



AN ACT GENERALLY REVISING THE ALLOCATION OF REVENUE AND INCOME; REVISING THE ALLOCATION OF REVENUE AND INCOME TO THE STATE GENERAL FUND AND THE GUARANTEE ACCOUNT; DECREASING THE BALANCE OF VARIOUS STATE ACCOUNTS AND FUNDS; REDUCING DISTRIBUTIONS TO VARIOUS AGENCIES, COUNTIES, LOCAL GOVERNMENTS, AND SCHOOL DISTRICTS; TRANSFERRING A PORTION OF THE CORPUS OF THE BIG SKY ECONOMIC DEVELOPMENT FUND, THE TREASURE STATE ENDOWMENT FUND, AND THE TREASURE STATE ENDOWMENT REGIONAL WATER SYSTEM FUND TO THE SEVERANCE TAX PERMANENT FUND; REVISING THE ALLOCATION OF COAL SEVERANCE TAXES; REVISING THE ALLOCATION OF OIL AND NATURAL GAS PRODUCTION TAXES; REVISING THE ALLOCATION OF METALLIFEROUS MINES LICENSE TAXES; REVISING THE ALLOCATION OF THE RESOURCE INDEMNITY AND GROUND WATER ASSESSMENT TAX AND MONEY FROM OPENCUT MINING FEES; REVISING THE ALLOCATION OF INTEREST INCOME FROM THE RESOURCE INDEMNITY TRUST FUND; REVISING THE ALLOCATION OF THE LODGING FACILITY USE TAX; REVISING THE DISTRIBUTION OF FEDERAL MINERAL LEASING FUNDS TO COUNTIES; REVISING THE ALLOCATION OF THE GENETICS PROGRAM FEE; REVISING THE ALLOCATION TO THE ENVIRONMENTAL CONTINGENCY ACCOUNT; REVISING THE ALLOCATION TO THE OIL AND GAS PRODUCTION DAMAGE MITIGATION ACCOUNT; AMENDING SECTIONS 15-35-108, 15-36-331, 15-37-117, 15-38-106, 15-38-202, 15-65-121, 17-3-240, 33-2-712, 75-1-1101, 82-11-131, AND 82-11-161, MCA; AND PROVIDING EFFECTIVE DATES AND TERMINATION DATES.

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

**Section 1.** Section 15-35-108, MCA, is amended to read:

**"15-35-108. (Temporary) Disposal of severance taxes.** Severance taxes collected under this chapter must, in accordance with the provisions of 17-2-124, be allocated as follows:

(1) Fifty percent of total coal severance tax collections is allocated to the trust fund created by Article IX, section 5, of the Montana constitution. The trust fund money must be deposited in the fund established under

17-6-203(6) and invested by the board of investments as provided by law.

(2) The amount of ~~4.2%~~ 12% of coal severance tax collections is allocated to the long-range building program account established in 17-7-205.

(3) The amount of ~~5.46%~~ 5.46% must be credited to an account in the state special revenue fund to be allocated by the legislature for provision of basic library services for the residents of all counties through library federations and for payment of the costs of participating in regional and national networking, conservation districts, and the Montana Growth Through Agriculture Act. Expenditures of the allocation may be made only from this account. Money may not be transferred from this account to another account other than the general fund. Beginning July 1, 2012, any unreserved fund balance at the end of each fiscal year must be deposited in the general fund.

(4) The amount of ~~1.27%~~ 1.143% must be allocated to a permanent fund account for the purpose of parks acquisition or management. Income from this permanent fund account, excluding unrealized gains and losses, must be ~~appropriated~~ used for the acquisition, development, operation, and maintenance of any sites and areas described in 23-1-102.

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

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

(7) The amount of [~~5.8%~~ 5.8% through September 30, 2013, and beginning October 1, 2013, the amount of] ~~2.9%~~ 2.9% must be credited to the coal natural resource account established in 90-6-1001(2).

(8) After the allocations are made under subsections (2) through (7), ~~\$250,000~~ \$225,000 for the fiscal year must be credited to the coal and uranium mine permitting and reclamation program account established in 82-4-244.

(9) (a) Subject to subsection (9)(b), all other revenue from severance taxes collected under the provisions of this chapter must be credited to the general fund of the state.

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

- (i) ~~\$65,000~~ \$65,000 to the cooperative development center;
- (ii) ~~\$625,000~~ \$625,000 for the growth through agriculture program provided for in Title 90, chapter 9;
- (iii) ~~\$1.275~~ \$1.031 million to the research and commercialization state special revenue account created in 90-3-1002;
- (iv) to the department of commerce:
  - (A) ~~\$125,000~~ \$125,000 for a small business development center;
  - (B) ~~\$50,000~~ \$50,000 for a small business innovative research program;
  - (C) ~~\$425,000~~ \$425,000 for certified regional development corporations;
  - (D) ~~\$200,000~~ \$200,000 for the Montana manufacturing extension center at Montana state university-Bozeman; and
  - (E) ~~\$300,000~~ \$300,000 for export trade enhancement. (Terminates June 30, 2013--sec. 5, Ch. 459, L. 2009.)

**15-35-108. (Effective July 1, 2013) Disposal of severance taxes.** Severance taxes collected under this chapter must, in accordance with the provisions of 17-2-124, be allocated as follows:

- (1) Fifty percent of total coal severance tax collections is allocated to the trust fund created by Article IX, section 5, of the Montana constitution. The trust fund money must be deposited in the fund established under 17-6-203(6) and invested by the board of investments as provided by law.
- (2) The amount of ~~12%~~ 12% of coal severance tax collections is allocated to the long-range building program account established in 17-7-205.
- (3) The amount of ~~5.46%~~ 5.46% must be credited to an account in the state special revenue fund to be allocated by the legislature for provision of basic library services for the residents of all counties through library federations and for payment of the costs of participating in regional and national networking, conservation districts, and the Montana Growth Through Agriculture Act. Expenditures of the allocation may be made only from this account. Money may not be transferred from this account to another account other than the general fund. Beginning July 1, 2012, any unreserved fund balance at the end of each fiscal year must be deposited in the general fund.
- (4) The amount of ~~1.27%~~ 1.143% must be allocated to a permanent fund account for the purpose of parks acquisition or management. Income from this permanent fund account, excluding unrealized gains and losses, must be ~~appropriated~~ used for the acquisition, development, operation, and maintenance of any sites and

areas described in 23-1-102.

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

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

(7) The amount of [~~5.8%~~ 5.8% through September 30, 2013, and beginning October 1, 2013, the amount of] ~~2.9%~~ 2.9% must be credited to the coal natural resource account established in 90-6-1001(2).

(8) After the allocations are made under subsections (2) through (7), ~~\$250,000~~ \$225,000 for the fiscal year must be credited to the coal and uranium mine permitting and reclamation program account established in 82-4-244.

(9) (a) Subject to subsection (9)(b), all other revenue from severance taxes collected under the provisions of this chapter must be credited to the general fund of the state.

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

- (i) ~~\$65,000~~ \$65,000 to the cooperative development center;
- (ii) ~~\$1.25~~ \$1.25 million for the growth through agriculture program provided for in Title 90, chapter 9;
- (iii) ~~\$3.65 million~~ \$3,168,500 to the research and commercialization state special revenue account created in 90-3-1002;

(iv) to the department of commerce:

- (A) ~~\$125,000~~ \$125,000 for a small business development center;
- (B) ~~\$50,000~~ \$50,000 for a small business innovative research program;
- (C) ~~\$425,000~~ \$425,000 for certified regional development corporations;
- (D) ~~\$200,000~~ \$200,000 for the Montana manufacturing extension center at Montana state university-Bozeman; and

(E) ~~\$300,000~~ \$300,000 for export trade enhancement. (Terminates June 30, 2019--secs. 2, 3, Ch. 459, L. 2009.)

**15-35-108. (Effective July 1, 2019) Disposal of severance taxes.** Severance taxes collected under

this chapter must, in accordance with the provisions of 17-2-124, be allocated as follows:

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

(2) The amount of ~~4.2%~~ 12% of coal severance tax collections is allocated to the long-range building program account established in 17-7-205.

(3) The amount of ~~5.46%~~ 5.46% must be credited to an account in the state special revenue fund to be allocated by the legislature for provision of basic library services for the residents of all counties through library federations and for payment of the costs of participating in regional and national networking, conservation districts, and the Montana Growth Through Agriculture Act. Expenditures of the allocation may be made only from this account. Money may not be transferred from this account to another account other than the general fund. Beginning July 1, 2012, any unreserved fund balance at the end of each fiscal year must be deposited in the general fund.

(4) The amount of ~~1.27%~~ 1.143% must be allocated to a permanent fund account for the purpose of parks acquisition or management. Income from this permanent fund account, excluding unrealized gains and losses, must be ~~appropriated~~ used for the acquisition, development, operation, and maintenance of any sites and areas described in 23-1-102.

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

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

(7) The amount of ~~2.9%~~ 2.9% must be credited to the coal natural resource account established in 90-6-1001(2).

(8) After the allocations are made under subsections (2) through (7), ~~\$250,000~~ \$225,000 for the fiscal year must be credited to the coal and uranium mine permitting and reclamation program account established in 82-4-244.

(9) All other revenue from severance taxes collected under the provisions of this chapter must be

credited to the general fund of the state."

**Section 2.** Section 15-36-331, MCA, is amended to read:

**"15-36-331. Distribution of taxes.** (1) (a) For each calendar quarter, the department shall determine the amount of tax, late payment interest, and penalties collected under this part.

(b) For the purposes of distribution of oil and natural gas production taxes to county and school district taxing units under 15-36-332 and to the state, the department shall determine the amount of oil and natural gas production taxes paid on production in the taxing unit.

(2) (a) The amount of oil and natural gas production taxes collected for the privilege and license tax pursuant to 82-11-131 must be deposited, in accordance with the provisions of 17-2-124, in the state special revenue fund for the purpose of paying expenses of the board, as provided in 82-11-135.

(b) The amount of the tax allocated in 15-36-304(7)(b) for the oil and gas natural resource distribution account established in 90-6-1001(1) must be deposited in the account.

(3) (a) For each tax year, the amount of oil and natural gas production taxes determined under subsection (1)(b) is allocated to each county according to the following schedule:

Big Horn	45.05%
Blaine	58.39%
Carbon	48.27%
Chouteau	58.14%
Custer	69.53%
Daniels	50.81%
Dawson	47.79%
Fallon	41.78%
Fergus	69.18%
Garfield	45.96%
Glacier	58.83%
Golden Valley	58.37%
Hill	64.51%
Liberty	57.94%

McCone	49.92%
Musselshell	48.64%
Petroleum	48.04%
Phillips	54.02%
Pondera	54.26%
Powder River	60.9%
Prairie	40.38%
Richland	47.47%
Roosevelt	45.71%
Rosebud	39.33%
Sheridan	47.99%
Stillwater	53.51%
Sweet Grass	61.24%
Teton	46.1%
Toole	57.61%
Valley	51.43%
Wibaux	49.16%
Yellowstone	46.74%
All other counties	50.15%

(b) The oil and natural gas production taxes allocated to each county must be deposited in the state special revenue fund and transferred to each county for distribution, as provided in 15-36-332.

(4) The department shall, in accordance with the provisions of 17-2-124, distribute the state portion of oil and natural gas production taxes remaining after the distributions pursuant to subsections (2) and (3) as follows:

- (a) for each fiscal year through the fiscal year ending June 30, 2011, to be distributed as follows:
  - (i) 1.23% to the coal bed methane protection account established in 76-15-904;
  - (ii) 1.45% to the natural resources projects state special revenue account established in 15-38-302;
  - (iii) 1.45% to the natural resources operations state special revenue account established in 15-38-301;
  - (iv) 2.99% to the orphan share account established in 75-10-743;

- (v) 2.65% to the state special revenue fund to be appropriated to the Montana university system for the purposes of the state tax levy as provided in 15-10-108; and
- (vi) all remaining proceeds to the state general fund;
- (b) for fiscal years beginning after June 30, 2011, to be distributed as follows:
  - ~~(i)~~(i) ~~2.16%~~ 2.16% to the natural resources projects state special revenue account established in 15-38-302;
  - ~~(ii)~~(ii) ~~2.02%~~ 2.64% to the natural resources operations state special revenue account established in 15-38-301;
  - ~~(iii)~~(iii) ~~2.95%~~ 2.12% to the orphan share account established in 75-10-743;
  - ~~(iv)~~(iv) 2.65% to the state special revenue fund to be appropriated to the Montana university system for the purposes of the state tax levy as provided in 15-10-108; and
  - ~~(v)~~(v) all remaining proceeds to the state general fund."

**Section 3.** Section 15-37-117, MCA, is amended to read:

**"15-37-117. Disposition of metalliferous mines license taxes.** (1) Metalliferous mines license taxes collected under the provisions of this part must, in accordance with the provisions of 17-2-124, be allocated as follows:

- (a) to the credit of the general fund of the state, ~~57%~~ 60.45% of total collections each year;
- (b) to the state special revenue fund to the credit of a hard-rock mining impact trust account, ~~2.5%~~ 2.25% of total collections each year;
- (c) to the hard-rock mining reclamation debt service fund established in 82-4-312, 8.5% of total collections each year;
- (d) to the natural resources operations state special revenue account established in 15-38-301, ~~7%~~ 6.3% of total collections each year; and
- (e) within 60 days of the date the tax is payable pursuant to 15-37-105, to the county or counties identified as experiencing fiscal and economic impacts, resulting in increased employment or local government costs, under an impact plan for a large-scale mineral development prepared and approved pursuant to 90-6-307, in direct proportion to the fiscal and economic impacts determined in the plan or, if an impact plan has not been prepared, to the county in which the mine is located, ~~25%~~ 22.5% of total collections each year, to be allocated

by the county commissioners as follows:

(i) not less than 37.5% to the county hard-rock mine trust account established in 7-6-2225; and

(ii) all money not allocated to the account pursuant to subsection (1)(e)(i) to be further allocated as follows:

(A) 33 1/3% is allocated to the county for general planning functions or economic development activities as described in 7-6-2225(3)(c) through (3)(e);

(B) 33 1/3% is allocated to the elementary school districts within the county that have been affected by the development or operation of the metal mine; and

(C) 33 1/3% is allocated to the high school districts within the county that have been affected by the development or operation of the metal mine.

(2) When an impact plan for a large-scale mineral development approved pursuant to 90-6-307 identifies a jurisdictional revenue disparity, the county shall distribute the proceeds allocated under subsection (1)(e) in a manner similar to that provided for property tax sharing under Title 90, chapter 6, part 4.

(3) The department shall return to the county in which metals are produced the tax collections allocated under subsection (1)(e). The allocation to the county described by subsection (1)(e) is a statutory appropriation pursuant to 17-7-502."

**Section 4.** Section 15-38-106, MCA, is amended to read:

**"15-38-106. Payment of tax -- records -- collection of taxes -- refunds.** (1) The tax imposed by this chapter must be paid by each person to which the tax applies, on or before the due date of the annual statement established in 15-38-105, on the value of product in the year preceding January 1 of the year in which the tax is paid. The tax must be paid to the department at the time that the statement of yield for the preceding calendar year is filed with the department.

(2) The department shall, in accordance with the provisions of 17-2-124, deposit the proceeds from the resource indemnity and ground water assessment tax and money deposited pursuant to 82-4-424(3) in the following order:

(a) annually in due course, from the proceeds of the tax to the CERCLA match debt service fund provided in 75-10-622, the amount necessary, as certified by the department of environmental quality, after crediting to the CERCLA match debt service fund amounts transferred from the CERCLA cost recovery account

established under 75-10-631, to pay the principal of, premium, if any, and interest during the next fiscal year on bonds or notes issued pursuant to 75-10-623;

(b) 10% of remaining proceeds from the tax in the state general fund;

~~(b)~~(c) \$366,000 of the proceeds from the tax in the ground water assessment account established by 85-2-905;

~~———— (c) for the biennium beginning July 1, 2007, \$150,000 of the proceeds from the tax in the water storage state special revenue account established in 85-1-631;~~

(d) 50% of the remaining proceeds from the tax divided equally between the environmental quality protection fund established in 75-10-704 and the hazardous waste/CERCLA special revenue account established in 75-10-621; and

(e) all remaining proceeds from the tax in the natural resources projects state special revenue account, established in 15-38-302, for the purpose of making grants to be used for mineral development reclamation projects and renewable resource projects.

(3) Each person to whom the tax applies shall keep records in accordance with 15-38-105, and the records are subject to inspection by the department upon reasonable notice during normal business hours.

(4) The department shall examine the statement and compute the taxes to be imposed, and the amount computed by the department is the tax imposed, assessed against, and payable by the taxpayer. If the tax found to be due is greater than the amount paid, the excess must be paid by the taxpayer to the department within 30 days after written notice of the amount of deficiency is mailed by the department to the taxpayer. If the tax imposed is less than the amount paid, the difference must be applied as a tax credit against tax liability for subsequent years or refunded if requested by the taxpayer."

**Section 5.** Section 15-38-202, MCA, is amended to read:

**"15-38-202. Investment of resource indemnity trust fund -- expenditure -- minimum balance.** (1)

All money paid into the resource indemnity trust fund must be invested at the discretion of the board of investments. Only the net earnings, excluding unrealized gains and losses, may be appropriated and expended until the fund balance, excluding unrealized gains and losses, reaches \$100 million. After the fund balance reaches \$100 million, all net earnings, excluding unrealized gains and losses, and all receipts may be appropriated by the legislature and expended, provided that the fund balance, excluding unrealized gains and

losses, may never be less than \$100 million.

(2) (a) At the beginning of each fiscal year, there is allocated from the interest income of the resource indemnity trust fund:

(i) ~~\$3.5~~ \$3.5 million to be deposited in the natural resources projects state special revenue account, established in 15-38-302, for the purpose of making grants;

(ii) ~~\$300,000~~ \$300,000 to be deposited in the ground water assessment account established in 85-2-905;

~~\_\_\_\_\_ (iii) \$500,000 to the department of fish, wildlife, and parks for the purposes of 87-1-283. The future fisheries review panel shall approve and fund qualified mineral reclamation projects before other types of qualified projects:~~

(iii) \$500,000 to be deposited in the state general fund.

(b) ~~At the beginning of~~ For each biennium, there is allocated from the interest income of the resource indemnity trust fund:

(i) an amount not to exceed ~~\$50,000~~ \$45,000 to be deposited in the oil and gas production damage mitigation account pursuant to the conditions of 82-11-161;

(ii) ~~\$500,000~~ \$450,000 to be deposited in the water storage state special revenue account created by 85-1-631; and

(iii) ~~\$175,000~~ \$157,500 to be deposited in the environmental contingency account established in 75-1-1101-; and

(iv) \$72,500 to be deposited in the state general fund.

(c) The remainder of the interest income is allocated as follows:

(i) ~~Sixty-five percent~~ The amount of 65% of the interest income of the resource indemnity trust fund must be allocated to the natural resources operations state special revenue account established in 15-38-301.

(ii) ~~Twenty-six percent~~ The amount of 23.4% of the interest income of the resource indemnity trust fund must be allocated to the hazardous waste/CERCLA special revenue account provided for in 75-10-621.

(iii) ~~Nine percent~~ The amount of 8.1% of the interest income of the resource indemnity trust fund must be allocated to the environmental quality protection fund provided for in 75-10-704.

(iv) The amount of 3.5% must be deposited in the state general fund.

(3) Any formal budget document prepared by the legislature or the executive branch that proposes to appropriate funds other than as provided for by the allocations in subsection (2) must specify the amount of

money from each allocation that is proposed to be diverted and the proposed use of the diverted funds. A formal budget document includes a printed and publicly distributed budget proposal or recommendation, an introduced bill, or a bill developed during the legislative appropriation process or otherwise during a legislative session."

**Section 6.** Section 15-65-121, MCA, is amended to read:

**"15-65-121. Distribution of tax proceeds.** (1) The proceeds of the tax imposed by 15-65-111 must, in accordance with the provisions of 17-2-124, be deposited in an account in the state special revenue fund to the credit of the department. The department may spend from that account in accordance with an expenditure appropriation by the legislature based on an estimate of the costs of collecting and disbursing the proceeds of the tax. Before allocating the balance of the tax proceeds in accordance with the provisions of 17-2-124 and as provided in subsections (1)(a) through ~~(1)(e)~~ (1)(f) of this section, the department shall determine the expenditures by state agencies for in-state lodging for each reporting period and deduct 4% of that amount from the tax proceeds received each reporting period. The amount deducted must be deposited in the fund or funds from which in-state lodging expenditures were paid by state agencies. The amount of ~~\$400,000~~ \$360,000 each year must be deposited in the Montana heritage preservation and development account provided for in 22-3-1004, and the amount of \$40,000 each year must be deposited in the state general fund. The balance of the tax proceeds received each reporting period and not deducted pursuant to the expenditure appropriation, deposited in the fund or funds from which in-state lodging expenditures were paid by state agencies, ~~or deposited in the heritage preservation and development account,~~ or deposited in the state general fund under this section is statutorily appropriated, as provided in 17-7-502, and must be transferred to an account in the state special revenue fund to the credit of the department of commerce for tourism promotion and promotion of the state as a location for the production of motion pictures and television commercials, to the Montana historical society, to the university system, and to the department of fish, wildlife, and parks, as follows:

(a) ~~4%~~ 0.9% to the Montana historical society to be used for the installation or maintenance of roadside historical signs and historic sites;

(b) ~~2.5%~~ 2.25% to the university system for the establishment and maintenance of a Montana travel research program;

(c) ~~6.5%~~ 5.85% to the department of fish, wildlife, and parks for the maintenance of facilities in state parks that have both resident and nonresident use;

(d) ~~67.5%~~ 60.75% to be used directly by the department of commerce; ~~and~~

(e) (i) except as provided in subsection (1)(e)(ii), ~~22.5%~~ 20.25% to be distributed by the department to regional nonprofit tourism corporations in the ratio of the proceeds collected in each tourism region to the total proceeds collected statewide; and

(ii) if ~~22.5%~~ 20.25% of the proceeds collected annually within the limits of a city, consolidated city-county, resort area, or resort area district exceeds ~~\$35,000~~ \$31,500, 50% of the amount available for distribution to the regional nonprofit tourism corporation in the region where the city, consolidated city-county, resort area, or resort area district is located, to be distributed to the nonprofit convention and visitors bureau in that city, consolidated city-county, resort area, or resort area district; and

(f) the remainder to be deposited in the state general fund.

(2) If a city, consolidated city-county, resort area, or resort area district qualifies under this section for funds but fails to either recognize a nonprofit convention and visitors bureau or submit and gain approval for an annual marketing plan as required in 15-65-122, then those funds must be allocated to the regional nonprofit tourism corporation in the region in which the city, consolidated city-county, resort area, or resort area district is located.

(3) If a regional nonprofit tourism corporation fails to submit and gain approval for an annual marketing plan as required in 15-65-122, then those funds otherwise allocated to the regional nonprofit tourism corporation may be used by the department of commerce for tourism promotion and promotion of the state as a location for the production of motion pictures and television commercials."

**Section 7.** Section 17-3-240, MCA, is amended to read:

**"17-3-240. Federal mineral leasing funds.** (1) Except as provided in subsection (2), money paid to the state pursuant to 30 U.S.C. 191 must be deposited in the ~~state general fund~~ guarantee account provided for in 20-9-622.

(2) In fiscal year 2005 and each succeeding fiscal year, ~~25%~~ 25% of all money received pursuant to subsection (1) must be deposited in the mineral impact account established in 17-3-241 and is dedicated to local governments.

(3) On August 15 following the close of the fiscal year, the state treasurer shall distribute the revenue dedicated in subsection (2). The distribution to the eligible counties must be based on the proportion that the total

amount of revenue generated by mineral extraction in an eligible county bears to the total amount of money received by the state."

**Section 8.** Section 33-2-712, MCA, is amended to read:

**"33-2-712. Genetics program fee.** Except as provided in 33-2-713, for each Montana resident insured under any individual or group disability or health insurance policy on February 1 of each year, the insurer or health service corporation issuing the policy, and the state group health plan provided for in Title 2, chapter 18, part 8, shall pay a fee of \$1 to the commissioner. The fee must be paid on or before March 1 of each year and 16.38% must be deposited in the state general fund with the remainder being deposited in an account in the state special revenue fund provided for in 50-19-212. The state special revenue portion of the fee may be used only to fund the statewide genetics program established in 50-19-211."

**Section 9.** Section 75-1-1101, MCA, is amended to read:

**"75-1-1101. Environmental contingency account objectives.** (1) There is an environmental contingency account within the state special revenue fund established in 17-2-102. The environmental contingency account is controlled by the governor.

(2) At the beginning of each biennium, \$17,500 must be deposited in the state general fund and ~~\$175,000~~ \$157,500 must be allocated to the environmental contingency account from the interest income of the resource indemnity trust fund with the following exceptions:

(a) if at the beginning of any biennium the unobligated cash balance in the environmental contingency account equals or exceeds \$750,000, allocation may not be made; and

(b) if at the beginning of any biennium the unobligated cash balance in the environmental contingency account is less than \$750,000, then an amount less than or equal to the difference between the unobligated cash balance and \$750,000, but not to exceed ~~\$175,000~~ \$157,500, must be allocated to the environmental contingency account from the interest income of the resource indemnity trust fund.

(3) Funds are statutorily appropriated, as provided in 17-7-502, from the environmental contingency account upon the authorization of the governor to meet unanticipated public needs consistent with the following objectives:

(a) to support renewable resource development projects in communities that face an emergency or

imminent need for the services or to prevent the physical failure of a project;

(b) to preserve vegetation, water, soil, fish, wildlife, or other renewable resources from an imminent physical threat or during an emergency, not including:

(i) natural disasters adequately covered by other funding sources; or

(ii) fire;

(c) to respond to an emergency or imminent threat to persons, property, or the environment caused by mineral development;

(d) to respond to an emergency or imminent threat to persons, property, or the environment caused by a hazardous material; and

(e) to fund the environmental quality protection fund provided for in 75-10-704 or to take other necessary actions, including the construction of facilities, to respond to actual or potential threats to persons, property, or the environment caused by hazardous wastes or other hazardous materials.

(4) Interest from funds in the environmental contingency account accrues to the general fund.

(5) The governor shall submit, as a part of the information required by 17-7-111, a complete financial report on the environmental contingency account, including a description of all expenditures made since the preceding report."

**Section 10.** Section 82-11-131, MCA, is amended to read:

**"82-11-131. Privilege and license tax.** (1) For the purpose of providing funds for defraying the expenses of the operation and enforcement of this chapter and expenses of the board and for operating expenses of the state, an operator or producer of oil and gas shall pay an assessment not to exceed 3/10 of 1% of the market value of each barrel of crude petroleum produced, saved and marketed, or stored within the state or exported from the state and the same rate on the market value of each 10,000 cubic feet of natural gas produced, saved and marketed, or stored within the state or exported from the state.

(2) The board shall, by rule adopted pursuant to the provisions of the Montana Administrative Procedure Act, fix the amount of the assessment and may from time to time reduce or increase the amount of the assessment as the expenses chargeable against the oil and gas conservation fund may require. However, the assessment fixed by the board may not exceed the limits prescribed in this section. The amount of the assessment must be a percentage factor, not to exceed 100%, of the rate set forth in subsection (1), and the

same percentage factor must be applied by the board in fixing the amount of the assessment on each barrel of crude petroleum produced and each 10,000 cubic feet of natural gas produced. A producer of the crude petroleum and natural gas shall pay the assessment on each barrel of crude petroleum and each 10,000 cubic feet of natural gas produced for the producer, as well as for another, including a royalty holder.

(3) For the purposes of this section, the provisions of Title 15, chapter 36, part 3, apply to the privilege and license tax assessment."

**Section 11.** Section 82-11-161, MCA, is amended to read:

**"82-11-161. (Temporary) Oil and gas production damage mitigation account -- statutory appropriation.** (1) There is an oil and gas production damage mitigation account within the state special revenue fund established in 17-2-102. The oil and gas production damage mitigation account is controlled by the board.

(2) At the beginning of each biennium, \$5,000 ~~there~~ must be ~~allocated to~~ deposited in the state general fund and \$45,000 must be allocated to the oil and gas production damage mitigation account ~~\$50,000~~ from the interest income of the resource indemnity trust fund, except that if at the beginning of a biennium the unobligated cash balance in the oil and gas production damage mitigation account:

(a) equals or exceeds \$200,000, no allocation will be made; or

(b) is less than \$200,000, then an amount less than or equal to the difference between the unobligated cash balance and \$200,000, but not more than ~~\$50,000~~ \$45,000, must be allocated to the oil and gas production damage mitigation account from the interest income of the resource indemnity trust fund.

(3) In addition to the allocation provided in subsection (2), there must be deposited in the oil and gas production damage mitigation account all funds received by the board pursuant to 82-11-136.

(4) If a sufficient balance exists in the account, funds are statutorily appropriated, as provided in 17-7-502, from the oil and gas production damage mitigation account, upon the authorization of the board, to pay the reasonable costs of properly plugging a well and either reclaiming or restoring, or both, a drill site or other drilling or producing area damaged by oil and gas operations if the board determines that the well, sump, hole, drill site, or drilling or producing area has been abandoned and the responsible person cannot be identified or located or if the responsible person fails or refuses to properly plug, reclaim, or restore the well, sump, hole, drill site, or drilling or producing area within a reasonable time after demand by the board. The responsible person shall, however, pay costs to the extent of that person's available resources and is subsequently liable to fully

reimburse the account or is subject to a lien on property as provided in 82-11-164 for costs expended from the account to properly plug, reclaim, or restore the well, sump, hole, drill site, or drilling or producing area and to mitigate any damage for which the person is responsible.

(5) Interest from funds in the oil and gas production damage mitigation account accrues to that account.

**82-11-161. (Effective on occurrence of contingency) Oil and gas production damage mitigation account -- statutory appropriation.** (1) There is an oil and gas production damage mitigation account within the state special revenue fund established in 17-2-102. The oil and gas production damage mitigation account is controlled by the board.

(2) At the beginning of each biennium, ~~there \$5,000~~ must be ~~allocated to~~ deposited in the state general fund and \$45,000 must be allocated to the oil and gas production damage mitigation account ~~\$50,000~~ from the interest income of the resource indemnity trust fund, except that if at the beginning of a biennium the unobligated cash balance in the oil and gas production damage mitigation account:

(a) equals or exceeds \$200,000, no allocation will be made; or

(b) is less than \$200,000, then an amount less than or equal to the difference between the unobligated cash balance and \$200,000, but not more than ~~\$50,000~~ \$45,000, must be allocated to the oil and gas production damage mitigation account from the interest income of the resource indemnity trust fund.

(3) In addition to the allocation provided in subsection (2), there must be deposited in the oil and gas production damage mitigation account all funds received by the board pursuant to 82-11-136(1).

(4) If a sufficient balance exists in the account, funds are statutorily appropriated, as provided in 17-7-502, from the oil and gas production damage mitigation account, upon the authorization of the board, to pay the reasonable costs of properly plugging a well and either reclaiming or restoring, or both, a drill site or other drilling or producing area damaged by oil and gas operations if the board determines that the well, sump, hole, drill site, or drilling or producing area has been abandoned and the responsible person cannot be identified or located or if the responsible person fails or refuses to properly plug, reclaim, or restore the well, sump, hole, drill site, or drilling or producing area within a reasonable time after demand by the board. However, the responsible person shall pay costs to the extent of that person's available resources and is subsequently liable to fully reimburse the account or is subject to a lien on property as provided in 82-11-164 for costs expended from the account to properly plug, reclaim, or restore the well, sump, hole, drill site, or drilling or producing area and to mitigate any damage for which the person is responsible.

(5) Interest from funds in the oil and gas production damage mitigation account accrues to that account."

**Section 12. Fund transfer.** On July 1, 2011, the state treasurer shall transfer 10% of the big sky economic development fund corpus, 10% of the treasure state endowment fund corpus, and 10% of the treasure state endowment regional water system fund corpus to the coal severance tax permanent fund.

**Section 13. Coordination instruction.** If House Bill No. 477 and [this act] are both passed and approved and if both of these bills contain a section that amends 15-65-121, then the sections amending 15-65-121 are void and 15-65-121 must be amended as follows:

**"15-65-121. Distribution of tax proceeds.** (1) The proceeds of the tax imposed by 15-65-111 must, in accordance with the provisions of 17-2-124, be deposited in an account in the state special revenue fund to the credit of the department. The department may spend from that account in accordance with an expenditure appropriation by the legislature based on an estimate of the costs of collecting and disbursing the proceeds of the tax. Before allocating the balance of the tax proceeds in accordance with the provisions of 17-2-124 and as provided in subsections ~~(1)(a)~~ (2)(a) through ~~(1)(e)~~ (2)(g) of this section, the department shall determine the expenditures by state agencies for in-state lodging for each reporting period and deduct 4% of that amount from the tax proceeds received each reporting period. The amount deducted must be deposited in the fund or funds from which in-state lodging expenditures were paid by state agencies. The amount of ~~\$400,000~~ \$360,000 each year must be deposited in the Montana heritage preservation and development account provided for in 22-3-1004, and the amount of \$40,000 each year must be deposited in the state general fund.

(2) The balance of the tax proceeds received each reporting period and not deducted pursuant to the expenditure appropriation, deposited in the fund or funds from which in-state lodging expenditures were paid by state agencies, ~~or deposited in the heritage preservation and development account, or deposited in the state general fund under this section is statutorily appropriated, as provided in 17-7-502,~~ and must be transferred to an account in the state special revenue fund to the credit of the department of commerce for tourism promotion and promotion of the state as a location for the production of motion pictures and television commercials, to the Montana historical interpretation state special revenue account, to the Montana historical society, to the university system, and to the department of fish, wildlife, and parks, as follows:

(a) ~~4%~~ 0.9% to the Montana historical society to be used for the installation or maintenance of roadside

historical signs and historic sites;

(b) ~~2.5%~~ 2.25% to the university system for the establishment and maintenance of a Montana travel research program;

(c) ~~6.5%~~ 5.85% to the department of fish, wildlife, and parks for the maintenance of facilities in state parks that have both resident and nonresident use;

(d) ~~67.5%~~ 58.41% to be used directly by the department of commerce; ~~and~~

(e) (i) except as provided in subsection ~~(1)(e)(ii)~~ (2)(e)(ii), ~~22.5%~~ 20.25% to be distributed by the department to regional nonprofit tourism corporations in the ratio of the proceeds collected in each tourism region to the total proceeds collected statewide; and

(ii) if ~~22.5%~~ 20.25% of the proceeds collected annually within the limits of a city, consolidated city-county, resort area, or resort area district exceeds ~~\$35,000~~ \$31,500, 50% of the amount available for distribution to the regional nonprofit tourism corporation in the region where the city, consolidated city-county, resort area, or resort area district is located, to be distributed to the nonprofit convention and visitors bureau in that city, consolidated city-county, resort area, or resort area district;

(f) 2.34% to the Montana historical interpretation state special revenue account established in [section 1 of House Bill No. 477]; and

(g) the remainder to be deposited in the general fund.

~~(2)(3)~~ If a city, consolidated city-county, resort area, or resort area district qualifies under this section for funds but fails to either recognize a nonprofit convention and visitors bureau or submit and gain approval for an annual marketing plan as required in 15-65-122, then those funds must be allocated to the regional nonprofit tourism corporation in the region in which the city, consolidated city-county, resort area, or resort area district is located.

~~(3)(4)~~ If a regional nonprofit tourism corporation fails to submit and gain approval for an annual marketing plan as required in 15-65-122, then those funds otherwise allocated to the regional nonprofit tourism corporation may be used by the department of commerce for tourism promotion and promotion of the state as a location for the production of motion pictures and television commercials.

(5) The tax proceeds received that are transferred to a state special revenue account pursuant to subsections (2)(a) through (2)(e) are statutorily appropriated to the entities as provided in 17-7-502.

(6) The tax proceeds received that are transferred to the Montana historical interpretation state special

revenue account pursuant to subsection (2)(f) are subject to appropriation by the legislature."

**Section 14. Coordination instruction.** If House Bill No. 477 and [this act] are both passed and approved and if both of these bills contain a section that amends 15-65-121, then the sections amending 15-65-121 are void and 15-65-121 must be amended as follows:

**"15-65-121. Distribution of tax proceeds.** (1) The proceeds of the tax imposed by 15-65-111 must, in accordance with the provisions of 17-2-124, be deposited in an account in the state special revenue fund to the credit of the department. The department may spend from that account in accordance with an expenditure appropriation by the legislature based on an estimate of the costs of collecting and disbursing the proceeds of the tax. Before allocating the balance of the tax proceeds in accordance with the provisions of 17-2-124 and as provided in subsections ~~(1)(a)~~ (2)(a) through ~~(1)(e)~~ (2)(f) of this section, the department shall determine the expenditures by state agencies for in-state lodging for each reporting period and deduct 4% of that amount from the tax proceeds received each reporting period. The amount deducted must be deposited in the fund or funds from which in-state lodging expenditures were paid by state agencies. The amount of \$400,000 each year must be deposited in the Montana heritage preservation and development account provided for in 22-3-1004.

(2) The balance of the tax proceeds received each reporting period and not deducted pursuant to the expenditure appropriation, deposited in the fund or funds from which in-state lodging expenditures were paid by state agencies, or deposited in the heritage preservation and development account ~~is statutorily appropriated, as provided in 17-7-502, and~~ must be transferred to an account in the state special revenue fund to the credit of the department of commerce for tourism promotion and promotion of the state as a location for the production of motion pictures and television commercials, to the Montana historical interpretation state special revenue account, to the Montana historical society, to the university system, and to the department of fish, wildlife, and parks, as follows:

- (a) 1% to the Montana historical society to be used for the installation or maintenance of roadside historical signs and historic sites;
- (b) 2.5% to the university system for the establishment and maintenance of a Montana travel research program;
- (c) 6.5% to the department of fish, wildlife, and parks for the maintenance of facilities in state parks that have both resident and nonresident use;

(d) ~~67.5%~~ 64.9% to be used directly by the department of commerce; ~~and~~

(e) (i) except as provided in subsection ~~(1)(e)(ii)~~ (2)(e)(ii), 22.5% to be distributed by the department to regional nonprofit tourism corporations in the ratio of the proceeds collected in each tourism region to the total proceeds collected statewide; and

(ii) if 22.5% of the proceeds collected annually within the limits of a city, consolidated city-county, resort area, or resort area district exceeds \$35,000, 50% of the amount available for distribution to the regional nonprofit tourism corporation in the region where the city, consolidated city-county, resort area, or resort area district is located, to be distributed to the nonprofit convention and visitors bureau in that city, consolidated city-county, resort area, or resort area district; and

(f) 2.6% to the Montana historical interpretation state special revenue account established in [section 1 of House Bill No. 477].

~~(2)(3)~~ If a city, consolidated city-county, resort area, or resort area district qualifies under this section for funds but fails to either recognize a nonprofit convention and visitors bureau or submit and gain approval for an annual marketing plan as required in 15-65-122, then those funds must be allocated to the regional nonprofit tourism corporation in the region in which the city, consolidated city-county, resort area, or resort area district is located.

~~(3)(4)~~ If a regional nonprofit tourism corporation fails to submit and gain approval for an annual marketing plan as required in 15-65-122, then those funds otherwise allocated to the regional nonprofit tourism corporation may be used by the department of commerce for tourism promotion and promotion of the state as a location for the production of motion pictures and television commercials.

(5) The tax proceeds received that are transferred to a state special revenue account pursuant to subsections (2)(a) through (2)(e) are statutorily appropriated to the entities as provided in 17-7-502.

(6) The tax proceeds received that are transferred to the Montana historical interpretation state special revenue account pursuant to subsection (2)(f) are subject to appropriation by the legislature."

**Section 15. Severability.** If a part of [this act] is invalid, all valid parts that are severable from the invalid part remain in effect. If a part of [this act] is invalid in one or more of its applications, the part remains in effect in all valid applications that are severable from the invalid applications.

**Section 16. Effective dates.** (1) Except as provided in subsection (2), [this act] is effective July 1, 2011.

(2) The amendments to 15-65-121 contained in [section 14] are effective July 1, 2014.

**Section 17. Termination.** (1) [Sections 1, 2, 4, 5, and 7 through 12] terminate June 30, 2015.

(2) [Sections 3 and 6 and the amendments to 15-65-121 contained in section 13] terminate June 30, 2014.

- END -

I hereby certify that the within bill,  
HB 0316, originated in the House.

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Chief Clerk of the House

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Speaker of the House

Signed this \_\_\_\_\_ day  
of \_\_\_\_\_, 2011.

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President of the Senate

Signed this \_\_\_\_\_ day  
of \_\_\_\_\_, 2011.

HOUSE BILL NO. 316

INTRODUCED BY R. COOK, R. HOLLANDSWORTH, M. MILBURN

AN ACT GENERALLY REVISING THE ALLOCATION OF REVENUE AND INCOME; REVISING THE ALLOCATION OF REVENUE AND INCOME TO THE STATE GENERAL FUND AND THE GUARANTEE ACCOUNT; DECREASING THE BALANCE OF VARIOUS STATE ACCOUNTS AND FUNDS; REDUCING DISTRIBUTIONS TO VARIOUS AGENCIES, COUNTIES, LOCAL GOVERNMENTS, AND SCHOOL DISTRICTS; TRANSFERRING A PORTION OF THE CORPUS OF THE BIG SKY ECONOMIC DEVELOPMENT FUND, THE TREASURE STATE ENDOWMENT FUND, AND THE TREASURE STATE ENDOWMENT REGIONAL WATER SYSTEM FUND TO THE SEVERANCE TAX PERMANENT FUND; REVISING THE ALLOCATION OF COAL SEVERANCE TAXES; REVISING THE ALLOCATION OF OIL AND NATURAL GAS PRODUCTION TAXES; REVISING THE ALLOCATION OF METALLIFEROUS MINES LICENSE TAXES; REVISING THE ALLOCATION OF THE RESOURCE INDEMNITY AND GROUND WATER ASSESSMENT TAX AND MONEY FROM OPENCUT MINING FEES; REVISING THE ALLOCATION OF INTEREST INCOME FROM THE RESOURCE INDEMNITY TRUST FUND; REVISING THE ALLOCATION OF THE LODGING FACILITY USE TAX; REVISING THE DISTRIBUTION OF FEDERAL MINERAL LEASING FUNDS TO COUNTIES; REVISING THE ALLOCATION OF THE GENETICS PROGRAM FEE; REVISING THE ALLOCATION TO THE ENVIRONMENTAL CONTINGENCY ACCOUNT; REVISING THE ALLOCATION TO THE OIL AND GAS PRODUCTION DAMAGE MITIGATION ACCOUNT; AMENDING SECTIONS 15-35-108, 15-36-331, 15-37-117, 15-38-106, 15-38-202, 15-65-121, 17-3-240, 33-2-712, 75-1-1101, 82-11-131, AND 82-11-161, MCA; AND PROVIDING EFFECTIVE DATES AND TERMINATION DATES.