



OVERVIEW: COAL BOARD

The Coal Board, created in 1975, has as its primary purpose the making of grants to coal-impacted areas in Montana. Codified under 2-15-1821, MCA, the Coal Board is allocated to the Department of Commerce for administrative purposes.

For its first 26 years of existence, the Coal Board awarded more than \$73 million in grants for 275 projects, according to a history of the board (see below). In just the last three months of 2019, the Coal Board awarded nearly \$2.7 million for 16 projects.

The 2017 Legislature increased to 5.8% from 2.9% the portion of the coal severance tax (called the Coal Natural Resource Account) accessed by the Coal Board. That funding comes from the coal severance tax under 15-35-108, MCA. The 5.8% portion is projected to remain through June 30, 2023, when the amount will return to 2.9%, starting July 1, 2023.

The 2019 Legislature provided expenditure authority of \$3,978,119 in HB 2 for the FY2021 Biennium. The [2021 Biennium Fiscal Report](#) said the Coal Board's budget included \$10,000 for consulting services to "perform a study regarding the proper allocation of Coal Board grants." The department says the consultant will "assist the department in determining the biennial designation of impacted areas for the award" of Coal Board grants.

Projects dealing with growth now compete in some areas with projects dealing with falling revenues related to a slowdown in demand for coal. The chart above shows steady applicant interest, with demand averaging out in some categories to about three or four a year.

Coal Board Grants by Type, Period		
Recipient Type	Period	Number
Libraries	2009-2012	3
	2013-2019	1
Law Enforcement	2009-2011	13
	2013-2019	9
Highways/Road Equipment	2009-2011	9
	2013-2019	28
Education	2009-2011	12
	2013-2019	21
Other County	2009-2011	13
	2013-2019	24
Other City/District	2009-2011	27
	2013-2019	43
Health	2009-2011	12
	2013-2019	21
Tribal Governments & Tribal Schools	2009-2011	6
	2013-2019	6

Excludes "terminated," "null," and "withdrawn" projects.

Board Members

Two members of the board must be from an impact area, and two must be in education. At least two, or up to four members, must be from western Montana east to include Park, Stillwater, and Carbon counties as well as District 2 counties described in 2-15-156, MCA, which includes Glacier county to Yellowstone and east to the North and South Dakota borders.

Coal Board Members	Representing	Term Expires
John Williams, Colstrip, Chair	Impact Area District 2	1/01/2021
Sidney Fitzpatrick, Hardin, Vice Chair	Impact Area District 2	1/01/2021
Sean Smith, Anaconda	Business, District 1	1/1/2021
Marianne Roose, Eureka	Public Administration, District 1	1/1/2023
Veronica Small-Eastman, Lodge Grass	Education, District 2	1/1/2023
Tim Schaff, Roundup	Education, District 2	1/1/2023
Amber Henning, Missoula	Attorney, District 1	1/1/2021

Duties/Responsibilities

The Coal Board's general powers and duties are outlined in Title 90, chapter 6, part 2, which also delineates duties for the Department of Commerce to biennially designate potential recipients based on certain criteria. The most recent biennial [report](#) is available on the Department of Commerce website. The [website](#) for the Coal Board notes: "The Coal Board statutes do not specifically prohibit any type of project from eligibility for Coal Board funds. For any application submitted, the main priority is clearly defining the need represented in the application with the impact that coal development/consumption has in the community represented by the applicant."

Grants to Indian tribes require the governing body of the tribe to:

- waive its immunity from suit on any issue specifically arising from the related grant transaction; and
- agree to adjudication in the first judicial district of Montana.

History

In recognition that coal development was subject to ebbs and flows, the 1999 Legislature temporarily established a Governor's Local Coal Impact Review Council, which was directed "to review and report on Montana's existing public policy regarding the impacts resulting from coal development and to develop findings, conclusions, and recommendations as to what the policies should be, both now and into the 21st century." That 10-member coal council issued a report in December 2000. Among its findings, as they related to the Coal Board, were:

- "Beyond those defined by statute, there are no universal internal Coal Board priorities that determine how and which projects should be addressed."
- "It is the responsibility of eligible applicants to identify the local coal impacts and to communicate their needs to the Coal Board and the Montana Legislature to help define future impact funding."

The report also included a separate study commissioned by the Council and authored by Richard Dodge of Dodge Data Systems, Inc. That study noted that, while coal mining economic impacts on employment, wages, and salaries are minor for the entire state (0.7% of the whole), the impact for wages in Rosebud and Big Horn counties is substantial, with one of every two jobs in Rosebud County in 1999-2000 associated with coal development and two of every three dollars earned as wages and salaries associated with coal mining. The Dodge report also noted that the history of the Montana Coal Board over the past 26 years and impacted areas' requested funding of about \$125 million for 275 projects (of which \$73 million-plus was granted) shows the impacts of coal development on coal areas. (See Addendum 1 to the Governor's Local Coal Impact Review Council Final Report, December 2000.)

Authority

In addition to the usual authority to adopt rules governing its proceedings, the Coal Board is authorized to retain professional consultants and advisors and consider and award grants, subject to the criteria in 90-6-207, MCA, to local governmental units, state agencies, and the governing bodies of federally recognized Indian tribes as well as specifically to the Department of Transportation for constructing, repairing, or maintaining certain highways in federally designated areas of coal country.

The Coal Board also is authorized to provide grants to local governments to repay part or all of a "credit that the local governmental unit is obligated to give to a major new industrial facility that has prepaid property taxes under 15-16-201."

Grant Priorities

Priorities for awarding grants are listed in 90-6-207, MCA:

- Counties, incorporated cities or towns, school districts, and other governmental units with net population increase OR decrease of at least 10% over a 3-year period (based on any of five measures) due to coal development impacts.
- Each county and any local government units in each county with (within 2 years of a permit or a designation):
 - Production under a permit for a new coal mine projected to be at least 300,000 tons a year;
 - A projected increase or decrease in production at an existing mine of at least 1 million tons a year;
 - A newly constructed railroad is serving a new, existing, or expanded coal mine; or
 - An air quality permit has been issued for a new steam-generating or other new coal-burning facility projected to consume at least 1 million tons a year of Montana-mined coal.
- A governmental unit located within 100 miles of mines or facilities listed in the above subsets.
- Each governmental unit where closure or an end to production is projected within 1 year of:
 - A mine that has annually produced 300,000 tons of coal or more; or
 - A steam-generating or coal-burning facility that has consumed at least 1 million tons of Montana-mined coal a year.
- The Department of Transportation for construction, repair, or maintenance of deficient sections of highway impacted directly by increased traffic within a designated eastern Montana coal field economic growth center.
- State agencies or other governmental units may be awarded up to 50% of the available funds for impacts from an increase or decrease in coal development or coal consumption.

Criteria for Grant Awards

The Coal Board is obligated under 90-6-206 and 90-6-207(5), MCA, to consider:

- Need;
- Degree of severity of impact from an increase or a decrease in coal development or consumption’
- Availability of funds;
- Degree of local effort in meeting needs, including a review of bonded indebtedness; and
- The need for community planning.

Expenses

Board expenses in 2019 for both personnel services and operating expenses totaled \$142,729.27. Grants in 2019 amounted to slightly more than \$5.17 million. Grants over 2017-2018 amounted to \$2,976,067. (See table below.)

Operating Expenses 2019	
Personnel Services	\$84,565.25
Operating Expenses	\$58,164.02
<u>Grants</u>	<u>\$5,173,204.00</u>
Total	\$5,315,933.27
Information from Dept. of Commerce email.	

Possible Topics of Interest

Closure of Colstrip 1 and 2 may mean lower coal production and, as a result, a drop in coal severance taxes that are used for grants made by the Coal Board. Also related to that drop in revenue is an expected greater need to offset the impacts of the drop in production that comes with closure of Colstrip 1 and 2. Under SJ 5 in 2017-2018, the Environmental Qualify Council studied “Coal in Montana” and issued a [report](#) in 2018. There have been no legislative audits.

2017-2018 Coal Board Projects*

Recipient	Project Description	Amount	Result
Big Sky Economic Development	MSU-Billings Science & Health Building	\$500,000	Open
Big Horn County #1 (2018)	Law Enforcement Vehicle Fleet Upgrade	\$40,000	Closed
Big Horn County #2 (2018)	Library Capital Improvement Needs	\$20,433	Open
Big Horn County #1 (2017)	Belly Dump and Grader	\$205,000	Closed
Big Horn County #2 (2017)	Ambulance Replacement (2 vehicles)	\$131,000	Closed 12/31/18. Returned \$11,292
Big Horn Hospital Association	Heritage Acres Renovation & Equipment replacement	\$252,000	Closed
Broadus (Town)	First Responder Capnography Machine	\$6,100	Closed
Colstrip (City)	Economic Diversification Strategy Implementation	\$70,000	Open
Forsyth (City)	Fire Truck	\$164,000	Closed
Golden Valley County	Jaws of Life	\$27,363	Closed
Hardin (City)	Hardin High School Pavement Restoration	\$243,903	Closed
Hardin Public Schools #1 (2018)	School Facilities Assessment	\$37,800	Expired 12/31/18
Hardin Public Schools #2 (2018)	AED Units and Training	\$8,250	9/30/18 closed. Returned \$1,009
Hardin Public Schools (2018)	Fire Alarm and Suppression System <i>(scope of work changed from Activity Center Pool Roof Replacement)</i>	\$100,000	Open
Hysham (City)	PER Wastewater System	\$16,000	Closed
Miles City (City)	Airport PER/Snow Removal Equipment	\$43,900	Expires 3/31/2020 Open
Lame Deer Public Schools	School Housing Purchase	\$120,000	Expires 3/31/2020 Open
Mussellshell (County)	End Dump Truck	\$114,000	Closed
Mussellshell (County)	Motor Grader	\$269,750	Open
Northern Cheyenne Utilities Commission	Water & Wastewater Equipment	\$170,350	Open?
Rosebud County	Hospital Roof	\$100,000	9/30/18 closed
Rosebud County	Health Care Center Equipment Update	\$10,000	Closed
Rosebud County	Sheriff's Office Equipment	\$135,000	Closed
Roundup (City)	End Dump Truck	\$60,000	Closed
Roundup (City)	Roundup School Water Main Extension	\$131,218	Closed

*From 9/6/18 Legislative Fiscal Division Report with Department of Commerce updates to reflect status as of 1/31/2020.