

HOUSE BILL 395

IN THE HOUSE

January 24, 1979

Introduced and referred to
Committee on Taxation.

March 10, 1979

Committee recommend bill,
do not pass.

March 12, 1979

Report adopted.

House BILL NO. *395*

Scouts

INTRODUCED BY *Conroy, Linn, David Smith, H. Mowbray, J. R. Remick, J. R. ...*
A BILL FOR AN ACT ENTITLED "AN ACT AUTHORIZING AN ENERGY

STAMP PROGRAM TO ASSIST THE ELDERLY AND DISABLED OF LOWER INCOME IN PAYING UTILITY BILLS FOR WINTER HEATING AND PROVIDING A CONTINUOUS APPROPRIATION BY CHANGING THE COAL SEVERANCE TAX ALLOCATION FROM THE ALTERNATIVE ENERGY RESEARCH DEVELOPMENT AND DEMONSTRATION ACCOUNT TO THE ENERGY STAMP ACCOUNT; AMENDING SECTION 15-35-108, MCA."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:
Section 1. Section 15-35-108, MCA, is amended to read:
"15-35-108. Disposal of severance taxes. Severance taxes collected under the provisions of this chapter are allocated as follows:
(1) To the trust fund created by Article IX, section 5, of the Montana constitution, 25% of total collections a year. After December 31, 1979, 50% of coal severance tax collections are allocated to this trust fund. The trust fund moneys shall be deposited in the fund established under 17-6-203(5) and invested by the board of investments as provided by law.
(2) Coal severance tax collections remaining; after allocation to the trust fund under subsection (1) are

allocated in the following percentages of the remaining balance:

(a) to the county in which coal is mined, 2% of the severance tax paid on the coal mined in that county until January 1, 1980, for such purposes as the governing body of the county may determine;

(b) 2 1/2% until December 31, 1979, and thereafter 5% to the earmarked revenue fund to the credit of the ~~alternative-energy-research--development--end--demonstration account~~ energy stamp account;

(c) 26 1/2% until July 1, 1979, and thereafter 37 1/2% to the earmarked revenue fund to the credit of the local impact and education trust fund account;

(d) for each of the 2 fiscal years following June 30, 1977, 13% to the earmarked revenue fund to the credit of the coal area highway improvement account;

(e) 10% to the earmarked revenue fund for state equalization aid to public schools of the state;

(f) 1% to the earmarked revenue fund to the credit of the county land planning account;

(g) 2 1/2% to the sinking fund to the credit of the renewable resource development bond account;

(h) 2 1/2% through June 30, 1979, one-half to the earmarked revenue fund for the purpose of acquisition, operation, or maintenance of sites and areas described in

1 23-1-102 and protection of works of art in the state capitol
 2 and other cultural and aesthetic projects, subject to
 3 legislative appropriations, and one-half to the earmarked
 4 revenue fund to be invested in a trust fund for the purpose
 5 of parks acquisition or management. After June 30, 1979, 5%
 6 to the trust fund for the purpose of parks acquisition or
 7 management. Income from the fund established in this
 8 subsection (h) may be appropriated for the acquisition of
 9 sites and areas described in 23-1-102 and the operation and
 10 maintenance of sites so acquired and protection of works of
 11 art in the state capitol and other cultural and aesthetic
 12 projects;

13 (i) all other revenues from severance taxes collected
 14 under the provisions of this chapter to the credit of the
 15 general fund of the state."

16 NEW SECTION. Section 2. Purpose. (1) The legislature
 17 finds that elderly or disabled citizens who subsist on low,
 18 relatively fixed incomes have been particularly harmed by
 19 the energy crisis and its consequent rapid rise in rates for
 20 natural gas and electricity. These persons have need for
 21 the aid of society especially in the winter months when the
 22 costs of heating a home become substantial. The legislature
 23 therefore finds that Article XII, section 3, of the Montana
 24 constitution mandates the legislature to provide economic
 25 assistance to these persons.

1 (2) It is the intent of the legislature to provide
 2 assistance by distributing certificates known as energy
 3 stamps which eligible persons may use in lieu of cash to pay
 4 utility and fuel bills in the winter months. Bureaucratic
 5 overhead will be minimized by utilizing the existing
 6 procedure for property tax classification under 15-6-116 as
 7 the principal criterion for determining eligibility.

8 NEW SECTION. Section 3. Definitions. As used in
 9 [sections 2 through 10], the following definitions apply:

10 (1) "Annual household income" means the income from
 11 all sources of an individual or a married couple.

12 (2) "Department" means the department of community
 13 affairs.

14 (3) "Fuel bill" means a statement of cost rendered for
 15 the cost of fuel provided to a customer by a fuel supplier.

16 (4) "Fuel supplier" means a person, partnership,
 17 corporation, or association which is engaged in the business
 18 of supplying fuel oil, propane, or coal to customers.

19 (5) "Utility" means a corporation whose rates are
 20 subject to the jurisdiction of the public service commission
 21 or a cooperative engaged in the business of furnishing
 22 electricity or natural gas.

23 (6) "Utility bill" means a periodic statement rendered
 24 for the cost of electricity or natural gas, or both,
 25 provided to a residence.

1 NEW SECTION. Section 4. Eligibility for energy
2 stamps. (1) An owner of a house classified for taxation
3 purposes under 15-6-116 is eligible to apply for energy
4 stamps.

5 (2) A person who pays rent for his dwelling, which
6 rent does not include the cost of heating, and who would
7 qualify under subsections (1)(a) through (1)(c) of 15-6-116
8 is eligible to apply for energy stamps.

9 NEW SECTION. Section 5. Issuance of energy stamps.
10 The department shall issue energy stamps to qualified
11 applicants on the following basis:

| If the Applicant's Annual Household Income is Less Than: | Number of Energy Stamps Per Month |
|---|--------------------------------------|
| \$4,000 | 3 |
| 6,000 | 2 |
| Ceiling for Class Fifteen Eligibility | 1 |

17 NEW SECTION. Section 6. Application for energy
18 stamps. (1) An eligible person may apply for energy stamps
19 for a winter heating season, on or after the first day of
20 July, at the county department of public welfare. The county
21 department shall verify a classification of a residence as
22 class fifteen from the records of the county assessor and
23 shall determine the eligibility of a renter for energy
24 stamps.

25 (2) When the county department has determined the

1 number of energy stamps to which a qualified applicant is
2 entitled, it shall note the exact time the application was
3 made and forward the application to the department.

4 (3) The department shall mail energy stamps to
5 qualified applicants on the last Friday in October, in the
6 order in which applications were filed, until all authorized
7 energy stamps have been issued. On the last Friday in
8 October the department shall also notify all other
9 applicants that no more energy stamps are available. If
10 energy stamps are available after the last Friday in
11 October, the department shall respond to an application
12 within 72 hours after receiving the application from the
13 county department.

14 NEW SECTION. Section 7. Printing of energy stamps.

15 (1) The department shall determine the anticipated revenue
16 for energy stamps each year by referring to the revenue
17 derived in the preceding year under 15-35-108 (2)(b) and any
18 other information determined by the department to be
19 relevant.

20 (2) Based on the anticipated revenue available for
21 energy stamps in a year, the department shall print a
22 sufficient number of energy stamps valued at \$10 per stamp
23 in order to utilize the money available.

24 (3) Each stamp shall indicate its face value of \$10,
25 the month for which it is valid (December, January,

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1 February, or March), and the applicable year.

2 NEW SECTION. Section 8. Use of energy stamps. A
3 person to whom energy stamps are issued may use the stamps
4 valid for a particular month to pay all or part of a utility
5 or fuel bill rendered that month. An energy stamp is not
6 valid payment for any other utility or fuel bill. However,
7 any amount by which energy stamps tendered in payment exceed
8 a utility or fuel bill must be credited on the utility bill
9 for the next month or on a subsequent fuel bill.

10 NEW SECTION. Section 9. Acceptance and redemption of
11 energy stamps. (1) No utility or fuel supplier may refuse to
12 accept energy stamps presented by a customer under [section
13 8].

14 (2) A utility or fuel supplier may redeem energy stamps
15 accepted in payment by presenting them to the department.
16 The department shall promptly direct the payment of state
17 warrants for the face value of the stamps so presented.

18 NEW SECTION. Section 10. Administration of energy
19 stamp program. (1) The department may:

20 (a) adopt rules and prescribe forms necessary to
21 interpret or implement [sections 2 through 10] but the rules
22 may not exceed 10 pages in the Administrative Rules of
23 Montana, including materials incorporated by reference,
24 without the approval of the administrative code committee;
25 and

1 (b) employ personnel through the merit system council
2 to carry out [sections 2 through 10] within the
3 appropriation to the department for administrative costs.

4 (2) A county department of public welfare must carry
5 out the duties imposed upon it by [sections 2 through 10]
6 within its budget and authorized funding sources. If a
7 county is already levying the maximum number of mills
8 authorized for support of its department of public welfare,
9 the county may exceed that mill levy limitation by not more
10 than 1/10 of 1 mill in order to administer [sections 2
11 through 10].

12 NEW SECTION. Section 11. Appropriation. (1) There is
13 an energy stamp account in the earmarked revenue fund.

14 (2) There is appropriated each year to the department
15 of community affairs from the energy stamp account of the
16 earmarked revenue fund the balance of money in the account
17 to be used as follows:

18 (a) No more than \$50,000 may be used for the cost of
19 administering the energy stamp program.

20 (b) The remainder of the appropriation is to be used
21 for satisfying energy stamps presented to the department for
22 redemption.

23 (c) If there is any unspent balance at the end of a
24 fiscal year, the balance shall be credited to the energy
25 stamp account for the succeeding fiscal year.

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1 Section 12. Severability. If a part of this act is
2 invalid, all valid parts that are severable from the invalid
3 part remain in effect. If a part of this act is invalid in
4 one or more of its applications, the part remains in effect
5 in all valid applications that are severable from the
6 invalid applications.

-End-

STATE OF MONTANA

Request No. 232-79

FISCAL NOTE

Form BD-15

In compliance with a written request received February 5, 1979, there is hereby submitted a Fiscal Note for House Bill 395 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:

This proposed bill authorizes an energy stamp program to assist the elderly and disabled of lower income in paying utility bills for winter heating and providing a continuous appropriation by changing the coal severance tax allocation from the alternative energy research development and demonstration account to the energy stamp account.

ASSUMPTIONS:

1. The Department of Revenue projections for the coal severance tax of \$49.093 M in FY 80 and \$54.272 M in FY 81 are correct.
2. Coal tax collections are homogeneous. (One-quarter of the estimated fiscal year tax collections is collected each quarter.)
3. Sixty percent (15,603) of elderly and disabled low-income individuals as per the 1970 Census for Montana will apply for and receive benefits.

FISCAL IMPACT:

| | <u>FY 80</u> | <u>FY 81</u> |
|--|------------------|--------------------|
| Revenues from Coal Severance Tax for Energy Stamp Program (see attached for distribution of total Coal Severance Tax collections). | \$736,000 | \$1,357,000 |
| Less: Administrative costs | <u>50,000</u> | <u>50,000</u> |
| Funds available for benefits | <u>\$686,000</u> | <u>\$1,307,000</u> |

Richard L. Drury for
 BUDGET DIRECTOR
 Office of Budget and Program Planning
 Date: 2/9/79

FISCAL IMPACT - (F.N. Req. 232-79 for House Bill 395)

MILLIONS OF DOLLARS

| | FY 80 | | | FY 81 | | |
|----------------------|---------------|---------------|----------|---------------|---------------|----------|
| | Current Law | Proposed Law | Change | Current Law | Proposed Law | Change |
| Coal Tax Trust | 15.342 | 15.342 | 0 | 27.136 | 27.136 | 0 |
| County of Origin | .552 | .552 | 0 | 0 | 0 | 0 |
| Alternative Energy | .997 | .230 | (.736) | 1.357 | 0 | (1.357) |
| Local Impact | 11.644 | 11.644 | 0 | 10.176 | 10.176 | 0 |
| School Equalization | 3.375 | 3.375 | 0 | 2.714 | 2.714 | 0 |
| County Planning | .338 | .338 | 0 | .271 | .271 | 0 |
| Renewable Resources | .844 | .844 | 0 | .678 | .678 | 0 |
| Sites & Areas | 1.457 | 1.457 | 0 | 1.357 | 1.357 | 0 |
| Coal Area Highways | 1.197 | 1.197 | 0 | 0 | 0 | 0 |
| Energy Stamp Account | 0 | .736 | .736 | 0 | 1.357 | 1.357 |
| General Fund | <u>13.347</u> | <u>13.347</u> | <u>0</u> | <u>10.583</u> | <u>9.226</u> | <u>0</u> |
| | <u>49.093</u> | <u>49.093</u> | <u>0</u> | <u>54.272</u> | <u>54.272</u> | <u>0</u> |