

SENATE BILL NO. 480

INTRODUCED BY CROMLEY

1
2
3
4 A BILL FOR AN ACT ENTITLED: "AN ACT ELIMINATING THE COAL SEVERANCE TAX RATE INCENTIVE
5 FOR IN-STATE ELECTRICAL PRODUCTION; AMENDING SECTION 15-35-103, MCA; AND PROVIDING AN
6 IMMEDIATE EFFECTIVE DATE."

7
8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

9
10 **Section 1.** Section 15-35-103, MCA, is amended to read:
11 **"15-35-103. (Temporary) Severance tax -- rates imposed.** (1) ~~(a)~~ A severance tax is imposed on each
12 ton of coal produced in the state in accordance with the following schedule:

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

17 ~~(b) The rate of taxation for coal that meets the following conditions is one-third the applicable rate set~~
18 ~~forth in subsection (1)(a), rounded to the nearest 10th of a percent:~~

19 ~~—— (i) The coal is used for the production of electricity within the state in an electrical generation facility that~~
20 ~~was constructed after December 31, 2001, and before January 1, 2008.~~

21 ~~—— (ii) The electrical producer agrees to offer, for use within the state, the first one-half of the amount of~~
22 ~~power that it produces to Montana customers and distribution services providers at a cost to be set by the public~~
23 ~~service commission that reflects the producer's cost of generating the electricity plus a reasonable return on~~
24 ~~investment.~~

25 (2) "Value" means the contract sales price.

26 ~~(3) The formula that yields the greater amount of tax in a particular case must be used at each point~~
27 ~~on the schedule.~~

28 ~~(4)(3)~~ A person is not liable for any severance tax upon 50,000 tons of the coal that the person produces
29 in a calendar year, except that if more than 50,000 tons of coal are produced in a calendar year, the producer
30 is liable for severance tax upon all coal produced in excess of the first 20,000 tons.

