

HOUSE BILL NO. 403

INTRODUCED BY B. USHER

A BILL FOR AN ACT ENTITLED: "AN ACT REVISING THE COAL GROSS PROCEEDS TAX RATE ON COAL MINED FROM AN UNDERGROUND MINE; AND AMENDING SECTION 15-23-703, MCA."

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

Section 1. Section 15-23-703, MCA, is amended to read:

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

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

(c) (i) For tax years beginning after December 31, 2011, the initial tax on coal mined from a new underground coal mine is 2.5% against the value of coal as provided in 15-23-701(4) for the first 10 years of coal production. After 10 years, coal production from the mine is taxed as provided in subsection (1)(a).

(ii) For tax years beginning on or after January 1, 2011, and ending December 31, 2020 2030, the initial tax rate under subsection (1)(c)(i) applies to coal mined from an existing underground coal mine producing coal from the mine as of December 31, 2010. For tax years beginning after December 31, 2020 2030, coal production is taxed as provided in subsection (1)(a).

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

(3) (a) Except as provided in subsections (4) and (7) and subject to subsection (3)(b), coal gross



1 proceeds taxes must be allocated to the state, county, and school districts in the same relative proportions as
2 the taxes were distributed in fiscal year 1990.

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

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

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

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

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

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

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

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

24 (a) The county treasurer shall first allocate the coal gross proceeds taxes to the taxing units within the
25 county in the same proportion that all other property tax proceeds were distributed in the county in the previous
26 fiscal year.

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

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

