

HOUSE BILL NO. 71

1/07 Introduced  
1/07 Referred to Education & Cultural Resources  
1/10 Fiscal Note Requested  
1/14 Hearing  
1/19 Fiscal Note Received  
2/16 Committee Report-Bill Do Pass  
2/22 2nd Reading Do Not Pass  
2/22 Bill Killed

1 HOUSE BILL NO. 71  
2 INTRODUCED BY SANDS

3  
4 A BILL FOR AN ACT ENTITLED: "AN ACT ELIMINATING THE COAL  
5 SEVERANCE TAX ALLOCATION FOR ALTERNATIVE ENERGY RESEARCH AND  
6 DEVELOPMENT; ALLOCATING 4 1/2 PERCENT OF THE COAL SEVERANCE  
7 TAX TO REDUCE OR ELIMINATE THE NECESSITY FOR ADDITIONAL  
8 VOCATIONAL-TECHNICAL CENTER LEVIES BY SCHOOL DISTRICTS;  
9 AMENDING SECTIONS 15-35-108 AND 20-9-513, MCA; AND PROVIDING  
10 AN EFFECTIVE DATE."

11  
12 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

13 Section 1. Section 15-35-108, MCA, is amended to read:

14 "15-35-108. Disposal of severance taxes. Severance  
15 taxes collected under the provisions of this chapter are  
16 allocated as follows:

17 (1) To the trust fund created by Article IX, section  
18 5, of the Montana constitution, 25% of total collections a  
19 year. After December 31, 1979, 50% of coal severance tax  
20 collections are allocated to this trust fund. The trust fund  
21 moneys shall be deposited in the fund established under  
22 17-6-203(5) and invested by the board of investments as  
23 provided by law.

24 (2) Starting July 1, 1986, and ending June 30, 1987,  
25 6% of coal severance tax collections are allocated to the

1 highway reconstruction trust fund account in the state  
2 special revenue fund. Starting July 1, 1987, and ending June  
3 30, 1993, 12% of coal severance tax collections are  
4 allocated to the highway reconstruction trust fund account  
5 in the state special revenue fund.

6 (3) Coal severance tax collections remaining after the  
7 allocations provided by subsections (1) and (2) are  
8 allocated in the following percentages of the remaining  
9 balance:

10 (a) to the county in which coal is mined, 2% of the  
11 severance tax paid on the coal mined in that county until  
12 January 1, 1980, for such purposes as the governing body of  
13 the county may determine;

14 (b) ~~2 1/2% until December 31, 1979, and thereafter~~  
15 starting July 1, 1985, 4 1/2% to the state special revenue  
16 fund to the credit of the ~~alternative--energy-research~~  
17 ~~development---and---demonstration---account~~ postsecondary  
18 vocational-technical center and adult basic education  
19 programs account for use by the superintendent of public  
20 instruction to reduce or eliminate the necessity for  
21 additional levies by school districts under 20-7-326;

22 (c) 26 1/2% until July 1, 1979, and thereafter 37 1/2%  
23 to the state special revenue fund to the credit of the local  
24 impact and education trust fund account;

25 (d) for each of the 2 fiscal years following June 30,



1 1977, 13% to the state special revenue fund to the credit of  
2 the coal area highway improvement account;

3 (e) 10% to the state special revenue fund for state  
4 equalization aid to public schools of the state;

5 (f) 1% to the state special revenue fund to the credit  
6 of the county land planning account;

7 (g) 1 1/4% to the credit of the renewable resource  
8 development bond fund;

9 (h) 5% to a nonexpendable trust fund for the purpose  
10 of parks acquisition or management, protection of works of  
11 art in the state capitol, and other cultural and aesthetic  
12 projects. Income from this trust fund shall be appropriated  
13 as follows:

14 (i) 1/3 for protection of works of art in the state  
15 capitol and other cultural and aesthetic projects; and

16 (ii) 2/3 for the acquisition of sites and areas  
17 described in 23-1-102 and the operation and maintenance of  
18 sites so acquired;

19 (i) 1% to the state special revenue fund to the credit  
20 of the state library commission for the purposes of  
21 providing basic library services for the residents of all  
22 counties through library federations and for payment of the  
23 costs of participating in regional and national networking;

24 (j) 1/2 of 1% to the state special revenue fund for  
25 conservation districts;

1 (k) 1 1/4% to the debt service fund type to the credit  
2 of the water development debt service fund;

3 (l) all other revenues from severance taxes collected  
4 under the provisions of this chapter to the credit of the  
5 general fund of the state."

6 Section 2. Section 20-9-513, MCA, is amended to read:

7 "20-9-513. Postsecondary vocational-technical center  
8 and adult basic education programs account established.  
9 There is within the state special revenue fund a  
10 postsecondary vocational-technical center and adult basic  
11 education account. Money is paid into the account under  
12 15-35-108 and 90-6-211. The state treasurer shall draw  
13 warrants payable from this account upon order of the  
14 superintendent of public instruction."

15 NEW SECTION. Section 3. Effective date. This act is  
16 effective July 1, 1985.

-End-

STATE OF MONTANA  
FISCAL NOTE

REQUEST NO. FNN 062-85

Form BD-15

In compliance with a written request received January 11, 19 85, there is hereby submitted a Fiscal Note for H.B. 71 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:

An act eliminating the coal severance tax allocation for alternative energy research and development; allocating 4½% of the coal severance tax to reduce or eliminate the necessity for additional vocational-technical center levies by school districts and providing an effective date.

ASSUMPTIONS:

Projections of coal severance tax revenue as provided by OBPP, are \$103,868,421 in FY 1986 and \$112,033,493 in FY 1987.

FISCAL IMPACT:

The effect of H.B. 71 is to alter the disposition of coal severance tax revenue as follows:

Account	FY 86			FY 87		
	Under Current Law	Under Proposed Law	Difference	Under Current Law	Under Proposed Law	Difference
Coal Tax Trust Fund	\$ 51,934,211	\$ 51,934,211	-0-	\$ 56,016,747	\$ 56,016,747	-0-
Highway Fund	-0-	-0-	-0-	6,722,010	6,722,010	-0-
Alternative Energy Research	\$ 2,337,039	\$ -0-	(\$2,337,039)	\$ 2,218,263	-0-	(\$2,218,263)
Local Impact and Education Trust	\$ 19,475,329	\$ 19,475,329	-0-	\$ 18,485,526	\$ 18,485,526	-0-
School Equalization	\$ 5,193,421	\$ 5,193,421	-0-	\$ 4,929,474	\$ 4,929,474	-0-
County Land Planning	\$ 519,342	\$ 519,342	-0-	\$ 492,947	\$ 492,947	-0-

*David L. Hunter*

BUDGET DIRECTOR  
Office of Budget and Program Planning

Date: JAN 16, 1985

Account	FY 86			FY 87		
	Under Current Law	Under Proposed Law	Difference	Under Current Law	Under Proposed Law	Difference
Renewable Resource Development	\$ 649,178	\$ 649,178	\$ -0-	\$ 616,184	\$ 616,184	\$ -0-
Parks Acquisition and Maintenance	\$ 2,596,710	\$ 2,596,710	\$ -0-	\$ 2,464,737	\$ 2,464,737	\$ -0-
State Library Commission	\$ 519,342	\$ 519,342	\$ -0-	\$ 492,947	\$ 492,947	\$ -0-
Conservation Districts	\$ 259,671	\$ 259,671	\$ -0-	\$ 246,474	\$ 246,474	\$ -0-
Water Development	\$ 649,178	\$ 649,178	\$ -0-	\$ 616,184	\$ 616,184	\$ -0-
Vocational-Technical	\$ -0-	\$ 2,337,039	\$ 2,337,039	\$ -0-	\$ 2,218,263	\$ 2,218,263
State General Fund	\$ <u>19,735,000</u>	\$ <u>19,735,000</u>		\$ <u>18,732,000</u>	\$ <u>18,732,000</u>	\$ -0-
<b>TOTAL REVENUE</b>	<b>\$103,868,421</b>	<b>\$103,868,421</b>	<b>\$ -0-</b>	<b>\$112,033,493</b>	<b>\$ 112,033,493</b>	<b>\$ -0-</b>

EFFECT ON COUNTY OR OTHER LOCAL REVENUE

The effect of the proposed legislation is to provide funding of \$2,337,039 in FY 1986 and \$2,218,263 in FY 1987 out of coal tax monies to vo-tech centers and adult education programs. In FY 84 the 1.5 mandatory mill levy raised 786,100 for the support of vo-tech centers. Voted levies raised an additional \$ 1.07 million. The voted levies are used to pay teacher salary increases in excess of the amount granted to state employees by the Legislature since FY 80.

TECHNICAL OR MECHANICAL DEFECTS OR CONFLICTS WITH EXISTING LEGISLATION:

1. The allocation of coal severance tax money is affected by an Attorney General's opinion (Volume 38, Opinion No. 72) regarding the distribution of coal severance tax collections based on when coal was actually mined. Since the effective date of HB71 is July 1, 1985, the April quarter tax liability that is collected in FY86 will be distributed under current law. Therefore, the actual FY86 effect of HB71 will be approximately 25% less than stated unless the effective date of the bill is changed to April 1, 1985.
2. The bill does not address the revenue received from alternative energy loans, the cash balance presently in the fund, or the administrative expenses that will be necessary to close out the program and to monitor existing grants, loans and contracts.

APPROVED BY COMM. ON EDUCATION AND CULTURAL RESOURCES

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