

SENATE BILL NO. 367

INTRODUCED BY KEATING, MANLEY, GALT,  
HAMMOND, ECK

IN THE SENATE

February 5, 1981	Introduced and referred to Committee on Natural Resources.  Fiscal note requested.
February 11, 1981	Fiscal note returned.
February 20, 1981	Committee recommend bill do pass. Report adopted.
February 21, 1981	Bill printed and placed on members' desks.
February 24, 1981	Second reading, do pass.
February 25, 1981	On motion rules suspended. Bill placed on calendar for third reading this day.  Third reading, passed. Ayes, 45; Noes, 4. Transmitted to House.

IN THE HOUSE

March 3, 1981	Introduced and referred to Committee on Natural Resources.
March 23, 1981	Committee recommend bill be concurring in. Report adopted.
March 27, 1981	Second reading, concurred in.
March 30, 1981	On motion rules suspended and bill allowed to be transmitted on 71st legislative day. Motion adopted.
March 31, 1981	Third reading, concurred in. Ayes, 85; Noes, 13.



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INTRODUCED BY *Sen. Eck* ~~*Sen. Beating*~~ *Sen. Malz* ~~*Sen. All*~~ *Sen. Hammond* BILL NO. *367*

A BILL FOR AN ACT ENTITLED: "AN ACT TO ALLOW THE BOARD OF LAND COMMISSIONERS TO ISSUE COAL LEASES TO FOREIGN INTERESTS AND TO ALLOW THE SALE OF COAL MINED UNDER LEASES FROM THE BOARD OF LAND COMMISSIONERS TO FOREIGN PERSONS; AMENDING SECTION 77-3-305, MCA; AND REPEALING SECTION 77-3-315, MCA."

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

Section 1. Section 77-3-305, MCA, is amended to read:

"77-3-305. Limitations on leasing. The board shall not issue leases\*

~~(1) to any corporation the majority stock of which is controlled by interests foreign to the United States, except for those interests within countries whose borders are contiguous to the United States; or~~

(2) if after a determination of the amount, location, and quality of the coal on the lands for lease, the extraction of the coal from such lands by strip-mining methods would adversely affect the methods of recovery of deep minable coal from such operations on such lands in the future."

Section 2. Repealer. Section 77-3-315, MCA, is repealed.

-End-

INTRODUCED BILL  
SB 367

STATE OF MONTANA

REQUEST NO. 311-81

FISCAL NOTE

Form BD-15

In compliance with a written request received February 6, 19 81, there is hereby submitted a Fiscal Note for Senate Bill 367 pursuant to Title 5, Chapter 4, Part 2 of the Montana Code Annotated (MCA).

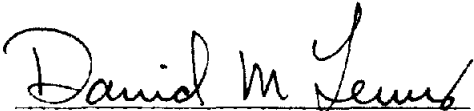
Background information used in developing this Fiscal Note is available from the Office of Budget and Program Planning, to members of the Legislature upon request.

DESCRIPTION OF PROPOSED LEGISLATION

An Act to allow the Board of Land Commissioners to issue coal leases to foreign interests and to allow the sale of coal mined under leases from the Board of Land Commissioners to foreign persons.

COMMENTS:

The passage of this legislation would have no effect on expenditures or revenue. The State is legally required to obtain full market value for its coal and this bill does not change that requirement. This bill provides that the Land Board may issue coal leases to any corporation the majority stock of which is controlled by interests foreign to the United States.



BUDGET DIRECTOR

Office of Budget and Program Planning

Date: 2-11-81

Approved by Committee  
on Natural Resources

1 *House* BILL NO. *367*  
2 INTRODUCED BY *Deating Maly Holt Hammond*  
3 *Eck*

4 A BILL FOR AN ACT ENTITLED: "AN ACT TO ALLOW THE BOARD OF  
5 LAND COMMISSIONERS TO ISSUE COAL LEASES TO FOREIGN INTERESTS  
6 AND TO ALLOW THE SALE OF COAL MINED UNDER LEASES FROM THE  
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14 ~~{1}--to-any-corporation-the-majority-stock-of-which--is~~  
15 ~~controlled-by-interests-foreign-to-the-United-States--except~~  
16 ~~for--those--interests--within--countries--whose--borders-are~~  
17 ~~contiguous-to-the-United-States--or~~

18 {2} if after a determination of the amount, location,  
19 and quality of the coal on the lands for lease, the  
20 extraction of the coal from such lands by strip-mining  
21 methods would adversely affect the methods of recovery of  
22 deep minable coal from such operations on such lands in the  
23 future."

24 Section 2. Repealer. Section 77-3-315, MCA, is  
25 repealed.

-End-

SECOND READING  
SB 367

1 *Spencer* BILL NO. *367*  
 2 INTRODUCED BY *Spencer, Maly, Holt, Hammond*  
 3 *Eck*

4 A BILL FOR AN ACT ENTITLED: "AN ACT TO ALLOW THE BOARD OF  
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-End-

THIRD READING  
 SB 367

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1 repealed.

-End-

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{2} if after a determination of the amount, location, and quality of the coal on the lands for lease, the extraction of the coal from such lands by strip-mining methods would adversely affect the methods of recovery of deep minable coal from such operations on such lands in the future."

Section 2. Repealer. Section 77-3-315, MCA, is

REFERENCE BILL

1 SENATE BILL NO. 367

2 INTRODUCED BY KEATING, MANLEY, GALT,

3 HAMMOND, ECK

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5 A BILL FOR AN ACT ENTITLED: "~~AN ACT TO ALLOW THE BOARD OF~~  
6 ~~LAND COMMISSIONERS TO ISSUE COAL LEASES TO FOREIGN INTERESTS~~  
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17 ~~for those interests within countries whose borders are~~  
18 ~~contiguous to the United States; or~~

19 (1) TO ANY CORPORATION THE MAJORITY STOCK OF WHICH IS  
20 CONTROLLED BY INTERESTS FOREIGN TO THE UNITED STATES, EXCEPT  
21 FOR THOSE INTERESTS WITHIN COUNTRIES WHOSE BORDERS ARE  
22 CONTIGUOUS TO THE UNITED STATES; OR

23 ~~(2) if after a determination of the amount,~~  
24 ~~location, and quality of the coal on the lands for lease,~~  
25 ~~the extraction of the coal from such lands by strip-mining~~

1 methods would adversely affect the methods of recovery of  
2 deep minable coal from such operations on such lands in the  
3 future."

4 Section 2. Repealer. Section 77-3-315, MCA, is  
5 repealed.

-End-



April 13, 1981

PROPOSED GOVERNOR'S AMENDMENTS TO SENATE BILL NO. 367;  
REFERENCE COPY, AS FOLLOWS:

1. Page 1, Line 5  
Following: "ACT"  
Delete: "TO ALLOW THE BOARD OF"
2. Page 1, Line 6  
Following: Line 5  
Delete: "LAND COMMISSIONERS TO ISSUE COAL LEASES  
TO FOREIGN INTERESTS"
3. Page 1, Line 7  
Following: Line 6  
Delete: "AND"
4. Page 1, Line 14  
Following: "leases"  
Insert: ":",
5. Page 1, Line 15  
Following: Line 14  
Insert: "(1) to any corporation the majority stock  
of which is controlled by interests foreign  
to the United States, except for those in-  
terests within countries whose borders are  
contiguous to the United States; or"
6. Page 1, Line 19  
Following: Line 18  
Insert: "(2)"



TED SCHWINDEN  
GOVERNOR

State of Montana  
Office of the Governor  
Helena 59620

April 13, 1981

The Honorable Jean A. Turnage  
President of the Senate  
State Capitol  
Helena, Montana 59620

The Honorable Robert L. Marks  
Speaker of the House  
State Capitol  
Helena, Montana 59620

Dear Senator Turnage and Representative Marks:

In accordance with the power vested in me as Governor by the Constitution and the laws of the State of Montana, I hereby return Senate Bill 367, "AN ACT TO ALLOW THE BOARD OF LAND COMMISSIONERS TO ISSUE COAL LEASES TO FOREIGN INTERESTS AND TO ALLOW THE SALE OF COAL MINED UNDER LEASES FROM THE BOARD OF LAND COMMISSIONERS TO FOREIGN PERSONS; AMENDING SECTION 77-3-305, MCA; AND REPEALING SECTION 77-3-315, MCA," without my signature and recommend the attached amendments for the following reasons.

The strong support of SB 367 by the Legislature signals a clear change in public policy by the State of Montana. I remain concerned about the wisdom of committing finite U.S. energy resources to long term export contracts until America's energy needs are determined...and met.

Despite my reservations, however, I concur in SB 367 insofar as it permits coal from state leases to be sold to foreign interests. SB 367, however, also permits foreigners to acquire state coal leases without restriction. This unconditional right far exceeds the federal policy on mineral leasing.

It is one thing to allow the export of Montana coal. It is quite another matter to permit...even to encourage... foreign interests to directly acquire Montana coal through lease agreement.

Senator Turnage and Representative Marks

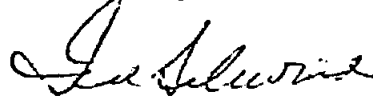
April 13, 1981

Page Two

For this reason, I am returning SB 367 with an amendment that will provide the opportunity to export Montana coal, but reject the right of lease acquisition by foreign interests. The title is changed accordingly.

I urge your concurrence in these amendments.

Sincerely,

A handwritten signature in cursive script, appearing to read "Ted Schwinden".

TED SCHWINDEN  
Governor