HOUSE BILL NO. 369

- 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 Bill Killed

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1	HOUSE BILL NO. 369
2	INTRODUCED BY Pateria O Canaell
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4	A BILL FOR AN ACT ENTITLED: "AN ACT IMPLEMENTING TH
5	CONSTITUTIONAL AMENDMENTS INBILL NO [LC 254], WHICE
6	AMENDMENTS REDUCE TO 45 PERCENT THE PORTION OF THE COAL
7	SEVERANCE TAX ALLOCATED TO THE PERMANENT TRUST FUND AND
8	DEDICATE 5 PERCENT TO LOCAL GOVERNMENTS; AMENDING SECTION
9	15-35-108, MCA; AND PROVIDING A DELAYED CONTINGENT EFFECTIVE
10	DATE."
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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
19	year. After December 31, 1979, 50% of coal severance tax
20	collections are allocated to this trust fund, but after June
21	30, 1987, 45% of coal severance tax collections are
22	allocated to this trust fund. The trust fund moneys shall be
23	deposited in the fund established under 17-6-203(5) and
24	invested by the board of investments as provided by law.

(2) Starting July 1, 1986, and ending June 30, 1987,

6% of coal severance tax collections are allocated to the								
highway reconstruction trust fund account in the state								
special revenue fund. Starting July 1, 1987, and ending June								
30, 1993, 12% of coal severance tax collections are								
allocated to the highway reconstruction trust fund account								
in the state special revenue fund.								
(3) Starting July 1, 1987, and ending June 30, 1997,								
5% of coal severance tax collections are allocated to the								
local government block grant account within the state								
special revenue fund.								
(3)(4) Coal severance tax collections remaining after								
the allocations provided by subsections (1) and-(2) through								
(3) are allocated in the following percentages of the								
remaining balance:								
(a) to the county in which coal is mined, 2% of the								
severance tax paid on the coal mined in that county until								
January 1, 1980, for such purposes as the governing body of								
the county may determine;								
(b) 2 1/2% until December 31, 1979, and thereafter								
4 1/2% to the state special revenue fund to the credit of								
the alternative energy research development and								
demonstration account:								
(c) 26 1/2% until July 1, 1979, and thereafter 37 1/2%								
to the state special revenue fund to the credit of the local								

impact and education trust fund account;

(d)	for	each of	the	2 fiscal	years	follo	wing	June	30,
1977, 13%	to th	ne state	spec	ial reve	nue fui	nd to	the c	credit	of
the coal	area l	nighway	impro	vement a	ccount.	;			

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- (e) 10% to the state special revenue fund for state 5 equalization aid to public schools of the state;
 - (f) 1% to the state special revenue fund to the credit of the county land planning account;
- (g) 1 1/4% to the credit of the renewable resource 8 9 development bond fund;
 - (h) 5% to a nonexpendable trust fund for the purpose of parks acquisition or management, protection of works of art in the state capitol, and other cultural and aesthetic projects. Income from this trust fund shall be appropriated as follows:
 - (i) 1/3 for protection of works of art in the state capitol and other cultural and aesthetic projects; and
- (ii) 2/3 for the acquisition of sites and areas 17 described in 23-1-102 and the operation and maintenance of sites so acquired;
 - (i) 1% to the state special revenue fund to the credit the state library commission for the purposes of providing basic library services for the residents of all counties through library federations and for payment of the costs of participating in regional and national networking;
 - (j) 1/2 of 1% to the state special revenue fund for

1 conservation districts;

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- (k) 1 1/4% to the debt service fund type to the credit 2 3 of the water development debt service fund;
 - (1) all other revenues from severance taxes collected under the provisions of this chapter to the credit of the general fund of the state."

NEW SECTION. Section 2. Coordination instruction. If Bill No.__ [LC 254], including the section of that bill amending Article IX, section 5, of the Constitution of the State of Montana, and the section of that bill adding a new section 6 to Article IX of the Constitution of the State of Montana, is not submitted or fails upon submission to the electorate on November 4, 1986, this act is void in its entirety.

15 NEW SECTION. Section 3. Effective date. Subject to 16 section 2, this act is effective July 1, 1987.

-End-

STATE OF MONTANA

FISCAL NOTE

REQUEST NO. FNN 222-85

Form BD-15

In compliance with a written request received <u>January 25</u>, 19 <u>85</u>, there is hereby submitted a Fiscal Note for <u>House Bill 369</u> 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 implementing the constitutional amendments in __Bill No. __(LC 254), which reduces to 45 percent the portion of the coal severance tax allocated to the permanent trust fund and dedicates 5 percent to local governments.

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.

 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 beinnium 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

Havel L Hentn

Date: Feb 2, 1985

HB 369

FN4:0/1