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SENATE BILL NO. 442

INTRODUCED BY M. LANG, M. MALONE, J. SCHILLINGER, C. KNUDSEN, S. ESSMANN, N. NICOL, M. BINKLEY, B. LER, K. SEEKINS-CROWE, R. MARSHALL, D. LOGE, C. HINKLE, G. PARRY, M. CUFFE, S. HINEBAUCH, T. MCGILLVRAY, R. LYNCH, B. USHER, D. BARTEL, R. TEMPEL, R. MINER, J. FIELDER

A BILL FOR AN ACT ENTITLED: "AN ACT TRANSFERRING TAX REVENUE FROM MARIJUANA SALES TO THE DEPARTMENT OF TRANSPORTATION FOR THE FUNDING OF COUNTY ROAD CONSTRUCTION AND MAINTENANCE; PROVIDING A CALCULATION BASED ON THE ROAD MILES, STATE AND FEDERAL LAND AREA, AND BLOCK MANAGEMENT ACRES IN COUNTIES AND CONSOLIDATED CITY-COUNTIES; AMENDING SECTIONS 15-70-101 AND 16-12-111, MCA; AND PROVIDING AN EFFECTIVE DATE."

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

NEW SECTION. Section 1. County road habitat access account. (1) There is a county road

habitat access account in the state special revenue fund established in 17-2-102. All funds received pursuant to 16-12-111(4)(b)(i) must be deposited in the account.

(2) Money deposited in the account is subject to appropriation by the legislature and may be used only for funding the construction, reconstruction, maintenance, and repair of county roads in the manner provided in 15-70-101(4).

Section 2. Section 15-70-101, MCA, is amended to read:

"15-70-101. Disposition of funds. (1) Those funds allocated to cities, towns, counties, and consolidated city-county governments in this section must, in accordance with the provisions of 17-2-124, be paid by the department from the highway restricted account provided for in 15-70-126 to the cities, towns, counties, and consolidated city-county governments.

(2) The amount of \$16,816,000 of the taxes collected under this chapter and deposited in the highway restricted account in 15-70-126 is statutorily appropriated, as provided in 17-7-502, to the department of transportation and must be distributed each fiscal year on a monthly basis to the counties, incorporated cities

1 and towns, and consolidated city-county governments in Montana for construction, reconstruction,
2 maintenance, and repair of rural roads and city or town streets and alleys, as provided in subsections (2)(a)
3 through (2)(c), as follows:

4 (a) The amount of \$150,000 must be designated for the purposes and functions of the Montana
5 local technical assistance transportation program in Bozeman.

6 (b) The amount of \$6,306,000 must be divided among the various counties in the following
7 manner:

8 (i) 40% in the ratio that the rural road mileage in each county, exclusive of the national highway
9 system and the primary system, bears to the total rural road mileage in the state, exclusive of the national
10 highway system and the primary system;

11 (ii) 40% in the ratio that the rural population in each county outside incorporated cities and towns
12 bears to the total rural population in the state outside incorporated cities and towns;

13 (iii) 20% in the ratio that the land area of each county bears to the total land area of the state.

14 (c) The amount of \$10,360,000 must be divided among the incorporated cities and towns in the
15 following manner:

16 (i) 50% of the sum in the ratio that the population within the corporate limits of the city or town
17 bears to the total population within corporate limits of all the cities and towns in Montana;

18 (ii) 50% in the ratio that the city or town street and alley mileage, exclusive of the national highway
19 system and the primary system, within corporate limits bears to the total street and alley mileage, exclusive of
20 the national highway system and primary system, within the corporate limits of all cities and towns in Montana.

21 (3) (a) For the purpose of allocating the funds in subsections (2)(b) and (2)(c) to a consolidated
22 city-county government, each entity must be considered to have separate city and county boundaries. The city
23 limit boundaries are the last official city limit boundaries for the former city unless revised boundaries based on
24 the location of the urban area have been approved by the department of transportation and must be used to
25 determine city and county populations and road mileages in the following manner:

26 (i) Percentage factors must be calculated to determine separate populations for the city and rural
27 county by using the last official decennial federal census population figures that recognized an incorporated city
28 and the rural county. The factors must be based on the ratio of the city to the rural county population,

1 considering the total population in the county minus the population of any other incorporated city or town in the
2 county.

3 (ii) The city and county populations must be calculated by multiplying the total county population,
4 as determined by the latest official decennial census or the latest interim year population estimates from the
5 Montana department of commerce as supplied by the United States bureau of the census, minus the population
6 of any other incorporated city or town in that county, by the factors established in subsection (3)(a)(i).

7 (b) The amount allocated by this method for the city and the county must be combined, and single
8 monthly payments must be made to the consolidated city-county government.

9 (4) ~~(a) Except as provided in subsection (4)(b), The~~ the amount of funds received from 16-12-
10 111(4)(b)(i) and deposited in the county road habitat access account provided in [section 1] is subject to
11 legislative appropriation to the department of transportation and must be distributed each fiscal year on a
12 monthly basis to the county and consolidated city-county governments in the state for the construction,
13 reconstruction, maintenance, and repair of rural roads as provided in subsections (4)(a) through (4)(c). The total
14 amount of funds received pursuant to this subsection (4) must be divided among the various counties and
15 consolidated city-counties in the following manner:

16 ~~(a)(i)~~ 50% in the ratio that the rural road mileage in each county or consolidated city-county,
17 exclusive of the national highway system and primary system, bears to the total rural road mileage in the state,
18 exclusive of the national highway system and primary system;

19 ~~(b)(ii)~~ 25% in the ratio that the total number of acres of property enrolled in the block management
20 program established in 87-1-265 of each county or consolidated city-county bears to the total number of acres
21 enrolled in the block management program established in 87-1-265 in the state;

22 ~~(c)(iii)~~ 25% in the ratio that the total state and federal land area of each county or consolidated city-
23 county bears to the total state and federal land area of the state.

24 ~~(b)~~ For the fiscal year starting July 1, 2025, and subsequent fiscal years, the amount of funds
25 allowed as provided in subsection (4)(a) must be distributed each fiscal year on a monthly basis, pursuant to
26 subsection (4)(a), to the county and consolidated city-county governments in the state that have permitted an
27 adult-use dispensary to operate within the boundaries of the county or consolidated city-county government
28 pursuant to 16-12-301.

Amendment - 1st Reading-white - Requested by: Jeremy Trebas - (S) Taxation

- 2023

68th Legislature 2023

Drafter: Toni Henneman, 406-444-3593

SB0442.001.001

1 ~~(4)~~(5) All funds allocated by this section to counties, cities, towns, and consolidated city-county
2 governments must be used for the construction, reconstruction, maintenance, and repair of rural roads or city or
3 town streets and alleys or for the share that the city, town, county, or consolidated city-county government
4 might otherwise expend for proportionate matching of federal funds allocated for the construction of roads or
5 streets that are part of the primary or secondary highway system or urban extensions to those systems. The
6 governing body of a town or third-class city, as defined in 7-1-4111, may each year expend no more than 25%
7 of the funds allocated to that town or third-class city for the purchase of capital equipment and supplies to be
8 used for the maintenance and repair of town or third-class city streets and alleys. The governing body of a town
9 or third-class city may place all or a part of the 25% in a restricted asset account within the gas tax
10 apportionment fund that is carried forward until there is a need for the expenditure.

11 ~~(5)~~(6) All funds allocated by this section to counties, cities, towns, and consolidated city-county
12 governments must be disbursed to the lowest responsible bidder according to applicable bidding procedures
13 followed in all cases in which the contract for construction, reconstruction, maintenance, or repair is in excess of
14 the amounts provided in 7-5-2301 and 7-5-4302.

15 ~~(6)~~(7) For the purposes of this section in which distribution of funds is made on a basis related to
16 population, the population must be determined annually for counties and biennially for cities according to the
17 latest official decennial census or the latest interim year population estimates from the Montana department of
18 commerce as supplied by the United States bureau of the census.

19 ~~(7)~~(8) For the purposes of this section in which determination of mileage is necessary for distribution
20 of funds, it is the responsibility of the cities, towns, counties, and consolidated city-county governments to
21 furnish to the department of transportation a yearly certified statement indicating the total mileage within their
22 respective areas applicable to this chapter. All mileage submitted is subject to review and approval by the
23 department of transportation.

24 ~~(8)~~(9) Except by a town or third-class city as provided in subsection ~~(4)~~ (5), the funds authorized by
25 this section may not be used for the purchase of capital equipment.

26 ~~(9)~~(10) Funds authorized by this section must be used for construction and maintenance programs."
27

28 **Section 3.** Section 16-12-111, MCA, is amended to read:

1 **"16-12-111. Marijuana state special revenue account -- operating reserve -- transfer of excess**

2 **funds.** (1) There is a dedicated marijuana state special revenue account within the state special revenue fund
3 established in 17-2-102, to be administered by the department.

4 (2) The account consists of:

5 (a) money deposited into the account pursuant to this chapter;

6 (b) the taxes collected pursuant to Title 15, chapter 64, part 1;

7 (c) license and registered cardholder fees deposited into the account pursuant to this chapter;

8 (d) taxes deposited into the account pursuant to 16-12-310; and

9 (e) civil penalties collected under this chapter.

10 (3) Except as provided in subsection (4), money in the account must be used by the department
11 for the purpose of administering the provisions of this chapter.

12 (4) At the end of each fiscal year, the department shall transfer funds in excess of a 3-month
13 operating reserve necessary to fund operating costs at the beginning of the next fiscal year in the following
14 order:

15 (a) an amount not to exceed \$6 million must be transferred to the healing and ending addiction
16 through recovery and treatment (HEART) account established in 16-12-122;

17 (b) the net balance remaining after distribution to the HEART account must be distributed as
18 follows:

19 (i) 20% to the credit of the ~~department of fish, wildlife, and parks~~ department of transportation and
20 deposited in the county roads habitat access account provided for in [section 1] to be used solely as funding for
21 wildlife habitat in the same manner as funding generated under 87-1-242(3) and used pursuant to 87-1-209 the
22 construction, reconstruction, maintenance, and repair of county roads and distributed as provided in 15-70-
23 101(4);

24 (ii) 4% to the state park account established in 23-1-105(1);

25 (iii) 4% to the trails and recreational facilities account established in 23-2-108;

26 (iv) 4% to the nongame wildlife account established in 87-5-121;

27 (v) 3% or \$200,000, whichever is less, to the veterans and surviving spouses state special
28 revenue account provided for in 10-2-108;

Amendment - 1st Reading-white - Requested by: Jeremy Trebas - (S) Taxation

- 2023

68th Legislature 2023

Drafter: Toni Henneman, 406-444-3593

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1 (vi) for the biennium beginning July 1, 2021, \$300,000 to the department of justice to administer
2 grant funding to local and state law enforcement agencies for the purpose of purchasing and training drug
3 detection canines and canine handlers, including canines owned by local law enforcement agencies to replace
4 canines who were trained to detect marijuana;

5 (vii) \$150,000 to the board of crime control to fund crisis intervention team training as provided in
6 44-7-110; and

7 (viii) the remainder to the general fund. (Subsection (4)(b)(vi) terminates June 30, 2025--sec.
8 117(2), Ch. 576, L. 2021.)"

9
10 **NEW SECTION. Section 4. Codification instruction.** [Section 1] is intended to be codified as an
11 integral part of Title 15, chapter 70, part 1, and the provisions of Title 15, chapter 70, part 1, apply to [section 1].

12
13 **NEW SECTION. Section 5. Effective date.** [This act] is effective July 1, 2023.

14 - END -