

HB 765 INTRODUCED BY VINCENT, ET AL.
MONTANA JOBS ACT

2/14 INTRODUCED
2/14 REFERRED TO BUSINESS & LABOR
2/16 FISCAL NOTE REQUESTED
2/18 HEARING

2/18 COMMITTEE REPORT--BILL PASSED
2/20 FISCAL NOTE RECEIVED
2/21 2ND READING PASSED AS AMENDED 75 22
2/24 3RD READING PASSED 82 17

TRANSMITTED TO SENATE
3/02 REFERRED TO BUSINESS & INDUSTRY
3/03 REREFERRED TO LABOR & EMPLOYMENT RELATIONS
3/17 HEARING
DIED IN COMMITTEE

1 *House* BILL NO. *765*
 2 INTRODUCED BY *Vincent Long Bordenman NATH-Smedley Duff*
 3 *Fulley HARP Hagan Cobb Spatch Winkler Gurbir*
 4 A BILL FOR AN ACT ENTITLED: "THE MONTANA JOBS ACT;

5 PROVIDING FOR A COMPREHENSIVE EFFORT BY THE PEOPLE AND THE
 6 LEGISLATURE OF MONTANA TO ENCOURAGE, DEVELOP, AND PROMOTE
 7 THE LONG-TERM ECONOMIC REVITALIZATION OF MONTANA, THE
 8 DIVERSIFICATION OF MONTANA'S ECONOMY, AND THE CREATION OF
 9 NEW JOBS AND BUSINESSES; AMENDING SECTIONS 15-35-108,
 10 17-6-305, AND 17-6-306, MCA; PROVIDING THAT THE PROPOSED ACT
 11 BE SUBMITTED TO THE ELECTORS OF THE STATE OF MONTANA; AND
 12 PROVIDING AN EFFECTIVE DATE."

13
 14 WHEREAS, it is essential that the state of Montana
 15 increase and improve its efforts to create new jobs and
 16 economic opportunities for its citizens; and

17 WHEREAS, creating new jobs, promoting the expansion of
 18 existing businesses, and developing new businesses are
 19 essential to assure a prosperous economic future for Montana
 20 and Montana's young people; and

21 WHEREAS, economic realities dictate that Montana must
 22 develop a more stable and diversified economy if it is to
 23 prosper and meet the economic challenges of the 1990's and
 24 beyond; and

25 WHEREAS, a comprehensive job creation and economic

1 development strategy is necessary to develop and sustain a
 2 strong, stable, and diversified economy for Montana's
 3 future; and

4 WHEREAS, vital components of a vigorous, comprehensive
 5 economic development strategy for Montana include: the
 6 Science and Technology Alliance, the Business Assistance
 7 Program of the Department of Commerce, a value-added
 8 research and development capability to explore ways to add
 9 value to Montana's basic commodities before they are
 10 exported out of state, a job training program to prepare
 11 Montanans for new jobs in middle and advanced technology
 12 companies, a capital improvement funding capability for the
 13 purchase of equipment needed by units of the Montana
 14 University System to train students and conduct research in
 15 middle and advanced technologies, a general infrastructure
 16 bonding program for public improvements that enhance
 17 economic development activities, a business infrastructure
 18 development bonding program to assist communities and
 19 companies making infrastructure improvements needed to
 20 attract new businesses or to enable existing business to
 21 expand, a greater investment of money from the coal tax
 22 trust fund in Montana's economy, a venture capital bonding
 23 program to promote new businesses and innovative business
 24 development, and an operating capital bonding program to
 25 promote the expansion and growth of Montana business.



-2- INTRODUCED BILL
 HB-765

1
 2 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:
 3 Section 1. Section 15-35-108, MCA, is amended to read:
 4 "15-35-108. Disposal of severance taxes. Severance
 5 taxes collected under the provisions of this chapter are
 6 allocated as follows:
 7 (1) To the trust fund created by Article IX, section
 8 5, of the Montana constitution, 50% of total coal severance
 9 tax collections. The trust fund moneys shall be deposited
 10 in the fund established under 17-6-203(5) and invested by
 11 ~~the-board-of-investments~~ as provided by law.
 12 (2) Starting July 1, 1986, and ending June 30, 1987,
 13 6% of coal severance tax collections are allocated to the
 14 highway reconstruction trust fund account in the state
 15 special revenue fund. Starting July 1, 1987, and ending June
 16 30, 1993, 12% of coal severance tax collections are
 17 allocated to the highway reconstruction trust fund account
 18 in the state special revenue fund.
 19 (3) Coal severance tax collections remaining after the
 20 allocations provided by subsections (1) and (2) are
 21 allocated in the following percentages of the remaining
 22 balance:
 23 (a) 2 1/2% until July 1, 1987, and thereafter 4 1/2%
 24 to the state special revenue fund to the credit of the
 25 alternative energy research development and demonstration

1 account;
 2 (b) 6% until July 1, 1987, and thereafter 37 1/2% to
 3 the state special revenue fund to the credit of the local
 4 impact and education trust fund account;
 5 (c) 30% until July 1, 1987, and thereafter 10% to the
 6 state special revenue fund for state equalization aid to
 7 public schools of the state;
 8 (d) 1% to the state special revenue fund to the credit
 9 of the county land planning account;
 10 (e) 1 1/4% to the credit of the renewable resource
 11 development bond fund;
 12 (f) starting July 1, 1986, and ending June 30, 1989,
 13 5% to the general fund, and after June 30, 1989, 5% to a
 14 nonexpendable trust fund for the purpose of parks
 15 acquisition or management, protection of works of art in the
 16 state capitol, and other cultural and aesthetic projects.
 17 Income from this trust fund shall be appropriated as
 18 follows:
 19 (i) 1/3 for protection of works of art in the state
 20 capitol and other cultural and aesthetic projects; and
 21 (ii) 2/3 for the acquisition, development, operation,
 22 and maintenance of any sites and areas described in
 23 23-1-102;
 24 (g) 1% to the state special revenue fund to the credit
 25 of the state library commission for the purposes of

1 providing basic library services for the residents of all
2 counties through library federations and for payment of the
3 costs of participating in regional and national networking;

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

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

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

11 (k) 5% to an account in the state special revenue fund
12 to the credit of the Montana science and technology
13 development board;

14 (l) 5% to the state special revenue fund to the credit
15 of the department of commerce business assistance program
16 for funding economic assistance programs and value-added
17 research and development for exploring ways to add value to
18 Montana's basic commodities before they leave the state;

19 (m) 2.5% to the state special revenue fund for a job
20 training and equipment program to prepare Montanans for jobs
21 in midlevel and advanced technology companies;

22 (n) 2.5% to a higher education capital improvement
23 fund in the state special revenue fund for purchasing
24 equipment needed by units of the university system to train
25 students and conduct research in midlevel and advanced

1 technology;

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

5 Section 2. Section 17-6-305, MCA, is amended to read:
6 "17-6-305. Investment of ~~twenty-five~~ fifty percent of
7 the coal tax trust fund in the Montana economy. (1)
8 ~~Twenty-five~~ Fifty percent of all revenue deposited after
9 June 30, ~~1983~~ 1989, into the permanent coal tax trust fund
10 established in 17-6-203(5) and 15% of the annual income and
11 earnings on the Montana in-state investment fund
12 appropriated to the coal severance tax permanent fund by
13 17-5-704(2) shall be invested in the Montana economy with
14 special emphasis on investments in new or expanding locally
15 owned enterprises.

16 (2) In determining the probable income to be derived
17 from investment of this revenue, the long-term benefit to
18 the Montana economy shall be considered.

19 (3) The legislature may provide additional procedures
20 to implement this section."

21 Section 3. Section 17-6-306, MCA, is amended to read:
22 "17-6-306. Montana in-state investment fund. The
23 Montana in-state investment fund consists of:

24 (1) ~~25%~~ 50% of the revenue deposited after June 30,
25 ~~1983~~ 1989, into the permanent coal tax trust fund

1 established in 17-6-203(5);

2 (2) the principal payments on all investments made
3 from the Montana in-state investment fund; and

4 (3) 15% of the annual income and earnings on the
5 Montana in-state investment fund appropriated to the coal
6 severance tax permanent fund by 17-5-704(2)."

7 NEW SECTION. Section 4. Bonding programs. The
8 legislature shall develop bonding programs utilizing the
9 deposits to the permanent coal severance tax trust fund to
10 provide backing for the bonds. Bonding programs should
11 include:

12 (1) a general infrastructure bonding program for
13 public improvements that enhance economic development
14 activities;

15 (2) a business infrastructure development bonding
16 program to assist communities and companies making
17 infrastructure improvements needed to attract new businesses
18 or to enable existing businesses to expand;

19 (3) a venture capital bonding program to promote new
20 businesses and innovative business development; and

21 (4) an operating capital bonding program to promote
22 the expansion and growth of Montana businesses.

23 NEW SECTION. Section 5. Effective date. If approved
24 by the electorate, this act is effective July 1, 1989.

25 NEW SECTION. Section 6. Submission to electorate. The

1 question of whether sections 1 through 6 of this act will
2 become effective shall be submitted to the electors of
3 Montana at the general election to be held November 8, 1988,
4 by printing on the ballot the full title of this act and the
5 following:

6 FOR investing coal tax funds in state to create
7 jobs.

8 AGAINST investing coal tax funds in state to create
9 jobs.

-End-

STATE OF MONTANA - FISCAL NOTE

Form BD-15

In compliance with a written request, there is hereby submitted a Fiscal Note for HB765, as introduced.

DESCRIPTION OF PROPOSED LEGISLATION:

The Montana Jobs Act; providing for a comprehensive effort by the people and the Legislature of Montana to encourage, develop, and promote the long-term economic revitalization of Montana, the diversification of Montana's economy, and the creation of new jobs and businesses; providing that the proposed act be submitted to the electors of the State of Montana; and providing an effective date.

ASSUMPTIONS:

- 1) The effect of the proposal is illustrated using the Revenue Estimating Advisory Council's forecast of FY89 coal severance tax collections of \$81,856,000.

FISCAL IMPACT:

The proposal will have no effect in the biennium, since it requires approval by the electorate in the 1988 general election.

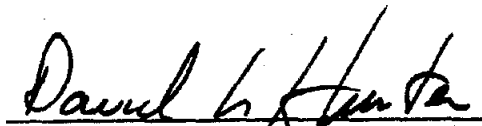
LONG-RANGE EFFECTS OF PROPOSED LEGISLATION:

If approved by the voters, the proposal would divert approximately \$4.7 million in coal severance tax collections from the general fund. The Montana Science and Technology Board, and the Business Assistance Division of the Department of Commerce would each receive \$1.6 million per year. The higher education capital fund and a job training fund would each receive \$0.8 million a year.

The proposal also would require that 50% of all receipts of the permanent trust be invested in Montana.

Given the difference in rates of return on the portions of the coal trust administered by the MEDB (Montana Economic Development Board) and the Board of Investments, some loss in trust interest and income earnings for the general fund would occur. Increased business assistance and science and technology programs should stimulate additional economic activity, which could produce income or other tax increases to offset partially the losses identified above.

If the proposal passes, the cap for the amount of bonds that can be issued for water development projects will be lowered by the amount of new bonds issued. At current rates of Coal Severance collection, the total amount of Coal Severance Tax Bonds that can be issued is \$180 million. \$28 million are currently in existence, \$21 million additional bonds have been authorized by the Legislature, and \$24.5 million in applications are before the Legislature.

 DATE 2/20/87
DAVID L. HUNTER, BUDGET DIRECTOR
Office of Budget and Program Planning

 DATE 2/20/87
JOHN VINCENT, PRIMARY SPONSOR

Fiscal Note for HB765, as introduced.

HB 765

Fiscal Note Request, HB765, as introduced.

Form BD-15

Page 2

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

Section 4 should specify the maximum dollar amount of bonds to be issued with a coal trust guarantee.

The ballot language in Section 6 could result in the elimination of existing in-state investment fund authority if the voters rejected the increased uses proposed in this bill.

HB 765

APPROVED BY COMM. ON
BUSINESS AND LABOR

HOUSE BILL NO. 765

INTRODUCED BY VINCENT, LORY, BARDANOUE, NATHE,
BRADLEY, THOFT, FRITZ, HARP, HARPER, COBB, SPAETH,
WINSLOW, QUILICI, RANEY, BULGER, DARKO, PAVLOVICH,
POULSEN, RAPP-SVRCEK, MENAHAN, POFF, SCHYE, CODY,
NISBET, STRIZICH, DEMARS, STANG, MILES, WHALEN,
DAILY, KENNERLY, RUSSELL, HANSEN, COHEN, CORNE',
REAM, MOORE, CONNELLY, J. BROWN, PISTORIA, KADAS,
PECK, MCCORMICK, M. WILLIAMS, O'CONNELL, HARRINGTON,
BACHINI, ADDY, HOLLIDAY, SQUIRES, KOEHNKE, DRISCOLL,
D. BROWN, KEENAN, MANUEL, BRANDEWIE, GLASER, JONES,
C. SMITH, PETERSON, WALLIN, DONALDSON,
GRADY, MILLER, GOULD, IVERSON

A BILL FOR AN ACT ENTITLED: "THE MONTANA JOBS ACT;
PROVIDING FOR A COMPREHENSIVE EFFORT BY THE PEOPLE AND THE
LEGISLATURE OF MONTANA TO ENCOURAGE, DEVELOP, AND PROMOTE
THE LONG-TERM ECONOMIC REVITALIZATION OF MONTANA, THE
DIVERSIFICATION OF MONTANA'S ECONOMY, AND THE CREATION OF
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and Montana's young people; and

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prosper and meet the economic challenges of the 1990's and
beyond; and

WHEREAS, a comprehensive job creation and economic
development strategy is necessary to develop and sustain a
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WHEREAS, vital components of a vigorous, comprehensive
economic development strategy for Montana include: the
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Program of the Department of Commerce, a value-added
research and development capability to explore ways to add
value to Montana's basic commodities before they are
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Montanans for new jobs in middle and advanced technology
companies, a capital improvement funding capability for the
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University System to train students and conduct research in



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 21 in the fund established under 17-6-203(5) and invested by
 22 ~~the-board-of-investments~~ as provided by law.

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 24 6% of coal severance tax collections are allocated to the
 25 highway reconstruction trust fund account in the state

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 6 allocations provided by subsections (1) and (2) are
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 11 alternative energy research development and demonstration
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13 (b) 6% until July 1, 1987, and thereafter 37 1/2% to
 14 the state special revenue fund to the credit of the local
 15 impact and education trust fund account;

16 (c) 30% until July 1, 1987, and thereafter 10% to the
 17 state special revenue fund for state equalization aid to
 18 public schools of the state;

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

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

23 (f) starting July 1, 1986, and ending June 30, 1989,
 24 5% to the general fund, and after June 30, 1989, 5% to a
 25 nonexpendable trust fund for the purpose of parks

1 acquisition or management, protection of works of art in the
 2 state capitol, and other cultural and aesthetic projects.
 3 Income from this trust fund shall be appropriated as
 4 follows:

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 6 capitol and other cultural and aesthetic projects; and

7 (ii) 2/3 for the acquisition, development, operation,
 8 and maintenance of any sites and areas described in
 9 23-1-102;

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 11 of the state library commission for the purposes of
 12 providing basic library services for the residents of all
 13 counties through library federations and for payment of the
 14 costs of participating in regional and national networking;

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

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

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 20 reconstruction trust fund account in the state special
 21 revenue fund;

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 23 to the credit of the Montana science and technology
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1 of the department of commerce business assistance program
 2 for funding economic assistance programs and value-added
 3 research and development for exploring ways to add value to
 4 Montana's basic commodities before they leave the state;

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 7 in midlevel and advanced technology companies;

8 (n) 2.5% to a higher education capital improvement
 9 fund in the state special revenue fund for purchasing
 10 equipment needed by units of the university system to train
 11 students and conduct research in midlevel and advanced
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13 (k)(o) all other revenues from severance taxes
 14 collected under the provisions of this chapter to the credit
 15 of the general fund of the state."

16 Section 2. Section 17-6-305, MCA, is amended to read:

17 "17-6-305. Investment of ~~twenty-five~~ fifty percent of
 18 the coal tax trust fund in the Montana economy. (1)
 19 ~~Twenty-five~~ Fifty percent of all revenue deposited after
 20 June 30, ~~1983~~ 1989, into the permanent coal tax trust fund
 21 established in 17-6-203(5) and 15% of the annual income and
 22 earnings on the Montana in-state investment fund
 23 appropriated to the coal severance tax permanent fund by
 24 17-5-704(2) shall be invested in the Montana economy with
 25 special emphasis on investments in new or expanding locally

1 owned enterprises.

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3 from investment of this revenue, the long-term benefit to
4 the Montana economy shall be considered.

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7 Section 3. Section 17-6-306, MCA, is amended to read:
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17 severance tax permanent fund by 17-5-704(2)."

18 NEW SECTION. Section 4. Bonding programs. The
19 legislature shall develop bonding programs utilizing the
20 deposits to the permanent coal severance tax trust fund to
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9 NEW SECTION. Section 5. Effective date. If approved
10 by the electorate, this act is effective July 1, 1989.

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13 become effective shall be submitted to the electors of
14 Montana at the general election to be held November 8, 1988,
15 by printing on the ballot the full title of this act and the
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 6 training and equipment program to prepare Montanans for jobs
 7 in midlevel and advanced technology companies;

8 (n) 2.5% to a higher education capital improvement
 9 fund in the state special revenue fund for purchasing
 10 equipment needed by units of the university system to train
 11 students and conduct research in midlevel and advanced
 12 technology;

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

16 Section 2. Section 17-6-305, MCA, is amended to read:
 17 "17-6-305. Investment of ~~twenty-five~~ fifty percent of
 18 the coal tax trust fund in the Montana economy. (1)
 19 ~~Twenty-five~~ Fifty percent of all revenue deposited after
 20 June 30, ~~1983~~ 1989, into the permanent coal tax trust fund
 21 established in 17-6-203(5) and 15% of the annual income and
 22 earnings on the Montana in-state investment fund
 23 appropriated to the coal severance tax permanent fund by
 24 17-5-704(2) shall be invested in the Montana economy with
 25 special emphasis on investments in new or expanding locally

1 owned enterprises.

2 (2) In determining the probable income to be derived
3 from investment of this revenue, the long-term benefit to
4 the Montana economy shall be considered.

5 (3) The legislature may provide additional procedures
6 to implement this section."

7 Section 3. Section 17-6-306, MCA, is amended to read:

8 "17-6-306. Montana in-state investment fund. The
9 Montana in-state investment fund consists of:

10 (1) 25% ~~50%~~ of the revenue deposited after June 30,
11 ~~1983~~ 1989, into the permanent coal tax trust fund
12 established in 17-6-203(5);

13 (2) the principal payments on all investments made
14 from the Montana in-state investment fund; and

15 (3) 15% of the annual income and earnings on the
16 Montana in-state investment fund appropriated to the coal
17 severance tax permanent fund by 17-5-704(2)."

18 NEW SECTION. Section 4. Bonding programs. The
19 legislature shall develop bonding programs NOT TO EXCEED \$50
20 MILLION utilizing the deposits to the permanent coal
21 severance tax trust fund to provide backing for the bonds.
22 Bonding programs should include:

23 (1) a general infrastructure bonding program for
24 public improvements that enhance economic development
25 activities;

1 (2) a business infrastructure development bonding
2 program to assist communities and companies making
3 infrastructure improvements needed to attract new businesses
4 or to enable existing businesses to expand;

5 (3) a venture capital bonding program to promote new
6 businesses and innovative business development; and

7 (4) an operating capital bonding program to promote
8 the expansion and growth of Montana businesses.

9 NEW SECTION. Section 5. Effective date. If approved
10 by the electorate, this act is effective July 1, 1989.

11 NEW SECTION. Section 6. Submission to electorate. The
12 question of whether sections 1 through 6 of this act will
13 become effective shall be submitted to the electors of
14 Montana at the general election to be held November 8, 1988,
15 by printing on the ballot the full title of this act and the
16 following:

17 FOR investing AN ADDITIONAL 25% coal tax funds in
18 state to create jobs.

19 AGAINST investing AN ADDITIONAL 25% coal tax funds
20 in state to create jobs.

-End-