

SENATE BILL NO. 30

INTRODUCED BY B. GLASER

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A BILL FOR AN ACT ENTITLED: "AN ACT REDUCING THE SHORTFALL IN GENERAL FUND REVENUE BY REQUIRING THE SEMIANNUAL PAYMENT OF METALLIFEROUS MINES LICENSE TAXES BASED UPON CURRENT YEAR PRODUCTION; AMENDING SECTIONS 15-37-102, 15-37-103, 15-37-104, 15-37-105, 15-37-106, ~~AND 15-37-108, AND 15-37-117~~, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE AND AN APPLICABILITY DATE."

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

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Section 1. Section 15-37-102, MCA, is amended to read:

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"15-37-102. Gross value of metal mine yield -- computation -- definitions. As used in this part, the following definitions apply:

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(1) The "annual reporting date", as used in this part, means the last day of the calendar year. The "annual gross "Gross value of product", as used in this part, means the receipts received, as defined in 15-23-801, from all merchantable metals or concentrate containing metals or precious and semiprecious gems and stones extracted or produced ~~each calendar year~~ each reporting period from any mine or mining property in the state or recovered from the smelting, milling, reduction, or treatment in any manner of ores extracted from the mine or mining property or from tailings resulting from the smelting, reduction, or treatment of the ores; and

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(2) "reporting period" means:

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(a) for periods beginning prior to January 1, 2003, the calendar year; and

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(b) for periods beginning on or after January 1, 2003, the 6-month period ending June 30 or December 31, as applicable."

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Section 2. Section 15-37-103, MCA, is amended to read:

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"15-37-103. Rate of tax. (1) The ~~annual~~ license tax to be paid by a person engaged in or carrying on the business of working or operating any mine or mining property in this state from which gold, silver, copper, lead, or any other metal or metals or precious or semiprecious gems or stones are produced ~~shall be~~ is an amount computed on the gross value of product ~~which may have been~~ derived by the person from mining

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1 business, work, or operation within this state during the ~~calendar year immediately~~ preceding reporting period.

2 (2) Concentrate shipped to a smelter, mill, or reduction work is taxed at the following rates:

3	Gross Value	Rate of Tax
4	of Product	(percentage of gross value)
5	first \$250,000	0%
6	more than \$250,000	1.81% of the increment

7 (3) Gold, silver, or any platinum-group metal that is dore, bullion, or matte and that is shipped to a
8 refinery is taxed at the following rates:

9	Gross Value	Rate of Tax
10	of Product	(percentage of gross value)
11	first \$250,000	0%
12	more than \$250,000	1.6% of the increment"

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14 **Section 3.** Section 15-37-104, MCA, is amended to read:

15 **"15-37-104. Mine operator's statement of gross value -- reports and sampling.** (1) Every person
16 engaged in or carrying on the business of working or operating any mine or mining property in this state from
17 which gold, silver, copper, lead, or any other metal or metals; or precious or semiprecious gems or stones are
18 produced ~~must shall~~, not later than ~~March 31 following the end of each calendar year~~ the end of the reporting
19 period THE DATE FOR PAYMENT OF THE TAX UNDER 15-37-105, when engaged in or carrying on any mining
20 business, work, or operation, make out a statement of the gross value of product from all mines and mining
21 properties worked or operated by the person during the ~~calendar year immediately preceding~~ reporting period.

22 If good cause is shown, the department may grant a reasonable extension of the time for filing statements. The
23 statement ~~shall~~ must be in the form prescribed by the department of revenue and ~~shall~~ must show the following:

24 (a) the name, address, and telephone number of the owner, lessee, or operator of the mine or mining
25 property;

26 (b) the mine's location by county and legal description;

27 (c) the number of tons of ore, concentrate, or other mineral products or deposits extracted from the mine
28 or mining property during the period covered by the statement;

29 (d) the name and location of the smelter, mill, or reduction works to which the ore or concentrate has
30 been shipped or sold during the period covered by the statement and other information as the department may

1 require;

2 (e) the gross yield of the ores, concentrates, mineral products, or deposits in constituents of commercial
3 value, such as the number of ounces of gold or silver, pounds of copper, lead, or zinc, or other commercially
4 valuable constituents of the ores, concentrates, or mineral products or deposits, measured by standard units of
5 measurement, during the period covered by the statement;

6 (f) the annual gross value of product in dollars and cents.

7 (2) This section applies regardless of the location of any smelter, mill, or reduction works to which the
8 ore or concentrate is shipped.

9 (3) Any sampling, testing, or assaying made necessary to comply with this section must be completed
10 within this state and prior to any mixture of the ore or concentrate to be assayed with ore or concentrate from
11 any other mine or mining property."

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13 **Section 4.** Section 15-37-105, MCA, is amended to read:

14 **"15-37-105. Computation and payment of tax.** (1) The tax due under this part is computed according
15 to 15-37-103, ~~and The FOR THE REPORTING PERIOD DEFINED IN 15-37-102(2)(A), THE tax~~ is due and payable on or
16 before March 31 of each year, ~~for the reporting period defined in 15-37-102(2)(a) and on the date of the end of~~
17 FOR the reporting period PERIODS defined in 15-37-102(2)(b), THE TAX IS DUE AT THE END OF THE REPORTING PERIOD,
18 AND FOR THE REPORTING PERIOD ENDING JUNE 30, THE TAX IS PAYABLE BY AUGUST 15, AND FOR THE REPORTING PERIOD
19 ENDING DECEMBER 31, THE TAX IS PAYABLE BY MARCH 31. ~~for~~ The tax is imposed on the products produced in the
20 preceding calendar year reporting period.

21 (2) The tax due under this part becomes delinquent as of:

22 (a) midnight on March 31 of the year immediately following the production year for the reporting period
23 defined in 15-37-102(2)(a) or for each reporting period ending December 31 under 15-37-102(2)(b); and

24 (b) midnight on August 15 for each reporting period ending June 30 under 15-37-102(2)(b).

25 (3) If good cause is shown, the department may grant a reasonable extension of time for payment of
26 the tax. During the period of any extension granted, the tax due bears interest as provided in 15-1-216.

27 ~~(2)(4)~~ (4) If any person has sold or otherwise disposed of any of the mine's products at a price substantially
28 below the true market price of the product at the time and place of sale or disposal, then the department shall
29 compute the gross value of the portion of the mine's product sold or disposed of substantially below the market
30 price. The gross value must be based upon the quotations of the price of the mine's product in New York City

1 at the time the portion of the product was sold or otherwise disposed of as evidenced by some established
 2 authority or market report, such as the Engineering and Mining Journal of New York, or some other standard
 3 publication, giving the market reports for the year reporting period covered by the statement. If there is no
 4 quotation covering any particular product, then the department shall fix the value of the gross product or portion
 5 of the gross product that was sold or otherwise disposed of at a price substantially below the true market price
 6 at the time and place of sale or disposal in a manner as may seem to be equitable."

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8 **Section 5.** Section 15-37-106, MCA, is amended to read:

9 **"15-37-106. Procedure in case of failure to file statements.** If any a person shall fail, refuse, or
 10 neglect fails, refuses, or neglects to make and file the required ~~annual~~ statement of gross yield for a ~~production~~
 11 ~~year reporting period~~ on or before ~~March 31 of the year immediately following the production year~~ the date the
 12 tax becomes delinquent under 15-37-105, the department ~~of revenue~~ shall, immediately after the time has
 13 expired, ascertain and determine as nearly as may be possible from any returns or reports filed with any state
 14 or county officer or board under any law of this state and from any other information ~~which~~ that the department
 15 may be able to obtain the total gross value of product of the person from the business during the ~~calendar year~~
 16 ~~immediately preceding the year in reporting period~~ for which the license tax is to be paid. The department shall
 17 make and file a statement showing the amount of the gross value of product and shall ascertain, determine,
 18 compute, and assess the amount of the license taxes due from and to be paid by the person. ~~and~~ The
 19 department shall immediately, as soon as possible, give notice to the person in the same manner as though the
 20 statement had been filed within time. The department shall proceed to collect the license tax, along with the
 21 same penalty and interest as provided for other delinquencies."

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23 **Section 6.** Section 15-37-108, MCA, is amended to read:

24 **"15-37-108. Delinquent taxes -- penalty and interest.** All license taxes assessed under the provisions
 25 of this part become delinquent if not paid on or before midnight of ~~March 31 of the year immediately following~~
 26 ~~the production year~~ the date established in 15-37-105(2). The department shall add to the amount of delinquent
 27 metalliferous mines tax penalty and interest as provided in 15-1-216. The department may waive a late payment
 28 penalty as provided in 15-1-206."

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30 **SECTION 7. SECTION 15-37-117, MCA, IS AMENDED TO READ:**

1 **"15-37-117. Disposition of metalliferous mines license taxes.** (1) Metalliferous mines license taxes
2 collected under the provisions of this part must, in accordance with the provisions of 15-1-501, be allocated as
3 follows:

4 (a) to the credit of the general fund of the state, 58% of total collections each year;

5 (b) to the state special revenue fund to the credit of a hard-rock mining impact trust account, 2.5% of
6 total collections each year;

7 (c) to the hard-rock mining reclamation debt service fund created in 82-4-312, 8.5% of total collections
8 each year;

9 (d) to the reclamation and development grants program state special revenue account, 7% of total
10 collections each year; and

11 (e) ~~on or before June 1~~ within 60 days of the date the tax is payable pursuant to 15-37-105, to the
12 county or counties identified as experiencing fiscal and economic impacts, resulting in increased employment
13 or local government costs, under an impact plan for a large-scale mineral development prepared and approved
14 pursuant to 90-6-307, in direct proportion to the fiscal and economic impacts determined in the plan or, if an
15 impact plan has not been prepared, to the county in which the mine is located, 24% of total collections each year,
16 to be allocated by the county commissioners as follows:

17 (i) not less than 37.5% to the county hard-rock mine trust reserve account established in 7-6-2225; and

18 (ii) all money not allocated to the account pursuant to subsection (1)(e)(i) to be further allocated as
19 follows:

20 (A) 33 1/3% is allocated to the county for planning or economic development activities;

21 (B) 33 1/3% is allocated to the elementary school districts within the county that have been affected by
22 the development or operation of the metal mine; and

23 (C) 33 1/3% is allocated to the high school districts within the county that have been affected by the
24 development or operation of the metal mine.

25 (2) When an impact plan for a large-scale mineral development approved pursuant to 90-6-307
26 identifies a jurisdictional revenue disparity, the county shall distribute the proceeds allocated under subsection
27 (1)(e) in a manner similar to that provided for property tax sharing under Title 90, chapter 6, part 4.

28 (3) The department shall return to the county in which metals are produced the tax collections allocated
29 under subsection (1)(e). The allocation to the county described by subsection (1)(e) is a statutory appropriation
30 pursuant to 17-7-502."

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2 NEW SECTION. **Section 8. Effective date.** [This act] is effective on passage and approval.

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4 NEW SECTION. **Section 9. Applicability.** [This act] applies to metalliferous mines license taxes for
5 periods beginning on or after January 1, 2003.

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