

HOUSE BILL NO. 602
INTRODUCED BY V. SMALL-EASTMAN

A BILL FOR AN ACT ENTITLED: "AN ACT CREATING A COAL BED METHANE IMPACT BOARD; ESTABLISHING A COAL BED METHANE IMPACT ACCOUNT; ALLOCATING FUNDS FOR THE ACCOUNT FROM THE OIL AND GAS PRODUCTION TAX; AUTHORIZING GRANTS TO ASSIST WITH ROAD CONSTRUCTION, EXPANSION, OR MAINTENANCE RELATED TO COAL BED METHANE DEVELOPMENT; APPROPRIATING UP TO \$3 MILLION; AMENDING SECTION 15-36-331, MCA; AND PROVIDING AN EFFECTIVE DATE."

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

NEW SECTION. **Section 1. Purpose.** The purpose of [sections 1 through 7] is to assist local governmental units and governing bodies of federally recognized Indian tribes that have been required to build, expand, or maintain roads as a consequence of coal bed methane development.

NEW SECTION. **Section 2. Account established.** (1) There is within the state special revenue fund a coal bed methane impact account.

(2) There must be deposited in the account the proceeds from the distribution of oil and natural gas production taxes, as provided in 15-36-331.

NEW SECTION. **Section 3. Definition of coal bed methane impact board.** For the purposes of [sections 1 through 7], "board" means the coal bed methane impact board provided for in [section 4].

NEW SECTION. **Section 4. Coal bed methane impact board.** (1) There is a coal bed methane impact board.

(2) The board is a five-member board appointed by the governor as provided under 2-15-124.

(3) (a) Subject to subsection (3)(b), the coal bed methane impact board must include among its members:

(i) a representative of the coal bed methane industry;

(ii) a county road superintendent as described in 7-14-2301;

- (iii) an employee of the department of transportation;
- (iv) a person who, when appointed to the board, is an elected county commissioner; and
- (v) a member of the public at large.

(b) At least three persons appointed to the board must reside in an area impacted or expected to be impacted by coal bed methane development.

(4) The board is allocated to the department of commerce for administrative purposes only as prescribed in 2-15-121.

(5) The board is a quasi-judicial board subject to the provisions of 2-15-124 except that one of the members need not be an attorney licensed to practice law in this state.

NEW SECTION. Section 5. Presiding officer, meetings, compensation, and facilities. (1) The board shall elect a presiding officer from among its members.

(2) The board shall meet quarterly and may meet at other times on the call of the presiding officer or a majority of the members.

(3) Members are entitled to compensation as provided for in 2-15-124(7).

(4) The department of commerce shall provide suitable office facilities and the necessary staff for the board.

NEW SECTION. Section 6. General board powers. The board may:

(1) retain professional consultants and advisors;

(2) adopt rules governing its proceedings;

(3) consider applications for grants from available funds;

(4) award grants from available funds to local governmental units, state agencies, and governing bodies of federally recognized Indian tribes to assist local governmental units and federally recognized Indian tribes that have been required to build, expand, or maintain roads due to the impact of coal bed methane development.

NEW SECTION. Section 7. Applications for grants. (1) The board shall prescribe the form for applications.

(2) Applicants shall describe the proposed expenditures.

Section 8. Section 15-36-331, MCA, is amended to read:

"15-36-331. Distribution of taxes. (1) (a) For each calendar quarter, the department shall determine the amount of tax, late payment interest, and penalties collected under this part.

(b) For the purposes of distribution of oil and natural gas production taxes to county and school district taxing units under 15-36-332 and to the state, the department shall determine the amount of oil and natural gas production taxes paid on production in the taxing unit.

(2) (a) The amount of oil and natural gas production taxes collected for the privilege and license tax pursuant to 82-11-131 must be deposited, in accordance with the provisions of 15-1-501, in the state special revenue fund for the purpose of paying expenses of the board, as provided in 82-11-135.

(b) The amount of the tax for the oil, gas, and coal natural resource account established in 90-6-1001 must be deposited in the account.

(3) (a) For each tax year, the amount of oil and natural gas production taxes determined under subsection (1)(b) is allocated to each county according to the following schedule:

	2005	2006 and succeeding tax years
Big Horn	45.04%	45.05%
Blaine	58.11%	58.39%
Carbon	48.93%	48.27%
Chouteau	57.65%	58.14%
Custer	80.9%	69.53%
Daniels	49.98%	50.81%
Dawson	50.64%	47.79%
Fallon	41.15%	41.78%
Fergus	83.52%	69.18%
Garfield	48.81%	45.96%
Glacier	64.74%	58.83%
Golden Valley	57.41%	58.37%
Hill	65.33%	64.51%
Liberty	59.73%	57.94%
McCone	52.86%	49.92%
Musselshell	51.44%	48.64%

Petroleum	54.62%	48.04%
Phillips	53.78%	54.02%
Pondera	70.89%	54.26%
Powder River	62.17%	60.9%
Prairie	39.73%	40.38%
Richland	46.72%	47.47%
Roosevelt	46.06%	45.71%
Rosebud	38.69%	39.33%
Sheridan	47.54%	47.99%
Stillwater	54.35%	53.51%
Sweet Grass	60.24%	61.24%
Teton	48.4%	46.1%
Toole	57.14%	57.61%
Valley	54.22%	51.43%
Wibaux	48.68%	49.16%
Yellowstone	48.06%	46.74%
All other counties	50.15%	50.15%

(b) The oil and natural gas production taxes allocated to each county must be deposited in the state special revenue fund and transferred to each county for distribution, as provided in 15-36-332.

(4) The department shall, in accordance with the provisions of 15-1-501, distribute the state portion of oil and natural gas production taxes remaining after the distributions pursuant to subsections (2) and (3) as follows:

(a) for each fiscal year through the fiscal year ending June 30, 2011, to be distributed as follows:

(i) 1.23% to the coal bed methane protection account established in 76-15-904;

(ii) 2.95% to the reclamation and development grants special revenue account established in 90-2-1104;

(iii) 2.95% to the orphan share account established in 75-10-743;

(iv) 2.65% to the state special revenue fund to be appropriated to the Montana university system for the purposes of the state tax levy as provided in 20-25-423;

(v) 2% to the coal bed methane impact account established in [section 2]; and

~~(v)~~(vi) all remaining proceeds to the state general fund;

(b) for fiscal years beginning after June 30, 2011, to be distributed as follows:

- (i) 4.18% to the reclamation and development grants special revenue account established in 90-2-1104;
- (ii) 2.95% to the orphan share account established in 75-10-743;
- (iii) 2.65% to the state special revenue fund to be appropriated to the Montana university system for the purposes of the state tax levy as provided in 20-25-423;
- (iv) 2% to the coal bed methane impact account established in [section 2]; and
- ~~(iv)~~(v) all remaining proceeds to the state general fund."

NEW SECTION. Section 9. Appropriation. There is appropriated up to \$3 million from the coal bed methane impact account established in [section 2] to the coal bed methane impact board established in [section 4].

NEW SECTION. Section 10. Notification to tribal governments. The secretary of state shall send a copy of [this act] to each tribal government located on the seven Montana reservations and to the Little Shell Chippewa tribe.

NEW SECTION. Section 11. Codification instruction. [Sections 1 through 7] are intended to be codified as an integral part of Title 90, chapter 6, and the provisions of Title 90, chapter 6, apply to [sections 1 through 7].

NEW SECTION. Section 12. Effective date. [This act] is effective July 1, 2007.

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