

1 \_\_\_\_\_ BILL NO. \_\_\_\_\_

2 INTRODUCED BY \_\_\_\_\_  
3 (Primary Sponsor)

4 A BILL FOR AN ACT ENTITLED: "AN ACT REVISING THE LAWS GOVERNING THE OFFICE OF ECONOMIC  
5 DEVELOPMENT; PLACING THE LIEUTENANT GOVERNOR IN CHARGE OF THE OFFICE OF ECONOMIC  
6 DEVELOPMENT; REDUCING THE SHORTFALL IN GENERAL FUND REVENUE BY REDUCING THE  
7 STATUTORY APPROPRIATION FOR THE OFFICE OF ECONOMIC DEVELOPMENT; AMENDING SECTIONS  
8 2-15-218, 2-15-219, AND 15-35-108, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE AND A  
9 RETROACTIVE APPLICABILITY DATE."

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

12

13 **Section 1.** Section 2-15-218, MCA, is amended to read:

14 **"2-15-218. Office of economic development -- structure.** (1) There is an office of economic  
15 development within the office of the governor.

16 (2) The head of the office is the lieutenant governor, who must be assisted by the chief business  
17 development officer, who must be appointed by the governor.

18 (3) The office of economic development is composed of the following policy and program specialties:

19 (a) business retention and recruitment;

20 (b) workforce development;

21 (c) technology development;

22 (d) infrastructure improvement; and

23 (e) permitting and regulatory processes.

24 (4) The office may employ or contract with policy specialists to implement the programs listed in  
25 subsection (3) and the functions referred to in 2-15-219.

26 (5) The office may accept grants, loans, and other gifts from sources other than the state for the purpose  
27 of administering the provisions of 2-15-219, 90-1-112 through 90-1-114, and this section.

28 (6) The lieutenant governor shall serve as the state's primary liaison between federal, state, and local  
29 agencies, Montana tribal governments, private, nonprofit economic development organizations, and the private  
30 sector."



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2           **Section 2.** Section 2-15-219, MCA, is amended to read:

3           **"2-15-219. Chief business development officer -- duties.** (1) The chief business development officer  
4 shall:

5           (a) advise the governor and lieutenant governor on policy issues related to economic development;

6           (b) ~~lead~~ assist the lieutenant governor in leading the state's business recruitment, retention, and  
7 expansion efforts;

8           (c) coordinate the development and distribution of a statewide coordinated strategic economic  
9 development plan; and

10           (d) coordinate the individual functions and programs within the office as provided in 2-15-218; ~~and~~

11 ~~———(e) serve as the state's primary liaison between federal, state, and local agencies, Montana tribal~~  
12 ~~governments, private nonprofit economic development organizations, and the private sector."~~

13

14           **Section 3.** Section 15-35-108, MCA, is amended to read:

15           **"15-35-108. (Temporary) Disposal of severance taxes.** Severance taxes collected under this chapter  
16 must, in accordance with the provisions of 15-1-501, be allocated as follows:

17           (1) Fifty percent of total coal severance tax collections is allocated to the trust fund created by Article  
18 IX, section 5, of the Montana constitution. The trust fund money must be deposited in the fund established under  
19 17-6-203(6) and invested by the board of investments as provided by law.

20           (2) Twelve percent of coal severance tax collections is allocated to the long-range building program  
21 account established in 17-7-205.

22           (3) The amount of 8.36% must be credited to an account in the state special revenue fund to be  
23 allocated by the legislature for local impacts, county land planning, provision of basic library services for the  
24 residents of all counties through library federations and for payment of the costs of participating in regional and  
25 national networking, conservation districts, and the Montana Growth Through Agriculture Act. Expenditures of  
26 the allocation may be made only from this account. Money may not be transferred from this account to another  
27 account other than the general fund. Any unreserved fund balance at the end of each fiscal year must be  
28 deposited in the general fund.

29           (4) The amount of 1.27% must be allocated to a permanent fund account for the purpose of parks  
30 acquisition or management. Income from this permanent fund account, excluding unrealized gains and losses,

1 must be appropriated for the acquisition, development, operation, and maintenance of any sites and areas  
2 described in 23-1-102.

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

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

9 (7) (a) Subject to subsections (7)(b) and (7)(c), all other revenue from severance taxes collected under  
10 the provisions of this chapter must be credited to the general fund of the state.

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

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

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

15 (iii) to the department of commerce:

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

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

18 (C) \$425,000 for certified communities;

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

20 and

21 (E) \$300,000 for export trade enhancement;

22 (iv) ~~\$350,000~~ \$100,000 to the office of economic development for business recruitment and retention;

23 and

24 (v) \$600,000 to the department of administration for the purpose of reimbursing tax increment financing  
25 industrial districts as provided in 7-15-4299. Reimbursement must be made to qualified districts on a proportional  
26 basis to the loss of taxable value as a result of Chapter 285, Laws of 1999, and as documented by the  
27 department of revenue. This documentation must be provided to the budget director and to the legislative fiscal  
28 analyst. The reimbursement may not be used to pay debt service on tax increment bonds to the extent that the  
29 bonds are secured by a guaranty, a letter of credit, or a similar arrangement provided by or on behalf of an owner  
30 of property within the district.

1 (c) Beginning July 1, 2001, there is transferred annually from the interest income referred to in  
2 subsection (7)(b) \$4.85 million to the research and commercialization state special revenue account created in  
3 90-3-1002. (Terminates June 30, 2005--sec. 10(2), Ch. 10, Sp. L. May 2000.)

4 **15-35-108. (Effective July 1, 2005) Disposal of severance taxes.** Severance taxes collected under  
5 this chapter must, in accordance with the provisions of 15-1-501, be allocated as follows:

6 (1) Fifty percent of total coal severance tax collections is allocated to the trust fund created by Article  
7 IX, section 5, of the Montana constitution. The trust fund money must be deposited in the fund established under  
8 17-6-203(6) and invested by the board of investments as provided by law.

9 (2) Twelve percent of coal severance tax collections is allocated to the long-range building program  
10 account established in 17-7-205.

11 (3) The amount of 8.36% must be credited to an account in the state special revenue fund to be  
12 allocated by the legislature for local impacts, county land planning, provision of basic library services for the  
13 residents of all counties through library federations and for payment of the costs of participating in regional and  
14 national networking, conservation districts, and the Montana Growth Through Agriculture Act. Expenditures of  
15 the allocation may be made only from this account. Money may not be transferred from this account to another  
16 account other than the general fund. Any unreserved fund balance at the end of each fiscal year must be  
17 deposited in the general fund.

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

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

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

28 (7) 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            NEW SECTION. **Section 4. Effective date.** [This act] is effective on passage and approval.

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3            NEW SECTION. **Section 5. Retroactive applicability.** [Section 3] applies retroactively, within the  
4 meaning of 1-2-109, to fiscal years beginning after June 30, 2002.

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