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*Senate* BILL NO. 285  
*Thornis, Mathew*

INTRODUCED BY \_\_\_\_\_

A BILL FOR AN ACT ENTITLED: "AN ACT TO AMEND SECTIONS 84-1319 AND 84-7407 THROUGH 84-7412, R.C.M. 1947, BY PROVIDING COAL TAX FUNDING FOR COAL RESEARCH DEVELOPMENT AND DEMONSTRATION PROJECTS IN ADDITION TO ALTERNATIVE RENEWABLE ENERGY SOURCE PROJECTS."

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 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.

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(2) 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 to the earmarked revenue fund, to the credit of the coal and alternative energy research development and demonstration account.

(3) Twenty-seven and one-half per cent (27.5%) of total collections per year, until July 1, 1979, and thereafter thirty-five per cent (35%), to the earmarked revenue fund to the credit of the local impact and education trust fund account.

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

(5) Ten per cent (10%) of total collections per year, to the earmarked revenue fund, for state equalization aid to public schools of the state.

(6) For the period ending December 31, 1979, one per cent (1%) of total collections per year to the earmarked revenue fund, to the credit of the county land planning account.

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

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

13 (9) To the earmarked revenue fund, such portions of  
 14 the severance tax as may be authorized by laws enacted in  
 15 1975.

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

19 Section 2. Section 84-7407, R.C.M. 1947, is amended to  
 20 read as follows:

21 "84-7407. Purpose. The purposes of this act are to  
 22 stimulate research, development, and demonstration of energy  
 23 sources which are necessary to the public welfare and which  
 24 are to the extent practicable harmonious with ecological  
 25 stability by virtue of being renewable, thereby to lessen

1 ~~that reliance on nonrenewable energy sources which conflicts~~  
 2 ~~with the goal of long-range ecological stability,~~ and to  
 3 provide for the funding and administration of such research,  
 4 provided that demonstration or development projects funded  
 5 under this act may not be used to commercially market  
 6 electricity, heat energy, or energy by-products."

7 Section 3. Section 84-7408, R.C.M. 1947, is amended to  
 8 read as follows:

9 "84-7408. Definitions. As used in this act:

10 (1) ~~"Alternative coal or an alternative~~ renewable  
 11 energy source" means a form of energy or matter, such as  
 12 coal, solar energy, wind energy, or methane from solid  
 13 waste, capable of being converted into forms of energy  
 14 useful to mankind, and the technology necessary to make this  
 15 conversion, ~~when the source is not exhaustible in terms of~~  
 16 ~~this planet and when the source or the technology are not in~~  
 17 ~~general commercial use.~~

18 (2) "Person" means a natural person, corporation,  
 19 partnership, or other business entity, association, trust,  
 20 foundation, any educational or scientific institution, or  
 21 any governmental unit.

22 (3) "Department" means the Montana department of  
 23 natural resources and conservation."

24 Section 4. Section 84-7409, R.C.M. 1947, is amended to  
 25 read as follows:

1       "84-7409. ~~Alternative~~ Coal and alternative energy  
2 research development and demonstration account established.  
3 There is within the earmarked revenue fund ~~on a coal and~~  
4 alternative energy research development and demonstration  
5 account. Moneys are paid into this account under section  
6 84-1309.1. The state treasurer shall draw warrants payable  
7 from this account upon order of the department."

8       Section 5. Section 84-7410, R.C.M. 1947, is amended to  
9 read as follows:

10       "84-7410. Department -- general powers. The department  
11 may:

- 12       (1) employ a staff adequate to administer this act;
- 13       (2) retain professional consultants and advisors;
- 14       (3) adopt rules governing applications and granting of  
15 funds;
- 16       (4) consider applications for grants and award grants,  
17 subject to the availability of funds, and to the  
18 appropriation of such funds by the legislature from the coal  
19 and alternative energy research development and  
20 demonstration funds for projects that will further the  
21 purposes of this act;

22       (5) appoint ~~on a coal and~~ alternative energy advisory  
23 committee composed of representatives of state agencies and  
24 citizen members with expertise in ~~alternative~~ energy  
25 matters. The appointment of any such advisory committee

1 shall be in keeping with section 82A-110."

2       Section 6. Section 84-7411, R.C.M. 1947, is amended to  
3 read as follows:

4       "84-7411. Applications for grants. Any person may  
5 apply for a grant to enable him to research, develop or  
6 demonstrate coal or alternative renewable energy sources.  
7 The department shall prescribe the form for applications.  
8 Applicants shall describe the nature of their proposed  
9 investigations, including practical applications of the  
10 possible results and time requirements."

11       Section 7. Section 84-7412, R.C.M. 1947, is amended to  
12 read as follows:

13       "84-7412. Criteria for grant awards. The department  
14 may award grants to applicants under section 84-7411 in  
15 accordance with the following criteria:

- 16       (1) A grant may cover a period not exceeding one (1)  
17 year, and the department may not commit itself to spending  
18 funds anticipated to be available more than one (1) year  
19 after the grant period begins. The department may give an  
20 applicant a statement of intent to renew its support of his  
21 work, subject to the availability of funds and such other  
22 conditions as the department may express.

23       (2) The department may give preference to projects  
24 which are also supported by grants from the federal  
25 government or other persons provided the grants are

1 consistent with the other objectives of the department. The  
2 purpose of this preference is to use the coal and  
3 alternative energy research development and demonstration  
4 account for matching moneys in order to support more  
5 substantial research.

6 (3) The department may give preference to research  
7 centers unattached to existing educational institutions  
8 where several investigators can share supporting services.  
9 However, this shall not be interpreted to prohibit the  
10 department from awarding grants to existing educational  
11 institutions.

12 (4) The department may give preference to research  
13 centers which make information available to individuals,  
14 ~~small~~ businesses, and ~~small~~ communities seeking the use of  
15 coal or renewable energy sources in their homes, plants,  
16 places of business, and ~~small~~ communities.

17 (5) All information resulting from such research shall  
18 be made available to the public and shall not become the  
19 private property of or under the exclusive control of any  
20 one (1) company or person.

21 (6) The department is under no requirement to expend  
22 or commit available coal and alternative energy research  
23 development and demonstration funds when in its judgment  
24 such expenditures or commitments would be unproductive."

-End-

STATE OF MONTANA

REQUEST NO. 530-77

FISCAL NOTE

Form BD 15

In compliance with a written request received February 17, 19 77, there is hereby submitted a Fiscal Note for Senate Bill 285 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:

Senate Bill 285 provides coal tax funding for coal research development and demonstration projects in addition to alternative renewable energy source projects.

FISCAL IMPACT:

Senate Bill 285 does not increase revenue while it does broaden the uses of coal tax revenue. Therefore, alternative energy projects would be reduced by the amounts set aside for coal research and development. No dollar estimate will be available until applications for coal research and alternative energy have been received and evaluated.

*Richard L. Zang*  
BUDGET DIRECTOR

Office of Budget and Program Planning

Date: 2-21-77