

HOUSE BILL NO. 367
INTRODUCED BY J. WINDY BOY

A BILL FOR AN ACT ENTITLED: "AN ACT ALLOCATING A PORTION OF THE FEDERAL MINERAL LEASE AND ROYALTY INCOME TO THE HARD-ROCK MINING RECLAMATION DEBT SERVICE FUND; AUTHORIZING THE SALE OF HARD-ROCK MINING RECLAMATION BONDS FOR THE FINANCING OF LONG-TERM OR PERPETUAL WATER TREATMENT AT THE ZORTMAN AND LANDUSKY MINE SITES; ESTABLISHING A LONG-TERM OR PERPETUAL WATER TREATMENT PERMANENT TRUST FUND FOR THE ZORTMAN AND LANDUSKY MINES; CREATING A STATE DEBT; AMENDING SECTIONS 17-3-240, 17-3-241, 82-4-312, 82-4-314, AND 82-4-315, MCA; AND PROVIDING AN EFFECTIVE DATE."

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

Section 1. Section 17-3-240, MCA, is amended to read:

"17-3-240. Federal mineral ~~leasing~~ lease and royalty funds. (1) (a) ~~At~~ Ninety-five percent of the money paid to the state pursuant to 30 U.S.C. 191 must be deposited in the state general fund and must be distributed as provided in subsections (2) and (3).

(b) Five percent of the money paid to the state pursuant to 30 U.S.C. 191 must be deposited in the hard-rock mining reclamation debt service fund provided for in 82-4-312.

(2) At the conclusion of fiscal year 2002, the state treasurer shall distribute all money received in fiscal year 2002 in excess of \$21,756,000 pursuant to subsection (3). At the conclusion of fiscal year 2003, the state treasurer shall distribute all money received in fiscal year 2003 in excess of \$21,671,000 pursuant to subsection (3). At the conclusion of fiscal year 2004, the state treasurer shall distribute 12.5% of all money received pursuant to subsection (3). At the conclusion of fiscal year 2005 and each fiscal year thereafter, the state treasurer shall distribute 25% of all money received pursuant to subsection (3).

(3) On August 15 following the close of the fiscal year, the state treasurer shall distribute the distributions in subsection (2) to the mineral impact account established in 17-3-241. The distribution to the eligible counties must be allocated based on the proportion that the total amount of revenue generated by mineral extraction in an eligible county bears to the total amount of money received by the state."

Section 2. Section 17-3-241, MCA, is amended to read:

"17-3-241. Mineral impact account. There is a mineral impact account. Money must be deposited in the impact account as provided in 17-3-240. The money in the impact account must be distributed to counties from which the minerals were produced that resulted in the deposit of the mineral lease and royalty revenue in the impact account. Beginning July 1, 2003, the impact account is statutorily appropriated, as provided in 17-7-502."

Section 3. Section 82-4-312, MCA, is amended to read:

"82-4-312. Hard-rock mining reclamation debt service fund. (1) There is a hard-rock mining reclamation debt service fund within the debt service fund type established in 17-2-102.

(2) The state pledges, allocates, and directs to be credited to the hard-rock mining reclamation debt service fund:

(a) money from the metalliferous mines license tax, as provided in 15-37-117; and

(b) 5% of the money from the annual federal mineral lease and royalty funds paid to the state, as provided in 17-3-240.

(3) Money in the hard-rock mining reclamation debt service fund that is in excess of the amount needed to satisfy the annual principal and interest payment requirements in 82-4-313 must be transferred to the hard-rock mining reclamation special revenue account created in 82-4-315."

Section 4. Section 82-4-314, MCA, is amended to read:

"82-4-314. Authorization for sale of hard-rock mining reclamation bonds. (1) The board of examiners is authorized to issue and sell hard-rock mining reclamation general obligation bonds in an amount not exceeding ~~\$8~~ \$20 million upon the request of the department, as provided for in 82-4-313. ~~Proceeds~~ Except as provided in subsection (2), proceeds of the bonds or notes are allocated to the hard-rock mining reclamation special revenue account provided for in 82-4-315 to fund:

(1)(a) legally required reclamation, operation, and maintenance at hard-rock mines that would otherwise not occur when the director of the department determines that there is no likelihood of getting additional funds from the mine operator and the available surety bond is insufficient; and

(2)(b) the costs of issuing the bonds or notes.

(2) At least \$12 million of the proceeds of the bonds or notes sold pursuant to subsection (1) must be allocated to the long-term or perpetual water treatment permanent fund provided for in [section 5]."

NEW SECTION. Section 5. Long-term or perpetual water treatment permanent trust fund. (1)

There is established a fund of the permanent fund type to pay exclusively for the cost to the state of long-term or perpetual water treatment at the Zortman and Landusky mine sites.

(2) The fund is financed with at least \$12 million of the proceeds from the sale of bonds or notes authorized in 82-4-314 and with other sources of funding that the legislature may from time to time provide.

(3) The fund must be invested by the board of investments pursuant to Title 17, chapter 6, part 2, and the earnings from the investment must be credited to the fund until the year 2017.

(4) The annual earnings on the fund for the year 2017 and for each succeeding year may be appropriated for the purposes of this section.

(5) The principal of the fund may not be appropriated but must remain inviolate to generate sufficient funding to pay the costs of long-term or perpetual water treatment at the Zortman and Landusky mine sites.

Section 6. Section 82-4-315, MCA, is amended to read:

"82-4-315. Hard-rock mining reclamation special revenue account. (1) There is a hard-rock mining reclamation special revenue account within the state special revenue fund established in 17-2-102. There must be paid into the account:

(a) revenue from the sale of hard-rock mining reclamation bonds issued by the board of examiners pursuant to 82-4-313 and 82-4-314;

(b) interest income earned on the account; and

(c) excess money transferred from the hard-rock mining reclamation debt service fund as described in 82-4-312.

(2) Funds may be appropriated from the hard-rock mining reclamation special revenue account for the following purposes only:

(a) state costs of implementing legally required reclamation, operation, and maintenance at hard-rock mines that would otherwise not occur because there is no likelihood of getting additional funds from the mine operator and the available surety bond is insufficient;

(b) state costs of implementing legally required reclamation, operation, and maintenance neither eligible for nor reasonably expected to be reimbursed from other federal or private funds; ~~and~~

(c) state costs of providing for water treatment at the Zortman and Landusky mine sites; and

~~(e)~~(d) state costs related to the implementation of 82-4-312 through 82-4-315."

NEW SECTION. **Section 7. Notification to tribal government.** The secretary of state shall send a copy of [this act] to the Fort Belknap tribal government.

NEW SECTION. **Section 8. Two-thirds vote required.** Because [section 4] authorizes the creation of state debt, Article VIII, section 8, of the Montana constitution requires a vote of two-thirds of the members of each house of the legislature for passage.

NEW SECTION. **Section 9. Codification instruction.** [Section 5] is intended to be codified as an integral part of Title 82, chapter 4, part 3, and the provisions of Title 82, chapter 4, part 3, apply to [section 5].

NEW SECTION. **Section 10. Effective date.** [This act] is effective July 1, 2003.

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