

HOUSE BILL NO. 648

INTRODUCED BY C. GLIMM

1
2
3
4 A BILL FOR AN ACT ENTITLED: "AN ACT AUTHORIZING TRANSFERS AND OTHER NECESSARY
5 MEASURES TO IMPLEMENT THE GENERAL APPROPRIATIONS ACT; CLARIFYING ALLOCATIONS OF THE
6 COAL SEVERANCE TAX; ESTABLISHING AN ENTERPRISE FUND FOR DEPOSIT OF FEES FOR CERTAIN
7 SERVICES PROVIDED BY THE DEPARTMENT OF LIVESTOCK; CLARIFYING FUNDING SOURCES FOR
8 LIEN PURCHASES; ~~DIRECTING COAL SEVERANCE TAX TO THE GENERAL FUND FOR STATUTORY~~
9 ~~APPROPRIATION TO THE PENSION SYSTEM; PROVIDING FOR A STATUTORY APPROPRIATION;~~
10 AMENDING SECTIONS 15-35-108, 47-7-502, 81-2-102, 85-1-615, AND 90-6-1001, MCA; AND PROVIDING
11 EFFECTIVE DATES."

12
13 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

14
15 NEW SECTION. **Section 1. Fund transfers.** By August 15, 2017, the state treasurer shall make the
16 following transfers from the oil and gas production damage mitigation account:

- 17 (1) \$120,000 to the ground water assessment account established in 85-2-905;
- 18 (2) \$30,000 to the department of fish, wildlife, and parks for the purposes of 87-1-283; and
- 19 (3) \$165,000 to the hazardous waste/CERCLA special revenue account provided for in 75-10-621.

20
21 NEW SECTION. **Section 2. Fund transfer.** By [10 days after the effective date of this section], the state
22 treasurer shall transfer \$2 million from the account provided for in 75-10-532 for junk vehicles to the natural
23 resources operations state special revenue account established in 15-38-301.

24
25 ~~NEW SECTION. Section 3. Supplemental state contribution -- appropriation.~~ (1) (a) For the fiscal
26 year beginning July 1, 2018, the state shall contribute \$31.386 million and for the fiscal year beginning July 1,
27 2019, the state shall contribute \$31.958 million from the general fund to the public employees' retirement system
28 pension trust as a supplemental contribution to the public employees' retirement system.

29 ~~(b) Starting in the fiscal year beginning July 1, 2019, and each fiscal year thereafter, the state shall~~
30 ~~contribute from the general fund to the public employees' retirement system pension trust 101% of the~~

1 contribution from the previous years as a supplemental contribution to the public employees' retirement system.

2 ~~—— (c) If the calculated amortization period, based on the most recent actuarial study for the public~~
 3 ~~employees' retirement system, is less than 20 years, the 1% increase allowed for in subsection (1)(b) is~~
 4 ~~suspended for the next fiscal year.~~

5 ~~—— (2) This contribution is statutorily appropriated, as provided in 17-7-502, from the general fund to the~~
 6 ~~pension trust fund.~~

7
 8 **NEW SECTION. Section 3. Animal health account -- enterprise fund account for laboratory**

9 **services.** (1) There is an account in the state special revenue fund established by 17-2-102 to be known as the
 10 animal health account. All fees collected by the department, except those received pursuant to 81-2-102(1)(c),
 11 must be deposited in the account to be used for animal health functions of the department.

12 (2) (a) There is an account of the enterprise fund type, as defined in 17-2-102(2)(a), to the credit of the
 13 department for the use of the animal health functions of the department.

14 (b) Gross revenue from the collection of fees for services rendered pursuant to 81-2-102(1)(c) must be
 15 deposited in the account.

16 (c) All interest and earnings on money deposited in the account must be credited to the account and
 17 used for the laboratory functions of the department.

18
 19 **Section 4.** Section 15-35-108, MCA, is amended to read:

20 **"15-35-108. (Temporary) Disposal of severance taxes.** Severance taxes collected under this chapter
 21 must, in accordance with the provisions of 17-2-124, be allocated as follows:

22 (1) Fifty percent of total coal severance tax collections is allocated to the trust fund created by Article IX,
 23 section 5, of the Montana constitution. The trust fund money must be deposited in the fund established under
 24 17-6-203(6) and invested by the board of investments as provided by law.

25 (2) The amount of 12% of coal severance tax collections is allocated to the long-range building program
 26 account established in 17-7-205.

27 (3) The amount of ~~5.46%~~ 0.93% must be credited to an account in the state special revenue fund to be
 28 allocated by the legislature for provision of basic library services for the residents of all counties through library
 29 federations and for payment of the costs of participating in regional and national networking;_

30 (4) The amount of 3.71% must be allocated to the department of natural resources and conservation for

1 conservation districts, and

2 (5) The amount of 0.82% must be allocated to the Montana Growth Through Agriculture Act.
 3 Expenditures of the allocation may be made only from this account. Money may not be transferred from this
 4 account to another account other than the general fund. Any unreserved fund balance at the end of each fiscal
 5 year must be deposited in the general fund.

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

10 ~~(5)~~(7) The amount of 0.95% must be allocated to the debt service fund type to the credit of the renewable
 11 resource loan debt service fund.

12 ~~(6)~~(8) The amount of 0.63% must be allocated to a trust fund for the purpose of protection of works of
 13 art in the capitol and for other cultural and aesthetic projects. Income from this trust fund account, excluding
 14 unrealized gains and losses, must be appropriated for protection of works of art in the state capitol and for other
 15 cultural and aesthetic projects.

16 ~~(7)~~(9) The amount of 5.8% through June 30, 2017, and beginning July 1, 2017, the amount of 2.9% must
 17 be credited to the coal natural resource account established in 90-6-1001(2).

18 ~~(8)~~(10) After the allocations are made under subsections (2) through ~~(7)~~ (9), \$250,000 for the fiscal year
 19 must be credited to the coal and uranium mine permitting and reclamation program account established in
 20 82-4-244.

21 ~~(9)~~(11) (a) Subject to subsection ~~(9)~~(b) (11)(b), all other revenue from severance taxes collected under
 22 the provisions of this chapter must be credited to the general fund of the state ~~and is statutorily appropriated, as~~
 23 ~~provided in 17-7-502, on July 1 each year to the trust fund for the public employees' retirement system defined~~
 24 ~~benefit plan established pursuant to 19-3-103 AND IS STATUTORILY APPROPRIATED, AS PROVIDED IN 17-7-502, ON~~
 25 JULY 1 EACH YEAR TO THE TRUST FUND FOR THE PUBLIC EMPLOYEES' RETIREMENT SYSTEM DEFINED BENEFIT PLAN
 26 ESTABLISHED PURSUANT TO 19-3-103.

27 (b) The interest income of the coal severance tax permanent fund that is deposited in the general fund,
 28 less the annual transfer of \$1.275 million to the research and commercialization state special revenue account
 29 pursuant to 15-1-122(2), is statutorily appropriated, as provided in 17-7-502, on July 1 each year as follows:

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

- 1 (ii) \$625,000 for the growth through agriculture program provided for in Title 90, chapter 9;
- 2 (iii) to the department of commerce:
- 3 (A) \$125,000 for a small business development center;
- 4 (B) \$50,000 for a small business innovative research program;
- 5 (C) \$425,000 for certified regional development corporations;
- 6 (D) \$200,000 for the Montana manufacturing extension center at Montana state university-Bozeman;
- 7 and
- 8 (E) \$300,000 for export trade enhancement; AND
- 9 (IV) EXCEPT AS PROVIDED IN SUBSECTION (11)(C), UP TO \$21 MILLION TO THE PUBLIC EMPLOYEES' RETIREMENT
- 10 SYSTEM DEFINED BENEFIT PLAN TRUST FUND.
- 11 (C) IF THE LEGISLATIVE FINANCE COMMITTEE DETERMINES THAT THE PUBLIC EMPLOYEES' RETIREMENT BOARD
- 12 HAS FAILED TO PROVIDE A SUFFICIENT REPORT PURSUANT TO 19-3-117, IT SHALL RECOMMEND THAT \$5 MILLION BE
- 13 SUBTRACTED FROM THE AMOUNT ALLOCATED IN SUBSECTION (11)(B)(IV) SUBJECT TO LEGISLATIVE APPROVAL; and
- 14 ~~—— (iv) except as provided in subsection (9)(c), up to \$21 million to the public employees' retirement system~~
- 15 ~~defined benefit plan trust fund.~~
- 16 ~~—— (c) If the legislative finance committee determines that the public employees' retirement board has failed~~
- 17 ~~to provide a sufficient report pursuant to 19-3-117, it shall recommend that \$5 million be subtracted from the~~
- 18 ~~amount allocated in subsection (9)(b)(iv) subject to legislative approval. (Terminates June 30, 2019--secs. 2, 3,~~
- 19 ~~Ch. 459, L. 2009.)~~
- 20 **15-35-108. (Effective July 1, 2019) Disposal of severance taxes.** Severance taxes collected under
- 21 this chapter must, in accordance with the provisions of 17-2-124, be allocated as follows:
- 22 (1) Fifty percent of total coal severance tax collections is allocated to the trust fund created by Article IX,
- 23 section 5, of the Montana constitution. The trust fund money must be deposited in the fund established under
- 24 17-6-203(6) and invested by the board of investments as provided by law.
- 25 (2) The amount of 12% of coal severance tax collections is allocated to the long-range building program
- 26 account established in 17-7-205.
- 27 (3) The amount of ~~5.46%~~ 0.93% must be ~~credited to an account in the state special revenue fund to be~~
- 28 ~~allocated by the legislature for provision of basic library services for the residents of all counties through library~~
- 29 ~~federations and for payment of the costs of participating in regional and national networking;_~~
- 30 (4) The amount of 3.71% must be allocated to conservation districts;_and_

1 (5) ~~The amount of 0.82% must be allocated to the Montana Growth Through Agriculture Act.~~
 2 ~~Expenditures of the allocation may be made only from this account. Money may not be transferred from this~~
 3 ~~account to another account other than the general fund. Any unreserved fund balance at the end of each fiscal~~
 4 ~~year must be deposited in the general fund.~~

5 ~~(4)~~(6) 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)~~(7) The amount of 0.95% must be allocated to the debt service fund type to the credit of the renewable
 10 resource loan debt service fund.

11 ~~(6)~~(8) The amount of 0.63% must be allocated to a trust fund for the purpose of protection of works of
 12 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)~~(9) The amount of 2.9% must be credited to the coal natural resource account established in
 16 90-6-1001(2).

17 ~~(8)~~(10) After the allocations are made under subsections (2) through ~~(7)~~ (9), \$250,000 for the fiscal year
 18 must be credited to the coal and uranium mine permitting and reclamation program account established in
 19 82-4-244.

20 ~~(9)~~(11) ~~(a) Subject to subsection (9)(b), all~~ (A) SUBJECT TO SUBSECTION (11)(B), ALL other revenue from
 21 severance taxes collected under the provisions of this chapter must be credited to the general fund of the state
 22 AND IS STATUTORILY APPROPRIATED, AS PROVIDED IN 17-7-502, ON JULY 1 EACH YEAR TO THE TRUST FUND FOR THE
 23 PUBLIC EMPLOYEES' RETIREMENT SYSTEM DEFINED BENEFIT PLAN PURSUANT TO 19-3-103.

24 (B) EXCEPT AS PROVIDED IN SUBSECTION (11)(C), UP TO \$24 MILLION OF THE INTEREST INCOME FROM THE COAL
 25 SEVERANCE TAX PERMANENT FUND THAT IS DEPOSITED IN THE GENERAL FUND IS STATUTORILY APPROPRIATED, AS
 26 PROVIDED IN 17-7-502, ON JULY 1 EACH YEAR TO THE PUBLIC EMPLOYEES' RETIREMENT SYSTEM DEFINED BENEFIT PLAN
 27 TRUST FUND.

28 (C) IF THE LEGISLATIVE FINANCE COMMITTEE DETERMINES THAT THE PUBLIC EMPLOYEES' RETIREMENT BOARD
 29 HAS FAILED TO PROVIDE A SUFFICIENT REPORT PURSUANT TO 19-3-117, IT SHALL RECOMMEND THAT \$5 MILLION BE
 30 SUBTRACTED FROM THE AMOUNT ALLOCATED IN SUBSECTION (11)(B) SUBJECT TO LEGISLATIVE APPROVAL. ~~and is~~

1 statutorily appropriated, as provided in 17-7-502, on July 1 each year to the trust fund for the public employees'
2 retirement system defined benefit plan pursuant to 19-3-103.

3 ~~—— (b) Except as provided in subsection (9)(c), up to \$24 million of the interest income from the coal
4 severance tax permanent fund that is deposited in the general fund is statutorily appropriated, as provided in
5 17-7-502, on July 1 each year to the public employees' retirement system defined benefit plan trust fund.~~

6 ~~—— (c) If the legislative finance committee determines that the public employees' retirement board has failed
7 to provide a sufficient report pursuant to 19-3-117, it shall recommend that \$5 million be subtracted from the
8 amount allocated in subsection (9)(b) subject to legislative approval."~~

9

10 ~~—— **Section 6.** Section 17-7-502, MCA, is amended to read:~~

11 ~~—— **"17-7-502. Statutory appropriations -- definition -- requisites for validity.** (1) A statutory
12 appropriation is an appropriation made by permanent law that authorizes spending by a state agency without the
13 need for a biennial legislative appropriation or budget amendment.~~

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

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

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

19 ~~—— (3) The following laws are the only laws containing statutory appropriations: 2-17-105; 5-11-120;
20 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; 10-3-312;
21 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; 15-70-101;
22 15-70-433; 15-70-601; 16-11-509; 17-3-106; 17-3-112; 17-3-212; 17-3-222; 17-3-241; 17-6-101; 17-7-215;
23 18-11-112; 19-3-319; [section 3]; 19-6-404; 19-6-410; 19-9-702; 19-13-604; 19-17-301; 19-18-512; 19-19-305;
24 19-19-506; 19-20-604; 19-20-607; 19-21-203; 20-8-107; 20-9-517; 20-9-520; 20-9-534; 20-9-622; 20-9-905;
25 20-26-617; 20-26-1503; 22-1-327; 22-3-116; 22-3-117; 22-3-1004; 23-4-105; 23-5-306; 23-5-409; 23-5-612;
26 23-7-301; 23-7-402; 30-10-1004; 37-43-204; 37-50-209; 37-51-501; 39-71-503; 41-5-2011; 42-2-105; 44-4-1101;
27 44-12-213; 44-13-102; 50-1-115; 53-1-109; 53-6-1304; 53-9-113; 53-24-108; 53-24-206; 60-11-115; 61-3-415;
28 69-3-870; 75-1-1101; 75-5-1108; 75-6-214; 75-11-313; 76-13-150; 76-13-416; 77-1-108; 77-2-362; 80-2-222;
29 80-4-416; 80-11-518; 81-1-112; 81-7-106; 81-10-103; 82-11-161; 85-20-1504; 85-20-1505; [85-25-102]; 87-1-603;
30 90-1-115; 90-1-205; 90-1-504; 90-3-1003; 90-6-331; and 90-9-306.~~

1 ~~———— (4) There is a statutory appropriation to pay the principal, interest, premiums, and costs of issuing,~~
 2 ~~paying, and securing all bonds, notes, or other obligations, as due, that have been authorized and issued~~
 3 ~~pursuant to the laws of Montana. Agencies that have entered into agreements authorized by the laws of Montana~~
 4 ~~to pay the state treasurer, for deposit in accordance with 17-2-101 through 17-2-107, as determined by the state~~
 5 ~~treasurer, an amount sufficient to pay the principal and interest as due on the bonds or notes have statutory~~
 6 ~~appropriation authority for the payments. (In subsection (3): pursuant to sec. 10, Ch. 360, L. 1999, the inclusion~~
 7 ~~of 19-20-604 terminates contingently when the amortization period for the teachers' retirement system's unfunded~~
 8 ~~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~~
 9 ~~sec. 2, Ch. 459, L. 2009, the inclusion of 15-35-108 terminates June 30, 2019; pursuant to sec. 73, Ch. 44, L.~~
 10 ~~2007, the inclusion of 19-6-410 terminates contingently upon the death of the last recipient eligible under~~
 11 ~~19-6-709(2) for the supplemental benefit provided by 19-6-709; pursuant to sec. 5, Ch. 442, L. 2009, the inclusion~~
 12 ~~of 90-6-331 terminates June 30, 2019; pursuant to sec. 16, Ch. 58, L. 2011, the inclusion of 30-10-1004~~
 13 ~~terminates June 30, 2017; pursuant to sec. 6, Ch. 61, L. 2011, the inclusion of 76-13-416 terminates June 30,~~
 14 ~~2019; pursuant to sec. 13, Ch. 339, L. 2011, the inclusion of 81-1-112 and 81-7-106 terminates June 30, 2017;~~
 15 ~~pursuant to sec. 11(2), Ch. 17, L. 2013, the inclusion of 17-3-112 terminates on occurrence of contingency;~~
 16 ~~pursuant to sec. 5, Ch. 244, L. 2013, the inclusion of 22-1-327 terminates July 1, 2017; pursuant to sec. 27, Ch.~~
 17 ~~285, L. 2015, and sec. 1, Ch. 292, L. 2015, the inclusion of 53-9-113 terminates June 30, 2021; pursuant to sec.~~
 18 ~~6, Ch. 291, L. 2015, the inclusion of 50-1-115 terminates June 30, 2021; pursuant to sec. 28, Ch. 368, L. 2015,~~
 19 ~~the inclusion of 53-6-1304 terminates June 30, 2019; pursuant to sec. 5, Ch. 383, L. 2015, the inclusion of~~
 20 ~~85-25-102 is effective on occurrence of contingency; pursuant to sec. 5, Ch. 422, L. 2015, the inclusion of~~
 21 ~~17-7-215 terminates June 30, 2021; pursuant to sec. 6, Ch. 423, L. 2015, the inclusion of 22-3-116 and 22-3-117~~
 22 ~~terminates June 30, 2025; pursuant to sec. 10, Ch. 427, L. 2015, the inclusion of 37-50-209 terminates~~
 23 ~~September 30, 2019; and pursuant to sec. 33, Ch. 457, L. 2015, the inclusion of 20-9-905 terminates December~~
 24 ~~31, 2023.)"~~

25

26 **Section 5.** Section 81-2-102, MCA, is amended to read:

27 **"81-2-102. Powers of department.** (1) The department may:

28 (a) supervise the sanitary conditions of livestock in this state, under the provisions of the constitution and
 29 statutes of this state and the rules adopted by the department. The department may quarantine a lot, yard, land,
 30 building, room, premises, enclosure, or other place or section in this state that is or may be used or occupied by

1 livestock and that in the judgment of the department is infected or contaminated with an infectious, contagious,
2 communicable, or dangerous disease or disease-carrying medium by which the disease may be communicated.
3 The department may quarantine livestock in this state when the livestock is affected with or has been exposed
4 to disease or disease-carrying medium. The department may prescribe treatments and enforce sanitary rules that
5 are necessary and proper to circumscribe, extirpate, control, or prevent the disease.

6 (b) foster, promote, and protect the livestock industry in this state by the investigation of diseases and
7 other subjects related to ways and means of prevention, extirpation, and control of diseases or to the care of
8 livestock and its products and to this end may establish and maintain a laboratory, may make or cause to be
9 made biologic products, curatives, and preventative agents, and may perform any other acts and things as may
10 be necessary or proper in the fostering, promotion, or protection of the livestock industry in this state;

11 (c) impose and collect fees that the department considers appropriate for the tests and services
12 performed by it at the laboratory or elsewhere and for biologic products, curatives, and preventative agents made
13 or caused to be made by the department. In fixing these fees, the department shall take into consideration the
14 costs, both direct and indirect, of the tests, services, products, curatives, and agents. All fees must be deposited
15 in the ~~state special revenue enterprise~~ fund ~~account established in ~~section 4~~ [SECTION 3]~~ for the use of the animal
16 health functions of the department.

17 (d) subject to subsection (2), adopt rules and orders that it considers necessary or proper to prevent the
18 introduction or spreading of infectious, contagious, communicable, or dangerous diseases affecting livestock and
19 alternative livestock in this state;

20 (e) (i) adopt rules and orders that it considers necessary or proper for the inspection, testing, and
21 quarantine of all livestock and alternative livestock imported into this state; and

22 (ii) adopt rules and orders that it considers necessary or proper governing inspections and tests of
23 livestock and alternative livestock intended for importation into this state to prevent the introduction or spreading
24 of infectious, contagious, communicable, or dangerous diseases affecting livestock and alternative livestock;

25 (f) adopt rules and orders that it considers necessary or proper for the supervision, inspection, and
26 control of the standards and sanitary conditions of slaughterhouses, meat depots, meat and meat food products,
27 dairies, milk depots, milk and its byproducts, barns, dairy cows, factories, and other places and premises where
28 meat or meat foods, milk or its products, or any byproducts thereof intended for sale or consumption as food are
29 produced, kept, handled, or stored. An authorized representative of the department may take samples of a
30 product so produced, kept, handled, or stored for analysis or testing by the department. The records of the

1 samples and their analysis and test, when identified as to the sample by the oath of the officer taking it and
2 verified as to the analysis or test by the oath of the chemist or bacteriologist making it, are prima facie evidence
3 of the facts set forth in them when offered in evidence in a prosecution or action at law or in equity for violation
4 of 81-9-201, 81-20-101, 81-21-102, 81-21-103, part 1, 2, or 3 of this chapter, or a rule or order of the board
5 adopted thereunder. These standards, insofar as they relate to dairies or milk and its byproducts, may not include
6 standards of weight or measurement.

7 (g) adopt rules and orders that seem necessary or proper for the supervision and control of
8 manufactured and refined foods for livestock and the manufacture, importation, sale, and method of using a
9 biologic remedy or curative agent for the treatment of diseases of livestock. However, as far as practicable, the
10 standards approved by the United States department of agriculture must be adopted.

11 (h) install an adequate system of meat inspection in accordance with 81-9-216 through 81-9-220 and
12 81-9-226 through 81-9-236 that must provide ways and means for shipping home-grown and home-killed meats
13 into any city in this state. As far as practicable, the rules must conform with the meat-inspection requirements of
14 the United States department of agriculture.

15 (i) slaughter or cause to be slaughtered any livestock in this state known to be affected with or that has
16 been exposed to an infectious, contagious, communicable, or dangerous disease, when the slaughter is
17 necessary for the protection of other livestock, and destroy or cause to be destroyed all barns, stables, sheds,
18 outbuildings, fixtures, furniture, or personal property infected with any infectious, contagious, communicable, or
19 dangerous disease when they cannot be thoroughly cleaned and disinfected and the destruction is necessary
20 to prevent the spreading of the disease;

21 (j) indemnify the owner of any property destroyed by order of the department or pursuant to any rules
22 adopted by the department under 81-20-101, 81-21-102, 81-21-103, or part 1, 2, or 3 of this chapter;

23 (k) require persons, firms, and corporations engaged in the production or handling of meat, meat food
24 products, dairy products, or any byproducts thereof to furnish statistics of the quantity and cost of the food and
25 food products produced or handled and the name and address of persons supplying them any of the products.

26 (2) (a) As used in subsection (1)(d), "order" means a command, direction, or instruction issued by the
27 department, board, or board's administrator in circumstances that clearly constitute an existing imminent peril to
28 the public health, safety, or welfare or to animal health or welfare.

29 (b) An order under subsection (1)(d) may last no more than 5 years and may be altered or rescinded as
30 necessary to address the circumstances set out in subsection (1)(d). An order may not be used to create a

1 permanent program.

2 (c) As used in subsection (2)(b), "program" means a legislatively or administratively created function,
3 project, or duty of an agency.

4 (3) When in the exercise of its powers or the discharge of its duties it becomes necessary for employees
5 of the department to investigate facts and conditions, they may administer oaths, take affidavits, and compel the
6 attendance and testimony of witnesses."
7

8 **Section 6.** Section 85-1-615, MCA, is amended to read:

9 **"85-1-615. Security interests -- purchase, operation, and resale of encumbered property.** (1) The
10 state has a lien upon a project constructed with money from the natural resources projects state special revenue
11 account established in 15-38-302 or the renewable resource loan proceeds account for the amount of the loan
12 and interest due the state. This lien may attach to any project facilities, equipment, easements, real property,
13 shares of stock in a water users' association, revenue of a water users' association, accounts receivable of a
14 water users' association, water purchase agreements, and property of any kind or nature owned by the debtor,
15 including all water rights. The department shall file with the county clerk and recorder of each county in which a
16 part of the project is located either a financing statement or a real estate mortgage covering the loan, its amount,
17 terms, and a description of the security. The county clerk and recorder shall record and index the lien as other
18 liens are required by law to be recorded and indexed. The lien is valid until paid in full or otherwise discharged.
19 The lien must be foreclosed in accordance with applicable state law governing foreclosure of mortgages and
20 liens.

21 (2) From the funds available under 15-38-301, 85-1-603, or 85-1-617, the state may:

22 (a) purchase a lien that is prior to the state's lien if:

23 (i) the director of the department determines that the loan is in default and the prospects for collecting
24 the loan may be materially increased by purchasing the prior lien; and

25 (ii) the amount to be paid for the prior lien does not exceed the appraised value of the property;

26 (b) operate property that is subject to the state's lien if the director of the department determines that the
27 loan is in default and that the prospects for collecting the loan may be materially increased by operating the
28 property that is subject to the state's lien; or

29 (c) purchase a prior lien as provided in subsection (2)(a) and operate property as provided in subsection
30 (2)(b).

1 (3) Any property acquired under the provisions of this section must be resold as expeditiously as possible
2 to recover funds used under this section and funds loaned to the borrower."
3

4 **Section 7.** Section 90-6-1001, MCA, is amended to read:

5 **"90-6-1001. Oil, gas, and coal natural resource accounts.** (1) There is an oil and gas natural resource
6 distribution account in the state special revenue fund. The collections allocated to the account from
7 15-36-304(7)(b) must be deposited in the account to be used as provided in 15-36-332(7) and (8).

8 (2) There is a coal natural resource account in the state special revenue fund. The collections allocated
9 to the account from ~~15-35-108(7)~~ 15-35-108(9) must be deposited in the account. The money in the account is
10 allocated to the coal board provided for in 2-15-1821 and may be used only for local impact grants provided for
11 in 90-6-205 through 90-6-207 and costs related to the administration of the grant awards."
12

13 NEW SECTION. **Section 8. Codification instruction.** (1) ~~[Section 3] is intended to be codified as an~~
14 ~~integral part of Title 19, chapter 3, part 3, and the provisions of Title 19, chapter 3, part 3, apply to [section 3].~~

15 ~~—— (2) [Section 4] [SECTION 3] is intended to be codified as an integral part of Title 81, chapter 2, part 1, and~~
16 ~~the provisions of Title 81, chapter 2, part 1, apply to [section 4] [SECTION 3].~~
17

18 ~~—— COORDINATION SECTION. **Section 11. Coordination instruction.** If both [this act] and House Bill~~
19 ~~No. 2 are passed and approved and if House Bill No. 2 does not contain a restricted appropriation to the~~
20 ~~department of administration for the supplemental state contribution referenced in [section 3] in the amount of~~
21 ~~\$1,649,000 in the fiscal year beginning July 1, 2017, and \$1,657,000 in the fiscal year beginning July 1, 2018,~~
22 ~~the amount of the contribution in [section 3(1)(a) of this act] is increased by \$1,649,000 in the fiscal year~~
23 ~~beginning July 1, 2017, and by \$1,657,000 in the fiscal year beginning July 1, 2018.~~
24

25 NEW SECTION. **Section 9. Effective dates.** (1) Except as provided in subsection (2), [this act] is
26 effective July 1, 2017.

27 (2) [Section 2] and this section are effective on passage and approval.
28

- END -