

OFFICE OF THE GOVERNOR  
STATE OF MONTANA

STEVE BULLOCK  
GOVERNOR



JOHN WALSH  
LT. GOVERNOR

April 26, 2013

The Honorable Linda McCulloch  
Secretary of State  
State Capitol  
Helena, MT 59620

Dear Secretary McCulloch:

In accordance with the power vested in me as Governor by the Constitution and the laws of the State of Montana, I hereby veto Senate Bill 236 (SB 236), "AN ACT TEMPORARILY INCREASING THE COAL SEVERANCE TAX ALLOCATION TO THE COAL NATURAL RESOURCE ACCOUNT; ESTABLISHING THE INCREASE UNTIL JUNE 30, 2019; AMENDING SECTION 15-35-108, MCA; AND PROVIDING AN EFFECTIVE DATE."

From October 1, 2013 until June 30, 2019, SB 236 increases the coal severance tax allocations to the coal natural resource account from 2.9 percent to 5.8 percent. Unfortunately, SB 236 impedes the funding mechanism of House Bill 454 (HB 454), which will use spendable interest from the permanent fund of the coal tax trust to fix the public employees retirement system and to help offset the costs of local governments.

HB 454 will temporarily increase employee and employer contributions to the public employee retirement system until the system is determined to be actuarially sound. It utilizes some of the spendable interest from the permanent fund of the coal tax trust, coal severance tax revenues and state land revenues to assist local governments in meeting their financial obligations. As outlined in the budget I submitted to the Legislature, we have an obligation to address our long-term liabilities, and this obligation includes fixing our retirement systems. Article VIII, Section 15 of the Montana Constitution compels us to act, and HB 454 provides a comprehensive solution of shared sacrifice to shore up our public employee retirement system without raising taxes.

Under SB 236 the amount distributed to the coal natural resource account would increase by \$1.429 million in FY 2014 and by \$1.972 million in FY 2015, and would increase each year thereafter until FY 2020. The distribution of the coal severance tax revenue to the general fund would decrease by an equal amount.

Finally, if SB 236 is signed into law, there is no corresponding appropriation in House Bill 2 (HB 2) to provide funding for it. SB 236 would create an increased account balance for the coal natural resources account with no corresponding authority for the Department of Commerce to spend the increased fund balance.

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For these reasons, I veto SB 236.

Sincerely,

A handwritten signature in black ink, appearing to be 'Steve Bullock', with a long horizontal flourish extending to the right.

STEVE BULLOCK  
Governor

cc: Legislative Services Division  
Jeff Essmann, President of the Senate  
Mark Blasdel, Speaker of the House