

SENATE BILL NO. 135
INTRODUCED BY F. THOMAS
BY REQUEST OF THE LEGISLATIVE FINANCE COMMITTEE

A BILL FOR AN ACT ENTITLED: "AN ACT REVISING THE LAWS RELATING TO THE SCHOOL GUARANTEE ACCOUNT; PROVIDING THAT INTEREST PAYMENTS ON THE COAL SEVERANCE TAX LOAN TO PURCHASE MINERAL PRODUCTION RIGHTS MUST BE PAID MONTHLY ON THE CURRENT OUTSTANDING LOAN BALANCE; PROVIDING THAT THE TRUST LAND ADMINISTRATION ACCOUNT DOES NOT RECEIVE A PORTION OF THE MINERAL ROYALTIES PURCHASED BY THE DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION WITH THE COAL SEVERANCE TAX LOAN; AMENDING SECTIONS 20-9-622 AND 77-1-109, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

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

Section 1. Section 20-9-622, MCA, is amended to read:

"20-9-622. Guarantee account. (1) There is a guarantee account in ~~a subfund~~ of the state special revenue fund. The guarantee account is intended to:

(a) stabilize the long-term growth of the permanent fund; and

(b) maintain a constant and increasing distributable revenue stream. All realized capital gains and all distributable revenue must be deposited in the guarantee account. Except as provided in subsections (2) and (3), the guarantee account is statutorily appropriated, as provided in 17-7-502, for distribution to school districts through school equalization aid as provided in 20-9-343.

(2) As long as a portion of the coal severance tax loan authorized in section 8, Chapter 418, Laws of 2001, is outstanding, the department of natural resources and conservation shall ~~annually~~ monthly transfer from the guarantee account to the general fund an amount that represents the amount of interest income that would be earned from the investment of the amount of the loan that is currently outstanding ~~in the prior year~~.

(3) The revenue distributed through 20-9-534 must be used for the purposes of 20-9-533."

Section 2. Section 77-1-109, MCA, is amended to read:

"77-1-109. Deposits of proceeds in trust land administration account. (1) The department shall, until the deposit equals the amount appropriated for the fiscal year pursuant to 77-1-108, deposit into the trust land

administration account created by 77-1-108; the following:

- (a) mineral royalties;
- (b) the proceeds or income from the sale of easements and timber, except timber from public school and Montana university system lands; and
- (c) 5% of the interest and income annually credited to the public school fund in accordance with 20-9-341.

(2) After the deposits in subsection (1) have been made, the remainder of the proceeds, other than proceeds from timber from Montana university system lands and other than those purchased pursuant to 17-6-340, must be deposited in the appropriate permanent fund and the capitol building land grant trust fund. Timber proceeds from university system lands must be paid over to the state treasurer, who shall deposit the money to the credit of the proper fund for use as provided in 17-3-1003(1). Royalty payments purchased pursuant to 17-6-340 must be used as provided in that section and 20-9-622.

(3) The amount of money that is deposited into the trust land administration account may not exceed 1 1/8% of the book value balance in each of the nine permanent funds administered by the department on the first day of January preceding the new biennium and 10% of the previous fiscal year revenue deposited into the capitol building land grant trust fund."

NEW SECTION. **Section 3. Effective date.** [This act] is effective on passage and approval.

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