

HB 288 INTRODUCED BY PISTORIA, ET AL.
CONSTITUTIONAL AMENDMENT DEVOTING 5 PERCENT OF COAL
TAX TO LOCAL GOVERNMENTS

1/19 INTRODUCED
1/19 REFERRED TO TAXATION
1/19 FISCAL NOTE REQUESTED
1/20 FISCAL NOTE RECEIVED
2/03 HEARING
2/06 TABLED IN COMMITTEE

1 *House* BILL NO. *288*
 2 INTRODUCED BY *Ristoria McLeod*
 3 *O'Connell*
 4 A BILL FOR AN ACT ENTITLED: "AN ACT TO SUBMIT TO THE
 5 QUALIFIED ELECTORS OF MONTANA AMENDMENTS TO ARTICLE IX OF
 6 THE MONTANA CONSTITUTION TO REQUIRE THE LEGISLATURE, FOR A
 7 PERIOD OF 10 YEARS, TO DEDICATE 5 PERCENT OF THE COAL
 8 SEVERANCE TAX TO A LOCAL GOVERNMENT ACCOUNT AND TO REDUCE TO
 9 45 PERCENT THE AMOUNT OF THE COAL SEVERANCE TAX REQUIRED TO
 10 BE DEDICATED TO THE TRUST FUND; AND PROVIDING A CONTINGENT
 11 EFFECTIVE DATE."
 12
 13 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:
 14 Section 1. Article IX, section 5, of The Constitution
 15 of the State of Montana is amended to read:
 16 "Section 5. Severance tax on coal -- trust fund. The
 17 legislature shall dedicate not less than one-fourth (1/4) of
 18 the coal severance tax to a trust fund, the interest and
 19 income from which may be appropriated. The principal of the
 20 trust shall forever remain inviolate unless appropriated by
 21 vote of three-fourths (3/4) of the members of each house of
 22 the legislature. After ~~December 31, 1979~~ June 30, 1989, and
 23 through June 30, 1999, at least fifty 45 percent (50%) of
 24 the severance tax shall be dedicated to the trust fund.
 25 After June 30, 1999, at least 50 percent of the severance

1 tax shall be dedicated to the trust fund."
 2 NEW SECTION. Section 2. Article IX of The
 3 Constitution of the State of Montana is amended by adding a
 4 new section that reads:
 5 Section 6. Severance tax on coal -- local government
 6 account. For the period July 1, 1989, through June 30, 1999,
 7 the legislature shall dedicate 5 percent of the coal
 8 severance tax to a local government account for distribution
 9 to Montana's local governments.
 10 NEW SECTION. Section 3. Effective date. If approved
 11 by the electorate, this amendment is effective July 1, 1989.
 12 NEW SECTION. Section 4. Submission to electorate.
 13 This amendment shall be submitted to the electors of Montana
 14 at the general election to be held November 8, 1988, by
 15 printing on the ballot the full title of this act and the
 16 following:
 17 FOR allocating a portion of the coal severance tax
 18 to Montana local governments.
 19 AGAINST allocating a portion of the coal severance
 20 tax to Montana local governments.

-End-



STATE OF MONTANA - FISCAL NOTE

Form BD-15

In compliance with a written request, there is hereby submitted a Fiscal Note for HB288, as introduced.

DESCRIPTION OF PROPOSED LEGISLATION:

An act to submit to the qualified electors of Montana amendments to Article IX of the Montana Constitution to require the Legislature, for a period of 10 years, to dedicate 5 percent of the Coal Severance Tax to a Local Government account and to reduce to 45 percent the amount of the Coal Severance Tax required to be dedicated to the trust fund; and providing a contingent effective date.

ASSUMPTIONS:

1. Revenue and expenditure effects are based on FY89 estimates of approximately \$80 million total coal severance tax.
2. The outcome of the November 1988 election will take effect July 1, 1989.
3. There is no revenue effect in the 1989 biennium.

LONG-RANGE EFFECTS OF PROPOSED LEGISLATION:

If passed, the amendment as proposed would allow 5 percent, or approximately \$4 million, of coal severance tax revenues to be diverted away from the Coal Severance Tax Trust Fund to a Local Government account, for a period of ten years. Funding for economic development loans would be reduced by about \$1 million each year. Growth in the permanent trust and interest earnings from trust investments would be reduced. The proposal could reduce money available for local water projects financed through the coal severance bond program.

David L. Hunter DATE 1/20/87
DAVID L. HUNTER, BUDGET DIRECTOR
Office of Budget and Program Planning

Paul Pistoria DATE Jan. 21, 1987
PAUL PISTORIA, PRIMARY SPONSOR

Fiscal Note for HB288, as introduced.

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