

HOUSE BILL 181

Introduced by Daily, et al.

1/14	Introduced
1/16	Referred to Taxation
1/24	Hearing
3/08	Tabled in Committee

INTRODUCED BY

HOUSE BILL NO. 181
Daily Carlisle Menahan

A BILL FOR AN ACT ENTITLED: "AN ACT ESTABLISHING A MECHANISM FOR APPROPRIATING IN SUPPORT OF EDUCATION A PORTION OF COAL SEVERANCE TAX PROCEEDS AND A PORTION OF THE PERMANENT TRUST EARNINGS ALLOCATED TO THE PERMANENT TRUST; AMENDING SECTIONS 17-5-703, 17-5-704, 17-6-305, 17-6-306, AND 20-9-343, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

WHEREAS, one-half of the proceeds of the coal severance tax is dedicated to a permanent trust for future needs; and

WHEREAS, the portion of the future coal severance tax proceeds that will be deposited in the permanent trust may, in certain circumstances, be needed to support public education at all levels.

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

Section 1. Section 17-5-703, MCA, is amended to read:

"17-5-703. Coal severance tax trust funds. (1) The trust established under Article IX, section 5, of the Montana constitution shall be composed of the following funds:

(a) a coal severance tax bond fund into which the

constitutionally dedicated receipts from the coal severance tax shall be deposited;

(b) a coal severance tax permanent fund; and

(c) a coal severance tax income fund.

(2) The state treasurer shall from time to time transfer to the coal severance tax permanent fund all money in the coal severance tax bond fund except the amount amounts:

(a) necessary to meet all principal and interest payments on bonds payable from the coal severance tax bond fund on the next two ensuing semiannual payment dates; and

(b) appropriated by a vote of three-fourths of the members of each house of the legislature from the remainder in the coal severance tax bond fund to:

(i) the state special revenue fund for state equalization aid to public schools;

(ii) the board of regents for the Montana university system or the units of that system or for the vocational-technical centers; or

(iii) the superintendent of public instruction for adult basic education programs."

Section 2. Section 17-5-704, MCA, is amended to read:

"17-5-704. Investment of funds. (1) Money in the coal severance tax bond fund, the coal severance tax permanent fund, and the coal severance tax income fund must be

invested in accordance with the investment standards for coal severance tax funds except as provided in subsection (2). Income and earnings from all funds must be transferred to and retained in the coal severance tax income fund until appropriated by the legislature.

~~(2)--Beginning-on-July-17-1987, the legislature shall appropriate 2% of the income and earnings from all funds to be deposited to the coal severance tax permanent fund each year.~~

~~(3)--Beginning-on-July-17-1989~~ (2) (a) Except as provided in subsection (2)(b), the legislature shall appropriate 15% of the income and earnings from all funds to be deposited to the coal severance tax permanent fund each year. The funds appropriated to the coal severance tax permanent fund under this subsection may not be further appropriated except by vote of three-fourths of the members of each house of the legislature.

(b) The legislature may appropriate the money that would otherwise be allocated under subsection (2)(a) to:

(i) the state special revenue fund for state equalization aid to public schools;

(ii) the board of regents for the Montana university system or the units of that system or for the vocational-technical centers; or

(iii) the superintendent of public instruction for

adult basic education programs."

Section 3. Section 17-6-305, MCA, is amended to read:

"17-6-305. Investment of twenty-five percent of the coal tax trust fund in the Montana economy. (1) Twenty-five percent of all revenue deposited after June 30, 1983, into the permanent coal tax trust fund established in 17-6-203(5) and 15% of the amount of annual income and earnings on the Montana in-state investment fund appropriated to the coal severance tax permanent fund by pursuant to 17-5-704(2) shall be invested in the Montana economy with special emphasis on investments in new or expanding locally owned enterprises.

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

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

Section 4. Section 17-6-306, MCA, is amended to read:

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

(1) 25% of the revenue deposited after June 30, 1983, into the permanent coal tax trust fund established in 17-6-203(6);

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

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

Section 5. Section 20-9-343, MCA, is amended to read:

"20-9-343. Definition of and revenue for state equalization aid. (1) As used in this title, the term "state equalization aid" means those moneys deposited in the state special revenue fund as required in this section plus any legislative appropriation of money from other sources for distribution to the public schools for the purpose of equalization of the foundation program.

(2) The legislative appropriation for state equalization aid shall be made in a single sum for the biennium. The superintendent of public instruction has authority to spend such appropriation, together with the earmarked revenues provided in subsection (3), as required for foundation program purposes throughout the biennium.

(3) The following shall be paid into the state special revenue fund for state equalization aid to public schools of the state:

(a) 31.8% of all money received from the collection of income taxes under chapter 30 of Title 15;

(b) 25% of all money, except as provided in 15-31-702, received from the collection of corporation license and income taxes under chapter 31 of Title 15, as provided by

15-1-501;

(c) 100% of the money allocated to state equalization from the collection of the severance tax on coal;

(d) money appropriated under 17-5-703(2)(b) and 17-5-704(2)(b);

(d)(e) 100% of the money received from the treasurer of the United States as the state's shares of oil, gas, and other mineral royalties under the federal Mineral Lands Leasing Act, as amended;

(e)(f) interest and income money described in 20-9-341 and 20-9-342;

(f)(g) income from the education trust fund account; and

(g)(h) in addition to these revenues, the surplus revenues collected by the counties for foundation program support according to 20-9-331 and 20-9-333.

(4) Any surplus revenue in the state equalization aid account in the second year of a biennium may be used to reduce the appropriation required for the next succeeding biennium."

NEW SECTION. Section 6. Effective date. [This act] is effective on passage and approval.

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