

SENATE BILL NO. 427

INTRODUCED BY J. PRIEST

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4 A BILL FOR AN ACT ENTITLED: "AN ACT PROVIDING AN INITIAL COAL GROSS PROCEEDS TAX RATE OF
5 2.5% ON THE FIRST 500,000 TONS OF COAL PRODUCED FROM AN UNDERGROUND MINE FOR THE
6 INITIAL 10-YEAR PERIOD; ELIMINATING THE COUNTY TAX ABATEMENT FOR PRODUCTION FROM A
7 NEW OR EXPANDING UNDERGROUND MINE; AMENDING SECTION 15-23-703, MCA; REPEALING
8 SECTION 15-23-715, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE AND A RETROACTIVE
9 APPLICABILITY DATE."

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11 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

12
13 **Section 1.** Section 15-23-703, MCA, is amended to read:
14 **"15-23-703. Taxation of gross proceeds -- taxable value for county classification and nontax**
15 **purposes.** (1) (a) The department shall compute from the reported value of coal gross proceeds a tax roll that
16 must be transmitted to the county treasurer on or before September 15 of each year. The department may not
17 levy or assess any mills against coal gross proceeds but shall, ~~subject to~~ except as provided in subsection (1)(b),
18 levy a tax of 5% against the value of coal as provided in 15-23-701(4). The county treasurer shall give full notice
19 to each coal producer of the taxes due and shall collect the taxes.

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

24 (b) (i) Subject to subsection (1)(b)(ii), the tax on coal mined from an underground coal mine is levied on
25 the value of coal as provided in 15-23-701(4) at the following rates:

<u>Tons of Coal</u>	<u>Rate of Tax</u>
<u>Produced</u>	<u>(percentage of value)</u>
<u>the first 500,000 tons</u>	<u>2.5%</u>
<u>more than 500,000 tons</u>	<u>5% of the increment</u>

30 (ii) The initial tax rate on the first 500,000 tons of coal produced applies to the first 10 years of production

1 from the underground mine for tax years beginning after December 31, 2010. After 10 years, coal production is
 2 taxed as provided in subsection (1)(a).

3 (2) For county classification and all nontax purposes, the taxable value of the gross proceeds of coal is
 4 45% of the contract sales price as defined in 15-35-102.

5 (3) (a) Except as provided in ~~subsections (4) and (7)~~ subsection (6) and subject to subsection (3)(b), coal
 6 gross proceeds taxes must be allocated to the state, county, and school districts in the same relative proportions
 7 as the taxes were distributed in fiscal year 1990.

8 (b) The county treasurer shall multiply the coal gross proceeds taxes collected in the county under this
 9 part by the relative proportions determined for the state, county, and school districts under subsection (3)(a).
 10 Those amounts must be distributed as follows:

11 (i) the state share must be distributed in the relative proportions required by levies for state purposes
 12 in the same manner as property taxes were distributed in fiscal year 1990;

13 (ii) except as provided in subsection ~~(5)~~ (4), the county share must be distributed in the relative
 14 proportions required by levies for county purposes, other than an elementary school or high school, in the same
 15 manner as property taxes were distributed in the previous fiscal year;

16 (iii) except as provided in subsection ~~(6)~~ (5), the school districts' share must be distributed in the relative
 17 proportions required by levies for school district purposes in the same manner as property taxes were distributed
 18 in the previous fiscal year.

19 ~~(4) If there is a distribution of coal gross proceeds from a new or expanding underground mine with a~~
 20 ~~tax abatement as provided under 15-23-715, the county treasurer shall distribute:~~

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

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

25 ~~(5)~~(4) The board of county commissioners of a county may direct the county treasurer to reallocate the
 26 distribution of coal gross proceeds taxes that would have gone to a taxing unit, as provided in subsection ~~(3)(b)(i)~~
 27 (3)(b)(ii), to another taxing unit or taxing units, other than an elementary school or high school, within the county
 28 under the following conditions:

29 (a) The county treasurer shall first allocate the coal gross proceeds taxes to the taxing units within the
 30 county in the same proportion that all other property tax proceeds were distributed in the county in the previous

1 fiscal year.

2 (b) If the allocation in subsection ~~(5)(a)~~ (4)(a) exceeds the total budget of a taxing unit, the
3 commissioners may direct the county treasurer to reallocate the excess to any taxing unit within the county.

4 ~~(6)(5)~~ The board of trustees of an elementary or high school district may reallocate the coal gross
5 proceeds taxes distributed to the district by the county treasurer under the following conditions:

6 (a) The district shall first allocate the coal gross proceeds taxes to the budgeted funds of the district in
7 the same proportion that all other property tax proceeds were distributed in the district in the previous fiscal year.

8 (b) If the allocation under subsection ~~(6)(a)~~ (5)(a) exceeds the total budget for a fund, the trustees may
9 reallocate the excess to any budgeted fund of the school district.

10 ~~(7)(6)~~ Except as provided in subsections ~~(8)~~ (7) and ~~(9)~~ (8), the county treasurer shall credit all taxes
11 collected under this part from coal mines that began production after December 31, 1988, in the relative
12 proportions required by the levies for state, county, and school district purposes in the same manner as property
13 taxes were distributed in the previous fiscal year.

14 ~~(8)(7)~~ The board of county commissioners of a county may direct the county treasurer to reallocate the
15 distribution of coal gross proceeds under subsection ~~(7)~~ (6) in the same manner as provided in subsection ~~(5)~~
16 (4).

17 ~~(9)(8)~~ The board of trustees of an elementary or high school district may reallocate the coal gross
18 proceeds taxes distributed to the district by the county treasurer under subsection ~~(7)~~ (6) in the same manner as
19 provided in subsection ~~(6)~~ (5)."

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21 **NEW SECTION. Section 2. Repealer.** The following section of the Montana Code Annotated is
22 repealed:

23 15-23-715. New or expanding underground mines -- tax abatement.

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25 **NEW SECTION. Section 3. Effective date.** [This act] is effective on passage and approval.

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27 **NEW SECTION. Section 4. Retroactive applicability.** [This act] applies retroactively, within the
28 meaning of 1-2-109, to coal produced and sold from an underground coal mine after December 31, 2010.

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