

HOUSE BILL NO. 651

2/04 Introduced  
2/04 Referred to Taxation  
2/05 Fiscal Note Requested  
2/11 Fiscal Note Received  
2/13 Hearing  
3/29 Adverse Committee Report  
3/29 Objection to Adverse Committee Report  
4/01 2nd Reading Pass  
4/01 3rd Reading Pass

Transmitted to Senate

4/03 Referred to Taxation  
4/16 Hearing  
4/16 Tabled In Committee

1 HOUSE BILL NO. 651  
 2 INTRODUCED BY Winston Allen Waldron Rubelmond  
 3 Mercer Leiby Nelson Connelly Yellowtail Katting  
 4 A BILL FOR AN ACT ENTITLED: "AN ACT AUTHORIZING THE  
 5 ISSUANCE OF BONDS TO FINANCE COUNTY JAIL CONSTRUCTION OR  
 6 RENOVATION; RAISING ALCOHOLIC BEVERAGE TAXES TO PAY OFF THE  
 7 BONDS AND INCREASE GENERAL FUND REVENUE; ALLOCATING BOND  
 8 PROCEEDS TO THE BOARD OF CRIME CONTROL FOR GRANTS TO  
 9 COUNTIES; AMENDING SECTIONS 16-1-401, 16-1-408, 16-1-411,  
 10 AND 17-5-401, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE  
 11 DATE."  
 12

13 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:  
 14 NEW SECTION. Section 1. Authorization of bonds to  
 15 finance county jails. (1) The board of examiners is  
 16 authorized to issue and sell long-range building program  
 17 bonds in an amount not exceeding \$34,000,000, over and above  
 18 the amount of long-range building program bonds outstanding  
 19 January 1, 1985, to be issued in accordance with the terms  
 20 and in the manner required by Title 17, chapter 5, part 8.  
 21 The board of examiners is also authorized to refund such  
 22 bonds in accordance with Title 17, chapter 5, part 3, if it  
 23 is considered that such refunding would be in the best  
 24 interest of the state. The authority granted to the board by  
 25 this section is in addition to any other authorization to

1 the board to issue and sell long-range building program  
 2 bonds or refunding bonds.  
 3 (2) The proceeds from the issuance of the bonds are  
 4 allocated to the board of crime control for issuance to  
 5 counties as grants for county jail construction or  
 6 renovation, as provided in [section 2].  
 7 (3) The principal and interest on the bonds must be  
 8 paid as provided in 16-1-401, 16-1-408, and 16-1-411.  
 9 NEW SECTION. Section 2. Grants of county jail bonds  
 10 proceeds to counties. (1) The bond proceeds allocated to the  
 11 board of crime control by [section 1] may be granted by the  
 12 board to counties for the construction or renovation of  
 13 jails or for paying costs incurred in the construction or  
 14 renovation of a jail that was begun on or after January 1,  
 15 1980.  
 16 (2) A grant under this section may not exceed 75% of  
 17 the cost of a completed construction or renovation or 75% of  
 18 the estimated cost of an uncompleted construction or  
 19 renovation.  
 20 (3) A grant may not be made until the county has  
 21 submitted to the board and the board has approved a county  
 22 jail facility plan developed by a board of residents of the  
 23 county appointed by the county commissioners. The plan must  
 24 include:  
 25 (a) the estimated construction or renovation cost or,



1 if construction or renovation has been completed on a  
2 project begun on or after January 1, 1980, the actual  
3 completed cost;

4 (b) past and projected county jail inmate populations;

5 (c) an assessment of the condition and suitability of  
6 the present jail;

7 (d) alternatives to incarceration that the county and  
8 its judicial system are considering as a means of preventing  
9 crime and reforming criminals; and

10 (e) a showing that the county will be able to finance  
11 the operation of the jail and the portion of the  
12 construction or renovation cost that will be borne by the  
13 county.

14 (4) The board shall by rule:

15 (a) establish criteria and a procedure for setting  
16 priorities for the approval of grant requests when bond  
17 proceeds will not fund all grant requests;

18 (b) establish criteria and a procedure for submission,  
19 review, and approval or disapproval of plans and grant  
20 requests, including a procedure for appeal of an adverse  
21 determination;

22 (c) set minimum standards relating to structure and  
23 design of jails for which grants may be made, including but  
24 not limited to size of cells and other rooms, fixtures,  
25 equipment, utilities, and kitchen and recreational

1 facilities; and

2 (d) adopt a procedure for encouraging feasible  
3 consolidation of jail facilities by contiguous local  
4 government units.

5 Section 3. Section 16-1-401, MCA, is amended to read:

6 "16-1-401. Liquor excise tax. The department is hereby  
7 authorized and directed to charge, receive, and collect at  
8 the time of the sale and delivery of any liquor as  
9 authorized under any provision of the laws of the state of  
10 Montana an excise tax at the rate of ~~16%~~ 18% of the retail  
11 selling price on all liquor sold and delivered. The  
12 department shall retain the amount of such excise tax  
13 received in a separate account and shall deposit with the  
14 state treasurer, to the credit of the general fund, 90.27%  
15 of such sums collected and received not later than the 10th  
16 day of each and every month. The remaining 9.73% must be  
17 paid to the state treasurer for deposit in the debt service  
18 account established under 17-5-405 and used to pay the  
19 principal of and interest on bonds issued under [section 1]  
20 and to accumulate and maintain the required reserve  
21 attributable to those bonds."

22 Section 4. Section 16-1-408, MCA, is amended to read:

23 "16-1-408. Additional tax. An additional tax of ~~\$1~~ \$5  
24 per barrel is levied and imposed as provided by 16-1-406,  
25 and such additional tax is also to be levied and imposed at

1 the same rate upon beer manufactured within the state. The  
 2 additional tax of ~~one~~ \$1 is to be deposited, notwithstanding  
 3 16-1-306 and 16-1-410 or any other provision, with the state  
 4 treasurer as follows:

5 (1) \$1 to the credit of the department of institutions  
 6 each quarter for programs for the treatment, rehabilitation,  
 7 and prevention of alcoholism as approved by the state;

8 (2) \$1 to the general fund; and

9 (3) \$3 to the credit of the debt service account  
 10 established under 17-5-405, to be used to pay the principal  
 11 of and interest on bonds issued under [section 1] and to  
 12 accumulate and maintain the required reserve attributable to  
 13 those bonds."

14 Section 5. Section 16-1-411, MCA, is amended to read:

15 "16-1-411. Tax on wine. (1) A tax of ~~20~~ 30 cents per  
 16 liter is hereby levied and imposed on table wine imported by  
 17 any table wine distributor or the department.

18 (2) (a) The tax on table wine imported by a table wine  
 19 distributor shall be paid by the table wine distributor by  
 20 the 15th day of the month following sale of the table wine  
 21 from the table wine distributor's warehouse. Failure to file  
 22 a table wine tax return or failure to pay the tax required  
 23 by this section subjects the table wine distributor to the  
 24 penalties and interest provided for in 16-1-409.

25 (b) The tax on table wine imported by the department

1 shall be collected at the time of sale.

2 (3) The tax paid by a table wine distributor in  
 3 accordance with subsection (2)(a) and the tax collected by  
 4 the department in accordance with subsection (2)(b) shall be  
 5 distributed as follows:

6 (a) ~~16~~ 18 1/2 cents to the state general fund; and

7 (b) 7 1/2 cents to the credit of the debt service  
 8 account established under 17-5-405, to be used to pay the  
 9 principal of and interest on bonds issued under [section 1]  
 10 and to accumulate and maintain the required reserve  
 11 attributable to those bonds; and

12 ~~(b)~~(c) of the remaining 4 cents, one-third to the  
 13 state special revenue fund to the credit of the department  
 14 of institutions for the treatment, rehabilitation, and  
 15 prevention of alcoholism, one-third to the counties, based  
 16 on population, for the purpose established in 16-1-404, and  
 17 one-third to the cities and towns, based on population, for  
 18 the purpose established in 16-1-405.

19 (4) The tax computed and paid in accordance with this  
 20 section shall be the only tax imposed by the state or any of  
 21 its subdivisions, including cities and towns."

22 Section 6. Section 17-5-401, MCA, is amended to read:

23 "17-5-401. Definitions. (1) "Board", "department", and  
 24 "treasurer" mean the board of examiners, department of  
 25 administration, and state treasurer, respectively.

1 (2) "Capital projects fund" means a separate  
2 long-range building program fund which is created within the  
3 capital projects fund type established in 17-2-102.

4 (3) "Long-range building program" means and includes  
5 all buildings, structures, and facilities to be constructed,  
6 repaired, used, equipped, or furnished and land to be  
7 acquired therefor with the consent of the legislature in  
8 accordance with:

9 (a) [sections 1 and 2]; or

10 (b) 17-7-202 and 18-2-101 through 18-2-105.

11 (4) "Long-range building program bonds" means and  
12 includes all series of bonds issued to finance any portion  
13 of the long-range building program or to refund outstanding  
14 bonds, as authorized in this part.

15 (5) "Debt service account" means a separate long-range  
16 building program fund which is created within the debt  
17 service fund type established in 17-2-102."

18 NEW SECTION. Section 7. Codification instruction.

19 Section 1 is intended to be codified as an integral part of  
20 Title 17, chapter 5, part 4, and the provisions of Title 17,  
21 chapter 5, part 4, apply to section 1.

22 NEW SECTION. Section 8. Effective date. This act is  
23 effective on passage and approval.

-End-

STATE OF MONTANA  
FISCAL NOTE

REQUEST NO. FNN337-85

Form BD-15

In compliance with a written request received February 7, 19 85, there is hereby submitted a Fiscal Note for H.B. 651 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

An act authorizing the issuance of bonds to finance county jail construction or renovation; raising alcoholic beverage taxes to pay off the bonds and increase general fund revenue; allocating bond proceeds to the board of crime control for grants to counties.

ASSUMPTIONS

1. The retail selling price of liquor is \$41,250,000 in FY1986; and \$42,100,000 in FY1987.
2. Barrels of beer subject to the beer tax are 771,333 in FY1986 and 755,333 in FY1987.
3. Liters of wine subject to the wine tax are 5,800,000 in FY1986; and 5,875,000 in FY1987 (assumptions 1-3 based on OBPP General Fund Estimates).

	<u>FY86</u>			<u>FY87</u>		
	Under <u>Current Law</u>	Under <u>Proposed Law</u>	<u>Difference</u>	Under <u>Current Law</u>	Under <u>Proposed Law</u>	<u>Difference</u>
Liquor Excise Tax	6,600,000	7,425,000	825,000	6,736,000	7,578,000	842,000
Beer Tax	3,085,333	6,170,664	3,085,331	3,021,333	6,042,664	3,021,331
Wine Tax	1,160,000	1,740,000	580,000	1,175,000	1,762,500	587,500
Total Revenue	10,845,333	15,335,664	4,490,331	10,932,333	15,383,164	4,450,831
General Fund	8,685,000	9,703,880	1,018,880	8,809,000	9,815,868	1,006,868
Institutions	848,666	848,666	0	833,666	833,666	0
Cities and Towns	1,234,334	1,234,334	0	1,211,334	1,211,334	0
Counties	77,333	77,333	0	78,333	78,333	0
Debt Service	0	3,471,451	3,471,451	0	3,443,963	3,443,963

LONG-RANGE EFFECTS OF PROPOSED LEGISLATION

Future revenue will depend on liquor, wine, and beer consumption in Montana.

*David L. Hunter*

BUDGET DIRECTOR  
Office of Budget and Program Planning

Date: Feb 11, 1985

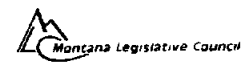
HB 651

ON TAXATION  
RECOMMEND DO NOT PASS  
OBJECTION RAISED TO  
ADVERSE COMMITTEE REPORT

1                                    HOUSE BILL NO. 651  
 2    INTRODUCED BY Winston Allen Waldron Rickelmin  
 3                                    Mercer Reddy Nelson Connolly Yellowtail Katzen  
 4    A BILL FOR AN ACT ENTITLED: "AN ACT AUTHORIZING THE  
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 6    RENOVATION; RAISING ALCOHOLIC BEVERAGE TAXES TO PAY OFF THE  
 7    BONDS AND INCREASE GENERAL FUND REVENUE; ALLOCATING BOND  
 8    PROCEEDS TO THE BOARD OF CRIME CONTROL FOR GRANTS TO  
 9    COUNTIES; AMENDING SECTIONS 16-1-401, 16-1-408, 16-1-411,  
 10   AND 17-5-401, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE  
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 18   the amount of long-range building program bonds outstanding  
 19   January 1, 1985, to be issued in accordance with the terms  
 20   and in the manner required by Title 17, chapter 5, part 8.  
 21   The board of examiners is also authorized to refund such  
 22   bonds in accordance with Title 17, chapter 5, part 3, if it  
 23   is considered that such refunding would be in the best  
 24   interest of the state. The authority granted to the board by  
 25   this section is in addition to any other authorization to

1   the board to issue and sell long-range building program  
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 9        NEW SECTION. Section 2. Grants of county jail bonds  
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 11   board of crime control by [section 1] may be granted by the  
 12   board to counties for the construction or renovation of  
 13   jails or for paying costs incurred in the construction or  
 14   renovation of a jail that was begun on or after January 1,  
 15   1980.  
 16        (2) A grant under this section may not exceed 75% of  
 17   the cost of a completed construction or renovation or 75% of  
 18   the estimated cost of an uncompleted construction or  
 19   renovation.  
 20        (3) A grant may not be made until the county has  
 21   submitted to the board and the board has approved a county  
 22   jail facility plan developed by a board of residents of the  
 23   county appointed by the county commissioners. The plan must  
 24   include:  
 25        (a) the estimated construction or renovation cost or,



1 if construction or renovation has been completed on a  
2 project begun on or after January 1, 1980, the actual  
3 completed cost;

4 (b) past and projected county jail inmate populations;

5 (c) an assessment of the condition and suitability of  
6 the present jail;

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8 its judicial system are considering as a means of preventing  
9 crime and reforming criminals; and

10 (e) a showing that the county will be able to finance  
11 the operation of the jail and the portion of the  
12 construction or renovation cost that will be borne by the  
13 county.

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16 priorities for the approval of grant requests when bond  
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19 review, and approval or disapproval of plans and grant  
20 requests, including a procedure for appeal of an adverse  
21 determination;

22 (c) set minimum standards relating to structure and  
23 design of jails for which grants may be made, including but  
24 not limited to size of cells and other rooms, fixtures,  
25 equipment, utilities, and kitchen and recreational

1 facilities; and

2 (d) adopt a procedure for encouraging feasible  
3 consolidation of jail facilities by contiguous local  
4 government units.

5 Section 3. Section 16-1-401, MCA, is amended to read:

6 "16-1-401. Liquor excise tax. The department is hereby  
7 authorized and directed to charge, receive, and collect at  
8 the time of the sale and delivery of any liquor as  
9 authorized under any provision of the laws of the state of  
10 Montana an excise tax at the rate of ~~16%~~ 18% of the retail  
11 selling price on all liquor sold and delivered. The  
12 department shall retain the amount of such excise tax  
13 received in a separate account and shall deposit with the  
14 state treasurer, to the credit of the general fund, 90.27%  
15 of such sums collected and received not later than the 10th  
16 day of each and every month. The remaining 9.73% must be  
17 paid to the state treasurer for deposit in the debt service  
18 account established under 17-5-405 and used to pay the  
19 principal of and interest on bonds issued under [section 1]  
20 and to accumulate and maintain the required reserve  
21 attributable to those bonds."

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25 and such additional tax is also to be levied and imposed at



1 the same rate upon beer manufactured within the state. The  
 2 additional tax of--\$1 is to be deposited, notwithstanding  
 3 16-1-306 and 16-1-410 or any other provision, with the state  
 4 treasurer as follows:

5 (1) \$1 to the credit of the department of institutions  
 6 each quarter for programs for the treatment, rehabilitation,  
 7 and prevention of alcoholism as approved by the state;

8 (2) \$1 to the general fund; and

9 (3) \$3 to the credit of the debt service account  
 10 established under 17-5-405, to be used to pay the principal  
 11 of and interest on bonds issued under [section 1] and to  
 12 accumulate and maintain the required reserve attributable to  
 13 those bonds."

14 Section 5. Section 16-1-411, MCA, is amended to read:

15 "16-1-411. Tax on wine. (1) A tax of 20 30 cents per  
 16 liter is hereby levied and imposed on table wine imported by  
 17 any table wine distributor or the department.

18 (2) (a) The tax on table wine imported by a table wine  
 19 distributor shall be paid by the table wine distributor by  
 20 the 15th day of the month following sale of the table wine  
 21 from the table wine distributor's warehouse. Failure to file  
 22 a table wine tax return or failure to pay the tax required  
 23 by this section subjects the table wine distributor to the  
 24 penalties and interest provided for in 16-1-409.

25 (b) The tax on table wine imported by the department

1 shall be collected at the time of sale.

2 (3) The tax paid by a table wine distributor in  
 3 accordance with subsection (2)(a) and the tax collected by  
 4 the department in accordance with subsection (2)(b) shall be  
 5 distributed as follows:

6 (a) ~~\$6~~ 18 1/2 cents to the state general fund; and

7 (b) 7 1/2 cents to the credit of the debt service  
 8 account established under 17-5-405, to be used to pay the  
 9 principal of and interest on bonds issued under [section 1]  
 10 and to accumulate and maintain the required reserve  
 11 attributable to those bonds; and

12 ~~(b)(c)~~ of the remaining 4 cents, one-third to the  
 13 state special revenue fund to the credit of the department  
 14 of institutions for the treatment, rehabilitation, and  
 15 prevention of alcoholism, one-third to the counties, based  
 16 on population, for the purpose established in 16-1-404, and  
 17 one-third to the cities and towns, based on population, for  
 18 the purpose established in 16-1-405.

19 (4) The tax computed and paid in accordance with this  
 20 section shall be the only tax imposed by the state or any of  
 21 its subdivisions, including cities and towns."

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23 "17-5-401. Definitions. (1) "Board", "department", and  
 24 "treasurer" mean the board of examiners, department of  
 25 administration, and state treasurer, respectively.

1           (2) "Capital projects fund" means a separate  
2 long-range building program fund which is created within the  
3 capital projects fund type established in 17-2-102.

4           (3) "Long-range building program" means and includes  
5 all buildings, structures, and facilities to be constructed,  
6 repaired, used, equipped, or furnished and land to be  
7 acquired therefor with the consent of the legislature in  
8 accordance with:

9           (a) [sections 1 and 2]; or

10           (b) 17-7-202 and 18-2-101 through 18-2-105.

11           (4) "Long-range building program bonds" means and  
12 includes all series of bonds issued to finance any portion  
13 of the long-range building program or to refund outstanding  
14 bonds, as authorized in this part.

15           (5) "Debt service account" means a separate long-range  
16 building program fund which is created within the debt  
17 service fund type established in 17-2-102."

18           NEW SECTION. Section 7. Codification instruction.  
19 Section 1 is intended to be codified as an integral part of  
20 Title 17, chapter 5, part 4, and the provisions of Title 17,  
21 chapter 5, part 4, apply to section 1.

22           NEW SECTION. Section 8. Effective date. This act is  
23 effective on passage and approval.

-End-