SENATE BILL NO. 186

INTRODUCED BY ELLIOTT

BY REQUEST OF THE COAL TAX OVERSIGHT SUBCOMMITTEE

IN THE SENATE

January 18, 1983	Introduced and referred to Committee on Taxation.
January 19, 1983	Fiscal Note requested.
January 24, 1983	Fiscal Note returned.
February 2, 1983	Committee recommend bill do pass as amended. Report adopted.
February 3, 1983	Bill printed and placed on members' desks.
February 5, 1983	Second reading, do pass.
February 7, 1983	Correctly engrossed.
February 8, 1983	Third reading, passed. Ayes, 45; Noes, 5. Transmitted to House.
IN THE HOUS	SE
February 9, 1983	Introduced and referred to Committee on Taxation.
March 22, 1983	Committee recommend bill be concurred in as amended. Report adopted.
March 24, 1983	Second reading, concurred in as amended.
March 25, 1983	Third reading, concurred in.

IN THE SENATE

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March 26, 1983	Returned to Senate with amendments.
April 7, 1983	Second reading, amendments not concurred in. Ayes, 36; Noes, 12.
April 8, 1983	On motion Free Conference Committee requested and appointed.
April 16, 1983	Free Conference Committee reported.
April 18, 1983	Second reading, report adopted.
April 19, 1983	Third reading, report adopted.
	Free Conference Committee report adopted by House.
	Sent to enrolling.
	Reported correctly enrolled.

LC 0109/01

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1	governmental units and state agencies to assist local
2	governmental units in meeting the local impact of coal
3	development by enabling them to adequately provide
4	governmental services and facilities which are needed as a
5	direct consequence of coal development. As used in the
6	preceding sentence, "revenue paid" does not include interest
7	income from the account reinvested in the account in trust
, <mark>8</mark>	for the public schools and the university system. <u>Grants and</u>
9	loans may be from current allocations only and no part of
10	the principal or income of the trust referred to in 90-6-211
11	may be used for this purpose. The money derived from loan
12	repayments, including the interest thereon, must be
13	<u>deposited to the credit of the trust fund referred to in</u>
14	<u>90-6-211.</u>
15	Section 2. Section 90-6-206, MCA, is amended to read:
16	#90-6-206。 Basis for awarding grants <u>or loans</u> . (1)
17	Such-grants <u>Grants</u> and loans shall be awarded on the basis
18	of:
19	(a) need;
20	(b) degree of severity of impact from the coal
21	development;
22	(c) availability of funds; and
23	(d) degree of local effort in meeting these needs.
24	(2) In determining the degree of local effort, the
25	board shall review the millage rates levied for the present
	INTRODUCED BILL
	SB 186

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fiscal year in relation to the average millage rates levied
 during the 3 years immediately preceding coal development in
 that area or 1970, whichever is later, which impacts the
 local government unit applying for assistance.

5 (3) Millage rates for the present fiscal year which 6 are lower than the average millage rate levied during the 3 7 years immediately preceding coal development in that area or 8 1970, whichever is later, shall be deemed by the board to 9 indicate the lack of local effort. The application under 10 such circumstances may be rejected.

11 (4) Further, in determining the degree of local 12 effort, the board shall consider the possibility of 13 requiring that local government unit to increase its bonded 14 indebtedness to provide all or part of the governmental 15 service or facility which is needed as a direct consequence 16 of coal development.

17 (5) To the extent funds are needed to evaluate and 18 plan for the impact needs caused by coal development, 19 consideration of bond issues and millage levies may be 20 waived.

21 (6) To the extent the applicant has no history of mill
22 levies, subsections (2) and (3) do not apply."

Section 3. Section 90-6-208, NCA, is amended to read:
 "90-6-208. Applications for grants or loans. The
 governing body of a city, town, county, or school district

1 or any other local or state governmental unit or agency may 2 apply for a grant or <u>a loan</u> to enable it to provide 3 governmental services which are needed as a direct 4 consequence of coal development. The coal board shall 5 prescribe the form for applications. Applicants shall 6 describe the nature of their proposed expenditures and the 7 time involved.⁴

8 <u>NEW SECIION</u> Section 4. Limitations on loans. (1) No
9 loan may be approved by the board if the source of money for
10 repayment would be derived directly or indirectly from
11 property taxes.

12 (2) The repayment period for loans approved by the13 board may not exceed 40 years.

14 (3) The board shall hold all loan contracts within its
15 administrative offices. The board may not sell, reassign, or
16 pledge a loan contract to any other entity.

(4) A local government unit receiving a loan from the
board shall use or commit for use the loan money within 1
year of the date of the board's final approval of the loan.
(5) If a local government unit fails to comply with
subsection (4), the entire loan must be repaid within 30
days following expiration of the 1-year period.

NEW SECTION. Section 5. Codification instruction.
 Section 4 is intended to be codified as an integral part of
 Title 90, chapter 6, part 2, and the provisions of Title 90,

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1 chapter 6, part 2, apply to section 4.

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-End-

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STATE OF MONTANA

REQUEST NO. _____

FISCAL NOTE

Form BD-15

In	compliance with a written request received	January 19,	, 19, there is h	ereby submitted a Fiscal Note
for	Senate Bill 186 pursuant	to Title 5, Chapter 4, I	Part 2 of the Montana C	ode 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 186 authorizes the Coal Board to consider applications for loans from the Local Impact and Education Trust Fund Account; provides limitations; and amends sections 90-6-205, 90-6-206, and 90-6-208, MCA.

FISCAL IMPACT:

None Anticipated.

LOCAL IMPACT:

May provide a source of credit for some local governments which have had trouble marketing bonds.

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FISCAL NOTE 5:FF/1

BUDGET DIRECTOR Office of Budget and Program Planning Date: 1 - 2 - 4 - 8 - 3

48th Legislature

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SB 0186/02

SB 0186/0Z

Approved by committee on Taxation

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6	BOARD TO CONSIDER APPLICATIONS FOR LOANS FROM THE LOCAL	6
7	IMPACT AND EDUCATION TRUST FUND ACCOUNT; AND PROVIDING	7
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9	90-6-208, MCA."	9
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-2- SB 186 SECOND READING fiscal year in relation to the average millage rates levied
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24 Section 4 is intended to be codified as an integral part of
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SB 0186/02

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9	loans_may_be_from_current_allocations_onlys_and_no_partof
10	tbe_principal_or_income_of_the_trust_referred_to_in_90=6=211
11	maybeusedfor_this_purposes_Ibe_money_derived_from_loan
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21 subsection (4), the entire loan must be repaid within 30
22 days following expiration of the 1-year period.

23 <u>SEM_SECTION.</u> Section 5. Codification instruction.
24 Section 4 is intended to be codified as an integral part of
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SB 0186/02

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HOUSE TAXATION COMMITTEE AMENDMENTS TO SB 186, THIRD READING COPY, BLUE MARCH 22, 1983

1. Title, line 7.
Following: "ACCOUNT"
Insert: "AND TO AWARD GRANTS AND LOANS TO FEDERALLY RECOGNIZED
TRIBES AND UNITS OF TRIBAL GOVERNMENT"

2. Page 4, line 4.

Following: "development."

Insert: "For purposes of this part the term local government unit includes a federally recognized tribe and governmental units thereof."

AND AS AMENDED BE CONCURRED IN

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March 24, 1983
HOUSE COMMITTEE OF THE WHOLE AMENDMENTS TO SENATE BILL 186,
THIRD READING COPY (BLUE)
1) Title, line 9
Following: "90-6-208,"
Insert: "90-6-209,"
2) Page 4
Following: line 7
Insert: "Section 4. Section 90-6-209, MCA, is amended to read:
        "90-6-209. Limitations on grants. The board may commit itself
to the expenditure of funds for more than 1 year for a single project,
as long as the grant or loan does not extend over more than 10 years and
does not exceed reasonable revenue expectations. No-state-agency-may
receive-grants-which-exceed-5%-of-the-money-allocated-to-the-board The
total amount of grants and loans to state agencies and Indian tribes
may not exceed 7% of the total money allocated to the board during
each fiscal year."
Renumber: subsequent sections
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3) Page 4, line 24 Strike: "4" Insert: "5"

4) Page 5, line 1 Strike: "4" Insert: "5"

ADOPT

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FREE CONFERENCE COMMITTEE SENATE BILL NO. 186 (Report No. 1, April 15, 1983)

MR. PRESIDENT:

We, your Free Conference Committee on Senate Bill 186, met and considered:

Senate Bill 186:

House Committee of the Whole Amendments to Senate Bill 186 of March 24, 1983; and

House Standing Committee on Taxation Amendments to Senate Bill 186 of March 22, 1983.

We respectfully recommend:

That the Senate accede to House Taxation Committee amendment number 1;

That the Senate accede to House Committee of the Whole amendment numbers 1 through 4;

That the House recede from House Taxation Committee amendment number 2;

That Senate Bill 186 be further amended as specified in CLERICAL INSTRUCTIONS; and

That this Free Conference Committee Report be adopted.

CLERICAL INSTRUCTIONS FOR REFERENCE COPY (SALMON)

1. Title, line 8.
Following: "TO"
Insert: "GOVERNING BODIES OF"
Following: "RECOGNIZED"
Insert: "INDIAN"
Following: "TRIBES"
Strike: "AND UNITS OF TRIBAL GOVERNMENT"

2. Page 2, line 2. Following: "units" Strike: "and" Insert: "," Following: "agencies" Insert: "and governing bodies of federally recognized Indian tribes"

3. Page 2, line 3. Following: "units" Insert: "and federally recognized Indian trubes" 4. Page 4, line 1. Following: "county," Strike: "or" Following: "district" Insert: ","

5. Page 4, line 2.
Following: line 1
Strike: "or"
Following: "agency"
Insert: ", or the governing body of a federally recognized
Indian tribe"

6. Page 4, lines 5 through 7. Following: "development" on line 5 Strike: the remainder of line 5 through "THEREOF." on line 7

7. Page 5, line 5.
Following: "unit"
Insert: "or the governing body of a federally recognized Indian
tribe"

8. Page 5, line 8. Following: "unit" Insert: "or the governing body of a federally recognized Indian tribe"

9. Page 5, line 11. Following: line 10 Insert: "NEW SECTION. Section 6. Limitation on loans and grants to Indian tribes. (1) No loan or grant to an Indian tribe under 90-6-205 may be approved by the board unless, with respect to that loan or grant:

(a) the governing body of the tribe has agreed:

(i) to waive its immunity from suit on any issue specifically arising from the transaction of a loan or grant obtained under this part; and

(ii) to the adjudication of any dispute arising out of the loan or grant transaction in the district court of the first judicial district of the state of Montana; and

(b) approval of the transaction has been obtained from the secretary of the United States department of the interior whenever such approval is necessary." Renumber: subsequent section

10 Fage 5, line 12. Following: Line 11 Strike: "Section" Insert: "Sections" Following: "5" Strike: "is" Insert: "and 6 are"

11. Page 5. Jine 14 Following: "to" Strike: "section" Insert: "sections Following: "5" Insert: "and 6"

FOR THE SENATE

STAFE PUB, CO. Helena, Mont.

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FOR THE HOUSE

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BARDANOUVE, CHAIR owe HOWE

. Chairman.

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REFERENCE BILL

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12 #90-6-209. Limitations on grants. The board may commit itself to the expenditure of funds for more than 1 year for 13 a single project, as long as the grant pr_loan does not 14 extend over more than 10 years and does not exceed 15 reasonable revenue expectations. No--state--ogency--moy 16 receive-grants-which-exceed-5%-of-the-money-allocated-to-the 17 18 board The total amount of grants and loans to state agencies and Indian tribes may not exceed 72 of the total money 19 allocated to the board during each fiscal year.* 20

21 <u>NEW_SECTION</u> Section 5. Limitations on Poans. (1) No 22 Toan may be approved by the board if the source of money for 23 repayment would be derived directly--or--indirectly from 24 property taxes.

25 (2) The repayment period for loans approved by the

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ł board may not exceed 48 20 years. 2 (3) The board shall hold all loan contracts within its 3 administrative offices. The board may not sell, reassign 4 ASSIGN: or pledge a loan contract to any other entity. 5 (4) A local government unit receiving a loan from the 6 board shall use or commit for use the loan money within 1 7 year of the date of the board's final approval of the loan. 6 (5) If a local government unit fails to comply with 9 subsection (4), the entire loan must be repaid within 30 10 days following expiration of the 1-year period. 21 NEW_SECTION& Section 6. Codification instruction. 12 Section 4 5 is intended to be codified as an integral part 13 of Title 90, chapter 6, part 2, and the provisions of Title

14 90, chapter 6, part 2, apply to section 4 5.

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1	SENATE BILL NO. 186
2	INTRODUCED BY ELLIOTT
3	BY REQUEST OF THE COAL TAX OVERSIGHT SUBCOMMITTEE
4	
5	A BILL FOR AN ACT ENTITLED: "AN ACT TO AUTHORIZE THE COAL
6	BOARD TO CONSIDER APPLICATIONS FOR LOANS FROM THE LOCAL
7	INPACT AND EDUCATION TRUST FUND ACCOUNT AND TO AMARD GRANIS
в	AND_LOANS_ID_GOVERNING_BODIES_OF_EEDERALLY_RECOGNIZED_INDIAN
9	ISIBES AND PROVIDING
10	LIMITATIONS; AMENDING SECTIONS 90-6-205, 90-6-206, AND
11	90-6-208, <u>AND 90-6-209:</u> MCA."
12	
13	BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:
14	Section 1. Section 90-6-205, MCA, is amended to read:
15	#90-6-205. Coal board general powers. The board
16	wa y:
17	(l) retain professional consultants and advisors;
18	(2) adopt rules governing its proceedings;
19	(3) consider applications for grants from the local
20	impact and education trust fund account; and
21	(4)consider_applications_forloans_from_the_local
22	impactandeducationtrustfundaccount_for_periods_and
23	interast_rates_to_be_determined_by_the_board:_and
24	(4)[5] award grants <u>and loans</u> , subject to 90-6-207,
25	not to exceed in any one year seven-elevenths and after June

1 30, 1979, seven-fifteenths of the revenue paid into the 2 local impact and education trust fund account, to local 3 governmental units, and state agencies, AND GOVERNING HODIES 4 OF__EEDERALLY__RECOGNIZED_INDIAN_IRIBES to assist local governmental units AND FEDERALLY RECOGNIZED INDIAN TRIBES in 5 meeting the local impact of coal development by enabling 6 7 them to adequately provide governmental services and 8 facilities which are needed as a direct consequence of coal 9 development. As used in the preceding sentence, "revenue 10 paid" does not include interest income from the account 11 reinvested in the account in trust for the public schools and the university system. <u>Grants and loans may be from</u> 12 13 current__allocations__only.__and_no_part_of_the_principal_or 14 income_of_the_trust_referred_to_in_90-6-211_way_be_used__for 15 this_purposes__Ibe__money__derived_from__load__repayments. 16 including the interest thereon, sust be deposited to the 17 credit_of_the_trust_LOCAL_IMPACI_fund_ceferred_to_in 18 28:6:211_90-6:202.* Section 2. Section 90-6-206, MCA, is amended to read: 19 20 "90-6-206. Basis for awarding grants or loans. (1) 21 Such-gronts Grants and loans shall be awarded on the basis 22 of: 23 (a) need; 24 (b) degree of severity of impact from the coal

25 development;

-2- 58 186 REFERENCE BILL: Includes Free Joint Conference Committee Report Dated 4/-/51 2 (c) availability of funds; and

(d) degree of local effort in meeting these needs.

3 (2) In determining the degree of local effort, the 4 board shall review the millage rates levied for the present 5 fiscal year in relation to the average millage rates levied 6 during the 3 years immediately preceding coal development in 7 that area or 1970, whichever is later, which impacts the 8 local government unit applying for assistance.

9 (3) Millage rates for the present fiscal year which 10 are lower than the average millage rate levied during the 3 11 years immediately preceding coal development in that area or 12 1970, whichever is later, shall be deemed by the board to 13 indicate the lack of local effort. The application under 14 such circumstances may be rejected.

15 (4) Further, in determining the degree of local 16 effort, the board shall consider the possibility of 17 requiring that local government unit to increase its bonded 18 indebtedness to provide all or part of the governmental 19 service or facility which is needed as a direct consequence 20 of coal development.

(5) To the extent funds are needed to evaluate and
plan for the impact needs caused by coal development,
consideration of bond issues and millage levies may be
waived.

25

1 levies, subsections (2) and (3) do not apply."

Z	Saction 3. Section 90-6-208, MCA, is amended to read:
3	#90-6-208. Applications for grants or loans. The
4	governing body of a city, town, county, or school district $_{f 1}$
5	or any other local or state governmental unit or agency <u>s.BR</u>
6	INE_GOVERNING_BODY_OF_A_EEDERALLYRECOGNIZEDINDIANIRIBE
7	may apply for a grant <u>or a loan</u> to enable it to provide
8	governmental services which are needed as a direct
9	consequence of coal development. <u>EBR=PUBPBSES=BF=THIS=PABI</u>
10	THE==IERH==EBGAE==EBYERNNENT==UNII==INEEUBES===A===EBERAEEY
11	REEDENTREDITINE coal
12	board shall prescribe the form for applications. Applicants
13	shall describe the nature of their proposed expenditures and
14	the time involved."
15	SECIION 4. SECIION 90-6-209. NCA. IS AMENDED ID BEAD:
16	90-6-209. Limitations on grants. The board may commit
17	itself to the expenditure of funds for more than 1 year for
18	a single project, as long as the grant <u>or loan</u> does not
19	extend over more than 10 years and does not exceed
20	reasonable revenue expectations. Nostateagencymay
21	receive-grants-which-exceed-5%-of-the-money-allocated-to-the

22 boord The total amount of grants and loans to state agencies

- 23 and_Indian_tribes_may_not_exceed_IX_of_the_total_money
- 24 allocated to the board during each fiscal year.*

<u>MEW_SECTION</u> Section 5. Limitations on loans. (1) No

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(6) To the extent the applicant has no history of mill

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loan may be approved by the board if the source of money for
 repayment would be derived directly--or--indirectly from
 property taxes.

4 (2) The repayment period for loans approved by the
5 board may not exceed 40 20 years.

6 (3) The board shall hold all lean contracts within its 7 administrative offices. The board may not sell, reassign 8 ASSIGN, or pledge a lean contract to any other entity.

9 (4) A local government unit <u>OR_IHE_GOVERNING_BODY_DE_A</u> 10 EEDERALLY_RECOGNIZED_INDIAN_TRIBE receiving a loan from the 11 board shall use or commit for use the loan money within 1 12 year of the date of the board's final approval of the loan. 13 (5) If a local government unit OR_THE_GOVERNING_BODY 14 OF A FEDERALLY RECOGNIZED INDIAN TRIBE fails to comply with subsection (4), the entire loan must be repaid within 30 15 days following expiration of the 1-year period. 16

17 LHERE_IS_A_NEW_MCA_SECTION_THAT_READS:

Section 6. Limitations on loans and grants to Indian tribes. No loan or grant to an Indian tribe under 90-6-205 may be approved by the board unless. With respect to that loan or grant:

22 (1) the governing body of the tribe has agreed:

(a) to waive its immunity from suit on any issue
specifically arising from the transaction of a loan or grant
obtained under this part; and

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1 (b) to the adjudication of any dispute arising out of the loan or grant transaction in the district court of the 2 first judicial district of the state of Montana; and 3 4 (2) approval of the transaction has been obtained from the secretary of the United States department of the 5 interior whenever such approval is necessary. 6 7 NEW_SECTION. Section 7. Codification instruction. 8 Section SECIIONS 4 5 is AND 6 ARE intended to be codified as 9 an integral part of Title 90, chapter 6, part 2, and the

10 provisions of Title 90, chapter 6, part 2, apply to section

11 SECIIONS 4 5_AND_6.

-End-

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