

HOUSE BILL NO. 653

INTRODUCED BY NORDTVEDT, SALES, SIVERTSEN,
BURNETT, CURTISS, LEE

IN THE HOUSE

February 5, 1981	Introduced and referred to Committee on Taxation.
February 6, 1981	Fiscal note requested.
February 11, 1981	Fiscal note returned.
March 5, 1981	Committee recommend bill do pass as amended. Report adopted.
March 6, 1981	Bill printed and placed on members' desks.
March 9, 1981	Second reading, do pass.
March 10, 1981	Correctly engrossed.
March 11, 1981	Third reading, passed. Ayes, 86; Noes, 7. Transmitted to Senate.

IN THE SENATE

March 12, 1981	Introduced and referred to Committee on Finance and Claims.
April 7, 1981	Committee recommend bill be concurrent in as amended. Report adopted.
April 10, 1981	Motion pass consideration.
April 11, 1981	Second reading, concurred in. On motion rules suspended. Bill placed on calendar for third reading this day.

April 11, 1981

Third reading, concurred in
as amended. Ayes, 49; Noes, 0.

IN THE HOUSE

April 13, 1981

Returned from Senate with
amendments.

April 17, 1981

Second reading, amendments
concurred in.

On motion rules suspended
and bill placed on third
reading this day.

Third reading, amendments
concurred in. Ayes, 91;
Noes, 5. Sent to enrolling.

Reported correctly enrolled.

1 HOUSE BILL NO. 653
 2 INTRODUCED BY Walter Sales
 3 BURNETT
 4 A BILL FOR AN ACT ENTITLED: "AN ACT TO SET A STATUTORY
 5 STATE EXPENDITURE LIMITATION; TO PROVIDE FOR SCHOOL LEVY
 6 RELIEF WHENEVER EXCESS REVENUES ARE COLLECTED; AND TO PERMIT
 7 EMERGENCY APPROPRIATIONS."
 8

9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:
 10 Section 1. Definitions. As used in [this act], the
 11 following definitions apply:

12 (1) "Montana total personal income" means the current
 13 income from all sources received during a particular period
 14 of time by persons residing within Montana as determined by
 15 the United States department of commerce or its successor
 16 agency.

17 (2) "State expenditures" means the total amount of
 18 money generated from state resources that is spent by any
 19 agency of state government, excluding:

- 20 (a) money received from the federal government;
- 21 (b) payments of principal and interest on bonded
- 22 indebtedness;
- 23 (c) money paid for unemployment or disability
- 24 insurance benefits;
- 25 (d) money received from the sale of goods or services

1 provided that the purchase of the goods or services is
 2 discretionary;
 3 (e) money paid from permanent endowments,
 4 constitutional trusts, or pension funds;
 5 (f) proceeds of gifts or bequests made for purposes
 6 specified by the donor;
 7 (g) money appropriated for tax relief; and
 8 (h) funds transferred within state government or used
 9 to purchase goods for resale.

10 Section 2. Expenditure limitation -- exception. (1)
 11 Except as provided in subsection (2), the state expenditures
 12 for a biennium may not exceed the state expenditures for the
 13 preceding biennium plus the product of the state
 14 expenditures for the preceding biennium and the growth
 15 percentage. The growth percentage is the percentage
 16 difference between the average Montana total personal income
 17 for the 3 calendar years immediately preceding the next
 18 biennium and the average Montana total personal income for
 19 the 3 calendar years immediately preceding the current
 20 biennium.

21 (2) The legislature may appropriate funds in excess of
 22 this limit from the reserve fund if:
 23 (a) the governor declares that an emergency exists;
 24 and
 25 (b) two-thirds of the members of each house approve a

INTRODUCED BILL
 -2-
 HB 653

1 bill stating the amount to be spent in excess of the
2 expenditures limitation established in subsection (1), the
3 source of the excess revenue to be spent, and an intention
4 to exceed the limitation.

5 (3) Expenditures may exceed the expenditures
6 limitation only for the year or years for which an emergency
7 has been declared.

8 (4) The legislature is not required to appropriate the
9 full amount allowed in any year under subsection (1).

10 Section 3. Funds to be placed in a reserve fund or
11 used for tax relief. (1) There is created a reserve account
12 in the earmarked revenue fund.

13 (2) Any state revenue collected and not spent during a
14 fiscal year must be transferred at the end of the fiscal
15 year to the reserve account.

16 (3) There is created a tax relief account in the
17 earmarked revenue fund.

18 (4) The amount in the reserve fund in any year may not
19 exceed 6% of the expenditure allowed under [section 2] for
20 that year. Any money in excess of this amount must be placed
21 in the tax relief account in the earmarked revenue fund.

22 Section 4. Tax relief payments -- director of revenue
23 to certify tax relief. (1) The director of revenue shall
24 inform the governor whenever the balance in the tax relief
25 account is sufficient to cost-effectively suspend collection

1 of a portion of the following taxes:

2 (a) the additional state levy for state deficiency in
3 equalization aid to schools under 20-9-351;

4 (b) the basic county tax for elementary schools levied
5 under 20-9-331; and

6 (c) the basic special tax for high schools levied
7 under 20-9-333.

8 (2) The governor shall direct the director of revenue
9 to suspend, in the order listed in subsection (1), the
10 collection of an amount of taxes equivalent to the funds
11 available in the tax relief account less expenses of the
12 suspension action.

-End-

STATE OF MONTANA

REQUEST NO. 322-81

FISCAL NOTE

Form BD-15

In compliance with a written request received February 6, 19 81, there is hereby submitted a Fiscal Note for HOUSE BILL 653 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 set a statutory state expenditure limitation; to provide for school levy relief whenever excess revenues are collected and to permit emergency appropriations.

FISCAL IMPACT

This proposal would have no fiscal impact upon state revenues. However, the following presentations should serve to illustrate the effect which it would have upon state operations.

ASSUMPTIONS

1. Montana total annual personal income in millions of dollars, is as follows:
1976 - \$4.216
1977 - 4.609
1978 - 5.512
1979 - 6.040
1980 - 6.610
2. "State expenditures" for 80-81 biennium are 1 (one) billion dollars. (This number is presented for the sake of providing a computational example. The actual value of the quantity cannot be determined without additional research.)

NARRATIVE

From Assumption #1, we obtain the following:

The average Montana total personal income for 3 calendar years immediately preceding the biennia:

for 80-81 biennium - \$4.779 million
for 82-83 biennium - \$6.054 million

"The growth percentage" for allowable state expenditures is 26.679%. Therefore, by combining Assumption #2 with the above growth percentage, state expenditures for 82-83 biennium would be limited to \$1.267 billion dollars, unless the Governor declares a condition of emergency to exist, and 2/3rds of the membership of each house of the legislature approves additional expenditures. Under the proposal, any state revenues collected and not spent would be transferred to a "reserve account", up to a maximum of about 76 million for 82-83 biennium. Any money in excess of the reserve account maximum would be used to fund property tax relief, according to priorities established in Section 4 of the bill.

David M. Lewis
BUDGET DIRECTOR

Office of Budget and Program Planning

Date: 2-11-81

Approved by Committee
on Taxation

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3 BURNETT, CURTISS, LEE
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20 money generated from state resources that is spent by any
21 agency of state government, excluding:

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- 1 insurance benefits;
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20 biennium and the average Montana total personal income for
21 the 3 calendar years immediately preceding the current
22 biennium.

23 (2) The legislature may appropriate funds in excess of
24 this limit from the reserve fund ACCOUNT if:

- 25 (a) the governor declares that an emergency exists;

SECOND READING

1 and

2 (b) two-thirds of the members of each house approve a
3 bill stating the amount to be spent in excess of the
4 expenditures limitation established in subsection (1), the
5 source of the excess revenue to be spent, and an intention
6 to exceed the limitation.

7 (3) Expenditures may exceed the expenditures
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9 has been declared.

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11 full amount allowed in any year under subsection (1).

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13 ACCOUNT or used for tax relief. (1) There is created a
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15 (2) Any GENERAL FUND state revenue collected and not
16 spent during a fiscal year must be transferred at the end of
17 the fiscal year to the reserve account.

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19 earmarked revenue fund.

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24 ~~LEGISLATURE THROUGH ITS BUDGETING PROCESS SHALL ESTABLISH~~
25 ~~TARGET RESERVE ACCOUNT BALANCES FOR THE END OF THE TWO~~

1 FISCAL YEARS FOLLOWING A REGULAR LEGISLATIVE SESSION.
2 RESERVE ACCOUNT MONEY IN EXCESS OF THE TARGET AMOUNT SHALL
3 BE TRANSFERRED TO THE TAX RELIEF ACCOUNT.

4 Section 4. Tax relief payments -- director of revenue
5 to certify tax relief. (1) The director of revenue shall
6 inform the governor whenever the balance in the tax relief
7 account is sufficient to cost-effectively suspend collection
8 of a portion of the following taxes: MANDATORY COUNTY MILL
9 LEVY IMPOSED UNDER 20-9-501.

10 ~~(a) the additional state levy for state deficiency in~~
11 ~~equalization aid to schools under 20-9-351;~~

12 ~~(b) the basic county tax for elementary schools levied~~
13 ~~under 20-9-331; and~~

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20 ~~suspension actions.~~

21 (2) (A) FOLLOWING THE CLOSE OF EACH FISCAL YEAR, THE
22 MONEY IN THE TAX RELIEF ACCOUNT SHALL BE ALLOCATED TO THE
23 COUNTIES IN THE PROPORTION THAT A COUNTY'S POPULATION BEARS
24 TO THE TOTAL POPULATION OF THE STATE TO REDUCE THE MANDATORY
25 COUNTY MILL LEVY IMPOSED UNDER 20-9-501. HOWEVER, NO

1 ALLOCATION TO A COUNTY SHALL EXCEED THE TOTAL MANDATORY LEVY
2 OF THAT COUNTY UNDER THE PROVISIONS OF 20-9-501. THE BALANCE
3 IN THE TAX RELIEF ACCOUNT WHEN A REGULAR LEGISLATIVE SESSION
4 CONVENES SHALL BE TRANSFERRED TO THE GENERAL FUND.

5 (B) THE CENSUS TAKEN UNDER THE DIRECTION OF CONGRESS
6 SHALL BE THE BASIS UPON WHICH THE RESPECTIVE POPULATIONS OF
7 THE COUNTIES SHALL BE DETERMINED; HOWEVER, IN THE INTERIM
8 BETWEEN CENSUSES, THE DEPARTMENT SHALL USE AS SUCH BASIS THE
9 MOST RECENT POPULATION ESTIMATES FOR COUNTIES PUBLISHED BY
10 THE BUREAU OF THE CENSUS, UNITED STATES DEPARTMENT OF
11 COMMERCE.

12 SECTION 5. EFFECTIVE DATE. THIS ACT IS EFFECTIVE ON
13 PASSAGE AND APPROVAL.

-End-

HOUSE BILL NO. 653

INTRODUCED BY NORDTVEDT, SALES, SIVERTSON,

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A BILL FOR AN ACT ENTITLED: "AN ACT TO SET A STATUTORY STATE EXPENDITURE LIMITATION; TO PROVIDE FOR SCHOOL LEVY RELIEF WHENEVER EXCESS REVENUES ARE COLLECTED; AND TO PERMIT EMERGENCY APPROPRIATIONS; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

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(2) "State expenditures" means the total amount of money generated from state resources that is spent by any agency of state government, excluding:

- (a) money received from the federal government;
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(e) money paid from permanent endowments, constitutional trusts, or pension funds;

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(g) money appropriated for tax relief; and

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Section 2. Expenditure limitation -- exception. (1)

Except as provided in subsection (2), the state expenditures for a biennium may not exceed the state expenditures for the preceding biennium plus the product of the state expenditures for the preceding biennium and the growth percentage. The growth percentage is the percentage difference between the average Montana total personal income for the 3 calendar years immediately preceding the next biennium and the average Montana total personal income for the 3 calendar years immediately preceding the current biennium.

(2) The legislature may appropriate funds in excess of this limit from the reserve fund ACCOUNT if:

(a) the governor declares that an emergency exists;

THIRD READING

1 and
 2 (b) two-thirds of the members of each house approve a
 3 bill stating the amount to be spent in excess of the
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-End-

April 6, 1981

SENATE STANDING COMMITTEE REPORT
(Finance and Claims)

That House Bill No. 653 be amended as follows:

1. Title, lines 6 and 7.

Following: "LIMITATION;"

Strike: "TO PROVIDE FOR SCHOOL LEVY RELIEF WHENEVER EXCESS REVENUES
ARE COLLECTED;"

2. Title, lines 8 and 9.

Strike: "; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE"

3. Page 1, lines 19 through 21.

Following: "means the"

Strike: "total amount of money generated from state resources that is
spent by any agency of state government "

Insert: "general fund appropriations, the earmarked fund appropriations,
and the cash portion of the appropriations in the bond proceeds and
insurance clearance fund "

4. Pages 3, 4 and 5.

Following: Page 3, line 11

Strike: all of section 3, section 4 and section 5 in their entirety.