

SENATE BILL 11

Introduced by Doherty, et al.

7/10	Fiscal Note Requested
7/10	Introduced
7/10	Referred to Taxation
7/10	First Reading
7/13	Hearing
7/13	Fiscal Note Received
7/15	Fiscal Note Printed
7/17	Tabled in Committee

1 ~~(b) -- coal -- is -- \$25 plus an additional amount computed on~~
2 ~~the gross value of product -- for -- coal -- produced -- in -- Montana~~
3 ~~during -- the -- calendar year immediately preceding at the rate~~
4 ~~of 0.4%.~~

5 (3) The annual tax to be paid by a person engaged in or
6 carrying on the business of mining, extracting, or producing
7 vermiculite is \$25 plus an additional amount computed on the
8 gross value of product for vermiculite derived from the
9 business work or operation within this state during the
10 calendar year immediately preceding at the rate of 2%."

11 NEW SECTION. **Section 3.** Repealer. Section 15-38-125,
12 MCA, is repealed.

13 NEW SECTION. **Section 4.** Effective date -- retroactive
14 applicability. [This act] is effective on passage and
15 approval and applies retroactively, within the meaning of
16 1-2-109, to coal produced in Montana after December 31,
17 1991.

-End-

STATE OF MONTANA - FISCAL NOTE

Form BD-15

In compliance with a written request, there is hereby submitted a Fiscal Note for SB0011, as introduced.

DESCRIPTION OF PROPOSED LEGISLATION:

An act revising the resource indemnity trust tax by changing the rate of tax on coal from 0.4 percent to 1/2 of 1 percent; deleting the provision that provides that the gross value of coal is determined by the contract sales price of the coal; and providing an immediate effective date and a retroactive applicability date.

ASSUMPTIONS:

1. Resource indemnity trust tax (RITT) collections on coal, net of audit, penalty, and interest collections, were \$1,173,680 in FY1992. This level of collections will remain constant in FY1993.
2. Under current law, the RITT coal tax liability is calculated as 0.4% of contract sales price; under the proposal the tax liability will be calculated as 0.5% of "market value".
3. The "market value" of coal means the "mine mouth" value of coal (see technical note below).
4. The average ratio of mine mouth value to contract sales price value is 81.20 (MDOR, fiscal note for SB93, 1991 Reg. Leg. Session).

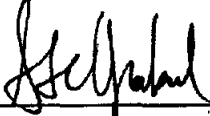
FISCAL IMPACT:

Revenues:

	<u>FY1993</u>		
	<u>Current Law</u>	<u>Proposed Law</u>	<u>Change</u>
Coal RITT	\$ 1,173,680	\$ 1,191,285	\$ 17,605

TECHNICAL NOTES:

This proposal reverses the impact of SB93, passed during the 1991 regular legislative session. At that time the Department of Revenue was embroiled in a conflict regarding the proper calculation of market value (mine-mouth value) for coal for RITT purposes. The above fiscal impact may change once a final determination of the proper method of calculating mine-mouth value is reached.



 STEVE YEAKEL, BUDGET DIRECTOR DATE
 Office of Budget and Program Planning

2/13/92

 STEVE DOHERTY, PRIMARY SPONSOR DATE
 Fiscal Note for SB0011, as introduced

SB 11