

HOUSE BILL NO. 823  
INTRODUCED BY V. SMALL-EASTMAN

A BILL FOR AN ACT ENTITLED: "AN ACT DIRECTING OIL AND NATURAL GAS PRODUCTION TAX REVENUE TO THE OIL, GAS, AND COAL NATURAL RESOURCE ACCOUNT; ALLOCATING FUNDS FROM THE ACCOUNT TO COUNTIES FOR THE MAINTENANCE OF ROADS AND BRIDGES; CLARIFYING THE USE OF COAL SEVERANCE TAX FUNDS DEPOSITED IN THE ACCOUNT; AMENDING SECTIONS 15-36-331 AND 90-6-1001, MCA; AND PROVIDING A RETROACTIVE APPLICABILITY DATE."

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

**Section 1.** 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 oil, gas, and coal natural resource account established in 90-6-1001; 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 oil, gas, and coal natural resource account established in 90-6-1001; and

~~(iv)~~(v) all remaining proceeds to the state general fund."

**Section 2.** Section 90-6-1001, MCA, is amended to read:

**"90-6-1001. Oil, gas, and coal natural resource account -- distribution.** (1) There is an oil, gas, and coal natural resource account in the state special revenue fund. The collections allocated to the account from 15-35-108(7) and 15-36-331(2)(b) and (4) must be deposited in the account.

(2) (a) By the dates referred to in 15-36-332(6), the department of revenue shall distribute the amount collected under 15-36-331(4) to counties based on county oil and gas production.

(b) The funds distributed under this subsection (2) must be used to maintain roads and bridges in the counties that receive the funds.

(3) Funds collected under 15-35-108(7) must be used to offset impacts created as a direct consequence of an increase or decrease in coal development or in the consumption of coal by a coal-using energy complex."

NEW SECTION. **Section 3. Retroactive applicability.** [This act] applies retroactively, within the

meaning of 1-2-109, to oil and natural gas production taxes collected for oil and natural gas produced on or after April 1, 2007.

- END -