

HOUSE BILL NO. 793

INTRODUCED BY M. HANSON, WEEDING

IN THE HOUSE

FEBRUARY 12, 1991                   INTRODUCED AND REFERRED TO COMMITTEE  
ON TAXATION.

FEBRUARY 13, 1991                   FIRST READING.

MARCH 22, 1991                    COMMITTEE RECOMMEND BILL  
DO PASS AS AMENDED. REPORT ADOPTED.

MARCH 23, 1991                    PRINTING REPORT.

APRIL 3, 1991                    SECOND READING, DO PASS.

                                  ON MOTION, RULES SUSPENDED. BILL  
                                  PLACED ON THIRD READING THIS DAY.

                                  THIRD READING, PASSED.  
                                  AYES, 99; NOES, 0.

APRIL 4, 1991                    ENGROSSING REPORT.

                                  TRANSMITTED TO SENATE.

IN THE SENATE

APRIL 4, 1991                    INTRODUCED AND REFERRED TO COMMITTEE  
ON TAXATION.

                                  FIRST READING.

APRIL 9, 1991                    COMMITTEE RECOMMEND BILL BE  
CONCURRED IN. REPORT ADOPTED.

APRIL 15, 1991                    SECOND READING, CONCURRED IN.

APRIL 16, 1991                    THIRD READING, CONCURRED IN.  
AYES, 49; NOES, 0.

                                  RETURNED TO HOUSE.

IN THE HOUSE

APRIL 17, 1991                    RECEIVED FROM SENATE.

                                  SENT TO ENROLLING.

REPORTED CORRECTLY ENROLLED.

1 HOUSE BILL NO. 793  
 2 INTRODUCED BY M. Hansen Leekering  
 3  
 4 A BILL FOR AN ACT ENTITLED: "AN ACT ALLOWING THE BOARD OF  
 5 COUNTY COMMISSIONERS OF A COUNTY TO DIRECT THE COUNTY  
 6 TREASURER TO REDISTRIBUTE COAL GROSS PROCEEDS TAXES OR LOCAL  
 7 GOVERNMENT SEVERANCE TAX MONEY FROM ONE TAXING UNIT IN THE  
 8 COUNTY TO ANOTHER TAXING UNIT OR UNITS IN THE COUNTY UNDER  
 9 CERTAIN CONDITIONS; AMENDING SECTIONS 15-23-703 AND  
 10 15-36-112, MCA; AND PROVIDING AN EFFECTIVE DATE."

11  
 12 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

13 **Section 1.** Section 15-23-703, MCA, is amended to read:

14 "15-23-703. Taxation of gross proceeds -- taxable value  
 15 for bonding and guaranteed tax base aid to schools. (1) The  
 16 county assessor shall compute from the reported gross  
 17 proceeds from coal a tax roll that he shall transmit to the  
 18 county treasurer on or before September 15 each year. The  
 19 county assessor may not levy or assess any mills against the  
 20 reported gross proceeds of coal but shall levy a tax of 5%  
 21 against the value of the reported gross proceeds as provided  
 22 in 15-23-701(1)(d). The county treasurer shall proceed to  
 23 give full notice to each coal producer of the taxes due and  
 24 to collect the taxes as provided in 15-16-101.

25 (2) For bonding, county classification, and all nontax

1 purposes, the taxable value of the gross proceeds of coal is  
 2 45% of the contract sales price as defined in 15-35-102(5).

3 (3) The taxable value of gross proceeds for the purpose  
 4 of computing guaranteed tax base aid for schools is the  
 5 amount of tax received by a district in the previous year  
 6 divided by the number of mills levied by the district in the  
 7 previous year, multiplied by 1,000. This amount must be  
 8 added to the district, county, and statewide taxable value  
 9 when computing guaranteed tax base aid under 20-9-368.

10 (4) The Except as provided in subsection (5), the  
 11 county treasurer shall credit all taxes collected under this  
 12 part:

13 (a) to the state and to the counties that levied mills  
 14 in fiscal year 1990 against 1988 production in the relative  
 15 proportions required by the levies for state and county  
 16 purposes in the same manner as property taxes were  
 17 distributed in the fiscal year 1989 1990 in the taxing  
 18 jurisdiction; and

19 (b) to school districts in the county that either  
 20 levied mills in school fiscal year 1990 against 1988  
 21 production or used nontax revenue, such as Public Law 81-874  
 22 money, in lieu of levying mills against production, in the  
 23 same manner that property taxes collected or property taxes  
 24 that would have been collected would have been distributed  
 25 in 1989 school fiscal year 1990 in the school district.

1       (5) The board of county commissioners of a county may  
 2 direct the county treasurer to transfer the distribution of  
 3 coal gross proceeds taxes that would have gone to a taxing  
 4 unit, as provided in subsection (4)(a), to another taxing  
 5 unit or taxing units, other than an elementary school or  
 6 high school, within the county under the following  
 7 conditions:

8       (a) the taxing unit within the county from which the  
 9 transfer is made levied mills in fiscal year 1990 and was  
 10 entitled to coal gross proceeds taxes under this section;

11       (b) the taxing unit described in subsection (5)(a) does  
 12 not levy mills in the current fiscal year and does not  
 13 require coal gross proceeds taxes for its continued  
 14 operation;

15       (c) the taxing unit described in subsection (5)(a) is  
 16 not an elementary school or high school; and

17       (d) the taxing unit or taxing units to which the  
 18 transfer is made are entitled to receive coal gross proceeds  
 19 taxes as provided in this section."

20       **Section 2.** Section 15-36-112, MCA, is amended to read:

21       "15-36-112. **Disposition of oil and gas state and local**  
 22 **government severance taxes -- calculation of unit value for**  
 23 **local government severance tax.** (1) Each year the department  
 24 of revenue shall determine the amount of tax collected under  
 25 this chapter from within each taxing unit.

1       (2) For purposes of the distribution of local  
 2 government severance taxes collected under this chapter, the  
 3 department shall determine the unit value of oil and gas for  
 4 each taxing unit as follows:

5       (a) The unit value for petroleum and other mineral or  
 6 crude oil for each taxing unit is the quotient obtained by  
 7 dividing the net proceeds taxes calculated on petroleum or  
 8 mineral or crude oil produced in that taxing unit in  
 9 calendar year 1988 by the number of barrels of petroleum or  
 10 other mineral or crude oil produced in that taxing unit  
 11 during 1988, excluding new and interim production.

12       (b) The unit value for natural gas is the quotient  
 13 obtained by dividing the net proceeds taxes calculated on  
 14 natural gas produced in that taxing unit in calendar year  
 15 1988 by the number of cubic feet of natural gas produced in  
 16 that taxing unit during 1988, excluding new and interim  
 17 production.

18       (3) The state and local government severance taxes  
 19 collected under this chapter are allocated as follows:

20       (a) The local government severance tax is statutorily  
 21 appropriated, as provided in 17-7-502, for allocation to the  
 22 county for distribution as provided in subsection (4);

23       (b) The state severance tax is allocated to the state  
 24 general fund.

25       (4) (a) For the purpose of distribution of the local

1 government severance tax, the department shall adjust the  
 2 unit value determined under this section according to the  
 3 ratio that the local government severance taxes collected  
 4 during the quarters to be distributed plus accumulated  
 5 interest earned by the state and penalties and interest on  
 6 delinquent local government severance taxes bears to the  
 7 total liability for local government severance taxes for the  
 8 quarters to be distributed. The taxes must be calculated and  
 9 distributed as follows:

10 (i) By November 30 of each year, the department shall  
 11 calculate and distribute to each eligible county the amount  
 12 of local government severance tax, determined by multiplying  
 13 unit value as adjusted in this subsection (4)(a) times the  
 14 units of production on which the local government severance  
 15 tax was owed during the calendar quarters ending March 31  
 16 and June 30 of the preceding calendar year.

17 (ii) By May 31 of each year, the department shall  
 18 calculate and distribute to each eligible county the amount  
 19 of local government severance tax, determined by multiplying  
 20 unit value as adjusted in this subsection (4)(a) times the  
 21 units of production on which the local government severance  
 22 tax was owed during the 2 calendar quarters immediately  
 23 following those quarters referred to in subsection  
 24 (4)(a)(i).

25 (b) Any amount by which the total tax liability exceeds

1 or is less than the total distributions determined in  
 2 subsections (4)(a)(i) and (4)(a)(ii) must be calculated and  
 3 distributed in the following manner:

4 (i) The excess amount or shortage must be divided by  
 5 the total distribution determined for that period to obtain  
 6 an excess or shortage percentage.

7 (ii) The excess percentage must be multiplied by the  
 8 distribution to each taxing unit, and this amount must be  
 9 added to the distribution to each respective taxing unit.

10 (iii) The shortage percentage must be multiplied by the  
 11 distribution to each taxing unit, and this amount must be  
 12 subtracted from the distribution to each respective taxing  
 13 unit.

14 (5) The Except as provided in subsection (6), the  
 15 county treasurer shall distribute the money received under  
 16 subsection (4) to the taxing units that levied mills in  
 17 fiscal year 1990 against calendar year 1988 production in  
 18 the same manner that all other property tax proceeds were  
 19 distributed during fiscal year 1990 in the taxing unit,  
 20 except that no distribution may be made to a municipal  
 21 taxing unit.

22 (6) The board of county commissioners of a county may  
 23 direct the county treasurer to transfer the distribution of  
 24 local government severance tax money that would have gone to  
 25 a taxing unit, as provided in subsection (5), to another

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1 taxing unit or taxing units, other than an elementary school  
2 or high school, within the county under the following  
3 conditions:

4 (a) the taxing unit within the county from which the  
5 transfer is made levied mills in fiscal year 1990 and was  
6 entitled to local government severance tax money under this  
7 section;

8 (b) the taxing unit described in subsection (6)(a) does  
9 not levy mills in the current fiscal year and does not  
10 require local government severance tax money for its  
11 continued operation;

12 (c) the taxing unit described in subsection (6)(a) is  
13 not an elementary school or high school; and

14 (d) the taxing unit or taxing units to which the  
15 transfer is made are entitled to receive local government  
16 severance tax money as provided in this section."

17 NEW SECTION. Section 3. Effective date. [This act] is  
18 effective July 1, 1991.

-End-

APPROVED BY COMMITTEE  
ON TAXATION

## HOUSE BILL NO. 793

INTRODUCED BY M. HANSON, WEEDING

A BILL FOR AN ACT ENTITLED: "AN ACT ALLOWING THE BOARD OF COUNTY COMMISSIONERS OF A COUNTY TO DIRECT THE COUNTY TREASURER TO REDISTRIBUTE COAL GROSS PROCEEDS TAXES OR LOCAL GOVERNMENT SEVERANCE TAX MONEY FROM ONE TAXING UNIT IN THE COUNTY TO ANOTHER TAXING UNIT OR UNITS IN THE COUNTY UNDER CERTAIN CONDITIONS; AMENDING SECTIONS 15-23-703 AND 15-36-112, MCA; AND PROVIDING AN EFFECTIVE DATE."

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

**Section 1.** Section 15-23-703, MCA, is amended to read:

"15-23-703. Taxation of gross proceeds -- taxable value for bonding and guaranteed tax base aid to schools. (1) The county assessor shall compute from the reported gross proceeds from coal a tax roll that he shall transmit to the county treasurer on or before September 15 each year. The county assessor may not levy or assess any mills against the reported gross proceeds of coal but shall levy a tax of 5% against the value of the reported gross proceeds as provided in 15-23-701(1)(d). The county treasurer shall proceed to give full notice to each coal producer of the taxes due and to collect the taxes as provided in 15-16-101.

(2) For bonding, county classification, and all nontax

purposes, the taxable value of the gross proceeds of coal is 45% of the contract sales price as defined in 15-35-102(5).

(3) The taxable value of gross proceeds for the purpose of computing guaranteed tax base aid for schools is the amount of tax received by a district in the previous year divided by the number of mills levied by the district in the previous year, multiplied by 1,000. This amount must be added to the district, county, and statewide taxable value when computing guaranteed tax base aid under 20-9-368.

(4) The Except as provided in subsection (5), the county treasurer shall credit all taxes collected under this part:

(a) to the state and to the counties that levied mills in fiscal year 1990 against 1988 production in the relative proportions required by the levies for state and county purposes in the same manner as property taxes were distributed in the fiscal year 1989 1990 in the taxing jurisdiction; and

(b) to school districts in the county that either levied mills in school fiscal year 1990 against 1988 production or used nontax revenue, such as Public Law 81-874 money, in lieu of levying mills against production, in the same manner that property taxes collected or property taxes that would have been collected would have been distributed in 1989 school fiscal year 1990 in the school district.

1       (5) The board of county commissioners of a county may  
 2 direct the county treasurer to transfer REALLOCATE the  
 3 distribution of coal gross proceeds taxes that would have  
 4 gone to a taxing unit, as provided in subsection (4)(a), to  
 5 another taxing unit or taxing units, other than an  
 6 elementary school or high school, within the county under  
 7 the following conditions:

8       ~~(a)--the-taxing-unit-within-the-county--from--which--the~~  
 9 ~~transfer--is--made--levied-mills-in-fiscal-year-1990-and-was~~  
 10 ~~entitled-to-coal-gross-proceeds-taxes-under-this-section;~~

11       ~~(b)--the-taxing-unit-described-in-subsection-(5)(a)--does~~  
 12 ~~not-levy-mills-in-the-current-fiscal-year-and--does--not~~  
 13 ~~require---coal---gross---proceeds---taxes---for---its---continued~~  
 14 ~~operation;~~

15       ~~(c)--the-taxing-unit-described-in-subsection--(5)(a)--is~~  
 16 ~~not-an-elementary-school-or-high-school;-and~~

17       ~~(d)--the--taxing--unit--or--taxing--units--to--which--the~~  
 18 ~~transfer-is-made-are-entitled-to-receive-coal-gross-proceeds~~  
 19 ~~taxes-as-provided-in-this-section;~~

20       (A) THE COUNTY TREASURER SHALL FIRST ALLOCATE THE COAL  
 21 GROSS PROCEEDS TAXES TO THE TAXING UNITS WITHIN THE COUNTY  
 22 IN THE SAME PROPORTION THAT ALL OTHER PROPERTY TAX PROCEEDS  
 23 WERE DISTRIBUTED IN THE COUNTY IN FISCAL YEAR 1990.

24       (B) IF THE ALLOCATION IN SUBSECTION (5)(A) EXCEEDS THE  
 25 TOTAL BUDGET FOR A TAXING UNIT, THE COMMISSIONERS MAY DIRECT

1       THE COUNTY TREASURER TO ALLOCATE THE EXCESS TO ANY TAXING  
 2 UNIT WITHIN THE COUNTY.

3       (6) THE BOARD OF TRUSTEES OF AN ELEMENTARY OR HIGH  
 4 SCHOOL DISTRICT MAY REALLOCATE THE COAL GROSS PROCEEDS TAXES  
 5 DISTRIBUTED TO THE DISTRICT BY THE COUNTY TREASURER UNDER  
 6 THE FOLLOWING CONDITIONS:

7       (A) THE DISTRICT SHALL FIRST ALLOCATE THE COAL GROSS  
 8 PROCEEDS TAXES TO THE BUDGETED FUNDS OF THE DISTRICT IN THE  
 9 SAME PROPORTION THAT ALL OTHER PROPERTY TAX PROCEEDS WERE  
 10 DISTRIBUTED IN THE DISTRICT IN FISCAL YEAR 1990.

11       (B) IF THE ALLOCATION UNDER SUBSECTION (6)(A) EXCEEDS  
 12 THE TOTAL BUDGET FOR A FUND, THE TRUSTEES MAY ALLOCATE THE  
 13 EXCESS TO ANY BUDGETED FUND OF THE SCHOOL DISTRICT."

14       **Section 2.** Section 15-36-112, MCA, is amended to read:

15       "15-36-112. Disposition of oil and gas state and local  
 16 government severance taxes -- calculation of unit value for  
 17 local government severance tax. (1) Each year the department  
 18 of revenue shall determine the amount of tax collected under  
 19 this chapter from within each taxing unit.

20       (2) For purposes of the distribution of local  
 21 government severance taxes collected under this chapter, the  
 22 department shall determine the unit value of oil and gas for  
 23 each taxing unit as follows:

24       (a) The unit value for petroleum and other mineral or  
 25 crude oil for each taxing unit is the quotient obtained by



1 dividing the net proceeds taxes calculated on petroleum or  
 2 mineral or crude oil produced in that taxing unit in  
 3 calendar year 1988 by the number of barrels of petroleum or  
 4 other mineral or crude oil produced in that taxing unit  
 5 during 1988, excluding new and interim production.

6 (b) The unit value for natural gas is the quotient  
 7 obtained by dividing the net proceeds taxes calculated on  
 8 natural gas produced in that taxing unit in calendar year  
 9 1988 by the number of cubic feet of natural gas produced in  
 10 that taxing unit during 1988, excluding new and interim  
 11 production.

12 (3) The state and local government severance taxes  
 13 collected under this chapter are allocated as follows:

14 (a) The local government severance tax is statutorily  
 15 appropriated, as provided in 17-7-502, for allocation to the  
 16 county for distribution as provided in subsection (4);

17 (b) The state severance tax is allocated to the state  
 18 general fund.

19 (4) (a) For the purpose of distribution of the local  
 20 government severance tax, the department shall adjust the  
 21 unit value determined under this section according to the  
 22 ratio that the local government severance taxes collected  
 23 during the quarters to be distributed plus accumulated  
 24 interest earned by the state and penalties and interest on  
 25 delinquent local government severance taxes bears to the

1 total liability for local government severance taxes for the  
 2 quarters to be distributed. The taxes must be calculated and  
 3 distributed as follows:

4 (i) By November 30 of each year, the department shall  
 5 calculate and distribute to each eligible county the amount  
 6 of local government severance tax, determined by multiplying  
 7 unit value as adjusted in this subsection (4)(a) times the  
 8 units of production on which the local government severance  
 9 tax was owed during the calendar quarters ending March 31  
 10 and June 30 of the preceding calendar year.

11 (ii) By May 31 of each year, the department shall  
 12 calculate and distribute to each eligible county the amount  
 13 of local government severance tax, determined by multiplying  
 14 unit value as adjusted in this subsection (4)(a) times the  
 15 units of production on which the local government severance  
 16 tax was owed during the 2 calendar quarters immediately  
 17 following those quarters referred to in subsection  
 18 (4)(a)(i).

19 (b) Any amount by which the total tax liability exceeds  
 20 or is less than the total distributions determined in  
 21 subsections (4)(a)(i) and (4)(a)(ii) must be calculated and  
 22 distributed in the following manner:

23 (i) The excess amount or shortage must be divided by  
 24 the total distribution determined for that period to obtain  
 25 an excess or shortage percentage.

1 (ii) The excess percentage must be multiplied by the  
2 distribution to each taxing unit, and this amount must be  
3 added to the distribution to each respective taxing unit.

4 (iii) The shortage percentage must be multiplied by the  
5 distribution to each taxing unit, and this amount must be  
6 subtracted from the distribution to each respective taxing  
7 unit.

8 (5) The Except as provided in subsection (6), the  
9 county treasurer shall distribute the money received under  
10 subsection (4) to the taxing units that levied mills in  
11 fiscal year 1990 against calendar year 1988 production in  
12 the same manner that all other property tax proceeds were  
13 distributed during fiscal year 1990 in the taxing unit,  
14 except that no distribution may be made to a municipal  
15 taxing unit.

16 (6) The board of county commissioners of a county may  
17 direct the county treasurer to transfer REALLOCATE the  
18 distribution of local government severance tax money that  
19 would have gone to a taxing unit, as provided in subsection  
20 (5), to another taxing unit or taxing units, other than an  
21 elementary school or high school, within the county under  
22 the following conditions:

23 (a)--the--taxing--unit--within--the--county--from--which--the  
24 transfer--is--made--levied--mills--in--fiscal--year--1990--and--was  
25 entitled--to--local--government--severance--tax--money--under--this

1 section;

2 (b)--the--taxing--unit--described--in--subsection--(6)(a)--does  
3 not--levy--mills--in--the--current--fiscal--year--and--does--not  
4 require--local--government--severance--tax--money--for--its  
5 continued--operation;

6 (c)--the--taxing--unit--described--in--subsection--(6)(a)--is  
7 not--an--elementary--school--or--high--school;--and

8 (d)--the--taxing--unit--or--taxing--units--to--which--the  
9 transfer--is--made--are--entitled--to--receive--local--government  
10 severance--tax--money--as--provided--in--this--section;

11 (A) THE COUNTY TREASURER SHALL FIRST ALLOCATE THE COAL  
12 GROSS PROCEEDS TAXES TO THE TAXING UNITS WITHIN THE COUNTY  
13 IN THE SAME PROPORTION THAT ALL OTHER PROPERTY TAX PROCEEDS  
14 WERE DISTRIBUTED IN THE COUNTY IN FISCAL YEAR 1990.

15 (B) IF THE ALLOCATION IN SUBSECTION (6)(A) EXCEEDS THE  
16 TOTAL BUDGET FOR A TAXING UNIT, THE COMMISSIONERS MAY DIRECT  
17 THE COUNTY TREASURER TO ALLOCATE THE EXCESS TO ANY TAXING  
18 UNIT WITHIN THE COUNTY.

19 (7) THE BOARD OF TRUSTEES OF AN ELEMENTARY OR HIGH  
20 SCHOOL DISTRICT MAY REALLOCATE THE COAL GROSS PROCEEDS TAXES  
21 DISTRIBUTED TO THE DISTRICT BY THE COUNTY TREASURER UNDER  
22 THE FOLLOWING CONDITIONS:

23 (A) THE DISTRICT SHALL FIRST ALLOCATE THE COAL GROSS  
24 PROCEEDS TAXES TO THE BUDGETED FUNDS OF THE DISTRICT IN THE  
25 SAME PROPORTION THAT ALL OTHER PROPERTY TAX PROCEEDS WERE

1 DISTRIBUTED IN THE DISTRICT IN FISCAL YEAR 1990.

2 (B) IF THE ALLOCATION UNDER SUBSECTION (7)(A) EXCEEDS  
3 THE TOTAL BUDGET FOR A FUND, THE TRUSTEES MAY ALLOCATE THE  
4 EXCESS TO ANY BUDGETED FUND OF THE SCHOOL DISTRICT."

5 NEW SECTION. Section 3. Effective date. [This act] is  
6 effective July 1, 1991.

-End-

## 1 HOUSE BILL NO. 793

2 INTRODUCED BY M. HANSON, WEEDING

3  
4 A BILL FOR AN ACT ENTITLED: "AN ACT ALLOWING THE BOARD OF  
5 COUNTY COMMISSIONERS OF A COUNTY TO DIRECT THE COUNTY  
6 TREASURER TO REDISTRIBUTE COAL GROSS PROCEEDS TAXES OR LOCAL  
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18 county treasurer on or before September 15 each year. The  
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20 reported gross proceeds of coal but shall levy a tax of 5%  
21 against the value of the reported gross proceeds as provided  
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23 give full notice to each coal producer of the taxes due and  
24 to collect the taxes as provided in 15-16-101.

25 (2) For bonding, county classification, and all nontax

1 purposes, the taxable value of the gross proceeds of coal is  
2 45% of the contract sales price as defined in 15-35-102(5).

3 (3) The taxable value of gross proceeds for the purpose  
4 of computing guaranteed tax base aid for schools is the  
5 amount of tax received by a district in the previous year  
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7 previous year, multiplied by 1,000. This amount must be  
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18 jurisdiction; and

19 (b) to school districts in the county that either  
20 levied mills in school fiscal year 1990 against 1988  
21 production or used nontax revenue, such as Public Law 81-874  
22 money, in lieu of levying mills against production, in the  
23 same manner that property taxes collected or property taxes  
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 2 direct the county treasurer to transfer REALLOCATE the  
 3 distribution of coal gross proceeds taxes that would have  
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 5 another taxing unit or taxing units, other than an  
 6 elementary school or high school, within the county under  
 7 the following conditions:

8       ~~(a) the taxing unit within the county from which the~~  
 9 ~~transfer is made levied mills in fiscal year 1990 and was~~  
 10 ~~entitled to coal gross proceeds taxes under this section;~~

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 12 ~~not levy mills in the current fiscal year and does not~~  
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15       ~~(c) the taxing unit described in subsection (5)(a) is~~  
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20       (A) THE COUNTY TREASURER SHALL FIRST ALLOCATE THE COAL  
 21 GROSS PROCEEDS TAXES TO THE TAXING UNITS WITHIN THE COUNTY  
 22 IN THE SAME PROPORTION THAT ALL OTHER PROPERTY TAX PROCEEDS  
 23 WERE DISTRIBUTED IN THE COUNTY IN FISCAL YEAR 1990.

24       (B) IF THE ALLOCATION IN SUBSECTION (5)(A) EXCEEDS THE  
 25 TOTAL BUDGET FOR A TAXING UNIT, THE COMMISSIONERS MAY DIRECT

1       THE COUNTY TREASURER TO ALLOCATE THE EXCESS TO ANY TAXING  
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 4 SCHOOL DISTRICT MAY REALLOCATE THE COAL GROSS PROCEEDS TAXES  
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 9 SAME PROPORTION THAT ALL OTHER PROPERTY TAX PROCEEDS WERE  
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11       (B) IF THE ALLOCATION UNDER SUBSECTION (6)(A) EXCEEDS  
 12 THE TOTAL BUDGET FOR A FUND, THE TRUSTEES MAY ALLOCATE THE  
 13 EXCESS TO ANY BUDGETED FUND OF THE SCHOOL DISTRICT."

14       **Section 2.** Section 15-36-112, MCA, is amended to read:

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20       (2) For purposes of the distribution of local  
 21 government severance taxes collected under this chapter, the  
 22 department shall determine the unit value of oil and gas for  
 23 each taxing unit as follows:

24       (a) The unit value for petroleum and other mineral or  
 25 crude oil for each taxing unit is the quotient obtained by

1 dividing the net proceeds taxes calculated on petroleum or  
 2 mineral or crude oil produced in that taxing unit in  
 3 calendar year 1988 by the number of barrels of petroleum or  
 4 other mineral or crude oil produced in that taxing unit  
 5 during 1988, excluding new and interim production.

6 (b) The unit value for natural gas is the quotient  
 7 obtained by dividing the net proceeds taxes calculated on  
 8 natural gas produced in that taxing unit in calendar year  
 9 1988 by the number of cubic feet of natural gas produced in  
 10 that taxing unit during 1988, excluding new and interim  
 11 production.

12 (3) The state and local government severance taxes  
 13 collected under this chapter are allocated as follows:

14 (a) The local government severance tax is statutorily  
 15 appropriated, as provided in 17-7-502, for allocation to the  
 16 county for distribution as provided in subsection (4);

17 (b) The state severance tax is allocated to the state  
 18 general fund.

19 (4) (a) For the purpose of distribution of the local  
 20 government severance tax, the department shall adjust the  
 21 unit value determined under this section according to the  
 22 ratio that the local government severance taxes collected  
 23 during the quarters to be distributed plus accumulated  
 24 interest earned by the state and penalties and interest on  
 25 delinquent local government severance taxes bears to the

1 total liability for local government severance taxes for the  
 2 quarters to be distributed. The taxes must be calculated and  
 3 distributed as follows:

4 (i) By November 30 of each year, the department shall  
 5 calculate and distribute to each eligible county the amount  
 6 of local government severance tax, determined by multiplying  
 7 unit value as adjusted in this subsection (4)(a) times the  
 8 units of production on which the local government severance  
 9 tax was owed during the calendar quarters ending March 31  
 10 and June 30 of the preceding calendar year.

11 (ii) By May 31 of each year, the department shall  
 12 calculate and distribute to each eligible county the amount  
 13 of local government severance tax, determined by multiplying  
 14 unit value as adjusted in this subsection (4)(a) times the  
 15 units of production on which the local government severance  
 16 tax was owed during the 2 calendar quarters immediately  
 17 following those quarters referred to in subsection  
 18 (4)(a)(i).

19 (b) Any amount by which the total tax liability exceeds  
 20 or is less than the total distributions determined in  
 21 subsections (4)(a)(i) and (4)(a)(ii) must be calculated and  
 22 distributed in the following manner:

23 (i) The excess amount or shortage must be divided by  
 24 the total distribution determined for that period to obtain  
 25 an excess or shortage percentage.

1 (ii) The excess percentage must be multiplied by the  
2 distribution to each taxing unit, and this amount must be  
3 added to the distribution to each respective taxing unit.

4 (iii) The shortage percentage must be multiplied by the  
5 distribution to each taxing unit, and this amount must be  
6 subtracted from the distribution to each respective taxing  
7 unit.

8 (5) The Except as provided in subsection (6), the  
9 county treasurer shall distribute the money received under  
10 subsection (4) to the taxing units that levied mills in  
11 fiscal year 1990 against calendar year 1988 production in  
12 the same manner that all other property tax proceeds were  
13 distributed during fiscal year 1990 in the taxing unit,  
14 except that no distribution may be made to a municipal  
15 taxing unit.

16 (6) The board of county commissioners of a county may  
17 direct the county treasurer to transfer REALLOCATE the  
18 distribution of local government severance tax money that  
19 would have gone to a taxing unit, as provided in subsection  
20 (5), to another taxing unit or taxing units, other than an  
21 elementary school or high school, within the county under  
22 the following conditions:

23 (a)--the--taxing--unit--within--the--county--from--which--the  
24 transfer--is--made--levied--mills--in--fiscal--year--1990--and--was  
25 entitled--to--local--government--severance--tax--money--under--this

1 section;

2 (b)--the--taxing--unit--described--in--subsection--(6)(a)--does  
3 not--levy--mills--in--the--current--fiscal--year--and--does--not  
4 require--local--government--severance--tax--money--for--its  
5 continued--operation;

6 (c)--the--taxing--unit--described--in--subsection--(6)(a)--is  
7 not--an--elementary--school--or--high--school--and

8 (d)--the--taxing--unit--or--taxing--units--to--which--the  
9 transfer--is--made--are--entitled--to--receive--local--government  
10 severance--tax--money--as--provided--in--this--section;

11 (A) THE COUNTY TREASURER SHALL FIRST ALLOCATE THE COAL  
12 GROSS PROCEEDS TAXES TO THE TAXING UNITS WITHIN THE COUNTY  
13 IN THE SAME PROPORTION THAT ALL OTHER PROPERTY TAX PROCEEDS  
14 WERE DISTRIBUTED IN THE COUNTY IN FISCAL YEAR 1990.

15 (B) IF THE ALLOCATION IN SUBSECTION (6)(A) EXCEEDS THE  
16 TOTAL BUDGET FOR A TAXING UNIT, THE COMMISSIONERS MAY DIRECT  
17 THE COUNTY TREASURER TO ALLOCATE THE EXCESS TO ANY TAXING  
18 UNIT WITHIN THE COUNTY.

19 (7) THE BOARD OF TRUSTEES OF AN ELEMENTARY OR HIGH  
20 SCHOOL DISTRICT MAY REALLOCATE THE COAL GROSS PROCEEDS TAXES  
21 DISTRIBUTED TO THE DISTRICT BY THE COUNTY TREASURER UNDER  
22 THE FOLLOWING CONDITIONS:

23 (A) THE DISTRICT SHALL FIRST ALLOCATE THE COAL GROSS  
24 PROCEEDS TAXES TO THE BUDGETED FUNDS OF THE DISTRICT IN THE  
25 SAME PROPORTION THAT ALL OTHER PROPERTY TAX PROCEEDS WERE

1 DISTRIBUTED IN THE DISTRICT IN FISCAL YEAR 1990.

2 (B) IF THE ALLOCATION UNDER SUBSECTION (7)(A) EXCEEDS  
3 THE TOTAL BUDGET FOR A FUND, THE TRUSTEES MAY ALLOCATE THE  
4 EXCESS TO ANY BUDGETED FUND OF THE SCHOOL DISTRICT."

5 NEW SECTION. Section 3. Effective date. [This act] is  
6 effective July 1, 1991.

-End-



## 1 HOUSE BILL NO. 793

2 INTRODUCED BY M. HANSON, WEEDING

3  
4 A BILL FOR AN ACT ENTITLED: "AN ACT ALLOWING THE BOARD OF  
5 COUNTY COMMISSIONERS OF A COUNTY TO DIRECT THE COUNTY  
6 TREASURER TO REDISTRIBUTE COAL GROSS PROCEEDS TAXES OR LOCAL  
7 GOVERNMENT SEVERANCE TAX MONEY FROM ONE TAXING UNIT IN THE  
8 COUNTY TO ANOTHER TAXING UNIT OR UNITS IN THE COUNTY UNDER  
9 CERTAIN CONDITIONS; AMENDING SECTIONS 15-23-703 AND  
10 15-36-112, MCA; AND PROVIDING AN EFFECTIVE DATE."

11  
12 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

13 Section 1. Section 15-23-703, MCA, is amended to read:

14 "15-23-703. Taxation of gross proceeds -- taxable value  
15 for bonding and guaranteed tax base aid to schools. (1) The  
16 county assessor shall compute from the reported gross  
17 proceeds from coal a tax roll that he shall transmit to the  
18 county treasurer on or before September 15 each year. The  
19 county assessor may not levy or assess any mills against the  
20 reported gross proceeds of coal but shall levy a tax of 5¢  
21 against the value of the reported gross proceeds as provided  
22 in 15-23-701(1)(d). The county treasurer shall proceed to  
23 give full notice to each coal producer of the taxes due and  
24 to collect the taxes as provided in 15-16-101.

25 (2) For bonding, county classification, and all nontax

1 purposes, the taxable value of the gross proceeds of coal is  
2 45¢ of the contract sales price as defined in 15-35-102(5).

3 (3) The taxable value of gross proceeds for the purpose  
4 of computing guaranteed tax base aid for schools is the  
5 amount of tax received by a district in the previous year  
6 divided by the number of mills levied by the district in the  
7 previous year, multiplied by 1,000. This amount must be  
8 added to the district, county, and statewide taxable value  
9 when computing guaranteed tax base aid under 20-9-368.

10 (4) The Except as provided in subsection (5), the  
11 county treasurer shall credit all taxes collected under this  
12 part:

13 (a) to the state and to the counties that levied mills  
14 in fiscal year 1990 against 1988 production in the relative  
15 proportions required by the levies for state and county  
16 purposes in the same manner as property taxes were  
17 distributed in the fiscal year 1989 1990 in the taxing  
18 jurisdiction; and

19 (b) to school districts in the county that either  
20 levied mills in school fiscal year 1990 against 1988  
21 production or used nontax revenue, such as Public Law 81-874  
22 money, in lieu of levying mills against production, in the  
23 same manner that property taxes collected or property taxes  
24 that would have been collected would have been distributed  
25 in 1989 school fiscal year 1990 in the school district.

1     (5) The board of county commissioners of a county may  
 2     direct the county treasurer to transfer REALLOCATE the  
 3     distribution of coal gross proceeds taxes that would have  
 4     gone to a taxing unit, as provided in subsection (4)(a), to  
 5     another taxing unit or taxing units, other than an  
 6     elementary school or high school, within the county under  
 7     the following conditions:

8     (a)--the-taxing-unit-within-the-county--from--which--the  
 9     transfer--is--made--levied-mills-in-fiscal-year-1990-and-was  
 10     entitled-to-coal-gross-proceeds-taxes-under-this-section;

11     (b)--the-taxing-unit-described-in-subsection-(5)(a)-does  
 12     not-levy-mills-in-the--current--fiscal--year--and--does--not  
 13     require--coal--gross--proceeds--taxes--for--its--continued  
 14     operation;

15     (c)--the-taxing-unit-described-in-subsection--(5)(a)--is  
 16     not-an-elementary-school-or-high-school; and

17     (d)--the--taxing--unit--or--taxing--units--to--which--the  
 18     transfer-is-made-are-entitled-to-receive-coal-gross-proceeds  
 19     taxes-as-provided-in-this-section;

20     (A) THE COUNTY TREASURER SHALL FIRST ALLOCATE THE COAL  
 21     GROSS PROCEEDS TAXES TO THE TAXING UNITS WITHIN THE COUNTY  
 22     IN THE SAME PROPORTION THAT ALL OTHER PROPERTY TAX PROCEEDS  
 23     WERE DISTRIBUTED IN THE COUNTY IN FISCAL YEAR 1990.

24     (B) IF THE ALLOCATION IN SUBSECTION (5)(A) EXCEEDS THE  
 25     TOTAL BUDGET FOR A TAXING UNIT, THE COMMISSIONERS MAY DIRECT

1     THE COUNTY TREASURER TO ALLOCATE THE EXCESS TO ANY TAXING  
 2     UNIT WITHIN THE COUNTY.

3     (6) THE BOARD OF TRUSTEES OF AN ELEMENTARY OR HIGH  
 4     SCHOOL DISTRICT MAY REALLOCATE THE COAL GROSS PROCEEDS TAXES  
 5     DISTRIBUTED TO THE DISTRICT BY THE COUNTY TREASURER UNDER  
 6     THE FOLLOWING CONDITIONS:

7     (A) THE DISTRICT SHALL FIRST ALLOCATE THE COAL GROSS  
 8     PROCEEDS TAXES TO THE BUDGETED FUNDS OF THE DISTRICT IN THE  
 9     SAME PROPORTION THAT ALL OTHER PROPERTY TAX PROCEEDS WERE  
 10     DISTRIBUTED IN THE DISTRICT IN FISCAL YEAR 1990.

11     (B) IF THE ALLOCATION UNDER SUBSECTION (6)(A) EXCEEDS  
 12     THE TOTAL BUDGET FOR A FUND, THE TRUSTEES MAY ALLOCATE THE  
 13     EXCESS TO ANY BUDGETED FUND OF THE SCHOOL DISTRICT."

14     **Section 2.** Section 15-36-112, MCA, is amended to read:  
 15     "15-36-112. Disposition of oil and gas state and local  
 16     government severance taxes -- calculation of unit value for  
 17     local government severance tax. (1) Each year the department  
 18     of revenue shall determine the amount of tax collected under  
 19     this chapter from within each taxing unit.

20     (2) For purposes of the distribution of local  
 21     government severance taxes collected under this chapter, the  
 22     department shall determine the unit value of oil and gas for  
 23     each taxing unit as follows:

24     (a) The unit value for petroleum and other mineral or  
 25     crude oil for each taxing unit is the quotient obtained by

1 dividing the net proceeds taxes calculated on petroleum or  
 2 mineral or crude oil produced in that taxing unit in  
 3 calendar year 1988 by the number of barrels of petroleum or  
 4 other mineral or crude oil produced in that taxing unit  
 5 during 1988, excluding new and interim production.

6 (b) The unit value for natural gas is the quotient  
 7 obtained by dividing the net proceeds taxes calculated on  
 8 natural gas produced in that taxing unit in calendar year  
 9 1988 by the number of cubic feet of natural gas produced in  
 10 that taxing unit during 1988, excluding new and interim  
 11 production.

12 (3) The state and local government severance taxes  
 13 collected under this chapter are allocated as follows:

14 (a) The local government severance tax is statutorily  
 15 appropriated, as provided in 17-7-502, for allocation to the  
 16 county for distribution as provided in subsection (4);

17 (b) The state severance tax is allocated to the state  
 18 general fund.

19 (4) (a) For the purpose of distribution of the local  
 20 government severance tax, the department shall adjust the  
 21 unit value determined under this section according to the  
 22 ratio that the local government severance taxes collected  
 23 during the quarters to be distributed plus accumulated  
 24 interest earned by the state and penalties and interest on  
 25 delinquent local government severance taxes bears to the

1 total liability for local government severance taxes for the  
 2 quarters to be distributed. The taxes must be calculated and  
 3 distributed as follows:

4 (i) By November 30 of each year, the department shall  
 5 calculate and distribute to each eligible county the amount  
 6 of local government severance tax, determined by multiplying  
 7 unit value as adjusted in this subsection (4)(a) times the  
 8 units of production on which the local government severance  
 9 tax was owed during the calendar quarters ending March 31  
 10 and June 30 of the preceding calendar year.

11 (ii) By May 31 of each year, the department shall  
 12 calculate and distribute to each eligible county the amount  
 13 of local government severance tax, determined by multiplying  
 14 unit value as adjusted in this subsection (4)(a) times the  
 15 units of production on which the local government severance  
 16 tax was owed during the 2 calendar quarters immediately  
 17 following those quarters referred to in subsection  
 18 (4)(a)(i).

19 (b) Any amount by which the total tax liability exceeds  
 20 or is less than the total distributions determined in  
 21 subsections (4)(a)(i) and (4)(a)(ii) must be calculated and  
 22 distributed in the following manner:

23 (i) The excess amount or shortage must be divided by  
 24 the total distribution determined for that period to obtain  
 25 an excess or shortage percentage.

1 (ii) The excess percentage must be multiplied by the  
2 distribution to each taxing unit, and this amount must be  
3 added to the distribution to each respective taxing unit.

4 (iii) The shortage percentage must be multiplied by the  
5 distribution to each taxing unit, and this amount must be  
6 subtracted from the distribution to each respective taxing  
7 unit.

8 (5) The Except as provided in subsection (6), the  
9 county treasurer shall distribute the money received under  
10 subsection (4) to the taxing units that levied mills in  
11 fiscal year 1990 against calendar year 1988 production in  
12 the same manner that all other property tax proceeds were  
13 distributed during fiscal year 1990 in the taxing unit,  
14 except that no distribution may be made to a municipal  
15 taxing unit.

16 (6) The board of county commissioners of a county may  
17 direct the county treasurer to transfer REALLOCATE the  
18 distribution of local government severance tax money that  
19 would have gone to a taxing unit, as provided in subsection  
20 (5), to another taxing unit or taxing units, other than an  
21 elementary school or high school, within the county under  
22 the following conditions:

23 (a) -- the -- taxing -- unit -- within -- the -- county -- from -- which -- the  
24 transfer -- is -- made -- levied -- mills -- in -- fiscal -- year -- 1990 -- and -- was  
25 entitled -- to -- local -- government -- severance -- tax -- money -- under -- this

1 section;

2 (b) -- the -- taxing -- unit -- described -- in -- subsection -- (6) (a) -- does  
3 not -- levy -- mills -- in -- the -- current -- fiscal -- year -- and -- does -- not  
4 require -- local -- government -- severance -- tax -- money -- for -- its  
5 continued -- operation;

6 (c) -- the -- taxing -- unit -- described -- in -- subsection -- (6) (a) -- is  
7 not -- an -- elementary -- school -- or -- high -- school; -- and

8 (d) -- the -- taxing -- unit -- or -- taxing -- units -- to -- which -- the  
9 transfer -- is -- made -- are -- entitled -- to -- receive -- local -- government  
10 severance -- tax -- money -- as -- provided -- in -- this -- section;

11 (A) THE COUNTY TREASURER SHALL FIRST ALLOCATE THE COAL  
12 GROSS PROCEEDS TAXES TO THE TAXING UNITS WITHIN THE COUNTY  
13 IN THE SAME PROPORTION THAT ALL OTHER PROPERTY TAX PROCEEDS  
14 WERE DISTRIBUTED IN THE COUNTY IN FISCAL YEAR 1990.

15 (B) IF THE ALLOCATION IN SUBSECTION (6) (A) EXCEEDS THE  
16 TOTAL BUDGET FOR A TAXING UNIT, THE COMMISSIONERS MAY DIRECT  
17 THE COUNTY TREASURER TO ALLOCATE THE EXCESS TO ANY TAXING  
18 UNIT WITHIN THE COUNTY.

19 (7) THE BOARD OF TRUSTEES OF AN ELEMENTARY OR HIGH  
20 SCHOOL DISTRICT MAY REALLOCATE THE COAL GROSS PROCEEDS TAXES  
21 DISTRIBUTED TO THE DISTRICT BY THE COUNTY TREASURER UNDER  
22 THE FOLLOWING CONDITIONS:

23 (A) THE DISTRICT SHALL FIRST ALLOCATE THE COAL GROSS  
24 PROCEEDS TAXES TO THE BUDGETED FUNDS OF THE DISTRICT IN THE  
25 SAME PROPORTION THAT ALL OTHER PROPERTY TAX PROCEEDS WERE

1 DISTRIBUTED IN THE DISTRICT IN FISCAL YEAR 1990.  
2 (B) IF THE ALLOCATION UNDER SUBSECTION (7)(A) EXCEEDS  
3 THE TOTAL BUDGET FOR A FUND, THE TRUSTEES MAY ALLOCATE THE  
4 EXCESS TO ANY BUDGETED FUND OF THE SCHOOL DISTRICT."  
5 NEW SECTION. Section 3. Effective date. [This act] is  
6 effective July 1, 1991.

-End-