

1 ^{Senate} BILL NO. 44
 2 INTRODUCTION BY Manning, Maxine ^{of the} ABC
 3 (Coal Tax Oversight Committee Bill)

4 A BILL FOR AN ACT ENTITLED: "AN ACT TO BRING THE COAL TAX
 5 DISTRIBUTION FORMULA INTO COMPLIANCE WITH THE MONTANA
 6 CONSTITUTION AS AMENDED IN 1976 BY CREATING A TRUST FUND;
 7 REVISING THE PERCENTAGES DISTRIBUTED TO LOCAL GOVERNMENTS
 8 AND STATE PROGRAMS AND THE PROGRAMS FUNDED THEREUNDER;
 9 AMENDING SECTIONS 50-1803, 50-1806, 82-3710, AND 84-1319,
 10 R.C.M. 1947."

11
 12 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:
 13 Section 1. Section 84-1319, R.C.M. 1947, is amended to
 14 read as follows:

15 "84-1319. Disposal of ~~license or~~ severance taxes.
 16 ~~License or severance~~ Severance taxes collected under the
 17 provisions of this chapter ~~or such sections as may enact a~~
 18 ~~severance tax on coal in 1975~~ are allocated as follows:

- 19 (1) ~~To the county for such purposes as the governing~~
 20 ~~body of that county may determine from which coal was mined~~
 21 ~~for each calendar year prior to January 1, 1980, three cents~~
 22 ~~(3¢) per ton or four per cent (4%) of the severance tax paid~~
 23 ~~on the coal mined in that county, whichever is higher, and~~
 24 ~~for each calendar year following December 31, 1979, three~~
 25 ~~cents (3¢) per ton or three and one-half per cent (3 1/2%)~~

1 ~~of the severance tax paid on the coal mined in that county,~~
 2 ~~whichever is higher. To the trust fund created by Article~~
 3 ~~IX, section 5, of the Montana constitution, 25% of total~~
 4 ~~collections a year. After December 31, 1979, 50% of coal~~
 5 ~~severance tax collections are allocated to this trust fund.~~
 6 ~~The trust fund moneys shall be deposited in an account in~~
 7 ~~the trust and legacy fund and invested by the board of~~
 8 ~~investments as provided by law.~~

9 (2) ~~Coal severance tax collections remaining after~~
 10 ~~allocation to the trust fund under subsection (1) are~~
 11 ~~allocated in the following percentages of the remaining~~
 12 ~~balance:~~

- 13 ~~(a) Two and one-half per cent (2 1/2%) of total~~
 14 ~~collections per year until December 31, 1979, and thereafter~~
 15 ~~four per cent (4%) of total collections per year~~ 13% to the
 16 earmarked revenue fund; to the credit of the alternative
 17 energy research development and demonstration account;
- 18 ~~(b) Twenty-seven and one-half per cent (27 5/8%)~~
 19 ~~27 1/2% of total collections per year until July 1, 1979,~~
 20 ~~and thereafter thirty-five per cent (35%),~~ 37 1/2% to the
 21 earmarked revenue fund to the credit of the local impact and
 22 education trust fund account;
- 23 ~~(c) For for each of the four (4) fiscal years~~
 24 ~~following the effective date of this act June 30, 1977, ten~~
 25 ~~per cent (10%) of total collections per year~~ 13% to the

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1 earmarked revenue fund to the credit of the coal area
2 highway improvement account.;

3 ~~{5}{d} Ten-per-cent--(10%)--of--total--collections--per~~
4 ~~year~~ to the earmarked revenue fund, for state equalization
5 aid to public schools of the state.;

6 ~~{6}{e} For--the--period--ending--December--31--1979,--one--per~~
7 ~~cent--(1%)--of--total--collections--per--year~~ 2% to the earmarked
8 revenue fund, to the credit of the county land planning
9 account.;

10 ~~{7}{f} Two--and--one--half--per--cent--(2 1/2%)--of--total~~
11 ~~collections--per--year~~ to the sinking fund, to the credit of
12 the renewable resource development bond account.;

13 ~~{8}{g} Two--and--one--half--per--cent--(2 1/2%)--of--total~~
14 ~~collections--per--year~~ through June 30, 1979, of which portion
15 one-half ~~{1/2}~~ shall be allocated to the earmarked revenue
16 fund, for the purpose of acquisition of sites and areas
17 described in section 62-304, subject to legislative
18 appropriations, and one-half ~~{1/2}~~ shall be allocated to the
19 trust and legacy fund, for the purpose of parks acquisition.
20 After June 30, 1979, ~~five-per-cent--(5%)--of--total--collections~~
21 ~~per--year~~ shall be allocated to the trust and legacy fund,
22 for the purpose of parks acquisition. Income from the fund
23 established in this subsection ~~{g}~~ may be appropriated for
24 the acquisition of sites and areas described in section
25 62-304.

1 ~~{9}--To--the--earmarked--revenue--fund,--such--portions--of--the~~
2 ~~severance--tax--as--may--be--authorized--by--laws--enacted--in--1975--~~
3 ~~{10}{h} All~~ all other revenues from ~~license--or~~ severance
4 taxes collected under the provisions of this chapter shall
5 be deposited to the credit of the general fund of the
6 state."

7 Section 2. Section 50-1803, R.C.M. 1947, is amended to
8 read as follows:

9 "50-1803. Coal area highway reconstruction program. (1)
10 There is appropriated to the department of highways for each
11 of the ~~four--(4)~~ fiscal years following the effective date of
12 ~~this--act~~ July 1, 1975, all the funds in the coal area
13 highway improvement account for carrying out the programs
14 authorized by this section. Any funds thus appropriated and
15 not expended before June 30, 1979, may, notwithstanding the
16 provisions of 19-1015.3, be expended or encumbered to carry
17 out this section until June 30, 1981.

18 (2) The department of highways, within the area
19 designated as the eastern Montana coal fields economic growth
20 center as certified to the secretary of transportation by
21 the governor under section 143, Title 23, United States
22 Code, shall prepare a special construction program for the
23 reconstruction of deficient sections of these highways.

24 (3) The department of highways shall expedite the
25 planning and reconstruction program for projects on the

SENATE BILL NO. 44

INTRODUCED BY MANNING, MATHERS, TOWE, ABER

(COAL TAX OVERSIGHT COMMITTEE BILL)

A BILL FOR AN ACT ENTITLED: "AN ACT TO BRING THE COAL TAX DISTRIBUTION FORMULA INTO COMPLIANCE WITH THE MONTANA CONSTITUTION AS AMENDED IN 1976 BY CREATING A TRUST FUND; REVISING THE PERCENTAGES DISTRIBUTED TO LOCAL GOVERNMENTS AND STATE PROGRAMS AND THE PROGRAMS FUNDED THEREUNDER; AMENDING SECTIONS 50-1803, 50-1804, 50-1806, 79-309, 82-3710, AND 84-1319, AND 89-3607, R.C.M. 1947."

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

Section 1. Section 84-1319, R.C.M. 1947, is amended to read as follows:

"84-1319. Disposal of license or severance taxes. Severance taxes collected under the provisions of this chapter or such sections as may enact a severance tax on coal in 1975 are allocated as follows:

(1) For the county for such purposes as the governing body of that county may determine from which coal was mined for each calendar year prior to January 1, 1980, three cents (3¢) per ton or four per cent (4%) of the severance tax paid on the coal mined in that county, whichever is higher, and for each calendar year following December 31, 1979, three

~~cents (3¢) per ton or three and one-half per cent (3 1/2%) of the severance tax paid on the coal mined in that county, whichever is higher. To the trust fund created by Article IX, section 5, of the Montana constitution, 25% of total collections a year. After December 31, 1979, 50% of coal severance tax collections are allocated to this trust fund. The trust fund moneys shall be deposited in an account in the trust and legacy fund THE FUND ESTABLISHED UNDER 79-309(5) and invested by the board of investments as provided by law.~~

~~(2) Coal severance tax collections remaining after allocation to the trust fund under subsection (1) are allocated in the following percentages of the remaining balance:~~

~~(A) TO THE COUNTY IN WHICH COAL IS MINED, 2% OF THE SEVERANCE TAX PAID ON THE COAL MINED IN THAT COUNTY UNTIL JANUARY 1, 1980, FOR SUCH PURPOSES AS THE GOVERNING BODY OF THE COUNTY MAY DETERMINE MAINTENANCE AND CONSTRUCTION OF HIGHWAYS, ROADS, STREETS, OR ALLEYS SUCH PURPOSES AS THE GOVERNING BODY OF THE COUNTY MAY DETERMINE.~~

~~(2) (B) Two and one-half per cent (2 1/2%) of total collections per year until December 31, 1979, and thereafter four per cent (4%) of total collections per year 5% to the earmarked revenue fund, to the credit of the alternative energy research development and demonstration account;~~

1 ~~(3)(b)(C) Twenty-seven and one-half per cent (27.5%)~~
 2 ~~27 1/2% of total collections per year until July 1,~~
 3 ~~1979, and thereafter thirty-five per cent (35%), 37 1/2%~~ to
 4 the earmarked revenue fund to the credit of the local impact
 5 and education trust fund account;

6 ~~(4)(c)(D) For for each of the four (4) 2 fiscal years~~
 7 ~~following the effective date of this act June 30, 1977, ten~~
 8 ~~per cent (10%) of total collections per year 12% 12% 12%~~ to
 9 the earmarked revenue fund to the credit of the coal area
 10 highway improvement account;

11 ~~(5)(d)(E) Ten per cent (10%) of total collections per~~
 12 ~~year to the earmarked revenue fund for state equalization~~
 13 ~~aid to public schools of the state;~~

14 ~~(6)(e)(F) For the period ending December 31, 1979, one~~
 15 ~~per cent (1%) of total collections per year 2% 1%~~ to the
 16 earmarked revenue fund to the credit of the county land
 17 planning account;

18 ~~(7)(f)(G) Two and one-half per cent (2 1/2%) of total~~
 19 ~~collections per year to the sinking fund to the credit of~~
 20 ~~AND THE EARMARKED REVENUE FUND TO BE ALLOCATED BETWEEN ID~~
 21 ~~THE CREDIT OF the renewable resource development bond~~
 22 ~~account AND THE COAL UTILIZATION RESEARCH ACCOUNT AS~~
 23 ~~PRESCRIBED BY SB 2622;~~

24 ~~(8)(g)(H) Two and one-half per cent (2 1/2%) of total~~
 25 ~~collections per year through June 30, 1979, of which portion~~

1 one-half (1/2) shall be allocated to the earmarked revenue
 2 fund for the purpose of acquisition, ~~OPERATION, OR~~
 3 ~~MAINTENANCE, OPERATION, OR MAINTENANCE~~ of sites and areas
 4 described in section 62-304, ~~AND THE OPERATION AND~~
 5 ~~MAINTENANCE OF SITES SO ACQUIRED,~~ subject to legislative
 6 appropriations, and one-half (1/2) shall be allocated to the
 7 trust and legacy EARMARKED REVENUE FUND, TO BE INVESTED IN A
 8 TRUST fund for the purpose of parks acquisition ~~OR~~
 9 ~~MANAGEMENT.~~ After June 30, 1979, five per cent (5%) of total
 10 collections per year shall be allocated to the trust and
 11 legacy fund for the purpose of parks acquisition ~~OR~~
 12 ~~MANAGEMENT.~~ Income from the fund established in this
 13 subsection ~~(g) (H)~~ may be appropriated for the acquisition
 14 ~~OPERATION OR MAINTENANCE~~ of sites and areas described in
 15 section 62-304, AND THE OPERATION AND MAINTENANCE OF SITES
 16 SO ACQUIRED;

17 ~~(9) To the earmarked revenue fund, such portions of~~
 18 ~~the severance tax as may be authorized by laws enacted in~~
 19 ~~1975.~~

20 ~~(10)(h)(I) All other revenues from license or~~
 21 ~~severance taxes collected under the provisions of this~~
 22 ~~chapter shall be deposited to the credit of the general fund~~
 23 ~~of the state."~~

24 Section 2. Section 50-1803, R.C.M. 1947, is amended to
 25 read as follows:

1 designated portions within this area by using funds
 2 allocated under this subsection and any federal funds that
 3 may be made available to match such funds; until federal
 4 funds are made available to match the funds allocated under
 5 this subsection the department of highways may, upon
 6 approval of the Montana state highway commission, expend
 7 such funds for planning and reconstruction projects with or
 8 without assurance from the federal government that unmatched
 9 state expenditures will be retroactively recognized for
 10 matching purposes.

11 (4) Funds allocated under this subsection shall not be
 12 used to match apportionments made for primary and secondary
 13 highways under the ~~Federal--Aid~~ Federal-Aid Highway Acts;
 14 however, nothing in this subsection should be construed to
 15 prohibit the implementation of projects otherwise funded by
 16 apportionments made under the ~~Federal--Aid~~ Federal-Aid
 17 Highway Acts; furthermore, planning and reconstruction
 18 projects may be financed in whole or in part by public and
 19 private funds provided such projects conform to the
 20 applicable standards, regulations, and procedures of the
 21 department of highways and the federal highway
 22 administration."

23 Section 3. Section 50-1806, R.C.M. 1947, is amended to
 24 read as follows:

25 "50-1806. Coal board -- general powers. The board may:

- 1 (1) retain professional consultants and advisors;
- 2 (2) adopt rules governing its proceedings;
- 3 (3) consider applications for grants from the local
 4 impact and education trust fund account; and
- 5 (4) award grants, subject to ~~section~~ 50-1807, not to
 6 exceed in any one year seven-elevenths ~~(7/11)~~, and after
 7 June 30, 1979, ~~three-sevenths-(3/7)~~ seven-fifteenths of the
 8 revenue paid into the local impact and education trust fund
 9 account, to local governmental units and state agencies to
 10 assist local governmental units in meeting the local impact
 11 of coal development by enabling them to adequately provide
 12 governmental services and facilities which are needed as a
 13 direct consequence of coal development. As used in the
 14 preceding sentence, "revenue paid" does not include interest
 15 income from the account reinvested in the account in trust
 16 for the public schools and the university system. Such
 17 grants shall be awarded on the basis of (a) need, (b) degree
 18 of severity of impact from the coal development, (c)
 19 availability of funds, and (d) degree of local effort in
 20 meeting these needs. The board shall formulate guidelines
 21 to evaluate degree of local effort, considering bond issues
 22 and millage levels. To the extent funds are needed to
 23 evaluate and plan for the impact needs caused by coal
 24 development, consideration of bond issues and millage levies
 25 may be waived."

1 Section 4. Section 82-3710, R.C.M. 1947, is amended to
2 read as follows:

3 "82-3710. County land planning assistance. (1) The
4 department of community affairs shall annually distribute to
5 ~~all the counties in the state~~ the funds in appropriated from
6 the county land planning account as follows: The funds
7 ~~shall be apportioned forty percent (40%) on the ratio of~~
8 ~~each county's portion of the total land area of the state~~
9 ~~and sixty percent (60%) on the ratio of each county's~~
10 ~~portion of the total population of the state.~~

11 (a) One-third of the funds shall be distributed to city
12 or county governing bodies or local planning agencies to
13 support local planning efforts according to criteria
14 established by the department. These criteria shall at least
15 relate to the magnitude of local planning needs, the
16 unavailability of local funds for planning programs, the
17 potential beneficial impact of the proposed planning
18 program, the willingness of local authorities to conduct and
19 continue a planning program, and the availability of the
20 technical and administrative skills necessary to carry out
21 the planning program.

22 (2) From two-thirds of the funds each county shall be
23 allotted \$3,000. After this disbursement has been made, 40%
24 of the balance in the account shall be apportioned to the
25 counties according to the ratio of each county's land area

1 to the total land area of the state, and 60% of the balance
2 shall be apportioned to the counties according to each
3 county's portion of the total population of the state. If a
4 multi-jurisdictional planning board has been established in
5 the county it may receive and expend part or all of the
6 funds allocated to that county.

7 (2) Counties, cities, or joint planning boards
8 receiving funds under this section shall use such funds for
9 the land planning purposes of making inventories of land
10 categories within their boundaries and of classifying lands
11 for taxation and planning programs.

12 ~~(3) There is appropriated to the department of~~
13 ~~community affairs for the purposes of this section all the~~
14 ~~funds in the county land planning account for the biennium~~
15 ~~ending June 30, 1977.~~

15 ~~(4)(3) At the end of each fiscal year the every local~~
17 ~~governing body of the affected county and planning agency~~
18 ~~receiving funds under this section shall provide an~~
19 ~~accounting of how the monies were spent in a form acceptable~~
20 ~~to the department of community affairs. Any surplus of~~
21 ~~prorated funds shall revert to the education trust fund~~
22 ~~account."~~

-End-

1 "50-1803. Coal area highway reconstruction program.

2 (1) There is appropriated to the department of highways for
3 each of the ~~four~~(4) fiscal years following the ~~effective~~
4 ~~date of this act~~ July 1, 1975, all the funds in the coal
5 area highway improvement account for carrying out the
6 programs authorized by this section. Any funds thus
7 appropriated and not expended before June 30, 1979, may,
8 notwithstanding the provisions of 79-1015.3, be expended or
9 encumbered to carry out this section until June 30, 1981.

10 (2) The department of highways, within the area
11 designated as the eastern Montana coal field economic growth
12 center as certified to the secretary of transportation by
13 the governor under section 143, Title 23, United States
14 Code, shall prepare a special construction program for the
15 reconstruction of deficient sections of these highways.

16 (3) The department of highways shall expedite the
17 planning and reconstruction program for projects on the
18 designated portions within this area by using funds
19 allocated under this subsection and any federal funds that
20 may be made available to match such funds; until federal
21 funds are made available to match the funds allocated under
22 this subsection the department of highways may, upon
23 approval of the Montana state highway commission, expend
24 such funds for planning and reconstruction projects with or
25 without assurance from the federal government that unmatched

1 ~~state expenditures will be retroactively recognized for~~
2 ~~matching purposes.~~

3 (4) Funds allocated under this subsection shall not be
4 used to match apportionments made for primary and secondary
5 highways under the ~~Federal-Aid~~ Federal-Aid Highway Acts;
6 however, nothing in this subsection should be construed to
7 prohibit the implementation of projects otherwise funded by
8 apportionments made under the ~~Federal-Aid~~ Federal-Aid
9 Highway Acts; furthermore, planning and reconstruction
10 projects may be financed in whole or in part by public and
11 private funds provided such projects conform to the
12 applicable standards, regulations, and procedures of the
13 department of highways and the federal highway
14 administration."

15 Section 3. Section 50-1806, R.C.M. 1947, is amended to
16 read as follows:

17 "50-1806. Coal board -- general powers. The board may:

18 (1) retain professional consultants and advisors;

19 (2) adopt rules governing its proceedings;

20 (3) consider applications for grants from the local
21 impact and education trust fund account; and

22 (4) award grants, subject to section 50-1807, not to
23 exceed in any one year ~~seven-elevenths~~ (7/11), and after
24 June 30, 1979, ~~three-sevenths~~ (3/7) ~~seven-fifteenths~~ of the
25 revenue paid into the local impact and education trust fund

1 account, to local governmental units and state agencies to
 2 assist local governmental units in meeting the local impact
 3 of coal development by enabling them to adequately provide
 4 governmental services and facilities which are needed as a
 5 direct consequence of coal development. As used in the
 6 preceding sentence, "revenue paid" does not include interest
 7 income from the account reinvested in the account in trust
 8 for the public schools and the university system. Such
 9 grants shall be awarded on the basis of (a) need, (b) degree
 10 of severity of impact from the coal development, (c)
 11 availability of funds, and (d) degree of local effort in
 12 meeting these needs. The board shall formulate guidelines
 13 to evaluate degree of local effort, considering bond issues
 14 and millage levels. To the extent funds are needed to
 15 evaluate and plan for the impact needs caused by coal
 16 development, consideration of bond issues and millage levies
 17 may be waived."

18 Section 4. Section 82-3710, R.C.M. 1947, is amended to
 19 read as follows:

20 "82-3710. County land planning assistance. (1) The
 21 department of community affairs shall annually distribute to
 22 ~~all the counties in the state the funds in appropriated from~~
 23 ~~the county land planning accounts as follows: The funds~~
 24 ~~shall be apportioned forty percent (40%) on the ratio of~~
 25 ~~each county's portion of the total land area of the state~~

1 ~~and sixty percent (60%) on the ratio of each county's~~
 2 ~~portion of the total population of the state.~~

3 ~~(a) One third of the funds shall be distributed to~~
 4 ~~city or county governing bodies or local planning agencies~~
 5 ~~to support local planning efforts according to criteria~~
 6 ~~established by the department. These criteria shall at least~~
 7 ~~relate to the magnitude of local planning needs, the~~
 8 ~~unavailability of local funds for planning programs, the~~
 9 ~~potential beneficial impact of the proposed planning~~
 10 ~~program, the willingness of local authorities to conduct and~~
 11 ~~continue a planning program, and the availability of the~~
 12 ~~technical and administrative skills necessary to carry out~~
 13 ~~the planning program.~~

14 ~~(b) From two thirds of the funds each EACM county~~
 15 ~~shall be allotted \$3,000. After this disbursement has been~~
 16 ~~made, 40% of the balance in the account shall be apportioned~~
 17 ~~to the counties according to the ratio of each county's land~~
 18 ~~area to the total land area of the state, and 60% of the~~
 19 ~~balance shall be apportioned to the counties according to~~
 20 ~~each county's portion of the total population of the state.~~
 21 ~~If a multi-jurisdictional planning board has been~~
 22 ~~established in the county it may receive and expend part or~~
 23 ~~all of the funds allocated to that county.~~

24 (2) Counties, cities, or joint planning boards
 25 receiving funds under this section shall use such funds for

1 the land planning purposes of ~~making inventories of land~~
 2 ~~categories within their boundaries and of classifying lands~~
 3 ~~for taxation and planning programs.~~

4 ~~{3} There is appropriated to the department of~~
 5 ~~community affairs for the purposes of this section all the~~
 6 ~~funds in the county land planning account for the biennium~~
 7 ~~ending June 30, 1977.~~

8 ~~{4}{3} At the end of each fiscal year the every local~~
 9 ~~governing body of the affected county and planning agency~~
 10 ~~receiving funds under this section shall provide an~~
 11 ~~accounting of how the moneys were spent in a form acceptable~~
 12 ~~to the department of community affairs. Any surplus of~~
 13 ~~prorated funds shall revert to the education trust fund~~
 14 ~~account."~~

15 SECTION 5. THERE IS A NEW R.C.M. SECTION THAT READS AS
 16 FOLLOWS:

17 Coal tax oversight committee continued. The select
 18 committee established by section 15, chapter 502, Laws of
 19 1975, is continued for the biennium ending June 30, 1979,
 20 and is directed to report its recommendation to the 46th
 21 legislature.

22 SECTION 6. SECTION 50-1804, R.C.M., 1947, IS AMENDED TO
 23 READ AS FOLLOWS:

24 "50-1804. Coal board established -- composition. (1)
 25 There is a coal board composed of seven {7} members.

1 (2) The coal board is allocated to the department of
 2 community affairs for administrative purposes only as
 3 prescribed in section 82A-108.

4 (3) The members of the coal board are selected as
 5 follows: The governor shall appoint a seven {7} member coal
 6 board, as provided under 82A-112, two {2} from the impact
 7 areas and two {2} with expertise in education. The governor
 8 shall further, in making these appointments, consider people
 9 from these fields: business, engineering, public
 10 administration and planning. No more than four {4} members
 11 may be residents of the same congressional district."

12 SECTION 7. SECTION 79-309, R.C.M., 1947, IS AMENDED TO
 13 READ AS FOLLOWS:

14 "79-309. Investment funds. For each treasury fund
 15 account into which state funds are segregated by the
 16 department of administration pursuant to section 79-413,
 17 individual transactions and totals of all investments shall
 18 be separately recorded to the extent directed by the
 19 department. However, the securities purchased and cash on
 20 hand for all treasury fund accounts not otherwise
 21 specifically designated by law or by the provisions of a
 22 gift, donation, grant, legacy, bequest or devise from which
 23 the fund account originates to be invested shall be pooled
 24 in an account to be designated "Treasury Cash Account" and
 25 placed in one of the investment funds designated below. The

1 share of the income for this account shall be credited to
 2 the general fund. If within the list hereinafter of separate
 3 investment funds, more than one investment fund is included
 4 which may be held jointly with others under the same
 5 separate listing, all investments purchased for that
 6 separate investment fund shall be held jointly for all the
 7 accounts participating therein, which shall share all
 8 capital gains and losses and income pro rata. Separate
 9 investment funds shall be maintained as follows:

10 (1) the trust and legacy fund, including all public
 11 school funds and funds of the Montana university system and
 12 other state institutions of learning referred to in sections
 13 2 and 10, article X, of the 1972 Montana constitution, and
 14 all money referred to in section 79-410 (8);

15 (2) a separate investment fund, which may not be held
 16 jointly with other funds, for money pertaining to each
 17 retirement or insurance system now or hereafter maintained
 18 by the state, including those now maintained under the
 19 following statutes:

20 (a) the highway patrolmen's retirement system
 21 described in title 31, chapter 2;

22 (b) the public employees' retirement system described
 23 in title 68;

24 (c) the game wardens' retirement system described in
 25 title 68, chapter 14;

1 (d) the teachers' retirement system described in title
 2 75, chapter 62; and

3 (e) the industrial accident insurance program
 4 described in title 92, chapter 11;

5 (3) a pooled investment fund, including all other
 6 accounts within the treasury fund structure established by
 7 section 79-410;

8 (4) a fund consisting of gifts, donations, grants,
 9 legacies, bequests, devises and other contributions made or
 10 given for a specific purpose or under conditions expressed
 11 in the gift, donation, grant, legacy, bequest, devise or
 12 contribution on the part of the state of Montana to be
 13 observed. If such gift, donation, grant, legacy, bequest,
 14 devise, or contribution permits investment, and is not
 15 otherwise restricted by its terms, it may be treated jointly
 16 with other such gifts, donations, grants, legacies,
 17 bequests, devises, or contributions; and

18 ~~(5) a fund consisting of coal severance taxes~~
 19 ~~allocated thereto under section 5, article IX of the Montana~~
 20 ~~constitution. The principal of this trust fund shall be~~
 21 ~~permanent and invested in the permissible investments~~
 22 ~~enumerated in 79-310. In the event the legislature~~
 23 ~~appropriates any part of the principal of this fund by vote~~
 24 ~~of three-fourths of the members of each house, such~~
 25 ~~liquidation may create a gain or loss in the principal; and~~

1 ~~{5}~~~~{6}~~ such additional investment funds as may be
2 expressly required by law, or may be determined by the board
3 of investments to be necessary to fulfill fiduciary
4 responsibilities of the state with respect to funds from a
5 particular source.*

6 ~~SECTION 8. THERE IS A NEW R.C.M. SECTION NUMBERED~~
7 ~~89-3604, THAT READS AS FOLLOWS:~~

8 ~~89-3604 is Grants for coal utilization research. (1)~~
9 ~~The department of natural resources and conservation may~~
10 ~~make grants to persons, as defined in 84-7408, to assist~~
11 ~~them in the research, development, or demonstration of more~~
12 ~~efficient alternative forms of coal conversion. These more~~
13 ~~efficient forms are defined as the conversion of coal into~~
14 ~~forms of energy OR PRODUCTS useful to mankind through~~
15 ~~technology proposed to convert coal more efficiently than~~
16 ~~the technology in general commercial use. Such research,~~
17 ~~development, or demonstration are public purposes,~~
18 ~~furthering the policy of the state of Montana, which favors~~
19 ~~conservation of the coal resource through its most efficient~~
20 ~~utilizations.~~

21 ~~{2} In administering this section the department shall~~
22 ~~follow the criteria for grant awards set forth in 84-7412~~
23 ~~and may exercise the powers vested in it under 84-7410 and~~
24 ~~84-7411, or those sections as they may be amended or~~
25 ~~renumbered.~~

1 ~~SECTION 8. SECTION 89-3607, R.C.M. 1947, IS AMENDED TO~~
2 ~~READ AS FOLLOWS:~~

3 ~~*89-3607. Sinking fund account ~~coal utilization~~~~
4 ~~research account. (1) The state may by enactment of the~~
5 ~~legislature or the people levy, impose, assess, and pledge~~
6 ~~and appropriate to the sinking fund account any tax, charge,~~
7 ~~fee, rental or other income from any designated source. The~~
8 ~~state reserves the right to modify from time to time the~~
9 ~~nature and amount of special taxes and other revenues~~
10 ~~pledged and appropriated to the sinking fund account,~~
11 ~~provided that the aggregate resources so pledged and~~
12 ~~appropriated are determined by the legislature to be~~
13 ~~sufficient for the prompt and full payment of the principal~~
14 ~~of and interest and redemption premiums when due on all~~
15 ~~bonds payable from that account, and provided that the~~
16 ~~pledge of the full faith and credit and taxing powers of the~~
17 ~~state for the security of all such bonds shall be and remain~~
18 ~~irrevocable until they are fully paid.~~

19 ~~(2) Money in the sinking fund account shall be used~~
20 ~~first to pay interest, principal and redemption premiums~~
21 ~~when due and payable with respect to renewable resource~~
22 ~~development bonds; second to accumulate a reserve for the~~
23 ~~further security of such payments, to the amount required~~
24 ~~each month to meet those payments due within ~~twelve~~{12}~~
25 ~~months thereafter; and third to restore the reserve to this~~

1 amount after each payment.

2 (3) After the reserve provided for in subsection (2)
3 above is in the sinking fund, money at any time received in
4 the sinking fund in excess of that amount shall be
5 transferred by the treasurer to the clearance fund account.
6 If the balance at any time on hand in the sinking fund is
7 not sufficient for compliance with subsection (2), and is
8 not restored to the required amount within three (3) months
9 thereafter, from funds specifically pledged and appropriated
10 to the sinking fund account, the treasurer shall transfer
11 thereto from the general fund an amount sufficient to
12 restore the required balance.

13 (4) The state pledges and appropriates and directs to
14 be credited to the sinking fund account as received two and
15 one-half percent (2 1/2%) ~~1 1/2%~~ 2 1/2% of all money from
16 time to time received from the collection of the strip coal
17 mines license tax payable under the provisions of section
18 84-1382, or the equivalent provision of any severance tax
19 enacted in lieu of such license tax, and remaining after
20 allocation of such tax to the trust fund established under
21 section 5, article IX of the Montana constitution and such
22 additional amount thereof, if any, as may be required from
23 time to time to provide sufficient funds for the purposes
24 stated in subsection (2) above; provided that no more than
25 two and one-half percent (2 1/2%) ~~1 1/2%~~ 2 1/2% of such tax

1 collections shall be deemed to be pledged for the purpose of
2 section 89-3606, subsection (3).

3 ~~(5) There is a coal utilization research account~~
4 ~~within the earmarked revenue funds. Moneys paid into this~~
5 ~~account consist of 1% of the coal severance tax collected~~
6 ~~each quarter and remaining after allocation of such tax to~~
7 ~~the trust fund established under section 5, article IX of~~
8 ~~the Montana constitution. Moneys in this account may be~~
9 ~~appropriated for the purposes specified in 89-3604, is"~~

-End-

STATE OF MONTANA

REQUEST NO. 80-77

FISCAL NOTE

Form BD-15

In compliance with a written request received 1-14, 19 77, there is hereby submitted a Fiscal Note for Senate Bill 44 pursuant to Chapter 53, Laws of Montana, 1965 - Thirty-Ninth Legislative Assembly.

Background information used in developing this Fiscal Note is available from the Office of Budget and Program Planning, to members of the Legislature upon request.

DESCRIPTION OF PROPOSED LEGISLATION:

An act to bring the coal tax distribution formula into compliance with the Montana Constitution by creating a trust fund and revising the percentages distributed to local governments and state programs, and the programs funded thereunder.

FISCAL IMPACT:

Total receipts are not effected by the proposed legislation since the bill deals strictly with the distribution of revenues. The distribution changes are as follows:

Purpose	FY78			FY79		
	Current Law	Proposed Law	Increase(decrease)	Current Law	Proposed Law	Increase(decrease)
Trust Fund	0	7,722,548	7,722,548	0	12,814,309	12,814,309
General Fund	16,474,771	13,385,753	(3,089,018)	20,502,895	15,377,171	(5,125,724)
Acquisition of sites & areas	514,837	418,305	(96,532)	640,715	480,537	(160,178)
State Eq. Aid	4,118,693	3,346,438	(772,255)	5,125,724	3,844,293	(1,281,431)
County land planning	411,869	669,287	257,418	512,572	768,858	256,286
Local Impact	7,207,712	5,856,267	(1,351,445)	8,970,016	6,727,512	(2,242,504)
Coal Area Highway Improvement	4,118,693	4,350,369	231,676	5,125,724	4,997,581	(128,143)
Alternate Energy Research Dev.	1,029,673	836,609	(193,064)	1,281,431	961,073	(320,358)
Renewable Resources Development	1,029,673	836,609	(193,064)	1,281,431	961,073	(320,358)
Park Acquisition	514,837	418,305	(96,532)	640,715	480,537	(160,178)
Education Trust	4,118,693	3,346,438	(772,255)	5,125,724	3,844,293	(1,281,431)
Counties Discretionary	1,647,477	0	(1,647,477)	2,050,290	0	(2,050,290)
Total	<u>41,186,928</u>	<u>41,186,928</u>	<u>0</u>	<u>51,257,237</u>	<u>51,257,237</u>	<u>0</u>

BUDGET DIRECTOR

Office of Budget and Program Planning

Date: _____

FISCAL IMPACT: (continued)

Office of Budget and Program Planning

The proposed legislation will not require additional staff or expense by the Office of Budget and Program Planning provided the recommended budget modifications in the 1978-79 Executive Budget are approved.

LOCAL IMPACT:

None.

LONG RANGE IMPACT:

Indeterminate.

TECHNICAL NOTES:

1. The increased costs of implementing the proposed legislation are largely contingent upon requirements for performance auditing by the legislative auditor. Revision and more detailed specification of audit requirements could substantially affect cost.
2. H.B. 643 (Chapter 460, Session Laws of Montana) includes a provision for "a variance report for the immediate past fiscal year which shall detail variances between expenditures, revenues, program size indicators, effectiveness measures and priorities expressed in the executive budget and those actually realized." This requirement duplicates, in part, requirements for performance audits as specified in the proposed legislation.
3. Clarification is necessary regarding the concepts "intervention assumptions" and "effectiveness measures" in section 2, subsection 3.
4. H.B. 86 should make reference to the existing H.B. 643 and clarify the status of H.B. 643 if implemented. Will H.B. 86 supersede H.B. 643 or supplement the provisions of H.B. 643?
5. OBPP recommends a subsection be added to section 5 relative to the organizational structure of the program to be reviewed. The subsection would include a statement identifying the organizational structure of the agency or program to carry out the stated goals and objectives and should include functions and staffing of the agency or program and the mechanisms for coordinating work internally and with other agencies or programs.
6. OBPP recommends that Section 5, subsection 5, be changed to read, "actual disbursements for the past fiscal year, . . ."

STATE OF MONTANA

REQUEST NO. 80-77 Amended

FISCAL NOTE

Form BD-15

In compliance with a written request received February 15, 19 77, there is hereby submitted a Fiscal Note for Senate Bill 44 Amended pursuant to Chapter 53, Laws of Montana, 1965 - Thirty-Ninth Legislative Assembly.

Background information used in developing this Fiscal Note is available from the Office of Budget and Program Planning, to members of the Legislature upon request.

PAGE 2

FISCAL IMPACT (Cont.)

FY 79

	<u>Current Law</u>	<u>Proposed Law</u>	<u>Increase (Decrease)</u>
Counties With Coal Mining Activity	2,050,290	384,429	(1,665,861)
Alternative Energy Development	1,281,431	961,073	(320,358)
Local Impact	8,970,016	6,727,512	(2,242,504)
Education Trust	5,125,724	3,844,293	(1,281,431)
Coal Area Highway Impact	5,125,724	4,997,581	(128,143)
State Equalization Aid	5,125,724	3,844,293	(1,281,431)
County Land Planning	512,572	384,429	(128,143)
Renewable Resource Development	1,281,431	576,644	(704,787)
Coal Utilization Research Account	0	384,429	384,429
Parks Acquisition	640,715	480,537	(160,178)
Parks Trust	640,715	480,537	(160,178)
General Fund	20,502,895	15,377,171	(5,125,724)
Trust Fund	0	12,814,309	12,814,309
TOTAL	<u>51,257,237</u>	<u>51,257,287</u>	<u>0</u>

Richard L. Dray
BUDGET DIRECTOR

Office of Budget and Program Planning

Date: _____

STATE OF MONTANA

REQUEST NO. 80-77 Amended

FISCAL NOTE

Form BD-1'

In compliance with a written request received February 15, 19 77, there is hereby submitted a Fiscal Note for Senate Bill 44 Amended pursuant to Chapter 53, Laws of Montana, 1965 - Thirty-Ninth Legislative Assembly.

Background information used in developing this Fiscal Note is available from the Office of Budget and Program Planning, to members of the Legislature upon request.

DESCRIPTION

An act to bring the coal tax distribution formula into compliance with the Montana Constitution by creating a trust fund and revising the percentages distributed to local governments and state programs, and the programs funded thereunder.

FISCAL IMPACT

	FY 78		Increase (Decrease)
	Current Law	Proposed Law	
Counties With Coal Mining Activity	1,647,477	334,644	(1,312,833)
Alternative Energy Development	1,029,673	836,610	(193,063)
Local Impact	7,207,712	5,856,267	(1,351,445)
Education Trust	4,118,693	3,346,438	(772,255)
Coal Area Highway Impact	4,118,693	4,350,369	231,676
State Equalization Aid	4,118,693	3,346,438	(772,255)
County Land Planning	411,869	334,644	(77,225)
Renewable Resource Development	1,029,673	501,966	(527,707)
Coal Utilization Research Account	0	334,644	334,644
Parks Acquisition	514,837	418,305	(96,532)
Parks Trust	514,837	418,305	(96,532)
General Fund	16,474,771	13,385,750	(3,089,021)
Trust Fund	0	7,722,548	7,722,548
TOTAL	<u>41,186,928</u>	<u>41,186,928</u>	<u>0</u>

(CONTINUED ON PAGE 2)

BUDGET DIRECTOR

Office of Budget and Program Planning

Date: _____

Approved by Committee
on Taxation

SENATE BILL NO. 44

INTRODUCED BY MANNING, MATHERS, TOME, ABER

(COAL TAX OVERSIGHT COMMITTEE BILL)

A BILL FOR AN ACT ENTITLED: "AN ACT TO BRING THE COAL TAX DISTRIBUTION FORMULA INTO COMPLIANCE WITH THE MONTANA CONSTITUTION AS AMENDED IN 1976 BY CREATING A TRUST FUND; REVISING THE PERCENTAGES DISTRIBUTED TO LOCAL GOVERNMENTS AND STATE PROGRAMS AND THE PROGRAMS FUNDED THEREUNDER; AMENDING SECTIONS 50-1803, ~~50-1804~~, 50-1806, ~~19-309~~, 82-3710, AND 84-1319, ~~AND 89-3607~~, R.C.M. 1947."

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

Section 1. Section 84-1319, R.C.M. 1947, is amended to read as follows:

"84-1319. Disposal of ~~license--or~~ severance taxes. ~~License--or--severance~~ Severance taxes collected under the provisions of this chapter ~~or such sections as may enact--a~~ severance tax on coal in 1975 are allocated as follows:

(1) ~~To--the--county--for--such--purposes--as--the--governing~~ body of that county may determine from which coal was mined for each calendar year prior to January 1, 1980, three cents ~~(3¢) per ton or four per cent (4%) of the severance tax paid~~ on the coal mined in that county, whichever is higher, and for each calendar year following December 31, 1979, three

~~cents--(3¢)--per--ton--or--three--and--one--half--per--cent--(3-1/2%)~~ of the severance tax paid on the coal mined in that county, whichever is higher. To the trust fund created by Article IX, section 5, of the Montana constitution, 25% of total collections a year. After December 31, 1979, 50% of coal severance tax collections are allocated to this trust fund. The trust fund moneys shall be deposited in an account in the trust end legacy fund THE FUND ESTABLISHED UNDER 19-309(5) and invested by the board of investments as provided by law.

(2) Coal severance tax collections remaining after allocation to the trust fund under subsection (1) are allocated in the following percentages of the remaining balance:

(A) IN THE COUNTY IN WHICH COAL IS MINED, 1% OF THE SEVERANCE TAX PAID ON THE COAL MINED IN THAT COUNTY UNTIL JANUARY 1, 1980, FOR SUCH PURPOSES AS THE GOVERNING BODY OF THE COUNTY MAY DETERMINE.

~~(2) (B) Two-and-one-half-per-cent (2 1/2%) of total~~ collections per year until December 31, 1979, and thereafter ~~four--per--cent (4%) of total collections per year 5%~~ to the earmarked revenue fund to the credit of the alternative energy research development and demonstration account;

~~(3) (C) Twenty-seven--and--one--half--per--cent (27-1/2%)~~ of total collections per year until July 1, 1979,

1 and thereafter thirty-five-per-cent-(35%) ~~of~~ 17-1-73 to the
2 earmarked revenue fund to the credit of the local impact and
3 education trust fund account;

4 ~~(4)(D)~~ For ~~for~~ each of the four-(4) 2 fiscal years
5 following the-effective-date-of-this-act June 30, 1977, ten
6 per-cent-(10%) ~~of total collections per year~~ 13% to the
7 earmarked revenue fund to the credit of the coal area
8 highway improvement account;

9 ~~(5)(E)~~ Ten-per-cent-(10%) ~~of total collections per~~
10 ~~year~~ to the earmarked revenue fund for state equalization
11 aid to public schools of the state;

12 ~~(6)(F)~~ For the period ending December 31, 1979, one
13 per-cent-(1%) ~~of total collections per year~~ 2% 1% to the
14 earmarked revenue fund to the credit of the county land
15 planning account;

16 ~~(7)(G)~~ Two-and-one-half-per-cent-(2 1/2%) ~~of total~~
17 ~~collections per year~~ to the sinking fund to the credit of
18 AND THE EARMARKED REVENUE FUND TO BE ALLOCATED BETWEEN the
19 renewable resource development bond account AND THE LOCAL
20 UTILIZATION RESEARCH ACCOUNT AS PRESCRIBED BY 89-3607;

21 ~~(8)(H)~~ Two-and-one-half-per-cent-(2 1/2%) ~~of total~~
22 ~~collections per year~~ through June 30, 1979, of which portion
23 one-half ~~(1/2)~~ shall be allocated to the earmarked revenue
24 fund for the purpose of acquisition, OPERATION, OR
25 MAINTENANCE of sites and areas described in section 62-304,

1 subject to legislative appropriations, and one-half ~~(1/2)~~
2 shall be allocated to the trust and legacy EARMARKED REVENUE
3 FUND TO BE INVESTED IN A TRUST fund for the purpose of
4 parks acquisition OR MANAGEMENT. After June 30, 1979, five
5 per-cent-(5%) ~~of total collections per year~~ shall be
6 allocated to the trust and legacy fund for the purpose of
7 parks acquisition OR MANAGEMENT. Income from the fund
8 established in this subsection (g) may be appropriated for
9 the acquisition, OPERATION OR MAINTENANCE of sites and areas
10 described in section 62-304.

11 ~~(9)~~ ~~to the earmarked revenue fund~~ such portions of
12 ~~the severance tax as may be authorized by laws enacted in~~
13 ~~1975~~

14 ~~(10)(b)~~ ~~all~~ other revenues from ~~license or~~
15 severance taxes collected under the provisions of this
16 chapter shall be deposited to the credit of the general fund
17 of the state."

18 Section 2. Section 50-1803, R.C.M. 1947, is amended to
19 read as follows:

20 "50-1803. Coal area highway reconstruction program.
21 (1) There is appropriated to the department of highways for
22 each of the four-(4) fiscal years following the-effective
23 ~~date of this act~~ July 1, 1975, all the funds in the coal
24 area highway improvement account for carrying out the
25 programs authorized by this section. Any funds thus

1 ~~appropriated and not expended before June 30, 1979, may,~~
 2 ~~notwithstanding the provisions of 79-1015,3, be expended or~~
 3 ~~encumbered to carry out this section until June 30, 1981.~~

4 (2) The department of highways, within the area
 5 designated as the eastern Montana coal field economic growth
 6 center as certified to the secretary of transportation by
 7 the governor under section 143, Title 23, United States
 8 Code, shall prepare a special construction program for the
 9 reconstruction of deficient sections of these highways.

10 (3) The department of highways shall expedite the
 11 planning and reconstruction program for projects on the
 12 designated portions within this area by using funds
 13 allocated under this subsection and any federal funds that
 14 may be made available to match such funds; until federal
 15 funds are made available to match the funds allocated under
 16 this subsection the department of highways may, upon
 17 approval of the Montana state highway commission, expend
 18 such funds for planning and reconstruction projects ~~with or~~
 19 ~~without assurance from the federal government that unmatched~~
 20 ~~state expenditures will be retroactively recognized for~~
 21 ~~matching purposes.~~

22 (4) Funds allocated under this subsection shall not be
 23 used to match apportionments made for primary and secondary
 24 highways under the ~~Federal--Aid Federal-Aid~~ Highway Acts;
 25 however, nothing in this subsection should be construed to

1 prohibit the implementation of projects otherwise funded by
 2 apportionments made under the ~~Federal--Aid Federal-Aid~~
 3 Highway Acts; furthermore, planning and reconstruction
 4 projects may be financed in whole or in part by public and
 5 private funds provided such projects conform to the
 6 applicable standards, regulations, and procedures of the
 7 department of highways and the federal highway
 8 administration."

9 Section 3. Section 50-1806, R.C.M. 1947, is amended to
 10 read as follows:

11 "50-1806. Coal board -- general powers. The board may:

12 (1) retain professional consultants and advisors;
 13 (2) adopt rules governing its proceedings;
 14 (3) consider applications for grants from the local
 15 impact and education trust fund account; and

16 (4) award grants, subject to section 50-1807, not to
 17 exceed in any one year seven-elevenths ~~(7/11)~~, and after
 18 June 30, 1979, three-sevenths ~~(3/7)~~ ~~seven-fifteenths~~ of the
 19 revenue paid into the local impact and education trust fund
 20 account, to local governmental units and state agencies to
 21 assist local governmental units in meeting the local impact
 22 of coal development by enabling them to adequately provide
 23 governmental services and facilities which are needed as a
 24 direct consequence of coal development. As used in the
 25 preceding sentence, "revenue paid" does not include interest

1 income from the account reinvested in the account in trust
 2 for the public schools and the university system. Such
 3 grants shall be awarded on the basis of (a) need, (b) degree
 4 of severity of impact from the coal development, (c)
 5 availability of funds, and (d) degree of local effort in
 6 meeting these needs. The board shall formulate guidelines
 7 to evaluate degree of local effort, considering bond issues
 8 and millage levels. To the extent funds are needed to
 9 evaluate and plan for the impact needs caused by coal
 10 development, consideration of bond issues and millage levies
 11 may be waived."

12 Section 4. Section 82-3710, R.C.M. 1947, is amended to
 13 read as follows:

14 "82-3710. County land planning assistance. (1) The
 15 department of community affairs shall annually distribute to
 16 ~~all the counties in the state~~ the funds in appropriated from
 17 the county land planning accounts as follows: ~~the funds~~
 18 ~~shall be apportioned forty percent (40%) on the ratio of~~
 19 ~~each county's portion of the total land area of the state~~
 20 ~~and sixty percent (60%) on the ratio of each county's~~
 21 ~~portion of the total population of the state.~~

22 ~~One-third of the funds shall be distributed to~~
 23 ~~city or county governing bodies or local planning agencies~~
 24 ~~to support local planning efforts according to criteria~~
 25 ~~established by the department. These criteria shall at least~~

1 to criteria established by the department. These criteria
 2 shall at least ~~relate to the magnitude of local planning~~
 3 ~~needs, the unavailability of local funds for planning~~
 4 ~~programs, the potential beneficial impact of the proposed~~
 5 ~~planning program, the willingness of local authorities to~~
 6 ~~conduct and continue a planning program, and the~~
 7 ~~availability of the technical and administrative skills~~
 8 ~~necessary to carry out the planning program.~~

9 ~~(b) Two-thirds of the funds each EACH county~~
 10 ~~shall be allotted \$3,000. After this disbursement has been~~
 11 ~~made, 40% of the balance in the account shall be apportioned~~
 12 ~~to the counties according to the ratio of each county's land~~
 13 ~~area to the total land area of the state, and 60% of the~~
 14 ~~balance shall be apportioned to the counties according to~~
 15 ~~each county's portion of the total population of the state.~~
 16 ~~If a multi-jurisdictional planning board has been~~
 17 ~~established in the county it may receive and expend part or~~
 18 ~~all of the funds allocated to that county.~~

19 (2) Counties, cities, or joint planning boards
 20 receiving funds under this section shall use such funds for
 21 the land planning purposes of ~~making inventories of land~~
 22 ~~categories within their boundaries and of classifying lands~~
 23 ~~for taxation and planning programs.~~

24 (3) ~~There is appropriated to the department of~~
 25 ~~community affairs for the purposes of this section all the~~

1 ending-June-30-1977.

2 ~~(4)(1)~~ At the end of each fiscal year the every local
3 governing body of ~~the affected county and planning agency~~
4 receiving funds under this section shall provide an
5 accounting of how the moneys were spent in a form acceptable
6 to the department of community affairs. Any surplus of
7 prorated funds shall revert to the education trust fund
8 account."

9 SECTION 5. THERE IS A NEW R.C.M. SECTION THAT READS AS
10 FOLLOWS:

11 Coal tax oversight committee continued. The select
12 committee established by section 15, chapter 502, Laws of
13 1975, is continued for the biennium ending June 30, 1979,
14 and is directed to report its recommendation to the 45th
15 legislature.

16 SECTION 6. SECTION 50-1804, R.C.M., 1947, IS AMENDED TO
17 READ AS FOLLOWS:

18 *50-1804. Coal board established -- composition. (1)
19 There is a coal board composed of ~~seven-(7)~~ members.

20 (2) The coal board is allocated to the department of
21 community affairs for administrative purposes only as
22 prescribed in section 82A-10B.

23 (3) The members of the coal board are selected as
24 follows: The governor shall appoint a ~~seven-(7)~~ member coal
25 board, as provided under 32A-112, two-(2) from the impact

1 areas and ~~two-(2)~~ with expertise in education. The governor
2 shall further, in making these appointments, consider people
3 from these fields: business, engineering, public
4 administration and planning. No more than ~~four-(4)~~ members
5 may be residents of the same congressional district."

6 SECTION 7. SECTION 79-309, R.C.M., 1947, IS AMENDED TO
7 READ AS FOLLOWS:

8 *79-309. Investment funds. For each treasury fund
9 account into which state funds are segregated by the
10 department of administration pursuant to section 79-413,
11 individual transactions and totals of all investments shall
12 be separately recorded to the extent directed by the
13 department. However, the securities purchased and cash on
14 hand for all treasury fund accounts not otherwise
15 specifically designated by law or by the provisions of a
16 gift, donation, grant, legacy, bequest or devise from which
17 the fund account originates to be invested shall be pooled
18 in an account to be designated "Treasury Cash Account" and
19 placed in one of the investment funds designated below. The
20 share of the income for this account shall be credited to
21 the general fund. If within the list hereinafter of separate
22 investment funds, more than one investment fund is included
23 which may be held jointly with others under the same
24 separate listing, all investments purchased for that
25 separate investment fund shall be held jointly for all the

1 accounts participating therein, which shall share all
2 capital gains and losses and income pro rata. Separate
3 investment funds shall be maintained as follows:

4 (1) the trust and legacy fund, including all public
5 school funds and funds of the Montana university system and
6 other state institutions of learning referred to in sections
7 2 and 10, article X, of the 1972 Montana constitution, and
8 all money referred to in section 79-410 (8);

9 (2) a separate investment fund, which may not be held
10 jointly with other funds, for money pertaining to each
11 retirement or insurance system now or hereafter maintained
12 by the state, including those now maintained under the
13 following statutes:

14 (a) the highway patrolmen's retirement system
15 described in title 31, chapter 2;

16 (b) the public employees' retirement system described
17 in title 68;

18 (c) the game wardens' retirement system described in
19 title 68, chapter 14;

20 (d) the teachers' retirement system described in title
21 75, chapter 62; and

22 (e) the industrial accident insurance program
23 described in title 92, chapter 11;

24 (3) a pooled investment fund, including all other
25 accounts within the treasury fund structure established by

1 section 79-410;

2 (4) a fund consisting of gifts, donations, grants,
3 legacies, bequests, devises and other contributions made or
4 given for a specific purpose or under conditions expressed
5 in the gift, donation, grant, legacy, bequest, devise or
6 contribution on the part of the state of Montana to be
7 observed. If such gift, donation, grant, legacy, bequest,
8 devise, or contribution permits investment, and is not
9 otherwise restricted by its terms, it may be treated jointly
10 with other such gifts, donations, grants, legacies,
11 bequests, devises, or contributions; and

12 ~~(5) a fund consisting of coal severance taxes~~
13 ~~allocated thereto under section 5, article IX of the Montana~~
14 ~~constitution. The principal of this trust fund shall be~~
15 ~~permanent and invested in the permissible investments~~
16 ~~enumerated in 79-310. In the event the legislature~~
17 ~~appropriates any part of the principal of this fund by vote~~
18 ~~of three-fourths of the members of each house, such~~
19 ~~liquidation may create a gain or loss in the principal; and~~

20 (5)(6) such additional investment funds as may be
21 expressly required by law, or may be determined by the board
22 of investments to be necessary to fulfill fiduciary
23 responsibilities of the state with respect to funds from a
24 particular source."

25 ~~SECTION 8. THERE IS A NEW 3.0.4. SECTION NUMBERED~~

1 89-3604.1 THAT READS AS FOLLOWS:

2 89-3604.1. Grants for coal utilization research. (1)
 3 The department of natural resources and conservation may
 4 make grants to persons, as defined in 84-7408, to assist
 5 them in the research, development, or demonstration of more
 6 efficient alternative forms of coal conversion. These more
 7 efficient forms are defined as the conversion of coal into
 8 forms of energy useful to mankind through technology
 9 proposed to convert coal more efficiently than the
 10 technology in general commercial use. Such research,
 11 development, or demonstration are public purposes,
 12 furthering the policy of the state of Montana, which favors
 13 conservation of the coal resource through its most efficient
 14 utilization.

15 (2) In administering this section the department shall
 16 follow the criteria for grant awards set forth in 84-7412
 17 and may exercise the powers vested in it under 84-7410 and
 18 84-7411, or those sections as they may be amended or
 19 renumbered.

20 SECTION 9. SECTION 89-3607, R.C.M., 1997, IS AMENDED TO
 21 READ AS FOLLOWS:

22 "89-3607. Sinking fund account ~~== coal utilization~~
 23 ~~research account.~~ (1) The state may by enactment of the
 24 legislature or the people levy, impose, assess, and pledge
 25 and appropriate to the sinking fund account any tax, charge,

1 fee, rental or other income from any designated source. The
 2 state reserves the right to modify from time to time the
 3 nature and amount of special taxes and other revenues
 4 pledged and appropriated to the sinking fund account,
 5 provided that the aggregate resources so pledged and
 6 appropriated are determined by the legislature to be
 7 sufficient for the prompt and full payment of the principal
 8 of and interest and redemption premiums when due on all
 9 bonds payable from that account, and provided that the
 10 pledge of the full faith and credit and taxing powers of the
 11 state for the security of all such bonds shall be and remain
 12 irrevocable until they are fully paid.

13 (2) Money in the sinking fund account shall be used
 14 first to pay interest, principal and redemption premiums
 15 when due and payable with respect to renewable resource
 16 development bonds; second to accumulate a reserve for the
 17 further security of such payments, to the amount required
 18 each month to meet those payments due within ~~twelve~~(12)
 19 months thereafter; and third to restore the reserve to this
 20 amount after each payment.

21 (3) After the reserve provided for in subsection (2)
 22 above is in the sinking fund, money at any time received in
 23 the sinking fund in excess of that amount shall be
 24 transferred by the treasurer to the clearance fund account.
 25 If the balance at any time on hand in the sinking fund is

1 not sufficient for compliance with subsection (2), and is
 2 not restored to the required amount within three-~~(3)~~ months
 3 thereafter, from funds specifically pledged and appropriated
 4 to the sinking fund account, the treasurer shall transfer
 5 thereto from the general fund an amount sufficient to
 6 restore the required balance.

7 (4) The state pledges and appropriates and directs to
 8 be credited to the sinking fund account as received ~~two-and~~
 9 ~~one-half-percent-(2-1/2%)~~ 1-1/2% of all money from time to
 10 time received from the collection of the ~~strip-coal-mines~~
 11 ~~license-tax-payable-under-the-provisions-of-section-04-1302,~~
 12 ~~or-the-equivalent-provision-of-any severance tax enacted-in~~
 13 ~~lieu-of-such-license-tax, and remaining after allocation of~~
 14 such tax to the trust fund established under section 5,
 15 article IX of the Montana constitution and such additional
 16 amount thereof, if any, as may be required from time to time
 17 to provide sufficient funds for the purposes stated in
 18 subsection (2) above; provided that no more than ~~two-and~~
 19 ~~one-half-percent-(2-1/2%)~~ 1-1/2% of such tax collections
 20 shall be deemed to be pledged for the purpose of section
 21 89-3606, subsection (3).

22 (5) There is a coal utilization research account
 23 within the earmarked revenue fund. Moneys paid into this
 24 account consist of 1% of the coal severance tax collected
 25 each quarter and remaining after allocation of such tax to

1 the trust fund established under section 5, article IX of
 2 the Montana constitution. Moneys in this account may be
 3 appropriated for the purposes specified in 19-3504.1."

-End-

Approved by Committee
on Taxation

SENATE BILL NO. 44

INTRODUCED BY MANNING, MATHERS, TOWE, ABER

(COAL TAX OVERSIGHT COMMITTEE BILL)

A BILL FOR AN ACT ENTITLED: "AN ACT TO BRING THE COAL TAX DISTRIBUTION FORMULA INTO COMPLIANCE WITH THE MONTANA CONSTITUTION AS AMENDED IN 1976 BY CREATING A TRUST FUND; REVISING THE PERCENTAGES DISTRIBUTED TO LOCAL GOVERNMENTS AND STATE PROGRAMS AND THE PROGRAMS FUNDED THEREUNDER; AMENDING SECTIONS 50-1803, ~~50-1804~~, 50-1806, ~~79-309~~, 82-3710, ~~AND~~ 84-1319, ~~AND~~ ~~89-3607~~, R.C.M. 1947."

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

Section 1. Section 84-1319, R.C.M. 1947, is amended to read as follows:

"84-1319. Disposal of ~~license~~ or severance taxes. ~~License~~ or ~~severance~~ Severance taxes collected under the provisions of this chapter ~~or such sections as may enact a~~ ~~severance tax on coal in 1975~~ are allocated as follows:

(1) ~~To the county for such purposes as the governing body of that county may determine from which coal was mined for each calendar year prior to January 1, 1980, three cents~~ ~~(3¢) per ton or four per cent (4%) of the severance tax paid on the coal mined in that county, whichever is higher, and for each calendar year following December 31, 1979, three~~

~~cents (3¢) per ton or three and one half per cent (3 1/2%) of the severance tax paid on the coal mined in that county, whichever is higher. To the trust fund created by Article IX, section 5, of the Montana constitution, 25% of total collections a year. After December 31, 1979, 50% of coal severance tax collections are allocated to this trust fund. The trust fund moneys shall be deposited in an account in the trust and legacy fund THE FUND ESTABLISHED UNDER 79-309(5) and invested by the board of investments as provided by law.~~

(2) Coal severance tax collections remaining after allocation to the trust fund under subsection (1) are allocated in the following percentages of the remaining balance:

(A) TO THE COUNTY IN WHICH COAL IS MINED, 1% OF THE SEVERANCE TAX PAID ON THE COAL MINED IN THAT COUNTY UNTIL JANUARY 1, 1980, FOR SUCH PURPOSES AS THE GOVERNING BODY OF THE COUNTY MAY DETERMINE.

~~(2) (B) Two and one half per cent (2 1/2%) of total collections per year until December 31, 1979, and thereafter four per cent (4%) of total collections per year 5% to the earmarked revenue fund, to the credit of the alternative energy research development and demonstration account;~~

~~(3) (b) (C) Twenty seven and one half per cent (27.5%) 27 1/2% of total collections per year, until July 1, 1979,~~

SECOND READING
Corrected Printing

1 and thereafter ~~thirty-five per cent (35%)~~, 37 1/2% to the
2 earmarked revenue fund to the credit of the local impact and
3 education trust fund account;

4 ~~(4) (c) (D) For~~ for each of the ~~four (4)~~ 2 fiscal years
5 following ~~the effective date of this act June 30, 1977,~~ ten
6 ~~per cent (10%) of total collections per year~~ 13% to the
7 earmarked revenue fund to the credit of the coal area
8 highway improvement account;

9 ~~(5) (d) (E) Ten per cent (10%) of total collections per~~
10 ~~year,~~ to the earmarked revenue fund, for state equalization
11 aid to public schools of the state;

12 ~~(6) (e) (F) For the period ending December 31, 1979, one~~
13 ~~per cent (1%) of total collections per year~~ 2 1/2% to the
14 earmarked revenue fund, to the credit of the county land
15 planning account;

16 ~~(7) (f) (G) Two and one-half per cent (2 1/2%) of total~~
17 ~~collections per year,~~ to the sinking fund, ~~to the credit of~~
18 AND THE EARMARKED REVENUE FUND TO BE ALLOCATED BETWEEN the
19 renewable resource development bond account AND THE CCAL
20 UTILIZATION RESEARCH ACCOUNT AS PRESCRIBED BY 89-3607;

21 ~~(8) (g) (H) Two and one-half per cent (2 1/2%) of total~~
22 ~~collections per year~~ through June 30, 1979, of which portion
23 one-half ~~(1/2)~~ shall be allocated to the earmarked revenue
24 fund, for the purpose of acquisition, OPERATION, OR
25 MAINTENANCE of sites and areas described in ~~section~~ 62-304,

1 subject to legislative appropriations, and one-half ~~(1/2)~~
2 shall be allocated to the ~~trust and legacy~~ EARMARKED REVENUE
3 FUND, TO BE INVESTED IN A TRUST fund, for the purpose of
4 parks acquisition OR MANAGEMENT. After June 30, 1979, ~~five~~
5 ~~per cent (5%) of total collections per year~~ shall be
6 allocated to the trust and legacy fund, for the purpose of
7 parks acquisition OR MANAGEMENT. Income from the fund
8 established in this subsection [q] may be appropriated for
9 the acquisition, OPERATION OR MAINTENANCE of sites and areas
10 described in ~~section~~ 62-304.

11 ~~(9) To the earmarked revenue fund, each portion of~~
12 ~~the severance tax as may be authorized by law enacted in~~
13 ~~1975.~~

14 ~~(10) (h) All all~~ other revenues from license ~~or~~
15 severance taxes collected under the provisions of this
16 chapter shall be deposited to the credit of the general fund
17 of the state."

18 Section 2. Section 50-1803, R.C.M. 1947, is amended to
19 read as follows:

20 "50-1803. Coal area highway reconstruction program.
21 (1) There is appropriated to the department of highways for
22 each of the ~~four (4)~~ fiscal years following ~~the effective~~
23 ~~date of this act~~ July 1, 1975, all the funds in the ccal
24 area highway improvement account for carrying out the
25 programs authorized by this section. Any funds thus

1 appropriated and not expended before June 30, 1979, may,
 2 notwithstanding the provisions of 79-1015,3, be expended or
 3 incumbered to carry out this section until June 30, 1981.

4 (2) The department of highways, within the area
 5 designated as the eastern Montana coal field economic growth
 6 center as certified to the secretary of transportation by
 7 the governor under section 143, Title 23, United States
 8 Code, shall prepare a special construction program for the
 9 reconstruction of deficient sections of these highways.

10 (3) The department of highways shall expedite the
 11 planning and reconstruction program for projects on the
 12 designated portions within this area by using funds
 13 allocated under this subsection and any federal funds that
 14 may be made available to match such funds; until federal
 15 funds are made available to match the funds allocated under
 16 this subsection the department of highways may, upon
 17 approval of the Montana state highway commission, expend
 18 such funds for planning and reconstruction projects with or
 19 without assurance from the federal government that unmatched
 20 state expenditures will be retroactively recognized for
 21 matching purposes.

22 (4) Funds allocated under this subsection shall not be
 23 used to match apportionments made for primary and secondary
 24 highways under the ~~Federal-Aid~~ Federal-Aid Highway Acts;
 25 however, nothing in this subsection should be construed to

1 prohibit the implementation of projects otherwise funded by
 2 apportionments made under the ~~Federal-Aid~~ Federal-Aid
 3 Highway Acts; furthermore, planning and reconstruction
 4 projects may be financed in whole or in part by public and
 5 private funds provided such projects conform to the
 6 applicable standards, regulations, and procedures of the
 7 department of highways and the federal highway
 8 administration."

9 Section 3. Section 50-1806, R.C.M. 1947, is amended to
 10 read as follows:

11 "50-1806. Coal board -- general powers. The board may:

- 12 (1) retain professional consultants and advisors;
- 13 (2) adopt rules governing its proceedings;
- 14 (3) consider applications for grants from the local
 15 impact and education trust fund account; and
- 16 (4) award grants, subject to ~~section~~ 50-1807, not to

17 exceed in any one year seven-elevenths ~~(7/11)~~, and after
 18 June 30, 1979, ~~three-sevenths (3/7)~~ seven-fifteenths of the
 19 revenue paid into the local impact and education trust fund
 20 account, to local governmental units and state agencies to
 21 assist local governmental units in meeting the local impact
 22 of coal development by enabling them to adequately provide
 23 governmental services and facilities which are needed as a
 24 direct consequence of coal development. As used in the
 25 preceding sentence, "revenue paid" does not include interest

1 income from the account reinvested in the account in trust
 2 for the public schools and the university system. Such
 3 grants shall be awarded on the basis of (a) need, (b) degree
 4 of severity of impact from the coal development, (c)
 5 availability of funds, and (d) degree of local effort in
 6 meeting these needs. The board shall formulate guidelines
 7 to evaluate degree of local effort, considering bond issues
 8 and millage levels. To the extent funds are needed to
 9 evaluate and plan for the impact needs caused by coal
 10 development, consideration of bond issues and millage levies
 11 may be waived."

12 Section 4. Section 82-3710, R.C.M. 1947, is amended to
 13 read as follows:

14 "82-3710. County land planning assistance. (1) The
 15 department of community affairs shall annually distribute to
 16 ~~all the counties in the state~~ the funds ~~is~~ appropriated from
 17 the county land planning account, as follows: The funds
 18 ~~shall be apportioned forty percent (40%) on the ratio of~~
 19 ~~each county's portion of the total land area of the state~~
 20 ~~and sixty percent (60%) on the ratio of each county's~~
 21 ~~portion of the total population of the state.~~

22 ~~(a) One third of the funds shall be distributed to~~
 23 ~~city or county governing bodies or local planning agencies~~
 24 ~~to support local planning efforts according to criteria~~
 25 ~~established by the department. These criteria shall at least~~

1 ~~relate to the magnitude of local planning needs, the~~
 2 ~~unavailability of local funds for planning programs, the~~
 3 ~~potential beneficial impact of the proposed planning~~
 4 ~~program, the willingness of local authorities to conduct and~~
 5 ~~continue a planning program, and the availability of the~~
 6 ~~technical and administrative skills necessary to carry out~~
 7 ~~the planning program.~~

8 ~~(b) From two thirds of the funds each FACH county~~
 9 ~~shall be allotted \$3,000. After this disbursement has been~~
 10 ~~made, 40% of the balance in the account shall be apportioned~~
 11 ~~to the counties according to the ratio of each county's land~~
 12 ~~area to the total land area of the state, and 60% of the~~
 13 ~~balance shall be apportioned to the counties according to~~
 14 ~~each county's portion of the total population of the state.~~
 15 ~~If a multi-jurisdictional planning board has been~~
 16 ~~established in the county it may receive and expend part or~~
 17 ~~all of the funds allocated to that county.~~

18 ~~(2) Counties, cities, or joint planning boards~~
 19 ~~receiving funds under this section shall use such funds for~~
 20 ~~the land planning purposes of making inventories of land~~
 21 ~~categories within their boundaries and of classifying lands~~
 22 ~~for taxation and planning programs.~~

23 ~~(3) There is appropriated to the department of~~
 24 ~~community affairs for the purposes of this section all the~~
 25 ~~funds in the county land planning account for the biennium~~

1 ending June 30, 1977.

2 ~~(4)~~ (3) At the end of each fiscal year the every local
3 governing body ~~of the affected county~~ and planning agency
4 receiving funds under this section shall provide an
5 accounting of how the moneys were spent in a form acceptable
6 to the department of community affairs. Any surplus of
7 ~~operated~~ funds shall revert to the education trust fund
8 account."

9 SECTION 5. THERE IS A NEW R.C.M. SECTION THAT READS AS
10 FOLLOWS:

11 Coal tax oversight committee continued. The select
12 committee established by section 15, Chapter 502, Laws of
13 1975, is continued for the biennium ending June 30, 1979,
14 and is directed to report its recommendation to the 46th
15 legislature.

16 SECTION 6. SECTION 50-1804, R.C.M. 1947, IS AMENDED TO
17 READ AS FOLLOWS:

18 "50-1804. Coal board established -- composition. (1)
19 There is a coal board composed of ~~seven~~ (7) members.

20 (2) The coal board is allocated to the department of
21 community affairs for administrative purposes only as
22 prescribed in section 82A-108.

23 (3) The members of the coal board are selected as
24 follows: The governor shall appoint a ~~seven~~ (7) member coal
25 board, as provided under 82A-112, two (2) from the impact

1 areas and ~~two~~ (2) with expertise in education. The governor
2 shall further, in making these appointments, consider people
3 from these fields: business, engineering, public
4 administration and planning. No more than ~~four~~ (4) members
5 may be residents of the same congressional district."

6 SECTION 7. SECTION 79-309, R.C.M. 1947, IS AMENDED TO
7 READ AS FOLLOWS:

8 "79-309. Investment funds. For each treasury fund
9 account into which state funds are segregated by the
10 department of administration pursuant to section 79-413,
11 individual transactions and totals of all investments shall
12 be separately recorded to the extent directed by the
13 department. However, the securities purchased and cash on
14 hand for all treasury fund accounts not otherwise
15 specifically designated by law or by the provisions of a
16 gift, donation, grant, legacy, bequest or devise from which
17 the fund account originates to be invested shall be pooled
18 in an account to be designated "Treasury Cash Account" and
19 placed in one of the investment funds designated below. The
20 share of the income for this account shall be credited to
21 the general fund. If within the list hereinafter of separate
22 investment funds, more than one investment fund is included
23 which may be held jointly with others under the same
24 separate listing, all investments purchased for that
25 separate investment fund shall be held jointly for all the

1 accounts participating therein, which shall share all
2 capital gains and losses and income pro rata. Separate
3 investment funds shall be maintained as follows:

4 (1) the trust and legacy fund, including all public
5 school funds and funds of the Montana university system and
6 other state institutions of learning referred to in sections
7 2 and 10, article X, of the 1972 Montana constitution, and
8 all money referred to in section 79-410 (8);

9 (2) a separate investment fund, which may not be held
10 jointly with other funds, for money pertaining to each
11 retirement or insurance system now or hereafter maintained
12 by the state, including those now maintained under the
13 following statutes:

14 (a) the highway patrolmen's retirement system
15 described in title 31, chapter 2;

16 (b) the public employees' retirement system described
17 in title 68;

18 (c) the game wardens' retirement system described in
19 title 68, chapter 14;

20 (d) the teachers' retirement system described in title
21 75, chapter 62; and

22 (e) the industrial accident insurance program
23 described in title 92, chapter 11;

24 (3) a pooled investment fund, including all other
25 accounts within the treasury fund structure established by

1 section 79-410;

2 (4) a fund consisting of gifts, donations, grants,
3 legacies, bequests, devises and other contributions made or
4 given for a specific purpose or under conditions expressed
5 in the gift, donation, grant, legacy, bequest, devise or
6 contribution on the part of the state of Montana to be
7 observed. If such gift, donation, grant, legacy, bequest,
8 devise, or contribution permits investment, and is not
9 otherwise restricted by its terms, it may be treated jointly
10 with other such gifts, donations, grants, legacies,
11 bequests, devises, or contributions; and

12 (5) a fund consisting of coal severance taxes
13 allocated thereto under section 5, article IX of the Montana
14 constitution. The principal of this trust fund shall be
15 permanent and invested in the permissible investments
16 enumerated in 79-310. In the event the legislature
17 appropriates any part of the principal of this fund by vote
18 of three-fourths of the members of each house, such
19 liquidation may create a gain or loss in the principal; and

20 ~~(5)~~ (6) such additional investment funds as may be
21 expressly required by law, or may be determined by the board
22 of investments to be necessary to fulfill fiduciary
23 responsibilities of the state with respect to funds from a
24 particular source."

25 SECTION 8. THERE IS A NEW B.C.H. SECTION NUMBERED

1 89-3604.1 THAT READS AS FOLLOWS:

2 89-3604.1. Grants for coal utilization research. (1)
 3 The department of natural resources and conservation may
 4 make grants to persons, as defined in 84-7408, to assist
 5 them in the research, development, or demonstration of more
 6 efficient alternative forms of coal conversion. These more
 7 efficient forms are defined as the conversion of coal into
 8 forms of energy useful to mankind through technology
 9 proposed to convert coal more efficiently than the
 10 technology in general commercial use. Such research,
 11 development, or demonstration are public purposes,
 12 furthering the policy of the state of Montana, which favors
 13 conservation of the coal resource through its most efficient
 14 utilization.

15 (2) In administering this section the department shall
 16 follow the criteria for grant awards set forth in 84-7412
 17 and may exercise the powers vested in it under 84-7410 and
 18 84-7411, or those sections as they may be amended or
 19 renumbered.

20 SECTION 9. SECTION 89-3607, R.C.M. 1947, IS AMENDED TO
 21 READ AS FOLLOWS:

22 *89-3607. Sinking fund account -- coal utilization
 23 research account. (1) The state may by enactment of the
 24 legislature or the people levy, impose, assess, and pledge
 25 and appropriate to the sinking fund account any tax, charge,

1 fee, rental or other income from any designated source. The
 2 state reserves the right to modify from time to time the
 3 nature and amount of special taxes and other revenues
 4 pledged and appropriated to the sinking fund account,
 5 provided that the aggregate resources so pledged and
 6 appropriated are determined by the legislature to be
 7 sufficient for the prompt and full payment of the principal
 8 of and interest and redemption premiums when due on all
 9 bonds payable from that account, and provided that the
 10 pledge of the full faith and credit and taxing powers of the
 11 state for the security of all such bonds shall be and remain
 12 irrevocable until they are fully paid.

13 (2) Money in the sinking fund account shall be used
 14 first to pay interest, principal and redemption premiums
 15 when due and payable with respect to renewable resource
 16 development bonds; second to accumulate a reserve for the
 17 further security of such payments, to the amount required
 18 each month to meet those payments due within ~~twelve~~ (12)
 19 months thereafter; and third to restore the reserve to this
 20 amount after each payment.

21 (3) After the reserve provided for in subsection (2)
 22 above is in the sinking fund, money at any time received in
 23 the sinking fund in excess of that amount shall be
 24 transferred by the treasurer to the clearance fund account.
 25 If the balance at any time on hand in the sinking fund is

1 not sufficient for compliance with subsection (2), and is
 2 not restored to the required amount within ~~three~~(3) months
 3 thereafter, from funds specifically pledged and appropriated
 4 to the sinking fund account, the treasurer shall transfer
 5 thereto from the general fund an amount sufficient to
 6 restore the required balance.

7 (4) The state pledges and appropriates and directs to
 8 be credited to the sinking fund account as received ~~two and~~
 9 ~~one-half percent (2-1/2%)~~ 1 1/2% of all money from time to
 10 time received from the collection of the ~~strip coal mines~~
 11 ~~license tax payable under the provisions of section 84-1302,~~
 12 ~~or the equivalent provision of any severance tax enacted in~~
 13 ~~lieu of such license tax, and remaining after allocation of~~
 14 such tax to the trust fund established under section 5,
 15 article IX of the Montana constitution and such additional
 16 amount thereof, if any, as may be required from time to time
 17 to provide sufficient funds for the purposes stated in
 18 subsection (2) above; provided that no more than ~~two and~~
 19 ~~one-half percent (2-1/2%)~~ 1 1/2% of such tax collections
 20 shall be deemed to be pledged for the purpose of section
 21 89-3606, subsection (3).

22 (5) There is a coal utilization research account
 23 within the earmarked revenue fund. Moneys paid into this
 24 account consist of 1% of the coal severance tax collected
 25 each quarter and remaining after allocation of such tax to

1 the trust fund established under section 5, article IX of
 2 the Montana constitution. Moneys in this account may be
 3 appropriated for the purposes specified in 89-3604.1."

-End-

SENATE BILL NO. 44

INTRODUCED BY MANNING, MATHERS, TOWE, ABER

{COAL TAX OVERSIGHT COMMITTEE BILL}

A BILL FOR AN ACT ENTITLED: "AN ACT TO BRING THE COAL TAX DISTRIBUTION FORMULA INTO COMPLIANCE WITH THE MONTANA CONSTITUTION AS AMENDED IN 1976 BY CREATING A TRUST FUND; REVISING THE PERCENTAGES DISTRIBUTED TO LOCAL GOVERNMENTS AND STATE PROGRAMS AND THE PROGRAMS FUNDED THEREUNDER; AMENDING SECTIONS 50-1803, ~~50-1804~~, 50-1806, ~~79-309~~, 82-3710, AND 84-1319, AND ~~89-3607~~, R.C.M. 1947."

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

Section 1. Section 84-1319, R.C.M. 1947, is amended to read as follows:

"84-1319. Disposal of ~~license~~ or severance taxes. ~~License~~ or ~~severance~~ Severance taxes collected under the provisions of this chapter ~~or such sections as may enact a severance tax on coal in 1975~~ are allocated as follows:

(1) ~~To the county for such purposes as the governing body of that county may determine from which coal was mined for each calendar year prior to January 1, 1980, three cents {3} per ton or four per cent {4%} of the severance tax paid on the coal mined in that county, whichever is higher, and for each calendar year following December 31, 1979, three~~

~~cents {3} per ton or three and one-half per cent {3 1/2%} of the severance tax paid on the coal mined in that county, whichever is higher. To the trust fund created by Article IX, section 5, of the Montana constitution, 25% of total collections a year. After December 31, 1979, 50% of coal severance tax collections are allocated to this trust fund. The trust fund moneys shall be deposited in an account in the trust and legacy fund THE FUND ESTABLISHED UNDER 79-309(5) and invested by the board of investments as provided by law.~~

~~(2) Coal severance tax collections remaining after allocation to the trust fund under subsection (1) are allocated in the following percentages of the remaining balance:~~

~~(A) TO THE COUNTY IN WHICH COAL IS MINED, 1% OF THE SEVERANCE TAX PAID ON THE COAL MINED IN THAT COUNTY UNTIL JANUARY 1, 1980. FOR SUCH PURPOSES AS THE GOVERNING BODY OF THE COUNTY MAY DETERMINE MAINTENANCE AND CONSTRUCTION OF HIGHWAYS, ROADS, STREETS, OR ALLEYS.~~

~~(2) {B} Two and one-half per cent {2 1/2%} of total collections per year until December 31, 1979, and thereafter four per cent {4%} of total collections per year 5% to the earmarked revenue funds, to the credit of the alternative energy research development and demonstration accounts;~~

~~{3} {C} Twenty-seven and one-half per cent {27 1/2%}~~

T W J R D R E A D I N G

1 ~~27 1/2%~~ of ~~total collections per year~~, until July 1, 1979,
2 and thereafter ~~thirty-five per cent (35%)~~, 37 1/2% to the
3 earmarked revenue fund to the credit of the local impact and
4 education trust fund account;

5 ~~(4)(d)(D)~~ For ~~for~~ each of the ~~four (4)~~ 2 fiscal years
6 following the ~~effective date of this act~~ June 30, 1977, ten
7 ~~per cent (10%)~~ of ~~total collections per year~~ 13% to the
8 earmarked revenue fund to the credit of the coal area
9 highway improvement account;

10 ~~(5)(d)(E)~~ Ten ~~per cent (10%)~~ of ~~total collections per~~
11 ~~year~~, to the earmarked revenue fund, for state equalization
12 aid to public schools of the state;

13 ~~(6)(e)(F)~~ For the period ending December 31, 1979, one
14 ~~per cent (1%)~~ of ~~total collections per year~~ 2 1/2% to the
15 earmarked revenue fund, to the credit of the county land
16 planning account;

17 ~~(7)(f)(G)~~ Two ~~and one-half per cent (2 1/2%)~~ of ~~total~~
18 ~~collections per year~~, to the sinking fund, to the credit of
19 AND THE EARMARKED REVENUE FUND TO BE ALLOCATED BETWEEN the
20 renewable resource development bond account AND THE COAL
21 UTILIZATION RESEARCH ACCOUNT AS PRESCRIBED BY 89-3607;

22 ~~(8)(g)(H)~~ Two ~~and one-half per cent (2 1/2%)~~ of ~~total~~
23 ~~collections per year~~ through June 30, 1979, of which portion
24 one-half ~~(1/2)~~ shall be allocated to the earmarked revenue
25 fund, for the purpose of acquisition, OPERATION, OR

1 MAINTENANCE of sites and areas described in section 62-304,
2 subject to legislative appropriations, and one-half ~~(1/2)~~
3 shall be allocated to the ~~trust and legacy~~ EARMARKED REVENUE
4 FUND, TO BE INVESTED IN A TRUST fund, for the purpose of
5 parks acquisition OR MANAGEMENT. After June 30, 1979, five
6 ~~per cent (5%)~~ of ~~total collections per year~~ shall be
7 allocated to the trust ~~and legacy~~ fund, for the purpose of
8 parks acquisition OR MANAGEMENT. Income from the fund
9 established in this subsection (g) may be appropriated for
10 the acquisition, OPERATION OR MAINTENANCE of sites and areas
11 described in section 62-304.

12 ~~(9) To the earmarked revenue fund, such portions of~~
13 ~~the severance tax as may be authorized by laws enacted in~~
14 ~~1975.~~

15 ~~(10)(h) All~~ all other revenues from ~~license or~~
16 severance taxes collected under the provisions of this
17 chapter shall be deposited to the credit of the general fund
18 of the state."

19 Section 2. Section 50-1803, R.C.M. 1947, is amended to
20 read as follows:

21 "50-1803. Coal area highway reconstruction program.
22 (1) There is appropriated to the department of highways for
23 each of the ~~four (4)~~ fiscal years following the ~~effective~~
24 ~~date of this act~~ July 1, 1975, all the funds in the coal
25 area highway improvement account for carrying out the

1 programs authorized by this section. Any funds thus
 2 appropriated and not expended before June 30, 1979, may,
 3 notwithstanding the provisions of 79-1015.3, be expended or
 4 encumbered to carry out this section until June 30, 1981.

5 (2) The department of highways, within the area
 6 designated as the eastern Montana coal field economic growth
 7 center as certified to the secretary of transportation by
 8 the governor under section 143, Title 23, United States
 9 Code, shall prepare a special construction program for the
 10 reconstruction of deficient sections of these highways.

11 (3) The department of highways shall expedite the
 12 planning and reconstruction program for projects on the
 13 designated portions within this area by using funds
 14 allocated under this subsection and any federal funds that
 15 may be made available to match such funds; until federal
 16 funds are made available to match the funds allocated under
 17 this subsection the department of highways may, upon
 18 approval of the Montana state highway commission, expend
 19 such funds for planning and reconstruction projects with or
 20 without assurance from the federal government that unmatched
 21 state expenditures will be retroactively recognized for
 22 matching purposes.

23 (4) Funds allocated under this subsection shall not be
 24 used to match apportionments made for primary and secondary
 25 highways under the ~~Federal--Aid~~ Federal-Aid Highway Acts;

1 however, nothing in this subsection should be construed to
 2 prohibit the implementation of projects otherwise funded by
 3 apportionments made under the ~~Federal--Aid~~ Federal-Aid
 4 Highway Acts; furthermore, planning and reconstruction
 5 projects may be financed in whole or in part by public and
 6 private funds provided such projects conform to the
 7 applicable standards, regulations, and procedures of the
 8 department of highways and the federal highway
 9 administration."

10 Section 3. Section 50-1806, R.C.M. 1947, is amended to
 11 read as follows:

12 *50-1806. Coal board -- general powers. The board may:

- 13 (1) retain professional consultants and advisors;
- 14 (2) adopt rules governing its proceedings;
- 15 (3) consider applications for grants from the local
 16 impact and education trust fund account; and
- 17 (4) award grants, subject to ~~section~~ 50-1807, not to
 18 exceed in any one year seven-elevenths ~~(7/11)~~, and after
 19 June 30, 1979, ~~three-sevenths (3/7)~~ seven-fifteenths of the
 20 revenue paid into the local impact and education trust fund
 21 account, to local governmental units and state agencies to
 22 assist local governmental units in meeting the local impact
 23 of coal development by enabling them to adequately provide
 24 governmental services and facilities which are needed as a
 25 direct consequence of coal development. As used in the

1 preceding sentence, "revenue paid" does not include interest
 2 income from the account reinvested in the account in trust
 3 for the public schools and the university system. Such
 4 grants shall be awarded on the basis of (a) need, (b) degree
 5 of severity of impact from the coal development, (c)
 6 availability of funds, and (d) degree of local effort in
 7 meeting these needs. The board shall formulate guidelines
 8 to evaluate degree of local effort, considering bond issues
 9 and millage levels. To the extent funds are needed to
 10 evaluate and plan for the impact needs caused by coal
 11 development, consideration of bond issues and millage levies
 12 may be waived."

13 Section 4. Section 82-3710, R.C.M. 1947, is amended to
 14 read as follows:

15 "82-3710. County land planning assistance. (1) The
 16 department of community affairs shall annually distribute to
 17 ~~all the counties in the state~~ the funds ~~in appropriated from~~
 18 the county land planning accounts ~~as follows: The funds~~
 19 ~~shall be apportioned forty percent (40%) on the ratio of~~
 20 ~~each county's portion of the total land area of the state~~
 21 ~~and sixty percent (60%) on the ratio of each county's~~
 22 ~~portion of the total population of the state.~~

23 ~~(a) One third of the funds shall be distributed to~~
 24 ~~city or county governing bodies or local planning agencies~~
 25 ~~to support local planning efforts according to criteria~~

1 ~~established by the departments. These criteria shall at least~~
 2 ~~relate to the magnitude of local planning needs, the~~
 3 ~~unavailability of local funds for planning programs, the~~
 4 ~~potential beneficial impact of the proposed planning~~
 5 ~~programs, the willingness of local authorities to conduct and~~
 6 ~~continue a planning program, and the availability of the~~
 7 ~~technical and administrative skills necessary to carry out~~
 8 ~~the planning program.~~

9 ~~(b) From two thirds of the funds each~~ EACH county
 10 ~~shall be allotted \$3,000. After this disbursement has been~~
 11 ~~made, 40% of the balance in the account shall be apportioned~~
 12 ~~to the counties according to the ratio of each county's land~~
 13 ~~area to the total land area of the state, and 60% of the~~
 14 ~~balance shall be apportioned to the counties according to~~
 15 ~~each county's portion of the total population of the state.~~
 16 ~~If a multi-jurisdictional planning board has been~~
 17 ~~established in the county it may receive and expend part or~~
 18 ~~all of the funds allocated to that county.~~

19 (2) Counties, cities, or joint planning boards
 20 receiving funds under this section shall use such funds for
 21 the land planning purposes of ~~making inventories of land~~
 22 ~~categories within their boundaries and of classifying lands~~
 23 ~~for taxation and planning programs.~~

24 (3) ~~There is appropriated to the department of~~
 25 ~~community affairs for the purposes of this section all the~~

1 ~~funds in the county land planning account for the biennium~~
2 ~~ending June 30, 1977.~~

3 (4)(3) At the end of each fiscal year the every local
4 governing body of the affected county and planning agency
5 receiving funds under this section shall provide an
6 accounting of how the moneys were spent in a form acceptable
7 to the department of community affairs. Any surplus of
8 ~~prorated~~ funds shall revert to the education trust fund
9 account."

10 SECTION 5. THERE IS A NEW R.C.M. SECTION THAT READS AS
11 FOLLOWS:

12 Coal tax oversight committee continued. The select
13 committee established by section 15, chapter 502, Laws of
14 1975, is continued for the biennium ending June 30, 1979,
15 and is directed to report its recommendation to the 46th
16 legislature.

17 SECTION 6. SECTION 50-1804, R.C.M. 1947, IS AMENDED TO
18 READ AS FOLLOWS:

19 "50-1804. Coal board established -- composition. (1)
20 There is a coal board composed of ~~seven~~(7) members.

21 (2) The coal board is allocated to the department of
22 community affairs for administrative purposes only as
23 prescribed in section 82A-108.

24 (3) The members of the coal board are selected as
25 follows: The governor shall appoint a ~~seven~~(7) member coal

1 board, as provided under 82A-112, two (2) from the impact
2 areas and two (2) with expertise in education. The governor
3 shall further, in making these appointments, consider people
4 from these fields: business, engineering, public
5 administration and planning. No more than four (4) members
6 may be residents of the same congressional district."

7 SECTION 7. SECTION 79-309, R.C.M. 1947, IS AMENDED TO
8 READ AS FOLLOWS:

9 "79-309. Investment funds. For each treasury fund
10 account into which state funds are segregated by the
11 department of administration pursuant to section 79-413,
12 individual transactions and totals of all investments shall
13 be separately recorded to the extent directed by the
14 department. However, the securities purchased and cash on
15 hand for all treasury fund accounts not otherwise
16 specifically designated by law or by the provisions of a
17 gift, donation, grant, legacy, bequest or devise from which
18 the fund account originates to be invested shall be pooled
19 in an account to be designated "Treasury Cash Account" and
20 placed in one of the investment funds designated below. The
21 share of the income for this account shall be credited to
22 the general fund. If within the list hereinafter of separate
23 investment funds, more than one investment fund is included
24 which may be held jointly with others under the same
25 separate listing, all investments purchased for that

1 separate investment fund shall be held jointly for all the
2 accounts participating therein, which shall share all
3 capital gains and losses and income pro rata. Separate
4 investment funds shall be maintained as follows:

5 (1) the trust and legacy fund, including all public
6 school funds and funds of the Montana university system and
7 other state institutions of learning referred to in sections
8 2 and 10, article X, of the 1972 Montana constitution, and
9 all money referred to in section 79-410 (8);

10 (2) a separate investment fund, which may not be held
11 jointly with other funds, for money pertaining to each
12 retirement or insurance system now or hereafter maintained
13 by the state, including those now maintained under the
14 following statutes:

15 (a) the highway patrolmen's retirement system
16 described in title 31, chapter 2;

17 (b) the public employees' retirement system described
18 in title 68;

19 (c) the game wardens' retirement system described in
20 title 68, chapter 14;

21 (d) the teachers' retirement system described in title
22 75, chapter 62; and

23 (e) the industrial accident insurance program
24 described in title 92, chapter 11;

25 (3) a pooled investment fund, including all other

1 accounts within the treasury fund structure established by
2 section 79-410;

3 (4) a fund consisting of gifts, donations, grants,
4 legacies, bequests, devises and other contributions made or
5 given for a specific purpose or under conditions expressed
6 in the gift, donation, grant, legacy, bequest, devise or
7 contribution on the part of the state of Montana to be
8 observed. If such gift, donation, grant, legacy, bequest,
9 devise, or contribution permits investment, and is not
10 otherwise restricted by its terms, it may be treated jointly
11 with other such gifts, donations, grants, legacies,
12 bequests, devises, or contributions; end

13 ~~(5) a fund consisting of coal severance taxes~~
14 ~~allocated thereto under section 5, article IX of the Montana~~
15 ~~constitution. The principal of this trust fund shall be~~
16 ~~permanent and invested in the permissible investments~~
17 ~~enumerated in 79-310. In the event the legislature~~
18 ~~appropriates any part of the principal of this fund by vote~~
19 ~~of three-fourths of the members of each house, such~~
20 ~~liquidation may create a gain or loss in the principal; and~~

21 ~~(5)(6) such additional investment funds as may be~~
22 ~~expressly required by law, or may be determined by the board~~
23 ~~of investments to be necessary to fulfill fiduciary~~
24 ~~responsibilities of the state with respect to funds from a~~
25 ~~particular source."~~

1 SECTION 8. THERE IS A NEW R.C.M. SECTION NUMBERED
 2 89-3604.1 THAT READS AS FOLLOWS:

3 89-3604.1. Grants for coal utilization research. (1)
 4 The department of natural resources and conservation may
 5 make grants to persons, as defined in 84-7408, to assist
 6 them in the research, development, or demonstration of more
 7 efficient alternative forms of coal conversion. These more
 8 efficient forms are defined as the conversion of coal into
 9 forms of energy OR PRODUCTS useful to mankind through
 10 technology proposed to convert coal more efficiently than
 11 the technology in general commercial use. Such research,
 12 development, or demonstration are public purposes,
 13 furthering the policy of the state of Montana, which favors
 14 conservation of the coal resource through its most efficient
 15 utilization.

16 (2) In administering this section the department shall
 17 follow the criteria for grant awards set forth in 84-7412
 18 and may exercise the powers vested in it under 84-7410 and
 19 84-7411, or those sections as they may be amended or
 20 renumbered.

21 SECTION 9. SECTION 89-3607, R.C.M. 1947, IS AMENDED TO
 22 READ AS FOLLOWS:

23 *89-3607. Sinking fund account -- coal utilization
 24 research account. (1) The state may by enactment of the
 25 legislature or the people levy, impose, assess, and pledge

1 and appropriate to the sinking fund account any tax, charge,
 2 fee, rental or other income from any designated source. The
 3 state reserves the right to modify from time to time the
 4 nature and amount of special taxes and other revenues
 5 pledged and appropriated to the sinking fund account,
 6 provided that the aggregate resources so pledged and
 7 appropriated are determined by the legislature to be
 8 sufficient for the prompt and full payment of the principal
 9 of and interest and redemption premiums when due on all
 10 bonds payable from that account, and provided that the
 11 pledge of the full faith and credit and taxing powers of the
 12 state for the security of all such bonds shall be and remain
 13 irrevocable until they are fully paid.

14 (2) Money in the sinking fund account shall be used
 15 first to pay interest, principal and redemption premiums
 16 when due and payable with respect to renewable resource
 17 development bonds; second to accumulate a reserve for the
 18 further security of such payments, to the amount required
 19 each month to meet those payments due within ~~twelve~~ 12
 20 months thereafter; and third to restore the reserve to this
 21 amount after each payment.

22 (3) After the reserve provided for in subsection (2)
 23 above is in the sinking fund, money at any time received in
 24 the sinking fund in excess of that amount shall be
 25 transferred by the treasurer to the clearance fund account.

1 If the balance at any time on hand in the sinking fund is
 2 not sufficient for compliance with subsection (2), and is
 3 not restored to the required amount within ~~three (3)~~ months
 4 thereafter, from funds specifically pledged and appropriated
 5 to the sinking fund account, the treasurer shall transfer
 6 thereto from the general fund an amount sufficient to
 7 restore the required balance.

8 (4) The state pledges and appropriates and directs to
 9 be credited to the sinking fund account as received ~~two--and~~
 10 ~~one-half--percent--(2-1/2%)~~ 1 1/2% of all money from time to
 11 time received from the collection of the ~~strip--coal--mines~~
 12 ~~license-tax-payable-under-the-provisions-of-section-84-1302,~~
 13 ~~or--the-equivalent-provision-of-any~~ severance tax enacted in
 14 lieu of such license tax, and remaining after allocation of
 15 such tax to the trust fund established under section 5,
 16 article IX of the Montana constitution and such additional
 17 amount thereof, if any, as may be required from time to time
 18 to provide sufficient funds for the purposes stated in
 19 subsection (2) above; provided that no more than ~~two--and~~
 20 ~~one-half--percent--(2--1/2%)~~ 1 1/2% of such tax collections
 21 shall be deemed to be pledged for the purpose of section
 22 89-3606, subsection (3).

23 (5) There is a coal utilization research account
 24 within the earmarked revenue fund. Moneys paid into this
 25 account consist of 1% of the coal severance tax collected

1 each quarter and remaining after allocation of such tax to
 2 the trust fund established under section 5, article IX of
 3 the Montana constitution. Moneys in this account may be
 4 appropriated for the purposes specified in 89-3604.1."

-End-

HOUSE OF REPRESENTATIVES

April 12, 1977

COMMITTEE OF THE WHOLE AMENDMENT TO SENATE BILL NO. 44, THIRD
READING BILL, AS FOLLOWS:

1. Amend page 3, section 1, line 25 through line 1 on page 4.
Following: "acquisition,"
Strike: ", OPERATION, OR MAINTENANCE"
Following: "62-304,"
Insert: ", and the operation and maintenance of sites so acquired,"
2. Amend page 4, section 1, line 10.
Following: "acquisition"
Strike: ", OPERATION OR MAINTENANCE"
3. Amend page 4, section 1, line 11.
Following: "62-304"
Insert: ", and the operation and maintenance of sites so acquired"

AS AMENDED BE CONCURRED IN

HOUSE OF REPRESENTATIVES

April 12, 1977

COMMITTEE OF THE WHOLE AMENDMENT TO SENATE BILL NO. 44, THIRD
READING BILL, AS FOLLOWS:

1. Amend page 3, section 1, line 1.
Following: line 25 on page 2
Strike: "27 1/2%"
Insert: "26 1/2%"

AND FURTHER AMEND HOUSE COMMITTEE ON TAXATION AMENDMENTS TO
SENATE BILL NO. 44, AS FOLLOWS:

2. Amend amendment no. 3.
Strike: amendment no. 3 in its entirety

AS AMENDED BE CONCURRED IN

12. Amend page 15, section 9, line 20.

Following: "~~2-1/2%~~"

Strike: "1 1/2%"

Insert: "2 1/2%"

13. Amend page 15, section 9, lines 23-25 and page 16, lines 1-4.

Following: line 22

Strike: subsection (5) in its entirety.

AS AMENDED BE CONCURRED IN

APRIL 11, 1977

be amended in the third reading copy, as follows:

1. Amend page 2, section 1, line 15.

Following: "MINED,"

Strike: "1%"

Insert: "2%"

2. Amend page 2, section 1, lines 18 and 19.

Following: "DETERMINE"

Strike: "MAINTENANCE AND CONSTRUCTION OF HIGHWAYS, ROADS, STREETS, OR ALLEYS."

Insert: "such purposes as the governing body of the county may determine"

3. Amend page 3, section 1, line 7.

Following: "year"

Strike: "13%"

Insert: "12%"

4. Amend page 3, section 1, line 19.

Following: line 18

Strike: "AND THE EARMARKED REVENUE FUND TO BE ALLOCATED BETWEEN"

Insert: "to the credit of"

5. Amend page 3, section 3, lines 20 and 21.

Following: "account"

Strike: "AND THE COAL UTILIZATION RESEARCH ACCOUNT AS PRESCRIBED BY 89-3607:"

Insert: ";

6. Amend page 4, section 1, line 9.

Following: "subsection"

Strike: "(g)"

Insert: "(h)"

7. Amend page 4, section 3, line 11.

Following: "62-304"

Strike: "."

Insert: ";

8. Amend page 4, section 1, line 15.

Following: "{10}"

Strike: "(h)"

Insert: "(i)"

9. Amend page 13, section 8, lines 1-20.

Following: page 12

Strike: Section 8 in its entirety.

Renumber: subsequent sections.

10. Amend page 13, section 9, lines 23 and 24.

Following: "account"

Strike: "-- coal utilization research account"

11. Amend page 15, section 9, line 10.

Following: "{2-1/2%}"

Strike: "1 1/2%"

Insert: "2 1/2%"

SENATE BILL NO. 44

INTRODUCED BY MANNING, MATHERS, TOWE, ABER

(COAL TAX OVERSIGHT COMMITTEE BILL)

A BILL FOR AN ACT ENTITLED: "AN ACT TO BRING THE COAL TAX DISTRIBUTION FORMULA INTO COMPLIANCE WITH THE MONTANA CONSTITUTION AS AMENDED IN 1976 BY CREATING A TRUST FUND; REVISING THE PERCENTAGES DISTRIBUTED TO LOCAL GOVERNMENTS AND STATE PROGRAMS AND THE PROGRAMS FUNDED THEREUNDER; AMENDING SECTIONS 50-1803, 50-1804, 50-1806, 79-309, 82-3710, AND 84-1319, AND 89-3607, R.C.M. 1947."

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

Section 1. Section 84-1319, R.C.M. 1947, is amended to read as follows:

"84-1319. Disposal of ~~license~~ or severance taxes. ~~License~~ or ~~severance~~ Severance taxes collected under the provisions of this chapter or such sections as may enact a severance tax on coal in 1975 are allocated as follows:

(1) ~~To the county for such purposes as the governing body of that county may determine from which coal was mined for each calendar year prior to January 1, 1980, three cents (3%) per ton or four per cent (4%) of the severance tax paid on the coal mined in that county whichever is higher and for each calendar year following December 31, 1979, three~~

~~cents (3%) per ton or three and one-half per cent (3 1/2%) of the severance tax paid on the coal mined in that county whichever is higher. To the trust fund created by Article IX, section 5, of the Montana constitution, 25% of total collections a year. After December 31, 1979, 50% of coal severance tax collections are allocated to this trust fund. The trust fund moneys shall be deposited in an account in the trust and legacy fund THE FUND ESTABLISHED UNDER 79-309(5) and invested by the board of investments as provided by law.~~

~~(2) Coal severance tax collections remaining after allocation to the trust fund under subsection (1) are allocated in the following percentages of the remaining balance:~~

~~(A) TO THE COUNTY IN WHICH COAL IS MINED, 1% 2% OF THE SEVERANCE TAX PAID ON THE COAL MINED IN THAT COUNTY UNTIL JANUARY 1, 1980, FOR SUCH PURPOSES AS THE GOVERNING BODY OF THE COUNTY MAY DETERMINE MAINTENANCE AND CONSTRUCTION OF HIGHWAYS, ROADS, STREETS, OR ALLEYS SUCH PURPOSES AS THE GOVERNING BODY OF THE COUNTY MAY DETERMINE.~~

~~(2)(a)(B) Two and one-half per cent (2 1/2%) of total collections per year until December 31, 1979, and thereafter four per cent (4%) of total collections per year 5% to the earmarked revenue fund, to the credit of the alternative energy research development and demonstration account;~~

1 ~~(3)(b)(C)~~ Twenty-seven and one-half per cent ~~(27.5%)~~
 2 ~~27 1/2%~~ 26 1/2% of total collections per year, until July 1,
 3 1979, and thereafter thirty-five per cent ~~(35%)~~, ~~37 1/2%~~ to
 4 the earmarked revenue fund to the credit of the local impact
 5 and education trust fund account;

6 ~~(4)(c)(D)~~ For for each of the four ~~(4)~~ 2 fiscal years
 7 following the effective date of this act June 30, 1977, ten
 8 per cent ~~(10%)~~ of total collections per year ~~13 1/2%~~ 13% to
 9 the earmarked revenue fund to the credit of the coal area
 10 highway improvement account;

11 ~~(5)(d)(E)~~ Ten per cent ~~(10%)~~ of total collections per
 12 year to the earmarked revenue fund for state equalization
 13 aid to public schools of the state;

14 ~~(6)(e)(F)~~ For the period ending December 31, 1979, one
 15 per cent ~~(1%)~~ of total collections per year ~~2%~~ 1% to the
 16 earmarked revenue fund to the credit of the county land
 17 planning account;

18 ~~(7)(f)(G)~~ Two and one-half per cent ~~(2 1/2%)~~ of total
 19 collections per year to the sinking fund to the credit of
 20 ~~AND THE EARMARKED REVENUE FUND TO BE ALLOCATED BETWEEN TO~~
 21 ~~THE CREDIT OF~~ the renewable resource development bond
 22 account ~~AND THE COAL UTILIZATION RESEARCH ACCOUNT AS~~
 23 ~~PRESCRIBED BY 09-3607~~;

24 ~~(8)(g)(H)~~ Two and one-half per cent ~~(2 1/2%)~~ of total
 25 collections per year through June 30, 1979, of which portion

1 one-half ~~(1/2)~~ shall be allocated to the earmarked revenue
 2 fund for the purpose of acquisition, ~~OPERATION OR~~
 3 ~~MAINTENANCE~~ of sites and areas described in section 62-304,
 4 ~~AND THE OPERATION AND MAINTENANCE OF SITES SO ACQUIRED,~~
 5 subject to legislative appropriations, and one-half ~~(1/2)~~
 6 shall be allocated to the trust and legacy ~~EARMARKED REVENUE~~
 7 ~~FUND TO BE INVESTED IN A TRUST~~ fund for the purpose of
 8 parks acquisition ~~OR MANAGEMENT~~. After June 30, 1979, five
 9 per cent ~~(5%)~~ of total collections per year shall be
 10 allocated to the trust and legacy fund for the purpose of
 11 parks acquisition ~~OR MANAGEMENT~~. Income from the fund
 12 established in this subsection ~~(g)~~ (H) may be appropriated
 13 for the acquisition, ~~OPERATION OR MAINTENANCE~~ of sites and
 14 areas described in section 62-304, ~~AND THE OPERATION AND~~
 15 ~~MAINTENANCE OF SITES SO ACQUIRED~~;

16 ~~(9) To the earmarked revenue fund such portions of~~
 17 ~~the severance tax as may be authorized by laws enacted in~~
 18 ~~1975.~~

19 ~~(10)(b)(I)~~ All all other revenues from license or
 20 severance taxes collected under the provisions of this
 21 chapter shall be deposited to the credit of the general fund
 22 of the state."

23 Section 2. Section 50-1803, R.C.M. 1947, is amended to
 24 read as follows:

25 "50-1803. Coal area highway reconstruction program.

1 (1) There is appropriated to the department of highways for
 2 each of the ~~four~~(4) fiscal years following the effective
 3 ~~date of this act July 1, 1975,~~ all the funds in the coal
 4 area highway improvement account for carrying out the
 5 programs authorized by this section. ~~Any funds thus~~
 6 ~~appropriated and not expended before June 30, 1979, may,~~
 7 ~~notwithstanding the provisions of 79-1015,3, be expended or~~
 8 ~~encumbered to carry out this section until June 30, 1981.~~

9 (2) The department of highways, within the area
 10 designated as the eastern Montana coal field economic growth
 11 center as certified to the secretary of transportation by
 12 the governor under section 143, Title 23, United States
 13 Code, shall prepare a special construction program for the
 14 reconstruction of deficient sections of these highways.

15 (3) The department of highways shall expedite the
 16 planning and reconstruction program for projects on the
 17 designated portions within this area by using funds
 18 allocated under this subsection and any federal funds that
 19 may be made available to match such funds; until federal
 20 funds are made available to match the funds allocated under
 21 this subsection the department of highways may, upon
 22 approval of the Montana state highway commission, expend
 23 such funds for planning and reconstruction projects ~~with or~~
 24 ~~without assurance from the federal government that unmatched~~
 25 ~~state expenditures will be retroactively recognized for~~

1 ~~matching purposes.~~

2 (4) Funds allocated under this subsection shall not be
 3 used to match apportionments made for primary and secondary
 4 highways under the ~~Federal--Aid~~ Federal-Aid Highway Acts;
 5 however, nothing in this subsection should be construed to
 6 prohibit the implementation of projects otherwise funded by
 7 apportionments made under the ~~Federal--Aid~~ Federal-Aid
 8 Highway Acts; furthermore, planning and reconstruction
 9 projects may be financed in whole or in part by public and
 10 private funds provided such projects conform to the
 11 applicable standards, regulations, and procedures of the
 12 department of highways and the federal highway
 13 administration."

14 Section 3. Section 50-1806, R.C.M. 1947, is amended to
 15 read as follows:

16 "50-1806. Coal board -- general powers. The board may:

17 (1) retain professional consultants and advisors;
 18 (2) adopt rules governing its proceedings;
 19 (3) consider applications for grants from the local
 20 impact and education trust fund account; and

21 (4) award grants, subject to ~~section~~ 50-1807, not to
 22 exceed in any one year seven-elevenths ~~(7/11),~~ and after
 23 June 30, 1979, ~~three-sevenths (3/7)~~ ~~seven-fifteenths~~ of the
 24 revenue paid into the local impact and education trust fund
 25 account, to local governmental units and state agencies to

1 assist local governmental units in meeting the local impact
 2 of coal development by enabling them to adequately provide
 3 governmental services and facilities which are needed as a
 4 direct consequence of coal development. As used in the
 5 preceding sentence, "revenue paid" does not include interest
 6 income from the account reinvested in the account in trust
 7 for the public schools and the university system. Such
 8 grants shall be awarded on the basis of (a) need, (b) degree
 9 of severity of impact from the coal development, (c)
 10 availability of funds, and (d) degree of local effort in
 11 meeting these needs. The board shall formulate guidelines
 12 to evaluate degree of local effort, considering bond issues
 13 and millage levels. To the extent funds are needed to
 14 evaluate and plan for the impact needs caused by coal
 15 development, consideration of bond issues and millage levies
 16 may be waived."

17 Section 4. Section 82-3710, R.C.M. 1947, is amended to
 18 read as follows:

19 "82-3710. County land planning assistance. (1) The
 20 department of community affairs shall annually distribute to
 21 ~~all the counties in the state~~ the funds in appropriated from
 22 the county land planning accounts as follows: ~~the funds~~
 23 ~~shall be apportioned forty percent (40%) on the ratio of~~
 24 ~~each county's portion of the total land area of the state~~
 25 ~~and sixty percent (60%) on the ratio of each county's~~

1 ~~portion of the total population of the state~~
 2 ~~(a) One third of the funds shall be distributed to~~
 3 ~~city or county governing bodies or local planning agencies~~
 4 ~~to support local planning efforts according to criteria~~
 5 ~~established by the departments. These criteria shall at least~~
 6 ~~relate to the magnitude of local planning needs, the~~
 7 ~~unavailability of local funds for planning programs, the~~
 8 ~~potential beneficial impact of the proposed planning~~
 9 ~~programs, the willingness of local authorities to conduct and~~
 10 ~~continue a planning program, and the availability of the~~
 11 ~~technical and administrative skills necessary to carry out~~
 12 ~~the planning program.~~

13 ~~(b) From two thirds of the funds each EACH county~~
 14 ~~shall be allotted \$3,000. After this disbursement has been~~
 15 ~~made, 40% of the balance in the account shall be apportioned~~
 16 ~~to the counties according to the ratio of each county's land~~
 17 ~~area to the total land area of the state, and 60% of the~~
 18 ~~balance shall be apportioned to the counties according to~~
 19 ~~each county's portion of the total population of the state.~~
 20 ~~If a multi-jurisdictional planning board has been~~
 21 ~~established in the county it may receive and expend part or~~
 22 ~~all of the funds allocated to that county.~~

23 (2) Counties, cities, or joint planning boards
 24 receiving funds under this section shall use such funds for
 25 the land planning purposes of ~~making inventories of land~~

~~categories within their boundaries and of classifying lands for taxation and planning programs.~~

~~{3}--There--is--appropriated--to--the--department--of--community--affairs--for--the--purposes--of--this--section--all--the--funds--in--the--county--land--planning--account--for--the--biennium--ending--June--30--1977.~~

~~{4}{3} At the end of each fiscal year the every local governing body of the affected county and planning agency receiving funds under this section shall provide an accounting of how the moneys were spent in a form acceptable to the department of community affairs. Any surplus of prorated funds shall revert to the education trust fund account."~~

SECTION 5. THERE IS A NEW R.C.M. SECTION THAT READS AS FOLLOWS:

Coal tax oversight committee continued. The select committee established by section 15, chapter 502, Laws of 1975, is continued for the biennium ending June 30, 1979, and is directed to report its recommendation to the 46th legislature.

SECTION 6. SECTION 50-1804, R.C.M., 1947, IS AMENDED TO READ AS FOLLOWS:

"50-1804. Coal board established -- composition. (1) There is a coal board composed of seven-{7} members.

(2) The coal board is allocated to the department of

community affairs for administrative purposes only as prescribed in section 82A-108.

(3) The members of the coal board are selected as follows: The governor shall appoint a seven-{7} member coal board, as provided under 82A-112, two-{2} from the impact areas and two-{2} with expertise in education. The governor shall further, in making these appointments, consider people from these fields: business, engineering, public administration and planning. No more than four-{4} members may be residents of the same congressional district."

SECTION 7. SECTION 79-309, R.C.M., 1947, IS AMENDED TO READ AS FOLLOWS:

"79-309. Investment funds. For each treasury fund account into which state funds are segregated by the department of administration pursuant to section 79-413, individual transactions and totals of all investments shall be separately recorded to the extent directed by the department. However, the securities purchased and cash on hand for all treasury fund accounts not otherwise specifically designated by law or by the provisions of a gift, donation, grant, legacy, bequest or devise from which the fund account originates to be invested shall be pooled in an account to be designated "Treasury Cash Account" and placed in one of the investment funds designated below. The share of the income for this account shall be credited to

1 the general fund. If within the list hereinafter of separate
 2 investment funds, more than one investment fund is included
 3 which may be held jointly with others under the same
 4 separate listing, all investments purchased for that
 5 separate investment fund shall be held jointly for all the
 6 accounts participating therein, which shall share all
 7 capital gains and losses and income pro rata. Separate
 8 investment funds shall be maintained as follows:

9 (1) the trust and legacy fund, including all public
 10 school funds and funds of the Montana university system and
 11 other state institutions of learning referred to in sections
 12 2 and 10, article X, of the 1972 Montana constitution, and
 13 all money referred to in section 79-410 (8);

14 (2) a separate investment fund, which may not be held
 15 jointly with other funds, for money pertaining to each
 16 retirement or insurance system now or hereafter maintained
 17 by the state, including those now maintained under the
 18 following statutes:

19 (a) the highway patrolmen's retirement system
 20 described in title 31, chapter 2;

21 (b) the public employees' retirement system described
 22 in title 68;

23 (c) the game wardens' retirement system described in
 24 title 68, chapter 14;

25 (d) the teachers' retirement system described in title

1 75, chapter 62; and

2 (e) the industrial accident insurance program
 3 described in title 92, chapter 11;

4 (3) a pooled investment fund, including all other
 5 accounts within the treasury fund structure established by
 6 section 79-410;

7 (4) a fund consisting of gifts, donations, grants,
 8 legacies, bequests, devises and other contributions made or
 9 given for a specific purpose or under conditions expressed
 10 in the gift, donation, grant, legacy, bequest, devise or
 11 contribution on the part of the state of Montana to be
 12 observed. If such gift, donation, grant, legacy, bequest,
 13 devise, or contribution permits investment, and is not
 14 otherwise restricted by its terms, it may be treated jointly
 15 with other such gifts, donations, grants, legacies,
 16 bequests, devises, or contributions; and

17 ~~(5) a fund consisting of coal severance taxes~~
 18 ~~allocated thereto under section 5, article IX of the Montana~~
 19 ~~constitution. The principal of this trust fund shall be~~
 20 ~~permanent and invested in the permissible investments~~
 21 ~~enumerated in 79-310. In the event the legislature~~
 22 ~~appropriates any part of the principal of this fund by vote~~
 23 ~~of three-fourths of the members of each house, such~~
 24 ~~liquidation may create a gain or loss in the principal; and~~
 25 ~~(5)(6) such additional investment funds as may be~~

1 expressly required by law, or may be determined by the board
 2 of investments to be necessary to fulfill fiduciary
 3 responsibilities of the state with respect to funds from a
 4 particular source."

5 ~~SECTION 8. THERE IS A NEW R.C.M. SECTION NUMBERED~~
 6 ~~89-3604.1 THAT READS AS FOLLOWS:~~

7 ~~89-3604.1. Grants for coal utilization research. (1)~~
 8 ~~The department of natural resources and conservation may~~
 9 ~~make grants to persons, as defined in 84-7408, to assist~~
 10 ~~them in the research, development, or demonstration of more~~
 11 ~~efficient alternative forms of coal conversions. These more~~
 12 ~~efficient forms are defined as the conversion of coal into~~
 13 ~~forms of energy OR PRODUCTS useful to mankind through~~
 14 ~~technology proposed to convert coal more efficiently than~~
 15 ~~the technology in general commercial use. Such research,~~
 16 ~~development, or demonstration are public purposes,~~
 17 ~~furthering the policy of the state of Montana which favors~~
 18 ~~conservation of the coal resource through its most efficient~~
 19 ~~utilizations.~~

20 ~~(2) In administering this section the department shall~~
 21 ~~follow the criteria for grant awards set forth in 84-7412~~
 22 ~~and may exercise the powers vested in it under 84-7410 and~~
 23 ~~84-7411, or those sections as they may be amended or~~
 24 ~~renumbered.~~

25 ~~SECTION 8. SECTION 89-3607, R.C.M. 1947, IS AMENDED TO~~

1 READ AS FOLLOWS:

2 "89-3607. Sinking fund account ~~coal utilization~~
 3 ~~research account.~~ (1) The state may by enactment of the
 4 legislature or the people levy, impose, assess, and pledge
 5 and appropriate to the sinking fund account any tax, charge,
 6 fee, rental or other income from any designated source. The
 7 state reserves the right to modify from time to time the
 8 nature and amount of special taxes and other revenues
 9 pledged and appropriated to the sinking fund account,
 10 provided that the aggregate resources so pledged and
 11 appropriated are determined by the legislature to be
 12 sufficient for the prompt and full payment of the principal
 13 of and interest and redemption premiums when due on all
 14 bonds payable from that account, and provided that the
 15 pledge of the full faith and credit and taxing powers of the
 16 state for the security of all such bonds shall be and remain
 17 irrevocable until they are fully paid.

18 (2) Money in the sinking fund account shall be used
 19 first to pay interest, principal and redemption premiums
 20 when due and payable with respect to renewable resource
 21 development bonds; second to accumulate a reserve for the
 22 further security of such payments, to the amount required
 23 each month to meet those payments due within ~~twelve~~ (12)
 24 months thereafter; and third to restore the reserve to this
 25 amount after each payment.

1 (3) After the reserve provided for in subsection (2)
 2 above is in the sinking fund, money at any time received in
 3 the sinking fund in excess of that amount shall be
 4 transferred by the treasurer to the clearance fund account.
 5 If the balance at any time on hand in the sinking fund is
 6 not sufficient for compliance with subsection (2), and is
 7 not restored to the required amount within ~~three~~(3) months
 8 thereafter, from funds specifically pledged and appropriated
 9 to the sinking fund account, the treasurer shall transfer
 10 thereto from the general fund an amount sufficient to
 11 restore the required balance.

12 (4) The state pledges and appropriates and directs to
 13 be credited to the sinking fund account as received ~~two and~~
 14 ~~one-half percent (2-1/2%)~~ ~~1-1/2%~~ 2 1/2% of all money from
 15 time to time received from the collection of the ~~strip-coal~~
 16 ~~mines license tax payable under the provisions of section~~
 17 ~~84-1302, or the equivalent provision of any~~ severance tax
 18 ~~enacted in lieu of such license tax, and remaining after~~
 19 allocation of such tax to the trust fund established under
 20 section 5, article IX of the Montana constitution and such
 21 additional amount thereof, if any, as may be required from
 22 time to time to provide sufficient funds for the purposes
 23 stated in subsection (2) above; provided that no more than
 24 ~~two and one-half percent (2-1/2%)~~ ~~1-1/2%~~ 2 1/2% of such tax
 25 collections shall be deemed to be pledged for the purpose of

1 section 89-3606, subsection (3).

2 ~~(5) There is a coal utilization research account~~
 3 ~~within the earmarked revenue funds. Moneys paid into this~~
 4 ~~account consist of 1% of the coal severance tax collected~~
 5 ~~each quarter and remaining after allocation of such tax to~~
 6 ~~the trust fund established under section 5, article IX of~~
 7 ~~the Montana constitution. Moneys in this account may be~~
 8 ~~appropriated for the purposes specified in 89-3604iv."~~

-End-