

Amendments to Senate Bill No. 427  
1st Reading Copy

Requested by Senator Jason Priest

For the Senate Taxation Committee

Prepared by Jeff Martin  
March 28, 2011 (7:35am)

1. Title, page 1, line 5.

**Strike:** "THE FIRST 500,000 TONS OF"

**Strike:** "AN"

**Insert:** "A NEW OR EXISTING"

**Strike:** the second "THE"

**Insert:** "AN"

2. Title, page 1, line 6.

**Strike:** "ELIMINATING"

**Insert:** "REVISING"

3. Title, page 1, line 7.

**Strike:** "SECTION"

**Insert:** "SECTIONS"

**Following:** "15-23-703"

**Insert:** "AND 15-23-715"

4. Title, page 1, line 7 through line 8.

**Strike:** "REPEALING" on line 7 through "MCA;"

5. Page 1, line 17.

**Strike:** "except as provided in"

**Insert:** "subject to "

**Following:** "(1)(b)"

**Insert:** "and except as provided in subsection (1)(c)"

6. Page 1.

**Following:** line 23

**Insert:** "(b) If the county grants a tax abatement for production from an expanding underground mine as provided in 15-23-715, the department shall levy a tax at a rate that would, after providing for payment to the state of the amount attributable to all applicable state mill levies as if the tax rate were 5%, reduce the tax received by county taxing jurisdictions and any school district on the new or expanded production by 50%."

7. Page 1, line 24.

**Strike:** "(b)"

**Insert:** "(c)"

**Strike:** "subsection (1)(b)(ii)"  
**Insert:** "subsections (1)(c)(ii) and (1)(c)(iii)"  
**Following:** "the"  
**Insert:** "initial"  
**Strike:** "levied on"  
**Insert:** "2.5% against"

8. Page 1, line 25.  
**Following:** "15-23-701(4)"  
**Insert:** "."

9. Page 1, line 25 through line 29.  
**Strike:** "at the" on line 25 through "increment" on line 29

10. Page 1, line 30.  
**Strike:** "on the" through "produced"  
**Insert:** "under subsection (1)(c)(i)"  
**Following:** "years of"  
**Insert:** "coal"

11. Page 2, line 1.  
**Strike:** "the"  
**Insert:** "a new"

12. Page 2.  
**Following:** line 2  
**Insert:** "(iii) For tax years beginning on or after January 1, 2011, and ending on December 31, 2020, the initial tax rate under subsection (1)(c)(i) applies to an existing underground coal mine producing coal from the mine as of December 31, 2010. For tax years beginning after December 31, 2020, coal production is taxed as provided in subsection (1)(a)."

13. Page 2, line 5.  
**Strike:** "subsection (6)"  
**Insert:** "subsections (4) and (7)"

14. Page 2, line 13.  
**Strike:** "(4)"  
**Insert:** "(5)"

15. Page 2, line 16.  
**Strike:** "(5)"  
**Insert:** "(6)"

16. Page 2.  
**Following:** line 24  
**Insert:** "(4) If there is a distribution of coal gross proceeds from an expanding underground mine with a tax abatement as

provided under 15-23-715, the county treasurer shall distribute:

(a) the state's share of the coal gross proceeds determined under subsection (1)(b) in the relative proportion required by the appropriate levies for state purposes; and

(b) the county's share and any school district's share of the coal gross proceeds determined under subsection (1)(b) as provided in this section."

**Renumber:** subsequent subsections

17. Page 3, line 2.

**Strike:** "(4) (a) "

**Insert:** " (5) (a) "

18. Page 3, line 8.

**Strike:** "(5) (a) "

**Insert:** " (6) (a) "

19. Page 3, line 10.

**Strike:** "(7) "

**Insert:** " (8) "

**Strike:** "(8) "

**Insert:** " (9) "

20. Page 3, line 15.

**Strike:** "(6) "

**Insert:** " (7) "

21. Page 3, line 16.

**Strike:** "(4) "

**Insert:** " (5) "

22. Page 3, line 18.

**Strike:** "(6) "

**Insert:** " (7) "

23. Page 3, line 19.

**Strike:** "(5) "

**Insert:** " (6) "

24. Page 3, line 21 through line 23.

**Strike:** section 2 in its entirety

**Insert:** "Section 2. Section 15-23-715, MCA, is amended to read:

"15-23-715. ~~New or expanding~~ **Expanding** underground mines -- tax abatement. (1) A county may abate taxation under this chapter for production from ~~a new or an~~ expanding underground coal mine subject to tax under 15-23-703(1)(a) by 50% for 5 or 10 years by directing the department to levy the tax at a lower tax rate as provided in 15-23-703(1)(b).

(2) An abatement must be authorized by the governing body

of a county. Before an abatement authorization is effective, the school boards of all affected school districts must be notified of the abatement. The authorization must be made by a resolution of the county governing body after a public hearing. The county governing body shall publish notice of the hearing in a newspaper that meets the requirements of 7-1-2121. The notice must be published twice, with at least 6 days separating publications. The first publication may be no more than 30 days prior to the hearing and the last publication must be at least 3 days prior to the hearing.

(3) An abatement authorization may be made for a 5-tax-year period, and upon expiration of that period, it may be authorized for one more 5-tax-year period. An abatement authorization must be made prior to the beginning of the property tax year in which abatement is in effect. The department must be notified of each abatement authorization prior to the beginning of the tax year.

(4) ~~(a) Production from a new underground mine is all production from a mine that in the year prior to the tax year in which the first abatement will apply had production of less than 500,000 tons of coal and the production during the course of the abatement period is estimated to be and actually amounts to at least five times the preabatement production amount.~~

~~——(b) Production from an expanding underground mine is that portion of the mine's production that exceeds the average production for the previous 3 years. To qualify for the abatement, the total of the prior average production and the new production may not decrease during the time of the abatement."~~

~~{ Internal References to 15-23-715:~~

~~15-23-703 a 15-23-703 a }"~~

- END -