

SENATE BILL NO. 85

INTRODUCED BY GAGE

BY REQUEST OF THE DEPARTMENT OF NATURAL  
RESOURCES AND CONSERVATION

IN THE SENATE

JANUARY 12, 1987                   INTRODUCED AND REFERRED TO COMMITTEE  
ON NATURAL RESOURCES.

JANUARY 19, 1987                   COMMITTEE RECOMMEND BILL  
DO PASS AS AMENDED. REPORT ADOPTED.  
  
STATEMENT OF INTENT ADOPTED.

JANUARY 22, 1987                   PRINTING REPORT.  
  
ON MOTION, TAKEN FROM SECOND READING  
AND REREFERRED TO COMMITTEE ON RULES.

FEBRUARY 3, 1987                   ON MOTION, TAKEN FROM COMMITTEE ON  
RULES AND REREFERRED TO  
SECOND READING.

FEBRUARY 9, 1987                   SECOND READING, DO PASS AS AMENDED.

FEBRUARY 10, 1987                  ENGROSSING REPORT.

FEBRUARY 11, 1987                  THIRD READING, PASSED.  
AYES, 45; NOES, 2.  
  
TRANSMITTED TO HOUSE.

IN THE HOUSE

FEBRUARY 18, 1987                  INTRODUCED AND REFERRED TO COMMITTEE  
ON NATURAL RESOURCES.

MARCH 10, 1987                    COMMITTEE RECOMMEND BILL BE  
CONCURRED IN AS AMENDED. REPORT  
ADOPTED.

MARCH 13, 1987                    SECOND READING, CONCURRED IN.

MARCH 14, 1987

THIRD READING, CONCURRED IN.  
AYES, 91; NOES, 6.

RETURNED TO SENATE WITH AMENDMENTS.

IN THE SENATE

MARCH 19, 1987

RECEIVED FROM HOUSE.

SECOND READING, AMENDMENTS  
CONCURRED IN.

MARCH 20, 1987

THIRD READING, AMENDMENTS  
CONCURRED IN.

SENT TO ENROLLING.

1 *Senate* BILL NO. *85*  
 2 INTRODUCED BY *[Signature]*  
 3 BY REQUEST OF THE DEPARTMENT OF NATURAL  
 4 RESOURCES AND CONSERVATION  
 5

6 A BILL FOR AN ACT ENTITLED: "AN ACT PROVIDING A STATUTORY  
 7 APPROPRIATION FOR FUNDS RECEIVED FROM BONDS FOR THE PROPER  
 8 PLUGGING OF ABANDONED OR DRY WELLS; DELETING THE REQUIREMENT  
 9 FOR THE FILING OF STATEMENTS OF CRUDE PETROLEUM AND NATURAL  
 10 GAS PRODUCED AND MARKETED IN THE STATE WITH THE BOARD OF OIL  
 11 AND GAS CONSERVATION; DELETING THE REQUIREMENT FOR THE  
 12 DEPARTMENT OF ADMINISTRATION'S APPROVAL OF THE EXPENDITURE  
 13 OF FUNDS BY THE BOARD OF OIL AND GAS CONSERVATION; AMENDING  
 14 SECTIONS 17-7-502, 82-11-132, AND 82-11-135, MCA; AND  
 15 PROVIDING AN IMMEDIATE EFFECTIVE DATE."  
 16

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

18 Section 1. Section 17-7-502, MCA, is amended to read:  
 19 "17-7-502. Statutory appropriations -- definition --  
 20 requisites for validity. (1) A statutory appropriation is an  
 21 appropriation made by permanent law that authorizes spending  
 22 by a state agency without the need for a biennial  
 23 legislative appropriation or budget amendment.  
 24 (2) Except as provided in subsection (4), to be  
 25 effective, a statutory appropriation must comply with both

1 of the following provisions:  
 2 (a) The law containing the statutory authority must be  
 3 listed in subsection (3).  
 4 (b) The law or portion of the law making a statutory  
 5 appropriation must specifically state that a statutory  
 6 appropriation is made as provided in this section.  
 7 (3) The following laws are the only laws containing  
 8 statutory appropriations:  
 9 (a) 2-9-202;  
 10 (b) 2-17-105;  
 11 (c) 2-18-812;  
 12 (d) 10-3-203;  
 13 (e) 10-3-312;  
 14 (f) 10-3-314;  
 15 (g) 10-4-301;  
 16 (h) 13-37-304;  
 17 (i) 15-31-702;  
 18 (j) 15-36-112;  
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 20 (l) 16-1-404;  
 21 (m) 16-1-410;  
 22 (n) 16-1-411;  
 23 (o) 17-3-212;  
 24 (p) 17-5-404;  
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1 (r) 17-5-804;  
 2 (s) 19-8-504;  
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 20 (kk) 80-2-103;  
 21 (ll) 80-2-228;  
 22 (mm) 90-3-301;  
 23 (nn) 90-3-302;  
 24 (oo) 90-15-103; **and**  
 25 (pp) Sec. 13, HB 861, L. 1985; and

1 (gg) [section 4].  
 2 (4) There is a statutory appropriation to pay the  
 3 principal, interest, premiums, and costs of issuing, paying,  
 4 and securing all bonds, notes, or other obligations, as due,  
 5 that have been authorized and issued pursuant to the laws of  
 6 Montana. Agencies that have entered into agreements  
 7 authorized by the laws of Montana to pay the state  
 8 treasurer, for deposit in accordance with 17-2-101 through  
 9 17-2-107, as determined by the state treasurer, an amount  
 10 sufficient to pay the principal and interest as due on the  
 11 bonds or notes have statutory appropriation authority for  
 12 such payments."  
 13 Section 2. Section 82-11-132, MCA, is amended to read:  
 14 "82-11-132. Statements to treasurer and payment of  
 15 tax. (1) Each producer of crude petroleum in the state  
 16 shall, not later than the last day of each of the calendar  
 17 months of February, May, August, and November of each  
 18 calendar year, render a true statement to the state  
 19 treasurer; and the department of revenue, ~~and the board,~~  
 20 duly signed and sworn to, of all crude petroleum produced  
 21 and marketed by him in this state during the preceding  
 22 quarter and containing such other information as the ~~board~~  
 23 department of revenue may require and shall accompany the  
 24 statement with the payment to the state treasurer of the  
 25 assessment provided for in 82-11-131(1) for the period

1 covered by the statement.

2 (2) Each producer of natural gas in the state shall  
3 render like statements to the state treasurer, and the  
4 department of revenue, ~~and the board~~ of all natural gas  
5 produced and marketed by him in this state and shall make  
6 payment of the assessment provided for in 82-11-131(1) at  
7 such times and for such periods as may be prescribed by rule  
8 of the board department of revenue.

9 (3) Any producer carrying on business at more than one  
10 place or location in this state may include all those places  
11 of business in one statement.

12 (4) The assessment imposed herein shall be due at the  
13 time the oil or natural gas is marketed. Oil or natural gas  
14 shall be deemed marketed when it is removed from the  
15 property from which it was produced."

16 Section 3. Section 82-11-135, MCA, is amended to read:

17 "82-11-135. Money earmarked for board expenses. All  
18 money collected under this chapter shall be deposited in the  
19 state special revenue fund by the state treasurer and shall  
20 be used for the purpose of paying all expenses of the board  
21 and for no other purpose. All these moneys shall be used by  
22 the board subject to ~~the approval of the department of~~  
23 ~~administration~~ and biennial appropriations by the  
24 legislature. Income and interest from investment of the  
25 board's moneys in the state special revenue fund shall be

1 credited to the board."

2 NEW SECTION. Section 4. Expenditure of funds from  
3 bonds for plugging wells. The board may accept and expend  
4 all funds received by it from bonds for properly plugging  
5 dry or abandoned wells as authorized in 82-11-123(5). These  
6 funds are statutorily appropriated as provided in 17-7-502.

7 NEW SECTION. Section 5. Extension of authority. Any  
8 existing authority of the department of revenue to make  
9 rules on the subject of the provisions of this act is  
10 extended to the provisions of this act.

11 NEW SECTION. Section 6. Codification instruction.  
12 Section 4 is intended to be codified as an integral part of  
13 Title 82, chapter 11, part 1, and the provisions of Title  
14 82, chapter 11, part 1, apply to section 4.

15 NEW SECTION. Section 7. Effective date. This act is  
16 effective on passage and approval.

-End-

STATE OF MONTANA - FISCAL NOTE

Form BD-15

In compliance with a written request, there is hereby submitted a Fiscal Note for SB085, as introduced.

DESCRIPTION OF PROPOSED LEGISLATION:

This bill would provide a statutory appropriation for funds received from bonds for the proper plugging of abandoned or dry wells; deleting the requirement for the filing of statements of crude petroleum and natural gas produced and marketed in the state with the Board of Oil and Gas Conservation; deleting the requirement for the Department of Administration's approval of the expenditure of funds by the Board of Oil and Gas Conservation; and providing an immediate effective date.

ASSUMPTIONS:

1. Only New Section 4 of the proposed legislation, pertaining to expenditure of funds from bonds for plugging wells, will have a fiscal impact on agency operations.
2. The current bonded coverage for plugging oil and gas wells is 5.6 million dollars. Estimated revenue and expenditures were based on an arbitrary 1% potential annual default. Actual fiscal impact may be more or less than the estimate provided.
3. There will not be a decrease in expenditures in regard to filing statements with the Board of Oil and Gas, because the board has already discontinued this process.

FISCAL IMPACT:

		<u>FY88</u>		<u>FY89</u>		
<u>Expenditures:</u>	<u>Current Law</u>	<u>Proposed Law</u>	<u>Difference</u>	<u>Current Law</u>	<u>Proposed Law</u>	<u>Difference</u>
Oil & Gas	* \$ 56,000	\$ 56,000	\$ 0	\$ 56,000	\$ 56,000	\$ 0
Special Revenue Fund						
<u>Revenues:</u>						
Oil & Gas	* \$ 56,000	\$ 56,000	\$ 0	\$ 56,000	\$ 56,000	\$ 0
Special Revenue Fund						

\*\$15,000 collected to date; \$56,000 estimated.

EFFECT ON COUNTY OR OTHER LOCAL REVENUE OR EXPENDITURES:

N/A

LONG-RANGE EFFECTS OF PROPOSED LEGISLATION:

N/A

TECHNICAL OR MECHANICAL DEFECTS IN PROPOSED LEGISLATION OR CONFLICTS WITH EXISTING LEGISLATION:

N/A

David L. Hunter DATE 1/16/87  
 DAVID L. HUNTER, BUDGET DIRECTOR  
 Office of Budget and Program Planning

Delwyn Gage DATE 1-17-87  
 DELWYN GAGE, PRIMARY SPONSOR

Fiscal Note for SB085, as introduced.

**SB 95**

APPROVED BY COMM. ON  
NATURAL RESOURCES

1 STATEMENT OF INTENT  
2 SENATE BILL 85  
3 Senate Natural Resources Committee  
4

1 to the administration and collection of the oil and gas  
2 severance tax.

5 A statement of intent is provided for this bill in  
6 order to describe the need for a statutory appropriation and  
7 deletion of current reporting requirements. In the absence  
8 of a statutory appropriation authorizing the board of oil  
9 and gas conservation to accept and expend funds received  
10 from bonds for the proper plugging of abandoned or dry  
11 wells, the board must receive separate authorization for  
12 this purpose each biennium through the appropriation  
13 process. As a result, the board is unable to correct  
14 problems resulting from improperly plugged wells for up to 2  
15 years or until it receives authorization to expend the  
16 necessary funds received from forfeited bonds.

17 The board of oil and gas conservation is removed from  
18 receiving statements of crude petroleum and natural gas  
19 produced and marketed in the state in order to avoid  
20 duplicative reporting requirements.

21 The department of revenue is authorized to adopt  
22 administrative rules concerning the administration and  
23 collection of the privilege and license tax, including the  
24 time for payment and the period covered by payment. The  
25 administration and collection of the tax should be similar

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 22 quarter and containing such other information as the ~~board~~  
 23 department of revenue may require and shall accompany the  
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5 produced and marketed by him in this state and shall make  
6 payment of the assessment provided for in 82-11-131(1) at  
7 such times and for such periods as may be prescribed by rule  
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11 NEW SECTION. Section 5. Codification instruction.  
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15 NEW SECTION. Section 6. Effective date. This act is  
16 effective on passage and approval.

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## 1 STATEMENT OF INTENT

## 2 SENATE BILL 85

## 3 Senate Natural Resources Committee

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 6 ~~order to describe the need for a statutory appropriation and~~  
 7 ~~deletion of current reporting requirements. In the absence~~  
 8 ~~of a statutory appropriation authorizing the board of oil~~  
 9 ~~and gas conservation to accept and expend funds received~~  
 10 ~~from bonds for the proper plugging of abandoned or dry~~  
 11 ~~wells, the board must receive separate authorization for~~  
 12 ~~this purpose each biennium through the appropriation~~  
 13 ~~process. As a result, the board is unable to correct~~  
 14 ~~problems resulting from improperly plugged wells for up to 2~~  
 15 ~~years or until it receives authorization to expend the~~  
 16 ~~necessary funds received from forfeited bonds.~~

17 A STATEMENT OF INTENT IS PROVIDED FOR THIS BILL IN  
 18 ORDER TO DESCRIBE THE DELETION OF CURRENT REPORTING  
 19 REQUIREMENTS AND PROVIDE GUIDANCE CONCERNING RULEMAKING  
 20 AUTHORITY THAT IS GRANTED TO THE DEPARTMENT OF REVENUE.

21 The board of oil and gas conservation is removed from  
 22 receiving statements of crude petroleum and natural gas  
 23 produced and marketed in the state in order to avoid  
 24 duplicative reporting requirements.

25 The department of revenue is authorized to adopt

1 administrative rules concerning the administration and  
 2 collection of the privilege and license tax, including the  
 3 time for payment and the period covered by payment. The  
 4 administration and collection of the tax should be similar  
 5 to the administration and collection of the oil and gas  
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18           Section-1--Section--17-7-502, MCA, is amended to read:  
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 21           an-appropriation--made--by--permanent--law--that--authorizes  
 22           spending--by--a-state-agency-without-the-need-for-a-biennial  
 23           legislative-appropriation-or-budget-amendment.  
 24           (2)--Except--as--provided--in--subsection--(4),--to--be  
 25           effective,--a--statutory-appropriation-must-comply-with-both

1           of-the-following-provisions:  
 2           (a)--The-law-containing-the-statutory-authority-must-be  
 3           listed-in-subsection-(3);  
 4           (b)--The-law-or-portion-of-the-law-making-a--statutory  
 5           appropriation--must--specifically--state--that--a--statutory  
 6           appropriation-is-made-as-provided-in-this-section;  
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 25 (pp)-Sec-137-HB-8617-B-19857-and

1 (qq)-(section-4):  
 2 (4)--There--is--a--statutory--appropriation--to--pay--the  
 3 principal, interest, premiums, and costs of issuing, paying,  
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 5 that have been authorized and issued pursuant to the laws of  
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12 (4) The assessment imposed herein shall be due at the  
13 time the oil or natural gas is marketed. Oil or natural gas  
14 shall be deemed marketed when it is removed from the  
15 property from which it was produced."

16 Section 2. Section 82-11-135, MCA, is amended to read:

17 "82-11-135. Money earmarked for board expenses. All  
18 money collected under this chapter shall be deposited in the  
19 state special revenue fund by the state treasurer and shall  
20 be used for the purpose of paying all expenses of the board  
21 and for no other purpose. All these moneys shall be used by  
22 the board subject to ~~the approval of the department of~~  
23 ~~administration~~ and biennial appropriations by the  
24 legislature. Income and interest from investment of the  
25 board's moneys in the state special revenue fund shall be

1 credited to the board."

2 ~~NEW SECTION. Section 4. Expenditure of funds from~~  
3 ~~bonds for plugging wells. The board may accept and expend~~  
4 ~~all funds received by it from bonds for property plugging~~  
5 ~~dry or abandoned wells as authorized in 82-11-123(5). These~~  
6 ~~funds are statutorily appropriated as provided in 17-7-502.~~

7 ~~NEW SECTION. Section 5. Extension of authority. Any~~  
8 ~~existing authority of the department of revenue to make~~  
9 ~~rules on the subject of the provisions of this act is~~  
10 ~~extended to the provisions of this act.~~

11 ~~NEW SECTION. Section 5. Codification. Instruction:~~  
12 ~~Section 4 is intended to be codified as an integral part of~~  
13 ~~Title 82, chapter 11, part 17 and the provisions of Title~~  
14 ~~82, chapter 11, part 17 apply to section 4.~~

15 NEW SECTION. Section 3. Effective date. This act is  
16 effective on passage and approval.

-End-

STATEMENT OF INTENT

SENATE BILL 85

Senate Natural Resources Committee

~~A statement of intent is provided for this bill in order to describe the need for a statutory appropriation and deletion of current reporting requirements, in the absence of a statutory appropriation authorizing the board of oil and gas conservation to accept and expend funds received from bonds for the proper plugging of abandoned or dry wells, the board must receive separate authorization for this purpose each biennium through the appropriation process. As a result, the board is unable to correct problems resulting from improperly plugged wells for up to 2 years or until it receives authorization to expend the necessary funds received from forfeited bonds. A STATEMENT OF INTENT IS PROVIDED FOR THIS BILL IN ORDER TO DESCRIBE THE DELETION OF CURRENT REPORTING REQUIREMENTS AND PROVIDE GUIDANCE CONCERNING RULEMAKING AUTHORITY THAT IS GRANTED TO THE DEPARTMENT OF REVENUE.~~

A STATEMENT OF INTENT IS PROVIDED FOR THIS BILL IN ORDER TO DESCRIBE THE NEED FOR A STATUTORY APPROPRIATION AND DELETION OF CURRENT REPORTING REQUIREMENTS. IN THE ABSENCE OF A STATUTORY APPROPRIATION AUTHORIZING THE BOARD OF OIL AND GAS CONSERVATION TO ACCEPT AND EXPEND FUNDS RECEIVED

FROM BONDS FOR THE PROPER PLUGGING OF ABANDONED OR DRY WELLS, THE BOARD MUST RECEIVE SEPARATE AUTHORIZATION FOR THIS PURPOSE EACH BIENNIUM THROUGH THE APPROPRIATION PROCESS. AS A RESULT, THE BOARD IS UNABLE TO CORRECT PROBLEMS RESULTING FROM IMPROPERLY PLUGGED WELLS FOR UP TO 2 YEARS OR UNTIL IT RECEIVES AUTHORIZATION TO EXPEND THE NECESSARY FUNDS RECEIVED FROM FORFEITED BONDS.

The board of oil and gas conservation is removed from receiving statements of crude petroleum and natural gas produced and marketed in the state in order to avoid duplicative reporting requirements.

The department of revenue is authorized to adopt administrative rules concerning the administration and collection of the privilege and license tax, including the time for payment and the period covered by payment. The administration and collection of the tax should be similar to the administration and collection of the oil and gas severance tax.



1                   SENATE BILL NO. 85  
 2                   INTRODUCED BY GAGE  
 3                   BY REQUEST OF THE DEPARTMENT OF NATURAL  
 4                   RESOURCES AND CONSERVATION  
 5  
 6   A BILL FOR AN ACT ENTITLED: "AN ACT PROVIDING--A--STATUTORY  
 7   APPROPRIATION--FOR--FUNDS-RECEIVED-FROM-BONDS-FOR-THE-PROPER  
 8   PLUGGING-OF-ABANDONED-OR-DRY-WELLS; PROVIDING A STATUTORY  
 9   APPROPRIATION FOR FUNDS RECEIVED FROM BONDS FOR THE PROPER  
 10   PLUGGING OF ABANDONED OR DRY WELLS; DELETING THE REQUIREMENT  
 11   FOR THE FILING OF STATEMENTS OF CRUDE PETROLEUM AND NATURAL  
 12   GAS PRODUCED AND MARKETED IN THE STATE WITH THE BOARD OF OIL  
 13   AND GAS CONSERVATION; DELETING THE REQUIREMENT FOR THE  
 14   DEPARTMENT OF ADMINISTRATION'S APPROVAL OF THE EXPENDITURE  
 15   OF FUNDS BY THE BOARD OF OIL AND GAS CONSERVATION; AMENDING  
 16   SECTIONS 17-7-502, 17-7-502, 82-11-132, AND 82-11-135, MCA;  
 17   AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

18  
 19   BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:  
 20       Section 17--Section 17-7-502, MCA, is amended to read:  
 21       "17-7-502--Statutory--appropriations----definition--  
 22   requisites-for-validity.--(1)-A-statutory--appropriation--is  
 23   an--appropriation--made--by--permanent--law--that--authorizes  
 24   spending-by-a-state-agency-without-the-need-for--a--biennial  
 25   legislative-appropriation-or-budget-amendment."

1                   (2)--Except--as--provided--in--subsection--(4),--to--be  
 2   effective, a statutory appropriation must comply with both  
 3   of the following provisions:  
 4                   (a)--The-law-containing-the-statutory-authority-must-be  
 5   listed-in-subsection-(3);  
 6                   (b)--The--law--or-portion-of-the-law-making-a-statutory  
 7   appropriation--must--specifically--state--that--a--statutory  
 8   appropriation-is-made-as-provided-in-this-section;  
 9                   (3)--The--following--laws--are-the-only-laws-containing  
 10   statutory-appropriations:  
 11                   (a)--2-9-202;  
 12                   (b)--2-17-105;  
 13                   (c)--2-18-812;  
 14                   (d)--10-3-203;  
 15                   (e)--10-3-312;  
 16                   (f)--10-3-314;  
 17                   (g)--10-4-301;  
 18                   (h)--13-37-304;  
 19                   (i)--15-31-702;  
 20                   (j)--15-36-112;  
 21                   (k)--15-78-101;  
 22                   (l)--16-1-404;  
 23                   (m)--16-1-410;  
 24                   (n)--16-1-411;  
 25                   (o)--17-3-212;



1 {p}--17-5-404;  
 2 {q}--17-5-424;  
 3 {r}--17-5-804;  
 4 {s}--19-8-504;  
 5 {t}--19-9-702;  
 6 {u}--19-9-1007;  
 7 {v}--19-10-205;  
 8 {w}--19-10-305;  
 9 {x}--19-10-506;  
 10 {y}--19-11-512;  
 11 {z}--19-11-513;  
 12 {aa}--19-11-606;  
 13 {bb}--19-12-301;  
 14 {cc}--19-13-604;  
 15 {dd}--20-6-406;  
 16 {ee}--20-8-111;  
 17 {ff}--23-5-612;  
 18 {gg}--37-51-501;  
 19 {hh}--53-24-206;  
 20 {ii}--75-1-1101;  
 21 {jj}--75-7-305;  
 22 {kk}--80-2-103;  
 23 {ll}--80-2-220;  
 24 {mm}--90-3-301;  
 25 {nn}--90-3-302;

1 {oo}--90-15-103; and  
 2 {pp}--Sec--137-HB-8617-B--198577-and  
 3 {qq}--{section-4};  
 4 {4}--There-is-a--statutory--appropriation--to--pay--the  
 5 principal7-interest7-premiums7-and-costs-of-issuing7-paying7  
 6 and-securing-all-bonds7-notes7-or-other-obligations7-as-due7  
 7 that-have-been-authorized-and-issued-pursuant-to-the-laws-of  
 8 Montana7---Agencies---that---have--entered--into--agreements  
 9 authorized--by--the--laws--of--Montana--to--pay--the---state  
 10 treasurer7--for--deposit-in-accordance-with-17-2-101-through  
 11 17-2-1077-as-determined-by-the-state--treasurer7--an--amount  
 12 sufficient--to--pay-the-principal-and-interest-as-due-on-the  
 13 bonds-or-notes-have-statutory--appropriation--authority--for  
 14 such-payments."

15 SECTION 1. SECTION 17-7-502, MCA, IS AMENDED TO READ:  
 16 "17-7-502. Statutory appropriations -- definition --  
 17 requisites for validity. (1) A statutory appropriation is an  
 18 appropriation made by permanent law that authorizes spending  
 19 by a state agency without the need for a biennial  
 20 legislative appropriation or budget amendment.  
 21 (2) Except as provided in subsection (4), to be  
 22 effective, a statutory appropriation must comply with both  
 23 of the following provisions:  
 24 (a) The law containing the statutory authority must be  
 25 listed in subsection (3).

1 (b) The law or portion of the law making a statutory  
 2 appropriation must specifically state that a statutory  
 3 appropriation is made as provided in this section.

4 (3) The following laws are the only laws containing  
 5 statutory appropriations:

6 (a) 2-9-202;  
 7 (b) 2-17-105;  
 8 (c) 2-18-812;  
 9 (d) 10-3-203;  
 10 (e) 10-3-312;  
 11 (f) 10-3-314;  
 12 (g) 10-4-301;  
 13 (h) 13-37-304;  
 14 (i) 15-31-702;  
 15 (j) 15-36-112;  
 16 (k) 15-70-101;  
 17 (l) 16-1-404;  
 18 (m) 16-1-410;  
 19 (n) 16-1-411;  
 20 (o) 17-3-212;  
 21 (p) 17-5-404;  
 22 (q) 17-5-424;  
 23 (r) 17-5-804;  
 24 (s) 19-8-504;  
 25 (t) 19-9-702;

1 (u) 19-9-1007;  
 2 (v) 19-10-205;  
 3 (w) 19-10-305;  
 4 (x) 19-10-506;  
 5 (y) 19-11-512;  
 6 (z) 19-11-513;  
 7 (aa) 19-11-606;  
 8 (bb) 19-12-301;  
 9 (cc) 19-13-604;  
 10 (dd) 20-6-406;  
 11 (ee) 20-8-111;  
 12 (ff) 23-5-612;  
 13 (gg) 37-51-501;  
 14 (hh) 53-24-206;  
 15 (ii) 75-1-1101;  
 16 (jj) 75-7-305;  
 17 (kk) 80-2-103;  
 18 (ll) 80-2-228;  
 19 (mm) 90-3-301;  
 20 (nn) 90-3-302;  
 21 (oo) 90-15-103; and  
 22 (pp) Sec. 13, HB 861, L. 1985; and  
 23 (qq) [section 4].  
 24 (4) There is a statutory appropriation to pay the  
 25 principal, interest, premiums, and costs of issuing, paying,

1 and securing all bonds, notes, or other obligations, as due,  
 2 that have been authorized and issued pursuant to the laws of  
 3 Montana. Agencies that have entered into agreements  
 4 authorized by the laws of Montana to pay the state  
 5 treasurer, for deposit in accordance with 17-2-101 through  
 6 17-2-107, as determined by the state treasurer, an amount  
 7 sufficient to pay the principal and interest as due on the  
 8 bonds or notes have statutory appropriation authority for  
 9 such payments."

10 Section 2. Section 82-11-132, MCA, is amended to read:

11 "82-11-132. Statements to treasurer and payment of  
 12 tax. (1) Each producer of crude petroleum in the state  
 13 shall, not later than the last day of each of the calendar  
 14 months of February, May, August, and November of each  
 15 calendar year, render a true statement to the state  
 16 treasurer, and the department of revenue, ~~and the board,~~  
 17 duly signed and sworn to, of all crude petroleum produced  
 18 and marketed by him in this state during the preceding  
 19 quarter and containing such other information as the ~~board~~  
 20 department of revenue may require and shall accompany the  
 21 statement with the payment to the state treasurer of the  
 22 assessment provided for in 82-11-131(1) for the period  
 23 covered by the statement.

24 (2) Each producer of natural gas in the state shall  
 25 render like statements to the state treasurer, and the

1 department of revenue, ~~and the board~~ of all natural gas  
 2 produced and marketed by him in this state and shall make  
 3 payment of the assessment provided for in 82-11-131(1) at  
 4 such times and for such periods as may be prescribed by rule  
 5 of the ~~board~~ department of revenue.

6 (3) Any producer carrying on business at more than one  
 7 place or location in this state may include all those places  
 8 of business in one statement.

9 (4) The assessment imposed herein shall be due at the  
 10 time the oil or natural gas is marketed. Oil or natural gas  
 11 shall be deemed marketed when it is removed from the  
 12 property from which it was produced.

13 (5) THE DEPARTMENT OF REVENUE MAY ADOPT RULES TO  
 14 IMPLEMENT THIS SECTION."

15 Section 3. Section 82-11-135, MCA, is amended to read:

16 "82-11-135. Money earmarked for board expenses. All  
 17 money collected under this chapter shall be deposited in the  
 18 state special revenue fund by the state treasurer and shall  
 19 be used for the purpose of paying all expenses of the board  
 20 and for no other purpose. All these moneys shall be used by  
 21 the board subject to ~~the approval of the department of~~  
 22 ~~administration~~ ~~and~~ biennial appropriations by the  
 23 legislature. Income and interest from investment of the  
 24 board's moneys in the state special revenue fund shall be  
 25 credited to the board."

1 NEW SECTION. Section 4. Expenditure of funds from  
 2 bonds for plugging wells. The board may accept and expend  
 3 all funds received by it from bonds for properly plugging  
 4 dry or abandoned wells as authorized in 82-11-123(5). These  
 5 funds are statutorily appropriated as provided in 17-7-502.

6 NEW SECTION. Section 5. Extension of authority. Any  
 7 existing authority of the department of revenue to make  
 8 rules on the subject of the provisions of this act is  
 9 extended to the provisions of this act.

10 NEW SECTION. Section 5. Codification instruction.  
 11 Section 4 is intended to be codified as an integral part of  
 12 Title 82, chapter 11, part 1, and the provisions of Title  
 13 82, chapter 11, part 1, apply to section 4.

14 NEW SECTION. SECTION 4. EXPENDITURE OF FUNDS FROM  
 15 BONDS FOR PLUGGING WELLS. THE BOARD MAY ACCEPT AND EXPEND  
 16 ALL FUNDS RECEIVED BY IT FROM BONDS FOR PROPERLY PLUGGING  
 17 DRY OR ABANDONED WELLS AS AUTHORIZED IN 82-11-123(5). THESE  
 18 FUNDS ARE STATUTORILY APPROPRIATED AS PROVIDED IN 17-7-502.

19 NEW SECTION. SECTION 5. EXTENSION OF AUTHORITY. ANY  
 20 EXISTING AUTHORITY OF THE DEPARTMENT OF REVENUE OR THE BOARD  
 21 OF OIL AND GAS CONSERVATION TO MAKE RULES ON THE SUBJECT OF  
 22 THE PROVISIONS OF THIS ACT IS EXTENDED TO THE PROVISIONS OF  
 23 THIS ACT.

24 NEW SECTION. SECTION 6. CODIFICATION INSTRUCTION.  
 25 SECTION 4 IS INTENDED TO BE CODIFIED AS AN INTEGRAL PART OF

1 TITLE 82, CHAPTER 11, PART 1, AND THE PROVISIONS OF TITLE  
 2 82, CHAPTER 11, PART 1, APPLY TO SECTION 4.

3 NEW SECTION. Section 7. Effective date. This act is  
 4 effective on passage and approval.

-End-

# STANDING COMMITTEE REPORT

## HOUSE

MARCH 9

1987

Mr. Speaker: We, the committee on NATURAL RESOURCES

report SENATE BILL NO. 85

do pass

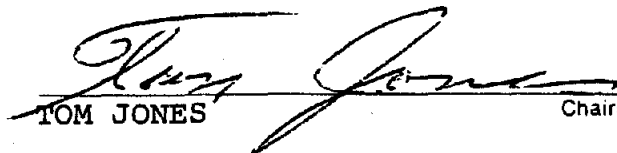
do not pass

be concurred in

be not concurred in


as amended

statement of intent attached

  
TOM JONES Chairman

### AMENDMENTS AS FOLLOWS

- 1) Statement of Intent: page 1, lines 17 through 20  
Strike: lines 17 through 20 in their entirety  
Insert: "A statement of intent is provided for this bill in order to describe the need for a statutory appropriation and deletion of current reporting requirements. In the absence of a statutory appropriation ~~and deletion of appropriation~~ authorizing the board of oil and gas conservation to accept and expend funds received from bonds for the proper plugging of abandoned or dry wells, the board must receive separate authorization for this purpose each biennium through the appropriation process. As a result, the board is unable to correct problems resulting from improperly plugged wells for up to 2 years or until it receives authorization to expend the necessary funds received from forfeited bonds."
- 2) Title, line 8  
Following: "~~WELLS,~~"  
Insert: "PROVIDING A STATUTORY APPROPRIATION FOR FUNDS RECEIVED FROM BONDS FOR THE PROPER PLUGGING OF ABANDONED OR DRY WELLS;"
- 3) Title, line 14  
Following: "~~17-7-502,~~"  
Insert: "17-7-502,"  
Following: "~~82-11-132,~~"  
Insert: ","
- 4) Page 4, following line 12  
Insert: "Section 1. Section 17-7-502, MCA, is amended to read:  
"17-7-502. Statutory appropriations -- definition -- requisites for validity. (1) A statutory appropriation is an appropriation made by permanent law that authorizes spending by a state agency without the need for a biennial legislative appropriation or budget amendment."

  
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(2) Except as provided in subsection (4), to be effective, a statutory appropriation must comply with both of the following provisions:

(a) The law containing the statutory authority must be listed in subsection (3).

(b) The law or portion of the law making a statutory appropriation must specifically state that a statutory appropriation is made as provided in this section.

(3) The following laws are the only laws containing statutory appropriations:

- (a) 2-9-202;
- (b) 2-17-105;
- (c) 2-18-812;
- (c) 10-3-203;
- (e) 10-3-312;
- (f) 10-3-314;
- (g) 10-4-301;
- (h) 13-37-304;
- (i) 15-31-702;
- (j) 15-36-112;
- (k) 15-70-101;
- (l) 16-1-404;
- (m) 16-1-410;
- (n) 16-1-411;
- (o) 17-3-212;
- (p) 17-5-404;
- (q) 17-5-424;
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- (z) 19-11-513;
- (aa) 19-11-606;
- (bb) 19-12-301;
- (cc) 19-13-604;
- (dd) 20-6-406;
- (ee) 20-8-111;
- (ff) 23-5-612;
- (gg) 37-51-501;
- (hh) 53-24-206;
- (ii) 75-1-1101;
- (jj) 75-7-305;
- (kk) 80-2-103;

Page 3

(ll) 80-2-228;  
 (mm) 90-3-301  
 (nn) 90-3-302;  
 (oo) 90-15-103; and  
 (pp) Sec. 13, HB 861, L. 1985; and  
 (qq) [section 4].

(4) There is a statutory appropriation to pay the principal, interest, premiums, and costs of issuing, paying, and securing all bonds, notes, or other obligations, as due, that have been authorized and issued pursuant to the laws of Montana. Agencies that have entered into agreements authorized by the laws of Montana to pay the state treasurer, for deposit in accordance with 17-2-101 through 17-2-107, as determined by the state treasurer, an amount sufficient to pay the principal and interest as due on the bonds or notes have statutory appropriation authority for such payments."

Renumber: subsequent sections.

5) Page 5

Following: line 15

Insert: "(5) The department of revenue may adopt rules to implement this section."

6) Page 6

Following: line 14

Insert: "NEW SECTION. Section 4. Expenditure of funds from bonds for plugging wells. The board may accept and expend all funds received by it from bonds for properly plugging dry or abandoned wells as authorized in 82-11-123(5). These funds are statutorily appropriated as provided in 17-7-502.

NEW SECTION. Section 5. Extension of authority. Any existing authority of the department of revenue or the board of oil and gas conservation to make rules on the subject of the provisions of the provisions of this act is extended to the provisions of this act.

NEW SECTION. Section 6. Codification instruction. Section 4 is intended to be codified as an integral part of Title 82, chapter 11, part 1, and the provisions of Title 82, chapter 11, part 1, apply to section 4."

Renumber: subsequent section