SENATE BILL NO. 8
INTRODUCED BY ECK
BY REQUEST OF THE DEPARTMENT OF REVENUE

IN THE SENATE

<table>
<thead>
<tr>
<th>Date</th>
<th>Action and Notes</th>
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<tbody>
<tr>
<td>JANUARY 3, 1989</td>
<td>INTRODUCED AND REFERRED TO COMMITTEE ON JUDICIARY.</td>
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<tr>
<td></td>
<td>FIRST READING.</td>
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<tr>
<td>JANUARY 10, 1989</td>
<td>COMMITTEE RECOMMEND BILL DO PASS AS AMENDED. REPORT ADOPTED.</td>
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<td>JANUARY 11, 1989</td>
<td>PRINTING REPORT.</td>
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<td>JANUARY 12, 1989</td>
<td>SECOND READING, DO PASS.</td>
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<td>JANUARY 13, 1989</td>
<td>ENGROSSING REPORT.</td>
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<td>JANUARY 14, 1989</td>
<td>THIRD READING, PASSED.  AYES, 48; NOES, 0.</td>
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<td>TRANSMITTED TO HOUSE.</td>
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IN THE HOUSE

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<td>JANUARY 14, 1989</td>
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<td>FEBRUARY 20, 1989</td>
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<td>MARCH 2, 1989</td>
<td>COMMITTEE RECOMMEND BILL BE CONCURRED IN. REPORT ADOPTED.</td>
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<tr>
<td>MARCH 3, 1989</td>
<td>SECOND READING, CONCURRED IN.</td>
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<td>MARCH 4, 1989</td>
<td>THIRD READING, CONCURRED IN.  AYES, 78; NOES, 16.</td>
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<td>RETURNED TO SENATE.</td>
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IN THE SENATE

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<tr>
<td>MARCH 6, 1989</td>
<td>RECEIVED FROM HOUSE.</td>
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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 RECOMMENDED AMENDMENTS CONCURRED IN.

MARCH 20, 1989 THIRD READING, GOVERNOR'S RECOMMENDED AMENDMENTS CONCURRED IN.

TRANSMITTED TO HOUSE.

IN THE HOUSE

MARCH 30, 1989 SECOND READING, GOVERNOR'S RECOMMENDED AMENDMENTS CONCURRED IN.

MARCH 31, 1989 THIRD READING, GOVERNOR'S RECOMMENDED AMENDMENTS CONCURRED IN.

RETURNED TO SENATE.

IN THE SENATE

APRIL 1, 1989 RECEIVED FROM HOUSE.

SENT TO ENROLLING.

REPORTED CORRECTLY ENROLLED.
SENATE BILL NO. 8

INTRODUCED BY ECK

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 Crow Tribe v. Montana, 819 F.2d 895 (1987), affirmed, 108 S. Ct. 685 (1988), has declared that Montana's severance and gross proceeds taxes on coal belonging to the Crow Tribe 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:

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.

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

-End-
SENATE BILL NO. 8

INTRODUCED BY ECK

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 Blackfeet Tribe v. Montana, 471 U.S. 759 (1985), has declared that Montana's severance-gross-proceeds-taxes on coal belonging to the Crow Tribe 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 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 36; Title 15, chapter 37 parts 1 and 2; and Title 15, chapter 38; apply to [section 1].
SENATE BILL NO. 8
INTRODUCED BY B~
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, OIL AND GAS SEVERANCE, AND RESOURCE INDEMNITY TRUST TAXES."

WHEREAS, the United States Supreme Court in 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 6 PART 6; Title 15, chapters 35-and CHAPTER 36; Title-40,chapter--37--parts--1 and-2; and Title 15, chapter 30; and the provisions of Title 15, chapter 23, parts 5-through-6 PART 6; Title 15, chapters 35--and CHAPTER 36; Title-457,chapter-37-,parts-1-and-2; and Title 15, chapter 30; apply to [section 1].
SENATE BILL NO. 8  
INTRODUCED BY ECK  
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, OIL AND GAS SEVERANCE, AND RESOURCE INDEMNITY TRUST TAXES."

WHEREAS, the United States Supreme Court in Crow 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 are preempted by federal law and policy and void-for-infringement-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) 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; Title 15, chapters 35 and 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; Title 15, chapters 35 and 36; Title 15, chapter 37, parts 1 and 2; and Title 15, chapter 38; apply to [section 1].
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-
SENXATE BILL NO. 8

INTRODUCED BY ECK

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, OIL AND GAS SEVERANCE, AND RESOURCE INDENIITY TRUST TAXES."

WHEREAS, the United States Supreme Court in Crow Tribe v. Montana, 819 F.2d 895 (1987), affirmed 188 Mont. 261, 652 P.2d 305 (1982); 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 are preempted by federal law 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; Title 15, chapters 35 and 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; Title 15, chapters 35 and 36; Title 15, chapter 37; Parts 1 and 2; and Title 15, chapter 38; apply to [section 1].