

SENATE BILL NO. 15

INTRODUCED BY NEUMAN, HALLIGAN, COBB

IN THE SENATE

June 19, 1986	Introduced and referred to Committee on Education and Cultural Resources.
June 21, 1986	Committee recommend bill do pass. Report adopted.
	Second reading, do pass.
	Third reading, do pass. Ayes, 47; Noes, 1.
	Transmitted to House.

IN THE HOUSE

June 23, 1986	Introduced and referred to Committee on Education and Cultural Resources.
June 27, 1986	Committee recommend bill be concurrent in. Report adopted.
	Second reading, concurrent in.
	Third reading, concurrent in.
	Returned to Senate.

IN THE SENATE

June 27, 1986	Received from House.
	Sent to enrolling.
	Reported correctly enrolled.

1 BILL NO. 15  
2 INTRODUCED BY Alf Herman Kelly Cobb  
3  
4 A BILL FOR AN ACT ENTITLED: "AN ACT REQUIRING THE BOARD OF  
5 PUBLIC EDUCATION AND THE SUPERINTENDENT OF PUBLIC  
6 INSTRUCTION TO TAKE STEPS TOWARD ADMINISTRATIVE AND  
7 STRUCTURAL REORGANIZATION OF THE PUBLIC SCHOOL SYSTEM THAT  
8 WOULD RESULT IN COST SAVINGS AT LOCAL AND STATE LEVELS AND  
9 TO REPORT SUCH PLANS AND ANY REQUIRED LEGISLATION TO THE  
10 50TH LEGISLATURE; AND PROVIDING AN IMMEDIATE EFFECTIVE  
11 DATE."

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

14 Section 1. Legislative purpose -- request for school  
15 cost savings plan. (1) The legislature recognizes that the  
16 recent and predicted shortfalls in state and local revenues  
17 may result in serious impacts on the ability of the state  
18 and the public school system to meet the constitutional  
19 mandate for quality public education in Montana. As part of  
20 this recognition, the legislature desires information and  
21 plans concerning potential cost savings, particularly cost  
22 savings related to the reorganization of school  
23 administration and school districts.

24 (2) The legislature requests the board of public  
25 education and the superintendent of public instruction to:

1 (a) formulate plans and options for reorganization of  
2 the public school system that would result in cost savings;  
3 and  
4 (b) report such plans and any required legislation to  
5 the 50th legislature.  
6 Section 2. Effective date. This act is effective on  
7 passage and approval.

-End-

## STATE OF MONTANA - FISCAL NOTE

Form BD-15

In compliance with a written request, there is hereby submitted a Fiscal Note for SB014, as introduced.

Description of Proposed Legislation:

A bill to generally revise highway funding; to increase the gasoline license tax by 5 cents and to increase the diesel fuel tax by 3 cents; to transfer mineral royalties to the school foundation program; to transfer coal tax funds to the general fund; to transfer interest and investment earnings on the highway revenue account to the general fund; and to provide that all expenses of the highway patrol be paid out of the highway revenue account.

Assumptions:

1. The Revenue Estimating Advisory Council's revenue estimates provide the basis of comparison. However, the coal severance tax estimate was adjusted for Western Energy's reduced production.
2. Taxable consumption of gasoline will be 421,055,000 gallons and diesel fuel 119,279,000 gallons in FY 87.
3. Federal mineral royalties returned to the state will total \$17,881,000 in FY 87. Under current law \$6,705,000 of the royalties would be deposited in the highway earmarked account.
4. Coal severance tax collections will be \$76,742,000 in FY 87.
5. Interest and investment earnings on the highway fund will be \$6,764,000 in FY 87.

General Fund Impact:FY 87

## Increased General Fund Revenue

Coal Severance Tax	\$ 5,955,000
Interest Earnings	6,764,000

## Increase Foundation Program Revenue

(Reduces General Fund Expenditures)	6,705,000
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## Reduced General Fund Expenditures

(Highway Patrol)	<u>3,083,000</u>
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Total General Fund Impact	<u>\$22,507,000</u>
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Fiscal Impact:Revenue ImpactFY 87

	<u>Current Law</u>	<u>Proposed Law</u>	<u>Difference</u>
Gasoline License Tax:			
Motor Boat Account	\$ 567,000	\$ 725,000	\$ 158,000
Snowmobile Park Account	315,000	403,000	88,000
Highway Earmarked Account	<u>57,068,000</u>	<u>74,366,000</u>	<u>17,298,000</u>
Total	\$ 57,950,000	\$ 75,494,000	\$ 17,544,000

BUDGET DIRECTOR

DATE

Office of Budget and Program Planning

PRIMARY SPONSOR

DATE

Fiscal Note for SB014 as introduced.

Fiscal Note Request SB014, as introduced

Form BD15 page 2

(continued)

Fiscal Impact (continued):

Diesel Fuel Tax:

Highway Earmarked Account	\$ 19,775,000	\$ 22,683,000	\$2,908,000
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Federal Mineral Royalties:

Highway Earmarked Account	6,705,000	0	(6,705,000)
State Equalization Aid	11,176,000	17,881,000	6,705,000
Total	\$ 17,881,000	\$ 17,881,000	\$ 0

Coal Severance Tax:

Highway Earmarked Account	\$ 5,955,000	\$ 0	\$ (5,955,000)
General Fund	16,039,000	21,994,000	5,955,000
State Equalization Aid	3,377,000	3,377,000	0
All Other Distributions	51,371,000	51,371,000	0
Total	76,742,000	76,742,000	0

Interest and Investment Earnings:

Highway Earmarked Account	6,764,000	0	(6,764,000)
General Fund	0	6,764,000	6,764,000

Total Revenue Impact:

Motor Boat Account	567,000	725,000	158,000
Snowmobile Park Account	315,000	403,000	88,000
Highway Earmarked Account	96,267,000	97,049,000	782,000
State Equalization Aid	14,553,000	21,258,000	6,705,000
General Fund	16,039,000	28,758,000	12,719,000
All Other Coal Distributions	51,371,000	51,371,000	0
	\$ 179,112,000	\$ 199,564,000	\$ 20,452,000

Expenditure Impact

Highway Patrol Expenses

Highway Earmarked Account	\$ 0	\$ 3,083,000	\$ 3,083,000
General Fund	3,083,000		(3,083,000)
	\$ 3,083,000	\$ 3,083,000	0

(continued)

Net Impact

Highway Earmarked Account	\$ 96,267,000	\$ 93,966,000	\$ (2,301,000)*
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\* Since the effective date of the gasoline and diesel tax increase is August 1, 1986, the additional tax receipts to the Highway Earmarked Account will be less than presented in the Executive Budget Book. The higher tax rate of 20 cents per gallon will be in effect for 11 months of FY87 instead of 12 months.

Technical Note:

The intent of Senate Bill 14 is to shift the Department of Highways portion of the coal severance tax to the general fund for all of FY87. Since the effective date is specified as July 1, 1986, only 75% of their share will be transferred to the general fund and the remaining 25% will go to the Department of Highways. An amendment to change the effective date so that all coal mined after March 31, 1986, will be distributed according to the new distribution will correct the legislation to its original intent. The fiscal note was prepared based on the original intent of the legislation.

-End-

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(2) The legislature requests the board of public education and the superintendent of public instruction to:

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(b) report such plans and any required legislation to the 50th legislature.

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-End-

REFERENCE BILL

SB 15