

## 1 HOUSE BILL NO. 11

2 INTRODUCED BY J. SESSO

3 BY REQUEST OF THE DEPARTMENT OF COMMERCE AND THE OFFICE OF BUDGET AND PROGRAM  
4 PLANNING5  
6 A BILL FOR AN ACT ENTITLED: "AN ACT AUTHORIZING THE TRANSFER OF MONEY FROM THE  
7 TREASURE STATE ENDOWMENT SPECIAL REVENUE ACCOUNT AND THE TREASURE STATE  
8 ENDOWMENT REGIONAL WATER SYSTEM SPECIAL REVENUE ACCOUNT TO THE STATE GENERAL  
9 FUND; APPROPRIATING MONEY TO THE DEPARTMENT OF COMMERCE FOR EMERGENCY GRANTS  
10 AND PRELIMINARY ENGINEERING GRANTS; EXTENDING TRANSFERS TO THE TREASURE STATE  
11 ENDOWMENT FUND TO 2021; AMENDING SECTIONS 17-5-703, 90-6-701, AND 90-6-703, MCA; AND  
12 PROVIDING EFFECTIVE DATES AND A TERMINATION DATE."13  
14 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:15  
16 **Section 1.** Section 17-5-703, MCA, is amended to read:17 **"17-5-703. (Temporary) Coal severance tax trust funds.** (1) The trust established under Article IX,  
18 section 5, of the Montana constitution is composed of the following funds:19 (a) a coal severance tax bond fund into which the constitutionally dedicated receipts from the coal  
20 severance tax must be deposited;

21 (b) a treasure state endowment fund;

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

23 (d) a coal severance tax permanent fund;

24 (e) a coal severance tax income fund; and

25 (f) a big sky economic development fund.

26 (2) (a) The state treasurer shall determine, on July 1 of each year, the amount necessary to meet all  
27 principal and interest payments on bonds payable from the coal severance tax bond fund during the next 12  
28 months and retain that amount in the coal severance tax bond fund.29 (b) The amount in the coal severance tax bond fund in excess of the amount required in subsection  
30 (2)(a) must be transferred from that fund as provided in subsections (3) and (4).

1 (3) (a) Until June 30, ~~2016~~ 2021, the state treasurer shall quarterly transfer to the treasure state  
2 endowment fund 50% of the amount in the coal severance tax bond fund in excess of the amount that is specified  
3 in subsection (2) to be retained in the fund.

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

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

12 (d) The state treasurer shall monthly transfer from the treasure state endowment regional water system  
13 fund to the treasure state endowment regional water system special revenue account the amount of earnings,  
14 excluding unrealized gains and losses, required to meet the obligations of the state that are payable from the  
15 account for regional water systems authorized under 90-6-715. ~~Earnings~~ Subject to legislative fund transfers,  
16 earnings not transferred to the treasure state endowment regional water system special revenue account must  
17 be retained in the treasure state endowment regional water system fund.

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

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

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

29 **17-5-703. (Effective July 1, 2016) Coal severance tax trust funds.** (1) The trust established under  
30 Article IX, section 5, of the Montana constitution is composed of the following funds:

- 1 (a) a coal severance tax bond fund into which the constitutionally dedicated receipts from the coal  
2 severance tax must be deposited;
- 3 (b) a treasure state endowment fund;
- 4 (c) a coal severance tax permanent fund;
- 5 (d) a coal severance tax income fund; and
- 6 (e) a big sky economic development fund.
- 7 (2) (a) The state treasurer shall determine, on July 1 of each year, the amount necessary to meet all  
8 principal and interest payments on bonds payable from the coal severance tax bond fund during the next 12  
9 months and retain that amount in the coal severance tax bond fund.
- 10 (b) The amount in the coal severance tax bond fund in excess of the amount required in subsection  
11 (2)(a) must be transferred from that fund as provided in subsections (3) and (4).
- 12 (3) (a) Until June 30, ~~2016~~ 2021, the state treasurer shall quarterly transfer to the treasure state  
13 endowment fund 50% of the amount in the coal severance tax bond fund in excess of the amount that is specified  
14 in subsection (2) to be retained in the fund.
- 15 (b) The state treasurer shall monthly transfer from the treasure state endowment fund to the treasure  
16 state endowment special revenue account the amount of earnings, excluding unrealized gains and losses,  
17 required to meet the obligations of the state that are payable from the account in accordance with 90-6-710.  
18 Earnings not transferred to the treasure state endowment special revenue account must be retained in the  
19 treasure state endowment fund.
- 20 (4) (a) From July 1, 2005, through June 30, 2025, the state treasurer shall quarterly transfer to the big  
21 sky economic development fund 25% of the amount in the coal severance tax bond fund in excess of the amount  
22 that is specified in subsection (2) to be retained in the fund.
- 23 (b) The state treasurer shall monthly transfer from the big sky economic development fund to the  
24 economic development special revenue account, provided for in 90-1-205, the amount of earnings, excluding  
25 unrealized gains and losses, required to meet the obligations of the state that are payable from the account in  
26 accordance with 90-1-204. Earnings not transferred to the economic development special revenue account must  
27 be retained in the big sky economic development fund.
- 28 (5) Any amount in the coal severance tax bond fund in excess of the amount that is specified in  
29 subsection (2)(a) to be retained in the fund and that is not otherwise allocated under this section must be  
30 deposited in the coal severance tax permanent fund."

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2           **Section 2.** Section 17-5-703, MCA, is amended to read:

3           **"17-5-703. (Temporary) Coal severance tax trust funds.** (1) The trust established under Article IX,  
4 section 5, of the Montana constitution is composed of the following funds:

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

7           (b) a treasure state endowment fund;

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

9           (d) a coal severance tax permanent fund;

10          (e) a coal severance tax income fund; and

11          (f) a big sky economic development fund.

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

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

17          (3) (a) Until June 30, ~~2016~~ 2021, the state treasurer shall quarterly transfer to the treasure state  
18 endowment fund 50% of the amount in the coal severance tax bond fund in excess of the amount that is specified  
19 in subsection (2) to be retained in the fund.

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

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

28          (d) The state treasurer shall monthly transfer from the treasure state endowment regional water system  
29 fund to the treasure state endowment regional water system special revenue account the amount of earnings,  
30 excluding unrealized gains and losses, required to meet the obligations of the state that are payable from the

1 account for regional water systems authorized under 90-6-715. Earnings not transferred to the treasure state  
2 endowment regional water system special revenue account must be retained in the treasure state endowment  
3 regional water system fund.

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

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

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

15 **17-5-703. (Effective July 1, 2016) Coal severance tax trust funds.** (1) The trust established under  
16 Article IX, section 5, of the Montana constitution is composed of the following funds:

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

19 (b) a treasure state endowment fund;

20 (c) a coal severance tax permanent fund;

21 (d) a coal severance tax income fund; and

22 (e) a big sky economic development fund.

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

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

28 (3) (a) Until June 30, ~~2016~~ 2021, the state treasurer shall quarterly transfer to the treasure state  
29 endowment fund 50% of the amount in the coal severance tax bond fund in excess of the amount that is specified  
30 in subsection (2) to be retained in the fund.

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

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

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

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

17

18 **Section 3.** Section 90-6-701, MCA, is amended to read:

19 **"90-6-701. (Temporary) Treasure state endowment program created -- definitions.** (1) (a) There  
20 is a treasure state endowment program that consists of:

21 (i) the treasure state endowment fund established in 17-5-703;

22 (ii) the infrastructure portion of the coal severance tax bond program provided for in 17-5-701(2).

23 (b) The treasure state endowment program may borrow from the board of investments to provide  
24 additional financial assistance for local government infrastructure projects under this part, provided that no part  
25 of the loan may be made from retirement funds.

26 (2) Interest from the treasure state endowment fund and from proceeds of the sale of bonds under  
27 17-5-701(2) may be used to provide financial assistance for local government infrastructure projects under this  
28 part and to repay loans from the board of investments.

29 (3) As used in this part, the following definitions apply:

30 (a) "Infrastructure projects" means:

- 1 (i) drinking water systems;
- 2 (ii) wastewater treatment;
- 3 (iii) sanitary sewer or storm sewer systems;
- 4 (iv) solid waste disposal and separation systems, including site acquisition, preparation, or monitoring;
- 5 or
- 6 (v) bridges.
- 7 (b) "Local government" means an incorporated city or town, a county, a consolidated local government,
- 8 a tribal government, a county or multicounty water, sewer, or solid waste district, or an authority as defined in
- 9 75-6-304.
- 10 (c) "Treasure state endowment fund" means the coal severance tax infrastructure endowment fund
- 11 established in 17-5-703(1)(b).
- 12 (d) "Treasure state endowment program" means the local government infrastructure investment program
- 13 established in subsection (1).
- 14 (e) "Tribal government" means a federally recognized Indian tribe within the state of Montana.
- 15 **90-6-701. (Effective July 1, 2011) Treasure state endowment program created -- definitions.** (1) (a)
- 16 There is a treasure state endowment program that consists of:
- 17 (i) the treasure state endowment fund established in 17-5-703;
- 18 (ii) the infrastructure portion of the coal severance tax bond program provided for in 17-5-701(2).
- 19 (b) The treasure state endowment program may borrow from the board of investments to provide
- 20 additional financial assistance for local government infrastructure projects under this part, provided that no part
- 21 of the loan may be made from retirement funds.
- 22 (2) ~~Interest~~ Subject to legislative fund transfers, interest from the treasure state endowment fund and
- 23 from proceeds of the sale of bonds under 17-5-701(2) may be used to provide financial assistance for local
- 24 government infrastructure projects under this part, to provide funding to the department of commerce for the
- 25 administrative costs of the treasure state endowment program, and to repay loans from the board of investments.
- 26 (3) As used in this part, the following definitions apply:
- 27 (a) "Infrastructure projects" means:
- 28 (i) drinking water systems;
- 29 (ii) wastewater treatment;
- 30 (iii) sanitary sewer or storm sewer systems;

1 (iv) solid waste disposal and separation systems, including site acquisition, preparation, or monitoring;

2 or

3 (v) bridges.

4 (b) "Local government" means an incorporated city or town, a county, a consolidated local government,  
5 a tribal government, a county or multicounty water, sewer, or solid waste district, or an authority as defined in  
6 75-6-304.

7 (c) "Treasure state endowment fund" means the coal severance tax infrastructure endowment fund  
8 established in 17-5-703(1)(b).

9 (d) "Treasure state endowment program" means the local government infrastructure investment program  
10 established in subsection (1).

11 (e) "Tribal government" means a federally recognized Indian tribe within the state of Montana."  
12

13 **Section 4.** Section 90-6-703, MCA, is amended to read:

14 **"90-6-703. Types of financial assistance available.** (1) The legislature ~~shall~~ may provide for and make  
15 available to local governments the following types of financial assistance under this part:

16 (a) matching grants for local infrastructure projects;

17 (b) matching grants for preliminary engineering studies; and

18 (c) emergency grants for local infrastructure projects.

19 (2) The department of commerce may provide local governments with emergency grants for  
20 infrastructure projects only if necessary to remedy conditions that, if allowed to continue until legislative approval  
21 could be obtained, will endanger the public health or safety and expose the applicant to substantial financial risk.  
22 The department shall report to the governor and the legislative finance committee regarding emergency grants  
23 that are awarded during each biennium.

24 (3) The department of commerce may provide local governments with matching grants for preliminary  
25 engineering studies for infrastructure projects. The department shall report to the governor and the legislature  
26 regarding preliminary engineering grants that are awarded during each biennium."  
27

28 **NEW SECTION. Section 5. Fund transfers.** (1) The department of commerce shall transfer  
29 \$17,614,270 of the interest earnings from the treasure state endowment special revenue account to the state  
30 general fund.

1 (2) The department of natural resources and conservation shall transfer \$4,867,000 of the interest  
2 earnings from the treasure state endowment regional water system special revenue account to the state general  
3 fund.

4 (3) The transfers in subsections (1) and (2) must occur prior to July 1, 2013.

5 (4) The department of commerce is authorized to transfer interest earnings from the treasure state  
6 endowment fund to the treasure state endowment special revenue account for the purpose of making the fund  
7 transfer in subsection (1).

8 (5) The department of natural resources and conservation is authorized to transfer interest earnings from  
9 the treasure state endowment regional water system fund to the treasure state endowment regional water special  
10 revenue account for the purpose of making the fund transfer in subsection (2).

11  
12 **NEW SECTION. Section 6. Appropriations from treasure state endowment state special revenue**  
13 **account for emergency grants.** There is appropriated to the department of commerce \$100,000 for the  
14 biennium beginning July 1, 2011, from the interest earnings of the treasure state endowment special revenue  
15 account for the purpose of providing local governments, as defined in 90-6-701, with emergency grants for  
16 infrastructure projects, as defined in 90-6-701.

17  
18 **NEW SECTION. Section 7. Appropriations from treasure state endowment state special revenue**  
19 **account for preliminary engineering grants.** There is appropriated to the department of commerce \$900,000  
20 for the biennium beginning July 1, 2011, from the interest earnings of the treasure state endowment special  
21 revenue account for the purpose of providing local governments, as defined in 90-6-701, with preliminary  
22 engineering grants for infrastructure projects, as defined in 90-6-701.

23  
24 **NEW SECTION. Section 8. Notification to tribal governments.** The secretary of state shall send a  
25 copy of [this act] to each tribal government located on the seven Montana reservations and to the Little Shell  
26 Chippewa tribe.

27  
28 **NEW SECTION. Section 9. Effective dates.** (1) Except as provided in subsection (2), [this act] is  
29 effective July 1, 2011.

30 (2) [Section 2] is effective July 1, 2013.

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2           NEW SECTION. **Section 10. Termination.** [Sections 1, 3, and 4] terminate June 30, 2013.

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- END -