



Resource Indemnity Trust



Updated October 2019

RESOURCE INDEMNITY TRUST (RIT) - ENABLING ACT

Article IX of the Montana Constitution provides for the protection and improvement of the Montana environment and requests the legislature to provide adequate remedies for environmental protection from degradation.

It specifically requires “all lands disturbed by the taking of natural resources shall be reclaimed”, and

requires the existence of a resource indemnity trust (RIT) fund for that purpose, to be funded by taxes on the extraction of natural resources.

The constitution further states, “The principal of the resource indemnity trust shall forever remain inviolate in an amount of one hundred million dollars (\$100,000,000) guaranteed by the state against loss or diversion.”

The state constitution requires a trust, but does not require the trust to be funded. The legislature utilized certain natural resource extraction tax proceeds as a revenue source for the trust. In February of 2002, the Governor certified that the balance of the trust had exceeded the \$100.0 million threshold. Tax proceeds previously directed to the RIT have been re-directed by the legislature ever since.

FUND DESCRIPTIONS

A RIT fund is defined as a fund receiving RIT interest or Resource Indemnity Ground Water Assessment (RIGWA) taxes.

- [Ground water assessment account](#) - funds groundwater monitoring and characterization studies
- [Natural Resource Project](#) - funds grants and loans to address damage from non-renewable extraction as well as funding for projects that conserve, develop or manage, or preserve resources
- [Hazardous Waste/Comprehensive Environmental Response, Compensation and Liability Act \(CERCLA\)](#) - funds for the implementation of the Montana Hazardous Waste Act and state expenses for overseeing the federal CERCLA.
- [Environmental Quality Protection Fund](#) - utilized to identify, investigate, negotiate and prosecute individuals/entities to achieve remedial action or recover costs and damages under the state superfund program.
- [Environmental Contingency Account](#) - controlled by the Governor for the purpose of responding to emergent or imminent threats to the environment.
- [Future Fisheries](#) - funds to reclaim habitat and spawning areas of the bull and cutthroat trout.
- [Oil & Gas Production Mitigation Account](#) - funds for properly plugging a well and either reclaiming or restoring, or both, a drill site or other drilling or producing area damaged by oil and gas operations.
- [Natural Resource Operations](#) - funds to support the natural resource programs within state government.
- [Water Storage Account](#) - repair and maintenance of state owned water facilities.
- [CERCLA General Obligation Debt Service](#) - used to pay the debt services on state bonds issued in support of CERCLA or Superfund Law

TAX DESCRIPTIONS

- Resource Indemnity Tax - the state imposes a resource indemnity and ground water assessment (RIGWA) tax on the gross value of coal (based on the contract sales price), as well as most minerals, but not gravel, metals, oil, or natural gas. All minerals taxed are assessed a \$25 base tax. The remaining taxes are as follows.
 - Coal - 0.4% of the gross value produced in the preceding year in excess of \$6,250
 - Minerals - 0.5% of the gross value produced in the preceding year in excess of \$5,000
 - Talc - 4% of the gross value produced in the preceding year in excess of \$625
 - Vermiculite - 2% of the gross value produced in the preceding year in excess of \$1,250
 - Limestone - 10% of the gross value produced in the preceding year in excess of \$250
 - Garnets - 1% of the gross value produced in the preceding year in excess of \$2,500

RIT DISTRIBUTIONS - INTEREST ALLOCATIONS

Allocations of RIT interest earnings are not restricted by the constitution. The legislature has chosen to directly and indirectly allocate interest for a number of purposes.

Direct Allocations: 15-38-202 MCA directs where the interest from the RIT is allocated, now and in the future. Direct allocations are made to a number of accounts. Allocations to the oil & gas production mitigation account, the water storage account, and the environmental contingency account are made at the beginning of the biennium. The other allocations are made at the beginning of each fiscal year as shown on the distribution figure.

Indirect Allocations: After direct interest allocations are made, 15-38-202 MCA directs the remaining interest on a formula basis. In FY 2016 the formula provided: 1) 65% to the natural resource operations fund; 2) 26% to the hazardous waste/CERCLA account; and 3) 9% to the environmental quality protection fund.

Resource Indemnity Trust Income Distributions								
Distribution	Fund	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Beginning of Each Biennium	Oil & Gas Production Mitigation	\$0	\$0	\$0	\$490,672	-	\$131,005	\$0
	Environmental Contingency Account	-	151,120	-	85,499	-	130,512	-
	Water Storage Account	-	431,772	-	377,440	-	372,891	-
Beginning of Each Fiscal Year	Future Fisheries	500,000	431,772	485,521	377,440	477,194	372,891	462,896
	Ground Water Assessment Account	300,000	259,063	291,313	226,464	286,317	223,735	277,737
	Natural Resource Project	3,500,000	3,022,407	3,398,644	2,415,617	3,054,044	2,386,503	2,962,537
Remaining Interest and Tax	Hazardous Waste/CERCLA	78,419	-	-	-	-	-	-
	Environmental Quality Protection Fund	27,154	-	-	-	-	-	-
	Natural Resource Operations	196,048	-	-	-	-	-	-
Total Distribution		\$4,601,621	\$4,296,134	\$4,175,478	\$3,973,132	\$3,817,555	\$3,617,537	\$3,703,170

RIT DISTRIBUTIONS - TAX PROCEEDS

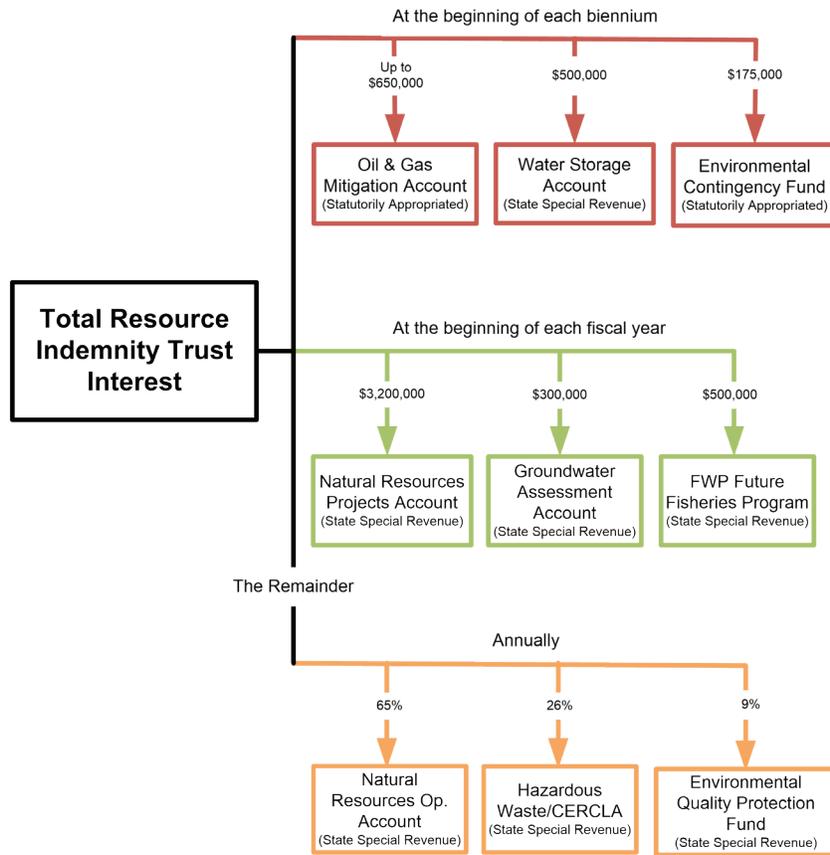
The legislature provides for statutory allocation of the resource indemnity and ground water assessment (RIGWA). MCA 15-38-106 directs the proceeds of the RIT tax as follows:

RIGWA -The proceeds are first deposited to the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA) Account Bond Debt Service fund. For fiscal year 2018 the amount was \$143,825.

The second deposit is to the ground water assessment account of \$366,000 annually. After these transactions have taken place, the remaining funds are split 25% to the environmental quality protection fund, 25% to the hazardous waste CERCLA fund and the remaining to the natural resource project fund.

Resource Indemnity Tax Distributions							
	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
CERCLA Bond Debt Service	\$269,875	\$272,106	\$268,275	\$270,425	\$148,025	\$143,825	\$144,525
Ground Water Assessment Account	366,000	366,000	366,000	366,000	366,000	366,000	366,000
Water Storage	-	150,000	-	150,000	-	150,000	-
Environmental Quality Protection Fun	369,113	372,716	665,784	386,801	526,908	467,878	603,219
Hazardous Waste/CERCLA	369,113	372,716	665,784	386,801	526,908	467,878	603,219
Natural Resource Projects	738,226	745,433	1,334,381	774,364	1,054,316	935,756	1,206,439
Total RIGWA Taxes	\$2,112,327	\$2,278,971	\$3,300,224	\$2,334,391	\$2,622,157	\$2,531,337	\$2,923,402

RESOURCE INDEMNITY TRUST INTEREST EARNINGS DISTRIBUTION



RESOURCE INDEMNITY TAX DISTRIBUTIONS

