

HOUSE BILL NO. 26

Introduced: 01/03/83

Referred to Committee on Taxation: 01/03/83

Hearing: 2/7/83

Report: 02/16/83, Do Pass, As Amended

Rereferred to Committee on Taxation: 02/17/83

Rereferred to Committee on Appropriations: 02/19/83

Died in Committee

1                    HOUSE       BILL NO. 26  
2     INTRODUCED BY JACOBSEN  
3  
4     A BILL FOR AN ACT ENTITLED: "AN ACT ALLOCATING A PORTION OF  
5     THE OIL AND GAS SEVERANCE TAX DIRECTLY TO PRODUCING COUNTIES  
6     FOR ROAD IMPROVEMENT AND COUNTY EDUCATION; AMENDING SECTION  
7     15-36-112, MCA; AND PROVIDING AN APPLICABILITY CLAUSE AND AN  
8     IMMEDIATE EFFECTIVE DATE."  
9  
10    BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:  
11        Section 1. Section 15-36-112, MCA, is amended to read:  
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:  
18        (a) the amount, if any, by which the tax collected  
19        from within a county for any fiscal year exceeds the total  
20        amount collected from within that county for the previous  
21        fiscal year, by reason of increased production and not  
22        because of increase in or elimination of federal price  
23        ceilings on oil and gas, is allocated to the general fund of  
24        the county for distribution as provided in subsection (3);  
25        (b) 20% of the amount collected from production within

1     each county is allocated to the general fund of that county  
2     for use as prescribed in subsection (4);  
3        (c) 5% of the amount collected from production within  
4     each county is allocated to the basic county tax account  
5     provided for in 20-9-334, to be used as provided in  
6     20-9-335;  
7        ~~(b)(d)~~ any amount not allocated to the county under  
8     subsections (2)(a) through (2)(c) is allocated to  
9     the state general fund.  
10        (3) (a) The county treasurer shall distribute the  
11     money received under ~~this section~~ subsection (2)(a) to the  
12     county and to all the incorporated cities and towns within  
13     the county in the following manner. The county receives the  
14     available money multiplied by the ratio of the rural  
15     population to the county population. Each incorporated  
16     municipality receives the available money multiplied by the  
17     ratio of the population of the incorporated municipality to  
18     the county population. The rural population is that  
19     population of the county living outside the boundaries of an  
20     incorporated municipality. Population shall be based on the  
21     most recent figures as determined by the department of  
22     administration.  
23        (b) The money distributed under this subsection may be  
24     used for any purpose as determined by the governing body of  
25     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  
within the county, according to population, for  
constructing, improving, and maintaining city streets and  
alleys."

NEW SECTION. Section 2. Applicability. This act  
applies on and after April 1, 1983.

NEW SECTION. Section 3. Effective date. This act is  
effective on passage and approval.

-End-

## STATE OF MONTANA

REQUEST NO. 032-83

## FISCAL NOTE

Form BD-15

In compliance with a written request received January 6, , 19 83 , there is hereby submitted a Fiscal Note for House Bill 26 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:

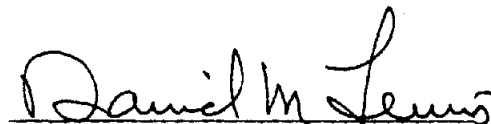
House Bill 26 allocates a portion of the oil and gas severance tax directly to producing counties for road improvement and county education; amends section 15-36-112, MCA; and provides an applicability clause and an immediate effective date.

ASSUMPTIONS:

- 1) The Department of Revenue's oil and natural gas severance tax projections are correct.

FISCAL IMPACT:

	<u>FY 84</u>	<u>FY 85</u>
Oil Severance Tax		
Under Current Law	\$59.250 M	\$62.840 M
Under Proposed Law	<u>59.250 M</u>	<u>62.840 M</u>
Estimated Increase	<u>\$ .0</u>	<u>\$ .0</u>
Natural Gas Severance Tax		
Under Current Law	\$ 3.258 M	\$ 3.796 M
Under Proposed Law	<u>3.258 M</u>	<u>3.796 M</u>
Estimated Increase	<u>\$ .0</u>	<u>\$ .0</u>
General Fund		
Under Current Law	\$58.083 M	\$60.994 M
Under Proposed Law	<u>42.456 M</u>	<u>44.335 M</u>
Estimated Decrease	<u>\$(15.627 M)</u>	<u>\$(16.659 M)</u>
Local Governments		
Under Current Law	\$ 4.425 M	\$ 5.642 M
Under Proposed Law	<u>20.052 M</u>	<u>22.301 M</u>
Estimated Increase	<u>\$15.627 M</u>	<u>\$16.659 M</u>

Continued

BUDGET DIRECTOR

Office of Budget and Program Planning

Date: 1-11-83

EFFECT ON COUNTY OR OTHER LOCAL REVENUE OR EXPENDITURES:

Distribution of Oil and Gas Producing Counties' Increased Revenues.

	<u>FY 84</u>	<u>FY 85</u>
County Road Funds	\$ 9.3762 M	\$ 9.9954 M
City Road Funds	3.1254 M	3.3318 M
School Districts	3.1254 M	3.3318 M
Total	<u>\$15.627 M</u>	<u>\$16.659 M</u>

## STATE OF MONTANA

REQUEST NO. 351-83

## FISCAL NOTE

Form BD-15

In compliance with a written request received February 8, 19 83, there is hereby submitted a Fiscal Note for House Bill 26, Amended 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:

House Bill 26, amended, allocates a portion of the oil and gas severance tax directly to producing counties for road improvement and county education if there is no increased production within the county; and provides an applicability clause and an immediate effective

FISCAL IMPACT:

The fiscal impact of the amendment to House Bill 26 cannot be estimated for the biennium. To show the magnitude of the possible impact, an analysis is presented if House Bill 26 were in effect for FY 82.

Current Law: Increased tax collections attributable to increases in production refunded to counties and remaining revenues to general fund.

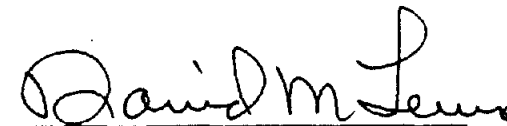
HB 26: Same refunds and 25% of all revenues allocated to counties for roads and schools; remaining revenues to general fund.

HB 26 Amended: Same refunds and those counties without increases in production receive 25% of revenues generated from their counties for roads and schools; remaining revenues to general fund.

Fiscal Year 1982

	<u>Current Law</u>	<u>House Bill 26</u>	<u>House Bill 26 Amended</u>
General Fund	\$ 46,719,940	\$ 33,951,585	\$ 40,806,474
County Refunds	4,353,485	4,353,485	4,353,485
County Road Funds	-0-	7,661,013	3,548,080
City Road Funds	-0-	2,553,671	1,182,693
School Districts	-0-	2,553,671	1,182,693

FISCAL NOTE 12:L/1



BUDGET DIRECTOR

Office of Budget and Program Planning

Date: 2-9-83

Approved by committee  
on Taxation

## HOUSE BILL NO. 26

INTRODUCED BY JACOBSEN, ABRAMS, ROUSH,  
SHONTZ, VINGER, SOLBERG, ASAY, SWITZER,  
UNDERDAL, ZABROCKI, HART, IVERSON,  
HOLLIDAY, RYAN, COMPTON

A BILL FOR AN ACT ENTITLED: "AN ACT ALLOCATING A PORTION OF  
THE OIL AND GAS SEVERANCE TAX DIRECTLY TO PRODUCING COUNTIES  
FOR ROAD IMPROVEMENT AND COUNTY EDUCATION ~~IF THERE IS NO~~  
~~INCREASED PRODUCTION WITHIN THE COUNTY~~; AMENDING SECTION  
15-36-112, MCA; AND PROVIDING AN APPLICABILITY CLAUSE AND AN  
IMMEDIATE EFFECTIVE DATE."

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) IF THERE IS NO INCREASED PRODUCTION WITHIN THE~~  
~~COUNTY:~~

~~(1) 20% of the amount collected from production within~~  
~~each county is allocated to the general fund of that county~~  
~~for use as prescribed in subsection (4); AND~~

~~(c) (1) 5% of the amount collected from production~~  
~~within each county is allocated to the basic county tax~~  
~~account provided for in 20-9-334, to be used as provided in~~  
~~20-9-335;~~

~~(b) (1) (c) any amount not allocated to the county under~~  
~~subsection subsections (2)(a) through (2)(c) 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

1 incorporated municipality. Population shall be based on the  
 2 most recent figures as determined by the department of  
 3 administration.

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

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

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

11 ~~(b) 25% to be prorated among the incorporated cities~~  
 12 ~~within the county, according to population, for~~  
 13 ~~constructing, improving, and maintaining city streets and~~  
 14 ~~alleys."~~

15 ~~NEW SECTION. Section 2. Applicability. This act~~  
 16 ~~applies on--and-after-April-1, 1983 TO PRODUCTION OCCURRING~~  
 17 ~~AFTER MARCH 31, 1984.~~

18 ~~NEW SECTION. Section 3. Effective date. This act is~~  
 19 ~~effective on passage and approval.~~

-End-