

HOUSE BILL NO. 914

2/21 Introduced
2/21 Referred to Local Government
2/21 Fiscal Note Requested
2/23 Hearing
2/25 Adverse Committee Report
2/25 Objection to Adverse Committee Report
2/26 Fiscal Note Received
2/27 Rereferred to Appropriations
3/25 Hearing
Died in Committee

1 HOUSE BILL NO. 914
2 INTRODUCED BY Stella Jean Hansen
3

4 A BILL FOR AN ACT ENTITLED: "AN ACT ESTABLISHING A
5 SUSTAINABLE LOCAL ECONOMIC DEVELOPMENT ACCOUNT TO BE USED
6 FOR ASSISTING LOCALITIES OR REGIONS OF THE STATE IN
7 DEVELOPING AND IMPLEMENTING LONG-TERM ECONOMIC DEVELOPMENT
8 STRATEGIES; AMENDING SECTION 15-35-108, MCA; AND PROVIDING
9 AN EFFECTIVE DATE."

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

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

13 "15-35-108. Disposal of severance taxes. Severance
14 taxes collected under the provisions of this chapter are
15 allocated as follows:

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

23 (2) Starting July 1, 1986, and ending June 30, 1987,
24 6% of coal severance tax collections are allocated to the
25 highway reconstruction trust fund account in the state

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

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

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

13 (b) ~~2 1/2% until December 31, 1979, and thereafter~~
14 ~~4 1/2%~~ 4% to the state special revenue fund to the credit of
15 the alternative energy research development and
16 demonstration account;

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

20 (d) for each of the 2 fiscal years following June 30,
21 1977, 13% to the state special revenue fund to the credit of
22 the coal area highway improvement account;

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

25 (f) 1% to the state special revenue fund to the credit



1 of the county land planning account;

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

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

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

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

14 (i) 1% to the state special revenue fund to the credit
15 of the state library commission for the purposes of
16 providing basic library services for the residents of all
17 counties through library federations and for payment of the
18 costs of participating in regional and national networking;

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

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

23 (l) 1/2% to the state special revenue fund to the
24 credit of the sustainable local economic development
25 account;

1 ~~(i)(m)~~ all other revenues from severance taxes
2 collected under the provisions of this chapter to the credit
3 of the general fund of the state."

4 NEW SECTION. Section 2. Sustainable local economic
5 development account. There is within the state special
6 revenue fund a sustainable local economic development
7 account. Money is paid into this account under 15-35-108.
8 The department of commerce shall administer the account as
9 provided in [sections 2 through 6].

10 NEW SECTION. Section 3. Purpose of sustainable local
11 economic development account. The sustainable local economic
12 development account is to be used as an incentive for
13 localities or regions of the state to develop coordinated
14 long-term economic development strategies involving local
15 governments, local economic development groups, locally or
16 regionally based capital companies, and other groups or
17 organizations with an active interest in economic
18 development. Once strategies are in effect, the account must
19 be used to provide assistance as provided in [section 5].

20 NEW SECTION. Section 4. Long-term economic
21 development strategy. (1) Each locality or region of the
22 state desiring to participate under the funding provisions
23 of [section 5] must submit a long-term economic development
24 strategy to the department of commerce. The strategy must
25 involve local governments, local economic development

1 groups, and any locally or regionally based capital
 2 companies. The strategy may involve other groups or
 3 organizations with an active interest in economic
 4 development. The strategy must contain long-term goals and
 5 proposed methodologies for achieving goals. The department
 6 shall review the strategy and may make suggestions for
 7 improving or revising it. The department shall approve the
 8 strategy for funding purposes if it determines that the
 9 strategy is feasible and viable.

10 (2) The department shall develop criteria for
 11 evaluating strategies in order to assure a coordinated
 12 approach to economic development. The criteria must include
 13 the locality's or region's willingness to assume part of the
 14 costs of providing the services available under [section 5].

15 NEW SECTION. Section 5. Use of sustainable local
 16 economic development account. The sustainable local economic
 17 development account provided for in [section 2] must be used
 18 for localities or regions whose long-term economic
 19 development strategy has been approved by the department of
 20 commerce as follows:

21 (1) The department shall hire and place in a locality
 22 or region with an approved strategy one or more financial
 23 facilitators or loan packagers to aid in implementing the
 24 locality's or region's long-term strategy.

25 (2) The department may contract with a local

1 vocational-technical center for placing on the staff of the
 2 center a person to provide financial and technical advice to
 3 beginning businesses.

4 (3) The department may provide direct support to local
 5 business incubators, or it may use part of the funds for
 6 providing a guaranty for local revenue bonds issued for
 7 renewable energy, conservation, or sustainable economic
 8 development purposes.

9 NEW SECTION. Section 6. Rulemaking. The department of
 10 commerce may adopt rules necessary for implementing
 11 [sections 2 through 6].

12 NEW SECTION. Section 7. Effective date. This act is
 13 effective July 1, 1985.

-End-

FISCAL NOTE

Form BD-15

In compliance with a written request received February 21, 19 85, there is hereby submitted a Fiscal Note for House Bill 914 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:

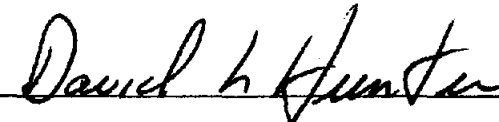
An act establishing a sustainable local economic development account to be used for assisting localities or regions of the state in developing and implementing long-term economic development strategies; amending Section 15-35-108, MCA; and providing an effective date.

ASSUMPTIONS:

- Office of Budget and Program Planning coal severance tax revenue estimates - FY86 - \$103,868,421; FY87 - \$112,033,
- Hire a total of 4 FTE grade 16 financial facilitators in FY86 and a total of 3 FTE financial facilitators in FY87.

FISCAL IMPACT:Change in Distribution
of Coal Severance Tax

	<u>FY 1986</u>		<u>FY 1987</u>	
	<u>Current Law</u>	<u>Proposed Law</u>	<u>Current Law</u>	<u>Proposed Law</u>
Alternative energy research development & demonstration account	2.25%	2.0%	1.98%	1.76%
Local economic development account	-0-	.25%	-0-	.22%



BUDGET DIRECTOR
Office of Budget and Program Planning

Date: Feb 26, 1985
HB 914

FISCAL IMPACT: (continued)

	<u>FY 1986</u>			<u>FY 1987</u>		
	<u>Under Current Law</u>	<u>Under Proposed Law</u>	<u>Difference</u>	<u>Under Current Law</u>	<u>Under Proposed Law</u>	<u>Difference</u>
Change in Coal Severance Tax Amounts:	\$103,868,421	\$103,868,421	-0-	\$112,033,493	\$112,033,493	-0-
Earmarked Special Revenue Fund:						
Alternative Energy Research	2,337,039	2,077,368	(259,671)	2,218,263	1,971,789	(246,474)
Local Economic Development	-0-	259,671	259,671	-0-	246,474	246,474

Expenditures of State Special Revenues:

	<u>FY 1986</u>	<u>FY 1987</u>
FTE	4.0	3.0
Personal Services	\$114,228	\$ 85,671
Operating Expenses	129,852	129,892
Grants		30,950
TOTAL COST	<u>\$244,000</u>	<u>\$246,473</u>

No general fund impact.

COMM.
ON LOCAL GOVERNMENT
RECOMMEND DO NOT PASS
OBJECTION RAISED TO
ADVERSE COMMITTEE REPORT

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