

1 *Senate* BILL NO. 48
 2 INTRODUCED BY *Mathis*

3
 4 A BILL FOR AN ACT ENTITLED: "AN ACT TO REPEAL THE RENEWABLE
 5 RESOURCE DEVELOPMENT PROGRAM; REVERTING THE PORTION OF THE
 6 COAL TAX ALLOCATED TO THAT PROGRAM TO THE GENERAL FUND;
 7 AMENDING SECTION 84-1319, R.C.M. 1947; REPEALING SECTIONS
 8 89-3601 THROUGH 89-3609, R.C.M. 1947."
 9

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

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

13 "84-1319. Disposal of license or severance taxes.
 14 ~~license-or-severance~~ Severance taxes collected under the
 15 provisions of this chapter ~~or-such-sections-as-may-enact-a~~
 16 ~~severance-tax-on-coal-in-1975~~ are allocated as follows:

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

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

6 (3) ~~twenty-seven-and-one-half-per-cent-{27.5%}~~ 27 1/2%
 7 of total collections per year, until July 1, 1979, and
 8 thereafter ~~thirty-five-per-cent-{35%}~~, to the earmarked
 9 revenue fund to the credit of the local impact and education
 10 trust fund account.

11 (4) For each of the ~~four-{4}~~ fiscal years following
 12 the effective date of this act ~~ten-per-cent-{10%}~~ of total
 13 collections per year to the earmarked revenue fund to the
 14 credit of the coal area highway improvement account.

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

18 (6) For the period ending December 31, 1979, ~~one-per~~
 19 ~~cent-{1%}~~ of total collections per year to the earmarked
 20 revenue fund, to the credit of the county land planning
 21 account.

22 ~~{7}-two-and-one-half-per-cent-{2 1/2%}-of-total~~
 23 ~~collections-per-year-to-the-sinking-fund-to-the-credit-of~~
 24 ~~the-renewable-resource-development-bond-account.~~

25 ~~{8}{1}~~ ~~two-and-one-half-per-cent-{2 1/2%}~~ of total

1 collections per year through June 30, 1979, of which portion
 2 one-half ~~{1/2}~~ shall be allocated to the earmarked revenue
 3 fundy for the purpose of acquisition of sites and areas
 4 described in section 62-304, subject to legislative
 5 appropriations, and one-half ~~{1/2}~~ shall be allocated to the
 6 trust and legacy fundy for the purpose of parks acquisition.
 7 After June 30, 1979, five-per-cent-~~{5%}~~ of total collections
 8 per year shall be allocated to the trust and legacy fundy
 9 for the purpose of parks acquisition. Income from the fund
 10 established in this subsection may be appropriated for the
 11 acquisition of sites and areas described in section 62-304.

12 ~~{9)}--To--the--earmarked--revenue--fundy--such--portions--of~~
 13 ~~the--severance--tax--as--may--be--authorized--by--laws--enacted--in~~
 14 ~~1975.~~

15 ~~{10)}{8)}~~ All other revenues from license or severance
 16 taxes collected under the provisions of this chapter shall
 17 be deposited to the credit of the general fund of the
 18 state."

19 Section 2. There is a new R.C.M. section that reads as
 20 follows:

21 Reversion of moneys allocated prior to July 1, 1977.
 22 Moneys allocated to the sinking fund to the credit of the
 23 renewable resource development bond account and not expended
 24 prior to the passage and approval of this act revert to the
 25 general fund as of July 1, 1977.

1 Section 3. Repealer. Sections 89-3601 through 89-3609,
 2 R.C.M. 1947, are repealed.

-End-

Approved by Committee
on Taxation

1 SENATE BILL NO. 48
2 INTRODUCED BY MATHERS
3
4 A BILL FOR AN ACT ENTITLED: "AN ACT TO REPEAL PORTIONS OF
5 THE RENEWABLE RESOURCE DEVELOPMENT PROGRAM RELATING TO
6 BONDING AND PRIVATE LOANS; REVERTING REALLOCATING THE
7 PORTION OF THE COAL TAX ALLOCATED TO THAT PROGRAM TO THE
8 GENERAL AN EARMARKED REVENUE FUND ACCOUNT; AMENDING SECTION
9 SECTIONS 84-1319, 89-3602, 89-3603, AND 89-3607, R.C.M.
10 1947; REPEALING SECTIONS 89-3601, THROUGH 89-3606, 89-3608,
11 AND 89-3609, R.C.M. 1947, AND PROVIDING AN IMMEDIATE
12 EFFECTIVE DATE."
13
14 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:
15 Section 1. Section 84-1319, R.C.M. 1947, is amended to
16 read as follows:
17 "84-1319. Disposal of license or severance taxes.
18 ~~License--or--severance~~ Severance taxes collected under the
19 provisions of this chapter ~~or such sections as may enact a~~
20 ~~severance tax on coal in 1975~~ are allocated as follows:
21 (1) To the county for such purposes as the governing
22 body of that county may determine from which coal was mined
23 for each calendar year prior to January 1, 1980, ~~three 1/2~~
24 cents ~~(3 1/2)~~ per ton or ~~four-per-cent-(4%)~~ of the severance
25 tax paid on the coal mined in that county, whichever is

1 higher, and for each calendar year following December 31,
2 1979, ~~three 1/2~~ cents ~~(3 1/2)~~ per ton or ~~three-and-one-half-per~~
3 ~~cent-(3 1/2%)~~ of the severance tax paid on the coal mined in
4 that county, whichever is higher.
5 (2) ~~Two--and--one-half--per--cent--(2 1/2%)~~ of total
6 collections per year until December 31, 1979, and thereafter
7 ~~four--per--cent--(4%)~~ of total collections per year to the
8 earmarked revenue fund, to the credit of the alternative
9 energy research development and demonstration account.
10 (3) ~~Twenty-seven-and-one-half-per-cent-(27.5%)~~ ~~27 1/2%~~
11 of total collections per year, until July 1, 1979, and
12 thereafter ~~thirty-five-per-cent--(35%)~~, to the earmarked
13 revenue fund to the credit of the local impact and education
14 trust fund account.
15 (4) For each of the ~~four-(4)~~ fiscal years following
16 the effective date of this act ~~ten-per-cent-(10%)~~ of total
17 collections per year to the earmarked revenue fund to the
18 credit of the coal area highway improvement account.
19 (5) ~~Ten-per-cent-(10%)~~ of total collections per year,
20 to the earmarked revenue fund, for state equalization aid to
21 public schools of the state.
22 (6) For the period ending December 31, 1979, ~~one-per~~
23 ~~cent-(1%)~~ of total collections per year to the earmarked
24 revenue fund, to the credit of the county land planning
25 account.

1 ~~(7) Two and one-half per cent (2 1/2%) of total~~
 2 ~~collections per year to the sinking fund to the credit of~~
 3 ~~the renewable resource development bond account.~~

4 (7) 2 1/2% OF COLLECTIONS PER YEAR, TO THE EARMARKED
 5 REVENUE FUND, TO THE CREDIT OF THE RENEWABLE RESOURCE
 6 DEVELOPMENT ACCOUNT.

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

19 ~~(9) To the earmarked revenue fund, such portions of~~
 20 ~~the severance tax as may be authorized by laws enacted in~~
 21 ~~1975.~~

22 ~~(10) (11) All other revenues from license or~~
 23 ~~severance taxes collected under the provisions of this~~
 24 ~~chapter shall be deposited to the credit of the general fund~~
 25 ~~of the state."~~

1 Section 2. There is a new RevMv section that reads as
 2 follows:

3 reversion of moneys allocated prior to July 1, 1977,
 4 Moneys allocated to the sinking fund to the credit of the
 5 renewable resource development bond account and not expended
 6 prior to the passage and approval of this act revert to the
 7 general fund as of July 1, 1977.

8 SECTION 2. SECTION 89-3602, R.C.M. 1947, IS AMENDED TO
 9 READ AS FOLLOWS:

10 "89-3602. Definitions. Unless the context requires
 11 otherwise, in this act:

12 (1) "Renewable resource development program" means
 13 such developments in the public interest of renewable
 14 natural resources of the state as shall from time to time be
 15 acquired, constructed, and financed from funds appropriated
 16 to the accounts referred to in this section and from the
 17 proceeds of bonds issued in anticipation of the receipt of
 18 these funds. Renewable resource developments shall, whenever
 19 practicable, be multiple-use projects, and shall not
 20 significantly diminish the quality of existing public
 21 resources such as land, air, water, fish, wildlife and
 22 recreational opportunities.

23 (2) "Renewable resource development bonds" mean all
 24 series of bonds authorized by law to be issued pursuant to
 25 section 89-3686 to finance any part of the renewable

1 ~~resource development program, or to refund any such bonds.~~
 2 ~~{3}{2} "Renewable resource development account," or~~
 3 ~~"clearance fund account," mean a separate account which is~~
 4 ~~created within the bond and insurance clearance fund~~
 5 ~~established in section 79-410, and shall be segregated by~~
 6 ~~the treasurer from all other money in that or any other fund~~
 7 ~~in the state treasury and used only to pay costs of the~~
 8 ~~renewable resource development program, upon order of the~~
 9 ~~department of administration or the board of natural~~
 10 ~~resources and conservation under authority and within~~
 11 ~~limitations provided by law.~~

12 ~~{4} "Renewable resource development bond account" or~~
 13 ~~"sinking fund account," mean a separate account which is~~
 14 ~~created within the sinking fund established in section~~
 15 ~~79-410, and shall be segregated by the treasurer from all~~
 16 ~~other money in that or any other fund in the treasury and~~
 17 ~~used only as provided for herein.~~

18 ~~{5}{3} "Treasurer" means the state treasurer."~~

19 ~~SECTION 3. SECTION 89-3603, R.C.M. 1947, IS AMENDED TO~~
 20 ~~READ AS FOLLOWS:~~

21 "89-3603. Renewable resource development loans. (1)
 22 The board of natural resources and conservation is
 23 authorized upon proper application and upon recommendation
 24 of the department of natural resources and conservation to
 25 make loans from the renewable resource development account

1 established by this act to farmers and ranchers of the state
 2 of Montana who, without regard to their form of business
 3 organization:

4 (a) are citizens of the United States and are citizens
 5 and residents of the state of Montana;

6 (b) have sufficient farming or ranching training and
 7 experience which, in the opinion of the department, is
 8 sufficient to assure the likelihood of the success of the
 9 proposed operations; and

10 (c) are or will become owner operators of farms or
 11 ranches, conservation districts established under Title 76,
 12 No loan may be made to an individual, corporation,
 13 partnership, or other private entity.

14 (2) The department shall solicit and consider in its
 15 evaluation of proposed projects the views of interested and
 16 affected departments, boards, agencies and other
 17 subdivisions of state and federal government and of other
 18 interested and affected persons.

19 (3) The board may make the renewable resource
 20 development loans provided for by this section for any
 21 worthwhile project for the conservation, management,
 22 utilization, development, or preservation of the land,
 23 water, fish, wildlife, recreational, and other renewable
 24 resources in the state; and for the refinancing of existing
 25 indebtedness incurred in the expansion or rehabilitation of

1 projects for those purposes.

2 (4) The board shall make no renewable resource
3 development loan which exceeds the lesser of ~~one--hundred~~
4 ~~thousand--dollars--(\$100,000)~~, or ~~eighty-percent--(80%)~~ of the
5 fair market value of the security given therefor. In
6 determining the fair market value for the security given for
7 any loan, the department shall consider appraisals made by
8 qualified appraisers and such other factors it considers
9 important.

10 (5) The period for repayment of loans pursuant to this
11 act may not exceed ~~thirty--(30)~~ years.

12 (6) The board shall from time to time establish by
13 rule the interest rate at which loans may be made under this
14 act, provided that in no case may the rate be greater than
15 ~~one(1)~~ percentage point greater than the prevailing interest
16 rate on the renewable resource development bonds provided
17 for in this act.

18 (7) The state shall have a lien upon a project
19 constructed with money from the renewable resource
20 development account for the amount of the loan, together
21 with the interest thereon. This lien may attach to all
22 project facilities, equipment, easements, real property, and
23 property of any kind of nature owned by the debtor,
24 including all water rights. The board shall file either a
25 financing statement or a real estate mortgage covering the

1 loan, its amount, terms and a description of the project
2 with the county recorder of each county in which the project
3 or any part thereof is located. The county recorder shall
4 record the lien in a book kept for the recording of liens
5 and it shall be indexed as other liens are required by law
6 to be indexed. The lien shall be valid until paid in full
7 or otherwise discharged. The lien shall be foreclosed in
8 accordance with applicable state law governing foreclosure
9 of mortgages and liens.

10 (8) The board may adopt rules as required to govern
11 the terms and conditions for making loans, security
12 instruments, and agreements pursuant to this act.

13 (9) No member, officer, attorney, or other employee of
14 the board or the department shall, directly or indirectly,
15 be the beneficiary of or receive any fee, commission, gift,
16 or other consideration for or in connection with any
17 transaction or business under this act other than such
18 salary, fee, or other compensation as he may receive as such
19 member, officer, attorney, or employee. Any person
20 violating any provision of this section shall, upon
21 conviction thereof be punished by a fine of not more than
22 ~~two--thousand--dollars--(\$2,000)~~ or imprisonment for not more
23 than ~~two--(2)~~ years or both.

24 (10) The department shall administer the loans made by
25 the board pursuant to this act, and may accept and utilize

1 voluntary and uncompensated services, and, with the consent
 2 of the agency concerned, utilize the officers, employees,
 3 equipment, and information of any agency of the federal
 4 government, or of any agency of Montana government, or of
 5 any political subdivision within Montana."

6 SECTION 4. SECTION 89-3607, R.C.M., 1947, IS AMENDED TO
 7 READ AS FOLLOWS:

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

25 (2) Money in the sinking fund account shall be used

1 ~~first to pay interest, principal and redemption premiums~~
 2 ~~when due and payable with respect to renewable resource~~
 3 ~~development bonds; second to accumulate a reserve for the~~
 4 ~~further security of such payments, to the amount required~~
 5 ~~each month to meet those payments due within twelve (12)~~
 6 ~~months thereafter; and third to restore the reserve to this~~
 7 ~~amount after each payment.~~

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

19 (4) The state pledges and appropriates and directs to
 20 be credited to the sinking earmarked revenue fund for the
 21 renewable resource development account as received two and
 22 one-half percent (2 1/2%) of all money from time to time
 23 received from the collection of the strip coal mines license
 24 tax payable under the provisions of section 84-1302, or the
 25 equivalent provision of any severance tax enacted in lieu of

1 ~~such license tax, and remaining after allocation of such tax~~
 2 ~~to the trust fund established under section 5, article IX of~~
 3 ~~the Montana constitution and such additional amount thereof,~~
 4 ~~if any, as may be required from time to time to provide~~
 5 ~~sufficient funds for the purposes stated in subsection (2)~~
 6 ~~above; provided that no more than two and one-half percent~~
 7 ~~(2 1/2%) of such tax collections shall be deemed to be~~
 8 ~~pledged for the purpose of section 89-3606, subsection (3),~~
 9 which funds shall be available for appropriation for the
 10 purposes set forth in this chapter. Any funds deposited in
 11 the sinking fund or the bond and insurance clearance fund
 12 under authority of this chapter prior to the effective date
 13 of this amendatory act are transferred to the earmarked
 14 revenue fund, renewable resource development account."

15 Section 5. Repealer. Sections 89-3601, through
 16 89-3606, 89-3608, AND 89-3609, R.C.M. 1947, are repealed.

17 SECTION 6. EFFECTIVE DATE. THIS ACT IS EFFECTIVE UPON
 18 PASSAGE AND APPROVAL.

19 SECTION 7. CONSTRUCTION. IT IS THE INTENT OF THE
 20 LEGISLATURE THAT IF THIS BILL AND SENATE BILL 44 ARE EACH
 21 ENACTED INTO LAW IN 1977, THAT SENATE BILL 44 CONTROLS THE
 22 PERCENTAGE OF COAL TAX ALLOCATED TO THE RENEWABLE RESOURCE
 23 DEVELOPMENT ACCOUNT.

-End-

1 SENATE BILL NO. 48

2 INTRODUCED BY MATHERS

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4 A BILL FOR AN ACT ENTITLED: "AN ACT TO REPEAL PORTIONS OF
5 THE RENEWABLE RESOURCE DEVELOPMENT PROGRAM RELATING TO
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9 SECTIONS 84-1319, 89-3602, 89-3603, AND 89-3607, R.C.M.
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18 ~~License--or--severance~~ Severance taxes collected under the
19 provisions of this chapter ~~or such sections as may enact a~~
20 ~~severance tax on coal in 1975~~ are allocated as follows:21 (1) To the county for such purposes as the governing
22 body of that county may determine from which coal was mined
23 for each calendar year prior to January 1, 1980, ~~three 3~~
24 ~~cents {3¢}~~ per ton or ~~four-per-cent-{4%}~~ of the severance
25 tax paid on the coal mined in that county, whichever is1 higher, and for each calendar year following December 31,
2 1979, ~~three 3 cents {3¢}~~ per ton or ~~three-and-one-half-per~~
3 ~~cent-{3 1/2%}~~ of the severance tax paid on the coal mined in
4 that county, whichever is higher.5 (2) ~~Two-and-one-half-per-cent-{2 1/2%}~~ of total
6 collections per year until December 31, 1979, and thereafter
7 ~~four-per-cent-{4%}~~ of total collections per year to the
8 earmarked revenue fund, to the credit of the alternative
9 energy research development and demonstration account.10 (3) ~~Twenty-seven-and-one-half-per-cent-{27.5%}~~ 27 1/2%
11 of total collections per year, until July 1, 1979, and
12 thereafter ~~thirty-five-per-cent-{35%}~~, to the earmarked
13 revenue fund to the credit of the local impact and education
14 trust fund account.15 (4) For each of the ~~four-{4}~~ fiscal years following
16 the effective date of this act ~~ten-per-cent-{10%}~~ of total
17 collections per year to the earmarked revenue fund to the
18 credit of the coal area highway improvement account.19 (5) ~~Ten-per-cent-{10%}~~ of total collections per year,
20 to the earmarked revenue fund, for state equalization aid to
21 public schools of the state.22 (6) For the period ending December 31, 1979, ~~one-per~~
23 ~~cent-{1%}~~ of total collections per year to the earmarked
24 revenue fund, to the credit of the county land planning
25 account.

THIRD READING

1 ~~{7}~~ Two and one-half per cent ~~{2 1/2%}~~ of total
2 collections per year, to the sinking fund, to the credit of
3 the renewable resource development bond accounts.

4 {7} 2 1/2% OF COLLECTIONS PER YEAR, TO THE EARMARKED
5 REVENUE FUND, TO THE CREDIT OF THE RENEWABLE RESOURCE
6 DEVELOPMENT ACCOUNT.

7 ~~{8}~~ ~~{7}~~ {8} Two and one-half per cent ~~{2 1/2%}~~ of total
8 collections per year through June 30, 1979, of which portion
9 one-half ~~{1/2}~~ shall be allocated to the earmarked revenue
10 fund, for the purpose of acquisition of sites and areas
11 described in section 62-304, subject to legislative
12 appropriations, and one-half ~~{1/2}~~ shall be allocated to the
13 trust and legacy fund, for the purpose of parks acquisition.
14 After June 30, 1979, five per cent ~~{5%}~~ of total collections
15 per year shall be allocated to the trust and legacy fund
16 for the purpose of parks acquisition. Income from the fund
17 established in this subsection may be appropriated for the
18 acquisition of sites and areas described in section 62-304.

19 ~~{9}~~ To the earmarked revenue fund, such portions of
20 the severance tax as may be authorized by laws enacted in
21 1975.

22 ~~{10}~~ ~~{8}~~ {9} All other revenues from license or
23 severance taxes collected under the provisions of this
24 chapter shall be deposited to the credit of the general fund
25 of the state."

1 Section 2. There is a new R.C.M. section that reads as
2 follows:

3 ~~Reversion of moneys allocated prior to July 1, 1977.~~
4 ~~Moneys allocated to the sinking fund to the credit of the~~
5 ~~renewable resource development bond account and not expended~~
6 ~~prior to the passage and approval of this act revert to the~~
7 ~~general fund as of July 1, 1977.~~

8 SECTION 2. SECTION 89-3602, R.C.M., 1947, IS AMENDED TO
9 READ AS FOLLOWS:

10 "89-3602. Definitions. Unless the context requires
11 otherwise, in this act:

12 (1) "Renewable resource development program" means
13 such developments in the public interest of renewable
14 natural resources of the state as shall from time to time be
15 acquired, constructed, and financed from funds appropriated
16 to the accounts referred to in this section, and from the
17 proceeds of bonds issued in anticipation of the receipt of
18 these funds. Renewable resource developments shall, whenever
19 practicable, be multiple-use projects, and shall not
20 significantly diminish the quality of existing public
21 resources such as land, air, water, fish, wildlife and
22 recreational opportunities.

23 ~~{2}~~ "Renewable resource development bonds" mean all
24 series of bonds authorized by law to be issued pursuant to
25 section 89-3606 to finance any part of the renewable

resource development programs or to refund any such bonds.

(3)(2) "Renewable resource development account," or "clearance fund account," mean a separate account which is created within the bond and insurance clearance fund established in section 79-410, and shall be segregated by the treasurer from all other money in that or any other fund in the state treasury and used only to pay costs of the renewable resource development program, upon order of the department of administration or the board of natural resources and conservation under authority and within limitations provided by law.

(4) "~~Renewable resource development bond account~~" or "~~sinking fund account~~" ~~mean a separate account which is created within the sinking fund established in section 79-410, and shall be segregated by the treasurer from all other money in that or any other fund in the treasury and used only as provided for herein.~~

(5)(2) "Treasurer" means the state treasurer."

SECTION 3. SECTION 89-3603, R.C.M. 1947, IS AMENDED TO READ AS FOLLOWS:

"89-3603. Renewable resource development loans. (1) The board of natural resources and conservation is authorized upon proper application and upon recommendation of the department of natural resources and conservation to make loans from the renewable resource development account

established by this act to farmers and ranchers of the state of Montana who, without regard to their form of business organization:

(a) are citizens of the United States and are citizens and residents of the state of Montana;

(b) have sufficient farming or ranching training and experience which in the opinion of the department is sufficient to assure the likelihood of the success of the proposed operations; and

(c) are or will become owner-operators of farms or ranches, conservation districts established under Title 76. No loan may be made to an individual, corporation, partnership, or other private entity.

(2) The department shall solicit and consider in its evaluation of proposed projects the views of interested and affected departments, boards, agencies and other subdivisions of state and federal government and of other interested and affected persons.

(3) The board may make the renewable resource development loans provided for by this section for any worthwhile project for the conservation, management, utilization, development, or preservation of the land, water, fish, wildlife, recreational, and other renewable resources in the state; and for the refinancing of existing indebtedness incurred in the expansion or rehabilitation of

1 projects for those purposes.

2 (4) The board shall make no renewable resource
3 development loan which exceeds the lesser of ~~one--hundred~~
4 ~~thousand--dollars--(\$100,000)~~, or ~~eighty-percent--(80%)~~ of the
5 fair market value of the security given therefor. In
6 determining the fair market value for the security given for
7 any loan, the department shall consider appraisals made by
8 qualified appraisers and such other factors it considers
9 important.

10 (5) The period for repayment of loans pursuant to this
11 act may not exceed ~~thirty--(30)~~ years.

12 (6) The board shall from time to time establish by
13 rule the interest rate at which loans may be made under this
14 act, provided that in no case may the rate be greater than
15 ~~one(1)~~ percentage point greater than the prevailing interest
16 rate on the renewable resource development bonds provided
17 for in this act.

18 (7) The state shall have a lien upon a project
19 constructed with money from the renewable resource
20 development account for the amount of the loan, together
21 with the interest thereon. This lien may attach to all
22 project facilities, equipment, easements, real property, and
23 property of any kind of nature owned by the debtor,
24 including all water rights. The board shall file either a
25 financing statement or a real estate mortgage covering the

1 loan, its amount, terms and a description of the project
2 with the county recorder of each county in which the project
3 or any part thereof is located. The county recorder shall
4 record the lien in a book kept for the recording of liens
5 and it shall be indexed as other liens are required by law
6 to be indexed. The lien shall be valid until paid in full
7 or otherwise discharged. The lien shall be foreclosed in
8 accordance with applicable state law governing foreclosure
9 of mortgages and liens.

10 (8) The board may adopt rules as required to govern
11 the terms and conditions for making loans, security
12 instruments, and agreements pursuant to this act.

13 (9) No member, officer, attorney, or other employee of
14 the board or the department shall, directly or indirectly,
15 be the beneficiary of or receive any fee, commission, gift,
16 or other consideration for or in connection with any
17 transaction or business under this act other than such
18 salary, fee, or other compensation as he may receive as such
19 member, officer, attorney, or employee. Any person
20 violating any provision of this section shall, upon
21 conviction thereof be punished by a fine of not more than
22 ~~two--thousand--dollars--(\$2,000)~~ or imprisonment for not more
23 than ~~two--(2)~~ years or both.

24 (10) The department shall administer the loans made by
25 the board pursuant to this act, and may accept and utilize

1 voluntary and uncompensated services, and, with the consent
2 of the agency concerned, utilize the officers, employees,
3 equipment, and information of any agency of the federal
4 government, or of any agency of Montana government, or of
5 any political subdivision within Montana."

6 SECTION 4. SECTION 89-3607, R.C.M. 1947, IS AMENDED TO
7 READ AS FOLLOWS:

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

25 (2) ~~Money in the sinking fund account shall be used~~

1 ~~first to pay interest, principal and redemption premiums~~
2 ~~when due and payable with respect to renewable resource~~
3 ~~development bonds; second to accumulate a reserve for the~~
4 ~~further security of such payments, to the amount required~~
5 ~~each month to meet those payments due within twelve (12)~~
6 ~~months thereafter; and third to restore the reserve to this~~
7 ~~amount after each payment.~~

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

19 (4) The state pledges and appropriates and directs to
20 be credited to the sinking earmarked revenue fund for the
21 renewable resource development account as received two and
22 one-half percent (2 1/2%) of all money from time to time
23 received from the collection of the strip coal mines license
24 tax payable under the provisions of section 84-1302, or the
25 equivalent provision of any severance tax enacted in lieu of

1 ~~such license tax, and remaining after allocation of such tax~~
 2 ~~to the trust fund established under section 5, article IX of~~
 3 ~~the Montana constitution and such additional amount thereof,~~
 4 ~~if any, as may be required from time to time to provide~~
 5 ~~sufficient funds for the purposes stated in subsection (2)~~
 6 ~~above, provided that no more than two and one-half percent~~
 7 ~~(2-1/2%) of such tax collections shall be deemed to be~~
 8 ~~pledged for the purpose of section 89-3606, subsection (3),~~
 9 which funds shall be available for appropriation for the
 10 purposes set forth in this chapter. Any funds deposited in
 11 the sinking fund or the bond and insurance clearance fund
 12 under authority of this chapter prior to the effective date
 13 of this amendatory act are transferred to the earmarked
 14 revenue funds, renewable resource development account."

15 Section 5. Repealer. Sections 89-3601, through
 16 89-3606, 89-3608, AND 89-3609, R.C.M. 1947, are repealed.

17 SECTION 6. EFFECTIVE DATE. THIS ACT IS EFFECTIVE UPON
 18 PASSAGE AND APPROVAL.

19 SECTION 7. CONSTRUCTION. IT IS THE INTENT OF THE
 20 LEGISLATURE THAT IF THIS BILL AND SENATE BILL 44 ARE EACH
 21 ENACTED INTO LAW IN 1977, THAT SENATE BILL 44 CONTROLS THE
 22 PERCENTAGE OF COAL TAX ALLOCATED TO THE RENEWABLE RESOURCE
 23 DEVELOPMENT ACCOUNT.

-End-