

HOUSE BILL NO. 517

INTRODUCED BY M. CUFFE

BY REQUEST OF THE OFFICE OF BUDGET AND PROGRAM PLANNING

A BILL FOR AN ACT ENTITLED: "AN ACT TO REVISE THE DEPOSIT OF CERTAIN BENTONITE TAXES TO THE NATURAL RESOURCES OPERATIONS STATE SPECIAL REVENUE ACCOUNT; AMENDING SECTIONS 15-38-301 AND 15-39-110, MCA; AND PROVIDING AN EFFECTIVE DATE."

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

**Section 1.** Section 15-38-301, MCA, is amended to read:

**"15-38-301. Natural resources operations state special revenue account created -- revenue allocated -- appropriations from account.** (1) There is a natural resources operations state special revenue account within the state special revenue fund established in 17-2-102.

(2) Except to the extent required to be credited to the renewable resource loan debt service fund pursuant to 85-1-603, there must be paid into the natural resources operations state special revenue account:

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

(b) the metal mines license tax proceeds as provided in 15-37-117(1)(d);

(c) the oil and natural gas production tax as provided in 15-36-331;

(d) the bentonite production tax proceeds as provided in 15-39-110;

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

~~(e)~~(f) fund transfers by the legislature.

(3) Appropriations may be made from the natural resources operations state special revenue account for administrative expenses, including salaries and expenses for personnel and equipment, office space, and other expenses necessarily incurred in the administration of natural resources operations."

**Section 2.** Section 15-39-110, MCA, is amended to read:



1           **"15-39-110. Distribution of taxes.** (1) (a) For each semiannual period, the department shall determine  
2 the amount of tax, late payment interest, and penalties collected under this part from bentonite mines that  
3 produced bentonite before January 1, 2005. The tax is distributed as provided in subsections (2) through (9).

4           (b) For each semiannual period, the department shall determine the amount of tax, late payment interest,  
5 and penalties collected under this part from bentonite mines that first began producing bentonite after December  
6 31, 2004. The tax is distributed as provided in subsection (10).

7           (2) The percentage of the tax determined under subsection (1)(a) and specified in subsections (3)  
8 through (9) is allocated according to the following schedule:

9           (a) 2.33% to the state special revenue fund to be appropriated to the Montana university system for the  
10 purposes of the state tax levy as provided in 15-10-108;

11           (b) 18.14% to the ~~state general fund to be appropriated for the purposes of the tax levies as provided~~  
12 ~~in 20-9-331, 20-9-333, and 20-9-360~~ natural resources operations state special revenue account established in  
13 15-38-301;

14           (c) 3.35% to Carbon County to be distributed in proportion to current fiscal year mill levies in the taxing  
15 jurisdictions in which production occurs, except a distribution may not be made for county and state levies under  
16 15-10-108, 20-9-331, 20-9-333, and 20-9-360; and

17           (d) 76.18% to Carter County to be distributed in proportion to current fiscal year mill levies in the taxing  
18 jurisdictions in which production occurs, except a distribution may not be made for county and state levies under  
19 15-10-108, 20-9-331, 20-9-333, and 20-9-360.

20           (3) For the production of bentonite occurring after December 31, 2008, and before January 1, 2010, 60%  
21 of the tax determined under subsection (1)(a) must be distributed as provided in subsection (2) and 40% must  
22 be distributed as provided in subsection (10).

23           (4) For the production of bentonite occurring after December 31, 2009, and before January 1, 2011, 50%  
24 of the tax determined under subsection (1)(a) must be distributed as provided in subsection (2) and 50% must  
25 be distributed as provided in subsection (10).

26           (5) For the production of bentonite occurring after December 31, 2010, and before January 1, 2012, 40%  
27 of the tax determined under subsection (1)(a) must be distributed as provided in subsection (2) and 60% must  
28 be distributed as provided in subsection (10).

29           (6) For the production of bentonite occurring after December 31, 2011, and before January 1, 2013, 30%  
30 of the tax determined under subsection (1)(a) must be distributed as provided in subsection (2) and 70% must

1 be distributed as provided in subsection (10).

2 (7) For the production of bentonite occurring after December 31, 2012, and before January 1, 2014, 20%  
3 of the tax determined under subsection (1)(a) must be distributed as provided in subsection (2) and 80% must  
4 be distributed as provided in subsection (10).

5 (8) For the production of bentonite occurring after December 31, 2013, and before January 1, 2015, 10%  
6 of the tax determined under subsection (1)(a) must be distributed as provided in subsection (2) and 90% must  
7 be distributed as provided in subsection (10).

8 (9) For the production of bentonite occurring in tax years beginning after December 31, 2014, 100% of  
9 the tax determined under subsection (1)(a) must be distributed as provided in subsection (10).

10 (10) For the production of bentonite, 100% of the tax determined under subsection (1)(b) and the  
11 distribution percentages determined under subsections (3) through (9) are allocated according to the following  
12 schedule:

13 (a) 1.30% to the state special revenue fund to be appropriated to the Montana university system for the  
14 purposes of the state tax levy as provided in 15-10-108;

15 (b) 20.75% to the ~~state general fund to be appropriated for the purposes of the tax levies as provided~~  
16 ~~in 20-9-331, 20-9-333, and 20-9-360~~ natural resources operations state special revenue account established in  
17 15-38-301;

18 (c) 77.95% to the county in which production occurred to be distributed in proportion to current fiscal year  
19 mill levies in the taxing jurisdictions in which production occurs, except a distribution may not be made for county  
20 and state levies under 15-10-108, 20-9-331, 20-9-333, and 20-9-360.

21 (11) The department shall remit the amounts to be distributed in this section to the county treasurer by  
22 the following dates:

23 (a) On or before October 1 of each year, the department shall remit the county's share of bentonite  
24 production tax payments received for the semiannual period ending June 30 of the current year to the county  
25 treasurer.

26 (b) On or before April 1 of each year, the department shall remit the county's share of bentonite  
27 production tax payments received to the county treasurer for the semiannual period ending December 31 of the  
28 previous year.

29 (12) (a) The department shall also provide to each county the amount of gross yield of value from  
30 bentonite, including royalties, for the previous calendar year. Thirty-three and one-third percent of the gross yield

1 of value must be treated as taxable value for determining school district debt limits under 20-9-406.

2 (b) The percentage amount of the gross yield of value determined under subsection (12)(a) must be  
3 treated as assessed value under 15-8-111 for the purposes of local government debt limits and other bonding  
4 provisions as provided by law.

5 (13) The bentonite tax proceeds are statutorily appropriated, as provided in 17-7-502, to the department  
6 for distribution as provided in this section."

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8 NEW SECTION. **Section 3. Effective date.** [This act] is effective July 1, 2013.

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