

MINUTES

MONTANA SENATE  
51st LEGISLATURE - REGULAR SESSION

COMMITTEE ON TAXATION

Call to Order: By Senator Bob Brown, Chairman, on March 22, 1989, at 4:45 p.m.

ROLL CALL

Members Present: Senator Brown, Senator Hager, Senator Norman, Senator Eck, Senator Halligan, Senator Bishop, Senator Walker, Senator Harp, Senator Severson, Senator Mazurek, Senator Crippen

Members Excused: None

Members Absent: None

Staff Present: Jill Rohyans, Committee Secretary  
Jeff Martin, Legislative Council

Announcements/Discussion: None

DISPOSITION OF SENATE BILL 468

Discussion:

Amendments and Votes:

Senator Mazurek moved to amend the bill by striking line 12, page 6, striking 1991 and reinserting 1989 on line 15, page 6, strike sub (j) (lines 9 and 10) page 7 in its entirety.

Senator Crippen moved to segregate the amendments.

The motion on the page six amendments CARRIED unanimously with Senators Hager and Norman absent.

The motion on the page 7 amendments CARRIED unanimously with Senators Hager and Norman absent.

Senator Harp moved to take the revenue from sub (j), page 7, the Growth Through Agriculture fund, and put it into school equalization and reclassification and readjust the percentages on page 6, lines 6 and 7 to reflect that action. The motion CARRIED unanimously with Senators Hager and Norman absent.

Senator Halligan said he wanted to strike section 4, page 4 which would have the effect of not taking any money from the earmarked coal accounts.

Senator Harp spoke against the motion saying he feels it is necessary to use some of the coal money to fund schools rather than just having it reduce taxes in some areas.

Senator Halligan felt a better approach is just to take a percentage of the money coming into the Coal Tax Trust rather than devastating some of these earmarked accounts.

Senator Halligan restated his motion to strike section 4, page 4 which leaves the funds in the earmarked coal tax accounts untouched.

The motion FAILED on a roll call vote (Senator Norman present) Exhibit #1.

Senator Halligan moved to leave the education trust account untouched. The motion FAILED with Senator Halligan voting yes, the rest of the committee members voting no, and Senator Hager absent.

Senator Mazurek expressed some concern about the local impact account and the effect it would have on rural road funds.

Senator Harp said it is a matter of setting priorities as to whether we are going to fund schools or address needs of impacted areas in coal development areas and how long those impacts continue. It is also a matter of how much we can afford. He said the fiscal impact in this fund is about \$7 million for the biennium.

(Senator Hager arrived at the meeting.)

Senator Crippen moved to restore the local impact account in its entirety.

Senator Gage made a substitute motion to strike the remainder of line 24 on page 5 and all of line 25 through "account and" on line 1, page 6. That amendment would leave the 20% from the educational trust fund in the general fund and his motion would then include that 20% going to the equalization aid account. The motion CARRIED with Senator Harp voting no.

Senator Harp moved SB 468 DO PASS AS AMENDED.

Senator Eck made a substitute motion to remove the 10% surtax. The motion FAILED on a roll call vote (Exhibit #2).

Senator Gage made a substitute motion to adopt the Governor's amendments (Exhibit #3). The motion FAILED on a roll call vote (Exhibit #4).

Senator Gage moved to adopt the amendments as proposed by the Montana Coal Council (Exhibit #5). The motion FAILED on a roll call vote (Exhibit #6).

Senator Crippen said he sympathized with Senator Harp and what he is trying to do to relieve the plight of education, but he felt the way we are going about it is inappropriate.

He felt the long term approach is the best way to proceed and this action today is too rushed and piecemeal to be a good solution to a problem of this magnitude. There are other tax reform measures to be dealt with and we should not be too hasty in turning this loose with the endorsement of this committee as our solution to tax reform.

Senator Crippen made a substitute motion to TABLE SB 458.

Senator Gage said it is his understanding there is not a bill available to do anything with the educational trust for the 15% of the interest earning. The committee bill to deal with this situation was not drafted because it was deemed not to be a revenue bill. This bill is the only vehicle for that.

Senator Gage said if Senator Crippen would withdraw his motion he would make a motion to amend everything out of the bill with the exception of the 15% earnings from the investments and the 20% from the educational trust to be put into the equalization account.

The vote on the motion to TABLE SB 468 FAILED on a roll call vote (Exhibit #7).

Senator Gage moved a substitute motion for all motions pending that everything be stricken from the bill with the exception of the 15% of the investment earnings that goes into the permanent trust be diverted for two years to the school equalization aid account and the 20% of the education trust be diverted for two years to the school equalization aid account.

Senator Harp opposed the motion as leading to a special

session.

Senator Mazurek said if the idea is to keep a vehicle alive, the title of this bill will allow us to do whatever we need to do a little further down the line.

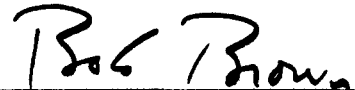
The motion by Senator Gage CARRIED on a roll call vote (Exhibit #8).

Recommendation and Vote:

Senator Harp moved Senate Bill 468 DO PASS AS AMENDED. The motion CARRIED on a roll call vote (Exhibit #9).

ADJOURNMENT

Adjournment At: 5:56 p.m.



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SENATOR BOB BROWN, Chairman

BB/jdr

min322b.jdr

ROLL CALL

TAXATION

COMMITTEE

51st LEGISLATIVE SESSION -- 1989

Date 3/22/89  
4:45 PM

NAME	PRESENT	ABSENT	EXCUSED
SENATOR BROWN	X		
SENATOR BISHOP	X		
SENATOR CRIPPEN	X		
SENATOR ECK	X		
SENATOR GAGE	X		
SENATOR HAGER	X		<i>late 5:00 pm</i>
SENATOR HALLIGAN	X		
SENATOR HARP	X		
SENATOR MAZUREK	X		
SENATOR NORMAN	X		<i>late 4:55 pm</i>
SENATOR SEVERSON	X		
SENATOR WALKER	X		

Each day attach to minutes.

3-22-89

p.m.

SENATE STANDING COMMITTEE REPORT

page 1 of 3  
March 27, 1989

MR. PRESIDENT:

We, your committee on Taxation, having had under consideration SB 468 (first reading copy -- white), respectfully report that SB 468 be amended and as so amended do pass:

1. Title, line 5.

Strike: "TAXES,"

Following: "REVENUES"

Strike: ", "

2. Title, lines 7 and 8.

Strike: "CONTINUING" on line 7 through "AND" on line 8

3. Title, lines 8 and 9.

Following: "ALLOCATING" on line 8

Strike: "THE" on line 8 through "THEREBY" on line 9

Insert: "20 PERCENT OF COAL SEVERANCE TAX COLLECTIONS REMAINING  
AFTER ALLOCATIONS TO THE PERMANENT TRUST FUND AND HIGHWAY  
RECONSTRUCTION TRUST FUND AND 15 PERCENT OF THE INCOME AND  
EARNINGS FROM THE COAL SEVERANCE TAX TRUST FUNDS"

4. Title, lines 10 through 12.

Strike: "INCREASING" on line 10 through "LEVIES;" on line 12

5. Title, line 13.

Strike: "15-1-501, 15-10-402, 15-30-108,"

6. Title, line 14.

Strike: "17-5-408,"

7. Title, lines 14 and 15

Strike: "20-3-324" on line 14 through "20-9-333," on line 15

8. Title, lines 15 through 17.

Following: "MCA"

Strike: ", AND" on line 15 through "MCA" on line 17

9. Title, lines 17 and 18.

Following: "DATE" on line 17

Strike: "AND" on line 17 through "DATES" on line 18

10. Page 1, line 21 through page 4, line 23.

Strike: sections 1 through 3 in their entirety

Re-number: subsequent section

11. Page 5, line 18.  
Following: "(a)"  
Strike: the remainder of line 18
12. Page 5, line 22.  
Following: "1989"  
Insert: "1989, and prior to July 1,"
13. Page 5, line 24.  
Following: "fund"  
Insert: "for state equalization aid to public schools of the state"
14. Page 5, line 25 through page 6, line 1.  
Strike: "to" on line 25 through "account" on page 6, line 1
15. Page 6, lines 6 and 7  
Strike: "59.95%" on line 6 through "1991," on line 7
16. Page 6, line 9.  
Strike: "prior to July 1, 1989, and after June 30, 1991,"
17. Page 6, line 12.  
Following: "(e)"  
Strike: remainder of line 9
18. Page 6, line 15.  
Strike: "1991"  
Insert: "1989"
19. Page 7, line 14 through page 8, line 24.  
Strike: section 5 in its entirety  
Renumber: subsequent sections
20. Page 9, line 1.  
Following: "{4}"  
Insert: "(1)"
21. Page 9, line 6.  
Following: "{2}"  
Insert: "except as provided in subsection (3)"  
Following: "."  
Strike: "Income"  
Insert: "(2) Except as provided in subsection (3), income"

22. Page 9.

Following: line 8

Insert: "(3) After June 30, 1989, and prior to June 30, 1991, 15% of the income and earnings from all funds must be allocated to the state special revenue fund for state equalization aid to public schools of the state."

23. Page 9, line 20 through page 26, line 16.

Strike: sections 7 through 13 in their entirety

Renumber: subsequent section

24. Page 27.

Following: line 18

Insert: "(d) money from income and earnings described in 17-5-704;"

Renumber: subsequent subsections

25. Page 28, lines 8 through 21.

Strike: sections 15 and 16 in their entirety

Renumber: subsequent sections

26. Page 29, lines 1 and 2.

Strike: section 18 in its entirety

Renumber: subsequent section

27. Page 29, lines 5 through 10.

Strike: section 20 in its entirety

AND AS AMENDED DO PASS

Signed: \_\_\_\_\_

Bob Brown, Chairman

4/11  
3/23/189  
3:10  
p.m.



ROLL CALL VOTE

SENATE TAXATION

EXHIBIT NO. 1

DATE 3/22/81 p.m.

BILL NO. SB 468

SENATE COMMITTEE TAXATION

Date 3/22 SB Bill No. 468 Time 5:00pm

NAME	YES	NO
SENATOR BROWN		X
SENATOR BISHOP	X	
SENATOR CRIPPEN	X	
SENATOR ECK	X	
SENATOR GAGE		X
SENATOR HAGER		
SENATOR HALLIGAN	X	
SENATOR HARP		X
SENATOR MAZUREK		X
SENATOR NORMAN		X
SENATOR SEVERSON		X
SENATOR WALKER	X	

Gill Ryan  
Secretary

SENATOR BOB BROWN  
Chairman

Motion: by Senator Halligan to leave  
unmarked coal tax accounts  
untouched - striking section 4.

Failed

ROLL CALL VOTE

EXHIBIT NO. 2

DATE 3/23/89 p.m.

BILL NO. SB 468

SENATE COMMITTEE TAXATION

Date 3/23/89 SB Bill No. 468 Time 5:18 p.m.

NAME	YES	NO
SENATOR BROWN		X
SENATOR BISHOP	X	
SENATOR CRIPPEN	X	
SENATOR ECK	X	
SENATOR GAGE	X	
SENATOR HAGER		X
SENATOR HALLIGAN	X	
SENATOR HARP		X
SENATOR MAZUREK		X
SENATOR NORMAN		X
SENATOR SEVERSON	X	
SENATOR WALKER		X

Gill Robinson  
Secretary

SENATOR BOB BROWN  
Chairman

Motion: by Senator Eck, to remove  
the 10% surtax.

Failed

## First Reading Copy

Requested by Senator Del Gage  
For the Committee on Taxation

Prepared by Dave Bohyer  
March 22, 1989

## 1. Title, line 13.

Following: "15-35-108,"

Insert: "15-36-101, 15-36-121,"

## 2. Page 7.

Following: line 13

Insert: "Section 5. Section 15-36-101, MCA, is amended to read:

"15-36-101. Definitions and rate of tax. (1) Every person engaging in or carrying on the business of producing petroleum, other mineral or crude oil, or natural gas within this state or engaging in or carrying on the business of owning, controlling, managing, leasing, or operating within this state any well or wells from which any merchantable or marketable petroleum, other mineral or crude oil, or natural gas is extracted or produced sufficient in quantity to justify the marketing of the same must, except as provided in 15-36-121, each year when engaged in or carrying on any such business in this state pay to the department of revenue for the exclusive use and benefit of the state of Montana a severance tax computed at the following rates:

(a) except as provided in subsections (1)(b), (1)(c), and (1)(d), 5% of the total gross value of all the petroleum and other mineral or crude oil produced by ~~such~~ the person from each lease or unit on or after April 1, 1981, and on or before March 31, 1983; 6% of the total gross value of all the petroleum and other mineral or crude oil produced by ~~such~~ the person from each lease or unit on or after April 1, 1983, and on or before March 31, 1985; ~~and~~ 5% of the total gross value of all the petroleum and other mineral or crude oil produced by ~~such~~ the person from each lease or unit ~~thereafter~~ on or after April 1, 1985, and on or before March 31, 1989; and 3% of the total gross value of all the petroleum and other mineral or crude oil produced by the person from each lease or unit on or after April 1, 1989;

but in determining the amount of ~~such~~ the tax, there shall be excluded from consideration all petroleum or other crude or mineral oil produced and used by ~~such~~ the person during ~~such~~ the year in connection with his operations in prospecting for, developing, and producing ~~such~~ petroleum or crude or mineral oil;

(b) ~~2.65%~~ 1.8% of the total gross value of natural gas produced from each lease or unit; but in determining the amount of ~~such~~ the tax, there shall be excluded from consideration all gas produced and used by ~~such~~ the person during ~~such~~ the year in connection with his operations in prospecting for, developing, and producing ~~such~~ gas or petroleum or crude or mineral oil; and there shall also be excluded from consideration all gas, including carbon dioxide gas, recycled or reinjected into the ground;

(c) ~~2.5%~~ 1.5% of the total gross value of the incremental petroleum and other mineral or crude oil produced from each lease or unit in a tertiary recovery project after July 1, 1985. For purposes of this section, a tertiary recovery project must meet the following requirements:

(i) the project must be approved as a tertiary recovery project by the department of revenue. ~~Such~~ The approval may be extended only after notice and hearing in accordance with Title 2, chapter 4.

(ii) the property to be affected by the project must be adequately delineated according to the specifications required by the department; and

(iii) the project must involve the application of one or more tertiary recovery methods that can reasonably be expected to result in an increase, determined by the department to be significant in light of all the facts and circumstances, in the amount of crude oil which may potentially be recovered. For the purpose of this section, tertiary recovery methods include but are not limited to:

- (A) miscible fluid displacement;
- (B) steam drive injection;
- (C) micellar/emulsion flooding;
- (D) in situ combustion;
- (E) polymer augmented water flooding;
- (F) cyclic steam injection;
- (G) alkaline or caustic flooding;

- (H) carbon dioxide water flooding;
- (I) immiscible carbon dioxide displacement;
- (J) any other method approved by the department as a tertiary recovery method;

(d) ~~3%~~ 2% of the total gross value of all the petroleum and other mineral or crude oil, after the first 5 barrels, produced by a stripper well, as defined in 15-36-121, that produces more than 5 barrels a day during the period beginning April 1, 1987, and ending March 31, 1989.

(2) For purposes of this section, the term "incremental petroleum and other mineral or crude oil" means the amount of oil, as determined by the department of revenue, to be in excess of what would have been produced by primary and secondary methods. The determination arrived at by the department must be made only after notice and hearing and shall specify through the life of a tertiary project, calendar year by calendar year, the combined amount of primary and secondary production that must be used to establish the incremental production from each lease or unit in a tertiary recovery project.

(3) ~~Nothing in this~~ This part may not be construed as requiring laborers or employees hired or employed by any person to drill any oil well or to work in or about any oil well or prospect or explore for or do any work for the purpose of developing any petroleum or other mineral or crude oil to pay such the severance tax, nor may any. Any work done or the drilling of any well or wells for the purpose of prospecting or exploring for petroleum or other mineral or crude oils or for the purpose of developing same petroleum or other mineral or crude oils may not be considered to be the engaging in or carrying on of any such the business. If, in the doing of any such work, in the drilling of any oil well, or in such prospecting, exploring, or development work, any merchantable or marketable petroleum or other mineral or crude oil in excess of the quantity required by such the person for carrying on such the operation is produced sufficient in quantity to justify the marketing of the same, such petroleum or other mineral or crude oil, the work, drilling, prospecting, exploring, or development work is considered to be the engaging in and carrying on of such the business within this state within the meaning of this section.

(4) Every person required to pay ~~such~~ the tax ~~hereunder~~ under this section shall pay the ~~same~~ tax in full for his own account and for the account of each of the other owner or owners of the gross proceeds in value or in kind of all the marketable petroleum or other mineral or crude oil or natural gas extracted and produced, including owner or owners of working interest, royalty interest, overriding royalty interest, carried working interest, net proceeds interest, production payments, and all other interest or interests owned or carved out of the total gross proceeds in value or in kind of ~~such~~ the extracted marketable petroleum or other mineral or crude oil or natural gas, except that any of the ~~aforesaid~~ interests that are owned by the federal, state, county, or municipal governments ~~shall be~~ are exempt from taxation under this chapter. Unless otherwise provided in a contract or lease, the pro rata share of any royalty owner or owners will be deducted from any settlements under ~~said~~ the lease or leases or division of proceeds orders or other contracts. (Subsection (1)(d) terminates on occurrence of contingency--sec. 7, Ch. 656, L. 1987.)"

Section 6. Section 15-36-121, MCA, is amended to read:  
 "15-36-121. Exemption from severance tax. (1) It is the public policy of this state to promote a sufficient supply of natural gas to provide for the residents of this state, to lessen Montana's dependence on imported natural gas, and to encourage the exploration for and development and production of natural gas, petroleum, and other mineral and crude oil within the state.

(2) All new production, as defined in 15-23-601, from a well during the 24 months immediately following the date of notification to the department of revenue that an oil well is flowing or being pumped or that a gas well has been connected to a gathering or distribution system is exempt from all of the severance tax imposed by 15-36-101, provided the notification was made after March 31, 1987, and before July 1, 1991.

(3) All the natural gas produced from any well that has produced 60,000 cubic feet or less of natural gas a day for the calendar year prior to the current year shall be taxed as provided in this section. Production must be

determined by dividing the amount of production from a lease or unitized area for the year prior to the current calendar year by the number of producing wells in the lease or unitized area and by dividing the resulting quotient by 365. The first 30,000 cubic feet of average daily production per well is exempt from all of the severance tax imposed by 15-36-101. Everything over 30,000 cubic feet of gas produced is taxed at ~~1.59%~~ 1%.

(4) The first 5 barrels of average daily production from a stripper well are exempt from all of the severance tax imposed by 15-36-101.

(5) For the purposes of this section, "stripper well" means a well that produces less than 10 barrels per day, determined by dividing the amount of production from a lease or unitized area for the year prior to the current calendar year by the number of producing wells in the lease or unitized area, and by dividing the resulting quotient by 365.

(6) Notwithstanding the provisions of subsections (2) through (4), all reporting requirements under the severance tax remain in effect. (Subsections (2) and (4) terminate on occurrence of contingency--sec. 7, Ch. 656, L. 1987.)"

Renumber: subsequent sections

3. Page 29, line 6.

Strike: "15"

Insert: "17"

ROLL CALL VOTE

SENATE COMMITTEE TAXATION

Date 3/22/89 SB Bill No. 468 Time 5:21 pm

NAME	YES	NO
SENATOR BROWN		X
SENATOR BISHOP		X
SENATOR CRIPPEN	X	
SENATOR ECK		X
SENATOR GAGE	X	
SENATOR HAGER		X
SENATOR HALLIGAN		X
SENATOR HARP		X
SENATOR MAZUREK		X
SENATOR NORMAN		X
SENATOR SEVERSON	X	
SENATOR WALKER		X

Jill Robinson  
Secretary

SENATOR BOB BROWN  
Chairman

Motion: by Senator Gage to adopt the  
Severson's proposed amend-  
ments (Exhibit #3).  
Failed



Montana Coal Council  
Amendments to  
SB 468

SENATE TAXATION

EXHIBIT NO. 5

DATE 3/22/89 p.m.

BILL NO. SB468

Amendment #1:

Page 1: Following: line 11  
Insert: "PROVIDING A REDUCTION IN COAL SEVERANCE TAX;"

Page 1: In line 13  
Following: "15-30-108,"  
Insert: "15-35-103,"

Page 7: Following: line 13  
Insert: New Section 5. as follows:

Section 5. Section 15-35-103, MCA, is amended to read:

"15-35-103. Severance tax--rates imposed--exemptions. (1) Except as provided in subsection (2), a severance tax is imposed on each ton of coal produced in the state in accordance with the following schedule:

(a) Fiscal Years 1988 and 1989:

Heating Quality (Btu per pound of coal):	Surface Mining	Underground Mining
Under 7,000	12 cents or 20% of value	5 cents or 3% of value
7,000-8,000	22 cents or 30% of value	8 cents or 4% of value
8,000-9,000	34 cents or 30% of value	10 cents or 4% of value
Over 9,000	40 cents or 30% of value	12 cents or 4% of value

(b) Fiscal Year 1990:

Heating Quality (Btu per pound of coal):	Surface Mining	Underground Mining
Under 7,000	12 cents or 13% of value	5 cents or 3% of value
7,000-8,000	22 cents or 25% of value	8 cents or 4% of value

8,000-9,000	34 cents or 25% of value	10 cents or 4% of value
Over 9,000	40 cents or 25% of value	12 cents or 4% of value

(c) Fiscal Year 1991 and Thereafter:

Heating Quality (Btu per pound of coal):	Surface Mining	Underground Mining
Under 7,000	12 cents or 13% of value	5 cents or 3% of value
7,000-8,000	22 cents or 20% of value	8 cents or 4% of value
8,000-9,000	34 cents or 20% of value	10 cents or 4% of value
Over 9,000	40 cents or 20% of value	12 cents or 4% of value

(2)(a)(i) On or before October 1, 1988, the department shall determine the total number of tons of coal produced in Montana and sold from July 1, 1987, through June 30, 1988. If the department finds that these sales exceed 32.2 million tons (which is the average total yearly coal sales for calendar years 1983, 1984, 1985, and 1986), the rate of the coal severance tax is as set forth in subsections (2)(b) through ~~(2)(d)~~ (2)(e).

(ii) If any facility that burned Montana coal at any time from July 1, 1987, to June 30, 1988, does not operate during a portion of that period due to mechanical failure or catastrophic act of God, the department shall determine the average monthly sales of Montana coal to the facility during its operation and multiply this figure by 12. The department shall include the product of this calculation in making its determination of coal produced in Montana and sold from July 1, 1987, through June 30, 1988.

(b) The severance tax imposed pursuant to subsection (2)(a) on each ton of coal produced in the state from July 1, 1988, through June 30, ~~1990~~ 1989, is:

Heating Quality (Btu per pound of coal):	Surface Mining	Underground Mining
Under 7,000	12 cents or 17% of value	5 cents or 3% of value

7,000-8,000	22 cents or 25% of value	10 cents or 4% of value
8,000-9,000	34 cents or 25% of value	10 cents or 4% of value
Over 9,000	40 cents or 25% of value	12 cents or 4% of value

(c) The severance tax imposed pursuant to subsection (2)(a) on each ton of coal produced in the state from July 1, 1989, through June 30, 1990, is:

<u>Heating Quality</u> <u>(Btu per pound</u> <u>of coal):</u>	<u>Surface</u> <u>Mining</u>	<u>Underground</u> <u>Mining</u>
<u>Under 7,000</u>	<u>12 cents or</u> <u>15.65% of value</u>	<u>5 cents or</u> <u>1.65% of value</u>
<u>7,000-8,000</u>	<u>22 cents or</u> <u>23.65% of value</u>	<u>8 cents or</u> <u>2.65% of value</u>
<u>8,000-9,000</u>	<u>34 cents or</u> <u>23.65% of value</u>	<u>10 cents or</u> <u>2.65% of value</u>
<u>Over 9,000</u>	<u>40 cents or</u> <u>23.65% of value</u>	<u>12 cents or</u> <u>2.65% of value</u>

~~(c)~~ (d) The severance tax imposed pursuant to subsection (2)(a) on each ton of coal produced in the state from July 1, 1990, through June 30, 1991, is:

<u>Heating Quality</u> <u>(Btu per pound</u> <u>of coal):</u>	<u>Surface</u> <u>Mining</u>	<u>Underground</u> <u>Mining</u>
<u>Under 7,000</u>	<del>13%</del> <u>12 cents or</u> <u>11.65% of value</u>	<del>3%</del> <u>5 cents or</u> <u>1.65% of value</u>
<u>7,000-8,000</u>	<del>20%</del> <u>22 cents or</u> <u>18.65% of value</u>	<del>4%</del> <u>8 cents or</u> <u>2.65% of value</u>
<u>8,000-9,000</u>	<del>20%</del> <u>34 cents or</u> <u>18.65% of value</u>	<del>4%</del> <u>10 cents or</u> <u>2.65% of value</u>
<u>Over 9,000</u>	<del>20%</del> <u>40 cents or</u> <u>18.65% of value</u>	<del>4%</del> <u>12 cents or</u> <u>2.65% of value</u>

~~(d)~~ (e) The severance tax imposed pursuant to subsection (2)(a) on each ton of coal produced in the state after June 30, 1991, is:

Heating Quality (Btu per pound of coal):	Surface Mining	Underground Mining
Under 7,000	12 cents or <del>13%</del> <u>11.65%</u> of value	5 cents or <del>3%</del> <u>1.65%</u> of value
7,000-8,000	22 cents or <del>15%</del> <u>13.65%</u> of value	8 cents or <del>4%</del> <u>2.65%</u> of value
8,000-9,000	34 cents or <del>15%</del> <u>13.65%</u> of value	10 cents or <del>4%</del> <u>2.65%</u> of value
Over 9,000	40 cents or <del>15%</del> <u>13.65%</u> of value	12 cents or <del>4%</del> <u>2.65%</u> of value

(3) "Value" means the contract sales price.

(4) The formula which yields the greater amount of tax in a particular case shall be used at each point on these schedules.

(5) A person is not liable for any severance tax upon 50,000 tons of the coal he produces in a calendar year, except that if he produces more than 50,000 tons of coal in a calendar year, he will be liable for severance tax upon all coal produced in excess of the first 20,000 tons.

(6) A new coal production incentive tax credit may be claimed on certain coal as provided in 15-35-202."

ROLL CALL VOTE

EXHIBIT NO. 6  
DATE 3/22/89 a.m.  
BILL NO. SB 468

SENATE COMMITTEE TAXATION

Date 3/22/89 SA Bill No. 468 Time 5:22 pm

NAME	YES	NO
SENATOR BROWN		X
SENATOR BISHOP		X
SENATOR CRIPPEN	X	
SENATOR ECK		X
SENATOR GAGE	X	
SENATOR HAGER		X
SENATOR HALLIGAN		X
SENATOR HARP	X	
SENATOR MAZUREK		X
SENATOR NORMAN		X
SENATOR SEVERSON	X	
SENATOR WALKER		X

Gill Robinson  
Secretary

SENATOR BOB BROWN  
Chairman

Motion: by Senator Gage to adopt  
the Montana Coal Council  
amendments (Exhibit #5)

Failed

ROLL CALL VOTE

SENATE TAXATION

EXHIBIT NO. 7

DATE 3/22/89 P.M.

BILL NO. SB 468

SENATE COMMITTEE TAXATION

Date 3/22/89 SB Bill No. 468 Time 5:22 PM

NAME	YES	NO
SENATOR BROWN		X
SENATOR BISHOP	X	
SENATOR CRIPPEN	X	
SENATOR ECK	X	
SENATOR GAGE		X
SENATOR HAGER	X	
SENATOR HALLIGAN		X
SENATOR HARP		X
SENATOR MAZUREK		X
SENATOR NORMAN		X
SENATOR SEVERSON	X	
SENATOR WALKER		X

Bill Robinson  
Secretary

SENATOR BOB BROWN  
Chairman

Motion: by Senator Crrippen to table  
SB 468

Failed

ROLL CALL VOTE

SENATE TAXATION

EXHIBIT NO 8

DATE 3/22/89 p.m.

BILL NO. SB 468

SENATE COMMITTEE TAXATION

Date 3/22/89 SB Bill No. 468 Time 5:53 pm

NAME	YES	NO
SENATOR BROWN	X	
SENATOR BISHOP		X
SENATOR CRIPPEN	X	
SENATOR ECK	X	
SENATOR GAGE	X	
SENATOR HAGER	X	
SENATOR HALLIGAN		X
SENATOR HARP		X
SENATOR MAZUREK	X	
SENATOR NORMAN		X
SENATOR SEVERSON	X	
SENATOR WALKER		X

Bill Robinson  
Secretary

SENATOR BOB BROWN  
Chairman

Motion: by Senator Gage to strike  
everything with the exception of  
the 15% of investment earnings  
that goes into the permanent trust  
be directed for 7 years to the school  
equalization aid account. Also the 70%  
of the education trust be directed  
for 7 years to the school  
equalization aid account. Carried

ROLL CALL VOTE

SENATE COMMITTEE TAXATION

Date 3/22/89 SA Bill No. 468 Time 5:35

NAME	YES	NO
SENATOR BROWN	X	
SENATOR BISHOP		X
SENATOR CRIPPEN		X
SENATOR ECK	X	
SENATOR GAGE	X	
SENATOR HAGER		X
SENATOR HALLIGAN		X
SENATOR HARP	X	
SENATOR MAZUREK	X	
SENATOR NORMAN	X	
SENATOR SEVERSON	X	
SENATOR WALKER	X	

Bill Robinson  
Secretary

SENATOR BOB BROWN  
Chairman

Motion: by Senator Hager that SB  
468 do Pass as Amended  
Passed