

HB 883 INTRODUCED BY WILLIAMS, M., ET AL.  
DISTRIBUTE SALES TAX REVENUE; APPROPRIATE TO  
DEPARTMENT OF REVENUE; DELAY INITIATIVE  
NO. 105  
BY REQUEST OF GOVERNOR

3/14 INTRODUCED  
3/14 REFERRED TO TAXATION  
3/16 HEARING  
3/16 FISCAL NOTE REQUESTED  
3/19 FISCAL NOTE RECEIVED  
3/30 TABLED IN COMMITTEE

1 House BILL NO. 883  
 2 INTRODUCED BY M. Williams, David Benton Smith  
 3 BY REQUEST OF THE GOVERNOR Ramirez

4 A BILL FOR AN ACT ENTITLED: "AN ACT ESTABLISHING  
 5 DISTRIBUTION FORMULAS FOR SALES AND USE TAX REVENUE  
 6 APPROPRIATED BY THE LEGISLATURE; APPROPRIATING FUNDS TO THE  
 7 DEPARTMENT OF REVENUE FOR FISCAL YEARS 1988 AND 1989 FOR THE  
 8 PURPOSE OF ADMINISTERING THE SALES AND USE TAX CREATED IN  
 9 SENATE BILL NO. 395; AMENDING SECTION 17-7-502, MCA;  
 10 AMENDING INITIATIVE NO. 105 TO DELAY THE EFFECTIVE DATE OF  
 11 INITIATIVE NO. 105 APPROVED BY THE ELECTORATE ON NOVEMBER 4,  
 12 1986 AND TO MAKE THE INITIATIVE EFFECTIVE IF THE ELECTORATE  
 13 REJECTS SENATE BILL NO. 395; AND PROVIDING AN IMMEDIATE  
 14 EFFECTIVE DATE AND A CONTINGENT TERMINATION DATE."  
 15

16 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:  
 17 NEW SECTION. Section 1. Distribution of sales tax and  
 18 use tax revenue. (1) All revenue received from the tax  
 19 imposed by [section 2, Senate Bill No. 395], and deposited  
 20 in the sales tax and use tax account created in [section  
 21 165, Senate Bill No. 395], is allocated as provided in  
 22 subsections (2) through (4).  
 23 (2) So much of the revenue as is necessary for the  
 24 administration of the sales tax and use tax created in  
 25

1 [section 2, Senate Bill No. 395], is allocated to the  
 2 department of revenue.

3 (3) (a) For fiscal year 1990, 25%; for fiscal year  
 4 1991, 50%; for fiscal year 1992, 75%; and for fiscal year  
 5 1993 and thereafter, 100%, is allocated as provided in  
 6 subsection (4).

7 (b) For fiscal year 1990, 75%; for fiscal year 1991,  
 8 50%; for fiscal year 1992, 25%; and for fiscal year 1993 and  
 9 thereafter, 0%, is allocated as provided in subsection (5).

10 (4) The revenue allocated under subsection (3)(a) to  
 11 fund taxing jurisdictions must be distributed as follows:

12 (a) One-half of each county's share is determined by  
 13 the ratio of the county's population to the total population  
 14 in the state.

15 (b) The remaining one-half is distributed according to  
 16 the formula  $ICS = TBFC/TBFS \times CG$  where:

- 17 (i) ICS is one-half of the individual county's share;
- 18 (ii) TBFC is the tax base factor in the county;
- 19 (iii) TBFS is the sum of the tax base factors for all
- 20 counties;
- 21 (iv) CG is the amount of money allocated to fund this
- 22 subsection (4)(b); and
- 23 (v)  $TBF = CMV/IMV \times ICP$  where:
- 24 (A) TBF is the county tax base factor;
- 25 (B) CMV is the average mill value per capita of all



1 counties;

2 (C) IMV is the individual county mill value per  
3 capita;

4 (D) ICP is the individual county population.

5 (5) For the fiscal years beginning July 1, 1989, July  
6 1, 1990, and July 1, 1991, each local government and school  
7 district must receive a pro rata distribution as follows:

8 (a) On a report in the form prescribed by the  
9 department, each county treasurer shall compute the total  
10 amount of revenue actually received from personal property  
11 taxes for the period July 1, 1988, through June 30, 1989.

12 (b) The amount computed in subsection (5)(a) must be  
13 certified as correct by the county treasurer and must be  
14 sent to the department prior to December 31, 1989. The state  
15 is not responsible for any error made by any county  
16 official. If such an error is discovered, the state may not  
17 change, amend, or revise any prior distribution.

18 (c) The department shall determine the amount to be  
19 distributed to each county for reimbursement of personal  
20 property taxes lost by dividing the amount certified by each  
21 county, adjusted to exclude the real property portion of  
22 centrally assessed intercounty property, by the total amount  
23 of personal property taxes certified for all the counties.

24 (d) The ratio determined in subsection (5)(c) must be  
25 applied to the allocation made for that fiscal year to

1 determine the amount to be distributed to the county.

2 (6) Upon receipt of the funds distributed according to  
3 this section, the county treasurer shall distribute the  
4 funds in the relative proportions of the taxes levied for  
5 state, county, school district, municipal, and special  
6 district purposes in the same manner as property taxes are  
7 distributed.

8 (7) Population figures used in this section must be  
9 the most recent figures as determined by the Montana  
10 department of commerce.

11 (8) Mill values used in this section must be based on  
12 the most recent taxable valuation figures as determined by  
13 the department of revenue for the fiscal year in which  
14 payments will be made.

15 (9) Upon receipt of the funds distributed according to  
16 this section, the county treasurer shall distribute the  
17 funds in the relative proportions of the taxes levied for  
18 state, county, school district, municipal, and special  
19 district purposes in the same manner as property taxes are  
20 distributed.

21 (10) The amounts required to be distributed by this  
22 section must be distributed on March 31 and September 30 of  
23 each year, beginning March 31, 1990.

24 (11) The allocations provided in this section are  
25 statutory appropriations as described in 17-7-502.

1 Section 2. Section 17-7-502, MCA, is amended to read:  
 2 "17-7-502. Statutory appropriations -- definition --  
 3 requisites for validity. (1) A statutory appropriation is an  
 4 appropriation made by permanent law that authorizes spending  
 5 by a state agency without the need for a biennial  
 6 legislative appropriation or budget amendment.

7 (2) Except as provided in subsection (4), to be  
 8 effective, a statutory appropriation must comply with both  
 9 of the following provisions:

10 (a) The law containing the statutory authority must be  
 11 listed in subsection (3).

12 (b) The law or portion of the law making a statutory  
 13 appropriation must specifically state that a statutory  
 14 appropriation is made as provided in this section.

15 (3) The following laws are the only laws containing  
 16 statutory appropriations:

- 17 (a) 2-9-202;
- 18 (b) 2-17-105;
- 19 (c) 2-18-812;
- 20 (d) 10-3-203;
- 21 (e) 10-3-312;
- 22 (f) 10-3-314;
- 23 (g) 10-4-301;
- 24 (h) 13-37-304;
- 25 (i) 15-31-702;

- 1 (j) 15-36-112;
- 2 (k) 15-70-101;
- 3 (l) 16-1-404;
- 4 (m) 16-1-410;
- 5 (n) 16-1-411;
- 6 (o) 17-3-212;
- 7 (p) 17-5-404;
- 8 (q) 17-5-424;
- 9 (r) 17-5-804;
- 10 (s) 19-8-504;
- 11 (t) 19-9-702;
- 12 (u) 19-9-1007;
- 13 (v) 19-10-205;
- 14 (w) 19-10-305;
- 15 (x) 19-10-506;
- 16 (y) 19-11-512;
- 17 (z) 19-11-513;
- 18 (aa) 19-11-606;
- 19 (bb) 19-12-301;
- 20 (cc) 19-13-604;
- 21 (dd) 20-6-406;
- 22 (ee) 20-8-111;
- 23 (ff) 23-5-612;
- 24 (gg) 37-51-501;
- 25 (hh) 53-24-206;

1 (ii) 75-1-1101;  
 2 (jj) 75-7-305;  
 3 (kk) 80-2-103;  
 4 (ll) 80-2-228;  
 5 (mm) 90-3-301;  
 6 (nn) 90-3-302;  
 7 (oo) 90-15-103; and  
 8 (pp) Sec. 13, HB 861, L. 1985; and  
 9 (qq) [section 1].

10 (4) There is a statutory appropriation to pay the  
 11 principal, interest, premiums, and costs of issuing, paying,  
 12 and securing all bonds, notes, or other obligations, as due,  
 13 that have been authorized and issued pursuant to the laws of  
 14 Montana. Agencies that have entered into agreements  
 15 authorized by the laws of Montana to pay the state  
 16 treasurer, for deposit in accordance with 17-2-101 through  
 17 17-2-107, as determined by the state treasurer, an amount  
 18 sufficient to pay the principal and interest as due on the  
 19 bonds or notes have statutory appropriation authority for  
 20 such payments."

21 Section 3. Section 3 of Montana Initiative No. 105 is  
 22 amended to read:

23 "Section 3. Contingent effective date. (1) Except as  
 24 provided in subsection (2), this act is effective July 1,  
 25 ~~1987~~ 1989, and applies to taxable year ~~1987~~ 1989.

1 (2) This act will not become effective if, prior to  
 2 July 1, ~~1987~~ 1989, an act is passed and approved that:

3 (a) states that it is being enacted in response to  
 4 this initiative;

5 (b) reduces property tax on a statewide basis on  
 6 property described in 15-6-133, 15-6-134, 15-6-136,  
 7 15-6-139, 15-6-142, and 15-6-144; and

8 (c) establishes alternative revenue sources to replace  
 9 revenue lost to local governments, school districts, the  
 10 university system, and other property taxing jurisdictions  
 11 as a result of the reduced property taxes.

12 (3) This act will not become effective if the voters  
 13 approve Senate Bill No. 395 on November 8, 1988."

14 NEW SECTION. Section 4. Appropriation. There is  
 15 appropriated from the general fund to the department of  
 16 revenue for fiscal year 1988 for the implementation and  
 17 administration of the sales tax and use tax created in  
 18 Senate Bill No. 395, \$201,765.

19 NEW SECTION. Section 5. Appropriation. There is  
 20 appropriated from the general fund to the department of  
 21 revenue for fiscal year 1989 for the administration of the  
 22 sales tax and use tax created in Senate Bill No. 395,  
 23 \$1,529,057.

24 NEW SECTION. Section 6. Codification instruction.  
 25 Section 1 is intended to be codified with sections 1 through

1 66 and 165, Senate Bill No. 395, as an integral part of  
2 Title 15, and the provisions of Title 15 apply to section 1.

3 NEW SECTION. Section 7. Coordination instruction. If  
4 either this bill or Senate Bill No. 395 fails to be passed  
5 and approved, then both this bill and Senate Bill No. 395  
6 are void.

7 NEW SECTION. Section 8. Extension of authority. Any  
8 existing authority of the department of revenue to make  
9 rules on the subject of the provisions of this act is  
10 extended to the provisions of this act.

11 NEW SECTION. Section 9. Effective date. This act is  
12 effective on passage and approval.

13 NEW SECTION. Section 10. Contingent termination. This  
14 act terminates if the board of state canvassers proclaims,  
15 as provided in 13-15-507, the referendum on Senate Bill No.  
16 395 has been rejected by the electorate. Termination of this  
17 act occurs on the date of such proclamation.

-End-

## STATE OF MONTANA - FISCAL NOTE

Form BD-15

In compliance with a written request, there is hereby submitted a Fiscal Note for HB883, as introduced.

DESCRIPTION OF PROPOSED LEGISLATION:

An act establishing distribution formulas for sales and use tax revenue appropriated by the Legislature; appropriating funds to the Department of Revenue for fiscal years 1988 and 1989 for the purpose of administering the sales and use tax created in Senate Bill No. 395; amending Initiative No. 105 approved by the electorate on November 4, 1986 and to make the Initiative effective if the electorate rejects Senate Bill No. 395; and providing an immediate effective date and a contingent termination date.

FISCAL IMPACT:

The proposal is intended to be an integral part of SB395. It provides for the disposition of the sales and use tax revenue and for an appropriation for start-up implementation costs of the sales and use tax as follows. Data on the distribution of sales tax revenue is discussed in the fiscal note for SB395.

	<u>FY88</u>	<u>FY89</u>	<u>FY90</u>
Sales Tax Administration (General Fund)	\$ 201,765	\$1,529,057	\$3,431,006

The FY89 and FY90 costs are contingent on passage of SB395 and approval by the voters.

The proposal, also, delays the effective date of I-105.

David L. Hunter DATE 3/19/87  
 DAVID L. HUNTER, BUDGET DIRECTOR  
 Office of Budget and Program Planning

Mel Williams DATE 3/19/87  
 MEL WILLIAMS, PRIMARY SPONSOR

Fiscal Note for HB883, as introduced.

**HB 883**