

SENATE BILL NO. 13

INTRODUCED BY FULLER

BY REQUEST OF THE OFFICE OF BUDGET AND PROGRAM PLANNING

IN THE SENATE

June 19, 1986	Introduced and referred to Committee on Taxation.
June 28, 1986	On motion, SB 13 as amended taken from Committee on Taxation and placed on second reading.
	Second reading, do pass as amended.
	Third reading, passed. Ayes, 31; Noes, 19.
	Transmitted to House.

IN THE HOUSE

June 28, 1986	Introduced and referred to Committee on Appropriations.
June 30, 1986	Committee recommend bill be concurrent in as amended. Report adopted.
	Second reading, concurrent in.
	Third reading, concurrent in.
	Returned to Senate with amendments.

IN THE SENATE

June 30, 1986	Received from House.
	Second reading, amendments concurrent in.

June 30, 1986

Third reading, amendments  
concurred in. Ayes, 48; Noes, 0.

July 1, 1986

Sent to enrolling.

Reported correctly enrolled.

1 *SB* BILL NO. *13*  
2 INTRODUCED BY *Fuller*  
3 BY REQUEST OF THE OFFICE OF BUDGET AND PROGRAM PLANNING  
4  
5 A BILL FOR AN ACT ENTITLED: "AN ACT TO REDIRECT COAL TAX  
6 REVENUE FROM THE LOCAL IMPACT AND EDUCATION TRUST FUND TO  
7 THE GENERAL FUND FOR A 3-YEAR PERIOD BEGINNING IN FISCAL  
8 YEAR 1987; AMENDING SECTIONS 15-35-108 AND 90-6-205, MCA;  
9 AND PROVIDING AN IMMEDIATE EFFECTIVE DATE AND AN  
10 APPLICABILITY DATE."  
11

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

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

14 "15-35-108. Disposal of severance taxes. Severance  
15 taxes collected under the provisions of this chapter are  
16 allocated as follows:

17 (1) To the trust fund created by Article IX, section  
18 5, of the Montana constitution, 50% of total coal severance  
19 tax collections. The trust fund moneys shall be deposited  
20 in the fund established under 17-6-203(5) and invested by  
21 the board of investments as provided by law.

22 (2) Starting July 1, 1986, and ending June 30, 1987,  
23 6% of coal severance tax collections are allocated to the  
24 highway reconstruction trust fund account in the state  
25 special revenue fund. Starting July 1, 1987, and ending June

1 30, 1993, 12% of coal severance tax collections are  
2 allocated to the highway reconstruction trust fund account  
3 in the state special revenue fund.

4 (3) Coal severance tax collections remaining after the  
5 allocations provided by subsections (1) and (2) are  
6 allocated in the following percentages of the remaining  
7 balance:

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

12 (b) 26% 5.28% until July 1, 1987, 13.3% from July 1,  
13 1987, until July 1, 1989, and thereafter 37 1/2% to the  
14 state special revenue fund to the credit of the local impact  
15 and education trust fund account;

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

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

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

22 (f) 5% to a nonexpendable trust fund for the purpose  
23 of parks acquisition or management, protection of works of  
24 art in the state capitol, and other cultural and aesthetic  
25 projects. Income from this trust fund shall be appropriated

1 as follows:

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

4 (ii) starting July 1, 1985, and ending June 30, 1989,  
5 2/3 for the acquisition, development, operation, and  
6 maintenance of any sites and areas described in 23-1-102  
7 and, after June 30, 1989, 2/3 for the acquisition of sites  
8 and areas described in 23-1-102 and the development,  
9 operation, and maintenance of sites acquired with funds  
10 allocated under this subsection;

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

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

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

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

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

1 Section 2. Section 90-6-205, MCA, is amended to read:

2 "90-6-205. (Temporary) Coal board -- general powers.

3 The board may:

4 (1) retain professional consultants and advisors;

5 (2) adopt rules governing its proceedings;

6 (3) consider applications for grants from the local  
7 impact and education trust fund account;

8 (4) consider applications for loans from the local  
9 impact and education trust fund account for periods and  
10 interest rates to be determined by the board; and

11 (5) award grants and loans, subject to 90-6-207, not  
12 to exceed in any one year ~~seven-elevenths-and-after-June-30,~~  
13 ~~1979,--and--before--July-17-1985,--seven-fifteenths-and-after~~  
14 ~~June-30-1985,--23-00%--of~~ the revenue paid into the local  
15 impact and education trust fund account, ~~--less--the~~  
16 ~~appropriation-provided-in-section-17-Chapter--733,--baws--of~~  
17 ~~1985.~~ After June 30, 1989, the board may not exceed in any  
18 one year seven-fifteenths of the revenue paid into the local  
19 impact and education trust fund account. The board may award  
20 grants and loans:

21 (a) to local governmental units, state agencies, and  
22 governing bodies of federally recognized Indian tribes to  
23 assist local governmental units and federally recognized  
24 Indian tribes in meeting the local impact of coal  
25 development by enabling them to adequately provide

1 governmental services and facilities which are needed as a  
2 direct consequence of coal development; and

3 (b) notwithstanding the provisions of 90-6-207, to the  
4 department of highways established in 2-15-2501 to expedite  
5 the construction, repair, and maintenance of deficient  
6 sections of highway within the area designated in 90-6-210  
7 if the deficiency is the direct result of increased traffic  
8 accompanying the development of coal resources; and

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

18 (6) award a grant to a local government unit for the  
19 purpose of paying for part or all of the credit that the  
20 local government unit is obligated to give to a major new  
21 industrial facility that has prepaid property taxes under  
22 15-16-201. The board must award the grant in accordance with  
23 90-6-206."

24 NEW SECTION. Section 3. Effective date. This act is  
25 effective on passage and approval and applies to coal mined

1 on or after April 1, 1986.

-End-

## STATE OF MONTANA - FISCAL NOTE

Form BD-15

In compliance with a written request, there is hereby submitted a Fiscal Note for SB013, as amended by Senate Taxation.

Description of Proposed Legislation:

A bill to redirect coal tax revenue from the local impact and education trust fund to the general fund for a three year period beginning in fiscal year 1987.

Assumptions:

1. The Revenue Estimating Advisory Council's revenue estimate as adjusted for Western Energy's reduced production provides the basis for comparison.
2. Coal severance tax collections will be \$76,742,000 in FY87.
3. The proposal has no effect on collections.

Fiscal Impact:

N/A.

Expenditures:

N/A.

Revenues:

	FY87 Current Law	FY87 Proposed Law	Difference
Account			
Coal Tax Trust Fund	\$38,371,000	\$38,371,000	\$ 0
Highway Fund	5,955,179	5,955,179	0
Alternative Energy Research	844,162	844,162	0
Local Impact and Education Trust	8,779,285	2,025,989	(6,753,296)
School Equalization	3,376,648	3,376,648	0
County Land Planning	337,665	337,665	0
Renewable Resource Development	422,081	422,081	0
Parks Acquisition and Maintenance	1,688,324	1,688,324	0
State Library Commission	337,665	337,665	0
Conservation Districts	168,832	168,832	0
Water Development	422,081	422,081	0
State General Fund	16,039,078	22,792,374	6,753,296
	\$76,742,000	\$76,742,000	\$ 0

Long-Range Effects of Proposed Legislation:

The proposal would divert additional funds to the general fund in future fiscal years as shown in the revenue section. The amount diverted in future years will depend on future coal severance tax collections.

*David L. Hunter* 6/23/86  
BUDGET DIRECTOR DATE

Office of Budget and Program Planning

*Dee D. Rule*  
PRIMARY SPONSOR

6/23/86  
DATE

Fiscal Note for SB13, as amended by Senate.

YELLOW PRINTING DISPENSED

SENATE BILL NO. 13

INTRODUCED BY FULLER

BY REQUEST OF THE OFFICE OF BUDGET AND PROGRAM PLANNING

A BILL FOR AN ACT ENTITLED: "AN ACT TO REDIRECT COAL TAX REVENUE FROM THE LOCAL IMPACT AND EDUCATION TRUST FUND TO THE GENERAL-FUND SCHOOL FOUNDATION PROGRAM FOR A--3-YEAR PERIOD--BEGINNING--IN FISCAL YEAR 1987; AMENDING SECTIONS 15-35-108 AND 90-6-205, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE, AND AN APPLICABILITY DATE, AND A TERMINATION 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) Coal severance tax collections remaining after the allocations provided by subsections (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% ~~5.28%~~ 6% until July 1, 1987, ~~13.3% from July 1, 1987, until July 1, 1989,~~ and thereafter 37 1/2% to the state special revenue fund to the credit of the local impact and education trust fund account;

(c) 30% UNTIL JULY 1, 1987, AND THEREAFTER 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) 5% to a nonexpendable trust fund for the purpose of parks acquisition or management, protection of works of

THIRD READING

1 art in the state capitol, and other cultural and aesthetic  
2 projects. Income from this trust fund shall be appropriated  
3 as follows:

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

6 (ii) starting July 1, 1985, and ending June 30, 1989,  
7 2/3 for the acquisition, development, operation, and  
8 maintenance of any sites and areas described in 23-1-102  
9 and, after June 30, 1989, 2/3 for the acquisition of sites  
10 and areas described in 23-1-102 and the development,  
11 operation, and maintenance of sites acquired with funds  
12 allocated under this subsection;

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

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

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

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

25 (k) all other revenues from severance taxes collected

1 under the provisions of this chapter to the credit of the  
2 general fund of the state."

3 Section 2. Section 90-6-205, MCA, is amended to read:  
4 "90-6-205. (Temporary) Coal board -- general powers.

5 The board may:

6 (1) retain professional consultants and advisors;

7 (2) adopt rules governing its proceedings;

8 (3) consider applications for grants from the local  
9 impact and education trust fund account;

10 (4) consider applications for loans from the local  
11 impact and education trust fund account for periods and  
12 interest rates to be determined by the board; and

13 (5) award grants and loans, subject to 90-6-207, not  
14 to exceed in any one year ~~seven-elevenths-and-after-June-30,~~  
15 ~~1979,-and-before-July-1,-1985,-seven-fifteenths--and--after~~  
16 ~~June--30,-1985,-23.08%--of the revenue paid into the local~~  
17 ~~impact and education trust fund account,--less--the~~  
18 ~~appropriation--provided--in--section-17-Chapter-733,-laws-of~~  
19 ~~1985. After June 30, 1989, the board may not exceed in any~~  
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22 ~~grants and loans:~~

23 (a) to local governmental units, state agencies, and  
24 governing bodies of federally recognized Indian tribes to  
25 assist local governmental units and federally recognized



1 Indian tribes in meeting the local impact of coal  
2 development by enabling them to adequately provide  
3 governmental services and facilities which are needed as a  
4 direct consequence of coal development; and

5 (b) notwithstanding the provisions of 90-6-207, to the  
6 department of highways established in 2-15-2501 to expedite  
7 the construction, repair, and maintenance of deficient  
8 sections of highway within the area designated in 90-6-210  
9 if the deficiency is the direct result of increased traffic  
10 accompanying the development of coal resources; and

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

20 (6) award a grant to a local government unit for the  
21 purpose of paying for part or all of the credit that the  
22 local government unit is obligated to give to a major new  
23 industrial facility that has prepaid property taxes under  
24 15-16-201. The board must award the grant in accordance with  
25 90-6-206."

1 NEW SECTION. Section 3. Effective date --  
2 APPLICABILITY -- TERMINATION. This act is effective on  
3 passage and approval and applies to coal mined en-or-after  
4 FROM April 1, 1986, TO MARCH 31, 1987. THIS ACT TERMINATES  
5 ON JUNE 30, 1987.

-End-

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A BILL FOR AN ACT ENTITLED: "AN ACT TO REDIRECT COAL TAX  
REVENUE FROM THE LOCAL IMPACT AND EDUCATION TRUST FUND TO  
THE GENERAL-FUND SCHOOL FOUNDATION PROGRAM FOR A--3-YEAR  
PERIOD--BEGINNING--IN FISCAL YEAR 1987; AMENDING SECTIONS  
15-35-108 AND 90-6-205, MCA; AND PROVIDING AN IMMEDIATE  
EFFECTIVE DATE~~7~~ AND ~~AND~~ AN APPLICABILITY DATE~~7--AND--A~~  
~~TERMINATION-DATE.~~"

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public schools of the state;

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

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development bond fund;

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4 direct consequence of coal development; and

5 (b) notwithstanding the provisions of 90-6-207, to the  
6 department of highways established in 2-15-2501 to expedite  
7 the construction, repair, and maintenance of deficient  
8 sections of highway within the area designated in 90-6-210  
9 if the deficiency is the direct result of increased traffic  
10 accompanying the development of coal resources; and

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23 industrial facility that has prepaid property taxes under  
24 15-16-201. The board must award the grant in accordance with  
25 90-6-206."

1 NEW SECTION. Section 3. Effective date --  
2 APPLICABILITY -- TERMINATION. This act is effective on  
3 passage and approval and applies to coal mined on--or--after  
4 FROM AFTER April 1, 1986~~7~~--~~TO--MARCH-31~~--1987. THIS ACT  
5 TERMINATES-ON-JUNE-30--1987.

-End-

# STANDING COMMITTEE REPORT

5

June 30 19 86

Mr. Speaker: We, the committee on APPROPRIATIONS

report SB 13

☐ do pass  
☐ do not pass

☒ be concurred in  
☐ be not concurred in

☒ as amended  
☐ statement of intent attached

*Bardanoue*

REP. FRANCIS BARDANOUE <sup>Chairman</sup>

## COAL TAX REVENUE TO GENERAL FUND FROM LOCAL IMPACT AND EDUCATION TRUST FUND

Be Amended as Follows:

1. Title, line 10.

Strike: 1st " "

Insert: " AND "

2. Title, lines 10 and 11.

Strike: " , " on line 10 through " DATE " on line 11

3. Page 4, line 19.

Strike: " 1989 "

Insert: " 1987 "

4. Page 6, line 4.

Strike: " FROM "

Insert: " after "

Following: " 1986 "

Strike: " , " through " 1987 " on line 5

*JA*