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House BILL NO. 569

INTRODUCED BY

ORR

A BILL FOR AN ACT ENTITLED: "AN ACT REVISING THE ALLOCATION OF THE METAL MINES LICENSE TAX; ALLOCATING A PORTION OF THE TAX TO THE RENEWABLE RESOURCE GRANT AND LOAN PROGRAM ACCOUNT AND TO THE RECLAMATION AND DEVELOPMENT GRANTS PROGRAM ACCOUNT; ANNUALLY ALLOCATING \$240,000 FROM THE RENEWABLE RESOURCE GRANT AND LOAN PROGRAM ACCOUNT TO MONTANA STATE UNIVERSITY-NORTHERN; AMENDING SECTIONS 7-6-2225, 7-6-2226, 15-37-117, 15-38-202, 20-9-231, 85-1-604, AND 90-2-1104, MCA; AND PROVIDING AN EFFECTIVE DATE."

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

Section 1. Section 15-37-117, MCA, is amended to read:

"15-37-117. Disposition of metalliferous mines license taxes. (1) Metalliferous mines license taxes collected under the provisions of this part must, in accordance with the provisions of 15-1-501(6), be allocated as follows:

- (a) to the credit of the general fund of the state, 58% of total collections each year;
- (b) to the state special revenue fund to the credit of a hard-rock mining impact trust account, 1.5% of total collections each year;
- (c) to the state resource indemnity trust fund, ~~15.5%~~ 9.4% of total collections each year;
- (d) to the renewable resource grant and loan program state special revenue account, 1.5% of total collections each year;
- (e) to the reclamation and development grants program state special revenue account, 4.6% of total collections each year; and
- (f) to the county or counties identified as experiencing fiscal and economic impacts, resulting in increased employment or local government costs, under an impact plan for a large-scale mineral development prepared and approved pursuant to 90-6-307, in direct proportion to the fiscal and economic impacts determined in the plan or, if an impact plan has not been prepared, to the county in which the mine is located, 25% of total collections each year, to be allocated by the county commissioners as follows:

1 (i) not less than 40% to the county hard-rock mine trust reserve account established in 7-6-2225;
2 and

3 (ii) all money not allocated to the account pursuant to subsection ~~(1)(d)(i)~~ (1)(f)(i) to be further
4 allocated as follows:

5 (A) 33 1/3% is allocated to the county for planning or economic development activities;

6 (B) 33 1/3% is allocated to the elementary school districts within the county that have been
7 affected by the development or operation of the metal mine; and

8 (C) 33 1/3% is allocated to the high school districts within the county that have been affected by
9 the development or operation of the metal mine.

10 (2) When an impact plan for a large-scale mineral development approved pursuant to 90-6-307
11 identifies a jurisdictional revenue disparity, the county shall distribute the proceeds allocated under
12 subsection ~~(1)(d)~~ (1)(f) in a manner similar to that provided for property tax sharing under Title 90, chapter
13 6, part 4.

14 (3) The department shall return to the county in which metals are produced the tax collections
15 allocated under subsection ~~(1)(d)~~ (1)(f). The allocation to the county described by subsection ~~(1)(d)~~ (1)(f)
16 is a statutory appropriation pursuant to 17-7-502."
17

18 **Section 2.** Section 15-38-202, MCA, is amended to read:

19 **"15-38-202. (Temporary) Investment of resource indemnity trust fund -- expenditure -- minimum**
20 **balance.** (1) All money paid into the resource indemnity trust fund, including money payable into the fund
21 under the provisions of 15-37-117, must be invested at the discretion of the board of investments. All the
22 net earnings accruing to the resource indemnity trust fund must annually be added to the trust fund until
23 it has reached the sum of \$10 million. Thereafter, only the net earnings may be appropriated and expended
24 until the fund reaches \$100 million. Thereafter, all net earnings and all receipts must be appropriated by
25 the legislature and expended, provided that the balance in the fund may never be less than \$100 million.

26 (2) (a) At the beginning of each biennium, there is allocated from the interest income of the
27 resource indemnity trust fund:

28 (i) an amount not to exceed \$175,000 to the environmental contingency account pursuant to the
29 conditions of 75-1-1101;

30 (ii) an amount not to exceed \$50,000 to the oil and gas production damage mitigation account

1 pursuant to the conditions of 82-11-161;

2 (iii) beginning in fiscal year 1995, \$240,000, which is statutorily appropriated, as provided in
3 17-7-502, from the renewable resource grant and loan program state special revenue account to support
4 the operations of the environmental science-water quality instructional programs at northern Montana
5 college to be used for support costs, for matching funds necessary to attract additional funds to further
6 expand statewide impact, and for enhancement of the facilities related to the programs;

7 (iv) \$1,025,000 to be deposited into the renewable resource grant and loan program state special
8 revenue account, created by 85-1-604, for the purpose of making grants;

9 (v) \$2,200,000 to be deposited into the reclamation and development grants state special revenue
10 account, created by 90-2-1104, for the purpose of making grants; and

11 (vi) beginning in fiscal year 1994, \$250,000 to be deposited into the water storage state special
12 revenue account created by 85-1-631.

13 (b) The remainder of the interest income is allocated as follows:

14 (i) Thirty-eight percent of the interest income of the resource indemnity trust fund must be
15 allocated to the renewable resource grant and loan program state special revenue account created by
16 85-1-604.

17 (ii) Fifteen percent of the interest income of the resource indemnity trust fund must be allocated
18 to the hazardous waste/CERCLA special revenue account provided for in 75-10-621.

19 (iii) Forty-one and one-half percent of the interest income from the resource indemnity trust fund
20 must be allocated to the reclamation and development grants account provided for in 90-2-1104.

21 (iv) Five and one-half percent of the interest income of the resource indemnity trust fund must be
22 allocated to the environmental quality protection fund provided for in 75-10-704.

23 (3) Any formal budget document prepared by the legislature or the executive branch that proposes
24 to appropriate funds from the resource indemnity trust interest account other than as provided for by the
25 allocations in subsection (2) must specify the amount of money from each allocation that is proposed to
26 be diverted and the proposed use of the diverted funds. A formal budget document includes a printed and
27 publicly distributed budget proposal or recommendation, an introduced bill, or a bill developed during the
28 legislative appropriation process or otherwise during a legislative session.

29 **15-38-202. (Effective July 1, 1995) Investment of resource indemnity trust fund -- expenditure --**
30 **minimum balance.** (1) All money paid into the resource indemnity trust fund, including money payable into

1 the fund under the provisions of 15-37-117, must be invested at the discretion of the board of investments.
 2 All the net earnings accruing to the resource indemnity trust fund must annually be added to the trust fund
 3 until it has reached the sum of \$10 million. Thereafter, only the net earnings may be appropriated and
 4 expended until the fund reaches \$100 million. Thereafter, all net earnings and all receipts must be
 5 appropriated by the legislature and expended, provided that the balance in the fund may never be less than
 6 \$100 million.

7 (2) (a) At the beginning of each fiscal year, there is allocated from the interest income of the
 8 resource indemnity trust fund \$240,000, which is statutorily appropriated, as provided in 17-7-502, from
 9 the renewable resource grant and loan program state special revenue account to support the operations of
 10 the environmental science-water quality instructional programs at Montana state university-northern, to be
 11 used for support costs, for matching funds necessary to attract additional funds to further expand statewide
 12 impact, and for enhancement of the facilities related to the programs.

13 (b) At the beginning of each biennium, there is allocated from the interest income of the resource
 14 indemnity trust fund:

15 (i) an amount not to exceed \$175,000 to the environmental contingency account pursuant to the
 16 conditions of 75-1-1101;

17 (ii) an amount not to exceed \$50,000 to the oil and gas production damage mitigation account
 18 pursuant to the conditions of 82-11-161;

19 ~~(iii) beginning in fiscal year 1995, \$240,000, which is statutorily appropriated, as provided in~~
 20 ~~17-7-502, from the renewable resource grant and loan program state special revenue account to support~~
 21 ~~the operations of the environmental science water quality instructional programs at northern Montana~~
 22 ~~college to be used for support costs, for matching funds necessary to attract additional funds to further~~
 23 ~~expand statewide impact, and for enhancement of the facilities related to the programs;~~

24 ~~(iv)~~ beginning in fiscal year 1996, \$2 million to be deposited into the renewable resource grant and
 25 loan program state special revenue account, created by 85-1-604, for the purpose of making grants;

26 ~~(iv)~~(iv) beginning in fiscal year 1996, \$3 million to be deposited into the reclamation and
 27 development grants state special revenue account, created by 90-2-1104, for the purpose of making grants;

28 and

29 ~~(iv)~~(v) beginning in fiscal year 1996, \$500,000 to be deposited into the water storage state special
 30 revenue account created by 85-1-631.

1 ~~(b)~~(c) The remainder of the interest income is allocated as follows:

2 (i) Thirty-six percent of the interest income of the resource indemnity trust fund must be allocated
3 to the renewable resource grant and loan program state special revenue account created by 85-1-604.

4 (ii) Eighteen percent of the interest income of the resource indemnity trust fund must be allocated
5 to the hazardous waste/CERCLA special revenue account provided for in 75-10-621.

6 (iii) Forty percent of the interest income from the resource indemnity trust fund must be allocated
7 to the reclamation and development grants account provided for in 90-2-1104.

8 (iv) Six percent of the interest income of the resource indemnity trust fund must be allocated to
9 the environmental quality protection fund provided for in 75-10-704.

10 (3) Any formal budget document prepared by the legislature or the executive branch that proposes
11 to appropriate funds from the resource indemnity trust interest account other than as provided for by the
12 allocations in subsection (2) must specify the amount of money from each allocation that is proposed to
13 be diverted and the proposed use of the diverted funds. A formal budget document includes a printed and
14 publicly distributed budget proposal or recommendation, an introduced bill, or a bill developed during the
15 legislative appropriation process or otherwise during a legislative session."

16

17 **Section 3.** Section 85-1-604, MCA, is amended to read:

18 **"85-1-604. Renewable resource grant and loan program state special revenue account created --**
19 **revenues revenue allocated -- limitations on appropriations from account.** (1) There is created a renewable
20 resource grant and loan program state special revenue account within the state special revenue fund
21 established in 17-2-102.

22 (2) Except to the extent that they are required to be credited to the renewable resource loan debt
23 service fund pursuant to 85-1-603, there must be paid into the renewable resource grant and loan program
24 state special revenue account:

25 (a) all ~~revenues~~ revenue of the works and other money as provided in 85-1-332;

26 (b) ~~38%~~ of the interest income of the resource indemnity trust fund as provided in and subject to
27 the conditions of 15-38-202;

28 (c) the excess of the coal severance tax proceeds allocated by 85-1-603 to the renewable resource
29 loan debt service fund above debt service requirements as provided in and subject to the conditions of
30 85-1-619;

1 (d) any fees or charges collected by the department pursuant to 85-1-616 for the servicing of
2 loans, including arrangements for obtaining security interests; ~~and~~

3 (e) ~~20% of~~ the resource indemnity tax proceeds as provided in 15-38-106(2)(b); and

4 (f) the metal mines license tax proceeds as provided in 15-37-117(1)(d).

5 (3) Appropriations may be made from the renewable resource grant and loan program state special
6 revenue account for the following purposes and subject to the following conditions:

7 (a) The amount of resource indemnity trust fund interest earnings allocated under
8 ~~15-38-202(2)(b)(2)(b)(iii)~~ must be used for renewable resource grants.

9 (b) An amount less than or equal to that paid into the account under 85-1-332 and only that
10 amount may be appropriated for the operation and maintenance of state-owned projects and works. If the
11 amount of money available for appropriation under this subsection (b) is greater than that necessary for
12 operation and maintenance expenses, the excess may be appropriated as provided in subsection (3)(c).

13 (c) An amount less than or equal to that paid into the account from the resource indemnity trust
14 account plus any excess from subsection (3)(b) and only that amount may be appropriated from the
15 account for expenditures that meet the policies and objectives of the renewable resource grant and loan
16 program. If the amount of money available for appropriation under this subsection (c) is greater than that
17 necessary for operation and maintenance expenses, the excess may be appropriated as provided in
18 subsection (3)(d).

19 (d) An amount less than or equal to that paid into the account from the sources provided for in
20 subsections (2)(c) and (2)(d) and any excess from subsection (3)(c) and only that amount may be
21 appropriated from the account for loans and grants for renewable resource projects; for purchase of liens
22 and operation of property as provided in 85-1-615; for administrative expenses, including but not limited
23 to the salaries and expenses of personnel, equipment, and office space; for the servicing of loans, including
24 arrangements for obtaining security interests; and for other necessities incurred in administering the loans
25 and grants."

26
27 **Section 4.** Section 90-2-1104, MCA, is amended to read:

28 **"90-2-1104. Reclamation and development grants account.** (1) There is a reclamation and
29 development grants special revenue account within the state special revenue fund established in 17-2-102.

30 (2) There must be paid into the reclamation and development grants account money allocated from:

1 (a) the interest income of the resource indemnity trust fund under the provisions of 15-38-202; ~~and~~

2 (b) the resource indemnity trust tax under the provisions of 15-38-106; and

3 (c) the metal mines license tax proceeds as provided in 15-37-117(1)(e).

4 (3) Appropriations may be made from the reclamation and development grants account for the
5 following purposes:

6 (a) grants for designated projects; and

7 (b) administrative expenses, including the salaries and expenses of personnel, equipment, office
8 space, and other expenses necessarily incurred in the administration of the grants program. These expenses
9 may be funded prior to funding of projects."

10

11 **Section 5.** Section 7-6-2225, MCA, is amended to read:

12 **"7-6-2225. County hard-rock mine trust reserve account -- expenditure restrictions.** (1) The
13 governing body of a county receiving an allocation under 15-37-117~~(1)(d)~~(1)(f) shall establish a county
14 hard-rock mine trust reserve account.

15 (2) Money received by a county pursuant to 15-37-117 or 90-6-331 must remain in the account
16 and may not be appropriated by the governing body until:

17 (a) a mining operation has permanently ceased all mining related activity; or

18 (b) the number of persons employed full-time in mining activities by the mining operation is less
19 than one-half of the average number of persons employed full-time in mining activities by the mining
20 operation during the immediately preceding 5-year period.

21 (3) If the circumstances described in subsections (2)(a) or (2)(b) occur, the governing body of the
22 county must allocate at least one-third of the funds proportionally to affected high school districts and
23 elementary school districts in the county, and may use the remaining funds in the account to:

24 (a) pay for outstanding capital project bonds or other expenses incurred prior to the end of mining
25 activity or the reduction in the mining work force described in subsection (2)(b);

26 (b) decrease property tax mill levies that are directly caused by the cessation or reduction of mining
27 activity;

28 (c) promote diversification and development of the economic base within the jurisdiction of a local
29 government unit;

30 (d) attract new industry to the impact area;

1 (e) provide cash incentives for expanding the employment base of the area impacted by the
2 changes in mining activity described in subsection (2); or

3 (f) provide grants or loans to other local government jurisdictions to assist with impacts caused by
4 the changes in mining activity described in subsection (2).

5 (4) Except as provided in subsection (3)(b), money held in the account may not be considered as
6 cash balance for the purpose of reducing mill levies.

7 (5) Money in the reserve account must be invested as provided by law. Interest and income from
8 the investment of funds in the account must be credited to the account."

9
10 **Section 6.** Section 7-6-2226, MCA, is amended to read:

11 "**7-6-2226. Metal mines tax reserve account.** (1) The governing body of a county receiving tax
12 collections under 15-37-117(4)(d)(1)(f) may establish a metal mines tax reserve account to be used to hold
13 the collections. The governing body may hold money in the account for any time period ~~deemed~~ considered
14 appropriate by the governing body. Money held in the account may not be considered as cash balance for
15 the purpose of reducing mill levies.

16 (2) Money may be expended from the account for any purpose provided by law.

17 (3) Money in the account must be invested as provided by law. Interest and income from the
18 investment of the metal mines tax reserve account must be credited to the account."

19
20 **Section 7.** Section 20-9-231, MCA, is amended to read:

21 "**20-9-231. Metal mines tax reserve fund.** (1) The governing body of a local school district receiving
22 tax collections under 15-37-117(4)(d)(1)(f) may establish a metal mines tax reserve fund to be used to hold
23 the collections. The governing body may hold money in the fund for any time period considered appropriate
24 by the governing body. Money held in the fund may not be considered as fund balance for the purpose of
25 reducing mill levies.

26 (2) Money may be expended from the fund for any purpose provided by law.

27 (3) Money in the fund must be invested as provided by law. Interest and income from the
28 investment of the metal mines tax reserve fund must be credited to the fund.

29 (4) The fund must be financially administered as a nonbudgeted fund under the provisions of this
30 title."

STATE OF MONTANA - FISCAL NOTE

Fiscal Note for HB0569, as introduced

DESCRIPTION OF PROPOSED LEGISLATION: A bill to revise the allocation of the Metal Mines License Tax; allocate a portion of the tax to the Renewable Resource Grant and Loan Program Account and to the Reclamation and Development Grants Program Account; allocate \$240,000 annually from the Renewable Resource Grant and Loan Program Account to Montana State University-Northern beginning in fiscal year 1997.

ASSUMPTIONS:

1. Metal Mines License Tax collections are \$5,631,000 in FY96 and \$5,310,000 in FY97 (ROC).
2. Under current law, 15.5 percent of the metal mine tax is deposited into the Resource Indemnity Trust. House Bill No. 569 would reduce this allocation to 9.4 percent, allocate 1.5 percent to the Renewable Resource account (RRGL SRA), and allocate 4.6 percent to the Reclamation and Development account (RDG SRA).

FISCAL IMPACT:

	<u>FY96</u>	<u>FY97</u>
	<u>Difference</u>	<u>Difference</u>
<u>Expenditures:</u>		
MSU-Northern	0	\$240,000
 <u>Revenue:</u>		
<u>Metal Mines Tax</u>		
RIT Trust Fund	(\$349,120)	(\$329,212)
RRGL SRA (02272)	\$87,280	\$82,303
RDG SRA (02458)	<u>\$261,840</u>	<u>\$246,909</u>
Total	0	0
 <u>RIT Interest</u>		
RRGL SRA (02272)	(\$3,075)	(\$12,931)
RDG SRA (02458)	(\$3,416)	(\$14,368)
CERCLA SRA (02070)	(\$1,537)	(\$6,466)
EQP SRA (02162)	<u>(\$512)</u>	<u>(\$2,155)</u>
Total	(\$8,540)	(\$35,920)

TECHNICAL NOTE:

Senate Bill 46 amended 15-37-117 MCA during this session and has been passed by both houses and signed by the Governor. That bill changed the Metal Mines License Tax allocation to Resource Indemnity Trust and other accounts. The legislation proposed here amends the same section of code and has no coordination instructions with SB-46. Coordination instructions need to be added to HB-569 in order to clarify the interaction of these two bills.

Dave Lewis 2-23-95
 DAVE LEWIS, BUDGET DIRECTOR DATE
 Office of Budget and Program Planning

Scott Orr
 SCOTT ORR, PRIMARY SPONSOR DATE
 Fiscal Note for HB0569, as introduced

HB 569

1 HOUSE BILL NO. 569

2 INTRODUCED BY ORR

3
4 A BILL FOR AN ACT ENTITLED: "AN ACT REVISING THE ALLOCATION OF THE METAL MINES LICENSE
5 TAX; ALLOCATING A PORTION OF THE TAX TO THE RENEWABLE RESOURCE GRANT AND LOAN
6 PROGRAM ACCOUNT AND TO THE RECLAMATION AND DEVELOPMENT GRANTS PROGRAM ACCOUNT;
7 ANNUALLY ALLOCATING \$240,000 FROM THE RENEWABLE RESOURCE GRANT AND LOAN PROGRAM
8 ACCOUNT TO MONTANA STATE UNIVERSITY-NORTHERN; INSERTING LANGUAGE RELATING TO THE
9 GROUND WATER ASSESSMENT ACCOUNT TO CONFORM TO SENATE BILL NO. 48, WHICH WAS
10 ENACTED AS CHAPTER 31, LAWS OF 1995; AMENDING SECTIONS 7-6-2225, 7-6-2226, 15-37-117,
11 15-38-202, 20-9-231, 85-1-604, AND 90-2-1104, MCA; AND PROVIDING AN EFFECTIVE DATE."

12
13 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

14
15 **Section 1.** Section 15-37-117, MCA, is amended to read:
16 **"15-37-117. Disposition of metalliferous mines license taxes.** (1) Metalliferous mines license taxes
17 collected under the provisions of this part must, in accordance with the provisions of 15-1-501(6), be
18 allocated as follows:
19 (a) to the credit of the general fund of the state, 58% of total collections each year;
20 (b) to the state special revenue fund to the credit of a hard-rock mining impact trust account, 1.5%
21 of total collections each year;
22 (c) to the state resource indemnity trust fund, ~~15.5%~~ ~~9.4%~~ 7.2% of total collections each year;
23 (D) TO THE GROUND WATER ASSESSMENT ACCOUNT ESTABLISHED IN 85-2-905, 2.2% OF
24 TOTAL COLLECTIONS EACH YEAR;
25 ~~(d)~~(E) to the renewable resource grant and loan program state special revenue account, 1.5% of
26 total collections each year;
27 ~~(e)~~(F) to the reclamation and development grants program state special revenue account, 4.6% of
28 total collections each year; and
29 ~~(f)~~(G) to the county or counties identified as experiencing fiscal and economic impacts, resulting
30 in increased employment or local government costs, under an impact plan for a large-scale mineral

1 development prepared and approved pursuant to 90-6-307, in direct proportion to the fiscal and economic
 2 impacts determined in the plan or, if an impact plan has not been prepared, to the county in which the mine
 3 is located, 25% of total collections each year, to be allocated by the county commissioners as follows:

4 (i) not less than 40% to the county hard-rock mine trust reserve account established in 7-6-2225;
 5 and

6 (ii) all money not allocated to the account pursuant to subsection ~~(1)(d)(i)~~ ~~(1)(f)(i)~~ (1)(G)(i) to be
 7 further allocated as follows:

8 (A) 33 1/3% is allocated to the county for planning or economic development activities;

9 (B) 33 1/3% is allocated to the elementary school districts within the county that have been
 10 affected by the development or operation of the metal mine; and

11 (C) 33 1/3% is allocated to the high school districts within the county that have been affected by
 12 the development or operation of the metal mine.

13 (2) When an impact plan for a large-scale mineral development approved pursuant to 90-6-307
 14 identifies a jurisdictional revenue disparity, the county shall distribute the proceeds allocated under
 15 subsection ~~(1)(d)~~ ~~(1)(f)~~ (1)(G) in a manner similar to that provided for property tax sharing under Title 90,
 16 chapter 6, part 4.

17 (3) The department shall return to the county in which metals are produced the tax collections
 18 allocated under subsection ~~(1)(d)~~ ~~(1)(f)~~ (1)(G). The allocation to the county described by subsection ~~(1)(d)~~
 19 ~~(1)(f)~~ (1)(G) is a statutory appropriation pursuant to 17-7-502."

20
 21 **Section 2.** Section 15-38-202, MCA, is amended to read:

22 **"15-38-202. (Temporary) Investment of resource indemnity trust fund -- expenditure -- minimum**
 23 **balance.** (1) All money paid into the resource indemnity trust fund, including money payable into the fund
 24 under the provisions of 15-37-117, must be invested at the discretion of the board of investments. All the
 25 net earnings accruing to the resource indemnity trust fund must annually be added to the trust fund until
 26 it has reached the sum of \$10 million. Thereafter, only the net earnings may be appropriated and expended
 27 until the fund reaches \$100 million. Thereafter, all net earnings and all receipts must be appropriated by
 28 the legislature and expended, provided that the balance in the fund may never be less than \$100 million.

29 (2) (a) At the beginning of each biennium, there is allocated from the interest income of the
 30 resource indemnity trust fund:

- 1 (i) an amount not to exceed \$175,000 to the environmental contingency account pursuant to the
2 conditions of 75-1-1101;
- 3 (ii) an amount not to exceed \$50,000 to the oil and gas production damage mitigation account
4 pursuant to the conditions of 82-11-161;
- 5 (iii) beginning in fiscal year 1995, \$240,000, which is statutorily appropriated, as provided in
6 17-7-502, from the renewable resource grant and loan program state special revenue account to support
7 the operations of the environmental science-water quality instructional programs at northern Montana
8 college to be used for support costs, for matching funds necessary to attract additional funds to further
9 expand statewide impact, and for enhancement of the facilities related to the programs;
- 10 (iv) \$1,025,000 to be deposited into the renewable resource grant and loan program state special
11 revenue account, created by 85-1-604, for the purpose of making grants;
- 12 (v) \$2,200,000 to be deposited into the reclamation and development grants state special revenue
13 account, created by 90-2-1104, for the purpose of making grants; and
- 14 (vi) beginning in fiscal year 1994, \$250,000 to be deposited into the water storage state special
15 revenue account created by 85-1-631.
- 16 (b) The remainder of the interest income is allocated as follows:
- 17 (i) Thirty-eight percent of the interest income of the resource indemnity trust fund must be
18 allocated to the renewable resource grant and loan program state special revenue account created by
19 85-1-604.
- 20 (ii) Fifteen percent of the interest income of the resource indemnity trust fund must be allocated
21 to the hazardous waste/CERCLA special revenue account provided for in 75-10-621.
- 22 (iii) Forty-one and one-half percent of the interest income from the resource indemnity trust fund
23 must be allocated to the reclamation and development grants account provided for in 90-2-1104.
- 24 (iv) Five and one-half percent of the interest income of the resource indemnity trust fund must be
25 allocated to the environmental quality protection fund provided for in 75-10-704.
- 26 (3) Any formal budget document prepared by the legislature or the executive branch that proposes
27 to appropriate funds from the resource indemnity trust interest account other than as provided for by the
28 allocations in subsection (2) must specify the amount of money from each allocation that is proposed to
29 be diverted and the proposed use of the diverted funds. A formal budget document includes a printed and
30 publicly distributed budget proposal or recommendation, an introduced bill, or a bill developed during the

1 legislative appropriation process or otherwise during a legislative session.

2 **15-38-202. (Effective July 1, 1995) Investment of resource indemnity trust fund -- expenditure --**
3 **minimum balance.** (1) All money paid into the resource indemnity trust fund, including money payable into
4 the fund under the provisions of 15-37-117, must be invested at the discretion of the board of investments.
5 All the net earnings accruing to the resource indemnity trust fund must annually be added to the trust fund
6 until it has reached the sum of \$10 million. Thereafter, only the net earnings may be appropriated and
7 expended until the fund reaches \$100 million. Thereafter, all net earnings and all receipts must be
8 appropriated by the legislature and expended, provided that the balance in the fund may never be less than
9 \$100 million.

10 (2) (a) At the beginning of each fiscal year, there is allocated from the interest income of the
11 resource indemnity trust fund \$240,000, which is statutorily appropriated, as provided in 17-7-502, from
12 the renewable resource grant and loan program state special revenue account to support the operations of
13 the environmental science-water quality instructional programs at Montana state university-northern, to be
14 used for support costs, for matching funds necessary to attract additional funds to further expand statewide
15 impact, and for enhancement of the facilities related to the programs.

16 (b) At the beginning of each biennium, there is allocated from the interest income of the resource
17 indemnity trust fund:

18 (i) an amount not to exceed \$175,000 to the environmental contingency account pursuant to the
19 conditions of 75-1-1101;

20 (ii) an amount not to exceed \$50,000 to the oil and gas production damage mitigation account
21 pursuant to the conditions of 82-11-161;

22 ~~(iii) beginning in fiscal year 1995, \$240,000, which is statutorily appropriated, as provided in~~
23 ~~17-7-502, from the renewable resource grant and loan program state special revenue account to support~~
24 ~~the operations of the environmental science-water quality instructional programs at northern Montana~~
25 ~~college to be used for support costs, for matching funds necessary to attract additional funds to further~~
26 ~~expand statewide impact, and for enhancement of the facilities related to the programs;~~

27 ~~(iv)~~ beginning in fiscal year 1996, \$2 million to be deposited into the renewable resource grant and
28 loan program state special revenue account, created by 85-1-604, for the purpose of making grants;

29 ~~(iv)~~(iv) beginning in fiscal year 1996, \$3 million to be deposited into the reclamation and
30 development grants state special revenue account, created by 90-2-1104, for the purpose of making grants;

1 and

2 ~~(iv)~~(v) beginning in fiscal year 1996, \$500,000 to be deposited into the water storage state special
3 revenue account created by 85-1-631.

4 ~~(b)~~(c) The remainder of the interest income is allocated as follows:

5 (i) Thirty-six percent of the interest income of the resource indemnity trust fund must be allocated
6 to the renewable resource grant and loan program state special revenue account created by 85-1-604.

7 (ii) Eighteen percent of the interest income of the resource indemnity trust fund must be allocated
8 to the hazardous waste/CERCLA special revenue account provided for in 75-10-621.

9 (iii) Forty percent of the interest income from the resource indemnity trust fund must be allocated
10 to the reclamation and development grants account provided for in 90-2-1104.

11 (iv) Six percent of the interest income of the resource indemnity trust fund must be allocated to
12 the environmental quality protection fund provided for in 75-10-704.

13 (3) Any formal budget document prepared by the legislature or the executive branch that proposes
14 to appropriate funds from the resource indemnity trust interest account other than as provided for by the
15 allocations in subsection (2) must specify the amount of money from each allocation that is proposed to
16 be diverted and the proposed use of the diverted funds. A formal budget document includes a printed and
17 publicly distributed budget proposal or recommendation, an introduced bill, or a bill developed during the
18 legislative appropriation process or otherwise during a legislative session."

19

20 **Section 3.** Section 85-1-604, MCA, is amended to read:

21 **"85-1-604. Renewable resource grant and loan program state special revenue account created --**
22 **revenues revenue allocated -- limitations on appropriations from account.** (1) There is created a renewable
23 resource grant and loan program state special revenue account within the state special revenue fund
24 established in 17-2-102.

25 (2) Except to the extent that they are required to be credited to the renewable resource loan debt
26 service fund pursuant to 85-1-603, there must be paid into the renewable resource grant and loan program
27 state special revenue account:

28 (a) all ~~revenues~~ revenue of the works and other money as provided in 85-1-332;

29 (b) ~~38%~~ of the interest income of the resource indemnity trust fund as provided in and subject to
30 the conditions of 15-38-202;

1 (c) the excess of the coal severance tax proceeds allocated by 85-1-603 to the renewable resource
 2 loan debt service fund above debt service requirements as provided in and subject to the conditions of
 3 85-1-619;

4 (d) any fees or charges collected by the department pursuant to 85-1-616 for the servicing of
 5 loans, including arrangements for obtaining security interests; ~~and~~

6 (e) ~~20% of the resource indemnity tax proceeds~~ as provided in 15-38-106(2)(b); and

7 (f) the metal mines license tax proceeds as provided in 15-37-117(1)(d)(1)(E).

8 (3) Appropriations may be made from the renewable resource grant and loan program state special
 9 revenue account for the following purposes and subject to the following conditions:

10 (a) The amount of resource indemnity trust fund interest earnings allocated under
 11 ~~15-38-202(2)(b)(iii)~~ must be used for renewable resource grants.

12 (b) An amount less than or equal to that paid into the account under 85-1-332 and only that
 13 amount may be appropriated for the operation and maintenance of state-owned projects and works. If the
 14 amount of money available for appropriation under this subsection (b) is greater than that necessary for
 15 operation and maintenance expenses, the excess may be appropriated as provided in subsection (3)(c).

16 (c) An amount less than or equal to that paid into the account from the resource indemnity trust
 17 account plus any excess from subsection (3)(b) and only that amount may be appropriated from the
 18 account for expenditures that meet the policies and objectives of the renewable resource grant and loan
 19 program. If the amount of money available for appropriation under this subsection (c) is greater than that
 20 necessary for operation and maintenance expenses, the excess may be appropriated as provided in
 21 subsection (3)(d).

22 (d) An amount less than or equal to that paid into the account from the sources provided for in
 23 subsections (2)(c) and (2)(d) and any excess from subsection (3)(c) and only that amount may be
 24 appropriated from the account for loans and grants for renewable resource projects; for purchase of liens
 25 and operation of property as provided in 85-1-615; for administrative expenses, including but not limited
 26 to the salaries and expenses of personnel, equipment, and office space; for the servicing of loans, including
 27 arrangements for obtaining security interests; and for other necessities incurred in administering the loans
 28 and grants."

29
 30 **Section 4.** Section 90-2-1104, MCA, is amended to read:

1 **"90-2-1104. Reclamation and development grants account.** (1) There is a reclamation and
2 development grants special revenue account within the state special revenue fund established in 17-2-102.

3 (2) There must be paid into the reclamation and development grants account money allocated from:

4 (a) the interest income of the resource indemnity trust fund under the provisions of 15-38-202; ~~and~~

5 (b) the resource indemnity trust tax under the provisions of 15-38-106; and

6 (c) the metal mines license tax proceeds as provided in 15-37-117~~(1)(e)~~(1)(F).

7 (3) Appropriations may be made from the reclamation and development grants account for the
8 following purposes:

9 (a) grants for designated projects; and

10 (b) administrative expenses, including the salaries and expenses of personnel, equipment, office
11 space, and other expenses necessarily incurred in the administration of the grants program. These expenses
12 may be funded prior to funding of projects."

13
14 **Section 5.** Section 7-6-2225, MCA, is amended to read:

15 **"7-6-2225. County hard-rock mine trust reserve account -- expenditure restrictions.** (1) The
16 governing body of a county receiving an allocation under 15-37-117~~(1)(d)~~(1)(f)~~(1)(G)~~ shall establish a
17 county hard-rock mine trust reserve account.

18 (2) Money received by a county pursuant to 15-37-117 or 90-6-331 must remain in the account
19 and may not be appropriated by the governing body until:

20 (a) a mining operation has permanently ceased all mining related activity; or

21 (b) the number of persons employed full-time in mining activities by the mining operation is less
22 than one-half of the average number of persons employed full-time in mining activities by the mining
23 operation during the immediately preceding 5-year period.

24 (3) If the circumstances described in subsections (2)(a) or (2)(b) occur, the governing body of the
25 county must allocate at least one-third of the funds proportionally to affected high school districts and
26 elementary school districts in the county, and may use the remaining funds in the account to:

27 (a) pay for outstanding capital project bonds or other expenses incurred prior to the end of mining
28 activity or the reduction in the mining work force described in subsection (2)(b);

29 (b) decrease property tax mill levies that are directly caused by the cessation or reduction of mining
30 activity;

1 (c) promote diversification and development of the economic base within the jurisdiction of a local
2 government unit;

3 (d) attract new industry to the impact area;

4 (e) provide cash incentives for expanding the employment base of the area impacted by the
5 changes in mining activity described in subsection (2); or

6 (f) provide grants or loans to other local government jurisdictions to assist with impacts caused by
7 the changes in mining activity described in subsection (2).

8 (4) Except as provided in subsection (3)(b), money held in the account may not be considered as
9 cash balance for the purpose of reducing mill levies.

10 (5) Money in the reserve account must be invested as provided by law. Interest and income from
11 the investment of funds in the account must be credited to the account."

12

13 **Section 6.** Section 7-6-2226, MCA, is amended to read:

14 **"7-6-2226. Metal mines tax reserve account.** (1) The governing body of a county receiving tax
15 collections under 15-37-117(~~1)(d)(1)(f)(1)(G)~~) may establish a metal mines tax reserve account to be used
16 to hold the collections. The governing body may hold money in the account for any time period ~~deemed~~
17 considered appropriate by the governing body. Money held in the account may not be considered as cash
18 balance for the purpose of reducing mill levies.

19 (2) Money may be expended from the account for any purpose provided by law.

20 (3) Money in the account must be invested as provided by law. Interest and income from the
21 investment of the metal mines tax reserve account must be credited to the account."

22

23 **Section 7.** Section 20-9-231, MCA, is amended to read:

24 **"20-9-231. Metal mines tax reserve fund.** (1) The governing body of a local school district receiving
25 tax collections under 15-37-117(~~1)(d)(1)(f)(1)(G)~~) may establish a metal mines tax reserve fund to be used
26 to hold the collections. The governing body may hold money in the fund for any time period considered
27 appropriate by the governing body. Money held in the fund may not be considered as fund balance for the
28 purpose of reducing mill levies.

29 (2) Money may be expended from the fund for any purpose provided by law.

30 (3) Money in the fund must be invested as provided by law. Interest and income from the

1 investment of the metal mines tax reserve fund must be credited to the fund.

2 (4) The fund must be financially administered as a nonbudgeted fund under the provisions of this
3 title."

4

5 NEW SECTION. **Section 8. Effective date.** [This act] is effective July 1, 1995.

6

-END-

1 HOUSE BILL NO. 569

2 INTRODUCED BY ORR

3

4 A BILL FOR AN ACT ENTITLED: "AN ACT REVISING THE ALLOCATION OF THE METAL MINES LICENSE
5 TAX; ALLOCATING A PORTION OF THE TAX TO THE RENEWABLE RESOURCE GRANT AND LOAN
6 PROGRAM ACCOUNT AND TO THE RECLAMATION AND DEVELOPMENT GRANTS PROGRAM ACCOUNT;
7 ANNUALLY ALLOCATING \$240,000 FROM THE RENEWABLE RESOURCE GRANT AND LOAN PROGRAM
8 ACCOUNT TO MONTANA STATE UNIVERSITY-NORTHERN; INSERTING LANGUAGE RELATING TO THE
9 GROUND WATER ASSESSMENT ACCOUNT TO CONFORM TO SENATE BILL NO. 48, WHICH WAS
10 ENACTED AS CHAPTER 31, LAWS OF 1995; AMENDING SECTIONS 7-6-2225, 7-6-2226, 15-37-117,
11 15-38-202, 20-9-231, 85-1-604, AND 90-2-1104, MCA; AND PROVIDING AN EFFECTIVE DATE."

12

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

THERE ARE NO CHANGES IN THIS BILL AND IT WILL
NOT BE REPRINTED. PLEASE REFER TO SECOND
READING COPY (YELLOW) FOR COMPLETE TEXT.

SENATE STANDING COMMITTEE REPORT

Page 1 of 2
April 6, 1995

MR. PRESIDENT:

We, your committee on Taxation having had under consideration HB 569 (third reading copy -- blue), respectfully report that HB 569 be amended as follows and as so amended be concurred in.

Signed: *Gerry Devlin*
Senator Gerry Devlin, Chair

That such amendments read:

1. Title, line 9.

Strike: "48"

Insert: "46"

2. Page 1, line 22.

Strike: "7.2%"

Insert: "8.5%"

3. Page 1, lines 25 and 26.

Strike: subsection (e) in its entirety

Renumber: subsequent subsections

4. Page 1, line 27.

Strike: "4.6%"

Insert: "4.8%"

5. Page 2, line 6.

Strike: "(1) (G) (I)"

Insert: "(1) (f) (i)"

6. Page 2, lines 15, 18, and 19.

Strike: "(1) (G)"

Insert: "(1) (f)"

7. Page 6, line 5.

Following: "and"

Insert: "and"

8. Page 6, lines 6 and 7.

Following: "15-38-106(2)(b)"

Strike: remainder of line 6 through "15-37-117(1)(d)(1)(E)" on line 7

9. Page 7, line 6.

Strike: "(1) (F)"

Insert: "(1) (e)"

HB 569

[Signature]

Amd. Coord.
Sec. of Senate

Sen. Cole
Senator Carrying Bill

SENATE
791019SC.SPV

10. Page 7, line 16.

Strike: "(1)(G)"

Insert: "(1)(f)"

11. Page 8, lines 15 and 25.

Strike: "(1)(G)"

Insert: "(1)(f)"

12. Page 9.

Following: line 3

Insert: "NEW SECTION. Section 8. Coordination instruction. If
Senate Bill No. 46 and [this act] are both passed and
approved, then the amendment to 15-37-117(1)(c) contained in
Senate Bill No. 46, relating to the percentage allocation to
the resource indemnity trust fund, is void."

Renumber: subsequent section

-END-

HOUSE BILL NO. 569
INTRODUCED BY ORR

1
2
3
4 A BILL FOR AN ACT ENTITLED: "AN ACT REVISING THE ALLOCATION OF THE METAL MINES LICENSE
5 TAX; ALLOCATING A PORTION OF THE TAX TO THE RENEWABLE RESOURCE GRANT AND LOAN
6 PROGRAM ACCOUNT AND TO THE RECLAMATION AND DEVELOPMENT GRANTS PROGRAM ACCOUNT;
7 ANNUALLY ALLOCATING \$240,000 FROM THE RENEWABLE RESOURCE GRANT AND LOAN PROGRAM
8 ACCOUNT TO MONTANA STATE UNIVERSITY-NORTHERN; INSERTING LANGUAGE RELATING TO THE
9 GROUND WATER ASSESSMENT ACCOUNT TO CONFORM TO SENATE BILL NO. 48 46, WHICH WAS
10 ENACTED AS CHAPTER 31, LAWS OF 1995; AMENDING SECTIONS 7-6-2225, 7-6-2226, 15-37-117,
11 15-38-202, 20-9-231, 85-1-604, AND 90-2-1104, MCA; AND PROVIDING AN EFFECTIVE DATE."

12
13 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

14
15 Section 1. Section 15-37-117, MCA, is amended to read:

16 "15-37-117. **Disposition of metalliferous mines license taxes.** (1) Metalliferous mines license taxes
17 collected under the provisions of this part must, in accordance with the provisions of 15-1-501(6), be
18 allocated as follows:

- 19 (a) to the credit of the general fund of the state, 58% of total collections each year;
- 20 (b) to the state special revenue fund to the credit of a hard-rock mining impact trust account, 1.5%
21 of total collections each year;
- 22 (c) to the state resource indemnity trust fund, ~~15.5%~~ 9.4% ~~7.2%~~ 8.5% of total collections each
23 year;

24 (D) TO THE GROUND WATER ASSESSMENT ACCOUNT ESTABLISHED IN 85-2-905, 2.2% OF
25 TOTAL COLLECTIONS EACH YEAR;

26 ~~(d)(E) to the renewable resource grant and loan program state special revenue account, 1.5% of~~
27 ~~total collections each year;~~

28 ~~(e)(F)(E) to the reclamation and development grants program state special revenue account, 4.6%~~
29 ~~4.8% of total collections each year; and~~

30 ~~(f)(G)(F) to the county or counties identified as experiencing fiscal and economic impacts, resulting~~

1 in increased employment or local government costs, under an impact plan for a large-scale mineral
 2 development prepared and approved pursuant to 90-6-307, in direct proportion to the fiscal and economic
 3 impacts determined in the plan or, if an impact plan has not been prepared, to the county in which the mine
 4 is located, 25% of total collections each year, to be allocated by the county commissioners as follows:

5 (i) not less than 40% to the county hard-rock mine trust reserve account established in 7-6-2225;

6 and

7 (ii) all money not allocated to the account pursuant to subsection ~~(1)(d)(ii)~~ ~~(1)(f)(ii)~~ ~~(1)(G)(ii)~~ (1)(F)(ii)

8 to be further allocated as follows:

9 (A) 33 1/3% is allocated to the county for planning or economic development activities;

10 (B) 33 1/3% is allocated to the elementary school districts within the county that have been
 11 affected by the development or operation of the metal mine; and

12 (C) 33 1/3% is allocated to the high school districts within the county that have been affected by
 13 the development or operation of the metal mine.

14 (2) When an impact plan for a large-scale mineral development approved pursuant to 90-6-307
 15 identifies a jurisdictional revenue disparity, the county shall distribute the proceeds allocated under
 16 subsection ~~(1)(d)~~ ~~(1)(f)~~ ~~(1)(G)~~ (1)(F) in a manner similar to that provided for property tax sharing under Title
 17 90, chapter 6, part 4.

18 (3) The department shall return to the county in which metals are produced the tax collections
 19 allocated under subsection ~~(1)(d)~~ ~~(1)(f)~~ ~~(1)(G)~~ (1)(F). The allocation to the county described by subsection
 20 ~~(1)(d)~~ ~~(1)(f)~~ ~~(1)(G)~~ (1)(F) is a statutory appropriation pursuant to 17-7-502."

21
 22 **Section 2.** Section 15-38-202, MCA, is amended to read:

23 **"15-38-202. (Temporary) Investment of resource indemnity trust fund -- expenditure -- minimum**
 24 **balance.** (1) All money paid into the resource indemnity trust fund, including money payable into the fund
 25 under the provisions of 15-37-117, must be invested at the discretion of the board of investments. All the
 26 net earnings accruing to the resource indemnity trust fund must annually be added to the trust fund until
 27 it has reached the sum of \$10 million. Thereafter, only the net earnings may be appropriated and expended
 28 until the fund reaches \$100 million. Thereafter, all net earnings and all receipts must be appropriated by
 29 the legislature and expended, provided that the balance in the fund may never be less than \$100 million.

30 (2) (a) At the beginning of each biennium, there is allocated from the interest income of the

1 resource indemnity trust fund:

2 (i) an amount not to exceed \$175,000 to the environmental contingency account pursuant to the
3 conditions of 75-1-1101;

4 (ii) an amount not to exceed \$50,000 to the oil and gas production damage mitigation account
5 pursuant to the conditions of 82-11-161;

6 (iii) beginning in fiscal year 1995, \$240,000, which is statutorily appropriated, as provided in
7 17-7-502, from the renewable resource grant and loan program state special revenue account to support
8 the operations of the environmental science-water quality instructional programs at northern Montana
9 college to be used for support costs, for matching funds necessary to attract additional funds to further
10 expand statewide impact, and for enhancement of the facilities related to the programs;

11 (iv) \$1,025,000 to be deposited into the renewable resource grant and loan program state special
12 revenue account, created by 85-1-604, for the purpose of making grants;

13 (v) \$2,200,000 to be deposited into the reclamation and development grants state special revenue
14 account, created by 90-2-1104, for the purpose of making grants; and

15 (vi) beginning in fiscal year 1994, \$250,000 to be deposited into the water storage state special
16 revenue account created by 85-1-631.

17 (b) The remainder of the interest income is allocated as follows:

18 (i) Thirty-eight percent of the interest income of the resource indemnity trust fund must be
19 allocated to the renewable resource grant and loan program state special revenue account created by
20 85-1-604.

21 (ii) Fifteen percent of the interest income of the resource indemnity trust fund must be allocated
22 to the hazardous waste/CERCLA special revenue account provided for in 75-10-621.

23 (iii) Forty-one and one-half percent of the interest income from the resource indemnity trust fund
24 must be allocated to the reclamation and development grants account provided for in 90-2-1104.

25 (iv) Five and one-half percent of the interest income of the resource indemnity trust fund must be
26 allocated to the environmental quality protection fund provided for in 75-10-704.

27 (3) Any formal budget document prepared by the legislature or the executive branch that proposes
28 to appropriate funds from the resource indemnity trust interest account other than as provided for by the
29 allocations in subsection (2) must specify the amount of money from each allocation that is proposed to
30 be diverted and the proposed use of the diverted funds. A formal budget document includes a printed and

1 publicly distributed budget proposal or recommendation, an introduced bill, or a bill developed during the
2 legislative appropriation process or otherwise during a legislative session.

3 **15-38-202. (Effective July 1, 1995) Investment of resource indemnity trust fund -- expenditure --**
4 **minimum balance.** (1) All money paid into the resource indemnity trust fund, including money payable into
5 the fund under the provisions of 15-37-117, must be invested at the discretion of the board of investments.
6 All the net earnings accruing to the resource indemnity trust fund must annually be added to the trust fund
7 until it has reached the sum of \$10 million. Thereafter, only the net earnings may be appropriated and
8 expended until the fund reaches \$100 million. Thereafter, all net earnings and all receipts must be
9 appropriated by the legislature and expended, provided that the balance in the fund may never be less than
10 \$100 million.

11 (2) (a) At the beginning of each fiscal year, there is allocated from the interest income of the
12 resource indemnity trust fund \$240,000, which is statutorily appropriated, as provided in 17-7-502, from
13 the renewable resource grant and loan program state special revenue account to support the operations of
14 the environmental science-water quality instructional programs at Montana state university-northern, to be
15 used for support costs, for matching funds necessary to attract additional funds to further expand statewide
16 impact, and for enhancement of the facilities related to the programs.

17 (b) At the beginning of each biennium, there is allocated from the interest income of the resource
18 indemnity trust fund:

19 (i) an amount not to exceed \$175,000 to the environmental contingency account pursuant to the
20 conditions of 75-1-1101;

21 (ii) an amount not to exceed \$50,000 to the oil and gas production damage mitigation account
22 pursuant to the conditions of 82-11-161;

23 ~~(iii) beginning in fiscal year 1995, \$240,000, which is statutorily appropriated, as provided in~~
24 ~~17-7-502, from the renewable resource grant and loan program state special revenue account to support~~
25 ~~the operations of the environmental science-water quality instructional programs at northern Montana~~
26 ~~college to be used for support costs, for matching funds necessary to attract additional funds to further~~
27 ~~expand statewide impact, and for enhancement of the facilities related to the programs;~~

28 ~~(iv)~~ beginning in fiscal year 1996, \$2 million to be deposited into the renewable resource grant and
29 loan program state special revenue account, created by 85-1-604, for the purpose of making grants;

30 ~~(iv)~~ beginning in fiscal year 1996, \$3 million to be deposited into the reclamation and

1 development grants state special revenue account, created by 90-2-1104, for the purpose of making grants;
2 and

3 ~~(v)~~(v) beginning in fiscal year 1996, \$500,000 to be deposited into the water storage state special
4 revenue account created by 85-1-631.

5 ~~(b)~~(c) The remainder of the interest income is allocated as follows:

6 (i) Thirty-six percent of the interest income of the resource indemnity trust fund must be allocated
7 to the renewable resource grant and loan program state special revenue account created by 85-1-604.

8 (ii) Eighteen percent of the interest income of the resource indemnity trust fund must be allocated
9 to the hazardous waste/CERCLA special revenue account provided for in 75-10-621.

10 (iii) Forty percent of the interest income from the resource indemnity trust fund must be allocated
11 to the reclamation and development grants account provided for in 90-2-1104.

12 (iv) Six percent of the interest income of the resource indemnity trust fund must be allocated to
13 the environmental quality protection fund provided for in 75-10-704.

14 (3) Any formal budget document prepared by the legislature or the executive branch that proposes
15 to appropriate funds from the resource indemnity trust interest account other than as provided for by the
16 allocations in subsection (2) must specify the amount of money from each allocation that is proposed to
17 be diverted and the proposed use of the diverted funds. A formal budget document includes a printed and
18 publicly distributed budget proposal or recommendation, an introduced bill, or a bill developed during the
19 legislative appropriation process or otherwise during a legislative session."
20

21 **Section 3.** Section 85-1-604, MCA, is amended to read:

22 **"85-1-604. Renewable resource grant and loan program state special revenue account created --**
23 **revenues revenue allocated -- limitations on appropriations from account.** (1) There is created a renewable
24 resource grant and loan program state special revenue account within the state special revenue fund
25 established in 17-2-102.

26 (2) Except to the extent that they are required to be credited to the renewable resource loan debt
27 service fund pursuant to 85-1-603, there must be paid into the renewable resource grant and loan program
28 state special revenue account:

29 (a) all ~~revenues~~ revenue of the works and other money as provided in 85-1-332;

30 (b) ~~38%~~ of the interest income of the resource indemnity trust fund as provided in and subject to

1 the conditions of 15-38-202;

2 (c) the excess of the coal severance tax proceeds allocated by 85-1-603 to the renewable resource
3 loan debt service fund above debt service requirements as provided in and subject to the conditions of
4 85-1-619;

5 (d) any fees or charges collected by the department pursuant to 85-1-616 for the servicing of
6 loans, including arrangements for obtaining security interests; ~~and~~ AND

7 (e) ~~20% of the resource indemnity tax proceeds as provided in 15-38-106(2)(b); and~~

8 ~~(f) the metal mines license tax proceeds as provided in 15-37-117(1)(d)(1)(E).~~

9 (3) Appropriations may be made from the renewable resource grant and loan program state special
10 revenue account for the following purposes and subject to the following conditions:

11 (a) The amount of resource indemnity trust fund interest earnings allocated under
12 15-38-202(2)(b)(i)(ii) ~~(2)(b)(iii)~~ must be used for renewable resource grants.

13 (b) An amount less than or equal to that paid into the account under 85-1-332 and only that
14 amount may be appropriated for the operation and maintenance of state-owned projects and works. If the
15 amount of money available for appropriation under this subsection (b) is greater than that necessary for
16 operation and maintenance expenses, the excess may be appropriated as provided in subsection (3)(c).

17 (c) An amount less than or equal to that paid into the account from the resource indemnity trust
18 account plus any excess from subsection (3)(b) and only that amount may be appropriated from the
19 account for expenditures that meet the policies and objectives of the renewable resource grant and loan
20 program. If the amount of money available for appropriation under this subsection (c) is greater than that
21 necessary for operation and maintenance expenses, the excess may be appropriated as provided in
22 subsection (3)(d).

23 (d) An amount less than or equal to that paid into the account from the sources provided for in
24 subsections (2)(c) and (2)(d) and any excess from subsection (3)(c) and only that amount may be
25 appropriated from the account for loans and grants for renewable resource projects; for purchase of liens
26 and operation of property as provided in 85-1-615; for administrative expenses, including but not limited
27 to the salaries and expenses of personnel, equipment, and office space; for the servicing of loans, including
28 arrangements for obtaining security interests; and for other necessities incurred in administering the loans
29 and grants."

30

1 **Section 4.** Section 90-2-1104, MCA, is amended to read:

2 **"90-2-1104. Reclamation and development grants account.** (1) There is a reclamation and
3 development grants special revenue account within the state special revenue fund established in 17-2-102.

4 (2) There must be paid into the reclamation and development grants account money allocated from:

5 (a) the interest income of the resource indemnity trust fund under the provisions of 15-38-202; ~~and~~

6 (b) the resource indemnity trust tax under the provisions of 15-38-106; and

7 (c) the metal mines license tax proceeds as provided in 15-37-117(1)(e)(1)(F)(1)(E).

8 (3) Appropriations may be made from the reclamation and development grants account for the
9 following purposes:

10 (a) grants for designated projects; and

11 (b) administrative expenses, including the salaries and expenses of personnel, equipment, office
12 space, and other expenses necessarily incurred in the administration of the grants program. These expenses
13 may be funded prior to funding of projects."

14

15 **Section 5.** Section 7-6-2225, MCA, is amended to read:

16 **"7-6-2225. County hard-rock mine trust reserve account -- expenditure restrictions.** (1) The
17 governing body of a county receiving an allocation under 15-37-117(1)(d)(1)(f)(1)(G)(1)(F) shall establish
18 a county hard-rock mine trust reserve account.

19 (2) Money received by a county pursuant to 15-37-117 or 90-6-331 must remain in the account
20 and may not be appropriated by the governing body until:

21 (a) a mining operation has permanently ceased all mining related activity; or

22 (b) the number of persons employed full-time in mining activities by the mining operation is less
23 than one-half of the average number of persons employed full-time in mining activities by the mining
24 operation during the immediately preceding 5-year period.

25 (3) If the circumstances described in subsections (2)(a) or (2)(b) occur, the governing body of the
26 county must allocate at least one-third of the funds proportionally to affected high school districts and
27 elementary school districts in the county, and may use the remaining funds in the account to:

28 (a) pay for outstanding capital project bonds or other expenses incurred prior to the end of mining
29 activity or the reduction in the mining work force described in subsection (2)(b);

30 (b) decrease property tax mill levies that are directly caused by the cessation or reduction of mining

1 activity;

2 (c) promote diversification and development of the economic base within the jurisdiction of a local
3 government unit;

4 (d) attract new industry to the impact area;

5 (e) provide cash incentives for expanding the employment base of the area impacted by the
6 changes in mining activity described in subsection (2); or

7 (f) provide grants or loans to other local government jurisdictions to assist with impacts caused by
8 the changes in mining activity described in subsection (2).

9 (4) Except as provided in subsection (3)(b), money held in the account may not be considered as
10 cash balance for the purpose of reducing mill levies.

11 (5) Money in the reserve account must be invested as provided by law. Interest and income from
12 the investment of funds in the account must be credited to the account."

13

14 **Section 6.** Section 7-6-2226, MCA, is amended to read:

15 **"7-6-2226. Metal mines tax reserve account.** (1) The governing body of a county receiving tax
16 collections under 15-37-117~~(1)(d)(1)(f)(1)(G)(1)(F)~~ may establish a metal mines tax reserve account to be
17 used to hold the collections. The governing body may hold money in the account for any time period
18 ~~deemed~~ considered appropriate by the governing body. Money held in the account may not be considered
19 as cash balance for the purpose of reducing mill levies.

20 (2) Money may be expended from the account for any purpose provided by law.

21 (3) Money in the account must be invested as provided by law. Interest and income from the
22 investment of the metal mines tax reserve account must be credited to the account."

23

24 **Section 7.** Section 20-9-231, MCA, is amended to read:

25 **"20-9-231. Metal mines tax reserve fund.** (1) The governing body of a local school district receiving
26 tax collections under 15-37-117~~(1)(d)(1)(f)(1)(G)(1)(F)~~ may establish a metal mines tax reserve fund to be
27 used to hold the collections. The governing body may hold money in the fund for any time period
28 considered appropriate by the governing body. Money held in the fund may not be considered as fund
29 balance for the purpose of reducing mill levies.

30 (2) Money may be expended from the fund for any purpose provided by law.

1 (3) Money in the fund must be invested as provided by law. Interest and income from the
2 investment of the metal mines tax reserve fund must be credited to the fund.

3 (4) The fund must be financially administered as a nonbudgeted fund under the provisions of this
4 title."

5

6 NEW SECTION. SECTION 8. COORDINATION INSTRUCTION. IF SENATE BILL NO. 46 AND [THIS
7 ACT] ARE BOTH PASSED AND APPROVED, THEN THE AMENDMENT TO 15-37-117(1)(C) CONTAINED
8 IN SENATE BILL NO. 46, RELATING TO THE PERCENTAGE ALLOCATION TO THE RESOURCE INDEMNITY
9 TRUST FUND, IS VOID.

10

11 NEW SECTION. Section 9. Effective date. [This act] is effective July 1, 1995.

12

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