

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, or natural gas.

Statutory Reference

Tax Rate – [15-38-104, MCA](#)

Tax Distribution – [15-38-106, MCA](#)

Date Due (metal producers) – March 31st following the end of the calendar year ([15-38-105, MCA](#); [15-38-106\(1\), MCA](#))

Date Due (mineral producers) – 60 days following the end of the calendar year ([15-38-105, MCA](#); [15-38-106\(1\), MCA](#))

Applicable Tax Rates

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

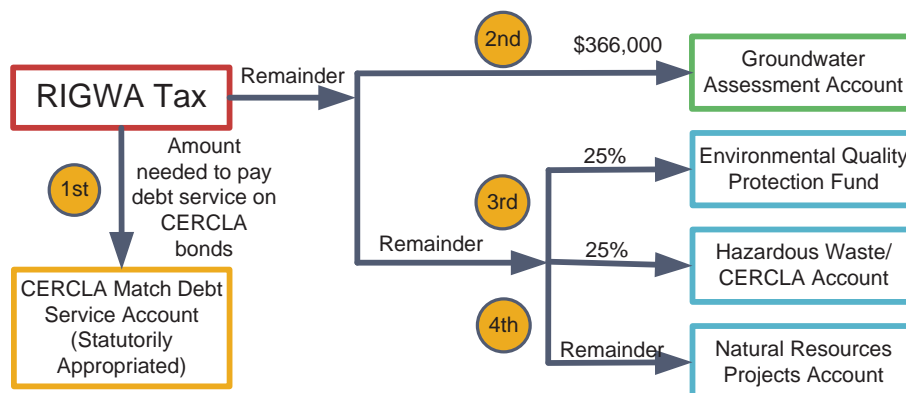
Limestone: \$25 plus 10.0% of the gross value of limestone produced in the preceding year in excess of \$250

Garnets: \$25 plus 1.0% of the gross value of garnets produced in the preceding year in excess of \$2,500

Collection Frequency: Annually

Distribution

Beginning FY 2004, the amount needed to cover debt service on Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA) bonds (after amounts transferred from the CERCLA cost recovery account) is deposited first to the CERCLA match debt service account. Money is then apportioned in steps 2-4 as shown in the distribution chart.



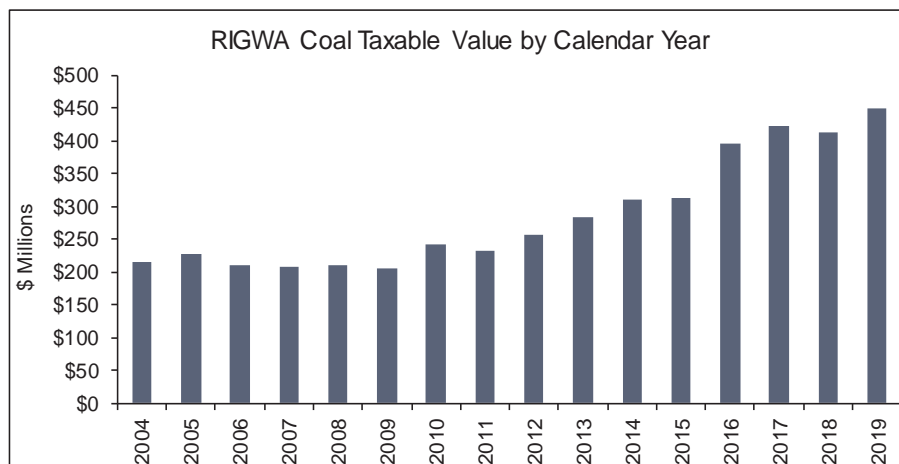
Revenue Estimate Methodology

Data

The data used to estimate the resource indemnity and groundwater assessment (RIGWA) tax are obtained from the coal severance tax estimate and SABHRS.

Analysis

The gross value estimates prepared for the coal severance tax 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.



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.

Revenue Estimate Assumptions

| FY | Total Tax \$ Millions | GF Tax \$ Millions | Oil & NG \$ Millions | Coal \$ Millions | Other \$ Millions |
|--------|--------------------------|-----------------------|-------------------------|---------------------|----------------------|
| A 2004 | \$1.251 | \$0.000 | \$0.002 | \$0.966 | \$0.285 |
| A 2005 | 1.436 | - | - | 1.118 | 0.318 |
| A 2006 | 1.456 | - | - | 1.087 | 0.370 |
| A 2007 | 1.647 | - | - | 1.212 | 0.435 |
| A 2008 | 1.926 | - | - | 1.346 | 0.580 |
| A 2009 | 2.054 | - | - | 1.465 | 0.589 |
| A 2010 | 1.712 | - | - | 1.459 | 0.253 |
| A 2011 | 2.147 | - | - | 1.785 | 0.362 |
| A 2012 | 2.344 | - | - | 1.914 | 0.429 |
| A 2013 | 2.112 | - | - | 1.759 | 0.353 |
| A 2014 | 2.279 | - | - | 1.962 | 0.317 |
| A 2015 | 3.303 | - | - | 2.224 | 1.079 |
| A 2016 | 2.335 | - | - | 2.090 | 0.245 |
| F 2017 | 2.357 | - | - | 2.111 | 0.245 |
| F 2018 | 2.324 | - | - | 2.079 | 0.245 |
| F 2019 | 2.360 | - | - | 2.114 | 0.245 |

Natural Resource Taxes

Resource Indemnity Tax

| FY | Debt Service \$ Millions | Water Storage \$ Millions | Protection Fund \$ Millions | Ground \$ Millions | CERCLA Account \$ Millions | Projects Account \$ Millions |
|--------|-----------------------------|------------------------------|--------------------------------|-----------------------|-------------------------------|---------------------------------|
| A 2004 | - | - | - | \$0.366 | - | - |
| A 2005 | - | - | - | 0.114 | - | - |
| A 2006 | \$0.188 | - | - | 0.366 | - | - |
| A 2007 | 0.264 | - | - | 0.366 | - | - |
| A 2008 | 0.273 | \$0.150 | \$0.284 | 0.366 | \$0.284 | \$0.568 |
| A 2009 | 0.272 | - | 0.354 | 0.366 | 0.354 | 0.708 |
| A 2010 | 0.272 | 0.150 | 0.231 | 0.366 | 0.231 | 0.462 |
| A 2011 | 0.274 | - | 0.377 | 0.366 | 0.377 | 0.753 |
| A 2012 | 0.267 | 0.150 | 0.390 | 0.366 | 0.390 | 0.780 |
| A 2013 | 0.270 | - | 0.369 | 0.366 | 0.369 | 0.738 |
| A 2014 | 0.272 | 0.150 | 0.373 | 0.366 | 0.373 | 0.745 |
| A 2015 | 0.268 | - | 0.667 | 0.366 | 0.667 | 1.334 |
| A 2016 | 0.270 | 0.150 | 0.387 | 0.366 | 0.387 | 0.774 |
| F 2017 | 0.270 | - | 0.430 | 0.366 | 0.430 | 0.860 |
| F 2018 | 0.270 | 0.150 | 0.385 | 0.366 | 0.385 | 0.769 |
| F 2019 | 0.270 | - | 0.431 | 0.366 | 0.431 | 0.862 |

Revenue Projection

