

SB 4      INTRODUCED BY GOODOVER  
REALLOCATING COAL SEVERANCE TAX MONEY

6/16    INTRODUCED  
6/16    REFERRED TO TAXATION  
6/18    HEARING  
6/18    TABLED IN COMMITTEE

SENATE BILL NO. 4

INTRODUCED BY

*Sutton*

A BILL FOR AN ACT ENTITLED: "AN ACT REALLOCATING COAL SEVERANCE TAXES; INCREASING THE ALLOCATION OF COAL SEVERANCE TAXES TO THE GENERAL FUND; AMENDING SECTIONS 15-35-108, 60-3-216, 76-15-530, 90-3-101, 90-4-103, 90-6-202, AND 90-6-205, MCA; REPEALING SECTION 90-1-108, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE AND AN APPLICABILITY DATE."

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

Section 1. Section 15-35-108, MCA, is amended to read:

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

(1) To the trust fund created by Article IX, section 5, of the Montana constitution, 50% of total coal severance tax collections. The trust fund moneys shall be deposited in the fund established under 17-6-203(5) and invested by the board of investments as provided by law.

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

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

(3)(2) Coal severance tax collections remaining after the allocations provided by subsections allocation to the trust fund under subsection (1) and (2) are allocated in the following percentages of the remaining balance:

(a) 2 1/2% until July 1, 1987, and thereafter 4 1/2% to the state special revenue fund to the credit of the alternative energy research development and demonstration account;

(b) 26% until July 1, 1987, and thereafter 37 1/2% to the state special revenue fund to the credit of the local impact and education trust fund account;

(c)(a) 10% to the state special revenue fund for state equalization aid to public schools of the state;

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

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

(f)(b) 5% until July 1, 1986, to a nonexpendable trust fund for the purpose of parks acquisition or management, protection of works of art in the state capitol, and other cultural and aesthetic projects. Income from this trust fund shall be appropriated as follows:

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

(ii) starting July 1, 1985, and ending June 30, 1989, 2/3 for the acquisition, development, operation, and maintenance of any sites and areas described in 23-1-102 and, after June 30, 1989, 2/3 for the acquisition of sites and areas described in 23-1-102 and the development, operation, and maintenance of sites acquired with funds allocated under this subsection;

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

~~(h) 1/2 of 1% to the state special revenue fund for conservation districts;~~

~~(i)(c) 1 1/4% to the debt service fund type to the credit of the water development debt service fund;~~

~~(j) 4% until July 1, 1987, to the highway reconstruction trust fund account in the state special revenue fund;~~

~~(k)(d) all other revenues from severance taxes collected under the provisions of this chapter to the credit of the general fund of the state."~~

Section 2. Section 60-3-216, MCA, is amended to read:

"60-3-216. Highway reconstruction trust account. (1) There is a highway reconstruction trust account created in the state special revenue fund.

(2) The highway reconstruction trust fund account consists of the following allocations:

~~(a) from the taxes collected pursuant to 15-35-103 for each fiscal year beginning on or after July 1, 1986, and ending on or before June 30, 1993, the amounts allocated to the account pursuant to 15-35-108;~~

~~(b)(a) for each fiscal year beginning on or after July 1, 1983, and ending on or before June 30, 1993, all money received from the state treasurer pursuant to 17-3-201; and~~

~~(c)(b) from the taxes collected pursuant to 15-70-204 and 15-70-321, for each fiscal year beginning on or after July 1, 1983, and ending on or before June 30, 1993, an amount that, when added to the amount received pursuant to subsections subsection (2)(a) and (2)(b), will equal appropriated expenditures. (Terminates July 1, 1993--sec. 7, Ch. 541, L. 1983.)"~~

Section 3. Section 76-15-530, MCA, is amended to read:

"76-15-530. Conservation district account -- administration. (1) There is a conservation district account in the state special revenue fund of the state treasury: Money is into which money was paid into this account under 15-35-108 as it read prior to the effective date of this

1 act]. The state treasurer shall draw warrants payable from  
2 this account on order from the department of natural  
3 resources and conservation.

4 (2) The department of natural resources and  
5 conservation shall administer the conservation district  
6 account. The money shall be distributed from the account to  
7 the conservation districts on the basis of need. A  
8 conservation district may submit an application to the  
9 department of natural resources and conservation for a grant  
10 of funds for purposes that conservation districts are  
11 authorized to perform.

12 (3) A conservation district is not eligible to receive  
13 a grant unless it has exhausted its authorized mill levies.

14 (4) The department of natural resources and  
15 conservation may adopt rules implementing this section that  
16 provide for the form and content of applications and the  
17 criteria, terms, and conditions for making grants."

18 Section 4. Section 90-3-101, MCA, is amended to read:

19 "90-3-101. Purpose. (1) It is the purpose of this  
20 chapter to strengthen and diversify Montana's economy by  
21 establishing a public-private sector partnership to  
22 encourage scientific and technological development within  
23 the state in order to keep pace with a transforming economic  
24 structure and to create new jobs and expand small business  
25 opportunities.

1 (2) Because the alternative energy and energy  
2 conservation research development and demonstration program,  
3 administered by the department of natural resources and  
4 conservation, which ~~presently--receives--4-1/2%~~ received a  
5 portion of the coal ~~severance~~ severance taxes allocated  
6 pursuant to 15-35-108 as it read prior to [the effective  
7 date of this act], would overlap and supplement the program  
8 created by this chapter and because the alternative energy  
9 and energy conservation research development and  
10 demonstration account has a carryover from the 1985 biennium  
11 and the department of natural resources and conservation is  
12 not presently planning to utilize the entire allocated  
13 amount it will receive during the 1987 biennium, this  
14 chapter contemplates a temporary, one-time appropriation of  
15 a portion of the allocation to the alternative energy and  
16 energy conservation research development and demonstration  
17 account for funding the science and technology research  
18 program of the Montana science and technology development  
19 board created in this chapter. The use of funds  
20 appropriated from the alternative energy and energy  
21 conservation research development and demonstration account  
22 established by 90-4-103 for the purposes of this chapter for  
23 the 1987 biennium is specifically authorized."

24 Section 5. Section 90-4-103, MCA, is amended to read:

25 "90-4-103. Alternative energy and energy conservation

1 research development and demonstration account established.  
 2 There is within the state special revenue fund an  
 3 alternative energy and energy conservation research  
 4 development and demonstration account--Moneys-are into which  
 5 money was paid into-this-account under 15-35-108 as it read  
 6 prior to [the effective date of this act]. The state  
 7 treasurer shall draw warrants payable from this account upon  
 8 order of the department."

9 Section 6. Section 90-6-202, MCA, is amended to read:  
 10 "90-6-202. Accounts established. (1) There is within  
 11 the state special revenue fund a local impact and education  
 12 trust fund account--Moneys-are-payable-into--this--account  
 13 into which money was paid under 15-35-108 as it read prior  
 14 to [the effective date of this act]. The state treasurer  
 15 shall draw warrants from this account upon order of the coal  
 16 board.

17 (2) There is within the state special revenue fund a  
 18 coal area highway improvement account."

19 Section 7. Section 90-6-205, MCA, is amended to read:  
 20 "90-6-205. (Temporary) Coal board -- general powers.  
 21 The board may:

- 22 (1) retain professional consultants and advisors;
- 23 (2) adopt rules governing its proceedings;
- 24 (3) consider applications for grants from the local
- 25 impact and education trust fund account and after June 30,

1 1986, from the amount appropriated by the legislature for  
 2 that purpose;

3 (4) consider applications for loans from the local  
 4 impact and education trust fund account and after June 30,  
 5 1986, from the amount appropriated by the legislature for  
 6 that purpose for periods and interest rates to be determined  
 7 by the board; and

8 (5) award grants and loans, subject to 90-6-207, not  
 9 to exceed in any one year seven-elevenths and after June 30,  
 10 1979, and before July 1, 1985, seven-fifteenths and after  
 11 June 30, 1985, and before July 1, 1986, 23.08% of the  
 12 revenue paid into the local impact and education trust fund  
 13 account, less the appropriation provided in section 1,  
 14 Chapter 733, Laws of 1985, and after June 30, 1986, less the  
 15 amount appropriated by the legislature for grants and loans  
 16 under this section:

17 (a) to local governmental units, state agencies, and  
 18 governing bodies of federally recognized Indian tribes to  
 19 assist local governmental units and federally recognized  
 20 Indian tribes in meeting the local impact of coal  
 21 development by enabling them to adequately provide  
 22 governmental services and facilities which are needed as a  
 23 direct consequence of coal development; and

24 (b) notwithstanding the provisions of 90-6-207, to the  
 25 department of highways established in 2-15-2501 to expedite

the construction, repair, and maintenance of deficient sections of highway within the area designated in 90-6-210 if the deficiency is the direct result of increased traffic accompanying the development of coal resources; and

(c) provided that as used in this subsection (5), "revenue paid" does not include interest income from the account reinvested in the account in trust for the public schools and the university system. Grants and loans may be from current allocations only, and no part of the principal or income of the trust referred to in 90-6-211 may be used for this purpose. The money derived from loan repayments, including the interest thereon, must be deposited to the credit of the local impact fund referred to in 90-6-202.

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

90-6-205. (Effective July 1, 1987) Coal board -- general powers. The board may:

- (1) retain professional consultants and advisors;
- (2) adopt rules governing its proceedings;
- (3) consider applications for grants from the local impact and education trust fund account and after June 30,

1986, from the amount appropriated by the legislature for that purpose;

(4) consider applications for loans from the local impact and education trust fund account and after June 30, 1986, from the amount appropriated by the legislature for that purpose for periods and interest rates to be determined by the board; and

(5) award grants and loans, subject to 90-6-207, not to exceed in any one year seven-elevenths and after June 30, 1979, and before July 1, 1986, seven-fifteenths of the revenue paid into the local impact and education trust fund account and after June 30, 1986, the amount appropriated by the legislature for grants and loans under this section:

(a) to local governmental units, state agencies, and governing bodies of federally recognized Indian tribes to assist local governmental units and federally recognized Indian tribes in meeting the local impact of coal development by enabling them to adequately provide governmental services and facilities which are needed as a direct consequence of coal development; and

(b) notwithstanding the provisions of 90-6-207, to the department of highways established in 2-15-2501 to expedite the construction, repair, and maintenance of deficient sections of highway within the area designated in 90-6-210 if the deficiency is the direct result of increased traffic

1 accompanying the development of coal resources; and

2 (c) provided that as used in this subsection (5),  
3 "revenue paid" does not include interest income from the  
4 account reinvested in the account in trust for the public  
5 schools and the university system. Grants and loans may be  
6 from current allocations only, and no part of the principal  
7 or income of the trust referred to in 90-6-211 may be used  
8 for this purpose. The money derived from loan repayments,  
9 including the interest thereon, must be deposited to the  
10 credit of the local impact fund referred to in 90-6-202.

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

17 NEW SECTION. Section 8. Repealer. Section 90-1-108,  
18 MCA, is repealed.

19 NEW SECTION. Section 9. Effective date --  
20 applicability. This act is effective on passage and approval  
21 and applies to coal produced after March 31, 1986.

-End-