

## 1 HOUSE BILL NO. 38

2 INTRODUCED BY HARRINGTON

3 BY REQUEST OF THE DEPARTMENT OF REVENUE

4  
5 A BILL FOR AN ACT ENTITLED: "AN ACT CLARIFYING THE RESOURCE INDEMNITY TRUST TAX ON TALC,  
6 COAL, VERMICULITE, AND LIMESTONE; AMENDING SECTIONS 15-38-103 AND 15-38-104, MCA; AND  
7 PROVIDING AN IMMEDIATE EFFECTIVE DATE AND A RETROACTIVE APPLICABILITY DATE."  
8

9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:  
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11 **Section 1.** Section 15-38-103, MCA, is amended to read:

12 "**15-38-103. Definitions.** As used in this chapter, the following definitions apply:

13 (1) "Department" means the department of revenue.

14 (2) "Gross value of product" means, except as provided in 15-38-125 through 15-38-128, the  
15 market value of any merchantable mineral extracted or produced during the taxable year.

16 (3) "Mineral" means any precious stones or gems, gold, silver, copper, coal, lead, petroleum,  
17 natural gas, oil, uranium, talc, vermiculite, limestone, or other nonrenewable merchantable products  
18 extracted from the surface or subsurface of the state of Montana.

19 (4) "Total environment" means air, water, soil, flora, and fauna and the social, economic, and  
20 cultural conditions that influence communities and individual citizens."  
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22 **Section 2.** Section 15-38-104, MCA, is amended to read:

23 "**15-38-104. Tax on mineral production.** (1) Except as provided in subsections (2) through (4),  
24 the annual tax to be paid by a person engaged in or carrying on the business of mining, extracting, or  
25 producing a mineral is \$25, plus an additional amount computed on the gross value of product that was  
26 derived from the business work or operation within this state during the calendar year immediately  
27 preceding at the rate of 1/2 of 1% of the amount of gross value of product at the time of extraction from  
28 the ground, if in excess of \$5,000. Unless otherwise provided in a contract or lease, the pro rata share  
29 of any royalty owner or owners may be deducted from any settlements under the lease or leases or division  
30 of proceeds orders or other contracts.

1           (2) The annual tax to be paid by a person engaged in or carrying on the business of mining,  
2 extracting, or producing:

3           (a) talc is \$25 plus an additional amount computed on the gross value of product for talc derived  
4 from the business work or operation within this state during the calendar year immediately preceding at the  
5 rate of 4% of the gross value of product in excess of \$625; and

6           (b) coal is \$25 plus an additional amount computed on the gross value of product for coal produced  
7 in Montana during the calendar year immediately preceding at the rate of 0.4% of the gross value of  
8 product in excess of \$6,250.

9           (3) The annual tax to be paid by a person engaged in or carrying on the business of mining,  
10 extracting, or producing vermiculite is \$25 plus an additional amount computed on the gross value of  
11 product for vermiculite derived from the business work or operation within this state during the calendar  
12 year immediately preceding at the rate of 2% of the gross value of product in excess of \$1,250.

13           (4) The annual tax to be paid by a person engaged in or carrying on the business of mining,  
14 extracting, or producing limestone for the production of quicklime is \$25 plus an additional amount  
15 computed on the gross value of product for limestone derived from the business work or operation within  
16 this state during the calendar year immediately preceding at the rate of 10% of the gross value of product  
17 in excess of \$250."

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19           NEW SECTION. **Section 3. Effective date -- retroactive applicability.** [This act] is effective on  
20 passage and approval and applies retroactively, within the meaning of 1-2-109, to tax years beginning after  
21 December 31, 1994.

22

-END-

STATE OF MONTANA - FISCAL NOTE

Fiscal Note for HB0038, as introduced

DESCRIPTION OF PROPOSED LEGISLATION:

An act clarifying the resource indemnity trust tax on talc, coal, vermiculite, and limestone; and providing an immediate effective date and a retroactive applicability date.

ASSUMPTIONS:

The proposed legislation implements current practices and has no impact on state revenues or expenditures.

FISCAL IMPACT:

None

Dave Lewis 1-4-95  
DAVE LEWIS, BUDGET DIRECTOR      DATE  
Office of Budget and Program Planning

Dan Harrington  
DAN HARRINGTON, PRIMARY SPONSOR      DATE

Fiscal Note for HB0038, as introduced

HB 38

APPROVED BY COMMITTEE  
ON TAXATION

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