

## 1 HOUSE BILL NO. 150

2 INTRODUCED BY M. DUNWELL

3

4 A BILL FOR AN ACT ENTITLED: "AN ACT REVISING THE REGULATION AND TAXATION OF LARGE  
5 EMISSION SOURCES IN MONTANA; ESTABLISHING THE MONTANA CLIMATE ACTION ACT;  
6 ESTABLISHING CARBON CONTENT REDUCTION TARGETS; REQUIRING THE DEPARTMENT OF  
7 ENVIRONMENTAL QUALITY TO COMPLETE A CARBON CONTENT REDUCTION PLAN; REQUIRING THE  
8 REPORTING AND MONITORING OF CARBON CONTENT EMISSIONS; GRANTING THE BOARD OF  
9 ENVIRONMENTAL REVIEW THE AUTHORITY TO ADOPT RULES AND FEES FOR QUANTIFICATION OF  
10 CARBON CONTENT; ESTABLISHING A CARBON TAX; REQUIRING THE DEPARTMENT OF REVENUE TO  
11 COLLECT THE TAX; GRANTING THE DEPARTMENT OF REVENUE RULEMAKING AUTHORITY;  
12 PROVIDING FOR THE DISTRIBUTION OF THE CARBON TAX; ALLOWING THE DEPARTMENT OF  
13 ENVIRONMENTAL QUALITY TO USE CARBON TAX FUNDS FOR CERTAIN REMEDIATION; REQUIRING  
14 THE DEPARTMENT OF COMMERCE TO PROVIDE GRANTS TO MITIGATE THE CLOSURE OF LARGE  
15 EMISSION SOURCES; REQUIRING THE DEPARTMENT OF COMMERCE TO PROVIDE GRANTS FOR  
16 COMMUNITY CLIMATE CHANGE MITIGATION EFFORTS; GRANTING THE DEPARTMENT OF  
17 COMMERCE RULEMAKING AUTHORITY; REQUIRING THE STATE-TRIBAL ECONOMIC DEVELOPMENT  
18 COMMISSION TO PROVIDE GRANTS; GRANTING THE STATE-TRIBAL ECONOMIC DEVELOPMENT  
19 COMMISSION RULEMAKING AUTHORITY; PROVIDING FOR THE USE OF SOME CARBON TAXES IN  
20 ACCORDANCE WITH COAL SEVERANCE TAX DISBURSEMENTS; PROVIDING DEFINITIONS;  
21 PROVIDING RULEMAKING AUTHORITY; AMENDING SECTIONS 15-35-108, 17-7-221, 17-7-222, 75-2-111,  
22 AND 75-2-221, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE AND A RETROACTIVE  
23 APPLICABILITY DATE."

24

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

26

27 NEW SECTION. **Section 1. Short title.** [Sections 1 through 22] may be cited as the "Montana  
28 Climate Action Act".

1

2           **NEW SECTION. Section 2. Purpose -- legislative intent.** (1) The legislature finds that because  
3 climate change is adversely affecting the state's people, economy, and environment, it is in the best interest of  
4 the public that the state reduce emissions of carbon content.

5           (2) The intent of [sections 1 through 22] is to protect the state for our children, our grandchildren, and  
6 future generations by quickly and effectively reducing emissions of carbon content and addressing its negative  
7 impacts.

8           (3) Because of uncertainty about how or whether greenhouse gas emissions will be regulated and  
9 reduced at the federal level, it is incumbent on the state to develop a plan to reduce emissions, independent of  
10 any federal effort.

11           (4) The legislature further recognizes the risks entailed in a unilateral effort to reduce emissions but  
12 finds that the risks of inaction are of greater significance.

13

14           **NEW SECTION. Section 3. Definitions.** As used in [sections 1 through 22], the following definitions  
15 apply:

16           (1) "Carbon content" includes the following gases:

17           (a) carbon dioxide;

18           (b) methane;

19           (c) nitrous oxide;

20           (d) hydrofluorocarbons;

21           (e) black carbon;

22           (f) perfluorocarbons; and

23           (g) sulfur hexafluoride.

24           (2) (a) "Large emission source" means a major stationary source that emits 25,000 metric tons or  
25 more of carbon content annually and is subject to regulation by the department of environmental quality in  
26 accordance with Title 75, chapter 2, parts 1 and 2.

27           (b) The term does not include a municipal solid waste landfill that is publicly owned and receives  
28 household waste or other types of waste.

1 (3) "Owner" means a person who has a legal or equitable interest in a large emission source subject  
2 to [sections 1 through 22] or the person's legal representative.

3 (4) "Person" means an individual, partnership, corporation, association, or other legal entity or any  
4 political subdivision or agency of the state or of the federal government.

5  
6 **NEW SECTION. Section 4. Carbon content reduction targets.** (1) The state shall limit emissions of  
7 carbon content to achieve the following emission reductions for the state:

8 (a) by 2035, reduce overall emissions of carbon content in the state to 25% below 2005 levels; and

9 (b) by 2050, the state will do its part to reach global climate stabilization levels by reducing overall  
10 emissions to 50% below 2005 levels.

11 (2) By September 1, 2022, the department of environmental quality shall complete a carbon content  
12 reduction plan, describing actions necessary to achieve the emission reductions in subsection (1).

13 (3) In order to complete the plan required in subsection (2), the department shall:

14 (a) establish a monitoring and reporting program for emissions as required in [section 5]; and

15 (b) track progress toward meeting the emission reductions established in subsection (1), including the  
16 impacts of the carbon tax included in [section 7].

17 (4) On or before September 1 of each year preceding the convening of a regular session of the  
18 legislature, the department of environmental quality shall report to the environmental quality council as provided  
19 in 5-11-210 summarizing the state's progress toward meeting emission reductions and the impacts of the  
20 carbon tax.

21

22 **NEW SECTION. Section 5. Emission reporting -- rules -- fees.** (1) Before January 1, 2022, the  
23 board of environmental review established in 2-15-3502 shall adopt rules that:

24 (a) require the reporting and verification of carbon content emitted by an owner of a large emission  
25 source in the state to the department of environmental quality;

26 (b) in accordance with subsection (2), adopt a schedule requiring the quantification and reporting of  
27 carbon content emitted by an owner of a large emission source;

28 (c) ensure rigorous and consistent accounting of carbon content and provide reporting tools and

1 formats to ensure the collection of necessary information, including third-party verification, as needed;

2 (d) ensure that an owner of a large emission source and the department of environmental quality  
3 provide for the maintenance of comprehensive records of all reported carbon content; and

4 (e) are consistent with comparable regional and national efforts.

5 (2) (a) Before January 1, 2022, the board shall adopt rules that establish a schedule of fees to be  
6 paid to the department by an owner of a large emission source required to report and verify emissions pursuant  
7 to rules established under this section.

8 (b) The fees must be sufficient to cover the reasonable costs, direct and indirect, of administering and  
9 complying with the rules and requirements established pursuant to [section 4] and this section.

10 (c) All fees collected must be deposited in the large emission source reduction and reporting account  
11 provided for in [section 6].

12

13 **NEW SECTION. Section 6. Large emission source reduction and reporting account.** (1) There is  
14 a large emission source reduction and reporting account in the state special revenue fund as provided in 17-2-  
15 102.

16 (2) There must be deposited in the account:

17 (a) all revenue from the fees collected pursuant to rules established under [section 5]; and

18 (b) money received by the department of environmental quality in the form of legislative allocations,  
19 reimbursements, gifts, or appropriations from any source that is intended to be used for the purposes of the  
20 account.

21 (3) The account may be used by the department of environmental quality only for administering and  
22 complying with the rules and requirements established pursuant to [sections 4 and 5].

23

24 **NEW SECTION. Section 7. Carbon tax -- authority of department of revenue.** (1) A carbon tax is  
25 imposed on and must be collected from the owners of large emission sources.

26 (2) (a) Beginning January 1, 2022, the carbon tax on owners of large emission sources is equal to  
27 \$10 per metric ton of carbon content. Beginning January 1, 2023, the carbon tax on owners of large emission  
28 sources increases annually by \$1 per metric ton, plus the rate of inflation.

1 (b) The carbon tax is fixed and no longer increases, except for annual increases for inflation, when  
2 the state's carbon content emissions are on a trajectory that indicates compliance with [section 4].

3 (3) The tax is deposited and distributed as provided in [section 15].

4 (4) The carbon tax must be paid to the department of revenue in quarterly installments, and the  
5 amount of the tax for each quarter must be paid to the department within 30 days after the end of each quarter.  
6 The owner of a large emission source shall pay the tax.

7 (5) The owner shall complete on forms prescribed by the department of revenue a statement  
8 showing:

9 (a) the name and address of the owner of the large emission source;

10 (b) the description and location of the large emission source;

11 (c) the metric tons of carbon content emitted by the large emission source during the period covered  
12 by the statement; and

13 (d) a statement from the department of environmental quality verifying the tonnage provided in  
14 subsection (5)(c).

15 (6) The statement must be signed by the person making the statement.

16 (7) The statement must be accompanied by the tax due.

17 (8) For the purpose of determining compliance with the provisions of [sections 7 through 14], the  
18 department of revenue may examine or cause to be examined any books, papers, records, or memoranda  
19 relevant to making a determination of the amount of tax due, whether the books, papers, records, or  
20 memoranda are the property of or in the possession of the person filing the return or another person. In  
21 determining compliance, the department may use statistical sampling and other sampling techniques consistent  
22 with generally accepted auditing standards. The department may also:

23 (a) require the attendance of a person having knowledge or information relevant to a statement;

24 (b) compel the production of books, papers, records, or memoranda by the person required to attend;

25 (c) implement the provisions of 15-1-703 if the department determines that the collection of the tax is  
26 or may be jeopardized because of delay;

27 (d) take testimony on matters material to the determination; and

28 (e) administer oaths or affirmations.

1 (9) In the case of a bankruptcy, the liability of the person remains unaffected by the discharge of  
2 penalty and interest against the large emission source. The person remains liable for any statements and the  
3 amount of taxes, penalties, and interest unpaid by the owner.  
4

5 **NEW SECTION. Section 8. Examination of statement -- adjustments -- delivery of notices and**  
6 **demands.** (1) If the department of revenue determines that the amount of tax due is different from the amount  
7 reported, the amount of tax computed on the basis of the examination conducted pursuant to [section 7]  
8 constitutes the tax to be paid.

9 (2) If the tax due exceeds the amount of tax reported as due on the taxpayer's statement, the excess  
10 must be paid to the department within 30 days after notice of the amount and demand for payment are mailed  
11 or delivered to the person making the statement unless the taxpayer files a timely objection as provided in 15-1-  
12 211. If the amount of the tax found due by the department is less than that reported as due on the statement  
13 and has been paid, the excess must be credited or, if no tax liability exists or is likely to exist, refunded to the  
14 person making the statement.

15 (3) The notice and demand provided for in this section must contain a statement of the computation of  
16 the tax and interest and must be:

17 (a) sent by mail to the taxpayer at the address given in the taxpayer's statement, if any, or to the  
18 taxpayer's last-known address; or

19 (b) served personally upon the taxpayer.

20 (4) A taxpayer filing an objection to the demand for payment is subject to and governed by the  
21 uniform tax review procedure provided in 15-1-211.  
22

23 **NEW SECTION. Section 9. Penalties and interest for violation.** (1) (a) A person who fails to file a  
24 statement as required by [section 7] must be assessed a penalty as provided in 15-1-216. The department of  
25 revenue may waive the penalty as provided in 15-1-206.

26 (b) A person who fails to file the statement required by [section 7] and to pay the tax on or before the  
27 due date must be assessed a penalty and interest as provided in 15-1-216. The department may waive any  
28 penalty pursuant to 15-1-206.

1 (2) A person who purposely fails to pay the tax when due must be assessed an additional penalty as  
2 provided in 15-1-216.

3

4 **NEW SECTION. Section 10. Authority to collect delinquent taxes.** (1) (a) The department of  
5 revenue shall collect taxes that are delinquent as determined under [sections 7 through 14].

6 (b) If a tax imposed by [section 7] or any portion of the tax is not paid when due, the department may  
7 issue a warrant for distraint as provided in Title 15, chapter 1, part 7.

8 (2) In addition to any other remedy, in order to collect delinquent taxes after the time for appeal has  
9 expired, the department may direct the offset of tax refunds or other funds that are due to the taxpayer from the  
10 state, except wages subject to the provisions of 25-13-614 and retirement benefits.

11 (3) As provided in 15-1-705, the taxpayer has the right to a review on the tax liability prior to any offset  
12 by the department.

13 (4) The department may file a claim for state funds on behalf of the taxpayer if a claim is required  
14 before funds are available for offset.

15

16 **NEW SECTION. Section 11. Interest on deficiency -- penalty.** (1) Interest accrues on unpaid or  
17 delinquent taxes as provided in 15-1-216. The interest must be computed from the date on which the statement  
18 and tax were originally due.

19 (2) If the payment of a tax deficiency is not made within 60 days after it is due and payable and if the  
20 deficiency is due to negligence on the part of the taxpayer but without fraud, the penalty imposed by 15-1-  
21 216(2) must be added to the amount of the deficiency.

22

23 **NEW SECTION. Section 12. Limitations.** (1) Except in the case of a person who purposely or  
24 knowingly, as those terms are defined in 45-2-101, files a false or fraudulent statement violating the provisions  
25 of [sections 7 through 14], a deficiency may not be assessed or collected with respect to a tax period for which  
26 a statement is filed unless the notice of additional tax proposed to be assessed is mailed to or personally  
27 served upon the taxpayer within 5 years from the date on which the statement was filed. For purposes of this  
28 section, a statement filed before the last day prescribed for filing is considered to be filed on the last day.

1 (2) If, before the expiration of the 5-year period prescribed in subsection (1) for assessment of the tax,  
 2 the taxpayer consents in writing to an assessment after the expiration of the 5-year period, a deficiency may be  
 3 assessed at any time prior to the expiration of the period consented to.

4  
 5 **NEW SECTION. Section 13. Credit or refund for overpayment -- refund -- interest on**  
 6 **overpayment.** (1) If the department of revenue determines that the amount of tax, penalty, or interest due for  
 7 any semiannual period is less than the amount paid, the amount of the overpayment must be credited against  
 8 any tax, penalty, or interest then due from the taxpayer and the balance refunded to the taxpayer or its  
 9 successor through reorganization, merger, or consolidation or to its shareholders upon dissolution.

10 (2) (a) The amount of an overpayment credited against any tax, penalty, or interest due for any tax  
 11 period or any refund or portion of a refund, which has not been distributed, must be withheld from the current  
 12 distribution.

13 (b) If the amount of the refund reduces the amount of tax previously distributed and if the current  
 14 distribution, if any, is insufficient to offset the refund, then the department shall demand the amount of the  
 15 refund from the department to which the tax was originally distributed.

16 (3) Except as provided in subsection (4), interest must be allowed on overpayments at the same rate  
 17 as is charged on unpaid taxes provided in 15-1-216 beginning from the due date of the statement or from the  
 18 date of overpayment, whichever date is later, to the date on which the department approves refunding or  
 19 crediting of the overpayment.

20 (4) (a) Interest may not accrue during any period in which the processing of a claim for refund is  
 21 delayed more than 30 days by reason of failure of the taxpayer to furnish information requested by the  
 22 department for the purpose of verifying the amount of the overpayment.

23 (b) Interest is not allowed:

24 (i) if the overpayment is refunded within 6 months from the date on which the statement is due or from  
 25 the date on which the statement is filed, whichever is later; or

26 (ii) if the amount of interest is less than \$1.

27

28 **NEW SECTION. Section 14. Administration -- rules.** The department of revenue shall:



- 1 (1) administer and enforce the provisions of [sections 7 through 13];
- 2 (2) cause to be prepared and distributed forms and information that may be necessary to administer
- 3 the provisions of [sections 7 through 13]; and
- 4 (3) adopt rules that may be necessary or appropriate to administer and enforce the provisions of
- 5 [sections 7 through 13].

6

7 **NEW SECTION. Section 15. Distribution of taxes.** (1) For each quarter, the department of revenue

8 shall determine the amount of tax, late payment interest, and penalties collected under [sections 7 through 14]

9 from the carbon tax. The tax is distributed as provided in subsection (2).

10 (2) The percentage of the tax determined under subsection (1) is allocated according to the following

11 schedule:

12 (a) 10% to the large emission source rehabilitation and response account in the state special revenue

13 fund established in [section 16] to be used to ensure remediation of property affected by a large emission

14 source;

15 (b) 10% to the community impact account in the state special revenue fund established in [section 17]

16 to provide grants to local governments and economic development organizations in accordance with [section

17 18];

18 (c) 10% to the healthy communities account in the state special revenue fund established in [section

19 19] for healthy communities grants to be distributed in accordance with [section 20];

20 (d) 10% to the tribal communities account in the state special revenue fund established in [section 21]

21 for tribal grants to be distributed in accordance with [section 22];

22 (e) 20% for disbursement in accordance with 15-35-108; and

23 (f) 40% to the state general fund to be appropriated by the legislature.

24

25 **NEW SECTION. Section 16. Large emission source rehabilitation and response account.** (1)

26 There is a large emission source rehabilitation and response account in the state special revenue fund provided

27 for in 17-2-102.

28 (2) There must be deposited in the account:

- 1 (a) allocations made in accordance with [section 15(2)(a)]; and
- 2 (b) interest earned on the account.
- 3 (3) Money in the account is available to the department of environmental quality by appropriation and
- 4 must be used to pay for:
- 5 (a) reclamation and revegetation of land affected by large emission sources, research pertaining to
- 6 the reclamation and revegetation of land, and the rehabilitation of water affected by large emission sources;
- 7 (b) reclamation and revegetation of unreclaimed lands for which the department may not require
- 8 reclamation by, or obtain costs of reclamation from, a legally responsible party;
- 9 (c) remediation of sites containing hazardous wastes as defined in 75-10-403, hazardous or
- 10 deleterious substances as defined in 75-10-701, or solid waste as defined in 75-10-203; or
- 11 (d) response to an imminent threat of substantial harm to the environment, to public health, or to
- 12 public safety for which no funding or insufficient funding is available.
- 13 (4) Any unspent or unencumbered money in the account at the end of a fiscal year must remain in the
- 14 account until spent or appropriated by the legislature.

15

16 **NEW SECTION. Section 17. Community impact account.** (1) There is a community impact account

17 in the state special revenue fund established in 17-2-102.

- 18 (2) There must be deposited in the account:
- 19 (a) allocations made in accordance with [section 15(2)(b)];
- 20 (b) a gift, donation, grant, legacy, bequest, or devise made for the purposes of [section 18]; and
- 21 (c) interest or other income earned on the money in the account.
- 22 (3) The account must be used by the department of commerce:
- 23 (a) to provide grants in accordance with [section 18]; and
- 24 (b) for the department's costs of administering [section 18].

25

26 **NEW SECTION. Section 18. Community impact grants -- rulemaking.** (1) The department of

27 commerce shall award competitive grants annually using the account established in [section 17] to local

28 governments and economic development organizations.

1 (2) In accordance with subsection (3), grants may be awarded to:

2 (a) pay for outstanding capital project bonds or other expenses incurred by a local government prior  
3 to the closure or decommissioning of a large emission source;

4 (b) promote diversification and development of the economic base within the jurisdiction of a local  
5 government through assistance to existing business, retention and expansion of existing business,  
6 unemployment assistance in addition to a formerly employed individual's unemployment compensation and  
7 unemployment benefits, or assistance to new business;

8 (c) attract new industry to the impact area;

9 (d) provide cash incentives for expanding the employment base of the area impacted by changes in  
10 the operation of a large emission source; and

11 (e) accomplish any combination of subsections (2)(a) through (2)(d).

12 (3) In awarding grants, preference must be given to applications in the following order of priority:

13 (a) requests by local governments and economic development organizations in communities where a  
14 large emission source has closed or will close in the last 12 months;

15 (b) requests by local governments and economic development organizations in communities where a  
16 large emission source is making a transition toward fewer emissions of carbon content.

17 (4) For the purposes of this section:

18 (a) "Economic development organization" means a private, nonprofit organization whose primary  
19 purposes are to develop the economy of its area and to provide assistance to businesses in that area.

20 (b) "Local government" means cities, towns, counties, consolidated city-counties, and tribal  
21 governments.

22 (5) The department shall adopt rules necessary for the administration of this section. The rules may  
23 include but are not limited to:

24 (a) eligibility requirements for entities applying for grants;

25 (b) criteria for awarding grants; and

26 (c) reporting procedures for grant recipients.

27

28 **NEW SECTION. Section 19. Healthy communities account.** (1) There is an account in the state

1 special revenue fund established in 17-2-102 to be known as the healthy communities account.

2 (2) There must be deposited in the account:

3 (a) allocations made in accordance with [section 15(2)(c)];

4 (b) a gift, donation, grant, legacy, bequest, or devise made for the purposes of [section 20]; and

5 (c) interest or other income earned on the money in the account.

6 (3) The account must be used by the department of commerce:

7 (a) to provide grants in accordance with [section 20]; and

8 (b) for the department's costs of administering [section 20].

9

10 **NEW SECTION. Section 20. Healthy communities grants -- rulemaking.** (1) The department of  
11 commerce shall award competitive grants annually using the account established in [section 19].

12 (2) Grants may be awarded to individuals and organizations focused on preparing communities for  
13 challenges caused by climate change and ensuring that the impacts of climate change are not  
14 disproportionately borne by certain populations. Grants may be awarded to:

15 (a) develop and implement resources to support fire suppression, prevention, and recovery for  
16 communities impacted or potentially impacted by wildfires;

17 (b) reduce worker and public exposure to emissions of air pollutants, discharges of pollutants, or  
18 releases of hazardous substances; or

19 (c) develop and implement health programs to expand awareness of and increase preparedness for  
20 the environmental, social, and economic impacts of climate change and strategies to reduce pollution.

21 (3) The department shall adopt rules necessary for the administration of this section. The rules may  
22 include but are not limited to:

23 (a) eligibility requirements for entities applying for grants;

24 (b) criteria for awarding grants; and

25 (c) reporting procedures for grant recipients.

26 (4) The department may consult with and consider recommendations by the department of public  
27 health and human services, department of environmental quality, and department of natural resources and  
28 conservation in implementing this section.

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28

**NEW SECTION. Section 21. Tribal communities account.** (1) There is an account in the state special revenue fund established in 17-2-102 to be known as the tribal communities account.

- (2) There must be deposited in the account:
  - (a) allocations made in accordance with [section 15(2)(d)];
  - (b) a gift, donation, grant, legacy, bequest, or devise made for the purposes of [section 22]; and
  - (c) interest or other income earned on the money in the account.
- (3) The account must be used by the state-tribal economic development commission:
  - (a) to provide grants in accordance with [section 22]; and
  - (b) for the commission's costs of administering [section 22].

**NEW SECTION. Section 22. Tribal communities grants -- rulemaking.** (1) The state-tribal economic development commission shall award competitive grants annually using the account established in [section 21].

- (2) Grants may be awarded to tribal corporations created for the purpose of supporting schools, colleges, and universities and to other tribal nonprofit organizations. Grants may be awarded to assist in meeting the economic needs and priorities of Indian reservations in the state.
- (3) The commission shall adopt rules necessary for the administration of this section. The rules may include but are not limited to:
  - (a) eligibility requirements for entities applying for grants;
  - (b) criteria for awarding grants; and
  - (c) reporting procedures for grant recipients.
- (4) The commission may work cooperatively with tribal government officials, the state director of Indian affairs, and other appropriate state officials in implementing this section.

**Section 23.** Section 15-35-108, MCA, is amended to read:  
**"15-35-108. (Temporary) Disposal of severance taxes.** Severance taxes collected under this chapter and carbon taxes collected in accordance with [section 7] and allocated in accordance with [section

1 15(2)(d)] must, in accordance with the provisions of 17-2-124, be allocated as follows:

2 (1) Fifty percent of total coal severance tax collections and carbon tax allocations made in accordance  
3 with [section 15(2)(d)] is allocated to the trust fund created by Article IX, section 5, of the Montana constitution.

4 The trust fund money must be deposited in the fund established under 17-6-203(6) and invested by the board  
5 of investments as provided by law.

6 (2) The amount of 12% of coal severance tax collections and carbon tax allocations made in  
7 accordance with [section 15(2)(d)] is allocated to the major repair long-range building program account  
8 established in 17-7-221.

9 (3) The amount of 0.90% in fiscal year 2020, ~~and~~ 0.93% in fiscal year 2021, and 0.93% of coal  
10 severance tax collections and carbon tax allocations made in accordance with [section 15(2)(d)] in each fiscal  
11 year thereafter must be allocated for provision of basic library services for the residents of all counties through  
12 library federations and for payment of the costs of participating in regional and national networking and must be  
13 deposited in the basic library services account established in 22-1-202.

14 (4) The amount of 3.77% in fiscal year 2020, ~~and~~ 3.71% in fiscal year 2021, and 3.71% of coal  
15 severance tax collections and carbon tax allocations made in accordance with [section 15(2)(d)] in each fiscal  
16 year thereafter must be allocated to the department of natural resources and conservation for conservation  
17 districts and deposited in the conservation district account established in 76-15-106.

18 (5) The amount of 0.79% in fiscal year 2020, ~~and~~ 0.82% in fiscal year 2021, and 0.82% of coal  
19 severance tax collections and carbon tax allocations made in accordance with [section 15(2)(d)] in each fiscal  
20 year thereafter must be allocated to the Montana Growth Through Agriculture Act and deposited in the growth  
21 through agriculture account established in 90-9-104.

22 (6) The amount of 1.27% of coal severance tax collections and carbon tax allocations made in  
23 accordance with [section 15(2)(d)] must be allocated to a permanent fund account for the purpose of parks  
24 acquisition or management. Income from this permanent fund account, excluding unrealized gains and losses,  
25 must be appropriated for the acquisition, development, operation, and maintenance of any sites and areas  
26 described in 23-1-102.

27 (7) The amount of 0.95% of coal severance tax collections and carbon tax allocations made in  
28 accordance with [section 15(2)(d)] must be allocated to the debt service fund type to the credit of the renewable

1 resource loan debt service fund.

2 (8) The amount of 0.63% of coal severance tax collections and carbon tax allocations made in  
3 accordance with [section 15(2)(d)] must be allocated to a trust fund for the purpose of protection of works of art  
4 in the capitol and for other cultural and aesthetic projects. Income from this trust fund account, excluding  
5 unrealized gains and losses, must be appropriated for protection of works of art in the state capitol and for other  
6 cultural and aesthetic projects.

7 (9) The amount of 5.8% of coal severance tax collections and carbon tax allocations made in  
8 accordance with [section 15(2)(d)] through June 30, 2023, and beginning July 1, 2023, the amount of 2.9% of  
9 coal severance tax collections and carbon tax allocations made in accordance with [section 15(2)(d)] must be  
10 credited to the coal natural resource account established in 90-6-1001(2).

11 (10) After the allocations are made under subsections (2) through (9), \$250,000 for the fiscal year must  
12 be credited to the coal and uranium mine permitting and reclamation program account established in 82-4-244.

13 (11) (a) Subject to subsection (11)(b), all other revenue from severance taxes collected under the  
14 provisions of this chapter must be credited to the general fund of the state.

15 (b) The interest income of the coal severance tax permanent fund that is deposited in the general  
16 fund is statutorily appropriated, as provided in 17-7-502, on July 1 each year as follows:

17 (i) to the department of agriculture:

18 (A) \$65,000 for the cooperative development center;

19 (B) \$900,000 for the growth through agriculture program provided for in Title 90, chapter 9;

20 (C) \$600,000 for the Montana food and agricultural development program provided for in Title 80,  
21 chapter 11;

22 (ii) to the department of commerce:

23 (A) \$325,000 for a small business development center;

24 (B) \$50,000 for a small business innovative research program;

25 (C) \$625,000 for certified regional development corporations;

26 (D) \$500,000 for the Montana manufacturing extension center at Montana state university-Bozeman;

27 and

28 (E) \$300,000 for export trade enhancement. (Terminates June 30, 2027--secs. 13, 15, 18, Ch. 343, L.

1 2019.)

2 **15-35-108. (Effective July 1, 2027) Disposal of severance taxes.** Severance taxes collected under  
3 this chapter and carbon taxes collected in accordance with [section 7] and allocated in accordance with [section  
4 15(2)(d)] must, in accordance with the provisions of 17-2-124, be allocated as follows:

5 (1) Fifty percent of total coal severance tax collections and carbon tax allocations made in accordance  
6 with [section 15(2)(d)] is allocated to the trust fund created by Article IX, section 5, of the Montana constitution.  
7 The trust fund money must be deposited in the fund established under 17-6-203(6) and invested by the board  
8 of investments as provided by law.

9 (2) The amount of 12% of coal severance tax collections and carbon tax allocations made in  
10 accordance with [section 15(2)(d)] is allocated to the major repair long-range building program account  
11 established in 17-7-221.

12 (3) The amount of 0.90% in fiscal year 2020<sub>1</sub>, ~~and~~ 0.93% in fiscal year 2021<sub>1</sub>, and 0.93% of coal  
13 severance tax collections and carbon tax allocations made in accordance with [section 15(2)(d)] in each fiscal  
14 year thereafter must be allocated for provision of basic library services for the residents of all counties through  
15 library federations and for payment of the costs of participating in regional and national networking and must be  
16 deposited in the basic library services account established in 22-1-202.

17 (4) The amount of 3.77% in fiscal year 2020<sub>1</sub>, ~~and~~ 3.71% in fiscal year 2021<sub>1</sub>, and 3.71% of coal  
18 severance tax collections and carbon tax allocations made in accordance with [section 15(2)(d)] in each fiscal  
19 year thereafter must be allocated to the department of natural resources and conservation for conservation  
20 districts and deposited in the conservation district account established in 76-15-106.

21 (5) The amount of 0.79% in fiscal year 2020<sub>1</sub>, ~~and~~ 0.82% in fiscal year 2021<sub>1</sub>, and 0.82% of coal  
22 severance tax collections and carbon tax allocations made in accordance with [section 15(2)(d)] in each fiscal  
23 year thereafter must be allocated to the Montana Growth Through Agriculture Act and deposited in the growth  
24 through agriculture account established in 90-9-104.

25 (6) The amount of 1.27% of coal severance tax collections and carbon tax allocations made in  
26 accordance with [section 15(2)(d)] must be allocated to a permanent fund account for the purpose of parks  
27 acquisition or management. Income from this permanent fund account, excluding unrealized gains and losses,  
28 must be appropriated for the acquisition, development, operation, and maintenance of any sites and areas



1 described in 23-1-102.

2 (7) The amount of 0.95% of coal severance tax collections and carbon tax allocations made in  
3 accordance with [section 15(2)(d)] must be allocated to the debt service fund type to the credit of the renewable  
4 resource loan debt service fund.

5 (8) The amount of 0.63% of coal severance tax collections and carbon tax allocations made in  
6 accordance with [section 15(2)(d)] must be allocated to a trust fund for the purpose of protection of works of art  
7 in the capitol and for other cultural and aesthetic projects. Income from this trust fund account, excluding  
8 unrealized gains and losses, must be appropriated for protection of works of art in the state capitol and for other  
9 cultural and aesthetic projects.

10 (9) The amount of 2.9% of coal severance tax collections and carbon tax allocations made in  
11 accordance with [section 15(2)(d)] must be credited to the coal natural resource account established in 90-6-  
12 1001(2).

13 (10) After the allocations are made under subsections (2) through (9), \$250,000 for the fiscal year must  
14 be credited to the coal and uranium mine permitting and reclamation program account established in 82-4-244.

15 (11) All other revenue from severance taxes collected under the provisions of this chapter or carbon  
16 tax allocations made in accordance with [section 15(2)(d)] must be credited to the general fund of the state."  
17

18 **Section 24.** Section 17-7-221, MCA, is amended to read:

19 **"17-7-221. Major repair long-range building program account.** (1) There is a major repair long-  
20 range building program account in the capital projects fund type to fund major repair projects.

21 (2) Cigarette tax revenue is deposited in the account pursuant to 16-11-119.

22 (3) Coal severance taxes and carbon taxes are allocated to and deposited in the account under 15-  
23 35-108.

24 (4) Interest earnings, project carryover funds, administrative fees, and miscellaneous revenue must  
25 be retained in the account."  
26

27 **Section 25.** Section 17-7-222, MCA, is amended to read:

28 **"17-7-222. Minimum funding for major repair -- restriction of capital developments -- transfer to**

1 **satisfy minimum as present law base.** (1) The minimum level of funding for major repair projects is 0.6% of  
 2 the replacement cost of existing long-range building program-eligible buildings for each fiscal year.

3 (2) The legislature may not fund the design or construction of any new capital development projects,  
 4 except to complete the funding of projects for which partial funding has been previously provided, until the  
 5 legislature has estimated and appropriated the amount referred to in subsection (1) to fund major repair  
 6 projects for long-range building program-eligible buildings from the account established in 17-7-221 for each  
 7 fiscal year.

8 (3) Sources for funding the amount referred to in subsection (1) are:

9 (a) revenue allocations into the account established in 17-7-221 of cigarette tax revenue allocated  
 10 pursuant to 16-11-119 and coal severance taxes and carbon taxes allocated pursuant to 15-35-108, as  
 11 projected in the official revenue estimate provided in 5-5-227; and

12 (b) an appropriated transfer into the account from the general fund in the general appropriations act.

13 (4) The appropriated transfer in subsection (3)(b) to the account established in 17-7-221 to fund major  
 14 repair projects is part of the present law base for purposes of Title 17, chapter 7, part 1, and must be sufficient  
 15 to fund the amount referred to in subsection (1) when added to the account's revenue allocations in subsection  
 16 (3)(a)."

17

18 **Section 26.** Section 75-2-111, MCA, is amended to read:

19 **"75-2-111. Powers of board.** The board shall, subject to the provisions of 75-2-207:

20 (1) adopt, amend, and repeal rules for the administration, implementation, and enforcement of this  
 21 chapter, for issuing orders under and in accordance with 42 U.S.C. 7419, and for fulfilling the requirements of  
 22 42 U.S.C. 7420 and regulations adopted pursuant to that section, except that, for purposes other than  
 23 agricultural open burning, the board may not adopt permitting requirements or any other rule relating to:

24 (a) any agricultural activity or equipment that is associated with the use of agricultural land or the  
 25 planting, production, processing, harvesting, or storage of agricultural crops by an agricultural producer and that  
 26 is not subject to the requirements of 42 U.S.C. 7475, 7503, or 7661a;

27 (b) a commercial operation relating to the activities or equipment referred to in subsection (1)(a) that  
 28 remains in a single location for less than 12 months and is not subject to the requirements of 42 U.S.C. 7475,

1 7503, or 7661a; or

2 (c) forestry equipment and its associated engine used for forestry practices that remain in a single  
3 location for less than 12 months and are not subject to the requirements of 42 U.S.C. 7475, 7503, or 7661a;

4 (2) hold hearings relating to any aspect of or matter in the administration of this chapter at a place  
5 designated by the board. The board may compel the attendance of witnesses and the production of evidence at  
6 hearings. The board shall designate an attorney to assist in conducting hearings and shall appoint a reporter  
7 who must be present at all hearings and take full stenographic notes of all proceedings, transcripts of which will  
8 be available to the public at cost.

9 (3) issue orders necessary to effectuate the purposes of this chapter;

10 (4) by rule require access to records relating to emissions;

11 (5) by rule adopt a schedule of fees required for permits, permit applications, and registrations  
12 consistent with this chapter;

13 (6) by rule adopt a schedule of fees to cover the costs of administering [sections 3 through 6] for large  
14 emission sources consistent with this chapter; and

15 ~~(6)(7)~~ have the power to issue orders under and in accordance with 42 U.S.C. 7419."  
16

17 **Section 27.** Section 75-2-221, MCA, is amended to read:

18 **"75-2-221. Deposit of air quality permitting and registration fees.** (1) All Except as provided in  
19 [section 5(2)], all money collected by the department pursuant to 75-2-111 and 75-2-220 must be deposited in  
20 an account in the state special revenue fund to be appropriated by the legislature to the department for the  
21 development and administration of the permitting and registration requirements of this chapter.

22 (2) Upon request, the expenditure by the department of funds in this account may be audited by a  
23 qualified auditor at the end of each fiscal year. The cost of the audit must be paid by the person requesting the  
24 audit."  
25

26 NEW SECTION. **Section 28. Notification to tribal governments.** The secretary of state shall send a  
27 copy of [this act] to each federally recognized tribal government in Montana.  
28

