

Handwritten initials

*Lynch
Bingham
Manshan
FSAH*

1 *H* BILL NO. *445* *William Cooney*
 2 INTRODUCED BY *Falvey, Lopez, Ellis, Bradley, Howard, Mular*
 3 *Waldron, Huermilán, Shinton, Rogers, Holmes*
 4 A BILL FOR AN ACT ENTITLED: "AN ACT TO APPROPRIATE FUNDS *Ellis*
 5 FOR THE LIBRARIES OF THE MONTANA UNIVERSITY SYSTEM FROM THE *Kutner*
 6 EDUCATION TRUST FUND ACCOUNT; REVOKING THE STATUTORY *Swill*
 7 DECLARATION OF TRUST RELATIVE TO THAT ACCOUNT; AMENDING *Steele*
 8 SECTION 50-1810, R.C.M. 1947."
 9 *Ramirez*
 10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA *Keck*
 11 *Collins*

11 Section 1. Purposes. The legislature finds that the
 12 policy considerations which lead to reserving a portion of
 13 coal tax collections in a statutory trust fund for
 14 educational purposes have since been more fully satisfied by
 15 the action of the people in adding section 5 of Article II
 16 of the Montana constitution. Since no legislature can limit
 17 the powers of a subsequent session of the same legislature,
 18 the trust established by the 44th Montana legislature in
 19 section 11, Chapter 502, Laws of 1975, necessarily reserves
 20 a power of revocation to the legislature, and this 45th
 21 Montana legislature hereby revokes that trust. The other
 22 purpose of this act is to appropriate the corpus of the
 23 revoked trust fund accumulated in the biennium ending June
 24 30, 1977, to the libraries of the Montana university system.
 25 Section 2. Section 50-1810, R.C.M. 1947, is amended to

1 read as follows:
 2 "50-1810. Disposition of interest from unexpended
 3 balance. The unexpended balance in the local impact and
 4 education trust fund account shall be invested as provided
 5 by statute by the state board of investments. ~~Ten percent~~
 6 ~~(10%) of the income from such investments each year shall be~~
 7 ~~added to the principal of the account to be segregated and~~
 8 ~~held in trust for the purposes of supporting the public~~
 9 ~~schools and university systems of the state. Of the~~
 10 ~~remaining ninety percent (90%) of the income from such~~
 11 ~~investments, three fourths (3/4) shall be annually paid into~~
 12 ~~the earmarked revenue fund, for state equalization aid to~~
 13 ~~public schools of the state and one fourth (1/4) each year~~
 14 ~~shall be paid to the board of regents of higher education~~
 15 ~~for use by the institutions of higher learning in the state~~
 16 ~~of Montana subject to the budgeting authority of the~~
 17 ~~legislature. Except as provided in section 50-1806(4) herein~~
 18 ~~the principal of the local impact and educational trust fund~~
 19 ~~shall be dedicated to education and forever remain inviolate~~
 20 ~~and sacred to this purpose as provided in sections 3 and 10~~
 21 ~~of this Article X of the Montana constitution."~~

22 Section 3. There is a new R.C.M. section that reads as
 23 follows:
 24 Definition. As used in [section 4 of this act],
 25 "volume" means a physical unit of any printed, typewritten,

HB 445

1 handwritten, mimeographed, or processed work contained in
 2 one binding or portfolio, hardbound or paperbound, which has
 3 been catalogued, classified, or otherwise prepared for use.

4 Section 4. Appropriation. (1) There is appropriated to
 5 the board of regents of the Montana university system for
 6 library book purchases the unencumbered balance on June 30,
 7 1977, in the education trust fund account established under
 8 the provisions of 50-1702. The appropriation does not impair
 9 the power of the coal board, as provided in 50-1706, to
 10 provide financial assistance to local governments to meet
 11 the local impact of coal development. The funds shall be
 12 allocated among the six units by the regents based on the
 13 following formula:

- 14 (a) basic collection, 85,000 volumes;
- 15 (b) allowance per FTE faculty member, 100 volumes;
- 16 (c) allowance per FTE student, 15 volumes;
- 17 (d) allowance per undergraduate major or minor field,
 18 350 volumes;
- 19 (e) allowance per masters field when no higher degree
 20 is offered in the field, 6,000 volumes;
- 21 (f) allowance per masters field when a higher degree
 22 is offered in the field, 3,000 volumes;
- 23 (g) allowance per sixth-year specialist degree field,
 24 6,000 volumes;
- 25 (h) allowance per doctoral field, 25,000 volumes.

1 (2) The number of PTE students, FTE faculty and fields
 2 operated shall be actual fiscal year 1977 statistics.

3 Section 5. Proration. To the extent the appropriation
 4 is not adequate to fund the formula entirely, each unit's
 5 allocation shall be determined by dividing each unit's
 6 formula deficiency by the total system deficiency.

-End-

STATE OF MONTANA

REQUEST NO. 212-77

FISCAL NOTE

Form BD-15

In compliance with a written request received January 28, 19 77, there is hereby submitted a Fiscal Note for House Bill 445 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

This bill is an act to appropriate funds for the libraries of the Montana University System from the education trust fund account; revoking the statutory declaration of trust relative to that account.

ASSUMPTIONS

1. Currently there is \$2.2M in the educational trust fund. Projected average principal in the trust fund under current law would be \$4.2M in FY 78 and \$8.1M in FY 79.
2. 6.2% interest is currently earned on the educational trust fund. 6.2% is assumed to be the rate earned throughout the biennium.
3. Administrative costs would remain unchanged.
4. 10% of the income returns to principal, 67.5% goes to state equalization aid, and 22.5% goes to higher education.

FISCAL IMPACT

	FY 78			FY 79		
	Current	Proposed		Current	Proposed	
	Law	Law	Decrease	Law	Law	Decrease
Earmarked education trust fund (% of coal severance tax)						
principal 10%	\$ 26,040	\$0	(\$ 26,040)	\$ 50,200	\$0	(\$ 50,200)
state equalization aid 67.5%	\$175,770	\$0	(\$175,770)	\$338,850	\$0	(\$338,850)
higher education 22.5%	\$ 58,590	\$0	(\$ 58,590)	\$112,950	\$0	(\$112,950)
TOTAL	<u>\$260,400</u>	<u>\$0</u>	<u>(\$260,400)</u>	<u>\$502,000</u>	<u>\$0</u>	<u>(\$502,000)</u>

LONG-RANGE EFFECTS

The loss of income generated by the educational trust fund would become much greater as the principal increases in future years.

NOTE

The ending trust balance on June 30, 1977, approximately \$3M, would be used by the board of regents to buy books for university libraries.

TECHNICAL NOTE

Page 8 line 8 50-1702 should read 50-1802
line 9 50-1706 should read 50-1806

Richard L. [Signature]
BUDGET DIRECTOR

Office of Budget and Program Planning

Date: 2-1-77