

BUSINESS REPORT

**MONTANA SENATE
62nd LEGISLATURE - REGULAR SESSION**

SENATE FREE CONFERENCE COMMITTEE

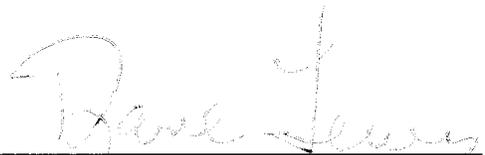
Date: Wednesday, April 27, 2011
Place: Capitol

Time: 9:30 A.M.
Room: 317

BILLS and RESOLUTIONS HEARD:

EXECUTIVE ACTION TAKEN:

HB 604 - Provide for fund transfers to various accounts



SEN. DAVE LEWIS, Chair

MONTANA STATE SENATE
FREE
ROLL CALL

**CONFERENCE
COMMITTEE**

Date: 4-27-11 (HB) SB No. 604

NAME	PRESENT	ABSENT/ EXCUSED
Sen. LEWIS (CH)	✓	
Sen. HAMLETT	✓	
Sen. ZINKE	✓	
Rep. McNUTT	✓	
Rep. ESP	✓	
Rep. McCHESENEY	✓	

Staff: JARET COLES, TARYN PURDY, PAT MORDO, BARBARA SMITH

Secretary: GILDA CLANCY



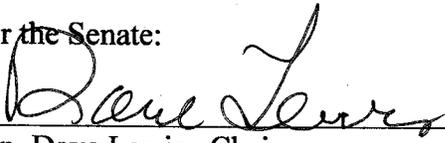
**FREE CONFERENCE COMMITTEE
on House Bill 604
Report No. 002, April 28, 2011**

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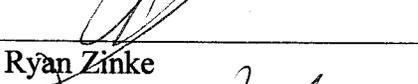
Mr. President and Mr. Speaker:

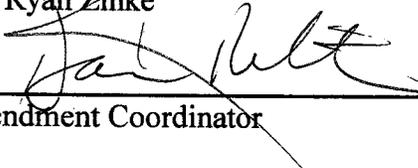
We, your Free Conference Committee met and considered **House Bill 604** (reference copy -- salmon) and recommend this Free Conference Committee report be adopted.

For the Senate:

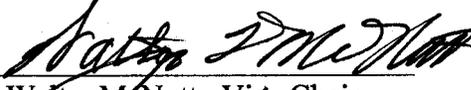

Sen. Dave Lewis Chair


Sen. Bradley Hamlett

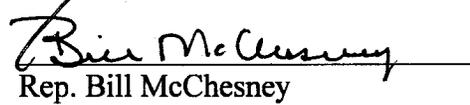

Sen. Ryan Zinke


Amendment Coordinator

For the House:


Rep. Walter McNutt Vice Chair


Rep. John Esp


Rep. Bill McChesney

And, recommend that **House Bill 604** (reference copy -- salmon) be amended as follows:

1. Title, page 1, line 4.
Following: "TRANSFERS"
Insert: "AND AN APPROPRIATION"

2. Title, page 1, line 6.
Following: "ACCOUNT"
Insert: ", "
Strike: "AND"

**ADOPT
REJECT**

Amendment # HB 604-002

DR

Following: "FUND"

Insert: ", AND THE FIRE SUPPRESSION ACCOUNT"

3. Title, page 1, line 10.

Following: "DISTRICTS;"

Insert: "AUTHORIZING A FUND TRANSFER FROM THE OLDER MONTANANS TRUST FUND TO THE HEALTH AND MEDICAID INITIATIVES ACCOUNT;"

Following: "OLD"

Strike: "STATE"

4. Title, page 1, lines 11 and 12.

Strike: "STATE" on line 11 through "FUND" on line 12

Insert: "OLD FUND LIABILITY ACCOUNT"

5. Title, page 1, line 12.

Following: "FUND;"

Insert: "REVISING THE TRANSFER TO THE RESEARCH AND COMMERCIALIZATION STATE SPECIAL REVENUE ACCOUNT FOR FISCAL YEARS 2012 AND 2013; IMPOSING A PREMIUM FEE ON CERTAIN WORKERS' COMPENSATION POLICIES; CREATING A STATE SPECIAL REVENUE ACCOUNT;"

Following: "SECTIONS"

Insert: "15-35-108,"

6. Title, page 1, line 12.

Strike: "39-71-2311" on line 12 through "39-71-2351," on line 13

7. Title, page 1, line 13.

Following: "75-10-743,"

Insert: "76-13-150,"

8. Title, page 1, line 14.

Following: "DATE"

Insert: ", AN APPLICABILITY DATE, "

Strike: "A TERMINATION DATE"

Insert: "TERMINATION DATES"

9. Page 2, line 5.

Strike: "\$9,166,502"

Insert: "\$6 million"

10. Page 2, line 6 through line 8.

Following: "2011"

Strike: ", FOR" on page 2, line 6 through "CESSATION" on line 8

11. Page 2, line 9.

Following: line 8

Insert: "(3) By August 15, 2011, the state treasurer shall transfer \$3 million from the fire suppression account provided for in 76-13-150 to the general fund."

12. Page 2, lines 10 through page 7, line 3.

Strike: sections 3 through 10 in their entirety

Insert: "NEW SECTION. Section 3. Transfer of funds to health and medicaid initiative account. For the biennium beginning July 1, 2011, the state treasurer shall transfer \$3,166,502 from the older Montanans trust fund provided for in 52-3-115 to the health and medicaid initiatives account provided for in 53-6-1201."

Insert: "**Section 4.** 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 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% 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% 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 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% 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 for protection of works of art in the state capitol and for other cultural and aesthetic projects.

(7) The amount of [5.8% through September 30, 2013, and beginning October 1, 2013, the amount of] 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 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 to the cooperative development center;
- (ii) \$625,000 for the growth through agriculture program provided for in Title 90, chapter 9;
- (iii) \$1.275 million to the research and commercialization state special revenue account created in 90-3-1002, of which \$375,000 per year is appropriated for fiscal years 2012 and 2013 to the department of commerce for the small business state matching grant program authorized in 90-1-117 to provide matching grants for small business innovation research and small business technology transfer, \$125,000 per year is appropriated for fiscal years 2012 and 2013 to the high-performance supercomputing program in the department of commerce, and \$300,000 per year is appropriated for fiscal years 2012 and 2013 to the board of regents for the development of energy and natural resources doctoral programs at Montana tech of the university of Montana;
- (iv) to the department of commerce:
 - (A) \$125,000 for a small business development center;
 - (B) \$50,000 for a small business innovative research program;
 - (C) \$425,000 for certified regional development corporations;
 - (D) \$200,000 for the Montana manufacturing extension center at Montana state university-Bozeman; and
 - (E) \$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% 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% 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% 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 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% 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 for protection of works of art in the state capitol and for other cultural and aesthetic projects.

(7) The amount of [5.8% through September 30, 2013, and beginning October 1, 2013, the amount of] 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 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 to the cooperative development center;
- (ii) \$1.25 million for the growth through agriculture program provided for in Title 90, chapter 9;
- (iii) \$3.65 million to the research and commercialization state special revenue account created in 90-3-1002;
- (iv) to the department of commerce:
 - (A) \$125,000 for a small business development center;
 - (B) \$50,000 for a small business innovative research program;
 - (C) \$425,000 for certified regional development corporations;
 - (D) \$200,000 for the Montana manufacturing extension center at Montana state university-Bozeman; and
 - (E) \$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 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% 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% 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 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% 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 for protection of works of art in the state capitol and for other cultural and aesthetic projects.

(7) The amount of 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 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.""

Renumber: subsequent sections

Strike: "to that" on line 29 through "treasurer" on line 30

14. Page 8, line 1.

Following: "~~39-71-2321~~"

Insert: "to the old fund account provided for in [section 14] if the amount in [section 13 or 14] is insufficient"

15. Page 9, line 4 through line 5.

Strike: ":", on line 4 through "(a)" on line 5

16. Page 9, line 7.

Strike: "; and"

Insert: "."

17. Page 9, line 11.

Strike: line 11 in its entirety

18. Page 13, line 8.

Insert: "**Section 10.** Section 76-13-150, MCA, is amended to read:

"76-13-150. Fire suppression account -- fund transfer. (1) There is a fire suppression account in the state special revenue fund to the credit of the department.

(2) The legislature may transfer money from other funds to the account, and the money in the account is subject to legislative fund transfers.

(3) Funds received for restitution by private parties must be deposited in the account.

(4) Money in the account may be used only for the purpose of paying expenses for fire prevention, including fuel mitigation, grants for the purchase of fire suppression equipment for county cooperatives, and fire suppression costs.

(5) Interest earned on the balance of the account is retained in the account.""

Renumber: subsequent sections

19. Page 14.

Following: line 4

Insert: "NEW SECTION. Section 13. Old fund liability account.

(1) There is an old fund liability account in the state special revenue fund established by 17-2-102 to be administered by the department of administration.

(2) Until July 1, 2013, the state fund shall deposit in the account described in subsection (1) the fees collected as provided in [section 14].

(3) Interest and income earned on money in the account must be retained within the account except as provided in this section.

(4) Beginning July 1, 2012, the state treasurer shall transfer funds in the old fund liability account on an as-needed

basis into the old fund account provided for in [section 14] to pay claims for injuries occurring before July 1, 1990."

Insert: "NEW SECTION. Section 14. Old fund premium fee -- assessment. (1) Until July 1, 2013, the state fund shall pay into the old fund liability account, provided for in [section 13], a fee assessed upon net premiums. Beginning July 1, 2013, the state fund shall deposit the fees assessed upon net premiums into the old fund account.

(2) A fee must be assessed on net premiums at a rate of 2.75% and must be included in rates established in 39-71-2330.

(3) (a) For the purposes of this section, the term "net premium" has the meaning provided by the national association of insurance commissioners.

(b) For the purposes of this part, the term "old fund account" means the account in the proprietary fund type to pay claims for injuries resulting from accidents that occurred before July 1, 1990."

Insert: "NEW SECTION. Section 15. Appropriation. (1) There is appropriated up to \$2 million in fiscal year 2011 from the general fund to the department of administration on a one-time-only basis for transfer to the old fund account provided for in [section 14].

(2) There is appropriated \$11 million on a one-time-only basis for the fiscal year ending June 30, 2012, to the department of administration for transfer to the old fund account for unfunded liabilities, if necessary. These funds may be used only for the purposes of this subsection, except as provided in subsection (3).

(3) If the funds appropriated in subsection (2) are not needed for the purpose specified in subsection (2), the department of administration may transfer up to \$2.2 million of the remainder to compensate state agencies for any difference in the amount appropriated from the general fund for workers' compensation premiums and the actual amount of workers' compensation premiums funded from the general fund. The methodology for determining general fund appropriations for workers' compensation and actual general fund workers' compensation premium costs must be based on an agreement between the director of the office of budget and program planning and the legislative fiscal analyst.

(4) (a) The approving authority, as defined in 17-7-102, shall review and may approve the transfer under subsection (3).

(b) The legislative finance committee shall review the proposed transfer prior to the distribution of funds under subsection (3)."

Insert: "NEW SECTION. Section 12. Codification instruction. [Sections 13 and 14] are intended to be codified as an integral part of Title 39, chapter 71, part 23, and the provisions of Title 39, chapter 71, part 23, apply to [sections 13 and 14]."

Renumber: subsequent sections

20. Page 14, line 12.

Following: line 11

Insert: "(3) If House Bill No. 611 is not passed and approved, then [section 4 of this act], amending 15-35-108, is void."

21. Page 14, line 17.

Strike: "date"

Insert: "dates -- applicability"

Strike: "[This"

Insert: "(1) Except as provided in subsection (2), [this"

22. Page 14.

Following: line 17

Insert: "(2) [Section 14(2)] is effective July 1, 2011, and applies to new or renewal policies effective July 1, 2011."

23. Page 14, line 19.

Following: "TERMINATION."

Insert: "(1)"

Strike: "AND 12"

Insert: ", 6, and 7"

24. Page 14.

Following: line 19

Insert: "(2) [Section 14] terminates June 30, 2023."

- END -

MONTANA STATE SENATE

ROLL CALL VOTE

FREE CONFERENCE COMMITTEE

Date: 4-27-11 (HB) SB No. 604

NAME	AYE	NO
Sen. LEWIS (CH)	✓	
Sen. HAMLETT	✓	
Sen. ZINKE	✓	
Rep. McNUTT	✓	
Rep. ESP	✓	
Rep. McCHESNEY	✓	

Vote by chamber:

Senate: Aye 3 No 0

House: Aye 3 No 0

MONTANA STATE SENATE

VISITOR REGISTER

CONFERENCE/FREE CONFERENCE COMMITTEE

on SB/HB # 604

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Name	Representing	Support	Oppose	Info

Please leave prepared testimony with Secretary. Witness Statement forms are available if you care to submit written testimony.