# **Metal Mines Tax** (15-37-101, MCA.)

## 1. Model Characteristics

The metal mines estimate is derived from a simple fiscal year average price change projection off the prior year base. The production base is adjusted for known mine operation changes (production shares if known). These are done by increasing or reducing historical mine production shares. Reports of new mines or new production are heavily discounted.

## 2. Model Data

- Historical data is obtained from SABHRS collections and DOR GENTAX data. Future price data is obtained from industry analyst's forecasts and IHS Economics.

## 3. Key Variables

- Prior year production and collections.
- Industry analyst price forecasts (www.Kitco.com contributed commentaries).
- IHS Economics – producer price index for metals.
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## 4. Other Important Points

- Price is the most variable input, mine existing permitting or mine closures can have a significant impact.
- Disaggregated data (specific production of each metal at each mine) has been subject to significant data entry error with decimal shifts and unit variations discrepancies (e.g. troy ounces or pounds or hundred weights). Actual tax is reconciled to receipts and is much cleaner.
- Biennial mine production intentions survey data are used adjust production forecast if the relevant surveys are available.
- Monitor press reports and consultation with DOR Management Analysts.
- This estimate is evaluated relative to the Class 2 Property tax estimate, which is a simple regression model of collections relative to the producer price index for metals with dummy variables for mine closures.