

## COAL MINING

### LEGISLATOR NOTICE

The Legislative Services Division is required to offer a brief history on the subject matter of a bill draft request prior to drafting (5-4-105, MCA; [Chapter 309, Laws of 2017](#)). The history must include related legislation introduced over the last five sessions and hyperlinks to the bill, hearing information, and fiscal notes. The legislation links below open to the page showing the status and history of bills introduced on this topic in the past. The bill text and any related fiscal notes can be accessed through the link at the top of that page.

**Legislation can be complex, and this history is not intended to be exhaustive. Please contact the drafter of the requested bill for more information.**

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**Topic Summary:** There are six coalmines in Montana located in Big Horn, Musselshell, Richland, and Rosebud Counties. Westmoreland Mining, LLC, controls three of the mines. The majority of mining in Montana occurs in the Powder River Basin. The price of Montana coal averaged \$17.44 per ton at the mine in 2015, up from the previous 20 years when it was near \$10.00 per ton. The price of Montana and Wyoming coal is far below the U.S. average of \$31.83, largely because of transportation costs and the lower heat content of the coal.

Following national trends, production decreased in Montana from about 45 million tons in 2008 to 32 million tons in 2016. U.S. coal production is down over 30% since peaking in 2008. Weak economic markets for coal both in the U.S. and internationally contributed to the decline. Coal-fired power generation is in decline, as inexpensive natural gas and cheaper renewables fuel more electricity production. In addition, air quality regulations have accelerated. The future of Montana coal economics depends in large part on greenhouse gas regulations, use of coal-fired generation in the U.S., natural gas prices, and coal export markets.

In 2018, 22 percent of the coal mined in Montana was consumed in the state, and almost all that coal was used by the electric power sector. About 42 percent of Montana's coal production was sent to other states, mainly by rail to Michigan, Minnesota, and Washington for electricity generation. The remaining 36 percent of Montana's coal production was exported to other countries, mostly to western Canada, where much of it continued on to Asia, according to the federal Energy Information Administration.

### Legislative Services Division Materials:

[SJ 5: Coal in Montana Changing Times Challenging Times](#)

[Colstrip: A Timeline](#)

[Understanding Energy in Montana 2018](#)

[Montana Coal Severance Tax](#)  
[Severance Tax Graphs](#)

## Other Materials:

[Coal and Uranium Program](#) – Montana Department of Environmental Quality

[State Energy Profile \(Coal\)](#) -- U.S. Energy Information Administration

## Introduced Legislation

\*Chapter number assigned means bill was passed and approved.

### 2019

[House Bill No. 292](#) -- Chapter Number Assigned -- AN ACT TEMPORARILY INCREASING THE COAL SEVERANCE TAX ALLOCATION TO THE COAL NATURAL RESOURCE ACCOUNT; ESTABLISHING THE INCREASE UNTIL JUNE 30, 2023; AMENDING SECTION 15-35-108, MCA; AND PROVIDING AN EFFECTIVE DATE.

[House Bill No. 403](#) -- Chapter Number Assigned -- AN ACT REVISING THE COAL GROSS PROCEEDS TAX RATE ON COAL MINED FROM AN UNDERGROUND MINE; AMENDING SECTION 15-23-703, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE.

[House Bill No. 476](#) -- Chapter Number Assigned -- AN ACT GENERALLY REVISING BOARD OF INVESTMENT LOANS FOR COAL-FIRED GENERATION AND ASSOCIATED TRANSMISSION; ALLOWING THE BOARD OF INVESTMENTS TO MAKE LOANS FROM THE MONTANA PERMANENT COAL TAX TRUST TO A PUBLIC UTILITY; ALLOWING THE USE OF LOANS FOR COAL, COAL IMPROVEMENTS, ADDITIONAL COAL INTERESTS, AND ASSOCIATED TRANSMISSION; REVISING LOAN REQUIREMENTS; REVISING LOAN LIMITATIONS; AMENDING SECTIONS 17-6-302, 17-6-308, 17-6-311, AND 17-6-317, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE.

[House Joint Resolution No. 4](#) -- Filed with Secretary of State -- A JOINT RESOLUTION OF THE SENATE AND THE HOUSE OF REPRESENTATIVES OF THE STATE OF MONTANA REQUESTING THAT THE FEDERAL GOVERNMENT TAKE ACTION TO PROTECT INTERSTATE AND FOREIGN COMMERCE AND MONTANA'S RIGHT TO EXPORT COAL.

[House Joint Resolution No. 46](#) -- (H) Died in Standing Committee -- A JOINT RESOLUTION OF THE SENATE AND THE HOUSE OF REPRESENTATIVES OF THE STATE OF MONTANA REQUESTING AN INTERIM STUDY OF MONTANA'S COAL SEVERANCE TAX TRUST FUND, INCLUDING GROWING THE PRINCIPAL AND CONSIDERATION OF OTHER SOURCES OF ENERGY FOR THE FUND.

[Senate Bill No. 191](#) -- Chapter Number Assigned -- AN ACT ALLOWING FOR ESTABLISHMENT OF A COUNTY COAL MINE TRUST RESERVE FUND FOR COUNTY GOVERNMENTS; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE.

[Senate Bill No. 201](#) -- Chapter Number Assigned -- AN ACT GENERALLY REVISING QUALIFICATIONS NECESSARY TO HOLD A MINING PERMIT; REVISING REQUIREMENTS FOR COAL MINE PERMITTEES TO PROVIDE CERTAIN FINANCIAL ASSURANCES TO THE DEPARTMENT OF ENVIRONMENTAL QUALITY; CLARIFYING LEGISLATIVE INTENT; PROVIDING FOR CONTINGENT VOIDNESS; AMENDING SECTION 82-4-222, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE.

[Senate Bill No. 328](#) -- Chapter Number Assigned -- AN ACT AUTHORIZING A BOARD OF COUNTY COMMISSIONERS TO AUTHORIZE A LOCAL ABATEMENT OF THE COAL GROSS PROCEEDS TAX FROM A NEW OR EXPANDING SURFACE COAL MINE; UTILIZING THE SAME ABATEMENT PROVISIONS FOR SURFACE MINING AS UNDERGROUND MINING; AMENDING SECTIONS 15-23-703 AND 15-23-715, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE AND A RETROACTIVE APPLICABILITY DATE.

[Senate Bill No. 329](#) -- Veto Override Failed in the Legislature -- AN ACT ALLOWING THE LAND BOARD TO EXTEND A COAL LEASE FOR UP TO 10 YEARS IF THE EXTENSION IS IN THE BEST INTEREST OF THE STATE; REQUIRING A PROCESSING FEE; AMENDING SECTION 77-3-314, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE AND AN APPLICABILITY DATE.

## 2017

[Senate Bill No. 235](#) -- (S) Veto Override Failed in the Legislature -- AN ACT ALLOWING THE LAND BOARD TO EXTEND A COAL LEASE IF THE EXTENSION IS IN THE BEST INTEREST OF THE STATE; AMENDING SECTION 77-3-314, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE AND AN APPLICABILITY DATE.

[Senate Joint Resolution No. 5](#) -- Filed with Secretary of State -- A JOINT RESOLUTION OF THE SENATE AND THE HOUSE OF REPRESENTATIVES OF THE STATE OF MONTANA REQUESTING AN INTERIM STUDY TO INVESTIGATE THREATS TO THE MINING AND BURNING OF COAL IN MONTANA AND THE CONSEQUENCES OF SIGNIFICANT REDUCTIONS IN COAL MINING AND USAGE.

## 2015

[House Bill No. 421](#) -- Chapter Number Assigned -- AN ACT REVISING THE COAL SEVERANCE TAX COAL WASHING CREDIT; EXTENDING THE TERMINATION DATE OF THE COAL WASHING CREDIT BY 8 YEARS; AMENDING SECTION 7, CHAPTER 433, LAWS OF 2009; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE.

[Senate Joint Resolution No. 13](#) -- Filed with Secretary of State -- A JOINT RESOLUTION OF THE SENATE AND THE HOUSE OF REPRESENTATIVES OF THE STATE OF MONTANA SUPPORTING THE RESPONSIBLE DEVELOPMENT OF COAL RESOURCES AND COAL-BASED ELECTRICITY.

[Senate Joint Resolution No. 17](#) -- (S) Died in Standing Committee -- A JOINT RESOLUTION OF THE SENATE AND THE HOUSE OF REPRESENTATIVES OF THE STATE OF MONTANA REQUESTING AN INTERIM STUDY TO INVESTIGATE THE IMPACTS OF PHASING OUT AND ELIMINATING THE MINING AND BURNING OF COAL IN MONTANA.

## 2013

[House Joint Resolution No. 9](#) – (H) Filed with Secretary of State -- A JOINT RESOLUTION OF THE SENATE AND THE HOUSE OF REPRESENTATIVES OF THE STATE OF MONTANA SUPPORTING THE RESPONSIBLE DEVELOPMENT OF COAL RESOURCES AND COAL-BASED ELECTRICITY.

[Senate Bill No. 47](#) – Chapter Number Assigned -- AN ACT REVISING LAWS RELATED TO MINE SAFETY; PROVIDING FOR MINE SAFETY TRAINING AND ALLOWING FOR RECOVERY OF REASONABLE EXPENSES; PROVIDING FOR MINE SAFETY AND HEALTH CONSULTATION SERVICES AND ALLOWING FOR RECOVERY OF REASONABLE EXPENSES; AMENDING SECTION 50-73-406, MCA; AND PROVIDING AN EFFECTIVE DATE.

[Senate Bill No. 92](#) – Chapter Number Assigned -- AN ACT REVISING THE MONTANA STRIP AND UNDERGROUND MINE RECLAMATION ACT; STREAMLINING PERMIT APPLICATION REQUIREMENTS; CLARIFYING REQUIREMENTS FOR A COAL PROSPECTING PERMIT AND FOR REPLACEMENT OF UNDERGROUND WATER SOURCES; STREAMLINING ANNUAL REPORT REQUIREMENTS; PROVIDING FOR CHALLENGES TO OWNERSHIP AND CONTROL LISTINGS; AND AMENDING SECTIONS 82-4-222, 82-4-226, 82-4-227, 82-4-237, AND 82-4-253, MCA.

## 2011

[House Bill No. 37](#) – Chapter Number Assigned -- AN ACT MODIFYING VEGETATIVE COVER OF WATER FACILITY STANDARDS FOR FINAL BOND RELEASE AT COAL AND URANIUM MINES; ELIMINATING THE CONTINGENT VOIDNESS SECTION RELATED TO FEDERAL APPROVAL OF MODIFICATIONS TO THE VEGETATIVE COVER STANDARDS; AMENDING SECTION 82-4-235, MCA; REPEALING SECTION 2, CHAPTER 72, LAWS OF 2009; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE.

[House Bill No. 107](#) – Chapter Number Assigned -- AN ACT CLARIFYING THE OBLIGATION TO PAY ROYALTIES TO THE STATE UNDER COAL LEASE CONTRACTS; REQUIRING THAT THE PAYMENT OF ROYALTIES ON A COAL LEASE BE OF THE ESSENCE IN A LEASE CONTRACT; REQUIRING THAT INTEREST BE PAID ON DELINQUENT COAL ROYALTY PAYMENTS; PROVIDING FOR AN AUDIT, AFTER NOTICE, OF COAL ROYALTIES PAID TO THE STATE; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE.

[House Bill No. 121](#) – (H) Died in Standing Committee -- AN ACT ESTABLISHING THE MONTANA TRUST LAND COAL DEVELOPMENT LANDOWNER PROTECTION ACT AND PROGRAM; ESTABLISHING A LANDOWNER PROTECTION ACCOUNT TO COMPENSATE PRIVATE LANDOWNERS AND WATER RIGHT HOLDERS FOR DAMAGES CAUSED TO LAND OR WATER BY DEVELOPMENT OF TRUST LAND COAL TRACTS; TRANSFERRING MONEY INTO THE ACCOUNT; PROVIDING RULEMAKING AUTHORITY TO THE DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION FOR THE ADMINISTRATION OF THE PROGRAM AND THE EVALUATION OF CLAIMS FOR COMPENSATION; PROVIDING A STATUTORY APPROPRIATION; AMENDING SECTION 17-7-502, MCA; AND PROVIDING AN EFFECTIVE DATE.

[House Bill No. 170](#) – (H) Died in Standing Committee -- AN ACT INCREASING THE ALLOCATION OF FEDERAL MINERAL ROYALTY INCOME TO COUNTIES WHERE THE DEVELOPMENT OF THE FEDERALLY OWNED MINERALS HAS OCCURRED; PROVIDING FOR THE ALLOCATION OF ALL OF FEDERAL MINERAL

ROYALTY INCOME TO THE MINERAL IMPACT ACCOUNT TO BE USED FOR COUNTIES; AMENDING SECTION 17-3-240, MCA; AND PROVIDING AN EFFECTIVE DATE AND AN APPLICABILITY DATE.

[House Bill No. 303](#) – (H) Died in Standing Committee -- AN ACT REVISING SURFACE OWNER NOTICE REQUIREMENTS FOR MINERAL ACTIVITIES; AMENDING SECTION 82-2-303, MCA; AND REPEALING SECTION 82-2-302, MCA.

[House Bill No. 533](#) – Chapter Number Assigned -- AN ACT GENERALLY REVISING STATE LAND MINE LEASING LAWS; CLARIFYING LIMITATIONS ON LEASING; CLARIFYING THE LEASING PROCEDURES FOR COAL MINING LEASES; ALLOWING THE BOARD OF LAND COMMISSIONERS THE DISCRETION IN DEMANDING A SURETY BOND; PROVIDING AN EXCEPTION TO THE DURATION OF A LEASE IF THE LEASE OR PERMIT IS CHALLENGED; DEFINING CERTAIN TERMS; ESTABLISHING TEMPORARY REPORTING REQUIREMENTS; CLARIFYING RENTAL TERMS; AMENDING SECTIONS 77-3-305, 77-3-312, 77-3-313, 77-3-314, AND 77-3-316, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE AND AN APPLICABILITY DATE.

[Senate Bill No. 266](#) – Chapter Number Assigned -- AN ACT REVISING THE LOCAL ABATEMENT OF THE COAL GROSS PROCEEDS TAX ON COAL PRODUCED BY A NEW OR EXPANDING UNDERGROUND COAL MINE; PROVIDING THAT THE TAX ABATEMENT MAY BE 50% OR LESS FOR AN UNDERGROUND MINE TAXED AT 5% OF THE VALUE OF COAL; PROVIDING AN INITIAL COAL GROSS PROCEEDS TAX OF 2.5% ON COAL PRODUCED FROM A NEW OR EXISTING UNDERGROUND MINE FOR AN INITIAL 10-YEAR PERIOD; AMENDING SECTIONS 15-23-703 AND 15-23-715, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE AND A RETROACTIVE APPLICABILITY DATE.

[Senate Bill No. 286](#) – Chapter Number Assigned -- AN ACT REVISING COAL PROSPECTING LAWS; MODIFYING CERTAIN COAL PROSPECTING PROCEDURES; AMENDING SECTION 82-4-226, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE AND AN APPLICABILITY DATE.

[Senate Bill No. 292](#) – Chapter Number Assigned -- AN ACT DEFINING "IN SITU COAL GASIFICATION"; DIRECTING THE BOARD OF ENVIRONMENTAL REVIEW TO ADOPT RULES FOR IN SITU COAL GASIFICATION; CLARIFYING THAT INJECTIONS INTO GROUNDWATER FOR IN SITU COAL GASIFICATION ARE NOT POLLUTION; AND AMENDING SECTIONS 75-5-103 AND 82-4-203, MCA.

[Senate Bill No. 297](#) – Chapter Number Assigned -- AN ACT DEFINING "COAL BENEFICIATION PLANT"; EXCLUDING COAL BENEFICIATION PLANTS FROM PERMITTING AND REGULATION UNDER THE MONTANA STRIP AND UNDERGROUND MINING RECLAMATION ACT; CLARIFYING THAT A COAL PREPARATION FACILITY REGULATED UNDER THAT ACT DOES NOT INCLUDE A FACILITY WHERE COAL IS PREPARED AND THEN CONVERTED INTO ANOTHER ENERGY FORM OR TO A GASEOUS OR LIQUID HYDROCARBON; CLARIFYING THAT A MINING OPERATION DOES NOT INCLUDE A FACILITY OR SURFACE PREMISES WHERE COAL IS CONVERTED INTO ANOTHER ENERGY FORM OR TO A GASEOUS OR LIQUID HYDROCARBON OR A COAL BENEFICIATION PLANT; AMENDING SECTION 82-4-203, MCA; AND PROVIDING AN EFFECTIVE DATE.

[Senate Bill No. 427](#) – (S) Died in Standing Committee -- AN ACT PROVIDING AN INITIAL COAL GROSS PROCEEDS TAX RATE OF 2.5% ON THE FIRST 500,000 TONS OF COAL PRODUCED FROM AN UNDERGROUND MINE FOR THE INITIAL 10-YEAR PERIOD; ELIMINATING THE COUNTY TAX ABATEMENT FOR PRODUCTION FROM A NEW OR EXPANDING UNDERGROUND MINE; AMENDING SECTION 15-23-

703, MCA; REPEALING SECTION 15-23-715, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE AND A RETROACTIVE APPLICABILITY DATE.

## 2009

[House Bill No. 278](#) – Chapter Number Assigned -- AN ACT PROVIDING THAT LIMITED VEGETATIVE COVER OF WATER MANAGEMENT FACILITIES AND OTHER SUPPORT FACILITIES IN A STRIP MINE OPERATION IS ELIGIBLE FOR EARLY BOND RELEASE IF THE VEGETATIVE COVER MEETS RECLAMATION STANDARDS; AND AMENDING SECTION 82-4-235, MCA.

[House Bill No. 588](#) – Chapter Number Assigned -- AN ACT REVISING THE DISTRIBUTION OF COAL GROSS PROCEEDS TAXES TO LOCAL TAXING JURISDICTIONS AND THE STATE; ESTABLISHING A BASIS FOR THE DISTRIBUTION OF COAL GROSS PROCEEDS TAXES; PROVIDING THAT COAL GROSS PROCEEDS TAXES MUST BE DISTRIBUTED ACCORDING TO THE PREVIOUS FISCAL YEAR MILL LEVIES; ELIMINATING THE DISTRIBUTION OF COAL GROSS PROCEEDS BASED ON THE UNIT VALUE CALCULATION; REMOVING THE STATUTORY APPROPRIATION OF COAL GROSS PROCEEDS TAXES; AMENDING SECTIONS 15-23-703 AND 17-7-502, MCA; REPEALING SECTIONS 15-23-705, 15-23-706, AND 15-23-707, MCA; AND PROVIDING AN EFFECTIVE DATE AND APPLICABILITY DATES.

[House Bill No. 650](#) – (H) Died in Standing Committee -- AN ACT CREATING THE MINERAL LEASE CONVEYANCE BACKUP WITHHOLDING ACT; PROVIDING DEFINITIONS; REQUIRING MINERAL LEASEHOLD INTEREST PURCHASERS TO WITHHOLD TAXES ON PAYMENTS FOR MINERAL LEASEHOLD INTERESTS; PROVIDING EXCEPTIONS TO THE WITHHOLDING TAX; MAKING MINERAL LEASEHOLD INTEREST PURCHASERS LIABLE FOR PAYMENT OF WITHHOLDING TAXES; PROVIDING A WITHHOLDING TAX RATE AND REMITTANCE SCHEDULE; REQUIRING MINERAL LEASEHOLD INTEREST PURCHASERS TO PROVIDE ANNUAL STATEMENTS TO MINERAL LEASEHOLD CONVEYORS AND THE DEPARTMENT OF REVENUE; PROVIDING FOR PENALTIES, INTEREST, AND REMEDIES; REQUIRING THE REPORTING OF TRANSFERS OF MINERAL INTERESTS UNDER THE REALTY TRANSFER ACT; AMENDING SECTIONS 15-7-303 AND 15-7-304, MCA; AND PROVIDING A DELAYED EFFECTIVE DATE AND AN APPLICABILITY DATE.

[Senate Bill No. 5](#) – Chapter Number Assigned -- AN ACT REQUIRING APPROVAL BY THE BOARD OF LAND COMMISSIONERS FOR THE GIFT OR PURCHASE OF LAND FOR THE PURPOSE OF RECLAMATION OF MINES; AMENDING SECTIONS 82-4-239 AND 82-4-371, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE.

[Senate Bill No. 25](#) – Chapter Number Assigned -- AN ACT ELIMINATING CERTAIN CONTINGENCIES RELATED TO VIOLATIONS, PENALTIES, AND WAIVERS UNDER THE COAL AND URANIUM MINE AND RECLAMATION LAWS; AND REPEALING SECTION 6, CHAPTER 486, LAWS OF 2005, AND SECTION 30, CHAPTER 487, LAWS OF 2005.

[Senate Bill No. 292](#) – Chapter Number Assigned -- AN ACT PROVIDING FOR A REDUCED SEVERANCE TAX RATE ON COAL RECOVERED FROM A STRIP MINE BY AUGER MINING; AMENDING SECTIONS 15-35-102 AND 15-35-103, MCA; AND PROVIDING AN EFFECTIVE DATE AND AN APPLICABILITY DATE.

[Senate Bill No. 509](#) – Chapter Number Assigned -- AN ACT PROVIDING THAT COSTS OF WASHING AND CLEANING OF COAL MINED FROM AN UNDERGROUND MINE ARE NOT INCLUDED IN THE

CONTRACT SALES PRICE OF COAL; REVISING WHEN THE DEPARTMENT MAY IMPUTE THE VALUE OF COAL; AMENDING SECTIONS 15-23-701, 15-23-703, 15-35-102, AND 15-35-107, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE, AN APPLICABILITY DATE, AND A TERMINATION DATE.

[Senate Bill No. 510](#) – Chapter Number Assigned -- AN ACT AUTHORIZING A BOARD OF COUNTY COMMISSIONERS TO AUTHORIZE A 50 PERCENT LOCAL ABATEMENT OF THE COAL GROSS PROCEEDS TAX FROM A NEW OR EXPANDING UNDERGROUND COAL MINE; PROVIDING THAT THE ABATEMENT CAN LAST FOR 5 OR 10 YEARS; REQUIRING NOTIFICATION OF ALL AFFECTED SCHOOL DISTRICTS; PROVIDING FOR THE DISTRIBUTION OF THE REDUCED TAX COLLECTIONS; AMENDING SECTION 15-23-703, MCA; AND PROVIDING

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