

HB 3 Marks

An act to repeal section 18, Chapter 680, Laws of 1985, and chapters 685 and 702, Laws of 1985, relating to increasing light vehicle licensing fees; providing for the carryover of funds in the local government block grant account; allowing for proration of disbursements from the local government block grant account for light motor vehicle fee reimbursement; providing an appropriation to the local government block grant account; amending sections 7-6-309 and 61-3-536, MCA; and providing an immediate effective date and an applicability date.

6/28/85 Referred to Taxation

6/28/85 Committee Report As Amended No Recommendation

6/28/85 2nd Reading Do Not Pass, 59 - 41

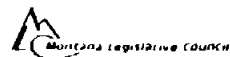
Bill Killed

ON TAXATION
REPORT WITHOUT RECOMMENDATION

1 HOUSE BILL NO. 3
2 INTRODUCED BY MARKS
3

4 A BILL FOR AN ACT ENTITLED: "AN ACT TO REPEAL SECTION 18,
5 CHAPTER 680, LAWS OF 1985, AND CHAPTERS 685 AND 702, LAWS OF
6 1985, RELATING TO INCREASING LIGHT VEHICLE LICENSING FEES;
7 ~~PROVIDING FOR THE CARRYOVER OF FUNDS IN THE LOCAL GOVERNMENT~~
8 ~~BLOCK GRANT ACCOUNT~~ CHANGING THE LIGHT VEHICLE LICENSING
9 FEES BY ELIMINATING THE INFLATOR PROVISION AND SETTING FORTH
10 IN THE SCHEDULE OF FEES THE AMOUNTS THAT WOULD HAVE BEEN
11 CHARGED UNDER SUCH INFLATOR; ALLOWING FOR PRORATION OF
12 DISBURSEMENTS FROM THE LOCAL GOVERNMENT BLOCK GRANT ACCOUNT
13 FOR LIGHT MOTOR VEHICLE FEE REIMBURSEMENT; PROVIDING AN
14 APPROPRIATION TO THE LOCAL GOVERNMENT BLOCK GRANT ACCOUNT;
15 TRANSFERRING THE ADMINISTRATION OF STATE FUNDING FOR
16 DISTRICT COURTS FROM THE SUPREME COURT TO THE DEPARTMENT OF
17 COMMERCE; APPROPRIATING TO THE DEPARTMENT OF COMMERCE
18 FUNDING FOR THE STATE FUNDING OF DISTRICT COURTS; DELETING
19 THE FUNDING FROM THE SUPREME COURT BUDGET; AMENDING SECTIONS
20 7-6-309 61-3-533 AND 61-3-536, MCA, AND SECTIONS 1 THROUGH
21 5, 10, 15, AND 16 OF CHAPTER 680, LAWS OF 1985; AND
22 PROVIDING AN IMMEDIATE EFFECTIVE DATE AND AN APPLICABILITY
23 DATE."

24
25 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:



1 Section 1:--Section--7-6-309,--MCA,--is--amended--to--read:
2 "7-6-309.--Disposition--and--use--of--funds.--Disbursements
3 from--the--local--government--block--grant--account--shall--be--made
4 as--follows:

5 (1)--On--October--1,--1983,--a--disbursement--must--be--made
6 from--the--general--services--block--grant--that--is--the--lesser--of:

7 (a)--\$2--million;--or

8 (b)--one--third--of--the--total--general--fund--appropriation
9 to--the--account--for--the--biennium--ending--June--30,--1985;

10 (2)--On--March--1,--1984,--and--March--1--of--each--succeeding
11 year--the--reimbursement--required--by--61-3-536--must--be
12 distributed;

13 (3)--On--June--30,--1984,--a--disbursement--must--be--made--from
14 the--general--services--block--grants--for--municipalities--and
15 counties--that--equals--the--amount--which--is--the--lesser--of--the
16 difference--between--the--account--balance--on--that--date--and:

17 (a)--\$3--million--dollars;--or

18 (b)--one--half--of--the--total--general--fund--appropriation
19 to--the--account--for--the--biennium--ending--June--30,--1985;

20 (4)--On--June--30,--1985,--and--June--30,--1986,--all--funds
21 remaining--in--the--account--do--not--revert--to--the--state--general
22 fund--but--remain--in--the--account--for--distribution--as--provided
23 in--7-6-302;--On--June--30,--1987,--and--June--30--of--each--succeeding
24 year,--all--funds--remaining--in--the--account--must--be
25 distributed.

1 ~~{5}--The funds distributed by this part may be used for~~
 2 ~~any purpose authorized by law."~~

3 SECTION 1. SECTION 61-3-533, MCA, IS AMENDED TO READ:

4 "61-3-533. Schedule of fees for automobiles and light
 5 trucks. (1) Except as provided in subsection ~~{3}~~ {2}, the
 6 following schedule, based on vehicle age and weight, is used
 7 to determine the fee imposed by 61-3-532, with July 1 as the
 8 effective date for 1985 and January 1 as the effective date
 9 for 1986 and 1987:

Vehicle Age	Weight							
	2,850 pounds or less			More than 2,850 pounds				
	<u>1985</u>	<u>1986</u>	<u>1987</u>	<u>1985</u>	<u>1986</u>	<u>1987</u>		
Less than or equal to 4 years	\$70	\$80	\$82	\$86	\$90	\$102	\$106	\$111
More than 4 years and less than 8 years	40	46	47	49	50	57	59	61
and over 8 years old	10	11	12	12	15	17	18	18

24 ~~{2}--(a)-The fee for a light vehicle is determined by:~~
 25 ~~{i)- multiplying the appropriate dollar amount from the~~

1 ~~table in subsection {i} by the ratio of the PEB for the~~
 2 ~~second quarter of the year prior to the year of licensing to~~
 3 ~~the PEB for the second quarter of 1981; and~~

4 ~~{ii)- rounding the product thus obtained to the nearest~~
 5 ~~whole dollar amount;~~

6 ~~{b)--"PEB" means the implicit price deflator for~~
 7 ~~personal consumption expenditures as published quarterly in~~
 8 ~~the Survey of Current Business by the bureau of economic~~
 9 ~~analysis of the United States department of commerce;~~

10 ~~{3}{2} The light vehicle license fee for disabled~~
 11 ~~veterans qualifying under the provisions of 10-2-301 through~~
 12 ~~10-2-304 is \$5."~~

13 Section 2. Section 61-3-536, MCA, is amended to read:

14 "61-3-536. State aid for local government. (1) Each
 15 county treasurer shall compute:

16 (a) the total amount received during the period from
 17 January 1, 1981, to December 31, 1981, for property taxes on
 18 automobiles and trucks having a rated capacity of
 19 three-quarters of a ton or less, denoted CT;

20 (b) the total amount that would have been received
 21 during the same period if the license fee system had been in
 22 effect, denoted CF; and

23 (c) the number of light vehicles registered in the
 24 county on December 31, 1981, denoted NC.

25 (2) The three quantities, CT, CF, and NC, shall be

1 certified to the department of revenue by February 1, 1982.
 2 The department shall compute for each county a quantity
 3 called county revenue loss, denoted CRL, and county loss per
 4 vehicle, denoted CLV, and defined as follows:

5 (a) CRL = larger of:

6 (i) 0; or

7 (ii) CT - CP;

8 (b) CLV = CRL/NC.

9 (3) In order to be eligible for reimbursement payment,
 10 a light vehicle must be such that it would have been subject
 11 to ad valorem tax if it had been registered prior to January
 12 1, 1982.

13 (4) Prior to February 1 of year denoted Y, the county
 14 treasurer shall determine and certify to the department the
 15 number of eligible light vehicles registered in the county
 16 on December 31 of the prior year, denoted NC(Y). Prior to
 17 March 1 of year Y, the department of revenue shall transmit
 18 to the department of commerce the amount of CLV x NC(Y) for
 19 each county.

20 (5) On March 1 of year Y, the department of commerce
 21 shall transmit to each county treasurer a warrant in the
 22 amount of CLV x NC(Y) or its pro rata share of such amount
 23 if funds in the local government block grant account are
 24 insufficient to make full payment to each county.

25 (6) Upon receipt of the payment provided for in

1 subsection (5), the county treasurer shall credit the
 2 payment to a motor vehicle suspense fund and, at some time
 3 between March 15 and March 30, shall distribute the payment
 4 in the same manner as funds are distributed to the taxing
 5 jurisdictions as provided in 61-3-509."

6 SECTION 3. SECTION 1, CHAPTER 680, LAWS OF 1985, IS
 7 AMENDED TO READ:

8 "Section 1. State assumption of certain district court
 9 expenses. (1) Effective July 1, 1985, the state shall, to
 10 the extent that money is appropriated, fund the following
 11 district court expenses in criminal cases only:

12 (a) salaries of court reporters;

13 (b) transcripts of proceedings;

14 (c) witness fees and necessary expenses;

15 (d) juror fees;

16 (e) indigent defense; and

17 (f) psychiatric examinations.

18 (2) ~~The supreme court administrator, under the~~
 19 ~~direction of the supreme court and~~ department of commerce,
 20 in consultation with the district judges for each judicial
 21 district, shall include within the ~~supreme court's~~
 22 department's biennial budget request to the legislature a
 23 request for funding the expenses listed in subsection (1).

24 (3) If money appropriated for the expenses listed in
 25 subsection (1) is insufficient to fully fund those expenses,

1 the county is responsible for payment of the balance. If no
 2 money is appropriated, the county is responsible for payment
 3 of all expenses."

4 SECTION 4. SECTION 2, CHAPTER 680, LAWS OF 1985, IS
 5 AMENDED TO READ:

6 "Section 2. Fiscal administration for payment of court
 7 expenses. The ~~supreme--court--administrator~~ department of
 8 commerce shall:

9 (1) establish procedures for disbursement of funds for
 10 payment of district court expenses listed in [section 1],
 11 including prorating of those funds if they are insufficient
 12 to cover all expenses listed in [section 1];

13 (2) ~~in consultation with the department of commerce,~~
 14 develop a uniform accounting system for use by the counties
 15 in reporting court expenses at a detailed level for
 16 budgeting and auditing purposes; and

17 (3) provide for annual auditing of district court
 18 expenses to assure normal operations and consistency in
 19 reporting of expenditures."

20 SECTION 5. SECTION 3, CHAPTER 680, LAWS OF 1985, IS
 21 AMENDED TO READ:

22 "Section 3. Reimbursement for juror and witness fees.
 23 According to procedures established by the ~~supreme-court~~
 24 administrator department of commerce under [section 2(1)],
 25 each clerk of district court shall submit to the ~~supreme~~

1 ~~court--administrator~~ department a detailed statement
 2 containing a list of witnesses and jurors for criminal cases
 3 only and the amount of per diem and mileage paid to each by
 4 the county. Upon receipt and verification of the statement,
 5 the ~~administrator~~ department shall promptly reimburse the
 6 designated county for the cost of witness and juror fees on
 7 a full or prorated basis in accordance with [section 2].
 8 The county shall deposit the amount reimbursed in its
 9 general fund unless the county has a district court fund. If
 10 the county has a district court fund, the amount reimbursed
 11 must be deposited in such fund."

12 SECTION 6. SECTION 4, CHAPTER 680, LAWS OF 1985, IS
 13 AMENDED TO READ:

14 "Section 4. Section 3-5-602, MCA, is amended to read:

15 "3-5-602. Salary and expenses -- apportionment. (1)
 16 Each reporter is entitled to receive a base annual salary of
 17 not less than \$16,000 or more than \$23,000 and no other
 18 compensation except as provided in 3-5-604. The salary shall
 19 be set by the judge for whom the reporter works. The salary
 20 is payable in monthly installments out of the general funds
 21 of the counties comprising the district for which the
 22 reporter is appointed and out of an appropriation made to
 23 the ~~supreme-court~~ department of commerce as provided in
 24 subsection (2).

25 (2) The ~~supreme--court--administrator~~ department of

1 commerce shall determine the total number of civil and
 2 criminal actions commenced in the preceding year in the
 3 district court or courts in the judicial district for which
 4 a reporter is appointed. The state shall pay its portion of
 5 the reporter's salary based on the proportion of the total
 6 number of criminal actions commenced in the district court
 7 or courts in the district and the amount appropriated for
 8 that purpose. Each county shall pay its portion of the
 9 remainder of the salary based on its proportion of the total
 10 number of civil and criminal actions commenced in the
 11 district courts in the district. The judge or judges of the
 12 district shall, on January 1 of each year or as soon
 13 thereafter as possible, apportion the amount of the salary
 14 to be paid by each county in his or their district on the
 15 basis prescribed in this subsection. The portion of the
 16 salary payable by a county is a district court expense
 17 within the meaning of 7-6-2351, 7-6-2352, and 7-6-2511.

18 (3) In judicial districts comprising more than one
 19 county, the reporter is allowed, in addition to the salary
 20 and fees provided for in subsection (1), his actual and
 21 necessary travel expenses, as defined and provided in
 22 2-18-501 through 2-18-503, when he goes on official business
 23 to a county of his judicial district other than the county
 24 in which he resides, from the time he leaves his place of
 25 residence until he returns thereto. The expenses shall be

1 apportioned and payable in the same way as the salary."

2 SECTION 7. SECTION 5, CHAPTER 680, LAWS OF 1985, IS
 3 AMENDED TO READ:

4 "Section 5. Section 3-5-604, MCA, is amended to read:
 5 "3-5-604. Transcript of proceedings. (1) Each reporter
 6 must furnish, upon request, with all reasonable diligence,
 7 to a party or his attorney in a case in which he has
 8 attended the trial or hearing a transcript from his
 9 stenographic notes of the testimony and proceedings of the
 10 trial or hearing or a part thereof, upon payment by the
 11 person requiring the same of \$2 per page for the original
 12 transcript, 50 cents per page for the first copy, 25 cents
 13 per page for each additional copy.

14 (2) If the county attorney, attorney general, or judge
 15 requires a transcript in a criminal case, the reporter is
 16 entitled to his fees therefor, but he must furnish it. Upon
 17 furnishing it, he shall receive a certificate for the sum to
 18 which he is entitled. The reporter shall submit the
 19 certificate to the supreme---court---administrator---who
 20 department of commerce which, in accordance with [section
 21 2], is responsible for the prompt payment of all or a
 22 portion of the amount due the reporter. If the supreme-court
 23 administrator department, in accordance with [section 2],
 24 pays none or only a portion of the amount due, the county
 25 shall pay the balance upon receipt of a statement from the

1 reporter.

2 (3) If the judge requires a copy in a civil case to
3 assist him in rendering a decision, the reporter must
4 furnish the same without charge therefor. In civil cases,
5 all transcripts required by the county shall be furnished,
6 and only the reporter's actual costs of preparation may be
7 paid by the county.

8 (4) If it appears to the judge that a defendant in a
9 criminal case is unable to pay for a transcript, it shall be
10 furnished to him and paid for by the state in the manner
11 provided in subsection (2) to the extent funds are
12 available. The county shall pay the remainder as required in
13 [section 1]."

14 SECTION 8. SECTION 10, CHAPTER 680, LAWS OF 1985, IS
15 AMENDED TO READ:

16 "Section 10. Section 46-8-201, MCA, is amended to
17 read:

18 "46-8-201. Remuneration of appointed counsel. (1)
19 Whenever in a criminal proceeding an attorney represents or
20 defends any person by order of the court on the ground that
21 the person is financially unable to employ counsel, the
22 attorney shall be paid for his services such sum as a
23 district court or justice of the state supreme court
24 certifies to be a reasonable compensation therefor and shall
25 be reimbursed for reasonable costs incurred in the criminal

1 proceeding.

2 (2) The expense of implementing subsection (1) is
3 chargeable as provided in [section 1] to the county in which
4 the proceeding arose, the ~~office---of---supreme---court~~
5 administrator department of commerce, or both, except that:

6 (a) in proceedings solely involving the violation of
7 a city ordinance or state statute prosecuted in a municipal
8 or city court, the expense is chargeable to the city or town
9 in which the proceeding arose; and

10 (b) when there has been an arrest by agents of the
11 department of fish, wildlife, and parks or agents of the
12 department of justice, the expense must be borne by the
13 state agency causing the arrest."

14 SECTION 9. SECTION 15, CHAPTER 680, LAWS OF 1985, IS
15 AMENDED TO READ:

16 "Section 15. Section 46-15-104, MCA, is amended to
17 read:

18 "46-15-104. Expenses of witness. (1) When a person
19 attends before a magistrate, grand jury, or court as a
20 witness in a criminal case upon a subpoena or in pursuance
21 of an undertaking, the judge, at his discretion, by a
22 written order may direct the clerk of the court to draw his
23 warrant upon the county treasurer in favor of such witness
24 for a reasonable sum, to be specified in the order, for the
25 necessary expenses of the witness.

1 (2) According to procedures established by the
 2 ~~supreme--court--administrator~~ department of commerce under
 3 [section 2(1)], the clerk of district court shall submit to
 4 the ~~supreme--court--administrator~~ department a detailed
 5 statement containing a list of witnesses and the amount of
 6 expenses paid to each by the county. Upon receipt and
 7 verification of the statement, the ~~administrator~~ department
 8 shall promptly reimburse the designated county for all or a
 9 portion of the cost of witness expenses. The county shall
 10 deposit the amount reimbursed in its general fund unless the
 11 county has a district court fund. If the county has a
 12 district court fund, the amount reimbursed must be deposited
 13 in such fund."

14 SECTION 10. SECTION 16, CHAPTER 680, LAWS OF 1985, IS
 15 AMENDED TO READ:

16 "Section 16. Section 46-18-235, MCA, is amended to
 17 read:

18 "46-18-235. Disposition of money collected as fines
 19 and costs. The money collected by a court as a result of the
 20 imposition of fines or assessment of costs under the
 21 provisions of 46-18-231 and 46-18-232 shall be paid to the
 22 county general fund of the county in which the court is
 23 held, except that:

24 (1) if the costs assessed include any district court
 25 expense...

1 assessment of these costs must be paid to the ~~supreme--court~~
 2 ~~administrator~~ department of commerce for deposit into the
 3 state general fund to the extent the expenses were paid by
 4 the state; and

5 (2) if the fine was imposed for a violation of Title
 6 45, chapter 9, the court may order the money paid into the
 7 drug forfeiture fund maintained under 44-12-206 for the law
 8 enforcement agency which made the arrest from which the
 9 conviction and fine arose."

10 NEW SECTION. SECTION 11. APPROPRIATION TRANSFER. THE
 11 GENERAL FUND APPROPRIATION TO THE SUPREME COURT FOR STATE
 12 FUNDING OF CERTAIN DISTRICT COURT OPERATIONS CONTAINED IN
 13 ITEM NO. 4 OF THE JUDICIARY BUDGET AS CONTAINED IN HOUSE
 14 BILL 500, L. 1985, IS TRANSFERRED TO THE DEPARTMENT OF
 15 COMMERCE. IN ACCORDANCE WITH SUCH TRANSFER, THE SPENDING
 16 AUTHORITY OF THE SUPREME COURT IS REDUCED \$3,170,633 FOR
 17 FISCAL YEAR 1986 AND \$3,152,873 IN FISCAL YEAR 1987, AND
 18 THERE IS APPROPRIATED TO THE DEPARTMENT OF COMMERCE FROM THE
 19 GENERAL FUND \$3,170,633 FOR FISCAL YEAR 1986 AND \$3,152,873
 20 IN FISCAL YEAR 1987 FOR CERTAIN DISTRICT COURT OPERATIONS.

21 NEW SECTION. Section 12. Appropriation. There is
 22 appropriated for the biennium ending June 30, 1987, from the
 23 general fund to the Department of Commerce \$4,420,874
 24 \$5,934,801 for the local government block grant program as
 25 provided in Title 7, chapter 6, part 3, and 61-3-536. For

1 the fiscal year ending June 30, 1986, the Department may use
2 such funds only for the reimbursements set forth in 61-3-536
3 not otherwise payable from other sources.

4 NEW SECTION. Section 13. Repealer -- contingent
5 retroactive effect. (1) Section 18, Chapter 680, Laws of
6 1985; Chapter 685, Laws of 1985; and Chapter 702, Laws of
7 1985, are repealed.

8 (2) If approval of this act occurs after June 30,
9 1985, the effect of this repealer under the provisions of
10 the effective date and application date set forth in section
11 5 is to retroactively maintain sections 61-3-509, 61-3-533,
12 and 61-3-536, MCA, as such sections read on June 30, 1985,
13 unamended by Chapters 685 and 702, Laws of 1985.

14 NEW SECTION. Section 14. Effective date -- contingent
15 retroactive effect -- applicability. (1) (a) Sections 1, 2,
16 and 4 13 are effective on passage and approval; if approval
17 is later than June 30, 1985, the provisions of sections 1,
18 2, and 4 13 apply retroactively to July 1, 1985, within the
19 meaning of 1-2-109.

20 (b) Section SECTIONS 3 THROUGH 13 and this section are
21 effective on passage and approval.

22 (2) This act applies to light vehicles registered on
23 or after July 1, 1985.

--End--

STATE OF MONTANA
FISCAL NOTE

REQUEST NO. FNN002-85

Form BD-15

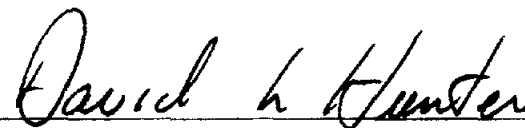
In compliance with a written request received June 27, 19 85, there is hereby submitted a Fiscal Note for House Bill 3 pursuant to Title 5, Chapter 4, Part 2 of the Montana Code Annotated (MCA). Background information used in developing this Fiscal Note is available from the Office of Budget and Program Planning, to members of the Legislature upon request.

DESCRIPTION OF PROPOSED LEGISLATION:

This bill repeals HB 870 and SB 142 passed by the 1985 regular session. Additional general funds are appropriated for local government block grant expenditures, and revenue for cities and counties is deferred from FY 85 to FY 86 and FY 87. Also the state payment to local governmental units for vehicle fee replacement is limited to the appropriation.

ASSUMPTIONS:

1. The number of registered vehicles will remain constant at the 1984 level of 649,466.
2. The implicit deflator for personal consumption expenditures (PCE) is: 1.175921 for FY 1986.
1.226258 for FY 1987.



BUDGET DIRECTOR
Office of Budget and Program Planning

Date: June 27, 1985

PROJECTED GENERAL FUND STATUS
 1986-87 Biennium (Millions)

	CURRENT LAW	AS PROPOSED
Beginning Fund Balance	22.195	22.195
Estimated Revenues	774.180	774.180
Repeal of SB142		(5.286)
Total Available	796.375	791.089
General Appropriation Bill	703.308	703.308
Tans Interest	6.000	6.000
Debt Service	20.201	20.201
Miscellaneous Appropriations	1.557	1.557
Pay Plan	16.500	16.500
Foundation Program	32.560	32.560
Legislative Feed Bill	4.400	4.400
Other Reversions	(13.000)	(13.000)
Foundation Program Reversion	(3.624)	(5.898)
Proposed Block Grant Appropriation		4.421
Total Disbursements	767.902	770.049
Ending Fund Balance	28.413	21.040

Senate Bill 142 (SB142) as passed by the 49th Legislature required that the additional vehicle fees generated would be deposited to the state general fund to fund the costs associated with operating district courts. With the sunset provision as specified in SB 142, the state general fund would be obligated to fund district courts beginning in FY1988 but without the necessary revenue to cover the costs. This would be an ongoing biennial expense of approximately \$5.3 million.

House Bill 800 as passed by the 49th Legislature required that the state's financial records and reports be prepared in accordance with Generally Accepted Accounting Principles (GAAP). This legislation enabled the accelerated distribution of \$27 million of interest and income monies to the foundation program. The intent was to use \$15 million for funding public schools and leave the remaining \$12 million as a cushion for subsequent years. However, state law requires that all non-general fund monies be expended before any general fund monies can be used. This law has the effect of reducing the general fund need for public schools by \$12 million. After adjusting for all other legislation passed by the 49th legislature, the \$12 million expected reversion was reduced to approximately \$3.6 million.

EFFECT OF PROPOSED REPEALERS AND APPROPRIATIONS

	<u>FY 85</u>	<u>HB 870</u>	<u>Proposed Appropriations</u>	<u>Reinstatement Of Inflator</u>	<u>Total Impact</u>
Cities	\$ (1,104,357)	\$ (342,639)	\$ 498,232	\$ 731,748	\$ (217,016)
Counties	(903,564)	(949,663)	1,380,905	2,028,122	1,555,800
Universities		(116,276)	169,077	248,322	301,123
Foundation		(878,040)	1,276,759	1,875,163	2,273,882
School Districts		(1,876,336)	2,728,381	4,007,146	4,859,191
Other		(258,195)	375,441	551,404	668,650
Total	\$ <u>(2,007,921)</u>	\$ <u>(4,421,149)</u>	<u>\$6,428,795</u>	<u>\$9,441,905</u>	\$ <u>9,441,630</u>

NOTE: Local governments are not affected by repeal of SB142 (district court expenses). This occurs because there is a general fund appropriation in HB500 to cover the costs. However, SB142 provided the funding mechanism by increasing vehicle fees and depositing these fees into the general fund. Therefore, the effect of repealing SB 142 will be to reduce general fund revenues by \$5,286,249 over the biennium.

LOCAL GOVERNMENT BLOCK GRANT SUMMARY
 CURRENT LAW (MILLIONS)

	FY1986	FY1987	Biennium
Revenue			
Oil Severance	12.327	11.637	23.964
General Fund	1.500	1.500	3.000
HB 870 Fee Increase	2.211	2.211	4.422
Total Revenue	16.038	15.348	31.386
Expenditures			
General Purpose Block Grant	16.449	16.449	32.898
(SHORTFALL)	(0.411)	(1.101)	(1.512)

LOCAL GOVERNMENT BLOCK GRANT SUMMARY
 PROPOSED LAW (MILLIONS)

	FY1986	FY1987	Biennium
Revenue			
Oil Severance	12.327	11.637	23.964
General Fund	1.500	1.500	3.000
HB 870 Fee Increase			0.000
General Fund	2.210	2.210	4.420
FY85 Block Grant Excess *	1.004	1.004	2.008
Total Revenue	17.041	16.351	33.392
Expenditures			
General Purpose Block Grant	16.449	16.449	32.898
Funds Available for GENERAL SERVICES GRANT OR SHORTFALL	0.592	(0.098)	0.494

* Assumes biennial appropriation will be allocated equally between fiscal years.

FEEES BY CLASS AND CALENDAR YEAR

	1982	1983	1984	1985	1986		1987	
					Effective 7/1/85	Proposed	Effective 7/1/85	Proposed
LIGHT FEES								
CLASS 1	70	74	77	80	83	82	83	86
CLASS 2	40	42	44	46	48	47	48	49
CLASS 3	10	11	11	11	14	12	14	12
HEAVY FEES								
CLASS 1	90	96	99	102	104.50	106	104.50	110
CLASS 2	50	53	55	57	59	59	59	61
CLASS 3	15	16	17	17	19.50	18	19.50	18
NUMBER OF VEHICLES								
	614970	605665	645100	664207	649466	649466	649466	649466

*PCE-inflator used: FY86 - 1.175921
 FY87 - 1.226258

OTHER FISCAL IMPACTS:

This bill also provides language which allows the state to reimburse local governments subject to the legislative appropriation rather than a reimbursement equal to motor vehicle fee replacement.

TECHNICAL NOTES:

The amendment proposed on page 2, lines 10-13 states that funds remaining for the general services block grant will not revert to the general fund if not expended. Existing language requires that all remaining funds be distributed within the requirements set forth for the general services block grant.

STATE OF MONTANA
FISCAL NOTE

REQUEST NO. FNN002-85

Form BD-15

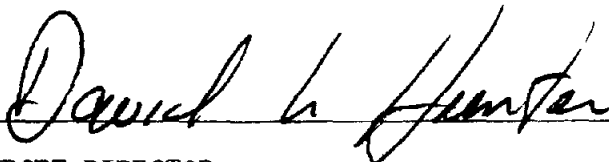
In compliance with a written request received June 27, 19 85, there is hereby submitted a Fiscal Note for House Bill 3 as amended pursuant to Title 5, Chapter 4, Part 2 of the Montana Code Annotated (MCA). Background information used in developing this Fiscal Note is available from the Office of Budget and Program Planning, to members of the Legislature upon request.

DESCRIPTION OF PROPOSED LEGISLATION:

This bill repeals HB 870 and SB 142 passed by the 1985 regular session. Additional general funds are appropriated for local government block grant expenditures. The state payment to local governmental units for vehicle fee replacement is limited to the appropriation. The administration of state funding for district courts is transferred to the Department of Commerce.

ASSUMPTIONS:

1. The number of registered vehicles will remain constant at the 1984 level of 649,466.



BUDGET DIRECTOR
Office of Budget and Program Planning

Date: June 28, 1985

REVISED F.N. HB 3

PROJECTED GENERAL FUND STATUS
 1986-87 Biennium (Millions)

	CURRENT LAW	AS PROPOSED
Beginning Fund Balance	22.195	22.195
Estimated Revenues	774.180	774.180
Repeal of SB142		(5.286)
Total Available	796.375	791.089
General Appropriation Bill	703.308	703.308
Tans Interest	6.000	6.000
Debt Service	20.201	20.201
Miscellaneous Appropriations	1.557	1.557
Pay Plan	16.500	16.500
Foundation Program	32.560	32.560
Legislative Feed Bill	4.400	4.400
Other Reversions	(13.000)	(13.000)
Foundation Program Reversion	(3.624)	(5.800)
Proposed Block Grant Appropriation		5.935
Total Disbursements	767.902	771.661
Ending Fund Balance	28.473	19.428

Senate Bill 142 (SB142) as passed by the 49th Legislature required that the additional vehicle fees generated would be deposited to the state general fund to fund the costs associated with operating district courts. With the sunset provision as specified in SB 142, the state general fund would be obligated to fund district courts beginning in FY1988 but without the necessary revenue to cover the costs. This would be an ongoing biennial expense of approximately \$5.3 million.

House Bill 800 as passed by the 49th Legislature required that the state's financial records and reports be prepared in accordance with Generally Accepted Accounting Principles (GAAP). This legislation enabled the accelerated distribution of \$27 million of interest and income monies to the foundation program. The intent was to use \$15 million for funding public schools and leave the remaining \$12 million as a cushion for subsequent years. However, state law requires that all non-general fund monies be expended before any general fund monies can be used. This law has the effect of reducing the general fund need for public schools by \$12 million. After adjusting for all other legislation passed by the 49th legislature, the \$12 million expected reversion was reduced to approximately \$3.6 million.

EFFECT OF PROPOSED REPEALERS AND APPROPRIATIONS

	<u>HB 870</u>	<u>Proposed Appropriations</u>	<u>Proposed Fee Schedule</u>	<u>Total Impact</u>
Cities	\$ (342,639)	\$ 459,947	\$ 731,748	\$ 849,056
Counties	(949,663)	1,274,795	2,028,122	2,353,254
Universities	(116,276)	156,085	248,322	288,131
Foundation	(878,040)	1,178,651	1,875,163	2,175,774
School Districts	(1,876,336)	2,518,730	4,007,146	4,649,540
Other	(258,195)	346,593	551,404	639,802
Total	\$ (4,421,149)	\$5,934,801	\$9,441,905	\$ 10,955,557

NOTE: Local governments are not affected by repeal of SB142 (district court expenses). This occurs because there is a general fund appropriation in HB500 to cover the costs. However, SB142 provided the funding mechanism by increasing vehicle fees and depositing these fees into the general fund. Therefore, the effect of repealing SB 142 will be to reduce general fund revenues by \$5,286,249 over the biennium.

LOCAL GOVERNMENT BLOCK GRANT SUMMARY
 CURRENT LAW (MILLIONS)

	FY1986	FY1987	Biennium
Revenue			
Oil Severance	12.327	11.637	23.964
General Fund	1.500	1.500	3.000
HB 870 Fee Increase	2.211	2.211	4.422
Total Revenue	16.038	15.348	31.386
Expenditures			
General Purpose Block Grant	16.449	16.449	32.898
(SHORTFALL)	(0.411)	(1.101)	(1.512)

LOCAL GOVERNMENT BLOCK GRANT SUMMARY
 PROPOSED LAW (MILLIONS)

	FY1986	FY1987	Biennium
Revenue			
Oil Severance	12.327	11.637	23.964
General Fund (HB 500)	1.500	1.500	3.000
HB 870 Fee Increase	-0-	-0-	-0-
General Fund (HB 3)	2.622	3.312	5.934
FY85 Block Grant Excess	-0-	-0-	-0-
Total Revenue	16.449	16.449	32.898
Expenditures			
General Purpose Block Grant	16.449	16.449	32.898
Funds Available for GENERAL SERVICES GRANT OR SHORTFALL	-0-	-0-	-0-

FEEES BY CLASS AND CALENDAR YEAR

	1982	1983	1984	1985	1986		1987		
					Effective	Proposed	Effective	Proposed	
					7/1/85		7/1/85		
LIGHT FEES									
CLASS 1	70	74	77	80	83	82	83	86	
CLASS 2	40	42	44	46	48	47	48	49	
CLASS 3	10	11	11	11	14	12	14	12	
HEAVY FEES									
CLASS 1	90	96	99	102	104.50	106	104.50	111	
CLASS 2	50	53	55	57	59	59	59	61	
CLASS 3	15	16	17	17	19.50	18	19.50	18	
NUMBER OF VEHICLES									
	614970	605665	649466	664207	649466	649466	649466	649466	

*PCE-inflator used: FY86 - 1.175921
 FY87 - 1.226258

OTHER FISCAL IMPACTS:

This bill also provides language which allows the state to reimburse local governments subject to the legislative appropriation rather than a reimbursement equal to motor vehicle fee replacement.

TECHNICAL NOTES:

The amendment proposed on page 2, lines 10-13 states that funds remaining for the general services block grant will not revert to the general fund if not expended. Existing language requires that all remaining funds be distributed within the requirements set forth for the general services block grant.