

HOUSE BILL NO. 628

2/01 Introduced
2/01 Referred to State Administration
2/02 Fiscal Note Requested
2/08 Fiscal Note Received
2/15 Hearing
2/15 Adverse Committee Report
2/18 Bill Killed

1 *HOUSE BILL NO. 628*
 2 INTRODUCED BY *KOEHNKE* *Partwit* *Joe* *Burn* *Julian*
 3 *Keenan* *Lyndee* *Hoffy* *LANE* *Menaker* *Hanington*
 4 A BILL FOR AN ACT ENTITLED: "AN ACT TO REVISE THE COAL
 5 SEVERANCE TAX LOCAL IMPACT GRANT AND LOAN PROGRAM TO INCLUDE
 6 COMMUNITIES AFFECTED BY ECONOMIC DEPRESSION OR DISASTERS;
 7 AMENDING SECTIONS 90-6-201, 90-6-203, AND 90-6-205 THROUGH
 8 90-6-208, MCA; PROVIDING RETROACTIVE APPLICABILITY; AND
 9 PROVIDING AN IMMEDIATE EFFECTIVE DATE."

10
11 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

12 Section 1. Section 90-6-201, MCA, is amended to read:

13 "90-6-201. Purpose. The purposes of this part are to
 14 assist local governmental units which have been required to
 15 expand the provision of public services as a consequence of
 16 large-scale development of coal mines and coal-using energy
 17 complexes, to assist in the construction and reconstruction
 18 of designated portions of highways which serve the area
 19 affected by such large-scale development, to support county
 20 land planning, to assist local governmental units which are
 21 adversely affected by economic depression or disaster, and
 22 to invest a portion of the tax revenue from coal mines in a
 23 permanent fund, the income from which shall be used for the
 24 support of public schools throughout the state."

25 Section 2. Section 90-6-203, MCA, is amended to read:

1 "90-6-203. ~~Definition of coal board~~ Definitions. As
2 used in this part, the following definitions apply:

3 (1) "Board" means the coal board provided for in
4 2-15-1821.

5 (2) "Disaster" means a disaster, as defined in
6 10-3-103, that has been declared by the governor pursuant to
7 10-3-104(3).

8 (3) "Economic depression" means a permanent layoff of
9 50 or more full-time employees from a single employer in any
10 single county, incorporated city or town, school district,
11 or other governmental unit within any 12-month period."

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

13 "90-6-205. Coal board -- general powers. The board
14 may:

15 (1) retain professional consultants and advisors;

16 (2) adopt rules governing its proceedings;

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

19 (4) consider applications for loans from the local
20 impact and education trust fund account for periods and
21 interest rates to be determined by the board; and

22 (5) award grants and loans, subject to 90-6-207, not
23 to exceed in any one year seven-elevenths and after June 30,
24 1979, seven-fifteenths of the revenue paid into the local
25 impact and education trust fund account, to local



1 governmental units, state agencies, and governing bodies of
 2 federally recognized Indian tribes to assist local
 3 governmental units and federally recognized Indian tribes in
 4 meeting the local impact of coal development, disaster, or
 5 economic depression by enabling them to adequately provide
 6 governmental services and facilities which are needed as a
 7 direct consequence of coal development, disaster, or
 8 economic depression. As used in the preceding sentence,
 9 "revenue paid" does not include interest income from the
 10 account reinvested in the account in trust for the public
 11 schools and the university system. Grants and loans may be
 12 from current allocations only, and no part of the principal
 13 or income of the trust referred to in 90-6-211 may be used
 14 for this purpose. The money derived from loan repayments,
 15 including the interest thereon, must be deposited to the
 16 credit of the local impact fund referred to in 90-6-202.

17 (6) award a grant to a local government unit for the
 18 purpose of paying for part or all of the credit that the
 19 local government unit is obligated to give to a major new
 20 industrial facility that has prepaid property taxes under
 21 15-16-201. The board must award the grant in accordance with
 22 90-6-206."

23 Section 4. Section 90-6-206, MCA, is amended to read:
 24 "90-6-206. Basis for awarding grants or loans. (1)
 25 Grants and loans shall be awarded on the basis of:

- 1 (a) need;
 2 (b) degree of severity of impact from the coal
 3 development, disaster, or economic depression;
 4 (c) availability of funds; and
 5 (d) degree of local effort in meeting these needs.
 6 (2) In determining the degree of local effort, the
 7 board shall review the millage rates levied for the present
 8 fiscal year in relation to the average millage rates levied
 9 during the 3 years immediately preceding coal development,
 10 disaster, or economic depression in that area or 1970,
 11 whichever is later, which impacts the local government unit
 12 applying for assistance.
 13 (3) Millage rates for the present fiscal year which
 14 are lower than the average millage rate levied during the 3
 15 years immediately preceding coal development, disaster, or
 16 economic depression in that area or 1970, whichever is
 17 later, shall be deemed by the board to indicate the lack of
 18 local effort. The application under such circumstances may
 19 be rejected.
 20 (4) Further, in determining the degree of local
 21 effort, the board shall consider the possibility of
 22 requiring that local government unit to increase its bonded
 23 indebtedness to provide all or part of the governmental
 24 service or facility which is needed as a direct consequence
 25 of coal development, disaster, or economic depression.

1 (5) To the extent funds are needed to evaluate and
 2 plan for the impact needs caused by coal development or are
 3 needed after a disaster or economic depression,
 4 consideration of bond issues and millage levies may be
 5 waived.

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

8 Section 5. Section 90-6-207, MCA, is amended to read:

9 "90-6-207. Priorities for impact grants. (1) The
 10 department of commerce shall annually designate counties,
 11 incorporated cities and towns, school districts, and other
 12 governmental units which have had or expect to have as a
 13 result of the impact of coal development, disaster, or
 14 economic depression a net increase or decrease in estimated
 15 population of at least 10% over one of the 3-year periods
 16 specified in subsection (2). The coal board shall, subject
 17 to the appropriations of the legislature, award at least 50%
 18 of all grants awarded to governmental units and state
 19 agencies for meeting the needs caused by coal development,
 20 disaster, or economic depression each year to these
 21 designated governmental units.

22 (2) For the purposes of subsection (1), the department
 23 of commerce shall use five 3-year periods as follows:

24 (a) one consecutive 3-year period ending 2 calendar
 25 years prior to the current calendar year;

1 (b) one consecutive 3-year period ending 1 calendar
 2 year prior to the current calendar year;

3 (c) one consecutive 3-year period ending with the
 4 current calendar year;

5 (d) one consecutive 3-year period ending 1 calendar
 6 year after the current calendar year; and

7 (e) one consecutive 3-year period ending 2 calendar
 8 years after the current calendar year.

9 (3) Attention should be given by the coal board to the
 10 need for community planning before the full impact is
 11 realized. Applicants should be able to show how their
 12 request reasonably fits into an overall plan for the orderly
 13 management of the existing or contemplated growth, disaster,
 14 or depression problems.

15 (4) All funds placed in the local impact and
 16 educational trust fund account established under this part,
 17 subject to the limitations imposed by 90-6-211, shall be
 18 subject to appropriations by the legislature for use related
 19 to local impact, disaster, or economic assistance or for
 20 transfer to a permanent trust for education."

21 Section 6. Section 90-6-208, MCA, is amended to read:

22 "90-6-208. Applications for grants or loans. The
 23 governing body of a city, town, county, school district, any
 24 other local or state governmental unit or agency, or the
 25 governing body of a federally recognized Indian tribe may

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1 apply for a grant or a loan to enable it to provide
2 governmental services or facilities which are needed as a
3 direct consequence of coal development, disaster, or
4 economic depression. The coal board shall prescribe the form
5 for applications. Applicants shall describe the nature of
6 their proposed expenditures, and the time involved, and any
7 other information requested by the board."

8 NEW SECTION. Section 7. Extension of authority. Any
9 existing authority of the coal board to make rules on the
10 subject of the provisions of this act is extended to the
11 provisions of this act.

12 NEW SECTION. Section 8. Applicability. This act
13 applies retroactively, within the meaning of 1-2-109, to
14 occurrences after December 31, 1979.

15 NEW SECTION. Section 9. Effective date. This act is
16 effective on passage and approval.

-End-

STATE OF MONTANA
FISCAL NOTE

REQUEST NO. FNN 312-85

Form BD-15

In compliance with a written request received February 4, 19 85, there is hereby submitted a Fiscal Note for House Bill 628 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:

House Bill 628 revises the Coal Severance Tax Local Impact Grant Program to include local governments affected by economic depression or disaster and providing retroactive status and an immediate effective date.

ASSUMPTIONS:

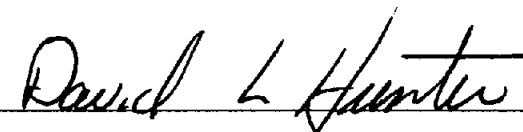
1. The Governor's redistribution proposal for part of these funds to go to the Public School Equalization Account occurs.
2. The additional areas that would be eligible for assistance grants would preclude any reversions to the educational trust fund.

FISCAL IMPACT:

1. Reversions to the educational trust fund have totalled \$6.1 million since 1976. It is unlikely there would be any reversions under the provisions of this bill when coupled with the Governor's proposed decrease in available funds for the impact grant program. To the extent reversions decrease, interest earnings available for school equalization will also decrease in future years.

LOCAL IMPACT:

This bill would result in a redistribution of local impact grants to those areas that have experienced a local depression or disaster as defined by the bill.



BUDGET DIRECTOR
Office of Budget and Program Planning

Date: Feb 8, 1985
HB 628