

1 *Senate* BILL NO. 93
2 INTRODUCED BY *DJP*
3

4 A BILL FOR AN ACT ENTITLED: "AN ACT REVISING THE RESOURCE
5 INDEMNITY TRUST TAX BY CHANGING THE RATE OF TAX ON COAL AND
6 THE METHOD OF VALUING COAL; AMENDING SECTIONS 15-38-103 AND
7 15-38-104, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE
8 AND A RETROACTIVE APPLICABILITY DATE."
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10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

11 **Section 1.** Section 15-38-103, MCA, is amended to read:

12 "15-38-103. Definitions. As used in this chapter, the
13 following definitions apply:

14 (1) "Department" means department of revenue.

15 (2) "Gross value of product" means, except as provided
16 in 15-38-126 and [section 3], the market value of any
17 merchantable mineral extracted or produced during the
18 taxable year.

19 (3) "Mineral" means any precious stones or gems, gold,
20 silver, copper, coal, lead, petroleum, natural gas, oil,
21 uranium, or other nonrenewable merchantable products
22 extracted from the surface or subsurface of the state of
23 Montana.

24 (4) "Total environment" means air, water, soil, flora,
25 and fauna and the social, economic, and cultural conditions

1 that influence communities and individual citizens."

2 **Section 2.** Section 15-38-104, MCA, is amended to read:

3 "15-38-104. Tax on mineral production. (1) Except as
4 provided in subsection (2), the annual tax to be paid by a
5 person engaged in or carrying on the business of mining,
6 extracting, or producing a mineral is \$25, plus an
7 additional amount computed on the gross value of product
8 that was derived from the business work or operation within
9 this state during the calendar year immediately preceding at
10 the rate of 1/2 of 1% of the amount of gross value of
11 product at the time of extraction from the ground, if in
12 excess of \$5,000. Unless otherwise provided in a contract or
13 lease, the pro rata share of any royalty owner or owners may
14 be deducted from any settlements under the lease or leases
15 or division of proceeds orders or other contracts.

16 (2) The annual tax to be paid by a person engaged in or
17 carrying on the business of mining, extracting, or
18 producing:

19 (a) talc is \$25 plus an additional amount computed on
20 the gross value of product for talc derived from the
21 business work or operation within this state during the
22 calendar year immediately preceding at the rate of 4%; and

23 (b) coal is \$25 plus an additional amount computed on
24 the gross value of product for coal produced in Montana
25 during the calendar year immediately preceding at the rate

1 of 0.4%."

2 NEW SECTION. Section 3. Gross value of product for
3 coal. As used in this part when referring to coal, "gross
4 value of product" is determined by multiplying the contract
5 sales price, as defined in 15-35-102, by the tonnage
6 produced.

7 NEW SECTION. Section 4. Codification instruction.
8 [Section 3] is intended to be codified as an integral part
9 of Title 15, chapter 38, part 1, and the provisions of Title
10 15, chapter 38, part 1, apply to [section 3].

11 NEW SECTION. Section 5. Retroactive applicability.
12 [This act] applies retroactively, within the meaning of
13 1-2-109, to taxable years beginning after December 31, 1990.

14 NEW SECTION. Section 6. Effective date. [This act] is
15 effective on passage and approval.

-End-

STATE OF MONTANA - FISCAL NOTE
Form BD-15

In compliance with a written request, there is hereby submitted a Fiscal Note for SB0093, as introduced.

DESCRIPTION OF PROPOSED LEGISLATION:

An act revising the resource indemnity trust tax by changing the rate of the tax on coal and the method of valuing coal.


ASSUMPTIONS:

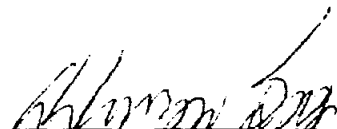
1. The value of coal subject to the resource indemnity trust tax (RITT) under current law will be \$242,793,682 in FY92 and \$241,273,460 in FY93 (Office of Budget and Program Planning).
2. The value of coal subject to the RITT based on contract sales price (CSP) under the proposal would be \$254,693,203 in FY92 and \$253,098,474 in FY93 (OBPP).
2. The current rate of the tax on coal is 0.5%.
3. The proposed rate of the tax on coal is 0.4%.
4. All revenue from the RITT is deposited in the Resource Indemnity Trust Fund. Deposits into the fund in each fiscal year will be invested in short term instruments for one month and long term securities for two months. The previous year collections will remain invested in long term securities.
5. Short term interest rates will be 8.10% and 8.36% in FY92 and FY93, respectively. Long term rates will average 9.35% in FY92 and 9.46% in FY93. (OBPP)

FISCAL IMPACT:

Revenues:

	FY '92			FY '93		
	<u>Current Law</u>	<u>Proposed Law</u>	<u>Difference</u>	<u>Current Law</u>	<u>Proposed Law</u>	<u>Difference</u>
Resource Indemnity Trust Tax (09)	\$5,377,173	\$5,181,978	(195,195)	\$4,893,590	\$4,699,617	(193,973)
RITT Interest Earnings (09)	7,952,931	7,932,794	(20,137)	8,604,746	8,566,177	(38,569)


 ROD SUNDSTED, BUDGET DIRECTOR 1-18-91
 Office of Budget and Program Planning DATE


 DELWYN GAGE, PRIMARY SPONSOR 1/19/91
 DATE
 Fiscal Note for SB0093, as introduced **SB 93**

STATE OF MONTANA - FISCAL NOTE
Form BD-15

In compliance with a written request, there is hereby submitted a Fiscal Note for SB0093, as introduced, revised.

DESCRIPTION OF PROPOSED LEGISLATION:


An act revising the resource indemnity trust tax by changing the rate of the tax on coal and the method of valuing coal.

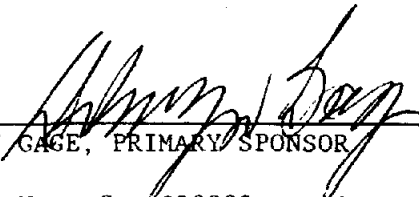
ASSUMPTIONS:

1. Total resource indemnity trust tax receipts will be \$5,377,000 in FY92 and \$4,894,000 in FY93 (OBPP).
2. The contract sales price of coal will be \$253,098,000 in FY92 and \$251,823,000 in FY93 (OBPP).
3. The mine mouth value of coal will be \$205,518,000 in FY92 and \$204,482,000 in FY97743 (DOR).
4. The current rate of the tax on coal is 0.5%.
5. The proposed rate of the tax on coal is 0.4%.
6. All of the resource indemnity trust tax receipts go to the resource indemnity trust fund.

FISCAL IMPACT:

<u>Revenues:</u>	<u>FY '92</u>			<u>FY '93</u>		
	<u>Current Law</u>	<u>Proposed Law</u>	<u>Difference</u>	<u>Current Law</u>	<u>Proposed Law</u>	<u>Difference</u>
Resource Indemnity Trust Tax (09)	\$5,377,000	\$5,361,000	(16,000)	\$4,894,000	\$4,879,000	(15,000)


ROD SUNDESTED, BUDGET DIRECTOR 3-27-91 DATE
Office of Budget and Program Planning


DELWYN GAGE, PRIMARY SPONSOR 4/1/91 DATE
Fiscal Note for SB0093, as introduced, revised

SB 93-2
Rev.

APPROVED BY COMMITTEE
ON TAXATION

1 *Senate* BILL NO. 93
2 INTRODUCED BY *DJP*
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11 **Section 1.** Section 15-38-103, MCA, is amended to read:

12 "15-38-103. Definitions. As used in this chapter, the
13 following definitions apply:

14 (1) "Department" means department of revenue.

15 (2) "Gross value of product" means, except as provided
16 in 15-38-126 and [section 3], the market value of any
17 merchantable mineral extracted or produced during the
18 taxable year.

19 (3) "Mineral" means any precious stones or gems, gold,
20 silver, copper, coal, lead, petroleum, natural gas, oil,
21 uranium, or other nonrenewable merchantable products
22 extracted from the surface or subsurface of the state of
23 Montana.

24 (4) "Total environment" means air, water, soil, flora,
25 and fauna and the social, economic, and cultural conditions

1 that influence communities and individual citizens."

2 **Section 2.** Section 15-38-104, MCA, is amended to read:

3 "15-38-104. Tax on mineral production. (1) Except as
4 provided in subsection (2), the annual tax to be paid by a
5 person engaged in or carrying on the business of mining,
6 extracting, or producing a mineral is \$25, plus an
7 additional amount computed on the gross value of product
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9 this state during the calendar year immediately preceding at
10 the rate of 1/2 of 1% of the amount of gross value of
11 product at the time of extraction from the ground, if in
12 excess of \$5,000. Unless otherwise provided in a contract or
13 lease, the pro rata share of any royalty owner or owners may
14 be deducted from any settlements under the lease or leases
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16 (2) The annual tax to be paid by a person engaged in or
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20 the gross value of product for talc derived from the
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23 (b) coal is \$25 plus an additional amount computed on
24 the gross value of product for coal produced in Montana
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2 NEW SECTION. Section 3. Gross value of product for
3 coal. As used in this part when referring to coal, "gross
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8 [Section 3] is intended to be codified as an integral part
9 of Title 15, chapter 38, part 1, and the provisions of Title
10 15, chapter 38, part 1, apply to [section 3].

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2 INTRODUCED BY GAGE

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