

HOUSE BILL NO. 418
INTRODUCED BY YARDLEY, MCBRIDE
BY REQUEST OF THE GOVERNOR

IN THE HOUSE

January 20, 1983	Introduced and referred to Committee on Local Government.
February 15, 1983	Committee recommend bill do pass as amended. Report adopted.
February 16, 1983	Bill printed and placed on members' desks.
February 17, 1983	Motion pass consideration.
February 18, 1983	Motion pass consideration.
February 19, 1983	On motion taken from second reading and referred to Committee on Appropriations.
March 23, 1983	Committee recommend bill do pass. Report adopted. Motion pass consideration.
March 26, 1983	Second reading, do pass as amended.
March 28, 1983	Correctly engrossed. Third reading, passed. Transmitted to Senate.

IN THE SENATE

April 5, 1983	Introduced and referred to Committee on Finance and Claims.
April 13, 1983	Committee recommend bill be concurred in. Report adopted.

April 14, 1983

Second reading, concurred in.

April 15, 1983

Third reading, concurred in.
Ayes, 43; Noes, 6.

IN THE HOUSE

April 15, 1983

Returned to House.

April 16, 1983

Sent to enrolling.

Reported correctly enrolled.

1 House BILL NO. 418
 2 INTRODUCED BY Harold J. McBride
 3 BY REQUEST OF THE GOVERNOR
 4

5 A BILL FOR AN ACT ENTITLED: "AN ACT TO EARMARK A PORTION OF
 6 THE OIL AND GAS SEVERANCE TAX FOR THE LOCAL GOVERNMENT BLOCK
 7 GRANT ACCOUNT; AMENDING SECTIONS 15-1-501 AND 15-36-112,
 8 MCA; AND PROVIDING AN EFFECTIVE DATE."
 9

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

11 Section 1. Section 15-1-501, MCA, is amended to read:

12 "15-1-501. Disposition of moneys from certain
 13 designated license and other taxes. (1) The state treasurer
 14 shall deposit to the credit of the state general fund all
 15 moneys received by him from the collection of:

16 (a) automobile driver's license fees under subsections
 17 (1) through (6) of 61-5-111;

18 (b) electric energy producer's license taxes under
 19 chapter 51;

20 (c) metalliferous mines license taxes under chapter
 21 37;

22 (d) oil and gas severance taxes allocated to the
 23 general fund under chapter 36;

24 (e) liquor license taxes under Title 16;

25 (f) telephone license taxes under chapter 53; and

1 (g) inheritance and estate taxes under Title 72,
 2 chapter 16.

3 (2) Seventy-five percent of all moneys received from
 4 the collection of income taxes under chapter 30 and
 5 corporation license and income taxes under chapter 31,
 6 except as provided in 15-31-702, shall be deposited in the
 7 general fund subject to the prior pledge and appropriation
 8 of such income tax and corporation license tax collections
 9 for the payment of long-range building program bonds. The
 10 remaining 25% of the proceeds of the corporation license
 11 tax, excluding that allocated to the counties under
 12 15-31-702, corporation income tax, and income tax shall be
 13 deposited to the credit of the earmarked revenue fund for
 14 state equalization aid to the public schools of Montana.

15 (3) The state treasurer shall also deposit to the
 16 credit of the state general fund all moneys received by him
 17 from the collection of license taxes, fees, and all net
 18 revenues and receipts from all other sources under the
 19 operation of the Montana Alcoholic Beverage Code.

20 (4) Thirty-three and one-third percent of the total
 21 collections of oil and gas severance taxes under chapter 36
 22 shall be deposited into the local government block grant
 23 account within the earmarked revenue fund. After the
 24 distribution provided for in 15-36-112, the remainder of the
 25 oil and gas severance tax collections shall be deposited in

1 the general fund."

2 Section 2. Section 15-36-112, MCA, is amended to read:

3 "15-36-112. Disposition of oil and gas severance
4 taxes. (1) Each year the department of revenue shall
5 determine the amount of tax collected under this chapter
6 from within each county.

7 (2) The severance taxes collected under this chapter
8 are allocated as follows:

9 (a) 33 1/3% of the oil and gas severance tax is
10 deposited in the local government block grant account within
11 the earmarked revenue fund;

12 ~~(a)(b)~~ the amount, if any, by which the tax collected
13 from within a county for any fiscal year exceeds the total
14 amount collected from within that county for the previous
15 fiscal year, by reason of increased production and not
16 because of increase in or elimination of federal price
17 ceilings on oil and gas, is allocated to the general fund of
18 the county for distribution as provided in subsection (3);

19 ~~(b)(c)~~ any amount not allocated to the local
20 government block grant account or the county under
21 subsection (2)(a) or (2)(b) is allocated to the state
22 general fund.

23 (3) (a) The county treasurer shall distribute the
24 money received under this section to the county and to all
25 the incorporated cities and towns within the county in the

1 following manner. The county receives the available money
2 multiplied by the ratio of the rural population to the
3 county population. Each incorporated municipality receives
4 the available money multiplied by the ratio of the
5 population of the incorporated municipality to the county
6 population. The rural population is that population of the
7 county living outside the boundaries of an incorporated
8 municipality. Population shall be based on the most recent
9 figures as determined by the department of administration.

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

13 NEW SECTION. Section 3. Effective date. This act is
14 effective July 1, 1983, and is applicable to all severance
15 taxes collected after June 30, 1983.

-End-

STATE OF MONTANA

REQUEST NO. 215-83

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 418 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 418 earmarks a portion of the oil and gas severance tax for the local government block grant account and provides an effective date.

ASSUMPTION:

- 1) The projections of oil and natural gas severance tax receipts and distribution prepared by the Office of Budget and Program Planning are the basis for comparison.
- 2) The bill does not increase or decrease tax collections. It only changes the distribution of the collections.

FISCAL IMPACT:

	<u>FY 84</u>	<u>FY 85</u>
Oil Severance Tax Collections		
Under Current Law	\$59,377,000	\$65,462,000
Under Proposed Law	<u>59,377,000</u>	<u>65,462,000</u>
Estimated Increase	<u>\$ -0-</u>	<u>\$ -0-</u>
Natural Gas Severance Tax Collections		
Under Current Law	\$ 3,426,000	\$ 3,825,000
Under Proposed Law	<u>3,426,000</u>	<u>3,825,000</u>
Estimated Increase	<u>\$ -0-</u>	<u>\$ -0-</u>
TOTAL REVENUE		
Under Current Law	\$62,803,000	\$69,287,000
Under Proposed Law	<u>62,803,000</u>	<u>69,287,000</u>
Estimated Increase	<u>\$ -0-</u>	<u>\$ -0-</u>
General Fund		
Under Current Law	\$59,457,000	\$65,621,000
Under Proposed Law	<u>38,522,667</u>	<u>42,525,333</u>
Estimated Decrease	<u>\$(20,934,333)</u>	<u>\$(23,095,667)</u>
Distribution to Producing Counties		
Under Current Law	\$ 3,346,000	\$ 3,666,000
Under Proposed Law	<u>3,346,000</u>	<u>3,666,000</u>
Estimated Increase	<u>\$ -0-</u>	<u>\$ -0-</u>

Continued

BUDGET DIRECTOR

Office of Budget and Program Planning

Date: 1-27-83

-2-

Local Government Block Grant Account

Under Current Law	\$ -0-	\$ -0-
Under Proposed Law	20,934,333	23,095,667
Estimated Increase	<u>\$20,934,333</u>	<u>\$23,095,667</u>

TECHNICAL NOTE:

The bill was intended to earmark a portion of the oil severance tax only. The Legislative Council erroneously drafted the bill to earmark a portion of the natural gas severance tax. An amendment will be offered to correct this error.

FISCAL NOTE 8:Q/2

HB 418

Approved by Comm.
on Local Government

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BY REQUEST OF THE GOVERNOR

A BILL FOR AN ACT ENTITLED: "AN ACT TO EARMARK A PORTION OF
THE OIL AND-GAS SEVERANCE TAX FOR THE LOCAL GOVERNMENT BLOCK
GRANT ACCOUNT; AMENDING SECTIONS 15-1-501 AND 15-36-112,
MCA; AND PROVIDING AN EFFECTIVE DATE."

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

Section 1. Section 15-1-501, MCA, is amended to read:

"15-1-501. Disposition of moneys from certain
designated license and other taxes. (1) The state treasurer
shall deposit to the credit of the state general fund all
moneys received by him from the collection of:

(a) automobile driver's license fees under subsections
(1) through (6) of 61-5-111;

(b) electric energy producer's license taxes under
chapter 51;

(c) metalliferous mines license taxes under chapter
37;

(d) oil-and-gas severance taxes allocated to the
general fund under chapter 36;

(e) liquor license taxes under Title 16;

(f) telephone license taxes under chapter 53; and

(g) inheritance and estate taxes under Title 72,
chapter 16.

(2) Seventy-five percent of all moneys received from
the collection of income taxes under chapter 30 and
corporation license and income taxes under chapter 31,
except as provided in 15-31-702, shall be deposited in the
general fund subject to the prior pledge and appropriation
of such income tax and corporation license tax collections
for the payment of long-range building program bonds. The
remaining 25% of the proceeds of the corporation license
tax, excluding that allocated to the counties under
15-31-702, corporation income tax, and income tax shall be
deposited to the credit of the earmarked revenue fund for
state equalization aid to the public schools of Montana.

(3) The state treasurer shall also deposit to the
credit of the state general fund all moneys received by him
from the collection of license taxes, fees, and all net
revenues and receipts from all other sources under the
operation of the Montana Alcoholic Beverage Code.

~~(4) Thirty-three and one-third percent of the total
collections of the oil and-gas severance taxes IAX under
chapter 36 shall be deposited into the local government
block grant account within the earmarked revenue fund. After
the distribution provided for in 15-36-112, the remainder of
the oil and-gas severance tax collections shall be deposited~~

1 in the general fund."

2 Section 2. Section 15-36-112, MCA, is amended to read:

3 "15-36-112. Disposition of oil and gas severance
4 taxes. (1) Each year the department of revenue shall
5 determine the amount of tax collected under this chapter
6 from within each county.

7 (2) The severance taxes collected under this chapter
8 are allocated as follows:

9 (a) 33 1/3% of the oil and gas severance tax is
10 deposited in the local government block grant account within
11 the earmarked revenue fund;

12 (b) the amount, if any, by which the tax collected
13 from within a county for any fiscal year exceeds the total
14 amount collected from within that county for the previous
15 fiscal year, by reason of increased production and not
16 because of increase in or elimination of federal price
17 ceilings on oil and gas, is allocated to the general fund of
18 the county for distribution as provided in subsection (3);

19 (c) any amount not allocated to the local
20 government block grant account or the county under
21 subsection (2)(a) or (2)(b) is allocated to the state
22 general fund.

23 (3) (a) The county treasurer shall distribute the
24 money received under SUBSECTION (2)(B) OF this section to
25 the county and to all the incorporated cities and towns

1 within the county in the following manner. The county
2 receives the available money multiplied by the ratio of the
3 rural population to the county population. Each incorporated
4 municipality receives the available money multiplied by the
5 ratio of the population of the incorporated municipality to
6 the county population. The rural population is that
7 population of the county living outside the boundaries of an
8 incorporated municipality. Population shall be based on the
9 most recent figures as determined by the department of
10 administration.

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

14 NEW SECTION. Section 3. Effective date. This act is
15 effective July 1, 1983, and is applicable to all severance
16 taxes collected after June 30, 1983.

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(3) The state treasurer shall also deposit to the credit of the state general fund all moneys received by him from the collection of license taxes, fees, and all net revenues and receipts from all other sources under the operation of the Montana Alcoholic Beverage Code.

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3 "15-36-112. Disposition of oil and gas severance
4 taxes. (1) Each year the department of revenue shall
5 determine the amount of tax collected under this chapter
6 from within each county.

7 (2) The severance taxes collected under this chapter
8 are allocated as follows:

9 ~~(a) 33 1/3% of the oil and gas severance tax, NOT TO~~
10 ~~EXCEED \$42 MILLION FOR THE BIENNIUM ENDING JUNE 30, 1985, is~~
11 ~~deposited in the local government block grant account within~~
12 ~~the earmarked revenue fund;~~

13 ~~(b)~~ the amount, if any, by which the tax collected
14 from within a county for any fiscal year exceeds the total
15 amount collected from within that county for the previous
16 fiscal year, by reason of increased production and not
17 because of increase in or elimination of federal price
18 ceilings on oil and gas, is allocated to the general fund of
19 the county for distribution as provided in subsection (3);

20 ~~(b)(c)~~ any amount not allocated to the local
21 government block grant account or the county under
22 subsection (2)(a) ~~or (2)(b)~~ is allocated to the state
23 general fund.

24 (3) (a) The county treasurer shall distribute the
25 money received under SUBSECTION (2)(b) OF this section to

1 the county and to all the incorporated cities and towns
2 within the county in the following manner. The county
3 receives the available money multiplied by the ratio of the
4 rural population to the county population. Each incorporated
5 municipality receives the available money multiplied by the
6 ratio of the population of the incorporated municipality to
7 the county population. The rural population is that
8 population of the county living outside the boundaries of an
9 incorporated municipality. Population shall be based on the
10 most recent figures as determined by the department of
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8 are allocated as follows:

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10 EXCEED \$42 MILLION FOR THE BIENNIMUM ENDING JUNE 30, 1985, is
11 deposited in the local government block grant account within
12 the earmarked revenue fund;

13 (b)(1) the amount, if any, by which the tax collected
14 from within a county for any fiscal year exceeds the total
15 amount collected from within that county for the previous
16 fiscal year, by reason of increased production and not
17 because of increase in or elimination of federal price
18 ceilings on oil and gas, is allocated to the general fund of
19 the county for distribution as provided in subsection (3);

20 (b)(1c) any amount not allocated to the local
21 government block grant account or the county under
22 subsection (2)(a) or (2)(b) is allocated to the state
23 general fund.

24 (3) (a) The county treasurer shall distribute the
25 money received under SUBSECTION (2)(B) OF this section to

1 the county and to all the incorporated cities and towns
2 within the county in the following manner. The county
3 receives the available money multiplied by the ratio of the
4 rural population to the county population. Each incorporated
5 municipality receives the available money multiplied by the
6 ratio of the population of the incorporated municipality to
7 the county population. The rural population is that
8 population of the county living outside the boundaries of an
9 incorporated municipality. Population shall be based on the
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