

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.

1 HOUSE BILL NO. 543
2 INTRODUCED BY Jacobson, A. Leonard, Boyd, Vining
3 and John S. Bunting, Berlin

4 A BILL FOR AN ACT ENTITLED: "AN ACT TO ALLOCATE A PORTION
5 OF THE OIL AND GAS SEVERANCE TAX PROCEEDS DIRECTLY TO
6 PRODUCING COUNTIES FOR ROAD IMPROVEMENTS; AMENDING SECTION
7 15-36-112, MCA."

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

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

11 "15-36-112. Disposition of oil and gas severance
12 taxes. (1) Each year the department of revenue shall
13 determine the amount of tax collected under this chapter
14 from within each county.

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

17 (a) the amount, if any, by which the tax collected
18 from within a county for any fiscal year exceeds the total
19 amount collected from within that county for the previous
20 fiscal year, by reason of increased production and not
21 because of increase in or elimination of federal price
22 ceilings on oil and gas, is allocated to the general fund of

23 the county for conservation as provided in subsection (3),
24 10% of the amount collected from production within
25 each county is allocated to the general fund of the

1 respective county for use as prescribed in subsection (4);
2 but if any amount not allocated to the county under
3 subsection subsections (2)(a) and (2)(b) is allocated to the
4 state general fund.

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

21 141. The money received by each county under subsection
22 121(b) shall be used exclusively as follows:

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

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

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

-End-

STATE OF MONTANA

269-81

REQUEST NO.

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 IMPACTFUND INFORMATION

General Fund

	FY 82	FY 83
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)

Proposed Earmarked Revenue Fund

Road Improvement

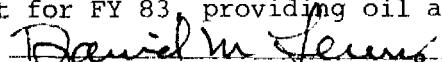
	\$ 0	\$ 0
Under current law	4,482,600	5,274,800
Under proposed law	<u>\$ 4,482,600</u>	<u>\$ 5,274,800</u>

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.



BUDGET DIRECTOR

Office of Budget and Program Planning

Date: 2-5-81

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

COUNTIES	<u>FY 82</u>		<u>FY 83</u>	
	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

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12 "15-36-112. Disposition of oil and gas severance

13 taxes. (1) Each year the department of revenue shall

14 determine the amount of tax collected under this chapter

15 from within each county.

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

1 within each county is allocated to the general fund of the
2 respective county for use as prescribed in subsection (4);
3 tot[1C] any amount not allocated to the county under
4 subsection subsections (2)(a) and (2)(b) is allocated to the
5 state general fund.

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

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

22 (4) The money received by each county under subsection
23 (2)(b) shall be used exclusively as follows:
24 (a) 15% for constructing, improving and maintaining
25 roads and bridges in the county; and

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-