**** Bill No. ****

Introduced By *************

By Request of the Energy and Telecommunications Interim Committee

A Bill for an Act entitled: "An Act establishing "The Treasure State Restore and Rebuild Act"; appropriating money from the coal severance tax permanent fund to the department of commerce to provide grants to entities impacted by the closure of a natural resource business; granting rulemaking; establishing grant programs for local government entities, economic development organizations, and primary sector businesses; establishing grant criteria and eligibility requirements; amending section 17-5-703, MCA; providing contingent voidness; and providing an effective date."

WHEREAS, much of Montana's economy relies on its natural resources, and that reliance on the state's treasures--ranging from coal to timber--has left the state at the mercy of national and international markets and the political and economic decisions of out-of-state policymakers and special interests; and

WHEREAS, the market objectives and policy directives of out-of-state entities rarely contribute to the long-term welfare of Montana communities; and

WHEREAS, Montana has a long history of taking care of one another and investing in ways that help make Montana a place where people want to live and make a living.

Be it enacted by the Legislature of the State of Montana:

NEW SECTION. **Section 1. Short-title.** [Sections 1 through 12] may be cited as "The Treasure State Restore and Rebuild Act".

NEW SECTION. **Section 2. Purpose.** (1) The legislature finds and declares that supporting and renewing Montana's economic base in communities impacted by the closing of a natural resource business is a public purpose.

(2) The purpose of the Treasure State Restore and Rebuild Act is to:

(a) promote diversification and development of the economic base within communities affected by the closing of a natural resource business, secondary business, or both;

(b) assist in providing economic stability to areas shattered by loss of employment, closure of businesses, and reductions in property values when a natural resource business closes;

(c) preserve and protect the economic viability of communities impacted by the closing of a natural resource business; and

(d) mitigate the socioeconomic effects of the closing of a natural resource business on affected communities and to provide remedies and financial resources necessary to mitigate those effects.

NEW SECTION. **Section 3. Definitions.** As used in [sections

1 though 12], the following definitions apply:

(1) "Closes" or "closing" means the permanent shutdown of:

(a) a natural resource business enterprise;

(b) one or more facilities or operating units within a natural resource business enterprise; or

(c) a secondary business if the shutdown results in an employment loss.

(2) "Department" means the department of commerce established in 2-15-1801.

(3) "Economic development organization" means:

(a) (i) a private, nonprofit corporation, as provided in Title 35, chapter 2, that is exempt from taxation under section 501(c)(3) or(c)(6) of the Internal Revenue Code, 26 U.S.C. 501(c)(3) or(c)(6);

(ii) an entity certified by the department under 90-1-116; or

(iii) an entity established by a local government entity; and

(b) an entity actively engaged in economic development and business assistance work in the area affected by the closure of a natural resource business.

(4) "Eligible training provider" means:

(a) a unit of the university system, as defined in 20-25-201;

(b) a community college district, as defined in 20-15-101;

(c) an accredited, tribally controlled community college located in the state of Montana;

(d) an apprenticeship program that is in compliance with Title 39, chapter 6; or

(e) an entity approved to provide workforce training that is approved by representatives of the BEAR program as defined in 53-2-1216, the small business development centers, or the Montana manufacturing extension center at Montana state university-Bozeman.

(5) "Employee" means an individual seeking a new job because of the closing of a natural resource business. The term may include an individual who did not work directly at a natural resource business but is unemployed due to the closing of a secondary business.

(6) "Employer" means the individual, corporation, partnership, or association providing new jobs and entering into a grant contract.

(7) "Employment loss" means:

(a) an employment termination, other than a discharge for cause, voluntary departure, or retirement;

(b) a layoff exceeding 6 months; or

(c) a reduction in hours of work of more than 50% during each month of any 6-month period.

(8) "Local government entity" means an incorporated city or town, a county, a consolidated local government, a school district, a tribal government, or a county or multicounty water, sewer, or solid waste district.

(9) "Natural resource business" means a private, for-profit, enterprise located in Montana that:

(a) engages in the extraction or harvesting of minerals, ore, or forestry products;

(b) engages in the processing of Montana raw materials such as minerals, ore, or forestry products; or

(c) engages in the production of electrical energy in an amount of 200 megawatts or more using coal as a source of fuel.

(10) "New job" means a job in a primary sector business.

(11) "Primary sector business" means an employer engaged in operations within Montana.

(12) "Secondary business" means a private, for-profit enterprise located in Montana that extracts, produces, manufactures, or processes materials used by a natural resource business.

NEW SECTION. **Section 4. Distribution of funds.** (1) The funds appropriated for the purposes of [sections 1 through 12] must be placed in the following accounts:

(a) 70% must be deposited in the local government restore and rebuild account established in [section 7];

(b) 25% must be deposited in the economic development restore and rebuild account established in [section 9]; and

(c) 5% must be deposited in the workforce restore and rebuild account established in [section 11].

(2) The accounts established in subsection (1) retain interest earned from the investment of money in the accounts.

NEW SECTION. **Section 5. Restore and rebuild grants --**

rulemaking. (1) On or before January 1, 2018, the department must adopt rules to implement the provisions of [sections 1 through 12].

(2) The rules shall include but are not limited to:

(a) distribution procedures for grants authorized in [sections 8 and 10]; and

(b) procedures for grant funding authorized in [section 8 and 10].

(3) The rules for grant funding in [sections 8 and 10] must include but are not limited to:

(a) eligibility requirements for local government entities and economic development organizations applying for grants and developed in accordance with [sections 6, 8, and 10];

(b) criteria for awarding grants;

(c) reporting procedures for grant recipients; and

(d) postdisbursement activities by the department to monitor the use of funding by entities, including reporting requirements and procedures for repayment of funds expended on activities determined not to meet eligibility requirements.

<u>NEW SECTION.</u> **Section 6. Treasure state restore and rebuild grant eligibility.** (1) A local government unit or economic development organization in a county where a natural resource business was or is located is eligible for grant funding in accordance with [sections 8 and 10] if:

(a) a natural resource business closes on or after January 1, 2016, or reaches a legal settlement on or after January 1, 2016, agreeing to a closing date on or before July 1, 2022; and

(b) except as provided in subjection (2), closing of a natural resource business results in or will result in an employment loss of more than 100 full-time employees.

(2) The employment loss required in subsection (1)(b) is not limited to employment loss at a single natural resource business and may include employment loss at a secondary business. A local government unit or economic development organization applying for a grant shall demonstrate in its application to the department that the employment loss at a secondary business is a direct result of the natural resource business closing.

NEW SECTION. **Section 7. Local government restore and rebuild--special revenue account.** (1) There is a local government restore and rebuild account in the state special revenue fund established by 17-2-102.

(2) There must be deposited in the account:

(a) money received from legislative allocations;

(b) money transferred in accordance with [section 4(1)(a)];

(c) a gift, donation, grant, legacy, bequest, or devise made for the purposes of [section 8]; and

(d) interest or other income earned on the money in the account.

(3) The account must be used by the department:

(a) to provide grants to local government entities to mitigate impacts in accordance with [section 8]; and

(b) for the department's costs of administering [section 8] and this section.

NEW SECTION. **Section 8. Local government restore and rebuild grants.** (1) Beginning January 1, 2018, and in accordance with subsection (3), the department shall award competitive grants annually to local government entities using the account established pursuant to [section 7].

(2) Grants must awarded to local government entities to assist a local government entity in:

(a) mitigating property losses and providing housing security for those who are unemployed due to the closing or planned closing of a natural resource business;

(b) paying for outstanding capital project bonds or other expenses incurred prior to the closing of a natural resource business or planned closing of a natural resource business;

(c) addressing infrastructure needs, including but not limited to water supply needs and water transportation costs, affected by the closing of a natural resource business;

(d) decreasing property tax mill levies that are caused by the elimination of activity by a natural resource business or secondary business; or

(e) in the case of a school district, providing for educational opportunities in accordance with the provisions of law.

(3) The department may not award more than $5 million from the account each year during the first 4 years of the grant program.

(4) A local government entity may collaborate with another local government entity or with an economic development organization established by a local government entity on a joint grant application.

NEW SECTION. **Section 9. Economic development restore and rebuild special revenue account.** (1) There is an economic development restore and rebuild account in the state special revenue fund established by 17-2-102.

(2) There must be deposited in the account:

(a) money received from legislative allocations;

(b) money transferred in accordance with [section 4(1)(b)];

(c) a gift, donation, grant, legacy, bequest, or devise made for the purposes of [section 10]; and

(d) interest or other income earned on the money in the account.

(3) The account must be used by the department:

(a) to provide grants in accordance with [section 10]; and

(b) for the department's costs of administering [section 10] and this section.

NEW SECTION. **Section 10. Economic development restore and rebuild grants.** (1) Beginning January 1, 2018, and in accordance with subsection (3), the department shall award competitive grants annually to economic development organizations using the account established pursuant to [section 9].

(2) Grants must awarded to economic development

organizations to assist in:

(a) promoting diversification and development of the economic base within an area affected by the closing a natural resource business through assistance to existing business, retention and expansion of existing business, unemployment assistance in addition to a formerly employed individual's unemployment compensation and unemployment benefits, or assistance to new business;

(b) attracting new industry an area affected by the closing of a natural resource business; or

(c) providing cash incentives for expanding the employment base of the area affected by the closing of a natural resource business.

(3) The department may not award more than $2 million from the account each year for the first 4 years of the program.

(4) An economic development organization may collaborate with another economic development organization on a joint grant application.

NEW SECTION. **Section 11. Workforce restore and rebuild special revenue account.** (1) There is a workforce restore and rebuild account in the state special revenue fund established in 17-2-102.

(2) There must be deposited in the account:

(a) money received from legislative allocations;

(b) money transferred in accordance with [section 4(1)(c)];

(c) a gift, donation, grant, legacy, bequest, or devise made for the purposes of [section 12]; and

(d) interest or other income earned on the money in the account.

(3) The account must be used by the department:

(a) to provide grants in accordance with [section 12] to mitigate the impacts of the closing of a natural resource business; and

(b) for the department's costs of administering [section 12] and this section.

NEW SECTION. **Section 12. Workforce restore and rebuild grants.** (1) Beginning January 1, 2018, and using the account established pursuant to [section 11], the department shall award competitive grants annually to primary sector businesses that provide education or skills-based training, through eligible training providers, for employees seeking a new job due to the closing of a natural resource business.

(2) To be eligible for a grant, an applicant shall demonstrate that the applicant is a primary sector business.

(3) A grant may be provided only to an employer offering a new job that has an average weekly wage that meets or exceeds the current average weekly wage of the county in which the employees were principally employed prior to the closing of a natural resource business.

(4) The grant application, at a minimum, must contain:

(a) a plan containing information that is sufficient for the department to obtain an adequate understanding of how an employee will be assisted through training; and

(b) a training plan, which must include:

(i) a timetable for providing training;

(ii) procedures for outreach, recruitment, screening, training, and placement of employees;

(iii) a description of the training curriculum and resources; and

(iv) a description of the type and method of training to be provided to employees.

(5) If the department determines that an applicant meets the criteria established in this section and has complied with the applicable procedures and review processes established by the department, the department may award a grant to the employer and authorize the disbursement of funds under contract to the primary sector business.

(6) (a) A contract with a grant recipient must contain provisions providing the department with annual reports on training and placement of employees and a final closeout report that documents the wages to be paid to an employee placed in a new job upon completion of the training.

(b) The contract must be signed by the person in the primary sector business who is assigned the duties and responsibilities for training and the overall success of the program and by the primary sector business's chief executive.

(7) The department may adopt rules to implement this section.

Section 13. 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.

(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).

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

<u>(5) On July 1, 2017, the state treasurer shall transfer $50 million from the coal severance tax permanent fund to the accounts established in [section 4] for implementation of the Treasure State Restore and Rebuild Act.</u>

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

17-5-703. (Effective July 1, 2031) 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 coal severance tax permanent fund;

(d) a coal severance tax income fund; and

(e) a big sky economic development 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).

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

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

{*Internal References to 17-5-703:*
17-6-305 90-1-201 90-1-205 90-6-701
90-6-701 90-6-710 }

NEW SECTION. **Section 14. Appropriation.** (1) There is appropriated $50 million to the department of commerce from the coal severance tax permanent fund provided for in 17-5-703 for grants administered in accordance with the Treasure State Restore and Rebuild Act programs provided for in [sections 1 through 12].

(2) The funds appropriated in subsection (1) must be deposited in accordance with [section 4].

NEW SECTION. **Section 15. {standard} Notification to tribal governments.** The secretary of state shall send a copy of [this act] to each tribal government located on the seven Montana reservations and to the Little Shell Chippewa tribe.

NEW SECTION. **Section 16. {standard} Codification instruction.** [Sections 1 through 12] are intended to be codified as an integral part of Title 90, and the provisions of Title 90 apply to [sections 1 through 12].

NEW SECTION. **Section 17. {standard} Severability.** If a part of [this act] is invalid, all valid parts that are severable from the invalid part remain in effect. If a part of [this act] is invalid in one or more of its applications, the part remains in effect in all valid applications that are severable from the invalid applications.

NEW SECTION. **Section 18. Contingent voidness.** If LCCOL4 is not passed and approved, then [this act] is void.

NEW SECTION. **Section 19. Three-fourths vote required.** Because [section 14] appropriates money from the coal severance tax trust fund, Article IX, section 5, of the Montana constitution requires a vote of three-fourths of the members of each house of the legislature for passage.

NEW SECTION. **Section 20. {standard} Effective date.** [This act] is effective July 1, 2017.

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