

HOUSE BILL 61

Introduced by Toole, et al.

7/14	Introduced
7/14	Referred to Taxation
7/14	First Reading
7/14	Fiscal Note Requested
7/17	Fiscal Note Received
7/17	Fiscal Note Printed
	Died in Committee

1 House BILL NO. 61  
 2 INTRODUCED BY Frank Cook Don Hayes Albright  
 3 Kimberly Bracke Paul Jack Wm Upholstead Ch  
 4 A BILL FOR AN ACT ENTITLED: "AN ACT RAISING THE COAL Dowell  
 5 SEVERANCE TAX RATE FOR SURFACE MINING TO 20 PERCENT OF VALUE  
 6 FOR UNDER 7,000 BTU PER POUND OF COAL AND TO 30 PERCENT OF  
 7 VALUE FOR 7,000 AND OVER BTU PER POUND OF COAL; PROVIDING  
 8 THAT THE PROPOSED ACT BE SUBMITTED TO THE QUALIFIED ELECTORS  
 9 OF MONTANA; AMENDING SECTION 15-35-103, MCA; AND PROVIDING  
 10 AN EFFECTIVE DATE AND AN APPLICABILITY DATE."

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

12 **Section 1.** Section 15-35-103, MCA, is amended to read:

13 "15-35-103. Severance tax -- rates imposed. (1) Subject  
 14 to the provisions of 15-35-202 allowing a new coal  
 15 production incentive tax credit, a severance tax is imposed  
 16 on each ton of coal produced in the state in accordance with  
 17 the following schedule:

18 (a) -- After June 30, 1987, and before July 1, 1990:

19 Heating-quality	Surface--	Underground
20 (Btu-per-pound	Mining--	Mining---
21 ---of-coal):	-	
22 Under-7,000	17%-of-value	3%-of-value
23 7,000-and-over	25%-of-value	4%-of-value

24 (b) -- After June 30, 1990, and before July 1, 1991:

1 Heating-quality	Surface--	Underground
2 (Btu-per-pound	Mining--	Mining---
3 ---of-coal):	-	
4 Under-7,000	13%-of-value	3%-of-value
5 7,000-and-over	20%-of-value	4%-of-value

6 (c) -- After June 30, 1991:

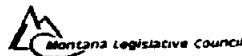
7 Heating quality	Surface	Underground
8 (Btu per pound	Mining	Mining
9 of coal):		
10 Under 7,000	10% 20% of value	3% of value
11 7,000 and over	15% 30% of value	4% of value

12 (2) "Value" means the contract sales price.  
 13 (3) -- The formula which yields the greater amount of tax  
 14 in a particular case shall be used at each point on these  
 15 schedules.

16 (4) (3) A person is not liable for any severance tax  
 17 upon 50,000 tons of the coal he produces in a calendar year,  
 18 except that if he produces more than 50,000 tons of coal in  
 19 a calendar year, he will be liable for severance tax upon  
 20 all coal produced in excess of the first 20,000 tons.

21 (5) (4) A new coal production incentive tax credit may  
 22 be claimed on certain coal as provided in 15-35-202."

23 NEW SECTION. **Section 2.** Effective date --  
 24 applicability. If approved by the electorate, section 1 of  
 25 this act is effective January 1, 1993, and applies to



1 production occurring after December 31, 1992.

2 NEW SECTION. Section 3. Submission to electorate. The  
3 question of whether section 1 of this act will become  
4 effective shall be submitted to the qualified electors of  
5 Montana at the general election to be held in November 1992  
6 by printing on the ballot the full title of this act and the  
7 following:

8  FOR raising the coal severance tax rate for surface  
9 mining.

10  AGAINST raising the coal severance tax rate for  
11 surface mining.

-End-

STATE OF MONTANA - FISCAL NOTE

Form BD-15

In compliance with a written request, there is hereby submitted a Fiscal Note for HB0061, as introduced.

DESCRIPTION OF PROPOSED LEGISLATION:

An act raising the coal severance tax rate for surface mining to 20 percent of value for under 7,000 BTU per pound of coal and to 30 percent of value for 7,000 and over BTU per pound of coal; providing that the proposed act be submitted to the qualified electors of Montana; and providing an effective date and an applicability date.

ASSUMPTIONS:

1. The proposed legislation is placed on the ballot and is passed by the voters in Nov., 1992.
2. Coal production will be 34,515,000 tons at a Contract Sales Price of \$7.54 for CY92 (HJR-1).
3. Coal production will be 34,375,000 tons at a Contract Sales Price of \$7.53 for CY93 (HJR-1).
4. Coal production will be 34,375,000 tons at a Contract Sales Price of \$7.53 for CY94.
5. Quarterly coal production and price are constant within a production year.
6. There will be 206,000 tons of coal under 7,000 BTU mined in CY93 and CY94, all other coal mined will be over 7,000 BTU.
7. There will be 120,000 tons of tax exempt coal mined in CY93 and CY94.
8. The tax rate for coal under 7,000 BTU is 10% and for coal over 7,000 BTU is 15% in CY92.
9. The tax rate for coal under 7,000 BTU is 20% and for coal over 7,000 BTU is 30% in CY93/CY94.

FISCAL IMPACT:

Revenues:

	<u>FY '93</u>			<u>FY '94</u>		
	<u>Current Law</u>	<u>Proposed Law</u>	<u>Difference</u>	<u>Current Law</u>	<u>Proposed Law</u>	<u>Difference</u>
Coal Severance Tax	38,725,000	48,365,000	9,640,000	38,692,000	77,244,000	38,552,000

(Fund distribution - next page)

Steve Yeakel 7/16/92  
 STEVE YEAKEL, BUDGET DIRECTOR DATE  
 Office of Budget and Program Planning

Howard Toole 7/16/92  
 HOWARD TOOLE, PRIMARY SPONSOR DATE  
 Fiscal Note for HB0061, as introduced

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 (continued)

Fund Distribution:

	FY '93			FY '94		
	<u>Current Law</u>	<u>Proposed Law</u>	<u>Difference</u>	<u>Current Law</u>	<u>Proposed Law</u>	<u>Difference</u>
Permanent Coal Trust	19,363,000	24,182,000	4,819,000	19,346,000	38,621,000	19,275,000
Highway Trust	0	0	0	4,643,000	9,269,000	4,626,000
Local Impact Account	2,575,000	3,216,000	641,000	2,573,000	5,137,000	2,564,000
School Equalization	4,415,000	5,513,000	1,098,000	4,411,000	8,806,000	4,395,000
County Planning	147,000	184,000	37,000	147,000	294,000	147,000
Renewable Resource Bond	184,000	230,000	46,000	184,000	367,000	183,000
State Parks	0	0	0	490,000	977,000	487,000
State Library	147,000	184,000	37,000	147,000	294,000	147,000
Conservation Districts	736,000	919,000	183,000	735,000	1,468,000	733,000
Water Dev. Debt Service	184,000	230,000	46,000	184,000	367,000	183,000
MT Growth Through Ag.	294,000	368,000	74,000	294,000	587,000	293,000
Capitol Art Preservation	245,000	306,000	61,000	245,000	489,000	244,000
Parks/Historic Projects	490,000	612,000	122,000	0	0	0
General Fund	<u>9,945,000</u>	<u>12,421,000</u>	<u>2,476,000</u>	<u>5,293,000</u>	<u>10,568,000</u>	<u>5,275,000</u>
Total	38,725,000	48,365,000	9,640,000	38,692,000	77,244,000	38,552,000