

HOUSE BILL 787

Introduced by Raney, et al.

|      |                      |
|------|----------------------|
| 3/18 | Introduced           |
| 3/18 | Referred to Taxation |
| 3/21 | Hearing              |
| 3/23 | Tabled in Committee  |

1 HOUSE BILL NO. 787  
2 INTRODUCED BY Ronny Smith, Brooke Pearson, Ellison  
3 Haque, Peterson, Ceciliaulla, m. m. Kadas  
4 A BILL FOR AN ACT ENTITLED: "AN ACT IMPOSING A TAX ON  
5 Merchantable Logs To Which No Value-Added Processing Is  
6 Performed In Montana; Providing That The Proceeds Of The Tax  
7 Be Placed In A Nonexpendable Trust Fund, With The Interest  
8 And Income From The Trust To Be Used For Grants For Research  
9 And Development Of Value-Added Processing For Wood Products  
10 And For Reforestation Or For Rehabilitation Of Areas Damaged  
11 By Forest Practices; And Providing An Applicability  
12 Provision."

## STATEMENT OF INTENT

15       A statement of intent is required for this bill because  
16   it grants rulemaking authority to both the department of  
17   revenue and the department of commerce.

18           It is the intent of the legislature that the rules  
19   adopted by the department of revenue provide the procedure  
20   and format for reporting the tax on unprocessed,  
21   merchantable logs. The department of revenue shall cooperate  
22   with the department of highways in obtaining data from weigh  
23   stations to verify reporting requirements.

24       The rules adopted by the department of commerce must  
25       provide the procedure for applying for grants and provide

1 the criteria by which grant proposals will be evaluated and  
2 awarded. The department of commerce rules must be based on  
3 existing grant programs.

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

6           NEW SECTION.   **Section 1. Tax**           on           unprocessed,  
7   merchantable logs -- rate. (1) There is a tax on  
8   merchantable logs to which no value-added processing has  
9   been applied in Montana within 4 months of harvesting. The  
10   owner of the logs at the time of harvesting is liable for  
11   the tax.

12           (2) Unprocessed, merchantable logs are taxed at 4% of  
13   market value. The department of revenue shall determine the  
14   market value of logs from the records the department of  
15   highways obtains from weigh stations and from the manifests  
16   of railroad shippers.

17           (3) For purposes of this section, "value-added  
18   processing" includes but is not limited to cutting into  
19   firewood, treating for posts, peeling for log homes, sawing  
20   for lumber, or any other procedure that adds to the value of  
21   the unprocessed, merchantable log.

22           NEW SECTION.   **Section 2.**   Payment of log tax -- rules.  
23   The tax on unprocessed, merchantable logs imposed by  
24   [section 1] is payable quarterly on April 30, July 31,  
25   October 31, and January 31. The department of revenue may

1 adopt rules that provide for the reporting and procedure for  
 2 paying the tax imposed by [section 1]. If the owner of  
 3 unprocessed logs does not pay the tax due on the logs, the  
 4 department may estimate the value of the logs and impose the  
 5 tax. Delinquent taxes may be collected in the manner that  
 6 delinquent property taxes are collected.

7 NEW SECTION. Section 3. Disposition of tax proceeds.  
 8 The department shall forward all taxes on unprocessed,  
 9 merchantable logs to the state treasurer, who shall deposit  
 10 the tax proceeds in the trust fund created in [section 4].

11 NEW SECTION. Section 4. Trust for value-added  
 12 research and development. There is a nonexpendable trust  
 13 fund in the state treasury. The proceeds of all taxes  
 14 collected pursuant to [sections 1 through 3] must be  
 15 deposited in the fund. The department of commerce shall  
 16 administer the trust. The corpus of the trust is inviolate.  
 17 The interest income of the trust must be used by the  
 18 department for grants for research and development of  
 19 value-added processing for wood products, for reforestation,  
 20 or for rehabilitation of areas damaged by forest practices.  
 21 The research and development funded by grants must be  
 22 performed in Montana. The department may adopt rules that  
 23 prescribe the procedures for applying for and awarding  
 24 grants.

25 NEW SECTION. Section 5. Codification instruction. (1)

1 [Sections 1 through 3] are intended to be codified as an  
 2 integral part of Title 15, and the provisions of Title 15  
 3 apply to [sections 1 through 3].

4 (2) [Section 4] is intended to be codified as an  
 5 integral part of Title 90, chapter 2, and the provisions of  
 6 Title 90, chapter 2, apply to [section 4].

7 NEW SECTION. Section 6. Applicability. [This act]  
 8 does not apply to contracts entered into before October 1,  
 9 1989.

-End-