-23-502, or 15-23-701 shall be delivered to the
- 12 department on or before March 31 each year.
- 13 (2) Each report or return for a natural gas or oil
- 14 pipeline described in 15-23-301 must be delivered to the
- 15 department on or before April 15 each year.
- 16 (3) Each report described in 15-23-201, or 15-23-515,
- or [section 1] must be delivered to the department before
- 18 April 15 each year.
- 19 (4) The department may for good cause extend the time
- 20 for filing a return or report for not more than 30 days."
- Section 6. Section 15-23-106, MCA, is amended to read:
- 22 "15-23-106. Transmission to the counties. (1) On or
- 23 before July 1, the department shall transmit to its agent in
- 24 each county a statement listing:
- 25 (a) the assessed value of railroad property, as

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determined under 15-23-202, apportioned to the county, including the length or other description of such property;

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- (b) the assessed value of utility property, as determined under 15-23-303, apportioned to the county, including the length or other description of such property;
- (c) the assessed value of property of airline companies, as determined under 15-23-403, apportioned to the county; 90% of the value of the property of airline companies apportioned to any county by reason of a state airport being located in the county shall be stated separately from the remaining assessed value of the property of airline companies apportioned to the county;
- (d) the assessed value of the net proceeds and royalties from mines and oil and gas wells in the county, as determined under 15-23-503, 15-23-505, 15-23-515, [section 1], 15-23-603, and 15-23-605; and
- (e) the assessed value of the gross proceeds from coal mines, as described in 15-23-701.
 - (2) The agent of the department shall enter the assessed values so transmitted in the assessment book in a manner prescribed by the department."
- 22 **Section 7.** Section 15-23-115, MCA, is amended to read:
 23 "15-23-115. Interest. If the department determines that
 24 a taxpayer has incorrectly reported a value under 15-23-502,
 25 15-23-515, (section 1), 15-23-602, 15-23-701, or 15-23-802,

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the department shall inform its agents at the county level
of such determination, and if any additional tax is due,
there must be added thereto until paid in full interest at
the rate of 1% a month or fraction thereof from the date the
original tax was due and payable. In no instance will a
taxpayer subject to imposition of interest pursuant to this
section be also subject to the penalty and interest
provisions contained in 15-16-102."

**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, except coal and metals, must on or before March 31 each year make out a statement of the gross yield and value of the above-named metals or minerals from each mine owned or worked by such person during the year preceding January 1 of the year in which such statement is made. Such statement shall be in the form prescribed by the department of revenue and must be verified by the oath of the person completing the statement or the manager, superintendent, agent,

president, or vice-president, if a corporation, association, or partnership, and must be delivered to the department on

or before March 31. Except as provided in 15-23-515 and

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1 [section 1], the statement shall show the following:

- 2 (1) the name and address of the owner or lessee or 3 operator of the mine, together with the names and addresses 4 of any and all persons owning or claiming any royalty 5 interest in the mineral product of such mine or the proceeds 6 derived from the sale thereof, and the amount or amounts 7 paid or yielded as royalty to each of such persons during 8 the period covered by the statement;
- 9 (2) the description and location of the mine:
- 10 (3) the number of tons of ore or other mineral products 11 or deposits extracted, produced, and treated or sold from 12 the mine during the period covered by the statement;
 - (4) the amount and character of such ores, mineral products, or deposits and the yield of such ores, mineral products, or deposits from such mine in constituents of commercial value; that is, commercially constituents of the ores, mineral products, or deposits, measured by standard units of measurement, yielded to such person so engaged in mining and to each royalty holder, if any, during the period covered by the statement;
- 21 (5) the gross yield or value in dollars and cents;
- 22 (6) cost of extracting from the mine;
- 23 cost of transporting to place of reduction or sale;
- 24 (8) cost of reduction or sale;

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25 (9) cost of marketing the product and conversion of

- same into money:
- (10) cost of construction, repairs, and betterments of mines and cost of repairs and replacements of reduction 3 works;
- 5 (11) the assessed valuation of reduction works for the calendar year for which such return is made;
- (12) cost of fire insurance, workers' 7 compensation insurance, boiler and machinery insurance, and public
- liability insurance paid for the mine, reduction works, or
- 10 beneficiation process;

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(13) cost of welfare and retirement fund payments 11 12 provided for in wage contracts;

(14) cost of testing extracted minerals for the purpose

- of satisfying federal or state health and safety laws or 15 regulations, the cost of plant security in Montana, the cost 16 of assaying and sampling the extracted minerals, and the
- 17 costs incurred in Montana for engineering and geological
- services for existing mining operations but not including 18
- such services beyond the stage of reduction and 19
- 20 beneficiation of the minerals; and
- 21 (15) cost of mine reclamation."
- 22 Section 9. Section 15-23-503, MCA, is amended to read:
- "15-23-503. Net proceeds -- how computed. (1) The 34 department of revenue shall calculate from the returns the
- 25 gross product yielded from a mine and its gross value for

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- the year covered by the statement and shall calculate and compute the net proceeds of the mine yielded to the person engaged in mining. Except as provided in 15-23-515 and [section 1], net proceeds shall be determined by subtracting from the value of the gross product of the mine the following:
- 7 (a) all royalty paid or apportioned in cash or in kind8 by the person engaged in mining;

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- (b) all money expended for necessary labor, machinery, and supplies needed and used in the mining operations and developments;
- 12 (c) all money expended for improvements, repairs, and 13 betterments necessary in and about the working of the mine, 14 except as provided in this section:
- 15 (d) all money expended for costs of repairs and 16 replacements of the milling and reduction works used in 17 connection with the mine:
 - (e) depreciation in the sum of 6% of the assessed valuation of the milling and reduction works for the calendar year for which the return is made;
- 21 (f) all money actually expended for transporting the
 22 ores and mineral products or deposits from the mines to the
 23 mill or reduction works or to the place of sale and for
 24 extracting the metals and minerals and for marketing the
 25 product and the conversion of the product into money;

- (g) all money expended for insurance and welfare and retirement costs reported in the statement required in 15-23-502;
- (h) all money expended for necessary labor, equipment, and supplies for testing minerals extracted to satisfy federal or state health and safety laws or regulations, for plant security in Montana, for assaying and sampling the extracted minerals, for the cost of reclamation at the site of the mine, and for engineering and geological services conducted in Montana for existing mining operations but not including services beyond the stage of reduction and beneficiation of the minerals.
 - (2) In computing the deductions allowable for repairs, improvements, and betterments to the mine, the department shall allow 10% of the cost each year for a period of 10 years.
- 17 (3) Money invested in mines or improvements may not be
 18 allowed as a deduction unless all machinery, equipment, and
 19 buildings represented by the money are returned to the
 20 county in which the mine is located for assessment purposes
 21 at the level of assessment of all other property in the
 22 county.
 - (4) Money invested in the mines and improvements during any year except the year for which such statement is made and except as provided in this section may not be included

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- in the expenditures, and the expenditures may not include the salary or any portion of the salary of any person or
- 3 officer not actually engaged in the working of the mine or
- 4 superintending the management of the mine."
- 5 Section 10. Section 15-23-515, MCA, is amended to read:
- 6 "15-23-515. Net proceeds for talc -- statement -7 value. (1) A statement of gross yield and value, required in
- 8 15-23-502, that is filed by a producer of talc must contain
- 9 the following:
- 10 (a) the name and address of the owner or lessee or
- 11 operator of the mine, together with the name and address of
- 12 any person owning or claiming a royalty interest in the
- 13 mineral product of the mine or the proceeds derived from the
- 14 sale of the mineral product, and the amount or amounts paid
- 15 or yielded as royalty to each person during the period
- 16 covered by the statement;
- 17 (b) the description and location of the mine;
- 18 (c) the number of tons of talc extracted, produced, and
- 19 treated or sold from the mine during the period covered by
- 20 the statement:
- 21 (d) the amount and character of the talc and the yield
- of the talc from the mine, measured in tons, yielded to the
- 23 person engaged in mining and to each royalty holder, if any,
- 24 during the period covered by the statement; and
- 25 (e) the gross yield or value in dollars and cents.

- 1 (2) (a) For the purposes of this section, the gross
 2 yield or value of talc is determined by multiplying the
 3 number of tons of talc reported under subsection (1)(c) by:
- 4 (i) for the taxable year beginning January 1, 1989, 5 \$4.25; and
 - (ii) for the taxable years beginning January 1, 1990, and thereafter, the product obtained by multiplying \$4.25 by the quotient of the PCE for the first quarter of the year previous to the taxable year for which the net proceed value is being calculated, divided by the PCE for the first quarter of the 1989 taxable year.
 - (b) "PCE" means the implicit price deflator for personal consumption expenditures as published quarterly in the Survey of Current Business by the bureau of economic analysis of the U.S. department of commerce."
 - Section 11. Section 15-23-521, MCA, is amended to read:
- 17 "15-23-521. Examination of records by department. The 18 department of revenue may at any time examine the records of 19 any person specified in this part as the records may pertain
- 20 to the yield of ore or mineral products or deposit in order
- 21 to verify the statements made by the person. If from the
- 22 examination or from other information, the department finds
- 23 any statement or any material part of a statement willfully
- 24 false or fraudulent, the department must assess in the same
- 25 manner as provided for in 15-23-503, or 15-23-515, or

- [section 1]."
- 2 Section 12. Section 15-38-103, MCA, is amended to read:
- 3 *15-38-103. Definitions. As used in this chapter, the
- 4 following definitions apply:
 - (1) "Department" means department of revenue.
- (2) "Gross value of product" means, except as provided 6
- 7 in 15-38-126 and [section 2], the market value of any
- 8 merchantable mineral extracted or produced during the
- 9 taxable year.

- 10 (3) "Mineral" means any precious stones or gems, gold,
- 11 silver, copper, coal, lead, petroleum, natural gas, oil,
- 12 uranium, or other nonrenewable merchantable products
- 13 extracted from the surface or subsurface of the state of
- 14 Montana.
- 15 (4) "Total environment" means air, water, soil, flora,
- 16 and fauna and the social, economic, and cultural conditions
- 17 that influence communities and individual citizens."
- 18 Section 13. Section 15-38-104, MCA, is amended to read:
- 19 "15-38-104. Tax on mineral production. (1) Except as
- 20 provided in subsection subsections (2) and (3), the annual
- 21 tax to be paid by a person engaged in or carrying on the
- 22 business of mining, extracting, or producing a mineral is
- 23 \$25, plus an additional amount computed on the gross value
- 24 of product that was derived from the business work or
- 25 operation within this state during the calendar year

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- 1 immediately preceding at the rate of 1/2 of 1% of the amount
- of gross value of product at the time of extraction from the 2
 - ground, if in excess of \$5,000. Unless otherwise provided in
- a contract or lease, the pro rata share of any royalty owner
- or owners may be deducted from any settlements under the 5
- 6 lease or leases or division of proceeds orders or other
 - contracts.

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- 8 (2) The annual tax to be paid by a person engaged in or
- 9 carrying on the business of mining, extracting, or producing
- 10 talc is \$25 plus an additional amount computed on the gross
- 11 value of product for talc derived from the business work or
- 12 operation within this state during the calendar year
- 13 immediately preceding at the rate of 4%.
- 14 (3) The annual tax to be paid by a person engaged in or
- 15 carrying on the business of mining, extracting, or producing
- 16 vermiculite is \$25 plus an additional amount computed on the
- 17 gross value of product for vermiculite derived from the
- 18 business work or operation within this state during the
- 19 calendar year immediately preceding at the rate of 2%."
- 20 NEW SECTION. Section 14. Codification instruction. (1)
- 21 [Section 1] is intended to be codified as an integral part
- 22 of Title 15, chapter 23, part 5, and the provisions of Title
- 23 15, chapter 23, part 5, apply to [section 1].
- 24 (2) [Section 2] is intended to be codified as an
- 25 integral part of Title 15, chapter 38, part 1, and the

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- l provisions of Title 15, chapter 38, part 1, apply to
- 2 [section 2].
- 3 NEW SECTION. Section 15. Effective date -- retroactive
- 4 applicability. (1) [This act] is effective on passage and
- 5 approval and, except as provided in subsection (2), applies
- 6 retroactively, within the meaning of 1-2-109, to tax
- 7 PRODUCTION years beginning after December 31, 1990.
- 8 (2) [Section 10] applies retroactively, within the
- 9 meaning of 1-2-109, to talk produced after December 31,
- 10 1989.

-End-

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1	HOUSE BILL NO. 9/6
2	INTRODUCED BY SWYSGOOD, HARRINGTON
3	
4	A BILL FOR AN ACT ENTITLED: "AN ACT ESTABLISHING THE VALUE
5	OF VERMICULITE FOR NET PROCEEDS PROPERTY TAX PURPOSES AND
6	FOR RESOURCE INDEMNITY TRUST TAX PURPOSES; ESTABLISHING A
7	SPECIFIC RESOURCE INDEMNITY TRUST TAX RATE FOR VERMICULITE;
8	REVISING THE INFLATION ADJUSTMENT FOR THE NET PROCEEDS TAX
9	ON TALC TO CONFORM WITH THAT FOR VERMICULITE; AMENDING
10	SECTIONS 15-6-131, 15-8-111, 15-23-103, 15-23-106,
11	15-23-115, 15-23-502, 15-23-503, 15-23-515, 15-23-521,
12	15-38-103, AND 15-38-104, MCA; AND PROVIDING AN IMMEDIATE
13	EFFECTIVE DATE AND RETROACTIVE APPLICABILITY DATES."
14	
15	BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:
16	NEW SECTION. Section 1. Net proceeds for vermiculite
17	statement value. (1) A statement of gross yield and
18	value, required in 15-23-502, that is filed by a producer of
19	vermiculite must contain the following:
20	(a) the name and address of the owner, lessee, or
21	operator of the mine, together with the name and address of
22	any person owning or claiming a royalty interest in the
23	mineral product of the mine or the proceeds derived from the
24	sale of the mineral product, and the amount or amounts paid

or yielded as royalty to each person during the period

3	(c) the number of tons of vermiculite extracted,
4	produced, and treated or sold from the mine during the
5	period covered by the statement;
6	(d) the amount and character of the vermiculite and the
7	yield of the vermiculite from the mine, measured in tons,
8	yielded to the person engaged in mining and to each royalty
9	holder, if any, during the period covered by the statement;
10	and
11	(e) the gross yield or value in dollars and cents.
12	(2) (a) For the purposes of this section, the gross
13	yield or value of vermiculite is determined by multiplying
14	the number of tons of vermiculite reported under subsection
15	(1)(c) by:
16	(i) for the taxable year beginning January 1, 1991,
17	\$27; and
18	(ii) for the taxable years beginning January 1, 1992,
19	and thereafter, the product obtained by multiplying \$27 by
20	the quotient of the PCE for the first quarter of the year
21	previous to the taxable year for which the net proceed value
22	is being calculated, divided by the PCE for the first
23	quarter of the 1991 taxable year.
24	(b) "PCE" means the implicit price deflator for
25	personal consumption expenditures as published quarterly in

(b) the description and location of the mine;

covered by the statement;

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- 1 the Survey of Current Business by the bureau of economic 2 analysis of the U.S. department of commerce.
- 3 NEW SECTION. Section 2. Gross value of product for vermiculite. As used in this part, when referring to 5 vermiculite, "gross value of product" is the gross yield or 6 value of vermiculite as determined in {section 1(2)}.
- 7 Section 3. Section 15-6-131, MCA, is amended to read:
 - "15-6-131. Class one property -- description -- taxable percentage. (1) Class one property includes the annual net proceeds of all mines and mining claims except coal and metal mines.
 - (2) Class one property is taxed at 100% of its annual net proceeds after deducting the expenses specified and allowed by 15-23-503 or, for talc, as provided in 15-23-515 or, for vermiculite, as provided in [section 1]."
 - Section 4. Section 15-8-111, MCA, is amended to read:
 - "15-8-111. Assessment -- market value standard -exceptions. (1) All taxable property must be assessed at 100% of its market value except as otherwise provided.
 - (2) (a) Market value is the value at which property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or to sell and both having reasonable knowledge of relevant facts.
- 24 (b) If the department uses construction cost as one approximation of market value, the department shall fully 25

- consider reduction in value caused by depreciation, whether through physical depreciation, functional obsolescence, or 2 economic obsolescence. 3
- (c) Except as provided in subsection (3), the market value of all motor trucks; agricultural tools, implements, and machinery; and vehicles of all kinds, including but not limited to boats and all watercraft, is the average wholesale value shown in national appraisal quides and manuals or the value of the vehicle before reconditioning 10 and profit margin. The department of revenue shall prepare 11 valuation schedules showing the average wholesale value when 12 no national appraisal quide exists.
 - (3) The department of revenue or its agents may not adopt a lower or different standard of value from market value in making the official assessment and appraisal of the value of property, except:
- (a) the wholesale value for agricultural implements and machinery is the loan value as shown in the Official Guide, 19 Tractor and Farm Equipment, published by the national farm 20 and power equipment dealers association, St. Louis, 21 Missouri:
- 22 (b) for agricultural implements and machinery 23 listed in the official quide, the department shall prepare a 24 supplemental manual where the values reflect the same 25 depreciation as those found in the official guide; and

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- 1 (c) as otherwise authorized in Title 15 and Title 61.
- 2 (4) For purposes of taxation, assessed value is the 3 same as appraised value.
- 4 (5) The taxable value for all property is the 5 percentage of market or assessed value established for each 6 class of property.
- 7 (6) The assessed value of properties in 15-6-131 8 through 15-6-133 is as follows:
- 9 (a) Properties in 15-6-131, under class one, are
 10 assessed at 100% of the annual net proceeds after deducting
 11 the expenses specified and allowed by 15-23-503 or, if
 12 applicable, as provided in 15-23-515 or [section 1].
- 13 (b) Properties in 15-6-132, under class two, are 14 assessed at 100% of the annual gross proceeds.

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- (c) Properties in 15-6-133, under class three, are assessed at 100% of the productive capacity of the lands when valued for agricultural purposes. All lands that meet the qualifications of 15-7-202 are valued as agricultural lands for tax purposes.
- 20 (d) Properties in 15-6-143, under class thirteen, are
 21 assessed at 100% of the combined appraised value of the
 22 standing timber and grazing productivity of the land when
 23 valued as timberland.
- 24 (7) Land and the improvements thereon are separately
 25 assessed when any of the following conditions occur:

- (a) ownership of the improvements is different from
 ownership of the land;
- 3 (b) the taxpayer makes a written request; or
- 4 (c) the land is outside an incorporated city or town. 5 (Subsection (6)(d) terminates January 1, 1991--sec. 10, Ch.
- 6 681, L. 1985.)"
- 7 Section 5. Section 15-23-103, MCA, is amended to read:
- 8 "15-23-103. Due date of reports and returns -9 extensions. (1) Except as provided in subsection (2) and
- 10 15-23-602, each report or return described in 15-23-301,
 - 15-23-402, 15-23-502, or 15-23-701 shall be delivered to the
- 12 department on or before March 31 each year.
- 13 (2) Each report or return for a natural gas or oil
 14 pipeline described in 15-23-301 must be delivered to the
 15 department on or before April 15 each year.
- 16 (3) Each report described in 15-23-201, or 15-23-515,
 17 or (section 1) must be delivered to the department before
 18 April 15 each year.
- 19 (4) The department may for good cause extend the time 20 for filing a return or report for not more than 30 days."
- Section 6. Section 15-23-106, MCA, is amended to read:
- 22 "15-23-106. Transmission to the counties. (1) On or
- before July 1, the department shall transmit to its agent in
- 24 each county a statement listing:
 - (a) the assessed value of railroad property, as

determined under 15-23-202, apportioned to the county, including the length or other description of such property;

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- (b) the assessed value of utility property, as determined under 15-23-303, apportioned to the county, including the length or other description of such property;
- (c) the assessed value of property of airline companies, as determined under 15-23-403, apportioned to the county; 90% of the value of the property of airline companies apportioned to any county by reason of a state airport being located in the county shall be stated separately from the remaining assessed value of the property of airline companies apportioned to the county;
- (d) the assessed value of the net proceeds royalties from mines and oil and gas wells in the county, as determined under 15-23-503, 15-23-505, 15-23-515, [section 1], 15-23-603, and 15-23-605; and
- (e) the assessed value of the gross proceeds from coal 18 mines, as described in 15-23-701.
 - (2) The agent of the department shall enter the assessed values so transmitted in the assessment book in a manner prescribed by the department."
- 22 Section 7. Section 15-23-115, MCA, is amended to read:
- 23 "15-23-115. Interest. If the department determines that
- 24 a taxpayer has incorrectly reported a value under 15-23-502,
- 25 15-23-515, [section 1], 15-23-602, 15-23-701, or 15-23-802,

- the department shall inform its agents at the county level 2 of such determination, and if any additional tax is due, 3 there must be added thereto until paid in full interest at the rate of 1% a month or fraction thereof from the date the original tax was due and payable. In no instance will a taxpayer subject to imposition of interest pursuant to this 7 section be also subject to the penalty and interest
- 9 Section 8. Section 15-23-502, MCA, is amended to read: 10 "15-23-502. Net proceeds tax -- statement of yield. 11 Every person engaged in mining, extracting, or producing

from any quartz vein or lode, placer claim, dump or

provisions contained in 15-16-102."

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- 13 tailings, or other place or source whatever precious stones 14 or gems, vermiculite, bentonite, or other valuable mineral, 15 except coal and metals, must on or before March 31 each year 16 make out a statement of the gross yield and value of the
- 17 above-named metals or minerals from each mine owned or
- 18 worked by such person during the year preceding January 1 of
- 19 the year in which such statement is made. Such statement
- 20 shall be in the form prescribed by the department of revenue
- 21 and must be verified by the oath of the person completing
- the statement or the manager, superintendent, agent, 22
- 24 or partnership, and must be delivered to the department on
- 25 or before March 31. Except as provided in 15-23-515 and

president, or vice-president, if a corporation, association,

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1 [section 1], the statement shall show the following:

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- (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 7 paid or yielded as royalty to each of such persons during
- 9 (2) the description and location of the mine:

the period covered by the statement;

- 10 (3) the number of tons of ore or other mineral products 11 or deposits extracted, produced, and treated or sold from 12 the mine during the period covered by the statement;
 - (4) the amount and character of such ores, mineral products, or deposits and the yield of such ores, mineral products, or deposits from such mine in constituents of commercial value; that is, commercially constituents of the ores, mineral products, or deposits, measured by standard units of measurement, yielded to such person so engaged in mining and to each royalty holder, if any, during the period covered by the statement;
 - (5) the gross yield or value in dollars and cents;
- 22 cost of extracting from the mine;
- 23 cost of transporting to place of reduction or sale;
- 24 (8) cost of reduction or sale;
- 25 (9) cost of marketing the product and conversion of

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same into money;

(10) cost of construction, repairs, and betterments of 2 mines and cost of repairs and replacements of reduction 3 works:

5 (11) the assessed valuation of reduction works for the 6 calendar year for which such return is made;

(12) cost of fire insurance, workers' compensation 7 insurance, boiler and machinery insurance, and public liability insurance paid for the mine, reduction works, or 9

10 beneficiation process;

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(13) cost of welfare and retirement fund payments 11 provided for in wage contracts; 12

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

(14) cost of testing extracted minerals for the purpose

such services beyond the stage of reduction and

20 beneficiation of the minerals; and

21 (15) cost of mine reclamation."

22 Section 9. Section 15-23-503, MCA, is amended to read:

23 *15-23-503. Net proceeds -- how computed. (1) The 24 department of revenue shall calculate from the returns the gross product yielded from a mine and its gross value for

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- the year covered by the statement and shall calculate and compute the net proceeds of the mine yielded to the person engaged in mining. Except as provided in 15-23-515 and [section 1], net proceeds shall be determined by subtracting from the value of the gross product of the mine the
- 7 (a) all royalty paid or apportioned in cash or in kind 8 by the person engaged in mining;

following:

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- 9 (b) all money expended for necessary labor, machinery,
 10 and supplies needed and used in the mining operations and
 11 developments;
- 12 (c) all money expended for improvements, repairs, and 13 betterments necessary in and about the working of the mine, 14 except as provided in this section;
 - (d) all money expended for costs of repairs and replacements of the milling and reduction works used in connection with the mine;
 - (e) depreciation in the sum of 6% of the assessed valuation of the milling and reduction works for the calendar year for which the return is made;
 - (f) all money actually expended for transporting the ores and mineral products or deposits from the mines to the mill or reduction works or to the place of sale and for extracting the metals and minerals and for marketing the product and the conversion of the product into money;

- (g) all money expended for insurance and welfare and retirement costs reported in the statement required in 15-23-502;
- (h) all money expended for necessary labor, equipment, and supplies for testing minerals extracted to satisfy federal or state health and safety laws or regulations, for plant security in Montana, for assaying and sampling the extracted minerals, for the cost of reclamation at the site of the mine, and for engineering and geological services conducted in Montana for existing mining operations but not including services beyond the stage of reduction and beneficiation of the minerals.
 - (2) In computing the deductions allowable for repairs, improvements, and betterments to the mine, the department shall allow 10% of the cost each year for a period of 10 years.
 - (3) Money invested in mines or improvements may not be allowed as a deduction unless all machinery, equipment, and buildings represented by the money are returned to the county in which the mine is located for assessment purposes at the level of assessment of all other property in the county.
 - (4) Money invested in the mines and improvements during any year except the year for which such statement is made and except as provided in this section may not be included

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- 1 in the expenditures, and the expenditures may not include the salary or any portion of the salary of any person or 2 officer not actually engaged in the working of the mine or 3 superintending the management of the mine." 4
- 5 Section 10. Section 15-23-515, MCA, is amended to read:
- "15-23-515. Net proceeds for talc -- statement --6 7 value. (1) A statement of gross yield and value, required in 15-23-502, that is filed by a producer of talc must contain 8 9 the following:
 - (a) the name and address of the owner or lessee or operator of the mine, together with the name and address of any person owning or claiming a royalty interest in the mineral product of the mine or the proceeds derived from the sale of the mineral product, and the amount or amounts paid or yielded as royalty to each person during the period covered by the statement;
- 17 (b) the description and location of the mine;

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- (c) the number of tons of talc extracted, produced, and 18 19 treated or sold from the mine during the period covered by 20 the statement;
- 21 (d) the amount and character of the talc and the yield 22 of the talc from the mine, measured in tons, yielded to the 23 person engaged in mining and to each royalty holder, if any, during the period covered by the statement; and 24
 - (e) the gross yield or value in dollars and cents.

- (2) (a) For the purposes of this section, the gross vield or value of talc is determined by multiplying the number of tons of talc reported under subsection (1)(c) by:
- (i) for the taxable year beginning January 1, 1989, \$4.25; and
- 6 (ii) for the taxable years beginning January 1, 1990, and thereafter, the product obtained by multiplying \$4.25 by 8 the quotient of the PCE for the first quarter of the year previous to the taxable year for which the net proceed value 9 10 is being calculated, divided by the PCE for the first 11 quarter of the 1989 taxable year.
 - (b) "PCE" means the implicit price deflator for personal consumption expenditures as published quarterly in the Survey of Current Business by the bureau of economic analysis of the U.S. department of commerce."

Section 11. Section 15-23-521, MCA, is amended to read:

- "15-23-521. Examination of records by department. The department of revenue may at any time examine the records of any person specified in this part as the records may pertain to the yield of ore or mineral products or deposit in order 21 to verify the statements made by the person. If from the
- 22 examination or from other information, the department finds 2.3 any statement or any material part of a statement willfully
- false or fraudulent, the department must assess in the same 24
- 25 manner as provided for in 15-23-503, or 15-23-515, or

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- 2 Section 12. Section 15-38-103, MCA, is amended to read:
- *15-38-103. Definitions. As used in this chapter, the 3 following definitions apply:
 - (1) "Department" means department of revenue.
- 6 (2) "Gross value of product" means, except as provided 7 in 15-38-126 and [section 2], the market value of any merchantable mineral extracted or produced during the 8 9 taxable year.
 - (3) "Mineral" means any precious stones or gems, gold, silver, copper, coal, lead, petroleum, natural gas, oil, uranium, or other nonrenewable merchantable products extracted from the surface or subsurface of the state of Montana.
 - (4) "Total environment" means air, water, soil, flora, and fauna and the social, economic, and cultural conditions that influence communities and individual citizens."
 - Section 13. Section 15-38-104, MCA, is amended to read: *15-38-104. Tax on mineral production. (1) Except as provided in subsection subsections (2) and (3), the annual tax to be paid by a person engaged in or carrying on the business of mining, extracting, or producing a mineral is \$25, plus an additional amount computed on the gross value of product that was derived from the business work or operation within this state during the calendar year

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- immediately preceding at the rate of 1/2 of 1% of the amount ı 2 of gross value of product at the time of extraction from the 3 ground, if in excess of \$5,000. Unless otherwise provided in 4 a contract or lease, the pro rata share of any royalty owner 5 or owners may be deducted from any settlements under the 6 lease or leases or division of proceeds orders or other 7 contracts.
 - (2) The annual tax to be paid by a person engaged in or carrying on the business of mining, extracting, or producing talc is \$25 plus an additional amount computed on the gross value of product for talc derived from the business work or operation within this state during the calendar year immediately preceding at the rate of 4%.
- 14 (3) The annual tax to be paid by a person engaged in or 15 carrying on the business of mining, extracting, or producing 16 vermiculite is \$25 plus an additional amount computed on the 17 gross value of product for vermiculite derived from the 18 business work or operation within this state during the 19 calendar year immediately preceding at the rate of 2%."
 - NEW SECTION. Section 14. Codification instruction. (1) [Section 1] is intended to be codified as an integral part of Title 15, chapter 23, part 5, and the provisions of Title 15, chapter 23, part 5, apply to [section 1].
- 24 (2) [Section 2] is intended to be codified as an integral part of Title 15, chapter 38, part 1, and the

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- l provisions of Title 15, chapter 38, part 1, apply to
- 2 [section 2].
- 3 NEW SECTION. Section 15. Effective date -- retroactive
- 4 applicability. (1) [This act] is effective on passage and
- 5 approval and, except as provided in subsection (2), applies
- 6 retroactively, within the meaning of 1-2-109, to tax
- 7 PRODUCTION years beginning after December 31, 1990.
- 8 (2) [Section 10] applies retroactively, within the
- 9 meaning of 1-2-109, to talc produced after December 31,
- 10 1989.

-End-