

# FISCAL NOTE

**Bill #:** SB510

**Title:** Encourage leasing of Crown Butte exchange land for coal mining

**Primary**

**Sponsor:** Corey Stapleton

**Status:** House 3<sup>rd</sup> Reading

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Sponsor signature

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Date

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Chuck Swysgood, Budget Director

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Date

## Fiscal Summary

	<u>FY2002</u> <u>Difference</u>	<u>FY2003</u> <u>Difference</u>
<b>Net Impact on General Fund Balance:</b>	<b>0</b>	<b>0</b>

<u>Yes</u>	<u>No</u>		<u>Yes</u>	<u>No</u>	
X		Significant Local Gov. Impact	X		Technical Concerns
X		Included in the Executive Budget	X		Significant Long-Term Impacts
X		Dedicated Revenue Form Attached	X		Family Impact Form Attached

## Fiscal Analysis

### ASSUMPTIONS:

1. The Crown Butte land exchange is likely to occur before the end of the biennium. Income may be received in the biennium from mineral leasing or other uses of the lands in the exchange. This bill would not affect the amount of income received.
2. Unless federal legislation implementing the Crown Butte land exchange specifies otherwise, the lands received by the state will be part of the common school trust. Under current law, income from school lands is allocated to the common school trust fund, the general fund, and trust land management. The specific allocation depends on the type of income. The common school trust benefits K-12 education only. Section 1(2) would allocate an unspecified portion of proceeds to higher education and vocational-technical education. Any allocation to other than common schools would require specific provisions within the transfer agreement.

### LONG-RANGE IMPACTS:

Revenue from the Crown Butte lands is projected to be about \$250 million over thirty years. This is an average of approximately \$8.3 million per year. If allowed by the terms of the transfer agreement, this bill would allocate coal royalties from the Crown Butte lands to education funding rather than to the school trust fund. This would reduce interest earnings from the common schools trust fund below the level that would

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occur if funds were retained in the trust fund. If the interest rate paid by the trust fund averages 7%, the lost interest ultimately will be \$17.5 million per year. It will exceed the royalty revenue after 14 years.

TECHNICAL NOTES:

1. It is questionable whether the royalties from mineral production on the state lands that Montana acquires in the Crown Butte exchange can be distributed. An Attorney General opinion has stated that all mineral royalties from state lands are a permanent disposition of a trust asset and as such must be deposited in the Public School Fund established in Article X, Section 2 of the Montana Constitution.