

Natural Resource Taxes

Resource Indemnity and Groundwater Assessment Tax

EXHIBIT 5
DATE 01/27/10

HB 2

Tax Rates

The resource indemnity and groundwater assessment tax (RIGWAT) was created to indemnify the citizens of Montana for the loss of long-term value resulting from the depletion of natural resource bases, and for environmental damage caused by mineral development.

Mineral	Tax *
Talc	4% of gross value
Coal	0.4% of gross value
Vermiculite	2% of gross value
Quicklime	10% of gross value
Industrial Garnets	1% of gross value
Other	0.5% of gross value

* Minimum tax is \$25

Exemptions

- Metal production subject to the metal mines license tax is exempt from RIGWAT.
- Oil and gas royalties received by an Indian tribe, by the U.S. Government as trustee for individual Indians, by the U.S. Government, by the State of Montana, or by a county or municipality are exempt from RIGWAT.
- Oil and natural gas production subject to the oil and gas production tax is exempt from RIGWAT.

Filing Requirements

All extractors and producers of minerals must file an annual statement showing the gross yield of product for each mineral mined. Metal producers are required to file on or before March 31. All other producers are required to file on or before the 60th day following the end of the calendar year. The tax due is required to be paid at the time of filing the statement of gross yield.

RIGWAT Tax Collections

Mineral	FY1999	FY2000	FY2001	FY2002	FY2003	FY2004
Coal	\$1,069,298	\$1,034,506	\$951,681	\$998,816	\$1,005,490	\$965,537
Metals	1,078	0	1,862	460	0	0
Other	203,363	288,596	123,529	225,031	220,121	284,991
Total	\$1,273,739	\$1,323,102	\$1,077,072	\$1,224,307	\$1,225,611	\$1,250,528

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Distribution of RIGWAT

The principal of the resource indemnity trust reached \$100 million in fiscal year 2002, and by statute no more funds are to be deposited in the trust. In fiscal year 2004, \$366,000 was deposited in the groundwater assessment account, 50% of the remainder was deposited in the reclamation and development grants account and 50% of the remainder was deposited in the orphan share account.

Distribution of Interest Income

Interest from the resource indemnity trust is allocated in a two-stage process. First, several programs receive fixed allocations. Second, remaining funds are divided between four programs on a percentage basis. The table shows these allocations.

Distribution of Resource Indemnity Trust Interest

	Fixed Allocations		Percentage Allocations of Remainder
	Even Numbered Fiscal Years	Odd Numbered Fiscal Years	
MSU-Northern Water Quality Program	\$240,000	\$240,000	
Renewable Resource Grants and Loans	\$2,000,000	\$2,000,000	25.5% ²
Reclamation and Development Grants	\$1,200,000	\$1,200,000 ¹	45.0% ²
Groundwater Assessment	\$300,000	\$300,000	—
Fishery Habitat Restoration	\$350,000	\$350,000 ¹	—
Environmental Contingency Account	\$175,000	\$0	—
Oil and Gas Damage Mitigation	\$50,000	\$0	—
Water Storage	\$500,000	\$0	—
Hazardous Waste/CERCLA Account	\$0	\$0	22.0% ²
Environmental Quality Protection Fund	\$0	\$0	7.5% ²

1 Beginning FY2006 \$1,500,000 to Reclamation and Development Grants and \$500,000 to Fishery Habitat Restoration

2 Beginning FY2006 30% to Renewable Resource Grants and Loans, 35% to Reclamation and Development Grants, 26% to Hazardous Waste/CERCLA, and 9% to Environmental Quality Protection Fund