

HOUSE BILL 266

Introduced by Bradley, et al.

1/17	Introduced
1/18	Referred to Taxation
1/19	Fiscal Note Requested
1/24	Fiscal Note Received
1/28	Fiscal Note Printed
2/01	Hearing
2/08	Hearing
2/14	Tabled in Committee
3/28	Motion Failed to Take From Committee

1 House BILL NO. 266,
 2 INTRODUCED BY Bonding Bob Brown Abby Maca
 3 Kados Stella Jean Hansen Moore Brule Goss
 4 Bochianella M. R. M. Humberg Ream
 5 A BILL FOR AN ACT ENTITLED: "AN ACT INCREASING THE
 6 CIGARETTE SALES TAX; PROVIDING THAT PROCEEDS OF THE TAX

7 INCREMENT BE APPROPRIATED FOR HEALTH RESEARCH AWARDS
 8 ADMINISTERED BY THE MONTANA SCIENCE AND TECHNOLOGY
 9 DEVELOPMENT BOARD; ESTABLISHING A CIGARETTE TAX RESEARCH
 10 ACCOUNT IN THE STATE SPECIAL REVENUE FUND; AMENDING SECTIONS
 11 16-11-111, 16-11-119, 17-5-408, 90-3-102, AND 90-3-203, MCA;
 12 AND PROVIDING AN EFFECTIVE DATE."

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

14 **Section 1.** Section 16-11-111, MCA, is amended to read:

15 "16-11-111. Cigarette sales tax. There is hereby
 16 levied, imposed, and assessed and there shall be collected
 17 and paid to the state of Montana upon cigarettes sold or
 18 possessed in this state the following excise tax which shall
 19 be paid prior to the time of sale and delivery thereof: 16
 20 17 cents on each package containing not more than 20
 21 cigarettes and, when packages contain more than 20
 22 cigarettes, then a tax on each cigarette equal to 1/20th the
 23 tax on a package containing not more than 20 cigarettes."

24 **Section 2.** Section 16-11-119, MCA, is amended to read:

25 "16-11-119. Disposition of taxes -- retirement of

1 bonds. All moneys collected under the provisions of
 2 16-11-111, less the expense of collecting all the taxes
 3 levied, imposed, and assessed by said section, shall be paid
 4 to the state treasurer and deposited as follows: 79.75%
 5 75.06% in the long-range building program fund in the debt
 6 service fund type, and--20.25% 19.06% in the long-range
 7 building program fund in the capital projects fund type, and
 8 5.88% in the cigarette tax research account in the state
 9 special revenue fund."

10 **Section 3.** Section 17-5-408, MCA, is amended to read:

11 "17-5-408. Percentage of income, corporation license,
 12 and cigarette tax pledged. (1) (a) The state pledges and
 13 appropriates and directs to be credited as received to the
 14 debt service account 10% of all money received from the
 15 collection of the individual income tax and 11% of all
 16 money, except as provided in 15-31-702, received from the
 17 collection of the corporation license and income tax as
 18 provided in 15-1-501, and such additional amount of said
 19 taxes, if any, as may at any time be needed to comply with
 20 the principal and interest and reserve requirements stated
 21 in 17-5-405(4).

22 (b) No more than the percentages described in
 23 subsection (1)(a) of such tax collections may be pledged for
 24 the purpose of 17-5-403(2). The pledge and appropriation
 25 herein made shall be and remain at all times a first and

1 prior charge upon all money received from the collection of
2 said taxes.

3 (2) The state pledges and appropriates and directs to
4 be credited to the debt service account ~~79.75%~~ 75.06% of all
5 money received from the collection of the excise tax on
6 cigarettes which is levied, imposed, and assessed by
7 16-11-111. The state also pledges and appropriates and
8 directs to be credited as received to the debt service
9 account all money received from the collection of the taxes
10 on other tobacco products which are or may hereafter be
11 levied, imposed, and assessed by law for that purpose,
12 including the tax levied, imposed, and assessed by
13 16-11-202. Nothing herein shall impair or otherwise affect
14 the provisions and covenants contained in the resolutions
15 authorizing the presently outstanding long-range building
16 program bonds. Subject to the provisions of the preceding
17 sentence, the pledge and appropriation herein made shall be
18 and remain at all times a first and prior charge upon all
19 money received from the collection of all taxes referred to
20 in this subsection (2)."

21 NEW SECTION. Section 4. Cigarette tax research
22 account -- allocation of funds. (1) There is a cigarette tax
23 research account in the state special revenue fund into
24 which must be deposited 5.88% of all money collected from
25 the tax levied under 16-11-111.

1 (2) The legislature shall appropriate at least 30% of
2 the money deposited each year in the cigarette tax research
3 account only for the purpose of awarding grants to fund
4 research and development projects, described in subsection
5 (3), that are conducted within the university system and
6 administered by the Montana science and technology
7 development board under the powers conferred to the board in
8 90-3-203.

9 (3) Research projects that may be funded from the
10 cigarette tax research account include those intended to
11 investigate the causes of, treatments for, and prevention of
12 cancer, heart disease, respiratory disorders, and other
13 diseases that are suspected or proved to be the result of or
14 to be aggravated by the use of cigarettes or other tobacco
15 products.

16 NEW SECTION. Section 5. Health research awards.
17 Notwithstanding the provisions of 90-3-203(2), (3), and
18 (6)(b), 90-3-301, 90-3-302, and 90-3-413, the board shall
19 make health research awards, as defined in 90-3-102, subject
20 to the provisions of [section 4].

21 Section 6. Section 90-3-102, MCA, is amended to read:
22 "90-3-102. Definitions. As used in this chapter the
23 following definitions apply:

24 (1) "Board" means the Montana science and technology
25 development board provided for in 2-15-1810.

(2) "Business and industry" means a privately owned and operated agricultural or commercial enterprise or association that maintains a research, development, commercial, or manufacturing facility in Montana. The enterprise or association need not have its headquarters within the state.

(3) "Department" means the department of commerce created in 2-15-1801.

(4) "Health research award" means a grant made subject to the provisions of [section 4].

~~(4)~~(5) "Private sector" means any entity or individual, not principally a part of or associated with a governmental unit, that is associated with or involved in commercial activity.

~~(5)~~(6) "Technology development project" means an activity designed to discover, develop, transfer, utilize, or commercialize existing or new technology in order to strengthen and enhance economic development in Montana.

~~(6)~~(7) "Technology investment" means an award of funds for a technology development project, including technology transfer, to stimulate Montana's economy. The technology investments authorized by this act are not investments of public funds for purposes of Article VIII, section 13, of the Montana constitution, or Title 17, chapter 6, relating to the unified investment of public funds, but are

investments of public resources intended to encourage technologically based economic development that may eventually result in a financial return on those investments."

Section 7. Section 90-3-203, MCA, is amended to read:

"90-3-203. Powers and duties of board. The board shall:

(1) establish policies and priorities that will expand and develop the use of science and technology for economic development in Montana;

(2) provide technical assistance for the transfer of technology to Montana businesses in order to encourage the use of new technology by Montana business and industry;

(3) make technology investments in technology development projects in the following areas that have short- or long-term potential to stimulate economic development in Montana:

(a) research capability development;

(b) applied technological research;

(c) technology assistance and transfer; and

(d) seed capital awards for development and commercialization of new products and processes;

(4) accept grants or receive devises of money or property to be used in Montana for investments described in this chapter;

(5) submit to the governor and the legislature a report describing the board's programs and accomplishments by November 1 of each even-numbered year or at the request of the governor;

(6) adopt rules necessary to implement the provisions of this chapter, including but not limited to rules:

(a) governing the conduct of board business;

(b) establishing matching fund requirements for capability, basic research, and seed capital investment programs;

(c) establishing criteria for determining the eligibility of projects and programs for technology investments;

(d) establishing methods of committing funds, types and amounts of fees, and types of research investments to be made; and

(7) make health research awards subject to the provisions of [section 4]; and

†7) (8) adopt specific goals and objectives for each program administered by the board."

NEW SECTION. Section 8. Extension of authority. Any existing authority to make rules on the subject of the provisions of [this act] is extended to the provisions of [this act].

NEW SECTION. Section 9. Codification instruction. (1)

[Section 4] is intended to be codified as an integral part of Title 16, chapter 11, part 1, and the provisions of Title 16, chapter 11, part 1, apply to [section 4].

(2) [Section 5] is intended to be codified as an integral part of Title 90, chapter 3, part 3, and the provisions of Title 90 apply to [section 5].

NEW SECTION. Section 10. Coordination instruction. If __Bill No. __ [LC 0815], the "Montana Science and Technology Financing Act", including a section containing provisions allowing the Montana science and technology development board to give priority to certain technology proposals and specifying target technologies, is passed and approved, the code commissioner shall revise __Bill No. __ [LC 0815] to add "health and medical technologies" to the target technologies.

NEW SECTION. Section 11. Effective date. [This act] is effective July 1, 1989.

-End-

STATE OF MONTANA - FISCAL NOTE

Form BD-15

In compliance with a written request, there is hereby submitted a Fiscal Note for HB266, as introduced.

DESCRIPTION OF PROPOSED LEGISLATION:

An act increasing the cigarette sales tax; providing that proceeds of the tax increment be appropriated for health research awards administered by the Montana Science and Technology Development Board; establishing a cigarette tax research account in the state special revenue fund; and providing an effective date.

ASSUMPTIONS:

1. Cigarette tax receipts, under the current law, will be \$10.155 million in FY90 and \$9.705 million in FY91 (REAC estimate.)
2. Cigarette tax collections are allocated as follows under the proposed law: 75.06% debt service; 19.06% capital projects; 5.88% special revenue cigarette tax research account.
3. The current effective rate of 15.3968 cents (REAC estimate) would remain constant under current law during the biennium and under the proposed law an effective rate of 16.3591 cents would remain constant throughout the biennium.
4. The effective date for the proposal is July 1, 1989, which would mean a one month lag time in tax collections.


FISCAL IMPACT:

	FY90			FY91		
Revenue:	Current Law	Proposed Law	Difference	Current Law	Proposed Law	Difference
Cigarette Tax	\$10,155,000	\$10,736,754	\$ 581,754	\$ 9,705,000	\$10,311,468	\$ 606,468

Fund Information:

Long-Range Building						
Debt Service	8,098,612	8,098,696	84	7,739,737	7,739,788	51
Long-Range Building						
Capital Projects	2,056,388	2,056,496	108	1,965,263	1,965,366	103
State Special Revenue						
Cigarette Tax						
Research Account*	-0-	581,562	581,562	-0-	606,314	606,314

*The legislature is required to appropriate at least 30% in the account for the purpose of awarding grants to fund health-related research with the remainder of the account funding the Montana Science and Technology Development Board.


 RAY SHACKLEFORD, BUDGET DIRECTOR
 OFFICE OF BUDGET AND PROGRAM PLANNING
 DATE 1/26/89


 DOROTHY M. BRADLEY, PRIMARY SPONSOR
 DATE 1/27

Fiscal Note for HB266, as introduced

HB 266