

HOUSE BILL NO. 193

INTRODUCED BY M. DUNWELL

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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
11 COLLECT THE TAX; GRANTING THE DEPARTMENT OF REVENUE RULEMAKING AUTHORITY; PROVIDING
12 FOR THE DISTRIBUTION OF THE CARBON TAX; ALLOWING THE DEPARTMENT OF ENVIRONMENTAL
13 QUALITY TO USE CARBON TAX FUNDS FOR CERTAIN REMEDIATION; REQUIRING THE DEPARTMENT
14 OF COMMERCE TO PROVIDE GRANTS TO MITIGATE THE CLOSURE OF LARGE EMISSION SOURCES;
15 REQUIRING THE DEPARTMENT OF COMMERCE TO PROVIDE GRANTS FOR COMMUNITY CLIMATE
16 CHANGE MITIGATION EFFORTS; GRANTING THE DEPARTMENT OF COMMERCE RULEMAKING
17 AUTHORITY; PROVIDING FOR THE USE OF SOME CARBON TAXES IN ACCORDANCE WITH COAL
18 SEVERANCE TAX DISBURSEMENTS; AMENDING SECTIONS 15-35-108, 17-7-205, 75-2-111, AND 75-2-221,
19 MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE AND A RETROACTIVE APPLICABILITY DATE."
20

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

22
23 NEW SECTION. **Section 1. Short title.** [Sections 1 through 20] may be cited as the "Montana Climate
24 Action Act".
25

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

29 (2) The intent of [sections 1 through 20] is to protect Montana for our children, our grandchildren, and
30 future generations by quickly and effectively reducing emissions of carbon content and addressing its negative



1 impacts.

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

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

7
8 **NEW SECTION. Section 3. Definitions.** As used in [sections 1 through 20], the following definitions
9 apply:

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

- 11 (a) carbon dioxide;
- 12 (b) methane;
- 13 (c) nitrous oxide;
- 14 (d) hydrofluorocarbons;
- 15 (e) black carbon;
- 16 (f) perfluorocarbons; and
- 17 (g) sulfur hexafluoride.

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

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

23 (3) "Owner" means a person who has a legal or equitable interest in a large emission source subject to
24 [sections 1 through 20] or the person's legal representative.

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

27
28 **NEW SECTION. Section 4. Carbon content reduction targets.** (1) Montana shall limit emissions of
29 carbon content to achieve the following emission reductions for Montana:

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

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

3 (2) By September 1, 2020, the department of environmental quality shall complete a carbon content
4 reduction plan, describing actions necessary to achieve the emission reductions in subsection (1).

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

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

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

9 (4) On or before September 1 of each year preceding the convening of a regular session of the
10 legislature, the department of environmental quality shall report to the environmental quality council established
11 in 5-16-101 summarizing the state's progress toward meeting emission reductions and the impacts of the carbon
12 tax.

13
14 **NEW SECTION. Section 5. Emission reporting -- rules -- fees.** (1) Before January 1, 2020, the board
15 of environmental review provided for in 2-15-3502 shall adopt rules that:

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

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

20 (c) ensure rigorous and consistent accounting of carbon content and provide reporting tools and formats
21 to ensure the collection of necessary information, including third-party verification, as needed;

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

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

25 (2) (a) Before January 1, 2020, the board shall adopt rules that establish a schedule of fees to be paid
26 to the department by an owner of a large emission source required to report and verify emissions pursuant to
27 rules established under this section.

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

30 (c) All fees collected must be deposited in the large emission source reduction and reporting account

1 provided for in [section 6].

2

3 **NEW SECTION. Section 6. Large emission source reduction and reporting account.** (1) There
4 is a large emission source reduction and reporting account in the state special revenue fund provided for in
5 17-2-102.

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

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

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

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

13

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

16 (2) (a) Beginning January 1, 2020, the carbon tax on owners of large emission sources is equal to \$10
17 per metric ton of carbon content. Beginning January 1, 2021, the carbon tax on owners of large emission sources
18 increases annually by \$1 per metric ton, plus the rate of inflation.

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

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

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

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

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

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

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

30 (d) a statement from the department of environmental quality verifying the tonnage provided in subsection

1 (5)(c).

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

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

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

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

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

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

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

15 (e) administer oaths or affirmations.

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

19

20 **NEW SECTION. Section 8. Examination of statement -- adjustments -- delivery of notices and**

21 **demands.** (1) If the department of revenue determines that the amount of tax due is different from the amount
22 reported, the amount of tax computed on the basis of the examination conducted pursuant to [section 7]
23 constitutes the tax to be paid.

24 (2) If the tax due exceeds the amount of tax reported as due on the taxpayer's statement, the excess
25 must be paid to the department within 30 days after notice of the amount and demand for payment are mailed
26 or delivered to the person making the statement unless the taxpayer files a timely objection as provided in
27 15-1-211. If the amount of the tax found due by the department is less than that reported as due on the statement
28 and has been paid, the excess must be credited or, if no tax liability exists or is likely to exist, refunded to the
29 person making the statement.

30 (3) The notice and demand provided for in this section must contain a statement of the computation of

1 the tax and interest and must be:

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

4 (b) served personally upon the taxpayer.

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

7

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

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

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

16

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

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

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

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

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

28

29 **NEW SECTION. Section 11. Interest on deficiency -- penalty.** (1) Interest accrues on unpaid or
30 delinquent taxes as provided in 15-1-216. The interest must be computed from the date on which the statement

1 and tax were originally due.

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

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

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

15
16 **NEW SECTION. Section 13. Credit or refund for overpayment -- refund -- interest on overpayment.**

17 (1) If the department of revenue determines that the amount of tax, penalty, or interest due for any semiannual
18 period is less than the amount paid, the amount of the overpayment must be credited against any tax, penalty,
19 or interest then due from the taxpayer and the balance refunded to the taxpayer or its successor through
20 reorganization, merger, or consolidation or to its shareholders upon dissolution.

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

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

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

30 (4) (a) Interest may not accrue during any period in which the processing of a claim for refund is delayed

1 more than 30 days by reason of failure of the taxpayer to furnish information requested by the department for the
2 purpose of verifying the amount of the overpayment.

3 (b) Interest is not allowed:

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

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

7

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

9 (1) administer and enforce the provisions of [sections 7 through 13];

10 (2) cause to be prepared and distributed forms and information that may be necessary to administer the
11 provisions of [sections 7 through 13]; and

12 (3) adopt rules that may be necessary or appropriate to administer and enforce the provisions of [sections
13 7 through 13].

14

15 **NEW SECTION. Section 15. Distribution of taxes.** (1) For each quarter, the department of revenue
16 shall determine the amount of tax, late payment interest, and penalties collected under [sections 7 through 14]
17 from the carbon tax. The tax is distributed as provided in subsection (2).

18 (2) The percentage of the tax determined under subsection (1) is allocated according to the following
19 schedule:

20 (a) 10% to the large emission source rehabilitation and response account in the state special revenue
21 fund established in [section 16] to be used to ensure remediation of property affected by a large emission source;

22 (b) 10% to the community impact account in the state special revenue fund established in [section 17]
23 to provide grants to local governments and economic development organizations in accordance with [section 18];

24 (c) 10% to the healthy communities account in the state special revenue fund established in [section 19]
25 for healthy communities grants to be distributed in accordance with [section 20];

26 (d) 20% for disbursement in accordance with 15-35-108; and

27 (e) 50% to the state general fund to be appropriated by the legislature.

28

29 **NEW SECTION. Section 16. Large emission source rehabilitation and response account.** (1) There
30 is large emission source rehabilitation and response account in the state special revenue fund provided for in

1 17-2-102.

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

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

4 (b) interest earned on the account.

5 (3) Money in the account is available to the department of environmental quality by appropriation and
6 must be used to pay for:

7 (a) reclamation and revegetation of land affected by large emission sources, research pertaining to the
8 reclamation and revegetation of land, and the rehabilitation of water affected by large emission sources;

9 (b) reclamation and revegetation of unreclaimed lands for which the department may not require
10 reclamation by, or obtain costs of reclamation from, a legally responsible party;

11 (c) remediation of sites containing hazardous wastes as defined in 75-10-403, hazardous or deleterious
12 substances as defined in 75-10-701, or solid waste as defined in 75-10-203; or

13 (d) response to an imminent threat of substantial harm to the environment, to public health, or to public
14 safety for which no funding or insufficient funding is available.

15 (4) Any unspent or unencumbered money in the account at the end of a fiscal year must remain in the
16 account until spent or appropriated by the legislature.

17

18 **NEW SECTION. Section 17. Community impact account.** (1) There is an account in the state special
19 revenue fund established by 17-2-102 to be known as the community impact account.

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

21 (a) allocations made in accordance with [section 15(2)(b)];

22 (b) a gift, donation, grant, legacy, bequest, or devise made for the purposes of [section 18]; and

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

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

25 (a) to provide grants in accordance with [section 18]; and

26 (b) for the department's costs of administering [section 18].

27

28 **NEW SECTION. Section 18. Community impact grants -- rulemaking.** (1) The department of
29 commerce shall award competitive grants annually using the account established in [section 17] to local
30 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 to
3 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, unemployment
6 assistance in addition to a formerly employed individual's unemployment compensation and unemployment
7 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 the
10 operation of a large emission source;

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

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

21 (5) 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

27 **NEW SECTION. Section 19. Healthy communities account.** (1) There is an account in the state
28 special revenue fund established by 17-2-102 to be known as the healthy communities account.

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

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

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

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

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

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

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

6

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

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

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

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

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

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

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

21 (b) criteria for awarding grants; and

22 (c) reporting procedures for grant recipients.

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

26

27 **Section 21.** Section 15-35-108, MCA, is amended to read:

28 **"15-35-108. (Temporary) Disposal of severance taxes.** Severance taxes collected under this chapter
29 must, in accordance with the provisions of 17-2-124, be allocated as follows:

30 (1) Fifty percent of total coal severance tax collections is allocated to the trust fund created by Article IX,

1 section 5, of the Montana constitution. The trust fund money must be deposited in the fund established under
2 17-6-203(6) and invested by the board of investments as provided by law.

3 (2) The amount of 12% of coal severance tax collections is allocated to the long-range building program
4 account established in 17-7-205.

5 (3) The amount of 0.85% in fiscal year 2018 and 0.88% in fiscal year 2019 must be allocated for
6 provision of basic library services for the residents of all counties through library federations and for payment of
7 the costs of participating in regional and national networking and must be deposited in the basic library services
8 account established in 22-1-202.

9 (4) The amount of 3.89% in fiscal year 2018 and 3.83% in fiscal year 2019 must be allocated to the
10 department of natural resources and conservation for conservation districts and deposited in the conservation
11 district account established in 76-15-106.

12 (5) The amount of 0.72% in fiscal year 2018 and 0.75% in fiscal year 2019 must be allocated to the
13 Montana Growth Through Agriculture Act and deposited in the growth through agriculture account established
14 in 90-9-104.

15 (6) The amount of 1.27% must be allocated to a permanent fund account for the purpose of parks
16 acquisition or management. Income from this permanent fund account, excluding unrealized gains and losses,
17 must be appropriated for the acquisition, development, operation, and maintenance of any sites and areas
18 described in 23-1-102.

19 (7) The amount of 0.95% must be allocated to the debt service fund type to the credit of the renewable
20 resource loan debt service fund.

21 (8) The amount of 0.63% must be allocated to a trust fund for the purpose of protection of works of art
22 in the capitol and for other cultural and aesthetic projects. Income from this trust fund account, excluding
23 unrealized gains and losses, must be appropriated for protection of works of art in the state capitol and for other
24 cultural and aesthetic projects.

25 (9) The amount of 5.8% through June 30, 2019, and beginning July 1, 2019, the amount of 2.9% must
26 be credited to the coal natural resource account established in 90-6-1001(2).

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

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

1 (b) The interest income of the coal severance tax permanent fund that is deposited in the general fund,
 2 less the annual transfer of \$1.275 million to the research and commercialization state special revenue account
 3 pursuant to 15-1-122(2), is statutorily appropriated, as provided in 17-7-502, on July 1 each year as follows:

4 (i) \$65,000 to the cooperative development center;

5 (ii) \$625,000 for the growth through agriculture program provided for in Title 90, chapter 9;

6 (iii) to the department of commerce:

7 (A) \$125,000 for a small business development center;

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

9 (C) \$425,000 for certified regional development corporations;

10 (D) \$200,000 for the Montana manufacturing extension center at Montana state university-Bozeman;

11 and

12 (E) \$300,000 for export trade enhancement. (Terminates June 30, 2019--secs. 2, 3, Ch. 459, L. 2009.)

13 **15-35-108. (Effective July 1, 2019) Disposal of severance taxes.** Severance taxes collected under
 14 this chapter and carbon taxes collected in accordance with [section 7] and allocated in accordance with [section
 15 15(2)(d)] must, in accordance with the provisions of 17-2-124, be allocated as follows:

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

20 (2) The amount of 12% of coal severance tax collections and carbon tax allocations made in accordance
 21 with [section 15(2)(d)] is allocated to the long-range building program account established in 17-7-205.

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

28 (4) The amount of 3.77% of coal severance tax collections and carbon tax allocations made in
 29 accordance with [section 15(2)(d)] in fiscal year 2020 and 3.71% of coal severance tax collections and carbon
 30 tax allocations made in accordance with [section 15(2)(d)] in fiscal year 2021 and in each fiscal year thereafter

1 must be allocated to the department of natural resources and conservation for conservation districts and
2 deposited in the conservation district account established in 76-15-106.

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

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

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

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

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

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

25 (11) All other revenue from severance taxes collected under the provisions of this chapter or carbon tax
26 allocations made in accordance with [section 15(2)(d)] must be credited to the general fund of the state."
27

28 **Section 22.** Section 17-7-205, MCA, is amended to read:

29 **"17-7-205. Long-range building program account.** (1) There is a long-range building program account
30 in the capital projects fund type. [The account is subject to legislative fund transfer.]

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

2 (3) Coal severance taxes and carbon taxes allocated to the account under 15-35-108 may be
3 appropriated for the long-range building program or debt service payments on building projects. Coal severance
4 taxes required for general obligation bond debt service may be transferred to the debt service fund.

5 (4) Interest earnings, project carryover funds, administrative fees, and miscellaneous revenue must be
6 retained in the account. (Bracketed language in subsection (1) terminates June 30, 2019--sec. 28, Ch. 6, Sp. L.
7 November 2017.)"

8

9 **Section 23.** Section 75-2-111, MCA, is amended to read:

10 **"75-2-111. Powers of board.** The board shall, subject to the provisions of 75-2-207:

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

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

18 (b) a commercial operation relating to the activities or equipment referred to in subsection (1)(a) that
19 remains in a single location for less than 12 months and is not subject to the requirements of 42 U.S.C. 7475,
20 7503, or 7661a; or

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

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

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

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

30 (5) by rule adopt a schedule of fees required for permits, permit applications, and registrations consistent

1 with this chapter;

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

4 ~~(6)~~(7) have the power to issue orders under and in accordance with 42 U.S.C. 7419."

5

6 **Section 24.** Section 75-2-221, MCA, is amended to read:

7 **"75-2-221. Deposit of air quality permitting and registration fees.** (1) ~~All~~ Except as provided in
 8 [section 5(2)], all money collected by the department pursuant to 75-2-111 and 75-2-220 must be deposited in
 9 an account in the state special revenue fund to be appropriated by the legislature to the department for the
 10 development and administration of the permitting and registration requirements of this chapter.

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

14

15 NEW SECTION. Section 25. Notification to tribal governments. The secretary of state shall send
 16 a copy of [this act] to each tribal government located on the seven Montana reservations and to the Little Shell
 17 Chippewa tribe.

18

19 NEW SECTION. Section 26. Codification instruction. [Sections 1 through 20] are intended to be
 20 codified as an integral part of Title 75, and the provisions of Title 75 apply to [sections 1 through 20].

21

22 NEW SECTION. Section 27. Severability. If a part of [this act] is invalid, all valid parts that are
 23 severable from the invalid part remain in effect. If a part of [this act] is invalid in one or more of its applications,
 24 the part remains in effect in all valid applications that are severable from the invalid applications.

25

26 NEW SECTION. Section 28. Effective date. [This act] is effective on passage and approval.

27

28 NEW SECTION. Section 29. Retroactive applicability. [This act] applies retroactively, within the
 29 meaning of 1-2-109, to carbon content emissions beginning after December 31, 2018.

30

- END -