_____ BILL NO. _____

INTRODUCED BY _____

BY REQUEST OF THE DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION

A BILL FOR AN ACT ENTITLED: “AN ACT REVISING THE WATER DEVELOPMENT STATE SPECIAL REVENUE ACCOUNT; ALLOWING FUNDS AND INTEREST TO BE DISTRIBUTED FROM THE ACCOUNT; AMENDING SECTIONS 15-38-302, 85-1-320, AND 85-1-631, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE.”

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

Section 1. Section 15-38-302, MCA, is amended to read:

"**15-38-302. Natural resources projects state special revenue account created -- revenue allocated -- limitations on appropriations from account.** (1) There is a natural resources projects state special revenue account within the state special revenue fund established in 17-2-102.

(2) There must be paid into the natural resources projects state special revenue:

(a) the interest income of the resource indemnity trust fund under the provisions of 15-38-202;

(b) the resource indemnity and ground water assessment tax under the provisions of 15-38-106;

(c) the oil and natural gas production tax as provided in 15-36-331;

(d) the excess of the coal severance tax proceeds allocated by 85-1-603 to the renewable resource loan debt service fund above debt service requirements as provided in and subject to the conditions of 85-1-619; and

(e) 10% of the ~~interest earned from~~ funds in the Montana water development state special revenue account established in 85-1-320 to be used for water storage pilot projects and dam inspections required under 85-15-213.

(3) Appropriations may be made from the natural resources projects state special revenue account for grants and loans for designated projects and the activities authorized in 85-1-602 and 90-2-1102.

(4) The account retains its own interest."

Section 2. Section 85-1-320, MCA, is amended to read:

"**85-1-320. Montana water development state special revenue account.** (1) (a) There is a Montana water development state special revenue fund as provided for in 17-2-102 to the credit of the department of natural resources and conservation.

(b) The fund retains its own interest.

(c) The account is composed of revenue gifted to the state or transferred to the account by the legislature and interest generated by the account.

(2) Ninety percent of the revenue gifted or transferred into the account and earnings from the investment must be distributed to the water storage state special revenue account established in 85-1-631.

(3) Ten percent of the revenue gifted or transferred into the account and earnings from the investment must be distributed to the natural resources projects state special revenue account established in 15-38-302 to be used for water storage pilot projects and dam inspections required under 85-15-213."

Section 3. Section 85-1-631, MCA, is amended to read:

"**85-1-631. Water storage state special revenue account created -- revenues allocated -- appropriations from account.** (1) There is a water storage state special revenue account within the state special revenue fund established in 17-2-102.

(2) There must be paid into the water storage state special revenue account:

(a) for the biennium beginning July 1, 2007, the proceeds of the resource indemnity and ground water assessment tax as provided in 15-38-106;

(b) money allocated from the resource indemnity trust fund interest earnings pursuant to 15-38-202 and all revenue of the works and other money as provided in 85-1-332; and

(c) 90% of the ~~interest earned from~~ funds in the Montana water development state special revenue account established in 85-1-320.

(3) All revenue provided from 85-1-332(1)(e) and (1)(f) deposited in the water storage state special revenue account must be appropriated solely for the construction, operation, rehabilitation, expansion, maintenance, and modification of state-owned water storage projects.

(4) Money that was not encumbered or expended from the water storage state special revenue account during the previous biennium must remain in the account.

(5) Deposits to the water storage state special revenue account must be placed in short-term investments and accrue interest, which must be deposited in the water storage state special revenue account.

(6) The purpose of the water storage state special revenue account is to provide money exclusively for construction, operation, rehabilitation, expansion, maintenance, and modification of state-owned water storage projects."

NEW SECTION. **Section 4. Effective date.** [This act] is effective on passage and approval.

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