

SENATE BILL NO. 270

1/28 Introduced
1/29 Referred to Finance & Claims
1/31 Fiscal Note Requested
2/06 Fiscal Note Received
2/07 Hearing
2/14 Committee Report-Bill Pass As Amended
2/14 Statement of Intent Attached
2/16 2nd Reading Indefinitely Postponed

Synch

Senate BILL NO. 270
INTRODUCED BY *Jeffrey Manahan* ~~Hamilton~~ *Raney*
Robert Dave Brown ~~11/11/87~~ *Kevin D. Smith*

A BILL FOR AN ACT ENTITLED: "AN ACT CREATING A LOCAL RAIL SERVICE ASSISTANCE ACCOUNT; DEPOSITING A PORTION OF THE COAL SEVERANCE TAX IN THE ACCOUNT; AUTHORIZING THE DEPARTMENT OF COMMERCE TO EXPEND MONEY FROM THE ACCOUNT; AMENDING SECTION 15-35-108, MCA; AND PROVIDING AN EFFECTIVE DATE."

E. Smith
LANE

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

NEW SECTION. Section 1. Short title. [Sections 1 through 6] may be cited as the "Montana Local Rail Service Assistance Lending Act".

NEW SECTION. Section 2. Purpose. The federal Staggers Rail Act of 1980 allows railroads wide discretion in abandoning lines they determine are not economically beneficial to the carriers. Some of the lines that are subject to abandonment, because of highway and socioeconomic impacts, are essential to preservation of the effectiveness of Montana's transportation system and are needed to retain competitiveness for Montana products in the marketplace. Low interest loans with flexible repayment terms are essential for the successful operation of a railroad branch line that may be acquired by local interests to continue service to the communities, and the federal funding available is

inadequate to meet this need. It is the intent of [sections 1 through 6] to create a state program to supplement federal funds through establishment of a \$15 million local rail service assistance account. The principal of this account and its investment revenue may be loaned to local rail authorities for rail planning, operation, acquisition, rehabilitation, and reconstruction of priority rail lines within the state.

NEW SECTION. Section 3. Definition. As used in [sections 1 through 6], "local rail authority" means a local development organization, community interest group, or small business entrepreneur establishing a new railroad operation from the remains of an abandoned rail system.

NEW SECTION. Section 4. Local rail service assistance account. There is in the state special revenue fund a local rail service assistance account into which is deposited a portion of the taxes collected pursuant to 15-35-103 beginning on July 1, 1985, and ending on or before June 30, 1987, as provided in 15-35-108(3). The state treasurer shall disburse money from the local rail service assistance account on the order of the department [of commerce] for the purposes provided in [section 5].

NEW SECTION. Section 5. Investment of account -- loans. (1) Money deposited in the local rail service assistance account established pursuant to [section 4] is



INTRODUCED BILL
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1 subject to investment by the board of investments, and all
2 interest must be returned to the account.

3 (2) The department [of commerce] may make loans from
4 any money in the account to local rail authorities for the
5 purposes of rail planning, operation, acquisition,
6 rehabilitation, and reconstruction of priority rail lines,
7 and the department may apportion the loans to the rail lines
8 to match the federal-aid funds for local rail service
9 assistance.

10 NEW SECTION. Section 6. Rulemaking authority. The
11 department may adopt rules to implement the provisions of
12 [sections 4 and 5]. Rules may include definitions of
13 criteria for eligibility, standards for establishing
14 priorities, interest rates, loan terms and conditions, and
15 application procedures.

16 Section 7. Section 15-35-108, MCA, is amended to read:
17 "15-35-108. Disposal of severance taxes. Severance
18 taxes collected under the provisions of this chapter are
19 allocated as follows:

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

1 provided by law.

2 (2) Starting July 1, 1986, and ending June 30, 1987,
3 6% of coal severance tax collections are allocated to the
4 highway reconstruction trust fund account in the state
5 special revenue fund. Starting July 1, 1987, and ending June
6 30, 1993, 12% of coal severance tax collections are
7 allocated to the highway reconstruction trust fund account
8 in the state special revenue fund.

9 (3) Starting July 1, 1985, and ending June 30, 1987,
10 9% of coal severance tax collections are allocated to the
11 local rail service assistance account in the state special
12 revenue fund, except that if before June 30, 1987, the total
13 allocations under this section equal \$15 million, this
14 allocation ceases.

15 ~~(3)~~(4) Coal severance tax collections remaining after
16 the allocations provided by subsections (1) and (2) are
17 allocated in the following percentages of the remaining
18 balance:

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

23 (b) 2 1/2% until December 31, 1979, and thereafter
24 4 1/2% to the state special revenue fund to the credit of
25 the alternative energy research development and

1 demonstration account;

2 (c) 26 1/2% until July 1, 1979, and thereafter 37 1/2%

3 to the state special revenue fund to the credit of the local

4 impact and education trust fund account;

5 (d) for each of the 2 fiscal years following June 30,

6 1977, 13% to the state special revenue fund to the credit of

7 the coal area highway improvement account;

8 (e) 10% to the state special revenue fund for state

9 equalization aid to public schools of the state;

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

11 of the county land planning account;

12 (g) 1 1/4% to the credit of the renewable resource

13 development bond fund;

14 (h) 5% to a nonexpendable trust fund for the purpose

15 of parks acquisition or management, protection of works of

16 art in the state capitol, and other cultural and aesthetic

17 projects. Income from this trust fund shall be appropriated

18 as follows:

19 (i) 1/3 for protection of works of art in the state

20 capitol and other cultural and aesthetic projects; and

21 (ii) 2/3 for the acquisition of sites and areas

22 described in 23-1-102 and the operation and maintenance of

23 sites so acquired;

24 (i) 1% to the state special revenue fund to the credit

25 of the state library commission for the purposes of

1 providing basic library services for the residents of all

2 counties through library federations and for payment of the

3 costs of participating in regional and national networking;

4 (j) 1/2 of 1% to the state special revenue fund for

5 conservation districts;

6 (k) 1 1/4% to the debt service fund type to the credit

7 of the water development debt service fund;

8 (l) all other revenues from severance taxes collected

9 under the provisions of this chapter to the credit of the

10 general fund of the state."

11 NEW SECTION. Section 8. Codification instruction.

12 Sections 1 through 6 are intended to be codified as an

13 integral part of Title 60, chapter 11, and the provisions of

14 Title 60, chapter 11, apply to sections 1 through 6.

15 NEW SECTION. Section 9. Effective date. This act is

16 effective July 1, 1985.

-End-

STATE OF MONTANA

FISCAL NOTE

REQUEST NO. FNN 296-85

Form BD-15

In compliance with a written request received January 31, 19 85 , there is hereby submitted a Fiscal Note for Senate Bill 270 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 creating a local rail service assistance account; depositing a portion of the coal severance tax in the account; authorizing the Department of Commerce to expend money from the account; amending Section 15-35-108, MCA; and providing an effective date.

ASSUMPTIONS:

1. Office of Budget and Program Planning coal severance tax revenue estimates - FY86 - \$103,868,421, FY87 - \$112,033,493.

David L Hunter

BUDGET DIRECTOR
Office of Budget and Program Planning

Date: Feb 6, 1985

FISCAL IMPACT:

(The percentages are listed as current for each year, followed by proposed law for each year)

Account	Under	FY 86	Difference	Under	FY 87	Difference
	Current Law	Under Proposed Law		Current Law	Under Proposed Law	
Coal Tax Trust Fund 50%	\$ 51,934,210	\$ 51,934,210	0	\$ 56,016,746	\$ 56,016,746	0
Highway Fund 0,6%	-0-	-0-	0	\$ 6,722,010	\$ 6,722,010	0
Alternative Energy Research 2.25%, 1.98%; 1.845%, 1.575%	\$ 2,337,039	\$ 1,916,372	(\$ 420,667)	\$ 2,218,263	\$ 1,764,528	(\$ 453,735)
Local Impact & Education Trust 18.75%, 16.5%; 15.375%, 13.125%	\$ 19,475,329	\$ 15,969,770	(\$ 3,505,559)	\$ 18,485,526	\$ 14,704,396	(\$ 3,781,130)
School Equalization 5%, 4.4%; 4.1%, 3.5%	\$ 5,193,421	\$ 4,258,605	(\$ 934,816)	\$ 4,929,474	\$ 3,921,172	(\$ 1,008,302)
County Land Planning .5%, .44%; .41%, .35%	\$ 519,342	\$ 425,860	(\$ 93,482)	\$ 492,947	\$ 392,117	(\$ 100,830)
Renewable Resource Development .625%, .55%; .5125%, .4375%	\$ 649,178	\$ 532,326	(\$ 116,852)	\$ 616,184	\$ 490,146	(\$ 126,038)
Parks Acquisition & Maintenance 2.5%, 2.2%; 2.05%, 1.75%	\$ 2,596,710	\$ 2,129,303	(\$ 467,407)	\$ 2,464,737	\$ 1,960,586	(\$ 504,151)
State Library Commission .5%, .44%; .41%, .35%	\$ 519,342	\$ 425,860	(\$ 93,482)	\$ 492,947	\$ 392,117	(\$ 100,830)
Conservation Districts .25%, .22%; .205%, .175%	\$ 259,672	\$ 212,931	(\$ 46,741)	\$ 246,475	\$ 196,060	(\$ 50,415)
Water Development .625%, .55%; .5125%, .4375%	\$ 649,178	\$ 532,326	(\$ 116,852)	\$ 616,184	\$ 490,146	(\$ 126,038)
Local Rail Service Assistance 0%; 9%	-0-	\$ 9,348,158	\$ 9,348,158	-0-	\$ 10,083,014	\$ 10,083,014
State General Fund 19%, 16.72%; 15.58%, 13.3%	\$ 19,735,000	\$ 16,182,700	(\$ 3,552,300)	\$ 18,732,000	\$ 14,900,455	(\$ 3,831,545)
	\$103,868,421	\$103,868,421	-0-	\$112,033,493	\$112,033,493	-0-

Since revenue losses to the Foundation Program directly affect the General Fund, total General Fund revenues will decrease by \$4,487,116 in FY86 and \$4,839,847 in FY87.

TECHNICAL OR MECHANICAL DEFECTS:

Section 7, Paragraph 4 refers to "allocations provided by subsection (1) and (2)". This should read:
"allocations provided by subsections (1),(2), and (3)."

1 STATEMENT OF INTENT

2 SENATE BILL 270

3 Senate Finance and Claims Committee

4

5 A statement of intent is required for this bill because
6 it grants rulemaking authority to the department of commerce
7 in section 7.

8 The department is directed to establish rules to
9 include the following:

10 (1) establishment of criteria for loan project
11 eligibility, standards for priority selection of approved
12 loans, criteria for loan terms, rates, and repayments, and
13 development of loan application and review procedures;

14 (2) establishment of mechanisms to secure the public
15 investment;

16 (3) development of methodologies to extend fund
17 effectiveness with optional blending and leveraging with
18 private sector institutional investment;

19 (4) assurance that the permissible investments adopted
20 by rules are based on long-term benefit to the Montana
21 economy and aimed at strengthening and stabilizing Montana's
22 rail transportation network while maintaining and improving
23 local community economic vitality; and

24 (5) procedural rules based on the attorney general's
25 model rules.

APPROVED BY COMM. ON
FINANCE AND CLAIMS

SENATE BILL NO. 270

INTRODUCED BY HAFPEY, MENAHAN, HARRINGTON,
RANEY, LYNCH, QUILICI, DANIELS, D. BROWN,
NATHE, KEENAN, DRISCOLL, E. SMITH,
H. HAMMOND, STIMATZ, JACOBSON,
LANE, ERNST, CAMPBELL, TVEIT

A BILL FOR AN ACT ENTITLED: "AN ACT CREATING A LOCAL RAIL
SERVICE ASSISTANCE ACCOUNT; DEPOSITING A PORTION OF THE COAL
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beneficial to the carriers. Some of the lines that are
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of Montana's transportation system and are needed to retain
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shall disburse money from the local rail service assistance
account on the order of the department [of commerce] for the



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10 30, 1993, 12% of coal severance tax collections are
11 allocated to the highway reconstruction trust fund account
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13 (3) Starting July 1, 1985, and ending June 30, 1987
14 1989, 9% 4% of coal severance tax collections are allocated
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17 1989, the total allocations under this section equal \$15
18 million, this allocation ceases.

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22 remaining balance:

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24 severance tax paid on the coal mined in that county until
25 January 1, 1980, for such purposes as the governing body of

1 the county may determine;

2 (b) 2 1/2% until December 31, 1979, and thereafter
3 4 1/2% to the state special revenue fund to the credit of
4 the alternative energy research development and
5 demonstration account;

6 (c) 26 1/2% until July 1, 1979, and thereafter 37 1/2%
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8 impact and education trust fund account;

9 (d) for each of the 2 fiscal years following June 30,
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11 the coal area highway improvement account;

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

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

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

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

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

25 (ii) 2/3 for the acquisition of sites and areas

1 described in 23-1-102 and the operation and maintenance of
2 sites so acquired;

3 (i) 1% to the state special revenue fund to the credit
4 of the state library commission for the purposes of
5 providing basic library services for the residents of all
6 counties through library federations and for payment of the
7 costs of participating in regional and national networking;

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

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

12 (l) all other revenues from severance taxes collected
13 under the provisions of this chapter to the credit of the
14 general fund of the state."

15 NEW SECTION. Section 8. Codification instruction.
16 Sections 1 through 6 are intended to be codified as an
17 integral part of Title 60, chapter 11, and the provisions of
18 Title 60, chapter 11, apply to sections 1 through 6.

19 NEW SECTION. Section 9. Effective date. This act is
20 effective July 1, 1985.

-End-