HOUSE BILL NO. 226

INTRODUCED BY K. BALES, R. HOLDEN, COLE, DEVLIN, HEDGES, KITZENBERG, LENHART, MATTHEWS, MCNUTT

A BILL FOR AN ACT ENTITLED: "AN ACT PROVIDING FOR THE ALLOCATION OF A PORTION OF FEDERAL MINERAL ROYALTY INCOME TO COUNTIES WHERE THE DEVELOPMENT OF THE FEDERALLY OWNED MINERALS HAS OCCURRED; PROVIDING FOR THE ALLOCATION OF A PORTION OF FEDERAL MINERAL ROYALTY INCOME TO ~~AN ECONOMIC DEVELOPMENT~~ ~~TRUST~~ A MINERAL IMPACT ~~FUND~~ ACCOUNT TO BE USED FOR ~~LOCAL GOVERNMENTS~~ COUNTIES; ~~CREATING AN EXTRACTION BOARD TO DEVELOP A PLAN FOR USING THE ECONOMIC DEVELOPMENT TRUST IMPACT FUND AND ADMINISTERING GRANT APPLICATIONS;~~ PROVIDING A STATUTORY APPROPRIATION FOR THE PAYMENT OF ALLOCATIONS OF FEDERAL MINERAL ROYALTY INCOME TO COUNTIES; AMENDING SECTION 17-7-502, MCA; AND PROVIDING EFFECTIVE DATES AND AN APPLICABILITY DATE."

WHEREAS, in Montana, the royalty revenue from federal Bureau of Land Management land currently accrues only to the state, while similar revenue from forest service land is shared between the state and the counties; and

WHEREAS, 30 U.S.C. 191 provides that money paid to any state is to be used by the state as the legislature of the state may direct, giving priority to those subdivisions of the state socially or economically impacted by development of minerals; and

WHEREAS, county governments located within the counties that generate the money derived from federal mineral leasing are impacted by the development of the minerals; and

WHEREAS, the state does not have a mechanism to return federal mineral leasing funds to the impacted counties of the state as federal law requires.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

NEW SECTION. **Section 1. Federal mineral leasing funds.** (1) All money paid to the state pursuant to 30 U.S.C. 191 must be deposited in the state general fund and must be distributed as provided in subsections (2) and (3).

~~(2) Three months following the calendar quarters ending in March, June, September, and December, the state shall certify the amount of money that the state received during the preceding calendar quarter for royalties under 30 U.S.C. 191. The state treasurer shall allocate the percentage of the total money received among the counties in which the minerals were produced based on the proportion that each county's mineral royalty revenue bears to the total mineral royalty revenue received by the state for that calendar quarter. Pursuant to subsection (3), the state treasurer shall pay the amount calculated to each county and transfer money to the economic development trust fund provided for in [section 2]. Counties shall use the funds for planning, construction and maintenance of public facilities, and the provision of public services.~~

~~(3) Fifty percent of the percentage of mineral royalty revenue received by the state that is allocated for distribution under this subsection must be distributed to the counties as provided in subsection (2), and the remaining 50% must be transferred to the economic development trust fund. The following is the amount of mineral royalty revenue to be allocated between counties and the economic development trust fund:~~

~~(a) in calendar year 2002, 10%;~~

~~(b) in calendar year 2003, 20%;~~

~~(c) in calendar year 2004, 30%;~~

~~(d) in calendar year 2005, 40%; and~~

~~(e) in calendar year 2006 and succeeding years, 50%.~~

(2) At the conclusion of fiscal year 2002, the state treasurer shall distribute ~~25%~~ ~~75% of~~ all money received in fiscal year 2002 in excess of ~~$26,756,000~~ $21,756,000 pursuant to subsection (3). At the conclusion of fiscal year 2003, the state treasurer shall distribute ~~25%~~ ~~75% of~~ all money received in fiscal year 2003 in excess of $20,474,000 pursuant to subsection (3). At the conclusion of fiscal year 2004 ~~and each fiscal year thereafter~~, the state treasurer shall distribute ~~25%~~ ~~75%~~ 12.5% of all money received ~~in excess of $20 million~~ pursuant to subsection (3). At the conclusion of fiscal year 2005 and each fiscal year thereafter, the state treasurer shall distribute 25% of all money received pursuant to subsection (3).

(3) On August 15 following the close of the fiscal year, the state treasurer shall distribute ~~one-half of~~ the distributions in subsection (2) to ~~eligible counties and one-half to the economic development~~ the mineral impact ~~fund~~ account established in [section 2]. The distribution to the eligible

COUNTIES MUST BE ALLOCATED BASED ON THE PROPORTION THAT THE TOTAL AMOUNT OF REVENUE GENERATED BY MINERAL EXTRACTION IN AN ELIGIBLE COUNTY BEARS TO THE TOTAL AMOUNT OF MONEY RECEIVED BY THE STATE. ~~THE DISTRIBUTION TO THE ELIGIBLE COUNTIES MUST BE ALLOCATED BASED ON THE PROPORTION THAT THE TOTAL AMOUNT OF REVENUE GENERATED BY MINERAL EXTRACTION IN AN ELIGIBLE COUNTY BEARS TO THE TOTAL AMOUNT OF MONEY RECEIVED BY THE STATE. A COUNTY IS ELIGIBLE FOR PURPOSES OF THIS SECTION IF EXTRACTION OCCURS IN THAT COUNTY TO WHICH A PORTION OF THE MONEY RECEIVED BY THE STATE UNDER SUBSECTION (1) IS ATTRIBUTABLE.~~

~~(4) The payments to counties are statutorily appropriated, as provided in 17-7-502.~~

~~(4) MONEY RECEIVED BY A COUNTY MUST BE ALLOCATED BY THE COUNTY TO SCHOOL DISTRICTS AND SPECIAL DISTRICTS IN WHICH MINERAL LEASING OCCURS BASED UPON EACH DISTRICT'S PERCENTAGE ALLOCATION OF COUNTYWIDE PROPERTY TAX LEVIES.~~

NEW SECTION. **Section 2. ~~Economic development~~ ~~trust~~ MINERAL IMPACT ~~fund~~ ACCOUNT.** There is ~~an economic development~~ ~~trust~~ A MINERAL IMPACT ~~fund~~ ACCOUNT. Money must be deposited in the IMPACT ~~fund~~ ACCOUNT as provided in [section 1]. The money in the IMPACT ~~fund~~ ACCOUNT must be ~~used for grants~~ DISTRIBUTED to ~~counties, cities, towns, school districts, and other governmental entities located in the~~ counties from which the minerals were produced that resulted in the deposit of the mineral royalty revenue in the ~~trust~~ IMPACT ~~fund~~ ~~AND TO PAY THE ADMINISTRATIVE EXPENSES OF THE EXTRACTION BOARD PROVIDED FOR IN [SECTION 3]. The extraction board, provided for in [section 3], shall make the grants~~ ACCOUNT. Beginning July 1, 2003, the ~~trust~~ IMPACT ~~fund~~ ACCOUNT is statutorily appropriated, as provided in 17-7-502~~, to the board for making the grants~~.

~~NEW SECTION. **Section 3. Extraction board.** (1) There is an extraction board consisting of seven members appointed by the governor from people residing in counties where development of federally owned minerals has occurred. The governor shall appoint the following members:~~

~~(a) two county commissioners;~~

~~(b) a mayor;~~

~~(c) two business owners;~~

~~(d) a private mineral owner; and~~

~~(e) a member of the public.~~

~~(2) The terms of board members, other than the initial term, must be for 3 years. In order to~~

~~provide for staggered terms, the governor shall appoint the initial members as follows:~~

~~(a) two members to 1-year terms;~~

~~(b) two members to 2-year terms; and~~

~~(c) three members to 3-year terms.~~

~~(3) The board shall develop a plan for presentation to the 2003 legislature for use of the economic development trust IMPACT fund, provided for in [section 2], for economic development, job creation, infrastructure development or dismantling, and joint ventures with private enterprise.~~

~~(4) The board shall make grants to local governments from the economic development trust IMPACT fund. The board may adopt rules concerning grant applications and processing.~~

~~(5) The board is allocated to the department of commerce for administrative purposes only.~~

Section 3. Section 17-7-502, MCA, is amended to read:

"17-7-502. Statutory appropriations -- definition -- requisites for validity. (1) A statutory appropriation is an appropriation made by permanent law that authorizes spending by a state agency without the need for a biennial legislative appropriation or budget amendment.

(2) Except as provided in subsection (4), to be effective, a statutory appropriation must comply with both of the following provisions:

(a) The law containing the statutory authority must be listed in subsection (3).

(b) The law or portion of the law making a statutory appropriation must specifically state that a statutory appropriation is made as provided in this section.

(3) The following laws are the only laws containing statutory appropriations: 2-17-105; 3-5-901; 5-13-403; 10-3-203; 10-3-310; 10-3-312; 10-3-314; 10-4-301; 15-1-111; 15-23-706; 15-31-702; 15-34-115; 15-35-108; 15-36-324; 15-37-117; 15-38-202; 15-65-121; 15-70-101; 16-1-404; 16-1-406; 16-1-411; 17-3-106; 17-3-212; 17-3-222; ~~[section 1];~~ [section 2]; 17-6-101; 17-7-304; 18-11-112; 19-3-319; 19-6-709; 19-9-702; 19-13-604; 19-17-301; 19-18-512; 19-19-305; 19-19-506; 19-20-604; 20-8-107; 20-26-1503; 22-3-1004; 23-5-136; 23-5-306; 23-5-409; 23-5-610; 23-5-612; 23-5-631; 23-7-301; 23-7-402; 37-43-204; 37-51-501; 39-71-503; 42-2-105; 44-12-206; 44-13-102; 50-4-623; 53-6-703; 53-24-206; 67-3-205; 75-1-1101; 75-5-1108; 75-6-214; 75-11-313; 77-1-505; 80-2-222; 80-4-416; 80-11-518; 81-5-111; 82-11-161; 87-1-513; 90-3-1003; 90-6-710; and 90-9-306.

(4) There is a statutory appropriation to pay the principal, interest, premiums, and costs of issuing,

paying, and securing all bonds, notes, or other obligations, as due, that have been authorized and issued pursuant to the laws of Montana. Agencies that have entered into agreements authorized by the laws of Montana to pay the state treasurer, for deposit in accordance with 17-2-101 through 17-2-107, as determined by the state treasurer, an amount sufficient to pay the principal and interest as due on the bonds or notes have statutory appropriation authority for the payments. (In subsection (3): pursuant to sec. 7, Ch. 567, L. 1991, the inclusion of 19-6-709 terminates upon death of last recipient eligible for supplemental benefit; pursuant to Ch. 422, L. 1997, the inclusion of 15-1-111 terminates on July 1, 2008, which is the date that section is repealed; pursuant to sec. 10, Ch. 360, L. 1999, the inclusion of 19-20-604 terminates when the amortization period for the teachers' retirement system's unfunded liability is 10 years or less; pursuant to sec. 4, Ch. 497, L. 1999, the inclusion of 15-38-202 terminates July 1, 2014; and pursuant to sec. 10(2), Ch. 10, Sp. L. May 2000, the inclusion of 15-35-108 and 90-6-710 terminates June 30, 2005.)"

NEW SECTION. **Section 4. Codification instruction.** ~~(1)~~ [Sections 1 and 2] are intended to be codified as an integral part of Title 17, chapter 3, part 2, and the provisions of Title 17, chapter 3, part 2, apply to [sections 1 and 2].

~~(2) [Section 3] is intended to be codified as an integral part of Title 2, chapter 15, part 18, and the provisions of Title 2, chapter 15, part 18, apply to [section 3].~~

NEW SECTION. **Section 5. Effective dates -- applicability.** (1) ~~[Sections 3 and 5~~ [SECTION 4 and this section] are effective on passage and approval.

(2) [Sections 1~~, 2, and 4]~~ THROUGH 3] are effective January 1, 2002, and apply to mineral royalties received after December 31, 2001.

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