

HOUSE BILL NO. 700

INTRODUCED BY MENDENHALL

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4 A BILL FOR AN ACT ENTITLED: "AN ACT GENERALLY REVISING AND CLARIFYING THE LAWS
5 GOVERNING THE DISPOSITION AND USE OF METALLIFEROUS MINES LICENSE TAX MONEY;
6 INCREASING THE ALLOCATION OF FUNDS TO THE COUNTY IN WHICH THE MINE IS LOCATED;
7 DECREASING THE ALLOCATION TO THE GENERAL FUND; REVISING THE NAMES OF ACCOUNTS FOR
8 PURPOSES OF CLARIFICATION; CLARIFYING THE USE OF FUNDS ALLOCATED TO THE COUNTY;
9 ELIMINATING THE METAL MINES TAX RESERVE ACCOUNT THAT COULD BE USED FOR ANY PURPOSE
10 PROVIDED BY LAW; AMENDING SECTIONS 7-6-2225, 7-6-2226, 15-37-117, 90-6-304, AND 90-6-331, MCA;
11 ~~REPEALING SECTION 7-6-2226, MCA;~~ AND PROVIDING AN EFFECTIVE DATE."

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

14

15 **Section 1.** Section 7-6-2225, MCA, is amended to read:

16 **"7-6-2225. County hard-rock mine ~~trust reserve~~ TRUST account -- expenditure restrictions.** (1) The
17 governing body of a county receiving an allocation under 15-37-117(1)(e) shall establish a county hard-rock mine
18 ~~trust reserve~~ TRUST account.

19 (2) Money received by a county pursuant to 15-37-117 or 90-6-331 must remain in the hard-rock mine
20 TRUST account and may not be appropriated by the governing body until:

21 (a) a mining operation has permanently ceased all ~~mining-related~~ mining-related activity; or

22 (b) the number of persons employed full-time in mining activities by the mining operation is less than
23 one-half of the average number of persons employed full-time in mining activities by the mining operation during
24 the immediately preceding 5-year period.

25 (3) If the circumstances described in subsection (2)(a) or (2)(b) occur, the governing body of the county
26 shall allocate at least one-third of the funds proportionally to affected high school districts and elementary school
27 districts in the county and may use the remaining funds in the hard-rock mine TRUST account to:

28 (a) pay for outstanding capital project bonds or other expenses incurred prior to the end of mining
29 activity or the reduction in the mining work force described in subsection (2)(b);

30 (b) decrease property tax mill levies that are directly caused by the cessation or reduction of mining

1 activity;

2 (c) promote diversification and development of the economic base within the jurisdiction of a local
3 government unit ~~through assistance to EXISTING BUSINESS FOR RETENTION AND EXPANSION OR TO ASSIST new or~~
4 ~~expanding business;~~

5 (d) attract new industry to the impact area;

6 (e) provide cash incentives for expanding the employment base of the area impacted by the changes
7 in mining activity described in subsection (2); or

8 (f) provide grants or loans to other local government jurisdictions to assist with impacts caused by the
9 changes in mining activity described in subsection (2).

10 (4) Except as provided in subsection (3)(b), money held in the hard-rock mine TRUST account may not
11 be considered as cash balance for the purpose of reducing mill levies. ~~Money held in the hard-rock mine account~~
12 ~~may not be used for existing county government purposes and may not be used for recreational, cultural, or~~
13 ~~aesthetic purposes.~~

14 (5) Money in the ~~reserve~~ hard-rock mine TRUST account must be invested as provided by law. Interest
15 and income from the investment of funds in the account must be credited to the account."
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17 **SECTION 2. SECTION 7-6-2226, MCA, IS AMENDED TO READ:**

18 **"7-6-2226. Metal mines license tax reserve account.** (1) The governing body of a county receiving
19 tax collections under 15-37-117(1)(e) may establish a metal mines license tax ~~reserve~~ account to be used to hold
20 the collections. The governing body may hold money in the account for any time period considered appropriate
21 by the governing body. Money held in the account may not be considered as cash balance for the purpose of
22 reducing mill levies.

23 (2) Money may be expended from the account ~~for any purpose as provided by law in 7-6-2225.~~

24 (3) Money in the account must be invested as provided by law. Interest and income from the investment
25 of the metal mines license tax ~~reserve~~ account must be credited to the account."
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27 **Section 3.** Section 15-37-117, MCA, is amended to read:

28 **"15-37-117. Disposition of metalliferous mines license taxes.** (1) Metalliferous mines license taxes
29 collected under the provisions of this part must, in accordance with the provisions of 15-1-501, be allocated as
30 follows:

- 1 (a) to the credit of the general fund of the state, ~~for the fiscal year ending June 30, 2003, 65% and for~~
2 ~~the fiscal years beginning on or after July 1, 2003, 58%~~ 57% of total collections each year;
- 3 (b) to the state special revenue fund to the credit of a hard-rock mining impact trust account, 2.5% of
4 total collections each year;
- 5 (c) to the hard-rock mining reclamation debt service fund created in 82-4-312, 8.5% of total collections
6 each year;
- 7 (d) to the reclamation and development grants program state special revenue account, ~~for the fiscal~~
8 ~~years beginning on or after July 1, 2003, 7%~~ of total collections each year; and
- 9 (e) within 60 days of the date the tax is payable pursuant to 15-37-105, to the county or counties
10 identified as experiencing fiscal and economic impacts, resulting in increased employment or local government
11 costs, under an impact plan for a large-scale mineral development prepared and approved pursuant to 90-6-307,
12 in direct proportion to the fiscal and economic impacts determined in the plan or, if an impact plan has not been
13 prepared, to the county in which the mine is located, ~~24%~~ 25% of total collections each year, to be allocated by
14 the county commissioners as follows:
- 15 (i) not less than 37.5% to the county hard-rock mine ~~trust reserve~~ TRUST account established in
16 7-6-2225; and
- 17 (ii) all money not allocated to the account pursuant to subsection (1)(e)(i) to be further allocated as
18 follows:
- 19 (A) 33 1/3% is allocated to the county for GENERAL planning FUNCTIONS or economic development
20 activities as described in 7-6-2225(3)(c) through (3)(e);
- 21 (B) 33 1/3% is allocated to the elementary school districts within the county that have been affected by
22 the development or operation of the metal mine; and
- 23 (C) 33 1/3% is allocated to the high school districts within the county that have been affected by the
24 development or operation of the metal mine.
- 25 (2) When an impact plan for a large-scale mineral development approved pursuant to 90-6-307
26 identifies a jurisdictional revenue disparity, the county shall distribute the proceeds allocated under subsection
27 (1)(e) in a manner similar to that provided for property tax sharing under Title 90, chapter 6, part 4.
- 28 (3) The department shall return to the county in which metals are produced the tax collections allocated
29 under subsection (1)(e). The allocation to the county described by subsection (1)(e) is a statutory appropriation
30 pursuant to 17-7-502."

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2 **Section 4.** Section 90-6-304, MCA, is amended to read:

3 **"90-6-304. Accounts established.** (1) There is within the state agency fund type a hard-rock mining
4 impact account. Money is payable into this account from payments made by a mining developer in compliance
5 with the written guarantee from the developer to meet the increased costs of public services and facilities as
6 specified in the impact plan provided for in 90-6-307. The state treasurer shall draw warrants from this account
7 upon order of the board.

8 (2) There is within the state special revenue fund a hard-rock mining impact trust account. Within this
9 trust account, there is established a reserve ~~account~~ amount not to exceed \$100,000.

10 (a) Money within the hard-rock mining impact trust account may be used:

11 (i) for the administrative and operating expenses of the board, as provided by 90-6-303(4);

12 (ii) to establish and maintain the reserve ~~account~~ amount; and

13 (iii) for distribution to the counties of origin, as provided by 90-6-331 and this section.

14 (b) Money within the hard-rock mining impact trust ~~reserve~~ account may be used for the administrative
15 and operating expenses of the board if:

16 (i) the revenue provided under 15-37-117(1)(b) is less than the amount appropriated for the
17 administrative and operating expenses of the board; or

18 (ii) the use of the reserve ~~account~~ amount of revenue is necessary to allow the board to meet its
19 quasi-judicial responsibilities under 90-6-307, 90-6-311, or 90-6-403(3).

20 (3) Money is payable into the hard-rock mining impact trust account under the provisions of 15-37-117.
21 After first deducting the administrative and operating expenses of the board, as provided in 90-6-303, and then
22 establishing and maintaining the reserve ~~account in the~~ amount of \$100,000, as provided in subsection (2) of
23 this section, the remaining money must be segregated within the account by county of origin. The state treasurer
24 shall draw warrants from this account upon order of the board."
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26 **Section 5.** Section 90-6-331, MCA, is amended to read:

27 **"90-6-331. Fund transfer.** Prior to each October 31, all money segregated by county in the hard-rock
28 mining impact trust account following allocation to the hard-rock mining impact trust ~~reserve~~ account established
29 in 90-6-304(2) as of September 30 immediately preceding must be transferred to the county for which the funds
30 have been held in deposit. The funds transferred must be deposited in the county hard-rock mine ~~trust~~ ~~reserve~~

1 TRUST account established in 7-6-2225."

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3 ~~NEW SECTION. Section 5. Repealer. Section 7-6-2226, MCA, is repealed.~~

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5 NEW SECTION. Section 6. Effective date. [This act] is effective July 1, 2005.

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