

SENATE BILL NO. 231

Introduced: 01/20/83

Referred to Committee on Taxation: 01/20/83

Hearing: 2/10/83

Report: 02/21/83, Do Not Pass. Report Adopted.

Bill Killed.

1 *Senate* BILL NO. 231
 2 INTRODUCED BY *Keating-HARP-Smith Tom Zane*
 3 *Donny Lee*
 4 A BILL FOR AN ACT ENTITLED: "AN ACT TO REDUCE THE PROPERTY
 5 TAX RATE FOR CRUDE OIL AND GAS FROM 100 PERCENT OF ANNUAL
 6 NET PROCEEDS TO 70 PERCENT OF ANNUAL NET PROCEEDS; AMENDING
 7 SECTION 15-6-131, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE
 8 DATE AND AN APPLICABILITY DATE."
 9
 10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:
 11 Section 1. Section 15-6-131, MCA, is amended to read:
 12 "15-6-131. Class one property -- description --
 13 taxable percentage. (1) Class one property includes:
 14 (a) the right of entry that is a property right
 15 reserved in land or received by mesne conveyance (exclusive
 16 of leasehold interests), devise, or succession to enter land
 17 whose surface title is held by another to explore, prospect,
 18 or dig for oil, gas, coal, or minerals; and
 19 (b) the annual net proceeds of all mines and mining
 20 claims except coal and metal mines.
 21 (2) Class one property is taxed as follows:
 22 (a) Property described in subsection (1)(a) is taxed
 23 at 100% of its market value, as determined by the department
 24 of revenue.
 25 (b) (i) Property except as provided in subsection

1 (2)(b)(ii). property described in subsection (1)(b) is taxed
 2 at 100% of its annual net proceeds after deducting the
 3 expenses specified and allowed by 15-23-503.
 4 (ii) Oil and gas are taxed at 70% of their annual net
 5 proceeds after deducting the expenses allowed by 15-23-603."
 6 NEW SECTION. Section 2. Effective date --
 7 applicability. This act is effective on passage and approval
 8 and applies to crude oil and gas produced on or after
 9 January 1, 1982.

-End-

INTRODUCED BILL

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SR 231

STATE OF MONTANA

REQUEST NO. 198-83

FISCAL NOTE

Form BD-15

In compliance with a written request received January 21, 19 83, there is hereby submitted a Fiscal Note for Senate Bill 231 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 231 reduces the property tax rate for crude oil and gas from 100 percent of annual net proceeds to 70 percent of annual net proceeds and provides an immediate effective date and an applicability date.

ASSUMPTIONS:

- 1) The taxable value of net proceeds for oil and gas is estimated to be \$621.537 million in CY 82 and \$639.175 million in CY 83.
- 2) Total average county mill levies are assumed to be constant at 123.5 mills.
- 3) The taxable value of the state is \$2,252,536,000 and \$2,352,151,000 for fiscal years 1984 and 1985, respectively.

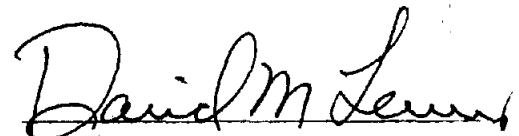
FISCAL IMPACT:

	<u>FY 84</u>	<u>FY 85</u>
University Levy		
Under Current Law	\$13.515 M	\$14.113 M
Under Proposed Law	<u>12.396 M</u>	<u>12.962 M</u>
Estimated Decrease	<u>\$(1.119 M)</u>	<u>\$(1.151 M)</u>
School Foundation Program		
Under Current Law	\$90.101 M	\$94.086 M
Under Proposed Law	<u>82.643 M</u>	<u>86.416 M</u>
Estimated Decrease	<u>\$(7.458 M)</u>	<u>\$(7.670 M)</u>

EFFECT ON COUNTY OR OTHER LOCAL REVENUE OR EXPENDITURES:

The proposal would reduce the oil and natural gas producing counties' property tax collections by a total of \$14.45 million in each fiscal year assuming the mill levies are not increased to offset the loss in taxable value.

FISCAL NOTE 8:F/1



BUDGET DIRECTOR

Office of Budget and Program Planning

Date: 1-26-83