

HOUSE FINAL STATUS

HB 25 INTRODUCED BY REAM

COAL RESEARCH AND DEVELOPMENT ACCOUNT USING
SEVERANCE TAX ALLOCATION

BY REQUEST OF COAL TAX OVERSIGHT SUBCOMMITTEE

1/05 INTRODUCED

1/05 REFERRED TO TAXATION

1/05 FISCAL NOTE REQUESTED

1/06 FISCAL NOTE RECEIVED

1/07 HEARING

3/06 TABLED IN COMMITTEE

1 HOUSE BILL NO. 25
 2 INTRODUCED BY REAM
 3 BY REQUEST OF THE COAL TAX OVERSIGHT SUBCOMMITTEE
 4
 5 A BILL FOR AN ACT ENTITLED: "AN ACT ESTABLISHING A COAL
 6 RESEARCH AND DEVELOPMENT ACCOUNT TO WHICH PORTIONS OF THE
 7 COAL SEVERANCE TAX ARE ALLOCATED FOR APPROPRIATION FOR
 8 SPECIFIED RESEARCH PURPOSES; AMENDING SECTION 15-35-108,
 9 MCA; AND PROVIDING AN EFFECTIVE DATE."

10
 11 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:
 12 Section 1. Section 15-35-108, MCA, is amended to read:
 13 "15-35-108. Disposal of severance taxes. Severance
 14 taxes collected under the provisions of this chapter are
 15 allocated as follows:
 16 (1) To the trust fund created by Article IX, section
 17 5, of the Montana constitution, 50% of total coal severance
 18 tax collections. The trust fund moneys shall be deposited
 19 in the fund established under 17-6-203(5) and invested by
 20 the board of investments as provided by law.
 21 (2) Starting July 1, 1986, and ending June 30, 1987,
 22 6% of coal severance tax collections are allocated to the
 23 highway reconstruction trust fund account in the state
 24 special revenue fund. Starting July 1, 1987, and ending June
 25 30, 1993, 12% of coal severance tax collections are

1 allocated to the highway reconstruction trust fund account
 2 in the state special revenue fund.
 3 (3) Coal severance tax collections remaining after the
 4 allocations provided by subsections (1) and (2) are
 5 allocated in the following percentages of the remaining
 6 balance:
 7 (a) 2 1/2% until July 1, 1987, and thereafter 4 1/2%
 8 to the state special revenue fund to the credit of the
 9 alternative energy research development and demonstration
 10 account;
 11 (b) 6% until July 1, 1987, and thereafter 3 1/2% to
 12 the state special revenue fund to the credit of the local
 13 impact and education trust fund account;
 14 (c) 30% until July 1, 1987, and thereafter 10% to the
 15 state special revenue fund for state equalization aid to
 16 public schools of the state;
 17 (d) 1% to the state special revenue fund to the credit
 18 of the county land planning account;
 19 (e) 1 1/4% to the credit of the renewable resource
 20 development bond fund;
 21 (f) starting July 1, 1986, and ending June 30, 1989,
 22 5% to the general fund, and after June 30, 1989, 5% to a
 23 nonexpendable trust fund for the purpose of parks
 24 acquisition or management, protection of works of art in the
 25 state capitol, and other cultural and aesthetic projects.

1 Income from this trust fund shall be appropriated as
2 follows:

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

5 (ii) 2/3 for the acquisition, development, operation,
6 and maintenance of any sites and areas described in
7 23-1-102;

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

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

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

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

20 (k) 5% until July 1, 1989, and thereafter 10% to the
21 state special revenue fund to the credit of the coal
22 research and development account. The legislature may
23 appropriate money from the coal research and development
24 account in amounts not exceeding:

25 (i) 2/5 to the Montana science and technology

1 development board established by 2-15-1810 for investments
2 in technology development projects as provided in 90-3-203;

3 (ii) 2/5 for use by the Montana coal laboratory within
4 the Montana university system to sponsor research in the
5 characterization, production, processing, marketing, and use
6 of Montana coal and derivative products, provided at least
7 one-third of the total program funds is made available from
8 private and other sources; and

9 (iii) 1/5 to a center for future studies within the
10 Montana university system;

11 (k)(1) all other revenues from severance taxes
12 collected under the provisions of this chapter to the credit
13 of the general fund of the state."

14 NEW SECTION. Section 2. Account established. There is
15 within the state special revenue fund a coal research and
16 development account.

17 NEW SECTION. Section 3. Codification instruction.
18 Section 2 is intended to be codified as an integral part of
19 Title 20, chapter 25, part 1.

20 NEW SECTION. Section 4. Effective date. This act is
21 effective July 1, 1987.

-End-

STATE OF MONTANA - FISCAL NOTE
Form BD-15

In compliance with a written request, there is hereby submitted a Fiscal Note for HB025, as originally introduced.

DESCRIPTION OF PROPOSED LEGISLATION:

A bill to establish a coal research and development account to which portions of the coal severance tax are allocated for appropriation for specified research projects.

ASSUMPTIONS:

1. The Revenue Estimating Advisory Council's coal severance tax estimates provide the basis of comparison.
2. Coal severance tax collections will be \$78,663,000 in FY88 and \$81,856,000 in FY89 (REAC).
3. The proposal would apply to collections after July 1, 1987.

FISCAL IMPACT:

<u>Revenue:</u>	<u>FY88</u>			<u>FY89</u>		
	<u>Current Law</u>	<u>Proposed Law</u>	<u>Differences</u>	<u>Current Law</u>	<u>Proposed Law</u>	<u>Difference</u>
General Fund	\$12,845,668	\$11,351,071	(\$1,494,597)	13,367,085	\$11,811,821	(\$1,555,264)
Coal Research and Development Account	0	1,494,597	1,494,597	0	1,555,264	1,555,264

Expenditures:

N/A

AFFECT ON COUNTY OR OTHER LOCAL REVENUE OR EXPENDITURES:

N/A

LONG-RANGE EFFECTS OF PROPOSED LEGISLATION:

N/A

TECHNICAL OR MECHANICAL DEFECTS IN PROPOSED LEGISLATION OR CONFLICTS WITH EXISTING LEGISLATION:

If the intent of this legislation is to deposit a portion of the coal severance tax receipts to the Coal Research and Development Account for all of FY88, then the effective date should be changed to read as follows: "This act applies to coal mined on or after April 1, 1987." The fiscal note assumes this was the intent of the sponsor.

David L. Hunter DATE 1/5/87
DAVID L. HUNTER, BUDGET DIRECTOR
Office of Budget and Program Planning

Bob Ream DATE 1/6/87
BOB REAM, PRIMARY SPONSOR

Fiscal Note for HB025, as originally introduced.