

HOUSE BILL 944

Introduced by Bradley, et al.

2/19	Introduced
2/19	Referred to Appropriations
2/19	First Reading
2/19	Fiscal Note Requested
2/23	Fiscal Note Printed
2/23	Fiscal Note Received
3/05	Hearing
3/23	Tabled in Committee

1 HOUSE BILL NO. 944
 2 INTRODUCED BY Bradley Branch
 3

4 A BILL FOR AN ACT ENTITLED: "AN ACT TO CREATE A HIGHER
 5 EDUCATION CHALLENGE ENDOWMENT FUND FOR FUNDING OF EXCELLENCE
 6 PROJECTS AT THE UNITS OF THE MONTANA UNIVERSITY SYSTEM; TO
 7 APPROPRIATE MONEY TO MATCH MONEY FROM THE PHILANTHROPIC
 8 FOUNDATIONS OF THE UNIVERSITY SYSTEM UNITS; AMENDING SECTION
 9 17-5-704, MCA; AND PROVIDING AN EFFECTIVE DATE."
 10

11 WHEREAS, it is the mission of the Montana University
 12 System to provide the citizens of Montana with the highest
 13 quality education within its means; and

14 WHEREAS, the Legislature appropriates funds to enable
 15 the six units of the Montana University System to provide
 16 funding for the basic needs of higher education; and

17 WHEREAS, attainment and maintenance of excellence in the
 18 state's University System are in the best interests of the
 19 state and require expenditure of funds in addition to those
 20 normally appropriated by the Legislature; and

21 WHEREAS, money currently deposited in the state's coal
 22 severance tax trust fund is dedicated to the future and
 23 welfare of the state and its citizens; and

24 WHEREAS, coal severance tax income and earnings are
 25 appropriate sources of funding to match with private funding

1 in order to provide the excellence in higher education that
 2 is needed to ensure a bright and secure future for Montana
 3 and its citizens.
 4

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

6 NEW SECTION. Section 1. Purpose. It is the intent of
 7 the legislature to establish a Montana higher education
 8 challenge endowment fund to be used to attain levels of
 9 excellence beyond those attainable through the Montana
 10 university system's current level of funding. The interest
 11 from the fund provided for in [section 2] may not be used to
 12 supplant normal legislative appropriations.

13 NEW SECTION. Section 2. Account. (1) There is a
 14 Montana higher education challenge endowment account in the
 15 state endowment fund into which must be deposited the money
 16 appropriated in [section 4] and as provided in subsection
 17 (2) of this section.

18 (2) Money from a philanthropic foundation associated
 19 with a unit of the Montana university system may be
 20 deposited in the account to match on a two-to-one basis
 21 money deposited from the income and earnings of the coal
 22 severance tax permanent fund.

23 (3) The principal of the account must be maintained as
 24 a perpetual endowment, and only the income may be expended
 25 for the purposes of subsection (4).



-2- INTRODUCED BILL
 HB 944

1 (4) At least quarterly, the income earned by the
2 account must be credited on a prorated basis to the account
3 of each philanthropic foundation in the proportion that each
4 foundation's total matching contributions bears to the total
5 of all private contributions.

6 (5) Money credited to the account of a unit's
7 philanthropic foundation may be expended by the foundation
8 as approved or authorized by the board of regents of higher
9 education, except that money may only be used to finance
10 expenditures in addition to legislative appropriations and
11 may not supplant state funding or federal funding.

12 **Section 3.** Section 17-5-704, MCA, is amended to read:

13 ***17-5-704. Investment of funds.** (1) Money in the coal
14 severance tax bond fund, the coal severance tax permanent
15 fund, and the coal severance tax income fund must be
16 invested in accordance with the investment standards for
17 coal severance tax funds except as provided in subsection
18 (2). Income and earnings from all funds must be transferred
19 to and retained in the coal severance tax income fund until
20 appropriated by the legislature.

21 (2) Except as provided in ~~section 17-Chapter-6347--laws~~
22 ~~of-19897-beginning-on-July-17-1990~~ [section 4], beginning on
23 July 1, 1991, the legislature shall appropriate 15% of the
24 income and earnings from all funds to be deposited to the
25 state equalization aid account each year."

1 **NEW SECTION. Section 4.** Appropriation. There is
2 appropriated from the income and earnings on the coal
3 severance tax permanent fund that otherwise would be
4 transferred to the coal severance tax permanent fund under
5 17-5-704 the amount of \$20 million to the account
6 established in [section 2] for the biennium ending June 30,
7 1993. The money is to be used to match money from the
8 philanthropic foundations of the university units on at
9 least a two-to-one, unit-to-state basis for the purposes of
10 excellence projects at the units of the Montana university
11 system.

12 **NEW SECTION. Section 5.** Effective date. [This act] is
13 effective July 1, 1991.

-End-

STATE OF MONTANA - FISCAL NOTE
Form BD-15

In compliance with a written request, there is hereby submitted a Fiscal Note for HB0944, as introduced.

DESCRIPTION OF PROPOSED LEGISLATION:

An act to create a higher education challenge endowment fund for funding of excellence projects at the units of the Montana university system; to appropriate money to match money from the philanthropic foundations of the university system units; and providing an effective date.

ASSUMPTIONS:


1. Total interest earnings of the Coal Trust Fund will be \$49,234,000 in FY92 and \$51,155,000 in FY93 (OBPP).
2. The \$20 million appropriation is made in FY92.

FISCAL IMPACT:

Fund Information:

Coal Trust Fund Interest Earnings

	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>
General Fund (01)	41,849,000	21,849,000	(20,000,000)	43,482,000	43,482,000	0
Foundation Program (02)	7,385,000	7,385,000	0	7,673,000	7,673,000	0
Higher Ed. Endowment Fund	0	20,000,000	20,000,000	0	0	0
Total	49,234,000	49,234,000	0	51,155,000	51,155,000	0
Impact to General Fund			(20,000,000)			


ROD SUNDSTED, BUDGET DIRECTOR DATE 2-22-91
Office of Budget and Program Planning

DOROTHY BRADLEY, PRIMARY SPONSOR DATE

Fiscal Note for HB0944, as introduced

HB 944