

SENATE BILL NO. 96

Introduced: 01/11/83

Referred to Committee on Taxation: 01/11/83

Hearing: 1/14/83

Report: 1/31/83, Do pass, As Amended

2nd Reading: 02/07/83

3rd Reading: 02/09/83

Transmitted to House: 2/9/83

Referred to Committee on Taxation: 02/10/83

Hearing: 3/9/83

Died in House Committee.

1 *Senate* BILL NO. 96  
 2 INTRODUCED BY *Elbert W. Underwood, Ron SA*  
 3 BY REQUEST OF THE COAL TAX OVERSIGHT COMMITTEE  
 4

5 A BILL FOR AN ACT ENTITLED: "AN ACT TO CHANGE THE  
 6 DISPOSITION OF COAL SEVERANCE TAX CONSTITUTIONAL TRUST  
 7 INTEREST AND EARNINGS; PROVIDING FOR DEPOSIT OF CERTAIN  
 8 INTEREST AND EARNINGS IN THE STATE GENERAL FUND; AMENDING  
 9 SECTIONS 17-5-703 AND 17-5-704, MCA; AND PROVIDING AN  
 10 EFFECTIVE DATE."  
 11

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

13 Section 1. Section 17-5-703, MCA, is amended to read:

14 "17-5-703. Coal severance tax trust subfunds ~~==~~  
 15 ~~transfers.~~ (1) The trust established under Article IX,  
 16 section 5, of the Montana constitution shall be composed of  
 17 the following subfunds:

18 (a) a coal severance tax bond subfund into which the  
 19 constitutionally dedicated receipts from the coal severance  
 20 tax shall be deposited; and

21 (b) a coal severance tax permanent subfund; ~~and~~

22 ~~(c) a coal severance tax income subfund.~~

23 (2) On each December 31 and June 30 the state  
 24 treasurer shall transfer to the coal severance tax permanent  
 25 subfund all money in the coal severance tax bond subfund

1 except the amount necessary to meet all principal and  
 2 interest payments on bonds payable from the coal severance  
 3 tax bond subfund on the next ensuing semiannual payment  
 4 date."

5 Section 2. Section 17-5-704, MCA, is amended to read:

6 "17-5-704. Investment of funds ~~== disposition of~~  
 7 ~~earnings.~~ (1) Money in the coal severance tax bond subfund  
 8 and the coal severance tax permanent subfund ~~and the coal~~  
 9 ~~severance tax income subfund~~ must be invested in accordance  
 10 with the investment standards for coal severance tax funds  
 11 ~~except as provided in subsection (2), income and earnings~~  
 12 ~~from all subfunds must be transferred to and retained in the~~  
 13 ~~coal severance tax income subfund.~~

14 (2) Beginning on July 1, 1983, the legislature ~~state~~  
 15 ~~treasurer~~ shall appropriate ~~deposit~~

16 (a) 15% of the income and earnings from all subfunds  
 17 ~~to be deposited to~~ in the coal severance tax permanent  
 18 subfund each year; and

19 (b) ~~the balance of the income and earnings from all~~  
 20 ~~subfunds not otherwise specifically appropriated in the~~  
 21 ~~state general fund.~~

22 (3) The funds appropriated deposited to the coal  
 23 severance tax permanent subfund under this subsection (2)(a)  
 24 may not be further appropriated except by vote of  
 25 three-fourths of the members of each house of the

- 1 legislature."
- 2 NEW SECTION. Section 3. Effective date. This act is
- 3 effective July 1, 1983.

-End-

STATE OF MONTANA

REQUEST NO. 083-83

FISCAL NOTE

Form BD-15

In compliance with a written request received January 12, 19 83, there is hereby submitted a Fiscal Note for Senate Bill 96 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:

Senate Bill 96 changes the disposition of coal severance tax constitutional trust interest and earnings; provides for deposit of certain interest and earnings in the state general fund; and provides an effective date.

FISCAL IMPACT:

The proposed legislation should have no fiscal impact. The bill specifies that, after 15% of the income and earnings are deposited in the coal severance tax permanent subfund, the balance is to be allocated to the general fund - the current procedure. (See Montana Executive Budget 1984-1985, page 22).

FISCAL NOTE3:T/1



BUDGET DIRECTOR

Office of Budget and Program Planning

Date: 1-17-83

Approved by committee  
on Taxation

## SENATE BILL NO. 96

INTRODUCED BY ELLIOTT, WINSLOW, ROUSH

BY REQUEST OF THE COAL TAX OVERSIGHT COMMITTEE

A BILL FOR AN ACT ENTITLED: "AN ACT TO CHANGE THE DISPOSITION OF COAL SEVERANCE TAX CONSTITUTIONAL TRUST INTEREST AND EARNINGS; PROVIDING FOR DEPOSIT OF CERTAIN INTEREST AND EARNINGS IN THE STATE GENERAL FUND; AMENDING SECTIONS 17-5-703 AND 17-5-704, MCA; AND PROVIDING AN EFFECTIVE DATE."

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

Section 1. Section 17-5-703, MCA, is amended to read:

"17-5-703. Coal severance tax trust subfunds ~~transfers~~. (1) The trust established under Article IX, section 5, of the Montana constitution shall be composed of the following subfunds:

(a) a coal severance tax bond subfund into which the constitutionally dedicated receipts from the coal severance tax shall be deposited; and

(b) a coal severance tax permanent subfund; ~~and~~

~~(c) a coal severance tax income subfund.~~

(2) On each December 31 and June 30 the state treasurer shall transfer to the coal severance tax permanent subfund all money in the coal severance tax bond subfund

except the amount necessary to meet all principal and interest payments on bonds payable from the coal severance tax bond subfund on the next ensuing semiannual payment date."

Section 2. Section 17-5-704, MCA, is amended to read:

"17-5-704. Investment of funds ~~disposition of earnings~~. (1) Money in the coal severance tax bond subfund and the coal severance tax permanent subfund ~~and the coal severance tax income subfund~~ must be invested in accordance with the investment standards for coal severance tax funds ~~except as provided in subsection (2) income and earnings from all subfunds must be transferred to and retained in the coal severance tax income subfund.~~

(2) Beginning on July 1, 1983, the legislature state treasurer shall appropriate deposits:

(a) 15% of the income and earnings from all subfunds ~~to be deposited to~~ in the coal severance tax permanent subfund each year; and

~~(b) an amount to be determined by the legislature in the economic development fund established by initiative 95; and~~

~~(c) the balance of the income and earnings from all subfunds not otherwise specifically appropriated in the state general fund.~~

(3) The funds appropriated deposited to the coal

severance tax permanent subfund under this subsection (2)(a) may not be further appropriated except by vote of three-fourths of the members of each house of the legislature."

~~THERE IS A NEW MCA SECTION THAT READS:~~

Section 3. Deposits to general fund available for appropriation. The funds deposited to the general fund under 17-5-704(2)(c) are available each biennium for appropriation by the legislature.

~~SECTION 4. NONSEVERABILITY. IT IS THE INTENT OF THE LEGISLATURE THAT EACH PART OF [THIS ACT] IS ESSENTIALLY DEPENDENT UPON EVERY OTHER PART. IF ONE PART IS HELD UNCONSTITUTIONAL OR INVALID, ALL OTHER PARTS ARE INVALID AND 17-5-703 AND 17-5-704 ARE NOT AMENDED IN ANY MANNER BY THIS ACT.~~

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

-End-

## SENATE BILL NO. 96

INTRODUCED BY ELLIOTT, WINSLOW, ROUSH  
BY REQUEST OF THE COAL TAX OVERSIGHT COMMITTEE

A BILL FOR AN ACT ENTITLED: "AN ACT TO CHANGE THE  
DISPOSITION OF COAL SEVERANCE TAX CONSTITUTIONAL TRUST  
INTEREST AND EARNINGS; PROVIDING FOR DEPOSIT OF CERTAIN  
INTEREST AND EARNINGS IN THE STATE GENERAL FUND; AMENDING  
SECTIONS 17-5-703 AND 17-5-704, MCA; AND PROVIDING AN  
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section 5, of the Montana constitution shall be composed of  
the following subfunds:

(a) a coal severance tax bond subfund into which the  
constitutionally dedicated receipts from the coal severance  
tax shall be deposited; and

(b) a coal severance tax permanent subfund; ~~and~~  
~~to~~ ~~a coal severance tax income subfund.~~

(2) On each December 31 and June 30 the state  
treasurer shall transfer to the coal severance tax permanent  
subfund all money in the coal severance tax bond subfund

except the amount necessary to meet all principal and  
interest payments on bonds payable from the coal severance  
tax bond subfund on the next ensuing semiannual payment  
date."

Section 2. Section 17-5-704, MCA, is amended to read:

"17-5-704. Investment of funds ~~== disposition of~~  
~~earnings.~~ (1) Money in the coal severance tax bond subfund  
and the coal severance tax permanent subfund, ~~and the coal~~  
~~severance tax income subfund~~ must be invested in accordance  
with the investment standards for coal severance tax funds  
except ~~as provided in subsection (2)~~ ~~income and earnings~~  
~~from all subfunds must be transferred to and retained in the~~  
~~coal severance tax income subfund.~~

(2) Beginning on July 1, 1983, the legislature state  
treasurer shall appropriate deposits:

(a) 15% of the income and earnings from all subfunds  
to ~~be deposited to~~ in the coal severance tax permanent  
subfund each year; and

~~(b) an amount a percentage to be determined by the~~  
~~legislature in the economic development fund established by~~  
~~initiative 95]; and~~

~~to~~ ~~(c) the balance of the income and earnings from all~~  
~~subfunds not otherwise specifically appropriated in the~~  
~~state general fund.~~

(3) The funds appropriated deposited to the coal

1 severance tax permanent subfund under this subsection (211a)  
2 may not be further appropriated except by vote of  
3 three-fourths of the members of each house of the  
4 legislature."

5 ~~THERE IS A NEW MCA SECTION THAT READS:~~

6 Section 3. Deposits to general fund available for  
7 appropriation. The funds deposited to the general fund under  
8 17-5-704(2)(c) are available each biennium for appropriation  
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10 ~~SECTION 4. NONSEVERABILITY. IT IS THE INTENT OF THE~~  
11 ~~LEGISLATURE THAT EACH PART OF [THIS ACT] IS ESSENTIALLY~~  
12 ~~DEPENDENT UPON EVERY OTHER PART. IF ONE PART IS HELD~~  
13 ~~UNCONSTITUTIONAL OR INVALID, ALL OTHER PARTS ARE INVALID AND~~  
14 ~~17-5-703 AND 17-5-704 ARE NOT AMENDED IN ANY MANNER BY THIS~~  
15 ~~ACT.~~

16 ~~NEW SECTION.~~ Section 5. Effective date. This act is  
17 effective July 1, 1983.

-End-