

HOUSE BILL NO. 512

INTRODUCED BY J. O'NEIL

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4 A BILL FOR AN ACT ENTITLED: "AN ACT PROVIDING THAT A PORTION OF COAL SEVERANCE TAX
5 COLLECTIONS FROM NEWLY PERMITTED COAL MINES AND A PORTION OF OIL AND NATURAL GAS
6 PRODUCTION TAXES FROM NEWLY DRILLED OIL AND NATURAL GAS WELLS ARE ALLOCATED TO THE
7 SCHOOL FLEXIBILITY ACCOUNT; AMENDING SECTIONS 15-35-108, 15-36-331, AND 90-6-1001, MCA; AND
8 PROVIDING AN EFFECTIVE DATE."

9
10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

11
12 **Section 1.** Section 15-35-108, MCA, is amended to read:

13 **"15-35-108. (Temporary) Disposal of severance taxes.** Severance taxes collected under this chapter
14 must, in accordance with the provisions of 17-2-124, be allocated as follows:

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

18 ~~(2)~~ (2) The amount of [5.8% through September 30, 2013, and beginning October 1, 2013, the amount of]
19 2.9% must be credited to the coal natural resource account established in 90-6-1001(2).

20 ~~(3)~~ (3) After the allocations are made under subsections (1) and (2) and before the allocations are made
21 under subsections (4) through (8), the amount of 25% of coal severance tax collections from a coal mine
22 permitted under the provisions of Title 82, chapter 4, part 1 or 2, after June 30, 2011, must be allocated to the
23 school flexibility account established in 20-9-542.

24 ~~(2)(4)~~ (4) The amount of 12% of coal severance tax collections ~~is~~ must be allocated to the long-range
25 building program account established in 17-7-205.

26 ~~(3)(5)~~ (5) The amount of 5.46% must be credited to an account in the state special revenue fund to be
27 allocated by the legislature for provision of basic library services for the residents of all counties through library
28 federations and for payment of the costs of participating in regional and national networking, conservation
29 districts, and the Montana Growth Through Agriculture Act. Expenditures of the allocation may be made only from
30 this account. Money may not be transferred from this account to another account other than the general fund.

1 Beginning July 1, 2012, any unreserved fund balance at the end of each fiscal year must be deposited in the
2 general fund.

3 ~~(4)(6)~~ The amount of 1.27% must be allocated to a permanent fund account for the purpose of parks
4 acquisition or management. Income from this permanent fund account, excluding unrealized gains and losses,
5 must be appropriated for the acquisition, development, operation, and maintenance of any sites and areas
6 described in 23-1-102.

7 ~~(5)(7)~~ The amount of 0.95% must be allocated to the debt service fund type to the credit of the renewable
8 resource loan debt service fund.

9 ~~(6)(8)~~ The amount of 0.63% must be allocated to a trust fund for the purpose of protection of works of
10 art in the capitol and for other cultural and aesthetic projects. Income from this trust fund account, excluding
11 unrealized gains and losses, must be appropriated for protection of works of art in the state capitol and for other
12 cultural and aesthetic projects.

13 ~~(7)~~ The amount of [5.8% through September 30, 2013, and beginning October 1, 2013, the amount of]
14 2.9% must be credited to the coal natural resource account established in 90-6-1001(2).

15 ~~(8)(9)~~ After the allocations are made under subsections (2) through ~~(7)~~ (8), \$250,000 for the fiscal year
16 must be credited to the coal and uranium mine permitting and reclamation program account established in
17 82-4-244.

18 ~~(9)(10)~~ (a) Subject to subsection ~~(9)(b)~~ (10)(b), all other revenue from severance taxes collected under
19 the provisions of this chapter must be credited to the general fund of the state.

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

22 (i) \$65,000 to the cooperative development center;

23 (ii) \$625,000 for the growth through agriculture program provided for in Title 90, chapter 9;

24 (iii) \$1.275 million to the research and commercialization state special revenue account created in
25 90-3-1002;

26 (iv) to the department of commerce:

27 (A) \$125,000 for a small business development center;

28 (B) \$50,000 for a small business innovative research program;

29 (C) \$425,000 for certified regional development corporations;

30 (D) \$200,000 for the Montana manufacturing extension center at Montana state university-Bozeman;

1 and

2 (E) \$300,000 for export trade enhancement. (Terminates June 30, 2013--sec. 5, Ch. 459, L. 2009.)

3 **15-35-108. (Effective July 1, 2013) Disposal of severance taxes.** Severance taxes collected under
4 this chapter must, in accordance with the provisions of 17-2-124, be allocated as follows:

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

8 (2) The amount of [5.8% through September 30, 2013, and beginning October 1, 2013, the amount of]
9 2.9% must be credited to the coal natural resource account established in 90-6-1001(2).

10 (3) After the allocations are made under subsections (1) and (2) and before the allocations are made
11 under subsections (4) through (8), the amount of 25% of coal severance tax collections from a coal mine
12 permitted under the provisions of Title 82, chapter 4, part 1 or 2, after June 30, 2011, must be allocated to the
13 school flexibility account established in 20-9-542.

14 ~~(2)~~(4) The amount of 12% of coal severance tax collections is must be allocated to the long-range
15 building program account established in 17-7-205.

16 ~~(3)~~(5) The amount of 5.46% must be credited to an account in the state special revenue fund to be
17 allocated by the legislature for provision of basic library services for the residents of all counties through library
18 federations and for payment of the costs of participating in regional and national networking, conservation
19 districts, and the Montana Growth Through Agriculture Act. Expenditures of the allocation may be made only from
20 this account. Money may not be transferred from this account to another account other than the general fund.
21 Beginning July 1, 2012, any unreserved fund balance at the end of each fiscal year must be deposited in the
22 general fund.

23 ~~(4)~~(6) The amount of 1.27% must be allocated to a permanent fund account for the purpose of parks
24 acquisition or management. Income from this permanent fund account, excluding unrealized gains and losses,
25 must be appropriated for the acquisition, development, operation, and maintenance of any sites and areas
26 described in 23-1-102.

27 ~~(5)~~(7) The amount of 0.95% must be allocated to the debt service fund type to the credit of the renewable
28 resource loan debt service fund.

29 ~~(6)~~(8) The amount of 0.63% must be allocated to a trust fund for the purpose of protection of works of
30 art in the capitol and for other cultural and aesthetic projects. Income from this trust fund account, excluding

1 unrealized gains and losses, must be appropriated for protection of works of art in the state capitol and for other
2 cultural and aesthetic projects.

3 ~~(7) The amount of [5.8% through September 30, 2013, and beginning October 1, 2013, the amount of]~~
4 ~~2.9% must be credited to the coal natural resource account established in 90-6-1001(2).~~

5 ~~(8)(9)~~ After the allocations are made under subsections (2) through ~~(7)~~ (8), \$250,000 for the fiscal year
6 must be credited to the coal and uranium mine permitting and reclamation program account established in
7 82-4-244.

8 ~~(9)(10)~~ (a) Subject to subsection ~~(9)(b)~~ (10)(b), all other revenue from severance taxes collected under
9 the provisions of this chapter must be credited to the general fund of the state.

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

12 (i) \$65,000 to the cooperative development center;

13 (ii) \$1.25 million for the growth through agriculture program provided for in Title 90, chapter 9;

14 (iii) \$3.65 million to the research and commercialization state special revenue account created in
15 90-3-1002;

16 (iv) to the department of commerce:

17 (A) \$125,000 for a small business development center;

18 (B) \$50,000 for a small business innovative research program;

19 (C) \$425,000 for certified regional development corporations;

20 (D) \$200,000 for the Montana manufacturing extension center at Montana state university-Bozeman;

21 and

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

23 **15-35-108. (Effective July 1, 2019) Disposal of severance taxes.** Severance taxes collected under
24 this chapter must, in accordance with the provisions of 17-2-124, be allocated as follows:

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

28 (2) The amount of 2.9% must be credited to the coal natural resource account established in
29 90-6-1001(2).

30 (3) After the allocations are made under subsections (1) and (2) and before the allocations are made

1 under subsections (4) through (8), the amount of 25% of coal severance tax collections from a coal mine
2 permitted under the provisions of Title 82, chapter 4, part 1 or 2, after June 30, 2011, must be allocated to the
3 school flexibility account established in 20-9-542.

4 ~~(2)~~(4) The amount of 12% of coal severance tax collections is must be allocated to the long-range
5 building program account established in 17-7-205.

6 ~~(3)~~(5) The amount of 5.46% must be credited to an account in the state special revenue fund to be
7 allocated by the legislature for provision of basic library services for the residents of all counties through library
8 federations and for payment of the costs of participating in regional and national networking, conservation
9 districts, and the Montana Growth Through Agriculture Act. Expenditures of the allocation may be made only from
10 this account. Money may not be transferred from this account to another account other than the general fund.
11 Beginning July 1, 2012, any unreserved fund balance at the end of each fiscal year must be deposited in the
12 general fund.

13 ~~(4)~~(6) The amount of 1.27% must be allocated to a permanent fund account for the purpose of parks
14 acquisition or management. Income from this permanent fund account, excluding unrealized gains and losses,
15 must be appropriated for the acquisition, development, operation, and maintenance of any sites and areas
16 described in 23-1-102.

17 ~~(5)~~(7) The amount of 0.95% must be allocated to the debt service fund type to the credit of the renewable
18 resource loan debt service fund.

19 ~~(6)~~(8) The amount of 0.63% must be allocated to a trust fund for the purpose of protection of works of
20 art in the capitol and for other cultural and aesthetic projects. Income from this trust fund account, excluding
21 unrealized gains and losses, must be appropriated for protection of works of art in the state capitol and for other
22 cultural and aesthetic projects.

23 ~~(7) The amount of 2.9% must be credited to the coal natural resource account established in~~
24 ~~90-6-1001(2).~~

25 ~~(8)~~(9) After the allocations are made under subsections (2) through ~~(7)~~ (8), \$250,000 for the fiscal year
26 must be credited to the coal and uranium mine permitting and reclamation program account established in
27 82-4-244.

28 ~~(9)~~(10) All other revenue from severance taxes collected under the provisions of this chapter must be
29 credited to the general fund of the state."
30

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

2 **"15-36-331. Distribution of taxes.** (1) (a) For each calendar quarter, the department shall determine
 3 the amount of tax, late payment interest, and penalties collected under this part.

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

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

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

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

14	Big Horn	45.05%
15	Blaine	58.39%
16	Carbon	48.27%
17	Chouteau	58.14%
18	Custer	69.53%
19	Daniels	50.81%
20	Dawson	47.79%
21	Fallon	41.78%
22	Fergus	69.18%
23	Garfield	45.96%
24	Glacier	58.83%
25	Golden Valley	58.37%
26	Hill	64.51%
27	Liberty	57.94%
28	McCone	49.92%
29	Musselshell	48.64%
30	Petroleum	48.04%

1	Phillips	54.02%
2	Pondera	54.26%
3	Powder River	60.9%
4	Prairie	40.38%
5	Richland	47.47%
6	Roosevelt	45.71%
7	Rosebud	39.33%
8	Sheridan	47.99%
9	Stillwater	53.51%
10	Sweet Grass	61.24%
11	Teton	46.1%
12	Toole	57.61%
13	Valley	51.43%
14	Wibaux	49.16%
15	Yellowstone	46.74%
16	All other counties	50.15%

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

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

22 (a) for each fiscal year through the fiscal year ending June 30, 2011, to be distributed as follows:

23 (i) 1.23% to the coal bed methane protection account established in 76-15-904;

24 (ii) 1.45% to the natural resources projects state special revenue account established in 15-38-302;

25 (iii) 1.45% to the natural resources operations state special revenue account established in 15-38-301;

26 (iv) 2.99% to the orphan share account established in 75-10-743;

27 (v) 2.65% to the state special revenue fund to be appropriated to the Montana university system for the
 28 purposes of the state tax levy as provided in 15-10-108; and

29 (vi) all remaining proceeds to the state general fund;

30 (b) for fiscal years beginning after June 30, 2011, to be distributed as follows:

- 1 (i) 2.16% to the natural resources projects state special revenue account established in 15-38-302;
2 (ii) 2.02% to the natural resources operations state special revenue account established in 15-38-301;
3 (iii) after the distributions are made under subsections (4)(b)(i) and (4)(b)(ii) and before the distributions
4 are made under subsections (4)(b)(iv) through (4)(b)(vi), 25% of oil and natural gas production taxes from oil and
5 natural gas wells drilled after June 30, 2011, to the school flexibility account established in 20-9-542;
6 ~~(iii)~~(iv) 2.95% to the orphan share account established in 75-10-743;
7 ~~(iv)~~(v) 2.65% to the state special revenue fund to be appropriated to the Montana university system for
8 the purposes of the state tax levy as provided in 15-10-108; and
9 ~~(v)~~(vi) all remaining proceeds to the state general fund."
10

11 **Section 3.** Section 90-6-1001, MCA, is amended to read:

12 **"90-6-1001. Oil, gas, and coal natural resource accounts.** (1) There is an oil and gas natural resource
13 distribution account in the state special revenue fund. The collections allocated to the account from
14 15-36-304(7)(b) must be deposited in the account to be used as provided in 15-36-332(8) and (9).

15 (2) There is a coal natural resource account in the state special revenue fund. The collections allocated
16 to the account from 15-35-108~~(7)~~(2) must be deposited in the account. The money in the account is allocated to
17 the coal board provided for in 2-15-1821 and may be used only for local impact grants provided for in 90-6-205
18 through 90-6-207 and costs related to the administration of the grant awards."
19

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

21 - END -