

HOUSE BILL NO. 177

INTRODUCED BY J. BALYEAT

BY REQUEST OF THE OFFICE OF BUDGET AND PROGRAM PLANNING

A BILL FOR AN ACT ENTITLED: "AN ACT EXTENDING THE TEMPORARY ALLOCATION OF REVENUE FROM THE METALLIFEROUS MINES TAX, COAL SEVERANCE TAX, AND OIL AND GAS PRODUCTION TAX; ELIMINATING THE TRANSFER OF INTEREST INCOME FROM THE COAL SEVERANCE TAX PERMANENT FUND TO THE RESEARCH AND COMMERCIALIZATION STATE SPECIAL REVENUE ACCOUNT; REDUCING THE ALLOCATION AND STATUTORY APPROPRIATION OF INTEREST INCOME FROM THE COAL SEVERANCE TAX PERMANENT FUND TO THE GROWTH THROUGH AGRICULTURE PROGRAM; REDUCING THE ALLOCATION OF RESOURCE INDEMNITY TRUST FUND INTEREST TO THE FUTURE FISHERIES PROGRAM; AMENDING SECTIONS 15-35-108, 15-36-324, 15-37-117, AND 15-38-202, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE AND TERMINATION DATES."

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

Section 1. Section 15-35-108, MCA, is amended to read:

"15-35-108. (Temporary) Disposal of severance taxes. Severance taxes collected under this chapter must, in accordance with the provisions of 15-1-501, be allocated as follows:

(1) Fifty percent of total coal severance tax collections is allocated to the trust fund created by Article IX, section 5, of the Montana constitution. The trust fund money must be deposited in the fund established under 17-6-203(6) and invested by the board of investments as provided by law.

(2) For the fiscal ~~year ending June 30, 2003~~ years beginning July 1, 2002, through June 30, 2005, the amount of 10% and for fiscal years beginning on or after July 1, ~~2003~~ 2005, the amount of 12% of coal severance tax collections is allocated to the long-range building program account established in 17-7-205.

(3) For the fiscal ~~year ending June 30, 2003~~ years beginning July 1, 2002, through June 30, 2005, the amount of ~~6.04%~~ 4.18% and for fiscal years beginning on or after July 1, ~~2003~~ 2005, the amount of 7.75% must be credited to an account in the state special revenue fund to be allocated by the legislature for local impacts, provision of basic library services for the residents of all counties through library federations and for payment of the costs of participating in regional and national networking, conservation districts, and the Montana Growth

Through Agriculture Act. Expenditures of the allocation may be made only from this account. Money may not be transferred from this account to another account other than the general fund. Any unreserved fund balance at the end of each fiscal year must be deposited in the general fund.

(4) For fiscal years beginning on or after July 1, ~~2003~~ 2005, the amount of 1.27% must be allocated to a permanent fund account for the purpose of parks acquisition or management. Income from this permanent fund account, excluding unrealized gains and losses, must be appropriated for the acquisition, development, operation, and maintenance of any sites and areas described in 23-1-102.

(5) The amount of 0.95% must be allocated to the debt service fund type to the credit of the renewable resource loan debt service fund.

(6) For fiscal years beginning on or after July 1, 2003, the amount of 0.63% must be allocated to a trust fund for the purpose of protection of works of art in the capitol and for other cultural and aesthetic projects. Income from this trust fund, excluding unrealized gains and losses, must be appropriated for protection of works of art in the state capitol and for other cultural and aesthetic projects.

(7) (a) Subject to subsections (7)(b) and (7)(c), all other revenue from severance taxes collected under the provisions of this chapter must be credited to the general fund of the state.

(b) The interest income from \$140 million of the coal severance tax permanent fund that is deposited in the general fund is statutorily appropriated, as provided in 17-7-502, on an annual basis as follows:

(i) \$65,000 to the cooperative development center;

(ii) ~~for the fiscal year beginning July 1, 2001, \$1.25 million, for the fiscal year beginning July 1, 2002, \$925,000; and for fiscal years beginning on or after July 1, 2003, \$1.25 million~~ \$625,000 for the growth through agriculture program provided for in Title 90, chapter 9;

(iii) to the department of commerce:

(A) \$125,000 for a small business development center;

(B) \$50,000 for a small business innovative research program;

(C) except for the fiscal year beginning July 1, 2002, \$425,000 for certified communities;

(D) \$200,000 for the Montana manufacturing extension center at Montana state university-Bozeman;

and

(E) \$300,000 for export trade enhancement;

(iv) \$175,000 to the office of economic development for business recruitment and retention; and

(v) \$600,000 to the department of administration for the purpose of reimbursing tax increment financing

1 industrial districts as provided in 7-15-4299. Reimbursement must be made to qualified districts on a proportional
2 basis to the loss of taxable value as a result of Chapter 285, Laws of 1999, and as documented by the
3 department of revenue. This documentation must be provided to the budget director and to the legislative fiscal
4 analyst. The reimbursement may not be used to pay debt service on tax increment bonds to the extent that the
5 bonds are secured by a guaranty, a letter of credit, or a similar arrangement provided by or on behalf of an owner
6 of property within the district.

7 (c) ~~For the fiscal year beginning July 1, 2001, there is transferred from the interest income referred to~~
8 ~~in subsection (7)(b) \$4.85 million to the research and commercialization state special revenue account created~~
9 ~~in 90-3-1002. For the fiscal year beginning July 1, 2002, there is transferred from the interest income referred~~
10 ~~to in subsection (7)(b) \$3.165 million to the research and commercialization state special revenue account~~
11 ~~created in 90-3-1002. Beginning July 1, 2003, there is transferred annually from the interest income referred to~~
12 ~~in subsection (7)(b) \$3.65 million to the research and commercialization state special revenue account created~~
13 ~~in 90-3-1002. (Terminates June 30, 2005--sec. 10(2), Ch. 10, Sp. L. May 2000; sec. 8(1), Ch. 12, Sp. L. August~~
14 ~~2002.)~~

15 **15-35-108. (Effective July 1, 2005) Disposal of severance taxes.** Severance taxes collected under
16 this chapter must, in accordance with the provisions of 15-1-501, be allocated as follows:

17 (1) Fifty percent of total coal severance tax collections is allocated to the trust fund created by Article
18 IX, section 5, of the Montana constitution. The trust fund money must be deposited in the fund established under
19 17-6-203(6) and invested by the board of investments as provided by law.

20 (2) Twelve percent of coal severance tax collections is allocated to the long-range building program
21 account established in 17-7-205.

22 (3) The amount of 7.75% must be credited to an account in the state special revenue fund to be
23 allocated by the legislature for local impacts, provision of basic library services for the residents of all counties
24 through library federations and for payment of the costs of participating in regional and national networking,
25 conservation districts, and the Montana Growth Through Agriculture Act. Expenditures of the allocation may be
26 made only from this account. Money may not be transferred from this account to another account other than the
27 general fund. Any unreserved fund balance at the end of each fiscal year must be deposited in the general fund.

28 (4) The amount of 1.27% must be allocated to a permanent fund account for the purpose of parks
29 acquisition or management. Income from this permanent fund account, excluding unrealized gains and losses,
30 must be appropriated for the acquisition, development, operation, and maintenance of any sites and areas

described in 23-1-102.

(5) The amount of 0.95% must be allocated to the debt service fund type to the credit of the renewable resource loan debt service fund.

(6) The amount of 0.63% must be allocated to a trust fund for the purpose of protection of works of art in the capitol and for other cultural and aesthetic projects. Income from this trust fund account, excluding unrealized gains and losses, must be appropriated for protection of works of art in the state capitol and for other cultural and aesthetic projects.

(7) All other revenue from severance taxes collected under the provisions of this chapter must be credited to the general fund of the state."

Section 2. Section 15-36-324, MCA, is amended to read:

"15-36-324. (Temporary) Distribution of taxes -- rules. (1) For each calendar quarter, the department shall determine the amount of tax, late payment interest, and penalty collected under this part. For purposes of distribution of the taxes to county and school taxing units, the department shall determine the amount of oil and natural gas production taxes paid on production in the taxing unit.

(2) Except as provided in subsections (3) through (5), oil production taxes must be distributed as follows:

(a) The amount equal to 39.3% of the oil production taxes, including late payment interest and penalty, collected under this part must be distributed as provided in subsection (9).

(b) The remaining 60.7% of the oil production taxes, plus accumulated interest earned on the amount allocated under this subsection (2)(b), must be deposited in the state special revenue fund in the state treasury and transferred to the county and school taxing units for distribution as provided in subsection (12).

(3) The amount equal to 100% of the oil production taxes, including late payment interest and penalty, collected from working interest owners on qualifying production occurring during the first 12 months of production must be distributed as provided in subsection (10).

(4) (a) The amount equal to 100% of the oil production taxes, including late payment interest and penalty, collected from working interest owners on production from horizontally completed wells occurring during the first 18 months of production must be distributed as provided in subsection (10).

(b) The amount equal to 100% of the oil production taxes, including late payment interest and penalty, collected from working interest owners on the incremental production from horizontally recompleted wells

occurring during the first 18 months of production must be distributed as provided in subsection (9).

(5) (a) The amount equal to 13.8% of the oil production taxes, including late payment interest and penalty, collected from working interest owners on the first 10 barrels of stripper oil production wells must be distributed as provided in subsection (10).

(b) The remaining 86.2% of the oil production taxes, plus accumulated interest earned on the amount allocated under this subsection (5)(b), must be deposited in the state special revenue fund in the state treasury and transferred to the county and school taxing units for distribution as provided in subsection (12).

(c) The amount equal to 100% of the oil production taxes, including late payment interest and penalty, collected from working interest owners on stripper well exemption production from pre-1999 wells and post-1999 wells must be distributed as provided in subsection (10).

(6) Except as provided in subsections (7) and (8), natural gas production taxes must be allocated as follows:

(a) The amount equal to 14% of the natural gas production taxes, including late payment interest and penalty, collected under this part must be distributed as provided in subsection (11).

(b) The remaining 86% of the natural gas production taxes, plus accumulated interest earned on the amount allocated under this subsection (6)(b), must be deposited in the state special revenue fund in the state treasury and transferred to the county and school taxing units for distribution as provided in subsection (12).

(7) The amount equal to 100% of the natural gas production taxes, including late payment interest and penalty, collected from working interest owners under this part on production from wells occurring during the first 12 months of production must be distributed as provided in subsection (10).

(8) The amount equal to 100% of natural gas production taxes, including late payment interest and penalty, collected from working interest owners on production from horizontally completed wells occurring during the first 18 months of production must be distributed as provided in subsection (10).

(9) The department shall, in accordance with the provisions of 15-1-501, distribute the state portion of oil production taxes specified in subsections (2)(a) and (4)(b), including late payment interest and penalty collected, as follows:

(a) 86.21% to the state general fund;

(b) 5.17% to the state special revenue fund for the purpose of paying expenses of the board as provided in 82-11-135; and

(c) 8.62% to be distributed as follows:

(i) a total of \$400,000, including the proceeds from subsections (10)(b)(i) and (11)(c)(i), to the coal bed methane protection account established in 76-15-904;

(ii) for the fiscal ~~year ending June 30, 2003~~ years beginning July 1, 2002, through June 30, 2005, all of the remaining proceeds to the state general fund;

(iii) for the fiscal years beginning on or after July 1, ~~2003~~ 2005, 50% of the remaining proceeds to the reclamation and development grants special revenue account established in 90-2-1104; and

(iv) for the fiscal years beginning on or after July 1, ~~2003~~ 2005, 50% of the remaining proceeds to the orphan share account established in 75-10-743.

(10) The department shall distribute the state portion of oil and natural gas production taxes specified in subsections (3), (4)(a), (5)(a), (5)(c), (7), and (8), including late payment interest and penalty collected, as follows:

(a) 37.5% to the state special revenue fund for the purpose of paying expenses of the board as provided in 82-11-135; and

(b) 62.5% to be distributed as follows:

(i) a total of \$400,000, including the proceeds from subsections (9)(c)(i) and (11)(c)(i), to the coal bed methane protection account established in 76-15-904;

(ii) for the fiscal ~~year ending June 30, 2003~~ years beginning July 1, 2002, through June 30, 2005, all of the remaining proceeds to the state general fund;

(iii) for the fiscal years beginning on or after July 1, ~~2003~~ 2005, 50% of the remaining proceeds to the reclamation and development grants special revenue account established in 90-2-1104; and

(iv) for the fiscal years beginning on or after July 1, ~~2003~~ 2005, 50% of the remaining proceeds to the orphan share account established in 75-10-743.

(11) The department shall, in accordance with the provisions of 15-1-501, distribute the state portion of natural gas production taxes specified in subsection (6)(a), including late payment interest and penalty collected, as follows:

(a) 76.8% to the state general fund;

(b) 8.7% to the state special revenue fund for the purpose of paying expenses of the board as provided in 82-11-135; and

(c) 14.5% to be distributed as follows:

(i) a total of \$400,000, including the proceeds from subsections (9)(c)(i) and (10)(b)(i), to the coal bed

1 methane protection account established in 76-15-904;

2 (ii) for the fiscal ~~year ending June 30, 2003~~ years beginning July 1, 2002, through June 30, 2005, all of
3 the remaining proceeds to the state general fund;

4 (iii) for the fiscal years beginning on or after July 1, ~~2003~~ 2005, 50% of the remaining proceeds to the
5 reclamation and development grants special revenue account established in 90-2-1104; and

6 (iv) for the fiscal years beginning on or after July 1, ~~2003~~ 2005, 50% of the remaining proceeds to the
7 orphan share account established in 75-10-743.

8 (12) (a) By the dates referred to in subsection (13), the department shall, except as provided in
9 subsection (12)(b), calculate and distribute oil and natural gas production taxes received under subsections
10 (2)(b), (5)(b), and (6)(b) to each eligible county in proportion to the oil and natural gas production taxes received
11 under subsections (2)(b), (5)(b), and (6)(b) that are attributable to production in that county.

12 (b) The department shall distribute 5% of the oil and natural gas production taxes received under
13 subsections (2)(b), (5)(b), and (6)(b) from pre-1999 wells to eligible counties in proportion to the underfunding
14 that would have occurred from the tax liability distribution of pre-1985 oil and natural gas production taxes for
15 production in calendar year 1997.

16 (c) Except as provided in subsection (12)(d), the county treasurer shall distribute the money received
17 under subsection (12)(b) to the taxing units that levied mills in fiscal year 1990 against calendar year 1988
18 production in the same manner that all other property tax proceeds were distributed during fiscal year 1990 in
19 the taxing unit, except that a distribution may not be made to a municipal taxing unit.

20 (d) The board of county commissioners of a county may direct the county treasurer to reallocate the
21 distribution of oil and natural gas production tax money that would have gone to a taxing unit, as provided in
22 subsection (12)(c), to another taxing unit or taxing units, other than an elementary school or high school, within
23 the county under the following conditions:

24 (i) The county treasurer shall first allocate the oil and natural gas production taxes to the taxing units
25 within the county in the same proportion that all other property tax proceeds were distributed in the county in
26 fiscal year 1990.

27 (ii) If the allocation in subsection (12)(d)(i) exceeds the total budget for a taxing unit, the commissioners
28 may direct the county treasurer to allocate the excess to any taxing unit within the county.

29 (e) The board of trustees of an elementary or high school district may reallocate the oil and natural gas
30 production taxes distributed to the district by the county treasurer under the following conditions:

1 (i) The district shall first allocate the oil and natural gas production taxes to the budgeted funds of the
2 district in the same proportion that all other property tax proceeds were distributed in the district in fiscal year
3 1990.

4 (ii) If the allocation under subsection (12)(e)(i) exceeds the total budget for a fund, the trustees may
5 allocate the excess to any budgeted fund of the school district.

6 (f) The county treasurer shall distribute oil and natural gas production taxes received under subsection
7 (12)(a) between county and school taxing units in the relative proportions required by the levies for state, county,
8 and school district purposes in the same manner as property taxes were distributed in the preceding fiscal year.

9 (g) The allocation to the county in subsection (12)(f) must be distributed by the county treasurer in the
10 relative proportions required by the levies for county taxing units and in the same manner as property taxes were
11 distributed in the preceding fiscal year.

12 (h) The money distributed in subsection (12)(f) that is required for the county mill levies for school
13 district retirement obligations and transportation schedules must be deposited to the funds established for these
14 purposes.

15 (i) The oil and natural gas production taxes distributed under subsection (12)(c) that are required for
16 the 6-mill university levy imposed under 20-25-423 and for the county equalization levies imposed under
17 20-9-331 and 20-9-333, as those sections read on July 1, 1989, must be remitted by the county treasurer to the
18 department.

19 (j) The oil and natural gas production taxes distributed under subsection (12)(f) that are required for the
20 6-mill university levy imposed under 20-25-423, for the county equalization levies imposed under 20-9-331 and
21 20-9-333, and for the state equalization aid levy imposed under 20-9-360 must be remitted by the county
22 treasurer to the department.

23 (k) The amount of oil and natural gas production taxes remaining after the treasurer has remitted the
24 amounts determined in subsections (12)(i) and (12)(j) is for the exclusive use and benefit of the county and
25 school taxing units.

26 (13) The department shall remit the amounts to be distributed in subsection (12) to the county treasurer
27 by the following dates:

28 (a) On or before August 1 of each year, the department shall remit to the county treasurer oil and natural
29 gas production tax payments received for the calendar quarter ending March 31 of the current year.

30 (b) On or before November 1 of each year, the department shall remit to the county treasurer oil and

1 natural gas production tax payments received for the calendar quarter ending June 30 of the current year.

2 (c) On or before February 1 of each year, the department shall remit to the county treasurer oil and
3 natural gas production tax payments received for the calendar quarter ending September 30 of the previous
4 year.

5 (d) On or before May 1 of each year, the department shall remit to the county treasurer oil and natural
6 gas production tax payments received for the calendar quarter ending December 31 of the previous calendar
7 year.

8 (14) The department shall provide to each county by May 31 of each year the amount of gross taxable
9 value represented by all types of production taxed under 15-36-304 for the previous calendar year multiplied by
10 60%. The resulting value must be treated as taxable value for county classification purposes.

11 (15) (a) In the event that the board revises the privilege and license tax pursuant to 82-11-131, the
12 department shall, by rule, change the formula under this section for distribution of taxes collected under
13 15-36-304. The revised formula must provide for the distribution of taxes in an amount equal to the rate adopted
14 by the board for its expenses.

15 (b) Before the department adopts a rule pursuant to subsection (15)(a), it shall present the proposed
16 rule to the appropriate administrative rule review committee.

17 (16) The distribution to taxing units under this section is statutorily appropriated as provided in 17-7-502.
18 (Terminates June 30, 2011--sec. 10, Ch. 531, L. 2001; sec. 8(2), Ch. 12, Sp. L. August 2002.)

19 **15-36-324. (Effective July 1, 2011) Distribution of taxes -- rules.** (1) For each calendar quarter, the
20 department shall determine the amount of tax, late payment interest, and penalty collected under this part. For
21 purposes of distribution of the taxes to county and school taxing units, the department shall determine the
22 amount of oil and natural gas production taxes paid on production in the taxing unit.

23 (2) Except as provided in subsections (3) through (5), oil production taxes must be distributed as
24 follows:

25 (a) The amount equal to 39.3% of the oil production taxes, including late payment interest and penalty,
26 collected under this part must be distributed as provided in subsection (9).

27 (b) The remaining 60.7% of the oil production taxes, plus accumulated interest earned on the amount
28 allocated under this subsection (2)(b), must be deposited in the state special revenue fund in the state treasury
29 and transferred to the county and school taxing units for distribution as provided in subsection (12).

30 (3) The amount equal to 100% of the oil production taxes, including late payment interest and penalty,

1 collected from working interest owners on qualifying production occurring during the first 12 months of production
2 must be distributed as provided in subsection (10).

3 (4) (a) The amount equal to 100% of the oil production taxes, including late payment interest and
4 penalty, collected from working interest owners on production from horizontally completed wells occurring during
5 the first 18 months of production must be distributed as provided in subsection (10).

6 (b) The amount equal to 100% of the oil production taxes, including late payment interest and penalty,
7 collected from working interest owners on the incremental production from horizontally recompleted wells
8 occurring during the first 18 months of production must be distributed as provided in subsection (9).

9 (5) (a) The amount equal to 13.8% of the oil production taxes, including late payment interest and
10 penalty, collected from working interest owners on the first 10 barrels of stripper oil production wells must be
11 distributed as provided in subsection (10).

12 (b) The remaining 86.2% of the oil production taxes, plus accumulated interest earned on the amount
13 allocated under this subsection (5)(b), must be deposited in the state special revenue fund in the state treasury
14 and transferred to the county and school taxing units for distribution as provided in subsection (12).

15 (c) The amount equal to 100% of the oil production taxes, including late payment interest and penalty,
16 collected from working interest owners on stripper well exemption production from pre-1999 wells and post-1999
17 wells must be distributed as provided in subsection (10).

18 (6) Except as provided in subsections (7) and (8), natural gas production taxes must be allocated as
19 follows:

20 (a) The amount equal to 14% of the natural gas production taxes, including late payment interest and
21 penalty, collected under this part must be distributed as provided in subsection (11).

22 (b) The remaining 86% of the natural gas production taxes, plus accumulated interest earned on the
23 amount allocated under this subsection (6)(b), must be deposited in the state special revenue fund in the state
24 treasury and transferred to the county and school taxing units for distribution as provided in subsection (12).

25 (7) The amount equal to 100% of the natural gas production taxes, including late payment interest and
26 penalty, collected from working interest owners under this part on production from wells occurring during the first
27 12 months of production must be distributed as provided in subsection (10).

28 (8) The amount equal to 100% of natural gas production taxes, including late payment interest and
29 penalty, collected from working interest owners on production from horizontally completed wells occurring during
30 the first 18 months of production must be distributed as provided in subsection (10).

(9) The department shall, in accordance with the provisions of 15-1-501, distribute the state portion of oil production taxes specified in subsections (2)(a) and (4)(b), including late payment interest and penalty collected, as follows:

(a) 86.21% to the state general fund;

(b) 5.17% to the state special revenue fund for the purpose of paying expenses of the board as provided in 82-11-135; and

(c) 8.62% to be distributed as follows:

(i) 50% to the resource indemnity trust fund of the nonexpendable trust fund type;

(ii) 25% to the reclamation and development grants special revenue account established in 90-2-1104; and

(iii) 25% to the orphan share account established in 75-10-743.

(10) The department shall distribute the state portion of oil and natural gas production taxes specified in subsections (3), (4)(a), (5)(a), (5)(c), (7), and (8), including late payment interest and penalty collected, as follows:

(a) 37.5% to the state special revenue fund for the purpose of paying expenses of the board as provided in 82-11-135; and

(b) 62.5% to be distributed as follows:

(i) 50% to the resource indemnity trust fund of the nonexpendable trust fund type;

(ii) 25% to the reclamation and development grants special revenue account established by 90-2-1104; and

(iii) 25% to the orphan share account established in 75-10-743.

(11) The department shall, in accordance with the provisions of 15-1-501, distribute the state portion of natural gas production taxes specified in subsection (6)(a), including late payment interest and penalty collected, as follows:

(a) 76.8% to the state general fund;

(b) 8.7% to the state special revenue fund for the purpose of paying expenses of the board as provided in 82-11-135; and

(c) 14.5% to be distributed as follows:

(i) 50% to the resource indemnity trust fund of the nonexpendable trust fund type;

(ii) 25% to the reclamation and development grants special revenue account established in 90-2-1104;

1 and

2 (iii) 25% to the orphan share account established in 75-10-743.

3 (12) (a) By the dates referred to in subsection (13), the department shall, except as provided in
4 subsection (12)(b), calculate and distribute oil and natural gas production taxes received under subsections
5 (2)(b), (5)(b), and (6)(b) to each eligible county in proportion to the oil and natural gas production taxes received
6 under subsections (2)(b), (5)(b), and (6)(b) that are attributable to production in that county.

7 (b) The department shall distribute 5% of the oil and natural gas production taxes received under
8 subsections (2)(b), (5)(b), and (6)(b) from pre-1999 wells to eligible counties in proportion to the underfunding
9 that would have occurred from the tax liability distribution of pre-1985 oil and natural gas production taxes for
10 production in calendar year 1997.

11 (c) Except as provided in subsection (12)(d), the county treasurer shall distribute the money received
12 under subsection (12)(b) to the taxing units that levied mills in fiscal year 1990 against calendar year 1988
13 production in the same manner that all other property tax proceeds were distributed during fiscal year 1990 in
14 the taxing unit, except that a distribution may not be made to a municipal taxing unit.

15 (d) The board of county commissioners of a county may direct the county treasurer to reallocate the
16 distribution of oil and natural gas production tax money that would have gone to a taxing unit, as provided in
17 subsection (12)(c), to another taxing unit or taxing units, other than an elementary school or high school, within
18 the county under the following conditions:

19 (i) The county treasurer shall first allocate the oil and natural gas production taxes to the taxing units
20 within the county in the same proportion that all other property tax proceeds were distributed in the county in
21 fiscal year 1990.

22 (ii) If the allocation in subsection (12)(d)(i) exceeds the total budget for a taxing unit, the commissioners
23 may direct the county treasurer to allocate the excess to any taxing unit within the county.

24 (e) The board of trustees of an elementary or high school district may reallocate the oil and natural gas
25 production taxes distributed to the district by the county treasurer under the following conditions:

26 (i) The district shall first allocate the oil and natural gas production taxes to the budgeted funds of the
27 district in the same proportion that all other property tax proceeds were distributed in the district in fiscal year
28 1990.

29 (ii) If the allocation under subsection (12)(e)(i) exceeds the total budget for a fund, the trustees may
30 allocate the excess to any budgeted fund of the school district.

(f) The county treasurer shall distribute oil and natural gas production taxes received under subsection (12)(a) between county and school taxing units in the relative proportions required by the levies for state, county, and school district purposes in the same manner as property taxes were distributed in the preceding fiscal year.

(g) The allocation to the county in subsection (12)(f) must be distributed by the county treasurer in the relative proportions required by the levies for county taxing units and in the same manner as property taxes were distributed in the preceding fiscal year.

(h) The money distributed in subsection (12)(f) that is required for the county mill levies for school district retirement obligations and transportation schedules must be deposited to the funds established for these purposes.

(i) The oil and natural gas production taxes distributed under subsection (12)(c) that are required for the 6-mill university levy imposed under 20-25-423 and for the county equalization levies imposed under 20-9-331 and 20-9-333, as those sections read on July 1, 1989, must be remitted by the county treasurer to the department.

(j) The oil and natural gas production taxes distributed under subsection (12)(f) that are required for the 6-mill university levy imposed under 20-25-423, for the county equalization levies imposed under 20-9-331 and 20-9-333, and for the state equalization aid levy imposed under 20-9-360 must be remitted by the county treasurer to the department.

(k) The amount of oil and natural gas production taxes remaining after the treasurer has remitted the amounts determined in subsections (12)(i) and (12)(j) is for the exclusive use and benefit of the county and school taxing units.

(13) The department shall remit the amounts to be distributed in subsection (12) to the county treasurer by the following dates:

(a) On or before August 1 of each year, the department shall remit to the county treasurer oil and natural gas production tax payments received for the calendar quarter ending March 31 of the current year.

(b) On or before November 1 of each year, the department shall remit to the county treasurer oil and natural gas production tax payments received for the calendar quarter ending June 30 of the current year.

(c) On or before February 1 of each year, the department shall remit to the county treasurer oil and natural gas production tax payments received for the calendar quarter ending September 30 of the previous year.

(d) On or before May 1 of each year, the department shall remit to the county treasurer oil and natural

gas production tax payments received for the calendar quarter ending December 31 of the previous calendar year.

(14) The department shall provide to each county by May 31 of each year the amount of gross taxable value represented by all types of production taxed under 15-36-304 for the previous calendar year multiplied by 60%. The resulting value must be treated as taxable value for county classification purposes.

(15) (a) In the event that the board revises the privilege and license tax pursuant to 82-11-131, the department shall, by rule, change the formula under this section for distribution of taxes collected under 15-36-304. The revised formula must provide for the distribution of taxes in an amount equal to the rate adopted by the board for its expenses.

(b) Before the department adopts a rule pursuant to subsection (15)(a), it shall present the proposed rule to the appropriate administrative rule review committee.

(16) The distribution to taxing units under this section is statutorily appropriated as provided in 17-7-502."

Section 3. Section 15-37-117, MCA, is amended to read:

"15-37-117. Disposition of metalliferous mines license taxes. (1) Metalliferous mines license taxes collected under the provisions of this part must, in accordance with the provisions of 15-1-501, be allocated as follows:

(a) to the credit of the general fund of the state, for the fiscal ~~year ending June 30, 2003~~ years beginning July 1, 2002, through June 30, 2005, 65% and for the fiscal years beginning on or after July 1, ~~2003~~ 2005, 58% of total collections each year;

(b) to the state special revenue fund to the credit of a hard-rock mining impact trust account, 2.5% of total collections each year;

(c) to the hard-rock mining reclamation debt service fund created in 82-4-312, 8.5% of total collections each year;

(d) to the reclamation and development grants program state special revenue account, for the fiscal years beginning on or after July 1, ~~2003~~ 2005, 7% of total collections each year; and

(e) within 60 days of the date the tax is payable pursuant to 15-37-105, to the county or counties identified as experiencing fiscal and economic impacts, resulting in increased employment or local government costs, under an impact plan for a large-scale mineral development prepared and approved pursuant to 90-6-307, in direct proportion to the fiscal and economic impacts determined in the plan or, if an impact plan has not been

prepared, to the county in which the mine is located, 24% of total collections each year, to be allocated by the county commissioners as follows:

(i) not less than 37.5% to the county hard-rock mine trust reserve account established in 7-6-2225; and
(ii) all money not allocated to the account pursuant to subsection (1)(e)(i) to be further allocated as follows:

(A) 33 1/3% is allocated to the county for planning or economic development activities;

(B) 33 1/3% is allocated to the elementary school districts within the county that have been affected by the development or operation of the metal mine; and

(C) 33 1/3% is allocated to the high school districts within the county that have been affected by the development or operation of the metal mine.

(2) When an impact plan for a large-scale mineral development approved pursuant to 90-6-307 identifies a jurisdictional revenue disparity, the county shall distribute the proceeds allocated under subsection (1)(e) in a manner similar to that provided for property tax sharing under Title 90, chapter 6, part 4.

(3) The department shall return to the county in which metals are produced the tax collections allocated under subsection (1)(e). The allocation to the county described by subsection (1)(e) is a statutory appropriation pursuant to 17-7-502."

Section 4. Section 15-38-202, MCA, is amended to read:

"15-38-202. (Temporary) Investment of resource indemnity trust fund -- expenditure -- minimum balance. (1) All money paid into the resource indemnity trust fund, including money payable into the fund under the provisions of 15-36-324 and 15-37-117, must be invested at the discretion of the board of investments. Only the net earnings, excluding unrealized gains and losses, may be appropriated and expended until the fund balance, excluding unrealized gains and losses, reaches \$100 million. Thereafter, all net earnings, excluding unrealized gains and losses, and all receipts may be appropriated by the legislature and expended, provided that the fund balance, excluding unrealized gains and losses, may never be less than \$100 million.

(2) (a) At the beginning of each fiscal year, there is allocated from the interest income of the resource indemnity trust fund:

(i) \$240,000, which is statutorily appropriated, as provided in 17-7-502, to be deposited into the renewable resource grant and loan program state special revenue account to support the operations of the environmental science-water quality instructional programs at Montana state university-northern, to be used for

support costs, for matching funds necessary to attract additional funds to further expand statewide impact, and for enhancement of the facilities related to the programs. Any amount of the appropriation in this subsection (2)(a)(i) that is not pledged to repay bonds issued prior to January 1, 1999, may be deposited in a permanent fund account, the income from which may be used for the purposes provided in this subsection.

(ii) \$2 million to be deposited into the renewable resource grant and loan program state special revenue account, created by 85-1-604, for the purpose of making grants;

(iii) for the fiscal year beginning July 1, 2002, through the fiscal year ending June 30, 2005, \$1.2 million and for fiscal years beginning on or after July 1, 2005, \$1.5 million to be deposited into the reclamation and development grants special revenue account, created by 90-2-1104, for the purpose of making grants;

(iv) \$300,000 to be deposited into the ground water assessment account created by 85-2-905; and

(v) for the fiscal year beginning July 1, 2002, through ~~the fiscal year ending June 30, 2005~~ 2003, ~~\$350,000, for the fiscal year beginning July 1, 2003, through the fiscal year ending June 30, 2005, \$250,000,~~ and for fiscal years beginning on or after July 1, 2005, \$500,000 to the department of fish, wildlife, and parks for the purposes of 87-1-283. The future fisheries review panel shall approve and fund qualified mineral reclamation projects before other types of qualified projects.

(b) At the beginning of each biennium, there is allocated from the interest income of the resource indemnity trust fund:

(i) an amount not to exceed \$175,000 to the environmental contingency account pursuant to the conditions of 75-1-1101;

(ii) an amount not to exceed \$50,000 to the oil and gas production damage mitigation account pursuant to the conditions of 82-11-161; and

(iii) \$500,000 to be deposited into the water storage state special revenue account created by 85-1-631.

(c) The remainder of the interest income is allocated as follows:

(i) For the fiscal year beginning July 1, 2002, through the fiscal year ending June 30, 2005, 25.5% and for fiscal years beginning on or after July 1, 2005, 30% of the interest income of the resource indemnity trust fund must be allocated to the renewable resource grant and loan program state special revenue account created by 85-1-604.

(ii) For the fiscal year beginning July 1, 2002, through the fiscal year ending June 30, 2005, 22% and for fiscal years beginning on or after July 1, 2005, 26% of the interest income of the resource indemnity trust fund must be allocated to the hazardous waste/CERCLA special revenue account provided for in 75-10-621.

(iii) For the fiscal year beginning July 1, 2002, through the fiscal year ending June 30, 2005, 45% and for fiscal years beginning on or after July 1, 2005, 35% of the interest income from the resource indemnity trust fund must be allocated to the reclamation and development grants account provided for in 90-2-1104.

(iv) For the fiscal year beginning July 1, 2002, through the fiscal year ending June 30, 2005, 7.5% and for fiscal years beginning on or after July 1, 2005, 9% of the interest income of the resource indemnity trust fund must be allocated to the environmental quality protection fund provided for in 75-10-704.

(3) Any formal budget document prepared by the legislature or the executive branch that proposes to appropriate funds other than as provided for by the allocations in subsection (2) must specify the amount of money from each allocation that is proposed to be diverted and the proposed use of the diverted funds. A formal budget document includes a printed and publicly distributed budget proposal or recommendation, an introduced bill, or a bill developed during the legislative appropriation process or otherwise during a legislative session. (Terminates July 1, 2009--sec. 9, Ch. 529, L. 1999.)

15-38-202. (Effective July 1, 2009) Investment of resource indemnity trust fund -- expenditure -- minimum balance. (1) All money paid into the resource indemnity trust fund, including money payable into the fund under the provisions of 15-36-324 and 15-37-117, must be invested at the discretion of the board of investments. Only the net earnings, excluding unrealized gains and losses, may be appropriated and expended until the fund balance, excluding unrealized gains and losses, reaches \$100 million. Thereafter, all net earnings, excluding unrealized gains and losses, and all receipts may be appropriated by the legislature and expended, provided that the fund balance, excluding unrealized gains and losses, may never be less than \$100 million.

(2) (a) At the beginning of each fiscal year, there is allocated from the interest income of the resource indemnity trust fund:

(i) \$240,000, which is statutorily appropriated, as provided in 17-7-502, to be deposited into the renewable resource grant and loan program state special revenue account to support the operations of the environmental science-water quality instructional programs at Montana state university-northern, to be used for support costs, for matching funds necessary to attract additional funds to further expand statewide impact, and for enhancement of the facilities related to the programs. Any amount of the appropriation in this subsection (2)(a)(i) that is not pledged to repay bonds issued prior to January 1, 1999, may be deposited in a permanent fund account, the income from which may be used for the purposes provided in this subsection.

(ii) \$2 million to be deposited into the renewable resource grant and loan program state special revenue account, created by 85-1-604, for the purpose of making grants;

(iii) \$1.5 million to be deposited into the reclamation and development grants special revenue account, created by 90-2-1104, for the purpose of making grants; and

(iv) \$300,000 to be deposited into the ground water assessment account created by 85-2-905.

(b) At the beginning of each biennium, there is allocated from the interest income of the resource indemnity trust fund:

(i) an amount not to exceed \$175,000 to the environmental contingency account pursuant to the conditions of 75-1-1101;

(ii) an amount not to exceed \$50,000 to the oil and gas production damage mitigation account pursuant to the conditions of 82-11-161; and

(iii) \$500,000 to be deposited into the water storage state special revenue account created by 85-1-631.

(c) The remainder of the interest income is allocated as follows:

(i) Thirty percent of the interest income of the resource indemnity trust fund must be allocated to the renewable resource grant and loan program state special revenue account created by 85-1-604.

(ii) Twenty-six percent of the interest income of the resource indemnity trust fund must be allocated to the hazardous waste/CERCLA special revenue account provided for in 75-10-621.

(iii) Thirty-five percent of the interest income from the resource indemnity trust fund must be allocated to the reclamation and development grants account provided for in 90-2-1104.

(iv) Nine percent of the interest income of the resource indemnity trust fund must be allocated to the environmental quality protection fund provided for in 75-10-704.

(3) Any formal budget document prepared by the legislature or the executive branch that proposes to appropriate funds other than as provided for by the allocations in subsection (2) must specify the amount of money from each allocation that is proposed to be diverted and the proposed use of the diverted funds. A formal budget document includes a printed and publicly distributed budget proposal or recommendation, an introduced bill, or a bill developed during the legislative appropriation process or otherwise during a legislative session. (Terminates June 30, 2014--sec. 5, Ch. 497, L. 1999.)

15-38-202. (Effective July 1, 2014) Investment of resource indemnity trust fund -- expenditure -- minimum balance. (1) All money paid into the resource indemnity trust fund, including money payable into the fund under the provisions of 15-36-324 and 15-37-117, must be invested at the discretion of the board of investments. Only the net earnings, excluding unrealized gains and losses, may be appropriated and expended until the fund balance, excluding unrealized gains and losses, reaches \$100 million. Thereafter, all net earnings,

1 excluding unrealized gains and losses, and all receipts may be appropriated by the legislature and expended,
2 provided that the fund balance, excluding unrealized gains and losses, may never be less than \$100 million.

3 (2) (a) At the beginning of each fiscal year, there is allocated from the interest income of the resource
4 indemnity trust fund:

5 (i) \$2 million to be deposited into the renewable resource grant and loan program state special revenue
6 account, created by 85-1-604, for the purpose of making grants;

7 (ii) \$1.5 million to be deposited into the reclamation and development grants special revenue account,
8 created by 90-2-1104, for the purpose of making grants; and

9 (iii) \$300,000 to be deposited into the ground water assessment account created by 85-2-905.

10 (b) At the beginning of each biennium, there is allocated from the interest income of the resource
11 indemnity trust fund:

12 (i) an amount not to exceed \$175,000 to the environmental contingency account pursuant to the
13 conditions of 75-1-1101;

14 (ii) an amount not to exceed \$50,000 to the oil and gas production damage mitigation account pursuant
15 to the conditions of 82-11-161; and

16 (iii) \$500,000 to be deposited into the water storage state special revenue account created by 85-1-631.

17 (c) The remainder of the interest income is allocated as follows:

18 (i) Thirty percent of the interest income of the resource indemnity trust fund must be allocated to the
19 renewable resource grant and loan program state special revenue account created by 85-1-604.

20 (ii) Twenty-six percent of the interest income of the resource indemnity trust fund must be allocated to
21 the hazardous waste/CERCLA special revenue account provided for in 75-10-621.

22 (iii) Thirty-five percent of the interest income from the resource indemnity trust fund must be allocated
23 to the reclamation and development grants account provided for in 90-2-1104.

24 (iv) Nine percent of the interest income of the resource indemnity trust fund must be allocated to the
25 environmental quality protection fund provided for in 75-10-704.

26 (3) Any formal budget document prepared by the legislature or the executive branch that proposes to
27 appropriate funds other than as provided for by the allocations in subsection (2) must specify the amount of
28 money from each allocation that is proposed to be diverted and the proposed use of the diverted funds. A formal
29 budget document includes a printed and publicly distributed budget proposal or recommendation, an introduced
30 bill, or a bill developed during the legislative appropriation process or otherwise during a legislative session."

1

2 NEW SECTION. **Section 5. Effective date.** [This act] is effective on passage and approval.

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4 NEW SECTION. **Section 6. Termination.** (1) [Section 1] terminates June 30, 2005.

5 (2) [Section 2] terminates June 30, 2011.

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