

HOUSE BILL NO. 321

INTRODUCED BY L. REKSTEN, K. REGIER, L. JONES, N. DURAM, G. PARRY, B. BARKER

A BILL FOR AN ACT ENTITLED: "AN ACT GENERALLY REVISING LAWS RELATED TO THE COAL TAX TRUST; ESTABLISHING A CONSERVATION DISTRICT FUND AND A COAL BOARD FUND WITHIN THE COAL TAX TRUST; ALLOCATING COAL SEVERANCE TAX FUNDS TO THE CONSERVATION DISTRICT FUND AND THE COAL BOARD FUND; REVISING THE ALLOCATION OF COAL SEVERANCE TAXES; PROVIDING FOR TRANSFERS; TRANSFERRING MONEY FROM THE GENERAL FUND TO THE SCHOOL FACILITY FUND; PROVIDING AN APPROPRIATION; AMENDING ~~SECTION SECTIONS~~ 17-5-703 AND 90-6-1001, MCA; AND PROVIDING AN EFFECTIVE DATE."

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

**Section 1.** Section 17-5-703, MCA, is amended to read:

**"17-5-703. (Temporary) Coal severance tax trust funds.** (1) The trust established under Article IX, section 5, of the Montana constitution is composed of the following funds:

- (a) a coal severance tax bond fund into which the constitutionally dedicated receipts from the coal severance tax must be deposited;
- (b) a Montana coal endowment fund;
- (c) a Montana coal endowment regional water system fund;
- (d) a coal severance tax permanent fund;
- (e) a coal severance tax income fund;
- (f) a big sky economic development fund; ~~and~~
- (g) a school facilities fund; ~~and~~
- (h) a conservation district fund; AND
- (i) A COAL BOARD FUND.

(2) (a) The state treasurer shall determine, on July 1 of each year, the amount necessary to meet all principal and interest payments on bonds payable from the coal severance tax bond fund during the next 12

1 months and retain that amount in the coal severance tax bond fund.

2 (b) The amount in the coal severance tax bond fund in excess of the amount required in  
3 subsection (2)(a) must be transferred from that fund as provided in subsections (4) ~~and (5)~~ through (6).

4 (3) (a) The state treasurer shall monthly transfer from the Montana coal endowment fund to the  
5 Montana coal endowment special revenue account the amount of earnings, excluding unrealized gains and  
6 losses, required to meet the obligations of the state that are payable from the account in accordance with 90-6-  
7 710. Earnings not transferred to the Montana coal endowment special revenue account must be retained in the  
8 Montana coal endowment fund.

9 (b) The state treasurer shall monthly transfer from the Montana coal endowment regional water  
10 system fund to the Montana coal endowment regional water system special revenue account the amount of  
11 earnings, excluding unrealized gains and losses, required to meet the obligations of the state that are payable  
12 from the account for regional water systems authorized under 90-6-715. Earnings not transferred to the  
13 Montana coal endowment regional water system special revenue account must be retained in the Montana coal  
14 endowment regional water system fund.

15 (4) (a) Starting July 1, ~~2017~~ 2023, the state treasurer shall quarterly transfer to the school facilities  
16 fund provided for in 20-9-380(1) ~~75%~~ 10% of the amount in the coal severance tax bond fund in excess of the  
17 amount that is specified in subsection (2) to be retained in the fund. The budget director shall certify to the state  
18 treasurer when the balance of the school facilities fund is ~~\$200~~ \$300 million. Beginning with the quarter  
19 following this certification, the state treasurer shall instead transfer to the coal severance tax permanent fund  
20 ~~75%~~ 10% of the amount in the coal severance tax bond fund that exceeds the amount that is specified in  
21 subsection (2) to be retained in the fund.

22 (b) The state treasurer shall monthly transfer from the school facilities fund to the account  
23 established in 20-9-525 the amount of earnings, excluding unrealized gains and losses, required to meet the  
24 obligations of the state that are payable from the account. Earnings not transferred to the account established  
25 in 20-9-525 must be retained in the school facilities fund.

26 (5) (a) Starting July 1, 2023, the state treasurer shall quarterly transfer to the conservation district  
27 fund provided for in [section 2] 65% of the amount in the coal severance tax bond fund in excess of the amount  
28 that is specified in subsection (2) to be retained in the fund. The budget director shall certify to the state

1 treasurer when the balance of the conservation district fund is \$100 million. Beginning with the quarter following  
2 this certification, the state treasurer shall instead transfer to the coal ~~severance tax permanent~~ BOARD fund 65%  
3 of the amount in the coal severance tax bond fund that exceeds the amount that is specified in subsection (2) to  
4 be retained in the fund. THE BUDGET DIRECTOR SHALL CERTIFY TO THE STATE TREASURER WHEN THE BALANCE OF THE  
5 COAL BOARD FUND REACHES \$150 MILLION. BEGINNING WITH THE QUARTER FOLLOWING THIS CERTIFICATION, THE STATE  
6 TREASURER SHALL INSTEAD TRANSFER TO THE MONTANA COAL ENDOWMENT FUND 65% OF THE AMOUNT IN THE COAL  
7 SEVERANCE TAX BOND FUND THAT EXCEEDS THE AMOUNT THAT IS SPECIFIED IN SUBSECTION (2) TO BE RETAINED IN THE  
8 FUND.

9 (b) The state treasurer shall monthly transfer from the conservation district fund to the account  
10 established in 76-15-106 the amount of earnings, excluding unrealized gains and losses, required to meet the  
11 obligations of the state that are payable from the account. Earnings not transferred to the account established  
12 in 76-15-106 must be retained in the conservation district fund.

13 (C) THE STATE TREASURER SHALL MONTHLY TRANSFER FROM THE COAL BOARD FUND TO THE ACCOUNT  
14 ESTABLISHED IN 90-6-1001(2) THE AMOUNT OF EARNINGS, EXCLUDING UNREALIZED GAINS AND LOSSES, REQUIRED TO  
15 MEET THE OBLIGATIONS OF THE STATE THAT ARE PAYABLE FROM THE ACCOUNT. EARNINGS NOT TRANSFERRED TO THE  
16 ACCOUNT ESTABLISHED IN 90-6-1001(2) MUST BE RETAINED IN THE COAL BOARD FUND.

17 ~~(6)~~(6) (a) From July 1, 2005, through June 30, 2025, the state treasurer shall quarterly transfer to the  
18 big sky economic development fund 25% of the amount in the coal severance tax bond fund in excess of the  
19 amount that is specified in subsection (2) to be retained in the fund.

20 (b) The state treasurer shall monthly transfer from the big sky economic development fund to the  
21 economic development special revenue account, provided for in 90-1-205, the amount of earnings, excluding  
22 unrealized gains and losses, required to meet the obligations of the state that are payable from the account in  
23 accordance with 90-1-204. Earnings not transferred to the economic development special revenue account  
24 must be retained in the big sky economic development fund.

25 ~~(6)~~(7) Any amount in the coal severance tax bond fund in excess of the amount that is specified in  
26 subsection (2)(a) to be retained in the fund and that is not otherwise allocated under this section must be  
27 deposited in the coal severance tax permanent fund. (Terminates June 30, 2031--secs. 1 through 3, Ch. 305, L.  
28 2015.)

1           **17-5-703. (Effective July 1, 2031) Coal severance tax trust funds.** (1) The trust established under  
2 Article IX, section 5, of the Montana constitution is composed of the following funds:

3           (a) a coal severance tax bond fund into which the constitutionally dedicated receipts from the coal  
4 severance tax must be deposited;

5           (b) a Montana coal endowment fund;

6           (c) a coal severance tax permanent fund;

7           (d) a coal severance tax income fund;

8           (e) a big sky economic development fund; ~~and~~

9           (f) a school facilities fund; ~~and~~

10           (g) a conservation district fund; AND

11           (h) A COAL BOARD FUND.

12           (2) (a) The state treasurer shall determine, on July 1 of each year, the amount necessary to meet  
13 all principal and interest payments on bonds payable from the coal severance tax bond fund during the next 12  
14 months and retain that amount in the coal severance tax bond fund.

15           (b) The amount in the coal severance tax bond fund in excess of the amount required in  
16 subsection (2)(a) must be transferred from that fund as provided in subsections (4) ~~and (5)~~ through (6).

17           (3) The state treasurer shall monthly transfer from the Montana coal endowment fund to the  
18 Montana coal endowment special revenue account the amount of earnings, excluding unrealized gains and  
19 losses, required to meet the obligations of the state that are payable from the account in accordance with 90-6-  
20 710. Earnings not transferred to the Montana coal endowment special revenue account must be retained in the  
21 Montana coal endowment fund.

22           (4) (a) Starting July 1, ~~2017~~ 2023, the state treasurer shall quarterly transfer to the school facilities  
23 fund provided for in 20-9-380(1) ~~75%-10%~~ of the amount in the coal severance tax bond fund in excess of the  
24 amount that is specified in subsection (2) to be retained in the fund. The budget director shall certify to the state  
25 treasurer when the balance of the school facilities fund is ~~\$200~~ \$300 million. Beginning with the quarter  
26 following this certification, the state treasurer shall instead transfer to the coal severance tax permanent fund  
27 ~~75%-10%~~ of the amount in the coal severance tax bond fund that exceeds the amount that is specified in  
28 subsection (2) to be retained in the fund.

1 (b) The state treasurer shall monthly transfer from the school facilities fund to the account  
2 established in 20-9-525 the amount of earnings, excluding unrealized gains and losses, required to meet the  
3 obligations of the state that are payable from the account. Earnings not transferred to the account established  
4 in 20-9-525 must be retained in the school facilities fund.

5 (5) (a) Starting July 1, 2023, the state treasurer shall quarterly transfer to the conservation district  
6 fund provided for in [section 2] 65% of the amount in the coal severance tax bond fund in excess of the amount  
7 that is specified in subsection (2) to be retained in the fund. The budget director shall certify to the state  
8 treasurer when the balance of the conservation district fund is \$100 million. Beginning with the quarter following  
9 this certification, the state treasurer shall instead transfer to the coal severance tax permanent-BOARD fund 65%  
10 of the amount in the coal severance tax bond fund that exceeds the amount that is specified in subsection (2) to  
11 be retained in the fund. THE BUDGET DIRECTOR SHALL CERTIFY TO THE STATE TREASURER WHEN THE BALANCE OF THE  
12 COAL BOARD FUND REACHES \$150 MILLION. BEGINNING WITH THE QUARTER FOLLOWING THIS CERTIFICATION, THE STATE  
13 TREASURER SHALL INSTEAD TRANSFER TO THE MONTANA COAL ENDOWMENT FUND 65% OF THE AMOUNT IN THE COAL  
14 SEVERANCE TAX BOND FUND THAT EXCEEDS THE AMOUNT THAT IS SPECIFIED IN SUBSECTION (2) TO BE RETAINED IN THE  
15 FUND.

16 (b) The state treasurer shall monthly transfer from the conservation district fund to the account  
17 established in 76-15-106 the amount of earnings, excluding unrealized gains and losses, required to meet the  
18 obligations of the state that are payable from the account. Earnings not transferred to the account established  
19 in 76-15-106 must be retained in the conservation district fund.

20 (c) THE STATE TREASURER SHALL MONTHLY TRANSFER FROM THE COAL BOARD FUND TO THE ACCOUNT  
21 ESTABLISHED IN 90-6-1001(2) THE AMOUNT OF EARNINGS, EXCLUDING UNREALIZED GAINS AND LOSSES, REQUIRED TO  
22 MEET THE OBLIGATIONS OF THE STATE THAT ARE PAYABLE FROM THE ACCOUNT. EARNINGS NOT TRANSFERRED TO THE  
23 ACCOUNT ESTABLISHED IN 90-6-1001(2) MUST BE RETAINED IN THE COAL BOARD FUND.

24 ~~(5)(6)~~ (a) From July 1, 2005, through June 30, 2025, the state treasurer shall quarterly transfer to the  
25 big sky economic development fund 25% of the amount in the coal severance tax bond fund in excess of the  
26 amount that is specified in subsection (2) to be retained in the fund.

27 (b) The state treasurer shall monthly transfer from the big sky economic development fund to the  
28 economic development special revenue account, provided for in 90-1-205, the amount of earnings, excluding

1 unrealized gains and losses, required to meet the obligations of the state that are payable from the account in  
2 accordance with 90-1-204. Earnings not transferred to the economic development special revenue account  
3 must be retained in the big sky economic development fund.

4 ~~(6)(7)~~ Any amount in the coal severance tax bond fund in excess of the amount that is specified in  
5 subsection (2)(a) to be retained in the fund and that is not otherwise allocated under this section must be  
6 deposited in the coal severance tax permanent fund."

7  
8 **NEW SECTION. Section 2. Conservation district fund -- conservation district special revenue**  
9 **account.** (1) There is a conservation district fund administered by the department of administration. Pursuant to  
10 17-5-703, a percentage of coal severance taxes received by the state must be deposited into this fund.  
11 Earnings not transferred to the conservation district account as provided in subsection (2) must be retained in  
12 the conservation district fund.

13 (2) The conservation district account established in 76-15-106 receives earnings from the  
14 conservation district fund as provided in 17-5-703.

15  
16 **NEW SECTION. SECTION 3. COAL BOARD FUND.** (1) THERE IS A COAL BOARD FUND ADMINISTERED BY THE  
17 DEPARTMENT OF ADMINISTRATION. PURSUANT TO 17-5-703, A PERCENTAGE OF COAL SEVERANCE TAXES RECEIVED BY  
18 THE STATE MUST BE DEPOSITED IN THIS FUND. EARNINGS NOT TRANSFERRED TO THE COAL NATURAL RESOURCE  
19 ACCOUNT AS PROVIDED IN SUBSECTION (2) MUST BE RETAINED IN THE COAL BOARD FUND.

20 (2) THE COAL NATURAL RESOURCE ACCOUNT ESTABLISHED IN 90-6-1001(2) RECEIVES EARNINGS FROM  
21 THE COAL BOARD FUND AS PROVIDED IN 17-5-703.

22  
23 **SECTION 4. SECTION 90-6-1001, MCA, IS AMENDED TO READ:**

24 **"90-6-1001. Oil, gas, and coal natural resource accounts.** (1) There is an oil and gas natural  
25 resource distribution account in the state special revenue fund. The collections allocated to the account from  
26 15-36-331(2)(b) must be deposited in the account to be used as provided in 15-36-332(7).

27 (2) There is a coal natural resource account in the state special revenue fund. The collections  
28 allocated to the account from 15-35-108(9) must be deposited in the account. The account receives earnings

1 from the coal board fund as provided in 17-5-703. The money in the account is allocated to the coal board  
2 provided for in 2-15-1821 and may be used only for local impact grants provided for in 90-6-205 through 90-6-  
3 207 and costs related to the administration of the grant awards."  
4

5 NEW SECTION. Section 5. Transfer of funds. No later than August 15, 2023, there is transferred  
6 from the general fund to the school facilities fund established in 20-9-380 the amount necessary to bring the  
7 fund balance in the school facilities fund to \$200 million.  
8

9 NEW SECTION. Section 6. APPROPRIATION. THERE IS APPROPRIATED \$1,000 FROM THE GENERAL FUND  
10 TO THE COAL BOARD TO PROVIDE ADDITIONAL GRANT FUNDS FOR THE BIENNIUM BEGINNING JULY 1, 2023.  
11

12 NEW SECTION. Section 7. Codification instruction. (1) [Section 2] is intended to be codified as an  
13 integral part of Title 76, chapter 15, part 1, and the provisions of Title 76, chapter 15, part 1, apply to [section 2].

14 (2) [SECTION 3] IS INTENDED TO BE CODIFIED AS AN INTEGRAL PART OF TITLE 90, CHAPTER 6, PART 1, AND  
15 THE PROVISIONS OF TITLE 90, CHAPTER 6, PART 1, APPLY TO [SECTION 3].  
16

17 NEW SECTION. Section 8. Effective date. [This act] is effective July 1, 2023.  
18

- END -