



GOVERNOR'S OFFICE OF  
BUDGET AND PROGRAM PLANNING

## Fiscal Note 2017 Biennium

<b>Bill #</b>	SB0020	<b>Title:</b>	Reallocate metal mines license tax
<b>Primary Sponsor:</b>	Vincent, Chas	<b>Status</b>	As Amended in Senate Committee

- Significant Local Gov Impact     
  Needs to be included in HB 2     
  Technical Concerns  
 Included in the Executive Budget     
  Significant Long-Term Impacts     
  Dedicated Revenue Form Attached

### FISCAL SUMMARY

	<u>FY 2016</u> <u>Difference</u>	<u>FY 2017</u> <u>Difference</u>	<u>FY 2018</u> <u>Difference</u>	<u>FY 2019</u> <u>Difference</u>
<b>Expenditures:</b>				
General Fund	\$0	\$0	\$0	\$0
State Special Revenue	\$1,406,000	\$1,314,000	\$1,290,000	\$2,492,000
<b>Revenue:</b>				
General Fund	(\$1,406,000)	(\$1,314,000)	(\$1,290,000)	(\$1,292,000)
State Special Revenue	\$1,406,000	\$1,314,000	\$1,290,000	\$1,292,000
<b>Net Impact-General Fund Balance:</b>	<u>(\$1,406,000)</u>	<u>(\$1,314,000)</u>	<u>(\$1,290,000)</u>	<u>(\$1,292,000)</u>

**Description of fiscal impact:** SB 20, as amended, changes the general fund allocation of metalliferous mines license tax from 57% to 47%, and reallocates the revenue to impacted counties. Hard rock mining counties starting in FY 2016 would receive an additional \$1.2 to \$1.4 million per year. Further, SB 20, as amended, would also reallocate \$1.2 million annually from the orphan share account beginning in FY 2019 to the environmental quality protection fund (EQPF). The transfer would be designated for metal mine reclamation projects at abandoned mine sites and the state's contribution for cleanup, long-term operation, and maintenance costs at the Libby asbestos superfund site. Funds allocated to the EQPF for abandoned mine reclamation would be specifically exempted from other requirements of the Comprehensive Environmental Cleanup and Responsibility Act (Title 17, chapter 7, part 4, MCA).

### FISCAL ANALYSIS

**Assumptions:**

**Department of Revenue**

1. This bill would change the general fund allocation of the metalliferous mine license tax collections from 57% of total proceeds to 47% of proceeds, and allocate the 10% shift in revenue to hard rock mining counties. The HJR 2, general fund revenue estimates of metalliferous mines license tax collections under the

current 57% allocation is estimated at \$8.015 million in FY 2016 and \$7.491 million in FY 2017. For FY 2018 and FY 2019, HJR 2 assumptions, as extended by OBPP for fiscal notes, projects general fund collections of \$7.368 million and \$7.394 million, respectively.

2. The amount of revenue that would be reallocated from the general fund to hard rock mining counties (per 15-37-117, MCA, as amended,) would be \$1.406 million in FY 2016, \$1.314 million in FY 2017, \$1.290 million in FY 2018, and \$1.292 million in FY 2019.
3. The change in allocation proposed in this bill is effective for fiscal years beginning with FY 2016 and terminating at the end of FY 2027.
4. This bill creates an annual transfer beginning on July 1, 2018 of \$1.2 million from the orphan share special revenue account (75-10-743, MCA) to the environmental quality protection fund. Half of this money would be allocated to the state's contribution to the Libby asbestos superfund site and half to the metal mine reclamation projects at abandoned mine sites.
5. There would be a negligible cost to the department for changes to the computer system in FY 2016 that would be absorbed within existing resources.

**Department of Environmental Quality**

6. The funds dedicated by SB 20 would go to the EQPF as follows: \$1.2 million would be reallocated from the orphan share account (75-10-743, MCA) after July 1, 2018. Starting in FY 2019, the total amount of funding would be split: 50% or \$600,000 would go toward metal mine reclamation projects at abandoned mine sites, and 50% or \$600,000 would go toward the state's required contribution for cleanup and long term operation and maintenance costs for the Libby asbestos superfund site each fiscal year.
7. Approximately 6,000 abandoned or inactive hard rock mine and milling sites exist in Montana. These sites have been prioritized based on public health and safety and the environment. Abandoned hard rock mine reclamation projects have been ongoing since 1995. The per-project cost of contracted services for these projects have ranged from \$250,000 to \$22 million.
8. Some abandoned hard rock mine reclamation projects were funded by federal coal tax dollars collected pursuant to the Surface Mining Control and Reclamation Act (SMCRA) and administered by the Department of Interior Office of Surface Mining (OSM). However, DEQ is required to address coal site problems as they arise. Due to the identification and reevaluation of existing problems at coal sites and a reduction in SMCRA funding, DEQ does not expect to fully fund additional hard rock projects through federal grants during the life of the Abandoned Mine Lands Program.
9. The total amount dedicated by SB 20 would go towards the operating budget for abandoned mine reclamation projects or to pay for the state's required contribution for cleanup and long-term operation and maintenance costs for the Libby asbestos superfund site.
10. Under the federal act (Comprehensive Environmental Response, Compensation, and Liability Act), the state must provide financial assurances at "fund-lead" Superfund sites (i.e., sites that do not have a responsible party paying for the cleanup). The State must pay 10% of the initial remedial action and 100% of the operation and maintenance of the remedy. The State must provide these two financial assurances before EPA can receive money from the "Superfund" to conduct the final remedy.

<b><u>Fiscal Impact:</u></b>	<b><u>FY 2016</u></b>	<b><u>FY 2017</u></b>	<b><u>FY 2018</u></b>	<b><u>FY 2019</u></b>
<b><u>Expenditures:</u></b>	<b><u>Difference</u></b>	<b><u>Difference</u></b>	<b><u>Difference</u></b>	<b><u>Difference</u></b>
<b>Department of Revenue</b>				
Transfers (Hard Rock Counties)	\$1,406,000	\$1,314,000	\$1,290,000	\$1,292,000
<b>Department of Environmental Quality</b>				
Operating Expenses	\$0	\$0	\$0	\$1,200,000
<b>TOTAL Expenditures</b>	<b><u>\$1,406,000</u></b>	<b><u>\$1,314,000</u></b>	<b><u>\$1,290,000</u></b>	<b><u>\$2,492,000</u></b>
<b><u>Funding of Expenditures:</u></b>				
General Fund (01)	\$0	\$0	\$0	\$0
SSR (O&G Local Impact Fund)	\$1,406,000	\$1,314,000	\$1,290,000	\$1,292,000
State Special Revenue (EQPF)	\$0	\$0	\$0	\$1,200,000
<b>TOTAL Funding of Exp.</b>	<b><u>\$1,406,000</u></b>	<b><u>\$1,314,000</u></b>	<b><u>\$1,290,000</u></b>	<b><u>\$2,492,000</u></b>
<b><u>Revenues:</u></b>				
<b>Department of Revenue</b>				
General Fund (01)	(\$1,406,000)	(\$1,314,000)	(\$1,290,000)	(\$1,292,000)
State Special Revenue (O&GLI)	\$1,406,000	\$1,314,000	\$1,290,000	\$1,292,000
State Special Revenue (EQPF)	\$0	\$0	\$0	\$1,200,000
State Special Revenue (Orphan Share)	\$0	\$0	\$0	(\$1,200,000)
<b>TOTAL Revenues</b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>
<b><u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u></b>				
General Fund (01)	(\$1,406,000)	(\$1,314,000)	(\$1,290,000)	(\$1,292,000)
State Special Revenue (02)	\$0	\$0	\$0	\$0

**Effect on County or Other Local Revenues or Expenditures:**

1. Hard rock mining counties would receive an additional 10% of metalliferous mines license tax proceeds. This is estimated to be between \$1.4 million and \$1.3 million per year beginning in FY 2016. These allocations would continue through FY2027.

**Long-Term Impacts:**

1. This bill would be in effect from FY 2016 through FY 2027, resulting in a loss of revenue to the general fund and an increase in revenue to the environmental quality protection fund through FY 2027.

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Sponsor's Initials

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Date

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Budget Director's Initials

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Date