

SENATE BILL NO. 228
INTRODUCED BY VAN VALKENBURG
BY REQUEST OF THE GOVERNOR

IN THE SENATE

JANUARY 26, 1987	INTRODUCED AND REFERRED TO COMMITTEE ON TAXATION.
MARCH 10, 1987	COMMITTEE RECOMMEND BILL DO PASS AS AMENDED. REPORT ADOPTED.
MARCH 11, 1987	PRINTING REPORT. SECOND READING, DO PASS.
MARCH 12, 1987	ENGROSSING REPORT.
MARCH 13, 1987	THIRD READING, PASSED. AYES, 38; NOES, 12. TRANSMITTED TO HOUSE.

IN THE HOUSE

MARCH 13, 1987	INTRODUCED AND REFERRED TO COMMITTEE ON TAXATION.
APRIL 9, 1987	COMMITTEE RECOMMEND BILL BE CONCURRED IN AS AMENDED. REPORT ADOPTED.
APRIL 11, 1987	ON MOTION, CONSIDERATION PASSED FOR THE DAY.
APRIL 13, 1987	ON MOTION, CONSIDERATION PASSED FOR THE DAY.
APRIL 15, 1987	ON MOTION, CONSIDERATION PASSED FOR THE DAY.
APRIL 16, 1987	ON MOTION, CONSIDERATION PASSED FOR THE DAY.

APRIL 17, 1987

ON MOTION, CONSIDERATION PASSED
FOR THE DAY.

APRIL 20, 1987

ON MOTION, CONSIDERATION PASSED
FOR THE DAY.

APRIL 21, 1987

ON MOTION, CONSIDERATION PASSED
FOR THE DAY.

APRIL 22, 1987

SECOND READING, CONCURRED IN AS
AMENDED.

APRIL 23, 1987

THIRD READING, CONCURRED IN.
AYES, 67; NOES, 32.

ON MOTION, TAKEN FROM SPEAKER'S DESK AND
PLACED ON SECOND READING THIS DAY.

SECOND READING, CONCURRED IN AS AMENDED.

THIRD READING, CONCURRED IN.
AYES, 67; NOES, 32.

RETURNED TO SENATE WITH AMENDMENTS.

IN THE SENATE

APRIL 23, 1987

RECEIVED FROM HOUSE.

ON MOTION, PLACED ON SECOND READING
THIS DAY.

SECOND READING, AMENDMENTS
CONCURRED IN.

THIRD READING, AMENDMENTS
CONCURRED IN.

SENT TO ENROLLING.

1 Sen. Steve BILL NO. 228
 2 INTRODUCED BY Van Veltburg
 3 BY REQUEST OF THE GOVERNOR

4
 5 A BILL FOR AN ACT ENTITLED: "AN ACT TO GENERALLY REVISE FOR
 6 FISCAL YEARS 1987, 1988, AND 1989 THE ALLOCATION OF THAT
 7 PORTION OF THE COAL SEVERANCE TAX PROCEEDS AND INTEREST NOT
 8 CONSTITUTIONALLY DEDICATED TO THE PERMANENT TRUST; CREATING
 9 SEPARATE LOCAL IMPACT AND EDUCATION TRUST ACCOUNTS; AMENDING
 10 SECTIONS 15-35-108, 17-5-704, 20-9-343, 90-2-124, 90-6-202,
 11 90-6-205, 90-6-207, AND 90-6-211, MCA; AND PROVIDING
 12 APPLICABILITY DATES AND AN IMMEDIATE EFFECTIVE DATE."

13
 14 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

15 Section 1. Section 15-35-108, MCA, is amended to read:
 16 "15-35-108. Disposal of severance taxes. Severance
 17 taxes collected under the provisions of this chapter are
 18 allocated as follows:

19 (1) To the trust fund created by Article IX, section
 20 5, of the Montana constitution, 50% of total coal severance
 21 tax collections. The trust fund moneys shall be deposited
 22 in the fund established under 17-6-203(5) and invested by
 23 the board of investments as provided by law.

24 (2) ~~Starting July 1, 1987, and ending June 30, 1987,~~
 25 ~~6% of coal severance tax collections are allocated to the~~

1 ~~highway reconstruction trust fund account in the state~~
 2 ~~special revenue fund. Starting July 1, 1987, and ending June~~
 3 ~~30, 1993, 12% of coal severance tax collections are~~
 4 ~~allocated to the highway reconstruction trust fund account~~
 5 ~~in the state special revenue fund.~~

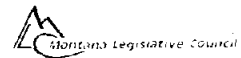
6 (3) Coal severance tax collections remaining after the
 7 allocations provided by subsections (1) and (2) are
 8 allocated in the following percentages of the remaining
 9 balance:

10 (a) ~~2 1/2% until July 1, 1987, and thereafter~~ 4 1/2%
 11 to the state special revenue fund to the credit of the
 12 alternative energy research development and demonstration
 13 account;

14 (b) 6% 3.3% until ~~July 1, 1987,~~ June 30, 1989, to the
 15 state special revenue fund to the credit of the local impact
 16 account and thereafter ~~37 1/2%~~ 20% to the state special
 17 revenue fund to the credit of the ~~local impact and~~ education
 18 trust fund account and 17.5% to the credit of the local
 19 impact account. Unencumbered funds remaining in the local
 20 impact account at the end of each biennium are allocated to
 21 the education trust fund account;

22 (c) ~~30%~~ 44.2% until ~~July 1, 1987~~ June 30, 1989, and
 23 thereafter 10% to the state special revenue fund for state
 24 equalization aid to public schools of the state;

25 (d) 1% to the state special revenue fund to the credit



1 of the county land planning account;

2 (e) 1 1/4% to the credit of the renewable resource
3 development bond fund;

4 (f) ~~starting July 1, 1986, and ending June 30, 1989,~~
5 ~~5% to the general fund, and~~ after June 30, 1989, 5% to a
6 nonexpendable trust fund for the purpose of parks
7 acquisition or management, protection of works of art in the
8 state capitol, and other cultural and aesthetic projects.
9 Income from this trust fund shall be appropriated as
10 follows:

11 (i) 1/3 for protection of works of art in the state
12 capitol and other cultural and aesthetic projects; and

13 (ii) 2/3 for the acquisition, development, operation,
14 and maintenance of any sites and areas described in
15 23-1-102;

16 (g) 1% to the state special revenue fund to the credit
17 of the state library commission for the purposes of
18 providing basic library services for the residents of all
19 counties through library federations and for payment of the
20 costs of participating in regional and national networking;

21 (h) 1/2 of 1% to the state special revenue fund for
22 conservation districts;

23 (i) 1 1/4% to the debt service fund type to the credit
24 of the water development debt service fund;

25 ~~(j) 4% until July 1, 1987, to the highway~~

1 ~~reconstruction trust fund account in the state special~~
2 ~~revenue fund;~~

3 ~~(k)(j) all other revenues from severance taxes~~
4 ~~collected under the provisions of this chapter to the credit~~
5 ~~of the general fund of the state."~~

6 Section 2. Section 17-5-704, MCA, is amended to read:

7 "17-5-704. Investment of funds. (1) Money in the coal
8 severance tax bond fund, the coal severance tax permanent
9 fund, and the coal severance tax income fund must be
10 invested in accordance with the investment standards for
11 coal severance tax funds except as provided in subsection
12 (2). Income and earnings from all funds must be transferred
13 to and retained in the coal severance tax income fund until
14 appropriated by the legislature.

15 (2) Beginning on July 1, 1983 1990, the legislature
16 shall appropriate 15% of the income and earnings from all
17 funds to be deposited to the coal severance tax permanent
18 fund each year. The funds appropriated to the coal
19 severance tax permanent fund under this subsection may not
20 be further appropriated except by vote of three-fourths of
21 the members of each house of the legislature."

22 Section 3. Section 20-9-343, MCA, is amended to read:

23 "20-9-343. Definition of and revenue for state
24 equalization aid. (1) As used in this title, the term "state
25 equalization aid" means those moneys deposited in the state

1 special revenue fund as required in this section plus any
2 legislative appropriation of moneys money from other sources
3 for distribution to the public schools for the purpose of
4 equalization of the foundation program.

5 (2) The legislative appropriation for state
6 equalization aid shall be made in a single sum for the
7 biennium. The superintendent of public instruction has
8 authority to spend such appropriation, together with the
9 earmarked revenues provided in subsection (3), as required
10 for foundation program purposes throughout the biennium.

11 (3) The following shall be paid into the state special
12 revenue fund for state equalization aid to public schools of
13 the state:

14 (a) 25% of all moneys money received from the
15 collection of income taxes under chapter 30 of Title 15;

16 (b) 25% of all moneys money, except as provided in
17 15-31-702, received from the collection of corporation
18 license taxes under chapter 31 of Title 15, as provided by
19 15-1-501;

20 (c) ~~10%~~ 100% of the ~~moneys-received~~ money allocated to
21 state equalization from the collection of the severance tax
22 on coal ~~under chapter 35 of Title 15~~;

23 (d) 100% of the moneys money received from the
24 treasurer of the United States as the state's shares of oil,
25 gas, and other mineral royalties under the federal Mineral

1 Lands Leasing Act, as amended;

2 (e) interest and income moneys money described in
3 20-9-341 and 20-9-342;

4 (f) income from the ~~local-impact-and~~ education trust
5 fund account; and

6 (g) in addition to these revenues, the surplus
7 revenues collected by the counties for foundation program
8 support according to 20-9-331 and 20-9-333 shall be paid
9 into the same state special revenue fund.

10 (4) Any surplus revenue in the state equalization aid
11 account in the second year of a biennium may be used to
12 reduce the appropriation required for the next succeeding
13 biennium [or may be transferred to the state permissive
14 account if revenues in that fund are insufficient to meet
15 the state's permissive amount obligation]."

16 Section 4. Section 90-2-124, MCA, is amended to read:
17 "90-2-124. Appropriation of coal severance tax. The
18 state pledges and appropriates and directs to be credited to
19 the debt service fund, ~~as received, 1-1/4% of all money from~~
20 ~~time-to-time-received-from-the-collection-of-the---severance~~
21 ~~tax--and-remaining-after-allocation-of-such-tax-to-the-trust~~
22 ~~fund-established-under-section-5,-Article-IX,-of-the-Montana~~
23 ~~constitution allocated to the renewable resource development~~
24 ~~bond fund by 15-35-108~~ and such additional amount thereof,
25 if any, as may be required from time to time to provide

1 sufficient funds for the purposes stated in 90-2-123(2)7
2 provided--that--no--more--than--1-1/4%--of--such--tax--collections
3 shall--be--deemed--to--be--pledged--for--the--purpose--of
4 90-2-121(3)."

5 Section 5. Section 90-6-202, MCA, is amended to read:
6 "90-6-202. Accounts established. (1) There is within
7 the state special revenue fund a local impact and education
8 trust-fund account. Moneys are payable into this account
9 under 15-35-108. The state treasurer shall draw warrants
10 from this account upon order of the coal board.

11 (2) There is within the state special revenue fund a
12 coal area highway improvement account.

13 (3) There is within the nonexpendable trust fund an
14 education trust fund account."

15 Section 6. Section 90-6-205, MCA, is amended to read:
16 "90-6-205. (Temporary) Coal board -- general powers.
17 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;
- 22 (4) consider applications for loans from the local
23 impact and-education-trust--fund account for periods and
24 interest rates to be determined by the board; and
- 25 (5) award grants and loans, subject to 90-6-207, not

1 to-exceed-in-any-one-year-the-revenue-paid--into--the--local
2 impact--and--education--trust--fund--account,--less--the
3 appropriation-provided-in-section-17-Chapter-57-Special-Laws
4 of-June-1986--After-June-30,1987,--the-board-may-not-exceed
5 in-any-one-year-seven-fifteenths-of-the--revenue--paid--into
6 the--local--impact--and--education--trust-fund-account.--The
7 board-may-award-grants--and--loans from the local impact
8 account:

9 (a) to local governmental units, state agencies, and
10 governing bodies of federally recognized Indian tribes to
11 assist local governmental units and federally recognized
12 Indian tribes in meeting the local impact of coal
13 development by enabling them to adequately provide
14 governmental services and facilities which are needed as a
15 direct consequence of coal development; and

16 (b) notwithstanding the provisions of 90-6-207, to the
17 department of highways established in 2-15-2501 to expedite
18 the construction, repair, and maintenance of deficient
19 sections of highway within the area designated in 90-6-210
20 if the deficiency is the direct result of increased traffic
21 accompanying the development of coal resources; and

22 (c) ~~provided--that--as--used--in--this-subsection--(5),~~
23 ~~"revenue-paid"--does-not-include--interest--income--from--the~~
24 ~~account--reinvested--in--the-account-in-trust-for-the-public~~
25 ~~schools-and-the-university-system;--Grants-and-loans--may--be~~

1 ~~from current allocations only, and no part of the principal~~
2 ~~or income of the trust referred to in 90-6-211 may be used~~
3 ~~for this purpose. The money derived from loan repayments,~~
4 ~~including the interest thereon, must be deposited to the~~
5 ~~credit of the local impact fund referred to in 90-6-202.~~

6 (6) award a grant to a local government unit for the
7 purpose of paying for part or all of the credit that the
8 local government unit is obligated to give to a major new
9 industrial facility that has prepaid property taxes under
10 15-16-201. The board must award the grant in accordance with
11 90-6-206.

12 90-6-205. (Effective July 1, 1987) Coal board --
13 general powers. The board may:

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

18 (4) consider applications for loans from the local
19 impact and education trust fund account for periods and
20 interest rates to be determined by the board; and

21 (5) award grants and loans, subject to 90-6-207, not
22 ~~to exceed in any one year seven-elevenths and after June 30,~~
23 ~~1979, seven-fifteenths of the revenue paid into the local~~
24 ~~impact and education trust fund account~~ from the local
25 impact account:

1 (a) to local governmental units, state agencies, and
2 governing bodies of federally recognized Indian tribes to
3 assist local governmental units and federally recognized
4 Indian tribes in meeting the local impact of coal
5 development by enabling them to adequately provide
6 governmental services and facilities which are needed as a
7 direct consequence of coal development; and

8 (b) notwithstanding the provisions of 90-6-207, to the
9 department of highways established in 2-15-2501 to expedite
10 the construction, repair, and maintenance of deficient
11 sections of highway within the area designated in 90-6-210
12 if the deficiency is the direct result of increased traffic
13 accompanying the development of coal resources; and

14 ~~(c) provided that as used in this subsection (5),~~
15 ~~"revenue paid" does not include interest income from the~~
16 ~~account reinvested in the account in trust for the public~~
17 ~~schools and the university system. Grants and loans may be~~
18 ~~from current allocations only, and no part of the principal~~
19 ~~or income of the trust referred to in 90-6-211 may be used~~
20 ~~for this purpose. The money derived from loan repayments,~~
21 ~~including the interest thereon, must be deposited to the~~
22 ~~credit of the local impact fund referred to in 90-6-202.~~

23 (6) award a grant to a local government unit for the
24 purpose of paying for part or all of the credit that the
25 local government unit is obligated to give to a major new

1 industrial facility that has prepaid property taxes under
2 15-16-201. The board must award the grant in accordance with
3 90-6-206."

4 Section 7. Section 90-6-207, MCA, is amended to read:
5 "90-6-207. Priorities for impact grants. (1) The
6 department of commerce shall annually designate:

7 (a) each county, incorporated city and town, school
8 district, and other governmental unit which has had or
9 expects to have as a result of the impact of coal
10 development a net increase in estimated population of at
11 least 10% over one of the 3-year periods specified in
12 subsection (4);

13 (b) each county and all local governmental units
14 within each county in which:

15 (i) a mining permit in accordance with the Montana
16 Strip and Underground Mine Reclamation Act has been granted
17 by the department of state lands for a project within the
18 county that will establish a new coal mine to produce at
19 least 1 million tons a year or that will increase the
20 production of an existing mine by at least 1 million tons a
21 year and for which the department of commerce determines
22 that the new or expanded production authorized by the permit
23 will commence within 3 years of the designation; or

24 (ii) a certificate of environmental compatibility and
25 public need in accordance with the Montana Major Facility

1 Siting Act has been granted by the board of natural
2 resources and conservation for a steam-generating or other
3 coal-burning facility that will consume at least 1 million
4 tons a year of Montana-mined coal and for which the
5 department of commerce determines the construction or
6 operation will commence within 3 years of the designation;

7 (c) each local governmental unit located within 50
8 miles, measured over the shortest all-weather public road,
9 of a mine or facility qualifying under subsection (1)(b)(i)
10 or (1)(b)(ii); and

11 (d) each local governmental unit in which:

12 (i) a mine that has produced 1 million tons or more of
13 coal a year and has ceased all significant mining or is
14 scheduled to cease within 1 year; or

15 (ii) a steam-generating or other coal-burning facility
16 that has operated under a certificate of environmental
17 compatibility and public need in accordance with the Montana
18 Major Facility Siting Act and that has consumed at least 1
19 million tons of Montana-mined coal a year has closed or is
20 scheduled to close within 1 year.

21 (2) Designation under subsection (1) of:

22 (a) any local governmental unit extends to and
23 includes as a designated unit the county in which it is
24 located; and

25 (b) a county extends to and includes as a designated

1 unit any local governmental unit in the county that contains
2 at least 10% of the total population of the county.

3 (3) Except as provided in 90-6-205(5)(b), the coal
4 board shall, subject to the appropriations of the
5 legislature, award at least 50% of all grants awarded to
6 governmental units and state agencies for meeting the needs
7 caused by coal development each year to these designated
8 governmental units.

9 (4) For the purposes of subsection (1), the department
10 of commerce shall use five 3-year periods as follows:

11 (a) one consecutive 3-year period ending 2 calendar
12 years prior to the current calendar year;

13 (b) one consecutive 3-year period ending 1 calendar
14 year prior to the current calendar year;

15 (c) one consecutive 3-year period ending with the
16 current calendar year;

17 (d) one consecutive 3-year period ending 1 calendar
18 year after the current calendar year; and

19 (e) one consecutive 3-year period ending 2 calendar
20 years after the current calendar year.

21 (5) Attention should be given by the coal board to the
22 need for community planning before the full impact is
23 realized. Applicants should be able to show how their
24 request reasonably fits into an overall plan for the orderly
25 management of the existing or contemplated growth problems.

1 (6) All funds placed in the local impact and
2 ~~educational-trust-fund~~ account established under this part
3 ~~subject-to-the-limitations-imposed-by-90-6-211;~~ shall be
4 subject to appropriations by the legislature for use related
5 to local impact ~~or-for-transfer-to-a-permanent-trust-for~~
6 ~~education."~~

7 Section 8. Section 90-6-211, MCA, is amended to read:

8 "90-6-211. Disposition of interest from ~~unexpended~~
9 ~~balance -- education trust.~~ The ~~unexpended~~ balance in the
10 ~~local-impact-and~~ education trust fund account shall be
11 invested as provided by statute by the board of investments.
12 Of the income from such investments each year 10% shall be
13 paid into the state special revenue fund for use by the
14 superintendent of public instruction for purposes of the
15 postsecondary vocational-technical centers and adult basic
16 education programs in the state, subject to the budgeting
17 authority of the legislature. Within the account under
18 20-9-513, the revenue is shared between the postsecondary
19 vocational-technical centers and the adult basic education
20 programs. Of the remaining 90% of the income from such
21 investments, three-fourths shall be annually paid into the
22 state special revenue fund for state equalization aid to
23 public schools of the state and one-fourth each year shall
24 be paid to the board of regents of higher education for use
25 by the institutions of higher learning in the state, subject

1 to the budgeting authority of the legislature. ~~Except--as~~
 2 ~~provided--in--90-6-205(5)--the~~ The principal of the local
 3 ~~impact-and~~ education trust fund shall be dedicated to
 4 education and forever remain inviolate and sacred to this
 5 purpose as provided in sections 3 and 10 of Article X of the
 6 Montana constitution."

7 NEW SECTION. Section 9. Local impact account --
 8 disposition of loan repayments, interest, and unexpended
 9 balances. (1) The money derived from loans made pursuant to
 10 this part, including interest thereon, must be deposited to
 11 the credit of the local impact account created in 90-6-202.

12 (2) The unexpended money in the local impact account
 13 must be invested by the board of investments as provided by
 14 statute. Interest and earnings must be deposited to the
 15 credit of the education trust fund account.

16 (3) The unexpended balance in the local impact account
 17 at the end of each biennium must be deposited to the credit
 18 of the education trust fund account.

19 NEW SECTION. Section 10. Extension of authority. Any
 20 existing authority of the office of public instruction, the
 21 board of education, or the coal board to make rules on the
 22 subject of the provisions of this act is extended to the
 23 provisions of this act.

24 NEW SECTION. Section 11. Codification instruction.
 25 Section 9 is intended to be codified as an integral part of

1 Title 90, chapter 6, part 2, and the provisions of Title 90,
 2 chapter 6, part 2, apply to section 9.

3 NEW SECTION. Section 12. Severability. If a part of
 4 this act is invalid, all valid parts that are severable from
 5 the invalid part remain in effect. If a part of this act is
 6 invalid in one or more of its applications, the part remains
 7 in effect in all valid applications that are severable from
 8 the invalid applications.

9 NEW SECTION. Section 13. Applicability. (1) Sections
 10 1 and 3 through 9 apply to coal mined after March 31, 1986,
 11 and before July 1, 1989, and to the severance tax revenues
 12 derived from that coal.

13 (2) Section 2 is applicable to interest and income
 14 earned after June 30, 1986, and before July 1, 1989.

15 NEW SECTION. Section 14. 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 SB228, as introduced.

DESCRIPTION OF PROPOSED LEGISLATION:

An act to generally revise for FY87, FY88, and FY89 the allocation of that portion of the coal severance tax proceeds and interest not constitutionally dedicated to the permanent trust; creating separate Local Impact and Education Trust accounts; providing applicability dates and an immediate effective date.

ASSUMPTIONS:

- Allocation effects are based on Revenue Estimating Advisory Council (REAC) assumptions of coal severance tax revenues of \$78,663,000 in FY88 and \$81,856,000 in FY89.

FISCAL IMPACT:

Under the proposed legislation revenue allocated to the Local Impact, Education Trust, and School Equalization accounts would be reallocated as follows:

	FY88			FY89		
	Current Law	Proposed Law	Difference	Current Law	Proposed Law	Difference
Local Impact	\$ 5,231,000	\$ 983,000	(\$ 4,248,000)	\$ 5,443,000	\$ 1,023,000	(\$ 4,420,000)
Education Trust	5,978,000	0	(5,978,000)	6,221,000	0	(6,221,000)
School Equalization	2,989,000	13,215,000	10,226,000	3,111,000	13,752,000	10,641,000
TOTAL	\$14,198,000	\$14,198,000	\$ 0	\$14,775,000	\$ 14,775,000	\$ 0

In addition, the proposed legislation would change the current allocation of 15% of the income and earnings from all coal severance tax funds from being deposited in the permanent trust fund to being deposited in the general fund for all interest and earnings earned after June 30, 1986. This is estimated to increase deposits to the general fund by \$5.932 million in FY87, \$5.482 million in FY88, and \$6.054 in FY89. Deposits to the permanent trust fund would fall by an equal amount in each of these years.

The net general fund impact of this legislation is \$38.335M.

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

As introduced, the coal tax allocation to Highways for FY87 is repealed on passage and approval. An adjustment is needed to clarify that funds will continue to be deposited to the highway account.

David L. Hunter DATE 2/2/87
 DAVID L. HUNTER, BUDGET DIRECTOR
 Office of Budget and Program Planning

Fred Van Valkenburg DATE 2/2/86
 FRED VAN VALKENBURG, PRIMARY SPONSOR

Fiscal Note for SB228, as introduced.

SB 228

APPROVED BY COMMITTEE
ON TAXATION

SENATE BILL NO. 228

INTRODUCED BY VAN VALKENBURG

BY REQUEST OF THE GOVERNOR

A BILL FOR AN ACT ENTITLED: "AN ACT TO GENERALLY REVISE FOR FISCAL YEARS 1987, 1988, AND 1989 THE ALLOCATION OF THAT PORTION OF THE COAL SEVERANCE TAX PROCEEDS AND INTEREST NOT CONSTITUTIONALLY DEDICATED TO THE PERMANENT TRUST; CREATING SEPARATE LOCAL IMPACT AND EDUCATION TRUST ACCOUNTS; AMENDING SECTIONS 15-35-108, 17-5-704, 20-9-343, 90-2-124, 90-6-202, 90-6-205, 90-6-207, AND 90-6-211, MCA; AND PROVIDING APPLICABILITY DATES AND AN IMMEDIATE EFFECTIVE DATE."

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

Section 1. Section 15-35-108, MCA, is amended to read:

"15-35-108. Disposal of severance taxes. Severance taxes collected under the provisions of this chapter are allocated as follows:

(1) To the trust fund created by Article IX, section 5, of the Montana constitution, 50% of total coal severance tax collections. The trust fund moneys shall be deposited in the fund established under 17-6-203(5) and invested by the board of investments as provided by law.

(2) Starting--July--17--1987--and--ending--June--30--1987, 6% of coal severance tax collections are allocated to the

highway--reconstruction--trust--fund--account--in--the--state special-revenue-fund. Starting July 1, 1987, and ending June 30, 1993, 12% of coal severance tax collections are allocated to the highway reconstruction trust fund account in the state special revenue fund.

(3) Coal severance tax collections remaining after the allocations provided by subsections (1) and (2) are allocated in the following percentages of the remaining balance:

(a) ~~2-1/2%~~ until ~~July 17, 1987~~ and thereafter 4 1/2% to the state special revenue fund to the credit of the alternative energy research development and demonstration account;

(b) 6% 3.3% until ~~July 17, 1987~~ June 30, 1989, to the state special revenue fund to the credit of the local impact account and thereafter ~~37-1/2%~~ 20% to the state special revenue fund to the credit of the ~~local impact and~~ education trust fund account and 17.5% to the credit of the local impact account. Unencumbered funds remaining in the local impact account at the end of each biennium are allocated to the education trust fund account;

(c) ~~9%~~ 44.2% until ~~July 17, 1987~~ June 30, 1989, and thereafter 10% to the state special revenue fund for state equalization aid to public schools of the state;

(d) 1% to the state special revenue fund to the credit

1 of the county land planning account;

2 (e) 1 1/4% to the credit of the renewable resource
3 development bond fund;

4 (f) ~~starting--July--17--1986--and--ending--June--30--1989,~~
5 ~~5%--to--the--general--fund--and~~ after June 30, 1989, 5% to a
6 nonexpendable trust fund for the purpose of parks
7 acquisition or management, protection of works of art in the
8 state capitol, and other cultural and aesthetic projects.
9 Income from this trust fund shall be appropriated as
10 follows:

11 (i) 1/3 for protection of works of art in the state
12 capitol and other cultural and aesthetic projects; and

13 (ii) 2/3 for the acquisition, development, operation,
14 and maintenance of any sites and areas described in
15 23-1-102;

16 (g) 1% to the state special revenue fund to the credit
17 of the state library commission for the purposes of
18 providing basic library services for the residents of all
19 counties through library federations and for payment of the
20 costs of participating in regional and national networking;

21 (h) 1/2 of 1% to the state special revenue fund for
22 conservation districts;

23 (i) 1 1/4% to the debt service fund type to the credit
24 of the water development debt service fund;

25 ~~{j}--4%--until--July--17--1987--to--the--highway~~

1 ~~reconstruction--trust--fund--account--in--the--state--special~~
2 ~~revenue--fund;~~

3 ~~{k}{j}~~ all other revenues from severance taxes
4 collected under the provisions of this chapter to the credit
5 of the general fund of the state."

6 Section 2. Section 17-5-704, MCA, is amended to read:

7 "17-5-704. Investment of funds. (1) Money in the coal
8 severance tax bond fund, the coal severance tax permanent
9 fund, and the coal severance tax income fund must be
10 invested in accordance with the investment standards for
11 coal severance tax funds except as provided in subsection
12 (2). Income and earnings from all funds must be transferred
13 to and retained in the coal severance tax income fund until
14 appropriated by the legislature.

15 (2) Beginning on July 1, ~~1983~~ 1990, the legislature
16 shall appropriate 15% of the income and earnings from all
17 funds to be deposited to the coal severance tax permanent
18 fund each year. The funds appropriated to the coal
19 severance tax permanent fund under this subsection may not
20 be further appropriated except by vote of three-fourths of
21 the members of each house of the legislature."

22 Section 3. Section 20-9-343, MCA, is amended to read:

23 "20-9-343. Definition of and revenue for state
24 equalization aid. (1) As used in this title, the term "state
25 equalization aid" means those moneys deposited in the state

1 special revenue fund as required in this section plus any
2 legislative appropriation of moneys money from other sources
3 for distribution to the public schools for the purpose of
4 equalization of the foundation program.

5 (2) The legislative appropriation for state
6 equalization aid shall be made in a single sum for the
7 biennium. The superintendent of public instruction has
8 authority to spend such appropriation, together with the
9 earmarked revenues provided in subsection (3), as required
10 for foundation program purposes throughout the biennium.

11 (3) The following shall be paid into the state special
12 revenue fund for state equalization aid to public schools of
13 the state:

14 (a) 25% of all moneys money received from the
15 collection of income taxes under chapter 30 of Title 15;

16 (b) 25% of all moneys money, except as provided in
17 15-31-702, received from the collection of corporation
18 license taxes under chapter 31 of Title 15, as provided by
19 15-1-501;

20 (c) ~~10%~~ 100% of the ~~moneys-received~~ money allocated to
21 state equalization from the collection of the severance tax
22 on coal ~~under chapter 35 of Title 15~~;

23 (d) 100% of the moneys money received from the
24 treasurer of the United States as the state's shares of oil,
25 gas, and other mineral royalties under the federal Mineral

1 Lands Leasing Act, as amended;

2 (e) interest and income moneys money described in
3 20-9-341 and 20-9-342;

4 (f) income from the ~~local-impact-and~~ education trust
5 fund account; and

6 (g) in addition to these revenues, the surplus
7 revenues collected by the counties for foundation program
8 support according to 20-9-331 and 20-9-333 shall be paid
9 into the same state special revenue fund.

10 (4) Any surplus revenue in the state equalization aid
11 account in the second year of a biennium may be used to
12 reduce the appropriation required for the next succeeding
13 biennium [or may be transferred to the state permissive
14 account if revenues in that fund are insufficient to meet
15 the state's permissive amount obligation]."

16 Section 4. Section 90-2-124, MCA, is amended to read:

17 "90-2-124. Appropriation of coal severance tax. The
18 state pledges and appropriates and directs to be credited to
19 the debt service fund, ~~as received, 1-1/4% of~~ all money from
20 ~~time-to-time-received-from-the-collection-of-the---~~ severance
21 ~~tax--and-remaining-after-allocation-of-such-tax-to-the-trust~~
22 ~~fund-established-under-section-5, Article IX, of the Montana~~
23 constitution allocated to the renewable resource development
24 bond fund by 15-35-108 and such additional amount thereof,
25 if any, as may be required from time to time to provide

1 sufficient funds for the purposes stated in 90-2-123(2);
 2 provided--that--no--more--than--1-1/4%--of--such--tax--collections
 3 shall--be--deemed--to--be--pledged--for--the--purpose--of
 4 90-2-123(3)."

5 Section 5. Section 90-6-202, MCA, is amended to read:
 6 "90-6-202. Accounts established. (1) There is within
 7 the state special revenue fund a local impact and education
 8 trust-fund account. Moneys are payable into this account
 9 under 15-35-108. The state treasurer shall draw warrants
 10 from this account upon order of the coal board.

11 (2) There is within the state special revenue fund a
 12 coal area highway improvement account.

13 (3) There is within the nonexpendable trust fund an
 14 education trust fund account."

15 Section 6. Section 90-6-205, MCA, is amended to read:

16 "90-6-205. (Temporary) Coal board -- general powers.
 17 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;
 22 (4) consider applications for loans from the local
 23 impact and education trust--fund account for periods and
 24 interest rates to be determined by the board; and
 25 (5) award grants and loans, subject to 90-6-207, not

1 to-exceed-in-any-one-year-the-revenue-paid--into--the--local
 2 impact---and---education---trust---fund--account,--less--the
 3 appropriation-provided-in-section-17-Chapter-57-Special-laws
 4 of-June-1986--After-June-30-1987-the-board-may-not-exceed
 5 in-any-one-year-seven-fifteenths-of-the--revenue--paid--into
 6 the--local--impact--and--education--trust-fund-account,--The
 7 board-may-award-grants--and--loans from the local impact
 8 account:

9 (a) to local governmental units, state agencies, and
 10 governing bodies of federally recognized Indian tribes to
 11 assist local governmental units and federally recognized
 12 Indian tribes in meeting the local impact of coal
 13 development by enabling them to adequately provide
 14 governmental services and facilities which are needed as a
 15 direct consequence of coal development; and

16 (b) notwithstanding the provisions of 90-6-207, to the
 17 department of highways established in 2-15-2501 to expedite
 18 the construction, repair, and maintenance of deficient
 19 sections of highway within the area designated in 90-6-210
 20 if the deficiency is the direct result of increased traffic
 21 accompanying the development of coal resources; and

22 (c) --provided--that--as--used--in--this--subsection--(5),
 23 "revenue-paid" does not include interest income from the
 24 account--reinvested--in--the--account--in--trust--for--the--public
 25 schools--and--the--university--system--Grants--and--loans--may--be

1 ~~from current allocations only, and no part of the principal~~
 2 ~~or income of the trust referred to in 90-6-211 may be used~~
 3 ~~for this purpose. The money derived from loan repayments,~~
 4 ~~including the interest thereon, must be deposited to the~~
 5 ~~credit of the local impact fund referred to in 90-6-202.~~

6 (6) award a grant to a local government unit for the
 7 purpose of paying for part or all of the credit that the
 8 local government unit is obligated to give to a major new
 9 industrial facility that has prepaid property taxes under
 10 15-16-201. The board must award the grant in accordance with
 11 90-6-206.

12 90-6-205. (Effective July 1, 1987) Coal board --
 13 general powers. The board may:

- 14 (1) retain professional consultants and advisors;
 15 (2) adopt rules governing its proceedings;
 16 (3) consider applications for grants from the local
 17 impact and education trust fund account;
 18 (4) consider applications for loans from the local
 19 impact and education trust fund account for periods and
 20 interest rates to be determined by the board; and
 21 (5) award grants and loans, subject to 90-6-207, not
 22 to exceed in any one year seven elevenths and after June 30,
 23 1979, seven fifteenths of the revenue paid into the local
 24 impact and education trust fund account from the local
 25 impact account:

1 (a) to local governmental units, state agencies, and
 2 governing bodies of federally recognized Indian tribes to
 3 assist local governmental units and federally recognized
 4 Indian tribes in meeting the local impact of coal
 5 development by enabling them to adequately provide
 6 governmental services and facilities which are needed as a
 7 direct consequence of coal development; and

8 (b) notwithstanding the provisions of 90-6-207, to the
 9 department of highways established in 2-15-2501 to expedite
 10 the construction, repair, and maintenance of deficient
 11 sections of highway within the area designated in 90-6-210
 12 if the deficiency is the direct result of increased traffic
 13 accompanying the development of coal resources; and

14 ~~(c) provided that as used in this subsection (5),~~
 15 ~~"revenue paid" does not include interest income from the~~
 16 ~~account reinvested in the account in trust for the public~~
 17 ~~schools and the university system. Grants and loans may be~~
 18 ~~from current allocations only, and no part of the principal~~
 19 ~~or income of the trust referred to in 90-6-211 may be used~~
 20 ~~for this purpose. The money derived from loan repayments,~~
 21 ~~including the interest thereon, must be deposited to the~~
 22 ~~credit of the local impact fund referred to in 90-6-202.~~

23 (6) award a grant to a local government unit for the
 24 purpose of paying for part or all of the credit that the
 25 local government unit is obligated to give to a major new

1 industrial facility that has prepaid property taxes under
2 15-16-201. The board must award the grant in accordance with
3 90-6-206."

4 Section 7. Section 90-6-207, MCA, is amended to read:
5 "90-6-207. Priorities for impact grants. (1) The
6 department of commerce shall annually designate:

7 (a) each county, incorporated city and town, school
8 district, and other governmental unit which has had or
9 expects to have as a result of the impact of coal
10 development a net increase in estimated population of at
11 least 10% over one of the 3-year periods specified in
12 subsection (4);

13 (b) each county and all local governmental units
14 within each county in which:

15 (i) a mining permit in accordance with the Montana
16 Strip and Underground Mine Reclamation Act has been granted
17 by the department of state lands for a project within the
18 county that will establish a new coal mine to produce at
19 least 1 million tons a year or that will increase the
20 production of an existing mine by at least 1 million tons a
21 year and for which the department of commerce determines
22 that the new or expanded production authorized by the permit
23 will commence within 3 years of the designation; or

24 (ii) a certificate of environmental compatibility and
25 public need in accordance with the Montana Major Facility

1 Siting Act has been granted by the board of natural
2 resources and conservation for a steam-generating or other
3 coal-burning facility that will consume at least 1 million
4 tons a year of Montana-mined coal and for which the
5 department of commerce determines the construction or
6 operation will commence within 3 years of the designation;

7 (c) each local governmental unit located within 50
8 miles, measured over the shortest all-weather public road,
9 of a mine or facility qualifying under subsection (1)(b)(i)
10 or (1)(b)(ii); and

11 (d) each local governmental unit in which:

12 (i) a mine that has produced 1 million tons or more of
13 coal a year and has ceased all significant mining or is
14 scheduled to cease within 1 year; or

15 (ii) a steam-generating or other coal-burning facility
16 that has operated under a certificate of environmental
17 compatibility and public need in accordance with the Montana
18 Major Facility Siting Act and that has consumed at least 1
19 million tons of Montana-mined coal a year has closed or is
20 scheduled to close within 1 year.

21 (2) Designation under subsection (1) of:

22 (a) any local governmental unit extends to and
23 includes as a designated unit the county in which it is
24 located; and

25 (b) a county extends to and includes as a designated

1 unit any local governmental unit in the county that contains
2 at least 10% of the total population of the county.

3 (3) Except as provided in 90-6-205(5)(b), the coal
4 board shall, subject to the appropriations of the
5 legislature, award at least 50% of all grants awarded to
6 governmental units and state agencies for meeting the needs
7 caused by coal development each year to these designated
8 governmental units.

9 (4) For the purposes of subsection (1), the department
10 of commerce shall use five 3-year periods as follows:

11 (a) one consecutive 3-year period ending 2 calendar
12 years prior to the current calendar year;

13 (b) one consecutive 3-year period ending 1 calendar
14 year prior to the current calendar year;

15 (c) one consecutive 3-year period ending with the
16 current calendar year;

17 (d) one consecutive 3-year period ending 1 calendar
18 year after the current calendar year; and

19 (e) one consecutive 3-year period ending 2 calendar
20 years after the current calendar year.

21 (5) Attention should be given by the coal board to the
22 need for community planning before the full impact is
23 realized. Applicants should be able to show how their
24 request reasonably fits into an overall plan for the orderly
25 management of the existing or contemplated growth problems.

1 (6) All funds placed in the local impact and
2 ~~educational-trust-fund~~ account established under this part,
3 ~~subject-to-the-limitations-imposed-by-90-6-211,~~ shall be
4 subject to appropriations by the legislature for use related
5 to local impact ~~or-for-transfer-to-a-permanent-trust-for~~
6 ~~education."~~

7 Section 8. Section 90-6-211, MCA, is amended to read:

8 "90-6-211. Disposition of interest from unexpended
9 balance -- education trust. The unexpended balance in the
10 ~~local-impact-and~~ education trust fund account shall be
11 invested as provided by statute by the board of investments.
12 Of the income from such investments each year 10% shall be
13 paid into the state special revenue fund for use by the
14 superintendent of public instruction for purposes of the
15 postsecondary vocational-technical centers and adult basic
16 education programs in the state, subject to the budgeting
17 authority of the legislature. Within the account under
18 20-9-513, the revenue is shared between the postsecondary
19 vocational-technical centers and the adult basic education
20 programs. Of the remaining 90% of the income from such
21 investments, three-fourths shall be annually paid into the
22 state special revenue fund for state equalization aid to
23 public schools of the state and one-fourth each year shall
24 be paid to the board of regents of higher education for use
25 by the institutions of higher learning in the state, subject

1 to the budgeting authority of the legislature. ~~Except--as~~
 2 ~~provided--in--90-6-205(5)7--the~~ The principal of the local
 3 ~~impact-and~~ education trust fund shall be dedicated to
 4 education and forever remain inviolate and sacred to this
 5 purpose as provided in sections 3 and 10 of Article X of the
 6 Montana constitution."

7 NEW SECTION. Section 9. Local impact account --
 8 disposition of loan repayments, interest, and unexpended
 9 balances. (1) The money derived from loans made pursuant to
 10 this part, including interest thereon, must be deposited to
 11 the credit of the local impact account created in 90-6-202.

12 (2) The unexpended money in the local impact account
 13 must be invested by the board of investments as provided by
 14 statute. Interest and earnings must be deposited to the
 15 credit of the education trust fund account.

16 (3) The unexpended balance in the local impact account
 17 at the end of each biennium must be deposited to the credit
 18 of the education trust fund account.

19 NEW SECTION. Section 10. Extension of authority. Any
 20 existing authority of the office of public instruction, the
 21 board of education, or the coal board to make rules on the
 22 subject of the provisions of this act is extended to the
 23 provisions of this act.

24 NEW SECTION. Section 11. Codification instruction.
 25 Section 9 is intended to be codified as an integral part of

1 Title 90, chapter 6, part 2, and the provisions of Title 90,
 2 chapter 6, part 2, apply to section 9.

3 NEW SECTION. SECTION 12. COORDINATION INSTRUCTION.
 4 IF SECTION 3 OF THIS ACT AND HOUSE BILL NO. 12 ARE BOTH
 5 PASSED AND APPROVED, THE AMENDMENT TO 20-9-343(3)(C)
 6 CONTAINED IN HOUSE BILL NO. 12 IS VOID.

7 NEW SECTION. Section 13. Severability. If a part of
 8 this act is invalid, all valid parts that are severable from
 9 the invalid part remain in effect. If a part of this act is
 10 invalid in one or more of its applications, the part remains
 11 in effect in all valid applications that are severable from
 12 the invalid applications.

13 NEW SECTION. Section 14. Applicability. (1) Sections
 14 1 and 3 through 9 apply to coal mined after March 31, 1986
 15 1987, and before July 1, 1989, and to the severance tax
 16 revenues derived from that coal.

17 (2) Section 2 is applicable to interest and income
 18 earned after June 30, 1986, and before July 1, 1989.

19 NEW SECTION. Section 15. Effective date. This act is
 20 effective on passage and approval OR APRIL 1, 1987,
 21 WHICHEVER OCCURS LATER.

-End-

1 SENATE BILL NO. 228

2 INTRODUCED BY VAN VALKENBURG

3 BY REQUEST OF THE GOVERNOR

4

5 A BILL FOR AN ACT ENTITLED: "AN ACT TO GENERALLY REVISE FOR
6 FISCAL YEARS 1987, 1988, AND 1989 THE ALLOCATION OF THAT
7 PORTION OF THE COAL SEVERANCE TAX PROCEEDS AND INTEREST NOT
8 CONSTITUTIONALLY DEDICATED TO THE PERMANENT TRUST; CREATING
9 SEPARATE LOCAL IMPACT AND EDUCATION TRUST ACCOUNTS; AMENDING
10 SECTIONS 15-35-108, 17-5-704, 20-9-343, 90-2-124, 90-6-202,
11 90-6-205, 90-6-207, AND 90-6-211, MCA; AND PROVIDING
12 APPLICABILITY DATES AND AN IMMEDIATE EFFECTIVE DATE."
13

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

15 Section 1. Section 15-35-108, MCA, is amended to read:

16 "15-35-108. Disposal of severance taxes. Severance
17 taxes collected under the provisions of this chapter are
18 allocated as follows:

19 (1) To the trust fund created by Article IX, section
20 5, of the Montana constitution, 50% of total coal severance
21 tax collections. The trust fund moneys shall be deposited
22 in the fund established under 17-6-203(5) and invested by
23 the board of investments as provided by law.

24 (2) Starting--July--17--19867--and--ending--June--307--19877,
25 ~~6% of coal severance tax collections are allocated to the~~

1 highway--reconstruction--trust--fund--account--in--the--state
2 special--revenue--fundr Starting July 1, 1987, and ending June
3 30, 1993, 12% of coal severance tax collections are
4 allocated to the highway reconstruction trust fund account
5 in the state special revenue fund.

6 (3) Coal severance tax collections remaining after the
7 allocations provided by subsections (1) and (2) are
8 allocated in the following percentages of the remaining
9 balance:

10 (a) ~~2-1/2% until July 17, 1987, and thereafter~~ 4 1/2%
11 to the state special revenue fund to the credit of the
12 alternative energy research development and demonstration
13 account;

14 (b) ~~6% 3.3% until July 17, 1987, June 30, 1989, to the~~
15 state special revenue fund to the credit of the local impact
16 account and thereafter 37-1/2% 20% to the state special
17 revenue fund to the credit of the local-impact-and education
18 trust fund account and 17.5% to the credit of the local
19 impact account. Unencumbered funds remaining in the local
20 impact account at the end of each biennium are allocated to
21 the education trust fund account;

22 (c) ~~30% 44.2% until July 17, 1987, June 30, 1989, and~~
23 thereafter 10% to the state special revenue fund for state
24 equalization aid to public schools of the state;

25 (d) 1% to the state special revenue fund to the credit

1 of the county land planning account;

2 (e) 1 1/4% to the credit of the renewable resource

3 development bond fund;

4 (f) ~~starting--July--17--1986--and--ending--June--30--1989,~~

5 ~~5%--to--the--general--fund,~~ and after June 30, 1989, 5% to a

6 nonexpendable trust fund for the purpose of parks

7 acquisition or management, protection of works of art in the

8 state capitol, and other cultural and aesthetic projects.

9 Income from this trust fund shall be appropriated as

10 follows:

11 (i) 1/3 for protection of works of art in the state

12 capitol and other cultural and aesthetic projects; and

13 (ii) 2/3 for the acquisition, development, operation,

14 and maintenance of any sites and areas described in

15 23-1-102;

16 (g) 1% to the state special revenue fund to the credit

17 of the state library commission for the purposes of

18 providing basic library services for the residents of all

19 counties through library federations and for payment of the

20 costs of participating in regional and national networking;

21 (h) 1/2 of 1% to the state special revenue fund for

22 conservation districts;

23 (i) 1 1/4% to the debt service fund type to the credit

24 of the water development debt service fund;

25 ~~(j) 4%--until--July--1--1987--to--the--highway~~

1 ~~reconstruction--trust--fund--account--in--the--state--special~~

2 ~~revenue--fund;~~

3 ~~(*)~~(j) all other revenues from severance taxes

4 collected under the provisions of this chapter to the credit

5 of the general fund of the state."

6 Section 2. Section 17-5-704, MCA, is amended to read:

7 "17-5-704. Investment of funds. (1) Money in the coal

8 severance tax bond fund, the coal severance tax permanent

9 fund, and the coal severance tax income fund must be

10 invested in accordance with the investment standards for

11 coal severance tax funds except as provided in subsection

12 (2). Income and earnings from all funds must be transferred

13 to and retained in the coal severance tax income fund until

14 appropriated by the legislature.

15 (2) Beginning on July 1, ~~1983~~ 1990, the legislature

16 shall appropriate 15% of the income and earnings from all

17 funds to be deposited to the coal severance tax permanent

18 fund each year. The funds appropriated to the coal

19 severance tax permanent fund under this subsection may not

20 be further appropriated except by vote of three-fourths of

21 the members of each house of the legislature."

22 Section 3. Section 20-9-343, MCA, is amended to read:

23 "20-9-343. Definition of and revenue for state

24 equalization aid. (1) As used in this title, the term "state

25 equalization aid" means those moneys deposited in the state

1 special revenue fund as required in this section plus any
2 legislative appropriation of moneys money from other sources
3 for distribution to the public schools for the purpose of
4 equalization of the foundation program.

5 (2) The legislative appropriation for state
6 equalization aid shall be made in a single sum for the
7 biennium. The superintendent of public instruction has
8 authority to spend such appropriation, together with the
9 earmarked revenues provided in subsection (3), as required
10 for foundation program purposes throughout the biennium.

11 (3) The following shall be paid into the state special
12 revenue fund for state equalization aid to public schools of
13 the state:

14 (a) 25% of all moneys money received from the
15 collection of income taxes under chapter 30 of Title 15;

16 (b) 25% of all moneys money, except as provided in
17 15-31-702, received from the collection of corporation
18 license taxes under chapter 31 of Title 15, as provided by
19 15-1-501;

20 (c) ~~10%~~ 100% of the ~~moneys-received~~ money allocated to
21 state equalization from the collection of the severance tax
22 on coal under ~~chapter-35-of-Title-15~~;

23 (d) 100% of the moneys money received from the
24 treasurer of the United States as the state's shares of oil,
25 gas, and other mineral royalties under the federal Mineral

1 Lands Leasing Act, as amended;

2 (e) interest and income moneys money described in
3 20-9-341 and 20-9-342;

4 (f) income from the ~~local-impact-and~~ education trust
5 fund account; and

6 (g) in addition to these revenues, the surplus
7 revenues collected by the counties for foundation program
8 support according to 20-9-331 and 20-9-333 shall be paid
9 into the same state special revenue fund.

10 (4) Any surplus revenue in the state equalization aid
11 account in the second year of a biennium may be used to
12 reduce the appropriation required for the next succeeding
13 biennium [or may be transferred to the state permissive
14 account if revenues in that fund are insufficient to meet
15 the state's permissive amount obligation]."

16 Section 4. Section 90-2-124, MCA, is amended to read:
17 "90-2-124. Appropriation of coal severance tax. The
18 state pledges and appropriates and directs to be credited to
19 the debt service fund, ~~as-received, 1-1/4% of~~ all money from
20 ~~time-to-time-received-from-the-collection-of-the---severance~~
21 ~~tax--and-remaining-after-allocation-of-such-tax-to-the-trust~~
22 ~~fund-established-under-section-57-Article-IX, of the Montana~~
23 ~~constitution allocated to the renewable resource development~~
24 bond fund by 15-35-108 and such additional amount thereof,
25 if any, as may be required from time to time to provide

1 sufficient funds for the purposes stated in 90-2-123(2)7
 2 provided--that--no--more--than--1-1/4%--of--such--tax--collections
 3 shall--be--deemed--to--be--pledged--for--the--purpose--of
 4 90-2-121(3)."

5 Section 5. Section 90-6-202, MCA, is amended to read:

6 "90-6-202. Accounts established. (1) There is within
 7 the state special revenue fund a local impact and-education
 8 trust-fund account. Moneys are payable into this account
 9 under 15-35-108. The state treasurer shall draw warrants
 10 from this account upon order of the coal board.

11 (2) There is within the state special revenue fund a
 12 coal area highway improvement account.

13 (3) There is within the nonexpendable trust fund an
 14 education trust fund account."

15 Section 6. Section 90-6-205, MCA, is amended to read:

16 "90-6-205. (Temporary) Coal board -- general powers.

17 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;

22 (4) consider applications for loans from the local
 23 impact and-education-trust--fund account for periods and
 24 interest rates to be determined by the board; and

25 (5) award grants and loans, subject to 90-6-207, not

1 to-exceed-in-any-one-year-the-revenue-paid--into--the--local
 2 impact---and---education---trust---fund---account,--less--the
 3 appropriation-provided-in-section-17-Chapter-57-Special-laws
 4 of-June-1986,--After-June-30,--1987,--the-board-may-not-exceed
 5 in-any-one-year-seven-fifteenths-of-the--revenue--paid--into
 6 the--local--impact--and--education--trust-fund-account,--The
 7 board-may-award-grants--and--loans from the local impact
 8 account:

9 (a) to local governmental units, state agencies, and
 10 governing bodies of federally recognized Indian tribes to
 11 assist local governmental units and federally recognized
 12 Indian tribes in meeting the local impact of coal
 13 development by enabling them to adequately provide
 14 governmental services and facilities which are needed as a
 15 direct consequence of coal development; and

16 (b) notwithstanding the provisions of 90-6-207, to the
 17 department of highways established in 2-15-2501 to expedite
 18 the construction, repair, and maintenance of deficient
 19 sections of highway within the area designated in 90-6-210
 20 if the deficiency is the direct result of increased traffic
 21 accompanying the development of coal resources; and

22 (c)--provided--that--as--used--in--this-subsection-(5),
 23 "revenue-paid"--does-not-include--interest--income--from--the
 24 account--reinvested--in--the-account-in-trust-for-the-public
 25 schools-and-the-university-system;--Grants-and-loans--may--be

1 ~~from current allocations only, and no part of the principal~~
 2 ~~or income of the trust referred to in 90-6-211 may be used~~
 3 ~~for this purpose. The money derived from loan repayments,~~
 4 ~~including the interest thereon, must be deposited to the~~
 5 ~~credit of the local impact fund referred to in 90-6-202.~~

6 (6) award a grant to a local government unit for the
 7 purpose of paying for part or all of the credit that the
 8 local government unit is obligated to give to a major new
 9 industrial facility that has prepaid property taxes under
 10 15-16-201. The board must award the grant in accordance with
 11 90-6-206.

12 90-6-205. (Effective July 1, 1987) Coal board --
 13 general powers. The board may:

14 (1) retain professional consultants and advisors;

15 (2) adopt rules governing its proceedings;

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

18 (4) consider applications for loans from the local
 19 impact and education trust fund account for periods and
 20 interest rates to be determined by the board; and

21 (5) award grants and loans, subject to 90-6-207, not
 22 to exceed in any one year seven elevenths and after June 30,
 23 1979, seven fifteenths of the revenue paid into the local
 24 impact and education trust fund account from the local
 25 impact account:

1 (a) to local governmental units, state agencies, and
 2 governing bodies of federally recognized Indian tribes to
 3 assist local governmental units and federally recognized
 4 Indian tribes in meeting the local impact of coal
 5 development by enabling them to adequately provide
 6 governmental services and facilities which are needed as a
 7 direct consequence of coal development; and

8 (b) notwithstanding the provisions of 90-6-207, to the
 9 department of highways established in 2-15-2501 to expedite
 10 the construction, repair, and maintenance of deficient
 11 sections of highway within the area designated in 90-6-210
 12 if the deficiency is the direct result of increased traffic
 13 accompanying the development of coal resources; and

14 (c) provided that as used in this subsection (5),
 15 "revenue paid" does not include interest income from the
 16 account reinvested in the account in trust for the public
 17 schools and the university system. Grants and loans may be
 18 from current allocations only, and no part of the principal
 19 or income of the trust referred to in 90-6-211 may be used
 20 for this purpose. The money derived from loan repayments,
 21 including the interest thereon, must be deposited to the
 22 credit of the local impact fund referred to in 90-6-202.

23 (6) award a grant to a local government unit for the
 24 purpose of paying for part or all of the credit that the
 25 local government unit is obligated to give to a major new

1 industrial facility that has prepaid property taxes under
2 15-16-201. The board must award the grant in accordance with
3 90-6-206."

4 Section 7. Section 90-6-207, MCA, is amended to read:

5 "90-6-207. Priorities for impact grants. (1) The
6 department of commerce shall annually designate:

7 (a) each county, incorporated city and town, school
8 district, and other governmental unit which has had or
9 expects to have as a result of the impact of coal
10 development a net increase in estimated population of at
11 least 10% over one of the 3-year periods specified in
12 subsection (4);

13 (b) each county and all local governmental units
14 within each county in which:

15 (i) a mining permit in accordance with the Montana
16 Strip and Underground Mine Reclamation Act has been granted
17 by the department of state lands for a project within the
18 county that will establish a new coal mine to produce at
19 least 1 million tons a year or that will increase the
20 production of an existing mine by at least 1 million tons a
21 year and for which the department of commerce determines
22 that the new or expanded production authorized by the permit
23 will commence within 3 years of the designation; or

24 (ii) a certificate of environmental compatibility and
25 public need in accordance with the Montana Major Facility

1 Siting Act has been granted by the board of natural
2 resources and conservation for a steam-generating or other
3 coal-burning facility that will consume at least 1 million
4 tons a year of Montana-mined coal and for which the
5 department of commerce determines the construction or
6 operation will commence within 3 years of the designation;

7 (c) each local governmental unit located within 50
8 miles, measured over the shortest all-weather public road,
9 of a mine or facility qualifying under subsection (1)(b)(i)
10 or (1)(b)(ii); and

11 (d) each local governmental unit in which:

12 (i) a mine that has produced 1 million tons or more of
13 coal a year and has ceased all significant mining or is
14 scheduled to cease within 1 year; or

15 (ii) a steam-generating or other coal-burning facility
16 that has operated under a certificate of environmental
17 compatibility and public need in accordance with the Montana
18 Major Facility Siting Act and that has consumed at least 1
19 million tons of Montana-mined coal a year has closed or is
20 scheduled to close within 1 year.

21 (2) Designation under subsection (1) of:

22 (a) any local governmental unit extends to and
23 includes as a designated unit the county in which it is
24 located; and

25 (b) a county extends to and includes as a designated

1 unit any local governmental unit in the county that contains
2 at least 10% of the total population of the county.

3 (3) Except as provided in 90-6-205(5)(b), the coal
4 board shall, subject to the appropriations of the
5 legislature, award at least 50% of all grants awarded to
6 governmental units and state agencies for meeting the needs
7 caused by coal development each year to these designated
8 governmental units.

9 (4) For the purposes of subsection (1), the department
10 of commerce shall use five 3-year periods as follows:

11 (a) one consecutive 3-year period ending 2 calendar
12 years prior to the current calendar year;

13 (b) one consecutive 3-year period ending 1 calendar
14 year prior to the current calendar year;

15 (c) one consecutive 3-year period ending with the
16 current calendar year;

17 (d) one consecutive 3-year period ending 1 calendar
18 year after the current calendar year; and

19 (e) one consecutive 3-year period ending 2 calendar
20 years after the current calendar year.

21 (5) Attention should be given by the coal board to the
22 need for community planning before the full impact is
23 realized. Applicants should be able to show how their
24 request reasonably fits into an overall plan for the orderly
25 management of the existing or contemplated growth problems.

1 (6) All funds placed in the local impact and
2 ~~educational-trust-fund~~ account established under this party,
3 ~~subject--to--the--limitations--imposed-by-90-6-211,~~ shall be
4 subject to appropriations by the legislature for use related
5 to local impact ~~or-for-transfer-to--a--permanent--trust--for~~
6 education."

7 Section 8. Section 90-6-211, MCA, is amended to read:

8 "90-6-211. Disposition of interest from unexpended
9 balance -- education trust. The unexpended balance in the
10 ~~local-impact-and~~ education trust fund account shall be
11 invested as provided by statute by the board of investments.
12 Of the income from such investments each year 10% shall be
13 paid into the state special revenue fund for use by the
14 superintendent of public instruction for purposes of the
15 postsecondary vocational-technical centers and adult basic
16 education programs in the state, subject to the budgeting
17 authority of the legislature. Within the account under
18 20-9-513, the revenue is shared between the postsecondary
19 vocational-technical centers and the adult basic education
20 programs. Of the remaining 90% of the income from such
21 investments, three-fourths shall be annually paid into the
22 state special revenue fund for state equalization aid to
23 public schools of the state and one-fourth each year shall
24 be paid to the board of regents of higher education for use
25 by the institutions of higher learning in the state, subject

1 to the budgeting authority of the legislature. ~~Except--as~~
 2 ~~provided--in--90-6-205(5)7--the~~ The principal of the local
 3 ~~impact-and~~ education trust fund shall be dedicated to
 4 education and forever remain inviolate and sacred to this
 5 purpose as provided in sections 3 and 10 of Article X of the
 6 Montana constitution."

7 NEW SECTION. Section 9. Local impact account --
 8 disposition of loan repayments, interest, and unexpended
 9 balances. (1) The money derived from loans made pursuant to
 10 this part, including interest thereon, must be deposited to
 11 the credit of the local impact account created in 90-6-202.

12 (2) The unexpended money in the local impact account
 13 must be invested by the board of investments as provided by
 14 statute. Interest and earnings must be deposited to the
 15 credit of the education trust fund account.

16 (3) The unexpended balance in the local impact account
 17 at the end of each biennium must be deposited to the credit
 18 of the education trust fund account.

19 NEW SECTION. Section 10. Extension of authority. Any
 20 existing authority of the office of public instruction, the
 21 board of education, or the coal board to make rules on the
 22 subject of the provisions of this act is extended to the
 23 provisions of this act.

24 NEW SECTION. Section 11. Codification instruction.
 25 Section 9 is intended to be codified as an integral part of

1 Title 90, chapter 6, part 2, and the provisions of Title 90,
 2 chapter 6, part 2, apply to section 9.

3 NEW SECTION. SECTION 12. COORDINATION INSTRUCTION.
 4 IF SECTION 3 OF THIS ACT AND HOUSE BILL NO. 12 ARE BOTH
 5 PASSED AND APPROVED, THE AMENDMENT TO 20-9-343(3)(C)
 6 CONTAINED IN HOUSE BILL NO. 12 IS VOID.

7 NEW SECTION. Section 13. Severability. If a part of
 8 this act is invalid, all valid parts that are severable from
 9 the invalid part remain in effect. If a part of this act is
 10 invalid in one or more of its applications, the part remains
 11 in effect in all valid applications that are severable from
 12 the invalid applications.

13 NEW SECTION. Section 14. Applicability. (1) Sections
 14 1 and 3 through 9 apply to coal mined after March 31, 1986
 15 1987, and before July 1, 1989, and to the severance tax
 16 revenues derived from that coal.

17 (2) Section 2 is applicable to interest and income
 18 earned after June 30, 1986, and before July 1, 1989.

19 NEW SECTION. Section 15. Effective date. This act is
 20 effective on passage and approval OR APRIL 1, 1987,
 21 WHICHEVER OCCURS LATER.

-End-

SENATE BILL NO. 228

INTRODUCED BY VAN VALKENBURG

BY REQUEST OF THE GOVERNOR

A BILL FOR AN ACT ENTITLED: "AN ACT TO GENERALLY REVISE FOR FISCAL YEARS 1987, 1988, AND 1989 THE ALLOCATION OF THAT PORTION OF THE COAL SEVERANCE TAX PROCEEDS AND INTEREST NOT CONSTITUTIONALLY DEDICATED TO THE PERMANENT TRUST; CREATING SEPARATE LOCAL IMPACT AND EDUCATION TRUST ACCOUNTS; AMENDING SECTIONS 15-35-108, 17-5-704, 20-9-343, 90-2-124, 90-6-202, 90-6-205, 90-6-207, AND 90-6-211, MCA; AND PROVIDING AN APPLICABILITY ~~DATES~~ DATE AND AN-IMMEDIATE EFFECTIVE ~~DAYS~~ DATES."

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

Section 1. Section 15-35-108, MCA, is amended to read:

"15-35-108. Disposal of severance taxes. SEVERANCE TAXES COLLECTED UNDER THIS CHAPTER MUST BE ALLOCATED ACCORDING TO THE PROVISIONS IN EFFECT ON THE DATE THE TAX IS DUE UNDER 15-35-104. Severance taxes collected under the provisions of this chapter are allocated as follows:

(1) To the trust fund created by Article IX, section 5, of the Montana constitution, 50% of total coal severance tax collections. The trust fund moneys shall be deposited in the fund established under 17-6-203(5) and invested by

the board of investments as provided by law.

(2) ~~Starting--July--17--1987--and--ending--June--30--1987,~~
~~6%--of--coal--severance--tax--collections--are--allocated--to--the~~
~~highway--reconstruction--trust--fund--account--in--the--state~~
~~special--revenue--fund.~~ Starting July 1, 1987, and ending June 30, 1993, 12% of coal severance tax collections are allocated to the highway reconstruction trust fund account in the state special revenue fund.

(3) Coal severance tax collections remaining after the allocations provided by subsections (1) and (2) are allocated in the following percentages of the remaining balance:

(a) ~~2-1/2%--until--July--17--1987--and--thereafter~~ 4 1/2% to the state special revenue fund to the credit of the alternative energy research development and demonstration account;

(b) 6% ~~3-3%~~ 4% until ~~July--17--1987,~~ June 30, 1989, to the state special revenue fund to the credit of the local impact account and thereafter ~~37-1/2%~~ 20% ~~to--the--state~~
~~special--revenue--fund--to--the--credit--of--the--local--impact--and~~
~~education--trust--fund--account~~ and 20% TO THE STATE SPECIAL REVENUE FUND TO THE CREDIT OF THE LOCAL IMPACT AND EDUCATION TRUST FUND ACCOUNT AND 17.5% to the credit of the local impact account. Unencumbered funds remaining in the local impact account at the end of each biennium are allocated to

1 the education trust fund account;
 2 ~~{e}--20%--TO--THE--STATE--SPECIAL--REVENUE--FUND--TO--THE~~
 3 ~~CREDIT--OF--THE--EDUCATION--TRUST--FUND--ACCOUNT;~~
 4 ~~{c}{D}{C} 30% 44.2% 24.2% 44.2%~~ until July 17, 1987
 5 June 30, 1989, and thereafter 10% to the state special
 6 revenue fund for state equalization aid to public schools of
 7 the state;
 8 ~~{d}{E}{D} 1%~~ to the state special revenue fund to the
 9 credit of the county land planning account;
 10 ~~{e}{P}{E} 1 1/4%~~ to the credit of the renewable
 11 resource development bond fund;
 12 ~~{f}{G}{F} starting July 17, 1986, and ending June 30,~~
 13 ~~1989, 5% to the general fund, and after June 30, 1989, 5%~~ to
 14 a nonexpendable trust fund for the purpose of parks
 15 acquisition or management, protection of works of art in the
 16 state capitol, and other cultural and aesthetic projects.
 17 Income from this trust fund shall be appropriated as
 18 follows:
 19 (i) 1/3 for protection of works of art in the state
 20 capitol and other cultural and aesthetic projects; and
 21 (ii) 2/3 for the acquisition, development, operation,
 22 and maintenance of any sites and areas described in
 23 23-1-102;
 24 ~~{g}{H}{G} 1%~~ to the state special revenue fund to the
 25 credit of the state library commission for the purposes of

1 providing basic library services for the residents of all
 2 counties through library federations and for payment of the
 3 costs of participating in regional and national networking;
 4 ~~{h}{I}{H} 1/2 of 1%~~ to the state special revenue fund
 5 for conservation districts;
 6 ~~{i}{J}{I} 1 1/4%~~ to the debt service fund type to the
 7 credit of the water development debt service fund;
 8 ~~{j}{K}{J} 2%~~ TO THE STATE SPECIAL REVENUE FUND FOR THE
 9 MONTANA GROWTH THROUGH AGRICULTURE ACT;
 10 ~~{l}{L}{L} 4%~~ until July 17, 1987, to the highway
 11 reconstruction trust fund account in the state special
 12 revenue fund;
 13 ~~{m}{M}{M} all other revenues from severance taxes~~
 14 collected under the provisions of this chapter to the credit
 15 of the general fund of the state."
 16 Section 2. Section 17-5-704, MCA, is amended to read:
 17 "17-5-704. Investment of funds. (1) Money in the coal
 18 severance tax bond fund, the coal severance tax permanent
 19 fund, and the coal severance tax income fund must be
 20 invested in accordance with the investment standards for
 21 coal severance tax funds except as provided in subsection
 22 SUBSECTION (2) AND {3}. Income and earnings from
 23 all funds must be transferred to and retained in the coal
 24 severance tax income fund until appropriated by the
 25 legislature.

1 ~~{2}--BEGINNING--ON--JULY--17--1987--THE--LEGISLATURE--SHALL~~
 2 ~~APPROPRIATE--10%--OF--THE--INCOME--AND--EARNINGS--FROM--ALL--FUNDS--TO~~
 3 ~~BE--DEPOSITED--TO--THE--COAL--SEVERANCE--TAX--PERMANENT--FUND--EACH~~
 4 ~~YEAR.--THE--FUNDS--APPROPRIATED--TO--THE--COAL--SEVERANCE--TAX~~
 5 ~~PERMANENT--FUND--UNDER--THIS--SUBSECTION--MAY--NOT--BE--FURTHER~~
 6 ~~APPROPRIATED--EXCEPT--BY--VOTE--OF--THREE--FOURTHS--OF--THE--MEMBERS~~
 7 ~~OF--EACH--HOUSE--OF--THE--LEGISLATURE.~~

8 (2) BEGINNING ON JULY 1, 1987, THE LEGISLATURE SHALL
 9 APPROPRIATE 2% OF THE INCOME AND EARNINGS FROM ALL FUNDS TO
 10 BE DEPOSITED TO THE COAL SEVERANCE TAX PERMANENT FUND EACH
 11 YEAR.

12 ~~{2}(3)~~ Beginning on July 1, 1983 ~~±1990~~ 1989, the
 13 legislature shall appropriate 15% of the income and earnings
 14 from all funds to be deposited to the coal severance tax
 15 permanent fund each year. The funds appropriated to the
 16 coal severance tax permanent fund under this subsection may
 17 not be further appropriated except by vote of three-fourths
 18 of the members of each house of the legislature."

19 Section 3. Section 20-9-343, MCA, is amended to read:

20 "20-9-343. Definition of and revenue for state
 21 equalization aid. (1) As used in this title, the term "state
 22 equalization aid" means those moneys deposited in the state
 23 special revenue fund as required in this section plus any
 24 legislative appropriation of moneys money from other sources
 25 for distribution to the public schools for the purpose of

1 equalization of the foundation program.

2 (2) The legislative appropriation for state
 3 equalization aid shall be made in a single sum for the
 4 biennium. The superintendent of public instruction has
 5 authority to spend such appropriation, together with the
 6 earmarked revenues provided in subsection (3), as required
 7 for foundation program purposes throughout the biennium.

8 (3) The following shall be paid into the state special
 9 revenue fund for state equalization aid to public schools of
 10 the state:

11 (a) 25% of all moneys money received from the
 12 collection of income taxes under chapter 30 of Title 15;

13 (b) 25% of all moneys money, except as provided in
 14 15-31-702, received from the collection of corporation
 15 license taxes under chapter 31 of Title 15, as provided by
 16 15-1-501;

17 (c) ~~±0%~~ 100% of the moneys-received money allocated to
 18 state equalization from the collection of the severance tax
 19 on coal ~~under chapter 35 of Title 15;~~

20 (d) 100% of the moneys money received from the
 21 treasurer of the United States as the state's shares of oil,
 22 gas, and other mineral royalties under the federal Mineral
 23 Lands Leasing Act, as amended;

24 (e) interest and income moneys money described in
 25 20-9-341 and 20-9-342;

1 (f) income from the ~~local impact and~~ education trust
2 fund account; and

3 (g) in addition to these revenues, the surplus
4 revenues collected by the counties for foundation program
5 support according to 20-9-331 and 20-9-333 shall be paid
6 into the same state special revenue fund.

7 (4) Any surplus revenue in the state equalization aid
8 account in the second year of a biennium may be used to
9 reduce the appropriation required for the next succeeding
10 biennium [or may be transferred to the state permissive
11 account if revenues in that fund are insufficient to meet
12 the state's permissive amount obligation]."

13 Section 4. Section 90-2-124, MCA, is amended to read:

14 "90-2-124. Appropriation of coal severance tax. The
15 state pledges and appropriates and directs to be credited to
16 the debt service fund ~~as received, 1-1/4% of~~ all money from
17 ~~time to time received from the collection of the severance~~
18 ~~tax and remaining after allocation of such tax to the trust~~
19 ~~fund established under section 57, Article IX of the Montana~~
20 ~~constitution allocated to the renewable resource development~~
21 ~~bond fund by 15-35-108~~ and such additional amount thereof,
22 if any, as may be required from time to time to provide
23 sufficient funds for the purposes stated in 90-2-123(2),
24 ~~provided that no more than 1-1/4% of such tax collections~~
25 ~~shall be deemed to be pledged for the purpose of~~

1 ~~90-2-121(3).~~"

2 Section 5. Section 90-6-202, MCA, is amended to read:

3 "90-6-202. Accounts established. (1) There is within
4 the state special revenue fund a local impact ~~and education~~
5 ~~trust fund~~ account. Moneys are payable into this account
6 under 15-35-108. The state treasurer shall draw warrants
7 from this account upon order of the coal board.

8 (2) There is within the state special revenue fund a
9 coal area highway improvement account.

10 (3) There is within the nonexpendable trust fund an
11 education trust fund account."

12 Section 6. Section 90-6-205, MCA, is amended to read:

13 "90-6-205. (Temporary) Coal board -- general powers.
14 The board may:

15 (1) retain professional consultants and advisors;

16 (2) adopt rules governing its proceedings;

17 (3) consider applications for grants from the local
18 impact ~~and education trust fund~~ account;

19 (4) consider applications for loans from the local
20 impact ~~and education trust fund~~ account for periods and
21 interest rates to be determined by the board; and

22 (5) award grants and loans, subject to 90-6-207, ~~net~~
23 ~~to exceed in any one year the revenue paid into the local~~
24 ~~impact and education trust fund account, less the~~
25 ~~appropriation provided in section 17, Chapter 57, Special Laws~~

1 of June 1986. After June 30, 1987, the board may not exceed
 2 in any one year seven fifteenths of the revenue paid into
 3 the local impact and education trust fund account. The
 4 board may award grants and loans from the local impact
 5 account:

6 (a) to local governmental units, state agencies, and
 7 governing bodies of federally recognized Indian tribes to
 8 assist local governmental units and federally recognized
 9 Indian tribes in meeting the local impact of coal
 10 development by enabling them to adequately provide
 11 governmental services and facilities which are needed as a
 12 direct consequence of coal development; and

13 (b) notwithstanding the provisions of 90-6-207, to the
 14 department of highways established in 2-15-2501 to expedite
 15 the construction, repair, and maintenance of deficient
 16 sections of highway within the area designated in 90-6-210
 17 if the deficiency is the direct result of increased traffic
 18 accompanying the development of coal resources; and

19 ~~(c) provided that as used in this subsection (5),~~
 20 ~~"revenue paid" does not include interest income from the~~
 21 ~~account reinvested in the account in trust for the public~~
 22 ~~schools and the university system. Grants and loans may be~~
 23 ~~from current allocations only, and no part of the principal~~
 24 ~~or income of the trust referred to in 90-6-211 may be used~~
 25 ~~for this purpose. The money derived from loan repayments,~~

1 including the interest thereon, must be deposited to the
 2 credit of the local impact fund referred to in 90-6-202.

3 (6) award a grant to a local government unit for the
 4 purpose of paying for part or all of the credit that the
 5 local government unit is obligated to give to a major new
 6 industrial facility that has prepaid property taxes under
 7 15-16-201. The board must award the grant in accordance with
 8 90-6-206.

9 90-6-205. (Effective July 1, 1987) Coal board --
 10 general powers. The board may:

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

15 (4) consider applications for loans from the local
 16 impact and education trust fund account for periods and
 17 interest rates to be determined by the board; and

18 (5) award grants and loans, subject to 90-6-207, not
 19 to exceed in any one year seven elevenths and after June 30,
 20 1979, seven fifteenths of the revenue paid into the local
 21 impact and education trust fund account from the local
 22 impact account:

23 (a) to local governmental units, state agencies, and
 24 governing bodies of federally recognized Indian tribes to
 25 assist local governmental units and federally recognized

1 Indian tribes in meeting the local impact of coal
2 development by enabling them to adequately provide
3 governmental services and facilities which are needed as a
4 direct consequence of coal development; and

5 (b) notwithstanding the provisions of 90-6-207, to the
6 department of highways established in 2-15-2501 to expedite
7 the construction, repair, and maintenance of deficient
8 sections of highway within the area designated in 90-6-210
9 if the deficiency is the direct result of increased traffic
10 accompanying the development of coal resources; and

11 ~~(c) provided that as used in this subsection (5),~~
12 ~~"revenue paid" does not include interest income from the~~
13 ~~account reinvested in the account in trust for the public~~
14 ~~schools and the university system. Grants and loans may be~~
15 ~~from current allocations only, and no part of the principal~~
16 ~~or income of the trust referred to in 90-6-211 may be used~~
17 ~~for this purpose. The money derived from loan repayments,~~
18 ~~including the interest thereon, must be deposited to the~~
19 ~~credit of the local impact fund referred to in 90-6-202.~~

20 (6) award a grant to a local government unit for the
21 purpose of paying for part or all of the credit that the
22 local government unit is obligated to give to a major new
23 industrial facility that has prepaid property taxes under
24 15-16-201. The board must award the grant in accordance with
25 90-6-206."

1 Section 7. Section 90-6-207, MCA, is amended to read:

2 "90-6-207. Priorities for impact grants. (1) The
3 department of commerce shall annually designate:

4 (a) each county, incorporated city and town, school
5 district, and other governmental unit which has had or
6 expects to have as a result of the impact of coal
7 development a net increase in estimated population of at
8 least 10% over one of the 3-year periods specified in
9 subsection (4);

10 (b) each county and all local governmental units
11 within each county in which:

12 (i) a mining permit in accordance with the Montana
13 Strip and Underground Mine Reclamation Act has been granted
14 by the department of state lands for a project within the
15 county that will establish a new coal mine to produce at
16 least 1 million tons a year or that will increase the
17 production of an existing mine by at least 1 million tons a
18 year and for which the department of commerce determines
19 that the new or expanded production authorized by the permit
20 will commence within 3 years of the designation; or

21 (ii) a certificate of environmental compatibility and
22 public need in accordance with the Montana Major Facility
23 Siting Act has been granted by the board of natural
24 resources and conservation for a steam-generating or other
25 coal-burning facility that will consume at least 1 million

1 tons a year of Montana-mined coal and for which the
2 department of commerce determines the construction or
3 operation will commence within 3 years of the designation;

4 (c) each local governmental unit located within 50
5 miles, measured over the shortest all-weather public road,
6 of a mine or facility qualifying under subsection (1)(b)(i)
7 or (1)(b)(ii); and

8 (d) each local governmental unit in which:

9 (i) a mine that has produced 1 million tons or more of
10 coal a year and has ceased all significant mining or is
11 scheduled to cease within 1 year; or

12 (ii) a steam-generating or other coal-burning facility
13 that has operated under a certificate of environmental
14 compatibility and public need in accordance with the Montana
15 Major Facility Siting Act and that has consumed at least 1
16 million tons of Montana-mined coal a year has closed or is
17 scheduled to close within 1 year.

18 (2) Designation under subsection (1) of:

19 (a) any local governmental unit extends to and
20 includes as a designated unit the county in which it is
21 located; and

22 (b) a county extends to and includes as a designated
23 unit any local governmental unit in the county that contains
24 at least 10% of the total population of the county.

25 (3) Except as provided in 90-6-205(5)(b), the coal

1 board shall, subject to the appropriations of the
2 legislature, award at least 50% of all grants awarded to
3 governmental units and state agencies for meeting the needs
4 caused by coal development each year to these designated
5 governmental units.

6 (4) For the purposes of subsection (1), the department
7 of commerce shall use five 3-year periods as follows:

8 (a) one consecutive 3-year period ending 2 calendar
9 years prior to the current calendar year;

10 (b) one consecutive 3-year period ending 1 calendar
11 year prior to the current calendar year;

12 (c) one consecutive 3-year period ending with the
13 current calendar year;

14 (d) one consecutive 3-year period ending 1 calendar
15 year after the current calendar year; and

16 (e) one consecutive 3-year period ending 2 calendar
17 years after the current calendar year.

18 (5) Attention should be given by the coal board to the
19 need for community planning before the full impact is
20 realized. Applicants should be able to show how their
21 request reasonably fits into an overall plan for the orderly
22 management of the existing or contemplated growth problems.

23 (6) All funds placed in the local impact ~~and~~
24 ~~educational--trust-fund~~ account established under this part,
25 ~~subject to the limitations imposed by 90-6-211,~~ shall be

1 subject to appropriations by the legislature for use related
2 to local impact ~~or--for-transfer-to-a-permanent-trust-for~~
3 education."

4 Section 8. Section 90-6-211, MCA, is amended to read:

5 "90-6-211. Disposition of interest from unexpended
6 balance -- education trust. The unexpended balance in the
7 ~~local--impact--and~~ education trust fund account shall be
8 invested as provided by statute by the board of investments.
9 Of the income from such investments each year 10% shall be
10 paid into the state special revenue fund for use by the
11 superintendent of public instruction for purposes of the
12 postsecondary vocational-technical centers and adult basic
13 education programs in the state, subject to the budgeting
14 authority of the legislature. Within the account under
15 20-9-513, the revenue is shared between the postsecondary
16 vocational-technical centers and the adult basic education
17 programs. Of the remaining 90% of the income from such
18 investments, three-fourths shall be annually paid into the
19 state special revenue fund for state equalization aid to
20 public schools of the state and one-fourth each year shall
21 be paid to the board of regents of higher education for use
22 by the institutions of higher learning in the state, subject
23 to the budgeting authority of the legislature. ~~Except-as~~
24 ~~provided-in-90-6-205(5)-the~~ The BEGINNING JULY 1, 1989, THE
25 principal of the ~~local-impact-and~~ education trust fund shall

1 be dedicated to education and forever remain inviolate and
2 sacred to this purpose as provided in sections 3 and 10 of
3 Article X of the Montana constitution."

4 NEW SECTION. Section 9. Local impact account --
5 disposition of loan repayments, interest, and unexpended
6 balances. (1) The money derived from loans made pursuant to
7 this part, including interest thereon, must be deposited to
8 the credit of the local impact account created in 90-6-202.

9 (2) The unexpended money in the local impact account
10 must be invested by the board of investments as provided by
11 statute. Interest and earnings must be deposited to the
12 credit of the education trust fund account.

13 (3) The unexpended balance in the local impact account
14 at the end of each biennium must be deposited to the credit
15 of the education trust fund account.

16 NEW SECTION. Section 10. Extension of authority. Any
17 existing authority of the office of public instruction, the
18 board of education, or the coal board to make rules on the
19 subject of the provisions of this act is extended to the
20 provisions of this act.

21 NEW SECTION. Section 11. Codification instruction.
22 Section 9 is intended to be codified as an integral part of
23 Title 90, chapter 6, part 2, and the provisions of Title 90,
24 chapter 6, part 2, apply to section 9.

25 NEW SECTION. SECTION 12. COORDINATION INSTRUCTION.

1 IF SECTION 3 OF THIS ACT AND HOUSE BILL NO. 12 ARE BOTH
2 PASSED AND APPROVED, THE AMENDMENT TO 20-9-343(3)(C)
3 CONTAINED IN HOUSE BILL NO. 12 IS VOID.

4 NEW SECTION. Section 13. Severability. If a part of
5 this act is invalid, all valid parts that are severable from
6 the invalid part remain in effect. If a part of this act is
7 invalid in one or more of its applications, the part remains
8 in effect in all valid applications that are severable from
9 the invalid applications.

10 NEW SECTION. Section 14. Applicability. ~~{1}~~--Sections
11 ~~1--and--3--through--9--apply--to--coal--mined--after--March--31--1986~~
12 ~~1987--and--before--July--1--1989--and--to--the--severance--tax~~
13 ~~revenues--derived--from--that--coal;~~

14 ~~{2}~~ Section 2 is applicable to interest and income
15 earned after June 30, ~~1986~~ ~~1987~~ 1986, and before July 1,
16 1989.

17 NEW SECTION. Section 15. Effective date. ~~This act is~~
18 ~~effective--on--passage--and--approval--OR--APRIL--17--1987~~
19 ~~WHICHEVER--OCCURS--LATER~~ (1) SECTIONS 2, 8, 14, AND THIS
20 SECTION ARE EFFECTIVE ON PASSAGE AND APPROVAL.

21 (2) ALL OTHER SECTIONS ARE EFFECTIVE JULY 1, 1987.

-End-

HOUSE

STANDING COMMITTEE REPORT

Page 1 of 2

APRIL 9 19 87

Mr. Speaker: We, the committee on HOUSE TAXATION

report SENATE BILL NO. 228

do pass / do not pass, be concurred in / be not concurred in, was amended / statement of intent attached

Be amended as follows:

Signature of Representative Jack Ramirez, Chairman

1. Title, line 12. Following: line 11. Insert: "AN". Following: "APPLICABILITY". Strike: "DATES". Insert: "DATE". Following: "AND". Strike: "AN IMMEDIATE". Following: "EFFECTIVE". Strike: "DATE". Insert: "DATES".

2. Page 1, line 16. Following: "taxes.". Insert: "Severance taxes collected under this chapter must be allocated according to the provisions in effect on the date the tax is due under 15-35-104."

3. Page 2, line 14. Strike: "3.3%". Insert: "4%".

4. Page 4, line 15. Following: "1989". Strike: "1990". Insert: "1989".

5. Page 15, line 2. Following: "the". Strike: "The". Insert: "Beginning July 1, 1989, the"

6. Page 16, lines 13 through 16. Following: "Applicability." on line 13. Strike: subsection 1 in its entirety

7. Page 16, line 17. Following: line 16. Strike: "(2)"

Carried by Rep. Asay

SW

MKS

SB 228 Page 2 of 2

April 9 19 87

8. Page 16, lines 19 through 21. Following: "date." on line 19. Strike: remainder of line 19 through "LATER" on line 21. Insert: "(1) Sections 2, 8, 14, and this section are effective on passage and approval. (2) All other sections are effective July 1, 1987"

Amendments, SB 228 7099e/C:JEANNE\WP:jj

COMMITTEE OF THE WHOLE AMENDMENT

4-22-87
DATE
11:00
TIME

MR. CHAIRMAN: I MOVE TO AMEND SB 228

3rd reading copy (blue) as follows.
Color

Amending the Bardanouve Amendment on SB 228, dated 4-14-87 (15:00)

- 1) Strip the Bardanouve Amendment in its entirety
- 2) Page 2, line 16.
Strike: "20%" through "and" on line 18
- 3) Page 2, following line 21.
Insert: "(c) 20% to the state special revenue fund to the credit of the education trust fund account;"
Renumber subsequent subsections
- 4) Page 2, line 22.
Strike: "44.2%"
Insert: "24.2%"
- 5) Page 4, line 11.
Strike: "subsection"
Insert: "subsections"
- 6) Page 4, line 12.
Following: "(2)"
Insert: "and (3)"
- 7) Page 4, following line 14.
Insert: "(2) Beginning on July 1, 1987, the legislature shall appropriate 10% of the income and earnings from all funds to be deposited to the coal severance tax permanent fund each year. The funds appropriated to the coal severance tax permanent fund under this subsection may not be further appropriated except by vote of three-fourths of the members of each house of the legislature."
Renumber subsequent subsections
- 8) Page 16, line 18.
Strike: "1986"
Insert: "1987"

COMMITTEE OF THE WHOLE AMENDMENT

4-22-87
DATE
11:05
TIME

MR. CHAIRMAN: I MOVE TO AMEND SB 228

3rd reading copy (blue) as follows:
Color

- 1) Page 3, following line 24.
Insert: "(j) 2% to state special revenue for Montana Growth through Agriculture Act."

Renumber subsequent subsection

ADOPT
REJECT

4221100T.CW

Rep. Hannah

ADOPT

REJECT

4221105T.CW

Ed Winslow
Rep. Winslow

COMMITTEE OF THE WHOLE AMENDMENT

4-14-87
DATE
15:00
TIME

MR. CHAIRMAN: I MOVE TO AMEND SB 228

3rd reading copy (blue) as follows:
Color

- 1) Page 4, line 15.
Following: "(2)"
Insert: "Beginning on July 1, 1987, the legislature shall appropriate 2% of the income and earnings from all funds to be deposited to the coal severance tax permanent fund each year."

ADOPT
REJECT

4141500T.CW

Bardanoue
Rep. Bardanoue