

## 1 HOUSE BILL NO. 171

2 INTRODUCED BY RANEY

3 BY REQUEST OF THE LEGISLATIVE FINANCE COMMITTEE  
4

5 A BILL FOR AN ACT ENTITLED: "AN ACT GENERALLY REVISING AND CLARIFYING THE ALLOCATION OF  
6 RESOURCE INDEMNITY AND GROUND WATER ASSESSMENT TAXES; REVISING THE TIME FOR  
7 ALLOCATING CERTAIN PORTIONS OF THE RESOURCE INDEMNITY AND GROUND WATER ASSESSMENT  
8 TAX; AMENDING SECTIONS 15-38-201, 15-38-202, 15-38-203, 75-1-1101, 85-1-604, 85-2-905, AND  
9 90-2-1104, MCA; AND PROVIDING AN EFFECTIVE DATE."

10  
11 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:  
1213 **Section 1.** Section 15-38-201, MCA, is amended to read:

14 **"15-38-201. Creation of resource indemnity trust fund.** For the purpose of carrying out this  
15 chapter, there is a resource indemnity trust fund in the ~~nonexpendable~~ expendable trust fund type. The  
16 resource indemnity fund ~~shall~~ must be credited with all ~~moneys~~ money received as ~~herein~~ provided in this  
17 chapter."

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

20 **"15-38-202. Investment of resource indemnity trust fund -- expenditure -- minimum balance. (1)**  
21 All money paid into the resource indemnity trust fund, including money payable into the fund under the  
22 provisions of 15-36-324 and 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. Thereafter, all net earnings and all receipts must be  
26 appropriated by the legislature and expended, provided that the balance in the fund may never be less than  
27 \$100 million.

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

30 (i) \$240,000, which is statutorily appropriated, as provided in 17-7-502, from the renewable

1 resource grant and loan program state special revenue account to support the operations of the  
 2 environmental science-water quality instructional programs at Montana state university-northern, to be used  
 3 for support costs, for matching funds necessary to attract additional funds to further expand statewide  
 4 impact, and for enhancement of the facilities related to the programs;

5 (ii) \$1 million to be deposited into the renewable resource grant and loan program state special  
 6 revenue account, created by 85-1-604, for the purpose of making grants;

7 (iii) \$1.5 million to be deposited into the reclamation and development grants special revenue  
 8 account, created by 90-2-1104, for the purpose of making grants; and

9 (iv) \$250,000 to be deposited into the water storage state special revenue account created by  
 10 85-1-631.

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

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

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

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

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

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

23 (c) The remainder of the interest income is allocated as follows:

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

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

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

30 (iv) Six percent of the interest income of the resource indemnity trust fund must be allocated to the

1 environmental quality protection fund provided for in 75-10-704.

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

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9 **Section 3.** Section 15-38-203, MCA, is amended to read:

10 "15-38-203. **Purpose of fund usage -- limitation on future use.** (1) Any funds made available under  
11 this chapter ~~shall~~ must be used and expended to improve the total environment and rectify damage ~~thereto~~  
12 to the environment.

13 (2) It is the intent of the legislature that future appropriations from the resource indemnity trust  
14 interest ~~account~~ not be made to fund general operating expenses of state agencies."

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16 **Section 4.** Section 75-1-1101, MCA, is amended to read:

17 "75-1-1101. **Environmental contingency account objectives.** (1) There is ~~created~~ an environmental  
18 contingency account within the state special revenue fund established in 17-2-102. The environmental  
19 contingency account is controlled by the governor.

20 (2) At the beginning of each biennium, \$175,000 must be allocated to the environmental  
21 contingency account from the interest income of the resource indemnity trust fund with the following  
22 exceptions:

23 (a) if at the beginning of any biennium the unobligated cash balance in the environmental  
24 contingency account equals or exceeds \$750,000, allocation ~~will~~ may not be made; and

25 (b) if at the beginning of any biennium the unobligated cash balance in the environmental  
26 contingency account is less than \$750,000, then an amount less than or equal to the difference between  
27 the unobligated cash balance and \$750,000, but not to exceed \$175,000, must be allocated to the  
28 environmental contingency account from the interest income of the resource indemnity trust fund.

29 (3) Funds are statutorily appropriated, as provided in 17-7-502, from the environmental  
30 contingency account upon the authorization of the governor to meet unanticipated public needs consistent

1 with the following objectives:

2 (a) to support renewable resource development projects in communities that face an emergency  
3 or imminent need for the services or to prevent the physical failure of a project;

4 (b) to preserve vegetation, water, soil, fish, wildlife, or other renewable resources from an imminent  
5 physical threat or during an emergency, not including:

6 (i) natural disasters adequately covered by other funding sources; or

7 (ii) fire;

8 (c) to respond to an emergency or imminent threat to persons, property, or the environment caused  
9 by mineral development;

10 (d) to respond to an emergency or imminent threat to persons, property, or the environment caused  
11 by a hazardous material; and

12 (e) to fund the environmental quality protection fund provided for in 75-10-704 or to take other  
13 necessary actions, including the construction of facilities, to respond to actual or potential threats to  
14 persons, property, or the environment caused by hazardous wastes or other hazardous materials.

15 (4) Interest from funds in the environmental contingency account accrues to the ~~resource indemnity~~  
16 ~~trust interest account~~ general fund.

17 (5) The governor shall submit, as a part of the information required by 17-7-111, a complete  
18 financial report on the environmental contingency account, including a description of all expenditures made  
19 since the preceding report."  
20

21 **Section 5.** 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 **revenue allocated -- limitations on appropriations from account.** (1) There is ~~created~~ a renewable resource  
24 grant and loan program state special revenue account within the state special revenue fund established in  
25 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 revenue of the works and other money as provided in 85-1-332;

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

1 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

7 (e) the resource indemnity and ground water assessment tax proceeds as provided in  
8 15-38-106(2)(b).

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)(iii)~~ to the special revenue account 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 (3)(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 ~~(3)~~(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 6.** Section 85-2-905, MCA, is amended to read:

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

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

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

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

11          (a) at the beginning of each fiscal year, 14.1% of the proceeds from the resource indemnity and  
12 ground water assessment tax, as authorized by 15-38-106, and 2.2% of the proceeds from the  
13 metalliferous mines license taxes, as authorized by 15-37-117, unless at the beginning of the fiscal year  
14 the unobligated cash balance in the ground water assessment account:

15           (i) equals or exceeds \$666,000, in which case ~~no an~~ allocation ~~will~~ may not be made and the ~~funds~~  
16 proceeds must be deposited in the resource indemnity trust fund established by 15-38-201; or

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

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

22          (c) proceeds allocated to the account as provided in 15-36-324 and 15-38-106; and

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

25

26           **Section 7.** Section 90-2-1104, MCA, is amended to read:

27           **"90-2-1104. Reclamation and development grants account.** (1) There is a reclamation and  
28 development grants special revenue account within the state special revenue fund established in 17-2-102.

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

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

1 (b) the resource indemnity ~~trust~~ and ground water assessment tax under the provisions of  
2 15-38-106; and

3 (c) the ~~metal mines license tax proceeds as provided in 15-37-117(1)(e)~~ oil and gas production tax  
4 as provided in 15-36-324.

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

7 (a) grants for designated projects; and

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

11

12 NEW SECTION. Section 8. Effective date. [This act] is effective July 1, 1997.

13

-END-

STATE OF MONTANA - FISCAL NOTE

Fiscal Note for HB0171, as introduced

DESCRIPTION OF PROPOSED LEGISLATION:

An act generally revising and clarifying the allocation of resource indemnity and ground water assessment taxes; revising the time for allocating certain portions of the resource indemnity and ground water assessment tax.

ASSUMPTIONS:

Department of Environmental Quality:

1. Projected revenue is taken from the 1999 biennium projections of the Legislative Fiscal Division.
2. Under current allocation, Department of Environmental Quality (DEQ) receives 22% of biennial revenue during the first year of the biennium and the remaining 78% during the second year of the biennium. This was based on fiscal year 1996 revenues for the 1997 biennium.
3. Under the proposed allocation, \$904,162 in fiscal year 1998 and \$963,602 in fiscal year 1999 of revenue would be deposited into DEQ accounts during the biennium.
4. The level of agency expenditures would not be different under the current and proposed legislation.
5. The fund balance for the hazardous waste CERCLA account beginning in fiscal year 1998 (July 1, 1997) will be \$650,494. Under current law, fiscal year 1998 revenue would be \$409,162 and fiscal year 1999 revenue would be \$1,458,602. Expenditures would be \$1,221,548 each year of the biennium. Under proposed law, fiscal year 1998 and fiscal year 1999 revenue would be equal at \$1,221,548 per year.
6. If the legislation did not pass, a general fund loan of approximately \$150,000 would be necessary during the first year of the biennium to alleviate a cash flow problem.
7. If the proposed legislation does pass, there would not be a cash flow problem so no general fund loan would be necessary to alleviate a cash flow problem.

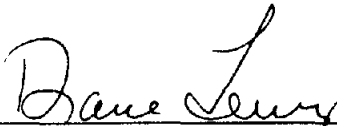
Department of Natural Resources and Conservation:

8. Revenue Oversight Committee revenue estimates are used.
9. Water storage account fund balances are invested and earn interest at an annual rate of 5 percent.
10. The beginning fund balance of the water storage account is \$200,000 and fund balances will not be expended until the first quarter of fiscal 1999.
11. Clarifying the allocation resource indemnity and ground water assessment (RIGWA) tax has no fiscal impact.

Legislative Branch:

12. For the 1997 biennium, the Legislative Services Division, Legislative Environmental Policy Office (LEPO) received a biennial appropriation from the reclamation and development account to provide funding for statutory functions of the Environmental Quality Council.
13. Revenue in the reclamation and development account would remain sufficient under the revised funding structure to allow continued appropriation to LEPO. The 1999 biennium appropriation request is \$26,623 in the state special revenue fund.
14. If the legislature determines revenue in the reclamation and development account is insufficient to appropriate \$26,623 to LEPO, such appropriation would be made from other accounts or the state general fund.

(continued)

 1-15-97  
DAVE LEWIS, BUDGET DIRECTOR      DATE  
Office of Budget and Program Planning

 1-15-97  
BOB RANEY, PRIMARY SPONSOR      DATE

Fiscal Note for HB0171, as introduced

**HB 171**



FISCAL IMPACT:

Expenditures:

Department of Natural Resources and Conservation:

HB 171 has a significant impact on the expenditure of some RIT interest. In Section 5, HB 171 requires all RIT interest earnings deposited in the renewable resource grant and loan (RRGL) Account be used to fund grants, only. Over the biennium, total RIT interest deposits to this account are \$5,655,528. Under current statute, \$2,000,000 is allocated to grants and the remaining \$3,655,528 is used to fund state agency appropriations. By restricting the use of these funds to grants only, all of the \$4,262,290 in grant requests that are included in House Bill No. 6 will be funded and there will be a balance of \$1,393,238. However, because agency appropriations would not be funded, this change creates a \$3,655,528 deficit in agency budgets. Agency appropriations would either have to be funded with general fund revenues or significant reductions would have to be made.

	<u>FY 98</u> <u>Difference</u>	<u>FY 99</u> <u>Difference</u>
<u>Revenues:</u>		
<u>Department of Environmental Quality:</u>		
Hazardous Waste/CERCLA Account (02)	495,000	(495,000)
Environ Quality Protection Fund (02)	<u>164,999</u>	<u>(164,999)</u>
Total	659,999	(659,999)

	Percent Distribution	Total Deposits <b>Current Law</b>	Total Deposits <b>HB 171</b>	Difference
<u>Fiscal 98</u>				
Renewable Resource (02272)	36.00%	\$2,778,324	\$2,768,324	(10,000)
Reclamation & Development (02458)	40.00%	3,864,804	3,464,804	(400,000)
Hazardous Waste/CERCLA (02070)	18.00%	409,162	904,162	495,000
Environ Quality Protection (02162)	6.00%	129,721	294,721	165,000
Water Storage Account (02216)	NA	535,000	272,500	(262,500)

	Percent Distribution	Total Deposits <b>Current Law</b>	Total Deposits <b>HB 171</b>	Difference
<u>Fiscal 99</u>				
Renewable Resource (02272)	36.00%	\$2,877,205	\$2,887,205	10,000
Reclamation & Development (02458)	40.00%	3,196,894	3,596,894	400,000
Hazardous Waste/CERCLA (02070)	18.00%	1,458,602	963,602	(495,000)
Environ Quality Protection (02162)	6.00%	479,534	314,534	(165,000)
Water Storage Account (02216)	NA	0	250,000	250,000

Net Impact:

HB 171 would increase revenue available for grants by \$3,655,528. These funds currently fund agency expenditures. As a result, a like amount of agency appropriations would either have to be funded by the general fund or significant cuts would have to be made. Earnings in the water storage account will be an estimated \$12,500 less than under current statute.

EFFECT ON COUNTY OR OTHER LOCAL REVENUES OR EXPENDITURES: NONE

More funds would be available for RRGL grants.

LONG-RANGE EFFECTS OF PROPOSED LEGISLATION:

There would be a more stable cash flow during both years of future biennia.

TECHNICAL NOTES:

- There is an incorrect reference to the RIGWA tax in the title of the bill. To be correct the title should read "An act generally revising and clarifying the allocation of resource indemnity and ground water assessment taxes, revising the time for allocating certain portions of the ~~Resource Indemnity and Ground Water Assessment Tax~~ resource indemnity trust fund earnings.
- In Section 7, the reference to the metal mines tax proceeds should not be stricken.

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5 A BILL FOR AN ACT ENTITLED: "AN ACT GENERALLY REVISING AND CLARIFYING THE ALLOCATION OF  
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 18 STATE SPECIAL REVENUE ACCOUNT CREATED BY 85-1-631

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 3 with the following objectives:

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 5 or imminent need for the services or to prevent the physical failure of a project;

6 (b) to preserve vegetation, water, soil, fish, wildlife, or other renewable resources from an imminent  
 7 physical threat or during an emergency, not including:

8 (i) natural disasters adequately covered by other funding sources; or

9 (ii) fire;

10 (c) to respond to an emergency or imminent threat to persons, property, or the environment caused  
 11 by mineral development;

12 (d) to respond to an emergency or imminent threat to persons, property, or the environment caused  
 13 by a hazardous material; and

14 (e) to fund the environmental quality protection fund provided for in 75-10-704 or to take other  
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 21 since the preceding report."  
 22

23 **Section 5.** Section 85-1-604, MCA, is amended to read:

24 **"85-1-604. Renewable resource grant and loan program state special revenue account created --**  
 25 **revenue allocated -- limitations on appropriations from account.** (1) There is ~~created~~ a renewable resource  
 26 grant and loan program state special revenue account within the state special revenue fund established in  
 27 17-2-102.

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

- 1 (a) all revenue of the works and other money as provided in 85-1-332;
- 2 (b) the interest income of the resource indemnity trust fund as provided in and subject to the  
3 conditions of 15-38-202;
- 4 (c) the excess of the coal severance tax proceeds allocated by 85-1-603 to the renewable resource  
5 loan debt service fund above debt service requirements as provided in and subject to the conditions of  
6 85-1-619;
- 7 (d) any fees or charges collected by the department pursuant to 85-1-616 for the servicing of  
8 loans, including arrangements for obtaining security interests; and
- 9 (e) the resource indemnity and ground water assessment tax proceeds as provided in  
10 15-38-106(2)(b).
- 11 (3) Appropriations may be made from the renewable resource grant and loan program state special  
12 revenue account for the following purposes and subject to the following conditions:
- 13 (a) The amount of resource indemnity trust fund interest earnings allocated ~~under~~  
14 ~~15-38-202(2)(b)(iii)~~ to the special revenue account UNDER 15-38-202(2)(A)(II) must be used for renewable  
15 resource grants.
- 16 (b) An amount less than or equal to that paid into the account under 85-1-332 and only that  
17 amount may be appropriated for the operation and maintenance of state-owned projects and works. If the  
18 amount of money available for appropriation under this subsection (3)(b) is greater than that necessary for  
19 operation and maintenance expenses, the excess may be appropriated as provided in subsection (3)(c).
- 20 (c) An amount less than or equal to that paid into the account from the resource indemnity ~~trust~~  
21 account plus any excess from subsection (3)(b) and only that amount may be appropriated from the  
22 account for expenditures that meet the policies and objectives of the renewable resource grant and loan  
23 program. If the amount of money available for appropriation under this subsection ~~(3)(c)~~ is greater than that  
24 necessary for operation and maintenance expenses, the excess may be appropriated as provided in  
25 subsection (3)(d).
- 26 (d) An amount less than or equal to that paid into the account from the sources provided for in  
27 subsections (2)(c) and (2)(d) and any excess from subsection (3)(c) and only that amount may be  
28 appropriated from the account for loans and grants for renewable resource projects; for purchase of liens  
29 and operation of property as provided in 85-1-615; for administrative expenses, including but not limited  
30 to the salaries and expenses of personnel, equipment, and office space; for the servicing of loans, including

1 arrangements for obtaining security interests; and for other necessities incurred in administering the loans  
2 and grants."

3

4 **Section 6.** Section 85-2-905, MCA, is amended to read:

5 **"85-2-905. Ground water assessment account.** (1) There is a ground water assessment account  
6 within the state special revenue fund established in 17-2-102. The Montana bureau of mines and geology  
7 is authorized to expend amounts from the account necessary to carry out the purposes of this part.

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

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

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

14 (a) at the beginning of each fiscal year, 14.1% of the proceeds from the resource indemnity and  
15 ground water assessment tax, as authorized by 15-38-106, and 2.2% of the proceeds from the  
16 metalliferous mines license taxes, as authorized by 15-37-117, unless at the beginning of the fiscal year  
17 the unobligated cash balance in the ground water assessment account:

18 (i) equals or exceeds \$666,000, in which case ~~no~~ an allocation ~~will~~ may not be made and the ~~funds~~  
19 proceeds must be deposited in the resource indemnity trust fund established by 15-38-201; or

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

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

25 (c) proceeds allocated to the account as provided in 15-36-324 and 15-38-106; and

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

28

29 **Section 7.** Section 90-2-1104, MCA, is amended to read:

30 **"90-2-1104. Reclamation and development grants account.** (1) There is a reclamation and

1 development grants special revenue account within the state special revenue fund established in 17-2-102.

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

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

4 (b) the resource indemnity ~~trust~~ and ground water assessment tax under the provisions of  
5 15-38-106; ~~and~~

6 (c) the ~~metal mines license tax proceeds as provided in 15-37-117(1)(e)~~ THE METAL MINES  
7 LICENSE TAX PROCEEDS AS PROVIDED IN 15-37-117(1)(E); AND

8 (D) THE oil and gas production tax as provided in 15-36-324 AND 15-38-106.

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

11 (a) grants for designated projects; and

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

15  
16 NEW SECTION. Section 8. Effective date. [This act] is effective July 1, 1997.

17 -END-



STATE OF MONTANA - FISCAL NOTE

Fiscal Note for HB0171, Second Reading

DESCRIPTION OF PROPOSED LEGISLATION:

An act generally revising and clarifying the allocation of resource indemnity and ground water assessment taxes; revising the time for allocating certain portions of the resource indemnity and ground water assessment tax.

ASSUMPTIONS:

Department of Environmental Quality:

- 1 Projected revenue is taken from the 1999 biennium projections of the Legislative Fiscal Division.
- 2 Under current allocation, Department of Environmental Quality (DEQ) receives 22% of biennial revenue during the first year of the biennium and the remaining 78% during the second year of the biennium. This was based on fiscal year 1996 revenues for the 1997 biennium.
3. Under the proposed allocation, \$904,162 in fiscal year 1998 and \$963,602 in fiscal year 1999 of revenue would be deposited into DEQ accounts during the biennium.
4. The level of agency expenditures would not be different under the current and proposed legislation.
5. The fund balance for the hazardous waste CERCLA account beginning in fiscal year 1998 (July 1, 1997) will be \$650,494. Under current law, fiscal year 1998 revenue would be \$409,162 and fiscal year 1999 revenue would be \$1,458,602. Expenditures would be \$1,221,548 each year of the biennium. Under proposed law, fiscal year 1998 and fiscal year 1999 revenue would be equal at \$1,221,548 per year.
6. If the legislation did not pass, a general fund loan of approximately \$150,000 would be necessary during the first year of the biennium to alleviate a cash flow problem.
7. If the proposed legislation does pass, there would not be a cash flow problem so no general fund loan would be necessary to alleviate a cash flow problem.

Department of Natural Resources and Conservation:

8. Revenue Oversight Committee revenue estimates are used.
9. Clarifying the allocation resource indemnity and ground water assessment (RIGWA) tax has no fiscal impact.

Legislative Branch:

10. For the 1997 biennium, the Legislative Services Division, Legislative Environmental Policy Office (LEPO) received a biennial appropriation from the reclamation and development account to provide funding for statutory functions of the Environmental Quality Council.
11. Revenue in the reclamation and development account would remain sufficient under the revised funding structure to allow continued appropriation to LEPO. The 1999 biennium appropriation request is \$26,623 in the state special revenue fund.
12. If the legislature determines revenue in the reclamation and development account is insufficient to appropriate \$26,623 to LEPO, such appropriation would be made from other accounts or the state general fund.

(continued)

*Dave Lewis 1-28-97*

DAVE LEWIS, BUDGET DIRECTOR      DATE  
Office of Budget and Program Planning

BOB RANEY, PRIMARY SPONSOR      DATE

Fiscal Note for HB0171, second reading

*Am HB 171 #2*

(continued)

FISCAL IMPACT:

	<u>FY 98</u>	<u>FY 99</u>
	<u>Difference</u>	<u>Difference</u>
<u>Revenues:</u>		
<u>Department of Environmental Quality:</u>		
Hazardous Waste/CERCLA Account (02)	495,000	(495,000)
Environ Quality Protection Fund (02)	<u>164,999</u>	<u>(164,999)</u>
Total	659,999	(659,999)

	Percent Distribution	Total Deposits <u>Current Law</u>	Total Deposits <u>HB 171</u>	Difference
<u>Fiscal 98</u>				
Renewable Resource (02272)	36.00%	\$2,778,324	\$2,768,324	(10,000)
Reclamation & Development (02458)	40.00%	3,864,804	3,464,804	(400,000)
Hazardous Waste/CERCLA (02070)	18.00%	409,162	904,162	495,000
Environ Quality Protection (02162)	6.00%	129,721	294,721	165,000
Water Storage Account (02216)	NA	535,000	272,500	(262,500)

	Percent Distribution	Total Deposits <u>Current Law</u>	Total Deposits <u>HB 171</u>	Difference
<u>Fiscal 99</u>				
Renewable Resource (02272)	36.00%	\$2,877,205	\$2,887,205	10,000
Reclamation & Development (02458)	40.00%	3,196,894	3,596,894	400,000
Hazardous Waste/CERCLA (02070)	18.00%	1,458,602	963,602	(495,000)
Environ Quality Protection (02162)	6.00%	479,534	314,534	(165,000)
Water Storage Account (02216)	NA	0	250,000	250,000

Net Impact:

EFFECT ON COUNTY OR OTHER LOCAL REVENUES OR EXPENDITURES:

None.

LONG-RANGE EFFECTS OF PROPOSED LEGISLATION:

There would be a more stable cash flow during both years of future biennia.

TECHNICAL NOTES:

1. There is an incorrect reference to the RIGWA tax in the title of the bill. To be correct the title should read "An act generally revising and clarifying the allocation of resource indemnity and ground water assessment taxes, revising the time for allocating certain portions of the ~~Resource Indemnity and Ground Water Assessment Tax~~ resource indemnity trust fund earnings."

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11

HOUSE BILL NO. 171  
INTRODUCED BY RANEY  
BY REQUEST OF THE LEGISLATIVE FINANCE COMMITTEE

A BILL FOR AN ACT ENTITLED: "AN ACT GENERALLY REVISING AND CLARIFYING THE ALLOCATION OF RESOURCE INDEMNITY AND GROUND WATER ASSESSMENT TAXES; REVISING THE TIME FOR ALLOCATING CERTAIN PORTIONS OF THE RESOURCE INDEMNITY AND GROUND WATER ASSESSMENT TAX; AMENDING SECTIONS 15-38-201, 15-38-202, 15-38-203, 75-1-1101, 85-1-604, 85-2-905, AND 90-2-1104, MCA; AND PROVIDING AN EFFECTIVE DATE."

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.**



## 1 HOUSE BILL NO. 171

2 INTRODUCED BY RANEY

3 BY REQUEST OF THE LEGISLATIVE FINANCE COMMITTEE  
4

5 A BILL FOR AN ACT ENTITLED: "AN ACT GENERALLY REVISING AND CLARIFYING THE ALLOCATION OF  
6 RESOURCE INDEMNITY AND GROUND WATER ASSESSMENT TAXES; REVISING THE TIME FOR  
7 ALLOCATING CERTAIN PORTIONS OF THE RESOURCE INDEMNITY AND GROUND WATER ASSESSMENT  
8 ~~TAX TRUST FUND EARNINGS~~; AMENDING SECTIONS 15-38-201, 15-38-202, 15-38-203, 75-1-1101,  
9 85-1-604, 85-2-905, AND 90-2-1104, MCA; AND PROVIDING AN EFFECTIVE DATE."

10  
11 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:  
1213 **Section 1.** Section 15-38-201, MCA, is amended to read:

14 **"15-38-201. Creation of resource indemnity trust fund.** For the purpose of carrying out this  
15 chapter, there is a resource indemnity trust fund ~~in the nonexpendable~~ expendable trust fund type. The  
16 resource indemnity TRUST fund ~~shall~~ must be credited with all ~~moneys~~ money received as ~~herein~~  
17 in this chapter."

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

20 **"15-38-202. Investment of resource indemnity trust fund -- expenditure -- minimum balance.** (1)  
21 All money paid into the resource indemnity trust fund, including money payable into the fund under the  
22 provisions of 15-36-324 and 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. Thereafter, all net earnings and all receipts must be  
26 appropriated by the legislature and expended, provided that the balance in the fund may never be less than  
27 \$100 million.

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

30 (i) \$240,000, which is statutorily appropriated, as provided in 17-7-502, from the renewable

1 resource grant and loan program state special revenue account to support the operations of the  
 2 environmental science-water quality instructional programs at Montana state university-northern, to be used  
 3 for support costs, for matching funds necessary to attract additional funds to further expand statewide  
 4 impact, and for enhancement of the facilities related to the programs;

5 (ii) \$1 million to be deposited into the renewable resource grant and loan program state special  
 6 revenue account, created by 85-1-604, for the purpose of making grants; AND

7 (iii) \$1.5 million to be deposited into the reclamation and development grants special revenue  
 8 account, created by 90-2-1104, for the purpose of making grants; and.

9 ~~(iv) \$250,000 to be deposited into the water storage state special revenue account created by~~  
 10 ~~85-1-631.~~

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

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

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

17 (III) BEGINNING IN FISCAL YEAR 1996, \$500,000 TO BE DEPOSITED INTO THE WATER STORAGE  
 18 STATE SPECIAL REVENUE ACCOUNT CREATED BY 85-1-631

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

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

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

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

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

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

30 (iii) Forty percent of the interest income from the resource indemnity trust fund must be allocated

1 to the reclamation and development grants account provided for in 90-2-1104.

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

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

10

11 **Section 3.** Section 15-38-203, MCA, is amended to read:

12 **"15-38-203. Purpose of fund usage -- limitation on future use.** (1) Any funds made available under  
13 this chapter ~~shall~~ must be used and expended to improve the total environment and rectify damage ~~therein~~  
14 to the environment.

15 (2) It is the intent of the legislature that future appropriations from the resource indemnity trust  
16 interest ~~account~~ not be made to fund general operating expenses of state agencies."

17

18 **Section 4.** Section 75-1-1101, MCA, is amended to read:

19 **"75-1-1101. Environmental contingency account objectives.** (1) There is ~~created~~ an environmental  
20 contingency account within the state special revenue fund established in 17-2-102. The environmental  
21 contingency account is controlled by the governor.

22 (2) At the beginning of each biennium, \$175,000 must be allocated to the environmental  
23 contingency account from the interest income of the resource indemnity trust fund with the following  
24 exceptions:

25 (a) if at the beginning of any biennium the unobligated cash balance in the environmental  
26 contingency account equals or exceeds \$750,000, allocation ~~will~~ may not be made; and

27 (b) if at the beginning of any biennium the unobligated cash balance in the environmental  
28 contingency account is less than \$750,000, then an amount less than or equal to the difference between  
29 the unobligated cash balance and \$750,000, but not to exceed \$175,000, must be allocated to the  
30 environmental contingency account from the interest income of the resource indemnity trust fund.

1 (3) Funds are statutorily appropriated, as provided in 17-7-502, from the environmental  
2 contingency account upon the authorization of the governor to meet unanticipated public needs consistent  
3 with the following objectives:

4 (a) to support renewable resource development projects in communities that face an emergency  
5 or imminent need for the services or to prevent the physical failure of a project;

6 (b) to preserve vegetation, water, soil, fish, wildlife, or other renewable resources from an imminent  
7 physical threat or during an emergency, not including:

8 (i) natural disasters adequately covered by other funding sources; or

9 (ii) fire;

10 (c) to respond to an emergency or imminent threat to persons, property, or the environment caused  
11 by mineral development;

12 (d) to respond to an emergency or imminent threat to persons, property, or the environment caused  
13 by a hazardous material; and

14 (e) to fund the environmental quality protection fund provided for in 75-10-704 or to take other  
15 necessary actions, including the construction of facilities, to respond to actual or potential threats to  
16 persons, property, or the environment caused by hazardous wastes or other hazardous materials.

17 (4) Interest from funds in the environmental contingency account accrues to the ~~resource indemnity~~  
18 ~~trust interest account~~ general fund.

19 (5) The governor shall submit, as a part of the information required by 17-7-111, a complete  
20 financial report on the environmental contingency account, including a description of all expenditures made  
21 since the preceding report."  
22

23 **Section 5.** Section 85-1-604, MCA, is amended to read:

24 **"85-1-604. Renewable resource grant and loan program state special revenue account created --**  
25 **revenue allocated -- limitations on appropriations from account.** (1) There is ~~created~~ a renewable resource  
26 grant and loan program state special revenue account within the state special revenue fund established in  
27 17-2-102.

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

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

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

4 (c) the excess of the coal severance tax proceeds allocated by 85-1-603 to the renewable resource  
5 loan debt service fund above debt service requirements as provided in and subject to the conditions of  
6 85-1-619;

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

9 (e) the resource indemnity and ground water assessment tax proceeds as provided in  
10 15-38-106(2)(b).

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

13 (a) The amount of resource indemnity trust fund interest earnings allocated ~~under~~  
14 ~~15-38-202(2)(b)(iii)~~ to the special revenue account UNDER 15-38-202(2)(A)(II) must be used for renewable  
15 resource grants.

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

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

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



1 arrangements for obtaining security interests; and for other necessities incurred in administering the loans  
2 and grants."

3  
4 **Section 6.** Section 85-2-905, MCA, is amended to read:

5 **"85-2-905. Ground water assessment account.** (1) There is a ground water assessment account  
6 within the state special revenue fund established in 17-2-102. The Montana bureau of mines and geology  
7 is authorized to expend amounts from the account necessary to carry out the purposes of this part.

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

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

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

14 (a) at the beginning of each fiscal year, 14.1% of the proceeds from the resource indemnity and  
15 ground water assessment tax, as authorized by 15-38-106, and 2.2% of the proceeds from the  
16 metalliferous mines license taxes, as authorized by 15-37-117, unless at the beginning of the fiscal year  
17 the unobligated cash balance in the ground water assessment account:

18 (i) equals or exceeds \$666,000, in which case ~~no an~~ allocation ~~will~~ may not be made and the ~~funds~~  
19 proceeds must be deposited in the resource indemnity trust fund established by 15-38-201; or

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

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

25 (c) proceeds allocated to the account as provided in 15-36-324 and 15-38-106; and

26 ~~(d)~~ funds provided by any other public or private sector organization or person in the form of  
27 gifts, grants, or contracts specifically designated to carry out the purposes of this part."  
28

29 **Section 7.** Section 90-2-1104, MCA, is amended to read:

30 **"90-2-1104. Reclamation and development grants account.** (1) There is a reclamation and

1 development grants special revenue account within the state special revenue fund established in 17-2-102.

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

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

4 (b) the resource indemnity ~~trust~~ and ground water assessment tax under the provisions of  
5 15-38-106; ~~and~~

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

7 LICENSE TAX PROCEEDS AS PROVIDED IN 15-37-117(1)(E); AND

8 (D) THE oil and gas production tax as provided in 15-36-324 AND 15-38-106.

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

11 (a) grants for designated projects; and

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

15  
16 NEW SECTION. Section 8. Effective date. [This act] is effective July 1, 1997.

17 -END-

**REREFERRED AND APPROVED BY COM ON  
FINANCE & CLAIMS**

1 HOUSE BILL NO. 171  
2 INTRODUCED BY RANEY  
3 BY REQUEST OF THE LEGISLATIVE FINANCE COMMITTEE  
4

5 A BILL FOR AN ACT ENTITLED: "AN ACT GENERALLY REVISING AND CLARIFYING THE ALLOCATION OF  
6 RESOURCE INDEMNITY AND GROUND WATER ASSESSMENT TAXES; REVISING THE TIME FOR  
7 ALLOCATING CERTAIN PORTIONS OF THE RESOURCE INDEMNITY ~~AND GROUND WATER ASSESSMENT~~  
8 ~~TAX TRUST FUND EARNINGS~~; AMENDING SECTIONS 15-38-201, 15-38-202, 15-38-203, 75-1-1101,  
9 85-1-604, 85-2-905, AND 90-2-1104, MCA; AND PROVIDING AN EFFECTIVE DATE."

10  
11 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

THERE ARE NO CHANGES IN THIS BILL AND IT WILL NOT BE REPRINTED. IT WAS RE-REFERRED AND APPROVED BY FINANCE & CLAIMS. PLEASE REFER TO 2ND RD--2ND HOUSE (TAN) FOR COMPLETE TEXT.

## 1 HOUSE BILL NO. 171

2 INTRODUCED BY RANEY

3 BY REQUEST OF THE LEGISLATIVE FINANCE COMMITTEE

4  
 5 A BILL FOR AN ACT ENTITLED: "AN ACT GENERALLY REVISING AND CLARIFYING THE ALLOCATION OF  
 6 RESOURCE INDEMNITY AND GROUND WATER ASSESSMENT TAXES; REVISING THE TIME FOR  
 7 ALLOCATING CERTAIN PORTIONS OF THE RESOURCE INDEMNITY AND GROUND WATER ASSESSMENT  
 8 TAX TRUST FUND EARNINGS; AMENDING SECTIONS 15-38-201, 15-38-202, 15-38-203, 75-1-1101,  
 9 85-1-604, 85-2-905, AND 90-2-1104, MCA; AND PROVIDING AN EFFECTIVE DATE."

10  
 11 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

12  
 13 **Section 1.** Section 15-38-201, MCA, is amended to read:

14 "15-38-201. **Creation of resource indemnity trust fund.** For the purpose of carrying out this  
 15 chapter, there is a resource indemnity trust fund ~~in the nonexpendable~~ expendable trust fund type. The  
 16 resource indemnity TRUST fund ~~shall~~ must be credited with all ~~moneys~~ money received as herein provided  
 17 in this chapter."

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

20 "15-38-202. **Investment of resource indemnity trust fund -- expenditure -- minimum balance.** (1)  
 21 All money paid into the resource indemnity trust fund, including money payable into the fund under the  
 22 provisions of 15-36-324 and 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. Thereafter, all net earnings and all receipts must be  
 26 appropriated by the legislature and expended, provided that the balance in the fund may never be less than  
 27 \$100 million.

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

30 (i) \$240,000, which is statutorily appropriated, as provided in 17-7-502, from the renewable

1 resource grant and loan program state special revenue account to support the operations of the  
2 environmental science-water quality instructional programs at Montana state university-northern, to be used  
3 for support costs, for matching funds necessary to attract additional funds to further expand statewide  
4 impact, and for enhancement of the facilities related to the programs-;

5 (ii) \$1 million to be deposited into the renewable resource grant and loan program state special  
6 revenue account, created by 85-1-604, for the purpose of making grants; AND

7 (iii) \$1.5 million to be deposited into the reclamation and development grants special revenue  
8 account, created by 90-2-1104, for the purpose of making grants; and,

9 ~~(iv) \$250,000 to be deposited into the water storage state special revenue account created by~~  
10 ~~85-1-631.~~

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

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

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

17 (III) BEGINNING IN FISCAL YEAR 1996, \$500,000 TO BE DEPOSITED INTO THE WATER STORAGE  
18 STATE SPECIAL REVENUE ACCOUNT CREATED BY 85-1-631

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

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

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

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

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

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

30 (iii) Forty percent of the interest income from the resource indemnity trust fund must be allocated

1 to the reclamation and development grants account provided for in 90-2-1104.

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

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

10

11 **Section 3.** Section 15-38-203, MCA, is amended to read:

12 "**15-38-203. Purpose of fund usage -- limitation on future use.** (1) Any funds made available under  
13 this chapter ~~shall~~ must be used and expended to improve the total environment and rectify damage ~~thereto~~  
14 to the environment.

15 (2) It is the intent of the legislature that future appropriations from the resource indemnity trust  
16 interest ~~account~~ not be made to fund general operating expenses of state agencies."

17

18 **Section 4.** Section 75-1-1101, MCA, is amended to read:

19 "**75-1-1101. Environmental contingency account objectives.** (1) There is ~~created~~ an environmental  
20 contingency account within the state special revenue fund established in 17-2-102. The environmental  
21 contingency account is controlled by the governor.

22 (2) At the beginning of each biennium, \$175,000 must be allocated to the environmental  
23 contingency account from the interest income of the resource indemnity trust fund with the following  
24 exceptions:

25 (a) if at the beginning of any biennium the unobligated cash balance in the environmental  
26 contingency account equals or exceeds \$750,000, allocation ~~will~~ may not be made; and

27 (b) if at the beginning of any biennium the unobligated cash balance in the environmental  
28 contingency account is less than \$750,000, then an amount less than or equal to the difference between  
29 the unobligated cash balance and \$750,000, but not to exceed \$175,000, must be allocated to the  
30 environmental contingency account from the interest income of the resource indemnity trust fund.

1 (3) Funds are statutorily appropriated, as provided in 17-7-502, from the environmental  
2 contingency account upon the authorization of the governor to meet unanticipated public needs consistent  
3 with the following objectives:

4 (a) to support renewable resource development projects in communities that face an emergency  
5 or imminent need for the services or to prevent the physical failure of a project;

6 (b) to preserve vegetation, water, soil, fish, wildlife, or other renewable resources from an imminent  
7 physical threat or during an emergency, not including:

8 (i) natural disasters adequately covered by other funding sources; or

9 (ii) fire;

10 (c) to respond to an emergency or imminent threat to persons, property, or the environment caused  
11 by mineral development;

12 (d) to respond to an emergency or imminent threat to persons, property, or the environment caused  
13 by a hazardous material; and

14 (e) to fund the environmental quality protection fund provided for in 75-10-704 or to take other  
15 necessary actions, including the construction of facilities, to respond to actual or potential threats to  
16 persons, property, or the environment caused by hazardous wastes or other hazardous materials.

17 (4) Interest from funds in the environmental contingency account accrues to the ~~resource indemnity~~  
18 ~~trust interest account~~ general fund.

19 (5) The governor shall submit, as a part of the information required by 17-7-111, a complete  
20 financial report on the environmental contingency account, including a description of all expenditures made  
21 since the preceding report."  
22

23 **Section 5.** Section 85-1-604, MCA, is amended to read:

24 **"85-1-604. Renewable resource grant and loan program state special revenue account created --**  
25 **revenue allocated -- limitations on appropriations from account.** (1) There is ~~created~~ a renewable resource  
26 grant and loan program state special revenue account within the state special revenue fund established in  
27 17-2-102.

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

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

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

4 (c) the excess of the coal severance tax proceeds allocated by 85-1-603 to the renewable resource  
5 loan debt service fund above debt service requirements as provided in and subject to the conditions of  
6 85-1-619;

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

9 (e) the resource indemnity and ground water assessment tax proceeds as provided in  
10 15-38-106(2)(b).

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

13 (a) The amount of resource indemnity trust fund interest earnings allocated ~~under~~  
14 ~~15-38-202(2)(b)(iii)~~ to the special revenue account UNDER 15-38-202(2)(A)(II) must be used for renewable  
15 resource grants.

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

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

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



1 arrangements for obtaining security interests; and for other necessities incurred in administering the loans  
2 and grants."

3

4 **Section 6.** Section 85-2-905, MCA, is amended to read:

5 **"85-2-905. Ground water assessment account.** (1) There is a ground water assessment account  
6 within the state special revenue fund established in 17-2-102. The Montana bureau of mines and geology  
7 is authorized to expend amounts from the account necessary to carry out the purposes of this part.

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

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

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

14 (a) at the beginning of each fiscal year, 14.1% of the proceeds from the resource indemnity and  
15 ground water assessment tax, as authorized by 15-38-106, and 2.2% of the proceeds from the  
16 metalliferous mines license taxes, as authorized by 15-37-117, unless at the beginning of the fiscal year  
17 the unobligated cash balance in the ground water assessment account:

18 (i) equals or exceeds \$666,000, in which case ~~no~~ an allocation ~~will~~ may not be made and the ~~funds~~  
19 proceeds must be deposited in the resource indemnity trust fund established by 15-38-201; or

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

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

25 (c) proceeds allocated to the account as provided in 15-36-324 and 15-38-106; and

26 ~~(e)~~(d) funds provided by any other public or private sector organization or person in the form of  
27 gifts, grants, or contracts specifically designated to carry out the purposes of this part."  
28

28

29 **Section 7.** Section 90-2-1104, MCA, is amended to read:

30 **"90-2-1104. Reclamation and development grants account.** (1) There is a reclamation and

1 development grants special revenue account within the state special revenue fund established in 17-2-102.

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

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

4 (b) the resource indemnity ~~trust~~ and ground water assessment tax under the provisions of  
5 15-38-106; and

6 (c) the ~~metal mines license tax proceeds as provided in 15-37-117(1)(e)~~ THE METAL MINES  
7 LICENSE TAX PROCEEDS AS PROVIDED IN 15-37-117(1)(E); AND

8 (D) THE oil and gas production tax as provided in 15-36-324 AND 15-38-106.

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

11 (a) grants for designated projects; and

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

15

16 NEW SECTION. Section 8. Effective date. [This act] is effective July 1, 1997.

17

-END-