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*Senate* BILL NO. 87  
INTRODUCED BY Tom Watt Ryan Norman  
Ronny Colby

A BILL FOR AN ACT ENTITLED: "AN ACT CREATING A FUND FOR ASSISTING LOCAL GOVERNMENTS SOCIALLY IMPACTED BY COAL DEVELOPMENT AND FOR THE SUPPORT OF PUBLIC SCHOOLS THROUGHOUT THE STATE; ALLOCATING CERTAIN REVENUE FROM COAL TAXES TO THE FUND; ESTABLISHING A BOARD TO MAKE GRANTS FROM THE FUND TO LOCAL GOVERNMENTS; AMENDING SECTIONS 75-6916 AND 84-1309.1, R.C.M. 1947."

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

Section 1. There is a new R.C.M. section that reads as follows:

Purpose. The purposes of this act are to assist local governmental units which have been required to expand the provision of public services as a consequence of large-scale development of coal mines and coal-using energy complexes, and to invest a portion of the tax revenue from coal mines in a permanent fund, the income from which shall be used for the support of public schools throughout the state.

Section 2. There is a new R.C.M. section that reads as follows:

Social impact and education trust fund account established. There is within the earmarked revenue fund a

social impact and education trust fund account. Moneys are payable into this account under section 84-1309.1. The state treasurer shall draw warrants from this account upon order of the coal board.

Section 3. Section 84-1309.1, R.C.M. 1947, is amended to read as follows:

"84-1309.1. Disposal of license taxes. License taxes collected under the provisions of this chapter are allocated as follows: (1) To the county general fund from which coal was mined three cents (3¢) per ton.

(2) Forty percent (40%) of total collections per year, to the earmarked revenue fund to the credit of the social impact and education trust fund account.

(3) All other revenues from license taxes collected under the provisions of this chapter shall be deposited to the credit of the general fund of the state."

Section 4. There is a new R.C.M. section that reads as follows:

Coal Board established -- composition. (1) There is a coal board composed of seven (7) members.

(2) The coal board is allocated to the office of the lieutenant governor for administrative purposes only as prescribed in section 82A-108.

(3) The members of the coal board are selected as follows:

1 (a) the board of health and environmental sciences  
2 shall designate two (2) of its members;

3 (b) the board of natural resources and conservation  
4 shall designate two (2) of its members;

5 (c) the board of land commissioners shall designate  
6 one (1) of its members; and

7 (d) the board of public education shall designate two  
8 (2) of its members.

9 Each person designated serves on the coal board at the  
10 pleasure of his designating board while he is a member of  
11 the designating board.

12 Section 5. There is a new R.C.M. section that reads as  
13 follows:

14 Chairman -- meetings -- compensation. (1) The board  
15 shall elect a chairman from among its members.

16 (2) The board shall meet quarterly and may meet at  
17 other times as called by the chairman or a majority of the  
18 members.

19 (3) Members are entitled to compensation as provided  
20 for in section 82A-112(7).

21 Section 6. There is a new R.C.M. section that reads as  
22 follows:

23 Coal board -- general powers. The board may:

24 (1) employ a full-time administrator and a secretary  
25 and hire suitable office facilities;

1 (2) retain professional consultants and advisors;

2 (3) adopt rules governing its proceedings;

3 (4) consider applications for grants from the social  
4 impact and education trust fund account; and

5 (5) award grants, not to exceed in any one year three  
6 fourths (3/4) of the revenue paid into the social impact and  
7 education trust fund account, to local governmental units to  
8 assist such units in meeting the social impact of coal  
9 development by enabling it to adequately provide  
10 governmental services which are needed as a direct  
11 consequence of coal development. Such grants shall be  
12 awarded on the basis of (a) need, (b) degree of severity of  
13 impact from coal development, and (c) availability of funds.

14 Section 7. There is a new R.C.M. section that reads as  
15 follows:

16 Applications for grants. The governing body of a city,  
17 town, county, or school district or any other governmental  
18 unit may apply for a grant to enable it to provide  
19 governmental services which are needed as a direct  
20 consequence of coal development. The coal board shall  
21 prescribe the form for applications. Applicants shall  
22 describe the nature of their proposed expenditures and the  
23 time involved. The board may commit itself to the  
24 expenditure of funds for more than one (1) year for a single  
25 project, as long as the grant does not extend over more than

1 ten (10) years and does not exceed reasonable revenue  
2 expectations.

3 Section 8. There is a new R.C.M. section that reads as  
4 follows:

5 Disposition of interest from unexpended balance. The  
6 unexpended balance in the social impact and education trust  
7 fund account shall be invested as provided by statute by the  
8 state board of investments. Seventy-five percent (75%) of  
9 the income from such investments each year shall be paid  
10 into the earmarked revenue fund, for state equalization aid  
11 to public schools of the state. The remaining twenty-five  
12 percent (25%) of the income from such investments each year  
13 shall be paid to the board of regents of higher education  
14 for use by the institutions of higher learning in the state  
15 of Montana subject to the budgeting authority of the  
16 legislature. Except as provided in section 6 (5) herein the  
17 principle of the social impact and educational trust fund  
18 shall be dedicated to education and forever remain inviolate  
19 and sacred to this purpose as provided in sections 3 and 10  
20 of article X of the Montana constitution.

21 Section 9. Section 75-6916, R.C.M. 1947, is amended to  
22 read as follows:

23 "75-6916. Definition of and revenue for state  
24 equalization aid. The following shall be paid into the  
25 earmarked revenue fund, for state equalization aid to public

1 schools of the state:

2 (1) twenty-five per cent (25%) of all moneys received  
3 from the collection of income taxes under chapter 49 of  
4 Title 84, R.C.M. 1947,

5 (2) twenty-five per cent (25%) of all moneys received  
6 from the collection of corporation license taxes under  
7 chapter 15 of Title 84, R.C.M. 1947, as provided by section  
8 84-1901, R.C.M. 1947,

9 (3) one-half (1/2) of the moneys received from the  
10 treasurer of the United States as the state's shares of oil  
11 and gas royalties under the Act of Congress of February 25,  
12 1920,

13 (4) interest and income moneys described in sections  
14 75-6907 and 75-6908, R.C.M. 1947, and

15 (5) income from the social impact and education trust  
16 fund account, and

17 (6) in addition to these revenues, the surplus  
18 revenues collected by the counties for foundation program  
19 support according to sections 75-6912 and 75-6913 shall be  
20 paid into the same earmarked revenue fund.

21 As used in this Title, the term "state equalization  
22 aid" means those moneys deposited in the earmarked revenue  
23 fund as required in this section plus any legislative  
24 appropriation of moneys from other sources for distribution  
25 to the public schools for the purpose of equalization of the

5 2 4 7

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1 foundation program."

-End-

STATE OF MONTANA

REQUEST NO. 42-75

FISCAL NOTE

Form BD-15

In compliance with a written request received January 17, 19 75, there is hereby submitted a Fiscal Note for Senate Bill 87 pursuant to Chapter 53, Laws of Montana, 1965 - Thirty-Ninth Legislative Assembly.

Background information used in developing this Fiscal Note is available from the Office of Budget and Program Planning, to members of the Legislature upon request.

DESCRIPTION OF PROPOSED LEGISLATION:

An act to create a fund for assisting local governments socially impacted by coal development and for support of public schools by allocating 40% of the total strip mines license tax collections each year to an earmarked revenue fund. The act also creates a coal board attached to the Office of Lieutenant Governor.

ASSUMPTIONS:

1. Total strip mines license tax collections will be \$8,910,600 in FY 76 and \$11,271,500 in FY 77, of which \$8,168,850 and \$10,328,450 respectively will be deposited in the General Fund.
2. Staff of the board would consist of - five professionals and a secretary. Additional office space and equipment would be needed.
3. The seven board members would meet four times a year for 2 days at a cost of \$25 per day plus \$85 expenses per member.
4. The maximum 75% of the revenues paid into the earmarked revenue fund will be awarded to local government units each year.
5. The unexpended balance in the earmarked revenue fund (25%) will earn interest at 6%. The interest earnings are paid 75% to the State Equalization Aid Earmarked Revenue Fund and 25% to the Board of Regents.

FISCAL IMPACT:	Current Law	FY 76 Proposed Law	Increase (decrease)	Current law	FY 77 Proposed law	Increase (decrease)
Revenue						
Strip mine license tax collections in General Fund	<u>\$8,168,850</u>	<u>\$4,604,610</u>	<u>\$(3,564,240)</u>	<u>\$10,328,450</u>	<u>\$5,819,850</u>	<u>\$(4,508,600)</u>
Interest earned on unexpended ERA fund balance to be allocated 75% to State Equalization ERA and 25% to the Board of Regents			<u>\$ 54,464</u>			<u>\$ 67,629</u>
Expenditure						
Increased expenditures for board under proposed law				FY 76	FY 77	
Personal Services				\$ 100,497	\$ 109,034	
Operating Expenses				27,175	28,000	
Equipment				8,000	0	
				<u>\$ 135,672</u>	<u>\$ 137,034</u>	

LOCAL IMPACT:

Under proposed law, grant money available to local government units would be \$2,673,180 in FY 76 and \$3,381,450 in FY 77 (75% of revenue to the social impact and education trust fund account).

  
BUDGET DIRECTOR

Office of Budget and Program Planning

Date: January 22, 1975

Approved by Committee  
on Taxation

SENATE BILL NO. 87

INTRODUCED BY TOWE, WATT, REGAN, NORMAN,

SEIBEL, ROMNEY, COLBERG

A BILL FOR AN ACT ENTITLED: "AN ACT CREATING A FUND FOR ASSISTING LOCAL GOVERNMENTS ~~SOCIALLY~~ AND HIGHWAY SYSTEMS IMPACTED BY COAL DEVELOPMENT AND FOR THE SUPPORT OF PUBLIC SCHOOLS THROUGHOUT THE STATE; ALLOCATING CERTAIN REVENUE FROM COAL TAXES TO THE FUND; ESTABLISHING A BOARD TO MAKE GRANTS FROM THE FUND TO LOCAL GOVERNMENTS; AMENDING SECTIONS 75-6916 AND 84-1309.1, R.C.M. 1947."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:  
(Strike everything after the enacting clause and insert:)

Section 1. There is a new R.C.M. section that reads as follows:

Purpose. The purposes of this act are to assist local governmental units which have been required to expand the provision of public services as a consequence of large-scale development of coal mines and coal-using energy complexes, to assist in the construction and reconstruction of designated portions of highways which serve the area affected by such large-scale development, and to invest a portion of the tax revenue from coal mines in a permanent fund, the income from which shall be used for the support of

public schools throughout the state.

Section 2. There is a new R.C.M. section that reads as follows:

Local impact and education trust fund account and coal area highway improvement account established. (1) There is within the earmarked revenue fund a local impact and education trust fund account. Moneys are payable into this account under section 84-1309.1. The state treasurer shall draw warrants from this account upon order of the coal board.

(2) There is within the earmarked revenue fund a coal area highway improvement account.

Section 3. Section 84-1309.1, R.C.M. 1947, is amended to read as follows:

"84-1309.1. Disposal of license or severance taxes. License or severance taxes collected under the provisions of this chapter or such sections as may enact a severance tax on coal in 1975 are allocated as follows:

(1) To the county general-fund for such purposes as the governing body of that county may determine from which coal was mined three cents (3¢) per ton; provided, however, for each calendar year prior to January 1, 1980, this amount shall be three cents (3¢) per ton or five percent (5%) of the contract sale price of the coal mined in that county, whichever is higher.

1       (2) Thirty percent (30%) of total collections per  
 2 year, until July 1, 1979, and thereafter forty percent  
 3 (40%), to the earmarked revenue fund to the credit of the  
 4 local impact and education trust fund account.

5       (3) For each of the four (4) fiscal years following  
 6 the effective date of this act ten percent (10%) of total  
 7 collections per year to the earmarked revenue fund to the  
 8 credit of the coal area highway improvement account.

9       ~~(2)~~ (4) All other revenues from license taxes  
 10 collected under the provisions of this chapter shall be  
 11 deposited to the credit of the general fund of the state."

12       Section 4. There is a new R.C.M. section that reads as  
 13 follows:

14       Coal area highway reconstruction program. (1) There is  
 15 appropriated to the department of highways for each of the  
 16 four (4) fiscal years following the effective date of this  
 17 act all the funds in the coal area highway improvement  
 18 account for carrying out the programs authorized by this  
 19 section.

20       (2) The department of highways, within the area  
 21 designated as the eastern Montana coal field economic growth  
 22 center as certified to the secretary of transportation by  
 23 the governor under section 143, Title 23, United States  
 24 Code, shall prepare a special construction program for the  
 25 reconstruction of deficient sections of these highways.

1       (3) The department of highways shall expedite the  
 2 planning and reconstruction program for projects on the  
 3 designated portions within this area by using funds  
 4 allocated under this subsection and any federal funds that  
 5 may be made available to match such funds; until federal  
 6 funds are made available to match the funds allocated under  
 7 this subsection the department of highways may, upon  
 8 approval of the Montana state highway commission, expend  
 9 such funds for planning and reconstruction projects.

10       (4) Funds allocated under this subsection shall not be  
 11 used to match apportionments made for primary and secondary  
 12 highways under the Federal Aid Highway Acts; however,  
 13 nothing in this subsection should be construed to prohibit  
 14 the implementation of projects otherwise funded by  
 15 apportionments made under the Federal Aid Highway Acts;  
 16 furthermore, planning and reconstruction projects may be  
 17 financed in whole or in part by public and private funds  
 18 provided such projects conform to the applicable standards,  
 19 regulations and procedures of the department of highways and  
 20 the federal highway administration.

21       Section 5. There is a new R.C.M. section that reads as  
 22 follows:

23       Coal board established -- composition. (1) There is a  
 24 coal board composed of ten (10) members.

25       (2) The coal board is allocated to the department of

1 intergovernmental relations for administrative purposes only  
2 as prescribed in section 82A-108.

3 (3) The members of the coal board are selected as  
4 follows:

5 (a) four (4) local government elected officials from  
6 coal impacted areas shall be appointed by the governor from  
7 a list of eight (8) persons, four (4) of which are  
8 recommended by the Montana association of counties or its  
9 successor organization and four (4) of which are recommended  
10 by the Montana league of cities and towns;

11 (b) the governor shall designate one (1) member from  
12 the department of intergovernmental relations;

13 (c) the governor shall designate one (1) member from  
14 the department of social and rehabilitation services;

15 (d) the board of health and environmental sciences  
16 shall designate one (1) member;

17 (e) the board of natural resources and conservation  
18 shall designate one (1) member;

19 (f) the board of public education shall designate one  
20 (1) member;

21 (g) the board of regents shall designate one (1)  
22 member.

23 Each person designated serves on the coal board at the  
24 pleasure of his designating authority while he is a member  
25 of the designating board or department, or while he remains

1 an elected official for a two (2) year term.

2 Section 6. There is a new R.C.M. section that reads as  
3 follows:

4 Chairman -- meetings -- compensation. (1) The board  
5 shall elect a chairman from among its members.

6 (2) The board shall meet quarterly and may meet at  
7 other times as called by the chairman or a majority of the  
8 members.

9 (3) Members are entitled to compensation as provided  
10 for in section 82A-112(7).

11 Section 7. There is a new R.C.M. section that reads as  
12 follows:

13 Coal board -- general powers. The board may:

14 (1) retain professional consultants and advisors;

15 (2) adopt rules governing its proceedings;

16 (3) consider applications for grants from the local  
17 impact and education trust fund account; and

18 (4) award grants, subject to section [8 of this act],  
19 not to exceed in any one year three-fourths (3/4) of the  
20 revenue paid into the local impact and education trust fund  
21 account, to local governmental units to assist such units in  
22 meeting the local impact of coal development by enabling it  
23 to adequately provide governmental services and facilities  
24 which are needed as a direct consequence of coal  
25 development. Such grant shall be awarded on the basis of



1 (a) need, (b) degree of severity of impact from the coal  
2 development, and (c) availability of funds.

3 Section 8. There is a new R.C.M. section that reads as  
4 follows:

5 (1) The department of intergovernmental relations shall  
6 designate counties, towns, school districts and other  
7 governmental units which have had or expect to have an  
8 increase in estimated population of at least twenty percent  
9 (20%) during any three (3) years since 1972 as a result of  
10 the impact of coal development. The coal board shall,  
11 subject to the appropriations of the legislature, award at  
12 least fifty percent (50%) of all grants awarded to  
13 governmental units for meeting the needs caused by coal  
14 development each year to these designated governmental  
15 units.

16 (2) Attention should be given by the coal board to the  
17 need for community planning before the full impact is  
18 realized. Applicants should be able to show how their  
19 request fits into an all over plan for the orderly  
20 management of the existing or contemplated growth problems.

21 (3) All funds placed in the local impact and  
22 educational trust fund account established under the act  
23 shall be subject to appropriations by the legislature for  
24 use related to local impact or for transfer to a permanent  
25 trust for education.

1 Section 9. There is a new R.C.M. section that reads as  
2 follows:

3 The department of intergovernmental relations will  
4 provide suitable office facilities and the necessary staff  
5 for the coal board.

6 Section 10. There is a new R.C.M. section that reads  
7 as follows:

8 Applications for grants. The governing body of a city,  
9 town, county, or school district or any other governmental  
10 unit may apply for a grant to enable it to provide  
11 governmental services which are needed as a direct  
12 consequence of coal development. The coal board shall  
13 prescribe the form for applications. Applicants shall  
14 describe the nature of their proposed expenditures and the  
15 time involved. The board may commit itself to the  
16 expenditure of funds for more than one (1) year for a single  
17 project, as long as the grant does not extend over more than  
18 ten (10) years and does not exceed reasonable revenue  
19 expectations.

20 Section 11. There is a new R.C.M. section that reads  
21 as follows:

22 Disposition of interest from unexpended balance. The  
23 unexpended balance in the local impact and education trust  
24 fund account shall be invested as provided by statute by the  
25 state board of investments. Seventy-five percent (75%) of

1 the income from such investments each year shall be paid  
 2 into the earmarked revenue fund, for state equalization aid  
 3 to public schools of the state. The remaining twenty-five  
 4 percent (25%) of the income from such investments each year  
 5 shall be paid to the board of regents of higher education  
 6 for use by the institutions of higher learning in the state  
 7 of Montana subject to the budgeting authority of the  
 8 legislature. Except as provided in section 6(5) herein the  
 9 principle of the local impact and educational trust fund  
 10 shall be dedicated to education and forever remain inviolate  
 11 and sacred to this purpose as provided in sections 3 and 10  
 12 of this Article X of the Montana constitution.

13 Section 12. Section 75-6916, R.C.M. 1947, is amended  
 14 to read as follows:

15 "75-6916. Definition of and revenue for state  
 16 equalization aid. The following shall be paid into the  
 17 earmarked revenue fund, for state equalization aid to public  
 18 schools of the state:

19 (1) twenty-five per cent (25%) of all moneys received  
 20 from the collection of income taxes under chapter 49 of  
 21 Title 84, R.C.M. 1947,

22 (2) twenty-five per cent (25%) of all moneys received  
 23 from the collection of corporation license taxes under  
 24 chapter 15 of Title 84, R.C.M. 1947, as provided by section  
 25 84-1901, R.C.M. 1947,

1 (3) one-half (1/2) of the moneys received from the  
 2 treasurer of the United States as the state's shares of oil  
 3 and gas royalties under the Act of Congress of February 25,  
 4 1920,

5 (4) interest and income moneys described in sections  
 6 75-6907 and 75-6908, R.C.M. 1947, and

7 (5) income from the local impact and education trust  
 8 fund account, and

9 ~~(5)~~--(6) in addition to these revenues, the surplus  
 10 revenues collected by the counties for foundation program  
 11 support according to sections 75-6912 and 75-6913 shall be  
 12 paid into the same earmarked revenue fund.

13 As used in this Title, the term "state equalization  
 14 aid" means those moneys deposited in the earmarked revenue  
 15 fund as required in this section plus any legislative  
 16 appropriation of moneys from other sources for distribution  
 17 to the public schools for the purpose of equalization of the  
 18 foundation program."

-End-

## 1 SENATE BILL NO. 87

2 INTRODUCED BY TOWE, WATT, REGAN, NORMAN,

3 SEIBEL, ROMNEY, COLBERG

4  
5 A BILL FOR AN ACT ENTITLED: "AN ACT CREATING A FUND FOR  
6 ASSISTING LOCAL GOVERNMENTS ~~SOCIALLY~~ AND HIGHWAY SYSTEMS  
7 IMPACTED BY COAL DEVELOPMENT AND FOR THE SUPPORT OF PUBLIC  
8 SCHOOLS THROUGHOUT THE STATE; ALLOCATING CERTAIN REVENUE  
9 FROM COAL TAXES TO THE FUND; ESTABLISHING A BOARD TO MAKE  
10 GRANTS FROM THE FUND TO LOCAL GOVERNMENTS; AMENDING SECTIONS  
11 75-6916 AND 84-1309.1, R.C.M. 1947."

12  
13 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:  
14 (Strike everything after the enacting clause and insert:)

15 Section 1. There is a new R.C.M. section that reads as  
16 follows:

17 Purpose. The purposes of this act are to assist local  
18 governmental units which have been required to expand the  
19 provision of public services as a consequence of large-scale  
20 development of coal mines and coal-using energy complexes,  
21 to assist in the construction and reconstruction of  
22 designated portions of highways which serve the area  
23 affected by such large-scale development, and to invest a  
24 portion of the tax revenue from coal mines in a permanent  
25 fund, the income from which shall be used for the support of

1 public schools throughout the state.

2 Section 2. There is a new R.C.M. section that reads as  
3 follows:

4 Local impact and education trust fund account and coal  
5 area highway improvement account established. (1) There is  
6 within the earmarked revenue fund a local impact and  
7 education trust fund account. Moneys are payable into this  
8 account under section 84-1309.1. The state treasurer shall  
9 draw warrants from this account upon order of the coal  
10 board.

11 (2) There is within the earmarked revenue fund a coal  
12 area highway improvement account.

13 Section 3. Section 84-1309.1, R.C.M. 1947, is amended  
14 to read as follows:

15 "84-1309.1. Disposal of license or severance taxes.  
16 License or severance taxes collected under the provisions of  
17 this chapter or such sections as may enact a severance tax  
18 on coal in 1975 are allocated as follows:

19 (1) To the county general-fund for such purposes as  
20 the governing body of that county may determine from which  
21 coal was mined three cents (3¢) per ton; provided, however,  
22 for each calendar year prior to January 1, 1980, this amount  
23 shall be three cents (3¢) per ton or five percent (5%) of  
24 the contract sale price of the coal mined in that county,  
25 whichever is higher.

1       (2) Thirty percent (30%) of total collections per  
 2 year, until July 1, 1979, and thereafter forty percent  
 3 (40%), to the earmarked revenue fund to the credit of the  
 4 local impact and education trust fund account.

5       (3) For each of the four (4) fiscal years following  
 6 the effective date of this act ten percent (10%) of total  
 7 collections per year to the earmarked revenue fund to the  
 8 credit of the coal area highway improvement account.

9       ~~(2)~~--(4) All other revenues from license taxes  
 10 collected under the provisions of this chapter shall be  
 11 deposited to the credit of the general fund of the state."

12       Section 4. There is a new R.C.M. section that reads as  
 13 follows:

14       Coal area highway reconstruction program. (1) There is  
 15 appropriated to the department of highways for each of the  
 16 four (4) fiscal years following the effective date of this  
 17 act all the funds in the coal area highway improvement  
 18 account for carrying out the programs authorized by this  
 19 section.

20       (2) The department of highways, within the area  
 21 designated as the eastern Montana coal field economic growth  
 22 center as certified to the secretary of transportation by  
 23 the governor under section 143, Title 23, United States  
 24 Code, shall prepare a special construction program for the  
 25 reconstruction of deficient sections of these highways.

1       (3) The department of highways shall expedite the  
 2 planning and reconstruction program for projects on the  
 3 designated portions within this area by using funds  
 4 allocated under this subsection and any federal funds that  
 5 may be made available to match such funds; until federal  
 6 funds are made available to match the funds allocated under  
 7 this subsection the department of highways may, upon  
 8 approval of the Montana state highway commission, expend  
 9 such funds for planning and reconstruction projects.

10       (4) Funds allocated under this subsection shall not be  
 11 used to match apportionments made for primary and secondary  
 12 highways under the Federal Aid Highway Acts; however,  
 13 nothing in this subsection should be construed to prohibit  
 14 the implementation of projects otherwise funded by  
 15 apportionments made under the Federal Aid Highway Acts;  
 16 furthermore, planning and reconstruction projects may be  
 17 financed in whole or in part by public and private funds  
 18 provided such projects conform to the applicable standards,  
 19 regulations and procedures of the department of highways and  
 20 the federal highway administration.

21       Section 5. There is a new R.C.M. section that reads as  
 22 follows:

23       Coal board established -- composition. (1) There is a  
 24 coal board composed of ten (10) members.

25       (2) The coal board is allocated to the department of

1 intergovernmental relations for administrative purposes only  
2 as prescribed in section 82A-108.

3 (3) The members of the coal board are selected as  
4 follows:

5 (a) four (4) local government elected officials from  
6 coal impacted areas shall be appointed by the governor from  
7 a list of eight (8) persons, four (4) of which are  
8 recommended by the Montana association of counties or its  
9 successor organization and four (4) of which are recommended  
10 by the Montana league of cities and towns;

11 (b) the governor shall designate one (1) member from  
12 the department of intergovernmental relations;

13 (c) the governor shall designate one (1) member from  
14 the department of social and rehabilitation services;

15 (d) the board of health and environmental sciences  
16 shall designate one (1) member;

17 (e) the board of natural resources and conservation  
18 shall designate one (1) member;

19 (f) the board of public education shall designate one  
20 (1) member;

21 (g) the board of regents shall designate one (1)  
22 member.

23 Each person designated serves on the coal board at the  
24 pleasure of his designating authority while he is a member  
25 of the designating board or department, or while he remains

1 an elected official for a two (2) year term.

2 Section 6. There is a new R.C.M. section that reads as  
3 follows:

4 Chairman -- meetings -- compensation. (1) The board  
5 shall elect a chairman from among its members.

6 (2) The board shall meet quarterly and may meet at  
7 other times as called by the chairman or a majority of the  
8 members.

9 (3) Members are entitled to compensation as provided  
10 for in section 82A-112(7).

11 Section 7. There is a new R.C.M. section that reads as  
12 follows:

13 Coal board -- general powers. The board may:

14 (1) retain professional consultants and advisors;

15 (2) adopt rules governing its proceedings;

16 (3) consider applications for grants from the local  
17 impact and education trust fund account; and

18 (4) award grants, subject to section [8 of this act],  
19 not to exceed in any one year three-fourths (3/4) of the  
20 revenue paid into the local impact and education trust fund  
21 account, to local governmental units to assist such units in  
22 meeting the local impact of coal development by enabling it  
23 to adequately provide governmental services and facilities  
24 which are needed as a direct consequence of coal  
25 development. Such grant shall be awarded on the basis of

1 (a) need, (b) degree of severity of impact from the coal  
2 development, and (c) availability of funds.

3 Section 8. There is a new R.C.M. section that reads as  
4 follows:

5 (1) The department of intergovernmental relations shall  
6 designate counties, towns, school districts and other  
7 governmental units which have had or expect to have an  
8 increase in estimated population of at least twenty percent  
9 (20%) during any three (3) years since 1972 as a result of  
10 the impact of coal development. The coal board shall,  
11 subject to the appropriations of the legislature, award at  
12 least fifty percent (50%) of all grants awarded to  
13 governmental units for meeting the needs caused by coal  
14 development each year to these designated governmental  
15 units.

16 (2) Attention should be given by the coal board to the  
17 need for community planning before the full impact is  
18 realized. Applicants should be able to show how their  
19 request fits into an all over plan for the orderly  
20 management of the existing or contemplated growth problems.

21 (3) All funds placed in the local impact and  
22 educational trust fund account established under the act  
23 shall be subject to appropriations by the legislature for  
24 use related to local impact or for transfer to a permanent  
25 trust for education.

1 Section 9. There is a new R.C.M. section that reads as  
2 follows:

3 The department of intergovernmental relations will  
4 provide suitable office facilities and the necessary staff  
5 for the coal board.

6 Section 10. There is a new R.C.M. section that reads  
7 as follows:

8 Applications for grants. The governing body of a city,  
9 town, county, or school district or any other governmental  
10 unit may apply for a grant to enable it to provide  
11 governmental services which are needed as a direct  
12 consequence of coal development. The coal board shall  
13 prescribe the form for applications. Applicants shall  
14 describe the nature of their proposed expenditures and the  
15 time involved. The board may commit itself to the  
16 expenditure of funds for more than one (1) year for a single  
17 project, as long as the grant does not extend over more than  
18 ten (10) years and does not exceed reasonable revenue  
19 expectations.

20 Section 11. There is a new R.C.M. section that reads  
21 as follows:

22 Disposition of interest from unexpended balance. The  
23 unexpended balance in the local impact and education trust  
24 fund account shall be invested as provided by statute by the  
25 state board of investments. Seventy-five percent (75%) of

1 the income from such investments each year shall be paid  
 2 into the earmarked revenue fund, for state equalization aid  
 3 to public schools of the state. The remaining twenty-five  
 4 percent (25%) of the income from such investments each year  
 5 shall be paid to the board of regents of higher education  
 6 for use by the institutions of higher learning in the state  
 7 of Montana subject to the budgeting authority of the  
 8 legislature. Except as provided in section 6(5) herein the  
 9 principle of the local impact and educational trust fund  
 10 shall be dedicated to education and forever remain inviolate  
 11 and sacred to this purpose as provided in sections 3 and 10  
 12 of this Article X of the Montana constitution.

13 Section 12. Section 75-6916, R.C.M. 1947, is amended  
 14 to read as follows:

15 "75-6916. Definition of and revenue for state  
 16 equalization aid. The following shall be paid into the  
 17 earmarked revenue fund, for state equalization aid to public  
 18 schools of the state:

19 (1) twenty-five per cent (25%) of all moneys received  
 20 from the collection of income taxes under chapter 49 of  
 21 Title 84, R.C.M. 1947,

22 (2) twenty-five per cent (25%) of all moneys received  
 23 from the collection of corporation license taxes under  
 24 chapter 15 of Title 84, R.C.M. 1947, as provided by section  
 25 84-1901, R.C.M. 1947,

1 (3) one-half (1/2) of the moneys received from the  
 2 treasurer of the United States as the state's shares of oil  
 3 and gas royalties under the Act of Congress of February 25,  
 4 1920,

5 (4) interest and income moneys described in sections  
 6 75-6907 and 75-6908, R.C.M. 1947, and

7 (5) income from the local impact and education trust  
 8 fund account, and

9 ~~(5)~~--(6) in addition to these revenues, the surplus  
 10 revenues collected by the counties for foundation program  
 11 support according to sections 75-6912 and 75-6913 shall be  
 12 paid into the same earmarked revenue fund.

13 As used in this Title, the term "state equalization  
 14 aid" means those moneys deposited in the earmarked revenue  
 15 fund as required in this section plus any legislative  
 16 appropriation of moneys from other sources for distribution  
 17 to the public schools for the purpose of equalization of the  
 18 foundation program."

-End-

HOUSE OF REPRESENTATIVES

March 20, 1975

HOUSE COMMITTEE ON TAXATION AMENDMENT TO SENATE BILL 87.

1. Amend page 4, section 5, line 24.  
Following: "of"  
Strike "ten (10)"  
Insert: "nine (9)"
2. Amend page 5, section 5 (3) (d), lines 15 and 16.     o  
Strike: "(d) the board of health and environmental sciences shall designate one (1) member;"
3. Amend page 5, section 5 (3) (e), line 15.  
Strike: "(e)"  
Insert: "d)"
4. Amend page 5, section 5 (3) (f), line 19.  
Strike: "(f)"  
Insert: "(e)"
5. Amend page 5, section 5 (3) (g), line 21.  
Strike: "(g) the board of regents shall designate one (1) member."  
Insert: "(f) the governor shall designate one (1) member of a board of trustees of a school district in a coal impact area from a list of four (4) nominees submitted by the Montana school boards association."
6. Amend page 6, section 7 (4), line 21.  
Following: "governmental units"  
Strike: "to assist such"  
Insert: "and state agencies to assist local governmental"
7. Amend page 6, section 7 (4), line 22.  
Following: "enabling"  
Strike: "it"  
Insert: "them"
8. Amend page 6, section 7 (4), line 24.  
Following: "a"  
Strike: "direct"
9. Amend page 6, section 7 (4), line 25.  
Following: "Such"  
Strike: "grant"  
Insert: "grants"
10. Amend page 7, section 7 (4), line 2.  
Following: "development,"  
Strike: "and"  
Following: "funds"  
Insert: ", and (d) availability of matching funds"



11. Amend page 7, section 8 (1), lines 8 and 9.  
Following: "least"  
Strike: "twenty percent (20%)"  
Insert: "ten percent (10%)"
12. Amend page 7, section 8 (1), line 13.  
Following: "units"  
Insert: "and state agencies"
13. Amend page 7, section 8 (2), line 19.  
Following: "request"  
Insert: "reasonably"
14. Amend page 7, section 8 (2), line 19.  
Following: "an"  
Strike: "all over"  
Insert: "over all"
15. Amend page 8, section 10, line 9.  
Following: "other"  
Insert: "local or state"
16. Amend page 8, section 10, line 10.  
Following: "unit"  
Insert: "or agency"
17. Amend page 8, section 10, line 11.  
Following: "a"  
Strike: "direct"
18. Amend page 8, section 10, line 19.  
Following: "expectations."  
Insert: "No state agency may receive grants which exceed five percent (5%) of the money allocated to the board."
19. Amend page 10, following line 18.  
Insert: New section.  
"Section 13. There is appropriated to the coal board for its expenses and for making grants under section 7 of this act, three-fourths (3/4) of the funds in the local impact and education trust fund account for the biennium ending June 30, 1977."

AS SO AMENDED  
BE CONCURRED IN

HOUSE OF REPRESENTATIVES

March 26, 1975

COMMITTEE OF THE WHOLE AMENDMENT TO SENATE BILL NO. 87, third reading copy.

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

Following: "(2)"

Strike: "Thirty percent (30%)"

Insert: "Twenty-two and one half percent (22 1/2%)"

2. Amend page 3, section 3, lines 2 and 3.

Following: "thereafter"

Strike: "forty percent (40%)"

Insert: "thirty-two and one half percent (32 1/2%)"

AS SO AMENDED

BE CONCURRED IN

SENATE BILL NO. 87

INTRODUCED BY TOWE, WATT, REGAN, NORMAN,  
SEIBEL, ROMNEY, COLBERG

A BILL FOR AN ACT ENTITLED: "AN ACT CREATING A FUND FOR ASSISTING LOCAL GOVERNMENTS ~~SOCIALLY~~ AND HIGHWAY SYSTEMS IMPACTED BY COAL DEVELOPMENT AND FOR THE SUPPORT OF PUBLIC SCHOOLS THROUGHOUT THE STATE; ALLOCATING CERTAIN REVENUE FROM COAL TAXES TO THE FUND; ESTABLISHING A BOARD TO MAKE GRANTS FROM THE FUND TO LOCAL GOVERNMENTS; AMENDING SECTIONS 75-6916 AND 84-1309.1, R.C.M. 1947."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA: (Strike everything after the enacting clause and insert:)

Section 1. There is a new R.C.M. section that reads as follows:

Purpose. The purposes of this act are to assist local governmental units which have been required to expand the provision of public services as a consequence of large-scale development of coal mines and coal-using energy complexes, to assist in the construction and reconstruction of designated portions of highways which serve the area affected by such large-scale development, and to invest a portion of the tax revenue from coal mines in a permanent fund, the income from which shall be used for the support of

public schools throughout the state.

Section 2. There is a new R.C.M. section that reads as follows:

Local impact and education trust fund account and coal area highway improvement account established. (1) There is within the earmarked revenue fund a local impact and education trust fund account. Moneys are payable into this account under section 84-1309.1. The state treasurer shall draw warrants from this account upon order of the coal board.

(2) There is within the earmarked revenue fund a coal area highway improvement account.

Section 3. Section 84-1309.1, R.C.M. 1947, is amended to read as follows:

"84-1309.1. Disposal of license or severance taxes. License or severance taxes collected under the provisions of this chapter or such sections as may enact a severance tax on coal in 1975 are allocated as follows:

(1) To the county ~~general-fund~~ for such purposes as the governing body of that county may determine from which coal was mined three cents (3¢) per ton; provided, however, for each calendar year prior to January 1, 1980, this amount shall be three cents (3¢) per ton or five percent (5%) of the contract sale price of the coal mined in that county, whichever is higher.

1        ~~(2) Thirty-percent--(30%)~~ TWENTY-TWO AND ONE-HALF  
 2 PERCENT (22 1/2%) of total collections per year, until July  
 3 1, 1979, and thereafter ~~forty-percent-(40%)~~ THIRTY-TWO AND  
 4 ONE-HALF PERCENT (32 1/2), to the earmarked revenue fund to  
 5 the credit of the local impact and education trust fund  
 6 account.

7        (3) For each of the four (4) fiscal years following  
 8 the effective date of this act ten percent (10%) of total  
 9 collections per year to the earmarked revenue fund to the  
 10 credit of the coal area highway improvement account.

11        ~~42)---~~ (4) All other revenues from license taxes  
 12 collected under the provisions of this chapter shall be  
 13 deposited to the credit of the general fund of the state."

14        Section 4. There is a new R.C.M. section that reads as  
 15 follows:

16        Coal area highway reconstruction program. (1) There is  
 17 appropriated to the department of highways for each of the  
 18 four (4) fiscal years following the effective date of this  
 19 act all the funds in the coal area highway improvement  
 20 account for carrying out the programs authorized by this  
 21 section.

22        (2) The department of highways, within the area  
 23 designated as the eastern Montana coal field economic growth  
 24 center as certified to the secretary of transportation by  
 25 the governor under section 143, Title 23, United States

1 Code, shall prepare a special construction program for the  
 2 reconstruction of deficient sections of these highways.

3        (3) The department of highways shall expedite the  
 4 planning and reconstruction program for projects on the  
 5 designated portions within this area by using funds  
 6 allocated under this subsection and any federal funds that  
 7 may be made available to match such funds; until federal  
 8 funds are made available to match the funds allocated under  
 9 this subsection the department of highways may, upon  
 10 approval of the Montana state highway commission, expend  
 11 such funds for planning and reconstruction projects.

12        (4) Funds allocated under this subsection shall not be  
 13 used to match apportionments made for primary and secondary  
 14 highways under the Federal Aid Highway Acts; however,  
 15 nothing in this subsection should be construed to prohibit  
 16 the implementation of projects otherwise funded by  
 17 apportionments made under the Federal Aid Highway Acts;  
 18 furthermore, planning and reconstruction projects may be  
 19 financed in whole or in part by public and private funds  
 20 provided such projects conform to the applicable standards,  
 21 regulations and procedures of the department of highways and  
 22 the federal highway administration.

23        Section 5. There is a new R.C.M. section that reads as  
 24 follows:

25        Coal board established -- composition. (1) There is a

1 coal board composed of ~~ten-(10)~~ NINE (9) members.

2 (2) The coal board is allocated to the department of  
3 intergovernmental relations for administrative purposes only  
4 as prescribed in section 82A-108.

5 (3) The members of the coal board are selected as  
6 follows:

7 (a) four (4) local government elected officials from  
8 coal impacted areas shall be appointed by the governor from  
9 a list of eight (8) persons, four (4) of which are  
10 recommended by the Montana association of counties or its  
11 successor organization and four (4) of which are recommended  
12 by the Montana league of cities and towns;

13 (b) the governor shall designate one (1) member from  
14 the department of intergovernmental relations;

15 (c) the governor shall designate one (1) member from  
16 the department of social and rehabilitation services;

17 ~~{d}--the-board-of--health--and--environmental--sciences~~  
18 ~~shall-designate-one-{i}-member;~~

19 ~~{e}~~ (D) the board of natural resources and conservation  
20 shall designate one (1) member;

21 ~~{f}~~ (E) the board of public education shall designate  
22 one (1) member;

23 ~~{g}--the-board--of--regents--shall--designate--one--{i}~~  
24 ~~member;~~

25 (F) THE GOVERNOR SHALL DESIGNATE ONE (1) MEMBER OF A

1 BOARD OF TRUSTEES OF A SCHOOL DISTRICT IN A COAL IMPACT AREA  
2 FROM A LIST OF FOUR (4) NOMINEES SUBMITTED BY MONTANA SCHOOL  
3 BOARDS ASSOCIATION.

4 Each person designated serves on the coal board at the  
5 pleasure of his designating authority while he is a member  
6 of the designating board or department, or while he remains  
7 an elected official for a two (2) year term.

8 Section 6. There is a new R.C.M. section that reads as  
9 follows:

10 Chairman -- meetings -- compensation. (1) The board  
11 shall elect a chairman from among its members.

12 (2) The board shall meet quarterly and may meet at  
13 other times as called by the chairman or a majority of the  
14 members.

15 (3) Members are entitled to compensation as provided  
16 for in section 82A-112(7).

17 Section 7. There is a new R.C.M. section that reads as  
18 follows:

19 Coal board -- general powers. The board may:

20 (1) retain professional consultants and advisors;

21 (2) adopt rules governing its proceedings;

22 (3) consider applications for grants from the local  
23 impact and education trust fund account; and

24 (4) award grants, subject to section [8 of this act],  
25 not to exceed in any one year three-fourths (3/4) of the

1 revenue paid into the local impact and education trust fund  
 2 account, to local governmental units ~~to assist such~~ AND  
 3 STATE AGENCIES TO ASSIST LOCAL GOVERNMENTAL units in meeting  
 4 the local impact of coal development by enabling ~~it~~ THEM to  
 5 adequately provide governmental services and facilities  
 6 which are needed as a ~~direct~~ consequence of coal  
 7 development. Such grant GRANTS shall be awarded on the  
 8 basis of (a) need, (b) degree of severity of impact from the  
 9 coal development, ~~and~~ (c) availability of funds, AND (D)  
 10 AVAILABILITY OF MATCHING FUNDS.

11 Section 8. There is a new R.C.M. section that reads as  
 12 follows:

13 (1) The department of intergovernmental relations shall  
 14 designate counties, towns, school districts and other  
 15 governmental units which have had or expect to have an  
 16 increase in estimated population of at least ~~twenty-percent~~  
 17 ~~(20%)~~ TEN PERCENT (10%) during any three (3) years since  
 18 1972 as a result of the impact of coal development. The  
 19 coal board shall, subject to the appropriations of the  
 20 legislature, award at least fifty percent (50%) of all  
 21 grants awarded to governmental units AND STATE AGENCIES for  
 22 meeting the needs caused by coal development each year to  
 23 these designated governmental units.

24 (2) Attention should be given by the coal board to the  
 25 need for community planning before the full impact is

1 realized. Applicants should be able to show how their  
 2 request REASONABLY fits into an ~~all-over~~ OVER ALL plan for  
 3 the orderly management of the existing or contemplated  
 4 growth problems.

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 18 town, county, or school district or any other LOCAL OR STATE  
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 21 ~~direct~~ consequence of coal development. The coal board  
 22 shall prescribe the form for applications. Applicants shall  
 23 describe the nature of their proposed expenditures and the  
 24 time involved. The board may commit itself to the  
 25 expenditure of funds for more than one (1) year for a single

1 project, as long as the grant does not extend over more than  
 2 ten (10) years and does not exceed reasonable revenue  
 3 expectations. NO STATE AGENCY MAY RECEIVE GRANTS WHICH  
 4 EXCEED FIVE PERCENT (5%) OF THE MONEY ALLOCATED TO THE  
 5 BOARD.

6 Section 11. There is a new R.C.M. section that reads  
 7 as follows:

8 Disposition of interest from unexpended balance. The  
 9 unexpended balance in the local impact and education trust  
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 11 state board of investments. Seventy-five percent (75%) of  
 12 the income from such investments each year shall be paid  
 13 into the earmarked revenue fund, for state equalization aid  
 14 to public schools of the state. The remaining twenty-five  
 15 percent (25%) of the income from such investments each year  
 16 shall be paid to the board of regents of higher education  
 17 for use by the institutions of higher learning in the state  
 18 of Montana subject to the budgeting authority of the  
 19 legislature. Except as provided in section 6(5) herein the  
 20 principle of the local impact and educational trust fund  
 21 shall be dedicated to education and forever remain inviolate  
 22 and sacred to this purpose as provided in sections 3 and 10  
 23 of this Article X of the Montana constitution.

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 7 Title 84, R.C.M. 1947,

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 9 from the collection of corporation license taxes under  
 10 chapter 15 of Title 84, R.C.M. 1947, as provided by section  
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12 (3) one-half (1/2) of the moneys received from the  
 13 treasurer of the United States as the state's shares of oil  
 14 and gas royalties under the Act of Congress of February 25,  
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18 (5) income from the local impact and education trust  
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20 ~~(5)~~--(6) in addition to these revenues, the surplus  
 21 revenues collected by the counties for foundation program  
 22 support according to sections 75-6912 and 75-6913 shall be  
 23 paid into the same earmarked revenue fund.

24 As used in this Title, the term "state equalization  
 25 aid" means those moneys deposited in the earmarked revenue

1 fund as required in this section plus any legislative  
2 appropriation of moneys from other sources for distribution  
3 to the public schools for the purpose of equalization of the  
4 foundation program."

5 SECTION 13. THERE IS APPROPRIATED TO THE COAL BOARD  
6 FOR ITS EXPENSES AND FOR MAKING GRANTS UNDER SECTION 7 OF  
7 THIS ACT, THREE-FOURTHS (3/4) OF THE FUNDS IN THE LOCAL  
8 IMPACT AND EDUCATION TRUST FUND ACCOUNT FOR THE BIENNIIUM  
9 ENDING JUNE 30, 1977.

-End-