HOUSE BILL 46, 1974

Title:

AN ACT to repeal and recreate section 39-224 of the statutes relating to valuation of mineral and other specified production; providing a method of valuing the gross production of hydrocarbons, fissionable material, fossil fuels, minerals and all other valuable deposits; authorizing the adoption of rules; and providing an effective date.

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Introduced by:

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Roll Call of the Senate

of the FORTY-SECOND LEGISLATURE

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Roll Call of the Senate

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Roll Call of the House

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HB46

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Roll Call of the House

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STATE OF WYOMING

74LSO-095/eng2 GWF

HOUSE BILL NO. 46

Mineral valuation.

Sponsored by: Representative MORTON

A BILL

for

- AN ACT to repeal and recreate section 39-224 of the statutes relating to valuation of mineral and other specified production; providing a method of valuing the gross production of hydrocarbons, fissionable material, fossil
- 5 fuels, minerals and all other valuable deposits; authoriz-
- 6 ing the adoption of rules; and providing an effective
- 7 date.
- 8 Be It Enacted by the Legislature of the State of Wyoming.
- 9 Section 1. Section 39-224 of the statutes is 10 repealed and recreated to read:
- 11 39-224. Valuation; rules and regulations.
- 12 (a) Based upon the information received or procured
 13 pursuant to section 39-223 of the statutes, the department
 14 of revenue and taxation shall annually fix the value of
 15 the gross product, in appropriate unit measures, of all
 16 mines and mining claims from which hydrocarbons,

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- fissionable materials, fossil fuels, minerals or other
- 2 valuable deposits are produced at the fair cash market
- 3 value of the product at the mine or mining claim where
- 4 produced, after the mining or production process is com-
- 5 pleted, provided:
- 6 (i) Where the application of the method speci-7 fied in 39-224(a) above results in the fixing of the unit 8 value of the product of any one coal mine producing less 9 than ten thousand (10,000) tons of coal per year at a unit 10 value which varies by more than three hundred percent (300%) from that of other mines with a like product of 11 12 comparable quality, then in such case the department of revenue and taxation is directed to fix a weighted average 13 value based on the quantities involved at each said fair 14 15 cash market value at the mine where produced after the 16 mining process is completed and before any beneficiation 17 or transportation cost.
 - (ii) If the fair cash market value of such product is not established by bona fide sale at the mine or mining claim, the market value shall be determined by reference to the sale price at the point of sale for like mineral products of similar quality from mines or mining claims similarly situated less any beneficiation and transportation costs incurred after completion of the

- l mining or production process; or
- 2 (iii) For unique mineral products for which a 3 market value cannot be established by reference to bona 4 fide sales of similar products in arms-length trans-5 actions, the value shall be determined by reference to 6 sales prices, if any, received in arms-length transactions 7 for other products which can be put to comparable bene-8 ficial uses and by reference to factors relevant to the 9 commercial value of such products, following completion of 10 the mining or production process.
- 11 (b) The department of revenue and taxation shall
 12 adopt and promulgate such rules or regulations as shall be
 13 deemed necessary and proper to effect the purposes of this
 14 act.
- Section 2. This act is effective immediately upon passage.

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- 3 value of the product at the mine or mining claim where
- 4 produced, after the mining or production process is com-
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or transportation cost.

- 6 (i) Where the application of the method speci-7 fied in 39-224(a) above results in the fixing of the unit 8 value of the product of any one coal mine producing less 9 than ten thousand (10,000) tons of coal per year at a unit 10 value which varies by more than three hundred percent 11 (300%) from that of other mines with a like product of 12 comparable quality, then in such case the department of 13 revenue and taxation is directed to fix a weighted average 14 value based on the quantities involved at each said fair 15 cash market value at the mine where produced after the 16 mining process is completed and before any beneficiation
- (ii) If the fair cash market value of such product is not established by bona fide sale at the mine or mining claim, the market value shall be determined by reference to the sale price at the point of sale for like mineral products of similar quality from mines or mining claims similarly situated less any beneficiation and transportation costs incurred after completion of the

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- 2 (iii) For unique mineral products for which a 3 market value cannot be established by reference to bona fide sales of similar products in arms-length trans-5 actions, the value shall be determined by reference to sales prices, if any, received in arms-length transactions 6 7 for other products which can be put to comparable beneficial uses and by reference to factors relevant to the 8 9 commercial value of such products, following completion of 10 the mining or production process.
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1	mining	or	production	process;	or
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- (iii) For unique mineral products for which a 2 3 market value cannot be established by reference to bona fide sales of similar products in arms-length transactions, the value shall be determined by reference to 5 б sales prices, if any, received in arms-length transactions 7 for other products which can be put to comparable beneficial uses and by reference to factors relevant to the 8 9 commercial value of such products, following completion of 10 the mining or production process.
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- 14 (ii) For unique products for which a market
- 15 value cannot be established by reference to bona fide
- sales of similar products in arms-length transactions, the
- 17 value shall be determined by reference to sales prices, if
- 18 any, received in arms-length transactions for other prod-
- 19 ucts which can be put to comparable beneficial uses and by
- 20 reference to factors relevant to the commercial value of
- 21 such products, following completion of the mining or pro-
- 22 duction process.
- 23 (b) The department of revenue and taxation shall

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- 1 adopt and promulgate such rules or regulations as shall be
- 2 deemed necessary and proper to effect the purposes of this
- 3 act.
- 4 Section 2. This act is effective immediately upon
- 5 passage.

STATE OF WYOMING

74LSO-095.01 GWF

HOUSE BILL NO. 46

Mineral valuation.

Sponsored by: Pepresentative MORTON

A BILL

for

- 1 AN ACT to repeal and recreate section 39-224 of the stat-
- 2 utes relating to valuation of mineral and other specified
- 3 production; providing a method of valuing the gross pro-
- 4 duction of hydrocarbons, fissionable material, fossil
- 5 fuels, minerals and all other valuable deposits; authoriz-
- 6 ing the adoption of rules; and providing an effective
- 7 date.
- 8 Be It Enacted by the Legislature of the State of Wyoming.
- 9 Section 1. Section 39-224 of the statutes is
- 10 repealed and recreated to read:
- 11 39-224. Valuation; rules and regulations.
- 12 (a) Based upon the information received or procured
- pursuant to section 39-223 of the statutes, the department
- 14 of revenue and taxation shall annually fix the value of
- 15 the gross production, in appropriate unit measures, of all
- 16 mines and mining claims from which hydrocarbons,

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fissionable materials, fossil fuels, minerals and all other valuable deposits are produced by deducting from the selling price at the point of delivery or transfer to the purchaser or commercial carrier at the loading facility of the producer, the costs of all extraordinary processing which beneficiate the product beyond its first saleable stage and transportation between the mining property and the beneficiating facility only when and to the extent they are separated by a substantial distance. event the product is not sold in an arms length transaction, the value shall be determined by using the selling price at the loading facility of a similar or comparable producer, and any similar or comparable costs of extraordinary processing of a like or similar product. unique products that have no like or similar sale and costs, the value shall be determined by adding twenty percent (20%) to the cost of mining or production plus a reasonable royalty.

(b) The department of revenue and taxation shall adopt and promulgate such rules as shall be deemed necessary and proper to determine the selling price, transportation cost and allowable beneficiation cost for the various products.

1974 STATE OF WYOMING 74LSO-095
GWF

1 Section 2. This act is effective immediately upon

2 passage.

HB46S32-A

Page 2, After Line 5 insert new subsection (i) and renumber the following two paragraphs:



"(1) WHERE THE APPLICATION OF THE METHOD SPECIFIED IN 39-224(a) ABOVE RESULTS IN THE FIXING OF THE UNIT VALUE OF THE PRODUCT OF ANY ONE COAL, MINE PRODUCING LESS THAN 10,000 TONS OF COAL PER YEAR AT A UNIT VALUE WHICH VARIES BY MORE THAN THREE HUNDRED PERCENT (300%) FROM THAT OF OTHER MINES WITH A LIKE PRODUCT OF COMPARABLE QUALITY, THEN IN SUCH CASE THE DEPARTMENT OF REVENUE AND TAXATION IS DIRECTED TO PIX A WEIGHTED AVERAGE VALUE BASED ON THE QUANTITIES INVOLVED AT EACH SAID FAIR CASH MARKET VALUE AT THE MINE WHERE PRODUCED AFTER THE MINING PROCESS IS COMPLETED AND BEFORE ANY BENEFICIATION OR TRANSPORTATION COST." - Stroock

HB46SS1-A

Page 2, Line 14 Following "unique" insert "mineral". Jones

Your Committee No. 9 on Mines, Minerals and Industrial Development to whom was referred House Bill No. 46 respectfully reports same back to the House with the recommendation that it DO PASS with the following amendments:

page 1, line 15, Substitute "product" for "production".

page 2, line 1, Substitute "or" for "and" and delete "all".

page 2, line 2, Delete "by deducting from the".

page 2, lines 3 through 18, Delete these lines and substitute therefor the following:

"at the fair cash market value of the product at the mine or mining claim where produced, after the mining or production process is completed, provided:

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- (i) If the fair cash market value of such product is not established by bona fide sale at the mine or mining claim, the market value shall be determined by reference to the sale price at the point of sale for like products from mines or mining claims similarly situated less any beneficiation and transportation costs incurred after completion of the mining or production process; or
- (ii) For unique products for which a market value cannot be established by reference to bona fide sales of similar products in arms-length transactions, the value shall be determined by reference to sales prices, if any, received in arms-length transactions for other products which can be put to comparable beneficial uses and by reference to factors relevant to the commercial value of such products, following complation of the mining or production process.".
- page 2, line 20, After "rules" insert "or regulations".
- page 2, line 21, Substitute "effect the purposes of this act." for "determine the selling price, trans-".

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PAGE 2, lines 22 23, Delete the entire lines.
Respectfully,

Committee Chairman Off

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HB46HW1/A

In standing committe amendment (HB46HS1)

Page 2, lines 3 through 18, after words "sale for like" insert "mineral"

After "products" insert "of similar quality"

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