

Amendments to House Bill No. 351
1st Reading Copy

Requested by Representative Walter McNutt

For the House Appropriations Committee

Prepared by Catherine Duncan
March 17, 2011 (2:21pm)

1. Title, page 1, line 16.

Following: "FUND;"

Insert: "RETAINING THE TREASURE STATE ENDOWMENT REGIONAL WATER SYSTEM FUND WITHIN THE COAL SEVERANCE TAX TRUST FUND FOR AN ADDITIONAL 4 YEARS; EXTENDING TRANSFERS TO THE TREASURE STATE ENDOWMENT FUND AND THE TREASURE STATE ENDOWMENT REGIONAL WATER SYSTEM FUND TO 2020;"

2. Title, page 1, line 17.

Following: "SECTIONS"

Insert: "17-5-703,"

Following: "90-6-703"

Insert: ", "

Following: "MCA;"

Insert: "AMENDING SECTION 6, CHAPTER 495, LAWS OF 1999, AND SECTION 1, CHAPTER 70, LAWS OF 2001; REPEALING SECTION 2, CHAPTER 70, LAWS OF 2001;"

3. Page 1, line 24.

Following: "section."

Insert: "The department shall also use any funds appropriated to the department in [section 2]."

4. Page 1, line 25.

Following: "in"

Insert: "[section 2] and"

5. Page 1, line 27.

Strike: "2"

Insert: "3"

6. Page 1, line 28.

Strike: "3"

Insert: "4"

7. Page 1, line 30.

Strike: "3"

Insert: "4"

8. Page 3, line 4.

Following: line 3

Insert: "31. East Helena, City of (wastewater) 750,000

32. Bigfork Water & Sewer District (water) 750,000

33. Custer County (wastewater) 750,000"

Following: "(4)"

Strike: "This"

Insert: "If sufficient funds are available, this"

9. Page 3, line 8 through page 3, line 13.

Strike: subsection (5) in its entirety

Insert: "(5) If funds deposited into the treasure state endowment special revenue account during the biennium ending June 30, 2013, are insufficient to fully fund the projects numbered 1 through 30 in subsection (3) that have satisfied the conditions described in [section 4(1)] by June 30, 2013, these projects may be funded from deposits into the treasure state endowment special revenue account made during the 2015 biennium before projects authorized by the 63rd legislature receive funding from the account. However, any of the projects numbered 1 through 30 listed in subsection (3) that have not completed the conditions described in [section 4(1)] by January 1, 2013, must be reviewed by the next regular session of the legislature to determine if the authorized grant should be withdrawn.

(6) Projects numbered 31 through 33 listed in subsection (3) that have satisfied the conditions described in [section 4(1)] may not receive grant funds unless sufficient funds have been deposited into the treasure state endowment special revenue account to fully fund the projects numbered 1 through 30 in subsection (3). However, if a subsequent legislature withdraws funding for any of the projects numbered 1 through 30 listed in subsection (3), if the department determines that any of the projects numbered 1 through 30 listed in subsection (3) will be unable to meet the startup condition described in [section 4(1)(b)], or if a project submits a written withdrawal to the department indicating it no longer requires a grant, those funds may be made available to projects numbered 31 through 33 listed in subsection (3) that have completed the conditions described in [section 4(1)]."

Renumber: subsequent subsections

10. Page 3, line 17.

Strike: "3(1)"

Insert: "4(1)"

11. Page 3, line 19.

Strike: "3(1)"

Insert: "4(1)"

12. Page 3, line 21.

Insert: "NEW SECTION. Section 2. Contingent appropriation from treasure state endowment state special revenue account. (1) On or before July 15, 2011, the department of commerce shall determine how much of the loan of \$6,512,000 authorized by subsection (6) of section 1, Chapter 458, Laws of 2009, was borrowed from the board of investments, how many projects satisfied the conditions described in subsection (1) of section 3, Chapter 458, Laws of 2009, the amount of the loan that will

not be encumbered based on the inability of projects to satisfy the conditions, and the difference between the \$6,512,000 loan and the amount of the loan that will not be encumbered. The department shall report these findings to the board of investments, the legislative fiscal division, and the office of budget and program planning on or before July 19, 2011.

(2) The board of investments shall use the difference between the \$6,512,000 loan authorization and the amount of the loan authorization that will not be encumbered to determine the maximum level of debt service that may be required by the treasure state endowment program for fiscal years 2012 and 2013. For the purpose of this analysis, the board of investments shall assume that the amount reported by the department was an obligation of the treasure state endowment program on July 1, 2011, and the cost of the loan will be an obligation to the program. On or before August 1, 2011, the board of investments shall certify the resulting maximum level of debt service for fiscal years 2012 and 2013 to the department, the legislative fiscal division, and the office of budget and program planning.

(3) Subject to an appropriation limit, as provided in this subsection, if the maximum level of debt service for fiscal years 2012 and 2013 is less than \$840,000, then the difference between \$840,000 and the maximum level of debt service is appropriated from the treasure state endowment state special revenue account to the department of commerce to finance the grants authorized in [section 1]. The appropriation provided for in this subsection may not exceed \$840,000.

(4) If funds are appropriated in this section, they must be used to increase the appropriation in [section 1(1)] for the purpose set forth in [section 1]."

Renumber: subsequent sections

13. Page 3, line 24.

Strike: "5"

Insert: "6"

Strike: "6"

Insert: "7"

14. Page 3, line 29.

Strike: "3"

Insert: "4"

15. Page 5, line 22.

Following: "appropriated"

Strike: "\$1"

Insert: "\$3.5"

16. Page 5, line 29.

Strike: "9(1)"

Insert: "10(1)"

17. Page 6, line 5.

Strike: "7(2)"

Insert: "8(2)"

18. Page 6, line 10.

Strike: "7"

Insert: "8"

Strike: "8"

Insert: "9"

19. Page 6, line 24.

Strike: "\$3,754,053"

Insert: "\$1 million"

20. Page 7, line 3.

Insert: "Section 12. Section 17-5-703, MCA, is amended to read:

"17-5-703. (Temporary) Coal severance tax trust funds. (1) The trust established under Article IX, section 5, of the Montana constitution is composed of the following funds:

(a) a coal severance tax bond fund into which the constitutionally dedicated receipts from the coal severance tax must be deposited;

(b) a treasure state endowment fund;

(c) a treasure state endowment regional water system fund;

(d) a coal severance tax permanent fund;

(e) a coal severance tax income fund; and

(f) a big sky economic development fund.

(2) (a) The state treasurer shall determine, on July 1 of each year, the amount necessary to meet all principal and interest payments on bonds payable from the coal severance tax bond fund during the next 12 months and retain that amount in the coal severance tax bond fund.

(b) The amount in the coal severance tax bond fund in excess of the amount required in subsection (2)(a) must be transferred from that fund as provided in subsections (3) and (4).

(3) (a) Until June 30, ~~2016~~ 2020, the state treasurer shall quarterly transfer to the treasure state endowment fund 50% of the amount in the coal severance tax bond fund in excess of the amount that is specified in subsection (2) to be retained in the fund.

(b) Until June 30, ~~2016~~ 2020, the state treasurer shall quarterly transfer to the treasure state endowment regional water system fund 25% of the amount in the coal severance tax bond fund in excess of the amount that is specified in subsection (2) to be retained in the fund.

(c) The state treasurer shall monthly transfer from the treasure state endowment fund to the treasure state endowment special revenue account the amount of earnings, excluding unrealized gains and losses, required to meet the obligations of the state that are payable from the account in accordance with 90-6-710. Earnings not transferred to the treasure state endowment special revenue account must be retained in the treasure state endowment fund.

(d) The state treasurer shall monthly transfer from the treasure state endowment regional water system fund to the treasure state endowment regional water system special revenue

account the amount of earnings, excluding unrealized gains and losses, required to meet the obligations of the state that are payable from the account for regional water systems authorized under 90-6-715. Earnings not transferred to the treasure state endowment regional water system special revenue account must be retained in the treasure state endowment regional water system fund.

(4) (a) From July 1, 2005, through June 30, 2025, the state treasurer shall quarterly transfer to the big sky economic development fund 25% of the amount in the coal severance tax bond fund in excess of the amount that is specified in subsection (2) to be retained in the fund.

(b) The state treasurer shall monthly transfer from the big sky economic development fund to the economic development special revenue account, provided for in 90-1-205, the amount of earnings, excluding unrealized gains and losses, required to meet the obligations of the state that are payable from the account in accordance with 90-1-204. Earnings not transferred to the economic development special revenue account must be retained in the big sky economic development fund.

(5) Any amount in the coal severance tax bond fund in excess of the amount that is specified in subsection (2)(a) to be retained in the fund and that is not otherwise allocated under this section must be deposited in the coal severance tax permanent fund. (Terminates June 30, ~~2016~~ 2020 ~~sec. 1, Ch. 70, L. 2001.~~)

17-5-703. (Effective July 1, ~~2016~~ 2020) Coal severance tax trust funds. (1) The trust established under Article IX, section 5, of the Montana constitution is composed of the following funds:

(a) a coal severance tax bond fund into which the constitutionally dedicated receipts from the coal severance tax must be deposited;

(b) a treasure state endowment fund;

(c) a coal severance tax permanent fund;

(d) a coal severance tax income fund; and

(e) a big sky economic development fund.

(2) (a) The state treasurer shall determine, on July 1 of each year, the amount necessary to meet all principal and interest payments on bonds payable from the coal severance tax bond fund during the next 12 months and retain that amount in the coal severance tax bond fund.

(b) The amount in the coal severance tax bond fund in excess of the amount required in subsection (2)(a) must be transferred from that fund as provided in subsections (3) and (4).

(3) (a) Until June 30, ~~2016~~ 2020, the state treasurer shall quarterly transfer to the treasure state endowment fund 50% of the amount in the coal severance tax bond fund in excess of the amount that is specified in subsection (2) to be retained in the fund.

(b) The state treasurer shall monthly transfer from the treasure state endowment fund to the treasure state endowment special revenue account the amount of earnings, excluding

unrealized gains and losses, required to meet the obligations of the state that are payable from the account in accordance with 90-6-710. Earnings not transferred to the treasure state endowment special revenue account must be retained in the treasure state endowment fund.

(4) (a) From July 1, 2005, through June 30, 2025, the state treasurer shall quarterly transfer to the big sky economic development fund 25% of the amount in the coal severance tax bond fund in excess of the amount that is specified in subsection (2) to be retained in the fund.

(b) The state treasurer shall monthly transfer from the big sky economic development fund to the economic development special revenue account, provided for in 90-1-205, the amount of earnings, excluding unrealized gains and losses, required to meet the obligations of the state that are payable from the account in accordance with 90-1-204. Earnings not transferred to the economic development special revenue account must be retained in the big sky economic development fund.

(5) Any amount in the coal severance tax bond fund in excess of the amount that is specified in subsection (2)(a) to be retained in the fund and that is not otherwise allocated under this section must be deposited in the coal severance tax permanent fund."

{Internal References to 17-5-703:

17-6-305x 90-1-201x 90-1-205x 90-6-701x
90-6-701x 90-6-701x 90-6-701x }"

Renumber: subsequent sections

21. Page 7, line 25.

Strike: "a list"

Insert: "two lists"

22. Page 7, line 27.

Following: "(2)"

Insert: "and this subsection. One list must contain the ranked and recommended bridge projects, and the other list must contain the remaining ranked and recommended infrastructure projects referred to in 90-6-701(3)(a). Each list must be prioritized pursuant to subsection (2) of this section, but the department may recommend no more than a maximum expenditure of 20% of the interest earnings anticipated to be deposited into the treasure state endowment fund established in 17-5-703 during the following biennium for bridge projects."

23. Page 7, line 29.

Strike: "a list"

Insert: "the lists"

24. Page 8, line 21.

Insert: "Section 15. Section 6, Chapter 495, Laws of 1999, is amended to read:

"Section 6. Termination. [This act] terminates June 30, ~~2013~~
2020."

Insert: "Section 16. Section 1, Chapter 70, Laws of 2001, is amended to read:

"Section 1. Section 6, Chapter 495, Laws of 1999, is amended to read:

"Section 6. Termination. ~~[This act]~~ [This act] ~~terminates~~ terminates June 30, ~~2013~~ ~~2016~~ 2020."

Insert: "NEW SECTION. Section 17. {standard} Repealer. Section 2, Chapter 70, Laws of 2001, is repealed."

Renumber: subsequent sections

- END -

Explanation -

Amendments 1 & 2 - make title changes
Amendment 3 - expands the funds that may be used for grants
Amendments 4-7 - correct internal references
Amendment 8 - adds 3 grants to the HB 351 list (contingent)
Amendment 9 - adds language that requires the next legislature to review grants to determine if any should be withdrawn and allows the grants in amendment 8 to be funded if any of the higher ranked grants are withdrawn
Amendments 10 & 11 - correct internal references
Amendment 12 - establishes conditions that allow that if a loan for the cost of grants authorized by the 2011 is not needed and no loan repayment costs are incurred, then the funds set aside for that purpose will be used to fund grants
Amendments 13 & 14 - correct internal references
Amendment 15 - changes the appropriation to the regional water program from \$1 million to \$3.5 million
Amendments 16-18 - correct internal references
Amendment 19 - changes the transfer of regional water funds from \$3,754,053 to \$1 million
Amendment 21 through 23 - requires consideration of bridge projects separate from other projects and imposes a limit of 20% on recommended bridge projects
Amendments 20 & 24 - extend the amount of time that coal severance tax is deposited into the TSEP and TSEP regional water trusts for 4 years