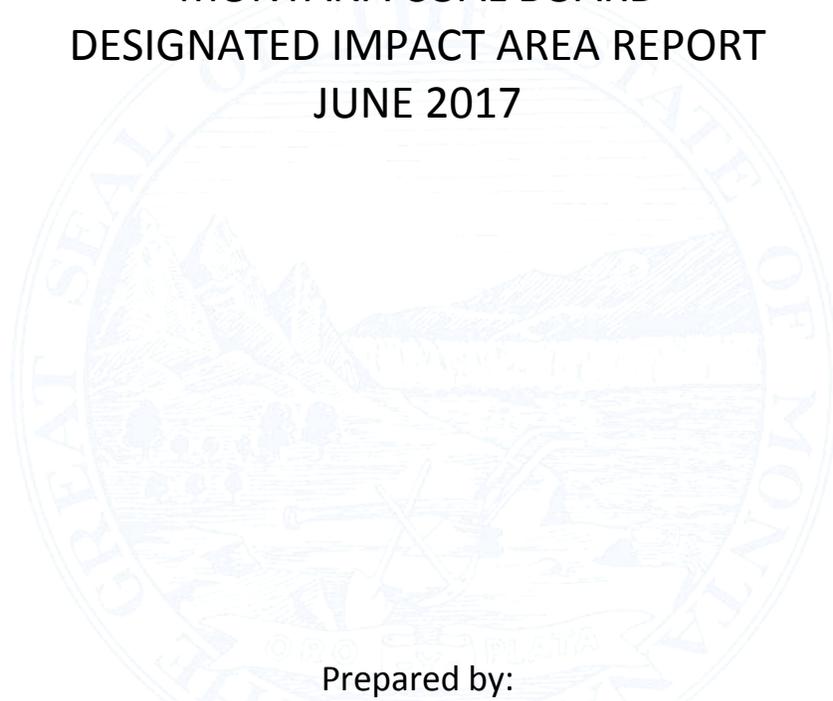


**MONTANA COAL BOARD
DESIGNATED IMPACT AREA REPORT
JUNE 2017**



Prepared by:
Montana Department of Commerce
Community Development Division
301 S. Park Ave
Helena, MT 59620

Introduction:

The Montana Department of Commerce (Commerce) is required by statute (MCA 90-6-207) to biennially designate each county, incorporated city and town, school district or other governmental unit impacted by coal development. The specific criteria for designation are defined in detail within the statute and summarized below. This designation guides the use of funds and directs the Coal Board to award more than 50% of funds appropriated to designated local government units, except as it pertains to 90-6-205(4)(b). This report is provided to the Coal Board for the purpose of awarding grants from available funds.

In preparation of this report, Commerce collected relevant information from Montana Department of Environmental Quality (DEQ), Montana Department of Revenue (DOR), Montana Department of Transportation (MDT), Montana Local Government Services Bureau, Montana Census and Economic Information Bureau (CEIC), and Montana Department of Labor & Industry (DLI). These entities provided information, data, and other assistance in order for Commerce to accurately review statutory priorities and finalize the biennial designation.

At the end of this report is a complete list of governmental units which have been designated by Commerce for the 2019 biennium. The list also identifies which section of the statute was used to qualify the governmental unit in this biennial designation. While the list only shows the designated communities, Commerce's analysis included all governmental units to determine if the entity met the statutory criteria. For example, all incorporated cities and towns were included in all criteria to identify if the incorporated city or town met any of the statutory priorities.

These designated governmental units are eligible to receive more than fifty percent (50%) of the funds awarded by the Coal Board. Any governmental unit, except as provided in 90-6-205(b)(4) to address highway deficiencies directly impacted by coal development, may not be awarded more than fifty percent (50%) of the funds for meeting the needs caused by an increase or decrease in coal development or in the consumption of coal by a coal-using energy complex to local governmental units. A map is provided in this report to identify the impact area's general geographic boundaries; however, this map is not the indicator of designation as it does not specify the governmental unit that qualifies as designation.

To qualify under the statute, designation is established by reviewing the governmental units that meet the statutory priority as listed in each of the sections below. It is noteworthy to mention that governmental units may have met the designation under one or more priority, again this specific information is listed on the complete list. Additionally, this report incorporated GIS analysis to assist with designating communities.

Designation Based on Population Increase or Decrease (90-6-207(1)(a), MCA):

Each county, incorporated city or town, school district, and other governmental unit that has had or expects to have as a result of coal development a net increase or decrease in the estimated population of at least 10% over one of the 3-year periods.

Designation Based on New Coal Developments and Production Commencement (90-6-207(1)(b)(i), MCA):

Each county and all local governmental units within each county in which a mining permit has been granted by DEQ establishing a new coal mine, producing at least 300,000 tons a year, and that Commerce determines will commence production within two years.

Designation Based on Increased or Decreased Coal Production (90-6-207(1)(b)(ii), MCA):

Each county and all local government units within each county in which Commerce has determined that the production of an existing mine will increase or decrease by at least 1 million tons per year and that the new, expanded, or reduced production will commence within 2 years of the designation.

Designation Based on New Railroad Service(90-6-207(1)(b)(iii), MCA):

Each county and all local governmental units within each county in which a newly constructed railroad serves a new, existing, or expanding coal mine.

Designation Based on Issuance of Air Quality Permit for New Mine and Mining Operations Commencement (90-6-207(1)(b)(iv), MCA):

Each county and all local governmental units within each county in which an air quality permit has been issued. DEQ has indicated that no air quality permits have been issued or have been requested within the past two years for new coal-burning facilities that will combust at least 1 million tons a year of Montana coal and which is anticipated to construct or operate a mine within 2 years of designation.

Designation Based on Proximity to Coal Mine or Coal Burning Facility (90-6-207(1)(c), MCA):

Each local government unit located within 100 miles, measured over the shortest all-weather public road, of a mine or facility qualifying under subsection (1)(b)(i), (1)(b)(ii), or (1)(b)(iv).

Designation Based on Significant Mining Scheduled to Cease (90-6-207(1)(d)(i), MCA):

Each local government in which a mine that has produced 300,000 tons or more of coal a year has ceased all significant mining or is scheduled to cease within 1 year.

Designation Based on Mining Closure or Scheduled Closure (90-6-207(1)(d)(ii), MCA):

Each local government in which a steam-generating or other coal-burning facility that has operated under an air quality permit issued by DEQ and that has consumed at least 1 million tons of Montana-mined coal a year has closed or is scheduled to close within 1 year.

Designation Based on Additional Factors (90-6-207(2)(a) and 90-6-207(b), MCA):

Any local governmental unit designated under the priorities listed above (from 90-6-207(1)) extends to and includes the county in which it is located.

And a county extends to and includes as a designated unit any local governmental unit in the county that contains at least 10% of the total population of the county.

Methodology of GIS Analysis:

Data sets provided for population, coal production, location and proximity data are incorporated into the GIS analysis, as well as up-to-date roads data acquired from the state resources. Mine locations were determined using aerial imagery to identify all weather access roads for mine buildings and the closest point from the access road to the all-weather road network was used as a starting point for determining the 100 mile distance from the mine. Where multiple access roads were identified, the most direct route from the road network to the buildings was used.

15-70-101, MCA defines all-weather roads as roads open to public travel and considered all mileage (excluding the National Highway System (NHS) and Primary roadways) available for public use (except during periods of extreme weather or emergency conditions), passable by a two-wheel drive passenger car, and open to the general public without restrictive gates, prohibitive signs, or regulations other than restrictions based on the size and weight of the vehicle. Private ranch, farm, and residential driveways, primitive trails, and field approaches are not considered part of the mileage.

Results:

The governmental units that met the designation priorities were included based on changes in mining production or operations; the mines that triggered impact considerations under the statutory priorities were Signal Peak, Spring Creek and Absaloka mines. Based upon Commerce GIS analysis, designation will expand to include one additional county, Carter County. Some communities which were included in the 2017 biennial designation, were not included in the 2019 biennial designation.

Conclusions:

Designation under MCA 90-6-207 is largely unchanged and no 2017 biennial designated counties are excluded for the 2019 biennial designation. A complete list of designated governmental units is

provided in this report which serves as the final determination of designative governmental units for the 2019 biennium. The list provides specific reference to how individual governmental units were qualified to meet the statutory priority.

Commerce is available to further discuss details with any governmental unit that is or is not on the list to provide information as to the analysis and how governmental units met the statutory qualifications.

Sources Contacted:

Montana Department of Environmental Quality

Montana Department of Revenue

Montana Department of Transportation

Montana Local Government Services Bureau

Montana Department of Commerce - Census and Economic Information Bureau

Montana Department of Labor & Industry