

1 *Senate* BILL NO. *309*
 2 INTRODUCED BY *Mark Turmay* *STERNENS*
 3

4 A BILL FOR AN ACT ENTITLED: "AN ACT TO PROVIDE THAT ROYALTY
 5 INTERESTS MAY BE REQUIRED TO SHARE THE BURDEN OF THE
 6 RESOURCE INDEMNITY TRUST TAX ON A PRO RATA BASIS AND
 7 EXEMPTING GOVERNMENTAL ROYALTIES FROM SUCH TAX; AMENDING
 8 SECTION 84-7006, R.C.M. 1947."

9
 10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

11 Section 1. Section 84-7006, R.C.M. 1947, is amended to
 12 read as follows:

13 "84-7006. Tax on mineral production. The annual tax to
 14 be paid by the person engaged in or carrying on the business
 15 of mining, extracting, or producing a mineral shall be
 16 twenty-five dollars (\$25), together with an additional sum
 17 or amount computed on the gross value of product which may
 18 have been derived from the business work or operation within
 19 this state during the calendar year immediately preceding,
 20 at the rate of one-half of one percent (1/2 of 1%) of the
 21 amount of gross value of product at the time of extraction
 22 from the ground, if in excess of five thousand dollars
 23 (\$5,000). Each person required to pay such tax hereunder
 24 shall pay the same in full for his own account and for the
 25 account of each of the other owner or owners of the gross

1 proceeds in value or in kind of all the marketable minerals
 2 extracted or produced, including owner or owners of working
 3 interest, royalty interest, overriding royalty interest,
 4 carried working interest, net proceeds interest, production
 5 payments, and all other interest or interests owned or
 6 carved out of the total gross proceeds in value or in kind
 7 of such extracted marketable minerals, except that any of
 8 the aforesaid interests that are owned by the federal,
 9 state, county, or municipal governments are exempt from
 10 taxation under this chapter. Unless otherwise provided in a
 11 contract or lease, the pro rata share of any royalty owner
 12 or owners will be deducted from any settlements under the
 13 lease or leases or division of proceeds orders or other
 14 contracts."

-End-

INTRODUCED BILL

SB 309

STATE OF MONTANA

REQUEST NO. 387-77

FISCAL NOTE

Form BD-15

In compliance with a written request received February 7, 19 77, there is hereby submitted a Fiscal Note for Senate Bill 309 pursuant to Chapter 53, Laws of Montana, 1965 - Thirty-Ninth Legislative Assembly.

Background information used in developing this Fiscal Note is available from the Office of Budget and Program Planning, to members of the Legislature upon request.

DESCRIPTION

This bill provides that royalty interests may be required to share the burden of the resource indemnity trust tax on a pro rata basis and exempts governmental royalties from such tax.

ASSUMPTIONS

If this bill had been in effect in FY 76, the resource indemnity trust tax collections would have been reduced by approximately \$70,000 or 3.5%. There are no revenue projections for the RITT in the biennium, but it is felt that this proposal would reduce RITT collections by 3.5% in the future.

LONG-RANGE EFFECTS

The long-range effect of this bill would be to reduce RITT collections by 3.5%.

PREPARED BY DEPARTMENT OF REVENUE

Richard L. Tracy
BUDGET DIRECTOR

Office of Budget and Program Planning

Date: 2-11-77

Approved by Committee
on Taxation

SENATE BILL NO. 309

INTRODUCED BY MATHERS, TURNAGE, STEPHENS

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~~proceeds in value or in kind of all the marketable minerals extracted or produced, including owner or owners of working interests, 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 extracted marketable minerals, except that any of the aforesaid interests that are owned by the federal, state, county, or municipal governments 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 MAY be deducted from any settlements under the lease or leases or division of proceeds orders or other contracts."~~

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