

## HOUSE BILL NO. HB0038

Coal valuation-industry factors.

Sponsored by: Joint Revenue Interim Committee

A BILL

for

1 AN ACT relating to taxation of coal; providing industry  
2 factors for valuation of coal sold away from the mouth of  
3 the mine; requiring a report; and providing for an  
4 effective date.

5

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

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8 **Section 1.** W.S. 39-14-103(b)(vi), (vii)(intro) and by  
9 creating a new paragraph (xi) is amended to read:

10

11 **39-14-103. Imposition.**

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13 (b) Basis of tax (valuation). The following shall  
14 apply:

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16 (vi) In the event the product as defined in  
17 paragraph (iii) of this subsection is not sold at the mouth

1 of the mine by bona fide arms-length sale, or, except as  
2 otherwise provided, if the product of the mine is used  
3 without sale, the department shall determine the fair  
4 market value of coal in accordance with paragraph (vii),  
5 (viii), (ix), ~~or (x)~~ or (xi) of this subsection;

6

7 (vii) For all coal production occurring prior to  
8 January 1, 2012 for coal sold away from the mouth of the  
9 mine pursuant to a bona fide arms-length sale, the  
10 department shall calculate the fair market value of coal by  
11 multiplying the sales value of extracted coal, less  
12 transportation to market provided by a third party to the  
13 extent included in sales value, all royalties, ad valorem  
14 production taxes, severance taxes, black lung excise taxes  
15 and abandoned mine lands fees, by the ratio of direct  
16 mining costs to total direct costs. Nonexempt royalties, ad  
17 valorem production taxes, severance taxes, black lung  
18 excise taxes and abandoned mine lands fees shall then be  
19 added to determine fair market value. For purposes of this  
20 paragraph:

21

22 (xi) For all coal production on or after January  
23 1, 2012 this paragraph replaces paragraph (vii) of this  
24 section. For coal sold away from the mouth of the mine

1 pursuant to a bona fide arms-length sale, the department  
2 shall calculate the fair market value of coal by  
3 multiplying the sales value of extracted coal, less  
4 transportation to market provided by a third party to the  
5 extent included in sales value, all royalties, ad valorem  
6 production taxes, severance taxes, black lung excise taxes  
7 and abandoned mine lands fees, by the industry factor of  
8 seventy-nine percent (79%) for coal produced from mines  
9 located in Campbell, Converse, Johnson and Sheridan  
10 counties or eighty-one percent (81%) for coal produced in  
11 any other county in this state. Nonexempt royalties, ad  
12 valorem production taxes, severance taxes, black lung  
13 excise taxes and abandoned mine lands fees shall then be  
14 added to determine fair market value.

15

16 **Section 2.** Each year, the department of revenue shall  
17 compare the tax which would have been paid under W.S.  
18 39-14-103(b)(vii) prior to the changes made under this act  
19 with the tax paid under W.S. 39-14-103(b)(xi) created by  
20 this act. The department shall report its findings under  
21 this section to the joint revenue interim committee not  
22 later than November 1, 2015. The report shall include the  
23 department's analysis of whether the industry factors  
24 specified under W.S. 39-14-103(b)(xi) continue to

1 accurately reflect the full fair market value of coal, any  
2 recommendations for revision of the industry factors and  
3 any recommendations concerning continuation of the industry  
4 factor method of valuation or other alternative valuation  
5 methods.

6

7       **Section 3.** This act is effective immediately upon  
8 completion of all acts necessary for a bill to become law  
9 as provided by Article 4, Section 8 of the Wyoming  
10 Constitution.

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12

(END)