# HOUSE BILL NO. 14

# INTRODUCED BY BARDANOUVE

# BY REQUEST OF THE DEPARTMENT OF COMMERCE

# IN THE HOUSE

June 16, 1986	Introduced and referred to Committee on Local Government.
June 27, 1986	On motion, taken from Committee on Local Government and referred to second reading.
	Second reading, do pass.
	Third reading, passed.
	Transmitted to Senate.
IN	THE SENATE
June 28, 1986	Introduced and referred to Committee on Taxation.
	Committee recommend bill be concurred in as amended. Report adopted.
	Second reading, concurred in as amended.
July 1, 1986	Third reading, concurred in. Ayes, 41, Noes, 7.
	Returned to House with amendments.
IN	THE HOUSE
July 1, 1986	Received from Senate.
	Second reading, amendments not concurred in.

# July 1, 1986

On motion, segregated from Committee of the Whole report.

On motion, placed on second reading.

Second reading, amendments concurred in.

Third reading, amendments concurred in.

Sent to enrolling.

Reported correctly enrolled.

HOUSE BILL NO. 14 1 2 INTRODUCED BY BY REQUEST OF THE DEPARTMENT OF COMMERCE 3 4 A BILL FOR AN ACT ENTITLED: "AN ACT PROVIDING FOR GENERAL 5 FISCAL AND CERTIFYING MODIFICATIONS OF THE LOCAL GOVERNMENT 6 BLOCK GRANT PROGRAM; PROVIDING AUTHORITY TO PROBATE 7 8 AVAILABLE FUNDS IF REVENUES ARE NOT SUFFICIENT FOR FULL FUNDING; CHANGING RESPONSIBILITY FOR CERTIFICATION OF THE 9 NUMBER OF VEHICLES FROM INDIVIDUAL COUNTY TREASURERS TO THE 10 DEPARTMENT OF JUSTICE: AMENDING SECTIONS 7-6-302 THROUGH 11 12 7-6-306, 7-6-309, AND 61-3-536, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE." 13

14

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:
Section 1. Section 7-6-302, MCA, is amended to read:
"7-6-302. Local government block grant account created
-- source of funds. (1) There is a local government block
grant account within the state special revenue fund.

20 (2) Funds in this account, to the extent they are
21 <u>available</u>, must be used to provide payments from the local
22 government block grant program to eligible jurisdictions.

23 (3) Thirty-three and one-third percent of the oil
24 severance tax collected under the provisions of 15-36-101
25 and all funds appropriated to the account must be deposited



1 in the account."

25

2 Section 2. Section 7-6-303, MCA, is amended to read: 3 "7-6-303. Local government block grant program. (1) 4 The department of commerce shall administer the local government block grant program and shall, to the extent they 5 6 are available, distribute funds from the local government 7 block grant account. 8 (2) The local government block grant program is 9 comprised of three parts: (a) a general purpose block grant for municipalities, 10 11 counties, school districts, and other jurisdictions; 12 (b) a general services block grant for counties; and 13 (c) a general services block grant for municipalities." 14 Section 3. Section 7-6-304, MCA, is amended to read: 15 16 "7-6-304. Division of block grant funds. The division 17 of funds within the local government block grant account is as follows: 18 19 (1) Except as provided in 7-6-309(1), the general 20 purpose block grant for municipalities, counties, school districts, and other jurisdictions must be funded, before 21 any other distributions are made from the account, in an 22 23 amount sufficient to cover the reimbursements required by 24 61-3-536, to the extent funds are available.

(2) (a) The general services block grant for counties

INTRODUCED BILL HB 14

must be funded from a percentage of the remaining funds
 deposited in the account equal to the ratio of the
 unincorporated population to the state population.

4 (b) The general services block grant for 5 municipalities must be funded from a percentage of the 6 remaining funds deposited in the account equal to the ratio 7 of the incorporated population to the total state 8 population."

9 Section 4. Section 7-6-305, MCA, is amended to read:
10 "7-6-305. Distribution of general purpose block grant
11 funds. The general purpose block grant for municipalities,
12 counties, school districts, and other jurisdictions must be
13 distributed, to the extent funds are available, by the state
14 to counties pursuant to 61-3-536 and by counties to other
15 jurisdictions pursuant to 61-3-509."

16 Section 5. Section 7-6-306, MCA, is amended to read:
17 "7-6-306. Distribution of general services block grant
18 funds to counties. Funds in the general services block grant
19 for counties must be distributed, to the extent funds are
20 available, as follows:

(1) One-half of each county's share is determined by
the ratio of the county's population to the total county
population in the state.

24 (2) The remaining one-half is distributed according to25 the following formula where CMV = average mill value per

-3-

capita of all counties; IMV = individual county mill value 1 per capita; ICP = individual county population; CG = 1/2 2 total county grant: 3 X ICP = county tax base factor (TBF) 4 CMV IMV 5 = 1/2 individual CG X individual county TBF 6 7 sum of all county TBFs county share" Section 6. Section 7-6-309, MCA, is amended to read: 8 "7-6-309. Disposition and use of funds. Disbursements 9 from the local government block grant account shall be made 10 as follows: 11 (1) On October 1, 1983, a disbursement must be made 12 from the general services block grant that is the lesser of: 13 (a) S2 million; or 14 (b) one-third of the total general fund appropriation 15 to the account for the biennium ending June 30, 1985. 16 (2) On March 1, 1984, and March 1 of each succeeding 17 year the reimbursement required by 61-3-536 must be 18 distributed, to the extent funds are available. 19 (3) On June 30, 1984, a disbursement must be made from 20 the general services block grants for municipalities and 21 counties that equals the amount which is the lesser of the 22

- 23 difference between the account balance on that date and:
- 24 (a) \$3 million dollars; or

25 (b) one-half of the total general fund appropriation

1	to the account for the biennium ending June 30, 1985.
2	(4) On June 30, 1985, and June 30 of each succeeding
3	year, all funds remaining in the account must be
4	distributed.
5	(5) The funds distributed by this part may be used for
6	any purpose authorized by law."
7	Section 7. Section 61-3-536, MCA, is amended to read:
8	"61-3-536. (Temporary) State aid for local government.
9	(1) Each county treasurer shall compute:
10	(a) the total amount received during the period from
11	January 1, 1981, to December 31, 1981, for property taxes on
12	automobiles and trucks having a rated capacity of
13	three-quarters of a ton or less, denoted CT;
14	(b) the total amount that would have been received
15	during the same period if the license fee system, excluding
16	the block grant fee allocated to local governments under
17	61-3-509(3), had been in effect, denoted CF; and
18	(c) the number of light vehicles registered in the
19	county on December 31, 1981, denoted NC.
20	(2) The three quantities, CT, CF, and NC, shall be
21	certified to the department of revenue by February 1, 1982.
22	The department shall compute for each county a quantity
23	called county revenue loss, denoted CRL, and county loss per
24	vehicle, denoted CLV, and defined as follows:

(a) CRL = larger of:

25

1 (i) 0; or

2

24

- (ii) CT CF;
- 3 (b) CLV = CRL/NC.

4 (3) In order to be eligible for reimbursement payment,
5 a light vehicle must be such that it would have been subject
6 to ad valorem tax if it had been registered prior to January
7 1, 1982.

8 (4) Prior to February 1 of year denoted Y, the county 9 treasurer department of justice shall determine and certify 10 to the department the number of eligible light vehicles 11 registered in the each county on December 31 of the prior 12 year, denoted NC(Y). Prior to March 1 of year Y, the 13 department of revenue shall transmit to the department of 14 commerce the amount of CLV x NC(Y) for each county.

15 (5) On March 1 of year Y, the department of commerce 16 shall, to the extent funds are available, transmit to each 17 county treasurer a warrant in the amount of CLV x NC(Y). If 18 revenues are not sufficient to fully fund the general 19 purpose block grant, the department of commerce shall prorate the available funds against the amount of 20 CLV x NC(Y) certified by all counties. 21 22 (6) Upon receipt of the payment provided for in 23 subsection (5), the county treasurer shall credit the

25 between March 15 and March 30, shall distribute the payment

-5-

-6-

payment to a motor vehicle suspense fund and, at some time

in the same manner as funds are distributed to the taxing
 jurisdictions as provided in 61-3-509.

3 61-3-536. (Effective July 1, 1987) State aid for local
4 government. (1) Each county treasurer shall compute:

5 (a) the total amount received during the period from 6 January 1, 1981, to December 31, 1981, for property taxes on 7 automobiles and trucks having a rated capacity of 8 three-guarters of a ton or less, denoted CT;

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

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

14 (2) The three quantities, CT, CF, and NC, shall be
15 certified to the department of revenue by February 1, 1982.
16 The department shall compute for each county a quantity
17 called county revenue loss, denoted CRL, and county loss per
18 vehicle, denoted CLV, and defined as follows:

- 19 (a) CRL = larger of:
- 20 (i) 0; or

22

- 21 (ii) CT CF;
  - (b) CLV = CRL/NC.

23 (3) In order to be eligible for reimbursement payment,
24 a light vehicle must be such that it would have been subject
25 to ad valorem tax if it had been registered prior to January

1 1, 1982.

2 (4) Prior to February 1 of year denoted Y, the county 3 treasurer department of justice shall determine and certify 4 to the department the number of eligible light vehicles 5 registered in the each county on December 31 of the prior 6 year, denoted NC(Y). Prior to March 1 of year Y, the 7 department of revenue shall transmit to the department of 8 commerce the amount of CLV x NC(Y) for each county.

(5) On March 1 of year Y, the department of commerce 9 10 shall, to the extent funds are available, transmit to each county treasurer a warrant in the amount of CLV x NC(Y). If 11 revenues are not sufficient to fully fund the general 12 purpose block grant, the department of commerce shall 13 prorate the available funds against the amount of 14 15 CLV x NC(Y) certified by all counties. (6) Upon receipt of the payment provided for in 16

17 subsection (5), the county treasurer shall credit the 18 payment to a motor vehicle suspense fund and, at some time 19 between March 15 and March 30, shall distribute the payment 20 in the same manner as funds are distributed to the taxing 21 jurisdictions as provided in 61-3-509."

22 <u>NEW SECTION.</u> Section 8. Effective date. This act is23 effective on passage and approval.

-End-

-7-

-8-

#### Form BD-15

## Description of Proposed Legislation:

House Bill 014 provides authority to prorate available funds for the Local Government Block Grant (LGBG) and changes the responsibility for certification of the number of vehicles from individual county treasures to the Department of Justice. It amends sections 7-6-302 through 7-6-306, 7-6-309, and 61-3-536, MCA.

### Assumptions:

- 1) Unpaid balance of General Fund loan to LGBG at FYE86 will total \$1.674 million.
- 2) Vehicle registrations will increase by 2.06% from FY86 to FY87.
- 3) County grant allocation requests will increase at the same rate as vehicle registrations between FY86 and FY87.
- 4) One-third of oil severance tax proceeds in FY87 = \$7.161 million.
- 5) Light vehicle registration proceeds in FY87 = \$2.344 million.
- 6) The \$1.5 million General Fund appropriations for FY86 and FY87 are cut by 2% in FY86 and by 5% in FY87; FY86 = \$1.470 million, FY87 = \$1.425 million.
- 7) Available revenue in FY87 represents 53.937 of the projected FY87 total county grant allocation requests.
- 8) Proration will result in payment of 53.93% of the total county grant allocation requests in FY87.

## Fiscal Impact (FY87 only in current biennium):

FY87

\$17.160 million

\$ 1.425 million

\$10.930 million

9.505 million

6.230 million

<u>1.674 million</u> \$ 7.904 million

(Current law)

Grants (projected) Funds: General Fund: appropriation (-5%) State Special Revenue TOTAL Projected Revenue shortfall: FY87 . FY86

CUMULATIVE REVENUE SHORTFALL

Office of Budget and Program Planning

PRIMARY SPONSOR

DATE

Fiscal Note for HB014

Fiscal Note Request HB014, as originally introduced Form BD-15 page 2 (continued)

## (Proposed law)

Grants (prorated) Repayment of GF loan balance		\$ 9.256 million 1.674 million	
	TOTAL EXPENDITORES	\$10.930 million	
	Funds:		
	General Fund	\$ 1.425 million	
	State Special Revenue .	9.505 million	

TOTAL

\$10.930 million

## Affect on County or Other Local Revenue or Expenditures:

LGBG funds are used by local governments for county general funds, county school district funds, and city general funds. Under proposed legislation, county governments will receive approximately 53.93% of anticipated grant allocations in FY87. Statewide, an average of 3.34 mills would have to be levied by local governments to make up the shortfall in FY87. Mills range from a low of .015 in Liberty county to 22.547 mills in Deer Lodge-Anaconda.

## Long-Range Effects of Proposed Legislation:

Future level of funding for the LGBG will depend on legislative appropriation of general fund and of projected state special revenue beginning in FY88. In order to maintain local government services at current level through local levies, the current statutory mill limits by class of county would have to be raised.

## Technical or Mechanical Defects or Conflicts with Existing Legislation:

none noted.

2 INTRODUCED BY BY REQUEST OF THE DEPARTMENT OF COMMERCE 3 4 5 A BILL FOR AN ACT ENTITLED: "AN ACT PROVIDING FOR GENERAL FISCAL AND CERTIFYING MODIFICATIONS OF THE LOCAL GOVERNMENT 6 7 BLOCK GRANT PROGRAM; PROVIDING AUTHORITY TO PRORATE AVAILABLE FUNDS IF REVENUES ARE NOT SUFFICIENT FOR FULL 8 9 FUNDING: CHANGING RESPONSIBILITY FOR CERTIFICATION OF THE 10 NUMBER OF VEHICLES FROM INDIVIDUAL COUNTY TREASURERS TO THE 11 DEPARTMENT OF JUSTICE; AMENDING SECTIONS 7-6-302 THROUGH 12 7-6-306, 7-6-309, AND 61-3-536, MCA; AND PROVIDING AN 13 IMMEDIATE EFFECTIVE DATE."

HOUSE BILL NO. 14

14

1

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:
Section 1. Section 7-6-302, MCA, is amended to read:
"7-6-302. Local government block grant account created
-- source of funds. (1) There is a local government block
grant account within the state special revenue fund.

20 (2) Funds in this account, to the extent they are
21 available, must be used to provide payments from the local
22 government block grant program to eligible jurisdictions.

23 (3) Thirty-three and one-third percent of the oil
24 severance tax collected under the provisions of 15-36-101
25 and all funds appropriated to the account must be deposited

1 in the account." 2 Section 2. Section 7-6-303, MCA, is amended to read: 3 "7-6-303. Local government block grant program. (1) 4 The department of commerce shall administer the local government block grant program and shall, to the extent they 5 6 are available, distribute funds from the local government 7 block grant account. (2) The local government block grant program is 8 9 comprised of three parts: 10 (a) a general purpose block grant for municipalities, 11 counties, school districts, and other jurisdictions; (b) a general services block grant for counties; and 12 13 (c) a general · services block grant for 14 municipalities." 15 Section 3. Section 7-6-304, MCA, is amended to read: "7-6-304. Division of block grant funds. The division 16 17 of funds within the local government block grant account is 18 as follows: (1) Except as provided in 7-6-309(1), the general 19 20 purpose block grant for municipalities, counties, school districts, and other jurisdictions must be funded, before 21 any other distributions are made from the account, in an 22 amount sufficient to cover the reimbursements required by 23 24 61-3-536, to the extent funds are available. 25 (2) (a) The general services block grant for counties

-2-

THIRD READING

must be funded from a percentage of the remaining funds
 deposited in the account equal to the ratio of the
 unincorporated population to the state population.

4 (b) The general services block grant for 5 municipalities must be funded from a percentage of the 6 remaining funds deposited in the account equal to the ratio 7 of the incorporated population to the total state 8 population."

9 Section 4. Section 7-6-305, MCA, is amended to read:
10 "7-6-305. Distribution of general purpose block grant
11 funds. The general purpose block grant for municipalities,
12 counties, school districts, and other jurisdictions must be
13 distributed, to the extent funds are available, by the state
14 to counties pursuant to 61-3-536 and by counties to other
15 jurisdictions pursuant to 61-3-509."

16 Section 5. Section 7-6-306, MCA, is amended to read:
17 "7-6-306. Distribution of general services block grant
18 funds to counties. Funds in the general services block grant
19 for counties must be distributed, to the extent funds are
20 available, as follows:

(1) One-half of each county's share is determined by
the ratio of the county's population to the total county
population in the state.

24 (2) The remaining one-half is distributed according to25 the following formula where CMV = average mill value per

LC 0076/01

1	<pre>capita of all counties; IMV = individual county mill value</pre>
2	per capita; ICP = individual county population; CG = $1/2$
3	total county grant:
4	<u>CMV</u> X ICP = county tax base factor (TBF)
5	IMV
6	CG X individual county TBF = 1/2 individual
7	sum of all county TBFs county share"
8	Section 6. Section 7-6-309, MCA, is amended to read:
9	"7-6-309. Disposition and use of funds. Disbursements
10	from the local government block grant account shall be made
11	as follows:
12	(1) On October 1, 1983, a disbursement must be made
13	from the general services block grant that is the lesser of:
14	(a) \$2 million; or
15	(b) one-third of the total general fund appropriation
16	to the account for the biennium ending June 30, 1985.
17	(2) On March 1, 1984, and March 1 of each succeeding
18	year the reimbursement required by 61-3-536 must be
19	distributed, to the extent funds are available.
20	(3) On June 30, 1984, a disbursement must be made from
21	the general services block grants for municipalities and
22	counties that equals the amount which is the lesser of the
23	difference between the account balance on that date and:
24	(a) \$3 million dollars; or
25	(b) one-half of the total general fund appropriation

-3-

-4-

to the account for the biennium ending June 30, 1985.	1 (i) 0; or
(4) On June 30, 1985, and June 30 of each succeeding	2 (ii) CT - CF;
year, all funds remaining in the account must be	3 (b) $CLV = CRL/NC$ .
distributed.	4 (3) In order to be eligible for reimbursement payment,
(5) The funds distributed by this part may be used for	5 a light vehicle must be such that it would have been subject
any purpose authorized by law."	6 to ad valorem tax if it had been registered prior to January
Section 7. Section 61-3-536, MCA, is amended to read:	7 1, 1982.
"61-3-536. (Temporary) State aid for local government.	8 (4) Prior to Pebruary 1 of year denoted Y, the county
(1) Each county treasurer shall compute:	9 treasurer department of justice shall determine and certify
(a) the total amount received during the period from	10 to the department the number of eligible light vehicles
January 1, 1981, to December 31, 1981, for property taxes on	ll registered in the each county on December 31 of the prior
automobiles and trucks having a rated capacity of	12 year, denoted NC(Y). Prior to March 1 of year Y, the
three-quarters of a ton or less, denoted CT;	13 department of revenue shall transmit to the department of
(b) the total amount that would have been received	14 commerce the amount of CLV x NC(Y) for each county.
during the same period if the license fee system, excluding	15 (5) On March 1 of year Y, the department of commerce
the block grant fee allocated to local governments under	16 shall, to the extent funds are available, transmit to each
61-3-509(3), had been in effect, denoted CF; and	17 county treasurer a warrant in the amount of CLV x NC(Y). If
(c) the number of light vehicles registered in the	18 revenues are not sufficient to fully fund the general
county on December 31, 1981, denoted NC.	19 purpose block grant, the department of commerce shall
(2) The three quantities, CT, CF, and NC, shall be	20 prorate the available funds against the amount of
certified to the department of revenue by February 1, 1982.	21 CLV x NC(Y) certified by all counties.
The department shall compute for each county a quantity	22 (6) Upon receipt of the payment provided for in
called county revenue loss, denoted CRL, and county loss per	23 subsection (5), the county treasurer shall credit the
vehicle, denoted CLV, and defined as follows:	24 payment to a motor vehicle suspense fund and, at some time
(a) CRL = larger of:	25 between March 15 and March 30, shall distribute the payment

-5-

٩.

-6-

in the same manner as funds are distributed to the taxing
 jurisdictions as provided in 61-3-509.

3 61-3-536. (Effective July 1, 1987) State aid for local
4 government. (1) Each county treasurer shall compute:

5 (a) the total amount received during the period from 6 January 1, 1981, to December 31, 1981, for property taxes on 7 automobiles and trucks having a rated capacity of 8 three-guarters of a ton or less, denoted CT:

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

12 (c) the number of light vehicles registered in the13 county on December 31, 1981, denoted NC.

14 (2) The three quantities, CT, CF, and NC, shall be
15 certified to the department of revenue by February 1, 1982.
16 The department shall compute for each county a quantity
17 called county revenue loss, denoted CRL, and county loss per
18 vehicle, denoted CLV, and defined as follows:

(a) CRL = larger of:

20 (i) 0; or

19

21 (ii) CT - CF;

22 (b) CLV = CRL/NC.

23 (3) In order to be eligible for reimbursement payment,
24 a light vehicle must be such that it would have been subject
25 to ad valorem tax if it had been registered prior to January

1 1, 1982.

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

9 (5) On March 1 of year Y, the department of commerce 10 shall, to the extent funds are available, transmit to each 11 county treasurer a warrant in the amount of CLV x NC(Y). If 12 revenues are not sufficient to fully fund the general 13 purpose block grant, the department of commerce shall prorate the available funds against the amount of 14 15 CLV x NC(Y) certified by all counties. 16 (6) Upon receipt of the payment provided for in

17 subsection (5), the county treasurer shall credit the 18 payment to a motor vehicle suspense fund and, at some time 19 between March 15 and March 30, shall distribute the payment 20 in the same manner as funds are distributed to the taxing 21 jurisdictions as provided in 61-3-509."

22 <u>NEW SECTION.</u> Section 8. Effective date. This act is
23 effective on passage and approval.

-End-

-7-

-8-

μ.

HOUSE BILL NO. 14 1 INTRODUCED BY BARDANOUVE 2 3 BY REQUEST OF THE DEPARTMENT OF COMMERCE 4 A BILL FOR AN ACT ENTITLED: "AN ACT PROVIDING FOR GENERAL 5 6 FISCAL AND CERTIFYING MODIFICATIONS OF THE LOCAL GOVERNMENT BLOCK GRANT PROGRAM: PROVIDING A CONTINGENT APPROPRIATION 7 FROM THE GENERAL FUND TO THE LOCAL GOVERNMENT BLOCK GRANT 8 ACCOUNT: PROVIDING AUTHORITY TO PRORATE AVAILABLE FUNDS IF 9 REVENUES ARE NOT SUFFICIENT FOR FULL FUNDING; CHANGING 10 RESPONSIBILITY FOR CERTIFICATION OF THE NUMBER OF VEHICLES 11 FROM INDIVIDUAL COUNTY TREASURERS TO THE DEPARTMENT OF 12 13 JUSTICE: AMENDING SECTIONS 7-6-302 THROUGH 7-6-306, 7-6-309, AND 61-3-536, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE 14 DATE." 15

16

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

18 Section 1. Section 7-6-302, MCA, is amended to read: 19 "7-6-302. Local government block grant account created 20 -- source of funds. (1) There is a local government block 21 grant account within the state special revenue fund.

(2) Funds in this account, to the extent they are
available, must be used to provide payments from the local
government block grant program to eligible jurisdictions.
(3) Thirty-three and one-third percent of the oil

Montana Legislative Council

1 severance tax collected under the provisions of 15-36-101
2 and all funds appropriated to the account must be deposited
3 in the account."

Section 2. Section 7-6-303, MCA, is amended to read:
"7-6-303. Local government block grant program. (1)
The department of commerce shall administer the local
government block grant program and <u>shall</u>, to the extent they
<u>are available</u>, distribute funds from the local government
block grant account.

10 (2) The local government block grant program is 11 comprised of three parts:

12 (a) a general purpose block grant for municipalities,13 counties, school districts, and other jurisdictions;

14 (b) a general services block grant for counties; and
15 (c) a general services block grant for
16 municipalities."

Section 3. Section 7-6-304, MCA, is amended to read:
"7-6-304. Division of block grant funds. The division
of funds within the local government block grant account is
as follows:

(1) Except as provided in 7-6-309(1), the general
 purpose block grant for municipalities, counties, school
 districts, and other jurisdictions must be funded, before
 any other distributions are made from the account, in an
 amount sufficient to cover the reimbursements required by
 REFERENCE BILL

-2-

#### HB 0014/02

61-3-536, to the extent funds are available. (2) (a) The general services block grant for counties must be funded from a percentage of the remaining funds deposited in the account equal to the ratio of the unincorporated population to the state population. (b) The general services block grant for municipalities must be funded from a percentage of the remaining funds deposited in the account equal to the ratio of the incorporated population to the total state population." Section 4. Section 7-6-305, MCA, is amended to read: "7-6-305. Distribution of general purpose block grant funds. The general purpose block grant for municipalities, counties, school districts, and other jurisdictions must be distributed, to the extent funds are available, by the state to counties pursuant to 61-3-536 and by counties to other jurisdictions pursuant to 61-3-509." Section 5. Section 7-6-306, MCA, is amended to read: "7-6-306. Distribution of general services block grant funds to counties. Funds in the general services block grant for counties must be distributed, to the extent funds are available, as follows:

23 (1) One-half of each county's share is determined by
24 the ratio of the county's population to the total county
25 population in the state.

1

2

3

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

HB 0014/02

1	(2) The remaining one-half is distributed according to
2	the following formula where CMV = average mill value per
3	capita of all counties; IMV = individual county mill value
4	per capita; ICP = individual county population; CG = 1/2
5	total county grant:
6	<u>CMV</u> X ICP = county tax base factor (TBF)
7	IMV
8	CG X individual county TBF = 1/2 individual
9	sum of all county TBFs county share"
10	Section 6. Section 7-6-309, MCA, is amended to read:
11	"7-6-309. Disposition and use of funds. Disbursements
12	from the local government block grant account shall be made
13	as follows:
14	(1) On October 1, 1983, a disbursement must be made
15	from the general services block grant that is the lesser of:
16	(a) \$2 million; or
17	(b) one-third of the total general fund appropriation
18	to the account for the biennium ending June 30, 1985.
19	(2) On March 1, 1984, and March 1 of each succeeding
20	year the reimbursement required by 61-3-536 must be
21	distributed, to the extent funds are available.
22	(3) On June 30, 1984, a disbursement must be made from
23	the general services block grants for municipalities and
24	counties that equals the amount which is the lesser of the
25	difference between the account balance on that date and:

-3-

-4-

(a) \$3 million dollars; or	1	vehicle, denoted CLV, and defined as follows:
(b) one-half of the total general fund appropriation	2	(a) CRL = larger of:
e account for the biennium ending June 30, 1985.	3	(i) 0; or
(4) On June 30, 1985, and June 30 of each succeeding	4	(ii) CT - CP;
all funds remaining in the account must be	5	(b) $CLV = CRL/NC$ .
ibuted.	6	(3) In order to be eligible for reimburs
(5) The funds distributed by this part may be used for	7	a light vehicle must be such that it would hav
urpose authorized by law."	8	to ad valorem tax if it had been registered pr
Section 7. Section 61-3-536, MCA, is amended to read:	9	1, 1982.
"61-3-536. (Temporary) State aid for local government.	10	(4) Prior to February 1 of year denoted
ach county treasurer shall compute:	11	treasurer department of justice shall determin
(a) the total amount received during the period from	12	to the department the number of eligible
ry 1, 1981, to December 31, 1981, for property taxes on	13	registered in the each county on December 31
obiles and trucks having a rated capacity of	14	year, denoted NC(Y). Prior to March 1 of
-quarters of a ton or less, denoted CT;	15	department of revenue shall transmit to the
(b) the total amount that would have been received	16	commerce the amount of CLV x NC(Y) for each con
g the same period if the license fee system, excluding	17	(5) On March 1 of year Y, the department
block grant fee allocated to local governments under	18	shall, to the extent funds are available, trans
509(3), had been in effect, denoted CF; and	19	county treasurer a warrant in the amount of CLN
(c) the number of light vehicles registered in the	20	revenues are not sufficient to fully fund

- CLV x NC(Y) certified by all counties. 23

(6) Upon receipt of the payment provided for in 24 subsection (5), the county treasurer shall credit the 25

-6-

-5-

HB 14

HB 14

- ement payment, e been subject ior to January
- Y, the county e and certify light vehicles of the prior f year Y, the department of unty.

nt of commerce smit to each V x NC(Y). If d the general purpose block grant, the department of commerce shall 21 22 prorate the available funds against the amount of

January 1, 1981, to December 31, 1981, for property taxes on 13

(1) Each county treasurer shall compute:

any purpose authorized by law."

1

2

3

4

5

6

7

8

9 10

11

12

distributed.

automobiles and trucks having a rated capacity of 14 15 three-quarters of a ton or less, denoted CT;

to the account for the biennium ending June 30, 1985.

year, all funds remaining in the account

16 (b) the total amount that would have been received during the same period if the license fee system, excluding 17 the block grant fee allocated to local governments under 18 19 61-3-509(3), had been in effect, denoted CF; and

20 (c) the number of light vehicles registered in the county on December 31, 1981, denoted NC. 21

(2) The three quantities, CT, CF, and NC, shall be 22 certified to the department of revenue by February 1, 1982. 23 24 The department shall compute for each county a quantity 25 called county revenue loss, denoted CRL, and county loss per

#### HB 0014/02

payment to a motor vehicle suspense fund and, at some time
 between March 15 and March 30, shall distribute the payment
 in the same manner as funds are distributed to the taxing
 jurisdictions as provided in 61-3-509.

5 61-3-536. (Effective July 1, 1987) State aid for local
6 government. (1) Each county treasurer shall compute:

7 (a) the total amount received during the period from
8 January 1, 1981, to December 31, 1981, for property taxes on
9 automobiles and trucks having a rated capacity of
10 three-guarters of a ton or less, denoted CT:

11 (b) the total amount that would have been received 12 during the same period if the license fee system had been in 13 effect, denoted CF; and

14 (c) the number of light vehicles registered in the15 county on December 31, 1981, denoted NC.

16 (2) The three quantities, CT, CF, and NC, shall be
17 certified to the department of revenue by February 1, 1982.
18 The department shall compute for each county a quantity
19 called county revenue loss, denoted CRL, and county loss per
20 vehicle, denoted CLV, and defined as follows:

21 (a) CRL = larger of:

22 (i) 0; or

23 (ii) CT - CF;

24 (b) CLV = CRL/NC.

25 (3) In order to be eligible for reimbursement payment,

HB 0014/02

a light vehicle must be such that it would have been subject
 to ad valorem tax if it had been registered prior to January
 1, 1982.

4 (4) Prior to February 1 of year denoted Y, the county 5 treasurer <u>department of justice</u> shall determine and certify 6 to the department the number of eligible light vehicles 7 registered in the <u>each</u> county on December 31 of the prior 8 year, denoted NC(Y). Prior to March 1 of year Y, the 9 department of revenue shall transmit to the department of 10 commerce the amount of CLV x NC(Y) for each county.

11 (5) On March 1 of year Y, the department of commerce 12 shall, to the extent funds are available, transmit to each 13 county treasurer a warrant in the amount of CLV x NC(Y). If 14 revenues are not sufficient to fully fund the general 15 purpose block grant, the department of commerce shall 16 prorate the available funds against the amount of 17 CLV x NC(Y) certified by all counties.

18 (6) Upon receipt of the payment provided for in 19 subsection (5), the county treasurer shall credit the 20 payment to a motor vehicle suspense fund and, at some time 21 between March 15 and March 30, shall distribute the payment 22 in the same manner as funds are distributed to the taxing 33 jurisdictions as provided in 61-3-509."

24NEW SECTION.SECTION 8.APPROPRIATION.THEREIS25APPROPRIATED \$7\$6.5MILLION FROM THE GENERAL FUND TO THE

-7-

-8-

HB 14

- 6 BILL 17 IS PASSED AND APPROVED.

-End-

# **COMMITTEE OF THE WHOLE AMENDMENT**

June 28, 86 DATE

6:00 TIME

MR. CHAIRMAN: I MOVE TO AMEND HOUSE Bill No. 14

third \_\_\_\_\_ reading copy ( blue \_\_\_\_) as follows: Color

Amend Senate Taxation Standing Committee Report of June 28, 1986, as follows:

Amendment No. 2. Following: "appropriated" in the Insert section Strike: "\$7" Insert: "\$6.5"

HB14.1

1

ADOPT REJECT



# STANDING COMMITTEE REPORT

JUNE 28, 19.86

MR. PRESIDENT

We, your committee on.		TAXATION	•••••
having had under considera	tion	HOUSE BILL	No14
third	reading copy { _	blue ) color	
MODIFICATION	OF LOCAL	GOVERNMENT BLOCK GRANT PROGRAM	
Respectfully report as follow	vs: That	HOUSE BILL	. <sub>No</sub> 14

1. Title, line 7.
Following: "PROGRAM;"
Insert: "PROVIDING A CONTINGENT APPROPRIATION FROM THE
GENERAL FUND TO THE LOCAL GOVERNMENT BLOCK GRANT ACCOUNT;"

2. Page 8. Following: line 21 Insert: "NEW SECTION. Section 8. Appropriation. There is appropriated \$7 million from the general fund to the local government block grant account for fiscal year 1987." Renumber: subsequent section

3. Page 8, line 22.
Following: "date"
Strike: ". This act is"
Insert: "-- coordination. (1) Sections 1 through 7 and
this section are"

4. Page 8.
Following: line 23
Insert: "(2) Section 8 of this act is effective only if
Senate Bill 17 is passed and approved."

HB14.SCR

Report adopted

AND AS AMENDED, BE CONCURRED IN

be amended as follows:

22XXXXXXX

Senator Thomas E. Towe, Chairman.