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Senate BILL NO. *177*
Matthew Turney Brown

A BILL FOR AN ACT ENTITLED: "AN ACT TO AMEND SECTIONS 84-1309.1 AND 75-6916, R.C.M. 1947; TO CREATE A COAL TAX ACCOUNT IN THE TRUST AND LEGACY FUND; TO ALLOCATE TEN PERCENT OF THE STRIP COAL MINES LICENSE TAX TO THAT ACCOUNT; AND TO PROVIDE FOR THE DEPOSIT OF NINETY PERCENT OF THE INTEREST EARNED BY THE ACCOUNT IN THE EARMARKED REVENUE FUND FOR STATE EQUALIZATION AID TO PUBLIC SCHOOLS."

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

Section 1. 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) To the coal tax account in the trust and legacy fund ten percent (10%) of total collections each year.

~~(2)~~ (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 2. Section 75-6916, R.C.M. 1947, is amended to

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read as follows:
"75-6916. Definition of and revenue for state equalization aid. The following shall be paid into the earmarked revenue fund, for state equalization aid to public schools of the state:
(1) twenty-five per cent (25%) of all moneys received from the collection of income taxes under chapter 49 of Title 84, R.C.M. 1947,
(2) twenty-five per cent (25%) of all moneys received from the collection of corporation license taxes under chapter 15 of Title 84, R.C.M. 1947, as provided by section 84-1901, R.C.M. 1947,
(3) one-half (1/2) of the moneys received from the treasurer of the United States as the state's shares of oil and gas royalties under the Act of Congress of February 25, 1920,
(4) interest and income moneys described in sections 75-6907 and 75-6908, ~~R.C.M. 1947~~ and
(5) ninety percent (90%) of the interest earned by the coal tax account annually, as provided by section [4 of this act], and
~~(5)~~ (6) in addition to these revenues, the surplus revenues collected by the counties for foundation program support according to sections 75-6912 and 75-6913 shall be paid into the same earmarked revenue fund.

1 As used in this title, the term "state equalization
2 aid" means those moneys deposited in the earmarked revenue
3 fund as required in this section plus any legislative
4 appropriation of moneys from other sources for distribution
5 to the public schools for the purpose of equalization of the
6 foundation program."

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

9 Coal tax account in trust and legacy fund. A coal tax
10 account in the trust and legacy fund in the state treasury
11 is created. The coal tax account shall be credited with all
12 moneys allocated as provided in section 84-1309.1(2).

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

15 Investment of coal tax account -- deposit of interest.
16 The board of investments shall invest the moneys in the coal
17 tax account in safe interest-bearing securities for the
18 benefit of the account. Ninety percent (90%) of the
19 interest earned by the coal tax account shall annually be
20 deposited in the earmarked revenue fund for state
21 equalization aid to public schools of the state, as provided
22 in section 75-6916. The remaining ten percent (10%) of the
23 interest shall annually be added to the account. No
24 allocation or expenditure shall be made from the principal
25 amount of the coal tax account.

STATE OF MONTANA

REQUEST NO. 84-75

FISCAL NOTE

Form BD-15

In compliance with a written request received January 24, 19 75, there is hereby submitted a Fiscal Note for Senate Bill 177 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 coal tax account in the trust and legacy fund; to allocate 10% of the strip coal mines license tax to that account; and to provide for the deposit of 90% of the interest earned by that account in the Earmarked Revenue Fund for State Equalization Aid to Public Schools.

ASSUMPTIONS:

1. Under current law, 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. Deposits to the coal tax account will be made quarterly (with a 30 day lag).
3. The coal tax account will earn interest at 8.5% annual rate.
4. Allocation of strip coal mines license tax to counties is not changed under proposed law.

FISCAL IMPACT:	FY 76			FY 77		
	Current Law	Proposed Law	Increase (Decrease)	Current Law	Proposed Law	Increase (Decrease)
Revenue to General Fund	\$8,168,850	\$7,277,790	\$(891,060)	\$10,328,450	\$9,201,300	\$(1,127,150)
Revenue to Coal Tax Acct.	0	895,163	895,163	0	1,139,514	1,139,514
Revenue to State Equalization Aid, ERA from coal license tax	0	36,922	36,922	0	111,279	111,279

CONCLUSION:

Senate Bill 177 revises the allocation of strip coal mines license tax collections, but does not change the current license tax structure or affect total license tax collections. Enactment of Senate Bill 177 would result in a revenue loss to the General Fund of approximately \$2.02 million and a revenue increase of \$2.03 million to the Coal Tax account and \$.15 million to the State Equalization Aid ERA during the biennium.

Michael G. Billings

BUDGET DIRECTOR

Office of Budget and Program Planning

Date: January 29, 1975

Approved by Committee
on Taxation

SENATE BILL NO. 177

INTRODUCED BY MATHERS, TURNAGE, BROWN

A BILL FOR AN ACT ENTITLED: "AN ACT TO AMEND SECTIONS 84-1309.1 AND 75-6916, R.C.M. 1947; TO CREATE A COAL TAX ACCOUNT IN THE TRUST AND LEGACY FUND; TO ALLOCATE TEN PERCENT OF THE STRIP COAL MINES LICENSE OR SEVERANCE TAX TO THAT ACCOUNT; AND TO PROVIDE FOR THE DEPOSIT OF NINETY PERCENT OF THE INTEREST EARNED BY THE ACCOUNT IN THE EARMARKED REVENUE FUND FOR STATE EQUALIZATION AID TO PUBLIC SCHOOLS."

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

Section 1. 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 are allocated as follows:

(1) To the county general fund from which coal was mined three cents (3¢) per ton.

(2) To the coal tax account in the trust and legacy fund ten percent (10%) of total collections each year.

~~(2)~~ (3) All other revenues from license OR SEVERANCE taxes collected under the provisions of this chapter shall be deposited to the credit of the general fund of the

state."

Section 2. Section 75-6916, R.C.M. 1947, is amended to read as follows:

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

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

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

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

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

(5) ninety percent (90%) of the interest earned by the coal tax account annually, as provided by section [4 of this act], and

~~(5)~~ (6) in addition to these revenues, the surplus revenues collected by the counties for foundation program

1 support according to sections 75-6912 and 75-6913 shall be
2 paid into the same earmarked revenue fund.

3 As used in this title, the term "state equalization
4 aid" means those moneys deposited in the earmarked revenue
5 fund as required in this section plus any legislative
6 appropriation of moneys from other sources for distribution
7 to the public schools for the purpose of equalization of the
8 foundation program."

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

11 Coal tax account in trust and legacy fund. A coal tax
12 account in the trust and legacy fund in the state treasury
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17 Investment of coal tax account -- deposit of interest.
18 The board of investments shall invest the moneys in the coal
19 tax account in safe interest-bearing securities for the
20 benefit of the account. Ninety percent (90%) of the
21 interest earned by the coal tax account shall annually be
22 deposited in the earmarked revenue fund for state
23 equalization aid to public schools of the state, as provided
24 in section 75-6916. The remaining ten percent (10%) of the
25 interest shall annually be added to the account. No

1 allocation or expenditure shall be made from the principal
2 amount of the coal tax account.

-End-

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(5) ninety percent (90%) of the interest earned by the coal tax account annually, as provided by section [4 of this act], and

~~(5)~~(6) in addition to these revenues, the surplus revenues collected by the counties for foundation program

THIRD READING

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3 As used in this title, the term "state equalization
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20 benefit of the account. Ninety percent (90%) of the
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22 deposited in the earmarked revenue fund for state
23 equalization aid to public schools of the state, as provided
24 in section 75-6916. The remaining ten percent (10%) of the
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1 allocation or expenditure shall be made from the principal
2 amount of the coal tax account.

-End-