

HOUSE BILL NO. 321

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

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

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

(b) The amount in the coal severance tax bond fund in excess of the amount required in

1 subsection (2)(a) must be transferred from that fund as provided in subsections (4) ~~and (5)~~ through (6).

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

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

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

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

24 (5) (a) Starting July 1, 2023, the state treasurer shall quarterly transfer to the conservation district  
25 fund provided for in [section 2] 65% of the amount in the coal severance tax bond fund in excess of the amount  
26 that is specified in subsection (2) to be retained in the fund. The budget director shall certify to the state  
27 treasurer when the balance of the conservation district fund is \$100 million. Beginning with the quarter following  
28 this certification, the state treasurer shall instead transfer to the coal severance tax permanent fund 65% of the

1 amount in the coal severance tax bond fund that exceeds the amount that is specified in subsection (2) to be  
 2 retained in the fund.

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

7 ~~(5)~~(6) (a) From July 1, 2005, through June 30, 2025, the state treasurer shall quarterly transfer to the  
 8 big sky economic development fund 25% of the amount in the coal severance tax bond fund in excess of the  
 9 amount that is specified in subsection (2) to be retained in the fund.

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

15 ~~(6)~~(7) Any amount in the coal severance tax bond fund in excess of the amount that is specified in  
 16 subsection (2)(a) to be retained in the fund and that is not otherwise allocated under this section must be  
 17 deposited in the coal severance tax permanent fund. (Terminates June 30, 2031--secs. 1 through 3, Ch. 305, L.  
 18 2015.)

19 **17-5-703. (Effective July 1, 2031) Coal severance tax trust funds.** (1) The trust established under  
 20 Article IX, section 5, of the Montana constitution is composed of the following funds:

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

23 (b) a Montana coal endowment fund;

24 (c) a coal severance tax permanent fund;

25 (d) a coal severance tax income fund;

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

27 (f) a school facilities fund; and

28 (g) a conservation district fund.

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

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

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

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

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

22          (5)     (a) Starting July 1, 2023, the state treasurer shall quarterly transfer to the conservation district  
23 fund provided for in [section 2] 65% of the amount in the coal severance tax bond fund in excess of the amount  
24 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 conservation district fund is \$100 million. Beginning with the quarter following  
26 this certification, the state treasurer shall instead transfer to the coal severance tax permanent fund 65% of the  
27 amount in the coal severance tax bond fund that exceeds the amount that is specified in subsection (2) to be  
28 retained in the fund.

1           **(b)** The state treasurer shall monthly transfer from the conservation district fund to the account  
 2 established in 76-15-106 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 76-15-106 must be retained in the conservation district fund.

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

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

13           ~~(6)~~**(7)** Any amount in the coal severance tax bond fund in excess of the amount that is specified in  
 14 subsection (2)(a) to be retained in the fund and that is not otherwise allocated under this section must be  
 15 deposited in the coal severance tax permanent fund."

16  
 17           **NEW SECTION. Section 2. Conservation district fund -- conservation district special revenue**  
 18 **account.** (1) There is a conservation district fund administered by the department of administration. Pursuant to  
 19 17-5-703, a percentage of coal severance taxes received by the state must be deposited into this fund.  
 20 Earnings not transferred to the conservation district account as provided in subsection (2) must be retained in  
 21 the conservation district fund.

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

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 25           **NEW SECTION. Section 3. Transfer of funds.** No later than August 15, 2023, there is transferred  
 26 from the general fund to the school facilities fund established in 20-9-380 the amount necessary to bring the  
 27 fund balance in the school facilities fund to \$200 million.

28

1            **NEW SECTION. Section 4. Codification instruction.** [Section 2] is intended to be codified as an  
2 integral part of Title 76, chapter 15, part 1, and the provisions of Title 76, chapter 15, part 1, apply to [section 2].

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4            **NEW SECTION. Section 5. Effective date.** [This act] is effective July 1, 2023.

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