

MONTANA COAL BOARD

- The Coal Board was created in 1975 with the adoption of the Coal Severance Tax and is attached to the Department of Commerce, Community Development Division, which provides staff and administrative support for the Board.
- The seven-member board is appointed by the Governor and meets quarterly.
- *Purpose* - Provides grants to help communities meet public facility or public service needs that are related to the development or decline of coal mines or coal-fired power generating plants.
- *Eligible Applicants* - Cities and towns, counties, consolidated governments, tribal governments, school districts, state agencies, and county or multi-county water, sewer, or solid waste districts or other governmental units.
- *Funding* - The 7.75% Coal Severance Tax Shared Account funds the program - no general funds are involved.

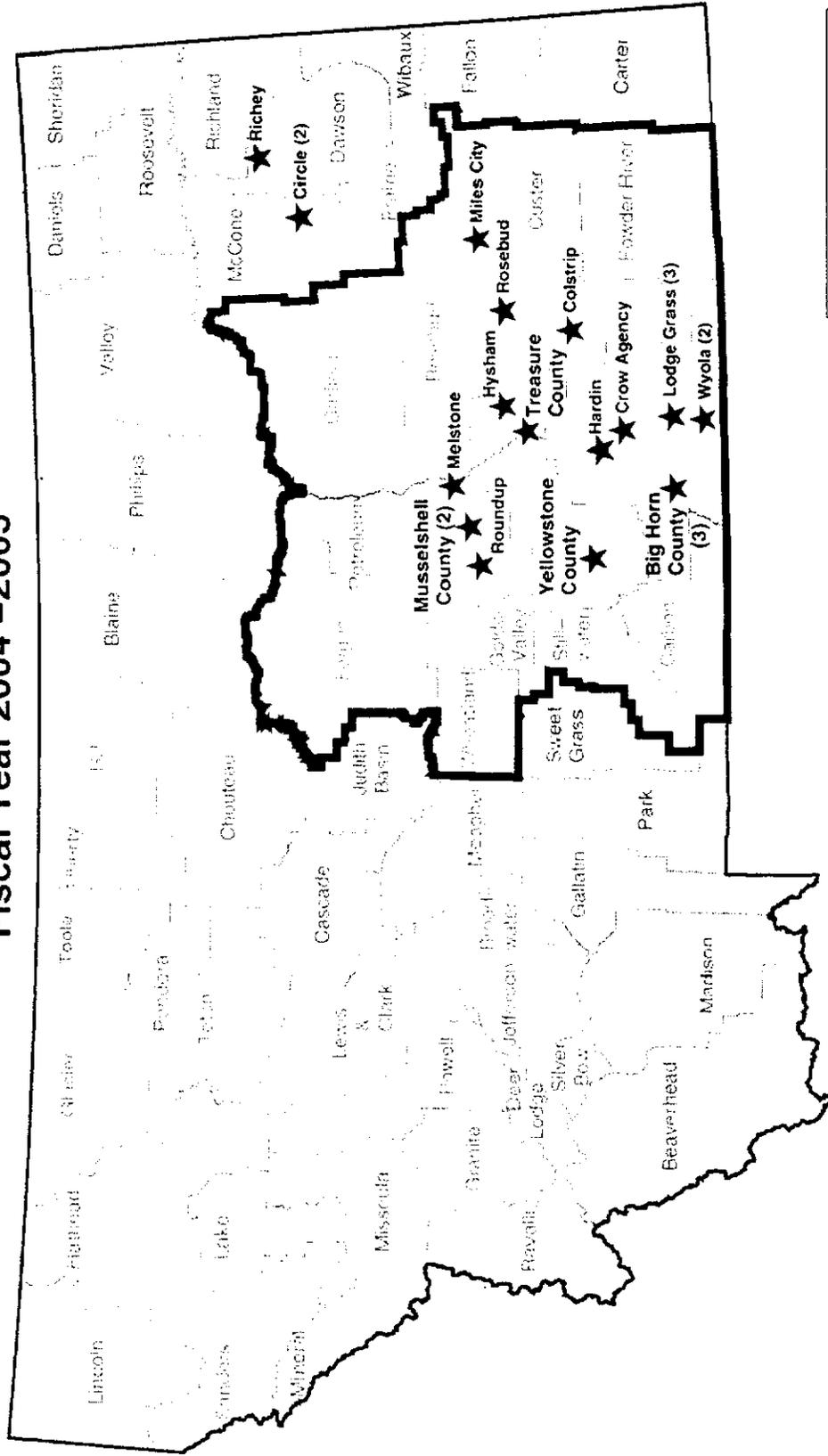
During fiscal years 2004 and 2005:

- 35 grant applications were submitted to the Coal Board
- 19 grants, totaling over \$1.4 million, were awarded
- The 19 projects involve over \$13.5 million in other state, federal and local funds

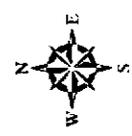
Some of the major projects funded in 2003 and 2004 include:

\$150,000	Big Horn County for county hospital expansion
\$200,000	Big Horn County for the Lodge Grass School for roof repair
\$125,000	Musselshell County for regional water system well at Utica
\$100,000	Musselshell County for ambulance facility
\$113,912	Musselshell County for the Roundup School for TV system
\$100,000	Rosebud School for roof repair
\$201,000	Roundup for water transmission line

MONTANA COAL BOARD GRANTS and the Designated Coal Impact Area Fiscal Year 2004 - 2005



Created by:
Census & Economic Information Center
Montana Department of Commerce
301 S. Park Ave. Helena MT 59620-0505
406-841-2740 [ceic@state.mt.us](http://ceic.commer.ce.state.mt.us)
<http://ceic.commer.ce.state.mt.us>



- ★ Funded Projects
- ▭ Designated Coal Impact Area
- ⋯ Outside of Impact Area

INCREASED ACTIVITY IN MONTANA'S "COAL COUNTRY"

"The interior West is witnessing the biggest resurgence in coal-fired power plants in a generation." – Washington Post, October 29, 2004

Current and proposed Montana coal-related projects include:

- As of November 2004, construction was 40% complete on MDU Resources' **Rocky Mountain Power** 116-megawatt coal-fired generating plant at Hardin. MDU has signed an agreement to sell all the power to Powerex Corporation, a subsidiary of BC Hydro in Vancouver, B.C.
- A coal-fired electric and wood co-generation plant, **Thompson River Co-Gen**, is under construction in Thompson Falls that would burn 550 rail car loads of coal from the Bull Mountain Mine near Roundup annually. The plant was granted an air quality permit by DEQ in November 2004. Construction of the plant was approximately 85% complete in November 2004.
- **Great Northern Power Development** of Denver and Kiewit Mining Group of Omaha have proposed a \$1 billion 500-megawatt coal-fired generating plant near Nelson Creek west of Circle, along with an adjacent coal mine, and related infrastructure. As of August 2004, Great Northern had spent \$2.5 million in preliminary work on the project. Great Northern has also spent \$2.2 million to reserve transmission capacity on the Colstrip to Hot Springs 500-KV line. The project would construct a 130-mile transmission line to connect to the Colstrip line. The project will be submitting its applications for state required permits in 2005. The project would go on line in 2009. Direct and in-direct employment is estimated at 1,200 jobs.
- **Bull Mountain Power** has proposed two 350-megawatt coal-fired generators using 2.7 million tons of coal per year from the Bull Mountain Mine at Roundup. The Montana Environmental Information Center has appealed the air quality permit issued by the Montana DEQ for the project. (The **Bull Mountain Mine** produced 166,391 tons from December to November 2004.)
- The **Southern Montana Electric Generation and Transmission Cooperative** has announced plans to build a \$515 million 250-megawatt coal-fired generating plant at Great Falls. The plant would serve the City of Great Falls and 100,000 members of five rural electric co-ops including Beartooth, Fergus, Mid-Yellowstone, Tongue River, and Yellowstone Valley. The plant is proposed to be in operation in 2010 and would provide 65-75 permanent jobs. In addition, the project would provide 400-500 jobs during construction with total wages estimated at \$75 million.
- Kennecott, Bechtel, and Wesco have proposed a 3,500 megawatt coal generation plant near the **Otter Creek Tracts 1, 2, and 3** coal deposits which have over 533 million tons of estimated super-compliant coal reserves
- **Montana has five other existing coal mines (with total production from Dec. –Nov., 2004):**
 - **Decker Coal Company at Decker (7.4 million tons),**
 - **Spring Creek Mine in Big Horn County (10.8 million tons)**
 - **Western Energy Company's Rosebud Mine at Colstrip (11.2 million tons)**
 - **Westmoreland Resources' Absaloka Mine at Hardin (6 million tons), and**
 - **Westmoreland Resources' Mine at Savage (333,328 tons).**

PROPOSED COAL BOARD FUNDING FOR 2006 – 2007

- During the August 2002 special session, the Legislature set the Shared State Special Revenue Account at 7.75 % of the amount of Coal Severance Tax collections for fiscal 2004 and beyond.
- In addition to funding the Coal Board, the Shared Account funds Conservation Districts, a portion of the Growth Through Agriculture program, and State Library Services through the State Library Commission.
- The 2001 Legislature appropriated \$1,976,784 for Coal Board grants in the 2002 - 2003 Biennium.
- The 2003 Legislature appropriated \$1,500,000 for Coal Board grants in the 2004 - 2005 Biennium.

(The Coal Board has a balance of \$77,000 available for the rest of FY 2005.)

- The proposed Executive budget would provide a total of \$1,567,077 for impact grants during the FY 2006-2007 biennium, a net increase of \$67,077 over the previous biennium.
- This is an increase of \$927,093 over the Coal Board's \$319,992 FY 2004 base budget expenditures for impact grants but only a \$67,077 increase over the previous biennium.
- The Department is requesting that the appropriation be designated biennial so that funds not awarded in FY 2006 can be carried forward to FY 2007.
- Any funds not awarded in FY 2007 would revert to the general fund.

In view of the extent of the currently existing and proposed coal mines and coal-fired electrical generating facilities in Montana, the Department of Commerce believes the Coal Board still has a vital role to play in helping communities to respond to impacts on community services and facilities from coal-related development. We request the Committee's support of the proposed appropriation for the Coal Board.

Respectfully submitted,

David Cole, Administrator
Community Development Division
Montana Department of Commerce
301 South Park Avenue
PO Box 200523
Helena, MT 59620-0523
dacole@state.mt.us
(406) 841-2776
FAX 841-2771