

Senate Joint Resolution 23

In The Senate

February 18, 1981	Introduced and referred to Committee on Taxation.
February 20, 1981	Committee recommend bill do pass.
February 21, 1981	Bill printed and placed on members' desks.
February 23, 1981	Second reading pass consideration.
	On motion taken from second reading and rereferred to Committee on Taxation. Motion adopted.
March 11, 1981	Committee recommend bill do pass as amended.
March 12, 1981	Bill printed and placed on members' desks.
March 13, 1981	Second reading do pass.
March 16, 1981	Correctly engrossed.
March 17, 1981	Third reading passed.

In The House

March 18, 1981	Introduced and referred to Committee on Taxation.
April 23, 1981	On motion taken from Committee on Taxation and placed on second reading. Motion adopted.
	Second reading indefinitely postponed.

In The Senate

April 23, 1981	Returned from House indefinitely postponed.
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Senate JOINT RESOLUTION NO. *23*

INTRODUCED BY *Senate Taxation Committee*

BY REQUEST OF THE SENATE TAXATION COMMITTEE

Edw Goodson Turwog Stephens

A JOINT RESOLUTION OF THE SENATE AND THE HOUSE OF REPRESENTATIVES OF THE STATE OF MONTANA EXPRESSING SUPPORT FOR MONTANA'S COAL SEVERANCE TAX AND URGING ALL MONTANANS TO SUPPORT AND ENCOURAGE THE EFFORTS OF MONTANA IN THE COURTS AND IN CONGRESS TO PROTECT MONTANA'S RIGHT TO LEVY THE TAX.

WHEREAS, Montana's 30% coal severance tax (effective rate of approximately 22 1/2%) is under attack in the courts and in Congress; and

WHEREAS, the Montana coal severance tax and its defense in the courts and in Congress is supported fully and without reservation by the Montana Democratic Party and the Montana Republican Party and by Legislators belonging to both parties; and

WHEREAS, the support and defense of the Montana coal severance tax is not a partisan issue or an issue from which either party should receive any political advantage; and

WHEREAS, the attempts to limit or strike Montana's coal severance tax law are unprecedented and constitute a major interference with the rights of states to exercise the general taxing authority given to them as sovereign states;

1 and

2 WHEREAS, a court decision declaring the tax or any part
3 of the tax contrary to the United States Constitution or to
4 federal law would place on the courts the impossible burden
5 of determining a reasonable level of taxation for severance
6 taxes on all mined products, not just coal, and perhaps for
7 other taxes levied by sovereign states; and

8 WHEREAS, any attempt by Congress to limit the coal
9 severance tax in Montana or Wyoming would establish a
10 precedent for limiting the general taxing authority of a
11 sovereign state, which could have an enormous effect on the
12 already fragile state-federal relationship and could signal
13 the end of the exercise of true sovereignty by state
14 governments; and

15 WHEREAS, the effect of the Montana coal severance tax
16 on the ultimate electric utility consumer in the Midwest or
17 in Texas is a minimal effect of less than 2% (an average of
18 3/4 of 1%) of the average electric consumer's bill, for an
19 average of less than \$4 a year for each residential
20 customer; and

21 WHEREAS, Montana's coal severance tax collections (\$75
22 million a year) is small by comparison to the severance tax
23 collections of other states on oil and gas: Texas--\$2
24 billion; Louisiana--\$500 million; Alaska--\$4 billion; and

25 WHEREAS, when reduced to the best common denominator,

1 the British thermal unit, the tax on Montana's coal compares
 2 very favorably with the tax on oil: Louisiana oil--16.58
 3 cents per million Btu's; Oklahoma oil--12.58 cents per
 4 million Btu's; New Mexico oil--10.76 cents per million
 5 Btu's; Texas oil--08.75 cents per million Btu's; and Montana
 6 coal--09.97 cents per million Btu's; and

7 WHEREAS, Montana and Wyoming do not tax coal in the
 8 ground with a property tax on an annual basis, as do most
 9 other coal-producing states, but wait until the coal is
 10 mined and a specifically defined quantity with a specific
 11 price can be accurately measured before levying the tax.
 12 Since this is a one-time tax, it must be higher to
 13 compensate for the many years it was exempt from ordinary
 14 property taxes; and

15 WHEREAS, the revenues received from the coal severance
 16 tax are needed to: (1) deal with the impacts to local
 17 governments caused by coal development; (2) build commuter
 18 roads in the coal development areas; (3) pay for the costs
 19 of administering the coal-related laws, such as the Strip
 20 and Underground Mine Reclamation Act, the Strip and
 21 Underground Mine Siting Act, the Montana Major Facility
 22 Siting Act, the Clean Air Act of Montana, water quality
 23 standards, and others; (4) prepare the state economy for the
 24 economic shock that will accompany the eventual depletion of
 25 our coal reserves; (5) provide funds to prepare for future

1 and currently unforeseen problems that may result from coal
 2 development, including potential damage to agriculture
 3 through damage to ground water and other items; (6) provide
 4 for impact assistance and adjustment cost to local
 5 governments and to employees and their families when the
 6 coal mining terminates in a particular community; (7) deal
 7 with the many indirect and secondary impacts caused on state
 8 and local governments and on the people as a result of coal
 9 development; (8) provide funds for research and
 10 demonstration of renewable energy resources to prepare for
 11 the eventual depletion of our fossil fuels; and (9)
 12 compensate our future generations in some small way for the
 13 loss of a valuable resource; and

14 WHEREAS, the persons primarily seeking to restrict or
 15 limit Montana's coal severance tax are not the ultimate
 16 consumers but the large utility companies who will profit
 17 financially from such restrictions or limitations.

18
 19 NOW, THEREFORE, BE IT RESOLVED BY THE SENATE AND THE HOUSE
 20 OF REPRESENTATIVES OF THE STATE OF MONTANA:

21 That the Legislature of the State of Montana fully and
 22 without reservation supports the Montana coal severance tax
 23 and the defense of that tax both in the courts and in
 24 Congress.

25 BE IT FURTHER RESOLVED, that the Legislature calls upon

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1 all Montanans to support Montana's coal severance tax and to
2 help in any way that they can to defend this tax from the
3 present challenges in the courts and in Congress.

-End-

Approved by Committee
on Taxation

Amended JOINT RESOLUTION NO. *23*

INTRODUCED BY *Senate Taxation Committee*

BY REQUEST OF THE SENATE TAXATION COMMITTEE

Dave Goodner Turmoge STEPHENS

A JOINT RESOLUTION OF THE SENATE AND THE HOUSE OF REPRESENTATIVES OF THE STATE OF MONTANA EXPRESSING SUPPORT FOR MONTANA'S COAL SEVERANCE TAX AND URGING ALL MONTANANS TO SUPPORT AND ENCOURAGE THE EFFORTS OF MONTANA IN THE COURTS AND IN CONGRESS TO PROTECT MONTANA'S RIGHT TO LEVY THE TAX.

WHEREAS, Montana's 30% coal severance tax (effective rate of approximately 22 1/2%) is under attack in the courts and in Congress; and

WHEREAS, the Montana coal severance tax and its defense in the courts and in Congress is supported fully and without reservation by the Montana Democratic Party and the Montana Republican Party and by Legislators belonging to both parties; and

WHEREAS, the support and defense of the Montana coal severance tax is not a partisan issue or an issue from which either party should receive any political advantage; and

WHEREAS, the attempts to limit or strike Montana's coal severance tax law are unprecedented and constitute a major interference with the rights of states to exercise the general taxing authority given to them as sovereign states;

1 and

2 WHEREAS, a court decision declaring the tax or any part
3 of the tax contrary to the United States Constitution or to
4 federal law would place on the courts the impossible burden
5 of determining a reasonable level of taxation for severance
6 taxes on all mined products, not just coal, and perhaps for
7 other taxes levied by sovereign states; and

8 WHEREAS, any attempt by Congress to limit the coal
9 severance tax in Montana or Wyoming would establish a
10 precedent for limiting the general taxing authority of a
11 sovereign state, which could have an enormous effect on the
12 already fragile state-federal relationship and could signal
13 the end of the exercise of true sovereignty by state
14 governments; and

15 WHEREAS, the effect of the Montana coal severance tax
16 on the ultimate electric utility consumer in the Midwest or
17 in Texas is a minimal effect of less than 2% (an average of
18 3/4 of 1%) of the average electric consumer's bill, for an
19 average of less than \$4 a year for each residential
20 customer; and

21 WHEREAS, Montana's coal severance tax collections (\$75
22 million a year) is small by comparison to the severance tax
23 collections of other states on oil and gas: Texas--\$2
24 billion; Louisiana--\$500 million; Alaska--\$4 billion; and

25 WHEREAS, when reduced to the best common denominator,

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1 the British thermal unit, the tax on Montana's coal compares
 2 very favorably with the tax on oil: Louisiana oil--16.58
 3 cents per million Btu's; Oklahoma oil--12.58 cents per
 4 million Btu's; New Mexico oil--10.76 cents per million
 5 Btu's; Texas oil--08.75 cents per million Btu's; and Montana
 6 coal--09.97 cents per million Btu's; and

7 WHEREAS, Montana and Wyoming do not tax coal in the
 8 ground with a property tax on an annual basis, as do most
 9 other coal-producing states, but wait until the coal is
 10 mined and a specifically defined quantity with a specific
 11 price can be accurately measured before levying the tax.
 12 Since this is a one-time tax, it must be higher to
 13 compensate for the many years it was exempt from ordinary
 14 property taxes; and

15 WHEREAS, the revenues received from the coal severance
 16 tax are needed to: (1) deal with the impacts to local
 17 governments caused by coal development; (2) build commuter
 18 roads in the coal development areas; (3) pay for the costs
 19 of administering the coal-related laws, such as the Strip
 20 and Underground Mine Reclamation Act, the Strip and
 21 ~~Underground Mine Reclamation Act~~, the Montana Major Facility
 22 ~~Siting Act~~, the Clean Air Act of Montana, water quality
 23 standards, and others; (4) prepare the state economy for the
 24 economic shock that will accompany the eventual depletion of
 25 our coal reserves; (5) provide funds to prepare for future

1 and currently unforeseen problems that may result from coal
 2 development, including potential damage to agriculture
 3 through damage to ground water and other items; (6) provide
 4 for impact assistance and adjustment cost to local
 5 governments and to employees and their families when the
 6 coal mining terminates in a particular community; (7) deal
 7 with the many indirect and secondary impacts caused on state
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 12 compensate our future generations in some small way for the
 13 loss of a valuable resource; and

14 WHEREAS, the persons primarily seeking to restrict or
 15 limit Montana's coal severance tax are not the ultimate
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1 all Montanans to support Montana's coal severance tax and to
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-End-

Approved by Committee
on Taxation

SENATE JOINT RESOLUTION NO. 23

INTRODUCED BY SENATE TAXATION COMMITTEE

TOME, GOODOVER, TURNAGE, STEPHENS

BY REQUEST OF THE SENATE TAXATION COMMITTEE

A JOINT RESOLUTION OF THE SENATE AND THE HOUSE OF REPRESENTATIVES OF THE STATE OF MONTANA EXPRESSING SUPPORT FOR MONTANA'S COAL SEVERANCE TAX AND URGING ALL MONTANANS TO SUPPORT AND ENCOURAGE THE EFFORTS OF MONTANA IN THE COURTS AND IN CONGRESS TO PROTECT MONTANA'S RIGHT TO LEVY THE TAX.

WHEREAS, Montana's 30% coal severance tax (effective rate of approximately 22 1/2%) is under attack in the courts and in Congress; and

WHEREAS, the Montana coal severance tax and its defense in the courts and in Congress is supported fully and without reservation by the Montana Democratic Party and the Montana Republican Party and by Legislators belonging to both parties; and

WHEREAS, the support and defense of the Montana coal severance tax is not a partisan issue or an issue from which either party should receive any political advantage; and

WHEREAS, the attempts to limit or strike Montana's coal severance tax law are unprecedented and constitute a major interference with the rights of states to exercise the

general taxing authority given to them as sovereign states; and

WHEREAS, a court decision declaring the tax or any part of the tax contrary to the United States Constitution or to federal law would place on the courts the impossible burden of determining a reasonable level of taxation for severance taxes on all mined products, not just coal, and perhaps for other taxes levied by sovereign states; and

WHEREAS, any attempt by Congress to limit the coal severance tax in Montana or Wyoming would establish a precedent for limiting the general taxing authority of a sovereign state, which could have an enormous effect on the already fragile state-federal relationship and could signal the end of the exercise of true sovereignty by state governments; and

WHEREAS, the effect of the Montana coal severance tax on the ultimate electric utility consumer in the Midwest or in Texas is a minimal effect of less than 2% (an average of 3/4 of 1%) of the average electric consumer's bill, for an average of less than \$4 a year for each residential customer; and

WHEREAS, Montana's coal severance tax collections (\$75 million a year) is small by comparison to the severance tax collections of other states on oil and gas: Texas--\$2 billion; Louisiana--\$500 million; Alaska--\$4 billion; and

1 WHEREAS, when reduced to the best common denominator,
2 the British thermal unit, the tax on Montana's coal compares
3 very favorably with the tax on oil: Louisiana oil--16.58
4 cents per million Btu's; Oklahoma oil--12.58 cents per
5 million Btu's; New Mexico oil--10.76 cents per million
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14 loss of a valuable resource; and (10) TO EDUCATE OUR
15 CHILDREN, TO BUILD ROADS, AND TO PAY ORDINARY COSTS OF
16 GOVERNMENT AND OTHER LEGITIMATE GOVERNMENT NEEDS; AND

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3 TOWE, GOODOVER, TURNAGE, STEPHENS
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