

1 HOUSE BILL NO. 632

2 INTRODUCED BY J. TAYLOR

3
4 A BILL FOR AN ACT ENTITLED: "AN ACT REQUIRING THAT A PORTION OF THE EXPENDABLE PORTION
5 OF COAL SEVERANCE TAX COLLECTIONS IN FISCAL YEARS BEGINNING AFTER JUNE 30, 2013, BE
6 DEPOSITED IN THE PUBLIC EMPLOYEES' RETIREMENT SYSTEM, THE SHERIFFS' RETIREMENT SYSTEM,
7 THE GAME WARDENS' AND PEACE OFFICERS' RETIREMENT SYSTEM, AND THE TEACHERS'
8 RETIREMENT SYSTEM; AMENDING SECTIONS 15-35-108 AND 90-6-1001, MCA; AND PROVIDING
9 EFFECTIVE DATES."

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

12
13 **Section 1.** Section 15-35-108, MCA, is amended to read:
14 **"15-35-108. (Temporary) Disposal of severance taxes.** Severance taxes collected under this chapter
15 must, in accordance with the provisions of 17-2-124, be allocated as follows:

16 (1) Fifty percent of total coal severance tax collections is allocated to the trust fund created by Article IX,
17 section 5, of the Montana constitution. The trust fund money must be deposited in the fund established under
18 17-6-203(6) and invested by the board of investments as provided by law.

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

21 (3) The amount of 5.46% must be credited to an account in the state special revenue fund to be allocated
22 by the legislature for provision of basic library services for the residents of all counties through library federations
23 and for payment of the costs of participating in regional and national networking, conservation districts, and the
24 Montana Growth Through Agriculture Act. Expenditures of the allocation may be made only from this account.
25 Money may not be transferred from this account to another account other than the general fund. Beginning July
26 1, 2012, any unreserved fund balance at the end of each fiscal year must be deposited in the general fund.

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

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

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

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

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

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

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

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

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

17 (iii) \$1.275 million to the research and commercialization state special revenue account created in
18 90-3-1002;

19 (iv) to the department of commerce:

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

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

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

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

24 and

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

26 **15-35-108. (Effective July 1, 2013) Disposal of severance taxes.** Severance taxes collected under
27 this chapter must, in accordance with the provisions of 17-2-124, be allocated as follows:

28 (1) Fifty percent of total coal severance tax collections is allocated to the trust fund created by Article IX,
29 section 5, of the Montana constitution. The trust fund money must be deposited in the fund established under
30 17-6-203(6) and invested by the board of investments as provided by law.

1 (2) The Beginning July 1, 2013:

2 (a) the dollar amount of equal to 12% of coal severance tax collections in fiscal year 2013 is allocated
3 to the long-range building program account established in 17-7-205;

4 ~~(3)(b)~~ The the dollar amount of equal to 5.46% of coal severance tax collections in fiscal year 2013 must
5 be credited to an account in the state special revenue fund to be allocated by the legislature for provision of basic
6 library services for the residents of all counties through library federations and for payment of the costs of
7 participating in regional and national networking, conservation districts, and the Montana Growth Through
8 Agriculture Act. Expenditures of the allocation may be made only from this account. Money may not be transferred
9 from this account to another account other than the general fund. Beginning July 1, 2012, any unreserved fund
10 balance at the end of each fiscal year must be deposited in the general fund.

11 ~~(4)(c)~~ The the dollar amount of equal to 1.27% of coal severance tax collections in fiscal year 2013 must
12 be allocated to a permanent fund account for the purpose of parks acquisition or management. Income from this
13 permanent fund account, excluding unrealized gains and losses, must be appropriated for the acquisition,
14 development, operation, and maintenance of any sites and areas described in 23-1-102.

15 ~~(5)(d)~~ The the dollar amount of equal to 0.95% of coal severance tax collections in fiscal year 2013 must
16 be allocated to the debt service fund type to the credit of the renewable resource loan debt service fund;

17 ~~(6)(e)~~ The the dollar amount of equal to 0.63% of coal severance tax collections in fiscal year 2013 must
18 be allocated to a trust fund for the purpose of protection of works of art in the capitol and for other cultural and
19 aesthetic projects. Income from this trust fund account, excluding unrealized gains and losses, must be
20 appropriated for protection of works of art in the state capitol and for other cultural and aesthetic projects.

21 ~~(7)(f)~~ The the dollar amount of ~~5.8% through September 30, 2013, and beginning October 1, 2013, the~~
22 amount of equal to 2.9% of coal severance tax collections in fiscal year 2013 must be credited to the coal natural
23 resource account established in 90-6-1001(2); and

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

27 (3) (a) Except as provided in subsection (3)(b), the separate dollar amounts calculated pursuant to
28 subsections (2)(a) through (2)(g) must be increased or decreased each year by the change in the consumer price
29 index, as defined in 15-30-2101, for the preceding year.

30 (b) (i) Except as provided in subsection (3)(b)(ii), if the amount of revenue collected in any fiscal year

1 pursuant to this chapter is less than the amount collected in fiscal year 2013, the amounts to be credited pursuant
 2 to subsections (2)(a) through (2)(g) revert to the amounts credited in fiscal year 2013 but reduced by the
 3 percentage by which the amount of revenue collected under this chapter in the current fiscal year differs from the
 4 amount of revenue collected in fiscal year 2013.

5 (ii) If any of the revenue allocated under subsections (2)(a) through (2)(g) is dedicated to the payment
 6 of principal and interest on bonds, the amount dedicated to the payment of the principal and interest may not be
 7 reduced but must be paid from the account or fund specified for the payment. If the account or fund from which
 8 the principal and interest are required to be paid does not have sufficient funds to fully pay the principal and
 9 interest, the amount remaining to be paid must be reallocated from the other accounts and funds by
 10 proportionately reducing the amounts credited to the other accounts and funds pursuant to subsections (2)(a)
 11 through (2)(g).

12 ~~(9)(4)~~ (a) Subject to ~~subsection (9)(b); subsections (4)(b) and (5)~~, all other revenue from severance taxes
 13 collected under the provisions of this chapter must be credited to the ~~general fund of the state~~ respective trust
 14 funds for the public employees' retirement system defined benefit plan provided for in 19-3-103, the sheriffs'
 15 retirement system provided for in 19-7-102, the game wardens' and peace officers' retirement system provided
 16 for in 19-8-102, and the teachers' retirement system provided for in 19-20-102 in the proportion that the unfunded
 17 actuarial liability of each of the systems bears to the sum of the unfunded actuarial liabilities of all four systems.

18 (b) If any of the retirement systems listed in subsection (4)(a) is funded on an actuarially sound basis,
 19 as defined in 19-2-409, the revenue to be credited to the retirement systems pursuant to subsection (4)(a) must
 20 be allocated proportionately to the systems that are not funded on an actuarially sound basis.

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

- 23 (i) \$65,000 to the cooperative development center;
- 24 (ii) \$1.25 million for the growth through agriculture program provided for in Title 90, chapter 9;
- 25 (iii) \$3.65 million to the research and commercialization state special revenue account created in
 26 90-3-1002;
- 27 (iv) to the department of commerce:
- 28 (A) \$125,000 for a small business development center;
- 29 (B) \$50,000 for a small business innovative research program;
- 30 (C) \$425,000 for certified regional development corporations;

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

3 (E) \$300,000 for export trade enhancement.

4 (5) If the amount of coal severance tax revenue credited to the retirement systems under subsections
5 (2) through (4) exceeds the amount needed to fund all of the retirement systems listed in subsection (4)(a) on
6 an actuarially sound basis, as defined in 19-2-409, the excess amount must be credited to the state general fund.
7 (Terminates June 30, 2019--secs. 2, 3, Ch. 459, L. 2009.)

8 **15-35-108. (Effective July 1, 2019) Disposal of severance taxes.** Severance taxes collected under
9 this chapter must, in accordance with the provisions of 17-2-124, be allocated as follows:

10 (1) Fifty percent of total coal severance tax collections is allocated to the trust fund created by Article IX,
11 section 5, of the Montana constitution. The trust fund money must be deposited in the fund established under
12 17-6-203(6) and invested by the board of investments as provided by law.

13 (2) ~~The~~ Beginning July 1, 2013:

14 (a) the dollar amount of equal to 12% of coal severance tax collections in fiscal year 2013 is allocated
15 to the long-range building program account established in 17-7-205;

16 ~~(3)(b) The~~ the dollar amount equal to 5.46% of coal severance tax collections in fiscal year 2013 must
17 be credited to an account in the state special revenue fund to be allocated by the legislature for provision of basic
18 library services for the residents of all counties through library federations and for payment of the costs of
19 participating in regional and national networking, conservation districts, and the Montana Growth Through
20 Agriculture Act. Expenditures of the allocation may be made only from this account. Money may not be transferred
21 from this account to another account other than the general fund. Beginning July 1, 2012, any unreserved fund
22 balance at the end of each fiscal year must be deposited in the general fund.

23 ~~(4)(c) The~~ the dollar amount of equal to 1.27% of coal severance tax collections in fiscal year 2013 must
24 be allocated to a permanent fund account for the purpose of parks acquisition or management. Income from this
25 permanent fund account, excluding unrealized gains and losses, must be appropriated for the acquisition,
26 development, operation, and maintenance of any sites and areas described in 23-1-102.

27 ~~(5)(d) The~~ the dollar amount of equal to 0.95% of coal severance tax collections in fiscal year 2013 must
28 be allocated to the debt service fund type to the credit of the renewable resource loan debt service fund;

29 ~~(6)(e) The~~ the dollar amount of equal to 0.63% of coal severance tax collections in fiscal year 2013 must
30 be allocated to a trust fund for the purpose of protection of works of art in the capitol and for other cultural and

1 aesthetic projects. Income from this trust fund account, excluding unrealized gains and losses, must be
 2 appropriated for protection of works of art in the state capitol and for other cultural and aesthetic projects.

3 ~~(7)(f)~~ The the dollar amount of equal to 2.9% of coal severance tax collections in fiscal year 2013 must
 4 be credited to the coal natural resource account established in 90-6-1001(2); and

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

8 (3) (a) Except as provided in subsection (3)(b), the separate dollar amounts calculated pursuant to
 9 subsections (2)(a) through (2)(g) must be increased or decreased each year by the change in the consumer price
 10 index, as defined in 15-30-2101, for the preceding year.

11 (b) (i) Except as provided in subsection (3)(b)(ii), if the amount of revenue collected in any fiscal year
 12 pursuant to this chapter is less than the amount collected in fiscal year 2013, the amounts to be credited pursuant
 13 to subsections (2)(a) through (2)(g) revert to the amounts credited in fiscal year 2013 reduced by the percentage
 14 by which the amount of revenue collected under this chapter in the current fiscal year differs from the amount of
 15 revenue collected in fiscal year 2013.

16 (ii) If any of the revenue allocated under subsections (2)(a) through (2)(g) is dedicated to the payment
 17 of principal and interest on bonds, the amount dedicated to the payment of the principal and interest may not be
 18 reduced but must be paid from the account or fund specified for the payment. If the account or fund from which
 19 the principal and interest are required to be paid does not have sufficient funds to fully pay the principal and
 20 interest, the amount remaining to be paid must be reallocated from the other accounts and funds by
 21 proportionately reducing the amounts credited to the other accounts and funds pursuant to subsections (2)(a)
 22 through (2)(g).

23 ~~(9)(4)~~ (a) All Subject to subsections (4)(b) and (5), all other revenue from severance taxes collected
 24 under the provisions of this chapter must be credited to the ~~general fund of the state~~ respective trust funds for
 25 the public employees' retirement system defined benefit plan provided for in 19-3-103, the sheriffs' retirement
 26 system provided for in 19-7-102, the game wardens' and peace officers' retirement system provided for in
 27 19-8-102, and the teachers' retirement system provided for in 19-20-102 in the proportion that the unfunded
 28 actuarial liability of each of the systems bears to the sum of the unfunded actuarial liabilities of all four systems.

29 (b) If any of the retirement systems listed in subsection (4)(a) is funded on an actuarially sound basis,
 30 as defined in 19-2-402, the revenue to be credited to the retirement systems pursuant to subsection (4)(a) must

1 be allocated proportionately to the systems that are not funded on an actuarially sound basis.

2 (5) If the amount of coal severance tax revenue credited to the retirement systems under subsections
3 (2) through (4) exceeds the amount needed to fund all of the retirement systems listed in subsection (4)(a) on
4 an actuarially sound basis, as defined in 19-2-402, the excess amount must be credited to the state general fund."

5
6 **Section 2.** Section 90-6-1001, MCA, is amended to read:

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

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

14
15 NEW SECTION. **Section 3. Effective dates.** (1) Except as provided in subsection (2), [this act] is
16 effective July 1, 2011.

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

18 - END -