

HOUSE BILL NO. 828
INTRODUCED BY A. OLSON

A BILL FOR AN ACT ENTITLED: "AN ACT REQUIRING THE ENERGY AND TELECOMMUNICATIONS INTERIM COMMITTEE TO CONDUCT AN INTERIM STUDY OF CARBON SEQUESTRATION ISSUES; PROVIDING FOR A SUBCOMMITTEE; ASSESSING A FEE ON THE OWNER OR OPERATOR OF A COAL-FIRED ELECTRIC GENERATION UNIT; PROVIDING AN APPROPRIATION; AMENDING SECTION 15-36-331, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

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

NEW SECTION. **Section 1. Interim study of carbon sequestration.** (1) The energy and telecommunications interim committee provided for in 5-5-230 shall appoint a subcommittee to conduct an interim study of carbon sequestration issues and report to the committee.

(2) The subcommittee must include four members of the energy and telecommunications interim committee, two from each party, chosen by the presiding officer of the committee with the concurrence of the vice presiding officer.

(3) (a) The subcommittee must include four additional, at-large members who are not members of the legislature, including:

- (i) one member appointed by the speaker of the house of representatives;
- (ii) one member appointed by the minority leader of the house of representatives;
- (iii) one member appointed by the president of the senate; and
- (iv) one member appointed by the minority leader of the senate.

(b) At-large members are entitled to the same compensation allowed for members of the energy and telecommunications interim committee.

(4) The purpose of the study is to facilitate and promote a better understanding of carbon sequestration and to examine reasonable, technologically implementable, and cost-effective methods of carbon capture, transportation, use, and sequestration.

(5) The study must include but is not limited to:

- (a) a review of existing federal and state regulations governing carbon sequestration;
- (b) an examination of reliable sources of existing information regarding carbon sequestration;

- (c) an inventory of sources and volumes of carbon produced in Montana;
 - (d) an examination of methods and technologies for the capture, transportation, use, and geologic and terrestrial sequestration of carbon;
 - (e) the economic costs and effects of carbon sequestration;
 - (f) the feasibility of geologic and terrestrial carbon sequestration in Montana and the characteristics of areas in the state where carbon could be sequestered;
 - (g) a review of the findings and recommendations of the Montana climate change advisory committee related to carbon sequestration; and
 - (h) any other issues determined by the subcommittee to be relevant to the purpose of the study.
- (6) The energy and telecommunications interim committee shall complete the study by September 15, 2008, and report to the 61st legislature on its findings and recommendations, including any recommendations for legislation.

NEW SECTION. SECTION 2. COAL-FIRED ELECTRIC GENERATION FEE. THE OWNER OR OPERATOR OF A COAL-FIRED ELECTRIC GENERATION UNIT OPERATING IN THE STATE ON [THE EFFECTIVE DATE OF THIS ACT] SHALL PAY BEFORE JULY 1, 2007, A ONE-TIME \$1,000 PER COAL-FIRED ELECTRIC GENERATION UNIT FEE TO THE LEGISLATIVE SERVICES DIVISION FOR USE BY THE ENERGY AND TELECOMMUNICATIONS INTERIM COMMITTEE FOR THE PURPOSES PROVIDED IN [SECTION 1].

Section 3. 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~~ Except as provided in subsection (2)(c), 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.

(c) In the 2009 biennium, ~~\$50,000~~ \$42,000 is allocated to the legislative services division for the purpose of a carbon sequestration study.

(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; and

(v) 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; and

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

NEW SECTION. Section 4. Appropriation. The ~~\$50,000~~ \$42,000 allocated to the legislative services division pursuant to 15-36-331 AND UP TO \$8,000 PURSUANT TO [SECTION 2] ~~is~~ ARE appropriated to the legislative services division from the state special revenue fund for use by the energy and telecommunications interim committee for the purposes provided in [section 1].

NEW SECTION. **Section 5. Effective date.** [This act] is effective on passage and approval.

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