

HOUSE BILL NO. 140

INTRODUCED BY C. HINER

BY REQUEST OF THE OFFICE OF BUDGET AND PROGRAM PLANNING

A BILL FOR AN ACT ENTITLED: "AN ACT AUTHORIZING THE TEMPORARY ALLOCATION TO THE STATE GENERAL FUND OF 50% OF THE EARNINGS DEPOSITED INTO THE ECONOMIC DEVELOPMENT SPECIAL REVENUE ACCOUNT; AMENDING SECTIONS 17-5-703 AND 90-1-205, MCA; AND PROVIDING AN EFFECTIVE DATE AND A TERMINATION DATE."

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

Section 1. 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, 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, the state treasurer shall quarterly transfer to the treasure state endowment

1 regional water system fund 25% of the amount in the coal severance tax bond fund in excess of the amount that
2 is specified in subsection (2) to be retained in the fund.

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

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

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

17 (b) ~~The~~ From July 1, 2011, through June 30, 2013, the state treasurer shall monthly transfer from the
18 big sky economic development fund to the economic development special revenue account, provided for in
19 90-1-205, ~~the amount of all~~ earnings, excluding unrealized gains and losses, required to meet the obligations of
20 the state that are payable from the account in accordance with 90-1-204 and the transfers in 90-1-205. ~~Earnings~~
21 ~~not transferred to the economic development special revenue account must be retained in the big sky economic~~
22 ~~development fund.~~

23 (c) Beginning July 1, 2013, the state treasurer shall monthly transfer from the big sky economic
24 development fund to the economic development special revenue account, provided for in 90-1-205, all earnings,
25 excluding unrealized gains and losses, required to meet the obligations of the state that are payable from the
26 account in accordance with 90-1-204. Earnings not transferred to the economic development special revenue
27 account must 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. (Terminates June 30, 2016--sec. 1, Ch. 70, L. 2001.)

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

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

5 (b) a treasure state endowment fund;

6 (c) a coal severance tax permanent fund;

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

8 (e) a big sky economic development fund.

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

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

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

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

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

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

30 (5) Any amount in the coal severance tax bond fund in excess of the amount that is specified in

1 subsection (2)(a) to be retained in the fund and that is not otherwise allocated under this section must be
2 deposited in the coal severance tax permanent fund."

3

4 **Section 2.** Section 90-1-205, MCA, is amended to read:

5 **"90-1-205. Economic development special revenue account .** (1) There is an economic development
6 state special revenue account. The account receives earnings from the big sky economic development fund as
7 provided in 17-5-703. ~~The~~ Except for money transferred to the general fund as provided in subsection (2)(c), the
8 money in the account may be used only as provided in this part.

9 (2) ~~The~~ Except for money transferred to the general fund as provided in subsection (2)(c), the money
10 in the account is statutorily appropriated, as provided in 17-7-502, to the department. Of the money that is
11 deposited in the account that is not used for administrative expenses:

12 (a) ~~75%~~ 37.5% must be allocated for distribution to local governments and tribal governments to be used
13 for job creation efforts; ~~and~~

14 (b) ~~25%~~ 12.5% must be allocated for distribution to certified regional development corporations,
15 economic development organizations that are located in a county that is not part of a certified regional
16 development corporation, and tribal governments; and

17 (c) 50% must be transferred to the general fund during the 2013 biennium."

18

19 NEW SECTION. **Section 3. Notification to tribal governments.** The secretary of state shall send a
20 copy of [this act] to each tribal government located on the seven Montana reservations and to the Little Shell
21 Chippewa tribe.

22

23 NEW SECTION. **Section 4. Effective date.** [This act] is effective July 1, 2011.

24

25 NEW SECTION. **Section 5. Termination.** [Section 2] terminates June 30, 2013.

26

- END -