

HOUSE BILL NO. 11

1st Special Session

Introduced and Referred to Committee on Taxation 11/18/81

Fiscal Note: Required

Hearing: 11/19/81

Report: 11/21/81, Do Pass As Amended

2nd Reading: 11/23/81, Do Not Pass As Amended

HOUSE

BILL NO. 11

Special Section I

1 *Richard Manning*
 2 INTRODUCED BY *Paul & Patricia Helen H.D. Caswell*
Carl Gaborick *Wendy M. Gruchas*
 3 *David A. Daily* *Harriet* *Arthur* *David Brown*
 4 A BILL FOR AN ACT ENTITLED: "AN ACT TO APPROPRIATE *Manning*

5 ONE-FOURTH OF THE COAL SEVERANCE TAX COLLECTED BETWEEN
 6 JANUARY 1, 1982, AND JUNE 30, 1983, TO THE HIGHWAY
 7 RECONSTRUCTION TRUST ACCOUNT WHICH IS ONE-HALF OF THE TAX
 8 THAT WOULD HAVE BEEN DEPOSITED TO THE COAL SEVERANCE TAX
 9 TRUST FUND; AND TO APPROPRIATE \$2,500,000 OF THE HIGHWAY
 10 EARMARKED REVENUE FUND TO CITIES AND COUNTIES FOR
 11 CONSTRUCTION AND RECONSTRUCTION OF ROADS AND STREETS."

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

14 Section 1. Appropriation. There is appropriated from
 15 the coal severance tax bond subfund (17-5-703) of the coal
 16 severance tax trust fund (Article IX, section 5, Montana
 17 Constitution) an amount equal to 25% of the coal severance
 18 tax collected between January 1, 1982, and June 30, 1983, to
 19 the highway reconstruction trust fund account.

20 Section 2. Expenditure of appropriated funds. (1) The
 21 funds appropriated by section 1 to the highway
 22 reconstruction trust fund account shall be expended by the
 23 department of highways for the reconstruction of highways on
 24 the primary and secondary systems.

25 (2) The department of highways shall expend these

1 funds on reconstruction projects to straighten, widen, or
 2 make major improvements to the base of the highway or make
 3 major improvements in grades or curves. The funds may not be
 4 expended for routine repairs.

5 (3) The department of highways shall expend the funds
 6 on projects throughout the state according to need and not
 7 on the basis of 60-3-203.

8 Section 3. Biennial appropriation -- counties --
 9 cities and towns. (1) There is appropriated from the highway
 10 earmarked revenue fund \$2,500,000 for the biennium ending
 11 June 30, 1983, for the construction, reconstruction,
 12 maintenance, and repair of rural roads and city or town
 13 streets and alleys.

14 (2) The sum of \$1,136,000 shall be divided among the
 15 various counties in the manner provided for in
 16 15-70-101(1)(a).

17 (3) The sum of \$1,364,000 shall be divided among the
 18 incorporated cities and towns in the manner provided for in
 19 15-70-101(1)(b).

20 Section 4. Three-fourths vote required. This act
 21 appropriates money from the principal of the coal severance
 22 tax trust fund and, as required by Article IX, section 5, of
 23 the Montana Constitution, it must pass by a three-fourths
 24 vote of the members of each house of the legislature.

-End-

STATE OF MONTANA

REQUEST NO. 7-SP-81

FISCAL NOTE

Form BD-15

In compliance with a written request received November 21, 19 81, there is hereby submitted a Fiscal Note for House Bill 11 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 appropriate 1/4 of the coal severance tax collected between January 1, 1982 and June 30, 1983, to the Highway Reconstruction Trust Account; and to appropriate \$2,500,000 of the Highway Earmarked Revenue Fund to cities and counties for construction and reconstruction of roads and streets.

ASSUMPTIONS

It is assumed the Department of Highways will receive their portion of the coal severance tax immediately upon distribution. However, it is also assumed that the Department of Highways will only obligate these monies in the 1983 biennium; thereby delaying disbursement of funds until the 1985 biennium. Based on these assumptions, the state general fund will not realize any loss in revenues until the fiscal year 1984-85 biennium. This loss is estimated to be \$3.077 million.

FISCAL IMPACT

	FY 82 (Million \$)	FY 83 (Million \$)
General Fund Interest Earnings		
Under Current Law	\$10.582	\$17.253
Under Proposed Law	<u>10.582</u>	<u>17.253</u>
Estimated Decrease	(0.000)	(0.000)
Permanent Coal Tax Trust Fund		
Under Current Law	\$45.962	\$54.018
Under Proposed Law	<u>34.814</u>	<u>27.009</u>
Estimated Decrease	(11.148)	(27.009)

COMMENT

The Department of Highways would receive a total of \$38.157 million in the 1983 biennium under this proposal. The state general fund would lose approximately \$3.077 million in interest earnings in the 1985 biennium based on the above assumptions.

David M. Lewis

BUDGET DIRECTOR

Office of Budget and Program Planning

Date: 11-21-81

Approved by Committee
on Taxation

1 HOUSE BILL NO. 11 (1st SS)
2 INTRODUCED BY PISTORIA, O'CONNELL, TEAGUE, MANNING,
3 ZABROCKI, HUENNEKENS, CONROY, MENAHAN, KANDUCH,
4 DAILY, HARRINGTON, PAYLOVICH, D. BROWN, MANUEL
5

6 A BILL FOR AN ACT ENTITLED: "AN ACT TO APPROPRIATE
7 ONE-FOURTH OF THE COAL SEVERANCE TAX COLLECTED BETWEEN
8 JANUARY 1, 1982, AND JUNE 30, 1983, TO THE HIGHWAY
9 RECONSTRUCTION TRUST ACCOUNT WHICH IS ONE-HALF OF THE TAX
10 THAT WOULD HAVE BEEN DEPOSITED TO THE COAL SEVERANCE TAX
11 TRUST FUND; AND TO APPROPRIATE \$2,500,000 OF THE HIGHWAY
12 EARMARKED REVENUE FUND TO CITIES AND COUNTIES FOR
13 CONSTRUCTION AND RECONSTRUCTION OF ROADS AND STREETS; AND
14 PROVIDING AN IMMEDIATE EFFECTIVE DATE."
15

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

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18 the coal severance tax bond subfund (17-5-703) of the coal
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1 the Montana Constitution, it must pass by a three-fourths
2 vote of the members of each house of the legislature.

3 ~~SECTION 5. EFFECTIVE DATE. THIS ACT IS EFFECTIVE ON~~
4 ~~PASSAGE AND APPROVAL.~~

-End-