

1 *Senate* BILL NO. 319
 2 INTRODUCED BY *Sen*

3
 4 A BILL FOR AN ACT ENTITLED: "AN ACT ALLOWING A CREDIT
 5 AGAINST THE COAL SEVERANCE TAX FOR ANY SIMILAR TAX LEVIED BY
 6 AN INDIAN TRIBE ON COAL PRODUCED ON A RESERVATION."

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

9 Section 1. There is a new R.C.M. section in chapter
 10 13, Title 84, that reads as follows:

11 Credit -- taxes paid to Indian tribes. A credit of \$1
 12 against the state severance taxes provided for in this
 13 chapter shall be granted the producer of coal for each
 14 dollar paid an Indian tribe pursuant to an approved tribal
 15 tax if the following conditions are met:

16 (a) the coal produced is held in trust by the United
 17 States for the benefit of a federally recognized Indian
 18 tribe or Indian allottee;

19 (b) the coal is produced within the boundaries of a
 20 federally recognized Indian reservation;

21 (c) the Indian tribe has enacted a tribal mineral tax
 22 which has been approved by the secretary of the interior;
 23 and

24 (d) the revenues received from the tribal mineral tax
 25 will be:

1 (i) used to upgrade tribal governmental services,
 2 including services required by the local impact of coal
 3 development; and
 4 (ii) invested for the benefit of future generations.

-End-

STATE OF MONTANA

REQUEST NO. 386-77

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 319 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 allows a credit against the coal severance tax for any similar tax levied by an Indian tribe on coal produced on a reservation.

ASSUMPTIONS

In the biennium no coal companies will be paying a coal tax to Indian reservations. This is currently the case, therefore, there is no fiscal impact.

LONG-RANGE EFFECTS

The state could lose several hundred million dollars in the future. Mr. Kleppe, former Secretary of Interior, has approved a 25% severance tax on coal on the Crow reservation. This would reduce the state's share of the tax to 16% of what it would be without this law.

PREPARED BY DEPARTMENT OF REVENUE

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