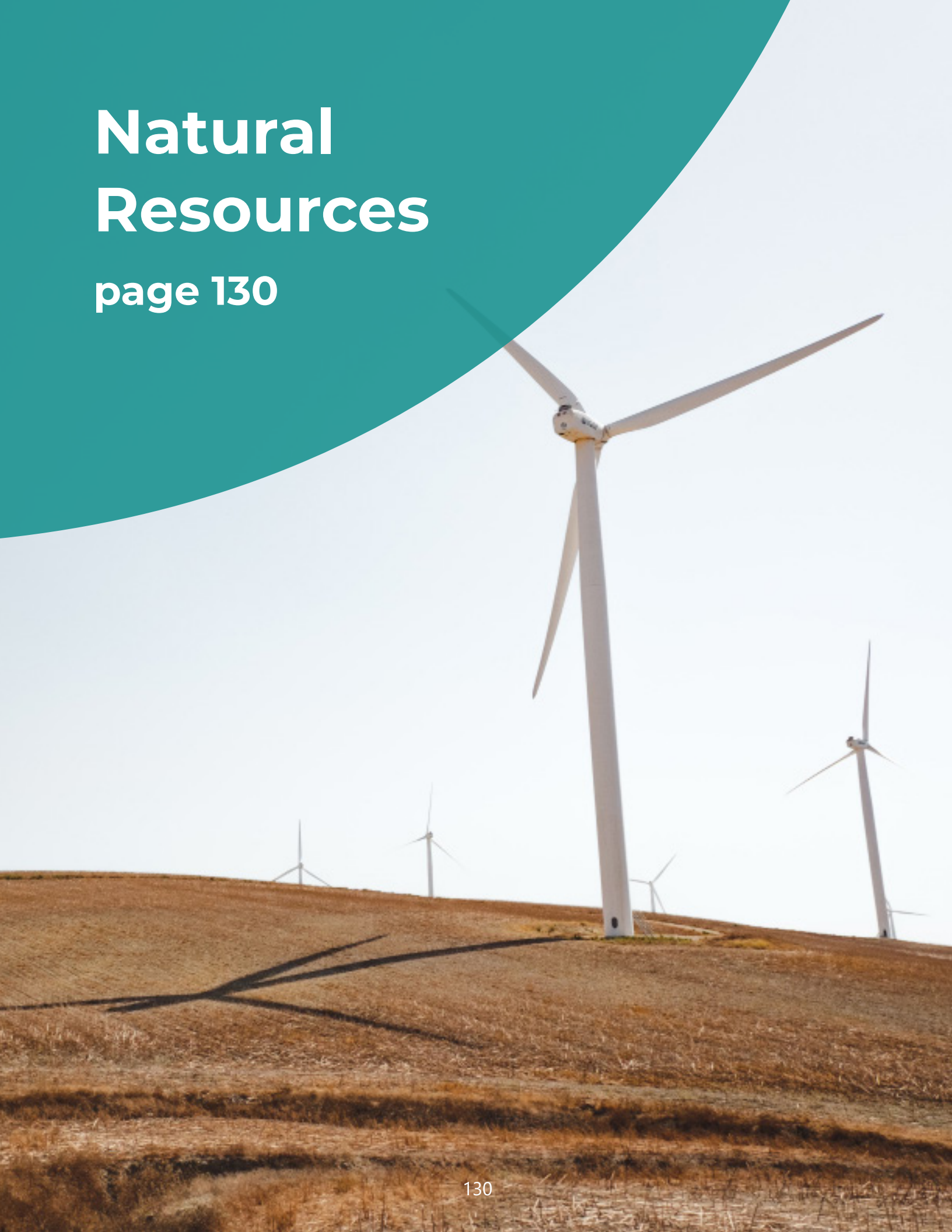


Natural Resources

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Natural Resources Overview

Historically, Montana has relied on its natural resources as a primary source of tax revenue. This section covers the natural resource taxes levied in Montana.

Generally, natural resource taxes are categorized as either severance or license taxes, or some form of ad valorem (property) taxes.

Information provided in this section includes tax rates, filing requirements, disposition of the tax, production tax incentives, recent revenue collections, and recent legislative changes.

Natural Resource Tax Collections - FY 2019 through FY 2022

State Natural Resource Tax Revenue	FY 2019	FY 2020	FY 2021	FY 2022
Bentonite Production Tax	\$261,049	\$180,636	\$103,183	\$173,986
Cement and Gypsum Tax	\$144,057	\$134,493	\$154,070	\$145,300
Coal Gross Proceeds*	\$9,122,686	\$10,091,830	\$9,179,832	\$6,603,416
Coal Severance Tax	\$56,546,528	\$44,042,737	\$40,747,479	\$61,549,181
Metal Mines Gross Proceeds*	\$2,260,404	\$2,634,938	\$3,211,922	\$4,233,476
Metalliferous Mines License Tax	\$9,551,676	\$12,065,538	\$16,783,517	\$16,885,939
Misc. Mines Net Proceeds*	\$484,257	\$564,027	\$546,333	\$450,478
Oil and Natural Gas Production	\$60,050,917	\$42,540,475	\$43,826,280	\$78,153,444
Oil and Natural Gas Production (Privilege and License Tax)	\$3,794,479	\$2,629,715	\$2,299,829	\$4,085,298
Resource Indemnity and Ground Water Assessment Tax	\$2,923,403	\$2,269,192	\$1,870,702	\$2,470,720
U.S. Mineral Royalties	\$21,570,177	\$18,527,036	\$12,081,725	\$19,464,224
Total State Collections	\$166,709,632	\$135,680,617	\$130,804,871	\$194,215,462

Local Natural Resource Tax Revenue	FY 2019	FY 2020	FY 2021	FY 2022
Bentonite Production Tax	\$922,846	\$638,626	\$364,715	\$615,068
Coal Gross Proceeds*	\$11,142,748	\$13,201,062	\$11,663,072	\$8,506,255
Coal Severance Tax	\$3,481,633	\$2,711,761	\$2,508,868	\$3,789,652
Metal Mines Gross Proceeds*	\$10,786,936	\$12,606,228	\$14,365,858	\$17,152,807
Metalliferous Mines License Tax	\$5,143,210	\$6,496,828	\$9,037,278	\$9,092,429
Misc. Mines Net Proceeds*	\$1,443,651	\$1,606,191	\$1,176,785	\$944,311
Oil and Natural Gas Production	\$55,010,644	\$39,263,577	\$40,765,364	\$72,763,421
Oil and Natural Gas Resource Account	\$0	\$177,640	\$459,404	\$816,920
U.S. Mineral Royalties	\$7,190,059	\$6,175,679	\$4,027,242	\$6,488,075
Total Local Government Collections	\$95,121,728	\$82,877,592	\$84,368,586	\$120,168,938

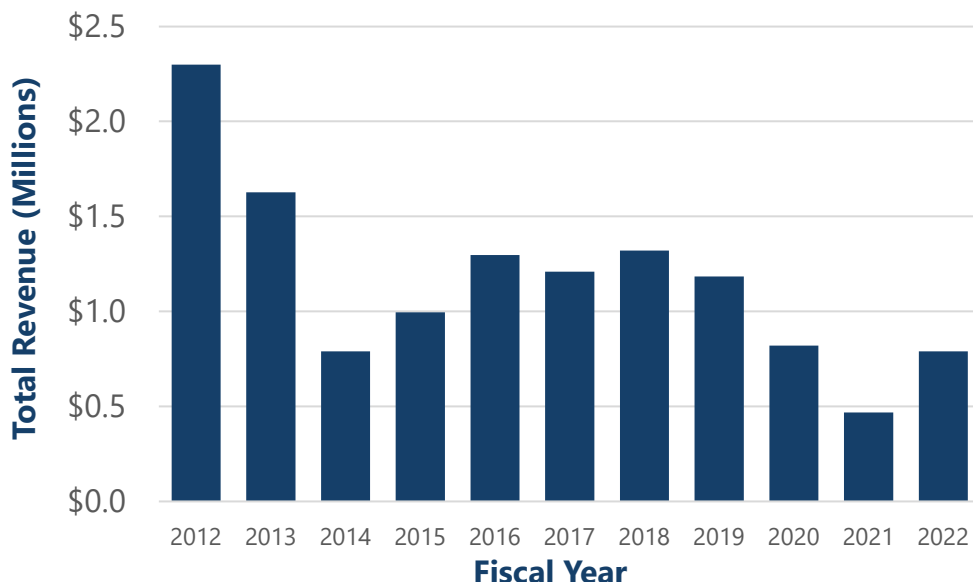
*Amounts may not match the property summary data in the Property Tax section.

Subtotals by Tax	FY 2019	FY 2020	FY 2021	FY 2022
Bentonite Production Tax	\$1,183,894	\$819,262	\$467,898	\$789,054
Cement and Gypsum Tax	\$144,057	\$134,493	\$154,070	\$145,300
Coal Gross Proceeds*	\$20,265,434	\$23,292,893	\$20,842,904	\$15,109,671
Coal Severance Tax	\$60,028,161	\$46,754,498	\$43,256,347	\$65,338,834
Metal Mines Gross Proceeds*	\$13,047,340	\$15,241,166	\$17,577,780	\$21,386,283
Metalliferous Mines License Tax	\$14,694,886	\$18,562,366	\$25,820,795	\$25,978,368
Miscellaneous Mines Net Proceeds*	\$1,927,908	\$2,170,218	\$1,723,118	\$1,394,789
Oil and Natural Gas Production	\$118,856,040	\$84,611,407	\$87,350,877	\$155,819,083
Resource Indemnity and Ground Water Assessment Tax	\$2,923,403	\$2,269,192	\$1,870,702	\$2,470,720
U.S. Mineral Royalties	\$28,760,237	\$24,702,715	\$16,108,967	\$25,952,298
Total Collections	\$261,831,360	\$218,558,210	\$215,173,457	\$314,384,399

Bentonite Production Tax

Statute: Title 15, Chapter 39, MCA

Fiscal Year	Total Revenue
2012	\$2,299,419
2013	\$1,625,960
2014	\$789,982
2015	\$995,762
2016	\$1,297,421
2017	\$1,209,173
2018	\$1,320,881
2019	\$1,183,894
2020	\$819,262
2021	\$467,898
2022	\$789,054



Tax Rate and History

Prior to Tax Year 2005, bentonite was subject to the mines net proceeds tax like other miscellaneous minerals.

Beginning in Tax Year 2005, bentonite is now taxed at the rates prescribed in 15-39-101, MCA. For tax years starting after December 31, 2009, the rates are adjusted annually for inflation.

Production Level	2021 Tax (\$/Ton)	2022 Tax (\$/Ton)
0-20,000 Tons	\$0.00	\$0.00
20,001-100,000 Tons	\$1.85	\$1.90
100,001-250,000 Tons	\$1.78	\$1.83
250,001-500,000 Tons	\$1.66	\$1.71
500,001-1,000,000 Tons	\$1.49	\$1.52
Over 1 Million Tons	\$1.19	\$1.22
Royalty Revenue	15%	15%

Filing and Payment of Tax

Producers must report production and pay taxes for semiannual periods ending June 30 and December 31. The report and tax are due within 45 days of the end of each semiannual period.

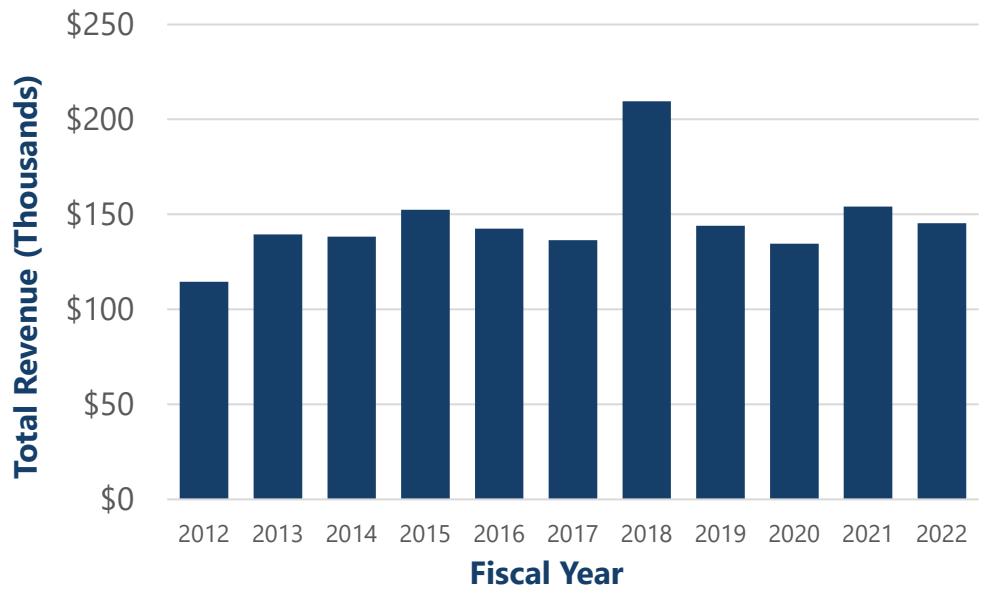
Distribution

The tax revenue is distributed among state and local entities according to a statutory formula (15-39-110, MCA). For county level distribution data, see the Shared Revenue chapter of this report.

Cement and Gypsum Tax

Statute: Title 15, Chapter 59, MCA

Fiscal Year	Total Revenue
2012	\$114,462
2013	\$139,451
2014	\$138,174
2015	\$152,463
2016	\$142,452
2017	\$136,339
2018	\$209,451
2019	\$144,057
2020	\$134,493
2021	\$154,070
2022	\$145,300



Tax Rate

Producers and importers of cement and cement products must pay a license tax of \$0.22 per ton. Producers and importers of gypsum and gypsum products are required to pay \$0.05 per ton. Before July 1, 1997, individuals retailing cement and gypsum products in Montana paid a license tax of \$0.22 and \$0.05, respectively, for every ton that had not been paid under any other law. The tax on retailers was repealed during the 1997 Legislative Session.

Distribution

All proceeds from cement and gypsum taxes are deposited in the state general fund.

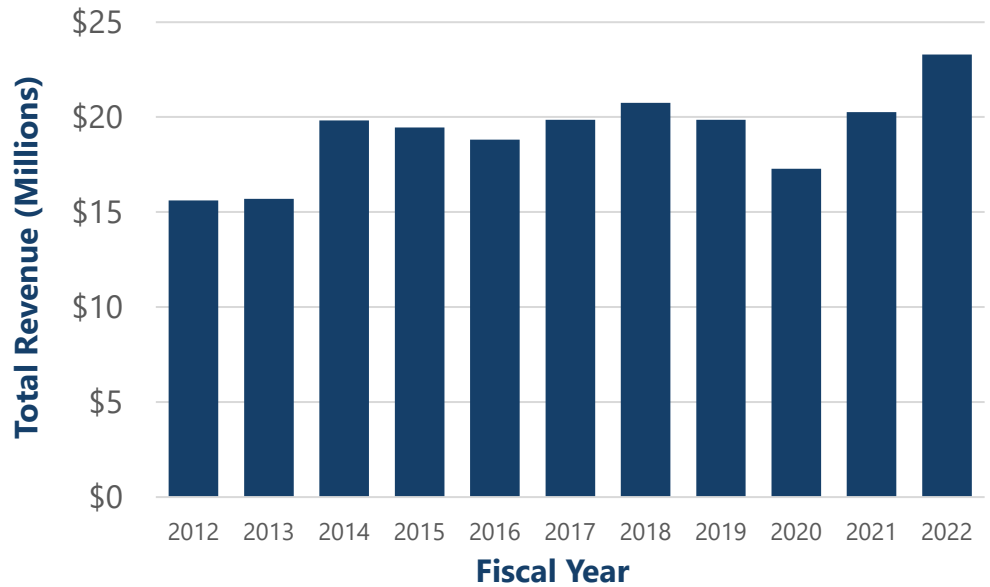
Filing and Payment of Tax

Producers, manufacturers, and importers shall file quarterly statements showing the number of tons of cement or gypsum produced, manufactured, or imported into the state. These statements, along with the tax due, must be submitted within 30 days following the end of each calendar quarter.

Coal Gross Proceeds

Statute: Chapter 15, Section 23, Part 7, MCA

Fiscal Year	Total Revenue
2012	\$15,612,630
2013	\$15,703,152
2014	\$19,826,095
2015	\$19,444,335
2016	\$18,812,015
2017	\$19,857,482
2018	\$20,756,877
2019	\$19,856,903
2020	\$17,286,920
2021	\$20,265,434
2022	\$23,292,893



Tax Rate

State and local governments do not levy or assess any mills against the reported gross proceeds of coal. Instead, a flat tax of 5 percent is levied against the value of the reported gross proceeds for most coal mines.

Underground mines currently in operation pay a lower tax rate of 2.5 percent of value on production through 2030. Any new underground mine receives this lower rate for the lifetime of the mine. Additionally, counties may opt to abate up to 50 percent of the local share liability for new or expanding coal mines; the state tax liability would continue to be 5 percent. No Montana county currently offers this abatement.

Filing and Payment of Tax

On or before March 31 of every year, each person or firm engaged in mining coal must file a statement of gross yield for every mine operated in the preceding year. The producer must pay 50 percent of the taxes due on or before November 30. The remaining 50 percent is due on or before May 31 of the following year.

Coal Gross Proceeds Tax Distribution

The revenue is proportionally distributed to the appropriate taxing jurisdictions in which production occurred based on the total number of mills levied in FY 1990. For county level distribution data, see the Shared Revenue section of this report.

Fiscal Year (FY)	2017	2018	2019	2020	2021	2022
Production Year (PY)	2015	2016	2017	2018	2019	2020
Tons Produced	36,175,492	28,189,054	32,088,144	34,411,339	31,623,362	24,400,883
Gross Value	\$590,921,464	\$515,265,149	\$609,331,465	\$716,236,591	\$649,228,342	\$473,607,825
Taxable Proceeds	\$447,944,028	\$395,216,036	\$475,688,495	\$568,413,454	\$515,492,392	\$370,492,864
Tax	\$19,856,903	\$17,286,920	\$20,265,434	\$23,292,893	\$20,842,904	\$15,109,671
Local Share	\$10,627,162	\$9,136,947	\$11,142,748	\$13,201,062	\$11,663,072	\$8,506,255
University Share	\$1,085,852	\$958,820	\$1,073,257	\$1,187,274	\$1,079,980	\$776,873
State Share	\$8,143,889	\$7,191,153	\$8,049,429	\$8,904,556	\$8,099,852	\$5,826,544

Coal Gross Proceeds History

The following is a select legislative history of the Coal Gross Proceeds Tax.

- 1975:** Each coal mine is required to report gross yield and value of production to the department. The department provides this information to the counties, which then levy the property tax. Underground mines are now taxed at 33 $\frac{1}{3}$ percent of their full and true value and strip mines are now taxed at 45 percent of their full and true value.
- 1983:** The department is now responsible for assigning the value of the coal for severance tax; that computed value is then used for the purposes of property tax.
- 1989:** The property tax previously implemented on the gross proceeds of coal is replaced by a flat 5 percent tax against the value of the reported gross proceeds.
- Property tax must now be distributed in the relative proportions required by the levies for state and county purposes, in the same manner as property taxes were distributed in FY 1990 in the taxing jurisdiction.
- 1993:** The department is now responsible for computing gross proceeds and then transmitting this information to the treasurer for levying the gross proceeds tax.

2011:

New underground mines are now taxed at 2.5 percent tax rate for mines that began operation after December 31, 2011 and will be taxed at this rate for the first 10 years of production.

Authorized counties may choose to abate up to 50 percent of coal gross proceeds tax for new or expanding underground coal mines that are taxed at the regular 5 percent rate.

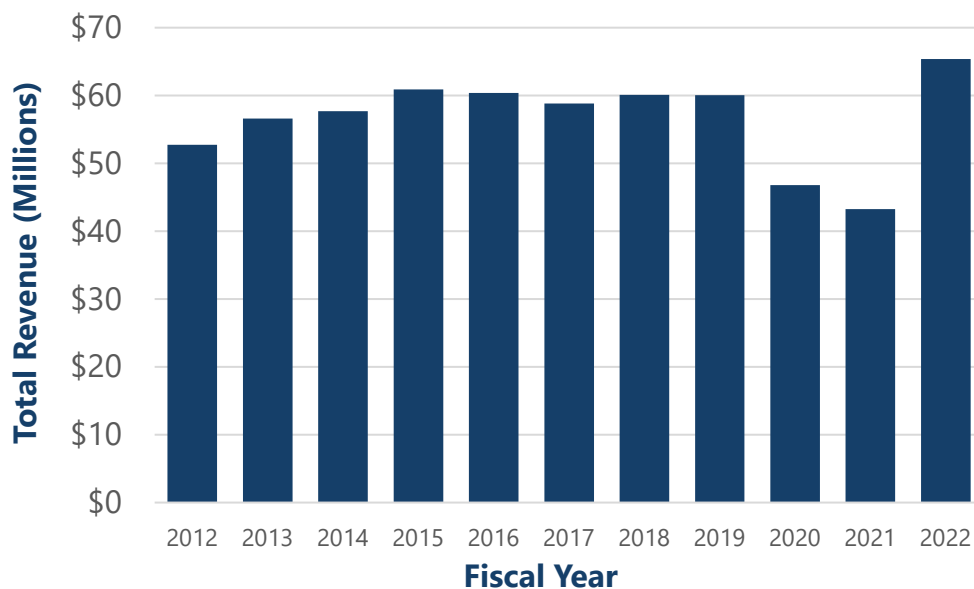
2019:

The existing tax rate of 2.5 percent for underground mines is extended an additional 10 years, sunseting December 31, 2030. Any coal mine may now potentially receive the local county abatement that was previously only available to underground coal mines.

Coal Severance Tax

Statute: Title 15, Chapter 35, MCA; Article IX, Section 5, Montana Constitution

Fiscal Year	Total Revenue
2012	\$52,742,627
2013	\$56,573,818
2014	\$57,676,184
2015	\$60,891,414
2016	\$60,358,548
2017	\$58,808,035
2018	\$60,097,399
2019	\$60,028,161
2020	\$46,754,498
2021	\$43,256,347
2022	\$65,338,834



Surface mined coal tax rates:

- 15 percent of value if rated as having 7,000 British Thermal Units (BTU) or more per pound.
- 10 percent of value if rated as having less than 7,000 BTU per pound

Coal mined underground tax rates:

- 4 percent if rated as having 7,000 BTU per pound or over
- 3 percent if rated as having less than 7,000 BTU per pound

Coal mined using auger technology tax rates:

- 5 percent of value if rated at 7,000 BTU per pound or over
- 3.75 percent of value if rated as under 7,000 BTU per pound

Filing and Payment of Tax

Coal mine operators must file quarterly statements containing information sufficient to calculate the tax due. Tax payments are due at the time of filing, within 30 days following the close of each calendar quarter.

Distribution

The distribution of revenue generated from the Coal Severance Tax has multiple stages. Initially, 50 percent of the total tax revenue is deposited into the Coal Trust Fund, as described in Article IX, Section 5, of the Montana Constitution. This revenue must remain untouched unless appropriated by a three-fourths majority of both chambers of the legislature.

The following six sub-trusts currently make up the Coal Trust Fund:

- Coal Tax Bond Fund
- Treasure State Endowment Fund
- Treasure State Endowment Regional Water Fund
- Big Sky Economic Development Fund
- School Facilities Fund
- Permanent Fund

All severance tax revenue allocated to the Coal Trust Fund is initially deposited in the Coal Tax Bond Fund. However, only a small portion of the trust fund revenue is retained in the bond fund because it must only maintain a balance sufficient to meet interest payments of outstanding Coal Severance Tax Bonds. These bonds are used to provide low-interest loans for renewable resource projects.

Any fund balance exceeding the interest obligations is then deposited to the School Facilities Fund (75 percent) and the Big Sky Economic Development Trust Fund (25 percent). These funds use the interest income as follows:

- The School Facilities Fund is used for school facility projects authorized by the Legislature.
- The Big Sky Economic Development Trust Fund is statutorily appropriated to the Department of Commerce for grants and loans to local governments for economic development purposes.

The Treasure State Endowment Fund, Treasure State Endowment Regional Water Fund, and Permanent Fund do not currently receive deposits from coal severance tax. These funds continue to hold their principal and generate interest income that is used as follows:

- The Treasure State Endowment Trust Fund interest is appropriated each legislative session and used to fund grants for local infrastructure projects.
- The Treasure State Endowment Regional Water Fund interest is used for regional water development. This fund will terminate in 2031 and its account holdings will be transferred to the Permanent Fund.
- The Permanent Fund interest is deposited into the general fund. The Permanent Fund is the original and default trust account.

The table below shows the balance of each of these trust funds at the end of FY 2022.

Coal Trust Fund Balances

Trust	FY 2022 Estimated Ending Balance
Treasure State Endowment Trust	\$303,623,876
Treasure State Regional Water Trust	\$105,205,010
Big Sky Economic Development Trust	\$140,543,114
Coal Permanent Trust	\$593,834,125
School Facilities Trust	\$102,739,960
Total	\$1,245,946,084

Even though the interest from the Permanent Trust Fund is deposited in the general fund, there are statutory appropriations directing how some of this interest revenue is spent. These statutory appropriations will expire at the end of FY 2027. The following tables detail the appropriations.

General Fund Coal Interest Earnings Statutory Appropriations

	FY 2021 - FY 2022
Cooperative Development Center	\$65,000
Growth Through Agriculture	\$900,000
Food and Agricultural Development Program	\$600,000
Department of Commerce	
Small Business Development Center	\$325,000
Small Business Innovative Research	\$50,000
Certified Development Corporations	\$625,000
MT Manufacturing Center at MSU	\$500,000
Export Trade Enhancement	\$300,000

The 50 percent of revenue that is not constitutionally allocated to the trust fund is deposited according to 15-35-108, MCA. The following table shows how this revenue was distributed for the last four fiscal years in proportion to the total severance tax revenue.

Distribution of Coal Severance Tax

Fund	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Coal Trust Fund (50%)	\$30,048,699	\$30,014,081	\$23,377,249	\$21,628,173	\$32,669,417
Long Range Building (12%)	\$7,211,688	\$7,203,379	\$5,610,540	\$5,190,762	\$7,840,660
Shared Account (5.46%)	\$2,921	\$0	\$0	\$0	\$0
Library Services (0.90%)	\$510,373	\$528,221	\$420,772	\$402,181	\$607,651
Conservation Districts (3.77%)	\$2,335,708	\$2,299,132	\$1,762,699	\$1,605,016	\$2,424,071
Growth Through Agriculture (0.79%)	\$432,316	\$450,185	\$369,324	\$354,599	\$535,778
Park Acquisition Trust (1.27%)	\$763,237	\$762,358	\$593,782	\$549,356	\$829,803
Renewable Res. Debt Service (0.95%)	\$570,925	\$570,268	\$444,168	\$410,935	\$620,719
Cultural and Aesthetic Proj. (0.63%)	\$378,614	\$378,177	\$294,553	\$272,515	\$411,635
Coal Board (5.8%) ¹	\$3,485,649	\$3,481,633	\$2,711,761	\$2,508,868	\$3,789,652
Coal and Uranium Program (\$250K)	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000
General Fund (Remainder)	\$14,107,269	\$14,090,728	\$10,919,650	\$10,083,941	\$15,359,447
Total	\$60,097,399	\$60,028,161	\$46,754,498	\$43,256,347	\$65,338,834

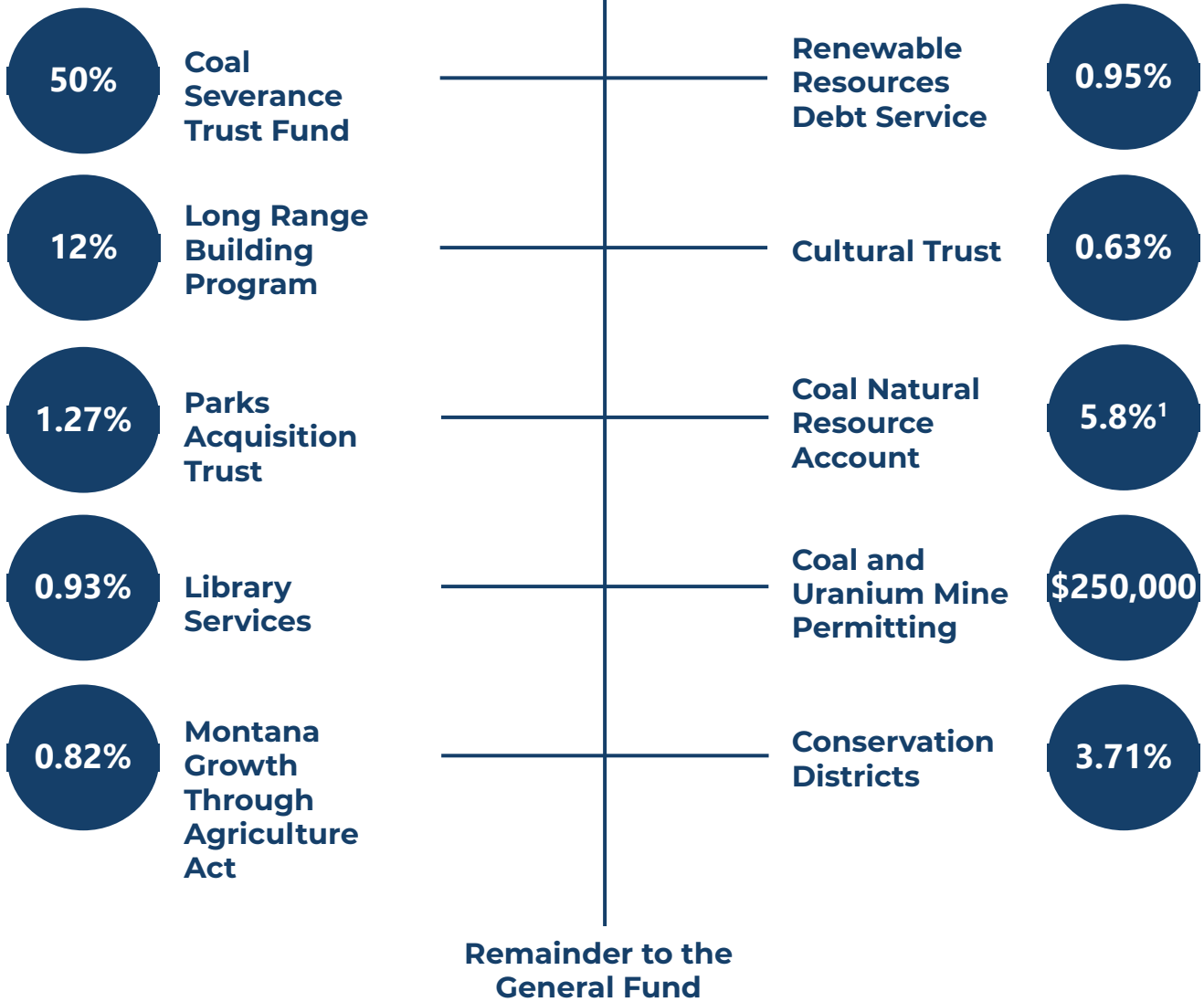
¹ Decreases to 2.9% beginning July 1, 2023.

Prior to 2017, a shared account received 5.46 percent of coal severance tax revenue to provide for library services, conservation districts, and programs created under the Montana Growth Through Agriculture Act. House Bill 648, enacted in 2017, directed that this shared account be split into its three interests, explicitly allocating a percentage of the coal severance tax to each account. This split was designed to change over time, though the sum of the three allocations will remain at 5.46 percent.

Coal Severance Tax Revenue Distribution

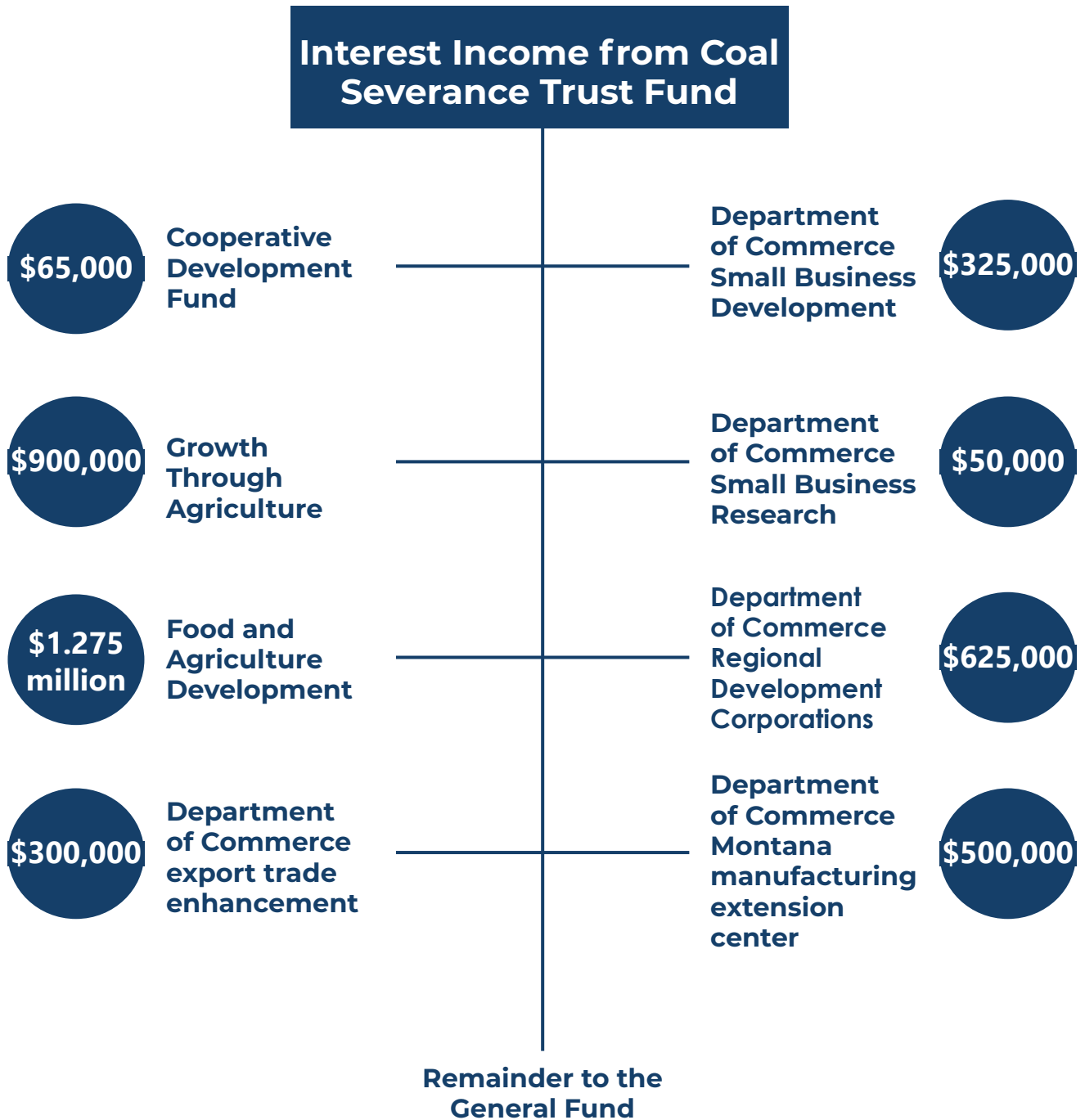
The following three flow charts illustrate the distribution of the coal severance tax revenue.

Total Coal Severance Tax Revenue

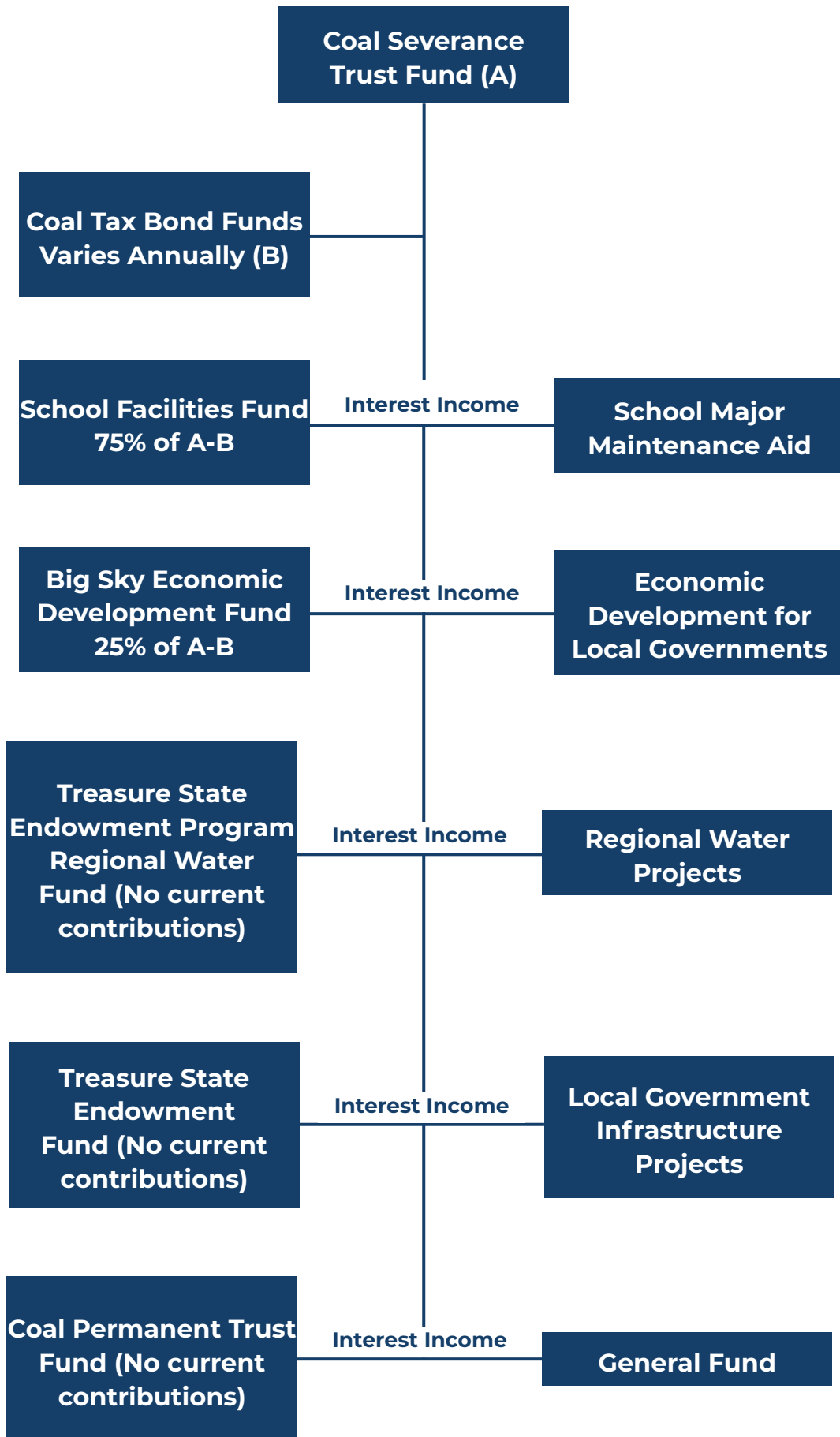


¹ Decreases to 2.9% beginning July 1, 2023.

Coal Severance Trust Fund Interest Income (Terminates June 30, 2027)



Coal Severance Trust Fund Distribution



The following is a select legislative history of the Coal Severance Tax rate and its implementation.

1921: The Coal Mines License Tax of 5 cents per ton is imposed on coal mined in Montana.

1939: The first 50,000 tons of a mine's annual production is exempted from the Coal Mines License Tax.

1967: The Coal Mines License Tax is limited to strip mines only. Licensees are permitted to take a credit against the license tax of one-half of the reasonable value of reclamation work performed on strip-mined lands.

1971: The credit for on-site reclamation work is limited to a maximum of 1 cent per ton. The amount of coal exempt from taxation is reduced to 5,000 tons annually.

The license tax rates are revised based on BTU content per pound of coal.

- 4¢/ton for 6,000 BTU or less
- 6¢/ton for 6,001 to 7,500 BTU
- 8¢/ton for 7,501-9,000 BTU
- 10¢/ton for 9,001+ BTU

1973: The credit for on-site reclamation work is discontinued. License tax rates based on the BTU of coal are increased:

- 12¢/ton for 7,000 BTU and lower
- 22¢/ton for 7,001 to 8,000 BTU
- 34¢/ton for 8,001 to 9,000 BTU
- 40¢/ton for 9,001 BTU and higher

1975: A graduated severance tax on coal is imposed, applicable to any producer who produces 5,000 or more tons per calendar quarter:

- For surface coal: rates range from 12¢/ton or 20 percent of value to 40¢/ton or 30 percent of value.
- For underground coal: rates range from 5¢/ton or 3 percent of value to 12¢/ton or 4 percent of value.

Coal is removed from the application of the law on the net proceeds of mines and is now subject to gross proceeds under the property tax system.

Voters of Montana approved a constitutional amendment requiring a permanent trust fund for a portion of the newly imposed Coal Severance Tax proceeds (one fourth of the revenue until 1980, then one half).

- 1977:** Coal Severance Tax exemption is revised to include the first 20,000 tons of production each year.
- 1983:** Coal Severance Tax exemption is increased to 50,000 tons a year but requires any person or company who produced more than 50,000 tons a year to pay severance tax on all production over 20,000 tons.
- 1985:** New Coal Production Incentive Act of 1985 allows for a tax credit of 33⅓ percent of the severance tax.
- 1987:** Coal Severance Tax is reduced to a maximum of 25 percent in FY 1990 and 20 percent beginning in FY 1992.
- If production and sales exceed 32.2 million tons statewide during 1998, the rate would be further reduced to a maximum of 25 percent for FY 1989 and 1990, 20 percent for FY 1991, and 15 percent after June 30, 1991.
- 1989:** Coal Severance Tax rate is reduced, beginning in FY 1992, to 10 percent of value for under 7,000 BTU/lb. and 15 percent of value for 7,000 BTU/lb. and higher. A production tax credit is now allowed on severance tax of 40 percent of incremental production for FY 1989 and 1990 and 25 percent of production for FY 1991.
- 1993:** Extended depth auger mining is defined and a reduced severance tax rate of 7.5 percent of value is imposed.
- 1995:** Two million tons of coal are now exempted per calendar year if it is produced as feedstock for coal enhancement facilities.
- 2001:** Coal Severance Tax rate is reduced by one third for coal produced for in-state electrical generating facilities if it is sold at a rate set by the Public Service Commission.
- 2005:** Coal Severance Tax rate incentive is eliminated for in-state electrical generating facilities.
- 2009:** Coal Severance Tax rate is reduced for coal recovered from a strip mine by auger mining to 3.75 percent of value for 7,000 BTU/lb. and lower, and 5 percent of value for 7,000 BTU/lb. and higher.

Coal Tax Comparison by State

The data for the following comparison table comes from two sources. Effective tax rates come from a comparison of coal fiscal policies by Headwaters Economics in 2017. The production, price, and data on reserves are from the U.S. Energy Information Administration.

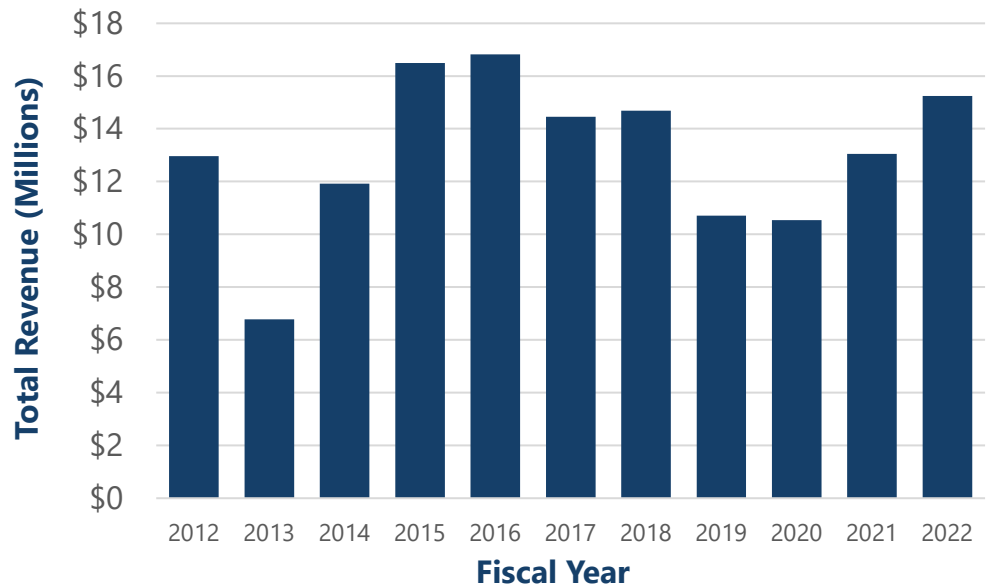
Regional Coal Tax Comparison 2021

Factors	Montana	Wyoming	North Dakota	Colorado	Utah	Units
Effective Tax Rates	11.10%	9.50%	2.20%	1.30%	0.90%	% Gross Revenue
Average Sales Price per Ton	\$20.27	\$13.04	\$19.48	\$41.45	\$37.22	USD
Production in 2020	26.42	218.56	26.44	10.06	13.16	Million Short Tons
Currently Recoverable Reserves	707	4,907	922	193	180	Million Short Tons
Estimated Recoverable Reserves	74,341	34,747	6,496	9,429	2,460	Million Short Tons

Metal Mines Gross Proceeds Tax

Statute: Title 15, Chapter 23, Part 8, MCA

Fiscal Year	Total Revenue
2012	\$12,964,154
2013	\$6,771,689
2014	\$11,923,871
2015	\$16,494,210
2016	\$16,813,903
2017	\$14,451,824
2018	\$14,686,751
2019	\$10,704,462
2020	\$10,540,788
2021	\$13,047,340
2022	\$15,241,166



Tax Rate

The value of severed gold, silver, copper, lead, or other metals from any mine located in Montana is considered Class 2 property and is assessed local and state mills. The taxable value of metal mines is equal to three percent of merchantable value.

Merchantable value is the annual gross proceeds from the sale of metals, less certain deductions. Allowed deductions include:

- the costs of transporting mineral product from mine to processor
- basic treatment and refinery charges
- quantity deduction
- price deduction
- interest
- penalty metal, impurity, and moisture deductions as specified by contract

For example, Best Metal Company has \$11 million in gross proceeds from gold and silver. It has \$1 million in allowable deductions: \$250,000 in treatment and refining and \$750,000 in transportation costs from the mine to the processor. Its merchantable value, or gross proceeds minus allowable deductions, is \$10 million. With three percent taxable as defined by law, it has a taxable value of \$300,000. The state and the county in which the mine is located can now assess 500 mills on the taxable value, resulting in \$150,000 tax due to the state and county.

Filing and Payment of Tax

Metal mines tax reports must be filed March 31 of each year, showing the total gross proceeds of metal mined during the preceding calendar year. By July 1, the department calculates the merchantable value by subtracting allowable deductions, and then records the new merchantable value in the property tax records. The mine producer pays half of the property tax levied and assessed on or before November 30 and the other half on or before May 31 of the following year.

Distribution

The taxable value of metal mines gross proceeds is allocated to the local jurisdictions where the metal mine's mouth is located.

Metal Mines Assessed and Taxable Value of Production

Production Year	Fiscal Year	Assessed Value	Taxable Value for Local Mills	Taxable Value for State Mills
2010	2012	\$1,117,009,632	\$28,972,961	\$31,295,298
2011	2013	\$1,037,736,476	\$29,970,925	\$31,132,094
2012	2014	\$1,043,487,747	\$31,304,631	\$31,304,632
2013	2015	\$851,842,256	\$25,555,274	\$25,555,268
2014	2016	\$883,888,082	\$26,516,643	\$26,516,642
2015	2017	\$648,475,233	\$19,454,258	\$19,454,257
2016	2018	\$596,330,812	\$17,889,922	\$17,889,924
2017	2019	\$742,469,971	\$22,274,100	\$22,274,100
2018	2020	\$865,966,541	\$25,978,994	\$25,978,994
2019	2021	\$1,056,860,410	\$31,705,812	\$31,705,812
2020	2022	\$1,393,837,173	\$41,815,115	\$41,815,115

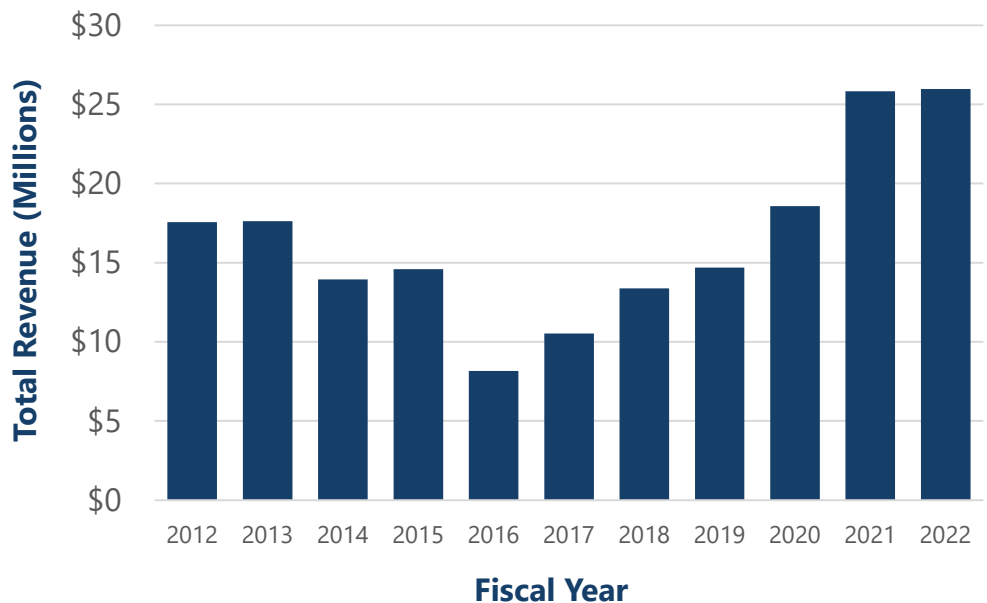
Gross Proceeds Property Taxes Assessed

Fiscal Year	State Share	Local Share	Total Property Tax
2012	\$2,106,806	\$9,817,065	\$11,923,871
2013	\$3,162,135	\$13,332,075	\$16,494,210
2014	\$3,178,007	\$13,635,896	\$16,813,903
2015	\$2,593,448	\$11,858,376	\$14,451,824
2016	\$2,690,657	\$11,996,094	\$14,686,751
2017	\$1,972,646	\$8,731,816	\$10,704,462
2018	\$1,815,147	\$8,725,640	\$10,540,788
2019	\$2,260,404	\$10,786,936	\$13,047,340
2020	\$2,634,938	\$12,606,228	\$15,241,166
2021	\$3,211,922	\$14,365,858	\$17,577,780
2022	\$4,233,476	\$17,152,807	\$21,386,283

Metalliferous Mines License Tax

Statute: Title 15, Chapter 37, Part 1, MCA

Fiscal Year	Total Revenue
2012	\$17,562,018
2013	\$17,630,052
2014	\$13,943,131
2015	\$14,597,270
2016	\$8,164,499
2017	\$10,515,966
2018	\$13,385,537
2019	\$14,694,886
2020	\$18,562,366
2021	\$25,820,795
2022	\$25,978,368



Tax Rate

Mining operations in which metal or gems are extracted are subject to the metalliferous mines license tax; this tax is based on the gross value of the product. The first \$250,000 of gross value is exempt from taxation. Concentrate shipped to a smelter or mill for reduction work is taxed at 1.81 percent of gross value. Gold, silver, or any platinum-group metal that will be shipped to a refinery that is done, bullion, or matte is taxed at 1.6 percent of gross value. Shipping and refining costs are deducted from revenue to determine gross value.

Gross Value

Gross value, to which the tax rate is applied, is the amount of payment the mining company receives from the metal trader, smelter, roaster, or refinery. The amount is calculated by:

- first, multiplying the quantity of metal received (by the metal trader, smelter, roaster, or refinery) by the quoted price for the metal
- next, subtracting the basic treatment and refinery charges
- last, subtracting the quantity deductions, price deductions, interest, penalty metal, and impurity and moisture deductions (as specified by contract between the mining company and the receiving metal trader, smelter, roaster or refinery)
- Deductions are also allowed for the cost of transportation from the mine or mill to the smelter, roaster, or refinery.

Filing and Payment of Tax

Reports and payment of metal mines tax are due twice a year, on or before March 31 and August 15.

Distribution

Metalliferous mines license tax revenue is distributed to various entities under 15-37-117, MCA. For county level distribution data, see the Shared Revenue chapter of this report.

Fund	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
General Fund (47%)	\$6,291,202	\$6,906,596	\$8,724,312	\$12,135,774	\$12,209,833
Hard Rock Mining (2.5%)	\$334,638	\$367,372	\$464,059	\$645,520	\$649,459
Hard Rock Debt Service (8.5%)	\$1,137,771	\$1,249,065	\$1,577,801	\$2,194,768	\$2,208,161
Natural Resources Operations (7%)	\$936,988	\$1,028,642	\$1,299,366	\$1,807,456	\$1,818,486
County Governments (35%)*	\$4,684,938	\$5,143,210	\$6,496,828	\$9,037,278	\$9,092,429

**Effective July 1, 2027, the county distribution changes to 25 percent and the general fund changes to 57 percent.*

Metalliferous Mines License Tax History

The following is a select legislative history of the Metalliferous Mines License Tax.

1925:

The metalliferous mines license tax is enacted at the following rates:

- \$1 + 0.25 percent of gross value between \$100,000 and \$250,000
- \$1 + 0.5 percent of gross value between \$250,001 and \$400,000
- \$1 + 0.75 percent of gross value between \$400,001 and \$500,000
- \$1 + 1 percent of gross value over \$500,000

1958:

The tax rate is increased on gross value exceeding \$500,000 to \$1 + 1.25 percent.

1969:

The tax rate is increased to:

- 0.15 percent on the first \$100,000 of gross value
- 0.575 percent on \$100,001-\$250,000 of gross value
- 0.86 percent on \$250,001-\$400,000 of gross value
- 1.15 percent on \$400,001-\$500,000 of gross value
- 1.438 percent on \$500,000 + of gross value

1983:

The tax rates are revised as follows:

- 0 percent on first \$250,000 of gross value
- 0.5 percent on \$250,001-\$500,000 of gross value
- 1 percent on \$500,001-\$1,000,000 of gross value
- 1.5 percent on \$1,000,000 + of gross value

1989:

The tax rates for concentrate shipped to a smelter or mill for reduction work are revised as follows:

- 0 percent on first \$250,000 of gross value
- 1.81 percent on gross value over \$250,000
- The tax rates for shipped gold, silver, or any platinum-group metal that is dore, bullion, or matte are revised as follows:
- 0 percent on first \$250,000 of gross value
- 1.6 percent on gross value over \$250,000

2003:

Other forms of processed concentrate are added (to include those that are processed in a treatment facility owned or operated by the taxpayer and are sold or shipped to a refinery for final processing) to the gold, silver, and platinum-group metal tax rates.

2009:

No more than \$250,000 in gross value in a calendar year can be exempt from metalliferous mines license tax.

2015:

The distribution of tax revenues to the general fund is reduced from 57 percent to 47 percent and the revenue was distributed to impacted counties beginning with FY 2016.

Micaceous Mines License Tax

Tax Rate

Micaceous minerals are those that are generally classified as complex silicates, and include such minerals as vermiculite, perlite, kernite, and maconite. There have been no micaceous mines license tax collections since FY 1990 because there has been no production.

There is a tax of \$0.05 per ton of concentrates mined, extracted, or produced.

Filing and Payment of Tax

Operators of micaceous mineral mines must file quarterly statements showing the number of tons of micaceous minerals mined. Quarterly returns, along with the accompanying tax payment, are due within 30 days following the end of each calendar quarter.

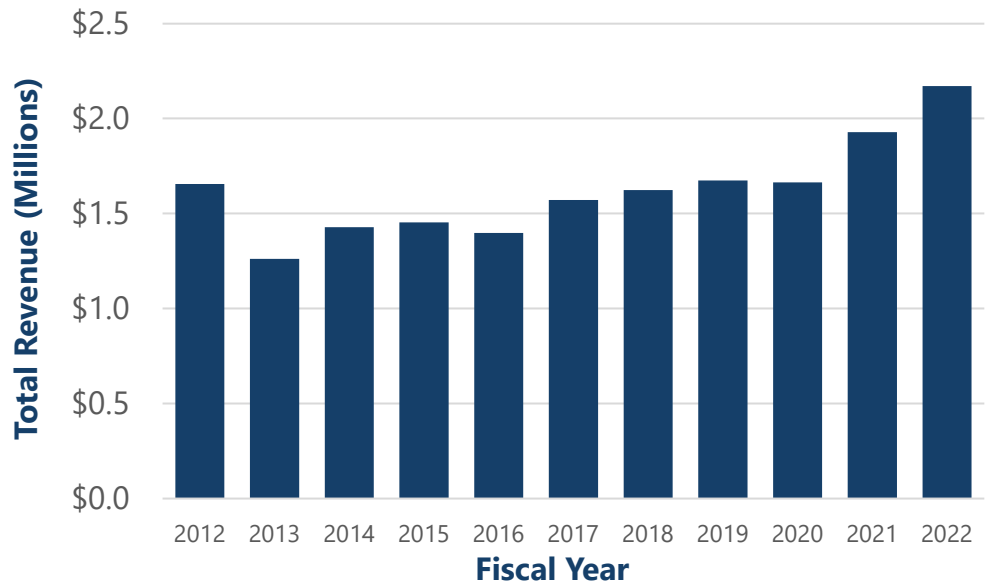
Distribution

All proceeds from micaceous mines license tax are deposited in the state general fund (15-37-200, MCA).

Miscellaneous Mines Net Proceeds Tax

Statute: Title 15, Chapter 23, Part 5, MCA

Fiscal Year	Total Revenue
2012	\$1,655,792
2013	\$1,261,359
2014	\$1,428,505
2015	\$1,452,760
2016	\$1,397,619
2017	\$1,570,642
2018	\$1,624,098
2019	\$1,673,314
2020	\$1,663,481
2021	\$1,927,908
2022	\$2,170,218



Tax Rate

Severed products of mines, except bentonite, coal and metal, are Class 1 property and are levied statewide and local mills. The market value of the severed products is the annual net proceeds of mines and mining claims.

However, for some mining products extracted, the net proceeds are a statutory price multiplied by tonnage and are not based on actual net proceeds. The table below shows the statutory prices of these products for recent production years.

Miscellaneous Production Tax Rates

Mining Product	PY* 2018/FY* 2020 (\$/Ton)	PY 2019/FY 2021 (\$/Ton)	PY 2020/FY 2022 (\$/Ton)	PY 2021/FY 2023 (\$/Ton)
Talc	\$7.64	\$7.74	\$7.88	\$8.14
Vermiculite	\$44.76	\$45.32	\$46.15	\$48.05
Limestone	\$0.55	\$0.56	\$0.57	\$0.59
Industrial Garnets	\$30.17	\$30.55	\$31.11	\$32.48
Garnet Byproducts	30% of Gross Rev.	30% of Gross Rev.	30% of Gross Rev.	30% of Gross Rev.

*PY is Production Year; FY is Fiscal Year.

Filing and Payment of Tax

Miscellaneous mines tax reports are due on or before March 31 of each year. The report includes total gross proceeds of minerals mined during the preceding calendar year and information on costs associated with the mining operation; this information allows the department to calculate the net proceeds from the mining operation.

Annually, by July 1, the department calculates the net value by subtracting allowable deductions and then recording the value in property tax records. The mine producer pays the first half of the property tax levied and assessed on or before November 30 and the second half on or before May 31 of the following year.

Distribution

The taxable value of miscellaneous mines net proceeds is allocated to the local jurisdictions where the mine is located. The mills of these local jurisdictions and statewide mills are levied against the taxable value.

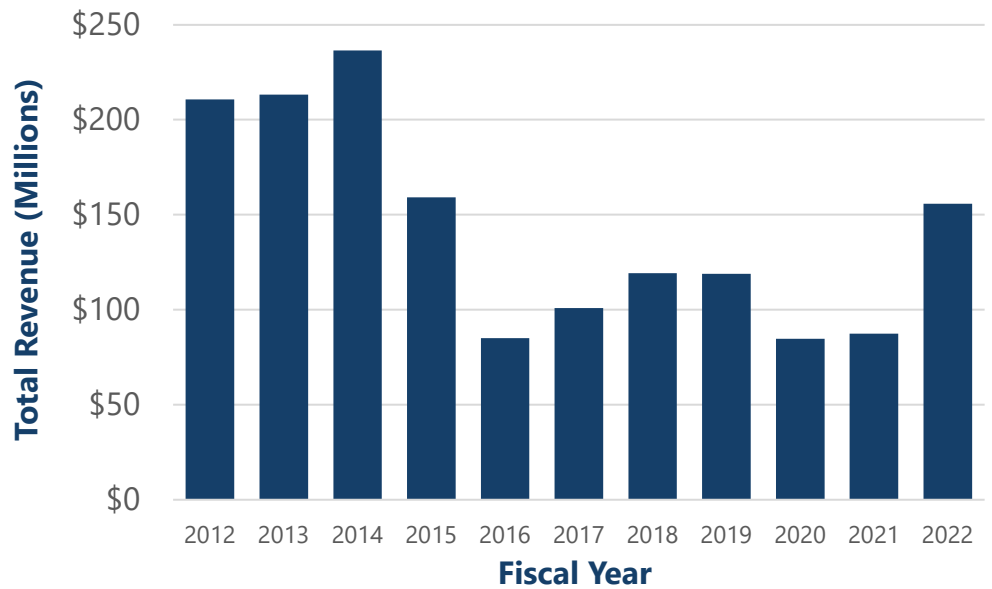
Net Proceeds Property Taxes Assessed

Production Year	Fiscal Year	Net Proceeds	State Share	Local Share	Total Tax
2010	2012	\$3,930,006	\$392,736	\$1,035,769	\$1,428,505
2011	2013	\$4,188,542	\$423,043	\$1,029,717	\$1,452,760
2012	2014	\$3,271,953	\$330,467	\$1,067,152	\$1,397,619
2013	2015	\$3,790,730	\$382,864	\$1,187,778	\$1,570,642
2014	2016	\$3,737,426	\$377,480	\$1,246,618	\$1,624,098
2015	2017	\$3,969,848	\$412,094	\$1,261,220	\$1,673,314
2016	2018	\$3,983,884	\$402,372	\$1,261,109	\$1,663,481
2017	2019	\$4,794,622	\$484,257	\$1,443,651	\$1,927,908
2018	2020	\$5,584,426	\$564,027	\$1,606,191	\$2,170,218
2019	2021	\$4,744,757	\$546,333	\$1,176,785	\$1,723,118
2020	2022	\$3,928,770	\$450,478	\$944,311	\$1,394,789

Oil and Natural Gas Tax

Statute: Title 15, Chapter 36; 20-9-310, MCA

Fiscal Year	Total Revenue
2012	\$210,644,361
2013	\$213,229,045
2014	\$236,496,773
2015	\$159,107,050
2016	\$84,972,199
2017	\$100,769,218
2018	\$119,133,397
2019	\$118,856,040
2020	\$84,611,407
2021	\$87,350,877
2022	\$155,819,083



Tax Rates

The regular production tax rates for the working interest of oil production are 9.3 percent for wells drilled on or after January 1, 1999, and 12.8 percent for wells drilled before that time. However, there are several preferential tax rates to incentivize production. New wells receive a preferential tax rate of 0.8 percent. This tax holiday lasts for 12 months for vertical wells and 18 months for horizontal wells.

There are several other lower tax rates designed to incentivize reinvestment in currently existing wells:

- Incremental production (additional production above an established production curve for a given well) from secondary recovery projects is taxed at 8.8 percent if the quarterly average sales price received for oil is below \$54 per barrel.
- Incremental production from tertiary recovery projects is taxed at 6.1 percent regardless of the sales price received.
- Recompleted horizontal wells are taxed at 5.8 percent for 18 months regardless of the price of oil.

Low-producing wells may be classified as stripper or super-stripper wells and qualify for preferential tax rates.

Stripper wells:

- Post-1999 wells producing between 3 and 15 barrels per day in the prior calendar year are classified as stripper wells.
- If the quarterly average sales price received for oil is below \$30 per barrel, post-1999 wells are taxed at 5.8 percent for the first 10 barrels a day and the standard 9.3 percent for any additional production beyond that.
- If the price of oil is above \$30 a barrel, there is no reduced rate for stripper well production.
- Pre-1999 wells producing between 3 and 10 barrels per day are classified as stripper wells and are taxed at 9.5 percent regardless of oil price.

Super-stripper wells:

- If a well produces an average of three barrels a day or less in the prior calendar year, then it qualifies as a super-stripper well.
- Production from super-stripper wells are taxed at a rate of 6.3 percent for post-1999 wells and 5.3 percent for pre-1999 wells.
- If the average price received for the oil is below \$54 per barrel, the rate is further reduced to 0.8 percent for wells of all ages.

Natural gas producers receive the same holiday for new wells that oil producers receive. Regular production is taxed at a rate of 9.3 percent if the well was drilled after January 1, 1999, or 15.1 percent if drilled before that date.

Natural gas wells averaging less than 60,000 cubic feet (60 MCF) per day in the prior year can qualify as stripper wells and qualify for a reduced tax rate of 11.3 percent if the well was drilled before 1999.

All taxable royalty owners of oil and natural gas production are taxed at a rate of 15.1 percent of the gross value of production. All government royalties and royalties received by an Indian tribe from on-reservation oil production pursuant to a lease entered under the Indian Mineral Leasing Act of 1938 are exempt from taxation.

Total gross value is computed as the product of the total number of barrels (bbl) or thousand cubic feet (MCF) produced each quarter and the average wellhead value per barrel or thousand cubic feet. Producers may deduct the costs of any production that is used in the well's operation.

All tax rates include the privilege and license tax and the tax levied for the Oil and Gas Natural Resource Distribution Account. The sum of these two additional taxes is always equal to 0.3 percent of total gross oil and natural gas value (15-36-304(7), MCA).

The table on the next page illustrates how the varying tax rates apply in different scenarios.

Oil and Natural Gas Production Tax Rates

Oil-Working Interest Tax Rates	Statutory Rate	Total Rate
Pre-1999 Wells (Regular Production)	12.5%	12.8%
Post-1999 Wells (Regular Production)	9.0%	9.3%
Incremental Production from Secondary Recovery [†] ~	8.5%	8.8%
Incremental Production from Tertiary Recovery	5.8%	6.1%
Horizontally Recompleted Wells - First 18 Months	5.5%	5.8%
Horizontally Completed Wells - First 18 Months	0.5%	0.8%
Post-1999 Stripper Wells - First 10 Barrels per Day - Oil under \$30 Per Barrel~	5.5%	5.8%
Pre-1999 Stripper Wells	9.2%	9.5%
Super Stripper Wells - Oil under \$54 Per Barrel~	0.5%	0.8%
Post-1999 Super Stripper Wells - Oil \$54 per Barrel or Higher~	6.0%	6.3%
Pre-1999 Super Stripper Wells - Oil \$54 per Barrel or Higher~	5.0%	5.3%

Natural Gas - Working Interest Tax Rates	Statutory Rate	Total Rate
Pre-1999 Wells (Regular Production)	14.8%	15.1%
Post-1999 (Regular Production)	9.0%	9.3%
Pre-1999 Wells Producing Less Than 60 MCF per Day	11.0%	11.3%
Vertically Completed Wells - First 12 Months	0.5%	0.8%
Horizontally Completed Wells - First 18 Months	0.5%	0.8%

Royalty Interest Tax Rates	14.8%	15.1%
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[†] These rates apply if the price is under \$54 per barrel.

~ Oil price is the average price received by the individual producer.

Post-1999 stripper wells produce 3 to 15 barrels per day.

Pre-1999 stripper wells produce 3 to 10 barrels per day

Super-stripper wells produce less than 3 barrels per day.

The total rate includes 0.3% to fund the operations of the Board of Oil and Gas Conservation Division and the Oil and Natural Gas Resource Distribution Account.

The following table shows summary information gathered from the tax returns of producers:

Montana Oil and Gas Production Statistics

Oil	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Total Gross Value	\$861,657,306	\$889,400,612	\$1,038,507,633	\$1,216,466,565	\$867,119,104	\$865,779,534	\$1,084,837,187
Volume (barrels)	25,116,621	21,253,705	19,384,205	22,860,019	20,781,922	18,767,503	14,145,602
Taxable Royalty Value	\$116,715,105	\$120,097,317	\$137,571,557	\$171,226,963	\$123,114,484	\$119,432,481	\$151,814,010
Tax on Royalty Owners	\$17,577,295	\$18,123,343	\$20,773,306	\$25,855,273	\$18,590,288	\$18,034,306	\$22,923,916
Working Interest Value	\$720,795,751	\$744,190,817	\$870,192,043	\$1,009,738,455	\$720,130,124	\$721,813,909	\$902,934,142
Tax on the Working Interest	\$61,591,918	\$72,435,995	\$84,666,329	\$83,074,271	\$56,768,381	\$62,850,768	\$76,736,917
Effective Tax Rate	9.19%	10.18%	10.15%	8.95%	8.69%	9.34%	9.19%
Total Tax*	\$79,169,214	\$90,559,339	\$105,439,635	\$108,929,543	\$75,358,669	\$80,885,074	\$99,698,104

Gas	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Total Gross Value	\$57,601,774	\$83,116,028	\$81,188,867	\$79,039,876	\$39,595,901	\$75,040,215	\$112,164,961
Volume (MCF)	37,299,901	\$42,014,267	\$38,071,657	\$38,209,549	\$35,549,434	\$34,206,152	\$26,094,436
Taxable Royalty Value	\$7,160,384	\$10,819,723	\$10,938,857	\$10,932,908	\$5,582,203	\$9,817,788	\$15,214,052
Tax on Royalty Owners	\$1,078,354	\$1,632,901	\$1,651,769	\$1,650,870	\$842,913	\$1,482,487	\$2,297,323
Working Interest Value	\$48,123,382	\$69,611,994	\$67,764,878	\$65,750,774	\$32,843,998	\$62,688,353	\$93,437,578
Tax on the Working Interest	\$4,479,234	\$6,765,428	\$6,405,936	\$5,878,147	\$2,985,446	\$5,946,849	\$8,682,092
Effective Tax Rate	9.65%	10.10%	9.92%	9.53%	9.67%	9.90%	9.79%
Total Tax*	\$5,557,587	\$8,398,329	\$8,057,705	\$7,529,017	\$3,828,359	\$7,429,336	\$10,979,415

*Total Tax revenue does not match data in the state accounting database due to accrual reversals and amended returns. Previous years' numbers are taken from previous biennial reports.

Filing and Payment of Oil and Natural Gas Tax

Oil and Natural Gas producers are required to file quarterly statements containing information sufficient to calculate the tax due. Tax payments are due within 60 days following the close of each calendar quarter.

Distribution of Oil and Natural Gas Tax

The first distribution of this tax is made to the Board of Oil and Gas Conservation (BOGC) to fund its operations, up to a maximum of 0.3 percent of taxable oil and gas tax revenue.

If the Board does not use the full 0.3 percent, the remainder (up to 0.08 percent of the taxable revenue) goes to the Oil and Natural Gas Resource Distribution Account for distribution to cities and towns located in counties impacted by oil and gas production.

So, if the BOGC uses less than 0.22 percent (0.3 percent minus 0.08 percent) of the total revenue, any remainder is held as reserves for the Board or for the legislative, transfer-related impacts of oil and gas production (15-36-331(2), MCA).

The remaining tax revenue is then distributed between the state and county governments. The specific allocation is dependent on which county the production occurred in and is set in statute. The percentage share between state and county is frozen at the relative millage rates when the legislature changed oil and gas taxes from an ad valorem property tax into a flat rate tax.

The state portion is distributed as follows:

- 2.16 percent to the Natural Resource Projects State Special Revenue Account
- 2.02 percent to the Natural Resource Operations State Special Revenue Account
- 2.95 percent to the Orphan Share Account
- 2.65 percent to the University System
- The remainder (90.22 percent) to the general fund

The county share of the revenue is distributed between elementary retirement funds, high school retirement funds, countywide transportation funds, school districts, community colleges, and county governments. The specific allocation between these entities is dependent on the county of production and the schedule in 15-36-332, MCA. For county-level oil and gas tax distributions, see the Oil and Gas Tax section of the Shared Revenue chapter of this report.

Hydraulic fracturing and the subsequent boom of oil in eastern Montana created a large amount of tax revenue for some school districts where oil was drilled, but left others with significant expenditures from workers (and their children) who lived and went to school in adjacent areas. There were several legislative fixes to solve this disparity. A history is available in past biennial reports.

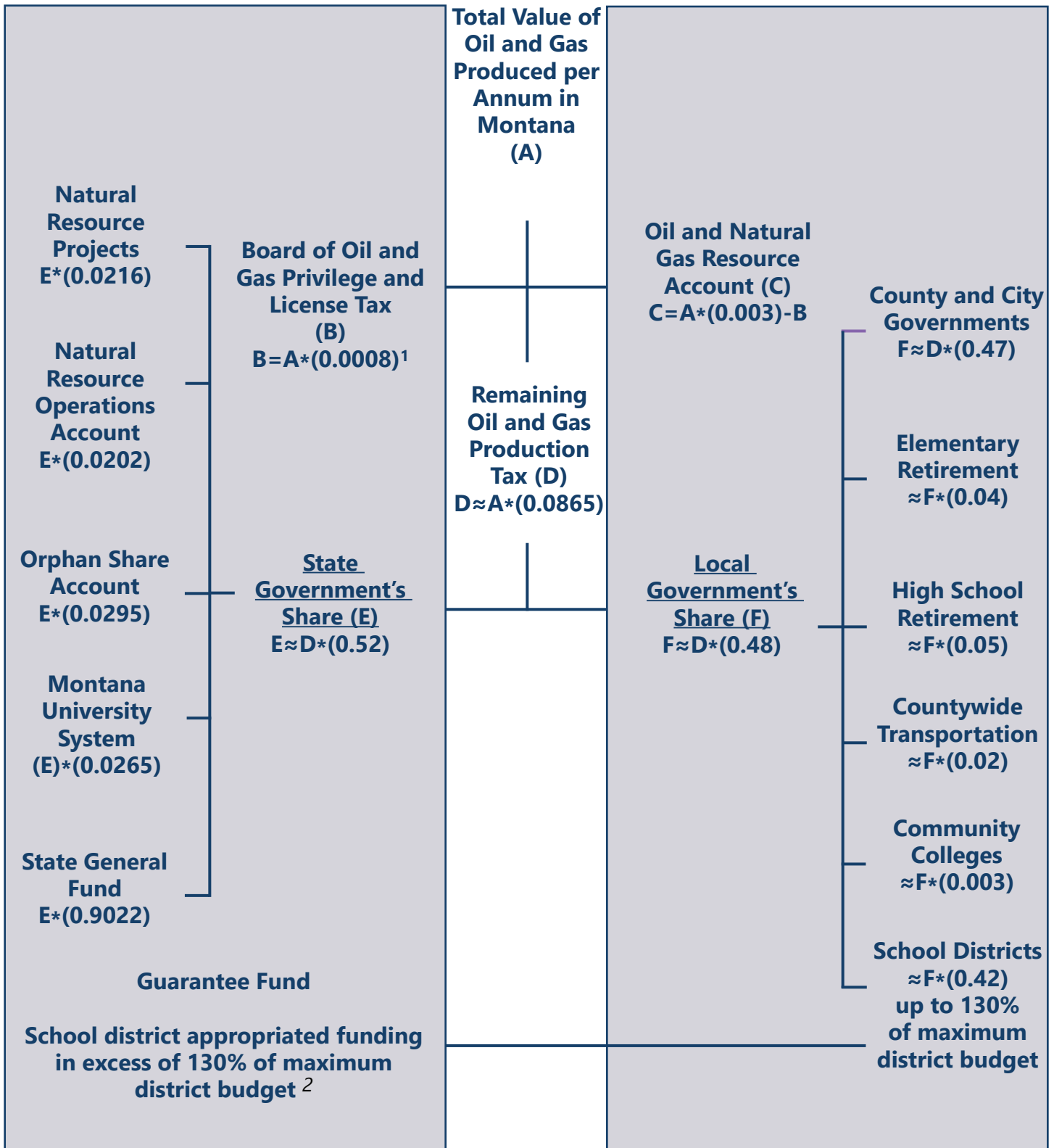
The current system for redistributing funds is to allow school districts to receive up to 130 percent of their maximum allowable budget in oil tax money, with any excess deposited into the State Guarantee Account, which generates interest for statewide school equalization.

Distribution of Oil and Gas Tax

Fund	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Total Revenue	\$119,133,397	\$118,856,040	\$84,611,407	\$87,350,877	\$155,819,083
BOGC	\$3,414,619	\$3,794,479	\$2,629,715	\$2,299,829	\$4,085,298
Oil & Gas Natural Resource Account	\$0	\$0	\$177,640	\$459,404	\$816,920
Remainder	\$115,718,778	\$115,061,561	\$81,804,052	\$84,591,644	\$150,916,865
County Revenue					
County Revenue	\$55,301,615	\$55,010,644	\$39,263,577	\$40,765,364	\$72,763,421
Counties and Schools	\$53,618,550	\$52,811,479	\$38,026,449	\$40,589,129	\$71,203,940
Guarantee Fund	\$1,683,066	\$2,199,165	\$1,237,128	\$176,235	\$1,559,482
State Revenue					
State Revenue	\$60,417,163	\$60,050,917	\$42,540,475	\$43,826,280	\$78,153,444
Natural Resources Projects (2.16%)	\$1,305,013	\$1,297,102	\$918,874	\$946,646	\$1,688,114
Natural Resources Operations (2.02%)	\$1,220,424	\$1,213,026	\$859,318	\$885,289	\$1,578,700
Orphan Share Fund (2.95%)	\$1,782,308	\$1,771,504	\$1,254,944	\$1,292,876	\$2,305,527
Montana University System (2.65%)	\$1,601,053	\$1,591,347	\$1,127,323	\$1,161,397	\$2,071,066
General Fund (remainder)	\$54,508,364	\$54,177,937	\$38,380,017	\$39,540,071	\$70,510,037

State

Counties



1 This rate varies up to 0.08% based on necessary funding. The difference between this rate and 0.3% is sent to the Oil and Natural Gas Resource Account.

2 There can be exceptions to this 130% of maximum district budget for school districts with unusual enrollment increases. All calculations with \approx are approximate; they represent averages across different counties which have different spending schedules, or in the case of (c), an average of taxes owed across different tax schedules. For accurate county-level tax shares by category, consult 15-36-331, MCA and 15-36-332, MCA.

Oil and Natural Gas Tax State Comparison

Individual states have different exemptions, deductions, and tax bases for their natural resources. These differences make it very difficult to compare tax structures between states, and differences in other taxes (such as sales and property tax) can skew the overall tax burden in each state. The following table provides a brief description of oil and gas taxes in other states.

Oil and Natural Gas Tax Rates (Updated 2022)*

State	Type of Tax	Description of Tax Rates
California	Oil and Gas Production Assessment	\$0.5038349 on each barrel of oil and 10,000 cubic feet of natural gas produced. Rate established annually each June. Ad valorem taxes administered by county.
Colorado	Severance Tax	2 to 5 percent based on gross income from oil and natural gas
		1 to 4 percent of shale oil gross proceeds, depending on age
	Ad Valorem	Rates vary by county. Severance tax can be reduced to credit 87.5 percent of ad valorem taxes.
	Oil and Gas Conservation Levy	Maximum \$0.0017 of market value at wellhead; or 1.1. mills
Idaho	Oil and Gas Production Tax	2.5 percent of gross income earned on gas and oil production
Kansas	Mineral Severance Tax	\$1 per ton of coal; 8 percent tax on gross value of oil or gas
	Oil and Gas Conservation Fee	Oil: 91 mills per barrel Gas: 12.9 mills per MCF
Montana	Natural Gas and Oil Production Tax	Varies from 0.5 percent to 14.8 percent, depending on well type, age, and oil price
	Privilege and License Tax	0.3 percent of market value per barrel of oil or 10,000 cubic feet of natural gas produced
Nebraska	Oil and Gas Severance Tax	3 percent on value for natural gas and non-stripper oil severed; 2 percent on value for stripper oil severed
	Oil and Gas Conservation Tax	0.3 percent tax on value of oil or gas at wellhead
Nevada	Oil and Gas Conservation Fee	Up to \$0.20 per 50,000 cubic feet of natural gas or barrel of oil

New Mexico	Oil and Gas Severance Tax	1.875 to 3.75 percent of taxable value, depending on type and production
	Oil and Gas Conservation Tax	0.19 percent of taxable value of sold oil or gas
	Oil and Gas Emergency School Tax	Oil: 3.15 percent of taxable value; 1.58 to 2.36 percent for stripper wells
		Gas: 4 percent of taxable value; 2 to 3 percent for stripper wells
	Oil and Gas Ad Valorem Production Tax	Rate based on assessed value of property
	Natural Gas Processors' Tax	0.0065 per mmbtu of natural gas, multiplied by adjustment factor
Adjustment factor equal to the annual taxable value per MCF of natural gas, divided by \$1.33		
North Dakota	Oil Gross Production Tax	\$.0705 per MCF of gas (changes annually on July 1)
		Gross production tax rate on oil is 5 percent of the gross value
	Oil Extraction Tax	5 percent of gross oil value with reductions and exemptions based on location, production, and oil price
Ohio	Severance Tax	\$0.025 per MCF of natural gas, \$0.10 per barrel of oil
Oklahoma	Gross Production Severance Tax	7 percent for gross value of oil and gas production
		Exemptions and reductions for certain well types and new wells, respectively
	Additional Excise Tax on Petroleum and Gas	.085 percent of the gross value on each barrel of petroleum oil (0.085 of 1 percent); 0.095 percent of the gross value of all-natural gas and/or casinghead gas (0.095 of 1 percent)
	Oil and Gas Production Fee	\$0.0035 per barrel of petroleum liquid produced
\$0.00015 per MCF of natural gas produced		
Oregon	Oil and Gas Production Tax	6 percent of gross value at well
South Dakota	Energy Minerals Severance Tax	4.5 percent of taxable value of energy minerals (including oil and gas)
	Conservation Tax	Excise tax of 2.4 mills of the taxable value of any energy minerals (including oil and gas) severed and saved

Texas	Gas and Oil Production Tax	7.5 percent tax of gas and liquid hydrocarbons market value
		4.6 percent tax of oil market value or 4.6 cents for each barrel of 42 standard gallons of oil produced in this state, whichever rate results in the greater amount of tax
		4.6 percent tax of gas condensate market value for gas condensate
		Incentives and exemptions for inactive wells, marginal wells, and high cost gas wells
	Oil and Gas Field Clean-Up Regulatory Fee	\$0.006625 per barrel of crude oil and \$0.000667 per MCF of gas
Utah	Oil and Gas Severance Tax	Oil (percent of market value): 3 percent if valued at \$13 or less per barrel; 5 percent if valued above \$13 per barrel
		Gas (percent of market value): 3 percent if valued at \$1.50 or less per MCF; 5 percent if valued above \$1.51 per MCF; and 4 percent of value for natural gas liquids
		Exemptions and incentives for new and stripper wells
	Oil and Gas Conservation Fee	0.002 percent of the value of gas or oil
Wyoming	Oil and Natural Gas Severance Tax	6 percent on crude oil, lower rates between 1.5 to 4 percent for new oil wells or secondary and tertiary production
	Oil and Gas Conversion Tax	.05 percent

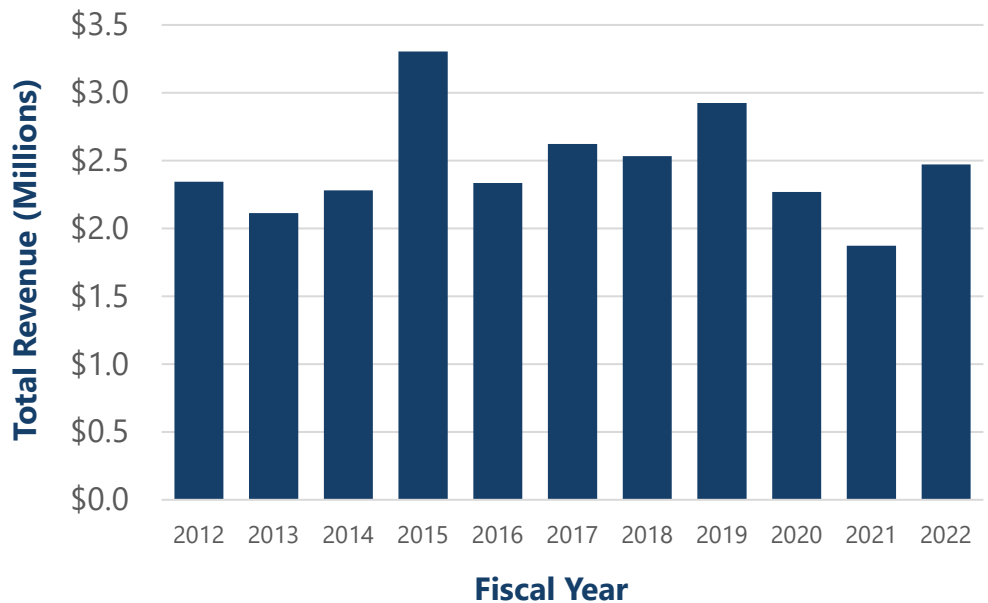
MCF stands for 1,000 cubic feet

**Source: National Conference of State Legislatures*

Resource Indemnity and Ground Water Assessment Tax

Statute: Title 15, Chapter 38, Part 1, MCA

Fiscal Year	Total Revenue
2012	\$2,343,678
2013	\$2,112,327
2014	\$2,278,971
2015	\$3,303,038
2016	\$2,335,153
2017	\$2,622,658
2018	\$2,531,336
2019	\$2,923,403
2020	\$2,269,192
2021	\$1,870,702
2022	\$2,470,720



Tax Rate

The Resource Indemnity and Ground Water Assessment Tax (RIGWAT) was created to indemnify the citizens of Montana for the loss of long-term value resulting from the depletion of natural resource bases and for environmental damage caused by mineral development.

Mineral	Tax Rate	Exemption
Other*	0.5%	First \$5,000
Talc	4.0%	First \$625
Coal	0.4%	First \$6,250

Mineral	Tax Rate	Exemption
Vermiculite	2.0%	First \$1,250
Limestone	10.0%	First \$250
Garnets	1.0%	First \$2,500

*Excludes oil, gas, and mines taxed under 15-37-104, MCA.

Exemptions

- Metal production subject to the metal mines license tax is exempt from RIGWAT.
- 2003 Legislature changed the distribution of oil and gas tax revenue to include the Orphan Share Account, making oil and gas production subject to the oil and gas severance tax exempt from RIGWAT.
- Royalties received by an Indian tribe, by the U.S. government as trustee for individual Indians, by the U.S. government, by the state of Montana, or by a county or municipality are exempt from RIGWAT.

Filing and Payment of Tax

All extractors and producers of minerals must file an annual statement showing the gross yield of product for each mineral mined. Metal producers must file on or before March 31. All other producers must file on or before the 60th day following the end of the calendar year. The tax is due at the time of the statement filing.

Distribution

RIGWAT tax collections are deposited into several special funds and accounts. The order and amount of proceeds deposited are as follows:

- An amount certified by the Department of Environmental Quality is deposited to the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA) debt service fund
- \$366,000 to be deposited in the ground water assessment account
- \$150,000 to be deposited in the water storage state special revenue account each biennium in even-numbered fiscal years

The remaining revenue is then split:

- 25 percent to the hazardous waste/CERCLA special revenue account
- 25 percent to the environmental quality protection fund
- 50 percent to the natural resources projects fund

The following chart shows a select history of the Resource Indemnity and Ground Water Assessment Tax.

Fund	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Total Revenue	\$2,531,336	\$2,923,403	\$2,269,192	\$1,870,702	\$2,470,720
CERCLA Debt Service	\$143,825	\$144,525	\$145,025	\$145,265	\$145,211
Groundwater Assessment	\$366,000	\$366,000	\$366,000	\$366,000	\$366,000
Water Storage	\$150,000	\$0	\$150,000	\$0	\$150,000
Remainder	\$1,871,511	\$2,412,878	\$1,608,167	\$1,359,437	\$1,809,509
Hazardous Waste/ CERCLA (25%)	\$467,878	\$603,219	\$402,042	\$339,859	\$452,377
Environmental Quality Protection (25%)	\$467,878	\$603,219	\$402,042	\$339,859	\$452,377
Natural Resources Projects (50%)	\$935,756	\$1,206,439	\$804,083	\$679,719	\$904,754

Resource Indemnity and Ground Water Assessment Tax History

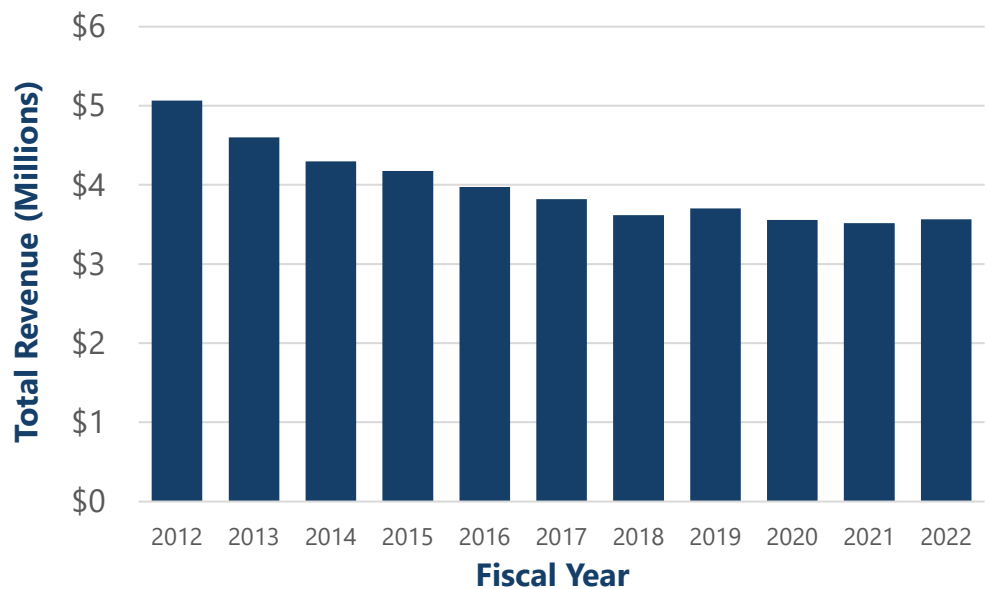
The following timeline shows a select legislative history of the Resource Indemnity and Ground Water Assessment Tax.

- 1973:** The Resource Indemnity Trust Act was enacted, with a tax on mineral production of \$25 + 0.5 percent of the gross value exceeding \$5,000.
- 1977:** The royalty owners' share may be deducted from the gross proceeds calculation for the Resource Indemnity Trust Tax.
- 1989:** A special tax rate for talc production was implemented for \$25 + 4 percent of gross value.
- 1991:** A special tax rate for coal production was implemented for \$25 + 0.4 percent of gross value. A special tax rate for vermiculite production was implemented for \$25 + 2 percent of gross value.
- 1993:** A special tax rate for quicklime production from limestone was implemented for \$25 + 10 percent of gross value.
- 1995:** Tax changes during this legislative session:
- The tax on talc was changed to \$25 + 4 percent of gross value exceeding \$625.
 - The tax on coal was changed to \$25 + 0.4 percent of gross value exceeding \$6,250.
 - The tax on vermiculite was changed to \$25 + 2 percent of gross value exceeding \$1,250.
 - The tax on quicklime from limestone was changed to \$25 + 10 percent of gross value exceeding \$250.
- 2009:** Counties, cities, towns, and people who paid the opencut mining fee are now exempted from RIGWAT.

Resource Indemnity Fund Trust

Statute: Title 15, Chapter 38, Part 2, MCA

Fiscal Year	Total Revenue
2012	\$5,063,566
2013	\$4,601,613
2014	\$4,296,135
2015	\$4,175,477
2016	\$3,973,132
2017	\$3,817,555
2018	\$3,617,536
2019	\$3,703,171
2020	\$3,557,436
2021	\$3,515,524
2022	\$3,562,628



Distribution of Interest Income

In FY 2002, the Resource Indemnity Trust Fund reached \$100 million. Net earnings, excluding unrealized gains and losses, and all receipts may be appropriated and expended by the Legislature, so long as the balance of the trust is never less than \$100 million. This is not a tax but has its own section due to the scope of its distribution process.

Interest from the resource indemnity trust is allocated in a two-stage process.

- First, several programs receive fixed allocations. Second, the remaining funds are divided between four programs on a percentage basis.
- The distributions were then revised, starting FY 2016, to increase the amount going to the Oil and Gas Damage Mitigation Account and to decrease the amount going to the Natural Resource Projects Account.
- When there is insufficient interest income, money is allocated in relative proportions.

This is the case in all fiscal years, as displayed on the next page.

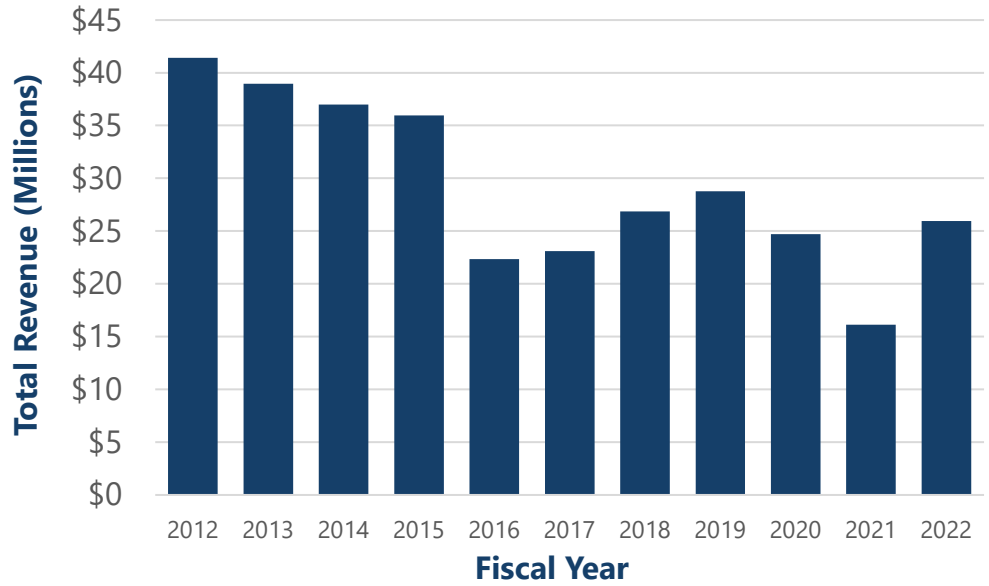
Resource Indemnity Fund Interest Distribution

	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Annual Distributions					
Natural Resources Projects	\$2,386,503	\$2,962,537	\$2,176,299	\$2,812,419	\$2,220,602
Groundwater Assessment	\$223,735	\$277,738	\$204,028	\$263,664	\$208,181
Native Fish Species Enhancement	\$372,891	\$462,896	\$340,047	\$439,440	\$346,969
Biennial Distribution					
Oil & Gas Damage Mitigation	\$131,005	\$0	\$378,000	\$0	\$318,467
Water Storage	\$372,891	\$0	\$340,047	\$0	\$346,969
Environmental Contingency RIT	\$130,512	\$0	\$119,016	\$0	\$121,439
Remainder					
Natural Resources Operations (65%)	\$0	\$0	\$0	\$0	\$0
Hazardous Waste-CERCLA (26%)	\$0	\$0	\$0	\$0	\$0
Environmental Quality Protection (9%)	\$0	\$0	\$0	\$0	\$0

U.S. Mineral Royalties

Statute: 30 USC, Section 191 17-3-240, MCA

Fiscal Year	Total Revenue
2012	\$41,409,246
2013	\$38,940,371
2014	\$36,991,806
2015	\$35,947,238
2016	\$22,345,284
2017	\$23,096,354
2018	\$26,852,265
2019	\$28,760,237
2020	\$24,702,715
2021	\$16,108,967
2022	\$25,952,298



The federal government generates royalties from leasing mineral rights on federal lands in the state. They share 49 percent of royalty revenue with the state; prior to October 2007, this share was 50 percent.

The Department of Revenue provides auditing and compliance services to the federal government for producers extracting minerals from federal lands within the state. The federal government reimburses the department for these services.

Distribution

The state general fund receives 75 percent of the U.S. Mineral Royalties revenue. The remaining 25 percent is allocated to counties with mining on federal land. The county share is distributed to county governments in proportion to the amount collected in each of the counties. For county level distribution amounts, see the U.S. Mineral Royalties section of the Shared Revenue chapter.

Fund	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
General Fund (75%)	\$20,139,199	\$21,570,177	\$18,527,036	\$12,081,725	\$19,464,224
Impacted Counties (25%)	\$6,713,066	\$7,190,059	\$6,175,679	\$4,027,242	\$6,488,075