

HOUSE BILL NO. HB0029

Coal valuation.

Sponsored by: Representative(s) Esquibel and Senator(s) Schiffer

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.

5

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

7

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:

11

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

13

14 (a) As used in this article:

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1           (xvi) "Depletion" means the reduction in the  
2 value of a mineral deposit identified as the percentage of  
3 the reserve removed in any given year multiplied by the  
4 historical acquisition costs. Historical acquisition costs  
5 include lease payments, bonus bids, cost depletion basis  
6 and any other methods used to ascribe value to the reserves  
7 at the time of acquisition.

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9           **39-14-103. Imposition.**

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

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

1 added to determine fair market value. For purposes of this  
2 paragraph:

3  
4 (B) Direct mining costs include mining  
5 labor including mine foremen and supervisory personnel  
6 whose primary responsibility is extraction of coal,  
7 supplies used for mining, mining equipment depreciation,  
8 fuel, power and other utilities used for mining,  
9 maintenance of mining equipment, coal transportation from  
10 the point of severance to the mouth of the mine, depletion  
11 as defined under W.S. 39-14-101(a)(xvi), current  
12 reclamation expenses, equipment operating lease expense,  
13 coal sampling and testing prior to stripping, real and  
14 personal property tax within the mining operation  
15 (excluding production taxes), right-of-way easement  
16 payments, deferred overburden removal and any other direct  
17 costs incurred prior to the mouth of the mine, ~~that are~~  
18 ~~specifically attributable~~ including engineering,  
19 maintenance facilities and environmental work performed as  
20 allocated by the department to the mining operation;

21  
22 (C) Total direct costs include direct  
23 mining costs determined under subparagraph (B) of this  
24 paragraph plus mineral processing labor including plant

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

12

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

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1       **Section 2.** This act is effective January 1, 2005.

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(END)