

THE MONTANA COAL BOARD

The Coal Board was created in 1975 with the adoption of the Coal Severance Tax.

The seven-member board is appointed by the Governor and meets quarterly.

Its purpose is to provide 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 include 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.

The 7.75% Coal Severance Tax Shared Account funds the program - no general funds are involved. The proposed Executive budget for Coal Board grants for the biennium is \$1,567,077.

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 grants ranged from a high of \$201,000 to a low of \$6,000.
- The average grant amount was \$77,947.
- The 19 projects involve over \$13.5 million in other state, federal and local funds.

Designated Coal Impact Area

The Coal Board statute says the every two years the Department of Commerce is to designate the counties and governmental units that have had:

- A ten percent increase or decrease in population as the result of coal development, OR
- Those counties in which the Department of Environmental Quality (DEQ) has granted a permit for a new coal mine that will produce at least 300,000 tons per year and that will begin production within two years, OR
- The production of an existing mine will increase or decrease by at least one million tons per year, OR
- DEQ has issued an air quality permit for a coal-burning facility that will use at least one million tons per year of Montana coal and be built within two years, OR
- Governmental units within 100 road miles of a mine or coal burning facility that meets this criteria.

The function of the designated impact area is that the law says that no more than 50% of the Coal Board funds can be awarded outside this area.

Existing and Proposed Development In Montana's "Coal Country"

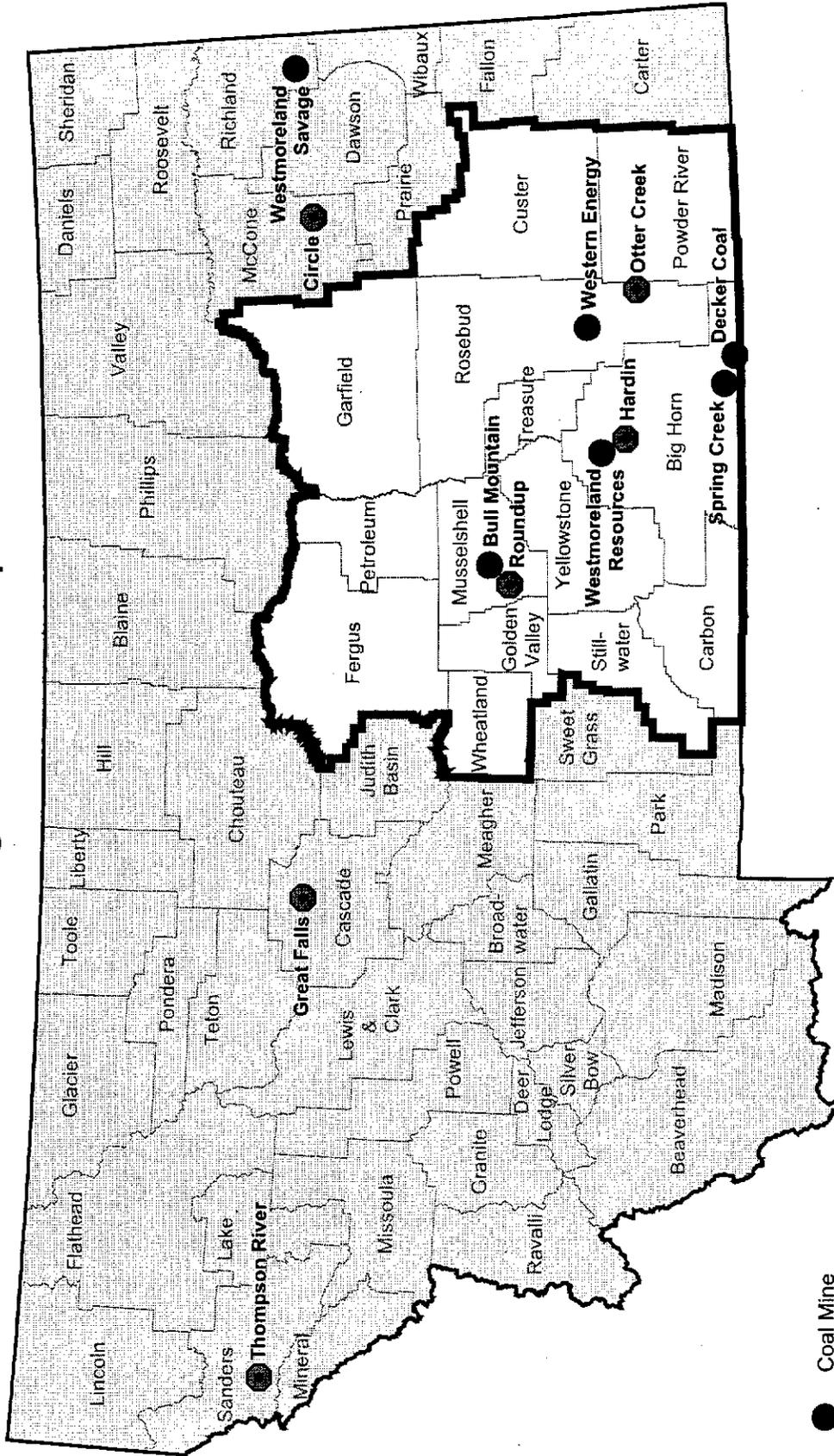
Given the new mines and generating projects that have been proposed, the "designated coal impact area" could change when the next designation takes place in 2006. These projects include:

(See map on the following page.)

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.
- A coal-fired electric and wood co-generation plant, **Thompson River Co-Gen**, is nearing completion in Thompson Falls that would burn 550 rail car loads of coal from the Bull Mountain Mine near Roundup annually.
- **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.
- **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 Southern Montana Electric Generation and Transmission Cooperative** has announced plans to build a \$515 million 250-megawatt coal-fired generating plant at Great Falls.
- **Montana has six existing coal mines** *(with total production from Dec. –Nov., 2004)*:
 - **Bull Mountain Mine near Roundup** *(166,391 tons)*
 - **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 near Hardin** *(6 million tons)*, and
 - **Westmoreland Resources' Mine at Savage** *(333,328 tons)*.

MAJOR COAL MINES/PROPOSED POWER PLANTS and the Designated Coal Impact Area



- Coal Mine
- Proposed Power Plant
- ▭ Designated Coal Impact Area
- ▭ Outside of Impact Area



Created by:
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Source: 2004 Coal Council Brochure.

Board Membership

2-15-1821, MCA states that the board consists of seven members:

- 2 from the impact areas,
- 2 with expertise in education, and
- At least 2, but not more than four, from each district provided for in 5-1-102, MCA.

(The district boundaries are shown on the map on the next page.)

Under the law, the Governor is to consider people from the fields of Business, Engineering, Public Administration, and Planning.

In addition, 2-15-124, MCA governing quasi-judicial boards (as the Coal Board is designated) states: "...unless otherwise provided by law, at least one member shall be an attorney licensed to practice law in this state."

HB 291 would add two members for a total of nine members:

"One who resides in a county from which coal is produced; and"

"One Indian."

Also, HB 291 would revise the district representation by providing that 3 additional members would have to be appointed from the two districts provided for in 5-1-102 but no more than two members from either of the two districts.

GEOGRAPHIC DISTRICTS Established to Select Members to the Commission to Redistrict and Reapportion

