

# Legislative Fiscal Division

## Revenue Estimate Profile

### Resource Indemnity Tax

**Revenue Description:** The state imposes a resource indemnity and ground water assessment (RIGWA) tax on the gross value of coal (based on the contract sales price), as well as most minerals, but not gravel, metals, oil, and natural gas. Prior to July 1, 2002 when the Governor by executive order certified to the Secretary of State that the resource indemnity trust balance had reached \$100 million, a portion of oil and natural gas taxes had been distributed under the same methodology as the RIGWA tax. Once the RIT balance reached \$100 million, this portion of oil and natural gas taxes no longer has a connection to the RIGWA tax. The RIGWA tax on all other production is specific to each resource as described below.

**Statutory Reference:**

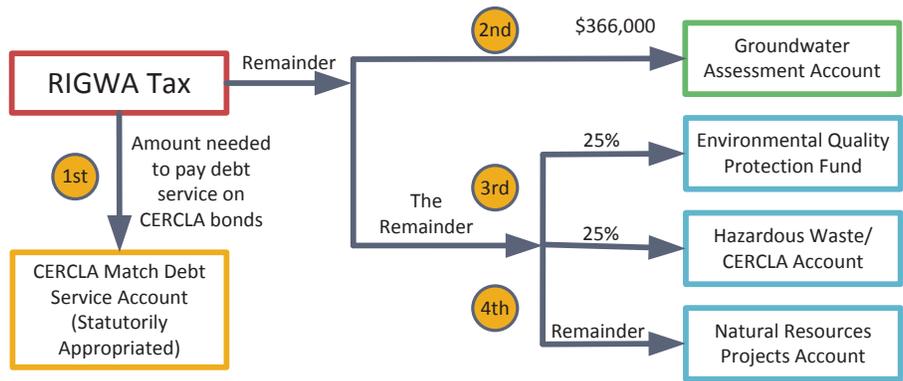
- Tax Rate (MCA) – 15-38-104
- Tax Distribution (MCA) – 15-38-106
- Date Due from metal producers – March 31st following the end of the calendar year (15-38-105, 15-38-106(1))
- Date Due from mineral producers – 60 days following the end of the calendar year (15-38-105, 15-38-106(1))

**Applicable Tax Rate(s):** The applicable rates are as follows:

- Coal: \$25 plus 0.4% of the gross value of coal produced in the preceding year in excess of \$6,250
- Minerals: \$25 plus 0.5% of the gross value of minerals (excluding gravel and metals, and excluding oil and natural gas since the resource indemnity trust has reached \$100 million) produced in the preceding year in excess of \$5,000
- Talc: \$25 plus 0.4% of the gross value of talc produced in the preceding year in excess of \$625
- Vermiculite: \$25 plus 2.0% of the gross value of vermiculite produced in the preceding year in excess of \$1,250
- Limestone: \$25 plus 10.0% of the gross value of limestone produced in the preceding year in excess of \$250
- Garnets: \$25 plus 1.0% of the gross value of garnets produced in the preceding year in excess of \$2,500

**Distribution:** Beginning FY 2004, the amount needed to cover debt service on CERCLA bonds (after amounts transferred from the CERCLA cost recovery account) is deposited to the CERCLA match debt service account, 1<sup>st</sup>. Money is then apportioned in steps 2-4 as shown in the distribution chart.

Distribution Chart:



**Summary of Legislative Action:** The 63<sup>rd</sup> Legislature did not enact legislation that impacted this source.

**Collection Frequency:** The tax is paid annually on or before March 31 of the year following the production year.

**% of Total General Fund Revenue:** N/A

**Revenue Estimate Methodology:**

Data

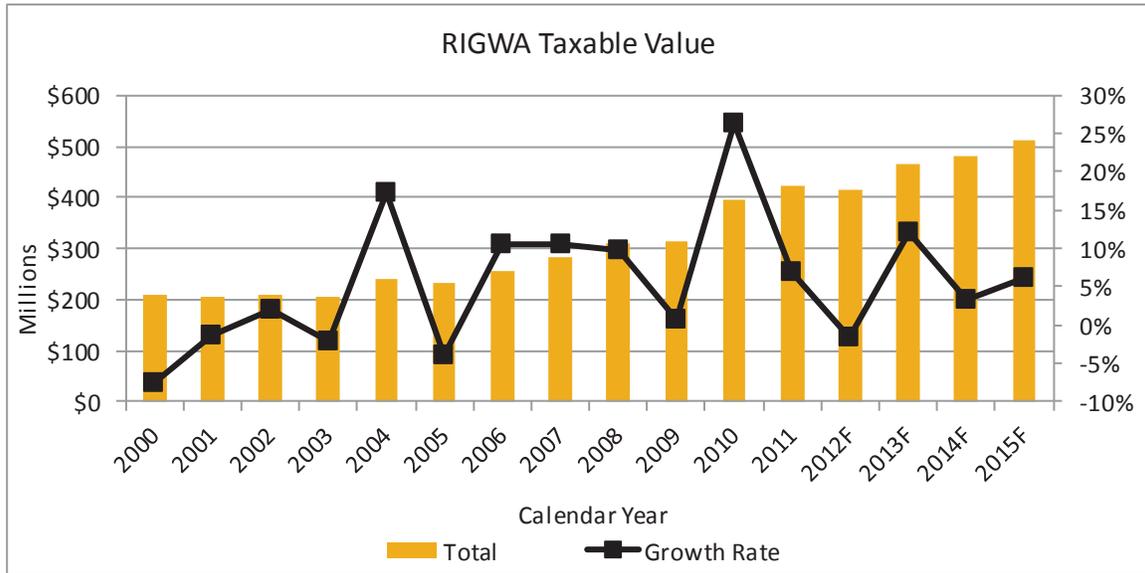
The data used to estimate the resource indemnity and groundwater assessment (RIGWA) tax are obtained from the coal severance tax source, the property tax source, and the state accounting system (SABHRS).

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### Analysis

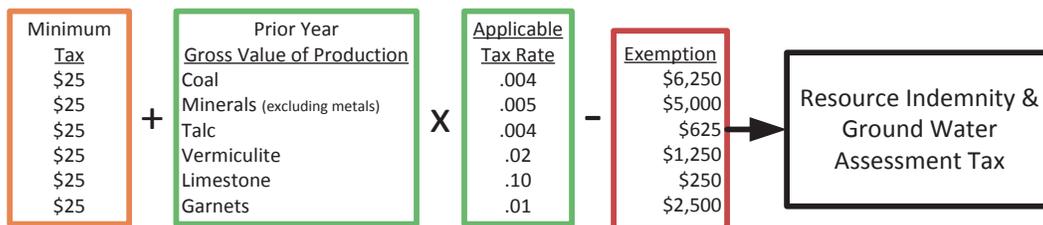
The RIGWA tax is imposed on the gross taxable value from the production of coal and miscellaneous mines. Before FY 2002, when Governor Martz certified that the resource indemnity trust had reached the required principal amount of \$100 million, oil and natural gas production was also taxed under RIGWA, but the oil and natural gas component of the tax ended when the trust reached the limit. The gross value estimates prepared for the coal severance tax and class 1 property tax (miscellaneous minerals) are used in the estimate for the RIGWA tax.



The future taxable value of coal, produced by all mines, is estimated in the coal severance tax source. The future taxable value of other mineral production is estimated at the amount of the last known year.

To develop the estimates for RIGWA tax collections, the tax rates are applied to the production value of each of the components, coal and other minerals. The tax estimates for the two components are summed to produce the total estimate of the RIGWA tax.

### Forecast Methodology:



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### Revenue Estimate Assumptions:

This section contains the assumptions used to generate the revenue estimates contained in Senate Joint Resolution 2. It does not reflect changes, if any, enacted by the 2013 Legislature that may affect future estimates of this revenue source.

	t	Total Tax	GF Tax	Oil	Natural Gas	Coal	Metals	Other
	<u>Fiscal</u>	<u>Millions</u>						
Actual	2002	2.201	0.000	0.976	0.000	0.999	0.000	0.225
Actual	2003	1.226	0.000	0.000	0.000	1.005	0.000	0.220
Actual	2004	1.251	0.000	0.002	0.000	0.966	0.000	0.285
Actual	2005	1.436	0.000	0.000	0.000	1.118	0.000	0.318
Actual	2006	1.456	0.000	0.000	0.000	1.087	0.000	0.370
Actual	2007	1.647	0.000	0.000	0.000	1.212	0.000	0.435
Actual	2008	1.926	0.000	0.000	0.000	1.346	0.000	0.580
Actual	2009	2.054	0.000	0.000	0.000	1.465	0.000	0.589
Actual	2010	1.712	0.000	0.000	0.000	1.459	0.000	0.253
Actual	2011	2.147	0.000	0.000	0.000	1.785	0.000	0.362
Actual	2012	2.344	0.000	0.000	0.000	1.915	0.000	0.429
Forecast	2013	2.210	0.000	0.000	0.000	1.781	0.000	0.429
Forecast	2014	2.541	0.000	0.000	0.000	2.112	0.000	0.429
Forecast	2015	2.620	0.000	0.000	0.000	2.190	0.000	0.429

	t	Trust Other	Trust Metal	Renewable	Ground	Reclamation	Orphan
	<u>Fiscal</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>
Actual	2002	1.589	0.000	0.000	0.300	0.156	0.156
Actual	2003	0.000	0.000	0.000	0.366	0.430	0.280
Actual	2004	0.000	0.000	0.000	0.366	0.442	0.442
Actual	2005	0.252	0.000	0.000	0.114	0.535	0.442
Actual	2006	0.000	0.000	0.000	0.366	0.451	0.451
Actual	2007	0.000	0.000	0.000	0.366	0.509	0.509
Actual	2008	0.000	0.000	0.000	0.366	0.000	0.000
Actual	2009	0.000	0.000	0.000	0.366	0.000	0.000
Actual	2010	0.000	0.000	0.000	0.366	0.000	0.000
Actual	2011	0.000	0.000	0.000	0.366	0.000	0.000
Actual	2012	0.000	0.000	0.000	0.366	0.000	0.000
Forecast	2013	0.000	0.000	0.000	0.366	0.000	0.000
Forecast	2014	0.000	0.000	0.000	0.366	0.000	0.000
Forecast	2015	0.000	0.000	0.000	0.366	0.000	0.000

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	<u>t</u>	<u>Scholarship</u>	<u>Debt</u>	<u>Water</u>	<u>Protection</u>	<u>CERCLA</u>	<u>Projects</u>	<u>Trust</u>
	<u>Fiscal</u>	<u>Millions</u>	<u>Service</u>	<u>Storage</u>	<u>Fund</u>	<u>Account</u>	<u>Account</u>	<u>Balance</u>
			<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>
Actual	2002	0.000	0.000	0.000	0.000	0.000	0.000	102.066
Actual	2003	0.150	0.000	0.000	0.000	0.000	0.000	100.001
Actual	2004	0.000	0.000	0.000	0.000	0.000	0.000	100.002
Actual	2005	0.094	0.000	0.000	0.000	0.000	0.000	100.255
Actual	2006	0.000	0.188	0.000	0.000	0.000	0.000	100.023
Actual	2007	0.000	0.264	0.000	0.000	0.000	0.000	100.023
Actual	2008	0.000	0.273	0.150	0.284	0.284	0.568	100.023
Actual	2009	0.000	0.272	0.000	0.354	0.354	0.708	100.023
Actual	2010	0.000	0.272	0.150	0.231	0.231	0.462	100.023
Actual	2011	0.000	0.274	0.000	0.377	0.377	0.753	100.023
Actual	2012	0.000	0.267	0.150	0.390	0.390	0.780	100.023
Forecast	2013	0.000	0.296	0.000	0.387	0.387	0.774	100.023
Forecast	2014	0.000	0.296	0.000	0.470	0.470	0.939	100.023
Forecast	2015	0.000	0.296	0.000	0.489	0.489	0.979	100.023

Total Tax = Coal + Other

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### Revenue Projection:

