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HOUSE BILL NO. 321

INTRODUCED BY L. REKSTEN, K. REGIER, L. JONES, N. DURAM, G. PARRY, B. BARKER

A BILL FOR AN ACT ENTITLED: "AN ACT GENERALLY REVISING LAWS RELATED TO THE COAL TAX TRUST; ESTABLISHING A ~~CONSERVATION-DISTRICT-COAL BOARD~~ FUND WITHIN THE COAL TAX TRUST; ALLOCATING COAL SEVERANCE TAX FUNDS TO THE ~~CONSERVATION-DISTRICT-COAL BOARD~~ FUND; ~~REVISING THE ALLOCATION OF COAL SEVERANCE TAXES~~; PROVIDING FOR TRANSFERS; TRANSFERRING MONEY FROM THE GENERAL FUND TO THE ~~SCHOOL-FACILITY-COAL BOARD~~ FUND; AMENDING ~~SECTION-SECTIONS~~ 17-5-703, ~~AND 90-6-1001~~, MCA; AND PROVIDING AN EFFECTIVE DATE."

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

Section 1. 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 severance tax must be deposited;
- (b) a Montana coal endowment fund;
- (c) a Montana coal endowment regional water system fund;
- (d) a coal severance tax permanent fund;
- (e) a coal severance tax income fund;
- (f) a big sky economic development fund; ~~and~~
- (g) a school facilities fund; and
- (h) a ~~conservation district coal board~~ fund.

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

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1 (b) The amount in the coal severance tax bond fund in excess of the amount required in
2 subsection (2)(a) must be transferred from that fund as provided in subsections (4) and ~~(5) through and~~ (6).

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

8 (b) The state treasurer shall monthly transfer from the Montana coal endowment regional water
9 system fund to the Montana coal endowment regional water system special revenue account the amount of
10 earnings, excluding unrealized gains and losses, required to meet the obligations of the state that are payable
11 from the account for regional water systems authorized under 90-6-715. Earnings not transferred to the
12 Montana coal endowment regional water system special revenue account must be retained in the Montana coal
13 endowment regional water system fund.

14 (4) (a) Starting July 1, ~~2017-2023~~ 2017, the state treasurer shall quarterly transfer to the school
15 facilities fund provided for in 20-9-380(1) ~~75%~~ 10%-75% of the amount in the coal severance tax bond fund in
16 excess of the amount that is specified in subsection (2) to be retained in the fund. The budget director shall
17 certify to the state treasurer when the balance of the school facilities fund is ~~\$200-\$300~~ \$200 million. Beginning
18 with the quarter following this certification, the state treasurer shall instead transfer to the coal severance tax
19 permanent fund ~~75%~~ 10%-75% of the amount in the coal severance tax bond fund that exceeds the amount
20 that is specified in subsection (2) to be retained in the fund.

21 (b) The state treasurer shall monthly transfer from the school facilities fund to the account
22 established in 20-9-525 the amount of earnings, excluding unrealized gains and losses, required to meet the
23 obligations of the state that are payable from the account. Earnings not transferred to the account established
24 in 20-9-525 must be retained in the school facilities fund.

25 (5) (a) Starting July 1, 2023, the state treasurer shall quarterly transfer to the conservation district
26 fund provided for in [section 2] 65% of the amount in the coal severance tax bond fund in excess of the amount
27 that is specified in subsection (2) to be retained in the fund. The budget director shall certify to the state
28 treasurer when the balance of the conservation district fund is \$100 million. Beginning with the quarter following

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1 ~~this certification, the state treasurer shall instead transfer to the coal severance tax permanent fund 65% of the~~
2 ~~amount in the coal severance tax bond fund that exceeds the amount that is specified in subsection (2) to be~~
3 ~~retained in the fund.~~

4 ~~(b) The state treasurer shall monthly transfer from the conservation district fund to the account~~
5 ~~established in 76-15-106 the amount of earnings, excluding unrealized gains and losses, required to meet the~~
6 ~~obligations of the state that are payable from the account. Earnings not transferred to the account established~~
7 ~~in 76-15-106 must be retained in the conservation district fund. The state treasurer shall monthly transfer from~~
8 ~~the coal board fund to the account established in 90-6-1001(2) the amount of earnings, excluding unrealized~~
9 ~~gains and losses, required to meet the obligations of the state that are payable from the account. Earnings not~~
10 ~~transferred to the account established in 90-6-1001(2) must be retained in the coal board fund.~~

11 ~~(5)(6)~~ (a) From July 1, 2005, through June 30, 2025, the state treasurer shall quarterly transfer to the
12 big sky economic development fund 25% of the amount in the coal severance tax bond fund in excess of the
13 amount that is specified in subsection (2) to be retained in the fund.

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

19 ~~(6)(7)~~ Any amount in the coal severance tax bond fund in excess of the amount that is specified in
20 subsection (2)(a) to be retained in the fund and that is not otherwise allocated under this section must be
21 deposited in the coal severance tax permanent fund. (Terminates June 30, 2031--secs. 1 through 3, Ch. 305, L.
22 2015.)

23 **17-5-703. (Effective July 1, 2031) Coal severance tax trust funds.** (1) The trust established under
24 Article IX, section 5, of the Montana constitution is composed of the following funds:

- 25 (a) a coal severance tax bond fund into which the constitutionally dedicated receipts from the coal
26 severance tax must be deposited;
- 27 (b) a Montana coal endowment fund;
- 28 (c) a coal severance tax permanent fund;

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- 1 (d) a coal severance tax income fund;
- 2 (e) a big sky economic development fund; ~~and~~
- 3 (f) a school facilities fund; and
- 4 (g) a conservation district coal board fund.

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

8 (b) The amount in the coal severance tax bond fund in excess of the amount required in
9 subsection (2)(a) must be transferred from that fund as provided in subsections (4) and (5) ~~through and~~ (6).

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

15 (4) (a) Starting July 1, ~~2017~~ 2023 2017, the state treasurer shall quarterly transfer to the school
16 facilities fund provided for in 20-9-380(1) ~~75%~~ 10% 75% of the amount in the coal severance tax bond fund in
17 excess of the amount that is specified in subsection (2) to be retained in the fund. The budget director shall
18 certify to the state treasurer when the balance of the school facilities fund is ~~\$200~~ \$300 \$200 million. Beginning
19 with the quarter following this certification, the state treasurer shall instead transfer to the coal severance tax
20 permanent fund ~~75%~~ 10% 75% of the amount in the coal severance tax bond fund that exceeds the amount
21 that is specified in subsection (2) to be retained in the fund.

22 (b) The state treasurer shall monthly transfer from the school facilities fund to the account
23 established in 20-9-525 the amount of earnings, excluding unrealized gains and losses, required to meet the
24 obligations of the state that are payable from the account. Earnings not transferred to the account established
25 in 20-9-525 must be retained in the school facilities fund.

26 (5) (a) Starting July 1, 2023, the state treasurer shall quarterly transfer to the conservation district
27 fund provided for in [section 2] 65% of the amount in the coal severance tax bond fund in excess of the amount
28 that is specified in subsection (2) to be retained in the fund. The budget director shall certify to the state

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1 ~~treasurer when the balance of the conservation district fund is \$100 million. Beginning with the quarter following~~
2 ~~this certification, the state treasurer shall instead transfer to the coal severance tax permanent fund 65% of the~~
3 ~~amount in the coal severance tax bond fund that exceeds the amount that is specified in subsection (2) to be~~
4 ~~retained in the fund.~~

5 ~~(b) — The state treasurer shall monthly transfer from the conservation district fund to the account~~
6 ~~established in 76-15-106 the amount of earnings, excluding unrealized gains and losses, required to meet the~~
7 ~~obligations of the state that are payable from the account. Earnings not transferred to the account established~~
8 ~~in 76-15-106 must be retained in the conservation district fund. The state treasurer shall monthly transfer from~~
9 ~~the coal board fund to the account established in 90-6-1001(2) the amount of earnings, excluding unrealized~~
10 ~~gains and losses, required to meet the obligations of the state that are payable from the account. Earnings not~~
11 ~~transferred to the account established in 90-6-1001(2) must be retained in the coal board fund.~~

12 ~~(5)(6)~~ (a) From July 1, 2005, through June 30, 2025, the state treasurer shall quarterly transfer to the
13 big sky economic development fund 25% of the amount in the coal severance tax bond fund in excess of the
14 amount that is specified in subsection (2) to be retained in the fund.

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

20 ~~(6)(7)~~ Any amount in the coal severance tax bond fund in excess of the amount that is specified in
21 subsection (2)(a) to be retained in the fund and that is not otherwise allocated under this section must be
22 deposited in the coal severance tax permanent fund."

23
24 ~~NEW SECTION. Section 2.— Conservation district fund -- conservation district special revenue~~
25 ~~account. (1) There is a conservation district fund administered by the department of administration. Pursuant to~~
26 ~~17-5-703, a percentage of coal severance taxes received by the state must be deposited into this fund.~~
27 ~~Earnings not transferred to the conservation district account as provided in subsection (2) must be retained in~~
28 ~~the conservation district fund.~~

~~(2) — The conservation district account established in 76-15-106 receives earnings from the conservation district fund as provided in 17-5-703.~~

NEW SECTION. Section 2. Coal board fund. (1) There is a coal board fund administered by the department of administration. Earnings not transferred to the coal natural resource account as provided in subsection (2) must be retained in the coal board fund.

(2) The coal natural resource account established in 90-6-1001(2) receives earnings from the coal board fund as provided in 17-5-703.

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

"90-6-1001. Oil, gas, and coal natural resource accounts. (1) There is an oil and gas natural resource distribution account in the state special revenue fund. The collections allocated to the account from 15-36-331(2)(b) must be deposited in the account to be used as provided in 15-36-332(7).

(2) There is a coal natural resource account in the state special revenue fund. The collections allocated to the account from 15-35-108(9) must be deposited in the account. The account receives earnings from the coal board fund as provided in 17-5-703. The money in the account is allocated to the coal board provided for in 2-15-1821 and may be used only for local impact grants provided for in 90-6-205 through 90-6-207 and costs related to the administration of the grant awards."

NEW SECTION. Section 4. Transfer of funds. No later than August 15, 2023, there is transferred \$150 million from the general fund to the ~~school facilities fund established in 20-9-380~~ the amount necessary to bring the fund balance in the school facilities fund to \$200 million coal board fund established in [section 2].

NEW SECTION. Section 5. Codification instruction. [Section 2] is intended to be codified as an integral part of ~~Title 76, chapter 15, part 4~~ Title 90, chapter 6, part 2, and the provisions of ~~Title 76, chapter 15, part 4~~ Title 90, chapter 6, part 2, apply to [section 2].

NEW SECTION. Section 6. Effective date. [This act] is effective July 1, 2023.

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