

HOUSE BILL NO. 109

Introduced: 01/06/83

Referred to Committee on Local Government: 01/06/83

Hearing: 1/13/83

Report: 01/20/83, Do Pass, As Amended

2nd Reading: 01/24/83, Do Pass

Rereferred to Committee on Appropriations: 01/24/83

2nd Reading: 02/21/83, Do Not Pass, As Amended

Segregated: 2/21/83

Indefinitely Postponed: 2/22/83

Bill Killed

1 HOUSE BILL NO. 109
 2 INTRODUCED BY Bill Winkler, Bruce Schall
 3 BY REQUEST OF THE COAL TAX OVERSIGHT SUBCOMMITTEE
 4
 5 A BILL FOR AN ACT ENTITLED: "AN ACT TO SEPARATE THE LOCAL
 6 IMPACT AND EDUCATION TRUST FUND ACCOUNT INTO TWO ACCOUNTS;
 7 PROVIDING FOR THE DISPOSITION AND INVESTMENT OF UNEXPENDED
 8 BALANCES IN THE LOCAL IMPACT ACCOUNT; AMENDING SECTIONS
 9 15-35-108, 20-9-343, 90-1-108, 90-6-202, 90-6-205, 90-6-207,
 10 AND 90-6-211, MCA; AND PROVIDING AN EFFECTIVE DATE."
 11
 12 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:
 13 Section 1. Section 15-35-108, MCA, is amended to read:
 14 "15-35-108. (Effective July 1, 1983) Disposal of
 15 severance taxes. Severance taxes collected under the
 16 provisions of this chapter are allocated as follows:
 17 (1) To the trust fund created by Article IX, section
 18 5, of the Montana constitution, 25% of total collections a
 19 year. After December 31, 1979, 50% of coal severance tax
 20 collections are allocated to this trust fund. The trust fund
 21 moneys shall be deposited in the fund established under
 22 17-6-203(5) and invested by the board of investments as
 23 provided by law.
 24 (2) Coal severance tax collections remaining after
 25 allocation to the trust fund under subsection (1) are

1 allocated in the following percentages of the remaining
 2 balance:
 3 (a) to the county in which coal is mined, 2% of the
 4 severance tax paid on the coal mined in that county until
 5 January 1, 1980, for such purposes as the governing body of
 6 the county may determine;
 7 (b) 2 1/2% until December 31, 1979, and thereafter
 8 4 1/2% to the earmarked revenue fund to the credit of the
 9 alternative energy research development and demonstration
 10 account;
 11 (c) ~~2 1/2% until July 1, 1979, and thereafter 3 1/2%~~
 12 17 1/2% to the earmarked revenue fund to the credit of the
 13 local impact ~~and education trust fund~~ account;
 14 (d) 20% to the earmarked revenue fund to the credit of
 15 the education trust fund account;
 16 ~~(e)(a)~~ for each of the 2 fiscal years following June
 17 30, 1977, 13% to the earmarked revenue fund to the credit of
 18 the coal area highway improvement account;
 19 ~~(e)(f)~~ 10% to the earmarked revenue fund for state
 20 equalization aid to public schools of the state;
 21 ~~(f)(g)~~ 1% to the earmarked revenue fund to the credit
 22 of the county land planning account;
 23 ~~(g)(h)~~ 1 1/4% to the sinking fund to the credit of the
 24 renewable resource development bond account;
 25 ~~(h)(i)~~ 5% to the earmarked revenue fund to the credit

INTRODUCED BILL

1 of a trust fund account for the purpose of parks acquisition
2 or management, protection of works of art in the state
3 capitol, and other cultural and aesthetic projects. Income
4 from this trust fund account shall be appropriated as
5 follows:

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

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

11 ~~(iii) 1%~~ 1% to the earmarked revenue fund to the credit
12 of the state library commission for the purposes of
13 providing basic library services for the residents of all
14 counties through library federations and for payment of the
15 costs of participating in regional and national networking;

16 ~~(iv) 1/2 of 1%~~ 1/2 of 1% to the earmarked revenue fund for
17 conservation districts;

18 ~~(v) 1 1/4%~~ 1 1/4% to the sinking fund to the credit of the
19 water development sinking account;

20 ~~(vi) all~~ all other revenues from severance taxes
21 collected under the provisions of this chapter to the credit
22 of the general fund of the state."

23 Section 2. Section 20-9-343, MCA, is amended to read:

24 "20-9-343. Definition of and revenue for state
25 equalization aid. (1) As used in this title, the term "state

1 equalization aid" means those moneys deposited in the
2 earmarked revenue fund as required in this section plus any
3 legislative appropriation of moneys from other sources for
4 distribution to the public schools for the purpose of
5 equalization of the foundation program.

6 (2) The legislative appropriation for state
7 equalization aid shall be made in a single sum for the
8 biennium. The superintendent of public instruction has
9 authority to spend such appropriation, together with the
10 earmarked revenues provided in subsection (3), as required
11 for foundation program purposes throughout the biennium.

12 (3) The following shall be paid into the earmarked
13 revenue fund for state equalization aid to public schools of
14 the state:

15 (a) 25% of all moneys received from the collection of
16 income taxes under chapter 30 of Title 15;

17 (b) 25% of all moneys, except as provided in
18 15-31-702, received from the collection of corporation
19 license taxes under chapter 31 of Title 15, as provided by
20 15-1-501;

21 (c) 10% of the moneys received from the collection of
22 the severance tax on coal under chapter 35 of Title 15;

23 (d) 62 1/2% of the moneys received from the treasurer
24 of the United States as the state's shares of oil, gas, and
25 other mineral royalties under the federal Mineral Lands

Leasing Act, as amended;

(e) interest and income moneys described in 20-9-341 and 20-9-342;

(f) income from the ~~local impact and~~ education trust fund account ~~established in 90-6-202~~; and

(g) in addition to these revenues, the surplus revenues collected by the counties for foundation program support according to 20-9-331 and 20-9-333 shall be paid into the same earmarked revenue fund.

(4) Any surplus revenue in the state equalization aid account in the second year of a biennium may be used to reduce the appropriation required for the next succeeding biennium [or may be transferred to the state permissive account if revenues in that fund are insufficient to meet the state's permissive amount obligation]."

Section 3. Section 90-1-108, MCA, is amended to read:

"90-1-108. County land planning assistance. (1) The department of commerce shall annually distribute the funds appropriated to it from the county land planning account. Each county shall be allotted \$3,000. After this disbursement has been made, 40% of the balance in the account shall be apportioned to the counties according to the ratio of each county's land area to the total land area of the state and 60% of the balance shall be apportioned to the counties according to each county's portion of the total

population of the state. If a multi-jurisdictional planning board has been established in the county, it may receive and expend part or all of the funds allocated to that county.

(2) Counties, cities, or joint planning boards receiving funds under this section shall use such funds for land planning purposes.

(3) At the end of each fiscal year, every local governing body and planning agency receiving funds under this section shall provide an accounting of how the money was spent, in a form acceptable to the department of commerce. Any surplus funds shall revert to the education trust fund account ~~established in 90-6-202~~."

Section 4. Section 90-6-202, MCA, is amended to read:

"90-6-202. Accounts established. (1) There is within the earmarked revenue fund a local impact and ~~education trust fund account~~. Moneys are payable into this account under 15-35-108(2)(c). The state treasurer shall draw warrants from this account upon order of the coal board.

~~(2) There is within the earmarked revenue fund an education trust fund account.~~

~~(2)(3)~~ There is within the earmarked revenue fund a coal area highway improvement account."

Section 5. Section 90-6-205, MCA, is amended to read:

"90-6-205. Coal board -- general powers. The board may:

1 (1) retain professional consultants and advisors;
 2 (2) adopt rules governing its proceedings;
 3 (3) consider applications for grants from the local
 4 impact and education trust fund account; and
 5 (4) award grants, subject to 90-6-207, ~~not to exceed~~
 6 ~~in any one year seven elevenths and after June 30, 1979,~~
 7 ~~seven fifteenths of the revenue paid into the local impact~~
 8 ~~and education trust fund account,~~ to local governmental
 9 units and state agencies to assist local governmental units
 10 in meeting the local impact of coal development by enabling
 11 them to adequately provide governmental services and
 12 facilities which are needed as a direct consequence of coal
 13 development. ~~As used in the preceding sentence, "revenue~~
 14 ~~paid" does not include interest income from the account~~
 15 ~~reinvested in the account in trust for the public schools~~
 16 ~~and the university system."~~

17 Section 6. Section 90-6-207, MCA, is amended to read:
 18 "90-6-207. Priorities for impact grants. (1) The
 19 department of commerce shall designate counties, towns,
 20 school districts, and other governmental units which have
 21 had or expect to have an increase in estimated population of
 22 at least 10% during any 3 years since 1972 as a result of
 23 the impact of coal development. The coal board shall,
 24 subject to the appropriations of the legislature, award at
 25 least 50% of all grants awarded to governmental units and

1 state agencies for meeting the needs caused by coal
 2 development each year to these designated governmental
 3 units.
 4 (2) Attention should be given by the coal board to the
 5 need for community planning before the full impact is
 6 realized. Applicants should be able to show how their
 7 request reasonably fits into an overall plan for the orderly
 8 management of the existing or contemplated growth problems.
 9 (3) All funds placed in the local impact and
 10 educational trust fund account established under this part,
 11 subject to the limitations imposed by 90-6-211 and [section
 12 8], ~~shall be~~ are subject to appropriations by the
 13 legislature for use related to local impact or for transfer
 14 to a permanent trust for education."

15 Section 7. Section 90-6-211, MCA, is amended to read:
 16 "90-6-211. Disposition of education trust fund account
 17 ~~interest from unexpended balance. The unexpended balance in~~
 18 ~~the local impact and education trust fund account shall be~~
 19 ~~invested as provided by statute by the board of investments.~~
 20 Of the income from such investments each year 10% shall be
 21 added to the principal of the account to be segregated and
 22 held in trust for the purposes of supporting the public
 23 schools and university systems of the state. Of the
 24 remaining 90% of the income from such investments,
 25 three-fourths shall be annually paid into the earmarked

1 revenue fund for state equalization aid to public schools of
 2 the state and one-fourth each year shall be paid to the
 3 board of regents of higher education for use by the
 4 institutions of higher learning in the state, subject to the
 5 budgeting authority of the legislature. ~~Except as provided~~
 6 ~~in 98-6-205(4), the~~ ~~the~~ principal of the ~~local impact and~~
 7 educational trust fund account shall be dedicated to
 8 education and forever remain inviolate and sacred to this
 9 purpose ~~as provided in sections 3 and 10 of Article X of the~~
 10 ~~Montana constitution."~~

11 NEW SECTION. Section 8. Investment and disposition of
 12 interest earnings of local impact account. (1) Unexpended
 13 funds in the local impact account shall be invested to
 14 maximize the income to the account. However, such
 15 investments may not be of such a nature as to obligate the
 16 funds of the local impact account for a period exceeding 1
 17 year.

18 (2) Interest from local impact account investments
 19 accrues to the local impact account.

20 NEW SECTION. Section 9. Effective date. This act is
 21 effective July 1, 1983.

-End-

STATE OF MONTANA

REQUEST NO. 223-83

FISCAL NOTE

Form BD-15

In compliance with a written request received January 24,, 19 83, there is hereby submitted a Fiscal Note for House Bill 109 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 OF PROPOSED LEGISLATION:

House Bill 109 separates the local impact and education trust fund account into two accounts; provides for the disposition and investment of unexpended balances in the local impact account; and provides an effective date.

ASSUMPTIONS:

- 1) Currently the local impact and education trust fund is separated for accounting purposes (8.75% and 10%).
- 2) Coal severance tax revenue allocation (OBPP estimates)

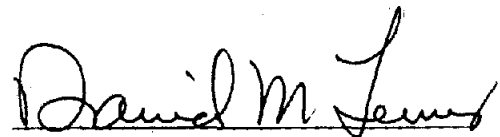
	<u>FY84</u>	<u>FY85</u>
Local impact fund	\$8.632M	\$10.768M
Education trust fund	9.865M	12.307M

- 3) Interest earnings (OBPP estimates)

	<u>FY84</u>	<u>FY85</u>
Local impact fund	\$3.557M	\$4.157M
Education trust fund	4.065M	4.750M

- 4) Current law - Interest allocation
 - 10% - Local impact (7/15) and education trust fund (8/15).
 - 90% - (3/4) State equalization aid
 - (1/4) University system

- 5) Proposed law - Interest allocation
 - Local impact - 100% accrues to local impact account.
 - Education trust fund;
 - 10% - Education trust fund account
 - 90% - (3/4) State equalization aid
 - (1/4) University system.

Continued

BUDGET DIRECTOR

Office of Budget and Program Planning

Date: 1-31-83

FISCAL IMPACT:

	<u>FY84</u>	<u>FY85</u>
Local Impact Fund		
Under Current Law	\$ 8.988M	\$11.184M
Under Proposed Law	<u>12.189M</u>	<u>14.925M</u>
Estimated Increase	<u>3.201M</u>	<u>3.741M</u>
Education Trust Fund		
Under Current Law	10.271M	12.782M
Under Proposed Law	<u>10.271M</u>	<u>12.782M</u>
Estimated Increase	<u>-0-</u>	<u>-0-</u>
School Equalization		
Under Current Law	5.145M	6.012M
Under Proposed Law	<u>2.744M</u>	<u>3.206M</u>
Estimated Decrease	<u>(2.401M)</u>	<u>(2.806M)</u>
University System		
Under Current Law	1.715M	2.004M
Under Proposed Law	<u>.915M</u>	<u>1.069M</u>
Estimated Decrease	<u>(.800M)</u>	<u>(.935M)</u>

GENERAL FUND IMPACT:

Both the school equalization decrease and the University System decrease would require general fund replacement.

<u>FY1984</u>	<u>FY1985</u>	<u>Biennium TOTAL</u>
<u>\$3.201M</u>	<u>\$3.741M</u>	<u>\$6.942M</u>

Approved by Comm.
on Local Government

HOUSE BILL NO. 109

INTRODUCED BY WINSLOW, ROUSH, ELLIOTT

BY REQUEST OF THE COAL TAX OVERSIGHT SUBCOMMITTEE

A BILL FOR AN ACT ENTITLED: "AN ACT TO SEPARATE THE LOCAL IMPACT AND EDUCATION TRUST FUND ACCOUNT INTO TWO ACCOUNTS; PROVIDING FOR THE DISPOSITION AND INVESTMENT OF UNEXPENDED BALANCES IN THE LOCAL IMPACT ACCOUNT; AMENDING SECTIONS 15-35-108, 20-9-343, 90-1-108, 90-6-202, 90-6-205, 90-6-207, AND 90-6-211, MCA; AND PROVIDING AN EFFECTIVE DATE."

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

Section 1. Section 15-35-108, MCA, is amended to read:

"15-35-108. (Effective July 1, 1983) Disposal of severance taxes. Severance taxes collected under the provisions of this chapter are allocated as follows:

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

(2) Coal severance tax collections remaining after allocation to the trust fund under subsection (1) are

allocated in the following percentages of the remaining balance:

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

(b) 2 1/2% until December 31, 1979, and thereafter 4 1/2% to the earmarked revenue fund to the credit of the alternative energy research development and demonstration account;

~~(c) 2 1/2% until July 1, 1979, and thereafter 3 1/2%~~
17 1/2% to the earmarked revenue fund to the credit of the local impact and education trust fund account;

~~(d) 20% to the earmarked revenue fund to the credit of the education trust fund account;~~

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

~~(f)~~ 10% to the earmarked revenue fund for state equalization aid to public schools of the state;

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

~~(h)~~ 1 1/4% to the sinking fund to the credit of the renewable resource development bond account;

~~(i)~~ 5% to the earmarked revenue fund to the credit

1 of a trust fund account for the purpose of parks acquisition
 2 or management, protection of works of art in the state
 3 capitol, and other cultural and aesthetic projects. Income
 4 from this trust fund account shall be appropriated as
 5 follows:

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

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

11 ~~++(j)~~ 1% to the earmarked revenue fund to the credit
 12 of the state library commission for the purposes of
 13 providing basic library services for the residents of all
 14 counties through library federations and for payment of the
 15 costs of participating in regional and national networking;

16 ~~++(k)~~ 1/2 of 1% to the earmarked revenue fund for
 17 conservation districts;

18 ~~++(l)~~ 1 1/4% to the sinking fund to the credit of the
 19 water development sinking account;

20 ~~++(m)~~ all other revenues from severance taxes
 21 collected under the provisions of this chapter to the credit
 22 of the general fund of the state."

23 Section 2. Section 20-9-343, MCA, is amended to read:

24 "20-9-343. Definition of and revenue for state
 25 equalization aid. (1) As used in this title, the term "state

1 equalization aid" means those moneys deposited in the
 2 earmarked revenue fund as required in this section plus any
 3 legislative appropriation of moneys from other sources for
 4 distribution to the public schools for the purpose of
 5 equalization of the foundation program.

6 (2) The legislative appropriation for state
 7 equalization aid shall be made in a single sum for the
 8 biennium. The superintendent of public instruction has
 9 authority to spend such appropriation, together with the
 10 earmarked revenues provided in subsection (3), as required
 11 for foundation program purposes throughout the biennium.

12 (3) The following shall be paid into the earmarked
 13 revenue fund for state equalization aid to public schools of
 14 the state:

15 (a) 25% of all moneys received from the collection of
 16 income taxes under chapter 30 of Title 15;

17 (b) 25% of all moneys, except as provided in
 18 15-31-702, received from the collection of corporation
 19 license taxes under chapter 31 of Title 15, as provided by
 20 15-1-501;

21 (c) 10% of the moneys received from the collection of
 22 the severance tax on coal under chapter 35 of Title 15;

23 (d) 62 1/2% of the moneys received from the treasurer
 24 of the United States as the state's shares of oil, gas, and
 25 other mineral royalties under the federal Mineral Lands

Leasing Act, as amended;

(e) interest and income moneys described in 20-9-341 and 20-9-342;

(f) income from the ~~local-impact-and~~ education trust fund account established in 90-6-202; and

(g) in addition to these revenues, the surplus revenues collected by the counties for foundation program support according to 20-9-331 and 20-9-333 shall be paid into the same earmarked revenue fund.

(4) Any surplus revenue in the state equalization aid account in the second year of a biennium may be used to reduce the appropriation required for the next succeeding biennium [or may be transferred to the state permissive account if revenues in that fund are insufficient to meet the state's permissive amount obligation]."

Section 3. Section 90-1-108, MCA, is amended to read:

"90-1-108. County land planning assistance. (1) The department of commerce shall annually distribute the funds appropriated to it from the county land planning account. Each county shall be allotted \$3,000. After this disbursement has been made, 40% of the balance in the account shall be apportioned to the counties according to the ratio of each county's land area to the total land area of the state and 60% of the balance shall be apportioned to the counties according to each county's portion of the total

population of the state. If a multijurisdictional planning board has been established in the county, it may receive and expend part or all of the funds allocated to that county.

(2) Counties, cities, or joint planning boards receiving funds under this section shall use such funds for land planning purposes.

(3) At the end of each fiscal year, every local governing body and planning agency receiving funds under this section shall provide an accounting of how the money was spent, in a form acceptable to the department of commerce. Any surplus funds shall revert to the education trust fund account established in 90-6-202."

Section 4. Section 90-6-202, MCA, is amended to read:

"90-6-202. Accounts established. (1) There is within the earmarked revenue fund a local impact ~~end-education trust-fund~~ account. Moneys are payable into this account under 15-35-108~~(2)(c)~~. The state treasurer shall draw warrants from this account upon order of the coal board.

~~(2) There is within the earmarked revenue fund an education trust fund account.~~

~~(2)(3)~~ There is within the earmarked revenue fund a coal area highway improvement account."

Section 5. Section 90-6-205, MCA, is amended to read:

"90-6-205. Coal board -- general powers. The board may:

(1) retain professional consultants and advisors;
 (2) adopt rules governing its proceedings;
 (3) consider applications for grants from the local impact and education trust fund account; and
 (4) award grants, subject to 90-6-207, not to exceed ~~in any one year seven-elevenths and after June 30, 1979, seven-fifteenths of the revenue paid into the local impact and education trust fund account~~ to local governmental units and state agencies to assist local governmental units in meeting the local impact of coal development by enabling them to adequately provide governmental services and facilities which are needed as a direct consequence of coal development. ~~As used in the preceding sentence, "revenue paid" does not include interest income from the account reinvested in the account in trust for the public schools and the university system.~~

Section 6. Section 90-6-207, MCA, is amended to read:

"90-6-207. Priorities for impact grants. (1) The department of commerce shall designate counties, towns, school districts, and other governmental units which have had or expect to have an increase in estimated population of at least 10% during any 3 years since 1972 as a result of the impact of coal development. The coal board shall, subject to the appropriations of the legislature, award at least 50% of all grants awarded to governmental units and

state agencies for meeting the needs caused by coal development each year to these designated governmental units.

(2) Attention should be given by the coal board to the need for community planning before the full impact is realized. Applicants should be able to show how their request reasonably fits into an overall plan for the orderly management of the existing or contemplated growth problems.

(3) All funds placed in the local impact and education trust fund account established under this part, subject to the limitations imposed by 90-6-211 and ~~section 8], shall be~~ are subject to appropriations by the legislature for use related to local impact ~~or for transfer to a permanent trust for education.~~

Section 7. Section 90-6-211, MCA, is amended to read:

"90-6-211. Disposition of education trust fund account interest from unexpended balance. The ~~unexpended balance in the local impact and education trust fund account~~ shall be invested as provided by statute by the board of investments. Of the income from such investments each year 10% shall be added to the principal of the account to be segregated and held in trust for the purposes of supporting the public schools and university systems of the state. Of the remaining 90% of the income from such investments, three-fourths shall be annually paid into the earmarked

1 revenue fund for state equalization aid to public schools of
 2 the state and one-fourth each year shall be paid to the
 3 board of regents of higher education for use by the
 4 institutions of higher learning in the state, subject to the
 5 budgeting authority of the legislature. Except--as--provided
 6 in--98-6-205(4)--the ~~The~~ principal of the ~~local-impact-and~~
 7 educational trust fund ~~account~~ shall be dedicated to
 8 education and forever remain inviolate and sacred to this
 9 purpose ~~as-provided-in-sections-3-and-10-of-Article-X-of-the~~
 10 ~~Montana-constitution."~~

11 NEW SECTION. Section 8. Investment and disposition of
 12 interest earnings of local impact account. (1) Unexpended
 13 funds in the local impact account shall be invested to
 14 maximize the income to the account. However, such
 15 investments may not be of such a nature as to obligate the
 16 funds of the local impact account for a period exceeding 1
 17 year.

18 (2) Interest from local impact account investments
 19 accrues to the local impact account.

20 NEW SECTION. Section 9. Effective date. This act is
 21 effective July 1, 1983.

-End-