

SB 155 INTRODUCED BY KEATING, REHBERG  
ALLOCATING TO THE GENERAL FUND COAL TAX LEFT AFTER  
TRUST HIGHWAY DEPOSITS

1/20 INTRODUCED  
1/20 REFERRED TO TAXATION  
1/21 FISCAL NOTE REQUESTED  
1/23 FISCAL NOTE RECEIVED  
1/29 HEARING  
2/04 ADVERSE COMMITTEE REPORT ADOPTED 35 12

1 ~~Senate~~ BILL NO. 155  
 2 INTRODUCED BY Stateing Rolden  
 3  
 4 A BILL FOR AN ACT ENTITLED: "AN ACT ALLOCATING TO THE  
 5 GENERAL FUND THE REMAINDER OF THE COAL SEVERANCE TAX AFTER  
 6 THE ALLOCATIONS TO THE PERMANENT TRUST AND TO THE HIGHWAY  
 7 RECONSTRUCTION TRUST FUND; AMENDING SECTIONS 15-35-108,  
 8 22-2-301, 22-2-304, 22-2-321, 23-1-108, 76-15-530, 90-3-101,  
 9 90-4-103, AND 90-6-202, MCA; AND PROVIDING AN EFFECTIVE  
 10 DATE."  
 11

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

13 Section 1. Section 15-35-108, MCA, is amended to read:

14 "15-35-108. Disposal of severance taxes. Severance  
 15 taxes collected under the provisions of this chapter are  
 16 allocated as follows:

17 (1) To the trust fund created by Article IX, section  
 18 5, of the Montana constitution, 50% of total coal severance  
 19 tax collections. The trust fund moneys shall be deposited  
 20 in the fund established under 17-6-203(5) and invested by  
 21 the board of investments as provided by law.

22 (2) Starting July 1, 1986, and ending June 30, 1987,  
 23 6% of coal severance tax collections are allocated to the  
 24 highway reconstruction trust fund account in the state  
 25 special revenue fund. Starting July 1, 1987, and ending June

30, 1993, 12% of coal severance tax collections are  
 allocated to the highway reconstruction trust fund account  
 in the state special revenue fund.

(3) ~~Coal~~ To the credit of the general fund:

(a) all coal severance tax collections remaining after  
 the allocations provided by subsections (1) and (2) are  
 allocated--in--the--following--percentages--of--the--remaining  
 balance:

(e) ~~2-1/2% until July 17, 1987, and thereafter 4-1/2%~~  
 to--the--state--special--revenue--fund--to--the--credit--of--the  
 alternative-energy-research--development--and--demonstration  
 account;

(b) ~~6% until July 17, 1987, and thereafter 37-1/2% to~~  
 the-state-special-revenue-fund-to-the-credit--of--the--local  
 impact-and-education-trust-fund-account; all income from the  
nonexpendable trust fund created by subsection (3)(f) of  
this section as it read on June 30, 1987; and

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

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

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

(f) ~~starting July 17, 1986, and ending June 30, 1989,~~

1 5% to the general fund, and after June 30, 1989, 5% to a  
 2 nonexpendable trust fund for the purpose of parks  
 3 acquisition or management, protection of works of art in the  
 4 state capitol, and other cultural and aesthetic projects;  
 5 income from this trust fund shall be appropriated as  
 6 follows:

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

9 (ii) 2/3 for the acquisition, development, operation,  
 10 and maintenance of any sites and areas described in  
 11 23-1-102;

12 (g) 1% to the state special revenue fund to the credit  
 13 of the state library commission for the purposes of  
 14 providing basic library services for the residents of all  
 15 counties through library federations and for payment of the  
 16 costs of participating in regional and national networking;

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

19 (i) 1-1/4% to the debt service fund type to the credit  
 20 of the water development debt service fund;

21 (j) 4% until July 1, 1987, to the highway  
 22 reconstruction trust fund account in the state special  
 23 revenue fund;

24 (k) all other revenues from severance taxes collected  
 25 under the provisions of this chapter to the credit of the

1 general fund of the state."

2 Section 2. Section 22-2-301, MCA, is amended to read:

3 "22-2-301. Cultural and aesthetic projects grants. (1)  
 4 Any person, association, or representative of a governing  
 5 unit seeking a grant for a cultural or aesthetic project  
 6 from the income of the trust fund created in 15-35-108 must  
 7 submit a grant proposal to the cultural and aesthetic  
 8 projects advisory committee, in care of the Montana  
 9 historical society, by September 1 of the year preceding the  
 10 convening of a regular legislative session.

11 (2) Grant proposals must be for the purpose of  
 12 protecting works of art in the state capitol or other  
 13 cultural and aesthetic projects."

14 Section 3. Section 22-2-304, MCA, is amended to read:

15 "22-2-304. Cultural and aesthetic project  
 16 appropriations -- administration. (1) The legislature must  
 17 appropriate funds from the income of the trust fund created  
 18 in 15-35-108(3)(f) before any grant for a cultural or  
 19 aesthetic project is awarded.

20 (2) Costs incurred by the Montana arts council for  
 21 accounting, correspondence, project visits, and solicitation  
 22 of proposals related to cultural and aesthetic project  
 23 grants and the costs of the advisory committee established  
 24 in 2-15-1521 shall be paid from appropriations from the  
 25 income of the trust fund funds appropriated by the

1 legislature.

2 (3) Grant proposals are heard by a legislative  
3 appropriations subcommittee.

4 (4) Grant proposals approved by the legislature are  
5 administered by the Montana arts council."

6 Section 4. Section 22-2-321, MCA, is amended to read:

7 "22-2-321. Reversion of granted funds. At the end of a  
8 grant period, any unexpended balance of the grant shall  
9 revert to the ~~cultural--and--aesthetic--projects--account~~  
10 ~~provided-for-in-15-35-108~~ general fund."

11 Section 5. Section 23-1-108, MCA, is amended to read:

12 "23-1-108. Acquisition of certain state parks,  
13 monuments, or historical sites. (1) Any person, association,  
14 or representative of a governing unit may submit a proposal  
15 for the acquisition of a site or area described in 23-1-102  
16 ~~from--the--income--of--the--trust--fund--created--in--15-35-108~~ to  
17 the department of fish, wildlife, and parks by July 1 of the  
18 year preceding the convening of a legislative session.

19 (2) The fish and game commission shall present to the  
20 legislature by the 15th day of any legislative session a  
21 list of areas, sites, or objects that were proposed for  
22 purchase for use as state parks, state recreational areas,  
23 state monuments, or state historical sites with the money  
24 contained in the parks account.

25 (3) The legislature must appropriate funds from this

1 account before any park, area, monument, or site may be  
2 purchased."

3 Section 6. Section 76-15-530, MCA, is amended to read:

4 "76-15-530. Conservation district account --  
5 administration. (1) There is a conservation district account  
6 in the state special revenue fund of the state treasury.  
7 ~~Money--is--paid--into--this--account--under--15-35-108.~~ The state  
8 treasurer shall draw warrants payable from this account on  
9 order from the department of natural resources and  
10 conservation.

11 (2) The department of natural resources and  
12 conservation shall administer the conservation district  
13 account. The money shall be distributed from the account to  
14 the conservation districts on the basis of need. A  
15 conservation district may submit an application to the  
16 department of natural resources and conservation for a grant  
17 of funds for purposes that conservation districts are  
18 authorized to perform.

19 (3) A conservation district is not eligible to receive  
20 a grant unless it has exhausted its authorized mill levies.

21 (4) The department of natural resources and  
22 conservation may adopt rules implementing this section that  
23 provide for the form and content of applications and the  
24 criteria, terms, and conditions for making grants."

25 Section 7. Section 90-3-101, MCA, is amended to read:

1 "90-3-101. Purpose. (1) It is the purpose of this  
2 chapter to strengthen and diversify Montana's economy by  
3 establishing a public-private sector partnership to  
4 encourage scientific and technological development within  
5 the state in order to keep pace with a transforming economic  
6 structure and to create new jobs and expand small business  
7 opportunities.

8 (2) Because the alternative energy and energy  
9 conservation research development and demonstration program,  
10 administered by the department of natural resources and  
11 conservation, ~~which--presently--receives-4-1/2%--of--the--coal~~  
12 ~~severance--taxes--allocated--pursuant--to--15-35-108,~~ would  
13 overlap and supplement the program created by this chapter  
14 and because the alternative energy and energy conservation  
15 research development and demonstration account has a  
16 carryover from the 1985 biennium and the department of  
17 natural resources and conservation is not presently planning  
18 to utilize the entire allocated amount it will receive  
19 during the 1987 biennium, this chapter contemplates a  
20 temporary, one-time appropriation of a portion of the  
21 allocation to the alternative energy and energy conservation  
22 research development and demonstration account for funding  
23 the science and technology research program of the Montana  
24 science and technology development board created in this  
25 chapter. The use of funds appropriated from the alternative

1 energy and energy conservation research development and  
2 demonstration account established by 90-4-103 for the  
3 purposes of this chapter for the 1987 biennium is  
4 specifically authorized."

5 Section 8. Section 90-4-103, MCA, is amended to read:

6 "90-4-103. Alternative energy and energy conservation  
7 research development and demonstration account established  
8 -- allocation of funds. (1) There is within the state  
9 special revenue fund an alternative energy and energy  
10 conservation research development and demonstration account.  
11 ~~Moneys-are-paid-into-this-account-under-15-35-108.~~ The state  
12 treasurer shall draw warrants payable from this account upon  
13 order of the department.

14 (2) Each fiscal year the department shall allocate the  
15 funds appropriated from the alternative energy and energy  
16 conservation research development and demonstration account  
17 for the following:

- 18 (a) grants under 90-4-104 and 90-4-106;
- 19 (b) loans under 90-4-104 and 90-4-106;
- 20 (c) grants to state governmental units under 90-4-109;
- 21 (d) program administration; and
- 22 (e) matching federal energy programs and petroleum  
23 violation escrow account money if consistent with the  
24 purposes of this chapter.

25 (3) To assure that the program offers the greatest

1 possible benefits during the fiscal year, the department may  
2 reallocate funds among the categories specified in this  
3 section based on the availability of funds or the  
4 applications it receives and the department's evaluation of  
5 the relative merits of each project."

6 Section 9. Section 90-6-202, MCA, is amended to read:

7 "90-6-202. Accounts established. (1) There is within  
8 the state special revenue fund a local impact and education  
9 trust fund account. ~~Moneys-are--payable--into--this--account~~  
10 ~~under--15-35-100-~~ The state treasurer shall draw warrants  
11 from this account upon order of the coal board.

12 (2) There is within the state special revenue fund a  
13 coal area highway improvement account."

14 NEW SECTION. Section 10. Effective date. This act is  
15 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 SB155, as introduced.

DESCRIPTION OF PROPOSED LEGISLATION:

An act allocating to the general fund the remainder of the coal severance tax after the allocations to the permanent trust and to the highway reconstruction trust fund; providing an effective date.

ASSUMPTIONS:

1. Allocations are based on the Revenue Estimating Advisory Council's coal severance tax estimates of \$78,663,000 in FY88 and \$81,856,000 in FY89.
2. State general fund revenues are increased \$17.046 million in FY88, and \$17.738 million in FY89; allocations to other current law coal severance tax accounts are reduced by like amounts.

FISCAL IMPACT:

Fund	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	0	(1,345,137)	1,399,738	0	(1,399,738)
Local Impact	5,231,090	0	(5,231,090)	5,443,424	0	(5,443,424)
Education Trust	5,978,388	0	(5,978,388)	6,221,056	0	(6,221,056)
School Equalization	2,989,194	0	(2,989,194)	3,110,528	0	(3,110,528)
County Land Planning	298,919	0	(298,919)	311,053	0	(311,053)
Renewable Resource	377,582	0	(377,582)	392,909	0	(392,909)
Parks Acquis. and Maint.	0	0	0	0	0	0
State Library Commission	298,919	0	(298,919)	311,053	0	(311,053)
State General Fund	12,845,668	29,891,940	17,046,272	13,367,085	31,105,280	17,738,195
Water Development	377,582	0	(377,582)	392,809	0	(392,809)
Conservation Districts	149,460	0	(149,460)	155,526	0	(155,526)
Highway Fund	9,439,560	9,439,560	0	9,822,720	9,822,720	0
Total	\$78,663,000	\$78,663,000	\$ 0	\$81,856,000	\$81,856,000	\$ 0

*David L. Hunter* DATE 1/21/87

DAVID L. HUNTER, BUDGET DIRECTOR  
Office of Budget and Program Planning

*Thomas H. Keating* DATE 1-22-87

THOMAS KEATING, PRIMARY SPONSOR

Fiscal Note for SB155, as introduced.

**SB-155**

Fiscal Note Request, SB155, as introduced.

Form BD-15

Page 2

Expenditures:

Programs that would be eliminated are: Local Impact (Coal Board), County Land Planning, Science and Technology Alliance, Renewable Resource Development, Water Development Grant Program, as well as the Water Development General Obligation Loan Program. Funding sources for project work undertaken by conservation districts would be eliminated. State and local library programs would be impaired by the loss of funding. Also, since future deposits to the Education Trust Account would be eliminated, less interest earnings would be deposited to the Foundation Program, Board of Regents, Adult Basic Education Program and the Vocational Technical Centers.

EFFECT ON COUNTY OR OTHER LOCAL REVENUE OR EXPENDITURES:

Local impact assistance would be reduced by \$5 million a year.

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

The proposal would not provide revenues to meet the commitment to the Yellowstone County Jail Project in FY88. The proposed legislation may impair the contract with the owners of Water Development and Renewable Resource Development Boards.

SB-155