

## HOUSE BILL NO. 276

INTRODUCED BY LINDEEN

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4 A BILL FOR AN ACT ENTITLED: "AN ACT CREATING AN ECONOMIC DEVELOPMENT FUND IN THE COAL  
5 SEVERANCE TAX TRUST FUND; PROVIDING FOR THE DEPOSIT OF COAL SEVERANCE TAXES IN THE  
6 ECONOMIC DEVELOPMENT FUND; PROVIDING FOR THE USE OF THE EARNINGS ON THE ECONOMIC  
7 DEVELOPMENT FUND TO MAKE GRANTS AND LOANS TO ECONOMIC DEVELOPMENT ORGANIZATIONS;  
8 PROVIDING FOR A PROCESS TO RECEIVE APPLICATIONS FOR GRANTS AND LOANS; PROVIDING FOR  
9 RECOMMENDATIONS OF GRANTS AND LOANS TO BE MADE TO THE LEGISLATURE; FUNDS AVAILABLE  
10 TO CERTIFIED REGIONAL DEVELOPMENT CORPORATIONS; STATUTORILY APPROPRIATING MONEY  
11 DEPOSITED IN THE ECONOMIC DEVELOPMENT SPECIAL REVENUE ACCOUNT; AMENDING SECTION  
12 SECTIONS 17-5-703 AND 17-7-502, MCA; AND PROVIDING AN EFFECTIVE DATE."

13

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

15

16 **Section 1.** Section 17-5-703, MCA, is amended to read:17 **"17-5-703. (Temporary) Coal severance tax trust funds.** (1) The trust established under Article IX,  
18 section 5, of the Montana constitution is composed of the following funds:19 (a) a coal severance tax bond fund into which the constitutionally dedicated receipts from the coal  
20 severance tax must be deposited;

21 (b) a treasure state endowment fund;

22 (c) a treasure state endowment regional water system fund;

23 (d) a coal severance tax permanent fund;

24 (e) a coal severance tax income fund; and

25 (f) a coal severance tax school bond contingency loan fund.

26 (2) (a) The state treasurer shall determine, on July 1 of each year, the amount necessary to meet all  
27 principal and interest payments on bonds payable from the coal severance tax bond fund during the next 12  
28 months and retain that amount in the coal severance tax bond fund.29 (b) The amount in the coal severance tax bond fund in excess of the amount required in subsection  
30 (2)(a) must be transferred from that fund as provided in subsections (3) through (5).

1           (3) (a) On January 21, 1992, and continuing as long as any school district bonds secured by state loans  
2 under 20-9-466 are outstanding, the state treasurer shall from time to time and as provided in subsection (3)(b)  
3 transfer from the coal severance tax bond fund to the coal severance tax school bond contingency loan fund any  
4 amount in the coal severance tax bond fund in excess of the amount that is specified in subsection (2) to be  
5 retained in the fund.

6           (b) The state treasurer shall transfer the amount referred to in subsection (3)(a) until and unless the  
7 balance in the coal severance tax school bond contingency loan fund is equal to the amount due as principal  
8 of and interest on the school district bonds secured by state loans under 20-9-466 during the next following 12  
9 months.

10          (4) (a) Beginning July 1, 1993, and ending June 30, 2013, the state treasurer shall quarterly transfer  
11 to the treasure state endowment fund 75% of the amount in the coal severance tax bond fund in excess of the  
12 amount that is specified in subsection (2) to be retained in the fund and in excess of amounts that are transferred  
13 pursuant to subsection (3).

14          (b) Beginning July 1, 1999, and ending June 30, 2013, the state treasurer shall quarterly transfer to the  
15 treasure state endowment regional water system fund 25% of the amount in the coal severance tax bond fund  
16 in excess of the amount that is specified in subsection (2) to be retained in the fund and in excess of amounts  
17 that are transferred pursuant to subsection (3).

18          (c) The state treasurer shall monthly transfer from the treasure state endowment fund to the treasure  
19 state endowment special revenue account the amount of earnings, excluding unrealized gains and losses,  
20 required to meet the obligations of the state that are payable from the account in accordance with 90-6-710.  
21 Earnings not transferred to the treasure state endowment special revenue account must be retained in the  
22 treasure state endowment fund.

23          (d) The state treasurer shall monthly transfer from the treasure state endowment regional water system  
24 fund to the treasure state endowment regional water system special revenue account the amount of earnings,  
25 excluding unrealized gains and losses, required to meet the obligations of the state that are payable from the  
26 account for regional water systems authorized under 90-6-715. Earnings not transferred to the treasure state  
27 endowment regional water system special revenue account must be retained in the treasure state endowment  
28 regional water system fund.

29          (5) Any amount in the coal severance tax bond fund in excess of the amount that is specified in  
30 subsection (2)(a) to be retained in the fund and that is not otherwise allocated under this section must be

1 deposited in the coal severance tax permanent fund.

2 **17-5-703. (Effective July 1, 2003) Coal severance tax trust funds.** (1) The trust established under  
3 Article IX, section 5, of the Montana constitution is composed of the following funds:

4 (a) a coal severance tax bond fund into which the constitutionally dedicated receipts from the coal  
5 severance tax must be deposited;

6 (b) a treasure state endowment fund;

7 (c) a treasure state endowment regional water system fund;

8 (d) a coal severance tax permanent fund;

9 (e) a coal severance tax income fund; ~~and~~

10 (f) a coal severance tax school bond contingency loan fund; and

11 (g) an economic development fund.

12 (2) (a) The state treasurer shall determine, on July 1 of each year, the amount necessary to meet all  
13 principal and interest payments on bonds payable from the coal severance tax bond fund during the next 12  
14 months and retain that amount in the coal severance tax bond fund.

15 (b) The amount in the coal severance tax bond fund in excess of the amount required in subsection  
16 (2)(a) must be transferred from that fund as provided in subsections (3) through ~~(5)~~ (6).

17 (3) (a) As long as any school district bonds secured by state loans under 20-9-466 are outstanding, the  
18 state treasurer shall from time to time and as provided in subsection (3)(b) transfer from the coal severance tax  
19 bond fund to the coal severance tax school bond contingency loan fund any amount in the coal severance tax  
20 bond fund in excess of the amount that is specified in subsection (2) to be retained in the fund.

21 (b) The state treasurer shall transfer the amount referred to in subsection (3)(a) until and unless the  
22 balance in the coal severance tax school bond contingency loan fund is equal to the amount due as principal  
23 of and interest on the school district bonds secured by state loans under 20-9-466 during the next following 12  
24 months.

25 (4) (a) ~~Until From July 1, 2003, through~~ UNTIL June 30, 2013, the state treasurer shall quarterly transfer  
26 to the treasure state endowment fund ~~50%-25%~~ 50% of the amount in the coal severance tax bond fund in  
27 excess of the amount that is specified in subsection (2) to be retained in the fund and in excess of amounts that  
28 are transferred pursuant to subsection (3).

29 (b) Until June 30, 2013, the state treasurer shall quarterly transfer to the treasure state endowment  
30 regional water system fund 25% of the amount in the coal severance tax bond fund in excess of the amount that

1 is specified in subsection (2) to be retained in the fund and in excess of amounts that are transferred pursuant  
2 to subsection (3).

3 (c) The state treasurer shall monthly transfer from the treasure state endowment fund to the treasure  
4 state endowment special revenue account the amount of earnings, excluding unrealized gains and losses,  
5 required to meet the obligations of the state that are payable from the account in accordance with 90-6-710.  
6 Earnings not transferred to the treasure state endowment special revenue account must be retained in the  
7 treasure state endowment fund.

8 (d) The state treasurer shall monthly transfer from the treasure state endowment regional water system  
9 fund to the treasure state endowment regional water system special revenue account the amount of earnings,  
10 excluding unrealized gains and losses, required to meet the obligations of the state that are payable from the  
11 account for regional water systems authorized under 90-6-715. Earnings not transferred to the treasure state  
12 endowment regional water system special revenue account must be retained in the treasure state endowment  
13 regional water system fund.

14 (5) (a) From July 1, 2003, through June 30, 2016, the state treasurer shall quarterly transfer to the  
15 economic development fund 25% of the amount in the coal severance tax bond fund in excess of the amount  
16 that is specified in subsection (2) to be retained in the fund and in excess of amounts that are transferred  
17 pursuant to subsection (3).

18 (B) FROM JULY 1, 2003, THROUGH JUNE 30, 2005, THE STATE TREASURER SHALL MONTHLY TRANSFER FROM  
19 THE ECONOMIC DEVELOPMENT FUND TO THE GENERAL FUND THE AMOUNT OF EARNINGS, EXCLUDING UNREALIZED GAINS  
20 AND LOSSES.

21 (b)(c) The BEGINNING JULY 1, 2005, THE state treasurer shall monthly transfer from the economic  
22 development fund to the economic development special revenue account, provided for in [section 6], the amount  
23 of earnings, excluding unrealized gains and losses, required to meet the obligations of the state that are payable  
24 from the account in accordance with [section 5]. Earnings not transferred to the economic development special  
25 revenue account must be retained in the treasure state endowment fund.

26 ~~(5)(6)~~ Any amount in the coal severance tax bond fund in excess of the amount that is specified in  
27 subsection (2)(a) to be retained in the fund and that is not otherwise allocated under this section must be  
28 deposited in the coal severance tax permanent fund. (Terminates June 30, 2016--sec. 1, Ch. 70, L. 2001.)

29 **17-5-703. (Effective July 1, 2016) Coal severance tax trust funds.** (1) The trust established under  
30 Article IX, section 5, of the Montana constitution is composed of the following funds:

1 (a) a coal severance tax bond fund into which the constitutionally dedicated receipts from the coal  
2 severance tax must be deposited;

3 (b) a treasure state endowment fund;

4 (c) a coal severance tax permanent fund;

5 (d) a coal severance tax income fund; ~~and~~

6 (e) a coal severance tax school bond contingency loan fund; and

7 (f) an economic development fund.

8 (2) (a) The state treasurer shall determine, on July 1 of each year, the amount necessary to meet all  
9 principal and interest payments on bonds payable from the coal severance tax bond fund during the next 12  
10 months and retain that amount in the coal severance tax bond fund.

11 (b) The amount in the coal severance tax bond fund in excess of the amount required in subsection  
12 (2)(a) must be transferred from that fund as provided in subsections (3) through ~~(5)~~ (6).

13 (3) (a) As long as any school district bonds secured by state loans under 20-9-466 are outstanding, the  
14 state treasurer shall from time to time and as provided in subsection (3)(b) transfer from the coal severance tax  
15 bond fund to the coal severance tax school bond contingency loan fund any amount in the coal severance tax  
16 bond fund in excess of the amount that is specified in subsection (2) to be retained in the fund.

17 (b) The state treasurer shall transfer the amount referred to in subsection (3)(a) until and unless the  
18 balance in the coal severance tax school bond contingency loan fund is equal to the amount due as principal  
19 of and interest on the school district bonds secured by state loans under 20-9-466 during the next following 12  
20 months.

21 (4) (a) Until June 30, 2013, the state treasurer shall quarterly transfer to the treasure state endowment  
22 fund ~~50%~~ 25% ~~50%~~ of the amount in the coal severance tax bond fund in excess of the amount that is specified  
23 in subsection (2) to be retained in the fund and in excess of amounts that are transferred pursuant to subsection  
24 (3).

25 (b) The state treasurer shall monthly transfer from the treasure state endowment fund to the treasure  
26 state endowment special revenue account the amount of earnings, excluding unrealized gains and losses,  
27 required to meet the obligations of the state that are payable from the account in accordance with 90-6-710.  
28 Earnings not transferred to the treasure state endowment special revenue account must be retained in the  
29 treasure state endowment fund.

30 (5) (a) Until June 30, 2016, the state treasurer shall quarterly transfer to the economic development fund

1 25% of the amount in the coal severance tax bond fund in excess of the amount that is specified in subsection  
 2 (2) to be retained in the fund and in excess of amounts that are transferred pursuant to subsection (3).

3 (b) The state treasurer shall monthly transfer from the economic development fund to the economic  
 4 development special revenue account, provided for in [section 6], the amount of earnings, excluding unrealized  
 5 gains and losses, that are required to meet the obligations of the state that are payable from the account in  
 6 accordance with [section 5]. Earnings not transferred to the economic development special revenue account  
 7 must be retained in the economic development fund.

8 ~~(5)(6)~~ Any amount in the coal severance tax bond fund in excess of the amount that is specified in  
 9 subsection (2)(a) to be retained in the fund and that is not otherwise allocated under this section must be  
 10 deposited in the coal severance tax permanent fund."  
 11

12 **SECTION 2. SECTION 17-7-502, MCA, IS AMENDED TO READ:**

13 **"17-7-502. Statutory appropriations -- definition -- requisites for validity.** (1) A statutory  
 14 appropriation is an appropriation made by permanent law that authorizes spending by a state agency without  
 15 the need for a biennial legislative appropriation or budget amendment.

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

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

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

21 (3) The following laws are the only laws containing statutory appropriations: 2-15-151; 2-17-105;  
 22 5-13-403; 10-3-203; 10-3-310; 10-3-312; 10-3-314; 10-4-301; 15-1-111; 15-1-113; 15-1-121; 15-23-706;  
 23 15-35-108; 15-36-324; 15-37-117; 15-38-202; 15-65-121; 15-70-101; 17-3-106; 17-3-212; 17-3-222; 17-3-241;  
 24 17-6-101; 17-7-304; 18-11-112; 19-3-319; 19-9-702; 19-13-604; 19-17-301; 19-18-512; 19-19-305; 19-19-506;  
 25 19-20-604; 20-8-107; 20-9-534; 20-9-622; 20-26-1503; 22-3-1004; 23-5-306; 23-5-409; 23-5-612; 23-5-631;  
 26 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;  
 27 53-24-206; 75-1-1101; 75-5-1108; 75-6-214; 75-11-313; 80-2-222; 80-4-416; 80-5-510; 80-11-518; 82-11-161;  
 28 87-1-513; [section 6]; 90-3-1003; 90-6-710; and 90-9-306.

29 (4) There is a statutory appropriation to pay the principal, interest, premiums, and costs of issuing,  
 30 paying, and securing all bonds, notes, or other obligations, as due, that have been authorized and issued

1 pursuant to the laws of Montana. Agencies that have entered into agreements authorized by the laws of Montana  
 2 to pay the state treasurer, for deposit in accordance with 17-2-101 through 17-2-107, as determined by the state  
 3 treasurer, an amount sufficient to pay the principal and interest as due on the bonds or notes have statutory  
 4 appropriation authority for the payments. (In subsection (3): pursuant to Ch. 422, L. 1997, the inclusion of  
 5 15-1-111 terminates on July 1, 2008, which is the date that section is repealed; pursuant to sec. 10, Ch. 360,  
 6 L. 1999, the inclusion of 19-20-604 terminates when the amortization period for the teachers' retirement system's  
 7 unfunded liability is 10 years or less; pursuant to sec. 4, Ch. 497, L. 1999, the inclusion of 15-38-202 terminates  
 8 July 1, 2014; pursuant to sec. 10(2), Ch. 10, Sp. L. May 2000, the inclusion of 15-35-108 and 90-6-710  
 9 terminates June 30, 2005; pursuant to sec. 17, Ch. 414, L. 2001, the inclusion of 2-15-151 terminates December  
 10 31, 2006; and pursuant to sec. 2, Ch. 594, L. 2001, the inclusion of 17-3-241 becomes effective July 1, 2003.)"

11  
 12 **NEW SECTION. Section 3. Montana economic development program -- definitions.** (1) (a) There  
 13 is a Montana economic development program that consists of:

14 (i) the economic development fund established in 17-5-703; and  
 15 (ii) the economic development special revenue account provided for in [section 6].  
 16 (b) Interest from the economic development fund may be used to provide financial assistance for  
 17 qualified economic development organizations under [sections ~~2~~ 3 through 6].

18 (2) As used in [sections ~~2~~ 3 through 6], the following definitions apply:

19 (A) "CERTIFIED REGIONAL DEVELOPMENT CORPORATION" MEANS A PRIVATE, NONPROFIT CORPORATION THAT  
 20 HAS BEEN DESIGNATED BY THE DEPARTMENT THROUGH A COMPETITIVE PROCESS TO MANAGE AND ADMINISTER FUNDS  
 21 AND PROGRAMS FOR THE DEPARTMENT ON A REGIONAL BASIS AS PROVIDED FOR IN 90-1-116.

22 ~~(a)~~(B) "Department" means the department of commerce provided for in 2-15-1801.

23 ~~(b) "Economic development organization" means:~~

24 ~~(i) (A) a private, nonprofit corporation, as provided in Title 35, chapter 2, that is exempt from taxation~~  
 25 ~~under section 501(c)(3) or 501(c)(6) of the Internal Revenue Code, 26 U.S.C. 501(c)(3) or 501(c)(6);~~

26 ~~(B) an entity certified by the department under 90-1-116; or~~

27 ~~(C) an entity established by a local government; and~~

28 ~~(ii) an entity actively engaged in economic development and business assistance work in the area.~~

29  
 30 **NEW SECTION. Section 4. Purpose.** The purpose of the Montana economic development program

1 is to assist in economic development for Montana that will:

2 (1) create good-paying jobs for Montana residents;

3 (2) promote long-term, stable economic growth in Montana;

4 (3) encourage ~~local economic development organizations~~ CERTIFIED REGIONAL DEVELOPMENT  
5 CORPORATIONS;

6 (4) create a partnership between the state and ~~local economic development organizations~~ CERTIFIED  
7 REGIONAL DEVELOPMENT CORPORATIONS that are interested in pursuing these same economic development goals;

8 and

9 (5) provide a better life for future generations through greater economic growth and prosperity in  
10 Montana.

11  
12 ~~NEW SECTION. Section 4. Types of financial assistance available.~~ The legislature shall provide  
13 for and make grants and loans available to qualified economic development organizations under [sections 2  
14 through 6] from the money in the economic development account.

15  
16 ~~NEW SECTION. Section 5. Priorities for funding -- rulemaking.~~ (1) The department shall receive  
17 proposals for grants and loans from economic development organizations. The department shall work with an  
18 economic development organization in preparing cost estimates for a proposed project. In reviewing proposals,  
19 the department may consult with other state agencies with expertise pertinent to the proposal. The department  
20 shall prepare and submit a list containing the recommended form and amount of financial assistance for each  
21 project to the governor, prioritized pursuant to subsection (3). The governor shall review the recommendations  
22 of the department and shall submit a list of recommended financial assistance to the legislature.

23 ~~(2) In preparing recommendations under subsection (2), preference must be given to economic~~  
24 ~~development organizations that are most compatible with the purposes of the economic development trust fund~~  
25 ~~as provided in [section 3].~~

26 ~~(3) After the review required by subsection (2), the projects must be approved by the legislature.~~

27 ~~(4) The department shall adopt rules necessary to implement the Montana economic development~~  
28 ~~program. In adopting rules, the department shall look to the rules adopted for the treasure state endowment~~  
29 ~~program and other similar state programs. To the extent feasible, the department shall make the rules~~  
30 ~~compatible with those other programs.~~



