

## HOUSE BILL NO. 165

INTRODUCED BY HOLLANDSWORTH

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A BILL FOR AN ACT ENTITLED: "AN ACT REVISING AND CLARIFYING THE DISTRIBUTION OF INCOME FROM CERTAIN STATE TRUST LANDS; PROVIDING THAT INCOME RECEIVED FROM CERTAIN ISLANDS, ABANDONED RIVERBEDS, RIVERBEDS, AND POWER SITES BE DEPOSITED IN THE GUARANTEE ACCOUNT FOR DISTRIBUTION TO PUBLIC SCHOOLS; AMENDING SECTIONS 17-3-1003, 20-9-516, 77-1-102, 77-1-103, AND 77-4-208, MCA; AMENDING SECTION 32, CHAPTER 486, LAWS OF 2009; AND PROVIDING AN EFFECTIVE DATE."

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

**Section 1.** Section 17-3-1003, MCA, is amended to read:

**"17-3-1003. Support of state institutions.** (1) ~~For~~ Except as provided in subsection (5), for the support and endowment of each state institution, there is annually and perpetually appropriated, after any deductions made under 77-1-109, the income from all permanent endowments for the institution and from all land grants as provided by law. All money received or collected in connection with permanent endowments by all higher educational institutions, reformatory, custodial and penal institutions, state hospitals, and sanitariums, for any purpose, except revenue pledged to secure the payment of principal and interest of obligations incurred for the purchase, construction, equipment, or improvement of facilities at units of the Montana university system and for the refunding of obligations or money that constitutes temporary deposits, all or part of which may be subject to withdrawal or repayment, must be paid to the state treasurer, who shall deposit the money to the credit of the proper fund.

(2) Except as provided in subsections (1), ~~and (3), and (5),~~ all money received from the investment of grants of a state institution and all money received from the leasing of lands granted to a state institution must be deposited with the state treasurer of Montana for each institution, to the credit of the state special revenue fund.

(3) Except as provided in 77-1-109 and subsection (4) of this section, all money received from the sale of timber from lands granted to a state institution must be deposited to the credit of the permanent trust fund for the support of the institution.

1 (4) The board of regents shall designate, at least once a biennium, whether the timber sale proceeds  
2 from Montana university system lands must be distributed to the beneficiaries or placed in the permanent fund.

3 (5) Except as provided in 77-1-109, income received from certain lands and riverbeds pursuant to  
4 77-1-103(4) or 77-4-208 must be deposited in the guarantee account provided for in 20-9-622 for distribution to  
5 public schools."

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7 **Section 2.** Section 20-9-516, MCA, is amended to read:

8 **"20-9-516. School facility and technology account.** (1) There is a school facility and technology  
9 account in the state special revenue fund provided for in 17-2-102. The purpose of the account is to provide  
10 money to schools for:

- 11 (a) major deferred maintenance;
- 12 (b) improving energy efficiency in school facilities;
- 13 (c) critical infrastructure in school districts;
- 14 (d) emergency facility needs; and
- 15 (e) technological improvements.

16 (2) There must be deposited in the account:

17 (a) an amount of money equal to the income attributable to the difference between the average sale  
18 value of 18 million board feet and the total income produced from the annual timber harvest on common school  
19 trust lands during the fiscal year; and

20 (b) the mineral royalties transferred from the guarantee account as provided in 20-9-622; and

21 ~~—— (c) the rental income received from power site leases as provided in 77-4-208."~~

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23 **Section 3.** Section 77-1-102, MCA, is amended to read:

24 **"77-1-102. Ownership of certain islands, ~~and abandoned riverbeds, and riverbeds.~~** (1) All The  
25 following lands belong to the state of Montana to be held in trust for the benefit of the public schools of the state:

26 (a) all lands lying and being in and forming a part of the abandoned bed of any navigable stream or lake  
27 in this state and lying between the meandered lines of ~~such the~~ stream or lake as ~~the same are~~ shown by the  
28 United States survey ~~thereof~~ of the stream or lake; ~~and~~

29 (b) all islands existing in the navigable streams or lakes in this state ~~which that~~ have not been surveyed  
30 by the government of the United States; and

1           (c) all lands ~~which that~~ at any time in the past ~~comprised such~~ constituted an island or any part thereof  
 2 of an island in a navigable stream or lake, except ~~such those~~ lands as that are occupied by and belong to the  
 3 adjacent landowners as accretions, ~~belong to the state of Montana to be held in trust for the benefit of the public~~  
 4 ~~schools of the state.~~

5           (2) State-owned riverbeds are public lands of the state that are held in trust for the people as provided  
 6 in Article X, section 11, of the Montana constitution."

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 8           **Section 4.** Section 77-1-103, MCA, is amended to read:  
 9           **"77-1-103. Administration of lands.** (1) The board shall ~~lease or sell~~ lands under ~~77-1-102~~ 77-1-102(1)  
 10 in the same manner as other school lands of the state are ~~leased and~~ sold.

11           (2) The board may sell the lands under 77-1-102(1) or lease ~~these~~ the lands under 77-1-102 without  
 12 having them surveyed, unless the board considers it to be to the best interests of the state to have the lands  
 13 surveyed as in 77-1-104.

14           (3) The proceeds from the ~~leasing and sale of such~~ the lands under 77-1-102(1) shall ~~must~~ be disposed  
 15 of in the same manner as disposition is made of the proceeds from the ~~leasing and~~ sale of school lands of the  
 16 state.

17           (4) The income received from the leasing, licensing, or other use of lands under 77-1-102(1) or riverbeds  
 18 under 77-1-102(2) must be deposited in accordance with 17-3-1003(5)."

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 20           **Section 5.** Section 77-4-208, MCA, is amended to read:  
 21           **"77-4-208. Rental for power sites -- deposit of rental money in proper accounts.** (1) The rental  
 22 payment to the state for power sites must be paid annually or semiannually, and the rental may not be less than  
 23 the full market value of the estate or interest disposed of through the granting of the lease or license. The value  
 24 must be carefully ascertained from all available sources.

25           (2) ~~Ninety-five percent of all~~ Beginning July 1, 2011, all rental payments received under this section must  
 26 be deposited ~~in the school facility and technology account provided for in 20-9-516. The remaining 5% of the~~  
 27 ~~rental payments received must be deposited annually in the public school permanent fund provided for in~~  
 28 ~~20-9-624~~ in accordance with 17-3-1003(5)."

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 30           **Section 6.** Section 32, Chapter 486, Laws of 2009, is amended to read:

1           **"Section 32. Coordination instruction.** If House Bill No. 152 and [this act] are both passed and  
2 approved, then [section 22] of House Bill No. 152 must be amended as follows:

3           **"NEW SECTION. Section 22. Applicability.** [Section 18] applies to rental payments beginning ~~January~~  
4 ~~1, 2011~~ 2012 July 1, 2011."

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6           **NEW SECTION. Section 7. Effective date.** [This act] is effective July 1, 2011.

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