

HOUSE BILL 374

Introduced by J. Rice

1/23	Introduced
1/23	Referred to Appropriations
1/24	First Reading
1/28	Fiscal Note Requested
1/29	Fiscal Note Received
1/30	Fiscal Note Printed
3/20	Hearing
3/27	Tabled in Committee

1 HOUSE BILL NO. 374  
 2 INTRODUCED BY J Rice  
 3 BY REQUEST OF THE GOVERNOR  
 4

5 A BILL FOR AN ACT ENTITLED: "AN ACT STATUTORILY  
 6 APPROPRIATING MONEY THAT WOULD OTHERWISE BE DEPOSITED IN THE  
 7 COAL SEVERANCE TAX PERMANENT FUND TO THE DEPARTMENT OF  
 8 COMMERCE FOR THE BIG SKY DIVIDEND PROGRAM; AMENDING SECTIONS  
 9 17-5-703 AND 17-7-502, MCA; AND PROVIDING AN EFFECTIVE DATE  
 10 AND A TERMINATION DATE."  
 11

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

13 **Section 1.** Section 17-5-703, MCA, is amended to read:

14 "17-5-703. Coal severance tax trust funds. (1) The  
 15 trust established under Article IX, section 5, of the  
 16 Montana constitution shall be composed of the following  
 17 funds:

18 (a) a coal severance tax bond fund into which the  
 19 constitutionally dedicated receipts from the coal severance  
 20 tax shall be deposited;

21 (b) a coal severance tax permanent fund; and

22 (c) a coal severance tax income fund.

23 (2) The state treasurer shall ~~from--time--to--time~~  
 24 transfer to the coal-severance-tax-permanent-fund all local  
 25 government infrastructure grant account established in

1 [section 5 of LC 943] up to \$20 million a year from money in  
 2 the coal severance tax bond fund except the amount necessary  
 3 to meet all principal and interest payments on bonds payable  
 4 from the coal severance tax bond fund on the next two  
 5 ensuing semiannual payment dates. The money deposited in the  
 6 local government infrastructure grant account is statutorily  
 7 appropriated to the department of commerce as provided in  
 8 17-7-502. Money remaining in the coal severance tax bond  
 9 fund after bond payments and transfers to the local  
 10 government infrastructure grant account must be deposited in  
 11 the coal severance tax permanent fund."

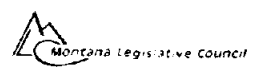
12 **Section 2.** Section 17-7-502, MCA, is amended to read:

13 "17-7-502. Statutory appropriations -- definition --  
 14 requisites for validity. (1) A statutory appropriation is an  
 15 appropriation made by permanent law that authorizes spending  
 16 by a state agency without the need for a biennial  
 17 legislative appropriation or budget amendment.

18 (2) Except as provided in subsection (4), to be  
 19 effective, a statutory appropriation must comply with both  
 20 of the following provisions:

21 (a) The law containing the statutory authority must be  
 22 listed in subsection (3).

23 (b) The law or portion of the law making a statutory  
 24 appropriation must specifically state that a statutory  
 25 appropriation is made as provided in this section.



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1 (3) The following laws are the only laws containing  
 2 statutory appropriations: 2-9-202; 2-17-105; 2-18-812;  
 3 10-3-203; 10-3-312; 10-3-314; 10-4-301; 13-37-304; 15-1-111;  
 4 15-25-123; 15-31-702; 15-36-112; 15-37-117; 15-65-121;  
 5 15-70-101; 16-1-404; 16-1-410; 16-1-411; 17-3-212; 17-5-404;  
 6 17-5-424; 17-5-804; 19-8-504; 19-9-702; 19-9-1007;  
 7 19-10-205; 19-10-305; 19-10-506; 19-11-512; 19-11-513;  
 8 19-11-606; 19-12-301; 19-13-604; 20-6-406; 20-8-111;  
 9 20-9-361; 23-5-306; 23-5-409; 23-5-610; 23-5-612; 23-5-1016;  
 10 23-5-1027; 27-12-206; 37-51-501; 39-71-2504; 53-6-150;  
 11 53-24-206; 61-2-406; 61-5-121; 67-3-205; 75-1-1101;  
 12 75-5-1108; 75-11-313; 76-12-123; 80-2-103; 82-11-136;  
 13 82-11-161; 90-3-301; 90-4-215; 90-4-613; 90-6-331; 90-9-306;  
 14 [section 1]; and section 13, House Bill No. 861, Laws of  
 15 1985.

16 (4) There is a statutory appropriation to pay the  
 17 principal, interest, premiums, and costs of issuing, paying,  
 18 and securing all bonds, notes, or other obligations, as due,  
 19 that have been authorized and issued pursuant to the laws of  
 20 Montana. Agencies that have entered into agreements  
 21 authorized by the laws of Montana to pay the state  
 22 treasurer, for deposit in accordance with 17-2-101 through  
 23 17-2-107, as determined by the state treasurer, an amount  
 24 sufficient to pay the principal and interest as due on the  
 25 bonds or notes have statutory appropriation authority for

1 such payments. (In subsection (3), pursuant to sec. 10, Ch.  
 2 664, L. 1987, the inclusion of 39-71-2504 terminates June  
 3 30, 1991.)"

4 NEW SECTION. Section 3. Three-fourths vote. Because  
 5 [section 1] appropriates money that would otherwise be  
 6 deposited in the coal severance tax permanent fund, a vote  
 7 of three-fourths of the members of each house is required  
 8 for enactment of [section 1].

9 NEW SECTION. Section 4. Effective date -- termination.  
 10 [This act] is effective July 1, 1991, and terminates June  
 11 30, 2001.

-End-

STATE OF MONTANA - FISCAL NOTE  
Form BD-15

In compliance with a written request, there is hereby submitted a Fiscal Note for HB0374, as introduced.

DESCRIPTION OF PROPOSED LEGISLATION:


An act statutorily appropriating money that would otherwise be deposited in the coal severance tax permanent fund to the department of commerce for the big sky dividend program; and providing an effective date and a termination date.


ASSUMPTIONS:

1. Permanent trust interest will be \$49,233,600 in FY92 and \$51,154,660 in FY93 under current law (OBPP).
2. Net deposits into the permanent trust fund from the coal severance tax are estimated to be \$18,692,740 in FY92 and \$17,949,481 in FY93 (OBPP).
3. No funds will be withdrawn from the local government infrastructure account in FY92 as rulemaking to implement the program is completed and grant requests are prepared by local government units. As a result, deposits in the local government infrastructure account will be invested in the treasury cash account and earn interest for the general fund.
4. The entire balance of the local government infrastructure account will be distributed in FY93 to satisfy approved grant requests.
5. Short term interest rates will average 7.84% in FY92.
6. The loss of permanent trust interest to the school equalization account will be offset by a general fund appropriation of a like amount.
7. For purposes of this fiscal note, it is assumed that no other revenue sources are affected by the proposal. Hence, likely increases in income tax collections on employed workers are ignored.
8. Potential savings in local government taxes and fees may be substantial, but are ignored since they depend on the specifics of each project.

FISCAL IMPACT:

see next page

  
ROD SUNDSTED, BUDGET DIRECTOR      1-27-91  
Office of Budget and Program Planning      DATE

  
JIM RICE, PRIMARY SPONSOR      1/30/91  
Fiscal Note for HB0374, as introduced      DATE      **HB 374**

Revenues:	FY 92			FY 93		
	<u>Current Law</u>	<u>Proposed Law</u>	<u>Difference</u>	<u>Current Law</u>	<u>Proposed Law</u>	<u>Difference</u>
Permanent Trust (09)	18,692,740	0	(18,692,740)	17,949,481	0	(17,949,481)
Local Infrastructure (02)	0	18,692,740	18,692,740	0	17,949,481	17,949,481
Permanent Trust Interest:						
General Fund (01)	41,848,564	40,961,988	(886,576)	43,481,462	41,135,837	(2,345,625)
School Equalization (02)	7,385,040	7,228,585	(156,455)	7,673,199	7,259,265	(413,934)
Treasury Cash Interest (01)	<u>0</u>	<u>864,784</u>	<u>864,784</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total	67,926,344	67,748,097	(178,247)	69,104,142	66,344,583	(2,759,559)
Total General Fund			(178,247)			(2,759,559)

LONG-RANGE EFFECTS OF PROPOSED LEGISLATION:

The general fund impact of the proposal will compound through time. All other things equal, the amount of revenue foregone will be roughly \$2.7 million higher than that in the previous fiscal year.

To the extent the proposal attracts new funding from outside Montana, the revenue impact will be mitigated by increases in tax collections from other sources. Likewise, the grants will reduce taxes, fees and other charges by those local government units receiving the grants.