

HOUSE BILL NO. 413

Introduced: 01/20/83

Referred to Committee on Appropriations: 01/20/83

Hearing: 2/11/83

Died in Committee

1 House BILL NO. 413
2 INTRODUCED BY Balderson
3 BY REQUEST OF THE OFFICE OF BUDGET AND PROGRAM PLANNING
4
5 A BILL FOR AN ACT ENTITLED: "AN ACT REVISING THE ALLOCATION
6 OF FEDERAL MINERAL LANDS LEASING ACT ROYALTY PAYMENTS;
7 AMENDING SECTIONS 17-3-201, 20-9-331, 20-9-333, AND
8 20-9-343, MCA; AND PROVIDING AN EFFECTIVE DATE."
9
10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:
11 Section 1. Section 17-3-201, MCA, is amended to read:
12 "17-3-201. Deposit of gas and oil royalties from
13 federal government in highway account. It shall be the duty
14 of the state treasurer to ~~pay 37 1/2% of~~ distribute the
15 moneys received from the treasurer of the United States as
16 the state's share of gas, oil, and other mineral royalties
17 under the federal Mineral Lands Leasing Act, as amended, to
18 ~~the state highway account in the earmarked revenue fund, as~~
19 follows:
20 (1) 37 1/2% to the state highway account in the
21 earmarked revenue fund; and
22 (2) 62 1/2% to the counties in which the royalties are
23 collected, to be deposited by county treasurers in the
24 common school funds. The funds shall be allocated among the
25 counties in the proportion that the federal Mineral Lands

1 Leasing Act funds collected in each county during the
2 payment period bear to the total collections in the state."
3 Section 2. Section 20-9-331, MCA, is amended to read:
4 "20-9-331. Basic county tax and other revenues for
5 county equalization of the elementary district foundation
6 program. (1) It shall be the duty of the county
7 commissioners of each county to levy an annual basic tax of
8 25 mills on the dollars of the taxable value of all taxable
9 property within the county for the purposes of local and
10 state foundation program support. The revenue to be
11 collected from this levy shall be apportioned to the support
12 of the foundation programs of the elementary school
13 districts in the county and to the earmarked revenue fund,
14 state equalization aid account, in the following manner:
15 (a) In order to determine the amount of revenue raised
16 by this levy which is retained by the county, the sum of the
17 estimated revenues identified in subsections (2)(a) through
18 (2)(f)(g) below shall be subtracted from the sum of the
19 county elementary transportation obligation and the total of
20 the foundation programs of all elementary districts of the
21 county.
22 (b) If the basic levy of 25 mills produces more
23 revenue than is required to finance the difference
24 determined above, the county commissioners shall order the
25 county treasurer to remit the surplus funds to the state

1 treasurer for deposit to the earmarked revenue fund, state
2 equalization aid account, not later than June 1 of the
3 fiscal year for which the levy has been set.

4 (2) The proceeds realized from the county's portion of
5 the levy prescribed by this section and the revenues from
6 the following sources shall be used for the equalization of
7 the elementary district foundation programs of the county as
8 prescribed in 20-9-334, and a separate accounting shall be
9 kept of such proceeds and revenues by the county treasurer
10 in accordance with 20-9-212(1):

11 (a) the portion of the federal forest reserve funds
12 distributed to a county and designated for the common school
13 fund under the provisions of 17-3-213;

14 (b) the portion of the federal Taylor Grazing Act
15 funds distributed to a county and designated for the common
16 school fund under the provisions of 17-3-222;

17 (c) the portion of the federal flood control act funds
18 distributed to a county and designated for expenditure for
19 the benefit of the county common schools under the
20 provisions of 17-3-232;

21 (d) all moneys which are paid into the county treasury
22 as a result of fines for violations of law and the use of
23 which is not otherwise specified by law;

24 (e) any money remaining at the end of the immediately
25 preceding school fiscal year in the county treasurer's

1 account for the various sources of revenue established or
2 referred to in this section; and

3 (f) any federal or state moneys distributed to the
4 county as payment in lieu of the property taxation
5 established by the county levy required by this section;
6 and

7 (g) the portion of federal Mineral Lands Leasing Act
8 funds distributed to a county and designated for the common
9 school fund under the provisions of 17-3-201."

10 Section 3. Section 20-9-333, MCA, is amended to read:

11 "20-9-333. Basic special levy and other revenues for
12 county equalization of high school district foundation
13 program. (1) It shall be the duty of the county
14 commissioners of each county to levy an annual basic special
15 tax for high schools of 15 mills on the dollar of the
16 taxable value of all taxable property within the county for
17 the purposes of local and state foundation program support.
18 The revenue to be collected from this levy shall be
19 apportioned to the support of the foundation programs of
20 high school districts in the county and to the earmarked
21 revenue fund, state equalization aid account, in the
22 following manner:

23 (a) In order to determine the amount of revenue raised
24 by this levy which is retained by the county, the estimated
25 revenues identified in subsections (2)(a) and ~~(2)(b)~~ through

1 ~~(2)(c)~~ below shall be subtracted from the sum of the
 2 county's high school tuition obligation and the total of the
 3 foundation programs of all high school districts of the
 4 county.

5 (b) If the basic levy for 15 mills produces more
 6 revenue than is required to finance the difference
 7 determined above, the county commissioners shall order the
 8 county treasurer to remit the surplus to the state treasurer
 9 for deposit to the earmarked revenue fund, state
 10 equalization aid account, not later than June 1 of the
 11 fiscal year for which the levy has been set.

12 (2) The proceeds realized from the county's portion of
 13 the levy prescribed in this section and the revenues from
 14 the following sources shall be used for the equalization of
 15 the high school district foundation programs of the county
 16 as prescribed in 20-9-334, and a separate accounting shall
 17 be kept of these proceeds by the county treasurer in
 18 accordance with 20-9-212(1):

19 (a) any money remaining at the end of the immediately
 20 preceding school fiscal year in the county treasurer's
 21 account for deposit of the proceeds from the levy
 22 established in this section; and

23 (b) any federal or state moneys distributed to the
 24 county as a payment in lieu of the property taxation
 25 established by the county levy required by this section;

1 and

2 (c) the portion of federal Mineral Lands Leasing Act
 3 funds distributed to a county and designated for the common
 4 school fund under the provisions of 17-3-201.

5 Section 4. Section 20-9-343, MCA, is amended to read:

6 "20-9-343. Definition of and revenue for state
 7 equalization aid. (1) As used in this title, the term "state
 8 equalization aid" means those moneys deposited in the
 9 earmarked revenue fund as required in this section plus any
 10 legislative appropriation of moneys from other sources for
 11 distribution to the public schools for the purpose of
 12 equalization of the foundation program.

13 (2) The legislative appropriation for state
 14 equalization aid shall be made in a single sum for the
 15 biennium. The superintendent of public instruction has
 16 authority to spend such appropriation, together with the
 17 earmarked revenues provided in subsection (3), as required
 18 for foundation program purposes throughout the biennium.

19 (3) The following shall be paid into the earmarked
 20 revenue fund for state equalization aid to public schools of
 21 the state:

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

24 (b) 25% of all moneys, except as provided in
 25 15-31-702, received from the collection of corporation

1 license taxes under chapter 31 of Title 15, as provided by
2 15-1-501;

3 (c) 10% of the moneys received from the collection of
4 the severance tax on coal under chapter 35 of Title 15; and
5 ~~(d) 62 1/2% of the moneys received from the treasurer~~
6 ~~of the United States as the state's shores of oil, gas, and~~
7 ~~other mineral royalties under the Federal Mineral Lands~~
8 ~~Leasing Act, as amended;~~

9 ~~(e) (d)~~ interest and income moneys described in
10 20-9-341 and 20-9-342;

11 ~~(f) (e)~~ income from the local impact and education
12 trust fund account; and

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

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

23 NEW SECTION. Section 5. Effective date. This act is
24 effective July 1, 1983.

-End-

STATE OF MONTANA

REQUEST NO. 216-83

FISCAL NOTE

Form BD-15

In compliance with a written request received January 22, 19 83, there is hereby submitted a Fiscal Note for House Bill 413 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 413 would pay into the county common school funds (i.e., the elementary 25 mill levy and the high school 15 mill levy funds) the U.S. Oil and Gas Royalties that are now paid into the state's earmarked revenue fund.

ASSUMPTION:

- 1) The Office of Budget and Program Planning estimates that \$11.035M in FY 84 and \$12.571M in FY 85 will be received from the Federal Mineral Lands Leasing Act. These estimates reflect 62½% of the total revenues.

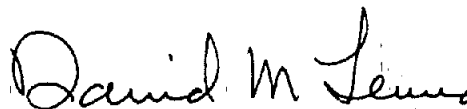
FISCAL IMPACT:

	<u>FY 84</u>	<u>FY 85</u>
School Foundation Program		
Under Current Law	\$11.035 M	\$12.571 M
Under Proposed Law	-0-	-0-
Estimated Decrease	<u>\$(11.035 M)</u>	<u>\$(12.571 M)</u>
County Common School Fund		
Under Current Law	\$ -0-	\$ -0-
Under Proposed Law	11.035 M	12.571 M
Estimated Increase	<u>\$11.035 M</u>	<u>\$12.571 M</u>

TECHNICAL NOTE:

Royalty payments are received two times per year, usually in November and May. Since school budget laws specify that school budgets should not be based on estimated revenues that are very volatile, royalty payments received in FY 84 would not be used in determining budgets until FY 85. This would mean a one time lag in receipts of \$11.035M (i.e. FY 84 receipts would be used to determine budgets in FY 85, FY 85 receipts would be used to determine budgets in FY 86, etc.) It should be noted that this would be a permanent lag that would not be regained until the collection mechanism was changed or school budget laws modified.

FISCAL NOTE 8:R/1



BUDGET DIRECTOR

Office of Budget and Program Planning

Date: 1-27-83