

HOUSE BILL NO. 706

INTRODUCED BY ASAY, PAVLOVICH,
DEVLIN, HARRINGTON

IN THE HOUSE

February 10, 1983	Introduced and referred to Committee on Taxation.
March 2, 1983	Committee recommend bill do pass as amended. Report adopted.
March 3, 1983	Bill printed and placed on members' desks.
March 4, 1983	Second reading, pass consideration. Second reading, do pass as amended.
March 5, 1983	On motion taken from second reading and referred to Committee on Taxation.
March 9, 1983	Committee recommend bill do pass as amended. Report adopted. Bill printed and placed on members' desks.
March 11, 1983	Second reading, do pass.
March 12, 1983	Considered correctly engrossed.
March 14, 1983	Third reading, passed. Transmitted to Senate.

IN THE SENATE

March 15, 1983	Introduced and referred to Committee on Taxation.
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March 21, 1983

Committee recommend bill be
concurrent in. Report adopted.

March 23, 1983

Second reading, concurrent in.

March 25, 1983

Third reading, concurrent in.
Ayes, 45; Noes, 4.

IN THE HOUSE

March 25, 1983

Returned to House.

March 26, 1983

Sent to enrolling.

Reported correctly enrolled.

1 *House* BILL NO. *706*
 2 INTRODUCED BY *Don Schmidt Dennis Harms*

3
 4 A BILL FOR AN ACT ENTITLED: "AN ACT EXCLUDING CERTAIN
 5 ROYALTIES FROM THE DEFINITION OF CONTRACT SALES PRICE OF
 6 COAL; AMENDING SECTION 15-35-102, MCA."

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

9 Section 1. Section 15-35-102, MCA, is amended to read:

10 "15-35-102. Definitions. As used in this chapter, the
 11 following definitions apply:

12 (1) "Contract sales price" means either the price of
 13 coal extracted and prepared for shipment f.o.b. mine,
 14 excluding that amount charged by the seller to pay taxes ~~and~~
 15 royalties paid on production, or a price imputed by the
 16 department under 15-35-107.

17 (2) "Department" means the department of revenue.

18 (3) "Energy conversion process" includes any process
 19 by which coal in the solid state is transformed into slurry,
 20 gas, electric energy, or any other form of energy.

21 (4) "Produced" means severed from the earth.

22 ~~(5) "Royalties" means those royalties paid to a person~~
 23 ~~owning the coal when the contract provides that the royalty~~
 24 ~~is a percentage of the value of the coal.~~

25 ~~(5)(6) "Strip mining" or "surface mining" is defined~~

1 in 82-4-203.

2 ~~(6)(7)~~ "Taxes paid on production" includes any tax
 3 paid to the federal, state, or local governments upon the
 4 quantity of coal produced as a function of either the volume
 5 or the value of production and does not include any tax upon
 6 the value of mining equipment, machinery, or buildings and
 7 lands, any tax upon a person's net income derived in whole
 8 or in part from the sale of coal, or any license fee.

9 ~~(7)(8)~~ "Ton" means 2,000 pounds.

10 ~~(8)(9)~~ "Underground mining" means a coal mining method
 11 utilizing shafts and tunnels and as further defined in
 12 82-4-203."

-End-

STATE OF MONTANA

REQUEST NO. 384-83

FISCAL NOTE

Form BD-15

In compliance with a written request received February 14, , 19 83 , there is hereby submitted a Fiscal Note for House Bill 706 pursuant to Title 5, Chapter 4, Part 2 of the Montana Code Annotated (MCA).

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 OF PROPOSED LEGISLATION:

House Bill 706 excludes certain royalties from the definition of contract sales price of coal.

ASSUMPTIONS:

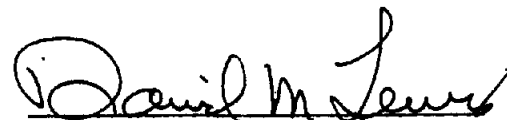
- 1) Effective October 1, 1983:
 Coal Severance Tax - Applies to last two quarters of FY84 and all of FY85.
 Gross Proceeds Property Tax - No effect in FY84; applies to calendar year 1983 - collection FY85.
- 2) Royalties: FY84 - \$10.793M, FY85 - \$26.675M.
- 3) Coal Severance Tax Collections: FY84 - \$98.653M, FY85 - \$123.068M (OBPP estimate).
- 4) Coal Severance Tax: Rate - 30%.
- 5) Taxable Value Coal Gross Proceeds: FY85 - \$138.332M (OBPP estimate).
- 6) Royalty taxable value of coal gross proceeds FY85 - \$7.428M.
- 7) University Levy - 6 mills, School Foundation Program - 40 mills.
- 8) Estimate of royalties do not include price increases of coal, thus they are a conservative estimate.

FISCAL IMPACT:

	<u>FY84</u>	<u>FY85</u>
COAL SEVERANCE TAX:		
Under Current Law	\$98.653M	\$123.068M
Under Proposed Law	95.415M	115.066M
Estimated Decrease	<u>(3.238M)</u>	<u>(8.002M)</u>

COAL GROSS PROCEEDS PROPERTY TAX:

University Levy - 6 mills		
Under Current Law	No Effect	0.830M
Under Proposed Law	"	0.785M
Estimated Decrease	"	<u>(0.045M)</u>

Continued


BUDGET DIRECTOR

Office of Budget and Program Planning

Date: 2-19-83

	<u>FY84</u>	<u>FY85</u>
School Foundation Program - 40 mills		
Under Current Law	No Effect	5.533M
Under Proposed Law	"	<u>5.236M</u>
Estimated Decrease	"	<u>(0.297M)</u>
 TOTAL REVENUE:		
Under Current Law	98.653M	129.431M
Under Proposed Law	<u>95.415M</u>	<u>121.087M</u>
Estimated Decrease	<u>(3.238M)</u>	<u>(8.344M)</u>
 COAL SEVERANCE TAX:		
General Fund		
Under Current Law	18.744M	23.383M
Under Proposed Law	<u>18.129M</u>	<u>21.863M</u>
Estimated Decrease	<u>(0.615M)</u>	<u>(1.520M)</u>
Coal Tax Trust Fund		
Under Current Law	49.326M	61.534M
Under Proposed Law	<u>47.708M</u>	<u>57.533M</u>
Estimated Decrease	<u>(1.618M)</u>	<u>(4.001M)</u>
Alternative Energy Research		
Under Current Law	2.220M	2.769M
Under Proposed Law	<u>2.147M</u>	<u>2.589M</u>
Estimated Decrease	<u>(0.073M)</u>	<u>(0.180M)</u>
Local Impact & Education Trust		
Under Current Law	18.497M	23.075M
Under Proposed Law	<u>17.890M</u>	<u>21.575M</u>
Estimated Decrease	<u>(0.607M)</u>	<u>(1.500M)</u>
School Equalization		
Under Current Law	4.933M	6.153M
Under Proposed Law	<u>4.771M</u>	<u>5.753M</u>
Estimated Decrease	<u>(0.162M)</u>	<u>(0.400M)</u>
County Land Planning		
Under Current Law	0.493M	0.615M
Under Proposed Law	<u>0.477M</u>	<u>0.575M</u>
Estimated Decrease	<u>(0.016M)</u>	<u>(0.040M)</u>

Continued

HB 706

	<u>FY84</u>	<u>FY85</u>
Renewable Resource Development		
Under Current Law	0.617M	0.769M
Under Proposed Law	0.596M	0.719M
Estimated Decrease	<u>(0.021M)</u>	<u>(0.050M)</u>
Parks Acquisition Maintenance		
Under Current Law	2.466M	3.077M
Under Proposed Law	2.385M	2.877M
Estimated Decrease	<u>(0.081M)</u>	<u>(0.200M)</u>
State Library Commission		
Under Current Law	0.493M	0.615M
Under Proposed Law	0.477M	0.575M
Estimated Decrease	<u>(0.016M)</u>	<u>(0.040M)</u>
Water Development		
Under Current Law	0.617M	0.769M
Under Proposed Law	0.596M	0.719M
Estimated Decrease	<u>(0.021M)</u>	<u>(0.050M)</u>
Conservation District Operations		
Under Current Law	0.247M	0.308M
Under Proposed Law	0.238M	0.288M
Estimated Decrease	<u>(0.009M)</u>	<u>(0.020M)</u>

(May not add due to rounding)

EFFECT ON COUNTY OR OTHER LOCAL REVENUE OR EXPENDITURES:

Big Horn and Rosebud counties should lose approximately \$485,000 from coal gross proceeds property tax revenue in FY85. In subsequent fiscal years, the two counties could lose approximately \$750,000 per year through FY88.

LONG-RANGE EFFECTS OF PROPOSED LEGISLATION:

The proposed legislation should decrease coal severance tax revenues by about \$8.2 million in FY86 and \$8.6 million in FY87.

STATE OF MONTANA

REQUEST NO. 494-83

FISCAL NOTE

Form BD-15

In compliance with a written request received March 4, 19 83, there is hereby submitted a Fiscal Note for House Bill 706 amended pursuant to Title 5, Chapter 4, Part 2 of the Montana Code Annotated (MCA).

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 OF PROPOSED LEGISLATION:

House Bill 706 excludes certain royalties from the definition of contract sales price of coal.

ASSUMPTIONS:

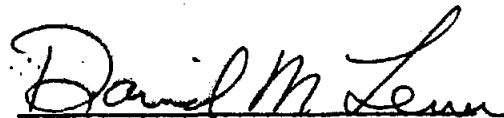
- 1) Effective July 1, 1984:
Gross Proceeds Property Tax - No effect in FY84 or FY85.
- 2) Royalties: CY84 - \$24.38M, CY85 - \$28.40M.
- 3) Coal Severance Tax Collections: FY84 - \$98.653M, FY85 - \$123.068M (OBPP estimate).
- 4) Coal Severance Tax: Rate - 30%.
- 5) Estimate of royalties do not include price increases of coal, thus they are a conservative estimate.

FISCAL IMPACT:

	<u>FY84</u>	<u>FY85</u>
COAL SEVERANCE TAX:		
Under Current Law	\$98.653M	\$123.068M
Under Proposed Law	<u>98.653M</u>	<u>121.598M</u>
Estimated Decrease	<u>0M</u>	<u>(1.470M)</u>

COAL GROSS PROCEEDS PROPERTY TAX:

University Levy - 6 mills		
Under Current Law	No Effect	No Effect
Under Proposed Law	"	"
Estimated Decrease	"	"

Continued

BUDGET DIRECTOR

Office of Budget and Program Planning

Date: 3-5-83

	<u>FY84</u>	<u>FY85</u>
School Foundation Program - 40 mills		
Under Current Law	No Effect	No Effect
Under Proposed Law	"	"
Estimated Decrease	"	"
 TOTAL REVENUE:		
Under Current Law	98.653M	123.068M
Under Proposed Law	98.653M	121.598M
Estimated Decrease	<u>0M</u>	<u>(1.470M)</u>
 COAL SEVERANCE TAX:		
General Fund		
Under Current Law	18.744M	23.383M
Under Proposed Law	18.744M	23.104M
Estimated Decrease	<u>0M</u>	<u>(0.279M)</u>
Coal Tax Trust Fund		
Under Current Law	49.326M	61.534M
Under Proposed Law	49.326M	60.799M
Estimated Decrease	<u>0M</u>	<u>(0.735M)</u>
Alternative Energy Research		
Under Current Law	2.220M	2.769M
Under Proposed Law	2.220M	2.736M
Estimated Decrease	<u>0M</u>	<u>(0.033M)</u>
Local Impact & Education Trust		
Under Current Law	18.497M	23.075M
Under Proposed Law	18.497M	22.799M
Estimated Decrease	<u>0M</u>	<u>(0.276M)</u>
School Equalization		
Under Current Law	4.933M	6.153M
Under Proposed Law	4.933M	6.079M
Estimated Decrease	<u>0M</u>	<u>(0.074M)</u>
County Land Planning		
Under Current Law	0.493M	0.615M
Under Proposed Law	0.493M	0.608M
Estimated Decrease	<u>0M</u>	<u>(0.007M)</u>
Renewable Resource Development		
Under Current Law	0.617M	0.769M
Under Proposed Law	0.617M	0.760M
Estimated Decrease	<u>0M</u>	<u>(0.009M)</u>

HB 706, Amended

	<u>FY84</u>	<u>FY85</u>
Parks Acquisition Maintenance		
Under Current Law	2.466M	3.077M
Under Proposed Law	2.466M	3.040M
Estimated Decrease	<u>0M</u>	<u>(0.037M)</u>
State Library Commission		
Under Current Law	0.493M	0.615M
Under Proposed Law	0.493M	0.608M
Estimated Decrease	<u>0M</u>	<u>(0.007M)</u>
Water Development		
Under Current Law	0.617M	0.769M
Under Proposed Law	0.617M	0.760M
Estimated Decrease	<u>0M</u>	<u>(0.009M)</u>
Conservation District Operations		
Under Current Law	0.247M	0.308M
Under Proposed Law	0.247M	0.304M
Estimated Decrease	<u>0M</u>	<u>(0.004M)</u>

(May not add due to rounding)

EFFECT ON COUNTY OR OTHER LOCAL REVENUE OR EXPENDITURES:

Big Horn and Rosebud counties could lose approximately \$875,000 from coal gross proceeds property tax revenue when the legislation becomes fully effective.

LONG-RANGE EFFECTS OF PROPOSED LEGISLATION:

The proposed legislation should decrease coal severance tax revenues by about \$3.4 million in FY86 and \$5.7 million in FY87 and \$8.3 million in FY88. However, if this legislation does make Montana's coal prices more competitive with other states, then the projected losses will be mitigated by increased sales of coal.

This legislation will also have an impact on the amount of royalties actual paid to the royalty owners. In this case, federal and state governments and Indian tribes will receive less in royalty payments. Under full implementation of this legislation, royalty payments will be approximately 20% less than under current law. This will have an impact on the school foundation program and the highway earmarked account. Unfortunately, it is difficult to estimate the fiscal impact since the distribution of production by federal, state, private and Indian lands is difficult to determine. A rough estimate would be that the state and federal government would not receive \$5.2 million in royalty payments under full implementation of this act in 1988.

HB 706, Amended

Approved by committee
on Taxation

HOUSE BILL NO. 706

INTRODUCED BY ASAY, PAVLOVICH,
DEVLIN, HARRINGTON

A BILL FOR AN ACT ENTITLED: "AN ACT EXCLUDING CERTAIN
ROYALTIES FROM THE DEFINITION OF CONTRACT SALES PRICE OF
COAL; AMENDING SECTION 15-35-102, MCA."

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

Section 1. Section 15-35-102, MCA, is amended to read:

"15-35-102. Definitions. As used in this chapter, the
following definitions apply:

(1) "Contract sales price" means either the price of
coal extracted and prepared for shipment f.o.b. mine,
excluding that amount charged by the seller to pay taxes and
royalties paid on production, or a price imputed by the
department under 15-35-107. CONTRACT SALES PRICE INCLUDES
ALL ROYALTIES PAID ON PRODUCTION, NO MATTER HOW SUCH
ROYALTIES ARE CALCULATED WITH RESPECT TO STATE, FEDERAL, AND
INDIAN ROYALTIES; THE CONTRACT SALES PRICE INCLUDES ONLY:

(A) ON AND AFTER JULY 1, 1984, AND BEFORE JULY 1,
1985, 15 CENTS PER TON PLUS 75% OF THE DIFFERENCE BETWEEN 15
CENTS PER TON AND THE AMOUNT OF SUCH ROYALTIES ACTUALLY
PAID;

(B) ON AND AFTER JULY 1, 1985, AND BEFORE JULY 1,

1986, 15 CENTS PER TON PLUS 50% OF THE DIFFERENCE BETWEEN 15
CENTS PER TON AND THE AMOUNT OF SUCH ROYALTIES ACTUALLY
PAID;

(C) ON AND AFTER JULY 1, 1986, AND BEFORE JULY 1,
1987, 15 CENTS PER TON PLUS 25% OF THE DIFFERENCE BETWEEN 15
CENTS PER TON AND THE AMOUNT OF SUCH ROYALTIES ACTUALLY
PAID; AND

(D) ON JULY 1, 1987, AND THEREAFTER, 15 CENTS PER TON.

(2) "Department" means the department of revenue.

(3) "Energy conversion process" includes any process
by which coal in the solid state is transformed into slurry,
gas, electric energy, or any other form of energy.

(4) "Produced" means severed from the earth.

~~(5) "Royalties" means those royalties paid to a person~~
~~owning the coal when the contract provides that the royalty~~
~~is a percentage of the value of the coal.~~

~~(5)(6)(5)~~ "Strip mining" or "surface mining" is
defined in 82-4-203.

~~(6)(7)(6)~~ "Taxes paid on production" includes any tax
paid to the federal, state, or local governments upon the
quantity of coal produced as a function of either the volume
or the value of production and does not include any tax upon
the value of mining equipment, machinery, or buildings and
lands, any tax upon a person's net income derived in whole
or in part from the sale of coal, or any license fee.

1 ~~(7)(8)(17)~~ "Ton" means 2,000 pounds.
2 ~~(8)(9)(18)~~ "Underground mining" means a coal mining
3 method utilizing shafts and tunnels and as further defined
4 in 82-4-203."

-End-

Rereferred and
Approved by committee
on taxation

1 HOUSE BILL NO. 706
2 INTRODUCED BY ASAY, PAVLOVICH,
3 DEVLIN, HARRINGTON
4
5 A BILL FOR AN ACT ENTITLED: "AN ACT EXCLUDING CERTAIN
6 ROYALTIES FROM THE DEFINITION OF CONTRACT SALES PRICE OF
7 COAL; AMENDING SECTION 15-35-102, MCA; AND PROVIDING AN
8 EFFECTIVE DATE."
9
10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:
11 Section 1. Section 15-35-102, MCA, is amended to read:
12 "15-35-102. Definitions. As used in this chapter, the
13 following definitions apply:
14 (1) "Contract sales price" means either the price of
15 coal extracted and prepared for shipment f.o.b. mine,
16 excluding that amount charged by the seller to pay taxes and
17 royalties paid on production, or a price imputed by the
18 department under 15-35-107. CONTRACT SALES PRICE INCLUDES
19 ALL ROYALTIES PAID ON PRODUCTION, NO MATTER HOW SUCH
20 ROYALTIES ARE CALCULATED, HOWEVER, WITH RESPECT TO STATE,
21 FEDERAL, AND INDIAN ROYALTIES; ROYALTIES PAID TO THE
22 GOVERNMENT OF THE UNITED STATES, THE STATE OF MONTANA, OR A
23 FEDERALLY RECOGNIZED INDIAN TRIBE, THE CONTRACT SALES PRICE
24 INCLUDES ONLY;
25 (A) ~~ON AND AFTER JULY 1, 1985, AND BEFORE JULY 1, 1985~~

1 ~~FOR QUARTERLY PERIODS ENDING ON AND AFTER SEPTEMBER 30,~~
2 ~~1984, 15 CENTS PER TON PLUS 75% OF THE DIFFERENCE BETWEEN 15~~
3 ~~CENTS PER TON AND THE AMOUNT OF SUCH FEDERAL, STATE, AND~~
4 ~~TRIBAL GOVERNMENT ROYALTIES ACTUALLY PAID;~~
5 ~~(B) ON AND AFTER JULY 1, 1985, AND BEFORE JULY 1, 1986~~
6 ~~FOR QUARTERLY PERIODS ENDING ON AND AFTER SEPTEMBER 30,~~
7 ~~1985, 15 CENTS PER TON PLUS 50% OF THE DIFFERENCE BETWEEN 15~~
8 ~~CENTS PER TON AND THE AMOUNT OF SUCH FEDERAL, STATE, AND~~
9 ~~TRIBAL GOVERNMENT ROYALTIES ACTUALLY PAID;~~
10 ~~(C) ON AND AFTER JULY 1, 1986, AND BEFORE JULY 1, 1987~~
11 ~~FOR QUARTERLY PERIODS ENDING ON AND AFTER SEPTEMBER 30,~~
12 ~~1986, 15 CENTS PER TON PLUS 25% OF THE DIFFERENCE BETWEEN 15~~
13 ~~CENTS PER TON AND THE AMOUNT OF SUCH FEDERAL, STATE, AND~~
14 ~~TRIBAL GOVERNMENT ROYALTIES ACTUALLY PAID; AND~~
15 ~~(D) ON JULY 1, 1987, AND THEREAFTER FOR QUARTERLY~~
16 ~~PERIODS ENDING ON AND AFTER SEPTEMBER 30, 1987, 15 CENTS PER~~
17 ~~TON.~~
18 (2) "Department" means the department of revenue.
19 (3) "Energy conversion process" includes any process
20 by which coal in the solid state is transformed into slurry,
21 gas, electric energy, or any other form of energy.
22 (4) "Produced" means severed from the earth.
23 ~~(5) "Royalties" means those royalties paid to a person~~
24 ~~owning the coal when the contract provides that the royalty~~
25 ~~is a percentage of the value of the coal;~~

SECOND READING

1 ~~(57161121)~~ "Strip mining" or "surface mining" is
2 defined in 82-4-203.

3 ~~(67111601)~~ "Taxes paid on production" includes any tax
4 paid to the federal, state, or local governments upon the
5 quantity of coal produced as a function of either the volume
6 or the value of production and does not include any tax upon
7 the value of mining equipment, machinery, or buildings and
8 lands, any tax upon a person's net income derived in whole
9 or in part from the sale of coal, or any license fee.

10 ~~(77187111)~~ "Ton" means 2,000 pounds.

11 ~~(871207181)~~ "Underground mining" means a coal mining
12 method utilizing shafts and tunnels and as further defined
13 in 82-4-203."

14 SECTION 2. EFFECTIVE DATE: THIS ACT IS EFFECTIVE JULY
15 1, 1984.

-End-

HOUSE BILL NO. 706
INTRODUCED BY ASAY, PAVLOVICH,
DEVLIN, HARRINGTON

A BILL FOR AN ACT ENTITLED: "AN ACT EXCLUDING CERTAIN ROYALTIES FROM THE DEFINITION OF CONTRACT SALES PRICE OF COAL; AMENDING SECTION 15-35-102, MCA; AND PROVIDING AN EFFECTIVE DATE."

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

Section 1. Section 15-35-102, MCA, is amended to read:

"15-35-102. Definitions. As used in this chapter, the following definitions apply:

(1) "Contract sales price" means either the price of coal extracted and prepared for shipment f.o.b. mine, excluding that amount charged by the seller to pay taxes and ~~royalties~~ paid on production, or a price imputed by the department under 15-35-107. CONTRACT SALES PRICE INCLUDES ALL ROYALTIES PAID ON PRODUCTION, NO MATTER HOW SUCH ROYALTIES ARE CALCULATED, HOWEVER, WITH RESPECT TO STATE, FEDERAL, AND INDIAN ROYALTIES; ROYALTIES PAID TO THE GOVERNMENT OF THE UNITED STATES, THE STATE OF MONTANA, OR A FEDERALLY RECOGNIZED INDIAN TRIBE, THE CONTRACT SALES PRICE INCLUDES ONLY:

(A) ~~ON AND AFTER JULY 1, 1984, AND BEFORE JULY 1, 1985~~

~~FOR QUARTERLY PERIODS ENDING ON AND AFTER SEPTEMBER 30, 1984, 15 CENTS PER TON PLUS 75% OF THE DIFFERENCE BETWEEN 15 CENTS PER TON AND THE AMOUNT OF SUCH FEDERAL, STATE, AND TRIBAL GOVERNMENT ROYALTIES ACTUALLY PAID;~~

~~(B) ON AND AFTER JULY 1, 1985, AND BEFORE JULY 1, 1986 FOR QUARTERLY PERIODS ENDING ON AND AFTER SEPTEMBER 30, 1985, 15 CENTS PER TON PLUS 50% OF THE DIFFERENCE BETWEEN 15 CENTS PER TON AND THE AMOUNT OF SUCH FEDERAL, STATE, AND TRIBAL GOVERNMENT ROYALTIES ACTUALLY PAID;~~

~~(C) ON AND AFTER JULY 1, 1986, AND BEFORE JULY 1, 1987 FOR QUARTERLY PERIODS ENDING ON AND AFTER SEPTEMBER 30, 1986, 15 CENTS PER TON PLUS 25% OF THE DIFFERENCE BETWEEN 15 CENTS PER TON AND THE AMOUNT OF SUCH FEDERAL, STATE, AND TRIBAL GOVERNMENT ROYALTIES ACTUALLY PAID; AND~~

~~(D) ON JULY 1, 1987, AND THEREAFTER FOR QUARTERLY PERIODS ENDING ON AND AFTER SEPTEMBER 30, 1987, 15 CENTS PER TON.~~

(2) "Department" means the department of revenue.

(3) "Energy conversion process" includes any process by which coal in the solid state is transformed into slurry, gas, electric energy, or any other form of energy.

(4) "Produced" means severed from the earth.

~~(5) "Royalties" means those royalties paid to a person owning the coal when the contract provides that the royalty is a percentage of the value of the coal;~~

1 ~~(5)(16)(15)~~ "Strip mining" or "surface mining" is
2 defined in 82-4-203.

3 ~~(6)(17)(16)~~ "Taxes paid on production" includes any tax
4 paid to the federal, state, or local governments upon the
5 quantity of coal produced as a function of either the volume
6 or the value of production and does not include any tax upon
7 the value of mining equipment, machinery, or buildings and
8 lands, any tax upon a person's net income derived in whole
9 or in part from the sale of coal, or any license fee.

10 ~~(7)(18)(17)~~ "Ton" means 2,000 pounds.

11 ~~(8)(19)(18)~~ "Underground mining" means a coal mining
12 method utilizing shafts and tunnels and as further defined
13 in 82-4-203."

14 ~~SECTION 2. EFFECTIVE DATE. THIS ACT IS EFFECTIVE JULY~~
15 ~~1, 1984.~~

-End-

1 HOUSE BILL NO. 706
 2 INTRODUCED BY ASAY, PAVLOVICH,
 3 DEVLIN, HARRINGTON
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 5 A BILL FOR AN ACT ENTITLED: "AN ACT EXCLUDING CERTAIN
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 18 department under 15-35-107. CONTRACT SALES PRICE INCLUDES
 19 ALL ROYALTIES PAID ON PRODUCTION, NO MATTER HOW SUCH
 20 ROYALTIES ARE CALCULATED, HOWEVER, WITH RESPECT TO STATE,
 21 FEDERAL, AND INDIAN ROYALTIES; ROYALTIES PAID TO THE
 22 GOVERNMENT OF THE UNITED STATES, THE STATE OF MONTANA, OR A
 23 FEDERALLY RECOGNIZED INDIAN TRIBE, THE CONTRACT SALES PRICE
 24 INCLUDES ONLY;
 25 (A) ~~ON AND AFTER JULY 1, 1984, AND BEFORE JULY 1, 1985~~

1 ~~FOR QUARTERLY PERIODS ENDING ON AND AFTER SEPTEMBER 30,~~
 2 ~~1984, 15 CENTS PER TON PLUS 75% OF THE DIFFERENCE BETWEEN 15~~
 3 ~~CENTS PER TON AND THE AMOUNT OF SUCH FEDERAL, STATE, AND~~
 4 ~~TRIBAL GOVERNMENT ROYALTIES ACTUALLY PAID;~~
 5 (B) ~~ON AND AFTER JULY 1, 1985, AND BEFORE JULY 1, 1986~~
 6 ~~FOR QUARTERLY PERIODS ENDING ON AND AFTER SEPTEMBER 30,~~
 7 ~~1985, 15 CENTS PER TON PLUS 50% OF THE DIFFERENCE BETWEEN 15~~
 8 ~~CENTS PER TON AND THE AMOUNT OF SUCH FEDERAL, STATE, AND~~
 9 ~~TRIBAL GOVERNMENT ROYALTIES ACTUALLY PAID;~~
 10 (C) ~~ON AND AFTER JULY 1, 1986, AND BEFORE JULY 1, 1987~~
 11 ~~FOR QUARTERLY PERIODS ENDING ON AND AFTER SEPTEMBER 30,~~
 12 ~~1986, 15 CENTS PER TON PLUS 25% OF THE DIFFERENCE BETWEEN 15~~
 13 ~~CENTS PER TON AND THE AMOUNT OF SUCH FEDERAL, STATE, AND~~
 14 ~~TRIBAL GOVERNMENT ROYALTIES ACTUALLY PAID; AND~~
 15 (D) ~~ON JULY 1, 1987, AND THEREAFTER FOR QUARTERLY~~
 16 ~~PERIODS ENDING ON AND AFTER SEPTEMBER 30, 1987, 15 CENTS PER~~
 17 ~~TON.~~
 18 (2) "Department" means the department of revenue.
 19 (3) "Energy conversion process" includes any process
 20 by which coal in the solid state is transformed into slurry,
 21 gas, electric energy, or any other form of energy.
 22 (4) "Produced" means severed from the earth.
 23 ~~It--"Royalties"--means--those--royalties--paid--to--a--person~~
 24 ~~owning--the--coal--when--the--contract--provides--that--the--royalty~~
 25 ~~is--a--percentage--of--the--value--of--the--coal.~~

1 ~~(5)(5)~~ "Strip mining" or "surface mining" is
2 defined in 82-4-203.

3 ~~(6)(6)~~ "Taxes paid on production" includes any tax
4 paid to the federal, state, or local governments upon the
5 quantity of coal produced as a function of either the volume
6 or the value of production and does not include any tax upon
7 the value of mining equipment, machinery, or buildings and
8 lands, any tax upon a person's net income derived in whole
9 or in part from the sale of coal, or any license fee.

10 ~~(7)(7)~~ "Ton" means 2,000 pounds.

11 ~~(8)(8)~~ "Underground mining" means a coal mining
12 method utilizing shafts and tunnels and as further defined
13 in 82-4-203."

14 ~~SECTION 2. EFFECTIVE DATE. THIS ACT IS EFFECTIVE JULY~~
15 ~~1, 1984.~~

-End-