1	Senete BILL NO. 177
2	INTRODUCED BY Marker Turney Brown
3	$\checkmark$
4	A BILL FOR AN ACT ENTITLED: "AN ACT TO AMEND SECTIONS
5	84-1309.1 AND 75-6916, R.C.M. 1947; TO CREATE A COAL TAX
6	ACCOUNT IN THE TRUST AND LEGACY FUND; TO ALLOCATE TEN
7	PERCENT OF THE STRIP COAL MINES LICENSE TAX TO THAT ACCOUNT;
8	AND TO PROVIDE FOR THE DEPOSIT OF NINETY PERCENT OF THE
9	INTEREST EARNED BY THE ACCOUNT IN THE EARMARKED REVENUE FUND
LO	FOR STATE EQUALIZATION AID TO PUBLIC SCHOOLS."
11	
12	BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:
13	Section 1. Section 84-1309.1, R.C.M. 1947, is amended
14	to read as follows:
15	*84-1309.1. Disposal of license taxes. License taxes
16	collected under the provisions of this chapter are allocated
17	as follows:
18	(1) To the county general fund from which coal was
19	mined three cents (3¢) per ton.
20	(2) To the coal tax account in the trust and legacy
21	fund ten percent (10%) of total collections each year.
22	(2) (3) All other revenues from license taxes collected
23	under the provisions of this chapter shall be deposited to
24	the credit of the general fund of the state."
3.5	Continu 2 Continu 75-6016 D.C.M. 1047 is amonded to

read as follows:
"75-6916. Definition
equalization aid. The fol
earmarked revenue fund, fo
schools of the state:
(1) twenty-five per
from the collection of inc
Title 84, R.C.M. 1947,
(2) twenty-five per
from the collection of
chapter 15 of Title 84, F
84-1901, R.C.M. 1947,
(3) one-half (1/2) o
treasurer of the United S
and gas royalties under th
1920,
(4) interest and i
75-6907 and 75-6908, R=C=1
(5) ninety percent
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(6) in addition
revenues collected by t

1

2	*75-6916. Definition of and revenue for state
3	equalization aid. The following shall be paid into the
4	earmarked revenue fund, for state equalization aid to public
5	schools of the state:
6	(1) twenty-five per cent (25%) of all moneys received
7	from the collection of income taxes under chapter 49 o
8	Title 84, R.C.M. 1947,
9.	(2) twenty-five per cent (25%) of all moneys received
10	from the collection of corporation license taxes unde
11	chapter 15 of Title 84, R.C.M. 1947, as provided by section
12	84-1901, R.C.M. 1947,
13	(3) one-half (1/2) of the moneys received from the
14	treasurer of the United States as the state's shares of oi
15	and gas royalties under the Act of Congress of February 25
16	1920,
17	(4) interest and income moneys described in section
18	75-6907 and 75-6908, R.C.M1947,-and
19	(5) ninety percent (90%) of the interest earned by the
20	coal tax account annually, as provided by section [4 of this
21	act], and
22	(5)(6) in addition to these revenues, the surplus
23	revenues collected by the counties for foundation program
24	support according to sections 75-6912 and 75-6913 shall be
25	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 appropriation of moneys from other sources for distribution 4 5 to the public schools for the purpose of equalization of the foundation program.\* 6
- 7 Section 3. There is a new R.C.M. section that reads as follows: 8
- 9 Coal tax account in trust and legacy fund. A coal tax 10 account in the trust and legacy fund in the state treasury is created. The coal tax account shall be credited with all 11 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
- 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
- interest shall annually be added to the account. No 23
- 24 allocation or expenditure shall be made from the principal
- amount of the coal tax account.

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# STATE OF MONTANA

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# FISCAL NOTE

Form BD-15

In compliance with a written request received, 19, 19, 19, 19
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.

EICOAL MADAOT		FY 76	Increase		Increase		
FISCAL IMPACT:	Current Law Proposed Law		(Decrease)	Current Law	Proposed Law	(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.

BUDGET DIRECTOR

Office of Budget and Program Planning

Date: January 29, 1975

SB 0177/02

44th Legislature

SB 0177/02

#### Approved by Committee on Taxation

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6	ACCOUNT IN THE TRUST AND LEGACY FUND; TO ALLOCATE TEN
7	PERCENT OF THE STRIP COAL MINES LICENSE OR SEVERANCE TAX TO
8	THAT ACCOUNT; AND TO PROVIDE FOR THE DEPOSIT OF NINETY
9	PERCENT OF THE INTEREST EARNED BY THE ACCOUNT IN THE
10	FARMARKED REVENUE FUND FOR STATE EQUALIZATION AID TO PUBLIC
11	SCHOOLS."
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13	BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:
14	Section 1. Section 84-1309.1, R.C.M. 1947, is amended
15	to read as follows:
16	"84-1309.1. Disposal of license OR SEVERANCE taxes.
17	License OR SEVERANCE taxes collected under the provisions of
18	this chapter are allocated as follows:
19	(1) To the county general fund from which coal was
20	mined three cents (3¢) per ton.
21	(2) To the coal tax account in the trust and legacy
22	fund ten percent (10%) of total collections each year.
23	(2)(3) All other revenues from license OR SEVERANCE
24	taxes collected under the provisions of this chapter shall
25	be deposited to the credit of the general fund of the

1	state."
2	Section 2. Section 75-6916, R.C.M. 1947, is amended to
3	read as follows:
4	"75-6916. Definition of and revenue for state
5	equalization aid. The following shall be paid into the
6	earmarked revenue fund, for state equalization aid to public
7	schools of the state:
8	(1) twenty-five per cent (25%) of all moneys received
9	from the collection of income taxes under chapter 49 of
10	Title 84, R.C.M. 1947,
11	(2) twenty-five per cent (25%) of all moneys received
12	from the collection of corporation license taxes under

84-1901, R.C.M. 1947,

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15 (3) one-half (1/2) of the moneys received from the treasurer of the United States as the state's shares of oil 16 17 and gas royalties under the Act of Congress of February 25, 18 1920,

chapter 15 of Title 84, R.C.M. 1947, as provided by section

- 19 (4) interest and income moneys described in sections 20 75-6907 and 75-6908, Rre-Mr-1947,-and
- 21 (5) ninety percent (90%) of the interest earned by the 22 coal tax account annually, as provided by section [4 of this 23 act], and
- 24 (6) in addition to these revenues, the surplus revenues collected by the counties for foundation program

-2-

- support according to sections 75-6912 and 75-6913 shall be paid into the same earmarked revenue fund.
- As used in this title, the term "state equalization

  aid" means those moneys deposited in the earmarked revenue

  fund as required in this section plus any legislative

  appropriation of moneys from other sources for distribution

  to the public schools for the purpose of equalization of the
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- 15 Section 4. There is a new R.C.M. section that reads as follows:
- 17 Investment of coal tax account -- deposit of interest. 18 The board of investments shall invest the moneys in the coal tax account in safe interest-bearing securities for the 19 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 in section 75-6916. The remaining ten percent (10%) of the 24 interest shall annually be added to the account. No 25

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

-End-

-3- SB 177

-4- SB 177

44th Legislature SB 0177/02

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

-End-

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SB 177