

1 HOUSE BILL NO. 42

2 INTRODUCED BY G. HOLLENBAUGH

3 BY REQUEST OF THE OFFICE OF BUDGET AND PROGRAM PLANNING

4
 5 A BILL FOR AN ACT ENTITLED: "AN ACT AUTHORIZING A FUND TRANSFER FROM THE COAL BED
 6 METHANE PROTECTION ACCOUNT TO THE ~~STATE GENERAL FUND~~ GUARANTEE ACCOUNT;
 7 EXTENDING THE ALLOCATION OF THE OIL AND NATURAL GAS PRODUCTION TAXES INTO THE COAL BED
 8 METHANE PROTECTION ACCOUNT; DELAYING THE ALLOCATION INCREASES TO THE NATURAL
 9 RESOURCES PROJECTS AND NATURAL RESOURCES OPERATIONS STATE SPECIAL REVENUE
 10 ACCOUNTS; EXTENDING THE TERMINATION DATE FOR CERTAIN DEPOSITS INTO THE COAL BED
 11 METHANE PROTECTION ACCOUNT; AMENDING ~~SECTION~~ SECTIONS 15-36-331 AND 76-15-904, MCA;
 12 AMENDING SECTION 10, CHAPTER 531, LAWS OF 2001; AND PROVIDING AN EFFECTIVE DATE."

13
 14 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

15
 16 **SECTION 1. SECTION 15-36-331, MCA, IS AMENDED TO READ:**
 17 **"15-36-331. Distribution of taxes.** (1) (a) For each calendar quarter, the department shall determine
 18 the amount of tax, late payment interest, and penalties collected under this part.
 19 (b) For the purposes of distribution of oil and natural gas production taxes to county and school district
 20 taxing units under 15-36-332 and to the state, the department shall determine the amount of oil and natural gas
 21 production taxes paid on production in the taxing unit.
 22 (2) (a) The amount of oil and natural gas production taxes collected for the privilege and license tax
 23 pursuant to 82-11-131 must be deposited, in accordance with the provisions of 17-2-124, in the state special
 24 revenue fund for the purpose of paying expenses of the board, as provided in 82-11-135.
 25 (b) The amount of the tax allocated in 15-36-304(7)(b) for the oil and gas natural resource distribution
 26 account established in 90-6-1001(1) must be deposited in the account.
 27 (3) (a) For each tax year, the amount of oil and natural gas production taxes determined under
 28 subsection (1)(b) is allocated to each county according to the following schedule:
 29 Big Horn 45.05%
 30 Blaine 58.39%

1	Carbon	48.27%
2	Chouteau	58.14%
3	Custer	69.53%
4	Daniels	50.81%
5	Dawson	47.79%
6	Fallon	41.78%
7	Fergus	69.18%
8	Garfield	45.96%
9	Glacier	58.83%
10	Golden Valley	58.37%
11	Hill	64.51%
12	Liberty	57.94%
13	McCone	49.92%
14	Musselshell	48.64%
15	Petroleum	48.04%
16	Phillips	54.02%
17	Pondera	54.26%
18	Powder River	60.9%
19	Prairie	40.38%
20	Richland	47.47%
21	Roosevelt	45.71%
22	Rosebud	39.33%
23	Sheridan	47.99%
24	Stillwater	53.51%
25	Sweet Grass	61.24%
26	Teton	46.1%
27	Toole	57.61%
28	Valley	51.43%
29	Wibaux	49.16%
30	Yellowstone	46.74%

1 All other counties 50.15%

2 (b) The oil and natural gas production taxes allocated to each county must be deposited in the state
3 special revenue fund and transferred to each county for distribution, as provided in 15-36-332.

4 (4) The department shall, in accordance with the provisions of 17-2-124, distribute the state portion of
5 oil and natural gas production taxes remaining after the distributions pursuant to subsections (2) and (3) as
6 follows:

7 (a) for each fiscal year through the fiscal year ending June 30, 2011, to be distributed as follows:

8 (i) 1.23% to the coal bed methane protection account established in 76-15-904;

9 (ii) 1.45% to the natural resources projects state special revenue account established in 15-38-302;

10 (iii) 1.45% to the natural resources operations state special revenue account established in 15-38-301;

11 (iv) 2.99% to the orphan share account established in 75-10-743;

12 (v) 2.65% to the state special revenue fund to be appropriated to the Montana university system for the
13 purposes of the state tax levy as provided in 15-10-108; and

14 (vi) all remaining proceeds to the state general fund;

15 (b) for fiscal years beginning after June 30, 2011, and ending June 30, 2015 2017, to be distributed as
16 follows:

17 (i) 1.23% to the coal bed methane protection account established in 76-15-904;

18 ~~(i)(ii)~~ 2.16% 1.45% to the natural resources projects state special revenue account established in
19 15-38-302;

20 ~~(ii)(iii)~~ 2.02% 1.45% to the natural resources operations state special revenue account established in
21 15-38-301;

22 ~~(iii)(iv)~~ 2.95% to the orphan share account established in 75-10-743;

23 ~~(iv)(v)~~ 2.65% to the state special revenue fund to be appropriated to the Montana university system for
24 the purposes of the state tax levy as provided in 15-10-108; and

25 ~~(v)(vi)~~ all remaining proceeds to the state general fund;

26 (c) for fiscal years beginning after June 30, 2015 2017, to be distributed as follows:

27 (i) 2.16% to the natural resources projects state special revenue account established in 15-38-302;

28 (ii) 2.02% to the natural resources operations state special revenue account established in 15-38-301;

29 (iii) 2.95% to the orphan share account established in 75-10-743;

30 (iv) 2.65% to the state special revenue fund to be appropriated to the Montana university system for the

1 purposes of the state tax levy as provided in 15-10-108; and
 2 (v) all remaining proceeds to the state general fund."

3
 4 **Section 2.** Section 76-15-904, MCA, is amended to read:
 5 **"76-15-904. Coal bed methane protection account -- use.** (1) There is a coal bed methane protection
 6 account in the state special revenue fund.

7 (2) There must be deposited in the account the proceeds from the distribution of oil and natural gas
 8 production taxes, as provided in 15-36-331.

9 (3) All money paid into the account must be invested by the board of investments. Earnings from
 10 investments must be deposited in the account.

11 (4) Subject to the conditions of subsection (5), money deposited in the account must be used to
 12 compensate landowners and water right holders for damages attributable to coal bed methane development as
 13 provided in this part.

14 (5) Money deposited in the fund and earnings of the fund may not be expended until after June 30, 2005.
 15 For fiscal years beginning after June 30, 2005, principal and earnings may be expended only in the case of an
 16 emergency. For fiscal years beginning after June 30, 2011, principal and earnings in the account may be
 17 expended for any purpose authorized pursuant to this part.

18 (6) ~~Money~~ Subject to legislative fund transfers, money in the account must be appropriated to the
 19 department for use by conservation districts that have private landowners or water right holders who qualify for
 20 compensation as provided in 76-15-905. (Subsection (2) terminates June 30, 2011--~~sec. 10, Ch. 531, L. 2001~~
 21 2015 2017.)"

22
 23 **SECTION 3.** SECTION 10, CHAPTER 531, LAWS OF 2001, IS AMENDED TO READ:
 24 **"Section 10. Termination.** [Sections 4(2) and 6] terminate June 30, 2011 2015 2017."

25
 26 **NEW SECTION.** **Section 4. Transfer of funds.** By August 15, 2011, the state treasurer shall transfer
 27 ~~\$6~~ \$8.5 million from the coal bed methane protection account provided for in 76-15-904 to the ~~state general fund~~
 28 GUARANTEE ACCOUNT PROVIDED FOR IN 20-9-622.

29
 30 **NEW SECTION.** **Section 5. Effective date.** [This act] is effective July 1, 2011.

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