

HOUSE BILL NO. 209

INTRODUCED BY B. USHER

A BILL FOR AN ACT ENTITLED: "AN ACT TEMPORARILY INCREASING THE COAL SEVERANCE TAX ALLOCATION TO THE COAL NATURAL RESOURCE ACCOUNT; ESTABLISHING THE INCREASE UNTIL JUNE 30, 2019; AMENDING SECTION 15-35-108, MCA; AND PROVIDING AN EFFECTIVE DATE."

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

**Section 1.** Section 15-35-108, MCA, is amended to read:

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

(1) Fifty percent of total coal severance tax collections is allocated to the trust fund created by Article IX, section 5, of the Montana constitution. The trust fund money must be deposited in the fund established under 17-6-203(6) and invested by the board of investments as provided by law.

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

(3) The amount of 5.46% must be credited to an account in the state special revenue fund to be allocated by the legislature for provision of basic library services for the residents of all counties through library federations and for payment of the costs of participating in regional and national networking, conservation districts, and the Montana Growth Through Agriculture Act. Expenditures of the allocation may be made only from this account. Money may not be transferred from this account to another account other than the general fund. Any unreserved fund balance at the end of each fiscal year must be deposited in the general fund.

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

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

(6) The amount of 0.63% must be allocated to a trust fund for the purpose of protection of works of art



1 in the capitol and for other cultural and aesthetic projects. Income from this trust fund account, excluding  
 2 unrealized gains and losses, must be appropriated for protection of works of art in the state capitol and for other  
 3 cultural and aesthetic projects.

4 (7) The amount of 5.8% through June 30, ~~2017~~ 2019, and beginning July 1, ~~2017~~ 2019, the amount of  
 5 2.9% must be credited to the coal natural resource account established in 90-6-1001(2).

6 (8) After the allocations are made under subsections (2) through (7), \$250,000 for the fiscal year must  
 7 be credited to the coal and uranium mine permitting and reclamation program account established in 82-4-244.

8 (9) (a) Subject to subsection (9)(b), all other revenue from severance taxes collected under the  
 9 provisions of this chapter must be credited to the general fund of the state and is statutorily appropriated, as  
 10 provided in 17-7-502, on July 1 each year to the trust fund for the public employees' retirement system defined  
 11 benefit plan established pursuant to 19-3-103.

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

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

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

17 (iii) to the department of commerce:

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

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

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

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

22 and

23 (E) \$300,000 for export trade enhancement; and

24 (iv) except as provided in subsection (9)(c), up to \$21 million to the public employees' retirement system  
 25 defined benefit plan trust fund.

26 (c) If the legislative finance committee determines that the public employees' retirement board has failed  
 27 to provide a sufficient report pursuant to 19-3-117, it shall recommend that \$5 million be subtracted from the  
 28 amount allocated in subsection (9)(b)(iv) subject to legislative approval. (Terminates June 30, 2019--secs. 2, 3,  
 29 Ch. 459, L. 2009.)

30 **15-35-108. (Effective July 1, 2019) Disposal of severance taxes.** Severance taxes collected under

1 this chapter must, in accordance with the provisions of 17-2-124, be allocated as follows:

2 (1) Fifty percent of total coal severance tax collections is allocated to the trust fund created by Article IX,  
3 section 5, of the Montana constitution. The trust fund money must be deposited in the fund established under  
4 17-6-203(6) and invested by the board of investments as provided by law.

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

7 (3) The amount of 5.46% must be credited to an account in the state special revenue fund to be allocated  
8 by the legislature for provision of basic library services for the residents of all counties through library federations  
9 and for payment of the costs of participating in regional and national networking, conservation districts, and the  
10 Montana Growth Through Agriculture Act. Expenditures of the allocation may be made only from this account.  
11 Money may not be transferred from this account to another account other than the general fund. Any unreserved  
12 fund balance at the end of each fiscal year must be deposited in the general fund.

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

17 (5) The amount of 0.95% must be allocated to the debt service fund type to the credit of the renewable  
18 resource loan debt service fund.

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

23 (7) The amount of 2.9% must be credited to the coal natural resource account established in  
24 90-6-1001(2).

25 (8) After the allocations are made under subsections (2) through (7), \$250,000 for the fiscal year must  
26 be credited to the coal and uranium mine permitting and reclamation program account established in 82-4-244.

27 (9) (a) Subject to subsection (9)(b), all other revenue from severance taxes collected under the  
28 provisions of this chapter must be credited to the general fund of the state and is statutorily appropriated, as  
29 provided in 17-7-502, on July 1 each year to the trust fund for the public employees' retirement system defined  
30 benefit plan pursuant to 19-3-103.

1           (b) Except as provided in subsection (9)(c), up to \$24 million of the interest income from the coal  
2 severance tax permanent fund that is deposited in the general fund is statutorily appropriated, as provided in  
3 17-7-502, on July 1 each year to the public employees' retirement system defined benefit plan trust fund.

4           (c) If the legislative finance committee determines that the public employees' retirement board has failed  
5 to provide a sufficient report pursuant to 19-3-117, it shall recommend that \$5 million be subtracted from the  
6 amount allocated in subsection (9)(b) subject to legislative approval."

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8           NEW SECTION. **Section 2. Effective date.** [This act] is effective July 1, 2017.

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