



AN ACT GENERALLY REVISING THE DISTRIBUTION OF MARIJUANA TAX REVENUE; ESTABLISHING THE HABITAT LEGACY ACCOUNT; ESTABLISHING THE BIG GAME AND WILDLIFE HIGHWAY CROSSINGS AND ACCOMMODATION ACCOUNT; ESTABLISHING THE LAND AND WILDLIFE STEWARDSHIP STATE SPECIAL REVENUE ACCOUNT; ESTABLISHING THE WILDLIFE HABITAT IMPROVEMENT PROJECT STATE SPECIAL REVENUE ACCOUNT; PROVIDING AN APPROPRIATION; PROVIDING FUNDING FOR LAW ENFORCEMENT USE; ESTABLISHING A FEE FOR CERTAIN LAW ENFORCEMENT GRANT APPLICATIONS; PROVIDING FOR HOMELESS SHELTER SUPPORT IN THE HEALING AND ENDING ADDICTION THROUGH RECOVERY AND TREATMENT ACCOUNT; PROVIDING DEFINITIONS; REVISING WILDLIFE HABITAT IMPROVEMENT PROJECTS REQUIREMENTS; AMENDING SECTIONS 16-12-111, 16-12-122, 87-5-802, 87-5-803, 87-5-804, 87-5-806, AND 87-5-808, MCA; AND PROVIDING AN EFFECTIVE DATE."

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

Section 1. Section 16-12-111, MCA, is amended to read:

"16-12-111. Marijuana state special revenue account -- operating reserve -- transfer of excess funds. (1) There is a dedicated marijuana state special revenue account within the state special revenue fund established in 17-2-102, to be administered by the department.

- (2) The account consists of:
 - (a) money deposited into the account pursuant to this chapter;
 - (b) the taxes collected pursuant to Title 15, chapter 64, part 1;
 - (c) license and registered cardholder fees deposited into the account pursuant to this chapter;
 - (d) taxes deposited into the account pursuant to 16-12-310; and
 - (e) civil penalties collected under this chapter.

(3) Except as provided in subsection (4), money in the account must be used by the department for the purpose of administering the provisions of this chapter.

(4) At the end of each fiscal year, the department shall transfer funds in excess of a 3-month operating reserve necessary to fund operating costs at the beginning of the next fiscal year in the following order:

(a) ~~an amount not to exceed \$6 million must be transferred~~ \$7 million or 12%, whichever is greater, to the healing and ending addiction through recovery and treatment (HEART) account established in 16-12-122;

(b) ~~the net balance remaining after distribution to the HEART account must be distributed as follows:~~

~~(i)(b) 20% to the credit of the department of fish, wildlife, and parks to be used solely as funding for wildlife habitat in the same manner as funding generated under 87-1-242 (3) and used pursuant to 87-1-209 habitat legacy account established in [section 3];~~

~~(ii)(c) 4% to the state park account established in 23-1-105(1);~~

~~(iii)(d) 4% to the trails and recreational facilities account established in 23-2-108;~~

~~(iv)(e) 4% to the nongame wildlife account established in 87-5-121;~~

~~(v)(f) 3% or \$200,000, whichever is less, 0.5% to the veterans and surviving spouses state special revenue account provided for in 10-2-108;~~

~~(vi) for the biennium beginning July 1, 2021, \$300,000 to the department of justice to administer grant funding to local and state law enforcement agencies for the purpose of purchasing and training drug detection canines and canine handlers, including canines owned by local law enforcement agencies to replace canines who were trained to detect marijuana~~

~~(g) 1.5% to the department of justice:~~

~~(i) to administer grant funding to local and state law enforcement agencies for the purpose of purchasing and training drug detection canines and canine handlers, including canines owned by local law enforcement agencies to replace canines who were trained to detect marijuana;~~

~~(ii) for use by the division of criminal investigation; and~~

~~(iii) for testing;~~

(h) 1.5% to the department of justice for sexual assault forensic examinations and sexual assault evidence kits;

~~(vii)(i)~~ \$150,000-0.25% to the board of crime control to fund crisis intervention team training as provided in 44-7-110; and

(j) 14% to the behavioral health system for future generations fund established in 50-1-119;

(k) 31% to the department of justice for law enforcement grants, to be distributed as follows:

(i) \$50,000 to each police department, sheriff's office, and tribal police department ;

(ii) after the distribution pursuant to subsection (4)(k)(i), the remainder of the funds pursuant to this subsection (4)(k) must be distributed to each police department, sheriff's office, and tribal police department in proportion to the number of officers per department or office; and

(iii) any funds received pursuant to subsection (4)(k) must be treated as an excess to a local government's law enforcement budget;

(l) 0.75% to the department of revenue for cannabis control division compliance and enforcement use; and

(m) 6.5% to the department of public health and human services for the prevention of drug and alcohol use.

~~(viii) — the remainder to the general fund. (Subsection (4)(b)(vi) terminates June 30, 2025—sec. 117(2), Ch. 576, L. 2021.)"~~

Section 2. Section 16-12-122, MCA, is amended to read:

"16-12-122. Healing and ending addiction through recovery and treatment account -- report. (1)

There is a healing and ending addiction through recovery and treatment account in the state special revenue fund. The account consists of money transferred to the account pursuant to 16-12-111.

(2) Revenue in the account must be used to provide statewide programs for:

(a) substance use disorder prevention;

(b) youth suicide prevention;

(c) case management services for homeless shelters;

~~(e)(d)~~ mental health promotion; and

~~(d)~~(e) crisis, treatment, and recovery services for substance use and mental health disorders. The services include but are not limited to crisis stabilization services as defined in 53-21-1401 and provided under Title 53, chapter 6, or Title 53, chapter 21, part 14.

(3) The programs must be designed to:

- (a) increase the number of individuals choosing treatment over incarceration;
- (b) improve access to, utilization of, and engagement and retention in prevention, treatment, and recovery support services;
- (c) expand the availability of community-based services that reflect best practices or are evidence-based;
- (d) leverage additional federal funds when available for the healthy Montana kids plan provided for in Title 53, chapter 4, part 11, and the medicaid program provided for in Title 53, chapter 6, for the purposes of this section;
- (e) provide funding for programs and services that are described in subsections (2)(a) through (2)(d) and provided on an Indian reservation located in this state; or

(f) provide funding for grants and services to tribes for use in accordance with this section.

(4) (a) An amount not to exceed \$500,000, including eligible federal matching sources when applicable, must be used to provide funding for grants and services to tribes for tobacco prevention and cessation, substance use disorder prevention, mental health promotion, and substance use disorder and mental health crisis, treatment, and recovery services.

(b) The department of public health and human services shall:

- (i) manage the programs funded by the special revenue account;
- (ii) adopt rules to implement the programs; and
- (iii) provide a written report to the children, families, health, and human services interim committee, in accordance with 5-11-210, no later than September 1 of each year on the programs, grants, and services funded under this section. The report must include the amount of funding each program received.

(5) The legislature shall appropriate money from the state special revenue account provided for in this section for:

- (a) the chemical dependency treatment room and board voucher program provided for in 53-24-

218; and

(b) the programs referred to in this section.

(6) The department of public health and human services, to expand behavioral health services in homeless shelters, may provide no more than \$2 million in grants to nonprofit corporations that provide homeless shelter or case management services.

(6)(7) Programs funded under this section must be funded through contracted services with service providers. (Subsection (5)(a) terminates June 30, 2027--sec. 7, Ch. 187, L. 2023.)"

Section 3. Habitat legacy account. (1) There is a habitat legacy account in the state special revenue fund established in 17-2-102. All funds received pursuant to 16-12-111(4)(b) must be deposited in the account and transferred to the department of fish, wildlife, and parks.

(2) At the end of each fiscal year, 75% of the funds received pursuant to 16-12-111(4)(b) must be transferred and used solely as funding for wildlife habitat in the same manner as funding under 87-1-242(3) and used pursuant to 87-1-209.

(2) Except as provided in subsection (3), at the end of each fiscal year the state treasurer shall make the following transfers from this account:

(a) 75% to the land and wildlife stewardship account established in [section 10] with the interest and income from the money to be used solely as funding to secure wildlife habitats pursuant to 87-1-209;

(b) 20% to the wildlife habitat improvement project state special revenue account established in [section 11]; and

(c) 5% to the big game and wildlife highway crossings and accommodation account established in [section 9].

(3) If, at the end of any fiscal year, the unobligated cash balance in the account set up to administer funding under 87-1-242(3) and used pursuant to 87-1-209 equals or exceeds \$50 million, adjusted annually for inflation, the transfer the transfers provided for in subsection (2) may not be made, and the department shall instead make the following transfers:

(a) 80% to the wildlife habitat improvement project state special revenue account established in [section 11]; and

(b) 20% to the big game and wildlife highway crossings and accommodation account established in [section 9].

~~(4) If, at the end of any fiscal year, the unobligated cash balance in the account set up to administer funding under 87-1-242(3) and used pursuant to 87-1-209 is less than \$50 million, adjusted annually for inflation, then an amount less than or equal to the difference between the unobligated cash balance and \$50 million, adjusted annually for inflation, but not to exceed 75% of the taxes received pursuant to 16-12-11(4)(b), must be transferred to the account set up to administer funding under 87-1-242(3) and used pursuant to 87-1209.~~

~~(5) The inflation adjustments made under this section must be based on any change to the consumer price index from the previous year. The consumer price index to be used for calculations is the consumer price index for all urban consumers, CPI-U.~~

~~(6) Twenty-five percent, and any amount above the cap established in subsection (2), is retained in the habitat legacy account and must be used exclusively in the same manner as funding under 87-5-806, 87-1-209, or under the big game and wildlife highway crossings and accommodation account established in [section 9].~~

~~(7) Any interest or income earned on the money in the habitat legacy account must be deposited into the account.~~

~~(8) Any unspent or unencumbered money in the habitat legacy account at the end of a fiscal year must remain in the account.~~

(4) The amount in subsection (3) must increase each year by an inflation adjustment that is based on any change to the consumer price index from the previous year. The consumer price index to be used for the calculation is the consumer price index for all urban consumers published by the bureau of labor statistics of the United States department of labor.

Section 4. Section 87-5-802, MCA, is amended to read:

"87-5-802. Definitions. As used in this part, unless the context indicates otherwise, the following definitions apply:

~~(1)~~(1) "Council" means the wildlife habitat improvement advisory council established in 87-5-803.

~~(2)~~(2) "Department" means the department of fish, wildlife, and parks established in 2-15-3401.

~~(3)~~—"Native plant" means a plant indigenous to the state of Montana.~~(3)~~—"Habitat" means the natural environment where a species lives or thrives.

~~(4)~~(4) "Noxious weed" means a weed defined in 7-22-2101.

~~(5)~~—"Noxious weed management" means an integrated weed management program for the containment, suppression, and, where possible, eradication of noxious weeds. The term includes a long-term management approach toward noxious weeds that includes but is not limited to hand-pulling, cultivation, herbicide application, mechanical or biological control, prescribed grazing or burning, prevention, and revegetation."

Section 5. Section 87-5-803, MCA, is amended to read:

"87-5-803. Wildlife habitat improvement advisory council -- duties -- members. (1) There is a wildlife habitat improvement advisory council appointed by the director ~~appointed by the director~~ that ranks projects pursuant to 87-5-804 and 87-1-242(3), and that advises the department—on the administration of this part, including making recommendations on additional weed and soil treatment options and methods that are eligible for funding under this part.

~~(2)~~ The council consists of the following voting members:

(a) ~~the director of the department or a representative of the department~~ a wildlife biologist;

~~(b)~~—a representative of a hunting organization in Montana;

~~(c)~~(b) ~~a representative of a multiple-use recreation organization in Montana~~ a member of an Indian tribe within Montana as defined in 2-15-141;

~~(d)~~—a representative of the timber industry in Montana;

~~(e)~~(c) ~~a-an agricultural or livestock producer or a representative of a-an agricultural or livestock producer organization in Montana~~;

~~(f)~~—a farmer or a representative of a farming organization in Montana;

~~(g)~~(d) ~~a commercial applicator as defined in 80-8-102~~ a member of— a conservation organization;

and

(h) ~~—— a representative of biological research and control interests ;~~

(i) ~~(e)~~ a representative of the Montana weed control association; and a representative of the Montana weed control association.

~~(j) —— two county representatives, one each from the western and eastern parts of the state, who may include a county commissioner, district weed board member, or weed district supervisor.~~

(2) —— Nonvoting members of the council include:

(a) —— the state weed coordinator; and

(b) —— one representative each from:

(i) —— the United States bureau of land management;

(ii) —— the United States forest service;

(iii) —— the United States bureau of reclamation;

(iv) —— the United States fish and wildlife service;

(v) —— the Montana department of natural resources and conservation; and

(vi) —— an Indian tribe as defined in 2-15-141."

Section 6. Section 87-5-804, MCA, is amended to read:

"87-5-804. Wildlife habitat improvement projects -- requirements -- ranking. ~~(1)~~ Project proposals must:

(a) —— address how projects would restore, rehabilitate, improve, or manage land as wildlife habitat through noxious weed management;

(b) —— include a plan to remove noxious weeds or prevent them from propagating or taking hold in the project area;

(c) —— include a commitment to match at least 25% of a grant in cash, goods, or services; and

(d) —— include measurable objectives and a monitoring plan to allow the department to analyze how noxious weed management is restoring, rehabilitating, improving, or managing land as wildlife habitat.

~~(2)~~(1) The council shall rank wildlife habitat improvement project proposals pursuant to 87-5-806 and according to rules adopted by the department pursuant to 87-5-808 and make funding recommendations to the

department.

(3)(2) In ranking the ~~proposals~~ projects, the council shall give preference to projects in wildlife habitat that include:

- (a) ~~access for public hunting~~ public access;
- (b) ~~multiple partners and landowners~~ the number of project partners; and
- (c) ~~a commitment to match at least 25% of the final grant in cash~~ the amount of additional funding provided to implement a project.

(3) ~~Factors providing preference pursuant to subsection (2) may not be considered mandatory.~~

(4) ~~Additional preference must be given to a project that proposes to:~~

- (a) ~~address the primary spread of noxious weeds to adjacent areas of wildlife habitat with native plants;~~
- (b) ~~include a significant portion of ecologically important wildlife habitat that is in need of restoration;~~
- (c) ~~include a significant portion of a watershed; or~~
- (d) ~~maintain native plants after project completion."~~

Section 7. Section 87-5-806, MCA, is amended to read:

"87-5-806. Administration and expenditure of funds --~~cooperation with other entities.~~ (1) (a) State, tribal, and federal agencies, as well as conservation districts, irrigation districts, grazing associations, weed control districts, other entities the department considers appropriate for wildlife habitat improvement projects, and nonprofit organizations exempt from taxation under 26 U.S.C. 501(c)(3) may apply for project funding.

(2) ~~The department may expend funds deposited pursuant to 16-12-111 and 87-5-805 through grants or contracts to: communities, noxious weed management districts, conservation districts, nonprofit organizations exempt from taxation under 26 U.S.C. 501(c)(3), or other entities that it considers appropriate for wildlife habitat improvement projects.~~

(b) ~~The department shall consider project recommendations from the council.~~

(c) ~~The department may cooperate in and coordinate the planning and disbursement of these~~

funds with federal, state, and local agencies responsible for the management of noxious weeds.

(2) — A project is eligible to receive funds only if the county in which the project occurs has funded its own weed management program using one of the following methods, whichever is less:

(a) — levying an amount of not less than 1.6 mills or an equivalent amount from another source; or

(b) — appropriating an amount of not less than \$100,000 from any source.

(3) — The department may expend money deposited pursuant to 87-5-805 to:

(a) — restore, rehabilitate, improve, or manage areas of land as wildlife habitat by controlling noxious weeds;

(b) — acquire goods and services that will help control noxious weeds in order to restore, rehabilitate, improve, or manage land as wildlife habitat;

(c) — fund cost-share noxious weed management programs with local noxious weed management districts; or

(d) — provide special grants to local noxious weed management districts to eradicate or contain significant noxious weeds newly introduced into the county that affect wildlife habitat.

(4) — Expenditures allowed pursuant to subsection (3) are limited to:

(a) — biological or mechanical control of noxious weeds;

(b) — purchases and application of approved herbicides;

(c) — seed purchases and application of seed;

(d) — grazing costs as a component of an overall integrated noxious weed management plan;

(e) — other weed and soil treatment options and methods recommended by the council to reduce noxious weeds and support native vegetation; and

(f) — grant administration, vegetation monitoring, and related administrative costs not to exceed 10% of a total project amount.

(a) improve, conserve, protect, and maintain terrestrial habitat;

(b) improve, conserve, and maintain aquatic habitat;

(c) participate in water enhancement projects to benefit aquatic habitat and allow for other watershed enhancements that benefit fish, wildlife, and water conservation;

(d) improve and maintain range conditions, restoration of habitat, and drought resilience designed

to create habitat uplift on private, public, and tribal lands;

(e) address and mitigate impacts that are detrimental to wildlife habitat and the environment and improve the condition of the land due to noxious weeds, soil disturbance, and loss of diverse habitat communities;

(f) mitigate conflicts and reduce potential for disease transmission between wildlife and domestic livestock;

(g) help fund activities and employees of the state tribal wildlife programs; and

(h) create habitat uplift and net conservation gain for species of conservation need.

~~(5)(3)~~ The department may expend the funds deposited pursuant to ~~87-5-805~~ 16-12-111 to pay costs incurred by the department for administering this part and providing support to the council, including but not limited to personal services costs, operating costs, and other administrative costs. ~~After fiscal year 2019,~~ ~~administrative~~ Administrative costs may not exceed 15% of the total amount expended pursuant to subsection ~~(3)~~ (2)."

Section 8. Section 87-5-808, MCA, is amended to read:

"87-5-808. Rulemaking authority. The department shall adopt rules to implement this part, including a scoring system for ranking projects proposed to the council pursuant to 87-5-804."

Section 9. Big game and wildlife highway crossings and accommodation account created -- purpose -- funds invested -- statutory appropriations. (1) There is a big game and wildlife highway crossings and accommodation state special revenue account within the state special revenue fund established in 17-2-102 administered by the department.

(2) The purpose of the big game and wildlife crossings and accommodation state special revenue account is to provide money exclusively for the design, construction, identification, maintenance, and conservation of fish and wildlife crossings and other related crossing accommodations to improve fish and wildlife permeability in this state, which may include but is not limited to:

(a) matching any federal money for a project to design, construct, identify, maintain, or protect fish and wildlife crossings and other related crossing accommodation features;

- (b) conducting studies on fish and wildlife crossings and other related crossing accommodations;
 - (c) designing or constructing fish and wildlife crossings and other related crossing accommodation features;
 - (d) planning related to fish and wildlife crossings and other related crossing accommodations features, including assessing risk of wildlife disease transmission;
 - (e) staffing needs related to the design, construction, identification, maintenance, and protection of fish and wildlife crossings and other related crossing accommodation features; or
 - (f) any other needs the department identifies in consultation with the department of transportation related to wildlife roadway accommodations.
- (3) There must be deposited into the big game and wildlife highway crossings and accommodation state special revenue account transfers, gifts, grants, donations, and income from investment of the fund and any other money distributed or otherwise allocated to the fund.
- (4) Money in the account may be used to reimburse the department of transportation for eligible projects or programs as determined by the department. The department shall consult with the department of transportation before reimbursing it for qualifying projects in the state pursuant to subsection (2).
- (5) Money that was not encumbered or expended in the big game and wildlife crossings and accommodation account during the previous biennium must remain in the account.
- (6) Deposits to the big game and wildlife crossings and accommodation account must be placed in short-term investments to accrue interest, which must be deposited into the big game and wildlife crossings and accommodation state special revenue account.

Section 10. Land and wildlife stewardship state special revenue account. (1) There is a land and wildlife stewardship account in the state special revenue fund established in 17-2-102 that is administered by the department of fish, wildlife, and parks for the benefit of the department of fish, wildlife, and parks. All funds received pursuant to [section 3] must be deposited in the account.

- (2) Funds in the account may be used, together with the interest and income from the money, only as funding to secure wildlife habitat pursuant to 87-1-209.
- (3) The account retains its own interest.

(4) Any unspent or unencumbered money in the account at the end of a fiscal year must remain in the account.

Section 11. Wildlife habitat improvement project state special revenue account. There is a wildlife habitat improvement project account in the state special revenue fund established in 17-2- 102 that is administered by the department of fish, wildlife, and parks for the benefit of the department of fish, wildlife, and parks. All funds received pursuant to [section 3] must be deposited in the account.

Section 12. Appropriation. The amounts distributed pursuant to [section 1] are appropriated from the marijuana state special revenue account provided for in 16-12-111 for the biennium beginning July 1, 2025, for the purposes described in [section 1] to:

- (1) the department of revenue;
- (2) the department of public health and human services;
- (3) the department of military affairs;
- (4) the department of fish, wildlife, and parks; and
- (5) the department of justice.

Section 13. Appropriation. (1) There is appropriated \$7.5 million from the account provided for in [section 10] to the department of fish, wildlife, and parks for the biennium beginning July 1, 2025, for the purposes of implementing [this act].

(2) There is appropriated \$2,000,000 from the fund established in [section 11] to the department of fish, wildlife, and parks for the biennium beginning July 1, 2025, for the purposes of implementing [this act].

(3) There is appropriated \$500,000 from the fund established in [section 9] to the department of fish, wildlife, and parks for the biennium beginning July 1, 2025, for the purposes of implementing [this act].

Section 14. Codification instruction. (1) [Sections 3 and 9 through 11] are intended to be codified as an integral part of Title 87, chapter 5, and the provisions of Title 87, chapter 5, apply to [sections 3 and 9 through 11].

Section 15. Coordination instruction. If both Senate Bill No. 491 and [this act] are passed and approved and if both contain a section that amends 16-12-111, then the section amending 16-12-111 in Senate Bill No. 491 is void and subsection (4)(h) of [section 2 of this act], amending 16-12-111(4)(h), must be replaced with the following:

"(h) 1.5% to the sexual assault medical forensic examination fund established in [section 1 of Senate Bill No. 491];"

Section 16. Coordination instruction. If both House Bill No. 932 and [this act] are passed and approved, then House Bill No. 932 is void.

Section 17. Effective date. [This act] is effective July 1, 2025.

- END -

I hereby certify that the within bill,
SB 537, originated in the Senate.

Secretary of the Senate

President of the Senate

Signed this _____ day
of _____, 2025.

Speaker of the House

Signed this _____ day
of _____, 2025.

SENATE BILL NO. 537

INTRODUCED BY D. ZOLNIKOV

AN ACT GENERALLY REVISING THE DISTRIBUTION OF MARIJUANA TAX REVENUE; ESTABLISHING THE HABITAT LEGACY ACCOUNT; ESTABLISHING THE BIG GAME AND WILDLIFE HIGHWAY CROSSINGS AND ACCOMMODATION ACCOUNT; ESTABLISHING THE LAND AND WILDLIFE STEWARDSHIP STATE SPECIAL REVENUE ACCOUNT; ESTABLISHING THE WILDLIFE HABITAT IMPROVEMENT PROJECT STATE SPECIAL REVENUE ACCOUNT; PROVIDING AN APPROPRIATION; PROVIDING FUNDING FOR LAW ENFORCEMENT USE; ESTABLISHING A FEE FOR CERTAIN LAW ENFORCEMENT GRANT APPLICATIONS; PROVIDING FOR HOMELESS SHELTER SUPPORT IN THE HEALING AND ENDING ADDICTION THROUGH RECOVERY AND TREATMENT ACCOUNT; PROVIDING DEFINITIONS; REVISING WILDLIFE HABITAT IMPROVEMENT PROJECTS REQUIREMENTS; AMENDING SECTIONS 16-12-111, 16-12-122, 87-5-802, 87-5-803, 87-5-804, 87-5-806, AND 87-5-808, MCA; AND PROVIDING AN EFFECTIVE DATE."