

SENATE BILL NO. 185

INTRODUCED BY GALT, HOLLIDAY

IN THE SENATE

January 18, 1983	Introduced and referred to Committee on Taxation.
January 19, 1983	Fiscal Note requested.
January 24, 1983	Fiscal Note returned.
February 3, 1983	Committee recommend bill do pass as amended. Report adopted.
February 4, 1983	Bill printed and placed on members' desks.
February 5, 1983	Second reading, do pass.
February 7, 1983	Correctly engrossed.
February 8, 1983	Third reading, passed. Ayes, 49; Noes, 0. Transmitted to House.

IN THE HOUSE

February 9, 1983	Introduced and referred to Committee on Taxation.
March 15, 1983	Committee recommend bill be concurred in. Report adopted.
March 18, 1983	Second reading, concurred in.
March 19, 1983	Third reading, concurred in.

IN THE SENATE

March 21, 1983	Returned to Senate. Sent to enrolling.
	Reported correctly enrolled.

1 Sen. Halliday BILL NO. 185
 2 INTRODUCED BY Sen. Halliday
 3
 4 A BILL FOR AN ACT ENTITLED: "AN ACT TO REVISE TAXATION
 5 EXEMPTIONS FOR CERTAIN COAL PRODUCERS; AMENDING SECTIONS
 6 15-6-208 AND 15-35-103, MCA; PROVIDING AN IMMEDIATE
 7 EFFECTIVE DATE AND AN APPLICABILITY DATE."

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

10 Section 1. Section 15-6-208, MCA, is amended to read:

11 "15-6-208. Mineral exemptions. (1) One-half of the
 12 contract sales price of coal sold by a coal producer who
 13 extracts less than ~~20,000~~ 100,000 tons of coal in a calendar
 14 year is exempt from taxation.

15 (2) Metal mines producing less than 20,000 tons of ore
 16 in a taxable year shall be exempt from property taxation on
 17 one-half of the merchantable value."

18 Section 2. Section 15-35-103, MCA, is amended to read:

19 "15-35-103. Severance tax -- rates imposed --
 20 exemptions. (1) A severance tax is imposed on each ton of
 21 coal produced in the state in accordance with the following
 22 schedule:

23 Heating quality	Surface	Underground
24 (Btu per pound	Mining	Mining
25 of coal):		

1 Under 7,000	12 cents or	5 cents or
2	20% of value	3% of value
3 7,000-8,000	22 cents or	8 cents or
4	30% of value	4% of value
5 8,000-9,000	34 cents or	10 cents or
6	30% of value	4% of value
7 Over 9,000	40 cents or	12 cents or
8	30% of value	4% of value

9 "Value" means the contract sales price.

10 (2) The formula which yields the greater amount of tax
 11 in a particular case shall be used at each point on this
 12 schedule.

13 (3) A person is not liable for any severance tax upon
 14 ~~20,000~~ 100,000 tons of the coal he produces in a calendar
 15 year, except that if he produces more than 100,000 tons of
 16 coal in a calendar year, he will be liable for severance tax
 17 upon all coal produced in excess of the first 20,000 tons."

18 NEW SECTION. Section 3. Effective date --
 19 applicability. This act is effective on passage and
 20 approval and applies to coal produced after December 31,
 21 1982.

-End-

INTRODUCED BILL

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SB 185

STATE OF MONTANA

REQUEST NO. 140-83

FISCAL NOTE

Form BD-15

In compliance with a written request received January 19, , 19 83 , there is hereby submitted a Fiscal Note for Senate Bill 185 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 185 revises taxation exemptions for certain coal producers and provides an immediate effective date and an applicability date.

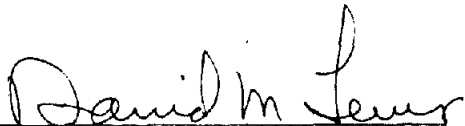
FISCAL IMPACT:

The fiscal impact, if any, of the proposed legislation cannot be estimated. Currently, there are no producers mining coal in the state that would be subject to the proposed exemption.

One company, Coal Creek Mining Co., had been producing about 45,000 tons of coal per year. They last reported production in the quarter ending December 31, 1981. Coal Creek would qualify for the exemption on the coal severance tax if it produced at the same level. The gross proceeds property tax from Coal Creek's coal production would add to the property tax base of Musselshell County if they resumed operations (one-half of production value).

Another producer, Knife River, currently produces approximately 200,000 tons of coal per year. Coal severance tax revenues would be reduced if this firm found it economically feasible to reduce its production level to under 100,000 tons per year (unlikely to alter the tonnage required for a coal fired power plant). The revenue loss in FY 84 coal severance tax collections would be approximately \$400,000 out of \$99 million if Knife River produced below the exemption level.

FISCAL NOTE 6:E/1



BUDGET DIRECTOR

Office of Budget and Program Planning

Date: 1-24-83

Approved by committee
on Taxation

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for severance tax upon all coal produced in excess of the
first 20,000 tons."

SECTION 3. NONSEVERABILITY. IT IS THE INTENT OF THE
LEGISLATURE THAT EACH PART OF THIS ACT IS ESSENTIALLY
DEPENDENT UPON EVERY OTHER PART AND IF ONE PART IS HELD
UNCONSTITUTIONAL OR INVALID, ALL OTHER PARTS ARE INVALID,
AND THE PRIOR LAW AS REFLECTED IN SECTIONS 15-6-208 AND
15-35-103 PRIOR TO THE PASSAGE OF THIS ACT SHALL REMAIN IN
FULL FORCE AND EFFECT.

1 NEW SECTION. Section 4. Effective date --
2 applicability. This act is effective on passage and
3 approval and applies to coal produced after December 31,
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