



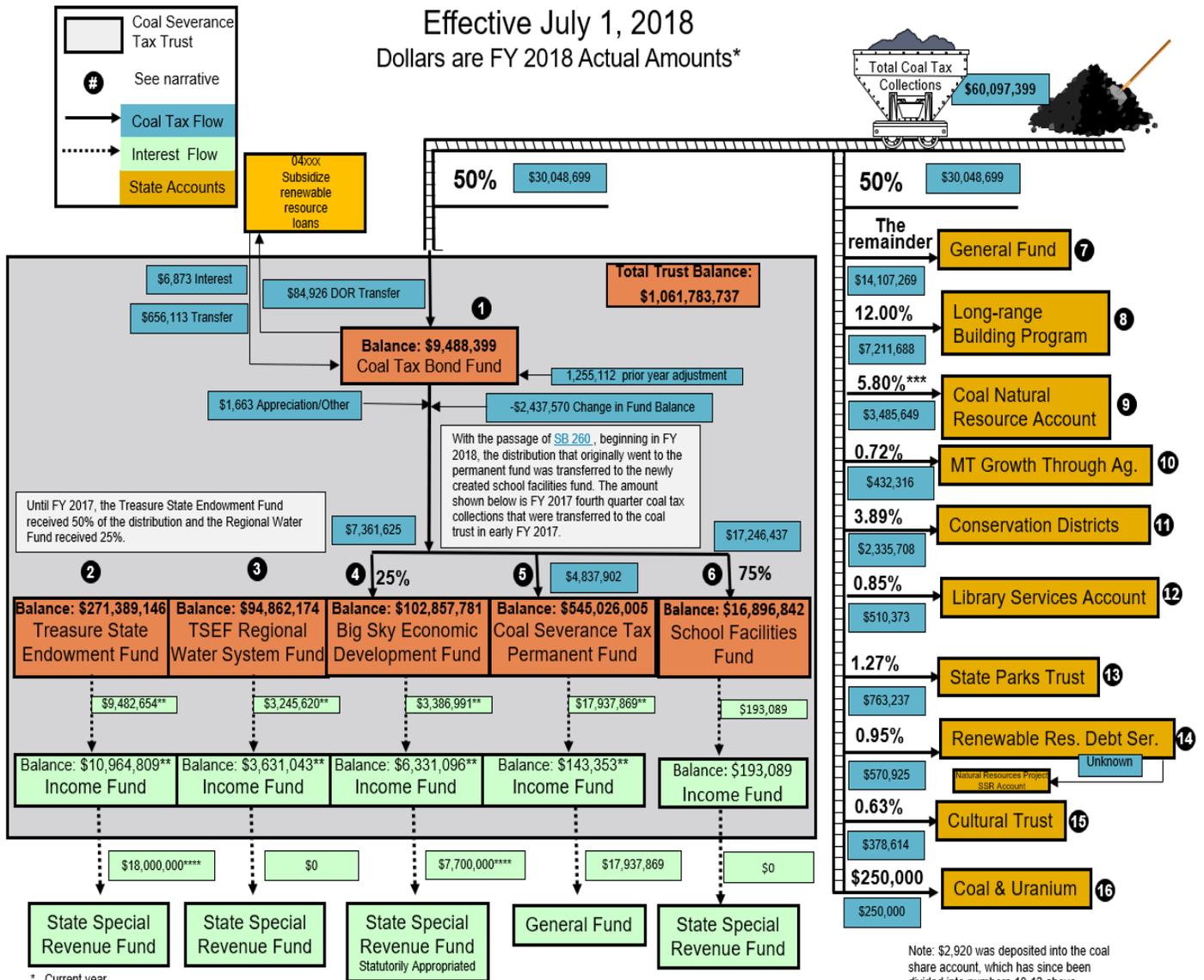
MONTANA LEGISLATIVE BRANCH

Legislative Fiscal Division

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Director
AMY CARLSON

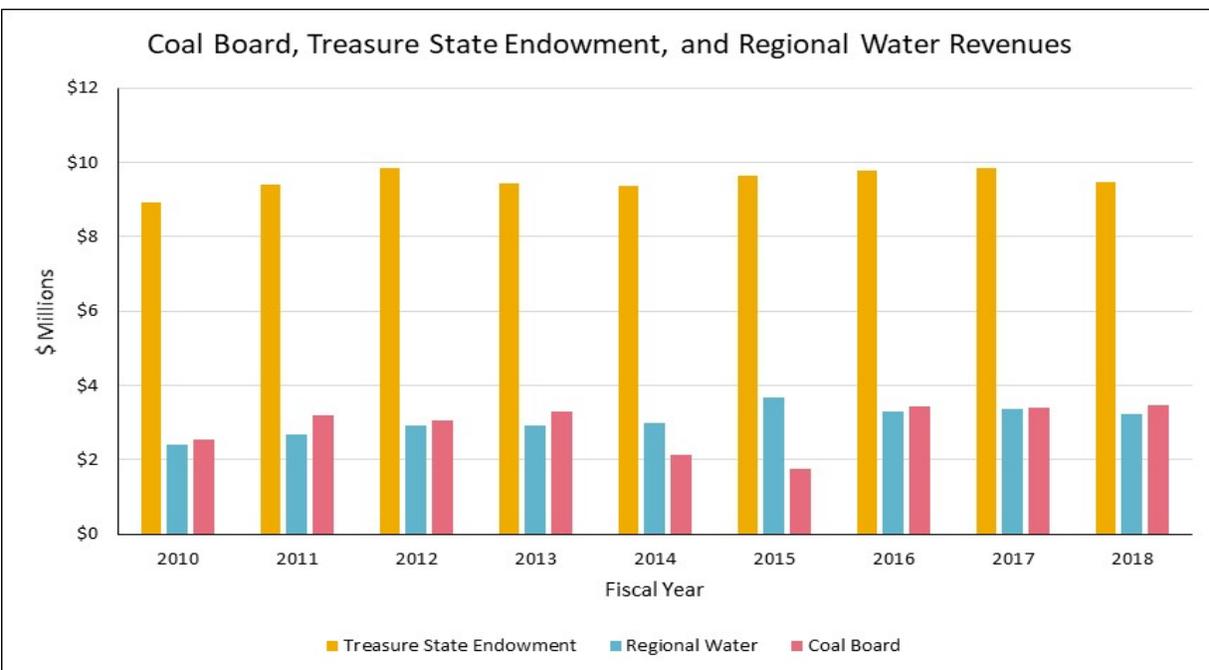
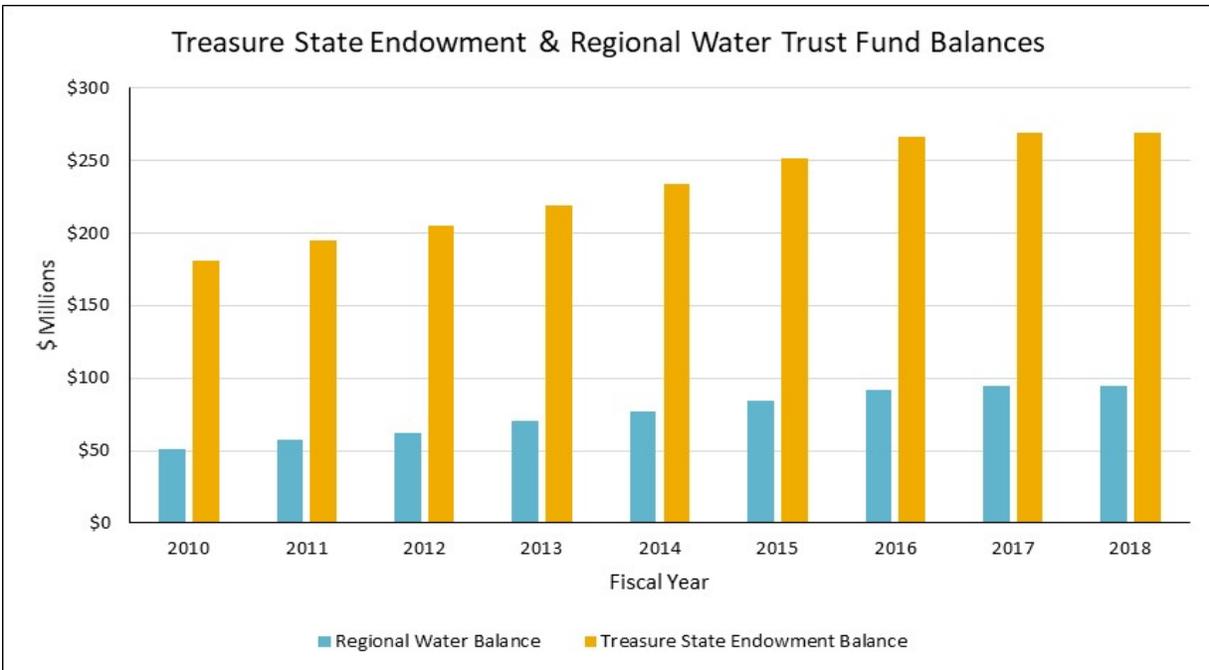
DATE: September 6, 2018
 TO: Legislative Finance Committee
 FROM: Sam Schaefer
 RE: Coal Severance Taxes and Local Infrastructure



* Current year
 ** Excludes unrealized investment gains and losses
 *** Set to decrease from 5.80% to 2.90% in FY 2020
 ****The 2017 Special Session transferred \$7.5 million from the Treasure State Endowment Fund and \$2.0 million from the Big Sky Economic Development Fund to the General Fund

Coal severance taxes assist local government infrastructure through direct tax distributions to the coal board and through appropriations of interest received from the coal trust. Historically either 2.90% or 5.80% of coal severance taxes have been directed to the coal board. The Treasure State Endowment Fund received 25% and the Treasure State Regional Water System Fund received 12.5% of coal severance taxes until the end of FY 2016. Over time, these distributions increased the size of both trusts, ultimately increasing the interest available for infrastructure projects. Projects funded through the coal board and interest from the Treasure State Endowment Fund are administered by the Department of Commerce and Regional Water projects are administered by the Department of Resources and Conservation.

The following two charts show the trusts' balances over time and the subsequent revenue they generate as well as revenue deposited to the coal board.



Montana Department of Commerce
Treasure State Endowment Program
2019 Biennium Grant Funding - HB 11

Rank Order	Infrastructure Applicant	Project Type	TSEP Grant Requested
1	Sanders Co. Sewer District at Paradise	WW	\$750,000
2	Beaverhead Co. Jackson Water & Sewer District	W	\$294,000
3	Denton, Town of	W	\$625,000
4	Helena, City of	WW	\$750,000
5	Absarokee Water & Sewer District	W	\$500,000
6	Medicine Lake, Town of	WW	\$625,000
7	Froid, Town of	WW	\$750,000
8	Cut Bank, City of	W	\$750,000
9	Eureka, Town of	WW	\$555,000
10	Nine Mile Water & Sewer District	W	\$750,000
11	South Wind Water & Sewer District	W&WW	\$750,000
12	Livingston, City of	WW	\$625,000
13	Townsend, City of	WW	\$625,000
14	Scobey, City of	W	\$500,000
15	Manhattan, Town of	WW	\$611,800
16	Stanford, Town of	W	\$500,000
17	Hot Springs, Town of	W	\$478,632
18	Sheridan, Town of	W	\$625,000
19	Simms County Sewer District	WW	\$750,000
20	Circle, Town of	W	\$625,000
21	Lockwood Water & Sewer District	W	\$625,000
22	Harlowton, City of	W	\$750,000
23	Cascade, Town of	WW	\$500,000
24	Shelby, City of	W	\$750,000
25	Dutton, Town of	W	\$500,000
26	Butte-Silver Bow	WW	\$349,286
27	Winifred, Town of *	W	\$500,000
28	Ryegate, Town of *	WW	\$500,000
29	Whitefish, City of *	WW	\$750,000
Total Infrastructure Funding			\$17,663,718

* Contingent funding

Rank Order	Bridge Applicant	Project Type	TSEP Grant Requested
1	Missoula County	Bridge	\$500,000
2	Park County	Bridge	\$107,957
3	Madison County	Bridge	\$237,284
4	Prairie County	Bridge	\$160,000
5	Gallatin County	Bridge	\$684,800
6	Carbon County	Bridge	\$750,000
7	Lewis & Clark County	Bridge	\$309,985
8	Judith Basin County	Bridge	\$247,125
9	Powell County	Bridge	\$750,000
Total Bridge Funding			\$3,747,151

**Regional Water
Projects FY 2018**

North Central Regional Water System

- | | |
|--|-----------|
| 1) Pipeline Shelby to Cut Bank
Interim Solution | \$598,286 |
|--|-----------|

Central Montana Regional Water System

- | | |
|---------------------------|-----------|
| 1) Groundwater Monitoring | \$ 56,542 |
| 2) Engineering on Phase 1 | \$275,876 |

Dry Prairie Regional Water System \$ 10,226

- | | |
|-----------------------------------|--|
| 1) Finish Valley County B segment | |
|-----------------------------------|--|

Dry Red Regional Water System

- | | |
|---------------------|-----------|
| 1) East Yellowstone | \$207,212 |
|---------------------|-----------|

16. BRIEF PROJECT SUMMARY:

*fy 2019
project*

Historical Information -

The Rocky Boy's / North Central Montana Regional Water System - The Chippewa Cree Tribe of the Rocky Boy's Reservation and the State of Montana negotiated a settlement of the Tribe's Water Rights Claims. The Compact, ratified by the 1997 Montana Legislature and signed by President Clinton in December of 1999, provides a water allocation to the Tribe from Tiber Reservoir south of Chester, MT.

The legislation authorizing the construction of the Rocky Boy's/North Central Montana Regional Water System (NCRMWS) Project was introduced into Congress in April 2001. In December of 2002, the Bill was passed by Congress (see Public Law Number 107-331). The authorization was signed by President Bush on December 13, 2002.

The project is located in North Central Montana in Chouteau, Glacier, Hill, Liberty, Pondera, Teton and Toole Counties. The project area generally consists of plains-land of North Central Montana in the Marias, Milk, Teton, and Missouri River drainages. A detailed discussion of the environmental resources of the study area is presented in the Rocky Boy's/NCRMWS Environmental Assessment.

The system consists of a Core System, Non-Core System and On-Reservation water distribution system. The Core and On-Reservation water distribution systems will provide water to the Rocky Boy's Reservation and will be held in trust by the United States for the Tribe. The Non-Core system will provide wholesale water service to off-reservation systems and will be owned by the North Central Montana Regional Water Authority (NCRMWA). Existing municipal and rural water district systems currently deliver water to off-reservation users that will receive wholesale water from this project. The existing distribution systems are not part of this project and are not under the control of the NCRMWA or Tribe.

Problem -

Non-Core System: Segment W5: Shelby to Oilmont CWD and Nine Mile CWSD TSEP-RWS Funding Request

- The NCRMWA is applying for TSEP-RWS funding in the amount of \$661,680 for infrastructure acquisition for Segment W5 Shelby to Oilmont CWD and Nine Mile CWSD, a portion of the Rocky Boy's/NCRMWS Project. This financial support is for the segment needed to supply potable water to the participating water systems of the Nine Mile CWSD and Oilmont CWD. Water for the Oilmont CWD is obtained from the Daisy Spring and the White Spring which allow the system to operate without pumping. Historical flow rates from the springs have averaged 70 gallons per minute but production is variable and fluctuating flow rates cause significant operational issues throughout the year. Along with flow limitations, the water system has tested positive for Total Coliform and E. Coli. Nine Mile CWSD does not a water distribution system. Residents currently rely on hand dug water wells or springs; however, the water quality is variable and can become seasonally contaminated with alkali and other contaminants. Residents without a well must haul water from Sunburst to their cisterns. The District was established in December 2015 to help residents obtain clean, potable water.

Proposed Solution -

Shelby to Oilmont CWD and Nine Mile CWSD Interim Solution Project TSEP-RWS Funding Request - To provide a water source, prevent water shortages and prevent Total Coliform and E. Coli violations Segment W5 can be completed with funding from the TSEP-RWS funds. The project will include construction of approximately 44 miles of pipeline from the City of Shelby north to the Town of Sunburst then east of Sunburst to Oilmont CWD and Nine Mile CWSD, a pump station located near Shelby, a pump station east of Sunburst, a standpipe south of Sunburst, a storage tank east of Sunburst, a meter station at Sunburst, and a meter vault. In addition, the project will involve the purchase of approximately 8,000 linear feet of 16-inch water pipeline installed by the City of Shelby in 2013. The pipe line is ideally located to be utilized as part of the infrastructure that connects the well field to the pump station that will be constructed north of the City as part of the Segment W5 project. The project will install infrastructure needed for final build out and provide interim water service from the City of Shelby to Oilmont CWD and Nine Mile CWD. The amount requested will be applied directly to the purchase of the 16-inch water line. This contribution from TSEP-RWS funds will be applied as matching funds from the State of Montana to meet its cost

Montana Coal Board Projects

Grant No.	Grantee:	Project Description:	Direct Award Amount:	Amount Spent:	% Spent:	Award Date:	Executed:	Expiration Date:	Status:	Recaptured:
2019 Biennium										
0819	City of Roundup	Roundup School Water Main Extension	\$131,218.00		0%	6/22/2017	7/26/2017	6/30/2021	Open	
0820	City of Hardin	Hardin High School Pavement Restoration	\$243,903.00		0%	6/22/2017	5/23/2018	3/31/2019	Open	
0821	Hardin Public Schools #1	School Facilities Assessment	\$37,800.00		0%	6/22/2017	5/21/2018	12/31/2018	Open	
0822	Rosebud County	Hospital Roof	\$100,000.00	\$100,000.00	100%	6/22/2017	4/17/2018	9/30/2018	closed	
0823	Big Horn Hospital Association	Heritage Acres Renovation and Equipment repl.	\$252,000.00		0%	6/22/2017	4/17/2018	9/30/2018	Open	
0824	City of Hysam	PER Wastewater System	\$16,000.00		0%	6/22/2017	4/12/2018	3/31/2019	Open	
0825	Lame Deer Public Schools	School Housing Purchase	\$120,000.00		0%	6/22/2017	4/12/2018	9/30/2018	Open	
0826	Big Horn County 1	Belly Dump and Grader	\$205,000.00		0%	6/22/2017	4/17/2018	3/31/2019	Open	
0827	Big Horn County 2	Ambulance Replacement (two vehicles)	\$131,000.00	\$119,708.00	91%	6/22/2017	4/17/2018	12/31/2018	closed	\$11,292.00
0828	Hardin Public Schools #2	AED Units and Training	\$8,250.00	\$7,241.00	88%	6/22/2017	5/21/2018	9/30/2018	closed	\$1,009.00
0829	Musselshell County	End Dump Truck	\$114,000.00		0%	6/22/2017	4/12/2018	3/31/2019	Open	
0830	Northern Cheyenne Utilities Commission	Water and Wastewater Equipment	\$170,356.00		0%	6/22/2017			Open	
0831	City of Miles City	Airport PER and snow Removal Equipment purch.	\$48,900.00		0%	6/22/2017	5/24/2018	6/30/2019	Open	
0833	Musselshell County	Motor Grader	\$269,750.00		0%	1/18/2018				
0834	Golden Valley County	Jaws of Life	\$27,363.00		0%	1/18/2018				
0836	Rosebud County	Sheriff's Office Equipment	\$135,000.00		0%	1/18/2018				
0837	Town of Broadus	First Responder Capnography Machine	\$6,100.00		0%	1/18/2018				
0838	Town of Roundup	End Dump Truck	\$60,000.00		0%	1/18/2018				
0839	City of Colstrip	Economic Diversification Strategy Implementation Project	\$70,000.00		0%	1/18/2018				
0840	City of Forsyth	Fire Truck	\$164,000.00		0%	1/18/2018				
0841	Big Horn County #1	Law Enforcement Vehicle Fleet Upgrade	\$40,000.00		0%	3/22/2018				
0842	Big Horn County #2	Library Capital Improvement Needs	\$20,433.00		0%	3/22/2018				
0845	Rosebud County	Health Care Center Equipment Updating Project	\$10,000.00		0%	3/22/2018				
0846	Hardin Public Schools	Activity Center Pool Roof Replacement	\$100,000.00		0%	3/22/2018				
0848	Big Sky Economic Development	MSU Billings Science & Health Building	\$500,000.00		0%	3/22/2018				