

MINUTES OF THE MEETING
TAXATION COMMITTEE
MONTANA STATE SENATE

January 29, 1977

The fourteenth meeting of the Taxation Committee was called to order on the above date in Room 415 of the State Capitol Building by Chairman Mathers at 8:05 a.m.

ROLL CALL: Roll call found all of the members present with the exception of Sen. Norman, who was excused.

Chairman Mathers stated that the committee would be taking up for further consideration, Senate Bill 44, previously heard publicly by the committee. First to speak was Sen. Manning who presented Exh. #1, attached, which contained a number of amendments he proposed. The amendments were explained by Roger Tippy and after some discussion by the committee, they went first to Amendment #4.

DISPOSITION: Sen. Manning Moved to Adopt Amend. #4; the motion was seconded by Sen. Turnage and motion carried unanimously. Note for the record the absence of Sen. Norman.

Following disposition of this amendment, the committee discussed Amend. #1. Sen. Manning distributed copies of Exh. #2, attached, and further referred to the use of the planning funds. He stated he did not think the funds were being used wisely in all cases and thought the funds could better be used by the counties most adversely affected by the impact of the coal. He also distributed Exh. #3, attached.

Sen. Watt said he thought the planning funds had been used wisely in his county, Missoula, and said that extensive planning is needed in some of the larger counties to take care of population influx, etc. There followed a general discussion on the possibility of counties getting much needed help for planning and it was pointed out that the original intent of the bill was for planning for the impacted areas, and that it should be controlled at the local level without having the funds doled out through one of the state agencies. Also, it was mentioned that if the planners were doing a good job, funds should then be available from the cities and counties concerned.

DISPOSITION: Amends. #1, 2 and 3 were then discussed and approved and Sen. Manning Moved these Amendments be Adopted. The motion was seconded by Sen. Watt; motion carried.

Sen. Manning then Moved that Amends. #1 through 4, Be Adopted. The motion was seconded by Sen. Turnage and motion carried unanimously. Again note absence of Sen. Norman.

Sen. Towe then addressed the committee's attention to several amendments proposed by the Fish and Game Dept., see Exh. #4, attached. These amendments were discussed and another exhibit,

#5, attached, presented by Fletcher Newby, was distributed to the committee. They then discussed the acquisition of parks from the coal tax funds and the need for financing of maintenance of such parks. Mr. Tippy pointed out that the bill does provide that all park acquisitions are subject to the approval of the Legislature, in response to the question of the committee that the Department might continue to acquire parks with insufficient maintenance funds available.

DISPOSITION: Sen. Watt Moved the Adoption of Amends. #5 through #8. This motion was seconded by Sen. Turnage and the motion carried unanimously. Note absence of Sen. Norman.

Chairman Mathers then introduced several proposed amendments, contained in Exh. #6, attached. His amendments were discussed and several suggestions made. The Chairman made the point that there are so many possibilities of more efficiently utilizing coal and that it makes good sense to set aside a portion of such coal trust moneys to be used for research. He said that private industry does research but there still remains a tremendous potential and the research itself is costly and therefore private industry does not go as far forward in this field as these endowed funds might permit the state to accomplish.

The committee agreed to take his proposals into consideration and will further discuss them at the next meeting of the Taxation Committee which was set for adjournment on Monday, January 31.

ADJOURN: A motion for adjournment was made by Sen. Healy, seconded by Sen. Roskie, and motion carried.


WILLIAM MATHERS CHAIRMAN

ROLL CALL

SENATE TAXATION COMMITTEE

45th LEGISLATIVE SESSION - - 1977

Date 1/29/77

SENATE COMMITTEE TAXATIONDate 1/29 Sec. Bill No. 44 Time 8:15

NAME	YES	NO
SEN. WATT	✓	
SEN. BROWN	✓	
SEN. GOODOVER	✓	
SEN. HEALY	✓	
SEN. MANNING	✓	
SEN. NORMAN	<u>excused</u>	
SEN. ROSKIE	✓	
SEN. TOWE	✓	
SEN. TURNAGE	✓	
CHAIRMAN MATHERS	✓	
	9	0

Nita Fjeseth
SecretaryWilliam L. Mathers
ChairmanMotion: Amend. # 44

(include enough information on motion--put with yellow copy of committee report.)

SENATE COMMITTEE ON TAXATION

Date 1/29/77 Sec. Bill No. 44 Time

NAME	YES	NO
SEN. WATT	✓	
SEN. BROWN	✓	
SEN. GOODOVER	✓	
SEN. HEALY	✓	
SEN. MANNING	✓	
SEN. NORMAN	<i>excused</i>	
SEN. ROSKIE	✓	
SEN. TOWE	✓	
SEN. TURNAGE	✓	
CHAIRMAN MATHERS	✓	
	9	0

Nita Fjeseth
Secretary

William L. Mathers
Chairman

Motion:

④ Amends - None Adopted
#5 thru #8

Elmer.

(include enough information on motion—put with yellow copy of committee report.)

Lex 4. #1

AMENDMENTS TO SB 44 PROPOSED BY SENATOR MANNING TO DELETE THE DISCRETIONARY PLANNING GRANTS, RESTORE 1% TO THE PRODUCING COUNTIES, AND CONTINUE THE OVERSIGHT COMMITTEE.

1. Amend section 1, page 2, line 12.

Following: line 12

Insert: "(a) To the county in which coal is mined, 1% of the severance tax paid on the coal mined in that county, for such purposes as the governing body of the county may determine;"

Reletter: subsequent paragraphs.

2. Amend section 1, page 3, line 7.

Following: "years"

Strike: "2%"

Insert: "1%"

3. Amend section 4, page 7, line 10.

Following: line 10

Strike: lines 11 through 21 in their entirety

Following: line 21

Strike: "(b) From two-thirds of the funds each"

Insert: "Each"

4. Amend page 8.

Following: line 22

Insert: "Section 5. There is a new section that reads as follows:

"Coal tax oversight committee continued. The select committee established by section 15, Chapter 502, Laws of 1975, is continued for the biennium ending June 30, 1979, and is directed to report its recommendations to the 46th legislature."

Exh. # 2

STATE OF MONTANA

COAL BOARD

B. J. "Swede" Goodheart, Chairman, Malta
W. R. "Bill" Anderson, Hardin
Lingene J. Schuld, Circle
Mrs. John Justin Sullivan, Butte

Jack E. Cohn, Vice Chairman, Helena
William F. Meisburger, Forsyth
Henry Siderius, Kalispell
Frank C. Montibeller, Jr.,
Administrative Officer — 406/449-2400

THOMAS L. JUDGE,
GOVERNOR

January 26, 1977

MEMORANDUM

TO: Senator Dave Manning
FROM: Frank C. Montibeller, Jr.
Administrative Officer
Coal Board
RE: Establishment of Coal Board



In response to your request, I am listing the timetable of happenings for the Coal Board under Senate Bill 87:

April 29, 1975	Bill signed by Governor
July 1, 1975	Effective date of bill
August 11, 1975	Governor appointed Board members
September 3, 1975	Administrative Officer for Board hired
October 16 & 17, 1975	First Board meeting
December 11, 1975	First hearing on APA rules and regulations
February 17, 1976	Administrative Procedures Act rules and regulations finally adopted
May 14, 1976	First grant allocations made by Board

The Coal Board met on a monthly basis during all of this time. During the period from October through December, meetings were devoted to the writing, rewriting and approval of the APA rules, as well as the formulation of forms, guidelines, and procedures the Board would use.

After the rules were adopted, the Board started receiving pre-applications, acted on the pre-applications in March and April, and then funded full applications in May of 1976.

Since that date, the Coal Board has allocated \$10.6 million dollars of Local Impact Funds.

Exhibit #3

SENATE BILL NO. 44

Table No. 1 Showing 12 reaches of roads within the Colstrip Economic Development Growth Center area (Designated by the U. S. Secretary of Transportation) and current cost estimates by the Montana Highway Department.

<u>DESIGNATION</u>	<u>LENGTH</u>	<u>EST. COST TO CONSTRUCT</u>
1. Sarpy Creek Road	27 Mi.	\$ 5.4 million
2. Hardin - Sarpy Creek	12 Mi.	2.4 million
3. Hardin - East	20 Mi.	1.8 million
4. Colstrip-Forsyth	30 Mi.	11.4 million
5. Lame Deer - Colstrip	22 Mi.	2.9 million
6. Rosebud-South	36 Mi.	4.1 million
7. Ashland - Northwest	20 Mi.	2.7 million
8. Decker - Busby	40 Mi.	8.0 million
9. Birney - Southwest	24 Mi.	4.8 million
10. Birney - Ashland	23 Mi.	4.7 million
11. Crow Agency - Busby	27 Mi.	8.8 million
12. Lame Deer - Ashland	20 Mi.	6.5 million
	301 Miles	\$63.5 million
Big Horn County	168 Mi.	
Rosebud County	106 Mi.	
Treasure County	27 Mi.	
	301 Miles	

Table No. 2 Showing proposed coal severance tax percentages of distribution applied to the remaining funds after 25 % of the total collections are set aside to implement the constitutional amendment ratified at the 1976 election.

	<u>Existing Percentages (1975-77)</u>	<u>Redistributed Percentages</u>	<u>New Percentages (1977-79)</u>
Coal Mining Counties	4	-4	0
General Fund	40		40
Foundation Program	10		10
Local Impact	17½		17½
Educational Trust Fund	10		10
Coal Area Highways	10	+3	13
Park Funds	2½		2½
County Land Planning	1	+1	2
Alternate Energy	2½		2½
Renewable Resources	2½		2½

Exh # 4

SENATE BILL 44

Amendment proposed by Department of Fish and Game

1. Amend section 1, page 3, line 16

Following: "acquisition"

Insert: ", operation, or maintenance"

2. Amend section 1, page 3, line 19

Following: "acquisition"

Insert: "or management"

3. Amend section 1, page 3, line 22

Following: "acquisition"

Insert: "or management"

4. Amend section 1, page 3, line 24

Following: "acquisition"

Insert: ", operation, or maintenance"

Exhibit 5

Testimony with regard to a proposed amendment to SB 44 for the purpose of operating, maintaining, and developing the state parks system -- by Fletcher Newby, Deputy Director, Department of Fish & Game

SB 87 enacted by the 1975 legislature (Section 84-1319, R.C.M. 1947) earmarked 2½% of coal tax revenues through June 30, 1979, one-half of which shall be allocated to the earmarked revenue fund for the purpose of acquisition of sites and areas described in Sec. 62-304. None of these funds have been expended because legislative appropriation is required. The sites described in Sec. 62-304 are state parks, recreation areas, historic sites and monuments. We, in the Department of Fish and Game, are in enthusiastic accord with this worthy purpose. However, we are here today to point out that this legislative action addresses only part of the problem in the state parks system.

In 1965, the legislature transferred the state parks system from the Department of Highways to the Department of Fish and Game. At that time the state parks system was funded entirely by the general fund. Since that time earmarked revenues, such as motorboat fuel tax, and earned revenues, such as overnight camping fees, have been added. We have recognized the state park system as an important addition to the department and have striven to continually improve the system. Further, it has been expanded through legislative actions such as the Bicentennial Headwaters State Park and the Giant Springs State Park at Great Falls. Funding of the system from these traditional sources was never adequate to properly operate and protect a modern state park system; and in our desire to produce an effective system a tendency to fill the vacuum from such under-funding by services provided from fish and game license monies crept in. For example, I refer to law enforcement conducted by game wardens funded by license monies and administrative support funded from the same source.

Ex h. #6

Add a new section as follows:

"Section _____. Section 89-3607, R.C.M. 1947, is amended to read as follows:

89-3607. Sinking fund account. (1) The state may by enactment of the legislature or the people levy, impose, assess, and pledge and appropriate to the sinking fund account any tax, charge, fee, rental or other income from any designated source. The state reserves the right to modify from time to time the nature and amount of special taxes and other revenues pledged and appropriated to the sinking fund account, provided that the aggregate resources so pledged and appropriated are determined by the legislature to be sufficient for the prompt and full payment of the principal of and interest and redemption premiums when due on all bonds payable from that account, and provided that the pledge of the full faith and credit and taxing powers of the state for the security of all such bonds shall be and remain irrevocable until they are fully paid.

(2) Money in the sinking fund account shall be used first to pay interest, principal and redemption premiums when due and payable with respect to renewable resource development bonds; second to accumulate a reserve for the further security of such payments, to the amount required each month to meet those payments due within twelve {12} months thereafter; and third to restore the reserve to this amount after each payment.

(3) After the reserve provided for in subsection (2) above is in the sinking fund, money at any time received in the sinking fund in excess of that amount shall be transferred by the treasurer to the clearance fund account. If the balance at any time on hand in the sinking fund is not sufficient for compliance with subsection (2), and is not restored to the required amount within three {3} months thereafter, from funds specifically pledged and appropriated to the sinking fund account, the treasurer shall transfer thereto from the general fund an amount sufficient to restore the required balance.

(4) The state pledges and appropriates and directs to be credited to the sinking fund account as received 1% until June 30, 1979 and thereafter two-and-one-half-per-cent-+21/2%+ of all money from time to time received from the collection of the strip-coal-mines-license-tax-payable-under-the provisions-of-section-84-1302,-or-the-equivalent-provision-of-any coal severance tax enacted-in-lieu-of-such-ticenst-tax, and such additional amount thereof, if any, as may be required from time to time to provide sufficient funds for the purposes stated in subsection (2) above; provided that no more than two-and-one-half-percent 1% of such tax collections, and after July 1, 1979, {2 1/2%+ of such tax collections shall be deemed to be pledged for the purpose of section 89-3606, subsection (3).

(5) The proceeds of renewable resource development bonds supported by the pledge and appropriation of coal tax collections may not be used to finance sprinkler irrigation systems, private