

SENATE BILL NO. 365

Introduced: 02/05/83

Referred to Committee on Taxation: 02/05/83
Died in Committee.

1 Sen. 365 BILL NO. 365
 2 INTRODUCED BY Sen. 365

3
 4 A BILL FOR AN ACT ENTITLED: "AN ACT TO GENERALLY REALLOCATE
 5 COAL SEVERANCE TAX MONEY; INCREASING THE ALLOCATION OF COAL
 6 SEVERANCE TAX MONEY TO THE GENERAL FUND; ELIMINATING
 7 EARMARKED FUNDING FOR THE ALTERNATIVE ENERGY RESEARCH
 8 ACCOUNT; PROVIDING RESTRICTIONS FOR COAL BOARD GRANTS;
 9 AMENDING SECTIONS 15-35-108, 90-6-202, AND 90-6-205, MCA;
 10 AND REPEALING SECTIONS 90-4-101 THROUGH 90-4-108 AND
 11 90-6-210, MCA; AND PROVIDING AN EFFECTIVE DATE."

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

14 Section 1. Section 15-35-108, MCA, is amended to read:
 15 "15-35-108. (Effective July 1, 1983) Disposal of
 16 severance taxes. (1) Severance taxes collected under the
 17 provisions of this chapter are allocated as follows:

18 (a) To the trust fund created by Article IX,
 19 section 5, of the Montana constitution, 25% of total
 20 collections of taxes payable each year, after through
 21 December 31, 1979, and thereafter 50% of coal severance tax
 22 collections are allocated to this trust fund, to the trust
 23 fund created by Article IX, section 5, of the Montana
 24 constitution. The trust fund moneys shall be deposited in
 25 the fund established under 17-6-203(5) and invested by the

1 board of investments as provided by law.

2 (2) Coal severance tax collections remaining after
 3 allocation to the trust fund under subsection (1) are
 4 allocated in the following percentages of the remaining
 5 balances:

6 (a) to the county in which coal is mined, 2% of the
 7 severance tax paid on the coal mined in that county until
 8 January 1, 1986, for such purposes as the governing body of
 9 the county may determine;

10 (b) 2 1/2% until December 31, 1979, and thereafter
 11 4 1/2% to the earmarked revenue fund to the credit of the
 12 alternative energy research development and demonstration
 13 account;

14 (c) 26 1/2% until July 1, 1979, and thereafter
 15 37 1/2% to the earmarked revenue fund to the credit of the
 16 local impact and education trust fund account;

17 (d) for each of the 2 fiscal years following June 30,
 18 1977, 13% to the earmarked revenue fund to the credit of the
 19 coal area highway improvement account;

20 (e) 10% to the earmarked revenue fund for state
 21 equalization aid to public schools of the state;

22 (f) 1% to the earmarked revenue fund to the credit
 23 of the county land planning account;

24 (g) 1 1/4% to the sinking fund to the credit of the
 25 renewable resource development bond account;

1 ~~(n)(f)~~ 5% to the earmarked revenue fund to the credit
2 of a trust fund for the purpose of parks acquisition or
3 management, protection of works of art in the state capitol,
4 and other cultural and aesthetic projects. Income from this
5 trust fund shall be appropriated as 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 ~~(t)(g)~~ 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 ~~(t)(h)~~ 1/2 of 1% to the earmarked revenue fund for
17 conservation districts;

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

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

23 ~~(2) The allocations established in subsection (1) are~~
24 ~~based on coal severance taxes accruing during each quarter."~~

25 Section 2. Section 90-6-202, MCA, is amended to read:

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

6 ~~(2) -- There -- is -- within -- the -- earmarked -- revenue -- fund -- a -- coal~~
7 ~~area -- highway -- improvement -- accounts."~~

8 Section 3. Section 90-6-205, MCA, is amended to read:

9 "90-6-205. Coal board -- general powers. The board
10 may:

11 (1) retain professional consultants and advisors;

12 (2) adopt rules governing its proceedings;

13 (3) consider applications for grants from the local
14 impact and education trust fund account; and

15 (4) award grants, subject to 90-6-207, the total of
16 which may not to exceed in any one year seven elevenths -- and
17 after -- June -- 30, -- 1979 -- seven fifteenths of the revenue paid
18 into \$1 million during any biennium, except as provided in
19 subsection (5), from the local impact and education trust
20 fund account to local governmental units and state agencies
21 to assist local governmental units in meeting the local
22 impact of coal development by enabling them to adequately
23 provide governmental services and facilities which are
24 needed as a direct consequence of coal development. ~~As used~~
25 ~~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--systems;~~

~~(5) award grants from the local impact and education
trust fund account in excess of \$1 million during a biennium
if:~~

~~(a) the grant is awarded in accordance with 90-6-206
for the purpose established in subsection (4);~~

~~(b) significant new coal development, including but
not limited to construction of a new coal-fired electric
generating unit, construction of a coal gasification plant,
or large-scale expansion of an existing mine or the opening
of a new mine, occurs and produces an impact on nearby local
governmental units;~~

~~(c) the applications for the grants are reviewed by
the legislative finance committee and, if in existence, the
coal tax oversight subcommittee prior to final consideration
and board action; and~~

~~(d) a budget amendment for the expenditure is approved
by the governor or his designated representative."~~

NEW SECTION. Section 4. Transfer of funds to general
fund. The balance of the funds on June 30, 1983, to the
credit of the following earmarked revenue fund accounts
established under 15-35-108, as it read prior to [the
effective date of this act], shall be transferred to the
state general funds:

(1) the alternative energy research development and
demonstration account; and

(2) the coal area highway improvement account.

NEW SECTION. Section 5. Repealer. Sections 90-4-101
through 90-4-108 and 90-6-210, MCA, are repealed.

NEW SECTION. Section 6. Effective date. This act is
effective July 1, 1983.

-End-

STATE OF MONTANA

REQUEST NO. 347-83

FISCAL NOTE

Form BD-15

compliance with a written request received February 7, 19 83, there is hereby submitted a Fiscal Note
r Senate Bill 365 pursuant to Title 5, Chapter 4, Part 2 of the Montana Code Annotated (MCA).
ackground information used in developing this Fiscal Note is available from the Office of Budget and Program Planning, to members
f the Legislature upon request.

DESCRIPTION OF PROPOSED LEGISLATION:

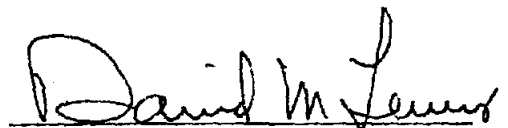
Senate Bill 365 generally reallocates coal severance tax money; increases the allocation of coal severance tax money to the general fund; eliminates earmarked funding for the alternative energy research account; provides restrictions for coal board grants; amends sections 15-35-108, 90-6-202, and 90-6-205, MCA; repeals sections 90-4-101 through 90-4-108 and 90-6-210, MCA; and provides an effective date.

ASSUMPTIONS:

- 1) Coal severance tax collections for FY 84 and 85 are estimated to be \$98.654M and \$123.067M, respectively.
- 2) The balance remaining in the coal area highway improvement account by June 30, 1983 will be \$.773M.
- 3) The balance remaining in the alternative energy account by June 30, 1983 will be \$1.0M.
- 4) No attempt was made to estimate the amount of grants to be awarded in excess of the \$1.0M biennium amount.

FISCAL IMPACT:

	<u>FY 84</u>	<u>(MILLIONS)</u>	<u>FY 85</u>
General Fund			
Under Current Law	\$ 18.744		\$ 23.383
Under Proposed Law	20.964		26.152
Estimated Increase	<u>\$ 2.220</u>		<u>\$ 2.769</u>
Public Schools			
Under Current Law	\$ 4.933		\$ 5.153
Under Proposed Law	4.933		6.153
Estimated Change	<u>\$ -0-</u>		<u>\$ -0-</u>

Continued

BUDGET DIRECTOR

Office of Budget and Program Planning

Date: 2-11-83

	<u>FY 84</u>	<u>(MILLIONS)</u>	<u>FY 85</u>
County Land Planning			
Under Current Law	\$.493		\$.615
Under Proposed Law	.493		.615
Estimated Change	<u>\$ -0-</u>		<u>\$ -0-</u>
Local Impact			
Under Current Law	\$ 8.632		\$ 10.768
Under Proposed Law	.500		.500
Estimated Decrease	<u>\$ (8.132)</u>		<u>\$(10.268)</u>
State Library			
Under Current Law	\$.493		\$.615
Under Proposed Law	.493		.615
Estimated Change	<u>\$ -0-</u>		<u>\$ -0-</u>
Alternative Energy			
Under Current Law	\$ 2.220		\$ 2.769
Under Proposed Law	.000		.000
Estimated Decrease	<u>\$ (2.220)</u>		<u>\$ (2.769)</u>
Conservation Districts			
Under Current Law	\$.247		\$.308
Under Proposed Law	.247		.308
Estimated Change	<u>\$ -0-</u>		<u>\$ -0-</u>
Renewable Resources			
Under Current Law	\$.617		\$.769
Under Proposed Law	.617		.769
Estimated Change	<u>\$ -0-</u>		<u>\$ -0-</u>
Water Development			
Under Current Law	\$.617		\$.769
Under Proposed Law	.617		.769
Estimated Change	<u>\$ -0-</u>		<u>\$ -0-</u>
Park Acquisition			
Under Current Law	\$ 2.466		\$ 3.077
Under Proposed Law	2.466		3.077
Estimated Change	<u>\$ -0-</u>		<u>\$ -0-</u>
Education Trust			
Under Current Law	\$ 9.865		\$ 12.307
Under Proposed Law	17.997		22.575
Estimated Increase	<u>\$ 8.132</u>		<u>\$ 10.268</u>
Permanent Trust			
Under Current Law	\$ 49.327		\$ 61.534
Under Proposed Law	49.327		61.534
Estimated Change	<u>\$ -0-</u>		<u>\$ -0-</u>

Continued

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TECHNICAL NOTE:

It should be noted that this legislation could reduce the amount of local impact grants by \$8.1M in FY 84 and \$10.2M in FY 85. However, grants could be awarded in excess of \$1.0M during a biennium provided they are approved by appropriate governmental organizations. Additional grants would then reduce funds available to the local impact and educational trust fund.

In FY 83, \$1.773M would be transferred to the general fund from the coal area highway improvement account and the alternative energy account.

By June 30, 1983, the alternative energy program will have loaned approximately \$2.0M. This legislation does not clearly identify what would happen to these funds as repayment of principal and interest occurs.

FISCAL NOTE 12:U/3

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