

SENATE BILL NO. 260

INTRODUCED BY L. JONES, D. BROWN, E. BUTTREY, R. COOK, G. CUSTER, J. ESSMANN,
F. GARNER, F. MOORE, A. OLSZEWSKI, R. OSMUNDSON, J. PATELIS, R. SHAW, J. WELBORN

A BILL FOR AN ACT ENTITLED: "AN ACT CREATING THE SCHOOL FACILITIES FUND WITHIN THE COAL SEVERANCE TAX TRUST FUND; ALLOCATING COAL SEVERANCE TAX FUNDS TO THE SCHOOL FACILITIES FUND; PROVIDING FOR TRANSFERS; CREATING A STATE SPECIAL REVENUE ACCOUNT; REVISING THE ALLOCATION OF COAL SEVERANCE TAXES; AMENDING SECTION 17-5-703, MCA; AND PROVIDING AN EFFECTIVE DATE."

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

NEW SECTION. Section 1. School facilities fund -- school facilities state special revenue account.

(1) There is a school facilities fund administered by the department of administration. Pursuant to 17-5-703, a percentage of coal severance taxes received by the state are deposited into this fund. Earnings not transferred to the school facilities account provided for in subsection (2) must be retained in the school facilities fund.

(2) There is a school facilities account in the state special revenue fund. The account receives earnings from the school facilities fund as provided in 17-5-703 and may be used only for school facility projects authorized by the legislature. IN FISCAL YEARS 2018 AND 2019, THE STATE TREASURER SHALL TRANSFER FROM THIS ACCOUNT TO THE PUBLIC EMPLOYEES' RETIREMENT SYSTEM DEFINED BENEFIT PLAN TRUST FUND AN AMOUNT TO SATISFY THE PROVISIONS OF 15-35-108(9)(B)(IV).

(3) A SCHOOL DISTRICT THAT RECEIVES FUNDS FROM THE SCHOOL FACILITIES ACCOUNT SHALL, WITHIN 30 DAYS OF RECEIVING THE FUNDS, FILE WITH THE OFFICE OF THE SUPERINTENDENT OF PUBLIC INSTRUCTION A DOCUMENT ACKNOWLEDGING IT HAS RECEIVED FUNDS FROM THE COAL SEVERANCE TAX TRUST FUND.

Section 2. 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 treasure state endowment fund;
(c) a treasure state endowment regional water system fund;
(d) a coal severance tax permanent fund;
(e) a coal severance tax income fund; ~~and~~
(f) a big sky economic development fund; and
(g) a school facilities 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 subsection (2)(a) must be transferred from that fund as provided in subsections ~~(3) and (4)~~ (4) and (5).

~~(3) (a) Until June 30, 2016, the state treasurer shall quarterly transfer to the treasure state endowment fund 50% of the amount in the coal severance tax bond fund in excess of the amount that is specified in subsection (2) to be retained in the fund.~~

~~—— (b) Until June 30, 2016, the state treasurer shall quarterly transfer to the treasure state endowment regional water system fund 25% of the amount in the coal severance tax bond fund in excess of the amount that is specified in subsection (2) to be retained in the fund.~~

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

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

(4) (a) Starting July 1, 2017, the state treasurer shall quarterly transfer to the school facilities fund provided for in [section 1(1)] 75% of the amount in the coal severance tax bond fund in excess of the amount that

1 is specified in subsection (2) to be retained in the fund. THE BUDGET DIRECTOR SHALL CERTIFY TO THE STATE
2 TREASURER WHEN THE BALANCE OF THE SCHOOL FACILITIES FUND IS \$200 MILLION. BEGINNING WITH THE QUARTER
3 FOLLOWING THIS CERTIFICATION, THE STATE TREASURER SHALL INSTEAD TRANSFER TO THE COAL SEVERANCE PERMANENT
4 FUND 75% OF THE AMOUNT IN THE COAL SEVERANCE TAX BOND FUND THAT EXCEEDS THE AMOUNT THAT IS SPECIFIED
5 PURSUANT TO SUBSECTION (2) TO BE RETAINED IN THE FUND.

6 (b) The state treasurer shall monthly transfer from the school facilities fund to the school facilities special
7 revenue account the amount of earnings, excluding unrealized gains and losses, required to meet the obligations
8 of the state that are payable from the account. Earnings not transferred to the school facilities special revenue
9 account must be retained by the school facilities fund.

10 ~~(4)(5)~~ (a) From July 1, 2005, through June 30, 2025, the state treasurer shall quarterly transfer to the
11 big sky economic development fund 25% of the amount in the coal severance tax bond fund in excess of the
12 amount that is specified in subsection (2) to be retained in the fund.

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

18 ~~(5)(6)~~ Any amount in the coal severance tax bond fund in excess of the amount that is specified in
19 subsection (2)(a) to be retained in the fund and that is not otherwise allocated under this section must be
20 deposited in the coal severance tax permanent fund. (Terminates June 30, 2031--secs. 1 through 3, Ch. 305, L.
21 2015.)

22 **17-5-703. (Effective July 1, 2031) Coal severance tax trust funds.** (1) The trust established under
23 Article IX, section 5, of the Montana constitution is composed of the following funds:

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

26 (b) a treasure state endowment fund;

27 (c) a coal severance tax permanent fund;

28 (d) a coal severance tax income fund; ~~and~~

29 (e) a big sky economic development fund; and

30 (f) a school facilities 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 subsection (2)(a) must be transferred from that fund as provided in subsections ~~(3) and (4)~~ (4) and (5).

~~(3) (a) Until June 30, 2016, the state treasurer shall quarterly transfer to the treasure state endowment fund 50% of the amount in the coal severance tax bond fund in excess of the amount that is specified in subsection (2) to be retained in the fund.~~

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

(4) (a) Starting July 1, 2017, the state treasurer shall quarterly transfer to the school facilities fund provided for in [section 1(1)] 75% of the amount in the coal severance tax bond fund in excess of the amount that is specified in subsection (2) to be retained in the fund. THE BUDGET DIRECTOR SHALL CERTIFY TO THE STATE TREASURER WHEN THE BALANCE OF THE SCHOOL FACILITIES FUND IS \$200 MILLION. BEGINNING WITH THE QUARTER FOLLOWING THIS CERTIFICATION, THE STATE TREASURER SHALL INSTEAD TRANSFER TO THE COAL SEVERANCE PERMANENT FUND 75% OF THE AMOUNT IN THE COAL SEVERANCE TAX BOND FUND THAT EXCEEDS THE AMOUNT THAT IS SPECIFIED PURSUANT TO SUBSECTION (2) TO BE RETAINED IN THE FUND.

(b) The state treasurer shall monthly transfer from the school facilities fund to the school facilities special revenue account the amount of earnings, excluding unrealized gains and losses, required to meet the obligations of the state that are payable from the account. Earnings not transferred to the school facilities special revenue account must be retained by the school facilities fund.

~~(4)(5)~~ (a) From July 1, 2005, through June 30, 2025, the state treasurer shall quarterly transfer to the big sky economic development fund 25% of the amount in the coal severance tax bond fund in excess of the amount that is specified in subsection (2) to be retained in the fund.

(b) The state treasurer shall monthly transfer from the big sky economic development fund to the economic development special revenue account, provided for in 90-1-205, the amount of earnings, excluding unrealized gains and losses, required to meet the obligations of the state that are payable from the account in

1 accordance with 90-1-204. Earnings not transferred to the economic development special revenue account must
2 be retained in the big sky economic development fund.

3 ~~(5)(6)~~ Any amount in the coal severance tax bond fund in excess of the amount that is specified in
4 subsection (2)(a) to be retained in the fund and that is not otherwise allocated under this section must be
5 deposited in the coal severance tax permanent fund."

6
7 NEW SECTION. **Section 3. Codification instruction.** [Section 1] is intended to be codified as an
8 integral part of Title 20, chapter 9, part 3, and the provisions of Title 20, chapter 9, part 3, apply to [section 1].

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10 NEW SECTION. **Section 4. Effective date.** [This act] is effective July 1, 2017.

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