

HOUSE BILL NO. 593

INTRODUCED BY V. SMALL-EASTMAN

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4 A BILL FOR AN ACT ENTITLED: "AN ACT REVISING THE ALLOCATION OF COAL SEVERANCE TAX
5 PROCEEDS; PROVIDING A PORTION OF COAL SEVERANCE TAXES TO COAL-PRODUCING COUNTIES;
6 AUTHORIZING A STATUTORY APPROPRIATION; AMENDING SECTION 15-35-108, MCA; REPEALING
7 SECTION 76-15-530, MCA; AND PROVIDING AN EFFECTIVE DATE."

8
9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

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11 **Section 1.** Section 15-35-108, MCA, is amended to read:
12 **"15-35-108. (Temporary) Disposal of severance taxes.** Severance taxes collected under this chapter
13 must, in accordance with the provisions of 15-1-501, be allocated as follows:

14 (1) Fifty percent of total coal severance tax collections is allocated to the trust fund created by Article
15 IX, section 5, of the Montana constitution. The trust fund money must be deposited in the fund established under
16 17-6-203(6) and invested by the board of investments as provided by law.

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

20 ~~(3) For the fiscal year ending June 30, 2003, the amount of 6.04% and for fiscal years beginning on or~~
21 ~~after July 1, 2003, the amount of 7.75% must be credited to an account in the state special revenue fund to be~~
22 ~~allocated by the legislature for local impacts, provision of basic library services for the residents of all counties~~
23 ~~through library federations and for payment of the costs of participating in regional and national networking,~~
24 ~~conservation districts, and the Montana Growth Through Agriculture Act. Expenditures of the allocation may be~~
25 ~~made only from this account. Money may not be transferred from this account to another account other than the~~
26 ~~general fund. Any unreserved fund balance at the end of each fiscal year must be deposited in the general fund.~~
27 For the fiscal years beginning on or after July 1, 2003, the amount of 7.75% must be credited to an account in
28 the state special revenue fund for distribution to the counties from which the coal was mined. The proceeds that
29 are deposited in the account are statutorily appropriated, as provided in 17-7-502. As soon as possible after July
30 1 of each fiscal year, the department shall pay to the county treasurers of Big Horn, Musselshell, Richland, and

1 Rosebud Counties a percentage of the total proceeds in the account based on the number of tons of coal mined,
2 as expressed as a percent of the total, from each county during the previous calendar year as reported for
3 purposes of calculating gross yield pursuant to 15-23-701. The counties may use proceeds from the account
4 to finance general operating expenses.

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

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

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

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

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

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

20 (ii) for the fiscal year beginning July 1, 2001, \$1.25 million, for the fiscal year beginning July 1, 2002,
21 \$925,000, and for fiscal years beginning on or after July 1, 2003, \$1.25 million for the growth through agriculture
22 program provided for in Title 90, chapter 9;

23 (iii) to the department of commerce:

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

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

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

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

28 and

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

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

1 (v) \$600,000 to the department of administration for the purpose of reimbursing tax increment financing
2 industrial districts as provided in 7-15-4299. Reimbursement must be made to qualified districts on a proportional
3 basis to the loss of taxable value as a result of Chapter 285, Laws of 1999, and as documented by the
4 department of revenue. This documentation must be provided to the budget director and to the legislative fiscal
5 analyst. The reimbursement may not be used to pay debt service on tax increment bonds to the extent that the
6 bonds are secured by a guaranty, a letter of credit, or a similar arrangement provided by or on behalf of an owner
7 of property within the district.

8 (c) For the fiscal year beginning July 1, 2001, there is transferred from the interest income referred to
9 in subsection (7)(b) \$4.85 million to the research and commercialization state special revenue account created
10 in 90-3-1002. For the fiscal year beginning July 1, 2002, there is transferred from the interest income referred
11 to in subsection (7)(b) \$3.165 million to the research and commercialization state special revenue account
12 created in 90-3-1002. Beginning July 1, 2003, there is transferred annually from the interest income referred to
13 in subsection (7)(b) \$3.65 million to the research and commercialization state special revenue account created
14 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
15 2002.)

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

18 (1) Fifty percent of total coal severance tax collections is allocated to the trust fund created by Article
19 IX, section 5, of the Montana constitution. The trust fund money must be deposited in the fund established under
20 17-6-203(6) and invested by the board of investments as provided by law.

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

23 (3) The amount of 7.75% must be credited to an account in the state special revenue fund ~~to be~~
24 ~~allocated by the legislature for local impacts, provision of basic library services for the residents of all counties~~
25 ~~through library federations and for payment of the costs of participating in regional and national networking,~~
26 ~~conservation districts, and the Montana Growth Through Agriculture Act. Expenditures of the allocation may be~~
27 ~~made only from this account. Money may not be transferred from this account to another account other than the~~
28 ~~general fund. Any unreserved fund balance at the end of each fiscal year must be deposited in the general fund~~
29 for distribution to the counties from which the coal was mined. The proceeds that are deposited in the account
30 are statutorily appropriated, as provided in 17-7-502. As soon as possible after July 1 of each fiscal year, the

1 department shall pay to the county treasurers of Big Horn, Musselshell, Richland, and Rosebud Counties a
2 percentage of the total proceeds in the account based on the number of tons of coal mined, as expressed as
3 a percent of the total, from each county during the previous calendar year as reported for purposes of calculating
4 gross yield pursuant to 15-23-701. The counties may use proceeds from the account to finance general
5 operating expenses.

6 (4) The amount of 1.27% must be allocated to a permanent fund account for the purpose of parks
7 acquisition or management. Income from this permanent fund account, excluding unrealized gains and losses,
8 must be appropriated for the acquisition, development, operation, and maintenance of any sites and areas
9 described in 23-1-102.

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

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

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

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19 NEW SECTION. Section 2. Repealer. Section 76-15-530, MCA, is repealed.

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21 NEW SECTION. Section 3. Effective date. [This act] is effective July 1, 2003.

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