

2013 DRAFTING REQUEST

Assembly Amendment (AA-AB1)

Received: 2/1/2013 Received By: jkreye
Wanted: As time permits Same as LRB:
For: Fred Clark (608) 266-7746 By/Representing: andy
May Contact: Drafter: jkreye
Subject: Tax, Other - miscellaneous Addl. Drafters:
Extra Copies:

Submit via email: YES
Requester's email: Rep.Clark@legis.wisconsin.gov
Carbon copy (CC) to: joseph.kreye@legis.wisconsin.gov

Pre Topic:

No specific pre topic given

Topic:

Mining: extraction tax at a per ton rate

Instructions:

See attached

Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/?	jkreye 2/1/2013	scalvin 2/1/2013	rschluet 2/1/2013	_____			
/1				_____	sbasford 2/1/2013	sbasford 2/1/2013	

FE Sent For:

<END>

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/?	jkreye	11 SAC 02/01/2013		_____	_____		

FE Sent For:

<END>

Kreye, Joseph

From: Gill, Andy
Sent: Friday, February 01, 2013 12:24 PM
To: Kreye, Joseph
Subject: RE: Amendments to AB1

Hi Joe-

Sorry I should have been more clear in my initial e-mail. For #1 we want to use the tax structure in Cullen's SB3 as an amendment to AB1. For #3 we want to use the minimum tax structure contained in 2011 SB542 as an amendment to AB1.

Andy Gill

Office of Rep. Fred Clark
608-266-7746

From: Kreye, Joseph
Sent: Friday, February 01, 2013 12:07 PM
To: Gill, Andy
Subject: FW: Amendments to AB1

Andy,

I'll be doing the tax-related drafts for the mining bill. However, I'm not sure I understand items 1 and 3 below.

AB1/SB1 uses the current law net proceeds tax structure but diverts 40 percent of the proceeds into the economic development fund. Sen. Cullen's mining bill (SB3) creates a tax based on the amount of ore extracted (which, in turn, is based on Minnesota's extraction tax). Are you saying that you want the tax structure contained in Sen. Cullen's bill as an amendment to AB1?

With regard to the "upfront" payments, there are no "upfront" payments made under AB1/SB1, nor under current law. Under current law, there are "first dollar" payments. None of the mining bills affect those payments.

There have been various versions of the mining bill that required a minimum tax for the first 60 months of extraction. For example, under 2011 Senate Bill 542, introduced by Senators Schultz and Jauch, the minimum tax for the first 60 months was \$416,667 a month. Under SSA2 to 2011 SB 488 (offered by joint finance), the minimum tax for the first 60 months was \$83,333 a month. The sub also required that for the first 24 months following the month in which a person is issued a mining permit, \$1,000,000 annually, or \$2,000,000 total, would be used for mining skills training grants and mining equipment manufacturing training grants.

Please let me know if any of these things I have mentioned is what you're looking for or if there is something else you had in mind.

Joe

Joseph T. Kreye

Senior Legislative Attorney
Legislative Reference Bureau
608 266 2263

From: Gill, Andy
Sent: Friday, February 01, 2013 11:28 AM
To: Tradewell, Becky
Subject: Amendments to AB1

Good Morning Becky-

I spoke with Rick Champagne this morning and he suggested I direct amendments to AB1/SB1 to you. I realize there are a lot of drafters on this bill.

Here are a list of amendments we would like to have drafted:

1. Remove net proceeds tax in AB1 and replace with current net proceeds tax structure with a tax based on the amount of ore extracted
2. Remove all changes to contested case hearing procedure and return to current law
3. Return to current law relating to upfront payments for first two years of the mine operation
4. Remove all environmental exemptions

Also could you draft the Assembly companion to Sen. Cullen's SB3? Thanks!

Andy Gill

Office of Rep. Fred Clark
608-266-7746



PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION

ASSEMBLY AMENDMENT ,

TO ASSEMBLY BILL 1

in 2-1-13

Today

1 At the locations indicated, amend the bill as follows:

2 1. Page 34, line 21: after that line insert:

new 9
insert 34-21

3 2. Page 34, line 24: after that line insert:

new 9
insert 34-24

4 (END)

SENATE BILL 3

For further information see the *state and local* fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

SECTION 1. 20.192 (1) (g) of the statutes is created to read:

20.192 (1) (g) *Regional Wisconsin diversification program.* All moneys received under s. 70.395 (1e) for grants, loans, and disbursements under s. 238.14.

SECTION 2. 70.375 (2) (a) of the statutes is amended to read:

70.375 (2) (a) ~~In~~ Except as provided in sub. (7), with respect to mines not in operation on November 28, 1981, there is imposed upon persons engaged in mining metalliferous minerals in this state a net proceeds occupation tax effective on the date on which extraction begins to compensate the state and municipalities for the loss of valuable, irreplaceable metalliferous minerals. The amount of the tax shall be determined by applying the rates established under sub. (5) to the net proceeds of each mine. The net proceeds of each mine for each year are the difference between the gross proceeds and the deductions allowed under sub. (4) for the year.

SECTION 3. 70.375 (5) (intro.) of the statutes is amended to read:

70.375 (5) **RATES.** (intro.) The Except as provided in sub. (7), the tax to be assessed, levied and collected upon persons engaging in mining metalliferous minerals in this state shall be computed at the following rates:

SECTION 4. 70.375 (7) of the statutes is created to read:

70.375 (7) **PER TON RATE.** (a) Notwithstanding subs. (2) and (5), for mines in operation after December 31, 2012, the tax assessed, levied, and collected from a person engaged in mining ferrous minerals in this state is an amount equal to \$2.412 for each 2,240 pounds of ferrous minerals extracted by the person from mines in this

Insert
34-21

LR

Insert
34-24

SENATE BILL 3

1 state, based on the average annual amount extracted during the current year and
2 the previous 2 years, not including any year in which the person is not extracting
3 ferrous minerals from mines in this state.

4 (b) Beginning in 2014, and in each year thereafter, the department shall change
5 the dollar amount rate under par. (a) to reflect the percentage change in the gross
6 domestic product implicit price deflator from the 4th quarter of the 2nd preceding
7 year to the 4th quarter of the preceding year, as determined by the federal
8 department of commerce.

*End of
insert
34-24*

9 **SECTION 5.** 70.395 (1e) of the statutes is amended to read:

10 70.395 (1e) DISTRIBUTION. Fifteen days after the collection of the tax under ss.
11 70.38 to 70.39, the department of administration, upon certification of the
12 department of revenue, shall transfer the amount collected in respect to mines not
13 in operation on November 28, 1981, to the investment and local impact fund, except
14 that the department of administration shall transfer 70 percent of the amount
15 collected from each person under s. 70.375 (7) to the investment and local impact
16 fund and 30 percent of the amount collected from each person under s. 70.375 (7) to
17 the appropriation under s. 20.192 (1) (g) for the regional Wisconsin diversification
18 program under s. 238.14.

19 **SECTION 6.** 70.395 (2) (dc) 1. of the statutes is amended to read:

20 70.395 (2) (dc) 1. Each person intending to submit an application for a mining
21 permit shall pay \$50,000 \$100,000 to the department of revenue for deposit in the
22 investment and local impact fund at the time that the person notifies the department
23 of natural resources under s. 293.31 (1) of that intent.

24 **SECTION 7.** 70.395 (2) (dc) 2. of the statutes is amended to read: