# SENATE BILL NO. 72

### INTRODUCED BY B. BROWN

# BY REQUEST OF THE REVENUE OVERSIGHT COMMITTEE

## IN THE SENATE

January 6, 1983	Introduced and referred to Committee on Taxation.
January 7, 1983	Fiscal Note requested.
January 10, 1983	Fiscal Note returned.
February 1, 1983	Committee recommend bill do pass as amended. Report adopted.
February 2, 1983	Bill printed and placed on members' desks.
February 3, 1983	Second reading, do pass as amended.
February 5, 1983	Correctly engrossed.
	Third reading, passed. Ayes, 44; Noes, 2. Transmitted to House.

## IN THE HOUSE

February 7, 1983	Introduced and referred to Committee on Taxation.
March 8, 1983	Committee recommend bill be concurred in as amended. Report adopted.
March 10, 1983	Second reading, concurred in.
March 11, 1983	Third reading, concurred in.

# IN THE SENATE

March 12, 1983	Returned to Senate with amendments.
March 14, 1983	Second reading, amendments concurred in.
March 15, 1983	Third reading, amendments concurred in. Ayes, 47; Noes, 1. Sent to enrolling.
	Reported correctly enrolled.

2 INTRODUCED BY Bob Brown

BY REQUEST OF THE REVENUE OVERSIGHT COMMITTEE

3

A BILL FOR AN ACT ENTITLED: "AN ACT TO CHANGE THE RESOURCE INDEMNITY TRUST TAX FROM A YEARLY TAX TO A QUARTERLY TAX; AMENDING SECTIONS 15-38-103 THROUGH 15-38-107 AND 15-38-202, MCA; AND PROVIDING AN APPLICABILITY DATE."

8

12

13

18

19

20

21

22

7

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

11 Section 1. Section 15-38-103, MCA, is amended to read:

=15-38-103. Definitions. As used in this chapter: the

following definitions apply:

- 14 (1) "Department" means department of revenue.
- 15 (2) "Gross value of product" means the market value of
  16 any merchantable mineral extracted or produced during the
  17 taxable year quarter.
  - (3) "Mineral" means any precious stones or gems, gold, silver, copper, coal, lead, petroleum, natural gas, oil, uranium, or other nonrenewable merchantable products extracted from the surface or subsurface of the state of Montana.
- 23 (4) "Total environment" means air, water, soil, flora, 24 and fauna and the social, economic, and cultural conditions 25 that influence communities and individual citizens."

1 Section 2. Section 15-38-104. MCA: is amended to read: 2 \*15-38-104. Tax on mineral production. The annual tax 3 to be paid by the person engaged in or carrying on the business of mining, extracting, or producing a mineral shall be \$25; together with an additional sum or amount computed on the gross value of product which may have been derived 7 from the business work or operation within this state during the calendar year-+mmediately-preceding quarter at the rate of 1/2 of 1% of the amount of gross value of product at the 10 time of extraction from the ground, if in excess of an 11 annual exemption of \$5,000. The sinimum tax of \$25 must be 12 naid once each calendar year, and such payment must be made 13 with the return for the quarter ending March 31. The \$5.000 14 exemption of the gross value of product may be claimed on a 15 return for any quarter during a single calendar year, and 16 any unused portion of the exemption way be claimed on a 17 return, for another quarter or quarters in the same calendar 18 year. No more than \$5,000 of gross value may be exempted 19 from taxation in a calendar year. Unless otherwise provided 20 in a contract or lease, the pro rata share of any royalty 21 owner or owners may be deducted from any settlements under 22 the lease or leases or division of proceeds orders or other 23 contracts.\*

Section 3. Section 15-38-105, HCA, is amended to read:
#15-38-105. Report of gross yield from mines. A person

24

3

4

20

21

22

23

24

25

1 who engages in or carries on the business of mining. extracting, or producing a mineral from any quartz vein or 2 3 lode, placer claim, dump or tailings, or other place or source shall on or before March-31-of-each-year make out a 5 statement of gross yield of the mineral from each mine owned 6 or worked by that person during the year-preceding-danuary-1 7 of-the-year-in quarter for which the statement is made and the value thereof. This form shall be in the form prescribed 9 by the department and shall be signed by the person or the 10 manager, superintendent, agent, president, or vice-president 11 of the Corporation, association, or partnership, if any, and 12 shall be delivered to the department on or before March--31 13 the 60th day following the end of the calendar quarter. The 14 statement shall show the following:

- 15 (1) the name and address of the owner or lessee or le operator of the mine;
  - (2) the description and location of the mine;

17

18

19

20 21

22

23

24

25

- (3) the quantity of minerals extracted, produced, and treated or sold from the mine during the period covered by the statement;
  - (4) the amount and character of the mineral and the total yield of the mineral from the mine in constituents of commercial value; that is to say, the number of ounces of gold or silver, pounds of copper or lead, tons of coal, barrels of petroleum or other crude or mineral oil, cubic

feet of natural gas, or other commercially valuable constituents of the ores or mineral products or deposits yielded to the person engaged in mining measured by standard units of measurement;

5 (5) the gross yield or value in dollars and cents." Section 4. Section 15-38-106, MCA, is amended to read: 7 #15-38-106. Payment Quarterly payment of tax -я records -- collection of taxes -- refunds. (1) The tax 9 imposed by this chapter shall be paid by each person to 10 which the tax applies<del>y-on-pr-before-Merch-3ly-on-the-value</del> of-product-in-the-year-preceding-danuary-1-of-the--year--in 11 which-the-tax-is-paids-The-tax-shall-te-monid-to-the 12 13 department-ot-the-time-that-the-statement-of-yield-is--filed 14 with-the-deportment in quarterly installments for the 15 quarterly periods ending, respectively, March 31, June 30, 16 Sentember 30. and December 31 of each year, and the amount of tax for each quarterly period must be paid to the 17 18 department of revenue within 60 days after the end of each 19 quarterly period.

(2) The department shall deposit the proceeds of the tax in the resource indemnity trust account of the trust and legacy fund. Every person to whom the tax applies shall keep records in accordance with 15-38-105, and the records are subject to inspection by the department upon reasonable notice during normal business hours.

-3-

-4~

(3) The department shall examine each of the statements and compute the taxes thereon, and the amount computed by the department shall be the taxes imposed, assessed against, and payable by the taxpayer making the statement for the year quarter for which the statement is filed. If the tax found to be due is greater than the amount paid, the excess shall be paid by the taxpayer to the department within 30 days after written notice of the amount of deficiency is mailed by the department to the taxpayer. If the tax imposed is less than the amount paid, the difference must be applied as a tax credit against tax liability for subsequent years quarters or refunded if requested by the taxpayer.

Section 5. Section 15-38-107, NCA, is amended to read:

"15-38-107. Procedure in case of failure to file
statement. (1) If any person fails, refuses, or neglects to
make and file a statement and return it within the time
prescribed, the department shall immediately after such time
has expired determine, as nearly as may be possible from any
returns or reports filed with the state or from any other
information which the department may be able to obtain, the
total gross value of product of such person from such
business during the calendar year quarter immediately
preceding the year quarter in which the tax is to be paid
and shall fix the amount of the tax due to the state from

- such person for such calendar year guarter and shall add to
  the amount of such tax a penalty of 10% thereof plus
  interest at the rate of 1% a month or fraction thereof
  computed on the total amount of tax and penalty. Interest
  shall be computed from the date the tax was due to the date
- 7 (2) The department shall mail to the person required 8 to file en-ennuel a quarterly statement and pay any tax a 9 letter setting forth the amount of tax, penalty, and 10 interest due. The letter shall advise that if payment is not received, a warrant for distraint may be filed.

of payment.

- 12 (3) The 10% penalty may be waived by the department if 13 reasonable cause for the failure and neglect to file the 14 statement required by 15-38-105 is provided to the 15 department.\*\*
  - Section 6. Section 15-38-202, MCA, is amended to read:
    #15-38-202. Investment of resource indemnity trust
    account -- expenditure -- minimum balance. (1) All moneys
    paid into the resource indemnity trust account shall be
    invested at the discretion of the board of investments. All
    the net earnings accruing to the resource indemnity trust
    account shall ennually quarterly be added thereto until it
    has reached the sum of \$10 million. Thereafter, only the
    net earnings may be appropriated and expended until the
    account reaches \$100 million. Thereafter, all net earnings

and all receipts shall be appropriated by the legislature

and expended, provided that the balance in the account may

never be less than \$100 million.

5

7

8

- (2) Beginning in fiscal year 1982, provided the amount in the resource trust account is greater than \$10 million, 30% of the interest income of the resource indemnity trust account must be allocated to the water development earmarked account created by 85-1-604.
- 9 <u>NEW SECTION.</u> Section 7. Applicability. This act is 10 applicable to taxable years beginning after December 31.

-End-

#### STATE OF MONTANA

BEAUCOT	MO	058-83
REQUEST	NU.	

### FISCAL NOTE

Form BD-15

n compliance with a written request received <u>January 7</u> , 19 83, there is hereby submitted a Fiscal Note or <u>Senate Bill 72</u> pursuant to Title 5. Chapter 4. Part 2 of the Montana Code Appotated (MCA)	
orSenate Bill 72 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:

Senate Bill 72 changes the resource indemnity trust tax from a yearly tax to a quarterly tax and provides an applicability date.

# FISCAL IMPACT:

The proposed legislation should have no fiscal impact other than accelerating tax collections, which may result in a slight increase in investment earnings.

FISCAL NOTE2:D/1

BUDGET DIRECTOR

Office of Budget and Program Planning

Date: 1-10-83

#### Approved by committee on Taxation

1

25

1	SENATE BILL NO. 72
2	INTRODUCED BY 8. BROWN
3	BY REQUEST OF THE REVENUE OVERSIGHT COMMITTEE
4	
5	A BILL FOR AN ACT ENTITLED: "AN ACT TO GHANGE REQUIRE A
6	QUARTERLY REPORT OF GROSS YIELD FOR PURPOSES OF THE RESOURCE
7	INDEMNITY TRUST TAX FROM A YEARLY TAX TO A QUARTERLY TAX;
8	AMENDING SECTIONS 15-38-103 15-38-105 THROUGH 15-38-107 AND
9	15-38-282, MCA; AND PROVIDING AN APPLICABILITY DATE."
0	
. 1	BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:
2	Section-lySection-15-38-183y-MCAy-is-amonded-to-read:
13	#15-30-183wBefinitionswAs-used-in-this-chaptery-the
14	following-definitions-apply:
.5	ft}=Department=-means-department-of-revenues
.6	f2}#Gross-value-of-product=-means-the-market-value-of
.7	onymerchantablemineralextracted-or-produced-during-the
. 8	taxable-year <u>quarter</u>
9	†3}=Mineral=-means-any-precious-stones-or-gemsy-goldy
20	3ityery-coppery-coaty-teadypetroleumynoturalqaayaity
	uraniumyorothernonrenewablemerchantableproducts
:1	
22	extracted-from-the-surface-or-subsurface-ofthestateof
23	Montanaw
24	t4}=Total-environment=-means-airy-watery-soily-florav
25	andfauna-and-the-social,-economic,-and-cultural-conditions

2	Section-2*Section-15-30-104 <sub>7</sub> -MGA <sub>7</sub> -is-amended-to-read?
3	#15-38-104tax-on- <del>mineral-production</del> The-annual-tax
4	to-be-paid-by-the-personengagedinorearryingonthe
5	business-of-miningy-extractingy-or-producing-a-mineral-shall
6	be\$25together-with-en-edditional-sum-or-omount-computed
7	on-the-gross-value-of-product-which-mayhavebeenderived
8	from-the-business-work-or-operation-within-this-state-during
9	thecolendar-year-immediately-preceding <u>quarter</u> at-the-rate
10	of-1/2-of-1%-of-the-amount-of-gross-value-of-product-atthe
11	timeafextractionfromthegroundyif-in-excess-of an
12	sungal-exception-of \$5+000+ The-minimum-tax-of-\$25mustbe
13	poid==2009=esch=csiendoc=xescv=and=such=payment=must=be=made
14	with-the-return-for-the-quarter-ending-Harch-31x=Tha\$5x888
15	exemption::af:tbs:gross:x0lus:of:product:max:bs:clsiwed:on:o
16	ceturn_for_cox=querter_during=q=single==colendor_=year*==and
17	any====nuasd==portion==of==the==exemption=may=be=slaimed=an=a
18	return_for_another=quarter=sc_quartera=in_the_sawe==cqlcodor
19	yearx==No==more==than==15x888cof=gross=yalue=may=be=exempted
20	from:taxation:in:a:catendar:year: Unless-otherwise-provided
21	in-a-contract-or-leasey-the-pro-rata-shareofanyroyalty
22	ownerorowners-may-be-deducted-from-any-settlements-under
23	the-lease-or-leases-or-division-of-proceeds-orders-orother
24	contracts**

that-influence-communities-and-individual-eitizens\*\*

Section 1. Section 15-38-105, MCA, is amended to read:

2

3

5

"15-38-105. Report of gross yield from mines. A person 1 who engages in or carries on the business of mining, 2 3 extracting, or producing a mineral from any quartz vein or 4 lode, placer claim, dump or tailings, or other place or 5 source shall on-or-hefore-March-3t-of-each-year make out a QUARTERLY statement of gross yield of the mineral from each 6 7 mine owned or worked by that person during the year preceding--donuary--i--of--the-year-in quarter for which-the 9 statement-is-made-and-the-value-thereof. This form shall be 10 in the form prescribed by the department and shall be signed 11 by the person or the manager, superintendent, agent, 12 president, or vice-president of corporation, the 13 association. or partnership, if any, and shall be delivered 14 to the department on or before March--31 the 60th day 15 following the end of the calendar quarter. The statement 16 shall show the following:

- 17 (1) the name and address of the owner or lessee or 18 operator of the mine;
  - (2) the description and location of the mine;

19

23

24

25

- 20 (3) the quantity of minerals extracted, produced, and
  21 treated or sold from the mine during the period covered by
  22 the statement:
  - (4) the amount and character of the mineral and the total yield of the mineral from the mine in constituents of commercial value; that is to say, the number of ounces of

-3-

gold or silver, pounds of copper or lead, tons of coal, barrels of petroleum or other crude or mineral oil, cubic feet of natural gas, or other commercially valuable constituents of the ores or mineral products or deposits yielded to the person engaged in mining measured by standard units of measurement;

7 (5) the gross yield or value in dollars and cents.\*\* Section 2. Section 15-38-106, MCA, is amended to read: 9 "15-38-106. Payment Quarterly-payment PAYMENI of tax -- records -- collection of taxes -- refunds. (1) The tax 10 11 imposed by this chapter shall be paid by each person to 12 which the tax appliesy-on-or-before-Nerch-3ty-on-the-value 13 of-oraduct-in-the-year-preceding-January-1-of--the--year--in 14 which-the-tax--is--paid--The--tax--shall--be--paid-to-the 15 department-at-the-time-that-the-statement-of-yield-is--filed with--the--deportment incompreterly-singtalizents--for-the 16 17 ouorterly-periods-endings-respectively-deren-3ly--dunc-:30y 18 19 <u>of-tox-for--each-roughterly-speriod-:must--be--paid--to--tbe</u> 20 <u>deportment...of..cevenue-within-60-dovs.ofter.the:end.of.coch</u> 21 querterly-periods ON OR BEFORE MARCH 1s ON THE VALUE OF PRODUCT IN THE YEAR PRECEDING JANUARY 1 DE THE YEAR IN HHICH 22 23 THE TAX IS PAID ... THE TAX SHALL BE PAID TO THE DEPARTMENT AT 24 THE TIME THE STATEMENT OF YIELD FOR THE LAST CALENDAR 25 QUARTER IS ELLED WITH THE DEPARTMENT.

SB 0072/02

58 0072/02

(2) The department shall deposit the proceeds of the tax in the resource indemnity trust account of the trust and legacy fund. Every person to whom the tax applies shall keep records in accordance with 15-38-105, and the records are subject to inspection by the department upon reasonable notice during normal business hours.

1

2

3

7

10

11

12

13

14

15

16

17 18

19

20

21

22

23

24

25

- QUARTERLY statements and compute the taxes thereon, and the amount computed by the department shall be the taxes imposed, assessed against, and payable by the taxpayer making-the-statement-for-the-year quarter for-which-the statement-is-filed. If the tax found to be due is greater than the amount paid, the excess shall be paid by the taxpayer to the department within 30 days after written notice of the amount of deficiency is mailed by the department to the taxpayer. If the tax imposed is less than the amount paid, the difference must be applied as a tax credit against tax liability for subsequent years quarters YEARS or refunded if requested by the taxpayer."
- Section 3. Section 15-38-107, MCA, is amended to read:

  "15-38-107. Procedure in case of failure to file
  statement. (1) If any person fails, refuses, or neglects to
  make and file a statement and return it within the time
  prescribed, the department shall immediately after such time
  has expired determine, as nearly as may be possible from any

1 returns or reports filed with the state or from any other 2 information which the department may be able to obtain, the 3 total--gross--value-of-product GROSS YIELD DE IHE MINERAL of such person from such business during the calendar year 5 guarter immediately preceding the year guarter in which the tex-is-to-be-poid STATEMENT IS TO BE FILED and shall fix the 6 7 amount of the tax IHAT NOULD BE due to the state IE IHE IAX 8 <u>HERE\_PAID\_ON\_A\_QUARIERLY\_BASIS</u> from such person for such 9 calendar year quarter and shall add to the amount of such 10 tax a penalty of 10%--thereof \$25\_OR\_2% WHICHEVER\_IS 11 GREATER.

13 IHE TAX MHEN DUE, THE DEPARTMENT SHALL IMMEDIATELY
14 DETERMINE, AS NEARLY AS MAY BE POSSIBLE FROM ANY INCORMATION
15 MHICH THE DEPARTMENT MAY BE ABLE TO OBTAIN. THE TOTAL GROSS
16 YALUE DE PRODUCT DE THE PERSON FROM THE BUSINESS DURING THE
17 YEAR FOR MHICH THE TAX IS DUE AND SHALL FIX THE AMOUNT OF
18 TAX DUE TO THE STATE AND SHALL ADD TO THE AMOUNT A PENALTY

(2) IE ANY PERSON FAILS, REFUSES, OR NEGLECIS TO PAY

thereof computed on the total amount of tax and penalty.
Interest shall be computed from the date the tax was due to
the date of payment.

GE 8% plus interest at the rate of 1% a month or fraction

23 (2)(12) The department shall mail to the person
24 required <u>EAILING</u> to file an-annual a quarterly statement and
25 OR pay any tax a letter setting forth the amount of tax,

12

penalty, and interest due. The letter shall advise that if payment is not received, a warrant for distraint may be filed.

(3)141 The 10% penalty may be waived by the department if reasonable cause for the failure and neglect to file the statement required by 15-38-105 is provided to the department.\*

Section-6w-Section-15-30-202y-MEA+-is-amended-to-reads
#15-30-202y-Investment-of-resource--indemnity--trust
account----expenditure----minimum-balancew--(i)--All--moneys
paid--into--the--resource--indemnity--trust-account-sholl-be
invested-ot-the-discretion-of-the-board-of-investmentsw--All
the--net--carnings--accruing-to-the-resource-indemnity-trust
account-shall-annually quarterly be-added-thereto--until--it
hes--reached--the--sum-of-\$10-milliony--Thereaftery-only-the
net-carnings-may-be--appropriated--and--expended--until--the
account--reaches--\$100-milliony-Thereaftery-sil-net-carnings
and-sil-receipts-shall-be-appropriated--by--the--legislature
and--expendedy--provided-that-the-balance-in-the-account-may
never-be-less-than-\$100-millions

(2)--Beginning-in-fiscal-year-1982--provided-the-amount in-the-resource-trust-account-is-greater-than--\$18--milliony 30%--of--the-interest-income-of-the-resource-indomnity-trust account-must-be-allocated-to-the-water-development-earmarked account-created-by-85-1-684\*\*

1 <u>NEH\_SECTION</u> Section 4. Applicability. This act is 2 applicable to taxable years beginning after December 31, 3 1983.

-End-

HOUSE TAXATION COMMITTEE AMENDMENTS TO SB 72, Third Reading Copy, Blue March 7, 1983

1. Page 7, line 4.
Following: "(4)"
Strike: "The 10% penalty"

Insert: "Penalties"

2. Page 7, line 6. Following: "15-38-105"

Insert: "or the failure to pay the tax required by 15-38-106"

AND AS AMENDED BE CONCURRED IN

1	SENATE BILL NO. 72
2	INTRODUCED BY B. BROWN
3	BY REQUEST OF THE REVENUE OVERSIGHT COMMITTEE
4	
5	A BILL FOR AN ACT ENTITLED: "AN ACT TO GHANGE REQUIRE A
6 -	QUARTERLY REPORT OF GROSS YIELD FOR PURPOSES OF THE RESOURCE
7	INDEMNITY TRUST TAX FROM-A-YEARLY-TAX-TO-A-QUARTERLY-TAX;
8	AMENDING SECTIONS 15-36-103 15-38-105 THROUGH 15-38-107 AND
9	15-38-282, MCA; AND PROVIDING AN APPLICABILITY DATE."
.0	
11	BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HONTANA:
.2	Section-lwSection-15-38-103y-MCAy-is-amended-bo-readt
3	#15-38-103:Befinitions:As-used-in-this-chapter:-the
.4	following-definitions-apply*
15	ti}#Beportment#-means-department-of-revenue*
16	12}#Gross-value-of-product#-means-the-market-value-of
17	enymerchantablemineralextracted-or-produced-during-the
. 8	toxable-year guarters
9	(3)"Mineral"-means-ony-precious-stones-or-gemsy-goldy
0:0	sitvery-coppery-coaty-teadypetroleumynaturalgasyoity
21	uraniumyorothernonrenewabłemarchantabłearaducts
2	extracted-from-the-surface-or-subsurfaceofthestateof
3	Hontone.
4	f4}#Total-environment#-means-airv-watersoilfloray

that-influence-communities-end-individual-citizens**
Section-2*Section-15-38-104y-MCAy-is-amended-to-read
#15-38-184wfax-on-mineral-productionThe-annual-tax
to-be-paid-by-the-personengagedinorcarryingonthe
business-of-miningy-extractingy-or-producing-a-mineral-shall
be\$25togather-with-an-additional-sum-or-amount-computed
on-the-gross-value-of-product-which-mayhavebeenderived
from-the-business-work-or-operation-within-this-state-during
thecalendar-year-immediately-preceding quarter at-the-rate
of-ly2-of-l%-of-the-amount-of-gross-value-of-product-atthe
timeofextractionfromthegroundyif-in-excess-of gr
annual-exemption of 45+000+ The minimum tox-of-\$25quatbe
poid==qace=each=calender=yeary=ead=such=payment=must=be=mude
with:tbs:return=for=the:quarter=ending:March=3ix=The==35x806
exemption==of=the=prose=value=of=mroduct=moy=be=cloimed=on=e
return_for_sny_quarter_during_a_singlecalendaryearxand
any==voused==postion==of==the==exception=may=be=claimed=on=o
return=for=another=quorter=or=quorter==io=the=some==eolendar
years::No::wore::theo::25x888-of:grass-yalue:may:be:axempted
from_toxation:in:s_colendar_xearx
in-a-contract-or-leasey-the-pro-rata-shareofanyroyalty
ownerorowners-may-be-deducted-from-eny-settlements-under
the-lease-or-leases-or-division-of-proceeds-orders-orother
contracts**

Section 1. Section 15-38-105, MCA, is amended to read:

1 \*15-38-105. Report of gross yield from mines. A person 2 who engages in or carries on the business of mining. 3 extracting, or producing a mineral from any quartz yein or 4 loge. placer claim. dump or tallings, or other place or 5 source shall on-or-before-March-31-of-each-year make out a QUARTERLY statement of gross yield of the mineral from each 6 7 mine owned or worked by that person during the year 8 preceding--January--1--of--the-year-in quarter for which-the 9 statement-is-made-and-the-value-thereof. This form shall be 10 in the form prescribed by the department and shall be signed 11 the person or the manager, superintendent, agent, 12 president, or vice-president of the corporation. 13 association, or partnership, if any, and shall be delivered 14 to the department on or before March--3t the 60th day 15 following the end of the calendar quarter. The statement 16 shall show the following:

- (1) the name and address of the owner or lessee or operator of the mine;
  - (2) the description and location of the mine;

17

18

19

20

21

22

23

24

25

- (3) the quantity of minerals extracted, produced, and treated or sold from the mine during the period covered by the statement;
- (4) the amount and character of the mineral and the total yield of the mineral from the mine in constituents of commercial value; that is to says the number of ounces of

gold or silver, pounds of copper or lead, tons of coal,
barrels of petroleum or other crude or mineral oil, cubic
feet of natural gas, or other commercially valuable
constituents of the ores or mineral products or deposits
yielded to the person engaged in mining measured by standard
units of measurement;

(5) the gross yield or value in dollars and cents.\*\* Section 2. Section 15-38-106. MCA, is amended to read: Q #15-38-106. Payment <u>Buorterly-navment PAYMENI</u> of tax -- records -- collection of taxes -- refunds. (1) The tax 10 11 imposed by this chapter shall be paid by each person to which the tax appliesy-on-or-before-March-31y-on-the-yatue 12 13 of-product-in-the-year-preceding-danusry-1-of--the--year--in which--the--tax--is--paidy--The--tax--shall--be--paid-to-the 14 department-at-the-time-that-the-statement-of-yield-is--filed 15 with--the--department <u>in--quarterly--installments--for--the</u> 16 17 <u>quarterly-periods-andingy-respectivelyy-March-Six--dumo--38</u>x 18 <u> September - 38x-rand-Becember - 3trof-each-vears-und-the-amount</u> 19 of-tox-for--each--puggterly--period--must--be--paid--to--the 20 department -- of -- revenue-within-60-days-ofter-the-cod-of-each 21 querterly-period. ON OR SEFORE MARCH 1. ON THE VALUE OF 22 PRODUCT IN THE YEAR PRECEDING JANUARY 1 QE THE YEAR IN WHICH 23 THE TAX IS PAID. THE TAX SHALL BE PAID TO THE DEPARTMENT AT 24 THE TIME THE STATEMENT OF YIELD FOR THE LAST CALENDAR 25 QUARIER IS FILED WITH THE DEPARTMENT-

(2) The department shall deposit the proceeds of the tax in the resource indemnity trust account of the trust and legacy fund. Every person to whom the tax applies shall keep records in accordance with 15-38-105, and the records are subject to inspection by the department upon reasonable notice during normal business hours.

1

3

.7

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

- QUARTERLY statements and compute the taxes thereon, and the amount computed by the department shall be the taxes imposed, assessed against, and payable by the taxpayer making-the-statement-for-the-year quarter for-which-the statement-is-filed. If the tax found to be due is greater than the amount paid, the excess shall be paid by the taxpayer to the department within 30 days after written notice of the amount of deficiency is mailed by the department to the taxpayer. If the tax imposed is less than the amount paid, the difference must be applied as a tax credit against tax liability for subsequent years quarters YEARS or refunded if requested by the taxpayer.\*\*
- Section 3. Section 15-38-107, MCA, is amended to read:

  \*\*15-38-107. Procedure in case of failure to file
  statement. (1) If any person fails, refuses, or neglects to
  make and file a statement and return it within the time
  prescribed, the department shall immediately after such time
  has expired determine, as nearly as may be possible from any

1 returns or reports filed with the state or from any other 2 information which the department may be able to obtain. the total -- gross--value-of-product GROSS YIELD DE THE MINERAL of such person from such business during the calendar year quarter immediately preceding the year quarter in which the tex-is-to-be-peid SIAIEMENT IS TO BE FILED and shall fix the amount of the tax IMAI\_WOULD\_BE due to the state IF THE TAX MERE PAID ON A QUARTERLY BASIS from such person for such 9 calendar year quarter and shall add to the amount of such 10 tax a penalty of 10%--thereof 125 OR 21. WHICHEVER IS 11 GREATER.

THE TAX WHEN DUE, THE DEPARTMENT SHALL IMMEDIATELY
DETERMINE, AS MEARLY AS MAY BE POSSIBLE FROM ANY INFORMATION
WHICH THE DEPARTMENT MAY BE ABLE TO OBTAIN. THE TOTAL GROSS
YALUE OF PRODUCT OF THE PERSON FROM THE BUSINESS DURING THE
YEAR FOR WHICH THE TAX IS DUE AND SHALL FIX THE AMOUNT OF
TAX DUE TO THE STATE AND SHALL ADD TO THE AMOUNT A PENALTY
OF BY Plus interest at the rate of 1% a month or fraction
thereof computed on the total amount of tax and penalty.
Interest shall be computed from the date the tax was due to

12) IF ANY PERSON FAILS. REFUSES. OR NEGLECTS TO PAY

t21(2). The department shall mail to the person required <u>EAILING</u> to file en-ennual <u>a quarterly</u> statement end QR pay any tax a letter setting forth the amount of tax.

12

13

14

15

16

17

18

19

20

21

22

23

24

25

the date of payment.

penalty, and interes	t due.	The 1	letter	shall	advi se	that	i 1
payment is not receive	ed, a	warran	it for	dist	traint	may	Þ€
filed.							

(3)141 The 10% penalty may be waived by the department if reasonable cause for the failure and neglect to file the statement required by 15-38-105 is provided to the department.

Section-6--Section-15-38-282v-MGAv-is-amended-to-read+
#15-38-282v-investment-of--resource--indemnity--trust
secount---expenditure---minimum-balancev-(1)--Aff--moneys
paid--into--the--resource--indemnity--trust-account-shaff-ba
invested-at-the-discretion-of-the-board-of-investmentsv--Aff
the--net--earnings--accruing-to-the-resource-indemnity-trust
secount-shaff-annually gunginly be-added-thereto--untif--it
has--reached--the--sum-of-\$10-miff-on--Thereafterv-only-the
net-sarnings-may-be--appropriated--and--expended--untif--the
account--reaches--\$108-miff-on-Thereafterv-aff-net-earnings
and-aff-receipts-shaff-be-appropriated--by--the--fegislature
and-expendedy--provided-that-the-balance-in-the-account-may
never-be-fess-than-\$108-miff-on-

t21--Beginning-in-fiscal-year-1982v-provided-the-amount in-the-resource-trust-account-is-greater-than--\$10--milliony 38%--of--the-interest-income-of-the-resource-indemnity-trust account-must-be-allocated-to-the-water-development-earmarked account-created-by-85-1-684v=

1 NEW\_SECTION. Section 4. Applicability. This act is 2 applicable to taxable years beginning after December 31. 3 1983.

-End-

-8-

1	SENATE BILL NO. 72
2	INTRODUCED BY B. BROWN
3	BY REQUEST OF THE REVENUE OVERSIGHT COMMITTEE
4	
5	A BILL FOR AN ACT ENTITLED: "AN ACT TO CHANGE REQUIRE A
6	QUARTESLY_REPORT_OF_GROSS_YIELD_FOR_PURPOSES_OF THE RESOURCE
7	INDEMNITY TRUST TAX FROM-A-YEARLY-TAX-TO-A-QUARTERLY-TAX;
8	AMENDING SECTIONS 15-38-103 15-38-105 THROUGH 15-38-107 AND
9	15-38-202. MCA; AND PROVIDING AN APPLICABILITY DATE.
10	
11	BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:
12	Section-ivSection-i5-38-183v-M6Av-is-amended-to-rends
13	#15-38-183*Befinitions*As-used-in-this-chapter*-the
14	following-definitions-apply*
15	(1)*Bepartment*-means-department-of-revenue*
16	t2)#Gross-value-of-product#-means-the-market-value-of
17	onymerchantablemineralextracted-or-produced-during-the
18	toxable-year quarter*
19	†3}■Minerai■-means-any-precious-stones-or-gemsy-goldy
20	sitvery-coppery-couty-teadypetroteamynaturalgasyoity
21	uraniumyorothernonrenewablemerchantableproducts
22	extracted-from-the-surface-or-subsurfaceofthestateof
23	Montanas
24	<pre>f4j=Total-environment=-means-airy-watery-soily-floray</pre>
25	andfauna-and-the-socialy-economicy-and-cultural-conditions

2	Section-2Section-15-38-184y-MCAy-is-amended-to-reads
3	#15-38-184Tax-on-mineral-productionThe-annual-tax
4	to-be-paid-by-the-personangagedinorcarryingonthe
5	business-of-miningy-extractingy-or-producing-a-mineral-shall
6	be\$25ytogether-with-an-additional-sum-or-amount-computed
7	on-the-gross-value-of-product-which-mayhavebeenderived
8	from-the-business-work-or-operation-within-this-state-during
9	thecalendar-year-immediately-preceding quarter at-the-rate
10	of-1/2-of-1%-of-the-amount-of-gross-value-of-product-atthe
11	timeofextractionfromthegroundyif-in-exeess-of an
12	annual-exemption-of \$5v000v The-minimum-tox-of-\$25musta-be
13	psid==enec=sech=selendar=yearx=and=such=payment=must=be=made
14	with_thatcaturn_for_the_quorter_ending_March_3ix_Ibe15x888
15	exemption==of=the=gcoss=volue=af=ocoduct=may=be=cloimed=on=o
16	cetuco-for-gox-quarter-during-q-singleeslendaryearxqnd
17	any==unused==portion==of==the==exemption=may=be=claimed=oo=a
18	return=for=another=quarter=or=quartera=in=the=aame==ealendar
19	rearx==No==more==thaa==\$5x800=qf=qrox2=xotue=may=be=exempted
Su	from:taxation:in:a:calendar:years Unless-otherwise-provided
21	in-a-contract-or-leasey-the-pro-rata-shareofanyroyalty
22	ownerorowners-may-be-deducted-from-any-settlements-under
23	the-lasse-or-lesses-or-division-of-proceeds-orders-orother
24	contracts**

Section 1. Section 15-38-105, MCA, is amended to read:

25

that-influence-communities-and-individual-citizens#

\*15-38-105. Report of gross yield from mines. A person who engages in or carries on the business of mining, extracting, or producing a mineral from any quartz vein or lode, placer claim, dump or tailings, or other place or source shall on-or-before-Morch-St-of-each-year make out a QUARTERLY statement of gross yield of the mineral from each mine owned or worked by that person during the year preceding--danuary--l--of--the-year-in quarter for which-the statement-is-made-and-the-value-thereof. This form shall be in the form prescribed by the department and shall be signed by the person or the manager, superintendent, agent, president, or vice-president of the association, or partnership, if any, and shall be delivered to the department on or before March--31 the 60th day following the end of the calendar quarter. The statement shall show the following:

1

2

7

9

10

11

12

13

14

15

16

17

18

19

20

21

22

- (1) the name and address of the owner or lessee or operator of the mine;
- (2) the description and location of the mine;
- (3) the quantity of minerals extracted, produced, and treated or sold from the mine during the period covered by the statement;
- 23 (4) the amount and character of the mineral and the 24 total yield of the mineral from the mine in constituents of 25 commercial value; that is to say, the number of ounces of

-3-

qold or silver, pounds of copper or lead, tons of coal,
barrels of petroleum or other crude or mineral oil, cubic
feet of natural gas, or other commercially valuable
constituents of the ores or mineral products or deposits
yielded to the person engaged in mining measured by standard
units of measurement;

7 (5) the gross yield or value in dollars and cents." Section 2. Section 15-38-106. MCA. is amended to read: 9 #15-38-106. Payment <u>Quarterly-payment PAYMENI</u> of tax 10 -- records -- collection of taxes -- refunds. (1) The tax 11 imposed by this chapter shall be paid by each person to which the tax applies<del>y-on-or-before-March-31--on-the-value</del> 12 13 of-product-in-the-year-preceding-danuary-l-of--the--year--in 14 which-the-tex--is--paidw--The--tex--shall--be--paid-to-the 15 department-at-the-time-that-the-statement-of-yield-is--filed 16 with-the--department in-quarterly-installments--for-the 17 quortecly:periods:ending::respectively::Merch=31v:-sune==30x 18 September: 30x: and December - 31 - of - each - year - and - the - amount 19 of-tex-for-reach-coverterly--period--must--be--poid--tu--the 20 department::of::revenue:within=60:days:ofter:the:end-of:toch 21 sucrecive period. ON OR BEFORE MARCH 1. ON THE VALUE OF 22 PRODUCT\_IN\_THE YEAR\_PRECEDING\_LANUARY\_1\_OE\_THE\_YEAR\_IN\_WHICH 23 THE TAX IS PAID. THE TAX SHALL BE PAID TO THE DEPARTMENT AT THE TIME THE STATEMENT OF YIELD FOR THE LAST CALENDAR 24 25 QUARTER IS FILED WITH THE DEPARTMENT.

\$8 72

•

SB 72

(2) The department shall deposit the proceeds of the tax in the resource indemnity trust account of the trust and legacy fund. Every person to whom the tax applies shall keep records in accordance with 15-38-105, and the records are subject to inspection by the department upon reasonable notice during normal business hours.

- QUARIERLY statements and compute the taxes thereon, and the amount computed by the department shall be the taxes imposed, assessed against, and payable by the taxpayer making-the-statement-for-the-year quarter for-which—the statement—is—filed. If the tax found to be due is greater than the amount paid, the excess shall be paid by the taxpayer to the department within 30 days after written notice of the amount of deficiency is mailed by the department to the taxpayer. If the tax imposed is less than the amount paid, the difference must be applied as a tax credit against tax liability for subsequent years quarters
- paction 3. Section 15-38-107, MCA, is amended to read:
  "15-38-107. Procedure in case of failure to file statement. (1) If any person fails, refuses, or neglects to make and file a statement and return it within the time prescribed, the department shall immediately after such time has expired determine, as nearly as may be possible from any

returns or reports filed with the state or from any other information which the department may be able to obtain, the total--gross--value-of-product GROSS YIELD OF THE MINERAL of such person from such business during the calendar year quarter immediately preceding the year quarter in which the tex-is-to-be-pate STATEMENT IS TO BE FILED and shall fix the amount of the tax THAT MOULD BE due to the state IF THE TAX MERE 2AID ON A QUARTERLY BASIS from such person for such calendar year quarter and shall add to the amount of such tax a penalty of 10%--thereof \$25 OR 2% NHICHEVER IS

IZZ. IE ANY PERSON FAILS. REFUSES. OR NEGLECTS TO PAY

THE TAX WHEN DUE. THE DEPARTMENT SHALL IMMEDIATELY

DETERMINE. AS NEARLY AS MAY BE POSSIBLE FROM ANY INFORMATION

WHICH THE DEPARTMENT MAY BE ABLE TO OBTAIN. THE TOTAL GROSS

YALUE OF PRODUCT OF THE PERSON FROM THE BUSINESS DURING THE

YEAR FOR WHICH THE TAX IS DUE AND SHALL FIX THE AMOUNT OF

TAX DUE TO THE STATE AND SHALL ADD TO THE AMOUNT A PENALTY

OF BY plus interest at the rate of 1% a month or fraction

thereof computed on the total amount of tax and penalty.

Interest shall be computed from the date the tax was due to

the date of payment.

telling to file encounterly statement and person to the pe

penalty•	and	interest	due.	The	lett	er s	hall	advise	that	if
payment i	s not	receive	i, a	warra	ent	for	dist	raint	may	be
filed.										

t3141 The--10%-penalty PENALITES may be waived by the department if reasonable cause for the failure and neglect to file the statement required by 15-38-105 OR\_INE\_EAILURE TO PAY INE\_TAX\_REQUIRED\_BY\_\_15-38-106 is provided to the department.

Section-6\*--Section-15-38-202\*-MEA\*-is-amended-to-readt

\*15-38-202\*--Investment--of--resource--indemnity--trust

account----expenditure----minimum-balance\*--(1)--All--moneys

paid--into--the--resource--indemnity--trust-account-shall-be

invested-at-the-discretion-of-the-board-of-investments\*--All

the--net--earnings--accruing-to-the-resource-indemnity-trust

account-shall-annually quarterly be-added-thereto--until--it

has--reached--the--sum-of-\$10-million\*-Thereofter\*-only-the

net-earnings-may-be--appropriated--and--expended--until--the

account--reaches--\$160-million\*-Thereofter\*-all-net-earnings

and-all-receipts-shall-be-appropriated--by--the--legislature

and--expended\*--provided-that-the-balance-in-the-account-may

never-be-less-than-\$160-million\*

(2)--Beginning-in-fiscal-year-1982-provided-the-amount in-the-resource-trust-account-is-greater-than--\$18--milliony 38%--of--the-interest-income-of-the-resource-indemnity-trust account-must-be-allocated-to-the-water-development-earmarked

-7-

account-created-by-85-1-694\*\*

2 NEW\_SECTION. Section 4. Applicability. This act is
3 applicable to taxable years beginning after December 31.
4 1983.

~End-

58 72