

SENATE BILL 135

IN THE SENATE

January 16, 1979	Introduced and referred to Committee on Local Government.
January 18, 1979	Fiscal note requested.
January 24, 1979	Fiscal note returned.
January 29, 1979	Committee recommend bill, as amended.
January 30, 1979	Printed and placed on members' desks.
January 31, 1979	Second reading, pass consideration.  On motion, taken from second reading and rereferred to Committee on Taxation.
April 20, 1979	Died in Committee.

1 *Leads* BILL NO. *135*  
 2 INTRODUCED BY *LOEXREM Hager* *Mark Mathies*  
 3 *Kelstad* *John Ottom* *Matt Keeble* *Nelson*  
 4 *Watt*

5 A BILL FOR AN ACT ENTITLED: "AN ACT TO PROVIDE IMPROVED  
 6 FUNDING FOR CONSTRUCTION AND RECONSTRUCTION OF RURAL AND  
 7 URBAN STREETS AND ROADS; DELETING AUTHORIZATION FOR CERTAIN  
 8 FUNDING OF MAINTENANCE AND REPAIR OF SUCH ROADS; AND  
 9 AMENDING SECTIONS 15-35-108 AND 15-70-101, MCA."

*Rasmussen*  
*J. Brown*

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

11 Section 1. Section 15-35-108, MCA, is amended to read:  
 12 "15-35-108. Disposal of severance taxes. Severance

13 taxes collected under the provisions of this chapter are  
 14 allocated as follows:

15 (1) To the trust fund created by Article IX, section  
 16 5, of the Montana constitution, 25% of total collections a  
 17 year. After December 31, 1979, 50% of coal severance tax  
 18 collections are allocated to this trust fund. The trust fund  
 19 moneys shall be deposited in the fund established under  
 20 17-6-203(5) and invested by the board of investments as  
 21 provided by law.

22 (2) Coal severance tax collections remaining after  
 23 allocation to the trust fund under subsection (1) are  
 24 allocated in the following percentages of the remaining  
 25 balance:

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

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

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

12 (d) ~~for each of the 2 fiscal years following June 30,~~  
 13 ~~1977,~~ 13% to the earmarked revenue fund to the credit of the  
 14 ~~coal-area-highway-improvement rural-urban street and road~~  
 15 ~~development~~ account;

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

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

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

22 (h) 2 1/2% through June 30, 1979, one-half to the  
 23 earmarked revenue fund for the purpose of acquisition,  
 24 operation, or maintenance of sites and areas described in  
 25 23-1-102 and protection of works of art in the state capitol

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

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

15 Section 2. Section 15-70-101, MCA, is amended to read:

16 "15-70-101. Disposition of funds. All taxes, interest,  
 17 and penalties collected under this chapter shall be turned  
 18 over promptly to the state treasurer who shall place the  
 19 same in the earmarked revenue fund to the credit of the  
 20 department of highways, except those funds hereinbelow  
 21 allocated to cities, towns, and counties, which funds shall  
 22 be paid by the state treasurer directly to such cities,  
 23 towns, and counties.

24 (1) \$6,500,000 of the funds collected under this  
 25 chapter shall be allocated each fiscal year on a monthly

1 basis to the counties and incorporated cities and towns in  
 2 Montana for construction ~~and reconstruction~~ ~~and~~ ~~maintenance~~  
 3 ~~and~~ ~~repair~~ of rural roads and city or town streets and  
 4 alleys, as provided in subsections (a) and (b) hereof:

5 (a) \$2,950,000 shall be divided among the various  
 6 counties in the following manner:

7 (i) 40% in the ratio that the rural road mileage in  
 8 each county, exclusive of the federal-aid interstate system  
 9 and the federal-aid primary system, bears to the total rural  
 10 road mileage in the state, exclusive of the federal-aid  
 11 interstate system and the federal-aid primary system;

12 (ii) 40% in the ratio that the rural population in each  
 13 county outside incorporated cities and towns bears to the  
 14 total rural population in the state outside incorporated  
 15 cities and towns;

16 (iii) 20% in the ratio that the land area of each  
 17 county bears to the total land area of the state;

18 (b) \$3,550,000 shall be divided among the incorporated  
 19 cities and towns in the following manner:

20 (i) 50% of the sum in the ratio that the population  
 21 within the corporate limits of the city or town bears to the  
 22 total population within corporate limits of all the cities  
 23 and towns in Montana;

24 (ii) 50% in the ratio that the city or town street and  
 25 alley mileage, exclusive of the federal-aid interstate

1 system and the federal-aid primary system, within corporate  
2 limits bears to the total street and alley mileage,  
3 exclusive of the federal-aid interstate system and  
4 federal-aid primary system, within the corporate limits of  
5 all cities and towns in Montana.

6 (2) Of the funds collected under 15-35-108(2)(d):

7 (a) 80% shall be divided among the incorporated cities  
8 and towns in the manner prescribed in subsections (1)(b)(i)  
9 and (1)(b)(ii):

10 (b) 20% shall be divided among the various counties in  
11 the manner provided in subsections (1)(a)(i) through  
12 (1)(a)(iii).

13 ~~(2)(3)~~ All funds hereby allocated to counties, cities,  
14 and towns shall be used exclusively for the construction  
15 and reconstruction ~~and~~ maintenance ~~and~~ repair of rural roads,  
16 city or town streets and alleys or for the share which such  
17 city, town, or county might otherwise expend for  
18 proportionate matching of federal funds allocated for the  
19 construction of roads or streets which are part of the  
20 federal-aid primary or secondary highway system or urban  
21 extensions thereto.

22 ~~(3)(4)~~ Upon receipt of the allocation provided herein,  
23 the governing bodies of the recipient counties, cities, and  
24 towns shall inform the department of highways of the  
25 purposes for which the funds will be expended so that the

1 county commissioners, the governing body, and the department  
2 of highways may coordinate the expenditure of public funds  
3 for road improvements.

4 ~~(4)(5)~~ All funds hereby allocated to counties, cities,  
5 and towns shall be disbursed to the lowest responsible  
6 bidder according to applicable bidding procedures followed  
7 in all cases where the contract for construction ~~or~~  
8 reconstruction ~~or~~ maintenance ~~or~~ repair is in excess of  
9 \$4,000.

10 ~~(5)(6)~~ For the purposes of this section where  
11 distribution of funds is made on a basis related to  
12 population, the population shall be determined by the last  
13 preceding official ~~federal~~ census population estimate by the  
14 department of community affairs.

15 ~~(6)(7)~~ For the purposes of this section where  
16 determination of mileage is necessary for distribution of  
17 funds, it shall be the responsibility of the cities, towns,  
18 and counties to furnish to the department of highways and  
19 state treasurer a yearly certified statement indicating the  
20 total mileage within their respective areas applicable to  
21 this chapter. All mileage submitted shall be subject to  
22 review and approval by the department of highways.

23 ~~(7)(8)~~ None of the funds authorized by this section  
24 shall be used for the purchase of capital equipment."

25 NEW SECTION. Section 3. Rural-urban street and road

1 development account established. (1) There is within the  
2 earmarked revenue fund a rural-urban street and road  
3 development account.

4 (2) Money appropriated from the rural-urban street and  
5 road development account shall be allocated between the  
6 cities and towns and the counties in the state and further  
7 allocated among the cities and towns and among the counties  
8 as provided in 15-70-101. Such funds may be used only for  
9 the purposes authorized in 15-70-101.

-End-

## STATE OF MONTANA

Request No. 30-79

## FISCAL NOTE

Form BD-15

In compliance with a written request received January 18, 1979, there is hereby submitted a Fiscal Note for Senate Bill 135 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

An act to provide improved funding for construction and reconstruction of rural and urban streets and roads; deleting authorization for certain funding of maintenance and repair of such roads.

ASSUMPTIONS

1. Coal severance tax collections will be as follows:

FY 80	-	\$49.095 M
FY 81	-	54.272 M

2. Coal tax collections are homogeneous (one quarter of the estimated fiscal year collection is collected each quarter).

FISCAL IMPACT

Distribution of Coal Severance Tax receipts (in millions):

	<u>FY 80</u>		
	<u>Current Law</u>	<u>Proposed Law</u>	<u>Increase (Decrease)</u>
State General Fund	\$13.348	\$10.157	\$(3.191)
Other Funds	35.747	35.747	-0-
Rural-urban street and road development	-0-	3.191	3.191
	<u>\$49.095</u>	<u>\$49.095</u>	<u>\$ -0-</u>
	<u>FY 81</u>		
State General Fund	10.583	7.055	(3.528)
Other Funds	43.689	43.689	-0-
Rural-urban street and road development	-0-	3.528	3.528
	<u>\$54.272</u>	<u>\$54.272</u>	<u>\$ -0-</u>

*Richard L. Drayton*  
 BUDGET DIRECTOR  
 Office of Budget and Program Planning  
 Date: 1/24/79

LOCAL IMPACT

Local governments would receive additional monies for rural-urban street and road development as follows:

	<u>FY 80</u>	<u>FY 81</u>
Cities	\$2.553	\$2.822
Counties	<u>.638</u>	<u>.706</u>
Total	<u>\$3.191</u>	<u>\$3.528</u>

Approved by Comm.  
on Local Government

SENATE BILL NO. 135

INTRODUCED BY LOCKREM, HAGER, REGAN, MATHERS,

THIESSEN, HIMSL, KOLSTAD, LOWE, O'HARA, GALT,

ROSKIE, NELSON, WATT, RASMUSSEN, GOODOVER, S. BROWN

A BILL FOR AN ACT ENTITLED: "AN ACT TO PROVIDE IMPROVED FUNDING FOR CONSTRUCTION AND RECONSTRUCTION OF RURAL AND URBAN STREETS AND ROADS; ~~DELETING AUTHORIZATION FOR CERTAIN FUNDING OF MAINTENANCE AND REPAIR OF SUCH ROADS~~ AND AMENDING SECTIONS 15-35-108 AND 15-70-101, 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 and demonstration 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 rural-urban street and road development~~ 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,



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

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 15 under the provisions of this chapter to the credit of the  
 16 general fund of the state."

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18 "15-70-101. Disposition of funds. All taxes, interest,  
 19 and penalties collected under this chapter shall be turned  
 20 over promptly to the state treasurer who shall place the  
 21 same in the earmarked revenue fund to the credit of the  
 22 department of highways, except those funds hereinbelow  
 23 allocated to cities, towns, and counties, which funds shall  
 24 be paid by the state treasurer directly to such cities,  
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 2 chapter shall be allocated each fiscal year on a monthly  
 3 basis to the counties and incorporated cities and towns in  
 4 Montana for construction, ~~and reconstruction--maintenance~~  
 5 ~~and repair.~~ MAINTENANCE, AND REPAIR of rural roads and city  
 6 or town streets and alleys, as provided in subsections (a)  
 7 and (b) hereof:

8 (a) \$2,950,000 shall be divided among the various  
 9 counties in the following manner:

10 (i) 40% in the ratio that the rural road mileage in  
 11 each county, exclusive of the federal-aid interstate system  
 12 and the federal-aid primary system, bears to the total rural  
 13 road mileage in the state, exclusive of the federal-aid  
 14 interstate system and the federal-aid primary system;

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3 alley mileage, exclusive of the federal-aid interstate  
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5 limits bears to the total street and alley mileage,  
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11 cities and towns in the manner prescribed in subsections  
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13 (b) 20% 30% shall be divided among the various  
14 counties in the manner provided in subsections (1)(a)(i)  
15 through (1)(a)(iii);

16 (2)(3) All funds hereby allocated to counties, cities,  
17 and towns shall be used exclusively for the construction,  
18 and reconstruction, ~~maintenance~~, ~~and repair~~, MAINTENANCE,  
19 AND REPAIR of rural roads, city or town streets and alleys  
20 or for the share which such city, town, or county might  
21 otherwise expend for proportionate matching of federal funds  
22 allocated for the construction of roads or streets which are  
23 part of the federal-aid primary or secondary highway system  
24 or urban extensions thereto.

25 (3)(4) Upon receipt of the allocation provided herein,

1 the governing bodies of the recipient counties, cities, and  
2 towns shall inform the department of highways of the  
3 purposes for which the funds will be expended so that the  
4 county commissioners, the governing body, and the department  
5 of highways may coordinate the expenditure of public funds  
6 for road improvements.

7 (4)(5) All funds hereby allocated to counties, cities,  
8 and towns shall be disbursed to the lowest responsible  
9 bidder according to applicable bidding procedures followed  
10 in all cases where the contract ~~COPI~~ for construction, or  
11 reconstruction, ~~maintenance~~, or ~~repair~~, MAINTENANCE, OR  
12 REPAIR is in excess of \$4,000.

13 (5)(6) For the purposes of this section where  
14 distribution of funds is made on a basis related to  
15 population, the population shall be determined by the last  
16 preceding official ~~federal~~-census population estimate by the  
17 department of community affairs.

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22 state treasurer a yearly certified statement indicating the  
23 total mileage within their respective areas applicable to  
24 this chapter. All mileage submitted shall be subject to  
25 review and approval by the department of highways.

1       ~~(7)(B)~~ None of the funds authorized by this section  
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9 cities and towns and the counties in the state and further  
10 allocated among the cities and towns and among the counties  
11 as provided in 15-70-101. Such funds may be used only for  
12 the purposes authorized in 15-70-101.

-End-