

SENATE BILL NO. 8

INTRODUCED BY ECK

BY REQUEST OF THE DEPARTMENT OF REVENUE

IN THE SENATE

JANUARY 3, 1989	INTRODUCED AND REFERRED TO COMMITTEE ON JUDICIARY.
	FIRST READING.
JANUARY 10, 1989	COMMITTEE RECOMMEND BILL DO PASS AS AMENDED. REPORT ADOPTED.
JANUARY 11, 1989	PRINTING REPORT.
JANUARY 12, 1989	SECOND READING, DO PASS.
JANUARY 13, 1989	ENGROSSING REPORT.
JANUARY 14, 1989	THIRD READING, PASSED. AYES, 48; NOES, 0.
	TRANSMITTED TO HOUSE.

IN THE HOUSE

JANUARY 14, 1989	INTRODUCED AND REFERRED TO COMMITTEE ON NATURAL RESOURCES.
FEBRUARY 20, 1989	FIRST READING.
MARCH 2, 1989	COMMITTEE RECOMMEND BILL BE CONCURRED IN. REPORT ADOPTED.
MARCH 3, 1989	SECOND READING, CONCURRED IN.
MARCH 4, 1989	THIRD READING, CONCURRED IN. AYES, 78; NOES, 16.
	RETURNED TO SENATE.

IN THE SENATE

MARCH 6, 1989	RECEIVED FROM HOUSE.
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SENT TO ENROLLING.

MARCH 9, 1989 REPORTED CORRECTLY ENROLLED.

MARCH 10, 1989 SIGNED BY PRESIDENT.

IN THE HOUSE

MARCH 10, 1989 SIGNED BY SPEAKER.

IN THE SENATE

MARCH 10, 1989 DELIVERED TO GOVERNOR.

MARCH 16, 1989 RETURNED FROM GOVERNOR WITH
RECOMMENDED AMENDMENTS.

MARCH 17, 1989 SECOND READING, GOVERNOR'S RECOM-
MENDED AMENDMENTS CONCURRED IN.

MARCH 20, 1989 THIRD READING, GOVERNOR'S RECOM-
MENDED AMENDMENTS CONCURRED IN.

TRANSMITTED TO HOUSE.

IN THE HOUSE

MARCH 30, 1989 SECOND READING, GOVERNOR'S RECOM-
MENDED AMENDMENTS CONCURRED IN.

MARCH 31, 1989 THIRD READING, GOVERNOR'S RECOM-
MENDED AMENDMENTS CONCURRED IN.

RETURNED TO SENATE.

IN THE SENATE

APRIL 1, 1989 RECEIVED FROM HOUSE.

SENT TO ENROLLING.

REPORTED CORRECTLY ENROLLED.

1 SENATE BILL NO. 8
2 INTRODUCED BY ECK
3 BY REQUEST OF THE DEPARTMENT OF REVENUE
4
5 A BILL FOR AN ACT ENTITLED: "AN ACT TO EXEMPT ROYALTIES
6 RECEIVED BY INDIAN TRIBES PURSUANT TO 1938 LEASE AGREEMENTS
7 FROM TAXATION UNDER THE STATE PROCEEDS, COAL SEVERANCE, OIL
8 AND GAS SEVERANCE, AND RESOURCE INDEMNITY TRUST TAXES."
9
10 WHEREAS, the United States Supreme Court in Crow Tribe
11 v. Montana, 819 F.2d 895 (1987), affirmed, 108 S. Ct. 685
12 (1988), has declared that Montana's severance and gross
13 proceeds taxes on coal belonging to the Crow Tribe are
14 preempted by federal law and policy and void for infringing
15 on tribal sovereignty.
16 THEREFORE, it is appropriate that Montana law reflect
17 the Supreme Court decision by exempting royalties received
18 by Indian tribes under 1938 lease agreements from state
19 proceeds, coal severance, oil and gas severance, and
20 resource indemnity trust taxes.
21
22 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:
23 **Section 1.** Tribal royalties exempt. Royalties received
24 by an Indian tribe pursuant to a lease entered into under
25 the Indian Mineral Leasing Act of 1938 (25 U.S.C. 396a-396g

1 (1983)) are exempt from taxation.

2 **Section 2.** Codification instruction. [Section 1] is
3 intended to be codified as an integral part of Title 15,
4 chapter 23, parts 5 through 8; Title 15, chapters 35 and 36;
5 Title 15, chapter 37, parts 1 and 2; and Title 15, chapter
6 38; and the provisions of Title 15, chapter 23, parts 5
7 through 8; Title 15, chapters 35 and 36; Title 15, chapter
8 37, parts 1 and 2; and Title 15, chapter 38; apply to
9 [section 1].

-End-

APPROVED BY COMMITTEE
ON JUDICIARY

SENATE BILL NO. 8

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BY REQUEST OF THE DEPARTMENT OF REVENUE

A BILL FOR AN ACT ENTITLED: "AN ACT TO EXEMPT ROYALTIES RECEIVED BY INDIAN TRIBES PURSUANT TO 1938 LEASE AGREEMENTS FROM TAXATION UNDER THE STATE PROCEEDS, ~~COAL-SEVERANCE~~, OIL AND GAS SEVERANCE, AND RESOURCE INDEMNITY TRUST TAXES."

WHEREAS, the United States Supreme Court in Grow-Tribe v. Montana, 819 F.2d 895 (1987), affirmed, 100 S.Ct. 685 (1988) BLACKFEET TRIBE V. MONTANA, 471 U.S. 759 (1985), has declared that Montana's ~~severance-and-gross-proceeds--taxes on-coal--belonging-to-the-Grow-Tribe~~ OIL AND GAS PRODUCTION TAXES ON ROYALTIES are preempted by federal law and policy and void for infringing on tribal sovereignty.

THEREFORE, it is appropriate that Montana law reflect the Supreme Court decision by exempting royalties received by Indian tribes under 1938 lease agreements from state proceeds, ~~coal--severance~~, oil and gas severance, and resource indemnity trust taxes.

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

NEW SECTION. Section 1. Tribal royalties exempt.
Royalties received by an Indian tribe pursuant to a lease

entered into under the Indian Mineral Leasing Act of 1938 (25 U.S.C. 396a-396g (1983)) are exempt from taxation.

NEW SECTION. Section 2. Codification instruction.
[Section 1] is intended to be codified as an integral part of Title 15, chapter 23, parts-5-through-8 PART 6; Title 15, chapters-35-and CHAPTER 36; Title-15, chapter--37,--parts--1 and-2; and Title 15, chapter 38; and the provisions of Title 15, chapter 23, parts-5-through-8 PART 6; Title 15, chapters 35--and CHAPTER 36; Title-15, chapter-37,--parts-1-and-2; and Title 15, chapter 38; apply to [section 1].

-End-

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A BILL FOR AN ACT ENTITLED: "AN ACT TO EXEMPT ROYALTIES RECEIVED BY INDIAN TRIBES PURSUANT TO 1938 LEASE AGREEMENTS FROM TAXATION UNDER THE STATE PROCEEDS, ~~COAL-SEVERANCE~~, OIL AND GAS SEVERANCE, AND RESOURCE INDEMNITY TRUST TAXES."

WHEREAS, the United States Supreme Court in ~~Crow-Tribe v. Montana, 819 P.2d 895 (1987), affirmed, 100 S.Ct. 685 (1988)~~ BLACKFEET TRIBE V. MONTANA, 471 U.S. 759 (1985), has declared that Montana's ~~severance-and-gross-proceeds--taxes on--coal--belonging-to-the-Crow-Tribe~~ OIL AND GAS PRODUCTION TAXES ON ROYALTIES are preempted by federal law and--policy and-void-for-infringing-on-tribal-sovereignty.

THEREFORE, it is appropriate that Montana law reflect the Supreme Court decision by exempting royalties received by Indian tribes under 1938 lease agreements from state proceeds, ~~coal--severance~~, oil and gas severance, and resource indemnity trust taxes.

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

NEW SECTION. Section 1. Tribal royalties exempt. Royalties received by an Indian tribe pursuant to a lease

entered into under the Indian Mineral Leasing Act of 1938 (25 U.S.C. 396a-396g (1983)) are exempt from taxation.

NEW SECTION. Section 2. Codification instruction. [Section 1] is intended to be codified as an integral part of Title 15, chapter 23, ~~parts-5-through-8~~ PART 6; Title 15, ~~chapters-35-and~~ CHAPTER 36; ~~Title-15,-chapter--37,-parts--1-and-2;~~ and Title 15, chapter 38; and the provisions of Title 15, chapter 23, ~~parts-5-through-8~~ PART 6; Title 15, ~~chapters 35--and~~ CHAPTER 36; ~~Title-15,-chapter-37,-parts-1-and-2;~~ and Title 15, chapter 38; apply to [section 1].

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A BILL FOR AN ACT ENTITLED: "AN ACT TO EXEMPT ROYALTIES RECEIVED BY INDIAN TRIBES PURSUANT TO 1938 LEASE AGREEMENTS FROM TAXATION UNDER THE STATE PROCEEDS, COAL-SEVERANCE, OIL AND GAS SEVERANCE, AND RESOURCE INDEMNITY TRUST TAXES."

WHEREAS, the United States Supreme Court in Crow-Tribe v. Montana, 819 F.2d 895 (1987), affirmed, 108 S.Ct. 685 (1988) BLACKFEET TRIBE V. MONTANA, 471 U.S. 759 (1985), has declared that Montana's severance-and-gross-proceeds-taxes on-coal--belonging-to-the-Crow-Tribe OIL AND GAS PRODUCTION TAXES ON ROYALTIES are preempted by federal law and-policy and-void-for-infringing-on-tribal-sovereignty.

THEREFORE, it is appropriate that Montana law reflect the Supreme Court decision by exempting royalties received by Indian tribes under 1938 lease agreements from state proceeds, coal-severance, oil and gas severance, and resource indemnity trust taxes.

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

NEW SECTION. Section 1. Tribal royalties exempt.

Royalties received by an Indian tribe pursuant to a lease

entered into under the Indian Mineral Leasing Act of 1938 (25 U.S.C. 396a-396g (1983)) are exempt from taxation.

NEW SECTION. Section 2. Codification instruction.
[Section 1] is intended to be codified as an integral part of Title 15, chapter 23, parts-5-through-8 PART 6; Title 15, chapters-35-and CHAPTER 36; Title-15,-chapter--37,-parts--1-and-2; and Title 15, chapter 38; and the provisions of Title 15, chapter 23, parts-5-through-8 PART 6; Title 15, chapters 35--and CHAPTER 36; Title-15,-chapter-37,-parts-1-and-2; and Title 15, chapter 38; apply to [section 1].

-End-

GOVERNOR'S AMENDMENTS
TO SENATE BILL NO. 8
(Reference Copy)
March 15, 1989

1. Page 1.
Strike: Lines 10 through 21 in their entirety.
2. Page 1, line 25.
Following: "tribe"
Insert: "with respect to on-reservation oil and gas production"

-END-

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WHEREAS, the United States Supreme Court in Crow Tribe v. Montana, 819 F.2d 895 (1987), affirmed, 108 S.Ct. 685 (1988) BLACKFEET TRIBE V. MONTANA, 471 U.S. 759 (1985), has declared that Montana's severance and gross proceeds taxes on coal belonging to the Crow Tribe OIL AND GAS PRODUCTION TAXES ON ROYALTIES are preempted by federal law and policy and void for infringing on tribal sovereignty;

THEREFORE, it is appropriate that Montana law reflect the Supreme Court decision by exempting royalties received by Indian tribes under 1938 lease agreements from state proceeds, coal severance, oil and gas severance, and resource indemnity trust taxes;

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

NEW SECTION. Section 1. Tribal royalties exempt.

Royalties received by an Indian tribe WITH RESPECT TO

ON-RESERVATION OIL AND GAS PRODUCTION pursuant to a lease entered into under the Indian Mineral Leasing Act of 1938 (25 U.S.C. 396a-396g (1983)) are exempt from taxation.

NEW SECTION. Section 2. Codification instruction. [Section 1] is intended to be codified as an integral part of Title 15, chapter 23, parts 5 through 8 PART 6; Title 15, chapters 35 and CHAPTER 36; Title 15, chapter 37, parts 1 and 2; and Title 15, chapter 38; and the provisions of Title 15, chapter 23, parts 5 through 8 PART 6; Title 15, chapters 35 and CHAPTER 36; Title 15, chapter 37, parts 1 and 2; and Title 15, chapter 38; apply to [section 1].

-End-