

HB 862 INTRODUCED BY WINSLOW, ET AL.
MONTANA PROGRESSIVE DEVELOPMENT ACT

3/05	INTRODUCED		
3/05	REFERRED TO BUSINESS & LABOR		
3/05	FISCAL NOTE REQUESTED		
3/12	FISCAL NOTE RECEIVED		
3/16	HEARING		
3/17	COMMITTEE REPORT--BILL PASSED		
3/20	2ND READING PASSED AS AMENDED	93	6
3/20	REREFERRED TO APPROPRIATIONS		
3/25	HEARING		
3/28	COMMITTEE REPORT--BILL PASSED AS AMENDED		
3/31	2ND READING PASSED	85	4
4/01	3RD READING PASSED	83	10
	TRANSMITTED TO SENATE		
4/03	REFERRED TO BUSINESS & INDUSTRY		
4/04	REREFERRED TO FINANCE & CLAIMS		
4/08	HEARING		
4/14	ADVERSE COMMITTEE REPORT ADOPTED	40	6
4/15	RETURNED TO HOUSE NOT CONCURRED		

1 *House* BILL NO. *862*
 2 INTRODUCED BY *Wendell Vincent Daniel Cobb Bradley*
 3 *Harold Ramon Mercer Mark HARP Fitch*
 4 *James Miller* A BILL FOR AN ACT ENTITLED: "AN ACT TO REVITALIZE THE
 5 MONTANA ECONOMY BY INVESTING COAL SEVERANCE TAX PROCEEDS FOR
 6 JOBS AND DEVELOPMENT; TO APPROPRIATE MONEY TO THE VARIOUS
 7 PROGRAMS; AMENDING SECTION 15-35-108, MCA; AND PROVIDING AN
 8 EFFECTIVE DATE."

10 WHEREAS, Montana has arrived at a crossroads in its
 11 economic history requiring a comprehensive effort to create
 12 new jobs and businesses to add to traditional agricultural
 13 and resource-based industries in order to reinstate
 14 stability and prosperity in the Montana economy; and

15 WHEREAS, to avoid economic stagnation, it is necessary
 16 for the state to support and encourage diversification and
 17 innovation in traditional industries and in new businesses;
 18 and

19 WHEREAS, Montana needs a fertile environment for new
 20 economic development; and

21 WHEREAS, it is important that Montana actively and
 22 aggressively promote the state and its products nationally
 23 and internationally; and

24 WHEREAS, the promotion and expansion of existing
 25 business and the recruitment of new business will result in

1 additional jobs for Montana citizens.

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

4 Section 1. Section 15-35-108, MCA, is amended to read:
 5 "15-35-108. Disposal of severance taxes. Severance
 6 taxes collected under the provisions of this chapter are
 7 allocated as follows:

8 (1) To the trust fund created by Article IX, section
 9 5, of the Montana constitution, 50% of total coal severance
 10 tax collections. The trust fund moneys shall be deposited
 11 in the fund established under 17-6-203(5) and invested by
 12 the board of investments as provided by law.

13 (2) Starting July 1, 1986, and ending June 30, 1987,
 14 6% of coal severance tax collections are allocated to the
 15 highway reconstruction trust fund account in the state
 16 special revenue fund. Starting July 1, 1987, and ending June
 17 30, 1993, 12% of coal severance tax collections are
 18 allocated to the highway reconstruction trust fund account
 19 in the state special revenue fund.

20 (3) Coal severance tax collections remaining after the
 21 allocations provided by subsections (1) and (2) are
 22 allocated in the following percentages of the remaining
 23 balance:

24 (a) 2 1/2% until July 1, 1987, and thereafter 4 1/2%
 25 to the state special revenue fund to the credit of the



-2- INTRODUCED BILL
 HB 862

1 alternative energy research development and demonstration
2 account;

3 (b) 6% until July 1, 1987, and thereafter ~~37-1/2%~~
4 22 1/2% to the state special revenue fund to the credit of
5 the local impact and education trust fund account;

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

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

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

13 (f) starting July 1, 1986, and ending June 30, 1989,
14 5% to the general fund, and after June 30, 1989, 5% to a
15 nonexpendable trust fund for the purpose of parks
16 acquisition or management, protection of works of art in the
17 state capitol, and other cultural and aesthetic projects.
18 Income from this trust fund shall be appropriated as
19 follows:

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

22 (ii) 2/3 for the acquisition, development, operation,
23 and maintenance of any sites and areas described in
24 23-1-102;

25 (g) 1% to the state special revenue fund to the credit

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

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

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

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

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

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

20 (m) 2 1/2% to the state special revenue fund for a job
21 training and equipment program to prepare Montanans for jobs
22 in midlevel and advanced technology companies;

23 (n) 2 1/2% to a higher education capital improvement
24 fund in the state special revenue fund for purchasing
25 equipment needed by units of the university system to train

1 students and conduct research in midlevel and advanced
2 technology;

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

6 NEW SECTION. Section 2. Appropriations. (1) There is
7 appropriated from the state special revenue fund to the
8 Montana science and technology development board for the
9 biennium ending June 30, 1989, all money allocated under
10 15-35-108(3)(k).

11 (2) There is appropriated from the state special
12 revenue fund to the department of commerce business
13 assistance program for the biennium ending June 30, 1989,
14 all money allocated under 15-35-108(3)(l), to be used as
15 described in 15-35-108(3)(l).

16 (3) There is appropriated from the state special
17 revenue fund to the department of labor and industry for the
18 biennium ending June 30, 1989, all money allocated under
19 15-35-108(3)(m), to be used as described in 15-35-108(3)(m).

20 (4) There is appropriated from the state special
21 revenue fund to the board of regents for the biennium ending
22 June 30, 1989, all money allocated under 15-35-108(3)(n), to
23 be used as described in 15-35-108(3)(n).

24 NEW SECTION. Section 3. Effective date. This act is
25 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 HB862, as introduced.

DESCRIPTION OF PROPOSED LEGISLATION:

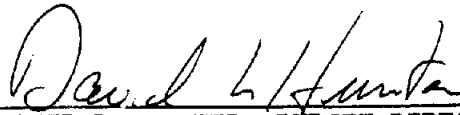
An act to revitalize the Montana economy by investing coal severance tax proceeds for jobs and development; to appropriate money to the various programs; and providing an effective date.

ASSUMPTIONS:

Allocations are based on Revenue Estimating Advisory Council's coal severance tax estimates of \$78,663,000 in FY88 and \$81,856,000 in FY86.

FISCAL IMPACT:Fund Information:

	FY88			FY89		
	Revenue Under Current Law	Revenue Under Proposed Law	Difference	Revenue Under Current Law	Revenue Under Proposed Law	Difference
Coal Tax Trust Fund	\$ 39,331,500	\$ 39,331,500	\$ 0	\$ 40,928,000	\$ 40,928,000	\$ 0
Alternative Energy	1,345,137	1,345,147	0	1,399,738	1,399,738	0
Local Impact	5,231,090	3,138,654	(2,092,436)	5,443,424	3,266,054	(2,177,370)
Education Trust	5,978,388	3,587,033	(2,391,355)	6,221,056	3,732,634	(2,488,422)
School Equalization	2,989,194	2,989,194	0	3,110,528	3,110,528	0
County Land Planning	298,919	298,919	0	311,053	311,053	0
Renewable Resource	373,649	373,649	0	388,816	388,816	0
Parks Acquis. and Maint.	0	0	0	0	0	0
State Library Commission	298,919	298,919	0	311,053	311,053	0
State General Fund	12,853,534	12,853,534	0	13,375,270	13,375,270	0
Water Development	373,649	373,649	0	388,816	388,816	0
Conservation Districts	149,460	149,460	0	155,526	155,526	0
Highway Fund	9,439,560	9,439,560	0	9,822,720	9,822,720	0
Science & Technology Board	0	1,494,597	1,494,597	0	1,555,264	1,555,264
Business Assistance Program	0	1,494,597	1,494,597	0	1,555,264	1,555,264
Job Training and Equipment	0	747,299	747,299	0	777,632	777,632
Higher Education						
Capital Improvement	0	747,299	747,299	0	777,632	777,632
TOTAL	\$ 78,663,000	\$ 78,663,000	\$ 0	\$ 81,856,000	\$ 81,856,000	\$ 0

 DATE 3/12/87
 DAVID L. HUNTER, BUDGET DIRECTOR
 Office of Budget and Program Planning

DATE
 CAL WINSLOW, PRIMARY SPONSOR

Fiscal Note for HB862, as introduced.

HB862

Fiscal Note Request, HB862, as introduced.

Form BD-15

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Trust Fund Interest Earnings Impact (Revenue Decrease):

	<u>FY88</u>	<u>FY89</u>
Education Trust		
Adult Basic Education/Vo-Tech	(\$ 7,345)	(\$ 29,765)
Foundation Program	(49,575)	(200,909)
Board of Regents	(16,525)	(66,970)
	<u>(\$ 73,445)</u>	<u>(\$297,644)</u>
TOTAL		

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

The fiscal impact assumes that the proposal applies to coal mined after April 1, 1987. If the bill is not amended to apply to coal mined after April 1, 1987, there would be a one quarter lag in the fiscal impact.

SB228 allocates the same funds to the general fund. Coordination language needs to be provided if both bills were to pass.

HB002 as approved by the subcommittee, has utilized alternative energy funds for the Science and Technology Board. Coordination language should be provided.

HB862

1 HOUSE BILL NO. 862
 2 INTRODUCED BY WINSLOW, VINCENT, CAMPBELL, COBB,
 3 BRADLEY, HANNAH, RAMIREZ, BRANDEWIE, IVERSON, MERCER,
 4 MARKS, HARP, FRITZ, D. BROWN, MILLER, THOMAS, MEYERS
 5
 6 A BILL FOR AN ACT ENTITLED: "AN ACT TO REVITALIZE THE
 7 MONTANA ECONOMY BY INVESTING COAL SEVERANCE TAX PROCEEDS FOR
 8 JOBS AND DEVELOPMENT; TO APPROPRIATE MONEY TO THE VARIOUS
 9 PROGRAMS; AMENDING SECTION 15-35-108, MCA; AND PROVIDING AN
 10 EFFECTIVE DATE."

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 12 WHEREAS, Montana has arrived at a crossroads in its
 13 economic history requiring a comprehensive effort to create
 14 new jobs and businesses to add to traditional agricultural
 15 and resource-based industries in order to reinstate
 16 stability and prosperity in the Montana economy; and

17 WHEREAS, to avoid economic stagnation, it is necessary
 18 for the state to support and encourage diversification and
 19 innovation in traditional industries and in new businesses;
 20 and

21 WHEREAS, Montana needs a fertile environment for new
 22 economic development; and

23 WHEREAS, it is important that Montana actively and
 24 aggressively promote the state and its products nationally
 25 and internationally; and

1 WHEREAS, the promotion and expansion of existing
 2 business and the recruitment of new business will result in
 3 additional jobs for Montana citizens.
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 11 5, of the Montana constitution, 50% of total coal severance
 12 tax collections. The trust fund moneys shall be deposited
 13 in the fund established under 17-6-203(5) and invested by
 14 the board of investments as provided by law.

15 (2) Starting July 1, 1986, and ending June 30, 1987,
 16 6% of coal severance tax collections are allocated to the
 17 highway reconstruction trust fund account in the state
 18 special revenue fund. Starting July 1, 1987, and ending June
 19 30, 1993, 12% of coal severance tax collections are
 20 allocated to the highway reconstruction trust fund account
 21 in the state special revenue fund.

22 (3) Coal severance tax collections remaining after the
 23 allocations provided by subsections (1) and (2) are
 24 allocated in the following percentages of the remaining
 25 balance:

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

5 (b) 6% until July 1, 1987, and thereafter ~~37-1/2%~~
6 22-1/2% 27.5% to the state special revenue fund to the
7 credit of the local impact and education trust fund a count;

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

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

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

15 (f) starting July 1, 1986, and ending June 30, 1989,
16 5% to the general fund, and after June 30, 1989, 5% to a
17 nonexpendable trust fund for the purpose of parks
18 acquisition or management, protection of works of art in the
19 state capitol, and other cultural and aesthetic projects.
20 Income from this trust fund shall be appropriated as
21 follows:

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

24 (ii) 2/3 for the acquisition, development, operation,
25 and maintenance of any sites and areas described in

1 23-1-102;

2 (g) 1% to the state special revenue fund to the credit
3 of the state library commission for the purposes of
4 providing basic library services for the residents of all
5 counties through library federations and for payment of the
6 costs of participating in regional and national networking;

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

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

11 (j) 4% until July 1, 1987, to the highway
12 reconstruction trust fund account in the state special
13 revenue fund;

14 (k) 5% 3% to an account in the state special revenue
15 fund to the credit of the Montana science and technology
16 development board;

17 (l) 5% 3% to the state special revenue fund to the
18 credit of the department of commerce business assistance
19 program for funding economic assistance programs and
20 value-added research and development for exploring ways to
21 add value to Montana's basic commodities before they leave
22 the state;

23 (m) 2-1/2% 2% to the state special revenue fund for a
24 job training and equipment program to prepare Montanans for
25 jobs in midlevel and advanced technology companies;

1 (n) 2-1/2% 2% to a higher education capital
2 improvement fund in the state special revenue fund for
3 purchasing equipment needed by units of the university
4 system to train students and conduct research in midlevel
5 and advanced technology;

6 {k}{o} all other revenues from severance taxes
7 collected under the provisions of this chapter to the credit
8 of the general fund of the state."

9 NEW SECTION. SECTION 2. MONTANA VALUE-ADDED
10 COMMISSION. THE MONTANA VALUE-ADDED COMMISSION IS CREATED
11 TO CONDUCT VALUE-ADDED RESEARCH AND DEVELOPMENT FOR
12 EXPLORING WAYS TO ADD VALUE TO MONTANA'S BASIC COMMODITIES
13 BEFORE THEY LEAVE THE STATE. THE VALUE-ADDED COMMISSION IS
14 FUNDED AS PROVIDED IN 15-35-108(3)(L).

15 NEW SECTION. SECTION 3. APPOINTMENT AND COMPOSITION
16 OF THE MONTANA VALUE-ADDED COMMISSION. (1) NINE MEMBERS ARE
17 APPOINTED FROM THE FOLLOWING INDUSTRIES:

- 18 (A) WOOD PRODUCTS;
- 19 (B) OIL AND GAS;
- 20 (C) COAL MINING;
- 21 (D) METALS AND NONFUEL MINERALS MINING;
- 22 (E) LIVESTOCK (CATTLE AND SHEEP);
- 23 (F) GRAIN GROWERS;
- 24 (G) MANUFACTURING;
- 25 (H) HIGH TECHNOLOGY; AND

1 (I) TOURISM.
2 (2) ONE MEMBER IS APPOINTED FROM THE UNIVERSITY
3 RESEARCH AND DEVELOPMENT PROGRAMS WITHIN THE UNIVERSITY
4 SYSTEM.

5 (3) COMMISSION NOMINEES REPRESENTING INDUSTRY WILL BE
6 REQUESTED FROM INDUSTRY TRADE ASSOCIATIONS BY THE DIRECTOR
7 OF THE DEPARTMENT OF COMMERCE. A TRADE ASSOCIATION
8 EXECUTIVE MAY BE A COMMISSION MEMBER. UNIVERSITY NOMINEES
9 MUST BE SUBMITTED BY THE UNIVERSITY PRESIDENTS.

10 (4) AFTER CONSULTATION WITH THE SPEAKER OF THE HOUSE,
11 THE PRESIDENT OF THE SENATE, THE SENATE REPUBLICAN FLOOR
12 LEADER, AND THE HOUSE MINORITY LEADER, THE DIRECTOR OF THE
13 DEPARTMENT OF COMMERCE SHALL APPOINT THE COMMISSION FROM THE
14 NOMINEES SUBMITTED BY THE INDUSTRY SECTORS AND THE
15 UNIVERSITY PRESIDENTS.

16 NEW SECTION. Section 4. Appropriations. (1) There is
17 appropriated from the state special revenue fund to the
18 Montana science and technology development board for the
19 biennium ending June 30, 1989, all money allocated under
20 15-35-108(3)(k).

21 (2) There is appropriated from the state special
22 revenue fund to the department of commerce business
23 assistance program for the biennium ending June 30, 1989,
24 all money allocated under 15-35-108(3)(1), to be used as
25 described in 15-35-108(3)(1).

1 (3) There is appropriated from the state special
2 revenue fund to the department of labor and industry for the
3 biennium ending June 30, 1989, all money allocated under
4 15-35-108(3)(m), to be used as described in 15-35-108(3)(m).

5 (4) There is appropriated from the state special
6 revenue fund to the board of regents for the biennium ending
7 June 30, 1989, all money allocated under 15-35-108(3)(n), to
8 be used as described in 15-35-108(3)(n).

9 NEW SECTION. Section 5. Effective date. This act is
10 effective July 1, 1987.

-End-

1 HOUSE BILL NO. 862

2 INTRODUCED BY WINSLOW, VINCENT, CAMPBELL, COBB,
3 BRADLEY, HANNAH, RAMIREZ, BRANDEWIE, IVERSON, MERCER,
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15 and resource-based industries in order to reinstate
16 stability and prosperity in the Montana economy; and

17 WHEREAS, to avoid economic stagnation, it is necessary
18 for the state to support and encourage diversification and
19 innovation in traditional industries and in new businesses;
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22 economic development; and

23 WHEREAS, it is important that Montana actively and
24 aggressively promote the state and its products nationally
25 and internationally; and

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2 business and the recruitment of new business will result in
3 additional jobs for Montana citizens.

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16 6% of coal severance tax collections are allocated to the
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4 account;

5 (b) 6% until July 1, 1987, and thereafter ~~37-1/2%~~
6 22-1/2% 27.5% to the state special revenue fund to the
7 credit of the local impact and education trust fund account;

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9 state special revenue fund for state equalization aid to
10 public schools of the state;

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

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

15 (f) starting July 1, 1986, and ending June 30, 1989,
16 5% to the general fund, and after June 30, 1989, 5% to a
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18 acquisition or management, protection of works of art in the
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20 Income from this trust fund shall be appropriated as
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1 23-1-102;

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4 providing basic library services for the residents of all
5 counties through library federations and for payment of the
6 costs of participating in regional and national networking;

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8 conservation districts;

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12 reconstruction trust fund account in the state special
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14 (k) 5% 3% to an account in the state special revenue
15 fund to the credit of the Montana science and technology
16 development board;

17 (l) 5% 3% to the state special revenue fund to the
18 credit of the department of commerce business assistance
19 program for funding economic assistance programs and
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21 add value to Montana's basic commodities before they leave
22 the state;

23 (m) 2-1/2% 2% to the state special revenue fund for a
24 job training and equipment program to prepare Montanans for
25 jobs in midlevel and advanced technology companies;

1 (n) 2-1/2% 2% to a higher education capital
 2 improvement fund in the state special revenue fund for
 3 purchasing equipment needed by units of the university
 4 system to train students and conduct research in midlevel
 5 and advanced technology;

6 {k}{o} all other revenues from severance taxes
 7 collected under the provisions of this chapter to the credit
 8 of the general fund of the state."

9 NEW SECTION. SECTION 2. MONTANA VALUE-ADDED
 10 COMMISSION. THE MONTANA VALUE-ADDED COMMISSION IS CREATED
 11 TO CONDUCT VALUE-ADDED RESEARCH AND DEVELOPMENT FOR
 12 EXPLORING WAYS TO ADD VALUE TO MONTANA'S BASIC COMMODITIES
 13 BEFORE THEY LEAVE THE STATE. THE VALUE-ADDED COMMISSION IS
 14 FUNDED AS PROVIDED IN 15-35-108(3)(L).

15 NEW SECTION. SECTION 3. APPOINTMENT AND COMPOSITION
 16 OF THE MONTANA VALUE-ADDED COMMISSION. (1) NINE MEMBERS ARE
 17 APPOINTED FROM THE FOLLOWING INDUSTRIES:

18 (A) WOOD PRODUCTS;

19 (B) OIL AND GAS;

20 (C) COAL MINING;

21 (D) METALS AND NONFUEL MINERALS MINING;

22 (E) LIVESTOCK (CATTLE AND SHEEP);

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5 (3) COMMISSION NOMINEES REPRESENTING INDUSTRY WILL BE
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 7 OF THE DEPARTMENT OF COMMERCE. A TRADE ASSOCIATION
 8 EXECUTIVE MAY BE A COMMISSION MEMBER. UNIVERSITY NOMINEES
 9 MUST BE SUBMITTED BY THE UNIVERSITY PRESIDENTS.

10 (4) AFTER CONSULTATION WITH THE SPEAKER OF THE HOUSE,
 11 THE PRESIDENT OF THE SENATE, THE SENATE REPUBLICAN FLOOR
 12 LEADER, AND THE HOUSE MINORITY LEADER, THE DIRECTOR OF THE
 13 DEPARTMENT OF COMMERCE SHALL APPOINT THE COMMISSION FROM THE
 14 NOMINEES SUBMITTED BY THE INDUSTRY SECTORS AND THE
 15 UNIVERSITY PRESIDENTS.

16 NEW SECTION. Section 4. Appropriations. (1) There is
 17 appropriated from the state special revenue fund to the
 18 Montana science and technology development board for the
 19 biennium ending June 30, 1989, all money allocated under
 20 15-35-108(3)(k).

21 (2) There is appropriated from the state special
 22 revenue fund to the department of commerce business
 23 assistance program for the biennium ending June 30, 1989,
 24 all money allocated under 15-35-108(3)(l), to be used as
 25 described in 15-35-108(3)(l).

1 (3) There is appropriated from the state special
2 revenue fund to the department of labor and industry for the
3 biennium ending June 30, 1989, all money allocated under
4 15-35-108(3)(m), to be used as described in 15-35-108(3)(m).

5 (4) There is appropriated from the state special
6 revenue fund to the board of regents for the biennium ending
7 June 30, 1989, all money allocated under 15-35-108(3)(n), to
8 be used as described in 15-35-108(3)(n).

9 NEW SECTION. Section 5. Effective date. This act is
10 effective July 1, 1987.

-End-