

House Bill 543

In The House

January 28, 1981	Introduced and referred to Committee on Taxation.
January 31, 1981	Fiscal note requested.
February 5, 1981	Fiscal note returned.
March 9, 1981	Committee recommend bill do pass as amended.
March 10, 1981	Bill printed and placed on members' desks.
March 12, 1981	Second reading do not pass.

HOUSE BILL NO. 543

INTRODUCED BY

*Jacobson, A. Jensen, Boyd, Winger
Fund, Dr. Switzer, Neuling*

A BILL FOR AN ACT ENTITLED: "AN ACT TO ALLOCATE A PORTION OF THE OIL AND GAS SEVERANCE TAX PROCEEDS DIRECTLY TO PRODUCING COUNTIES FOR ROAD IMPROVEMENTS; AMENDING SECTION 15-36-112, MCA."

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

Section 1. Section 15-36-112, MCA, is amended to read:

"15-36-112. Disposition of oil and gas severance taxes. (1) Each year the department of revenue shall determine the amount of tax collected under this chapter from within each county.

(2) The severance taxes collected under this chapter are allocated as follows:

(a) the amount, if any, by which the tax collected from within a county for any fiscal year exceeds the total amount collected from within that county for the previous fiscal year, by reason of increased production and not because of increase in or elimination of federal price ceilings on oil and gas, is allocated to the general fund of the county for distribution as provided in subsection (3);

~~(b) 20% of the amount collected from production within each county is allocated to the general fund of the~~

~~respective county for use as prescribed in subsection (4);~~

~~(b)(c) any amount not allocated to the county under subsection subsections (2)(a) and (2)(b) is allocated to the state general fund.~~

(3) (a) The county treasurer shall distribute the money received under ~~this section subsection (2)(a)~~ to the county and to all the incorporated cities and towns within the county in the following manner. The county receives the available money multiplied by the ratio of the rural population to the county population. Each incorporated municipality receives the available money multiplied by the ratio of the population of the incorporated municipality to the county population. The rural population is that population of the county living outside the boundaries of an incorporated municipality. Population shall be based on the most recent figures as determined by the department of community affairs.

(b) The money distributed under this subsection may be used for any purpose as determined by the governing body of the county, city, or town.

~~(4) The money received by each county under subsection (2)(b) shall be used exclusively as follows:~~

~~(a) 75% for constructing, improving, and maintaining roads and bridges in the county; and~~

~~(b) 25% to be prorated among the incorporated cities~~

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1 within the county, according to population, for
2 constructing, improving, and maintaining city streets and
3 alleys."

-End-

STATE OF MONTANA

REQUEST NO. 269-81

FISCAL NOTE

Form BD-15

In compliance with a written request received February 3, 1981, there is hereby submitted a Fiscal Note for HOUSE BILL 543 pursuant to Title 5, Chapter 4, Part 2 of the Montana Code Annotated (MCA). 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 allocate a portion of the oil and gas severance tax proceeds directly to producing counties for road improvements.

ASSUMPTIONS

1. Proposed legislation only reallocates revenues from the oil and natural gas severance taxes.
2. Anticipated revenues:

	FY 82	FY 83
Oil Severance Tax	\$20,066,000	\$23,457,000
Natural Gas Severance Tax	2,347,000	2,917,000
3. Distribution of revenues to counties in FY 82 and FY 83 is in the same proportion as amount collected from production within each county for FY 80.
4. Proposed allocation scheme presented here does not take into account allocation formula provided by section 15-36-112 (2) (a), MCA.

FISCAL IMPACT

FUND INFORMATION	FY 82	FY 83
<u>General Fund</u>		
Under current law	\$22,413,000	\$26,374,000
Under proposed law	<u>17,930,400</u>	<u>21,099,200</u>
Estimated Decrease	(\$ 4,482,600)	(\$ 5,274,800)
<u>Proposed Earmarked Revenue Fund</u>		
<u>Road Improvement</u>		
Under current law	\$ 0	\$ 0
Under proposed law	<u>4,482,600</u>	<u>5,274,800</u>
Estimated Increase	\$ 4,482,600	\$ 5,274,800

EFFECT ON LOCAL GOVERNMENT

The proposed legislation should earmark approximately \$4,482,600 in FY 82 and \$5,274,800 in FY 83 to local governments for road improvement purposes.

LONG RANGE EFFECT

The impact in subsequent fiscal years should be at least that for FY 83, providing oil and natural gas production remains at the same level.

David M. Lewis
BUDGET DIRECTOR

Office of Budget and Program Planning

Date: 2-5-81

PREPARED BY THE DEPARTMENT OF REVENUE

ESTIMATED ALLOCATION BY COUNTY
 BASED ON FISCAL YEAR 1980
 PRODUCTION BY COUNTY

COUNTIES	FY 82		FY 83	
	OIL SEVERANCE TAX	NATURAL GAS SEVERANCE TAX	OIL SEVERANCE TAX	NATURAL GAS SEVERANCE TAX
Big Horn	\$ 17,852	\$ 38	\$ 20,868	\$ 48
Blaine	40,235	106,800	47,035	132,738
Carbon	83,275	12,264	97,348	15,242
Carter	4,750		5,553	
Chouteau		6,033		7,527
Custer		719		894
Daniels	333		390	
Dawson	39,824	10	46,554	13
Fallon	544,186	15,138	636,149	18,814
Garfield	4,559		5,329	
Glacier	390,310	14,248	456,270	17,708
Golden Valley		2,573		3,198
Hill	248	106,119	290	131,891
Liberty	68,471	20,826	80,042	25,884
McCone	27,329		31,948	
Musselshell	156,947		183,469	
Petroleum	19,712		23,043	
Phillips		70,974		88,212
Pondera	79,039	21,313	92,396	26,489
Powder River	502,798	2,793	587,767	3,471
Prairie	9,367		10,950	
Richland	758,190	16,535	886,319	20,550
Roosevelt	203,917	627	238,378	780
Rosebud	200,017		233,819	
Sheridan	563,467	421	658,689	523
Stillwater	522	9,816	646	12,200
Teton	30,098	254	35,185	316
Toole	161,710	48,829	189,037	60,688
Valley		285		354
Wibaux	99,581		116,409	
Yellowstone	3,887		4,544	

Approved by Committee
on Taxation

HOUSE BILL NO. 543

INTRODUCED BY JACOBSEN, NEUMAN, ROUSH, VINGER,

LUND, SHONTZ, SWITZER, DEVLIN

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are allocated as follows:

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from within a county for any fiscal year exceeds the total
amount collected from within that county for the previous
fiscal year, by reason of increased production and not
because of increase in or elimination of federal price
ceilings on oil and gas, is allocated to the general fund of
the county for distribution as provided in subsection (3);

(b) 20% 5% of the amount collected from production

within each county is allocated to the general fund of the
respective county for use as prescribed in subsection (4);

(c) any amount not allocated to the county under
subsection subsections (2)(a) and (2)(b) is allocated to the
state general fund.

(3) (a) The county treasurer shall distribute the
money received under ~~this section~~ subsection (2)(a) to the
county and to all the incorporated cities and towns within
the county in the following manner. The county receives the
available money multiplied by the ratio of the rural
population to the county population. Each incorporated
municipality receives the available money multiplied by the
ratio of the population of the incorporated municipality to
the county population. The rural population is that
population of the county living outside the boundaries of an
incorporated municipality. Population shall be based on the
most recent figures as determined by the department of
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(b) The money distributed under this subsection may be
used for any purpose as determined by the governing body of
the county, city, or town.

(4) The money received by each county under subsection
(2)(b) shall be used exclusively as follows:

(a) 75% for constructing, improving, and maintaining
roads and bridges in the county; and

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1 (b) 25% to be prorated among the incorporated cities
2 within the county, according to population, for
3 constructing, improving, and maintaining city streets and
4 alleys."

5 SECTION 2. COORDINATION. IF SENATE BILL NO. 356 IS
6 PASSED AND APPROVED, SECTION 1 (2)(B) OF THIS ACT SHALL
7 READ:

8 "(B) 5% OF THE AMOUNT COLLECTED FROM PRODUCTION WITHIN
9 EACH COUNTY IS ALLOCATED TO THE GENERAL FUND OF THE
10 RESPECTIVE COUNTY FOR USE AS PRESCRIBED IN SUBSECTION (4):"

-End-