

1 SENATE BILL NO. 100

2 INTRODUCED BY D. BROWN

3

4 A BILL FOR AN ACT ENTITLED: "AN ACT PROVIDING THAT A PORTION OF COAL SEVERANCE TAX
5 COLLECTIONS FROM NEWLY PERMITTED COAL MINES AND A PORTION OF OIL AND NATURAL GAS
6 PRODUCTION TAXES FROM NEWLY DRILLED OIL AND NATURAL GAS WELLS ARE ALLOCATED TO THE
7 SCHOOL FLEXIBILITY ACCOUNT; AMENDING SECTIONS 15-35-108, 15-36-331, AND 90-6-1001, MCA; AND
8 PROVIDING AN EFFECTIVE DATE."

9

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

11

12 **Section 1.** Section 15-35-108, MCA, is amended to read:

13 **"15-35-108. (Temporary) Disposal of severance taxes.** Severance taxes collected under this chapter
14 must, in accordance with the provisions of 17-2-124, be allocated as follows:

15 (1) Fifty percent of total coal severance tax collections is allocated to the trust fund created by Article IX,
16 section 5, of the Montana constitution. The trust fund money must be deposited in the fund established under
17 17-6-203(6) and invested by the board of investments as provided by law.

18 (2) The amount of 5.8% through September 30, 2013, and beginning October 1, 2013, the amount of
19 2.9% must be credited to the coal natural resource account established in 90-6-1001(2).

20 (3) After the allocations are made under subsections (1) and (2) and before the allocations are made
21 under subsections (4) through (6), the amount of 25% of coal severance tax collections from a coal mine
22 permitted under the provisions of Title 82, chapter 4, part 1 or 2, after June 30, 2013, must be allocated to the
23 school flexibility account established in 20-9-542.

24 (4) After the allocations are made under subsections (1) through (3), the remaining amount of coal
25 severance tax collections must be allocated as follows:

26 ~~(2)(a)~~ The the amount of 12% of coal severance tax collections is must be allocated to the long-range
27 building program account established in 17-7-205;

28 ~~(3)(b)~~ The the amount of 5.46% must be credited to an account in the state special revenue fund to be
29 allocated by the legislature for provision of basic library services for the residents of all counties through library
30 federations and for payment of the costs of participating in regional and national networking, conservation

1 districts, and the Montana Growth Through Agriculture Act. Expenditures of the allocation may be made only from
 2 this account. Money may not be transferred from this account to another account other than the general fund.
 3 ~~Beginning July 1, 2012, any~~ Any unreserved fund balance at the end of each fiscal year must be deposited in the
 4 general fund.

5 ~~(4)(c)~~ The the amount of 1.27% must be allocated to a permanent fund account for the purpose of parks
 6 acquisition or management. Income from this permanent fund account, excluding unrealized gains and losses,
 7 must be appropriated for the acquisition, development, operation, and maintenance of any sites and areas
 8 described in 23-1-102.

9 ~~(5)(d)~~ The the amount of 0.95% must be allocated to the debt service fund type to the credit of the
 10 renewable resource loan debt service fund; and

11 ~~(6)(e)~~ The the amount of 0.63% must be allocated to a trust fund for the purpose of protection of works
 12 of art in the capitol and for other cultural and aesthetic projects. Income from this trust fund account, excluding
 13 unrealized gains and losses, must be appropriated for protection of works of art in the state capitol and for other
 14 cultural and aesthetic projects.

15 ~~— (7) The amount of 5.8% through September 30, 2013, and beginning October 1, 2013, the amount of~~
 16 ~~2.9% must be credited to the coal natural resource account established in 90-6-1001(2).~~

17 ~~(8)(5)~~ (5) After the allocations are made under subsections ~~(2)~~ (1) through ~~(7)~~ (4), \$250,000 for the fiscal
 18 year must be credited to the coal and uranium mine permitting and reclamation program account established in
 19 82-4-244.

20 ~~(9)(6)~~ (6) (a) Subject to subsection ~~(9)(b)~~ (6)(b), all other revenue from severance taxes collected under the
 21 provisions of this chapter must be credited to the general fund of the state.

22 (b) The interest income from \$140 million of the coal severance tax permanent fund that is deposited
 23 in the general fund is statutorily appropriated, as provided in 17-7-502, on an annual basis as follows:

24 (i) \$65,000 to the cooperative development center;

25 (ii) \$625,000 for the growth through agriculture program provided for in Title 90, chapter 9;

26 (iii) \$1.275 million to the research and commercialization state special revenue account created in
 27 90-3-1002, of which \$375,000 per year is appropriated for fiscal years 2012 and 2013 to the department of
 28 commerce for the small business state matching grant program authorized in 90-1-117 to provide matching grants
 29 for small business innovation research and small business technology transfer, \$125,000 per year is appropriated
 30 for fiscal years 2012 and 2013 to the high-performance supercomputing program in the department of commerce,

1 and \$300,000 per year is appropriated for fiscal years 2012 and 2013 to the board of regents for the development
2 of energy and natural resources doctoral programs at Montana tech of the university of Montana;

3 (iv) to the department of commerce:

4 (A) \$125,000 for a small business development center;

5 (B) \$50,000 for a small business innovative research program;

6 (C) \$425,000 for certified regional development corporations;

7 (D) \$200,000 for the Montana manufacturing extension center at Montana state university-Bozeman;

8 and

9 (E) \$300,000 for export trade enhancement. (Terminates June 30, 2013--sec. 5, Ch. 459, L. 2009.)

10 **15-35-108. (Effective July 1, 2013) Disposal of severance taxes.** Severance taxes collected under
11 this chapter must, in accordance with the provisions of 17-2-124, be allocated as follows:

12 (1) Fifty percent of total coal severance tax collections is allocated to the trust fund created by Article IX,
13 section 5, of the Montana constitution. The trust fund money must be deposited in the fund established under
14 17-6-203(6) and invested by the board of investments as provided by law.

15 (2) The amount of 5.8% through September 30, 2013, and beginning October 1, 2013, the amount of
16 2.9% must be credited to the coal natural resource account established in 90-6-1001(2).

17 (3) After the allocations are made under subsections (1) and (2) and before the allocations are made
18 under subsections (4) through (6), the amount of 25% of coal severance tax collections from a coal mine
19 permitted under the provisions of Title 82, chapter 4, part 1 or 2, after June 30, 2013, must be allocated to the
20 school flexibility account established in 20-9-542.

21 (4) After the allocations are made under subsections (1) through (3), the remaining amount of coal
22 severance tax collections must be allocated as follows:

23 ~~(2)(a)~~ The the amount of 12% of coal severance tax collections is must be allocated to the long-range
24 building program account established in 17-7-205;

25 ~~(3)(b)~~ The the amount of 5.46% must be credited to an account in the state special revenue fund to be
26 allocated by the legislature for provision of basic library services for the residents of all counties through library
27 federations and for payment of the costs of participating in regional and national networking, conservation
28 districts, and the Montana Growth Through Agriculture Act. Expenditures of the allocation may be made only from
29 this account. Money may not be transferred from this account to another account other than the general fund.

30 ~~Beginning July 1, 2012, any~~ Any unreserved fund balance at the end of each fiscal year must be deposited in the

1 general fund.

2 ~~(4)(c)~~ The ~~the~~ amount of 1.27% must be allocated to a permanent fund account for the purpose of parks
3 acquisition or management. Income from this permanent fund account, excluding unrealized gains and losses,
4 must be appropriated for the acquisition, development, operation, and maintenance of any sites and areas
5 described in 23-1-102.

6 ~~(5)(d)~~ The ~~the~~ amount of 0.95% must be allocated to the debt service fund type to the credit of the
7 renewable resource loan debt service fund; and

8 ~~(6)(e)~~ The ~~the~~ amount of 0.63% must be allocated to a trust fund for the purpose of protection of works
9 of art in the capitol and for other cultural and aesthetic projects. Income from this trust fund account, excluding
10 unrealized gains and losses, must be appropriated for protection of works of art in the state capitol and for other
11 cultural and aesthetic projects.

12 ~~———— (7) The amount of 5.8% through September 30, 2013, and beginning October 1, 2013, the amount of~~
13 ~~2.9% must be credited to the coal natural resource account established in 90-6-1001(2).~~

14 ~~(8)(5)~~ After the allocations are made under subsections ~~(2)~~ (1) through ~~(7)~~ (4), \$250,000 for the fiscal
15 year must be credited to the coal and uranium mine permitting and reclamation program account established in
16 82-4-244.

17 ~~(9)(6)~~ (a) Subject to subsection ~~(9)(b)~~ (6)(b), all other revenue from severance taxes collected under the
18 provisions of this chapter must be credited to the general fund of the state.

19 (b) The interest income from \$140 million of the coal severance tax permanent fund that is deposited
20 in the general fund is statutorily appropriated, as provided in 17-7-502, on an annual basis as follows:

21 (i) \$65,000 to the cooperative development center;

22 (ii) \$1.25 million for the growth through agriculture program provided for in Title 90, chapter 9;

23 (iii) \$3.65 million to the research and commercialization state special revenue account created in
24 90-3-1002;

25 (iv) to the department of commerce:

26 (A) \$125,000 for a small business development center;

27 (B) \$50,000 for a small business innovative research program;

28 (C) \$425,000 for certified regional development corporations;

29 (D) \$200,000 for the Montana manufacturing extension center at Montana state university-Bozeman;

30 and

1 (E) \$300,000 for export trade enhancement. (Terminates June 30, 2019--secs. 2, 3, Ch. 459, L. 2009.)

2 **15-35-108. (Effective July 1, 2019) Disposal of severance taxes.** Severance taxes collected under
3 this chapter must, in accordance with the provisions of 17-2-124, be allocated as follows:

4 (1) Fifty percent of total coal severance tax collections is allocated to the trust fund created by Article IX,
5 section 5, of the Montana constitution. The trust fund money must be deposited in the fund established under
6 17-6-203(6) and invested by the board of investments as provided by law.

7 (2) The amount of 2.9% must be credited to the coal natural resource account established in
8 90-6-1001(2).

9 (3) After the allocations are made under subsections (1) and (2) and before the allocations are made
10 under subsections (4) through (6), the amount of 25% of coal severance tax collections from a coal mine
11 permitted under the provisions of Title 82, chapter 4, part 1 or 2, after June 30, 2013, must be allocated to the
12 school flexibility account established in 20-9-542.

13 (4) After the allocations are made under subsections (1) through (3), the remaining amount of coal
14 severance tax collections must be allocated as follows:

15 (2)(a) The amount of 12% of coal severance tax collections is must be allocated to the long-range
16 building program account established in 17-7-205;

17 (3)(b) The the amount of 5.46% must be credited to an account in the state special revenue fund to be
18 allocated by the legislature for provision of basic library services for the residents of all counties through library
19 federations and for payment of the costs of participating in regional and national networking, conservation
20 districts, and the Montana Growth Through Agriculture Act. Expenditures of the allocation may be made only from
21 this account. Money may not be transferred from this account to another account other than the general fund.
22 Beginning July 1, 2012, any Any unreserved fund balance at the end of each fiscal year must be deposited in the
23 general fund.

24 (4)(c) The the amount of 1.27% must be allocated to a permanent fund account for the purpose of parks
25 acquisition or management. Income from this permanent fund account, excluding unrealized gains and losses,
26 must be appropriated for the acquisition, development, operation, and maintenance of any sites and areas
27 described in 23-1-102.

28 (5)(d) The the amount of 0.95% must be allocated to the debt service fund type to the credit of the
29 renewable resource loan debt service fund; and

30 (6)(e) The the amount of 0.63% must be allocated to a trust fund for the purpose of protection of works

1 of art in the capitol and for other cultural and aesthetic projects. Income from this trust fund account, excluding
2 unrealized gains and losses, must be appropriated for protection of works of art in the state capitol and for other
3 cultural and aesthetic projects.

4 ~~——— (7) The amount of 2.9% must be credited to the coal natural resource account established in~~
5 ~~90-6-1001(2).~~

6 ~~(6)(5)~~ After the allocations are made under subsections ~~(2) (1)~~ through ~~(7) (4)~~, \$250,000 for the fiscal
7 year must be credited to the coal and uranium mine permitting and reclamation program account established in
8 82-4-244.

9 ~~(9)(6)~~ All other revenue from severance taxes collected under the provisions of this chapter must be
10 credited to the general fund of the state."
11

12 **Section 2.** Section 15-36-331, MCA, is amended to read:

13 **"15-36-331. Distribution of taxes.** (1) (a) For each calendar quarter, the department shall determine
14 the amount of tax, late payment interest, and penalties collected under this part.

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

18 (2) (a) The amount of oil and natural gas production taxes collected for the privilege and license tax
19 pursuant to 82-11-131 must be deposited, in accordance with the provisions of 17-2-124, in the state special
20 revenue fund for the purpose of paying expenses of the board, as provided in 82-11-135.

21 (b) The amount of the tax allocated in 15-36-304(7)(b) for the oil and gas natural resource distribution
22 account established in 90-6-1001(1) must be deposited in the account.

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

25	Big Horn	45.05%
26	Blaine	58.39%
27	Carbon	48.27%
28	Chouteau	58.14%
29	Custer	69.53%
30	Daniels	50.81%

1	Dawson	47.79%
2	Fallon	41.78%
3	Fergus	69.18%
4	Garfield	45.96%
5	Glacier	58.83%
6	Golden Valley	58.37%
7	Hill	64.51%
8	Liberty	57.94%
9	McCone	49.92%
10	Musselshell	48.64%
11	Petroleum	48.04%
12	Phillips	54.02%
13	Pondera	54.26%
14	Powder River	60.9%
15	Prairie	40.38%
16	Richland	47.47%
17	Roosevelt	45.71%
18	Rosebud	39.33%
19	Sheridan	47.99%
20	Stillwater	53.51%
21	Sweet Grass	61.24%
22	Teton	46.1%
23	Toole	57.61%
24	Valley	51.43%
25	Wibaux	49.16%
26	Yellowstone	46.74%
27	All other counties	50.15%

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

30 (4) After the distributions are made under subsections (2) and (3), the department shall, in accordance

1 with the provisions of 17-2-124, distribute the amount of 25% of oil and natural gas production taxes from oil and
 2 natural gas wells drilled after December 31, 2013, to the school flexibility account established in 20-9-542.

3 ~~(4)(5)~~ The department shall, in accordance with the provisions of 17-2-124, distribute the state portion
 4 of oil and natural gas production taxes remaining after the distributions pursuant to subsections (2) ~~and (3)~~
 5 through (4) as follows:

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

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

8 ~~—— (ii) 1.45% to the natural resources projects state special revenue account established in 15-38-302;~~

9 ~~—— (iii) 1.45% to the natural resources operations state special revenue account established in 15-38-301;~~

10 ~~—— (iv) 2.99% to the orphan share account established in 75-10-743;~~

11 ~~—— (v) 2.65% to the state special revenue fund to be appropriated to the Montana university system for the~~
 12 ~~purposes of the state tax levy as provided in 15-10-108; and~~

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

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

15 ~~(i)(a)~~ 2.16% to the natural resources projects state special revenue account established in 15-38-302;

16 ~~(ii)(b)~~ 2.02% to the natural resources operations state special revenue account established in 15-38-301;

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

18 ~~(iv)(d)~~ 2.65% to the state special revenue fund to be appropriated to the Montana university system for
 19 the purposes of the state tax levy as provided in 15-10-108; and

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

21

22 **Section 3.** Section 90-6-1001, MCA, is amended to read:

23 **"90-6-1001. Oil, gas, and coal natural resource accounts.** (1) There is an oil and gas natural resource
 24 distribution account in the state special revenue fund. The collections allocated to the account from
 25 15-36-304(7)(b) must be deposited in the account to be used as provided in 15-36-332(7) and (8).

26 (2) There is a coal natural resource account in the state special revenue fund. The collections allocated
 27 to the account from 15-35-108(7)(2) must be deposited in the account. The money in the account is allocated to
 28 the coal board provided for in 2-15-1821 and may be used only for local impact grants provided for in 90-6-205
 29 through 90-6-207 and costs related to the administration of the grant awards."

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