# 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 15th for the period January through June, March 31st 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

Over half of metal mine tax is allocated to the general fund, with impacted counties receiving the majority of the remaining amount. SB 20 (2015 Session) changed the distribution of revenue starting in FY 2016; with future allocations as follows:

- 47% to the general fund
- 8.5% to the hard-rock mining reclamation debt service fund
- 7% to the natural resources operations state special revenue account
- 2.5% to the hard rock mining impact trust account
- 35% impacted counties

## Revenue Estimate Methodology

Data

The estimate for this source is based on 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 World Bank's Commodity Market Outlook.

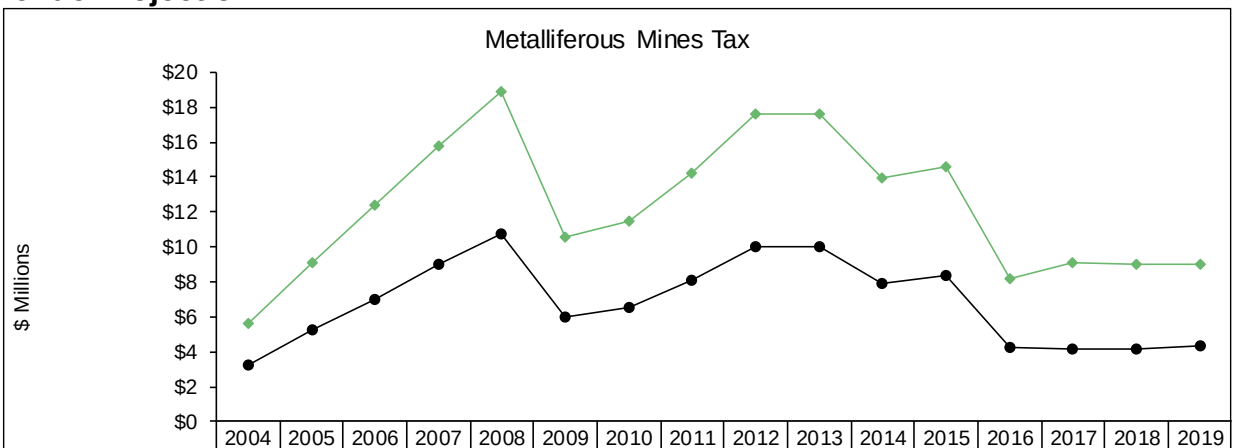
Analysis

Production for each metal type is forecast as a five-year rolling average. Production multiplied by price results in the total gross value for each metal type. 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

| FY | Total Tax $ Millions | GF Tax $ Millions | Net Value CY $ Millions | Effective CY Rate | RTIC Adjustment $ Millions |
|---|---|---|---|---|---|
| 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 | 972.186 | 1.3% | |
| A 2009 | 10.514 | 5.993 | 638.821 | 1.6% | |
| A 2010 | 11.476 | 6.541 | 793.644 | 1.5% | |
| A 2011 | 14.204 | 8.097 | 1,061.914 | 1.6% | |
| A 2012 | 17.562 | 10.010 | 1,114.512 | 1.8% | |
| A 2013 | 17.630 | 10.049 | 871.153 | 1.6% | |
| A 2014 | 13.943 | 7.948 | 899.995 | 1.9% | |
| A 2015 | 14.597 | 8.320 | 660.456 | 1.2% | |
| A 2016 | 8.164 | 4.221 | 651.291 | 1.6% | |
| F 2017 | 9.103 | 4.129 | 629.257 | 1.6% | ($0.281) |
| F 2018 | 8.979 | 4.160 | 610.306 | 1.6% | (0.114) |
| F 2019 | 9.001 | 4.314 | 623.452 | 1.6% | 0.158 |

## Revenue Projection




| | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Total | 5.6 | 9.1 | 12.4 | 15.8 | 18.9 | 10.5 | 11.5 | 14.2 | 17.6 | 17.6 | 13.9 | 14.6 | 8.2 | 9.1 | 9.0 | 9.0 |
| General Fund | 3.2 | 5.3 | 7.0 | 9.0 | 10.8 | 6.0 | 6.5 | 8.1 | 10.0 | 10.0 | 7.9 | 8.3 | 4.2 | 4.1 | 4.2 | 4.3 |
| GF Growth | -30% | 63% | 34% | 28% | 20% | -44% | 9% | 24% | 24% | 0% | -21% | 5% | -49% | -2% | 1% | 4% |