- 2/06 Introduced
- 2/06 Referred to Taxation 2/06 Fiscal Note Requested
- 2/11 Fiscal Note Received
- 2/12 Hearing Died in Committee

LC 1594/01

Montana Legislative Council

HOUSE BILL NO. 690 1 INTRODUCED BY 2 BY REQUEST OF THE DEPARTMENT OF REVENUE 3 4 A BILL FOR AN ACT ENTITLED: "AN ACT TO MAKE THE 5 DETERMINATION OF THE VALUE OF MINERALS PURSUANT TO THE 6 RESOURCE INDEMNITY TRUST TAX CONSISTENT WITH THE SAME 7 DETERMINATION FOR CERTAIN OTHER NATURAL RESOURCE TAXES; 8 AMENDING SECTIONS 15-38-103 AND 15-38-104, MCA; AND 9 PROVIDING AN IMMEDIATE EFFECTIVE DATE AND AN APPLICABILITY 10 DATE." 11 12 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA: 13 Section 1. Section 15-38-103, MCA, is amended to read: 14 "15-38-103. Definitions. As used in this chapter, the 15 following definitions apply: 16 (1) "Department" means department of revenue. 17 (2) (a) "Gross value of product" means the market 18 value of any merchantable mineral extracted or produced 19 during the taxable year. 20 (b) For the purpose of determining the unit value of a 21 specific mineral, "gross value of product" also means: 22

(i) for metals and precious or semiprecious gems or
stones, gross value of product within the meaning of
"quarterly gross value of product" as defined in 15-37-102;

(ii) for petroleum or other mineral or crude oil or 1 2 natural gas, gross value as described in 15-36-101, but including any amount of such product excluded under 3 15-36-101; 4 (iii) for coal, the "contract sales price" as defined 5 in 15-35-102, except that the value of royalties, taxes, and 6 any mine-site processing must be included. 7 8 (c) For minerals not included in subsection (b), the 9 term must be applied in a manner consistent with the term's meaning in subsection (a) in its application to the specific 10 11 mineral. (3) "Market value", within the meaning of "gross value 12 of product" in subsection (2), means the value of all 13 minerals produced as they exist in a pure state and as 14 15 normally marketed in such pure state. (3)(4) "Mineral" means any precious stones or gems, 16 gold, silver, copper, coal, lead, petroleum, natural gas, 17 18 oil, uranium, or other nonrenewable merchantable products extracted from the surface or subsurface of the state of 19 20 Montana. (4)(5) "Total environment" means air, water, soil, 21 22 flora, and fauna and the social, economic, and cultural 23 conditions that influence communities and individual 24 citizens." Section 2. Section 15-38-104, MCA, is amended to read: 25

-2- INTRODUCED BILL H& 690

LC 1594/01

LC 1594/01

1 "15-38-104. Tax on mineral production. The annual tax 2 to be paid by the person engaged in or carrying on the business of mining, extracting, or producing a mineral shall 3 be \$25, together with an additional sum or amount computed 4 5 on the gross value of product which may have been derived 6 from the business work or operation within this state during 7 the calendar year immediately preceding at the rate of 1/2of 1% of the amount of gross value of product at-the-time-of 8 9 extraction-from-the-ground, if in excess of \$5,000. Unless 10 otherwise provided in a contract or lease, the pro rata share of any royalty owner or owners may be deducted from 11 any settlements under the lease or leases or division of 12 13 proceeds orders or other contracts."

14 <u>NEW SECTION.</u> Section 3. Extension of authority. Any
15 existing authority of the department of revenue to make
16 rules on the subject of the provisions of this act is
17 extended to the provisions of this act.

18 <u>NEW SECTION.</u> Section 4. Effective date -applicability. This act is effective on passage and approval and applies to tax quarters beginning on or after the effective date of this act.

-End-

-3-

STATE OF MONTANA

FISCAL NOTÉ

REQUEST NO. FNN350-85

Form BD-15

In compliance with a written request received <u>February 6</u>, 19<u>85</u>, there is hereby submitted a Fiscal Note for <u>H.B. 690</u> 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

An act to make the determination of the value of minerals pursuant to the resource indemnity trust tax consistent with the same determination for certain other natural resource taxes; amending sections 15-38-103 and 15-38-104, MCA; and providing an immediate effective date and an applicability date.

ASSUMPTIONS

1. Resource Indemnity Trust Tax Revenues - FY86 - \$6,692,000, FY87 - \$6,582,000 (OBPP estimate).

2. Increase in Resource Indemnity Trust Tax Revenues due to proposed legislation -

Coal	\$962,000
Metal Mines	280,000
Miscellaneous Mines	183,000
Total	\$1,425,000

	Under Current Law	<u>FY86</u> Under Proposed Law	Estimated Increase	Under Current Law	<u>FY87</u> Under Proposed Law	Estimated Increase
Effect on Revenue: Resource Indemnity Trust Tax	\$6,692,000	\$8,117,000	\$1,425,000	\$6,582,000	\$8,007,000	\$1,425,000
Fund Information: Resource Indemnity Trust Fund	\$6,692,000	\$8,117,000	\$1,425,000	\$6,582,000	\$8,007,000	\$1,425,000

BUDGET DIRECTOR Office of Budget and Program Planning

Fib Date: