

HOUSE BILL NO. 368

1/23 Introduced
1/23 Referred to Taxation
1/24 Fiscal Note Requested
1/31 Hearing
2/04 Fiscal Note Received
2/04 Adverse Committee Report
2/05 Objection to Adverse Committee Report
3/11 Special Action
 According to HR 1-5 Bill Failed
3/11 Bill Killed

1 HOUSE BILL NO. 368
2 INTRODUCED BY Astoris Olmedo

3
4 A BILL FOR AN ACT ENTITLED: "AN ACT TO SUBMIT TO THE
5 QUALIFIED ELECTORS OF MONTANA AMENDMENTS TO ARTICLE IX OF
6 THE MONTANA CONSTITUTION TO REQUIRE THE LEGISLATURE TO
7 DEDICATE AT LEAST 5 PERCENT OF THE COAL SEVERANCE TAX TO A
8 LOCAL GOVERNMENT ACCOUNT AND TO REDUCE TO 45 PERCENT THE
9 AMOUNT OF THE COAL SEVERANCE TAX REQUIRED TO BE DEDICATED TO
10 THE TRUST FUND; AND PROVIDING A CONTINGENT EFFECTIVE DATE."

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

13 Section 1. Article IX, section 5, of the Constitution
14 of the State of Montana is amended to read:

15 "Section 5. Severance tax on coal -- trust fund. The
16 legislature shall dedicate not less than one-fourth (1/4) of
17 the coal severance tax to a trust fund, the interest and
18 income from which may be appropriated. The principal of the
19 trust shall forever remain inviolate unless appropriated by
20 vote of three-fourths (3/4) of the members of each house of
21 the legislature. After ~~December 31, 1979~~ June 30, 1987, at
22 least ~~fifty--percent--(50%)~~ forty-five percent (45%) of the
23 severance tax shall be dedicated to the trust fund."

24 NEW SECTION. Section 2. Article IX of the
25 Constitution of the State of Montana is amended by adding a

1 new section that reads:

2 Section 6. Severance tax on coal -- local government
3 account. For the period July 1, 1987, through June 30, 1997,
4 the legislature shall dedicate at least 5% of the coal
5 severance tax to a local government account for distribution
6 to Montana's local governments.

7 NEW SECTION. Section 3. Effective date. If approved
8 by the electorate, this amendment shall be effective July 1,
9 1987.

10 NEW SECTION. Section 4. Submission to electorate.
11 This amendment shall be submitted to the electors of Montana
12 at the general election to be held in November 1986 by
13 printing on the ballot the full title of this act and the
14 following:

- 15 FOR allocating a portion of the coal severance tax
16 to Montana local governments.
- 17 AGAINST allocating a portion of the coal severance
18 tax to Montana local governments.

-End-



-2- INTRODUCED BILL
HB 368

STATE OF MONTANA

REQUEST NO. FNN 223-85

F I S C A L N O T E

Form BD-15

In compliance with a written request received January 28, 19 85 , there is hereby submitted a Fiscal Note for House Bill 368 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 to submit to the qualified electors of Montana amendments to Article IX of the Montana Constitution to require the legislature to dedicate at least 5 percent of the coal severance tax to a local government account and to reduce to 45 percent the amount of the coal severance tax required to be dedicated to the trust fund and providing a contingent effective date.

ASSUMPTIONS:

Assuming coal severance tax revenues of \$112,033,493 (FY 1987 OBPP estimate) for FY 1988, \$5,601,675 would be allocated to the local government block grant account and the coal tax trust fund allocation would be decreased from \$56,016,747 to \$50,415,072.

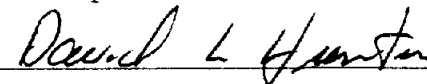
1. Coal Severance Tax revenues for FY 1987 of \$112,033,493 are assumed to remain constant for FY 1988 and beyond.

FISCAL IMPACT:

The proposed legislation does not have a fiscal impact in the 1986-87 biennium.

LONG-RANGE EFFECT OF PROPOSED LEGISLATION:

1. 5% of the coal severance tax trust fund allocation would be \$5,601,675 annually that would be reallocated to the local government block grant account.
2. The In-State Investment Fund administered by the Montana Economic Development Board currently receives 25% of total deposits to the permanent trust fund. The proposed legislation would decrease the In-State Investment Fund allocation by \$1,400,419 annually (25% of \$5,601,675). This decrease would reduce the number of loans that the Economic Development Board could make.
3. Interest earnings from the permanent trust fund would decrease due to decreased allocations of \$5,601,675 annually to the permanent trust fund. The loss of general fund interest earnings in the 1988-89 biennium is estimated to be \$862,240; the loss of interest earnings reinvested in the permanent trust is estimated to be \$152,160.



BUDGET DIRECTOR
Office of Budget and Program Planning

Date: Feb 2, 1985

HB 0368/02
COMMITTEE ON TAXATION
RECOMMEND DO NOT PASS
OBJECTION RAISED TO
ADVERSE COMMITTEE REPORT

1 HOUSE BILL NO. 368
 2 INTRODUCED BY PISTORIA, O'CONNELL
 3
 4 A BILL FOR AN ACT ENTITLED: "AN ACT TO SUBMIT TO THE
 5 QUALIFIED ELECTORS OF MONTANA AMENDMENTS TO ARTICLE IX OF
 6 THE MONTANA CONSTITUTION TO REQUIRE THE LEGISLATURE FOR A
 7 PERIOD OF 10 YEARS TO DEDICATE AT LEAST 5 PERCENT OF THE
 8 COAL SEVERANCE TAX TO A LOCAL GOVERNMENT ACCOUNT AND TO
 9 REDUCE TO 45 PERCENT THE AMOUNT OF THE COAL SEVERANCE TAX
 10 REQUIRED TO BE DEDICATED TO THE TRUST FUND; AND PROVIDING A
 11 CONTINGENT EFFECTIVE DATE."
 12
 13 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:
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 15 of the State of Montana is amended to read:
 16 "Section 5. Severance tax on coal -- trust fund. The
 17 legislature shall dedicate not less than one-fourth (1/4) of
 18 the coal severance tax to a trust fund, the interest and
 19 income from which may be appropriated. The principal of the
 20 trust shall forever remain inviolate unless appropriated by
 21 vote of three-fourths (3/4) of the members of each house of
 22 the legislature. After ~~December 31, 1979~~ June 30, 1987, AND
 23 THROUGH JUNE 30, 1997, at least ~~fifty--percent---(50%)~~
 24 forty-five percent (45%) of the severance tax shall be
 25 dedicated to the trust fund. AFTER JUNE 30, 1997, AT LEAST

1 FIFTY PERCENT (50%) OF THE SEVERANCE TAX SHALL BE DEDICATED
 2 TO THE TRUST FUND."
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 4 Constitution of the State of Montana is amended by adding a
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 18 following:
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 20 to Montana local governments.
 21 AGAINST allocating a portion of the coal severance
 22 tax to Montana local governments.
 -End-

SECOND READING

