

COAL SEVERANCE TAX TRUST

LEGISLATOR NOTICE

The Legislative Services Division is required to offer a brief history on the subject matter of a bill draft request prior to drafting (5-4-105, MCA; [Chapter 309, Laws of 2017](#)). The history must include related legislation introduced over the last five sessions and hyperlinks to the bill, hearing information, and fiscal notes. The legislation links below open to the page showing the status and history of bills introduced on this topic in the past. The bill text and any related fiscal notes can be accessed through the link at the top of that page.

Legislation can be complex and this history is not intended to be exhaustive. Please contact the drafter of the requested bill for more information.

Background Materials and Research

Topic Summary: The Montana Constitution, [Art. IX, sec. 5](#), establishes the coal trust. This provision requires that 50% of the coal severance tax received by the state each year be deposited into this trust fund. Although the interest and income from the trust may be appropriated, the principal of the trust may not be appropriated unless it is approved by a vote of three-fourths of the members of each house of the legislature.

The trust is divided into the following subtrusts:

- Coal Tax Bond Fund
- Permanent Fund
- Treasure State Endowment Fund
- Treasure State Endowment Regional Water System Fund
- Big Sky Economic Development Fund
- School Facilities Fund

Interest from these subtrusts is transferred into corresponding state special revenue accounts that are appropriated by the Legislature each session. [17-5-703](#), MCA, currently provides that 75% of the coal severance tax deposited into the coal severance tax trust be deposited into the School Facilities Fund and the remaining 25% be deposited into the Big Sky Economic Development Fund.

Legislative Fiscal Division Materials

[Coal Trust Brochure](#) May 2017

Other Materials:

Introduced Legislation

2017

[Senate Bill 88](#) -- Died in Process -- A BILL FOR AN ACT ENTITLED: "AN ACT CREATING THE BUILD MONTANA TRUST FUND WITHIN THE COAL SEVERANCE TAX TRUST; PROVIDING FOR TRANSFERS TO THE BUILD MONTANA TRUST FUND; ELIMINATING TRANSFERS TO AND FROM OTHER FUNDS WITHIN THE COAL SEVERANCE TAX TRUST; AMENDING SECTION 17-5-703, MCA; REPEALING SECTION 1, CHAPTER 305, LAWS OF 2015, SECTION 2, CHAPTER 305, LAWS OF 2015, SECTION 3, CHAPTER 305, LAWS OF 2015, SECTION 8, CHAPTER 390, LAWS OF 2013, SECTION 9, CHAPTER 390, LAWS OF 2013, SECTION 10, CHAPTER 390, LAWS OF 2013, SECTION 15, CHAPTER 389, LAWS OF 2011, SECTION 16, CHAPTER 389, LAWS OF 2011, SECTION 1, CHAPTER 70, LAWS OF 2001, AND SECTION 6, CHAPTER 495, LAWS OF 1999; AND PROVIDING AN EFFECTIVE DATE.

[Senate Bill 260](#) -- Chapter Number Assigned -- AN ACT CREATING THE SCHOOL FACILITIES FUND WITHIN THE COAL SEVERANCE TAX TRUST FUND; ALLOCATING COAL SEVERANCE TAX FUNDS TO THE SCHOOL FACILITIES FUND; PROVIDING FOR TRANSFERS; CREATING A STATE SPECIAL REVENUE ACCOUNT; REVISING THE ALLOCATION OF COAL SEVERANCE TAXES; AMENDING SECTION 17-5-703, MCA; AND PROVIDING AN EFFECTIVE DATE.

2015

[Senate Bill 354](#) -- Died in Process -- 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 THE SUBCOMMITTEE TO ISSUE ONE LIST OF RECOMMENDED INFRASTRUCTURE PROJECTS FOR FUNDING TO THE LEGISLATURE; ALLOCATING AND TRANSFERRING COAL SEVERANCE TAX FUNDS TO THE BUILD MONTANA FUND; CREATING A STATE SPECIAL REVENUE ACCOUNT; REVISING THE ALLOCATION OF COAL SEVERANCE TAXES; PROVIDING A STATUTORY APPROPRIATION; AMENDING SECTIONS 17-5-703 AND 17-7-502, MCA; AND PROVIDING AN EFFECTIVE DATE.

2013

[House Bill 454](#) -- Chapter Number Assigned -- AN ACT PROVIDING FUNDING FOR THE PUBLIC EMPLOYEES' RETIREMENT SYSTEM; PROVIDING THAT THE UNALLOCATED PORTION OF COAL SEVERANCE TAX COLLECTIONS IS STATUTORILY APPROPRIATED TO THE PUBLIC EMPLOYEES' DEFINED BENEFIT RETIREMENT PLAN; REVISING THE ALLOCATION OF INTEREST INCOME FROM THE COAL TAX PERMANENT FUND AND PROVIDING A STATUTORY APPROPRIATION OF A PORTION OF THE INTEREST INCOME TO THE PUBLIC

EMPLOYEES' DEFINED BENEFIT RETIREMENT PLAN; AMENDING THE TERMINATION DATE FOR THE TRANSFER OF CERTAIN MONEY FROM THE COAL SEVERANCE TAX BOND FUND TO THE TREASURE STATE ENDOWMENT FUND AND THE TREASURE STATE ENDOWMENT REGIONAL WATER SYSTEM FUND; TEMPORARILY INCREASING EMPLOYEE AND EMPLOYER CONTRIBUTIONS TO THE PUBLIC EMPLOYEES' RETIREMENT SYSTEM; REVISING THE GUARANTEED ANNUAL BENEFIT ADJUSTMENT FOR NEW AND CURRENT MEMBERS; PROVIDING AN APPROPRIATION; AMENDING SECTIONS 15-35-108, 17-5-703, 19-3-315, 19-3-316, 19-3-1605, AND 19-3-2117, MCA; AMENDING SECTION 6, CHAPTER 495, LAWS OF 1999, AND SECTIONS 15 AND 16, CHAPTER 389, LAWS OF 2011; AND PROVIDING AN EFFECTIVE DATE.

2011

[House Bill 351](#) -- Chapter Number Assigned -- AN ACT APPROPRIATING MONEY TO THE DEPARTMENT OF COMMERCE FOR FINANCIAL ASSISTANCE TO LOCAL GOVERNMENT INFRASTRUCTURE PROJECTS THROUGH THE TREASURE STATE ENDOWMENT PROGRAM; AUTHORIZING GRANTS FROM THE TREASURE STATE ENDOWMENT STATE SPECIAL REVENUE ACCOUNT; PLACING CONDITIONS UPON GRANTS AND FUNDS; APPROPRIATING MONEY TO THE DEPARTMENT OF COMMERCE FOR EMERGENCY GRANTS; APPROPRIATING MONEY TO THE DEPARTMENT OF COMMERCE FOR PRELIMINARY INFRASTRUCTURE PLANNING GRANTS; APPROPRIATING MONEY FROM THE TREASURE STATE ENDOWMENT REGIONAL WATER SYSTEM STATE SPECIAL REVENUE ACCOUNT TO THE DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION FOR FINANCIAL ASSISTANCE TO REGIONAL WATER AUTHORITIES FOR REGIONAL WATER PROJECTS; REQUIRING THE TRANSFER OF MONEY FROM THE TREASURE STATE ENDOWMENT SPECIAL REVENUE ACCOUNT AND THE TREASURE STATE ENDOWMENT REGIONAL WATER SYSTEM SPECIAL REVENUE ACCOUNT TO THE STATE GENERAL FUND; RETAINING THE TREASURE STATE ENDOWMENT REGIONAL WATER SYSTEM FUND WITHIN THE COAL SEVERANCE TAX TRUST FUND FOR AN ADDITIONAL 4 YEARS; EXTENDING TRANSFERS TO THE TREASURE STATE ENDOWMENT FUND AND THE TREASURE STATE ENDOWMENT REGIONAL WATER SYSTEM FUND TO 2020; REVISING GRANT CONDITIONS AND RANKING PROCEDURES; PROVIDING RULEMAKING AUTHORITY; AMENDING SECTIONS 17-5-703, 90-6-703, AND 90-6-710, MCA; AMENDING SECTION 6, CHAPTER 495, LAWS OF 1999, AND SECTION 1, CHAPTER 70, LAWS OF 2001; REPEALING SECTION 2, CHAPTER 70, LAWS OF 2001; AND PROVIDING AN EFFECTIVE DATE.