

SENATE BILL NO. 4

1/07 Introduced
1/07 Referred to Taxation
1/07 Fiscal Note Requested
1/11 Fiscal Note Received
1/15 Hearing
1/29 Tabled in Committee

1 SENATE BILL NO. 4
 2 INTRODUCED BY GAGE
 3 BY REQUEST OF THE COAL TAX OVERSIGHT SUBCOMMITTEE

4
 5 A BILL FOR AN ACT ENTITLED: "AN ACT ESTABLISHING AN IMPACT
 6 OF DECLINE ACCOUNT TO RECEIVE UNEXPENDED COAL BOARD
 7 APPROPRIATIONS; AUTHORIZING THE COAL BOARD TO DESIGNATE
 8 LOCAL GOVERNMENT UNITS FOR IMPACT AND IMPACT OF DECLINE
 9 GRANTS AND TO AWARD IMPACT OF DECLINE GRANTS AND LOANS;
 10 REDUCING FROM 50 PERCENT TO 25 PERCENT THE GRANTS TO
 11 DESIGNATED AREAS; PROVIDING AN EXCEPTION TO THE REVERSION
 12 LAW; AMENDING SECTIONS 17-7-304, 90-6-202, 90-6-205,
 13 90-6-207, 90-6-208, AND 90-6-211, MCA; AND PROVIDING AN
 14 IMMEDIATE EFFECTIVE DATE."

15
 16 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

17 Section 1. Section 90-6-202, MCA, is amended to read:
 18 "90-6-202. Accounts established. (1) There is within
 19 the state special revenue fund a local impact and education
 20 trust fund account. Moneys are payable into this account
 21 under 15-35-108. The state treasurer shall draw warrants
 22 from this account upon order of the coal board.

23 (2) There is within the state special revenue fund a
 24 coal area highway improvement account.

25 (3) There is within the state special revenue fund an

1 impact of decline account in which money not awarded by the
 2 coal board at the end of its appropriation period is
 3 deposited until the balance in the impact of decline account
 4 reaches \$20,000,000, after which any additional money not
 5 awarded by the coal board at the end of its appropriation
 6 period reverts to the local impact and education trust fund
 7 account."

8 Section 2. Section 90-6-205, MCA, is amended to read:
 9 "90-6-205. Coal board -- general powers. The board
 10 may:

11 (1) retain professional consultants and advisors;

12 (2) adopt rules governing its proceedings;

13 (3) consider applications for grants from the local
 14 impact and education trust fund account and from the impact
 15 of decline account;

16 (4) consider applications for loans from the local
 17 impact and education trust fund account and from the impact
 18 of decline account for periods and interest rates to be
 19 determined by the board; **and**

20 (5) award grants and loans, subject to 90-6-207, not
 21 to exceed in any one year seven-elevenths and after June 30,
 22 1979, seven-fifteenths of the revenue paid into the local
 23 impact and education trust fund account, to local
 24 governmental units, state agencies, and governing bodies of
 25 federally recognized Indian tribes to assist local



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

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

20 (7) award grants and loans, subject to 90-6-207, from
 21 the impact of decline account to local governmental units
 22 that are unable to meet normal governmental obligations as a
 23 direct consequence of the decline of coal-related
 24 activities. The money derived from repayment of loans,
 25 including the interest thereon, must be deposited to the

1 credit of the impact of decline account referred to in
 2 90-6-202(3), except that any repayment or portion of a
 3 repayment, including interest, which causes the balance of
 4 the impact of decline account to exceed \$20,000,000 must be
 5 deposited in the local impact and education trust fund
 6 account."

7 Section 3. Section 90-6-207, MCA, is amended to read:
 8 "90-6-207. Priorities for impact grants and impact of
 9 decline grants. (1) The department-of--commerce coal board
 10 shall annually designate counties, incorporated cities and
 11 towns, school districts, and other governmental units which
 12 have had or expect to have as a result of the impact of coal
 13 development or as the result of the impact of the decline of
 14 coal-related activities a net increase or a net decrease,
 15 respectively, in estimated population of at least 10% over
 16 one of the 3-year periods specified in subsection (2). The
 17 coal board shall, subject to the appropriations of the
 18 legislature, award at least 50% 25% of all grants awarded to
 19 governmental units and state agencies for meeting the needs
 20 caused by coal development or by decline of coal-related
 21 activities each year to these designated governmental units.

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

25 (a) one consecutive 3-year period ending 2 calendar

1 years prior to the current calendar year;

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

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

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

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

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

21 (5) All funds placed in the impact of decline account
22 established under this part shall be subject to
23 appropriation by the legislature for use as provided in
24 90-6-205(7)."

25 Section 4. Section 90-6-208, MCA, is amended to read:

1 "90-6-208. Applications for grants or loans. The
2 governing body of a city, town, county, school district, any
3 other local or state governmental unit or agency, or the
4 governing body of a federally recognized Indian tribe may
5 apply for a grant or a loan to enable it to provide
6 governmental services which are needed as a direct
7 consequence of coal development or as a direct consequence
8 of the decline of coal-related activities. The coal board
9 shall prescribe the form for applications. Applicants shall
10 describe the nature of their proposed expenditures and the
11 time involved."

12 Section 5. Section 90-6-211, MCA, is amended to read:

13 "90-6-211. Disposition of interest from unexpended
14 balance. The unexpended ~~balance~~ balances in the local impact
15 and education trust fund account and in the impact of
16 decline account shall be invested as provided by statute by
17 the board of investments. Of the income from such
18 investments each year 10% shall be paid into the state
19 special revenue fund for use by the superintendent of public
20 instruction for purposes of the postsecondary
21 vocational-technical centers and adult basic education
22 programs in the state, subject to the budgeting authority of
23 the legislature. Within the account under 20-9-513, the
24 revenue is shared between the postsecondary
25 vocational-technical centers and the adult basic education

1 programs. Of the remaining 90% of the income from such
2 investments, three-fourths shall be annually paid into the
3 state special revenue fund for state equalization aid to
4 public schools of the state and one-fourth each year shall
5 be paid to the board of regents of higher education for use
6 by the institutions of higher learning in the state, subject
7 to the budgeting authority of the legislature. Except as
8 provided in 90-6-205(4), the principal of the local impact
9 and educational trust fund shall be dedicated to education
10 and forever remain inviolate and sacred to this purpose as
11 provided in sections 3 and 10 of Article X of the Montana
12 constitution."

13 Section 6. Section 17-7-304, MCA, is amended to read:
14 "17-7-304. Disposal of unexpended appropriations --
15 exception. All moneys appropriated for any specific purpose
16 shall, after the expiration of the time for which so
17 appropriated, revert to the several funds and accounts from
18 which originally appropriated, except as provided in
19 90-6-202(3). However, any unexpended balance in any specific
20 appropriation may be used for the years for which the
21 appropriation was made."

22 NEW SECTION. Section 7. Effective date. This act is
23 effective on passage and approval.

-End-

STATE OF MONTANA

REQUEST NO. FNN001-85

FISCAL NOTE

Form BD-15

In compliance with a written request received January 7, 19 85, there is hereby submitted a Fiscal Note for Senate Bill 4 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:

Senate Bill 4 establishes an impact of decline account to receive unexpended Coal Board appropriations; authorizes designation of local government units by the Coal Board; reduces from 50% to 25% the grants to designated areas; provides for an immediate effective date and provides an exception.

ASSUMPTIONS:

1. Revenue estimates under current law were obtained from the Office of Budget and Program Planning.
2. This legislation may decrease the revenues reverting to the Educational Trust Fund from the Local Impact account by providing an additional use for the impact appropriation before the reversion amount is computed.
3. Amount of reversion is difficult to project but will be determined by the needs of the impact areas, new developments, and the status of the coal market.

FISCAL IMPACT:

This legislation will have no fiscal impact on the revenues of the Local Impact program. It could increase grant expenditures of the Local Impact program if decline impact grant applications are submitted and approved. Spending under the program is still limited however, by the percentage of coal tax revenue dedicated to the local impact account. Also, this legislation will allow the coal board to retain any unexpended funds, rather than reverting these funds to the Education Trust Fund. Reversions totalled \$6.2 million between FY 1976 and FY 1984.


David L. Hunter

BUDGET DIRECTOR
Office of Budget and Program Planning

Date: Jan 11, 1985

AFFECT ON COUNTY OR OTHER LOCAL REVENUE OR EXPENDITURES:

This legislation could have a significant effect on local governmental units affected by the impacts of declining coal mining activity.

LONG-RANGE EFFECTS OF PROPOSED LEGISLATION:

This legislation will enable the Coal Board to assist local governmental units that are unable to meet normal governmental obligations as the direct consequence of the decline of coal related activities. In addition, this legislation will allow the coal board to double the grants to local units which are not defined as a "growth" or "decline" area.