

## HOUSE BILL NO. 367

INTRODUCED BY WINDY BOY, BECKER, BERGREN, BIXBY, BUZZAS, CALLAHAN, CYR, DICKENSON,  
ERICKSON, FRANKLIN, JUNEAU, LINDEEN, MUSGROVE, NEWMAN, SMALL-EASTMAN, SMITH,  
STONINGTON, WANZENRIED

A BILL FOR AN ACT ENTITLED: "~~AN ACT ALLOCATING A PORTION OF THE FEDERAL MINERAL LEASE  
AND ROYALTY INCOME TO THE HARD-ROCK MINING RECLAMATION DEBT SERVICE FUND;~~  
AUTHORIZING REQUIRING THE SALE OF HARD-ROCK MINING RECLAMATION BONDS IN THE AMOUNT  
NOT TO EXCEED \$2.5 MILLION FOR THE FINANCING OF A PORTION OF THE LONG-TERM OR  
PERPETUAL WATER TREATMENT AT THE ZORTMAN AND LANDUSKY MINE SITES IF CONGRESS  
APPROPRIATES FUNDS FOR THAT PURPOSE; ESTABLISHING A LONG-TERM OR PERPETUAL WATER  
TREATMENT PERMANENT TRUST FUND FOR THE ZORTMAN AND LANDUSKY MINES; ~~CREATING A  
STATE DEBT;~~ AMENDING SECTIONS ~~17-3-240, 17-3-241, 82-4-312, 82-4-314, AND 82-4-315, MCA;~~ AND  
PROVIDING AN IMMEDIATE EFFECTIVE DATE."

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

~~Section 1. Section 17-3-240, MCA, is amended to read:~~

~~"17-3-240. Federal mineral leasing lease and royalty funds. (1) (a) All Ninety five percent of the  
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) THROUGH (4).~~

~~(b) Five percent of the money paid to the state pursuant to 30 U.S.C. 191 must be deposited in the  
hard-rock mining reclamation debt service fund provided for in 82-4-312.~~

~~(2) At the conclusion of fiscal year 2002, the state treasurer shall distribute all money received in fiscal  
year 2002 in excess of \$21,756,000 pursuant to subsection (3). At the conclusion of fiscal year 2003, the state  
treasurer shall distribute all money received in fiscal year 2003 in excess of \$21,671,000 pursuant to subsection  
(3). At the conclusion of fiscal year 2004, the state treasurer shall distribute 12.5% of all money received  
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 the~~

1 distributions in subsection (2) to the mineral impact account established in 17-3-241. The distribution to the  
 2 eligible counties must be allocated based on the proportion that the total amount of revenue generated by  
 3 mineral extraction in an eligible county bears to the total amount of money received by the state.

4 ~~———— (4) IMMEDIATELY FOLLOWING THE DISTRIBUTION OF ANY MONEY PURSUANT TO SUBSECTIONS (2) AND (3), THE~~  
 5 ~~STATE TREASURER SHALL DISTRIBUTE 8% OF THE REMAINDER OF THE MONEY PAID TO THE STATE PURSUANT TO 30 U.S.C.~~  
 6 ~~191 TO THE HARD-ROCK MINING RECLAMATION DEBT SERVICE FUND PROVIDED FOR IN 82-4-312."~~

7  
 8 ~~———— **Section 2.** Section 17-3-241, MCA, is amended to read:~~

9 ~~———— "**17-3-241. Mineral impact account.** There is a mineral impact account. Money must be deposited in~~  
 10 ~~the impact account as provided in 17-3-240. The money in the impact account must be distributed to counties~~  
 11 ~~from which the minerals were produced that resulted in the deposit of the mineral lease and royalty revenue in~~  
 12 ~~the impact account. Beginning July 1, 2003, the impact account is statutorily appropriated, as provided in~~  
 13 ~~17-7-502."~~

14  
 15 ~~———— **Section 3.** Section 82-4-312, MCA, is amended to read:~~

16 ~~———— "**82-4-312. Hard-rock mining reclamation debt service fund.** (1) There is a hard-rock mining~~  
 17 ~~reclamation debt service fund within the debt service fund type established in 17-2-102.~~

18 ~~———— (2) The state pledges, allocates, and directs to be credited to the hard-rock mining reclamation debt~~  
 19 ~~service fund:~~

20 ~~———— (a) money from the metalliferous mines license tax, as provided in 15-37-117; and~~

21 ~~———— (b) 5% of the money from the annual MONEY FROM THE federal mineral lease and royalty funds paid to~~  
 22 ~~the state, as provided in 17-3-240 17-3-240(4).~~

23 ~~———— (3) Money in the hard-rock mining reclamation debt service fund that is in excess of the amount needed~~  
 24 ~~to satisfy the annual principal and interest payment requirements in 82-4-313 must be transferred to the~~  
 25 ~~hard-rock mining reclamation special revenue account created in 82-4-315. STATE GENERAL FUND."~~

26  
 27 **Section 1.** Section 82-4-314, MCA, is amended to read:

28 **"82-4-314. Authorization for sale of hard-rock mining reclamation bonds.** (1) The board of  
 29 examiners is authorized to issue and sell hard-rock mining reclamation general obligation bonds in an amount  
 30 not exceeding \$8 ~~\$20~~ \$8 million upon the request of the department, as provided for in 82-4-313. ~~Proceeds~~

1 Except as provided in subsection (2), proceeds of the bonds or notes are allocated to the hard-rock mining  
 2 reclamation special revenue account provided for in 82-4-315 to fund:

3 ~~(1)(a)~~ legally required reclamation, operation, and maintenance at hard-rock mines that would otherwise  
 4 not occur when the director of the department determines that there is no likelihood of getting additional funds  
 5 from the mine operator and the available surety bond is insufficient; and

6 ~~(2)(b)~~ the costs of issuing the bonds or notes.

7 ~~(2) At least \$12 million of the proceeds of the bonds or notes sold pursuant to subsection (1) must be~~  
 8 ~~DURING FISCAL YEAR 2004, THE BOARD OF EXAMINERS SHALL ISSUE AND SELL HARD-ROCK MINING GENERAL OBLIGATION~~  
 9 ~~BONDS IN THE AMOUNT OF \$12.4 MILLION.~~

10 (2) IF BY JUNE 30, 2005, CONGRESS APPROPRIATES \$10 MILLION OR MORE TO FUND LONG-TERM OR PERPETUAL  
 11 WATER TREATMENT AT THE ZORTMAN AND LANDUSKY MINE SITES, THE DEPARTMENT SHALL REQUEST THE BOARD OF  
 12 EXAMINERS TO SELL BONDS AUTHORIZED IN SUBSECTION (1), WITHOUT MAKING THE FINDINGS SET FORTH IN 82-4-313(1),  
 13 IN AN AMOUNT THAT, WHEN ADDED TO THE AMOUNT APPROPRIATED BY CONGRESS, EQUALS \$12.5 MILLION. THE  
 14 PROCEEDS FROM THESE BONDS MUST BE allocated to the long-term or perpetual water treatment permanent fund  
 15 provided for in ~~section 5~~ [SECTION 2]."

16  
 17 **NEW SECTION. Section 2. Long-term or perpetual water treatment permanent trust fund.** (1)  
 18 There is established a fund of the permanent fund type to pay exclusively for the cost to the state of long-term  
 19 or perpetual water treatment at the Zortman and Landusky mine sites.

20 (2) The fund is financed with ~~at least \$12 \$12.4 million~~ of the proceeds from the sale of bonds or notes  
 21 authorized in ~~82-4-314 82-4-314 (2)~~ and with other sources of funding that the legislature OR CONGRESS may from  
 22 time to time provide.

23 (3) The fund must be invested by the board of investments pursuant to Title 17, chapter 6, part 2, and  
 24 the earnings from the investment must be credited to the fund until the year 2017.

25 (4) The annual earnings on the fund for the year 2017 and for each succeeding year may be  
 26 appropriated for the purposes of this section.

27 (5) The principal of the fund AND INTEREST CREDITED TO THE FUND PURSUANT TO SUBSECTION (3) may not  
 28 be appropriated but must remain inviolate to generate sufficient funding to pay the costs of long-term or  
 29 perpetual water treatment at the Zortman and Landusky mine sites.

30

1           **Section 3.** Section 82-4-315, MCA, is amended to read:

2           **"82-4-315. Hard-rock mining reclamation special revenue account.** (1) There is a hard-rock mining  
3 reclamation special revenue account within the state special revenue fund established in 17-2-102. ~~There~~  
4 EXCEPT AS PROVIDED IN [SECTION 5] 82-4-314(2), THERE must be paid into the account:

5           (a) revenue from the sale of hard-rock mining reclamation bonds issued by the board of examiners  
6 pursuant to 82-4-313 and 82-4-314; AND

7           (b) interest income earned on the account; ~~and~~

8 ~~—— (c) excess money transferred from the hard-rock mining reclamation debt service fund as described in~~  
9 ~~82-4-312.~~

10           (2) Funds may be appropriated from the hard-rock mining reclamation special revenue account for the  
11 following purposes only:

12           (a) state costs of implementing legally required reclamation, operation, and maintenance at hard-rock  
13 mines that would otherwise not occur because there is no likelihood of getting additional funds from the mine  
14 operator and the available surety bond is insufficient;

15           (b) state costs of implementing legally required reclamation, operation, and maintenance neither eligible  
16 for nor reasonably expected to be reimbursed from other federal or private funds; ~~and~~

17           (c) state costs of providing for water treatment LEGALLY REQUIRED RECLAMATION, OPERATION, AND  
18 MAINTENANCE at the Zortman and Landusky mine sites; and

19           ~~(e)~~(d) state costs related to the implementation of 82-4-312 through 82-4-315."  
20

21           NEW SECTION. Section 4. Notification to tribal government. The secretary of state shall send a  
22 copy of [this act] to the Fort Belknap tribal government.  
23

24 ~~—— NEW SECTION. Section 8. Two-thirds vote required. Because [section 4] authorizes the creation~~  
25 ~~of state debt, Article VIII, section 8, of the Montana constitution requires a vote of two-thirds of the members of~~  
26 ~~each house of the legislature for passage.~~  
27

28           NEW SECTION. SECTION 5. NOTIFICATION OF CONGRESSIONAL APPROPRIATION. THE DEPARTMENT OF  
29 ENVIRONMENTAL QUALITY SHALL NOTIFY THE BOARD OF EXAMINERS AND THE CODE COMMISSIONER IF BY JUNE 30, 2005,  
30 CONGRESS APPROPRIATES \$10 MILLION OR MORE TO FUND LONG-TERM OR PERPETUAL WATER TREATMENT AT THE

1 ZORTMAN AND LANDUSKY MINE SITES.

2

3 NEW SECTION. Section 6. Codification instruction. [~~Section 5~~] [SECTION 2] is intended to be codified  
4 as an integral part of Title 82, chapter 4, part 3, and the provisions of Title 82, chapter 4, part 3, apply to [~~section~~  
5 ~~5~~] [SECTION 2].

6

7 NEW SECTION. Section 7. Effective date. [This act] is effective ~~July 1, 2003~~ ON PASSAGE AND  
8 APPROVAL.

9

- END -