SB 89 INTRODUCED BY KEATING, GAGE, HARDING, ET AL. REDUCING THE RESOURCE INDEMNITY TRUST TAX RATE FROM 0.5 PERCENT TO 0.1 PERCENT

- 1/12 INTRODUCED
- 1/12 REFERRED TO TAXATION
- 1/13 FISCAL NOTE REQUESTED
- 1/15 FISCAL NOTE RECEIVED
- 1/16 HEARING
- 1/30 ADVERSE COMMITTEE REPORT ADOPTED 40 9

1 INTRODUCED BY Control of the Resource Indemnity Trust Tax from 1/2 of 1 percent to
6 1/10 of 1 percent; amending Section 15-38-104, MCA; AND
7 PROVIDING A RETROACTIVE APPLICABILITY DATE."

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

Section 1. Section 15-38-104, MCA, is amended to read:

"15-38-104. Tax on mineral production. The annual tax
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
from the business work or operation within this state during
the calendar year immediately preceding at the rate of 1/2

1/10 of 1% of the amount of gross value of product at the
time of extraction from the ground, if in excess of \$5,000.
Unless otherwise provided in a contract or lease, the pro
rata share of any royalty owner or owners may be deducted
from any settlements under the lease or leases or division
of proceeds orders or other contracts."

NEW SECTION. Section 2. Extension of authority. Any existing authority of the department of revenue to make

- rules on the subject of the provisions of this act is
- 2 extended to the provisions of this act.
- 3 <u>NEW SECTION.</u> Section 3. Retroactive applicability
- 4 date. This act applies retroactively, within the meaning of
- 5 1-2-109, to taxable years beginning after December 31, 1986.

-End-

STATE OF MONTANA - FISCAL NOTE

Form BD-15

In compliance with a written request, there is hereby submitted a Fiscal Note for SB089, as introduced.

DESCRIPTION OF PROPOSED LEGISLATION:

"An act to reduce the rate of the Resource Indemnity Trust Tax from 1/2 of 1 percent to 1/10 of 1 percent; amending section 15-38-104, MCA; and providing a retroactive applicability date."

ASSUMPTIONS:

- 1. This proposal applies to taxable years beginning after December 31,1986. Accordingly, it will affect RIT collections in FY88 and FY89.
- 2. Resource Indemnity Tax collections under the current law will be \$4,071,000 in FY88 and \$4,420,000 in FY89 (OBPP).
- 3. This proposal reduces the RIT rate by 80%; RIT collections under the proposed law will decline by an equal amount in FY88 and FY89.

FISCAL IMPACT:

Revenue Impact:

	FY88			FY89			
	Current Law	Proposed Law	Difference	Current Law	Proposed Law	Difference	
Resource Indemnity							
Tax	\$4,071,000	\$ 908,000	(\$3,163,000)	\$4,420,000	\$ 884,000	(\$3,536,000)	
Total	\$4,071,000	\$ 908,000	(\$3,163,000)	\$4,420,000	\$ 884,000	(\$3,536,000)	

Fund Information:

	FY88			FY89		
	Current Law	Proposed Law	Difference	Current Law	Proposed Law	Difference
Resource Indemnity Tax Deposits to					<u> </u>	
the Trust	\$4,071,000_	\$ 908,000	(\$3,163,000)	\$4,420,000	\$ 884,000	(\$3,536,000)
Total	\$4,071,000	\$ 908,000	(\$3,163,000)	\$4,420,000	\$ 884,000	(\$3,536,000)

DAVID L. HUNTER, BUDGET DIRECTOR

Office of Budget and Program Planning

THOMAS KEATING, PRIMARY SPONS

DATE

15/87

Fiscal Note for SBOS, as introduced.

Trada Mille Regular SB000 1428 introduced.

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Interest Earnings:

	FY88			FY89		
	Current Law	Proposed Law	Difference	Current Law	Proposed Law	Difference
Water Devel. (30%)	1.883	1.876	.007	2.001	1.909	.092
Dept. of Health (6%)	.377	.375	.002	.400	.382	.018
Remaining (64%)	4.018	4.002	.016	4.268	4.072	.196
Total Interest	\$6,278,000	\$6,253,000	\$ 25,000	\$6,669,000	\$6,363,000	\$306,000

EFFECT ON COUNTY OR OTHER LOCAL REVENUE OR EXPENDITURES: N/A

LONG-RANGE EFFECTS OF PROPOSED LEGISLATION:

Total interest earnings loss in the FY90-91 biennium will be approximately \$1.561 million.

TECHNICAL OR MECHANICAL DEFECTS IN PROPOSED LEGISLATION OR CONFLICTS WITH EXISTING LEGISLATION: N/A