

## Metalliferous Mines Tax

### Revenue Description

The metalliferous mines license tax is imposed on the production of metals, gems or stones in the state. The tax rate is applied to the gross value of the product, which is defined as the market value of the commodity multiplied by the quantity produced. The first \$250,000 of value is exempt from taxation. A company taxed at both rates can claim both exemptions.

### Statutory Reference

Tax Rate – [15-37-103, MCA](#)

Tax Distribution – [15-37-117, MCA](#); [17-2-124\(2\), MCA](#)

Date Due – August 15<sup>th</sup> for the period January through June, March 31<sup>st</sup> for the period July through December ([15-37-105, MCA](#))

### Applicable Tax Rates

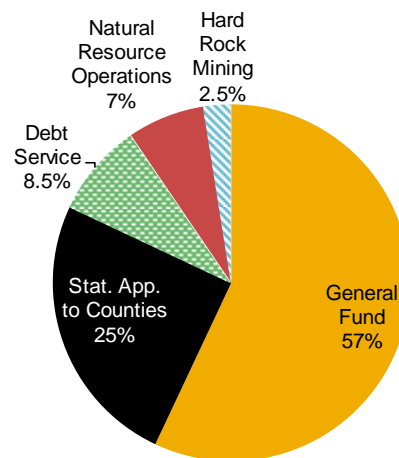
There are two tax rates which depend on the extraction type:

- 1.60% for dore, bullion or matte that is sent to a refinery
- 1.81% for concentrate sent to a smelter, mill or reduction work

The appropriate tax rate is applied to the gross value less allowable deductions and the \$250,000 exemption.

**Collection Frequency:** Biannually

### Distribution



### Summary of Legislative Action

[Senate Bill 20](#) – This bill changes the general fund allocation of metalliferous mines license tax from 57% to 47%, and reallocates the revenue to impacted counties. Hard rock mining counties starting in FY 2016 would receive an additional \$1.2 to \$1.4 million per year. This bill also reallocates \$1.2 million annually from the orphan share account beginning in FY 2019 to the environmental quality protection fund (EQPF). The transfer would be designated for metal mine reclamation projects at abandoned mine sites and the state's contribution for cleanup, long-term operation, and maintenance costs at the Libby asbestos superfund site. Funds allocated to the EQPF for abandoned mine reclamation would be specifically exempted from other requirements of the Comprehensive Environmental Cleanup and Responsibility Act ([Title 17, chapter 7, part 4, MCA](#)).

Metalliferous Mines Tax – Legislation Passed by 64th Legislature General Fund Impact (\$ Millions)			
Bill Number and Short Title	FY 2015	FY 2016	FY 2017
SB0020 Reallocate metal mines license tax	-	-	(\$1.389)
Total General Fund Impact	-	-	(\$1.389)

## Revenue Estimate Methodology

### Data

The estimate for this source is based on surveys from Montana mining companies regarding anticipated production, historical prices from the U.S. Geological Survey, historical revenue collections from SABHRS, and historical price and production data from the Department of Revenue (DOR). Forecast prices are based on available projections from [Kitco.com](http://www.kitco.com).

### Analysis

As reported on the surveys, future metals production for each company is summed by commodity. Amounts may be adjusted to fit with historical trends or if major changes are expected from historical production. The estimated production amount for each metal for all companies is summed and multiplied by the estimated price for that metal, with the resulting gross value for each metal being summed to produce a total gross value.

Total taxable value is obtained by reducing the total gross value by a time trended value of refining and other costs. The calendar year estimate is obtained by multiplying the total taxable value by the effective tax rate. Since a company's taxable value could be subject to two tax rates—1.81% for concentrates shipped to a smelter, mill or reduction work and 1.6% for dore, bullion, or matte that is shipped to a refinery—an effective tax rate is used to capture both these rates. Calendar year estimates are converted to fiscal year estimates by an equal allocation.

## Revenue Estimate Assumptions

This section contains the assumptions used to generate the revenue estimates contained in House Joint Resolution 2. It does not reflect changes, if any, enacted by the 2015 Legislature.

FY	Total Tax \$ Millions	GF Tax \$ Millions	Tax Value CY \$ Millions	Effective CY Rate
A 2002	\$5.740	\$3.329	\$303.045	2.2%
A 2003	7.056	4.586	347.630	1.4%
A 2004	5.572	3.232	473.985	1.5%
A 2005	9.076	5.264	703.353	1.6%
A 2006	12.435	7.028	881.571	1.6%
A 2007	15.774	8.991	1,088.728	1.8%
A 2008	18.902	10.774	977.417	1.3%
A 2009	10.514	5.993	637.349	1.6%
A 2010	11.476	6.541	793.676	1.5%
A 2011	14.204	8.097	1,062.381	1.6%
A 2012	17.562	10.010	1,115.637	1.8%
A 2013	17.630	10.049	871.112	1.6%
A 2014	13.943	7.948	903.744	1.6%
F 2015	14.452	8.238	935.910	1.6%
F 2016	14.580	8.311	920.038	1.6%
F 2017	13.891	7.918	848.131	1.6%

