

SENATE BILL NO. 152

INTRODUCED BY

*Heating*

A BILL FOR AN ACT ENTITLED: "AN ACT REPEALING THE RESOURCE INDEMNITY TRUST TAX WHEN THE RESOURCE INDEMNITY TRUST FUND REACHES \$100 MILLION; REALLOCATING METALLIFEROUS MINES LICENSE TAXES; AMENDING SECTIONS 15-37-117, 15-38-103, 15-38-202, 82-11-162, 85-1-604, 85-2-905, AND 90-2-1104, MCA; REPEALING SECTIONS 15-38-104, 15-38-105, 15-38-106, 15-38-107, 15-38-108, 15-38-110, 15-38-111, 15-38-112, 15-38-113, 15-38-121, 15-38-125, 15-38-126, 15-38-127, 15-38-128, AND 15-38-136, MCA; AND PROVIDING EFFECTIVE DATES AND AN APPLICABILITY PROVISION."

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) 15.5% of total collections each year to the:

(i) state resource indemnity trust fund, ~~15.5% of total collections each year~~ on or before the date on which the resource indemnity trust fund reaches \$100 million, as certified by the governor through executive order; or

(ii) general fund after the date of the executive order referred to in subsection (1)(c)(i);

(d) 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) to be further allocated  
4 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) in a manner similar to that provided for property tax sharing under Title 90, chapter 6,  
13 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). The allocation to the county described by subsection (1)(d) is a statutory  
16 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 on or before the date on which the fund  
21 reaches \$100 million, as certified by the governor through executive order, including money payable into  
22 the fund under the provisions of 15-37-117, must be invested at the discretion of the board of investments.  
23 All the net earnings accruing to the resource indemnity trust fund must annually be added to the trust fund  
24 until it has reached the sum of \$10 million. Thereafter, only the net earnings may be appropriated and  
25 expended until the fund reaches \$100 million, as certified by the governor through executive order.  
26 Thereafter, all ~~net earnings and all receipts~~ interest income must be appropriated by the legislature and  
27 expended, provided that the balance in the fund may never be less than \$100 million.

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

30 (i) an amount not to exceed \$175,000 to the environmental contingency account pursuant to the

1 conditions of 75-1-1101;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

30           (ii) Eighteen percent of the interest income of the resource indemnity trust fund must be allocated

1 to the hazardous waste/CERCLA special revenue account provided for in 75-10-621.

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

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

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

12

13 **Section 3.** Section 82-11-162, MCA, is amended to read:

14 **"82-11-162. Release of producing oil or gas well from drilling bond -- fee.** Upon receipt of  
15 notification by the owner on a form prescribed by the board, payment by the owner of \$125, and proof  
16 from the owner that a well completed after June 30, 1989, is producing oil or gas in commercial quantities  
17 and is subject to the tax under ~~15-38-104~~, the board shall release and absolve the owner of the well from  
18 the bond required under 82-11-123."

19

20 **Section 4.** 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; and

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.~~

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

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

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

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

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

28  
 29 **Section 5.** Section 85-2-905, MCA, is amended to read:

30 **"85-2-905. Ground water assessment account.** (1) There is a ground water assessment account

1 within the state special revenue fund established in 17-2-102. The Montana bureau of mines and geology  
2 is authorized to expend amounts from the account necessary to carry out the purposes of this part.

3 (2) The account may be used by the Montana bureau of mines and geology only to carry out the  
4 provisions of this part.

5 (3) Subject to the direction of the ground water assessment steering committee, the Montana  
6 bureau of mines and geology shall investigate opportunities for the participation and financial contribution  
7 of agencies of federal and local governments to accomplish the purposes of this part.

8 (4) There must be deposited in the account:

9 ~~(a) on July 1, 1993, and at the beginning of each succeeding fiscal year, 14.1% of the proceeds~~  
10 ~~from the resource indemnity and ground water assessment tax as authorized by 15-38-106, unless at the~~  
11 ~~beginning of the fiscal year the unobligated cash balance in the ground water assessment account:~~

12 ~~(i) equals or exceeds \$666,000, in which case no allocation will be made and the funds must be~~  
13 ~~deposited in the resource indemnity trust fund established by 15-38-201; or~~

14 ~~(ii) is less than \$666,000, in which case an amount equal to the difference between the unobligated~~  
15 ~~cash balance and \$666,000 must be allocated to the ground water assessment account and any remaining~~  
16 ~~amount must be deposited in the resource indemnity trust fund established by 15-38-201;~~

17 ~~(b)~~(a) funds provided by federal or state government agencies and by local governments to carry  
18 out the purposes of this part; and

19 ~~(c)~~(b) funds provided by any other public or private sector organization or person in the form of  
20 gifts, grants, or contracts specifically designated to carry out the purposes of this part."

21  
22 **Section 6.** Section 90-2-1104, MCA, is amended to read:

23 **"90-2-1104. Reclamation and development grants account.** (1) There is a reclamation and  
24 development grants special revenue account within the state special revenue fund established in 17-2-102.

25 (2) There must be paid into the reclamation and development grants account money allocated from:  
26 ~~(a) the interest income of the resource indemnity trust fund under the provisions of 15-38-202; and~~  
27 ~~(b) the resource indemnity trust tax under the provisions of 15-38-106.~~

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

30 (a) grants for designated projects; and

1 (b) administrative expenses, including the salaries and expenses of personnel, equipment, office  
2 space, and other expenses necessarily incurred in the administration of the grants program. These  
3 expenses may be funded prior to funding of projects."  
4

5 **Section 7.** Section 15-38-103, MCA, is amended to read:

6 **"15-38-103. Definitions Definition.** As used in this chapter, the following definitions apply:

7 ~~(1) "Department" means department of revenue.~~

8 ~~(2) "Gross value of product" means, except as provided in 15-38-125 through 15-38-128, the~~  
9 ~~market value of any merchantable mineral extracted or produced during the taxable year.~~

10 ~~(3) "Mineral" means any precious stones or gems, gold, silver, copper, coal, lead, petroleum,~~  
11 ~~natural gas, oil, uranium, or other nonrenewable merchantable products extracted from the surface or~~  
12 ~~subsurface of the state of Montana.~~

13 ~~(4) "Total "total environment" means air, water, soil, flora, and fauna and the social, economic,~~  
14 ~~and cultural conditions that influence communities and individual citizens."~~  
15

16 **NEW SECTION. Section 8. Repealer.** Sections 15-38-104, 15-38-105, 15-38-106, 15-38-107,  
17 15-38-108, 15-38-110, 15-38-111, 15-38-112, 15-38-113, 15-38-121, 15-38-125, 15-38-126,  
18 15-38-127, 15-38-128, and 15-38-136, MCA, are repealed.

19  
20 **NEW SECTION. Section 9. Applicability.** Taxes owed for the previous year's production must be  
21 paid pursuant to 15-38-106, as it read on July 1, 1995.  
22

23 **NEW SECTION. Section 10. Effective dates.** (1) [Sections 1 and 2 and this section] are effective  
24 on passage and approval.

25 (2) [Sections 3 through 9] are effective on the date that the governor by executive order certifies  
26 to the secretary of state that the resource indemnity trust fund has reached \$100 million. The secretary  
27 of state shall notify the department of revenue and the legislative council of the certification.

28 -END-



STATE OF MONTANA - FISCAL NOTE

Fiscal Note for SB0152, as introduced

DESCRIPTION OF PROPOSED LEGISLATION:

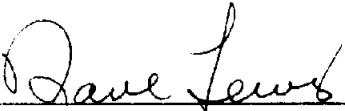
This bill repeals the Resource Indemnity Ground Water Assessment Tax (RIGWAT), when the Resource Indemnity Trust Fund reaches \$100 million, and reallocates the Metalliferous Mines License Taxes.

ASSUMPTIONS:

1. The Resource Indemnity Trust Fund will reach \$100 million after the FY99 payment.
2. RIGWAT proceeds will be appropriated after the trust balance is \$100 million.
3. Interest earnings from the trust will level off as the trust is maintained at the \$100 million level.
4. The estimated FY2000 non-metal Resource Indemnity Trust Tax collections are \$3,016,000 (MDOR).
5. The Hazardous Waste/CERCLA account and the Environmental Quality Protection Fund (EQPF) will continue to be funded from Resource Indemnity Trust Fund interest. The Hazardous Waste/CERCLA account will continue to provide the state match for EPA program grants. EQPF funds will continue to be used for environmental remediation activities.

FISCAL IMPACT: Under current statute, three state special revenue accounts receive a portion of the RIGWAT proceeds. If the tax is repealed when the \$100 million balance is achieved, programs that are funded from these proceeds will have to be cut or other revenues allocated. This includes the entire funding for the Ground Water Assessment Program. The RIGWAT proceeds represent approximately 17% of the revenue deposited into the renewable resource and reclamation development state special revenue accounts for the 1997 biennium. Agencies that receive funding from these accounts include the Department of Natural Resources and Conservation, Department of State Lands, Reserved Water Rights Compact Commission, Flathead Basin Commission, Water Court, Environmental Quality Council, Montana State Library Natural Resource Information System, and Montana State University-Northern.

LONG-RANGE EFFECTS OF PROPOSED LEGISLATION: The proposed legislation will repeal the Resource Indemnity and Groundwater Assessment Tax effective FY2000. This will result in approximately \$3,016,000 annual loss in total revenue.

 1-20-95  
DAVE LEWIS, BUDGET DIRECTOR      DATE  
Office of Budget and Program Planning

 1-21-95  
THOMAS KEATING, PRIMARY SPONSOR      DATE

Fiscal Note for SB0152, as introduced

**SB 152**

## 1 SENATE BILL NO. 152

2 INTRODUCED BY KEATING

3  
4 A BILL FOR AN ACT ENTITLED: "AN ACT REPEALING THE RESOURCE INDEMNITY TRUST TAX WHEN  
5 THE RESOURCE INDEMNITY TRUST FUND REACHES \$100 MILLION; REALLOCATING METALLIFEROUS  
6 MINES LICENSE TAXES; AMENDING SECTIONS 15-37-117, 15-38-103, 15-38-202, 82-11-162, 85-1-604,  
7 85-2-905, AND 90-2-1104, MCA; REPEALING SECTIONS 15-38-104, 15-38-105, 15-38-106, 15-38-107,  
8 15-38-108, 15-38-110, 15-38-111, 15-38-112, 15-38-113, 15-38-121, 15-38-125, 15-38-126,  
9 15-38-127, 15-38-128, AND 15-38-136, MCA; AND PROVIDING EFFECTIVE DATES AND AN  
10 APPLICABILITY ~~PROVISION~~ PROVISIONS."

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

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14 **Section 1.** Section 15-37-117, MCA, is amended to read:  
15 **"15-37-117. Disposition of metalliferous mines license taxes.** (1) Metalliferous mines license taxes  
16 collected under the provisions of this part must, in accordance with the provisions of 15-1-501(6), be  
17 allocated as follows:  
18 (a) to the credit of the general fund of the state, 58% of total collections each year;  
19 (b) to the state special revenue fund to the credit of a hard-rock mining impact trust account, 1.5%  
20 of total collections each year;  
21 (c) 15.5% of total collections each year to the:  
22 (i) state resource indemnity trust fund, 15.5% of total collections each year on or before JANUARY  
23 1 OF THE YEAR FOLLOWING the date on which the resource indemnity trust fund reaches \$100 million,  
24 as certified by the governor through executive order; or  
25 (ii) general fund after JANUARY 1 OF THE YEAR FOLLOWING the date of the executive order  
26 referred to in subsection (1)(c)(i);  
27 (d) to the county or counties identified as experiencing fiscal and economic impacts, resulting in  
28 increased employment or local government costs, under an impact plan for a large-scale mineral  
29 development prepared and approved pursuant to 90-6-307, in direct proportion to the fiscal and economic  
30 impacts determined in the plan or, if an impact plan has not been prepared, to the county in which the mine

1 is located, 25% of total collections each year, to be allocated by the county commissioners as follows:

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

3 and

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

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

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

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

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

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

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

20 **"15-38-202. (Temporary) Investment of resource indemnity trust fund -- expenditure -- minimum**  
21 **balance.** (1) All money paid into the resource indemnity trust fund on or before JANUARY 1 OF THE YEAR  
22 FOLLOWING the date on which the fund reaches \$100 million, as certified by the governor through  
23 executive order, including money payable into the fund under the provisions of 15-37-117, must be  
24 invested at the discretion of the board of investments. All the net earnings accruing to the resource  
25 indemnity trust fund must annually be added to the trust fund until it has reached the sum of \$10 million.  
26 Thereafter, only the net earnings may be appropriated and expended until the fund reaches \$100 million,  
27 as certified by the governor through executive order. IF THE FUND BALANCE EXCEEDS \$100 MILLION  
28 ON JANUARY 1 OF THE YEAR FOLLOWING THE DATE OF THE EXECUTIVE ORDER, THE EXCESS MUST  
29 REMAIN IN THE FUND. Thereafter, all ~~net earnings and all receipts~~ interest income must be appropriated  
30 by the legislature and expended, provided that the balance in the fund may never be less than \$100 million.

1 IF THE FUND BALANCE IS BELOW \$100 MILLION ON OR AFTER JANUARY 1 OF THE YEAR FOLLOWING  
 2 THE DATE OF THE EXECUTIVE ORDER, INTEREST INCOME EARNED FROM THE FUND MUST BE  
 3 DEPOSITED IN THE FUND UNTIL THE FUND REACHES \$100 MILLION.

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

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

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

10 (iii) beginning in fiscal year 1995, \$240,000, which is statutorily appropriated, as provided in  
 11 17-7-502, from the renewable resource grant and loan program state special revenue account to support  
 12 the operations of the environmental science-water quality instructional programs at northern Montana  
 13 college to be used for support costs, for matching funds necessary to attract additional funds to further  
 14 expand statewide impact, and for enhancement of the facilities related to the programs;

15 (IV) BEGINNING IN THE FISCAL YEAR FOLLOWING JANUARY 1 OF THE YEAR FOLLOWING THE  
 16 DATE THAT THE GOVERNOR CERTIFIES BY EXECUTIVE ORDER THAT THE TRUST FUND HAS REACHED  
 17 \$100 MILLION, AN AMOUNT NOT TO EXCEED \$1.33 MILLION PER BIENNIUM TO THE GROUND WATER  
 18 ASSESSMENT ACCOUNT ESTABLISHED IN 85-2-905;

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

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

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

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

26 (i) Thirty-eight percent of the interest income of the resource indemnity trust fund must be  
 27 allocated to the renewable resource grant and loan program state special revenue account created by  
 28 85-1-604.

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

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

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

5 (3) Any formal budget document prepared by the legislature or the executive branch that proposes  
6 to appropriate funds from the resource indemnity trust interest account other than as provided for by the  
7 allocations in subsection (2) must specify the amount of money from each allocation that is proposed to  
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11 **15-38-202. (Effective July 1, 1995) Investment of resource indemnity trust fund -- expenditure --**  
12 **minimum balance.** (1) All money paid into the resource indemnity trust fund on or before JANUARY 1 OF  
13 THE YEAR FOLLOWING the date on which the fund reaches \$100 million, as certified by the governor  
14 through executive order, including money payable into the fund under the provisions of 15-37-117, must  
15 be invested at the discretion of the board of investments. All the net earnings accruing to the resource  
16 indemnity trust fund must annually be added to the trust fund until it has reached the sum of \$10 million.  
17 Thereafter, only the net earnings may be appropriated and expended until the fund reaches \$100 million,  
18 as certified by the governor through executive order. Thereafter, ~~all net earnings and all receipts~~ interest  
19 income must be appropriated by the legislature and expended, provided that the balance in the fund may  
20 never be less than \$100 million.

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

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

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

27 (iii) beginning in fiscal year 1995, \$240,000, which is statutorily appropriated, as provided in  
28 17-7-502, from the renewable resource grant and loan program state special revenue account to support  
29 the operations of the environmental science-water quality instructional programs at northern Montana  
30 college to be used for support costs, for matching funds necessary to attract additional funds to further

1 expand statewide impact, and for enhancement of the facilities related to the programs;

2 (IV) BEGINNING IN THE FISCAL YEAR FOLLOWING JANUARY 1 OF THE YEAR FOLLOWING THE  
 3 DATE THAT THE GOVERNOR CERTIFIES BY EXECUTIVE ORDER THAT THE TRUST FUND HAS REACHED  
 4 \$100 MILLION, AN AMOUNT NOT TO EXCEED \$1.33 MILLION PER BIENNIUM TO THE GROUND WATER  
 5 ASSESSMENT ACCOUNT ESTABLISHED IN 85-2-905:

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

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

10 and

11 ~~(VII)~~ beginning in fiscal year 1996, \$500,000 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-six percent of the interest income of the resource indemnity trust fund must be allocated  
 15 to the renewable resource grant and loan program state special revenue account created by 85-1-604.

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

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

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

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

28  
 29 **Section 3.** Section 82-11-162, MCA, is amended to read:

30 **"82-11-162. Release of producing oil or gas well from drilling bond -- fee.** Upon receipt of

1 notification by the owner on a form prescribed by the board, payment by the owner of \$125, and proof  
 2 from the owner that a well completed after June 30, 1989, is producing oil or gas in commercial quantities  
 3 ~~and is subject to the tax under 15-38-104~~, the board shall release and absolve the owner of the well from  
 4 the bond required under 82-11-123."

5

6 **Section 4.** Section 85-1-604, MCA, is amended to read:

7 **"85-1-604. Renewable resource grant and loan program state special revenue account created --**  
 8 **~~revenues~~ revenue allocated -- limitations on appropriations from account.** (1) There is created a renewable  
 9 resource grant and loan program state special revenue account within the state special revenue fund  
 10 established in 17-2-102.

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

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

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

17 (c) the excess of the coal severance tax proceeds allocated by 85-1-603 to the renewable resource  
 18 loan debt service fund above debt service requirements as provided in and subject to the conditions of  
 19 85-1-619; and

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

22 ~~(e) 20% of the resource indemnity tax proceeds.~~

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

25 (a) The amount of resource indemnity trust fund interest earnings allocated under  
 26 15-38-202(2)(b)(i) must be used for renewable resource grants.

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

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

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

14  
 15 **Section 5.** Section 85-2-905, MCA, is amended to read:

16 **"85-2-905. Ground water assessment account.** (1) There is a ground water assessment account  
 17 within the state special revenue fund established in 17-2-102. The Montana bureau of mines and geology  
 18 is authorized to expend amounts from the account necessary to carry out the purposes of this part.

19 (2) The account may be used by the Montana bureau of mines and geology only to carry out the  
 20 provisions of this part.

21 (3) Subject to the direction of the ground water assessment steering committee, the Montana  
 22 bureau of mines and geology shall investigate opportunities for the participation and financial contribution  
 23 of agencies of federal and local governments to accomplish the purposes of this part.

24 (4) There must be deposited in the account:

25 ~~(a) on July 1, 1993, and at the beginning of each succeeding fiscal year, 14.1% of the proceeds~~  
 26 ~~from the resource indemnity and ground water assessment tax as authorized by 15-38-106, unless at the~~  
 27 ~~beginning of the fiscal year the unobligated cash balance in the ground water assessment account:~~

28 ~~(i) equals or exceeds \$666,000, in which case no allocation will be made and the funds must be~~  
 29 ~~deposited in the resource indemnity trust fund established by 15-38-201; or~~

30 ~~(ii) is less than \$666,000, in which case an amount equal to the difference between the unobligated~~



1 cash balance and \$666,000 must be allocated to the ground water assessment account and any remaining  
2 amount must be deposited in the resource indemnity trust fund established by 15-38-201;

3 (A) THE RESOURCE INDEMNITY TRUST FUND INTEREST INCOME AS PROVIDED IN  
4 15-38-202(2)(B)(IV);

5 ~~(b)(a)(B)~~ funds provided by federal or state government agencies and by local governments to carry  
6 out the purposes of this part; and

7 ~~(e)(b)(C)~~ funds provided by any other public or private sector organization or person in the form  
8 of gifts, grants, or contracts specifically designated to carry out the purposes of this part."  
9

10 **Section 6.** Section 90-2-1104, MCA, is amended to read:

11 **"90-2-1104. Reclamation and development grants account.** (1) There is a reclamation and  
12 development grants special revenue account within the state special revenue fund established in 17-2-102.

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

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

15 ~~(b) the resource indemnity trust tax under the provisions of 15-38-106.~~

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

18 (a) grants for designated projects; and

19 (b) administrative expenses, including the salaries and expenses of personnel, equipment, office  
20 space, and other expenses necessarily incurred in the administration of the grants program. These  
21 expenses may be funded prior to funding of projects."  
22

23 **Section 7.** Section 15-38-103, MCA, is amended to read:

24 **"15-38-103. Definitions Definition.** As used in this chapter, the following definitions apply:

25 ~~(1) "Department" means department of revenue.~~

26 ~~(2) "Gross value of product" means, except as provided in 15-38-125 through 15-38-128, the~~  
27 ~~market value of any merchantable mineral extracted or produced during the taxable year.~~

28 ~~(3) "Mineral" means any precious stones or gems, gold, silver, copper, coal, lead, petroleum,~~  
29 ~~natural gas, oil, uranium, or other nonrenewable merchantable products extracted from the surface or~~  
30 ~~subsurface of the state of Montana.~~

1           ~~(4) "Total "~~"total environment" means air, water, soil, flora, and fauna and the social, economic,  
2 and cultural conditions that influence communities and individual citizens."

3  
4           NEW SECTION. Section 8. Repealer. Sections 15-38-104, 15-38-105, 15-38-106, 15-38-107,  
5 15-38-108, 15-38-110, 15-38-111, 15-38-112, 15-38-113, 15-38-121, 15-38-125, 15-38-126,  
6 15-38-127, 15-38-128, and 15-38-136, MCA, are repealed.

7  
8           NEW SECTION. SECTION 9. COORDINATION INSTRUCTION. (1) IF [THIS ACT] AND SENATE BILL  
9 NO. 46 ARE BOTH PASSED AND APPROVED, THEN THE 15.5% ALLOCATION TO THE RESOURCE  
10 INDEMNITY TRUST FUND IN 15-37-117(1)(C) OF [THIS ACT] IS REDUCED TO 13.3%.

11           (2) IF BILL NO. [LC 0975] IS PASSED AND APPROVED AND IF IT INCLUDES A PROVISION  
12 THAT PROVIDES AN ALLOCATION OF OIL AND NATURAL GAS PRODUCTION TAXES TO THE RESOURCE  
13 INDEMNITY TRUST FUND, THAT PROVISION IS VOID ON [THE EFFECTIVE DATE OF THIS ACT].

14           (3) IF THE PROVISION REFERRED TO IN SUBSECTION (2) IS VOID, THEN THE AMOUNT THAT  
15 WOULD HAVE BEEN ALLOCATED TO THE RESOURCE INDEMNITY TRUST FUND MUST BE DEPOSITED  
16 INTO THE GENERAL FUND.

17  
18           NEW SECTION. SECTION 10. SAVING CLAUSE. [THIS ACT] DOES NOT AFFECT RIGHTS AND  
19 DUTIES THAT MATURED, PENALTIES THAT WERE INCURRED, OR PROCEEDINGS THAT WERE BEGUN  
20 BEFORE [THE EFFECTIVE DATE OF THIS ACT].

21  
22           NEW SECTION. Section 11. Applicability. (1) Taxes owed for the previous CALENDAR year's  
23 production must be paid pursuant to 15-38-106, as it read ~~on July 1, 1995~~ PRIOR TO [THE EFFECTIVE  
24 DATE OF THIS ACT].

25           (2) TAXES OWED OR REFUNDS ISSUED FOR PRODUCTION OCCURRING IN THE CALENDAR YEAR  
26 IMMEDIATELY PRECEDING [THE EFFECTIVE DATE OF THIS ACT] MUST BE DISTRIBUTED PURSUANT TO  
27 15-38-106 AS THAT SECTION READ PRIOR TO [THE EFFECTIVE DATE OF THIS ACT].

28           (3) [THIS ACT] DOES NOT AFFECT ANY TAXES, INTEREST, OR PENALTY THAT WAS INCURRED  
29 PRIOR TO [THE EFFECTIVE DATE OF THIS ACT].

30           (4) THE DEPARTMENT OF REVENUE MAY AUDIT ANY TAXPAYER SUBJECT TO THE RESOURCE

1 INDEMNITY TRUST TAX PRIOR TO [THE EFFECTIVE DATE OF THIS ACT] AND ASSESS ANY TAX,  
 2 INTEREST, OR PENALTY DUE. THE DEPARTMENT MAY ALSO UNDERTAKE ANY ACTION TO COLLECT  
 3 THE TAX, INTEREST, OR PENALTY FOR ANY TAX THAT WAS INCURRED UNDER TITLE 15, CHAPTER  
 4 38, AS THAT LAW READ PRIOR TO [THE EFFECTIVE DATE OF THIS ACT], SUBJECT ONLY TO THE  
 5 STATUTE OF LIMITATIONS UNDER 15-38-112 AS THAT SECTION READ PRIOR TO [THE EFFECTIVE DATE  
 6 OF THIS ACT]. ANY ADDITIONAL TAXES, INTEREST, OR PENALTY COLLECTED AFTER [THE EFFECTIVE  
 7 DATE OF THIS ACT] MUST BE DEPOSITED INTO THE STATE RESOURCE INDEMNITY TRUST FUND.

8 (5) THE DEPARTMENT SHALL ISSUE TAX REFUNDS PURSUANT TO 15-38-111 SUBJECT ONLY  
 9 TO THE STATUTE OF LIMITATIONS PROVISION OF 15-38-112 AS THOSE SECTIONS READ PRIOR TO  
 10 [THE EFFECTIVE DATE OF THIS ACT]. REFUNDS MUST BE PAID FROM THE STATE RESOURCE  
 11 INDEMNITY TRUST FUND.

12

13 NEW SECTION. Section 12. Effective dates. (1) [Sections 1, ~~and 2,~~ 9, AND 10 and this section]  
 14 are effective on passage and approval.

15 (2) [Sections 3 through ~~9 8 AND 11~~] are effective on JANUARY 1 OF THE YEAR FOLLOWING the  
 16 date that the governor by executive order certifies to the secretary of state that the resource indemnity  
 17 trust fund has reached \$100 million. The secretary of state shall notify the department of revenue and the  
 18 legislative council of the certification.

19

-END-

SENATE BILL NO. 152

INTRODUCED BY KEATING

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12

A BILL FOR AN ACT ENTITLED: "AN ACT REPEALING THE RESOURCE INDEMNITY TRUST TAX WHEN THE RESOURCE INDEMNITY TRUST FUND REACHES \$100 MILLION; REALLOCATING METALLIFEROUS MINES LICENSE TAXES; AMENDING SECTIONS 15-37-117, 15-38-103, 15-38-202, 82-11-162, 85-1-604, 85-2-905, AND 90-2-1104, MCA; REPEALING SECTIONS 15-38-104, 15-38-105, 15-38-106, 15-38-107, 15-38-108, 15-38-110, 15-38-111, 15-38-112, 15-38-113, 15-38-121, 15-38-125, 15-38-126, 15-38-127, 15-38-128, AND 15-38-136, MCA; AND PROVIDING EFFECTIVE DATES AND AN APPLICABILITY ~~PROVISION~~ PROVISIONS."

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.