

Senate Bill 22

In The Senate

January 5, 1981	Introduced and referred to Committee on Local Government.
January 6, 1981	Fiscal note requested.
January 12, 1981	Fiscal note returned.
April 23, 1981	Died in Committee.

1 SENATE BILL NO. 22
 2 INTRODUCED BY McCALLUM
 3 BY REQUEST OF THE LEGISLATIVE FINANCE COMMITTEE
 4

5 A BILL FOR AN ACT ENTITLED: "AN ACT TO ESTABLISH GRANT
 6 CONSOLIDATION FOR LOCAL GOVERNMENTS INSTEAD OF EARMARKED
 7 FUNDING; AMENDING SECTIONS 7-14-102, 15-35-108, 15-70-101,
 8 15-70-102, 15-70-336, 16-1-306, 16-1-404, 16-1-410,
 9 16-1-411, 53-24-206, AND 75-10-532, MCA; AND REPEALING
 10 SECTIONS 16-1-405, 75-10-304, AND 90-1-108, MCA."
 11

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

13 NEW SECTION. Section 1. Grant consolidation. (1) %
 14 of the state general fund shall be used to consolidate
 15 grants now provided to counties, cities, and towns.

16 (2) Each county, city, or town shall receive grant
 17 consolidation funds on the basis which the percentage that
 18 the total amount paid to each county, city, or town in
 19 fiscal 1981 bears to the total amount paid to all counties,
 20 cities, and towns of the state in fiscal 1981.

21 NEW SECTION. Section 2. Certification of amounts
 22 payable. The state budget officer shall compute and certify
 23 to the state treasurer the annual amount of grant
 24 consolidation funds payable to each county, city, or town
 25 pursuant to [section 1].

1 NEW SECTION. Section 3. Payment of grant consolidation
 2 funds. Upon certification of the amount payable to each
 3 county, city, or town, such amount shall be paid by the
 4 state treasurer quarterly in equal installments to each
 5 county, city, or town.

6 Section 4. Section 7-14-102, MCA, is amended to read:

7 "7-14-102. Allocation of state funds for public
 8 transportation. (1) (a) The department of community affairs
 9 shall allocate each year one-half of the funds appropriated
 10 for the purposes of this section among the cities and urban
 11 transportation districts of the state which operate or
 12 contract for the operation of general public transportation
 13 systems.

14 (b) (i) A city or urban transportation district is
 15 eligible for an allocation based upon the ratio of its local
 16 financial support for public transportation to the total
 17 local financial support for all general public
 18 transportation systems in the state. Local financial support
 19 shall be determined by dividing the city's or district's
 20 expenditure of local revenues for public transportation
 21 operations during the fiscal year by the mill value of the
 22 city or urban transportation district. Each applicant city
 23 and urban transportation district shall compute its
 24 expenditure of local revenues for public transportation
 25 operations for a fiscal year immediately following the end

1 of such year and shall apply allocations received against
2 that deficit.

3 (ii) A city or urban transportation district may not
4 receive more than 50% of any year's expenditure of local
5 revenues for public transportation operations as an
6 allocation under this section.

7 (2) (a) One-half of the funds appropriated for the
8 purposes of this section shall be paid by the state
9 treasurer to the counties of the state in the following
10 manner: ~~provided in 15-70-101(1)(a)~~

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

16 (ii) 40% in the ratio that the rural population in each
17 county outside incorporated cities and towns bears to the
18 total rural population in the state outside incorporated
19 cities and towns;

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

22 (b) Money distributed to counties under this section
23 shall be used by the counties for highway or other
24 transportation purposes.

25 (3) The department of community affairs may make rules

1 for the keeping of accounts for and otherwise implementing
2 this section."

3 Section 5. Section 15-35-108, MCA, is amended to read:

4 "15-35-108. Disposal of severance taxes. Severance
5 taxes collected under the provisions of this chapter are
6 allocated as follows:

7 (1) To the trust fund created by Article IX, section 5,
8 of the Montana constitution, 25% of total collections a
9 year. After December 31, 1979, 50% of coal severance tax
10 collections are allocated to this trust fund. The trust fund
11 moneys shall be deposited in the fund established under
12 17-6-203(5) and invested by the board of investments as
13 provided by law.

14 (2) Coal severance tax collections remaining after
15 allocation to the trust fund under subsection (1) are
16 allocated in the following percentages of the remaining
17 balance:

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

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

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

4 (d) for each of the 2 fiscal years following June 30,
5 1977, 13% to the earmarked revenue fund to the credit of the
6 coal area highway improvement account;

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

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

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

13 ~~(h)(g)~~ 5% to the earmarked revenue fund to the credit
14 of a trust fund for the purpose of parks acquisition or
15 management, protection of works of art in the state capitol,
16 and other cultural and aesthetic projects. Income from this
17 trust fund shall be appropriated as follows:

18 (i) 1/3 for protection of works of art in the state
19 capitol and other cultural and aesthetic projects; and

20 (ii) 2/3 for the acquisition of sites and areas
21 described in 23-1-102 and the operation and maintenance of
22 sites so acquired;

23 ~~(i)(h)~~ 1% to the earmarked revenue fund to the credit
24 of the state library commission for the purposes of
25 providing basic library services for the residents of all

1 counties through library federations and for payment of the
2 costs of participating in regional and national networking;
3 ~~(j)(i)~~ all other revenues from severance taxes
4 collected under the provisions of this chapter to the credit
5 of the general fund of the state."

6 Section 6. Section 15-70-101, MCA, is amended to read:

7 "15-70-101. Disposition of funds. All taxes, interest,
8 and penalties collected under this chapter shall be turned
9 over promptly to the state treasurer who shall place the
10 same in the earmarked revenue fund to the credit of the
11 department of highways, except those funds hereinbelow
12 allocated to the general fund cities, towns, and counties,
13 ~~which funds shall be paid by the state treasurer directly to~~
14 ~~such cities, towns, and counties.~~

15 ~~(k)~~ \$6,500,000 of the funds collected under this chapter
16 shall be allocated each fiscal year on a monthly basis to
17 the state general fund, counties and incorporated cities and
18 ~~towns in Montana for construction, reconstruction,~~
19 ~~maintenance, and repair of rural roads and city or town~~
20 ~~streets and alleys, as provided in subsections (a) and (b)~~
21 ~~hereof.~~

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

24 ~~(i)~~ 40% in the ratio that the rural road mileage in
25 each county, exclusive of the federal aid interstate system

SB22

1 and the federal aid primary system, bears to the total rural
2 road mileage in the state, exclusive of the federal aid
3 interstate system and the federal aid primary system.

4 (ii) 40% in the ratio that the rural population in each
5 county outside incorporated cities and towns bears to the
6 total rural population in the state outside incorporated
7 cities and towns;

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

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

12 (i) 50% of the sum in the ratio that the population
13 within the corporate limits of the city or town bears to the
14 total population within corporate limits of all the cities
15 and towns in Montana;

16 (ii) 50% in the ratio that the city or town street and
17 alley mileage, exclusive of the federal aid interstate
18 system and the federal aid primary system, within corporate
19 limits, bears to the total street and alley mileage,
20 exclusive of the federal aid interstate system and
21 federal aid primary system, within the corporate limits of
22 all cities and towns in Montana;

23 (2) All funds hereby allocated to counties, cities, and
24 towns shall be used exclusively for the construction,
25 reconstruction, maintenance, and repair of rural roads, city

1 or town streets and alleys or for the share which such city,
2 town, or county might otherwise expend for proportionate
3 matching of federal funds allocated for the construction of
4 roads or streets which are part of the federal aid primary
5 or secondary highway system or urban extensions thereto.

6 (3) Upon receipt of the allocation provided herein, the
7 governing bodies of the recipient counties, cities, and
8 towns shall inform the department of highways of the
9 purposes for which the funds will be expended so that the
10 county commissioners, the governing body, and the department
11 of highways may coordinate the expenditure of public funds
12 for road improvements.

13 (4) All funds hereby allocated to counties, cities, and
14 towns shall be disbursed to the lowest responsible bidder
15 according to applicable bidding procedures followed in all
16 cases where the contract for construction, reconstruction,
17 maintenance, or repair is in excess of \$4,000.

18 (5) For the purposes of this section where distribution
19 of funds is made on a basis related to population, the
20 population shall be determined by the last preceding
21 official federal census.

22 (6) For the purposes of this section where
23 determination of mileage is necessary for distribution of
24 funds, it shall be the responsibility of the cities, towns,
25 and counties to furnish to the department of highways and

1 state--treasurer-a-yearly-certified-statement-indicating-the
 2 total-mileage-within-their-respective--areas--applicable--to
 3 this--chapter.---All--mileage--submitted--shall--be--subject--to
 4 review--and--approval--by--the--department--of--highways.

5 ~~{7}--None--of--the--funds--authorized--by--this--section--shall~~
 6 ~~be--used--for--the--purchase--of--capital--equipment.~~"

7 Section 7. Section 15-70-102, MCA, is amended to read:
 8 "15-70-102. Allocation of funds -- participation in
 9 railroad grade crossing protection. (1) The sum of \$100,000
 10 may be allocated from the earmarked revenue fund, state
 11 highway account, for the fiscal year ending June 30, 1973,
 12 and so much for each succeeding fiscal year as may be
 13 necessary to reimburse the fund for expenditures and
 14 commitments made and to maintain the fund at \$100,000 at the
 15 beginning of each fiscal year thereafter, for participation
 16 by the department of highways with railroads in construction
 17 of railroad grade crossing protection on any public highway
 18 or road except those designated on the interstate, primary,
 19 or urban systems within the state. The department of
 20 highways shall select those grade crossings in the state
 21 which, in the opinion of the department, are most in need of
 22 additional crossing protection and shall finance the cost
 23 thereof solely from this fund.

24 (2) Signal protection provided under the fund shall be
 25 limited to electric or automatic flashing lights or gates,

1 depending on the amount and nature of the hazards present at
 2 the crossing, and participation in construction of such
 3 signals shall be on the same basis and under the same
 4 standards as are applicable and used in connection with
 5 protection of grade crossings on federal-aid roads within
 6 the state, provided, however, the fund shall not be used for
 7 protection of grade crossings on the secondary system where
 8 the protection is considered necessary and the cost thereof
 9 is financed in part with federal-aid highway funds.

10 ~~{3}--In--addition--to--the--funds--allocated--counties--and~~
 11 ~~cities--may--authorize--the--use--of--funds--available--to--said~~
 12 ~~counties--and--cities--under--the--provisions--of--15-70-101--for~~
 13 ~~participation--of--installation--in--grade--crossing--protection~~
 14 ~~within--the--county--or--city."~~

15 Section 8. Section 15-70-336, MCA, is amended to read:
 16 "15-70-336. Criminal penalties. (1) Any person
 17 violating any provision of ~~15-70-101~~ or this part, except
 18 15-70-311 through 15-70-314 and 15-70-321, is guilty of a
 19 misdemeanor unless the act is by any other law of this state
 20 declared to be a felony and upon conviction is punishable by
 21 a fine of not less than \$100 or more than \$2,000 or by
 22 imprisonment for not less than 30 days or more than 6 months
 23 or by both such fine and imprisonment.

24 (2) The fine and imprisonment provided for in this
 25 section shall be in addition to any other penalty imposed by

1 any other provision of this part."

2 Section 9. Section 16-1-306, MCA, is amended to read:

3 "16-1-306. Revenue to be paid to state treasurer.
4 ~~Except as provided in 16-1-418, all~~ All fees, charges,
5 taxes, and revenues collected by or under authority of the
6 department shall be deposited with the state treasurer. He
7 shall deposit the funds to the credit of the state general
8 fund."

9 Section 10. Section 16-1-404, MCA, is amended to read:

10 "16-1-404. License tax on liquor -- amount --
11 distribution of proceeds. (1) The department is hereby
12 authorized and directed to charge, receive, and collect at
13 the time of sale and delivery of any liquor under any
14 provisions of the laws of the state of Montana a license tax
15 of 10% of the retail selling price on all liquor sold and
16 delivered. Said tax shall be charged and collected on all
17 liquor brought into the state and taxed by the department.
18 The retail selling price shall be computed by adding to the
19 cost of said liquor the state markup as designated by the
20 department. Said 10% license tax shall be figured in the
21 same manner as the state excise tax and shall be in addition
22 to said state excise tax. The department shall retain in a
23 separate account the amount of such 10% license tax so
24 received. ~~Thirty percent of these revenues shall be~~
25 ~~allocated to the counties according to the amount of liquor~~

1 purchased in each county to be distributed to the
2 incorporated cities and towns, as provided in subsection
3 (2). ~~Four and one-half percent of these revenues shall be~~
4 ~~allocated to the counties according to the amount of liquor~~
5 ~~purchased in each county, and this money may be used for~~
6 ~~county purposes. Thirty-four and one-half percent of these~~
7 ~~revenues shall be allocated to the state general fund. The~~
8 ~~remaining revenues shall be deposited in the earmarked~~
9 ~~revenue fund to the credit of the department of institutions~~
10 ~~for the treatment, rehabilitation, and prevention of~~
11 ~~alcoholism. Provided, however, in the case of purchases of~~
12 ~~liquor by a retail liquor licensee for use in his business,~~
13 ~~the department shall make such regulations as are necessary~~
14 ~~to apportion that proportion of license tax so generated to~~
15 ~~the county where the licensed establishment is located, for~~
16 ~~use as provided in 16-1-405. The department shall pay~~
17 ~~quarterly to each county treasurer the proportion of the~~
18 ~~license tax due each county to be allocated to the~~
19 ~~incorporated cities and towns of the county.~~

20 (2) ~~The license tax proceeds allocated to the county~~
21 ~~under subsection (1) for use by counties, cities and towns~~
22 ~~shall be distributed by the county treasurer to the~~
23 ~~incorporated cities and towns within 30 days of receipt from~~
24 ~~the department. The distribution of funds to the cities and~~
25 ~~towns shall be based on the proportion that the gross sale~~

1 ~~of liquor in each city or town is to the gross sale of~~
 2 ~~liquor in all of the cities and towns of the county.~~

3 {3}{2} The license tax proceeds that are allocated to
 4 the department of institutions for the treatment,
 5 rehabilitation, and prevention of alcoholism shall be
 6 credited quarterly to the department of institutions. The
 7 legislature may appropriate a portion of the license tax
 8 proceeds to support alcohol programs. The remainder shall be
 9 distributed as provided in 53-24-206."

10 Section 11. Section 16-1-410, MCA, is amended to read:

11 "16-1-410. Tax revenue allocation. All revenue received
 12 from taxes on beer under 16-1-406 through 16-1-408 over and
 13 above \$1.50 per barrel of 31 gallons shall be deposited with
 14 the state treasurer to the credit of the ~~incorporated cities~~
 15 ~~and towns beer tax account in the earmarked revenue fund~~
 16 state general fund. ~~The state treasurer shall monthly~~
 17 ~~distribute this amount of money to the incorporated cities~~
 18 ~~and towns in the direct proportion that the population of~~
 19 ~~each city and town bears to the total population of all~~
 20 ~~incorporated cities and towns as shown in the latest~~
 21 ~~official federal census. For cities and towns incorporated~~
 22 ~~after the latest official federal census, the census shall~~
 23 ~~be determined as of the date of incorporation as evidenced~~
 24 ~~by the certificate of the incorporating officials of that~~
 25 ~~city or town. If a city or town disincorporates, it shall~~

1 ~~cease to receive any funds under this section and the amount~~
 2 ~~previously distributed to the city or town shall be~~
 3 ~~distributed to the remaining incorporated cities and towns.~~
 4 ~~All funds received by cities and towns under this section~~
 5 ~~shall be expended for state purposes such as law~~
 6 ~~enforcement, maintenance of the transportation system, and~~
 7 ~~public health."~~

8 Section 12. Section 16-1-411, MCA, is amended to read:

9 "16-1-411. Tax on wine. (1) A tax of 20 cents per liter
 10 is hereby levied and imposed on table wine imported by any
 11 table wine distributor or the department.

12 (2) (a) The tax on table wine imported by a table wine
 13 distributor shall be paid by the table wine distributor by
 14 the 15th day of the month following receipt of the table
 15 wine at the table wine distributor's warehouse.

16 (b) The tax paid by a table wine distributor shall be
 17 distributed to 18 2/3 cents to the state general fund, and
 18 of the remaining 4 1/3 cents one-third to the earmarked
 19 revenue account to the credit of the department of
 20 institutions for the treatment, rehabilitation, and
 21 prevention of alcoholism, one-third to the counties, based
 22 on population, for the purpose established in 16-1-404, and
 23 one-third to the cities and towns, based on population, for
 24 the purpose established in 16-1-405.

25 (3) The tax on table wine imported by the department

1 shall be collected at the time of sale, be retained in a
2 separate account, and be deposited with the state treasurer
3 to the credit of the general fund not later than the 10th
4 day of the month following the sale.

5 (4) The tax computed and paid in accordance with this
6 section shall be the only tax imposed by the state or any of
7 its subdivisions, including cities and towns."

8 Section 13. Section 53-24-206, MCA, is amended to read:

9 "53-24-206. Administration of financial assistance. (1)
10 The department may apply for and receive grants, allotments,
11 or allocations of funds or other assistance for purposes
12 pertaining to the problems of alcoholism and drug dependence
13 or related social problems under laws and rules of the
14 United States, any other state, or any private organization.

15 (2) The department may cooperate with any other
16 government agency or private organization in programs on
17 alcoholism and drug dependence or related social problems.
18 In carrying out cooperative programs, the department may
19 make grants of financial assistance to government agencies
20 and private organizations under terms and conditions agreed
21 upon.

22 (3) (a) In administering proceeds derived from the
23 liquor license tax or the beer license tax, the department
24 shall distribute those funds appropriated by the
25 legislature. Money that is appropriated for distribution to

1 approved programs on a discretionary basis shall be
2 distributed to those programs that can demonstrate that:

3 (i) the program is achieving the goals and objectives
4 mutually agreed upon by the program and the department; and

5 (ii) the receipt of additional funds would be justified.

6 (b) The remainder of the proceeds shall be distributed
7 to the counties--for--use--by--approved--programs--in--the
8 following--manner: state general fund.

9 ~~(i) Eighty-five percent shall be allocated according to
10 the proportion of each county's population to the state's
11 population according to the most recent United States
12 census.~~

13 ~~(ii) Fifteen percent shall be allocated according to the
14 proportion of the county's land area to the state's land
15 area.~~

16 (c) Money distributed under subsection (3)(a) may only
17 be used for purposes pertaining to the problems of
18 alcoholism or related social problems."

19 Section 14. Section 75-10-532, MCA, is amended to read:

20 "75-10-532. Disposition of moneys collected. All moneys
21 received from the sale of the junk vehicles or from
22 recycling of the material and all motor vehicle wrecking
23 facility license fees and fees collected as motor vehicle
24 disposal fees shall be deposited with the state treasurer to
25 be utilized for the control, collection, recycling, and

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1 ~~disposal--of--junk-vehicles-and-component-parts~~ in the state
2 general fund."

3 Section 15. Repealer. Sections 16-1-405, 75-10-534, and
4 90-1-108, MCA, are repealed.

-End-

STATE OF MONTANA

REQUEST NO. 8-81

FISCAL NOTE

Form BD-15

In compliance with a written request received January 7, 19 81, there is hereby submitted a Fiscal Note for Senate Bill 22 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 OF PROPOSED LEGISLATION

An act to establish grant consolidation for local governments instead of earmarked funding.

FISCAL IMPACT

The proposed legislation will have no fiscal impact during the biennium. There should be some savings in administrative costs, but the magnitude cannot be estimated at this time.

LOCAL IMPACT

There will be no fiscal impact to local governments as a result of the passage of this legislation. However, the consolidated grant moneys received by local governments under this bill will not have the expenditure restrictions associated with the various individual state-shared revenues distributed under present law (i.e. gas tax, liquor tax, planning).

The current state-shared revenues to be consolidated under the provisions of SB22 are as follows:

	<u>1980</u> <u>Actual</u>	<u>1981</u> <u>Projected</u>	<u>1982</u> <u>Projected</u>
Coal Tax (County Land Planning)	\$ 377,000	\$ 403,000	\$ 553,000
Gas Tax	7,902,318	6,575,000	6,575,000
Liquor Tax	1,243,022	1,361,800	1,361,800
Beer Tax	1,216,504	1,338,400	1,338,400
Wine Tax	188,690	161,000	161,000
Junk Vehicle Assessment	<u>654,310</u>	<u>649,682</u>	<u>650,000</u>
Subtotals	\$11,581,844	\$ 10,488,882	\$10,639,200
Projected State General Fund Revenue		<u>\$286,273,656</u>	<u>\$303,477,275</u>

Percent of State General Fund needed to fund Consolidated Grants

3.66%

3.50%

David M Lewis
BUDGET DIRECTOR

Office of Budget and Program Planning

Date: _____