

1 HOUSE BILL NO. 473

2 INTRODUCED BY WALDRON, MELOY, LUND,
3 HUENNEKENS, HARRINGTON, AAGESON, PALMER

4
5 A BILL FOR AN ACT ENTITLED: "AN ACT IMPOSING A TAX ON THE
6 PRIVILEGE OF CONSUMING WATER IN A COAL GASIFICATION PLANT."

7
8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

9 Section 1. Statement of purpose. The production of
10 synthetic pipeline gas by a coal gasification process
11 involves the literal consumption of water by detaching the
12 hydrogen atoms from a molecule of water. Water thus used is
13 a source of energy as much as coal is a source of energy.
14 The legislature finds that each source of energy consumed in
15 an energy conversion process in the state should pay a fair
16 share of tax revenue to the state. The purpose of this act
17 is to impose a tax on the consumption of water in coal
18 gasification plants.

19 Section 2. Definitions. As used in this act the
20 following definitions apply:

21 (1) "Coal gasification plant" means an industrial
22 facility which manufactures a combustible gas, in a form
23 commercially useful as a substitute for natural gas, by
24 means of a process which uses coal and water and which may
25 use other materials;

1 (2) "Water consumed" means water which undergoes a
2 chemical reaction in a coal gasification plant such that it
3 is converted into other compounds and removed from the
4 hydrological cycle. Water which leaves a coal gasification
5 plant in the form of vapor, steam, or liquid, without losing
6 the chemical composition of water, is not considered
7 consumed.

8 Section 3. Privilege tax imposed -- rates. There is a
9 tax on the privilege of using water in a coal gasification
10 plant in the state of Montana, at the following rates: One
11 cent per 100 gallons of water consumed or the formula which
12 yields the greater amount of revenue in a particular case
13 shall be applied in that case.

14 Section 4. Quarterly statement and payment of tax.
15 Each person operating a coal gasification plant shall
16 compute the privilege tax due on the water consumed in each
17 quarter-year's worth of gas production on forms prescribed
18 by the department of revenue. The statement shall indicate
19 the volume of gas produced, the price received for the
20 production, the volume of water consumed, and such other
21 information as the department may by regulation require. The
22 completed form in duplicate, with the tax payment, shall be
23 delivered to the department not later than 30 days following
24 the close of the quarter. The form shall be verified by an
25 officer of the producer.

1 Section 5. Water consumption checked by department of
2 natural resources and conservation. Upon request by the
3 department of revenue, the department of natural resources
4 and conservation shall investigate the operation of a coal
5 gasification plant to determine whether the operator's
6 report is accurate as to the quantity of water consumed at
7 the plant. In conducting an investigation, the department of
8 natural resources and conservation may enter any lands or
9 buildings controlled by the operator and may examine any
10 books or records of the operator.

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Without Recommendation
Natural Resources

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