

SB 3

INTRODUCED BY KEATING
CONSTITUTIONAL AMENDMENT TO DISCONTINUE DEPOSITS TO
COAL TAX TRUST FUND

1/05 INTRODUCED
1/05 REFERRED TO TAXATION
1/06 FISCAL NOTE REQUESTED
1/07 FISCAL NOTE RECEIVED
1/14 HEARING
1/22 ADVERSE COMMITTEE REPORT ADOPTED
AS AMENDED 29 18
1/28 2ND READING PASS MOTION FAILED 22 28
(PROPOSED CONSTITUTIONAL AMENDMENT;
PROCEEDED TO 3RD READING)
1/30 3RD READING FAILED 20 29
(PROPOSED CONSTITUTIONAL AMENDMENT;
PROCEEDED TO OTHER HOUSE)

TRANSMITTED TO HOUSE

2/04 REFERRED TO TAXATION
3/04 HEARING
4/07 COMMITTEE REPORT--BILL CONCURRED AS AMENDED
4/09 2ND READING CONCURRED 53 47
4/10 3RD READING CONCURRED 52 48

RETURNED TO SENATE WITH AMENDMENTS

4/21 2ND READING AMENDMENTS CONCUR
MOTION FAILED 23 24
4/23 2ND READING AMENDMENTS CONCURRED 34 13
4/23 3RD READING AMENDMENTS CONCURRED 31 18
4/23 3RD READING PASSED 29 20
(PER JOINT RULE 6-18, SINCE THIS BILL
REQUIRED MORE THAN A MAJORITY VOTE
FOR PASSAGE, THIS BILL WAS AGAIN
PLACED ON 3RD READING TO DETERMINE IF
REQUIRED NUMBER OF VOTES HAD BEEN CAST).

BILL FAILED--A PROPOSED CONSTITUTIONAL
AMENDMENT, THIS BILL FAILED TO RECEIVE
NECESSARY TWO-THIRDS VOTE OF THE LEGISLATURE.

CONSTITUTIONAL AMENDMENT

1 SENATE BILL NO. 3
2 INTRODUCED BY KEATING

3
4 A BILL FOR AN ACT ENTITLED: "AN ACT TO SUBMIT TO THE
5 QUALIFIED ELECTORS OF MONTANA AN AMENDMENT TO ARTICLE IX,
6 SECTION 5, OF THE MONTANA CONSTITUTION TO DISCONTINUE THE
7 DEPOSIT OF COAL SEVERANCE TAX COLLECTIONS IN THE COAL
8 SEVERANCE TAX TRUST FUND."

9
10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:
11 Section 1. Article IX, section 5, of The Constitution
12 of the State of Montana is amended to read:

13 "Section 5. ~~Severance--tax--on--coal---~~ Coal severance
14 tax trust fund. The legislature shall dedicate not less than
15 ~~one-fourth-(1/4)-of-the~~ There is a coal severance tax to--a
16 trust fund, the interest and income from which may be
17 appropriated. The principal of the trust shall forever
18 remain inviolate unless appropriated by vote of
19 three-fourths (3/4) of the members of each house of the
20 legislature. ~~After-December-31-1979,-at-least-fifty-percent~~
21 ~~(50%)--of--the-severance-tax-shall-be-dedicated-to-the-trust~~
22 ~~fund."~~

23 NEW SECTION. Section 2. Submission to electorate.
24 This amendment must be submitted to the electors of Montana
25 at the general election to be held in November 1988 by

1 printing on the ballot the full title of this act and the
2 following:

- 3 FOR amending the constitution to discontinue the
4 deposit of coal severance tax collections in the
5 coal severance tax trust fund.
- 6 AGAINST amending the constitution to discontinue the
7 deposit of coal severance tax collections in the
8 coal severance tax trust fund.

9 NEW SECTION. Section 3. Two-thirds vote. Since this
10 act proposes an amendment to the Montana Constitution, it
11 must be adopted by a two-thirds vote of all members, whether
12 one or more bodies.

-End-



STATE OF MONTANA - FISCAL NOTE

Form BD-15

In compliance with a written request, there is hereby submitted a Fiscal Note for SB003, as introduced.

DESCRIPTION OF PROPOSED LEGISLATION:

A bill to submit to the qualified electors of Montana an amendment to Article IX, Section 5, of the Montana Constitution to discontinue the deposit of coal severance tax collections in the coal severance tax trust fund.

ASSUMPTIONS:

1. Revenue effects are based on FY90 and FY91 estimates of \$83.078 and \$84.431 million, respectively.
2. The outcome of the November 1988 election will take effect July 1, 1989.
3. There is no revenue effect in the 1989 Biennium.

FISCAL IMPACT:Expenditures:

N/A

Revenues:

N/A

EFFECT ON COUNTY OR OTHER LOCAL REVENUE OR EXPENDITURES:

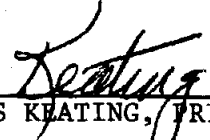
If no funds are placed in the Trust Fund Bond Account, there will be no backing for existing or future bond sales. This would result in no funds for existing or new local water projects.

LONG-RANGE EFFECTS OF PROPOSED LEGISLATION:

If passed, the amendment as proposed would eliminate the requirement that one-half of coal severance tax revenues be placed in the permanent trust fund. The Legislature would, by law, be able to determine the disposition of those revenues. Assuming the Legislature would not distribute these revenues to the Permanent and In-State Trust accounts, the following would be the impacts on the trust accounts plus the general fund.

	FY90			FY91		
	Current Law	Proposed Law	Difference	Current Law	Proposed Law	Difference
Permanent Trust Fund	\$31,154,000	\$ 0	(\$31,154,000)	\$31,662,000	\$ 0	(\$31,662,000)
In-State Investment Fund	\$10,385,000	\$ 0	(\$10,385,000)	\$10,554,000	\$ 0	(\$10,554,000)
General Fund						
(Interest Earnings)	\$37,339,000	\$ 36,062,000	(\$ 1,277,000)	\$39,986,000	\$ 35,680,000	(\$ 4,306,000)
Undistributed Revenue	\$ 0	\$ 41,539,000	\$41,539,000	\$ 0	\$ 42,216,000	\$42,216,000

 DATE 1/7/87
 DAVID L. HUNTER, BUDGET DIRECTOR
 Office of Budget and Program Planning

 DATE 1-7-87
 THOMAS KEATING, PRIMARY SPONSOR
 Fiscal Note for SB003, as introduced.

SB 3 (over)

Technical Note Request, SB003, as introduced

Form BD-15

Page 2

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

If SB003 passes and is approved by the voters, the legislature would need to adopt legislation which would provide for sufficient funds in the coal tax bond sub-fund to back the coal severance tax water bonds as currently stipulated in the water development bond resolutions.

CONSTITUTIONAL AMENDMENT

APPROVED BY COMMITTEE
ON TAXATION

1 SENATE BILL NO. 3
 2 INTRODUCED BY KEATING
 3
 4 A BILL FOR AN ACT ENTITLED: "AN ACT TO SUBMIT TO THE
 5 QUALIFIED ELECTORS OF MONTANA AN AMENDMENT TO ARTICLE IX,
 6 SECTION 5, OF THE MONTANA CONSTITUTION TO ~~DISCONTINUE~~ DELETE
 7 THE DEPOSIT REQUIREMENT THAT AT LEAST 50 PERCENT OF COAL
 8 SEVERANCE TAX COLLECTIONS ~~IN~~ BE DEDICATED TO THE COAL
 9 SEVERANCE TAX TRUST FUND."

10
 11 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:
 12 Section 1. Article IX, section 5, of The Constitution
 13 of the State of Montana is amended to read:

14 "Section 5. ~~Severance--tax--on--coal---~~ Coal severance
 15 tax trust fund. ~~The legislature shall dedicate not less than~~
 16 ~~one-fourth (1/4) of the~~ There is a coal severance tax to--a
 17 trust fund, the interest and income from which may be
 18 appropriated. The principal of the trust shall forever
 19 remain inviolate unless appropriated by vote of
 20 three-fourths (3/4) of the members of each house of the
 21 legislature. ~~After December 31, 1979, at least fifty percent~~
 22 ~~(50%) of the severance tax shall be dedicated to the trust~~
 23 ~~fund."~~

24 NEW SECTION. Section 2. Submission to electorate.
 25 This amendment must be submitted to the electors of Montana

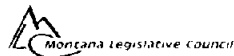
1 at the general election to be held in November 1988 by
 2 printing on the ballot the full title of this act and the
 3 following:

4 FOR amending the constitution to ~~discontinue~~ DELETE
 5 the ~~deposit~~ REQUIREMENT THAT AT LEAST 50% of coal
 6 severance tax collections ~~in~~ BE DEDICATED TO the
 7 coal severance tax trust fund.

8 AGAINST amending the constitution to ~~discontinue~~
 9 DELETE the ~~deposit~~ REQUIREMENT THAT AT LEAST 50% of
 10 coal severance tax collections ~~in~~ BE DEDICATED TO
 11 the coal severance tax trust fund.

12 NEW SECTION. Section 3. Two-thirds vote. Since this
 13 act proposes an amendment to the Montana Constitution, it
 14 must be adopted by a two-thirds vote of all members, whether
 15 one or more bodies.

-End-



CONSTITUTIONAL AMENDMENT
ADVERSE COMMITTEE REPORT
COMMITTEE ON TAXATION

1 SENATE BILL NO. 3
2 INTRODUCED BY KEATING
3
4 A BILL FOR AN ACT ENTITLED: "AN ACT TO SUBMIT TO THE
5 QUALIFIED ELECTORS OF MONTANA AN AMENDMENT TO ARTICLE IX,
6 SECTION 5, OF THE MONTANA CONSTITUTION TO ~~DISCONTINUE~~ DELETE
7 ~~THE DEPOSIT REQUIREMENT THAT AT LEAST 50 PERCENT~~ OF COAL
8 SEVERANCE TAX COLLECTIONS IN BE DEDICATED TO THE COAL
9 SEVERANCE TAX TRUST FUND."

10
11 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:
12 Section 1. Article IX, section 5, of The Constitution
13 of the State of Montana is amended to read:

14 "Section 5. ~~Severance--tax--on--coal---~~ Coal severance
15 tax trust fund. ~~The legislature shall dedicate not less than~~
16 ~~one-fourth (1/4) of the~~ There is a coal severance tax ~~to--a~~
17 trust fund, the interest and income from which may be
18 appropriated. The principal of the trust shall forever
19 remain inviolate unless appropriated by vote of
20 three-fourths (3/4) of the members of each house of the
21 legislature. ~~After December 31, 1979, at least fifty percent~~
22 ~~(50%)--of--the--severance--tax--shall--be--dedicated--to--the--trust~~
23 ~~fund--"~~

24 NEW SECTION. Section 2. Submission to electorate.
25 This amendment must be submitted to the electors of Montana

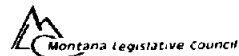
1 at the general election to be held in November 1988 by
2 printing on the ballot the full title of this act and the
3 following:

4 FOR amending the constitution to ~~discontinue~~ DELETE
5 the ~~deposit~~ REQUIREMENT THAT AT LEAST 50% of coal
6 severance tax collections ~~in~~ BE DEDICATED TO the
7 coal severance tax trust fund.

8 AGAINST amending the constitution to ~~discontinue~~
9 DELETE the ~~deposit~~ REQUIREMENT THAT AT LEAST 50% of
10 coal severance tax collections ~~in~~ BE DEDICATED TO
11 the coal severance tax trust fund.

12 NEW SECTION. Section 3. Two-thirds vote. Since this
13 act proposes an amendment to the Montana Constitution, it
14 must be adopted by a two-thirds vote of all members, whether
15 one or more bodies.

-End-



CONSTITUTIONAL AMENDMENT

SENATE BILL NO. 3

INTRODUCED BY KEATING

A BILL FOR AN ACT ENTITLED: "AN ACT TO SUBMIT TO THE QUALIFIED ELECTORS OF MONTANA AN AMENDMENT TO ARTICLE IX, SECTION 5, OF THE MONTANA CONSTITUTION TO DISCONTINUE DELETE THE DEPOSIT REQUIREMENT THAT AT LEAST 50 PERCENT OF COAL SEVERANCE TAX COLLECTIONS IN BE DEDICATED TO THE COAL SEVERANCE TAX TRUST FUND."

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

Section 1. Article IX, section 5, of The Constitution of the State of Montana is amended to read:

"Section 5. Severance--tax--on--coal--- Coal severance tax trust fund. The legislature shall dedicate not less than one-fourth (1/4) of the There is a coal severance tax to--a trust fund, the interest and income from which may be appropriated. The principal of the trust shall forever remain inviolate unless appropriated by vote of three-fourths (3/4) of the members of each house of the legislature. After December 31, 1979, at least fifty percent (50%) of the severance tax shall be dedicated to the trust fund."

NEW SECTION. Section 2. Submission to electorate. This amendment must be submitted to the electors of Montana

at the general election to be held in November 1988 by printing on the ballot the full title of this act and the following:

FOR amending the constitution to discontinue DELETE the deposit REQUIREMENT THAT AT LEAST 50% of coal severance tax collections in BE DEDICATED TO the coal severance tax trust fund.

AGAINST amending the constitution to discontinue DELETE the deposit REQUIREMENT THAT AT LEAST 50% of coal severance tax collections in BE DEDICATED TO the coal severance tax trust fund.

NEW SECTION. Section 3. Two-thirds vote. Since this act proposes an amendment to the Montana Constitution, it must be adopted by a two-thirds vote of all members, whether one or more bodies.

-End-



CONSTITUTIONAL AMENDMENT

SENATE BILL NO. 3

INTRODUCED BY KEATING

A BILL FOR AN ACT ENTITLED: "AN ACT TO SUBMIT TO THE QUALIFIED ELECTORS OF MONTANA AN AMENDMENT TO ARTICLE IX, SECTION 5, OF THE MONTANA CONSTITUTION TO DISCONTINUE ~~BELEFE~~ REDUCE THE DEPOSIT REQUIREMENT-THAT-AT-LEAST FROM 50 PERCENT TO 25 PERCENT THE AMOUNT OF COAL SEVERANCE TAX COLLECTIONS IN BE DEDICATED TO THE COAL SEVERANCE TAX TRUST FUND."

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

Section 1. Article IX, section 5, of The Constitution of the State of Montana is amended to read:

"Section 5. ~~Severance-tax-on-coal----~~ Coal severance tax trust fund. The legislature shall dedicate not less than one-fourth--(1/4)--of--the ~~There-is-a~~ THE LEGISLATURE SHALL DEDICATE NOT LESS THAN ONE-FOURTH (1/4) OF THE coal severance tax to-a TO A trust fund, the interest and income from which may be appropriated. The principal of the trust shall forever remain inviolate unless appropriated by vote of three-fourths (3/4) of the members of each house of the legislature. ~~After-December-31,-1979,-at-least-fifty-percent (50%)--of--the-severance-tax-shall-be-dedicated-to-the-trust fund."~~

NEW SECTION. Section 2. Submission to electorate.

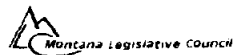
This amendment must be submitted to the electors of Montana at the general election to be held in November 1988 by printing on the ballot the full title of this act and the following:

FOR amending the constitution to ~~discontinue BELEFE~~ REDUCE the deposit REQUIREMENT-THAT-AT-LEAST FROM 50% TO 25% THE AMOUNT of coal severance tax collections ~~in~~ BE DEDICATED TO the coal severance tax trust fund.

AGAINST amending the constitution to ~~discontinue BELEFE--the~~ REDUCE FROM deposit REQUIREMENT-THAT-AT-LEAST 50% TO 25% THE AMOUNT of coal severance tax collections ~~in~~ BE DEDICATED TO the coal severance tax trust fund.

NEW SECTION. Section 3. Two-thirds vote. Since this act proposes an amendment to the Montana Constitution, it must be adopted by a two-thirds vote of all members, whether one or more bodies.

-End-



STANDING COMMITTEE REPORT

HOUSE

APRIL 7 19 87

Mr. Speaker: We, the committee on HOUSE TAXATION report SENATE BILL NO. 3

- do pass, do not pass, be concurred in, be not concurred in, as amended, statement of intent attached

Ramirez Representative Jack Ramirez, Chairman

Be amended as follows:

- 1. Title, line 6 Strike: "DELETE" Insert: "REDUCE"
2. Title, line 7 Following: line 6 Strike: "THE" Following: "DEPOSIT" Strike: "REQUIREMENT THAT AT LEAST" Insert: "FROM" Following: "PERCENT" Insert: "TO 25 PERCENT THE AMOUNT"
3. Title, line 8 Strike: "BE"
4. Page 1, line 16 Strike: "There is a" Insert: "The legislature shall dedicate not less than one-fourth (1/4) of the" Following: "tax" Insert: "to a"
5. Page 2, line 4 Strike: "DELETE" Insert: "reduce"
6. Page 2, line 5 Following: line 4 Strike: "the" Following: "deposit" Strike: "REQUIREMENT THAT AT LEAST" Insert: "from" Following: "50%" Insert: "to 25% the amount"
7. Page 2, line 6 Strike: "BE"

Carried by Rep Sand

THIRD reading copy (BLUE) color

APRIL 7 19 87

- 8. Page 2, line 9 Strike: "DELETE the" Insert: "reduce from" Following: "deposit" Strike: "REQUIREMENT THAT AT LEAST" Following: "50%" Insert: "to 25% the amount"
9. Page 2, line 10 Strike: "BE"

Ramirez Representative Jack Ramirez, Chairman