

SENATE BILL NO. 354

INTRODUCED BY R. RIPLEY

A BILL FOR AN ACT ENTITLED: "AN ACT CREATING THE BUILD MONTANA PROGRAM WITHIN THE COAL SEVERANCE TAX TRUST FUND; ESTABLISHING A JOINT INTERIM SUBCOMMITTEE TO REVIEW PRIORITIZED LISTS OF RECOMMENDED INFRASTRUCTURE PROJECTS FOR FUNDING BY THE BUILD MONTANA PROGRAM; REQUIRING THE DEPARTMENT OF COMMERCE AND THE DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION TO PROVIDE A LIST OF RECOMMENDED PROJECTS TO THE SUBCOMMITTEE; ALLOWING OTHER ORGANIZATIONS TO PROVIDE A LIST OF RECOMMENDED PROJECTS TO THE SUBCOMMITTEE; ~~REQUIRING LOCAL GOVERNMENTS TO PROVIDE MATCHING FUNDS FOR PROJECTS BASED ON A FORMULA~~; REQUIRING THE SUBCOMMITTEE TO ISSUE ONE LIST OF RECOMMENDED INFRASTRUCTURE PROJECTS FOR FUNDING TO THE LEGISLATURE; ~~CREATING~~ ALLOCATING AND TRANSFERRING COAL SEVERANCE TAX FUNDS TO THE BUILD MONTANA FUND AND; CREATING A STATE SPECIAL REVENUE ACCOUNT; REVISING THE ALLOCATION OF COAL SEVERANCE TAXES; ~~PROVIDING FOR A TRANSFER FROM THE COAL SEVERANCE TAX BOND FUND TO THE BUILD MONTANA FUND~~; PROVIDING A STATUTORY APPROPRIATION; AMENDING ~~SECTION~~ SECTIONS 17-5-703 AND 17-7-502, MCA; AND PROVIDING AN EFFECTIVE DATE."

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

NEW SECTION. Section 1. Build Montana program created -- purpose. (1) There is a build Montana program, the purpose of which is to supplement, not supplant, state funding for local government infrastructure projects by using currently existing programs and through the establishment of a build Montana fund.

(2) Interest and principal in the build Montana fund may be used to provide financial assistance for local government infrastructure projects under [sections 1 through 5 6].

NEW SECTION. Section 2. Definitions. As used in [sections 1 through 5 6], the following definitions apply:

(1) "Build Montana program" means the local government infrastructure investment program established in [section 1].

(2) "Infrastructure projects" means:

(a) drinking water systems;

(b) wastewater treatment;

(c) sanitary sewer or storm sewer systems;

(d) solid waste disposal and separation systems, including site acquisition, preparation, or monitoring;

(e) local government roads and streets;

(F) FACILITIES FOR SCHOOLS IN LIMITED EXIGENT CIRCUMSTANCES AS OUTLINED IN 20-9-516(1)(C), (1)(D), AND (1)(F);

~~(f)(G) facilities for schools in limited exigent circumstances as outlined in 20-9-516(1)(c), (1)(d), and (1)(f)~~
STATEWIDE LAW ENFORCEMENT AND EMERGENCY RADIO COMMUNICATION EQUIPMENT AND STRUCTURES; or

~~(g)(H)~~ bridges.

(3) "Local government" means an incorporated city or town, a county, a consolidated local government, a tribal government, A SCHOOL DISTRICT, ~~a school district~~, a county or multicounty water, sewer, or solid waste district, or an authority as defined in 75-6-304.

(4) "Subcommittee" means the build Montana joint interim subcommittee provided for in [section 4].

NEW SECTION. Section 3. Build Montana fund -- build Montana account -- ANNUAL TRANSFER TO SCHOOL FACILITY AND TECHNOLOGY ACCOUNT. (1) There is a build Montana fund administered by the department of administration. Pursuant to 17-5-703, a percentage of coal severance taxes received by the state are deposited into this fund. Earnings not transferred to the build Montana special revenue account provided for in subsection (2) must be retained in the build Montana fund.

(2) There is a build Montana account in the state special revenue fund. ~~The state treasurer shall monthly transfer from the build Montana fund to the build Montana account the amount of earnings, excluding unrealized gains and losses, and principal required to meet the obligations of the state that are payable from the account for infrastructure projects authorized by the legislature under [sections 1 through 5]~~ THE ACCOUNT RECEIVES EARNINGS FROM THE BUILD MONTANA ENDOWMENT FUND AS PROVIDED IN 17-5-703. THE MONEY IN THE ACCOUNT IS STATUTORILY APPROPRIATED, AS PROVIDED IN 17-7-502, TO THE DEPARTMENT OF COMMERCE AND MAY BE USED ONLY FOR INFRASTRUCTURE PROJECTS AUTHORIZED BY THE LEGISLATURE UNDER [SECTIONS 1 THROUGH 6]. THE STATE TREASURER SHALL TRANSFER 10% OF THE INTEREST EARNINGS RECEIVED FROM THE BUILD MONTANA ENDOWMENT FUND TO THE SCHOOL FACILITY AND TECHNOLOGY ACCOUNT ESTABLISHED IN 20-9-516 FOR FUNDING PROJECTS OUTLINED IN

1 20-9-516(1)(C), (1)(D), AND (1)(F).

3 **NEW SECTION. Section 4. Projects for build Montana fund -- joint interim subcommittee -- duties.**

4 (1) There is a build Montana joint interim subcommittee whose duty is to submit a consolidated proposal for
5 infrastructure projects for funding from the build Montana fund to the legislature each session.

6 (2) The subcommittee is composed of eight members as follows:

7 (a) two members from the majority party who are members of the legislative finance committee;

8 (b) two members from the minority party who are members of the legislative finance committee;

9 (c) two members from the majority party who are members of the economic affairs interim committee;

10 and

11 (d) two members from the minority party who are members of the economic affairs interim committee.

12 (3) The subcommittee shall meet by June 15 of every even-numbered year to receive and review the
13 lists of infrastructure projects submitted pursuant to [section 5]. THE SUBCOMMITTEE MAY ESTABLISH RANKING
14 CRITERIA FOR INFRASTRUCTURE PROJECTS.

15 (4) By September 1 of each even-numbered year, the subcommittee shall issue a comprehensive
16 prioritized list of recommended projects and recommended financial assistance to be funded by the build Montana
17 fund based on the lists received by the interim subcommittee pursuant to [section 5] and other relevant criteria.
18 ~~Between 10% and 15% of the funding for projects in the list must be dedicated to projects outlined in~~
19 ~~20-9-516(1)(c), (1)(d), and (1)(f). BETWEEN 10% AND 15% OF THE FUNDING FOR PROJECTS IN THE LIST MUST BE~~
20 ~~DEDICATED TO PROJECTS OUTLINED IN 20-9-516(1)(C), (1)(D), AND (1)(F).~~ The list may also include recommended
21 amounts of local funding for the projects.

22 (5) The subcommittee shall submit the list to the legislature for approval. GRANTS FOR LOCAL GOVERNMENT
23 ROAD AND STREET PROJECTS MAY NOT EXCEED 30% OF THE TOTAL FUNDS AVAILABLE FOR GRANTING FROM THE BUILD
24 MONTANA FUND IN A BIENNIUM.

25 (6) Projects approved by the legislature for funding under this section must comply with the provisions
26 of 18-1-102.

27 (7) The personnel, data, and facilities of the legislative services division and other appropriation
28 legislative entities must be made available to the subcommittee.

29 (8) THE DEPARTMENT OF COMMERCE SHALL ADMINISTER THE GRANTS APPROVED BY THE LEGISLATURE.

1 NEW SECTION. Section 5. Submission of agency recommendations -- other requests. (1) By May
2 1 of every even-numbered year, the department of commerce ~~and the department of natural resources and~~
3 ~~conservation shall submit a list to the subcommittee~~ TO THE SUBCOMMITTEE A LIST of infrastructure projects AND
4 A LIST OF LOCAL GOVERNMENT ROAD AND STREET PROJECTS recommended for funding by the build Montana fund.
5 The lists must be submitted in an electronic format.

6 (2) Each list submitted must be prioritized and ranked according to:

7 (A) the department's current local infrastructure criteria FOR INFRASTRUCTURE PROJECTS THAT ARE NOT
8 LOCAL GOVERNMENT ROAD OR STREET PROJECTS; AND

9 (B) THE CRITERIA ESTABLISHED UNDER [SECTION 6] FOR LOCAL GOVERNMENT ROAD AND STREET PROJECTS.

10 (3) By ~~May~~ FEBRUARY 1 of each even-numbered year, GOVERNING BODIES OF local governments,
11 ~~organizations representing local governments, or governing bodies of school districts~~ GOVERNING BODIES OF
12 SCHOOL DISTRICTS, OR AN ENTITY RESPONSIBLE FOR STATEWIDE PUBLIC SAFETY RADIO COMMUNICATION SYSTEMS THE
13 STATEWIDE INTEROPERABILITY GOVERNING BOARD may submit ~~a list to the subcommittee of prioritized infrastructure~~
14 ~~projects recommended~~ APPLICATIONS FOR INFRASTRUCTURE PROJECTS TO THE DEPARTMENT OF COMMERCE for
15 funding by the build Montana fund.

16
17 ~~NEW SECTION. SECTION 6. FORMULA FOR LOCAL GOVERNMENT MATCH RATE BASED ON RELATIVE~~
18 ~~PARTICIPATION RATIO. (1) THE MATCH RATE FOR A LOCAL GOVERNMENT IS CALCULATED BASED ON ITS RELATIVE~~
19 ~~PARTICIPATION RATIO.~~

20 ~~(2) THE RELATIVE PARTICIPATION RATIO FOR A LOCAL GOVERNMENT THAT IS NOT A COUNTY IS THE NUMBER OF~~
21 ~~ITS CITY-REPORTED MILLS DIVIDED BY THE MEDIAN OF THE CITY-REPORTED MILLS OF ALL CITIES AS REPORTED IN THE MOST~~
22 ~~RECENT BIENNIAL REPORT OF THE DEPARTMENT OF REVENUE.~~

23 ~~(3) THE RELATIVE PARTICIPATION RATIO FOR A COUNTY IS THE SUM OF ITS COUNTY MILLS DIVIDED BY THE MEDIAN~~
24 ~~OF COUNTY MILLS OF ALL COUNTIES AS REPORTED IN THE DEPARTMENT OF REVENUE'S MOST RECENT BIENNIAL REPORT.~~
25 ~~THE SUM OF COUNTY MILLS INCLUDES ALL MILLS OTHER THAN THE CITY MILLS AS REPORTED IN THE MOST RECENT BIENNIAL~~
26 ~~REPORT OF THE DEPARTMENT OF REVENUE, INCLUDING STATE, COUNTY, COUNTYWIDE SCHOOL, AND LOCAL SCHOOL~~
27 ~~AVERAGE MILLS, FIRE DISTRICT AVERAGE MILLS, AND MISCELLANEOUS MILLS.~~

28 ~~(4) THE MATCH RATE FOR A LOCAL GOVERNMENT IS CALCULATED BY:~~

29 ~~(A) SUBTRACTING THE LOCAL GOVERNMENT'S RELATIVE PARTICIPATION RATIO FROM 1;~~

30 ~~(B) DIVIDING THE DIFFERENCE BY 2; AND~~

1 ~~_____ (C) MULTIPLYING THE QUOTIENT BY 1.~~

2
3 **NEW SECTION. SECTION 6. CRITERIA FOR LOCAL GOVERNMENT ROAD AND STREET PROJECT GRANTS --**

4 **APPLICATION REQUIREMENTS. (1) GRANTS FOR LOCAL GOVERNMENT ROAD AND STREET PROJECTS ARE AVAILABLE FOR:**

5 (A) PREVENTIVE MAINTENANCE;

6 (B) REHABILITATION, INCLUDING PROJECTS DESIGNED TO EXTEND THE LIFE OF EXISTING ROAD SURFACES BY
7 POTHOLE FILLING, CRACK SEALING, CHIP SEALING, GRAVELING, ASPHALTING, AND OVERLAYING;

8 (C) RESTORATION;

9 (D) CONSTRUCTION; AND

10 (E) RECONSTRUCTION.

11 (3) A LOCAL GOVERNMENT ROAD OR STREET PROJECT FOR CONSTRUCTION IMPROVEMENT OF A GRAVEL ROAD
12 SHOULD BE DESIGNED IN ACCORDANCE WITH THE MONTANA COUNTY GRAVEL ROAD STANDARDS ESTABLISHED BY THE
13 LOCAL TECHNICAL ASSISTANCE PROGRAM AT MONTANA STATE UNIVERSITY AS A MINIMUM DESIGN STANDARD.

14 (4) A LOCAL GOVERNMENT ROAD OR STREET PROJECT FOR CONSTRUCTION IMPROVEMENT OF A PAVED STREET
15 OR ROAD SHOULD BE DESIGNED IN ACCORDANCE WITH THE STANDARDS OF THE AMERICAN ASSOCIATION OF STATE
16 HIGHWAY AND TRANSPORTATION OFFICIALS IF APPLICABLE.

17 (5) APPLICATIONS FOR LOCAL GOVERNMENT ROAD AND STREET PROJECT GRANTS MUST PROVIDE THE
18 FOLLOWING INFORMATION:

19 (A) SCOPE;

20 (B) SCHEDULE;

21 (C) BUDGET, INCLUDING THE AMOUNT AND SOURCE OF THE MATCH REQUIREMENT AND THE STRATEGY FOR
22 ADMINISTERING AND TRACKING;

23 (D) ROLES AND RESPONSIBILITIES OF THE LOCAL GOVERNMENT; AND

24 (E) MAINTENANCE COMMITMENT BY THE LOCAL GOVERNMENT.

25 (6) ALL GRANT RECIPIENTS FOR LOCAL GOVERNMENT ROAD AND STREET PROJECTS UNDER [SECTION 3] SHALL
26 COMPLY WITH THE PROVISIONS OF TITLE 7, CHAPTER 5, PART 23, AND TITLE 7, CHAPTER 14, PART 24.

27
28 ~~_____ **Section 6.** Section 17-5-703, MCA, is amended to read:~~

29 ~~_____ **"17-5-703. (Temporary) Coal severance tax trust funds.** (1) The trust established under Article IX,~~
30 ~~section 5, of the Montana constitution is composed of the following funds:~~

1 ~~—— (a) a coal severance tax bond fund into which the constitutionally dedicated receipts from the coal~~
2 ~~severance tax must be deposited;~~

3 ~~—— (b) a treasure state endowment fund;~~

4 ~~—— (c) a treasure state endowment regional water system fund;~~

5 ~~—— (d) a coal severance tax permanent fund;~~

6 ~~—— (e) a coal severance tax income fund; and~~

7 ~~—— (f) a big sky economic development fund.~~

8 ~~—— (2) (a) The state treasurer shall determine, on July 1 of each year, the amount necessary to meet all~~
9 ~~principal and interest payments on bonds payable from the coal severance tax bond fund during the next 12~~
10 ~~months and retain that amount in the coal severance tax bond fund.~~

11 ~~—— (b) The Once the trust established under Article IX, section 5, of the Montana constitution exceeds \$1~~
12 ~~billion, excluding the coal severance tax bond fund, the state treasurer shall certify that fact to the budget director.~~

13 ~~Once the state treasurer makes the certification, 90% 80% of the amount in the coal severance tax bond fund~~
14 ~~in excess of the amount required in subsection (2)(a) must be transferred from that fund as provided in~~
15 ~~subsections (3) and (4) on a quarterly basis to the build Montana fund established in [section 3].~~

16 ~~—— (3) (a) Until June 30, 2016, the state treasurer shall quarterly transfer to the treasure state endowment~~
17 ~~fund 50% of the amount in the coal severance tax bond fund in excess of the amount that is specified in~~
18 ~~subsection (2) to be retained in the fund.~~

19 ~~—— (b) Until June 30, 2016, the state treasurer shall quarterly transfer to the treasure state endowment~~
20 ~~regional water system fund 25% of the amount in the coal severance tax bond fund in excess of the amount that~~
21 ~~is specified in subsection (2) to be retained in the fund.~~

22 ~~—— (c)(3) (a) The state treasurer shall monthly transfer from the treasure state endowment fund to the~~
23 ~~treasure state endowment special revenue account the amount of earnings, excluding unrealized gains and~~
24 ~~losses, required to meet the obligations of the state that are payable from the account in accordance with~~
25 ~~90-6-710. Earnings not transferred to the treasure state endowment special revenue account must be retained~~
26 ~~in the treasure state endowment fund.~~

27 ~~—— (d)(b) The state treasurer shall monthly transfer from the treasure state endowment regional water~~
28 ~~system fund to the treasure state endowment regional water system special revenue account the amount of~~
29 ~~earnings, excluding unrealized gains and losses, required to meet the obligations of the state that are payable~~
30 ~~from the account for regional water systems authorized under 90-6-715. Earnings not transferred to the treasure~~

1 ~~state endowment regional water system special revenue account must be retained in the treasure state~~
2 ~~endowment regional water system fund.~~

3 ~~———— (4) (a) From July 1, 2005, through June 30, 2025, the state treasurer shall quarterly transfer to the big~~
4 ~~sky economic development fund 25% of the amount in the coal severance tax bond fund in excess of the amount~~
5 ~~that is specified in subsection (2) to be retained in the fund.~~

6 ~~———— (4) (A) FROM JULY 1, 2005, THROUGH JUNE 30, 2025, THE STATE TREASURER SHALL QUARTERLY TRANSFER~~
7 ~~TO THE BIG SKY ECONOMIC DEVELOPMENT FUND 25% OF THE AMOUNT IN THE COAL SEVERANCE TAX BOND FUND~~
8 ~~REMAINING AFTER THE TRANSFER PROVIDED FOR IN SUBSECTION (2)(B) IS COMPLETED.~~

9 ~~———— (b)(4)(B) The state treasurer shall monthly transfer from the big sky economic development fund to the~~
10 ~~economic development special revenue account, provided for in 90-1-205, the amount of earnings, excluding~~
11 ~~unrealized gains and losses, required to meet the obligations of the state that are payable from the account in~~
12 ~~accordance with 90-1-204. Earnings not transferred to the economic development special revenue account must~~
13 ~~be retained in the big sky economic development fund.~~

14 ~~———— (5) Any amount in the coal severance tax bond fund in excess of the amount that is specified in~~
15 ~~subsection (2)(a) to be retained in the fund and that is not otherwise allocated under this section must be~~
16 ~~deposited in the coal severance tax permanent fund. (Terminates June 30, 2016--secs. 8 through 10, Ch. 390;~~
17 ~~L. 2013.)~~

18 ~~———— **17-5-703. (Effective July 1, 2016) Coal severance tax trust funds.** (1) The trust established under~~
19 ~~Article IX, section 5, of the Montana constitution is composed of the following funds:~~

20 ~~———— (a) a coal severance tax bond fund into which the constitutionally dedicated receipts from the coal~~
21 ~~severance tax must be deposited;~~

22 ~~———— (b) a treasure state endowment fund;~~

23 ~~———— (c) a coal severance tax permanent fund;~~

24 ~~———— (d) a coal severance tax income fund; and~~

25 ~~———— (e) a big sky economic development fund.~~

26 ~~———— (2) (a) The state treasurer shall determine, on July 1 of each year, the amount necessary to meet all~~
27 ~~principal and interest payments on bonds payable from the coal severance tax bond fund during the next 12~~
28 ~~months and retain that amount in the coal severance tax bond fund.~~

29 ~~———— (b) The Once the trust established under Article IX, section 5, of the Montana constitution exceeds \$1~~
30 ~~billion, excluding the coal severance tax bond fund, the state treasurer shall certify that fact to the budget director.~~

~~Once the state treasurer makes the certification, 90% 80% of the amount in the coal severance tax bond fund in excess of the amount required in subsection (2)(a) must be transferred from that fund as provided in subsections (3) and (4) on a quarterly basis to the build Montana fund established in [section 3].~~

~~———— (3) (a) Until June 30, 2016, the state treasurer shall quarterly transfer to the treasure state endowment fund 50% of the amount in the coal severance tax bond fund in excess of the amount that is specified in subsection (2) to be retained in the fund.~~

~~———— (b)(3) The state treasurer shall monthly transfer from the treasure state endowment fund to the treasure state endowment special revenue account the amount of earnings, excluding unrealized gains and losses, required to meet the obligations of the state that are payable from the account in accordance with 90-6-710. Earnings not transferred to the treasure state endowment special revenue account must be retained in the treasure state endowment fund.~~

~~———— (4) (a) From July 1, 2005, through June 30, 2025, the state treasurer shall quarterly transfer to the big sky economic development fund 25% of the amount in the coal severance tax bond fund in excess of the amount that is specified in subsection (2) to be retained in the fund.~~

~~———— (4) (A) FROM JULY 1, 2005, THROUGH JUNE 30, 2025, THE STATE TREASURER SHALL QUARTERLY TRANSFER TO THE BIG SKY ECONOMIC DEVELOPMENT FUND 25% OF THE AMOUNT IN THE COAL SEVERANCE TAX BOND FUND REMAINING AFTER THE TRANSFER PROVIDED FOR IN SUBSECTION (2)(B) IS COMPLETED.~~

~~———— (b)(4)(B) The state treasurer shall monthly transfer from the big sky economic development fund to the economic development special revenue account, provided for in 90-1-205, the amount of earnings, excluding unrealized gains and losses, required to meet the obligations of the state that are payable from the account in accordance with 90-1-204. Earnings not transferred to the economic development special revenue account must be retained in the big sky economic development fund.~~

~~———— (5) Any amount in the coal severance tax bond fund in excess of the amount that is specified in subsection (2)(a) to be retained in the fund and that is not otherwise allocated under this section must be deposited in the coal severance tax permanent fund."~~

SECTION 7. SECTION 17-5-703, MCA, IS AMENDED TO READ:

"17-5-703. (Temporary) Coal severance tax trust funds. (1) The trust established under Article IX, section 5, of the Montana constitution is composed of the following funds:

(a) a coal severance tax bond fund into which the constitutionally dedicated receipts from the coal

1 severance tax must be deposited;

2 (b) a treasure state endowment fund;

3 (c) a treasure state endowment regional water system fund;

4 (d) a coal severance tax permanent fund;

5 (e) a coal severance tax income fund; and

6 (f) a big sky economic development fund.

7 (2) (a) The state treasurer shall determine, on July 1 of each year, the amount necessary to meet all
8 principal and interest payments on bonds payable from the coal severance tax bond fund during the next 12
9 months and retain that amount in the coal severance tax bond fund.

10 (b) The amount in the coal severance tax bond fund in excess of the amount required in subsection
11 (2)(a) must be transferred from that fund as provided in subsections (3) and (4).

12 (3) (a) Until June 30, 2016, the state treasurer shall quarterly transfer to the treasure state endowment
13 fund 50% of the amount in the coal severance tax bond fund in excess of the amount that is specified in
14 subsection (2) to be retained in the fund.

15 (b) Until June 30, 2016, the state treasurer shall quarterly transfer to the treasure state endowment
16 regional water system fund 25% of the amount in the coal severance tax bond fund in excess of the amount that
17 is specified in subsection (2) to be retained in the fund.

18 (c) The state treasurer shall monthly transfer from the treasure state endowment fund to the treasure
19 state endowment special revenue account the amount of earnings, excluding unrealized gains and losses,
20 required to meet the obligations of the state that are payable from the account in accordance with 90-6-710.
21 Earnings not transferred to the treasure state endowment special revenue account must be retained in the
22 treasure state endowment fund.

23 (d) The state treasurer shall monthly transfer from the treasure state endowment regional water system
24 fund to the treasure state endowment regional water system special revenue account the amount of earnings,
25 excluding unrealized gains and losses, required to meet the obligations of the state that are payable from the
26 account for regional water systems authorized under 90-6-715. Earnings not transferred to the treasure state
27 endowment regional water system special revenue account must be retained in the treasure state endowment
28 regional water system fund.

29 (4) (a) From July 1, 2005, through June 30, 2025, the state treasurer shall quarterly transfer to the big
30 sky economic development fund 25% of the amount in the coal severance tax bond fund in excess of the amount

1 that is specified in subsection (2) to be retained in the fund.

2 (b) The state treasurer shall monthly transfer from the big sky economic development fund to the
3 economic development special revenue account, provided for in 90-1-205, the amount of earnings, excluding
4 unrealized gains and losses, required to meet the obligations of the state that are payable from the account in
5 accordance with 90-1-204. Earnings not transferred to the economic development special revenue account must
6 be retained in the big sky economic development fund.

7 (5) Any amount in the coal severance tax bond fund in excess of the amount that is specified in
8 subsection (2)(a) to be retained in the fund and that is not otherwise allocated under this section must be
9 deposited in the coal severance tax permanent fund. (Terminates June 30, 2016--secs. 8 through 10, Ch. 390,
10 L. 2013.)

11 **17-5-703. (Effective July 1, 2016) Coal severance tax trust funds.** (1) The trust established under
12 Article IX, section 5, of the Montana constitution is composed of the following funds:

13 (a) a coal severance tax bond fund into which the constitutionally dedicated receipts from the coal
14 severance tax must be deposited;

15 (b) a treasure state endowment fund;

16 (c) a coal severance tax permanent fund;

17 (d) a coal severance tax income fund; ~~and~~

18 (e) a big sky economic development fund; and

19 (f) a build Montana endowment fund.

20 (2) (a) The state treasurer shall determine, on July 1 of each year, the amount necessary to meet all
21 principal and interest payments on bonds payable from the coal severance tax bond fund during the next 12
22 months and retain that amount in the coal severance tax bond fund.

23 (b) The amount in the coal severance tax bond fund in excess of the amount required in subsection
24 (2)(a) must be transferred from that fund as provided in subsections (3) and (4).

25 (3) (a) Until June 30, 2016, the state treasurer shall quarterly transfer to the treasure state endowment
26 fund 50% of the amount in the coal severance tax bond fund in excess of the amount that is specified in
27 subsection (2) to be retained in the fund.

28 (b) The state treasurer shall monthly transfer from the treasure state endowment fund to the treasure
29 state endowment special revenue account the amount of earnings, excluding unrealized gains and losses,
30 required to meet the obligations of the state that are payable from the account in accordance with 90-6-710.

Earnings not transferred to the treasure state endowment special revenue account must be retained in the treasure state endowment fund.

(4) (a) Starting July 1, 2016, the state treasurer shall quarterly transfer to the build Montana endowment fund provided for in [section 3(1)] 75% of the amount in the coal severance tax bond fund in excess of the amount that is specified in subsection (2) to be retained in the fund.

(b) The state treasurer shall monthly transfer from the build Montana endowment fund to the build Montana special revenue account the amount of earnings, excluding unrealized gains and losses, required to meet the obligations of the state that are payable from the account. Earnings not transferred to the build Montana special revenue account must be retained in the build Montana endowment fund.

~~(4)(5)~~ (a) From July 1, 2005, through June 30, 2025, the state treasurer shall quarterly transfer to the big sky economic development fund 25% of the amount in the coal severance tax bond fund in excess of the amount that is specified in subsection (2) to be retained in the fund.

(b) The state treasurer shall monthly transfer from the big sky economic development fund to the economic development special revenue account, provided for in 90-1-205, the amount of earnings, excluding unrealized gains and losses, required to meet the obligations of the state that are payable from the account in accordance with 90-1-204. Earnings not transferred to the economic development special revenue account must be retained in the big sky economic development fund.

~~(5)(6)~~ Any amount in the coal severance tax bond fund in excess of the amount that is specified in subsection (2)(a) to be retained in the fund and that is not otherwise allocated under this section must be deposited in the coal severance tax permanent fund."

SECTION 8. SECTION 17-7-502, MCA, IS AMENDED TO READ:

"17-7-502. Statutory appropriations -- definition -- requisites for validity. (1) A statutory appropriation is an appropriation made by permanent law that authorizes spending by a state agency without the need for a biennial legislative appropriation or budget amendment.

(2) Except as provided in subsection (4), to be effective, a statutory appropriation must comply with both of the following provisions:

(a) The law containing the statutory authority must be listed in subsection (3).

(b) The law or portion of the law making a statutory appropriation must specifically state that a statutory appropriation is made as provided in this section.

1 (3) The following laws are the only laws containing statutory appropriations: 2-15-247; 2-17-105;
2 5-11-120; 5-11-407; 5-13-403; 7-4-2502; 10-1-108; 10-1-1202; 10-1-1303; 10-2-603; 10-3-203; 10-3-310;
3 10-3-312; 10-3-314; 10-4-301; 15-1-121; 15-1-218; 15-35-108; 15-36-332; 15-37-117; 15-39-110; 15-65-121;
4 15-70-101; 15-70-369; 15-70-601; 16-11-509; 17-3-106; 17-3-112; 17-3-212; 17-3-222; 17-3-241; 17-6-101;
5 18-11-112; 19-3-319; 19-6-404; 19-6-410; 19-9-702; 19-13-604; 19-17-301; 19-18-512; 19-19-305; 19-19-506;
6 19-20-604; 19-20-607; 19-21-203; 20-8-107; 20-9-534; 20-9-622; 20-26-1503; 22-1-327; 22-3-1004; 23-4-105;
7 23-5-306; 23-5-409; 23-5-612; 23-7-301; 23-7-402; 30-10-1004; 37-43-204; 37-51-501; 39-1-105; 39-71-503;
8 41-5-2011; 42-2-105; 44-4-1101; 44-12-206; 44-13-102; 53-1-109; 53-1-215; 53-2-208; 53-9-113; 53-24-108;
9 53-24-206; 60-11-115; 61-3-415; 69-3-870; 75-1-1101; 75-5-1108; 75-6-214; 75-11-313; 76-13-150; 76-13-416;
10 77-1-108; 77-2-362; 80-2-222; 80-4-416; 80-11-518; 81-1-112; 81-7-106; 81-10-103; 82-11-161; 85-20-1504;
11 85-20-1505; 87-1-603; 90-1-115; 90-1-205; 90-1-504; 90-3-1003; 90-6-331; section 3(2); and 90-9-306.

12 (4) There is a statutory appropriation to pay the principal, interest, premiums, and costs of issuing,
13 paying, and securing all bonds, notes, or other obligations, as due, that have been authorized and issued
14 pursuant to the laws of Montana. Agencies that have entered into agreements authorized by the laws of Montana
15 to pay the state treasurer, for deposit in accordance with 17-2-101 through 17-2-107, as determined by the state
16 treasurer, an amount sufficient to pay the principal and interest as due on the bonds or notes have statutory
17 appropriation authority for the payments. (In subsection (3): pursuant to sec. 10, Ch. 360, L. 1999, the inclusion
18 of 19-20-604 terminates contingently when the amortization period for the teachers' retirement system's unfunded
19 liability is 10 years or less; pursuant to sec. 10, Ch. 10, Sp. L. May 2000, secs. 3 and 6, Ch. 481, L. 2003, and
20 sec. 2, Ch. 459, L. 2009, the inclusion of 15-35-108 terminates June 30, 2019; pursuant to sec. 73, Ch. 44, L.
21 2007, the inclusion of 19-6-410 terminates contingently upon the death of the last recipient eligible under
22 19-6-709(2) for the supplemental benefit provided by 19-6-709; pursuant to sec. 14, Ch. 374, L. 2009, the
23 inclusion of 53-9-113 terminates June 30, 2015; pursuant to sec. 5, Ch. 442, L. 2009, the inclusion of 90-6-331
24 terminates June 30, 2019; pursuant to sec. 16, Ch. 58, L. 2011, the inclusion of 30-10-1004 terminates June 30,
25 2017; pursuant to sec. 6, Ch. 61, L. 2011, the inclusion of 76-13-416 terminates June 30, 2019; pursuant to sec.
26 13, Ch. 339, L. 2011, the inclusion of 81-1-112 and 81-7-106 terminates June 30, 2017; pursuant to sec. 11(2),
27 Ch. 17, L. 2013, the inclusion of 17-3-112 terminates on occurrence of contingency; pursuant to secs. 3 and 5,
28 Ch. 244, L. 2013, the inclusion of 22-1-327 is effective July 1, 2015, and terminates July 1, 2017; and pursuant
29 to sec. 10, Ch. 413, L. 2013, the inclusion of 2-15-247, 39-1-105, 53-1-215, and 53-2-208 terminates June 30,
30 2015.)"

NEW SECTION. SECTION 9. FUND TRANSFER. ON JULY 1, 2015, THE AMOUNT OF \$20 MILLION IS TRANSFERRED FROM THE COAL SEVERANCE TAX PERMANENT FUND TO THE BUILD MONTANA FUND ESTABLISHED IN [SECTION 3].

NEW SECTION. **Section 10. Codification instruction.** [Sections 1 through 5 6] 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 5 6].

~~COORDINATION SECTION. Section 8. Coordination instruction---contingent voidness. If [LC 280]~~
is not passed and approved by the electorate, [this act] is void.

~~NEW SECTION. Section 9. Contingent effective date.~~ [This act] is effective upon the passage and approval by the electorate of [LC 280].

NEW SECTION. SECTION 11. EFFECTIVE DATE. [THIS ACT] IS EFFECTIVE JULY 1, 2015.

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