

SENATE BILL NO. 299

Introduced: 01/27/83

Referred to Committee on Taxation: 01/27/83  
Died in Committee.

*Senate* BILL NO. *299*

INTRODUCED BY *Sen. Sam Anderson*

*Norman Berg*

*Christian Blaylock*

*Harper*

A BILL FOR AN ACT ENTITLED: "AN ACT TO GENERALLY REVISE THE RATES OF THE METALLIFEROUS MINES LICENSE TAX; TO ESTABLISH A TRUST FUND FOR PART OF THE TAX COLLECTED; AMENDING SECTIONS 15-1-501, 15-37-103, AND 90-6-304 THROUGH 90-6-306, MCA."

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

Section 1. Section 15-1-501, MCA, is amended to read:

"15-1-501. Disposition of moneys from certain designated license and other taxes. (1) The state treasurer shall deposit to the credit of the state general fund all moneys received by him from the collection of:

(a) automobile driver's license fees under subsections (1) through (6) of 61-5-111;

(b) electric energy producer's license taxes under chapter 51;

~~(c) metalliferous mines license taxes under chapter 37;~~

~~(d) oil and gas severance taxes allocated to the general fund under chapter 36;~~

~~(e) liquor license taxes under Title 16;~~

~~(f) telephone license taxes under chapter 53; and~~

~~(g) inheritance and estate taxes under Title 72,~~

chapter 16.

(2) Seventy-five percent of all moneys received from the collection of income taxes under chapter 30 and corporation license and income taxes under chapter 31, except as provided in 15-31-702, shall be deposited in the general fund subject to the prior pledge and appropriation of such income tax and corporation license tax collections for the payment of long-range building program bonds. The remaining 25% of the proceeds of the corporation license tax, excluding that allocated to the counties under 15-31-702, corporation income tax, and income tax shall be deposited to the credit of the earmarked revenue fund for state equalization aid to the public schools of Montana.

(3) The state treasurer shall also deposit to the credit of the state general fund all moneys received by him from the collection of license taxes, fees, and all net revenues and receipts from all other sources under the operation of the Montana Alcoholic Beverage Code."

Section 2. Section 15-37-103, MCA, is amended to read:

"15-37-103. Rate of tax. The annual license tax to be paid by such person engaged in or carrying on the business of working or operating any mine or mining property in this state from which gold, silver, copper, lead, or any other metal or metals or precious or semiprecious gems or stones are produced shall be an amount computed on the gross value

INTRODUCED BILL

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1 of product which may have been derived by such person from  
2 such business, work, or operation within this state during  
3 the calendar year immediately preceding, at the following  
4 rates:

5 Gross Value	Rate of Tax
6 of Product	(percentage of gross value)
7 first \$100,000	0.15%
8 more-than-\$100,000-and	
9 not-more-than \$250,000	0.575%-of-the-increment 0%
10 more than \$250,000 and	
11 not more than \$400,000 \$500,000	0.86% 0.5% of the increment
12 more than \$400,000 \$500,000 and	
13 not more than \$500,000 \$1,000,000	1.15% 1% of the increment
14 more than \$500,000 \$1,000,000	1.43%-of-the-increment
15	computed in accordance
16	with [section 3]"

17 NEW SECTION. Section 3. Tax rate computation when  
18 gross value exceeds \$1 million. (1) The tax rate on the  
19 increment of the gross value of product over \$1 million is  
20 1.5% plus 0.25% for each 10% that the average quarterly  
21 price of a metal or mineral product exceeds the base price.

22 (2) The base price of a metal or mineral product used  
23 in the computation of the tax rate is as follows:

24 Metal or Mineral Product	Base Price
25 (a) copper	\$ 1.00 a lb.

1 (b) gold 450.00 an oz.  
2 (c) silver 11.00 an oz.  
3 (d) platinum 475.00 an oz.  
4 (e) all others, the actual price of the metal or  
5 mineral product on January 1, 1983.

6 NEW SECTION. Section 4. Disposition of revenue.  
7 Revenue collected under 15-37-103 and [section 3] is  
8 distributed as follows:

- 9 (1) 2/3 to the credit of the state general fund;  
10 (2) 1/3 to the credit of the hard-rock mining impact  
11 trust account.

12 Section 5. Section 90-6-304, MCA, is amended to read:

13 "90-6-304. Account Accounts established. (1) There is  
14 within the earmarked revenue fund a hard-rock mining impact  
15 account. ~~Monies-are~~ Money is payable into this account from  
16 payments made by a mining developer in compliance with the  
17 written guarantee from the developer to meet the increased  
18 costs of public services and facilities as specified in the  
19 impact plan provided for in 90-6-307. The state treasurer  
20 shall draw warrants from this account upon order of the  
21 hard-rock mining impact board.

22 (2) There is within the earmarked revenue fund a  
23 hard-rock mining impact trust account. Money is payable  
24 into this account in accordance with [section 4]. The state  
25 treasurer shall draw warrants from this account upon order

1 of the hard-rock mining impact board."

2 Section 6. Section 90-6-305, MCA, is amended to read:

3 "90-6-305. Hard-rock mining impact board -- general  
4 powers. (1) The board may:

5 (a) retain professional staff, consultants, and  
6 advisors notwithstanding the provisions of 2-15-121;

7 (b) adopt rules governing its proceedings;

8 (c) award grants to local government units subject to  
9 90-6-306;

10 (d) make payments to local government units from money  
11 paid to the hard-rock mining impact account as provided in  
12 90-6-307;

13 (e) make determinations as provided in 90-6-307; and

14 (f) borrow funds from the local impact and education  
15 trust fund account and repay funds so borrowed in accordance  
16 with the provisions of [section 3]; and

17 (f)(g) accept grants and other funds to be used in  
18 carrying out this part.

19 (2) The provisions of the Montana Administrative  
20 Procedure Act apply to the proceedings and determinations of  
21 the board."

22 Section 7. Section 90-6-306, MCA, is amended to read:

23 "90-6-306. Basis for awarding grants -- restrictions.

24 (1) Grants except as provided in subsection (2), grants  
25 shall be awarded, including grants from the hard-rock mining

1 impact trust account, to local government units on the basis  
2 of:

3 (1)(a) need;

4 (2)(b) severity of impact from mineral development;

5 (3)(c) availability of funds; and

6 (4)(d) extent of local effort in meeting its ~~their~~  
7 needs.

8 (2) Grants from the hard-rock mining impact trust  
9 account may not be awarded for a period of 5 years after the  
10 issuance of a mine operating permit under 82-4-335 if impact  
11 assistance directly related to that permit is available  
12 under the provisions of Title 90, chapter 6, part 3."

13 NEW SECTION. Section 8. Loans to hard-rock mining  
14 impact trust account from local impact and education trust  
15 fund account. (1) Except as provided in subsection (3), the  
16 board may borrow funds from the local impact and education  
17 trust fund account for the purpose of assisting local  
18 government units in meeting the financial impact of  
19 large-scale mineral development if the tax paid during the  
20 next 10 years by the mining company or companies that cause  
21 the impact can reasonably be expected to be sufficient to  
22 repay the loan.

23 (2) Unless otherwise provided by the legislature,  
24 loans made under the provisions of subsection (1) must be  
25 repaid to the local impact and education trust account from

1 the revenues collected under [section 4] within 10 years.

2 No interest may be charged for the loan.

3 (3) No more than \$1 million may be borrowed under this  
4 section during any biennium without approval from the  
5 legislature, except that if the legislature is not in  
6 regular session, the coal board may approve the loan.

7 NEW SECTION. Section 9. Codification instruction. (1)  
8 Sections 3 and 4 are intended to be codified as an integral  
9 part of Title 15, chapter 37, part 1, and the provisions of  
10 Title 15, chapter 37, part 1, apply to sections 3 and 4.

11 (2) Section 8 is intended to be codified as an  
12 integral part of Title 90, chapter 6, part 3, and the  
13 provisions of Title 90, chapter 6, part 3, apply to section  
14 8.

-end-

STATE OF MONTANA

REQUEST NO. 269-83

FISCAL NOTE

Form BD-15

In compliance with a written request received January 28, 19 83, there is hereby submitted a Fiscal Note for Senate Bill 299 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.

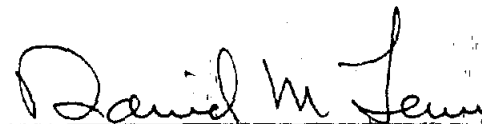
DESCRIPTION OF PROPOSED LEGISLATION:

Senate Bill 299 generally revises the rates of the metalliferous mines license tax and establishes a trust fund for part of the tax collected.

ASSUMPTIONS:

- 1) The projected revenues for the 1984-1985 biennium of the Metalliferous Mines License Tax prepared by the Office of Budget and Program Planning are the basis for comparison.
- 2) Prices of metals affected by this proposal will equal the base price throughout the 1984-1985 biennium.
- 3) The distribution of returns filed during the 1984-1985 biennium will be proportionate to the distribution of returns filed during FY 82 for 1981 production, except for certain adjustments made to reflect the phased shutdown of the Anaconda Minerals Company.
- 4) If Senate Bill 299 operates within the Purpose Section of the current hard rock mining impact act and relates only to impacts from miners receiving operating permits after the effective date of that act (7-1-81), no grants will be made during this biennium. Some increased operating expenses will occur for the adoption of revised rules for the grant program, but these should be absorbed by the currently proposed budget for the hard rock board.
- 5) If Senate Bill 299 contemplates grants for adverse impacts from existing mining operations, including impacts from shutdowns, the existing program would be expanded as shown below.

Continued



BUDGET DIRECTOR

Office of Budget and Program Planning

Date: 2-2-83

FISCAL IMPACT:

	<u>FY 84</u>	<u>FY 85</u>
<u>EXPENDITURES:</u>		
Personal Services		
Under Current Law	\$ 47,698	\$ 47,600
Under Proposed Law	59,623	59,500
Increase	<u>\$ 11,925</u>	<u>\$ 11,900</u>
Operating		
Under Current Law	56,326	59,331
Under Proposed Law	70,408	74,164
Increase	<u>\$ 14,082</u>	<u>\$ 14,833</u>
Equipment		
Under Current Law	620	20
Under Proposed Law	1,420	320
Increase	<u>\$ 800</u>	<u>\$ 300</u>
TOTAL EXPENDITURES		
Under Current Law	104,644	106,951
Under Proposed Law	131,451	133,984
Increase	<u>\$ 26,807</u>	<u>\$ 27,033</u>
<u>REVENUE:</u>		
Metal Mines License Tax Collections		
Under Current Law	\$ 968,000	\$ 482,000
Under Proposed Law	982,762	471,391
Estimated Increase (Decrease)	<u>\$ 14,762</u>	<u>\$ (10,609)</u>
General Fund		
Under Current Law	\$ 968,000	\$ 482,000
Under Proposed Law	655,175	314,261
Estimated Decrease	<u>\$(312,825)</u>	<u>\$(167,739)</u>
Hard-Rock Mining Impact Trust Account		
Under Current Law	\$ -0-	\$ -0-
Under Proposed Law	327,587	157,130
Estimated Increase	<u>\$ 327,587</u>	<u>\$ 157,130</u>

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TECHNICAL OR MECHANICAL DEFECTS OR CONFLICTS WITH EXISTING LEGISLATION:

The base prices for metals other than copper, gold silver or platinum are not well defined in Section 3 of the Bill (i.e., how is "the actual price...on January 1, 1983" to be determined?).

It is unclear whether the hard rock board is being authorized to borrow from the coal board's grant program or from the education portion of the local impact and education trust account. If the latter, the coal board has no existing authority over the education portion of the account.

LOCAL IMPACT:

One-third of the metal mines license tax revenues are available for grants. There is the potential of \$1,000,000 loan from the impact and education trust fund for grants which is to be repaid from metal mines license tax revenues within 10 years.

A larger loan is possible with approval of legislature or coal board.

FISCAL NOTE 10:D/3

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