

HOUSE BILL 300

Introduced by Vincent, et al.

1/19	Introduced
1/20	Referred to Business & Economic Development
1/21	Fiscal Note Requested
1/27	Fiscal Note Received
1/28	Fiscal Note Printed
1/30	Hearing
2/08	Committee Report--Bill Passed as Amended
3/07	Taken From Printing
3/07	Rereferred to Appropriations
3/13	Hearing
3/18	Tabled in Committee

1 House BILL NO. 300
2 INTRODUCED BY Vincent HARP
3
4 A BILL FOR AN ACT ENTITLED: "THE MONTANA JOBS ACT;
5 PROVIDING FOR A COMPREHENSIVE EFFORT BY THE PEOPLE AND THE
6 LEGISLATURE OF MONTANA TO ENCOURAGE, DEVELOP, AND PROMOTE
7 THE LONG-TERM ECONOMIC REVITALIZATION OF MONTANA, THE
8 DIVERSIFICATION OF MONTANA'S ECONOMY, AND THE CREATION OF
9 NEW JOBS AND BUSINESSES; REVISING ALLOCATIONS OF COAL
10 SEVERANCE TAX PROCEEDS; INCREASING TO 50 PERCENT THE SHARE
11 OF THE COAL SEVERANCE TAX INVESTED IN THE MONTANA ECONOMY;
12 PROVIDING FOR A BONDING PROGRAM; PROVIDING THAT THE PROPOSED
13 ACT BE SUBMITTED TO THE QUALIFIED ELECTORS OF THE STATE OF
14 MONTANA; AMENDING SECTIONS 15-35-108, 17-5-704, 17-6-305,
15 AND 17-6-306, MCA; AND PROVIDING AN EFFECTIVE DATE."
16

17 WHEREAS, it is essential that the State of Montana
18 increase and improve its efforts to create new jobs and
19 economic opportunities for its citizens; and

20 WHEREAS, creating new jobs, promoting the expansion of
21 existing businesses, and developing new businesses are
22 essential to assure a prosperous economic future for Montana
23 and Montana's young people; and

24 WHEREAS, economic realities dictate that Montana must
25 develop a more stable and diversified economy if it is to

1 prosper and meet the economic challenges of the 1990s and
2 beyond; and

3 WHEREAS, a comprehensive job creation and economic
4 development strategy is necessary to develop and sustain a
5 strong, stable, and diversified economy for Montana's
6 future; and

7 WHEREAS, vital components of a vigorous, comprehensive
8 economic development strategy for Montana include: the
9 Science and Technology Alliance, the Business Assistance
10 Program of the Department of Commerce, a value-added
11 research and development capability to explore ways to add
12 value to Montana's basic commodities before they are
13 exported out of state, a job training program to prepare
14 Montanans for new jobs in middle and advanced technology
15 companies, a capital improvement funding capability for the
16 purchase of equipment needed by units of the Montana
17 University System to train students and conduct research in
18 middle and advanced technologies, a business infrastructure
19 development bonding program to assist communities and
20 companies making infrastructure improvements needed to
21 attract new businesses or to enable existing businesses to
22 expand, a greater investment of money in Montana's economy
23 from the coal tax trust fund, a venture capital bonding
24 program to promote new businesses and innovative business
25 development, and an operating capital bonding program to

promote the expansion and growth of Montana business.

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

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

***15-35-108. Disposal of severance taxes.** Severance taxes collected under this chapter must be allocated according to the provisions in effect on the date the tax is due under 15-35-104. Severance taxes collected under the provisions of this chapter are allocated as follows:

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

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

(a) 4 1/2% to the state special revenue fund to the credit of the alternative energy research development and demonstration account;

(b) ~~4% until June 30, 1989, to the state special revenue fund to the credit of the local impact account and thereafter 20% to the state special revenue fund to the credit of the local impact and education trust fund account and 17.5% to the credit of the local impact account.~~ Unencumbered funds remaining in the local impact account at the end of each biennium are allocated to the education trust fund account.

(c) ~~44.2% until June 30, 1989, 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) ~~after June 30, 1989, 5% to a nonexpendable trust fund for the purpose of parks acquisition or management, protection of works of art in the state capitol, and other cultural and aesthetic projects. Income from this trust fund shall be appropriated as follows:~~

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

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

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

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

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

(j) 2% to the state special revenue fund for the Montana Growth Through Agriculture Act;

(k) 5% to an account in the state special revenue fund to the credit of the Montana science and technology development board;

(l) 5% to the state special revenue fund to the credit of the department of commerce business assistance program for funding economic assistance programs and value-added research and development for exploring ways to add value to Montana's basic commodities before they leave the state;

(m) 2.5% to the state special revenue fund for a job training and equipment program to prepare Montanans for jobs in middle and advanced technology companies;

(n) 2.5% to a higher education capital improvement fund in the state special revenue fund for purchasing equipment needed by units of the university system to train

students and conduct research in middle and advanced technology;

(o) all other revenues from severance taxes collected under the provisions of this chapter to the credit of the general fund of the state."

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 1, 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 1, 1989, 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."~~

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

"17-6-305. Investment of ~~twenty-five~~ fifty percent of the coal tax trust fund in the Montana economy. (1) ~~Twenty-five~~ Fifty percent of all revenue deposited after June 30, ~~1983~~ 1991, into the permanent coal tax trust fund established in 17-6-203(5) and 15% of the annual income and earnings on the Montana in-state investment fund appropriated to the coal severance tax permanent fund by 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%~~ 50% of the revenue deposited after June 30, ~~1983~~ 1991, into the permanent coal tax trust fund established in 17-6-203~~(5)~~(6);

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

(3) 15% of the annual income and earnings on the

Montana in-state investment fund appropriated to the coal severance tax permanent fund by 17-5-704~~(2)~~(2)."

NEW SECTION. **Section 5. Bonding programs.** The legislature shall develop bonding programs, not to exceed \$50 million, using the deposits to the permanent coal severance tax trust fund to provide backing for the bonds. Bonding programs must include:

(1) a business infrastructure development bonding program to assist communities and companies making infrastructure improvements needed to attract new businesses or to enable existing businesses to expand;

(2) a venture capital bonding program to promote new businesses and innovative business development; and

(3) an operating capital bonding program to promote the expansion and growth of Montana businesses.

NEW SECTION. **Section 6. Effective date.** If approved by the electorate, [this act] is effective July 1, 1991.

NEW SECTION **Section 7. Submission to electorate.** The question of whether this act will become effective shall be submitted to the qualified electors of Montana at the general election to be held in November 1990 by printing on the ballot the full title of this act and the following:

☐ FOR investing an additional 25% of coal tax funds in Montana to create jobs.

☐ AGAINST investing an additional 25% of coal tax

LC 0899/01

1 funds in Montana to create jobs.

-End-

STATE OF MONTANA - FISCAL NOTE

Form BD-15

In compliance with a written request, there is hereby submitted a Fiscal Note for HB300, as introduced

DESCRIPTION OF PROPOSED LEGISLATION:

A bill for an act entitled the Montana Jobs Act; providing for a comprehensive effort by the people and the legislature of Montana to encourage, develop, and promote the long-term economic revitalization of Montana, the diversification of Montana's economy, and the creation of new jobs and businesses; revising allocations of coal severance tax proceeds; increasing to 50 percent the share of the coal severance tax invested in the Montana economy; providing for a bonding program; providing that the proposed act be submitted to the qualified electors of the state of Montana; and providing an effective date.

ASSUMPTIONS:

1. The effect of the proposal is illustrated using the Revenue Estimating Advisory Council's (REAC) forecast of FY91 coal severance tax collections of \$45,683,000.


FISCAL IMPACT:

The proposal will have no effect in the biennium, since it requires approval by the electorate in the 1990 general election.

LONG-RANGE EFFECTS OF PROPOSED LEGISLATION:

If approved by the voters, the proposal would divert approximately \$2.6 million in coal severance tax collections from the general fund. The Montana Science and Technology Board, and the Business Assistance Division of the Department of Commerce would each receive approximately \$870,000 per year. The job training fund and the higher education capital fund would each receive approximately \$430,000 a year.

The proposal also would require that 50% of all receipts of the permanent trust be invested in Montana.

 1/27/89
RAY SHACKLEFORD, BUDGET DIRECTOR DATE
Office of Budget and Program Planning

 1/27/89
JOHN VINCENT, PRIMARY SPONSOR DATE

Fiscal Note for HB300, as introduced

HB 300

APPROVED BY COMM. ON BUSINESS
AND ECONOMIC DEVELOPMENT

HOUSE BILL NO. 300

INTRODUCED BY VINCENT, HARP, RAPP-SVRCEK, ADDY, KADAS,
MCDONOUGH, O'CONNELL, NISBET, BROOKE, PAVLOVICH, WYATT,
CONNELLY, MENAHAN, DRISCOLL, CODY, PECK, ELLIOTT, O'KEEFE,
RANEY, L. NELSON, QUILICI, KIMBERLEY, HARPER, STICKNEY,
STRIZICH, SPAETH, SQUIRES, RUSSELL, DAVIS, GERVAIS,
COCCHIARELLA, DARKO, MOORE, SCHYE, DAILY, MCCORMICK,
HARRINGTON, DEMARS, KILPATRICK, WHALEN, JOHNSON,
D. BROWN, STEPPLER, BLOTKAMP, STANG,
REAM, BACHINI, HANSEN

A BILL FOR AN ACT ENTITLED: "THE MONTANA JOBS ACT;
PROVIDING FOR A COMPREHENSIVE EFFORT BY THE PEOPLE AND THE
LEGISLATURE OF MONTANA TO ENCOURAGE, DEVELOP, AND PROMOTE
THE LONG-TERM ECONOMIC REVITALIZATION OF MONTANA, THE
DIVERSIFICATION OF MONTANA'S ECONOMY, AND THE CREATION OF
NEW JOBS AND BUSINESSES; REVISING ALLOCATIONS OF COAL
SEVERANCE TAX PROCEEDS; INCREASING TO 50 PERCENT THE SHARE
OF THE COAL SEVERANCE TAX PERMANENT TRUST ALLOCATION
INVESTED IN THE MONTANA ECONOMY; PROVIDING FOR A BONDING
DEVELOPMENT PROGRAM;--PROVIDING--THAT--THE--PROPOSED--ACT--BE
SUBMITTED TO THE QUALIFIED ELECTORS OF THE STATE OF MONTANA
UTILIZING IN-STATE INVESTMENT FUNDS TO STIMULATE MONTANA'S
ECONOMIC GROWTH; AMENDING SECTIONS 15-35-108, 17-5-704,
17-6-305, AND 17-6-306, MCA; AND PROVIDING AN EFFECTIVE DATE

AND A TERMINATION DATE."

WHEREAS, it is essential that the State of Montana
increase and improve its efforts to create new jobs and
economic opportunities for its citizens; and

WHEREAS, creating new jobs, promoting the expansion of
existing businesses, and developing new businesses are
essential to assure a prosperous economic future for Montana
and Montana's young people; and

WHEREAS, economic realities dictate that Montana must
develop a more stable and diversified economy if it is to
prosper and meet the economic challenges of the 1990s and
beyond; and

WHEREAS, a comprehensive job creation and economic
development strategy is necessary to develop and sustain a
strong, stable, and diversified economy for Montana's
future; and

WHEREAS, vital components of a vigorous, comprehensive
economic development strategy for Montana include: the
Science and Technology Alliance, the Business Assistance
Program of the Department of Commerce, a value-added
research and development capability to explore ways to add
value to Montana's basic commodities before they are
exported out of state, a job training program to prepare
Montanans for new jobs in middle and advanced technology

companies, a capital improvement funding capability for the purchase of equipment needed by units of the Montana University System to train students and conduct research in middle and advanced technologies, a business infrastructure development bonding program to assist communities and companies making infrastructure improvements needed to attract new businesses or to enable existing businesses to expand, a greater investment of money in Montana's economy from the coal tax trust fund, a venture capital bonding program to promote new businesses and innovative business development, and an operating capital bonding program to promote the expansion and growth of Montana business.

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(b) ~~4% until June 30, 1989, to the state special revenue fund to the credit of the local impact account and thereafter~~ 20% to the state special revenue fund to the credit of the local impact and education trust fund account and 17.5% to the credit of the local impact account. Unencumbered funds remaining in the local impact account at the end of each biennium are allocated to the education trust fund account.

(c) ~~44.2% until June 30, 1989, 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) ~~after--June--30--1989~~, 5% to a nonexpendable trust fund for the purpose of parks acquisition or management, protection of works of art in the state capitol, and other cultural and aesthetic projects. Income from this trust fund shall be appropriated as follows:

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

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

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

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

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(j) 2% to the state special revenue fund for the Montana Growth Through Agriculture Act;

(k) 5% to an account in the state special revenue fund to the credit of the Montana science and technology development board;

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(n) 2.5% to a higher education capital improvement fund in the state special revenue fund for purchasing equipment needed by units of the university system to train students and conduct research in middle and advanced technology;

(o) all other revenues from severance taxes collected under the provisions of this chapter to the credit of the general fund of the state."

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 1, 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 1, 1989, 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.~~

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

"17-6-305. Investment of ~~twenty-five~~ fifty percent of the coal tax trust fund in the Montana economy. (1) ~~Twenty-five~~ Fifty percent of all revenue deposited after June 30, 1983 1991, into the permanent coal tax trust fund established in 17-6-203(5) and 15% of the annual income and earnings on the Montana in-state investment fund appropriated to the coal severance tax permanent fund by 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%~~ 50% of the revenue deposited after June 30, ~~1983~~ 1991, 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 annual income and earnings on the Montana in-state investment fund appropriated to the coal severance tax permanent fund by 17-5-704~~(2)~~."

NEW SECTION. Section 5. Bonding INVESTMENT programs.

The legislature shall develop bonding programs; ~~not to exceed \$50 million; using the deposits to the permanent coal severance tax trust fund to provide backing for the bonds.~~ Bonding programs A PORTION OF THE FUNDS INVESTED UNDER 17-6-305. THE ACTIVITIES FUNDED UNDER [THIS SECTION] must STIMULATE THE ECONOMIC GROWTH OF MONTANA AND MUST include:

(1) a business infrastructure development bonding program to assist communities and companies making infrastructure improvements needed to attract new businesses or to enable existing businesses to expand;

(2) a venture capital bonding program to promote new

businesses and innovative business development; and

(3) an operating capital bonding program to promote the expansion and growth of Montana businesses.

NEW SECTION. Section 6. Effective date -- TERMINATION DATE. If approved by the electorate, --{this [THIS act] is effective July 1, 1991 1989, AND TERMINATES JULY 1, 1993.

NEW SECTION--Section 7--Submission to electorate--The question--of-whether-this-act-will-become-effective-shall-be submitted-to--the--qualified--electors--of--Montana--at--the general--election-to-be-held-in-November-1990-by-printing-on the-ballot-the-full-title-of-this-act-and-the-following:

☐ FOR investing an additional 25% of coal tax funds in Montana to create jobs.

☐ AGAINST investing an additional 25% of coal tax funds in Montana to create jobs.

-End-