

HOUSE BILL NO. 919

INTRODUCED BY BARDANOUE, REGAN, SPAETH, HARP

IN THE HOUSE

February 21, 1985	Introduced and referred to Committee on Appropriations. Fiscal Note requested.
February 22, 1985	On motion by Chief Sponsor, Representatives Spaeth and Harp and Senator Regan added as sponsors.
February 26, 1985	Fiscal Note returned.
April 1, 1985	Committee recommend bill do pass. Report adopted. Bill printed and placed on members' desks. According to House Rule 1-5, bill failed second reading.
April 2, 1985	On motion, previous action reconsidered.
April 10, 1985	Second reading, do pass as amended. On motion, rules suspended and bill placed on third reading this day. Third reading, passed. Transmitted to Senate.

IN THE SENATE

April 13, 1985	On motion, rules suspended to accept. Motion adopted.
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April 15, 1985 Introduced and referred to
 Committee on Finance and Claims.

April 17, 1985 On motion, rules temporarily
 suspended for the purpose of
 allowing all bills passed on
 second reading on the 88th
 Legislative Day to be advanced
 to third reading that same day.

April 22, 1985 Committee recommend bill be
 concurred in. Report adopted.

April 23, 1985 Second reading, concurred in.

 Third reading, concurred in.
 Ayes, 31; Noes, 17.

 Returned to House.

IN THE HOUSE

April 23, 1985 Received from Senate.

April 24, 1985 Sent to enrolling.

 Reported correctly enrolled.

1 HOUSE BILL NO. 919
 2 INTRODUCED BY Bardanave
 3
 4 A BILL FOR AN ACT ENTITLED: "AN ACT TO REALLOCATE A PORTION
 5 OF COAL SEVERANCE TAX REVENUES TO THE SCHOOL FOUNDATION
 6 PROGRAM AND THE HIGHWAY PROGRAM; AMENDING SECTIONS 15-35-108
 7 AND 90-6-205, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE
 8 AND AN APPLICABILITY DATE."
 9

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

11 Section 1. Section 15-35-108, MCA, is amended to read:
 12 "15-35-108. Disposal of severance taxes. Severance
 13 taxes collected under the provisions of this chapter are
 14 allocated as follows:

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

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

1 30, 1993, 12% of coal severance tax collections are
 2 allocated to the highway reconstruction trust fund account
 3 in the state special revenue fund.

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

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

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

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

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

22 (e) ~~10%~~ 17 1/2% to the state special revenue fund for
 23 state equalization aid to public schools of the state;

24 (f) 1% to the state special revenue fund to the credit
 25 of the county land planning account;

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

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

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

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

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

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

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

22 (l) 4% to the highway reconstruction trust fund
23 account in the state special revenue fund;

24 ~~(m)~~ (m) all other revenues from severance taxes
25 collected under the provisions of this chapter to the credit

1 of the general fund of the state."

2 Section 2. Section 90-6-205, MCA, is amended to read:
3 "90-6-205. Coal board -- general powers. The board
4 may:

5 (1) retain professional consultants and advisors;

6 (2) adopt rules governing its proceedings;

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

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

12 (5) award grants and loans, subject to 90-6-207, not
13 to exceed in any one year seven-elevenths and after June 30,
14 1979, and before July 1, 1985, seven-fifteenths and after
15 June 30, 1985, 23.08% of the revenue paid into the local
16 impact and education trust fund account, to local
17 governmental units, state agencies, and governing bodies of
18 federally recognized Indian tribes to assist local
19 governmental units and federally recognized Indian tribes in
20 meeting the local impact of coal development by enabling
21 them to adequately provide governmental services and
22 facilities which are needed as a direct consequence of coal
23 development. As used in the preceding sentence, "revenue
24 paid" does not include interest income from the account
25 reinvested in the account in trust for the public schools

1 and the university system. Grants and loans may be from
2 current allocations only, and no part of the principal or
3 income of the trust referred to in 90-6-211 may be used for
4 this purpose. The money derived from loan repayments,
5 including the interest thereon, must be deposited to the
6 credit of the local impact fund referred to in 90-6-202.

7 (6) award a grant to a local government unit for the
8 purpose of paying for part or all of the credit that the
9 local government unit is obligated to give to a major new
10 industrial facility that has prepaid property taxes under
11 15-16-201. The board must award the grant in accordance with
12 90-6-206."

13 NEW SECTION. Section 3. Coordination instruction. If
14 House Bill No. 669 is passed and approved, the percentage in
15 section 1 of this bill amending 15-35-108(3)(c) shall be
16 adjusted from 26% to 24% and the percentage in section 2
17 amending 90-6-205(5) shall be adjusted from 23.08% to
18 16 2/3%.

19 NEW SECTION. Section 4. Effective date --
20 applicability. This act is effective on passage and approval
21 and applies to coal mined on or after April 1, 1985.

-End-

STATE OF MONTANA

FISCAL NOTE

REQUEST NO. FNN500-85

Form **BD-15**

In compliance with a written request received February 21 19 85, there is hereby submitted a Fiscal Note for H.B. 919 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 reallocate a portion of coal severance tax revenues to the School Foundation Program and the highway program.

ASSUMPTIONS:

1. Coal severance tax collections will be \$103,866,000 in FY86 and \$112,033,000 in FY87.
2. Coal severance tax revenue allocations affected by the proposed legislation will be as follows:

	<u>FY1986</u>		<u>FY1987</u>	
	<u>Percentage Allocation Under Current Law</u>	<u>Percentage Allocation Under Proposed Law</u>	<u>Percentage Allocation Under Current Law</u>	<u>Percentage Allocation Under Proposed Law</u>
School Foundation Program	5.00%	8.75%	4.40%	7.70%
Education Trust	10.00%	10.00%	8.80%	8.80%
Excellence Fund*	0 %	1.00%	0 %	.88%
Highway Reconstruction	0 %	2.00%	6.00%	7.76%
Coal Board	8.75%	2.00%	7.70%	1.76%

* Effect on HB 919 if HB 669 is passed and approved.

FISCAL IMPACT:

	<u>FY1986</u>			<u>FY1987</u>		
	<u>Current</u>	<u>Proposed</u>	<u>Difference</u>	<u>Current</u>	<u>Proposed</u>	<u>Difference</u>
School Foundation Program	\$ 5,193,300	\$ 9,088,275	\$ 3,894,975	\$ 4,929,452	\$ 8,626,541	\$ 3,697,089
Education Trust	10,386,600	10,386,600	0	9,858,904	9,858,904	0
Excellence Fund*	0	1,038,660	1,038,660	0	985,890	985,890
Highway Reconstruction	0	2,077,320	2,077,320	6,721,980	8,693,761	1,971,781
Coal Board	9,088,275	2,077,320	(7,010,955)	8,626,541	1,971,781	(6,654,760)
TOTAL	\$24,668,175	\$24,668,175	\$ 0	\$30,136,877	\$30,136,877	\$ 0

* Effect on HB 919 if HB 669 is passed and approved.

David L. Hunter

BUDGET DIRECTOR
Office of Budget and Program Planning

Date: Feb 26, 1985
HB 919

APPROVED BY COMMITTEE
ON APPROPRIATIONS

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23 6% of coal severance tax collections are allocated to the
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11 the county may determine;

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13 4 1/2% to the state special revenue fund to the credit of
14 the alternative energy research development and
15 demonstration account;

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

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

22 (e) ~~10%~~ 17 1/2% to the state special revenue fund for
23 state equalization aid to public schools of the state;

24 (f) 1% to the state special revenue fund to the credit
25 of the county land planning account;



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

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4 of parks acquisition or management, protection of works of
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7 as follows:

8 (i) 1/3 for protection of works of art in the state
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10 (ii) 2/3 for the acquisition of sites and areas
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12 sites so acquired;

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

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

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

22 (l) 4% to the highway reconstruction trust fund
23 account in the state special revenue fund;

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

12 (5) award grants and loans, subject to 90-6-207, not
13 to exceed in any one year seven-elevenths and after June 30,
14 1979, and before July 1, 1985, seven-fifteenths and after
15 June 30, 1985, 23.08% of the revenue paid into the local
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17 governmental units, state agencies, and governing bodies of
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19 governmental units and federally recognized Indian tribes in
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-End-

HOUSE BILL NO. 919

INTRODUCED BY BARDANOUVE, REGAN, SPAETH, HARP

A BILL FOR AN ACT ENTITLED: "AN ACT TO REALLOCATE A PORTION OF COAL SEVERANCE TAX REVENUES TO THE ~~SCHOOL~~ FOUNDATION PROGRAM STATE GENERAL FUND, ALTERNATIVE ENERGY PROGRAM, AND THE HIGHWAY PROGRAM; AMENDING SECTIONS 15-35-108 AND 90-6-205, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE, AND AN APPLICABILITY DATE, AND A TERMINATION DATE."

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

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

(1) To the trust fund created by Article IX, section 5, of the Montana constitution, 25% of total collections a year. After December 31, 1979, 50% of coal severance tax collections are allocated to this trust fund. The trust fund moneys shall be deposited in the fund established under 17-6-203(5) and 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) Coal severance tax collections remaining after the allocations provided by subsections (1) and (2) 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~~ JULY 1, 1987, 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%~~ 26% 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 following June 30, 1977, 13% to the state special revenue fund to the credit of the coal area highway improvement account;

(e) ~~10% 17 1/2%~~ 10% to the state special revenue fund for state equalization aid to public schools of the state;

(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:

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20 conservation districts;

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24 account in the state special revenue fund;

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8 (3) consider applications for grants from the local

9 impact and education trust fund account;

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11 impact and education trust fund account for periods and

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14 to exceed in any one year seven-elevenths and after June 30,

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16 June 30, 1985, 23.08% of the revenue paid into the local

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15 House Bill No. 669 is passed and approved, the percentage in
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20 NEW SECTION. Section 4. Effective date --
21 applicability. This act is effective on passage and approval
22 and applies to coal mined on or after April 1, 1985.

23 NEW SECTION. SECTION 5. TERMINATION DATE. THIS ACT
24 TERMINATES JULY 1, 1987.

-End-

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19 16 2/3%.

20 NEW SECTION. Section 4. Effective date --
21 applicability. This act is effective on passage and approval
22 and applies to coal mined on or after April 1, 1985.

23 NEW SECTION. SECTION 5. TERMINATION DATE. THIS ACT
24 TERMINATES JULY 1, 1987.

-End-