

HOUSE BILL NO. HB0174

Coal valuation.

Sponsored by: Representative(s) Esquibel

A BILL

for

1 AN ACT relating to taxation and revenue; amending coal
2 valuation provisions pertaining to various cost categories;
3 creating a new definition; and providing for an effective
4 date.

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6 *Be It Enacted by the Legislature of the State of Wyoming:*

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8 **Section 1.** W.S. 39-14-101(a) by creating a new
9 paragraph (xvi) and 39-14-103(b)(vii)(B) through (D) are
10 amended to read:

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12 **39-14-101. Definitions.**

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14 (a) As used in this article:

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16 (xvi) "Depletion" means the reduction in the
17 value of a mineral deposit identified as the percentage of

1 the reserve removed in any given year multiplied by the
2 historical acquisition costs. Historical acquisition costs
3 include lease payments, bonus bids, cost depletion basis
4 and any other methods used to ascribe value to the reserve
5 at the time of acquisition.

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7 **39-14-103. Imposition.**

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9 (b) Basis of tax (valuation). The following shall
10 apply:

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12 (vii) For coal sold away from the mouth of the
13 mine pursuant to a bona fide arms-length sale, the
14 department shall calculate the fair market value of coal by
15 multiplying the sales value of extracted coal, less
16 transportation to market provided by a third party to the
17 extent included in sales value, all royalties, ad valorem
18 production taxes, severance taxes, black lung excise taxes
19 and abandoned mine lands fees, by the ratio of direct
20 mining costs to total direct costs. Nonexempt royalties,
21 ad valorem production taxes, severance taxes, black lung
22 excise taxes and abandoned mine lands fees shall then be
23 added to determine fair market value. For purposes of this
24 paragraph:

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(B) Direct mining costs include mining labor including mine foremen and supervisory personnel whose primary responsibility is extraction of coal, supplies used for mining, mining equipment depreciation, fuel, power and other utilities used for mining, maintenance of mining equipment, coal transportation from the point of severance to the mouth of the mine, depletion as defined under W.S. 39-14-101(a)(xvi), current reclamation expenses, equipment operating lease expense, coal sampling and testing prior to stripping, real and personal property tax within the mining operation but excluding production taxes, right-of-way easement payments, deferred overburden removal and any other direct costs incurred prior to the mouth of the mine, ~~that are specifically attributable~~ including engineering, maintenance facilities and environmental work performed as allocated by the department to the mining operation;

1 processing, processing plant and equipment depreciation,
2 fuel, power and other utilities used for processing,
3 maintenance of processing equipment, coal transportation
4 from the mouth of the mine to the point of shipment, coal
5 transportation to market to the extent included in the
6 price and provided by the producer, and any other direct
7 costs incurred ~~that are specifically attributable to~~ for
8 the mining, processing or transportation of coal up to the
9 point of loading for shipment to market;

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11 (D) Indirect costs, royalties, ad valorem
12 production taxes, severance taxes, black lung excise taxes
13 and abandoned mine lands fees shall not be included in the
14 computation of the ratio set forth in this paragraph.
15 Indirect costs include but are not limited to allocations
16 of corporate overhead, data processing costs, accounting,
17 legal and clerical costs, and other general and
18 administrative costs. ~~which cannot be specifically~~
19 ~~attributed to an operational function without allocation.~~

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21 **Section 2.** This act is effective January 1, 2007.

22
23 (END)