

1 HOUSE BILL NO. 39

2 INTRODUCED BY GRADY

3 BY REQUEST OF THE LEGISLATIVE FINANCE COMMITTEE

4

5 A BILL FOR AN ACT ENTITLED: "AN ACT REQUIRING A COMPREHENSIVE STUDY OF THE
6 CONSTITUTIONAL RESOURCE INDEMNITY TRUST AND OF THE STATUTORY RESOURCE INDEMNITY AND
7 GROUND WATER ASSESSMENT TAX; CREATING A COMMITTEE TO CONDUCT THE STUDY; DESCRIBING
8 THE DUTIES OF THE COMMITTEE; REQUIRING THE COMMITTEE TO REPORT ITS FINDINGS,
9 CONCLUSIONS, AND OPTIONS FOR FURTHER CONSIDERATION TO THE 56TH LEGISLATURE;
10 APPROPRIATING FUNDS FOR THE ACTIVITIES OF THE COMMITTEE; AND PROVIDING EFFECTIVE DATES
11 AND A TERMINATION DATE."

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13 WHEREAS, Article IX, section 2, of the Montana Constitution creates the resource indemnity trust
14 (RIT); and

15 WHEREAS, Article IX, section 2, of the Montana Constitution requires that the trust remain inviolate
16 in the amount of \$100 million, guaranteed against loss or diversion; and

17 WHEREAS, it is estimated that the corpus of the trust will reach an amount of \$100 million before
18 January 1, 2001; and

19 WHEREAS, questions abound regarding the resource indemnity trust and the resource indemnity
20 and ground water assessment tax once the trust reaches \$100 million; and

21 WHEREAS, without prudent management and conservation of principal, the corpus of the trust will
22 become devalued by inflation; and

23 WHEREAS, an increasing number of programs throughout state government have been funded in
24 whole or in part with RIT proceeds and interest; and

25 WHEREAS, ongoing expenditures have exceeded or may exceed ongoing revenue in several
26 accounts receiving RIT interest or proceeds; and

27 WHEREAS, in order to achieve an ongoing balance between revenue and expenditures and to
28 achieve a more disciplined scope of programs funded, uses of the RIT should be narrowed to specific
29 functions.

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

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3 **NEW SECTION. Section 1. Resource indemnity trust committee -- appointment -- staff assistance.**

4 (1) There is a resource indemnity trust committee. The committee is composed of nine members as
5 follows:

6 (a) four members of the house of representatives, not more than two of whom may be from one
7 political party, appointed by the speaker. The four representatives must be appointed from the
8 memberships of the legislative finance committee, the revenue oversight committee, the environmental
9 quality council, and the general membership of the house of representatives.

10 (b) four members of the senate, not more than two of whom may be from one political party,
11 appointed by the committee on committees. The four senators must be appointed from the memberships
12 of the legislative finance committee, the revenue oversight committee, the environmental quality council,
13 and the general membership of the senate.

14 (c) the governor or the governor’s designee.

15 (2) In case of a vacancy, a replacement must be selected in the manner of the original appointment.

16 (3) Legislative members are entitled to salary and expenses as provided in 5-2-302. The governor
17 or the governor’s designee is entitled to expenses as provided in 2-18-501 through 2-18-503.

18 (4) The legislative fiscal division shall provide staff assistance to the committee within limits
19 established by the legislative finance committee, given other priorities and responsibilities. The committee
20 may request staff assistance from the legislative services division, which assistance may be provided within
21 limits established by the legislative council, given other priorities and responsibilities.

22 (5) Any state agency, governmental subdivision, or private entity that has information relevant to
23 the resource indemnity trust or the resource indemnity and ground water assessment tax or that provides
24 services or receives funding for a program or service related to the resource indemnity trust or the resource
25 indemnity and ground water assessment tax shall provide assistance and information upon request of the
26 resource indemnity trust committee.

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28 **NEW SECTION. Section 2. Duties of committee.** (1) The resource indemnity trust committee shall
29 conduct a study that:

30 (a) examines the historic rationale for constitutionally creating the resource indemnity trust and

1 contemplates the long-term aspects of the trust within the historical and constitutional contexts;

2 (b) explores methods of preserving the value and purchasing power of the trust and the ability of
3 the trust to indemnify the state against future costs of mining reclamation;

4 (c) investigates the projects and programs on which resource indemnity and ground water
5 assessment tax revenue has been spent and for which future revenue may be spent, including identifying
6 specific options for prioritizing the use of RIT interest and proceeds;

7 (d) considers the advisability of continuing, revising, or repealing the resource indemnity and
8 ground water assessment tax;

9 (e) identifies and explores criteria that could be the basis for using resource indemnity and ground
10 water assessment tax revenue that may be received by the state after the corpus of the resource indemnity
11 trust reaches \$100 million;

12 (f) contemplates the advisability of statutorily earmarking or de-earmarking resource indemnity trust
13 funds and resource indemnity and ground water assessment tax revenue;

14 (g) considers constitutional or statutory revisions that may be advisable with regard to the resource
15 indemnity trust or the resource indemnity and ground water assessment tax; and

16 (h) reviews, analyzes, identifies options regarding, or make recommendations concerning relevant
17 matters that relate to the resource indemnity trust or the resource indemnity and ground water assessment
18 tax.

19 (2) The committee shall report its findings, conclusions, and options for further consideration to
20 the 56th legislature.

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22 **NEW SECTION. Section 3. Appropriation.** There is appropriated from the general fund to the
23 interim committees and activities program of the legislative branch \$14,000 for the activities of the
24 resource indemnity trust committee. This is a biennial appropriation.

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26 **NEW SECTION. Section 4. Effective dates.** (1) [Sections 1, 2, and 5 and this section] are effective
27 on passage and approval.

28 (2) [Section 3] is effective July 1, 1997.

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30 **NEW SECTION. Section 5. Termination.** [This act] terminates December 31, 1998.

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