

# CONSERVATION DISTRICTS

## CDS FACE SHORTFALLS; OFFER FUNDING OPTIONS

The decline of coal production in Montana affects a wide range of programs that rely on the coal severance tax, including conservation districts. Conservation districts receive 3.71% of the revenue but the total is forecasted to continue declining.<sup>1</sup>

Table 1. Coal Severance Tax Forecast, LFD

	FY 2021	FY 2031 (Forecast)	FY 2031 (2021 Dollars)	Difference
<b>Trust Earnings</b>				
Treasure State Endowment Interest	\$8,923,005	\$9,790,712	\$7,756,891	(1,166,114)
Regional Water System Interest	3,087,143	2,704,124	2,142,397	(944,746)
Big Sky Economic Development Interest	3,789,259	3,933,244	3,116,193	(673,066)
Permanent Fund Interest (General Fund)	15,967,475	16,213,733	12,845,661	(3,121,814)
School Facilities Interest	1,954,333	13,006,451	10,304,626	8,350,293
<b>Total Trust Earnings</b>	<b>33,721,215</b>	<b>45,648,264</b>	<b>36,165,769</b>	<b>2,444,554</b>
<b>Severance Tax Distributions</b>				
General Fund	\$10,083,941	\$5,993,046	\$4,748,113	(5,335,828)
Long-Range Building	5,190,762	2,886,578	2,286,950	(2,903,812)
Coal Natural Resource Account	2,508,868	1,395,179	1,105,359	(1,403,509)
MT Growth through Agriculture	354,599	201,555	159,686	(194,913)
<b>Conservation Districts</b>	<b>1,605,016</b>	<b>911,912</b>	<b>722,481</b>	<b>(882,535)</b>
Library Services Account	402,181	228,592	181,107	(221,074)
State Parks Trust	549,356	305,496	242,035	(307,321)
Renewable Resources Debt Service	410,935	228,521	181,050	(229,885)
Cultural Trust	272,515	151,545	120,065	(152,450)
Coal & Uranium	250,000	250,000	198,068	(51,932)
<b>Total Severance Taxes</b>	<b>\$21,628,173</b>	<b>\$12,552,424</b>	<b>\$9,944,914</b>	<b>(11,683,259)</b>

*State and district officials say if the coal severance tax continues to fund conservation districts, about \$3 million in extra revenue is needed annually. If the coal tax is removed from the mix, that increases to about \$6 million a year.*

Figure 1 shows an annual shortfall over the next decade of almost \$1 million that fund conservation districts. However, the 2021 Legislature spent an extra \$1 million in general funds to prop up conservation districts.

<sup>1</sup> Montana Legislative Fiscal Division. [Coal Severance Tax distributions](#), July 2021.

**March 22, 2022**

Environmental Quality Council

Joe Kolman

The Revenue Interim Committee is studying broader issues related to the Coal Severance Tax this interim. An update on that study is on the EQC agenda for March 22 and briefing documents are provided.

Also attached is a [table](#) expounding on possible funding options offered by conservation districts at a meeting in late 2021.