LC 1496/01

45th Legislature

1 Denate BILL NO. 309 2 INTRODUCED BY Martin Turnay Stephens 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."

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BE IT ENACTED BY THE LEGISLATURE DF THE STATE OF MONTANA:
Section 1. Section 84-7006, R.C.M. 1947, is amended to
read as follows:

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

INTRODUCED BILL

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	<u>carved out of the total gross proceeds in value or in kind</u>
7	of such extracted marketable minerals, except that any of
8	the aforesaid interests that are owned by the federals
9	<u>state: county: or municipal governments are exempt from</u>
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-

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SB309

# STATE OF MONTANA

REQUEST NO. 387-77

## FISCAL NOTE

Form BD-15

In	compliance with a written request receivedFebruary 7, 1977, there is hereby submitted a Fiscal Note
for	Senate Bill 309 pursuant to Chapter 53, Laws of Montana, 1965 - Thirty-Ninth Legislative Assembly.
Bad	kground 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

J & Jam Sta

BUDGET DIRECTOR

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SB 0309/02

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	Approved by Committee on Texation
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2	INTRODUCED BY MATHERS, TURNAGE, STEPHENS
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4	A BILL FOR AN ACT ENTITLED: "AN ACT TO PROVIDE THAT ROYALTY
5	INTERESTS MAY BE REQUIRED TO SHARE THE BURDEN OF THE
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6	RESOURCE INDEMNITY TRUST TAX ON A PRO RATA BASIS <del>and</del>
7	EXEMPTING-GOVERNMENTAL-ROYALTIESFROMSUCHTAX; AMENDING
8	SECTION 84-7006, R.C.M. 1947."
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14	be paid by the person engaged in or carrying on the business
15	of mining, extracting, or producing a mineral shall be
16	<del>twenty-five-dollars-{</del> \$25 <del>},</del> 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 <del>one-half-of-one-percent-{</del> 1/2 of 1% <del>)</del> of the
21	amount of gross value of product at the time of extraction
22	from the ground, if in excess of <del>five-thousand-dollars</del>
23	<pre>t\$5,000;. Each-person-required_to-paysuchtax-hereunder</pre>
24	<u>snallpay-the-some-in-full-for-his-own-scount-ond-for-the</u>
25	<u>eccount_of_each_of_the_other_owner_or_owners_of_thegross_</u>

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5	psymentsymmed-all-other-interest-or-interests-owned-or
6	carved-out-of-the-totol-groag-proceeds-in-value-prinkind
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8	the_sforesaid_intereststhatoreownedbythefederaly
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11	contract_or_lease: the pro_rata_share_of_any_royalty_owner
12	or owners will MAY be deducted from any settlements under
ļ3	the lease or leases or division of proceeds orders or other
14	contracts."
	-End-

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SECOND READING

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THIRD READING '

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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). <u>Each-person-required-to-pay--such--tax--hereunder</u> 24 <u>anall-pay--the-some-in-full-for-his-own-account-and-for-the</u> 25 <u>account-of-each-of-the-other-owner-or-owners-of--the--gross-</u>

1 proceeds-in-volue-prin-kind-of-all-the-marketable-minerals 2 extracted-or-producedy-including-owner-or-owners-of-working 3 interesty -- royalty -- interesty -- overriding -- royalty -- interesty 4 <u>carried-working-interesty-net-proceeds interesty-production</u> 5 paymentsy=-ond=-all--other--interest--or--interests-owned-or 6 carved-out-of-the-total-gross-proceeds-in-yalue-or--in--kind 7 of-such-extracted-marketable-mineralsy-except-that-any-of 8 the aforesaid interests -- that -- ore -- owned -- by -- the -- federaly 9 stotey country correspondence sovernments ore exempt from 10 texation-under-this chapters Unless otherwise provided in a 11 contract or lease, the pro rata share of any royalty owner 12 or owners will MAY be deducted from any settlements under the\_lease or leases or division of proceeds orders or other 13 contracts." 14

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REFERENCE BILL