

MAINE STATE LEGISLATURE

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1 FIFTH SPECIAL SESSION
2

3 ONE HUNDRED AND TENTH LEGISLATURE
4

5 **Legislative Document**

No. 2155

6
7 H. P. 2428 House of Representatives, May 13, 1982
Submitted by the Joint Standing Committee on Taxation pursuant
to Joint Order S. P. 999.

Reported by Representative Post from the Committee on Taxation
pursuant to S. P. 999. Printed under Joint Rules No. 18.

8 EDWIN H. PERT, Clerk

9
10 STATE OF MAINE
11

12 IN THE YEAR OF OUR LORD
13 NINETEEN HUNDRED AND EIGHTY-TWO
14

15 AN ACT to Create an Excise Tax on
16 Mining Companies and Regulate Mining
17 Activities.
18

19 Be it enacted by the People of the State of Maine as follows:

20 Sec. 1. 1 MRSA §2601, sub-§4 is enacted to read:

21 4. Review of grants for mining impact assistance. The
22 provisions for mining impact assistance contained in Title
23 36, section 2863, shall be reviewed by January 1, 1987, and
24 every 5 years thereafter.

25 Sec. 2. 5 MRSA c. 18 is enacted to read:

26 CHAPTER 18

27 MINING EXCISE TAX TRUST FUND

28 §451. Statement of purpose

1 The purpose of this chapter is to establish the Mining
2 Excise Tax Trust Fund to replace, generally, the loss to the
3 State of a nonrenewable natural resource and to deal with
4 extraordinary government costs required by mining of metal-
5 lic minerals.

6 §452. Mining Excise Tax Trust Fund

7 There is created a separate trust fund to be known as
8 the Mining Excise Tax Trust Fund.

9 1. Nonlapsing fund. The fund shall not lapse.

10 2. Investment. The Treasurer of State shall invest
11 the fund in accordance with section 138.

12 3. Principal limit. The principal amount of the fund
13 shall not exceed \$10,000,000.

14 §453. Board of trustees

15 The following provisions shall apply to the Mining
16 Excise Tax Trust Fund Board of Trustees.

17 1. Membership. The board shall consist of 5 members,
18 at least one of whom shall be a resident of the unorganized
19 territory.

20 2. Appointment of members. The board's members shall
21 be appointed by the Governor and shall be subject to review
22 by the joint standing committee of the Legislature having
23 jurisdiction over taxation and to confirmation by the Legis-
24 lature. The board members may be removed for cause.

25 3. Terms. Of the initial appointees: One shall serve
26 a term of one year; one shall serve a term of 2 years; one
27 shall serve a term of 3 years; one shall serve a term of 4
28 years; and one shall serve a term of 5 years. Upon expira-
29 tion of these terms, members shall be appointed to serve
30 for 5 years. Members may be reappointed.

31 §454. Powers and duties of the board

32 The board shall have the following powers and duties.

33 1. Powers. The board may authorize expenditures of
34 income of the trust fund as provided by the general plan
35 approved by the Legislature. The board may:

36 A. Purchase real estate with the consent of the Gover-
37 nor; and

1 B. Transfer responsibility to carry out the purposes
2 set forth in section 455, and transfer funds therefore,
3 to state agencies and institutions of higher education
4 when the transfer is consented to in writing by the
5 agency accepting responsibility and by the Governor.

6 2. Consultation. The board shall consult with the
7 Commissioner of Conservation, Commissioner of Environmental
8 Protection, Commissioner of Inland Fisheries and Wildlife,
9 the Director of the State Planning Office and such other
10 state agencies as may be necessary in making decisions on
11 the expenditures of funds or transfer of responsibilities.

12 3. Concurrence required for expenditures. An expendi-
13 ture of funds or transfer of responsibility may only be made
14 with the concurrence of at least 3 board members.

15 4. Reinvestment of funds. The board may direct that
16 the Treasurer of State reinvest any portion of the income
17 earned by the trust fund with the principal of the trust
18 fund. Funds reinvested may not be considered principal of
19 the trust fund for the purposes of section 455, subsection
20 1, paragraph B.

21 5. Location. For administrative purposes, the board
22 shall be housed in the Department of Conservation. One
23 full-time position in the department may serve the board in
24 carrying out the purposes of this section.

25 6. Biennial report and annual plan. The board shall
26 prepare:

27 A. A biennial report to be submitted to the Governor
28 and Legislature. The report shall include an audited
29 financial statement of the trust fund and a listing of
30 activities undertaken by the board in the preceding
31 biennium. The report shall be submitted 30 days prior
32 to the convening of the First Regular Session of the
33 Legislature; and

34 B. An annual general plan of expenditures and activi-
35 ties for the coming year. The general plan shall be
36 submitted to the Legislature 30 days prior to the con-
37 vening of each regular session for approval.

38 §455. Uses of the trust fund

39 1. Funds available. The board may utilize available
40 funds as follows.

1 A. The board may use income for the purposes of this
2 section.

3 B. The board may use the principal if approved by the
4 Legislature and the Governor.

5 2. Uses. Funds may be used as follows:

6 A. To purchase and develop land or other real property
7 interests for park and recreational uses;

8 B. To purchase wildlife habitats, marine habitats and
9 unique natural areas; or

10 C. To restore the quality of marine waters, lakes,
11 rivers and streams.

12 **Sec. 3. 36 MRSA §573, sub-§3, ¶¶C and D, as enacted by**
13 **PL 1981, c. 625, §1, are amended to read:**

14 C. Deed restrictions, restrictive covenants or orga-
15 nizational charters which prevent commercial harvesting
16 of trees or require a primary use of land other than
17 commercial harvesting and which were effective prior to
18 January 1, 1982; or

19 D. If the parcel is less than 100 acres, the sole use
20 of the land is harvesting trees for personal use; or

21 **Sec. 4. 36 MRSA §573, sub-§3, ¶E is enacted to read:**

22 E. Past or present multiple use for mineral explora-
23 tion.

24 **Sec. 5. 36 MRSA §581-C is enacted to read:**

25 §581-C. Mineral lands

26 Notwithstanding the provisions of section 581, on with-
27 drawal or change of use of land containing naturally occur-
28 ring metallic minerals, the penalty due with respect to the
29 portion of the just value attributable to those minerals
30 shall be the minimum penalty provided in the Maine Constitu-
31 tion, Article IX, section 8.

32 1. Just value. The portion of just value attributable
33 to the naturally occurring metallic minerals shall be the
34 just value of the minerals according to section 2864.

1 2. Additional penalty. The additional penalty for
2 failure to report a change of use under section 579 may not
3 apply to this penalty.

4 3. Interest. Interest shall be applied to this pen-
5 alty at a rate of 5% per year.

6 4. Supplemental assessments. When the penalty provi-
7 sions of this section apply to a change of use or with-
8 drawal, supplemental assessments under section 579, or
9 supplemental assessments under any other section, of the tax
10 that should have been paid may not be made on the portion of
11 the valuation of that land that is attributable to naturally
12 occurring metallic minerals.

13 5. Application. This section shall also apply to
14 changes in use occurring before the effective date of this
15 section.

16 6. Allocation of penalty. This penalty shall be
17 deposited in the Mining Impact Assistance Fund provided in
18 section 2863.

19 **Sec. 6. 36 MRSA §603, sub-§9 is amended to read:**

20 9. Certain corporations. The personal property of
21 manufacturing, mining, smelting, agricultural and stock
22 raising corporations, and corporations organized for the
23 purpose of buying, selling and leasing real estate shall be
24 taxed to the corporation or to the persons having possession
25 of such property in the place where situated, except as pro-
26 vided in subsection subsections 1 and 10.

27 **Sec. 7. 36 MRSA §603, sub-§10 is enacted to read:**

28 10. Tax situs. The tax situs of tangible personal
29 property shall be at the mine site if that property is:

30 A. Owned, leased or otherwise subject to possessory
31 control of a mining company; and

32 B. On route to or from, being transported to or from
33 or destined to or from a mine site.

34 For the purposes of this subsection, the definitions of
35 section 2855 shall apply.

36 **Sec. 8. 36 MRSA §656, sub-§1, ¶B is repealed and the**
37 **following enacted in its place:**

1 B. Naturally occurring metallic minerals;

2 Sec. 9. 36 MRSA §1112-A is enacted to read:

3 §1112-A. Mineral lands

4 Notwithstanding the provisions of this subchapter, the
5 amount of a penalty that would be due on the valuation of
6 land that is attributable to naturally occurring metallic
7 minerals shall be determined in the same manner as provided
8 under section 581-C.

9 Sec. 10. 36 MRSA c. 371 is enacted to read:

10 CHAPTER 371

11 MINING EXCISE TAX

12 §2851. Preamble

13 It is the Legislature's belief that mining for metallic
14 minerals is an acceptable and necessary activity in the
15 State. Mining results in economic benefits to the locality
16 where it occurs, as well as to the entire State and the
17 Nation. Those who conduct mining do so by their own initia-
18 tive and by investing their capital. When mining is con-
19 ducted, investments of the State are also made to provide
20 public facilities and services. Aesthetic costs and the
21 permanent loss of valuable assets also result from mining.
22 It is the Legislature's intent that the mining excise tax be
23 fairly related to the services provided by the State and its
24 subdivisions, as well as account for the costs of mining and
25 the permanent loss of valuable assets.

26 §2852. Findings

27 The Legislature makes the following findings.

28 1. Mineral resources fundamental. Mineral resources
29 are fundamental to modern civilization.

30 2. Mineral resources as economic wealth. Mineral
31 resources have historically been a primary source of eco-
32 nomical wealth, are valuable and, once removed, are forever
33 lost as an economic asset to the State.

34 3. Development of mineral resources. Development of
35 this country's mineral resources has involved only a small
36 portion of its land area and may be expected to involve a
37 similarly small portion of the land area of Maine.

1 4. Excise tax. The tax established by this chapter is
2 not a property tax. It is an excise tax imposed on those
3 engaged in and enjoying the privilege of conducting mining
4 in the State.

5 5. Creation of additional costs to government by
6 mining. The activity of mining may create additional costs
7 to the State and its political subdivisions for government
8 services, such as environmental monitoring and education and
9 for highways, sewers, schools and other improvements which
10 are necessary to accommodate the development of a mining
11 industry.

12 6. Effect of mining on environment and other quali-
13 ties. The activity of mining may have permanent and often
14 damaging effects on the environment and recreational and
15 aesthetic qualities of the State. These effects constitute
16 a cost to the State.

17 7. Quality of life. The activity of mining may sig-
18 nificantly alter the quality of life in communities affected
19 by mining.

20 8. Size of mining operation. As the size of a mining
21 operation increases, the cost to the State and its political
22 subdivisions may increase, as do the effects on the envi-
23 ronment. As the size of a mining operation increases, the
24 mining company benefits from economies of scale in the
25 mining operation.

26 9. Long-term and short-term economic costs. The State
27 and its political subdivisions incur long-term and short-
28 term economic costs as a result of mining. A fund, in which
29 is deposited a portion of the excise tax revenues, assures
30 that money will be available for long-term and short-term
31 costs associated with social, educational, environmental and
32 economic impacts of mining.

33 10. Impact of mining tax laws on mining indus-
34 try. Mining tax laws may have a significant impact on the
35 profitability of mining and the industry's ability to enter
36 into and sustain production.

37 §2853. Purpose

38 It is the policy of the State to encourage the sound
39 and orderly development of Maine's mineral resources. The
40 object of this policy is to assure that the actions associ-
41 ated with development of these resources will:

1 1. Expansion and diversification of economy. Encourage
2 expansion and diversification of the state's economy and
3 create new employment opportunities for the state's people;

4 2. Land use; environmental, safety and health regula-
5 tions. Adhere to sound and effective land use, environ-
6 mental, safety and health regulations administered through
7 appropriate public agencies;

8 3. Assistance to municipalities and counties. Provide
9 planning and development assistance to municipalities, coun-
10 ties and the unorganized territory if significantly affected
11 by mineral resource development; and

12 4. Scheme of taxation. Establish a practical scheme
13 of taxation on mining companies which will:

14 A. Permit these companies to profitably operate mines
15 within the State;

16 B. Encourage the economically efficient extraction of
17 minerals;

18 C. Permit the State to derive a benefit from the
19 extraction of a nonrenewable resource; and

20 D. Compensate the State and its political subdivisions
21 for present and future costs incurred or to be incurred
22 as a result of the mining activity.

23 §2854. Excise tax in lieu of property taxes

24 1. Annual excise tax. A mining company shall pay to
25 the State Tax Assessor, for the use set forth in this chap-
26 ter, an annual excise tax for the privilege of conducting
27 mining within the State.

28 2. Property tax exemption. The excise tax imposed by
29 this chapter shall be in lieu of all property taxes on or
30 with respect to mining property, except for the real prop-
31 erty taxes on the following:

32 A. Buildings, excluding fixtures and equipment; and

33 B. Land, excluding the value of minerals or mineral
34 rights.

35 §2855. Definitions

1 For the purposes of this chapter, unless the context
2 otherwise indicates, the following terms have the following
3 meanings.

4 1. The code. The "code" means the United States
5 Internal Revenue Code of 1954, as amended, as of December
6 31, 1981, and the implementing regulations thereof.

7 2. Commencement of mining. "Commencement of mining"
8 means when the mine is opened and in the process of develop-
9 ment, and shall be deemed to occur when whichever of the
10 following first occurs:

11 A. The surface soil is broken in order to facilitate
12 or accomplish the extraction or removal, within 12 suc-
13 cessive calendar months, of more than 1,000 cubic yards
14 from the earth of a mineral, top soil or other solid
15 matter or material naturally lying over the minerals,
16 except in connection with exploratory activity; or

17 B. Construction or reconstruction is commenced on fix-
18 tures, buildings or surface improvements, to be used in
19 connection with mining.

20 3. Exploratory activity. "Exploratory activity" means
21 all activities undertaken by the owner or any other person
22 for the purpose of determining the existence of minerals or
23 the quantity, quality or character of the minerals or feasi-
24 bility of mining those minerals. These activities may
25 include, without limitation: Testing and evaluation of the
26 land and subsurface; taking soil and stream sediment
27 samples; drilling on the land including, without limitation,
28 bulk sample drilling; bulk sample excavation; performance of
29 geophysical tests; and activities incidental to the forego-
30 ing; notwithstanding that the activity may involve the use
31 of equipment on the land, may alter the character and
32 appearance of the land or may result in disturbance of the
33 land, including, without limitation, the creation of trails
34 or roads, removal of trees, the planting of new vegetation
35 or the taking of other measures to prevent soil erosion, or
36 the marking of sample holes.

37 4. Facilities and equipment. "Facilities and equip-
38 ment" means all mining property, excluding land and mineral
39 products.

40 5. Gross proceeds. "Gross proceeds" means a mining
41 company's federal gross income from mining with respect to a
42 mine site, as defined in Section 613 of the code.

1 6. Land. "Land" means all real estate and all natural
2 resources and any interest in or right involving that real
3 estate or natural resources including, without limitation,
4 minerals, mineral rights, timber, timber rights, water and
5 water rights. "Land" does not include improvements con-
6 structed, placed or located within a mine site, such as
7 buildings, structures, fixtures, fences, bridges, dikes,
8 canals, dams, roads or other improvements within a mine
9 site.

10 7. Mine site. "Mine site" means the entire contiguous
11 area owned, leased or otherwise subject to the possessory
12 control of a mining company within which mining or activi-
13 ties incidental thereto, occur or may reasonably be expected
14 to occur.

15 A. The mine site includes, without limitation, the
16 contiguous area in which are located or reasonably may
17 be expected to be located: The excavation; tailings,
18 waste rock or overburden storage areas; mills; convey-
19 ors; concentrators; crushers; screens; pipes; canals;
20 dams; ponds; lagoons; ditches; roads; access roads;
21 utility facilities or equipment; pollution control
22 facilities; railroad tracks or sidings; administrative
23 or other buildings; or improvements, structures,
24 rights-of-way or easements appurtenant or related to
25 any of the foregoing.

26 B. The mine site shall be determined according to
27 section 2865.

28 8. Mineral products. "Mineral products" means all
29 minerals and all products derived from minerals by mining.

30 9. Minerals. "Minerals" means all naturally-occurring
31 metallic minerals.

32 10. Mining. The term "mining" has the following mean-
33 ings.

34 A. "Mining" means:

35 (1) The extraction of minerals from the ground;
36 or

37 (2) Processes used in the separation or extrac-
38 tion of the mineral or minerals from other mate-
39 rial from the mine or other natural deposit,
40 including, but not limited to: Crushing; grinding;
41 beneficiation by concentration (gravity,

1 flotation, amalgamation, electrostatic or mag-
2 netic); cyanidation; leaching; crystallization; or
3 precipitation or processes substantially equiva-
4 lent to or necessary or incidental to any of the
5 foregoing; but not including electrolytic deposi-
6 tion; roasting; thermal or electric smelting; or
7 refining.

8 B. Mining does not include exploratory activity.

9 11. Mining company. "Mining company" means a person
10 who engages in mining in the State.

11 12. Mining property. "Mining property" means:

12 A. All real estate on, under, within or comprising a
13 mine site; and

14 B. All tangible personal property on, under or within
15 a mine site, or on route to or from a mine site, or
16 being transported to or from or destined to or from a
17 mine site, and which is owned, leased or otherwise sub-
18 ject to possessory control by a mining company.

19 C. Mining property does not include:

20 (1) Tangible personal property which is leased to
21 the mining company and with respect to which the
22 lessor is subject to property taxation by a munic-
23 ipality in this State other than the one in which
24 the mine site is located; or

25 (2) Those vehicles upon which state excise taxes
26 are paid for the current registration period pur-
27 suant to chapter 111.

28 13. Municipality. "Municipality" means a city, town
29 or plantation.

30 14. Net proceeds. "Net proceeds" means a mining com-
31 pany's federal taxable income from the property with respect
32 to a mine site (computed without allowance for depletion) as
33 defined in Section 613 of the code adjusted as follows:

34 A. The following deductions shall be allowed in addi-
35 tion to those allowed in computing taxable income from
36 the property under the code:

37 (1) Cost depletion as would be allowed under
38 Section 611 of the code without regard to percent-
39 age depletion;

1 (2) Exploration and development costs as defined
2 in Sections 616 and 617 of the code. Exploration
3 and development costs incurred prior to the com-
4 encement of mining shall be recovered proportion-
5 ately over the life of the mine in the same manner
6 as that provided in Section 611 of the code with
7 respect to cost depletion. Exploration and devel-
8 opment costs incurred after the commencement of
9 mining shall be recovered in the year incurred;

10 (3) Net operating loss deductions as defined in
11 Section 172 of the code, but not including the
12 exclusions under paragraph B; and

13 (4) Reasonable accruals for all reclamation, res-
14 toration and shut-down costs required by state or
15 federal laws, regulations or permits. These ac-
16 cruals shall be made on a proportionate basis over
17 the accrual period.

18 B. The following may not be allowed as deductions:

19 (1) Property taxes paid which are allowed as a
20 credit against the tax provided by this chapter;

21 (2) The tax provided by this chapter; and

22 (3) Percentage depletion as allowed under Section
23 613 of the code.

24 15. Tax year. "Tax year" means an annual accounting
25 period ending on the last day of the month of the period
26 used by the mining company as its taxable year for federal
27 income tax purposes.

28 16. Termination of mining. "Termination of mining"
29 means, and shall be deemed to occur on March 31st of any
30 year if:

31 A. The mining company has permanently abandoned mining
32 during the previous 12 months; or

33 B. During the previous 2 years, there has been:

34 (1) Extraction or removal from the earth or sale
35 of less than 1,000 cubic yards of minerals, top
36 soil, other solid matter or material naturally
37 lying over the minerals; and

1 (2) No construction or reconstruction of fix-
2 tures, buildings or surface improvements which are
3 mining property.

4 17. Value of facilities and equipment. "Value of
5 facilities and equipment" means the basis to the owner as
6 defined in Section 1012 of the code for all facilities and
7 equipment:

8 A. With a useful life beyond one year at the date of
9 acquisition; and

10 B. Which are, on the last day of the tax year:

11 (1) On, under or within a mine site; or

12 (2) Within the State and on route to or from a
13 mine site, or being transported to or from or des-
14 tined to or from a mine site.

15 §2856. Amount of tax

16 The amount of the annual excise tax on a mining company
17 shall be the sum of the excise taxes due on each mine site.
18 The excise tax due on each mine site shall be the greater of
19 the following:

20 1. Tax on facilities and equipment. The value of
21 facilities and equipment multiplied by 0.005; or

22 2. Tax on gross proceeds. The gross proceeds multi-
23 plied by:

24 A. If net proceeds is greater than zero, the greater
25 of the following:

26 (1) 0.009; or

27 (2) A number determined by subtracting from 0.045
28 the quotient obtained by dividing:

29 (a) Gross proceeds, by

30 (b) Net proceeds multiplied by 100.

31 B. If net proceeds is equal to or less than zero, then
32 0.009.

33 §2857. Returns

1 1. Annual return. A mining company shall file, on or
2 before the date the mining company's state income tax return
3 is due to be filed, an annual return on a form specified by
4 the State Tax Assessor for each tax year.

5 2. Form and contents. The return shall indicate:

6 A. The tax due;

7 B. The estimated tax payments made;

8 C. Credits provided under section 2858; and

9 D. Information relating to the value of facilities and
10 equipment, gross proceeds, net proceeds or other rele-
11 vant information as the State Tax Assessor may by rule
12 require.

13 3. Payments. A mining company shall pay the tax due,
14 less estimated tax payments and credits, at the time its
15 annual return is due without extensions.

16 4. Extensions. The State Tax Assessor may grant a
17 reasonable extension of time for filing a return, declara-
18 tion, statement or other document or payment of tax or esti-
19 imated tax required by this chapter on such terms and condi-
20 tions as he may require. The extension may not exceed 8
21 months.

22 5. Computation. In computing a mining company's tax,
23 gross proceeds and net proceeds shall be computed as if each
24 mine site were a separate taxpayer. The State Tax Assessor
25 may distribute, apportion or allocate on a reasonable basis
26 gross proceeds, deductions, credits or allowances between or
27 among mining companies or mine sites, if such distribution,
28 apportionment or allocation is necessary to prevent evasion
29 of taxes imposed by this chapter, or to reflect clearly the
30 gross or net proceeds of any mining company or mine site.

31 §2858. Credits, refunds and amendments

32 Credits, refunds and amendments shall be computed and
33 applied separately for each mine site. The following provi-
34 sions shall apply.

35 1. Credit for property tax prior to commencement of
36 mining. A credit shall be allowed for property taxes paid
37 by a mining company or any other person on property which
38 becomes exempt during the year under section 2854, subsec-
39 tion 2. The amount of the credit shall be computed as fol-

1 lows: The number of days remaining in the property tax year
2 beginning with the date mining commences and the next March
3 31st, inclusive, shall be divided by 365; the percentage
4 thus arrived at shall be multiplied by the property taxes
5 paid during that property tax year against such property.
6 The credit may be used in the tax year in which the property
7 tax was paid or in any tax years thereafter.

8 2. Credit for property tax paid on land and buildings.
9 A credit shall be allowed for property taxes paid by a
10 mining company or any other person on land and buildings
11 that are mining property. The credit may be used in the tax
12 year in which the property tax was paid or in any tax years
13 thereafter.

14 3. Credits for prepayment of taxes. The following
15 provisions apply to prepayment of taxes other than estimated
16 tax payments.

17 A. A person may prepay to the State Tax Assessor at
18 any time prior to the end of the 5 years following the
19 commencement of mining, a portion of the taxes due
20 under this chapter not to exceed \$250,000 in one year
21 or \$500,000 for a mine site.

22 B. If a person (whether or not it was a mining company
23 at the time of the prepayment) prepays a portion of the
24 taxes due under this chapter, it may take that prepay-
25 ment as a credit against the taxes due under this chap-
26 ter in any tax years following prepayment.

27 4. Credit for penalty payments. A credit shall be
28 allowed for a penalty paid by a mining company or any other
29 person under sections 581-C or 1112-A with respect to the
30 mine site. The credit may not exceed 10% of the penalty in
31 each of the first 6 tax years and the balance may be taken
32 in any tax years thereafter. The State Tax Assessor shall
33 allow a higher percentage to reflect an expected mine life
34 of less than 6 years.

35 5. Refunds. Tax refunds and abatement shall be made
36 in accordance with section 2011, except if estimated tax
37 payments exceed the tax due for the tax year, the State Tax
38 Assessor shall refund the excess, unless the mining company
39 requests otherwise.

40 6. Amendment for unexpended accruals. If accruals
41 taken as deductions under section 2855, subsection 14, are
42 not actually expended for the purposes for which they were
43 accrued, then the mining company shall amend its returns for

1 the tax years the deductions were taken to reduce those
2 deductions to actual expenditures.

3 §2859. Estimated tax declarations

4 A mining company shall make a declaration of its esti-
5 ated tax for the tax year.

6 1. Amount. The estimated tax may not be less than the
7 smaller of the following:

8 A. An amount equal to the preceding tax year's tax
9 liability under this chapter, if the tax applied for a
10 taxable year of 12 months; or

11 B. Eighty percent of the tax liability under this
12 chapter for the current tax year.

13 2. Time for filing. A declaration shall be filed on
14 or before the 15th day of the 4th month of the tax year if
15 mining commenced before the tax year. If mining commenced
16 after the beginning of the tax year, the declaration shall
17 be filed within 90 days of the commencement of mining.

18 3. Payments of estimated tax. The estimated tax shall
19 be paid in 4 equal installments on or before the dates fed-
20 eral corporate estimated income taxes are due to be paid.
21 These payments shall be considered payments on account.

22 4. Short tax year. If the tax year is less than 12
23 months, declarations and payments shall be made as provided
24 by rule of the State Tax Assessor.

25 5. Amendment. A declaration may be amended as pro-
26 vided by rule of the State Tax Assessor. If a declaration
27 is amended, the remaining installments shall be ratably
28 increased or decreased to reflect the change in the esti-
29 ated tax.

30 §2860. Enforcement

31 The following provisions shall apply to enforcement of
32 this chapter.

33 1. General enforcement provisions. The provisions of
34 chapters 1 to 7 and chapter 835 shall apply with like effect
35 to collecting the tax and enforcing the provisions of this
36 chapter.

1 2. Lien. The tax, if unpaid when due, may become a
2 lien on the mining property or any other property of the
3 mining company, as provided under section 5313.

4 §2861. Municipal reimbursement

5 1. Reimbursement. Excise tax revenues shall be used
6 first to reimburse municipalities for the tax exemptions
7 established by this chapter.

8 2. Treasurer's duties. The Treasurer of State shall
9 reimburse each municipality 50% of the property tax revenue
10 loss suffered by that municipality during the previous cal-
11 endar year as a result of the exemptions established by this
12 chapter.

13 3. Determination of amount. The property tax revenue
14 loss shall be determined as follows.

15 A. The State Tax Assessor shall make the following
16 determinations:

17 (1) The total amount of property taxes levied by
18 the municipality in the previous calendar year;

19 (2) The municipal valuation which resulted in
20 subparagraph (1); and

21 (3) The valuation of the property which is exempt
22 as a result of this chapter.

23 B. The valuation of property which is exempt as a
24 result of this chapter, shall be the total valuation of
25 that property reduced by the valuation of that property
26 which would be determined to be exempt under this Title
27 as this Title existed on the day before the effective
28 date of this Act.

29 C. The State Tax Assessor shall add the valuation as
30 determined in paragraph A, subparagraph (2), to the
31 valuation as determined in paragraph A, subparagraph
32 (3), and divide the sum into the figure determined in
33 paragraph A, subparagraph (1).

34 D. The State Tax Assessor shall apply the rate calcu-
35 lated in paragraph C to the valuation of the exempt
36 property to determine the amount of potential tax reve-
37 nue loss.

1 E. The State Tax Assessor shall reduce the amount from
2 paragraph D to reflect the additional school support
3 provided by the State because of the change in valua-
4 tion under paragraph B, which figure shall be the actu-
5 al tax revenue loss.

6 4. Payment. The Treasurer of State shall use the
7 excise tax revenues to pay to each municipality 50% of the
8 actual tax revenue loss as determined by subsection 3,
9 paragraph E. The Treasurer of State shall set aside an
10 amount from these revenues sufficient to meet this obli-
11 gation. He shall pay the 50% due to the municipality by
12 February 1st of the year following the year in which prop-
13 erty tax revenue was lost by the municipality.

14 §2862. Distribution of remaining revenues

15 Excise tax revenues remaining after municipal reim-
16 bursement under section 2861 shall be used as follows.

17 1. First year. In the first year following the com-
18 menement of mining, revenues shall be distributed as fol-
19 lows:

20 A. 20% to the General Fund; and

21 B. 80% to the Mining Impact Assistance Fund.

22 2. Second year. In the 2nd year following the com-
23 menement of mining, revenues shall be distributed as fol-
24 lows:

25 A. 15% to the General Fund;

26 B. 10% to the Mining Excise Tax Trust Fund; and

27 C. 75% to the Mining Impact Assistance Fund.

28 3. Third year. In the 3rd year following the com-
29 menement of mining, revenues shall be distributed as fol-
30 lows:

31 A. 20% to the General Fund;

32 B. 15% to the Mining Excise Tax Trust Fund; and

33 C. 65% to the Mining Impact Assistance Fund.

34 4. Fourth year. In the 4th year following the com-
35 menement of mining, revenues shall be distributed as fol-
36 lows:

1 A. 25% to the General Fund;

2 B. 25% to the Mining Excise Tax Trust Fund; and

3 C. 50% to the Mining Impact Assistance Fund.

4 5. Fifth year. In the 5th year following the com-
5 mencement of mining, revenues shall be distributed as fol-
6 lows:

7 A. 25% to the General Fund;

8 B. 30% to the Mining Excise Tax Trust Fund; and

9 C. 45% to the Mining Impact Assistance Fund.

10 6. Subsequent years. In the years following the 5th
11 year after the commencement of mining, revenues shall be
12 distributed as follows:

13 A. 30% to the General Fund;

14 B. 60% to the Mining Excise Tax Trust Fund; and

15 C. 10% to the Mining Impact Assistance Fund.

16 7. Changes in mining activity. If, prior to the com-
17 mencement of extraction of minerals for sale, a mining com-
18 pany ceases construction of a mine site, any taxes due
19 during the period of construction cessation shall be dis-
20 tributed according to the most recently applicable provision
21 of this section.

22 8. Adjustments to distribution formula. The distribu-
23 tion provisions of this section shall be altered as follows.

24 A. Amounts paid in accordance with section 2858, sub-
25 section 3, in each year shall be deposited in the
26 Mining Impact Assistance Fund.

27 B. Funds allocated to the Mining Impact Assistance
28 Fund which would raise the fund above its limit shall
29 be redistributed as follows:

30 (1) 33 1/3% to the General Fund; and

31 (2) 66 2/3% to the Mining Excise Tax Trust Fund.

32 C. Funds allocated to the Mining Excise Tax Trust Fund
33 which would raise the fund above its limit shall be
34 redistributed as follows:

1 (1) 33 1/3% to the Mining Impact Assistance Fund;
2 and

3 (2) 66 2/3% to the General Fund.

4 D. If both the Mining Excise Tax Trust Fund and the
5 Mining Impact Assistance Fund have reached their
6 limits, funds shall be redistributed to the General
7 Fund.

8 §2863. Grants for impact assistance

9 The Mining Impact Assistance Fund shall be used to pro-
10 vide impact assistance to municipalities, counties or the
11 Unorganized Territory Education and Services Fund, as fol-
12 lows.

13 1. Definitions. For the purposes of this section,
14 unless the context otherwise indicates, the following terms
15 have the following meanings.

16 A. "Commissioner" means the Commissioner of Finance
17 and Administration.

18 B. "Public facilities and services" means facilities
19 and services provided by a municipality or county for
20 public purposes, including, without limitation, educa-
21 tion, public health, welfare or safety, sewage dis-
22 posal, water treatment, road construction or mainte-
23 nance, transportation, environmental protection,
24 recreation or planning for those facilities and ser-
25 vices.

26 C. "Related to mining" means directly related to
27 mining or to the construction or reconstruction of a
28 mine site. New or additional public facilities or ser-
29 vices shall be deemed to be related to mining when they
30 are provided to a mining company, to employees of the
31 mining company or its contractors or subcontractors and
32 their families, or when they are required because of an
33 increase in population directly attributable to mining
34 or to the construction or reconstruction of a mine
35 site.

36 2. Fund established. There is created the Mining
37 Impact Assistance Fund, which shall receive part of the
38 revenues from the excise tax.

39 A. The fund shall not lapse.

1 B. Expenditures under subsection 5 may not be made
2 except from funds appropriated from this fund by the
3 Legislature.

4 3. Maximum. The fund shall not exceed \$1,000,000 at
5 any one time.

6 4. Grants to municipalities in which a mine site is
7 located. To the extent funds are available from the excise
8 tax revenues attributable to a mine site located within a
9 municipality, the commissioner shall make a grant to that
10 municipality. The amount of that grant may not be greater
11 than 50% of the amount calculated under section 2861, sub-
12 section 3, paragraph E.

13 5. Grants to municipalities, counties and unorganized
14 territory. Prior to receiving the revenues, the Legislature
15 shall make an annual appropriation of those revenues from
16 the fund for grants. The commissioner may make grants from
17 those appropriations to municipalities, counties or the
18 Unorganized Territory Education and Services Fund for pro-
19 viding necessary new or additional public facilities and
20 services related to mining. The commissioner shall award
21 grants taking into account the applicant's:

22 A. Need for new or additional public facilities and
23 services;

24 B. Severity of the impact of mining development;

25 C. Extent of local effort to meet anticipated needs;
26 and

27 D. Availability of increased local revenues from other
28 sources, including, without limitation, municipal reim-
29 bursement under subsection 4 or section 2861; changes
30 in revenues from other state or federal programs and
31 revenues from other public or private sources.

32 6. Applications. At least annually, the commissioner
33 shall request applications for grants. Applications shall
34 include evidence of the need for public facilities and ser-
35 vices related to mining.

36 7. Report. The commissioner shall prepare an annual
37 report to be submitted to the Legislature. The report shall
38 include all the activities relating to the fund in the pre-
39 ceding year. The report shall be submitted 30 days prior to
40 the convening of the regular session of the Legislature.

1 8. Rules. The commissioner may adopt or amend rules
2 to establish the procedure for applying for, reviewing and
3 making grants under this section. Those rules shall include
4 provisions for application deadlines, contents of applica-
5 tions, criteria for selecting or approving applications or
6 allocating limited funds, and deadlines for approval or
7 disapproval.

8 §2864. Just value

9 The just value of minerals for purposes of property
10 taxation shall be the present value of future net earnings
11 from mining those minerals.

12 1. Determination. The State Tax Assessor shall deter-
13 mine that value using the best available information on the
14 character, quality and extent of the mineral deposits, the
15 expected income from mining those minerals, the costs and
16 expenses, including capital costs, development and other
17 pre-mining costs and taxes of mining those minerals, and a
18 discount rate.

19 2. Limitation. In determining just value the State
20 Tax Assessor shall also apply the provision of section
21 701-A.

22 3. Discount rate. The discount rate to be applied
23 shall be 17%.

24 4. Procedure. The State Tax Assessor shall give
25 notice to a mining company and to the municipality in which
26 a mine site is located, in writing, of his determination,
27 and that determination shall be reviewable under section
28 151.

29 §2865. Mine site and valuation determinations

30 The State Tax Assessor shall make the following deter-
31 minations.

32 1. Mine site. He shall determine the area of a mine
33 site, taking into account all relevant information includ-
34 ing, but not limited to, plans or permits approved under the
35 site location of development law, Title 38, chapter 3, sub-
36 chapter 1, Article 6. He shall give notice to a mining com-
37 pany and to the municipality in which a mine site is locat-
38 ed, in writing, of his determination and that determination
39 shall be reviewable under section 151.

1 2. Valuation. If a mine site is located in a municipi-
2 ality, he shall determine the valuation of mining property
3 and the percentage of that valuation represented by land and
4 buildings not exempt from property taxes. That valuation of
5 land and buildings shall be applied in determining the prop-
6 erty taxes. A municipality in which a mine site is located
7 may appeal that determination to the Municipal Valuation
8 Appeals Board as provided under section 291.

9 Sec. 11. 38 MRSA §490, sub-§1, as enacted by PL 1979,
10 c. 466, §14, is amended by adding at the end a new sentence
11 to read:

12 For a metallic ore mine, these provisions shall include a
13 plan for the maintenance of the mine site during mining and
14 for a period after termination of mining, including the
15 methods and annual estimated costs for gas monitoring;
16 leachate pumping, transportation, monitoring and treatment;
17 groundwater monitoring, collection and analysis; such
18 revegetation as the board deems necessary; and activities
19 necessary for prevention of soil erosion and for protection
20 of ground and surface waters.

21 Sec. 12. 38 MRSA §490, sub-§2, as enacted by PL 1979,
22 c. 466, §14, is amended by adding after the first sentence a
23 new sentence to read:

24 Other security may include a security deposit with the
25 State, an escrow account and agreement, insurance or an
26 irrevocable trust.

27 Sec. 13. 38 MRSA §490, subsection 2-A is enacted to
28 read:

29 2-A. Metallic ore mines. Security shall be required
30 of a person engaged in the mining of metallic ores. How-
31 ever, if the board finds that the person's net worth or that
32 of any affiliated person who guarantees performance, as
33 shown on audited financial statements, exceeds 5 times the
34 estimated costs of reclamation it may waive this require-
35 ment. If security is not required, that person or the
36 affiliated person guaranteeing performance shall submit to
37 the board annually, copies of his audited financial state-
38 ments. The board shall review these statements annually
39 and, if it finds at any time that that person's or affili-
40 ated person's financial capacity is insufficient to secure
41 adequately compliance with this chapter, it shall require a
42 bond or other security.

43 Sec. 14. 38 MRSA §490, sub-§7 is enacted to read:

1 7. Definition. For the purpose of this section,
2 "reclamation" when applied to a metallic ore mine, shall
3 include continued maintenance of land affected by mining for
4 a period after termination of mining activity.

5 Sec. 15. 38 MRSA §490, sub-§8 is enacted to read:

6 8. Rules. The board may adopt or amend rules to carry
7 out this section, including rules relating to operational or
8 maintenance plans; standards for determining the reclamation
9 period; annual revisions of those plans; limits, terms and
10 conditions on bonds or other security; proof of financial
11 responsibility of a person engaged in mining activity or the
12 affiliated person who guarantees performance; estimation of
13 reclamation costs; reports on reclamation activities; or the
14 manner of determining when the bond or other security may be
15 discharged.

16 Sec. 16. 38 MRSA §490, sub-§9 is enacted to read:

17 9. Enforcement. If, after an opportunity for a hear-
18 ing, the board determines that the owner of a mine site or
19 the person who was engaged in mining at the mine site has
20 violated this section, the board shall direct the department
21 to enter on the property and carry out the necessary recla-
22 mation. The person engaged in mining or any affiliated
23 person who guarantees performance at the mine site shall be
24 liable for the reasonable expenses of this necessary recla-
25 mation. The department may use the bond or other security
26 to meet the reasonable expenses of reclamation.

27 Sec. 17. Study. The joint standing committee of the
28 Legislature having jurisdiction over taxation shall study
29 the subject of amendments to the Maine Constitution, includ-
30 ing amendments to Article IV, Part 3rd, section 23; Article
31 IX, section 8 and other constitutional amendments relating
32 to the provisions of this Act and mining activities in this
33 State. The committee shall further study what measures may
34 be necessary to insure that mining companies shall not be
35 subject to significant penalties for changes in land uses.
36 The committee shall report its recommendations along with
37 any necessary Constitutional Resolutions to the next special
38 or regular session.

39 Sec. 18. Effective date. Section 8 of this Act shall
40 take effect on March 1, 1983.

1

STATEMENT OF FACT

2 This bill is the result of a cooperative effort on the
3 part of representatives of the Executive Department, the
4 Legislature and companies which have an interest in mining
5 in the State of Maine. It is essentially a redraft of L.D.
6 1621 presented in the First Regular Session of the 110th
7 Legislature and L.D. 2043 presented in the Second Regular
8 Session of the 110th Legislature. Both bills were studied
9 extensively by the Joint Standing Committee on Taxation.

10 This bill establishes an excise tax on metallic mineral
11 mining in the State. This excise tax is in lieu of property
12 taxes on the mineral deposit and on the mining facilities
13 and equipment, after the commencement of mining. However,
14 the surface of the land and the buildings remain subject to
15 the property tax. The excise tax is the greater of a mini-
16 mum rate based on the value of facilities and equipment, or
17 an escalating tax rate applied to gross proceeds. The esca-
18 lating rate is based on the profitability of the mining
19 operation. The bill also provides for distribution of the
20 excise tax revenues between the General Fund, municipalities
21 affected by the mining activities and a trust fund. The
22 bill also contains provisions for constitutionally required
23 municipal reimbursement and for grants to affected municipi-
24 palities.

25 Section 1 provides for legislative review of the opera-
26 tion of the Mining Impact Assistance Fund by January 1, 1987
27 and every 5 years thereafter.

28 Section 2 enacts the Mining Excise Tax Trust Fund.
29 This fund would receive a portion of revenue generated by
30 the excise tax. The trust fund, with a \$10,000,000 maximum,
31 will be administered by a board composed of 5 members (one
32 of whom resides in the unorganized territory) appointed by
33 the Governor and confirmed by the Legislature. Expenditures
34 of interest from the fund will be contained in a general
35 plan prepared by the board, which will be subject to legis-
36 lative approval. The funds may be used to purchase and
37 develop parks and recreational facilities, wildlife habitats
38 and marine habitats, unique natural areas, and to restore
39 the quality of marine waters, lakes, rivers and streams.

40 Sections 3 and 4 specify legislative intent that land
41 which is otherwise eligible for tree growth tax law classi-
42 fication shall not be excluded because of past or present
43 multiple use for mineral exploration.

1 Section 5 reduces the tree growth withdrawal penalty
2 that is due on the value of a mineral deposit to the consti-
3 tutional minimum penalty. The section also eliminates the
4 late reporting penalty for these deposits and sets the
5 interest rate at 5%. This section is retroactive.

6 Sections 6 and 7 establish the tax situs of certain
7 mining property, including concentrates, which are in tran-
8 sit as at the mine site.

9 Sections 8 and 18 establish a property tax exemption
10 effective March 1, 1983 for minerals. This is an expansion
11 of the current exemption for minerals which is for 10 years
12 after the opening of a mine. This broader exemption estab-
13 lishes that the just value of the real estate shall be
14 determined without regard to the presence of minerals.

15 Section 9 conforms the farm and open space penalty
16 provisions to the changes in the tree growth penalty in this
17 bill.

18 Section 10 establishes the Mining Excise Tax.

19 Section 2852. Findings. This section provides a gen-
20 eral, factual introduction for the bill.

21 Section 2853. Purpose. This section sets forth gen-
22 eral state policy toward metallic mining in Maine and serves
23 as the policy framework for the remainder of the bill.

24 Section 2854. Excise Tax. This section establishes a
25 mining excise tax which is intended to encourage the sound,
26 profitable and orderly development of metallic mineral
27 resources while permitting the State to derive a benefit
28 from the extraction of nonrenewable resources and to compen-
29 sate the State and its political subdivisions for costs
30 incurred as a result of mining activity.

31 The excise tax is imposed in lieu of all property tax
32 on mining property except for land, excluding minerals and
33 mineral rights, and buildings which remain subject to local
34 property taxation by the taxable jurisdiction in which the
35 mine site is located.

36 Section 2855. Definitions.

37 Section 2855

38 This section contains definitions for terms used in the
39 bill.

1 1. Code. The United States Internal Revenue Code, as
2 of December 31, 1981, is used as a reference for other defi-
3 nitions in the bill.

4 2. Commencement of mining. Commencement of mining is
5 the point at which the property tax exemption contained in
6 section 2854 becomes effective and a mine and its property
7 becomes subject to the excise tax. Commencement is specifi-
8 cally defined in this subsection.

9 3. Exploratory activity. Exploratory activity is de-
10 fined as actions taken for the purpose of locating and
11 determining the nature of mineral deposits.

12 4. Facilities and equipment. Facilities and equipment
13 is the capital facilities and equipment with a taxable situs
14 at the mine site. It is the tax base for the minimum mining
15 excise tax.

16 5. Gross proceeds. The gross proceeds is the base for
17 the variable portion of the excise tax. It is defined by
18 reference to the United States Internal Revenue Code, as the
19 gross proceeds from a mine site.

20 6. Land. This term includes the surface, and all
21 timber, mineral or other rights. It does not include man-
22 made improvements.

23 7. Mine site. Mine site is the contiguous area where
24 mining and related activities occur. Its geographic limits
25 are to be determined in each specific case by the State Tax
26 Assessor.

27 8. Mineral products. Mineral products includes ores
28 and concentrates, but does not include finished metallic
29 products or smelted metal.

30 9. Minerals. This term is restricted to naturally
31 occurring unextracted metallic mineral deposits.

32 10. Mining. Mining is defined as extraction and
33 milling of minerals. It does not include smelting.

34 11. Mining company. A mining company is any person
35 who engages in mining. A company becomes a mining company
36 on the commencement of mining.

37 12. Mining property. Mining property is all property
38 at, on, or in transit to or from a mine site. It does not
39 include personal property leased to a mining company for

1 which the lessor is subject to property tax elsewhere in
2 Maine or vehicles subject to the excise tax under chapter
3 111. Property becomes mining property on the commencement
4 of mining.

5 13. Municipality. "Municipality" includes towns, cit-
6 ies and plantations.

7 14. Net proceeds. The term net proceeds means taxable
8 income from the property as defined in the United States
9 Internal Revenue Code, adjusted by allowance of certain ad-
10 ditional deductions and by exclusion of certain deductions
11 which are otherwise included in the code definition. It
12 reflects the pre-tax net income from mining.

13 15. Tax year. The tax year for filing the excise tax
14 is the same as used for federal and state income tax pur-
15 poses.

16 16. Termination of mining. Termination of mining
17 occurs when mining activities cease at a mine site. It is
18 the point at which the mineral excise tax ceases to apply.

19 17. Value of facilities and equipment. The value of
20 facilities and equipment is the cost basis of the facilities
21 and equipment under the code. It is the tax base for the
22 minimum mining excise tax.

23 Section 2856. Amount of the tax. The amount of the
24 mining excise tax is the greater of a 5-mill tax on the
25 value of the facilities and equipment of a mine or a tax on
26 gross proceeds which is calculated according to the follow-
27 ing formula:

$$\begin{array}{rcl} 28 & \text{Tax rate on} & = & 4.5 - \frac{(\text{gross proceeds})}{(\text{net proceeds})} \\ 29 & \text{gross proceeds} & & \frac{\phantom{(\text{gross proceeds})}}{100} \\ 30 & & & \end{array}$$

31 The tax on gross proceeds would have a minimum rate of 0.9%.
32 The formula is designed to result in a higher tax rate in
33 years of a mining company's greatest profitability.

34 Sections 2857, 2859 and 2860 contain administrative
35 provisions relating to the filing of returns, estimated tax
36 declarations and administrative enforcement of the tax.

37 Section 2858 provides credits against the mining excise
38 tax for property taxes paid in the year of commencement of
39 mining property taxes paid in subsequent years on land and
40 buildings and tree growth penalties paid with respect to

1 naturally occurring metallic minerals under section 581-C.
2 It provides that refunds shall be made according to the same
3 procedures as refunds of sales tax except that the State Tax
4 Assessor will automatically refund overpayments of estimated
5 tax unless the mining company requests otherwise. This
6 section also requires amendment of returns if accruals taken
7 as deductions are not actually expended for the purposes for
8 which they were accrued.

9 Section 2861 provides the mechanism for constitution-
10 ally mandated reimbursement for property tax exemptions
11 established by the excise tax chapter.

12 Section 2862 provides distribution of revenues from the
13 excise tax following municipal reimbursement according to
14 the following schedule.

15	Year	1	2	3	4	5	6 and after
16	General Fund	20%	15%	20%	25%	25%	30%
17	Mining Excise Tax Trust						
18	Fund		10%	15%	25%	30%	60%
19	Mining Impact Assistance						
20	Fund	80%	75%	65%	50%	45%	10%

21 Funds which would be allocated to the Excise Tax Trust Fund
22 which would raise it above its limit will be redistributed
23 1/3 to the Impact Assistance Fund and 2/3 to the General
24 Fund. Funds which would be allocated to the Impact Assis-
25 tance Fund which would raise it above its limit will be
26 redistributed 1/3 to the General Fund and 2/3 to the Excise
27 Tax Trust Fund. If both funds have reached their limits,
28 remaining funds will be redistributed to the General Fund.

29 Section 2863 establishes the Mining Impact Assistance
30 Fund with a maximum of \$1,000,000 and provides for its
31 administration. Prior to receipt of revenues, the Legis-
32 lature must appropriate funds from the fund for those
33 grants. A grant of up to 50% of lost property taxes must be
34 made to municipalities in which a mine site is located.
35 Grants may be made to other municipalities, counties or the
36 unorganized territory if they are adversely affected by
37 mining. Grants are to be determined based upon the appli-
38 cant's need, the severity of impact, the extent of local
39 effort to meet anticipated needs and the availability of
40 other resources.

41 Section 2864. This section provides for valuation of a
42 mineral deposit on the basis of its present value of future
43 net earnings for purposes of penalties for change of land
44 use and property taxation. This is one acceptable method of
45 determining the "just value" of this type of property.

1 Section 2865 provides that the State Tax Assessor will
2 determine the area of a mine site, the valuation of mining
3 property and the percentage of that valuation represented by
4 land and buildings.

5 Sections 11 to 16 of the bill amend the mining recla-
6 mation requirements of the site location of development law
7 to strengthen the reclamation requirements and the bonding
8 and enforcement provisions.

9 Section 17 provides for a study by the Joint Standing
10 Committee on Taxation of constitutional amendments relating
11 to the provisions of this Act and mining activities and
12 other measures necessary to ensure that mining companies
13 shall not be subject to significant penalties for changes in
14 land uses.