

HOUSE BILL NO. 870

INTRODUCED BY FABREGA, HALLIGAN,  
TOWE, IVERSON, ECK

BY REQUEST OF THE ENVIRONMENTAL QUALITY COUNCIL  
HARD-ROCK MINING SUBCOMMITTEE

IN THE HOUSE

February 15, 1983	Introduced and referred to Committee on Taxation.
March 11, 1983	Committee recommend bill do pass as amended. Report adopted.
March 12, 1983	Bill printed and placed on members' desks.
March 15, 1983	Second reading, pass consideration.
March 18, 1983	Second reading, do pass.
March 19, 1983	Considered correctly engrossed.
	Third reading, passed. Transmitted to Senate.

IN THE SENATE

March 21, 1983	Introduced and referred to Committee on Taxation.
March 30, 1983	Committee recommend bill be concurrent in as amended. Report adopted.
April 4, 1983	Second reading, concurred in.
April 5, 1983	Third reading, concurred in. Ayes, 48; Noes, 0.

IN THE HOUSE

April 6, 1983

Returned to House with  
amendments.

April 15, 1983

Second reading, amendments  
concurred in.

Third reading, amendments  
concurred in.

Sent to enrolling.

Reported correctly enrolled.

1 House BILL NO. 870  
2 INTRODUCED BY Patricia Holman  
3 Ed BY REQUEST OF THE ENVIRONMENTAL QUALITY COUNCIL  
4 HARD-ROCK MINING SUBCOMMITTEE  
5  
6 A BILL FOR AN ACT ENTITLED: "AN ACT TO EXEMPT CERTAIN  
7 PROPERTY OF LARGE-SCALE HARD-ROCK MINERAL DEVELOPERS FROM  
8 THE USUAL LOCAL PROPERTY TAXATION OF CITIES, COUNTIES,  
9 TOWNS, AND SCHOOL DISTRICTS; TO CREATE A SYSTEM FOR SHARING  
10 THE PROPERTY TAX BASE OF LARGE-SCALE HARD-ROCK MINERAL  
11 DEVELOPMENTS AMONG SEVERAL TAXING JURISDICTIONS; AND  
12 PROVIDING AN IMMEDIATE EFFECTIVE DATE."  
13  
14 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:  
15 Section 1. Declaration of necessity and purpose. The  
16 commencement of new large-scale hard-rock mineral  
17 developments often results in revenue disparities among  
18 adjacent local government units. This occurs primarily when  
19 a mine that locates in one taxing jurisdiction causes  
20 population influxes in neighboring jurisdictions. The result  
21 can be that some jurisdictions will experience a need to  
22 increase expenditures and receive no corresponding increase  
23 in revenue, while others will experience an increase in  
24 revenue and receive no comparable increase in expenditures.  
25 There is therefore a need to allocate the increase in

1 property tax base resulting from the development and  
2 operation of new large-scale mines so that property tax  
3 revenues will be equitably distributed among affected local  
4 government units.

5 Section 2. Definitions. As used in [this act], the  
6 following definitions apply:

7 (1) "Affected local government unit" means a local  
8 government unit that will experience a need to increase  
9 services or facilities as a result of the commencement of  
10 large-scale mineral development or within which a  
11 large-scale mineral development is located.

12 (2) "Board" means the hard-rock mining impact board  
13 established in 2-15-1822.

14 (3) "In-migrating mineral development employee" means  
15 a person who establishes a temporary or permanent residence  
16 within the jurisdiction of an affected local government unit  
17 as a result of employment with a large-scale mineral  
18 development or its contractors or subcontractors.

19 (4) "In-migrating student" means a student whose  
20 parent or guardian establishes temporary or permanent  
21 residence within the jurisdiction of an affected local  
22 government unit as a result of employment with a large-scale  
23 mineral development or its contractors or subcontractors.

24 (5) "Jurisdictional revenue disparity" means property  
25 tax revenues resulting from a large-scale hard-rock mineral

development that are inequitably distributed among affected local government units.

(6) (a) "Large-scale mineral development" means the construction or operation of a hard-rock mine and the associated milling facility that will:

(i) employ at any given time at least 100 people; or

(ii) cause or be expected to cause an increase in estimated population of at least 15% in a local government unit when measured against the average population of the local government unit in the 3-year period immediately preceding the commencement of the mining facility construction.

(b) A mining operation that would qualify as a large-scale mineral development under this subsection (6) is not a large-scale mineral development if the mine owner and operator qualify as small miners under 82-4-303.

(7) "Local government unit" means a county, city, or school district.

Section 3. Jurisdictional revenue disparity -- tax exemption. (1) When an impact plan for a large-scale mineral development approved by the board pursuant to 90-6-307 identifies a jurisdictional revenue disparity, the board shall promptly notify the developer, all affected local government units, and the department of revenue of the disparity. Except as provided in subsection (2) and

[section 4], the increase in taxable valuation of the mineral development that occurs after the issuance and validation of a permit under 82-4-335 is exempt from the usual application of property tax mill levies.

(2) The taxable valuation of all large-scale mineral developments are subject to the statewide mill levies and basic county levies for elementary and high school foundation programs as provided in 20-9-331 and 20-9-333.

(3) Any property tax exemption provided for in subsection (1) remains in effect until the large-scale mineral development ceases operations or until the existence of the jurisdictional revenue disparity ceases.

Section 4. Allocation of taxable valuation for local taxation purposes. When property of a large-scale mineral development is exempted from local property taxation pursuant to [section 3], the taxable valuation so exempted must be allocated by the department of revenue as follows:

(1) The total taxable valuation must be distributed to each affected city and county according to the following formula:

(a) to each county according to its percentage of the total number of in-migrating mineral development employees that reside within the unincorporated areas of the county;

(b) to each city according to the percentage of the total number of in-migrating mineral development employees

1 that reside within the city's corporate boundaries.

2 (2) The total taxable valuation must be distributed to  
3 each affected high school district according to the  
4 percentage of the total number of in-migrating high school  
5 students that reside within each district.

6 (3) The total taxable valuation must be distributed to  
7 each affected elementary school district according to the  
8 percentage of the total number of in-migrating elementary  
9 school students that reside within each district.

10 Section 5. Employee surveys. Each large-scale mineral  
11 development subject to the provisions of [sections 3 and 4]  
12 shall, on or before May 1 of each year, conduct a survey of  
13 its employees and promptly submit a report of its findings  
14 to the department of revenue. The report must include:

15 (1) the number of in-migrating mineral development  
16 employees residing within each affected county;

17 (2) the number of in-migrating mineral development  
18 employees residing within each affected city;

19 (3) the number of in-migrating students enrolled in  
20 each affected high school district; and

21 (4) the number of in-migrating students enrolled in  
22 each affected elementary school district.

23 Section 6. Effective date. This act is effective on  
24 passage and approval.

-End-

STATE OF MONTANA

488-83  
REQUEST NO. ....

FISCAL NOTE

Form BD-15

In compliance with a written request received February 18, , 19 83 , there is hereby submitted a Fiscal Note for House Bill 870 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 OF PROPOSED LEGISLATION:

House Bill 870 provides a formula-based-mechanism for reallocating the taxable valuation attributable to future major mineral developments among the county, municipalities, and school districts in which mineral development employees reside or attend public schools.

ASSUMPTIONS:

- 1) The cost to the Department of Revenue for the annual reallocation of taxable valuation would be minimal because the necessary data for the formula would be supplied by the mineral developer.
- 2) The cost to the Hard Rock Mining Impact Board for identifying the jurisdictional disparity in an impact plan would be negligible.

FISCAL IMPACT:

State-wide and county-wide 40 mill school levies are not affected by House Bill 870.

Money figure not possible to predict. Bill establishes formula for allocation of potential future tax base among jurisdictions affected by major mineral development. The Department of Revenue would have a slight one-time annual increase in administrative duties, as would the Hard Rock Mining Impact Board. House Bill 870 should not add to the appropriation needed for the board. Major mineral developers might pay more or less local property taxes, depending on local mill levies and allocation of tax base. Fiscal impact on state would be minimal.

LOCAL IMPACT:

No dollar estimate is feasible.

Continued

David M Lewis

BUDGET DIRECTOR

Office of Budget and Program Planning

Date: 2-22-83

Affected counties would receive less future taxable valuation from a proposed mineral development and municipalities would receive some taxable valuation in proportion to the number of employees residing within the municipality compared with the number residing in the county.

The elementary and high school districts in which the mineral development is located would receive less future taxable valuation from a proposed development if the children of employees attend school in other school districts, which in turn would experience an increase in both taxable valuation and expenses.

There may be a reduction in revenues of the elementary and high school districts in which the mine is located. There may be an increase in revenues for municipalities and school districts which experience population growth and a resulting need to provide services as a consequence of the mineral development. NOTE: The bill does not provide for the sharing of revenues but for the apportioning of tax base among taxing jurisdictions.

#### TECHNICAL DIFFICULTIES:

If a student lives in one school district but attends school in another school district either the district of residence or the student's parents or guardian must pay tuition to the district where the child attends school. House Bill 870 does not provide a tuition credit from the revenue received as a result of the added taxable valuation; a tuition credit could reduce the tuition costs by an amount not to exceed the amount of revenue received by the district as a result of the student's attendance in that district.

#### LONG-RANGE EFFECTS OF PROPOSED LEGISLATION:

The primary effect at the state level will be to the Department of Revenue which must allocate taxable valuation annually according to employees and student population distribution information received from the mineral developer.

FISCAL NOTE 17:F/2

H 8870

Approved by committee  
on Taxation

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2                   INTRODUCED BY FABREGA, HALLIGAN,  
3                   TOWE, IVERSON, ECK  
4                   BY REQUEST OF THE ENVIRONMENTAL QUALITY COUNCIL  
5                   HARD-ROCK MINING SUBCOMMITTEE  
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8   PROPERTY OF LARGE-SCALE HARD-ROCK MINERAL DEVELOPERS FROM  
9   THE USUAL LOCAL PROPERTY TAXATION OF CITIES, COUNTIES,  
10   TOWNS, AND SCHOOL DISTRICTS; TO CREATE A SYSTEM FOR SHARING  
11   THE PROPERTY TAX BASE OF LARGE-SCALE HARD-ROCK MINERAL  
12   DEVELOPMENTS AMONG SEVERAL TAXING JURISDICTIONS; AND  
13   PROVIDING AN IMMEDIATE EFFECTIVE DATE."  
14

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

16       Section 1. Declaration of necessity and purpose. The  
17   commencement of new large-scale hard-rock mineral  
18   developments often results in revenue disparities among  
19   adjacent local government units. This occurs primarily when  
20   a mine that locates in one taxing jurisdiction causes  
21   population influxes in neighboring jurisdictions. The result  
22   can be that some jurisdictions will experience a need to  
23   increase expenditures and receive no corresponding increase  
24   in revenue, while others will experience an increase in  
25   revenue and receive no comparable increase in expenditures.

1   There is therefore a need to allocate the increase in  
2   property tax base resulting from the development and  
3   operation of new large-scale mines so that property tax  
4   revenues will be equitably distributed among affected local  
5   government units.

6       Section 2. Definitions. As used in [this act], the  
7   following definitions apply:

8       (1) "Affected local government unit" means a local  
9   government unit that will experience a need to increase  
10   services or facilities as a result of the commencement of  
11   large-scale mineral development or within which a  
12   large-scale mineral development is located IN ACCORDANCE  
13   WITH AN IMPACT PLAN ADOPTED PURSUANT TO 90-6-307.

14       (2) "Board" means the hard-rock mining impact board  
15   established in 2-15-1822.

16       (3) ~~"In-migrating---mineral~~ **MINERAL** development  
17   employee" means a person who ~~establishes-a-temporary-or~~  
18   ~~permanent-residence~~ **RESIDES** within the jurisdiction of an  
19   affected local government unit as a result of employment  
20   with a large-scale mineral development or its contractors or  
21   subcontractors.

22       (4) ~~"In-migrating~~ **MINERAL DEVELOPMENT** student" means a  
23   student whose parent or guardian ~~establishes---temporary---or~~  
24   ~~permanent---residence~~ **RESIDES** within the jurisdiction of an  
25   affected local government unit as a result of employment

SECOND READING



with a large-scale mineral development or its contractors or subcontractors.

(5) "Jurisdictional revenue disparity" means property tax revenues resulting from a large-scale hard-rock mineral development that are inequitably distributed among affected local government units AS FINALLY DETERMINED BY THE BOARD IN AN APPROVED IMPACT PLAN.

(6) (a) "Large-scale mineral development" means--the construction--or--operation--of--a--hard-rock--mine--and--the associated--mining--facility--that--will--

~~((i))--employ--at--any--given--time--at--least--100--people--or--  
((ii))--cause--or--be--expected--to--cause--an--increase--in--  
estimated--population--of--at--least--15%--in--a--local--government unit--when--measured--against--the--average--population--of--the local--government--unit--in--the--3--year--period--immediately preceding--the--commencement--of--the--mining--facility construction.~~

~~((b))--A--mining--operation--that--would--qualify--as--a--large-scale--mineral--development--under--this--subsection--(6)--is not--a--large-scale--mineral--development--if--the--mine--owner--and operator--qualify--as--small--miners--under--82-4-303 FOR THE PURPOSES OF THIS ACT IS DEFINED IN 90-6-302.~~

(7) "Local government unit" FOR THE PURPOSES OF THIS PART means a county, city, or school district.

(8) "TAXABLE VALUATION" OF A MINERAL DEVELOPMENT MEANS

THE TOTAL OF THE GROSS PROCEEDS TAXABLE PERCENTAGE SPECIFIED IN 15-6-132(2)(A) WHEN ADDED TO THE TAXABLE PERCENTAGES OF REAL PROPERTY, IMPROVEMENTS, MACHINERY, EQUIPMENT, AND OTHER PROPERTY CLASSIFIED UNDER TITLE 15, CHAPTER 6, PART 1.

Section 3. Jurisdictional revenue disparity -- tax exemption. (1) When an impact plan for a large-scale mineral development approved by the board pursuant to 90-6-307 identifies a jurisdictional revenue disparity, the board shall promptly notify the developer, all affected local government units, and the department of revenue of the disparity. Except as provided in subsection (2) and [section 4], the increase in taxable valuation of the mineral development that occurs after the issuance and validation of a permit under 82-4-335 is exempt from the usual application of property tax mill levies.

(2) The taxable valuation of all large-scale mineral developments are subject to the statewide mill levies and basic county levies for elementary and high school foundation programs as provided in 20-9-331 and 20-9-333.

(3) Any property tax exemption provided for in subsection (1) remains in effect until the large-scale mineral development ceases operations or until the existence of the jurisdictional revenue disparity ceases.

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5 each PRO RATA AMONG THE affected city and county according  
6 to the following formula:

7 (a) to each county according to its percentage of the  
8 total number of in-migrating mineral development employees  
9 that reside within the unincorporated areas of the county;

10 (b) to each city according to the percentage of the  
11 total number of in-migrating mineral development employees  
12 that reside within the city's corporate boundaries.

13 (2) The total taxable valuation must be distributed to  
14 PRO RATA AMONG each affected high school district according  
15 to the percentage of the total number of in-migrating  
16 MINERAL DEVELOPMENT high school students that reside within  
17 each district.

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22 that reside within each district.

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6 employees residing within each affected city;

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8 students enrolled in each affected high school district; and

9 (4) the number of in-migrating MINERAL DEVELOPMENT  
10 students enrolled in each affected elementary school  
11 district.

12 Section 6. Effective date. This act is effective on  
13 passage and approval.

14 SECTION 7. CODIFICATION INSTRUCTION. THIS ACT IS  
15 INTENDED TO BE CODIFIED AS TITLE 90, CHAPTER 6, PART 4,  
16 HARD-ROCK MINING IMPACT PROPERTY TAX BASE SHARING.

-End-

## 1 HOUSE BILL NO. 870

2 INTRODUCED BY FABREGA, HALLIGAN,

3 TOME, IVERSON, ECK

4 BY REQUEST OF THE ENVIRONMENTAL QUALITY COUNCIL

5 HARD-ROCK MINING SUBCOMMITTEE

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25 affected local government unit as a result of employment

with a large-scale mineral development or its contractors or subcontractors.

(5) "Jurisdictional revenue disparity" means property tax revenues resulting from a large-scale hard-rock mineral development that are inequitably distributed among affected local government units AS FINALLY DETERMINED BY THE BOARD IN AN APPROVED IMPACT PLAN.

(6) (a) "Large-scale mineral development" means--the construction--or--operation--of--a--hard-rock--mine--and--the associated--mining--facility--that--will--

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~~(ii)--cause--or--be--expected--to--cause--an--increase--in~~  
~~estimated--population--of--at--least--15%--in--a--local--government~~  
~~unit--when--measured--against--the--average--population--of--the~~  
~~local--government--unit--in--the--3--year--period--immediately~~  
~~preceding--the--commencement--of--the--mining--facility~~  
~~construction.~~

~~(b)--A--mining--operation--that--would--qualify--as--a~~  
~~large-scale--mineral--development--under--this--subsection--(6)--is~~  
~~not--a--large-scale--mineral--development--if--the--mine--owner--and~~  
~~operator--qualify--as--small--miners--under--82-4-303 FOR THE~~  
~~PURPOSES OF THIS ACT IS DEFINED IN 90-6-302.~~

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THE TOTAL OF THE GROSS PROCEEDS TAXABLE PERCENTAGE SPECIFIED  
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1 development is exempted from local property taxation  
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6 to the following formula:

7 (a) to each county according to its percentage of the  
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9 that reside within the unincorporated areas of the county;

10 (b) to each city according to the percentage of the  
11 total number of ~~in-migrating~~ mineral development employees  
12 that reside within the city's corporate boundaries.

13 (2) The total taxable valuation must be distributed to  
14 ~~PRO RATA AMONG~~ each affected high school district according  
15 to the percentage of the total number of ~~in-migrating~~  
16 ~~MINERAL DEVELOPMENT~~ high school students that reside within  
17 each district.

18 (3) The total taxable valuation must be distributed to  
19 ~~PRO RATA AMONG~~ each affected elementary school district  
20 according to the percentage of the total number of  
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25 shall, on or before May 1 of each year, conduct a survey of

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8 students enrolled in each affected high school district; and

9 (4) the number of ~~in-migrating~~ ~~MINERAL DEVELOPMENT~~  
10 students enrolled in each affected elementary school  
11 district.

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13 passage and approval.

14 ~~SECTION 7. CODIFICATION INSTRUCTION. THIS ACT IS~~  
15 ~~INTENDED TO BE CODIFIED AS TITLE 90, CHAPTER 6, PART 4,~~  
16 ~~HARD-ROCK MINING IMPACT PROPERTY TAX BASE SHARING.~~

-End-

March 30, 1983

SENATE STANDING COMMITTEE REPORT  
(Taxation)

That House Bill No. 870 be amended as follows:

1. Title, line 8.  
Following: line 7  
Strike: "PROPERTY"  
Insert: "TAXABLE VALUATION"  
Following: "HARD-ROCK MINERAL"  
Strike: "DEVELOPERS"  
Insert: "DEVELOPMENT"
2. Title, line 9.  
Following: "THE USUAL"  
Strike: "LOCAL"  
Following: "TAXATION"  
Strike: "OF CITIES,"  
Insert: "BY"  
Following: "COUNTIES"  
Strike: ",,"
3. Title, line 10.  
Following: line 9  
Strike: "TOWNS"  
Following: "SCHOOL DISTRICTS"  
Insert: "AND TO REALLOCATE THAT TAXABLE VALUATION FOR TAXATION  
BY THOSE MUNICIPALITIES, COUNTIES, AND SCHOOL DISTRICTS TO  
WHICH THE TAXABLE VALUATION IS ALLOCATED"  
Following: "TO"  
Strike: remainder of line 10  
Insert: "SHARE"
4. Title, line 12.  
Following: "DEVELOPMENTS"  
Strike: "AMONG SEVERAL TAXING JURISDICTIONS"
5. Page 3, line 24.  
Following: "county,"  
Strike: "city"  
Insert: "municipality"
6. Page 4, line 5.  
Following: "disparity -- "  
Strike: "tax"  
Insert: "conditioned"
7. Page 4, line 6.  
Following: "exemption"  
Insert: "and reallocation of certain taxable valuation"
8. Page 4, line 11.  
Following: "in"  
Strike: "subsection (2)"  
Insert: "this section"

SENATE STANDING COMMITTEE REPORT  
Taxation - House Bill No. 870  
March 30, 1983  
Page 2

9. Page 4, line 14.  
Following: "is"  
Strike: "exempt from"  
Insert: "not subject to"
10. Page 4, line 15.  
Following: "of"  
Insert: "county and school district"  
Following: "."  
Insert: "This increase in taxable valuation must be allocated to  
local government units as provided in [section 4]. The  
increase in taxable valuation allocated as provided in [section  
4] is subject to the application of property tax mill levies in  
the local government unit to which it is allocated."
11. Page 4, line 16.  
Following: "The"  
Insert: "total"  
Following: "of"  
Strike: "all"  
Insert: "a"
12. Page 4, line 17.  
Strike: "developments are"  
Insert: "development remains"
13. Page 4, line 20.  
Following: "(3)"  
Strike: the remainder of line 20  
Insert: "The provisions of"
14. Page 4, line 21.  
Following: "(1)"  
Strike: "remains"  
Insert: "remain"
15. Page 4, line 23.  
Following: "ceases"  
Insert: "as determined by the board"
16. Page 5, line 1.  
Following: "is"  
Strike: "exempted from local property taxation"
17. Page 5, line 2.  
Strike: "pursuant to"  
Insert: "subject to the provisions of"  
Following: "the"  
Insert: "increase in"  
Following: "valuation"  
Strike: "so exempted"

18. Page 5, line 4 through 12.

Strike: subsection (1) in its entirety"

Insert: "(1) The total increase in taxable valuation of the mineral development must be allocated between affected counties and affected municipalities according to the following formula based on the place of residence of mineral development employees:

(a) A portion, not to exceed 20%, to affected municipalities, based on that percentage of the total number of mineral development employees that reside within municipal boundaries. The taxable valuation allocated to affected municipalities must be distributed to each municipality according to its percentage of the total number of mineral development employees who reside within municipal boundaries. That portion of the taxable valuation distributed to a municipality pursuant to this section is subject to the same county mill levy as other taxable properties located in the municipality.

(b) The remaining portion of the taxable valuation must be distributed to each affected county according to its percentage of the total number of mineral development employees that reside within the county."

19. Page 5, line 4.

Following: "total"

Insert: "increase in"

20. Page 5, line 13.

Following: "total"

Insert: "increase in"

21. Page 5, line 18.

Following: "total"

Insert: "increase in"

22. Page 6, line 6.

Following: "affected"

Strike: "city"

Insert: "municipality"

23. Page 6, line 8.

Following: "students"

Strike: "enrolled"

Insert: "residing"

24. Page 6, line 10.

Following: "student"

Strike: "enrolled"

Insert: "residing"

25. Page 6, line 12.

Following: line 11

Insert: "(5) The initial allocation of the increase in taxable valuation made as provided in [section 3] and [section 4] shall be made on the basis of the place of residence of employees and the district of enrollment of students as projected in the approved impact plan for that period of time between the issuance and validation of the permit and the submission of an employee survey as provided for in this section."

## HOUSE BILL NO. 870

INTRODUCED BY FABREGA, HALLIGAN,

TOME, IVERSON, ECK

BY REQUEST OF THE ENVIRONMENTAL QUALITY COUNCIL

HARD-ROCK MINING SUBCOMMITTEE

A BILL FOR AN ACT ENTITLED: "AN ACT TO EXEMPT CERTAIN PROPERTY TAXABLE VALUATION OF LARGE-SCALE HARD-ROCK MINERAL DEVELOPERS DEVELOPMENT FROM THE USUAL LOCAL PROPERTY TAXATION ~~OF-ESTATES~~ BY COUNTIES, ~~TOWNS~~ AND SCHOOL DISTRICTS AND TO REALLOCATE THAT TAXABLE VALUATION FOR TAXATION BY THOSE MUNICIPALITIES, COUNTIES, AND SCHOOL DISTRICTS TO WHICH THE TAXABLE VALUATION IS ALLOCATED; TO CREATE-A-SYSTEM FOR--SHARING SHARE THE PROPERTY TAX BASE OF LARGE-SCALE HARD-ROCK MINERAL DEVELOPMENTS AMONG---SEVERAL---TAXING JURISDICTIONS; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

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

Section 1. Declaration of necessity and purpose. The commencement of new large-scale hard-rock mineral developments often results in revenue disparities among adjacent local government units. This occurs primarily when a mine that locates in one taxing jurisdiction causes population influxes in neighboring jurisdictions. The result can be that some jurisdictions will experience a need to

increase expenditures and receive no corresponding increase in revenue, while others will experience an increase in revenue and receive no comparable increase in expenditures. There is therefore a need to allocate the increase in property tax base resulting from the development and operation of new large-scale mines so that property tax revenues will be equitably distributed among affected local government units.

Section 2. Definitions. As used in [this act], the following definitions apply:

(1) "Affected local government unit" means a local government unit that will experience a need to increase services or facilities as a result of the commencement of large-scale mineral development or within which a large-scale mineral development is located IN ACCORDANCE WITH AN IMPACT PLAN ADOPTED PURSUANT TO 90-6-307.

(2) "Board" means the hard-rock mining impact board established in 2-15-1922.

(3) "~~In-migrating---mineral~~ MINERAL development employee" means a person who ~~establishes-a-temporary-or~~ permanent-residence RESIDES within the jurisdiction of an affected local government unit as a result of employment with a large-scale mineral development or its contractors or subcontractors.

(4) "~~In-migrating~~ MINERAL DEVELOPMENT student" means a



1 student whose parent or guardian establishes--temporary--or  
 2 permanent--residence BESIDES within the jurisdiction of an  
 3 affected local government unit as a result of employment  
 4 with a large-scale mineral development or its contractors or  
 5 subcontractors.

6 (5) "Jurisdictional revenue disparity" means property  
 7 tax revenues resulting from a large-scale hard-rock mineral  
 8 development that are inequitably distributed among affected  
 9 local government units AS FINALLY DETERMINED BY THE BOARD IN  
 10 AN APPROVED IMPACT PLAN.

11 (6) (a) "Large-scale mineral development" means--the  
 12 construction--or--operation--of--a--hard-rock--mine--and--the  
 13 associated--mining--facility--that--will--

14 ~~{i}--employ-at-any-given-time-at-least-100--people--or~~  
 15 ~~{ii}--cause--or--be--expected--to--cause--an-increase-in~~  
 16 ~~estimated-population-of-at-least-15%--in-a--local--government~~  
 17 ~~unit--when--measured--against--the-average-population-of-the~~  
 18 ~~local-government-unit--in--the--3-year--period--immediately~~  
 19 ~~preceding--the--commencement--of--the--mining--facility~~  
 20 ~~construction.~~

21 ~~{b}--A--mining--operation--that--would--qualify--as--a~~  
 22 ~~large-scale-mineral-development-under-this-subsection-(6)--is~~  
 23 ~~not--a--large-scale-mineral-development-if-the-mine-owner-and~~  
 24 ~~operator-qualify-as-small--miners--under--82-4-303 FOR THE~~  
 25 PURPOSES OF THIS ACT IS DEFINED IN 90-6-302.

1 (7) "Local government unit" FOR THE PURPOSES OF THIS  
 2 PART means a county, city MUNICIPALITY, or school district.  
 3 (8) "TAXABLE VALUATION" OF A MINERAL DEVELOPMENT MEANS  
 4 THE TOTAL OF THE GROSS PROCEEDS TAXABLE PERCENTAGE SPECIFIED  
 5 IN 15-6-132(2)(A) WHEN ADDED TO THE TAXABLE PERCENTAGES OF  
 6 REAL PROPERTY, IMPROVEMENTS, MACHINERY, EQUIPMENT, AND OTHER  
 7 PROPERTY CLASSIFIED UNDER TITLE 15, CHAPTER 6, PART 1.

8 Section 3. Jurisdictional revenue disparity -- tax  
 9 CONDITIONED exemption AND REALLOCATION OF CERTAIN TAXABLE  
 10 VALUATION. (1) When an impact plan for a large-scale mineral  
 11 development approved by the board pursuant to 90-6-307  
 12 identifies a jurisdictional revenue disparity, the board  
 13 shall promptly notify the developer, all affected local  
 14 government units, and the department of revenue of the  
 15 disparity. Except as provided in subsection--{2} THIS  
 16 SECTION and [section 4], the increase in taxable valuation  
 17 of the mineral development that occurs after the issuance  
 18 and validation of a permit under 82-4-335 is exempt from NRI  
 19 SUBJECT TO the usual application of COUNTY AND SCHOOL  
 20 DISTRICT property tax mill levies. THIS INCREASE IN TAXABLE  
 21 VALUATION MUST BE ALLOCATED TO LOCAL GOVERNMENT UNITS AS  
 22 PROVIDED IN [SECTION 4]. THE INCREASE IN TAXABLE VALUATION  
 23 ALLOCATED AS PROVIDED IN [SECTION 4] IS SUBJECT TO THE  
 24 APPLICATION OF PROPERTY TAX MILL LEVIES IN THE LOCAL  
 25 GOVERNMENT UNIT TO WHICH IT IS ALLOCATED.

(2) The ~~total~~ taxable valuation of ~~all~~ A large-scale mineral developments ~~are~~ DEVELOPMENT REMAINS subject to the statewide mill levies and basic county levies for elementary and high school foundation programs as provided in 20-9-331 and 20-9-333.

(3) ~~Any property tax exemption provided for in the~~ PROVISIONS OF subsection (1) remains REMAIN in effect until the large-scale mineral development ceases operations or until the existence of the jurisdictional revenue disparity ceases, AS DETERMINED BY THE BOARD.

Section 4. Allocation of taxable valuation for local taxation purposes. When property of a large-scale mineral development is ~~exempted from local property taxation pursuant to~~ SUBJECT TO THE PROVISIONS OF [section 3], the INCREASE IN taxable valuation so-exempted must be allocated by the department of revenue as follows:

~~(1) The total taxable valuation must be distributed to each PRD-BATA-AMONG the affected city and county according to the following format:~~

~~(a) to each county according to its percentage of the total number of in-migrating mineral development employees that reside within the unincorporated areas of the county;~~

~~(b) to each city according to the percentage of the total number of in-migrating mineral development employees that reside within the city's corporate boundaries;~~

(1) THE TOTAL INCREASE IN TAXABLE VALUATION OF THE MINERAL DEVELOPMENT MUST BE ALLOCATED BETWEEN AFFECTED COUNTIES AND AFFECTED MUNICIPALITIES ACCORDING TO THE FOLLOWING FORMULA BASED ON THE PLACE OF RESIDENCE OF MINERAL DEVELOPMENT EMPLOYEES:

(A) A PORTION, NOT TO EXCEED 20%, TO AFFECTED MUNICIPALITIES, BASED ON THAT PERCENTAGE OF THE TOTAL NUMBER OF MINERAL DEVELOPMENT EMPLOYEES THAT RESIDE WITHIN MUNICIPAL BOUNDARIES. THE TAXABLE VALUATION ALLOCATED TO AFFECTED MUNICIPALITIES MUST BE DISTRIBUTED TO EACH MUNICIPALITY ACCORDING TO ITS PERCENTAGE OF THE TOTAL NUMBER OF MINERAL DEVELOPMENT EMPLOYEES WHO RESIDE WITHIN MUNICIPAL BOUNDARIES. THAT PORTION OF THE TAXABLE VALUATION DISTRIBUTED TO A MUNICIPALITY PURSUANT TO THIS SECTION IS SUBJECT TO THE SAME COUNTY MILL LEVY AS OTHER TAXABLE PROPERTIES LOCATED IN THE MUNICIPALITY.

(B) THE REMAINING PORTION OF THE TAXABLE VALUATION MUST BE DISTRIBUTED TO EACH AFFECTED COUNTY ACCORDING TO ITS PERCENTAGE OF THE TOTAL NUMBER OF MINERAL DEVELOPMENT EMPLOYEES THAT RESIDE WITHIN THE COUNTY.

(2) The total INCREASE IN taxable valuation must be distributed to PRD-BATA-AMONG each affected high school district according to the percentage of the total number of in-migrating MINERAL DEVELOPMENT high school students that reside within each district.

(3) The total INCREASE IN taxable valuation must be distributed to PRO RATA AMONG each affected elementary school district according to the percentage of the total number of in-migrating MINERAL DEVELOPMENT elementary school students that reside within each district.

Section 5. Employee surveys. Each large-scale mineral development subject to the provisions of [sections 3 and 4] shall, on or before May 1 of each year, conduct a survey of its employees and promptly submit a report of its findings to the department of revenue. The report must include:

(1) the number of in-migrating mineral development employees residing within each affected county;

(2) the number of in-migrating mineral development employees residing within each affected city MUNICIPALITY;

(3) the number of in-migrating MINERAL DEVELOPMENT students enrolled RESIDING in each affected high school district; and

(4) the number of in-migrating MINERAL DEVELOPMENT students enrolled RESIDING in each affected elementary school district.

(5) THE INITIAL ALLOCATION OF THE INCREASE IN TAXABLE VALUATION MADE AS PROVIDED IN [SECTION 3] AND [SECTION 4] SHALL BE MADE ON THE BASIS OF THE PLACE OF RESIDENCE OF EMPLOYEES AND THE DISTRICT OF ENROLLMENT OF STUDENTS AS PROJECTED IN THE APPROVED IMPACT PLAN FOR THAT PERIOD OF

TIME BETWEEN THE ISSUANCE AND VALIDATION OF THE PERMIT AND THE SUBMISSION OF AN EMPLOYEE SURVEY AS PROVIDED FOR IN THIS SECTION.

Section 6. Effective date. This act is effective on passage and approval.

SECTION 7. CODIFICATION INSTRUCTION. THIS ACT IS INTENDED TO BE CODIFIED AS TITLE 20, CHAPTER 6, PART 4, HARD-ROCK MINING IMPACT PROPERTY TAX BASE SHARING.

-End-