

SENATE BILL NO. 328

INTRODUCED BY T. RICHMOND

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A BILL FOR AN ACT ENTITLED: "AN ACT AUTHORIZING A BOARD OF COUNTY COMMISSIONERS TO AUTHORIZE A LOCAL ABATEMENT OF THE COAL GROSS PROCEEDS TAX FROM A NEW OR EXPANDING SURFACE COAL MINE; UTILIZING THE SAME ABATEMENT PROVISIONS FOR SURFACE MINING AS UNDERGROUND MINING; AMENDING SECTIONS 15-23-703 AND 15-23-715, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE AND A RETROACTIVE APPLICABILITY DATE."

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 surface or 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, 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, coal production is taxed as provided in subsection (1)(a).

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

3 (3) (a) Except as provided in subsections (4) and (7) and subject to subsection (3)(b), coal gross
4 proceeds taxes must be allocated to the state, county, and school districts in the same relative proportions as
5 the taxes were distributed in fiscal year 1990.

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

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

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

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

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

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

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

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

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

30 (b) If the allocation in subsection (5)(a) exceeds the total budget of a taxing unit, the commissioners may

1 direct the county treasurer to reallocate the excess to any taxing unit within the county.

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

4 (a) The district shall first allocate the coal gross proceeds taxes to the budgeted funds of the district in
5 the same proportion that all other property tax proceeds were distributed in the district in the previous fiscal year.

6 (b) If the allocation under subsection (6)(a) exceeds the total budget for a fund, the trustees may
7 reallocate the excess to any budgeted fund of the school district.

8 (7) Except as provided in subsections (8) and (9), the county treasurer shall credit all taxes collected
9 under this part from coal mines that began production after December 31, 1988, in the relative proportions
10 required by the levies for state, county, and school district purposes in the same manner as property taxes were
11 distributed in the previous fiscal year.

12 (8) The board of county commissioners of a county may direct the county treasurer to reallocate the
13 distribution of coal gross proceeds under subsection (7) in the same manner as provided in subsection (5).

14 (9) The board of trustees of an elementary or high school district may reallocate the coal gross proceeds
15 taxes distributed to the district by the county treasurer under subsection (7) in the same manner as provided in
16 subsection (6)."

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18 **Section 2.** Section 15-23-715, MCA, is amended to read:

19 **"15-23-715. New or expanding underground mines -- tax abatement -- definition.** (1) A county may
20 abate taxation under this chapter for production from a new or expanding surface or underground coal mine that
21 is taxed at the rate provided in 15-23-703(1)(a) by 50% or less for 5 or 10 years by directing the department to
22 levy the tax at a lower tax rate as provided in 15-23-703(1)(b).

23 (2) An abatement must be authorized by the governing body of a county. Before an abatement
24 authorization is effective, the school boards of all affected school districts must be notified of the abatement. The
25 authorization must be made by a resolution of the county governing body after a public hearing. The county
26 governing body shall publish notice of the hearing in a newspaper that meets the requirements of 7-1-2121. The
27 notice must be published twice, with at least 6 days separating publications. The first publication may be no more
28 than 30 days prior to the hearing and the last publication must be at least 3 days prior to the hearing.

29 (3) An abatement authorization may be made for a 5-tax-year period, and upon expiration of that period,
30 it may be authorized for one more 5-tax-year period. The abatement of taxation for the second 5-tax-year period

1 may be 50% or less. An abatement authorization must be made prior to the beginning of the property tax year
2 in which abatement is in effect. The department must be notified of each abatement authorization prior to the
3 beginning of the tax year.

4 (4) (a) Production from a new surface or underground mine is all production from a mine that in the year
5 prior to the tax year in which the first abatement will apply had production of less than 500,000 tons of coal and
6 the production during the course of the abatement period is estimated to be and actually amounts to at least five
7 times the preabatement production amount.

8 (b) Production from an expanding surface or underground mine is that portion of the mine's production
9 that exceeds the average production for the previous 3 years. To qualify for the abatement, the total of the prior
10 average production and the new production may not decrease during the time of the abatement.

11 (5) For the purpose of 15-23-703 and this section, "surface mine" means coal mining using any method
12 other than underground mining."

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14 NEW SECTION. Section 3. Effective date. [This act] is effective on passage and approval.

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16 NEW SECTION. Section 4. Retroactive applicability. [This act] applies retroactively, within the
17 meaning of 1-2-109, to tax years beginning after December 31, 2018.

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