

SENATE BILL 224

Introduced by Keating

1/25	Introduced
1/25	Referred to Natural Resources
1/26	Fiscal Note Requested
1/31	Fiscal Note Received
2/02	Fiscal Note Printed
2/06	Hearing
2/14	Committee Report--Bill Not Passed as Amended
2/14	Adverse Committee Report Adopted

1 *Senate* BILL NO. *224*
 2 INTRODUCED BY *Leutiny*
 3
 4 A BILL FOR AN ACT ENTITLED: "AN ACT REVISING AND
 5 ELIMINATING CERTAIN ALLOCATIONS OF THE COAL SEVERANCE TAX
 6 PROCEEDS; ALLOCATING TO THE GENERAL FUND THE REMAINDER OF
 7 THE PROCEEDS OF THE COAL SEVERANCE TAX AND THE EXCESS OF THE
 8 COAL SEVERANCE TAX ALLOCATION TO THE WATER DEVELOPMENT DEBT
 9 SERVICE FUND; CONTINUING THE ALLOCATION OF EARNINGS FROM THE
 10 PARKS ACQUISITION AND CULTURAL TRUST FUND; AMENDING SECTIONS
 11 15-35-108, 22-2-301, 22-2-304, 22-2-321, 23-1-108,
 12 76-15-530, 85-1-604, 85-1-619, 90-3-101, 90-4-103, AND
 13 90-6-202, MCA; AND PROVIDING AN EFFECTIVE DATE."

14
 15 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

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

17 "15-35-108. Disposal of severance taxes. Severance
 18 taxes collected under this chapter must be allocated
 19 according to the provisions in effect on the date the tax is
 20 due under 15-35-104. Severance taxes collected under the
 21 provisions of this chapter are allocated as follows:

22 (1) To the trust fund created by Article IX, section
 23 5, of the Montana constitution, 50% of total coal severance
 24 tax collections. The trust fund moneys shall be deposited
 25 in the fund established under 17-6-203(5) and invested by

1 the board of investments as provided by law.

2 (2) Starting July 1, 1987, and ending June 30, 1993,
 3 12% of coal severance tax collections are allocated to the
 4 highway reconstruction trust fund account in the state
 5 special revenue fund.

6 (3) Coal severance tax collections remaining after the
 7 allocations provided by subsections (1) and (2) are
 8 allocated in the following percentages of the remaining
 9 balance:

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

13 (b) 4%--until--June--30,--1989,--to--the--state--special
 14 revenue--fund--to--the--credit--of--the--local--impact--account--and
 15 thereafter 20% to the state special revenue fund to the
 16 credit of the local--impact--and education trust fund account;
 17 and--17.5%--to--the--credit--of--the--local--impact--account;
 18 Unencumbered funds remaining in the local--impact--account--at
 19 the--end--of--each--biennium--are--allocated--to--the--education
 20 trust--fund--account;

21 (c) (b) 44.2%--until--June--30,--1989,--and--thereafter 10%
 22 to the state special revenue fund for state equalization aid
 23 to public schools of the state;

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

1 ~~{e)}--1-1/4%--to--the--credit--of--the--renewable--resource~~
 2 ~~development--bond--fund;~~
 3 ~~{f)}--after--June--30,--1989,--5%--to--a--nonexpendable--trust~~
 4 ~~fund--for--the--purpose--of--parks--acquisition--or--management,~~
 5 ~~protection--of--works--of--art--in--the--state--capitol,--and--other~~
 6 ~~cultural--and--aesthetic--projects,--income--from--this--trust--fund~~
 7 ~~shall--be--appropriated--as--follows:~~
 8 ~~{i)}--1/3--for--protection--of--works--of--art--in--the--state~~
 9 ~~capitol--and--other--cultural--and--aesthetic--projects;--and~~
 10 ~~{ii)}--2/3--for--the--acquisition,--development,--operation,~~
 11 ~~and--maintenance--of--any--sites--and--areas--described--in~~
 12 ~~23-1-102;~~
 13 ~~{g)}--1%--to--the--state--special--revenue--fund--to--the--credit~~
 14 ~~of--the--state--library--commission--for--the--purposes--of~~
 15 ~~providing--basic--library--services--for--the--residents--of--all~~
 16 ~~counties--through--library--federations--and--for--payment--of--the~~
 17 ~~costs--of--participating--in--regional--and--national--networking;~~
 18 ~~{h)}--1/2--of--1%--to--the--state--special--revenue--fund--for~~
 19 ~~conservation--districts;~~
 20 ~~{i)}(c) 1 1/4% to the debt service fund type to the~~
 21 ~~credit of the water development debt service fund;~~
 22 ~~{j)}--2%--to--the--state--special--revenue--fund--for--the~~
 23 ~~Montana--Growth--Through--Agriculture--Act;~~
 24 ~~{k)}(d) all other revenues from severance taxes~~
 25 ~~collected under the provisions of this chapter to the credit~~

1 of the 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(3)(f)
 7 as it read before [the effective date of this act] must
 8 submit a grant proposal to the cultural and aesthetic
 9 projects advisory committee, in care of the Montana
 10 historical society, by September 1 of the year preceding the
 11 convening of a regular legislative session.

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

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

16 **"22-2-304. Cultural and aesthetic project**
 17 **appropriations -- administration. (1)** The legislature must
 18 appropriate funds from the income of the trust fund created
 19 in 15-35-108(3)(f) as it read before [the effective date of
 20 this act] before any grant for a cultural or aesthetic
 21 project is awarded.

22 (2) Costs incurred by the Montana arts council for
 23 accounting, correspondence, project visits, and solicitation
 24 of proposals related to cultural and aesthetic project
 25 grants and the costs of the advisory committee established

1 in 2-15-1521 shall be paid from appropriations from the
2 income of the trust fund.

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

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

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

8 "22-2-321. Reversion of granted funds. At the end of a
9 grant period, any unexpended balance of the grant shall
10 revert to the cultural and aesthetic projects account
11 provided for in 15-35-108 as it read before [the effective
12 date of this act]."

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

14 "23-1-108. Acquisition of certain state parks,
15 monuments, or historical sites. (1) Any person, association,
16 or representative of a governing unit may submit a proposal
17 for the acquisition of a site or area described in 23-1-102
18 from the income of the trust fund created in 15-35-108(3)(f)
19 as it read before [the effective date of this act] to the
20 department of fish, wildlife, and parks by July 1 of the
21 year preceding the convening of a legislative session.

22 (2) The fish and game commission shall present to the
23 legislature by the 15th day of any legislative session a
24 list of areas, sites, or objects that were proposed for
25 purchase for use as state parks, state recreational areas,

1 state monuments, or state historical sites with the money
2 contained in the parks account.

3 (3) The legislature must appropriate funds from this
4 account before any park, area, monument, or site may be
5 purchased."

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

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

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

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

24 (4) The department of natural resources and
25 conservation may adopt rules implementing this section that

1 provide for the form and content of applications and the
2 criteria, terms, and conditions for making grants."

3 **Section 7.** Section 85-1-604, MCA, is amended to read:

4 **"85-1-604. Water development state special revenue**
5 **account created -- revenues allocated -- limitations on**
6 **appropriations from account.** (1) There is created a water
7 development state special revenue account within the state
8 special revenue fund established in 17-2-102.

9 (2) Except to the extent that they are required to be
10 credited to the water development debt service fund pursuant
11 to 85-1-603, there shall be paid into the:

12 (a) water development state special revenue account;

13 (i) all revenues of the works and other money as
14 provided in 85-1-332;

15 (ii) 30% of the interest income of the resource
16 indemnity trust fund as provided in and subject to the
17 conditions of 15-38-202;

18 (c) ~~the excess of the coal severance tax proceeds~~
19 ~~allocated by 85-1-603 to the water development debt service~~
20 ~~fund above debt service requirements as provided in and~~
21 ~~subject to the conditions of 85-1-619; and~~

22 (d) (iii) any fees or charges collected by the
23 department pursuant to 85-1-616 for the servicing of loans,
24 including arrangements for obtaining security interests; and

25 (b) general fund the excess of the coal severance tax

1 proceeds allocated by 85-1-603 to the water development debt
2 service fund above debt service requirements as provided in
3 and subject to the conditions of 85-1-619.

4 (3) Appropriations may be made from the water
5 development state special revenue account for the following
6 purposes and subject to the following conditions:

7 (a) An amount less than or equal to that paid into the
8 account under 85-1-332 and only that amount may be
9 appropriated for the operation and maintenance of
10 state-owned projects and works. If the amount of money
11 available for appropriation under this subsection (3)(a) is
12 greater than that necessary for operation and maintenance
13 expenses, the excess may be appropriated as provided in
14 subsection (3)(b).

15 (b) An amount less than or equal to that paid into the
16 account from the resource indemnity trust account plus any
17 excess from subsection (3)(a) and only that amount may be
18 appropriated from the account for:

19 (i) the rehabilitation of state-owned projects and
20 works, including the rehabilitation of spillways of
21 state-owned dams;

22 (ii) the formulation of downstream emergency warning
23 and evacuation plans for state-owned dams;

24 (iii) the development of the hydropower potential of
25 state-owned dams;

(iv) assistance in the implementation of the water reservations established under 85-2-316 of conservation districts;

(v) the promotion of the development of offstream and tributary storage;

(vi) the promotion of joint state-tribal, state-federal, and state-tribal-federal water development;

(vii) administrative expenses, including but not limited to the salaries and expenses of personnel, equipment, office space, and other necessities incurred in the administration of the water development program except the administration of loans and grants; and

(viii) any other expenditures that meet the policies and objectives of the state water development program.

(c) An amount less than or equal to that paid into the account ~~from the sources provided for in (c) and (d) of~~ under subsection (2)(a)(iii) and only that amount may be appropriated from the account for loans and grants for water development projects and activities; for administrative expenses, including but not limited to the salaries and expenses of personnel, equipment, and office space; for the servicing of loans, including arrangements for obtaining security interests; and for other necessities incurred in administering the loans and grants."

Section 8. Section 85-1-619, MCA, is amended to read:

"85-1-619. Debt service fund -- pledge and administration of sufficient balance. (1) The legislature may levy, impose, assess, and pledge and appropriate to the water development debt service fund any tax, charge, fee, rental, or other income from any designated source. The state reserves the right to modify from time to time the nature and amount of special taxes and other revenues pledged and appropriated to the water development debt service fund, provided that the aggregate resources so pledged and appropriated are determined by the legislature to be sufficient for the prompt and full payment of the principal of and interest and redemption premiums when due on all bonds payable from that fund and provided that the pledge of the full faith and credit and taxing powers of the state for the security of all such bonds shall be and remain irrevocable until they are fully paid.

(2) Money in the water development debt service fund must be used to pay interest, principal, and redemption premiums when due and payable with respect to water development bonds, and for bonds issued prior to 1985, to accumulate a reserve for the further security of such payments.

(3) After the reserve provided for in subsection (2) for bonds issued prior to 1985 has been accumulated in the water development debt service fund, money at any time

received in the water development debt service fund in excess of that amount must be transferred by the treasurer to the ~~water--development--state--special--revenue-account~~ general fund."

Section 9. Section 90-3-101, MCA, is amended to read:

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

(2) Because the alternative energy and energy conservation research development and demonstration program, administered by the department of natural resources and conservation, ~~which presently receives 4-1/2% of the coal severance taxes allocated pursuant to 15-35-108,~~ would overlap and supplement the program created by this chapter and because the alternative energy and energy conservation research development and demonstration account has a carryover from the 1985 biennium and the department of natural resources and conservation is not presently planning to utilize the entire allocated amount it will receive during the 1987 biennium, this chapter contemplates a temporary, one-time appropriation of a portion of the

allocation to the alternative energy and energy conservation research development and demonstration account for funding the science and technology research program of the Montana science and technology development board created in this chapter. The use of funds appropriated from the alternative energy and energy conservation research development and demonstration account established by 90-4-103 for the purposes of this chapter for the 1987 biennium is specifically authorized."

Section 10. Section 90-4-103, MCA, is amended to read:

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

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

- (a) grants under 90-4-104 and 90-4-106;
- (b) loans under 90-4-104 and 90-4-106;
- (c) grants to state governmental units under 90-4-109;

(d) program administration; and

(e) matching federal energy programs and petroleum violation escrow account money if consistent with the purposes of this chapter.

(3) To assure that the program offers the greatest possible benefits during the fiscal year, the department may reallocate funds among the categories specified in this section based on the availability of funds or the applications it receives and the department's evaluation of the relative merits of each project."

Section 11. Section 90-6-202, MCA, is amended to read:

"90-6-202. Accounts established. (1) There is within the state special revenue fund a local impact account. ~~Moneys--are--payable--into--this--account--under--15-35-108-~~ The state treasurer shall draw warrants from this account upon order of the coal board.

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

(3) There is within the nonexpendable trust fund an education trust fund account. Money is payable into this account under 15-35-108."

NEW SECTION. Section 12. Distribution of trust earnings. Income from the 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 created in 15-35-108(3)(f) as it read before [the effective date of this act] is appropriated:

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

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

NEW SECTION. Section 13. 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 14. Codification instruction. [Section 12] is intended to be codified as an integral part of Title 22, chapter 2, part 3, and the provisions of Title 22, chapter 2, part 3, apply to [section 12].

NEW SECTION. Section 15. 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 SB224, as introduced.

DESCRIPTION OF PROPOSED LEGISLATION:

An act revising and eliminating certain allocations of the coal severance tax proceeds; allocating to the general fund the remainder of the proceeds of the coal severance tax and the excess of the coal severance tax allocation to the water development debt service fund; continuing the allocation of earnings from the parks acquisition and cultural trust fund; and providing an effective date.

ASSUMPTIONS:

The revenue from the coal severance tax is estimated to be \$52,884,000 in FY90 and \$45,683,000 in FY91(REAC).

FISCAL IMPACT:Fund Information:

	<u>FY90</u>			<u>FY91</u>		
<u>Account Title</u>	<u>Current Amount</u>	<u>Proposed Amount</u>	<u>Difference Amount</u>	<u>Current Amount</u>	<u>Proposed Amount</u>	<u>Difference Amount</u>
Coal Tax Trust Fund	\$26,442,000	\$26,442,000	0	\$22,841,500	\$22,841,500	0
Highway Reconstruction	6,346,080	6,346,080	0	5,481,960	5,481,960	0
Alternative Energy Research	904,316	0	(\$904,316)	781,179	0	(\$781,179)
Local Impact	3,516,786	0	(\$3,516,786)	3,037,920	0	(\$3,037,920)
Education Trust Fund	4,019,184	4,019,184	0	3,471,908	3,471,908	0
School Equalization	2,009,592	2,009,592	0	1,735,954	1,735,954	0
County Land Planning	200,959	0	(\$200,959)	173,595	0	(\$173,595)
Renewable Resource Development	251,199	0	(\$251,199)	216,994	0	(\$216,994)
Cultural/Aesthetic Projects	1,004,796	0	(\$1,004,796)	867,977	0	(\$867,977)
State Library Commission	200,959	0	(\$200,959)	173,595	0	(\$173,595)
Conservation Districts	100,480	0	(\$100,480)	86,798	0	(\$86,798)
Water Development	251,199	251,199	0	216,994	216,994	0
Agriculture Act	401,918	0	(\$401,918)	347,191	0	(\$347,191)
General Fund	7,234,531	13,815,945	\$6,581,414	6,249,434	11,934,684	\$5,685,249
TOTAL	\$52,884,000	\$52,884,000	(\$0)	\$45,683,000	\$45,683,000	(\$0)

Ray Shackelford
 RAY SHACKLEFORD, BUDGET DIRECTOR
 OFFICE OF BUDGET AND PROGRAM PLANNING

1/31/89
 DATE

Thomas F. Keating
 THOMAS F. KEATING, PRIMARY SPONSOR
 DATE

Fiscal Note for SB224, as introduced

SB 224