

SENATE BILL 238

Introduced by Keating, et al.

1/25	Introduced
1/25	Referred to Natural Resources
1/26	Fiscal Note Requested
1/31	Fiscal Note Received
2/02	Fiscal Note Printed
2/08	Hearing
2/13	Hearing
2/17	Committee Report--Bill Not Passed
2/17	Adverse Committee Report Adopted

1 *Senate* BILL NO. *238*  
2 INTRODUCED BY *Deputy Cobb NATHAN T. HOFF*  
3  
4 A BILL FOR AN ACT ENTITLED: "AN ACT SUSPENDING THE  
5 AUTHORIZATION FOR THE COAL BOARD AND THE POWERS AND DUTIES  
6 OF THE COAL BOARD; REQUIRING THE DEPARTMENT OF COMMERCE TO  
7 MAINTAIN THE RECORDS OF THE COAL BOARD; ELIMINATING THE COAL  
8 SEVERANCE TAX ALLOCATION TO THE LOCAL IMPACT ACCOUNT;  
9 AMENDING SECTIONS 2-15-1821, 15-35-108, 90-6-202, 90-6-204,  
10 AND 90-6-205, MCA; AND PROVIDING AN EFFECTIVE DATE."

11  
12 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

13 **Section 1.** Section 2-15-1821, MCA, is amended to read:

14 "2-15-1821. Coal board -- allocation -- composition.  
15 Subject to the provisions of subsection (6) suspending all  
16 activities, powers, and duties of the coal board, the  
17 following provisions apply:

18 (1) There is a coal board composed of seven members.

19 (2) The coal board is allocated to the department of  
20 commerce for administrative purposes only as prescribed in  
21 2-15-121.

22 (3) The governor shall appoint a seven-member coal  
23 board, as provided under 2-15-124.

24 (4) (a) The members of the coal board are selected as  
25 follows:

1 (i) two from the impact areas; and  
2 (ii) two with expertise in education.  
3 (b) The governor shall further, in making these  
4 appointments, consider people from these fields:  
5 (i) business;  
6 (ii) engineering;  
7 (iii) public administration; and  
8 (iv) planning.  
9 (5) No more than four members may be residents of the  
10 same congressional district.  
11 (6) After June 30, 1989:  
12 (a) the provisions of this section are ineffective,  
13 the provisions, powers, and duties of the coal board under  
14 90-6-204 and 90-6-205 are suspended, and the coal board may  
15 not perform any of the functions provided in Title 90,  
16 chapter 6, part 2; and  
17 (b) the department of commerce shall perform functions  
18 necessary to fulfill obligations and commitments of the coal  
19 board unfulfilled on June 30, 1989, and to maintain and  
20 preserve the records of the coal board."

21 **Section 2.** Section 15-35-108, MCA, is amended to read:

22 "15-35-108. Disposal of severance taxes. Severance  
23 taxes collected under this chapter must be allocated  
24 according to the provisions in effect on the date the tax is  
25 due under 15-35-104. Severance taxes collected under the

1 provisions of this chapter are allocated as follows:

2 (1) To the trust fund created by Article IX, section  
3 5, of the Montana constitution, 50% of total coal severance  
4 tax collections. The trust fund moneys shall be deposited  
5 in the fund established under 17-6-203(5) and invested by  
6 the board of investments as provided by law.

7 (2) Starting July 1, 1987, and ending June 30, 1993,  
8 12% of coal severance tax collections are allocated to the  
9 highway reconstruction trust fund account in the state  
10 special revenue fund.

11 (3) Coal severance tax collections remaining after the  
12 allocations provided by subsections (1) and (2) are  
13 allocated in the following percentages of the remaining  
14 balance:

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

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

1 (c) 44.2% until June 30, 1989, and thereafter 10% to  
2 the state special revenue fund for state equalization aid to  
3 public schools of the state;

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

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

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

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

15 (ii) 2/3 for the acquisition, development, operation,  
16 and maintenance of any sites and areas described in  
17 23-1-102;

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

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

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

**Section 3.** 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--15-35-100.--The~~ Subject to the provisions of 2-15-1821(6), 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."

**Section 4.** Section 90-6-204, MCA, is amended to read:

"90-6-204. Chairman, meetings, compensation, and facilities. Subject to the provisions of 2-15-1821(6), the following provisions apply:

(1) The board shall elect a chairman from among its members.

(2) The board shall meet quarterly and may meet at other times as called by the chairman or a majority of the

members.

(3) Members are entitled to compensation as provided for in 2-15-124(7).

(4) ~~The department of commerce will provide suitable office facilities and the necessary staff shall perform functions necessary to fulfill obligations and commitments of the coal board unfulfilled on June 30, 1989, and to maintain and preserve the records for~~ of the coal board.

**Section 5.** Section 90-6-205, MCA, is amended to read:

"90-6-205. Coal board -- general powers. The Subject to the provisions of 2-15-1821(6), the board may:

(1) retain professional consultants and advisors;

(2) adopt rules governing its proceedings;

(3) consider applications for grants from the local impact account;

(4) consider applications for loans from the local impact account for periods and interest rates to be determined by the board; and

(5) award grants and loans, subject to 90-6-207, from the local impact account:

(a) to local governmental units, state agencies, and governing bodies of federally recognized Indian tribes to assist local governmental units and federally recognized Indian tribes in meeting the local impact of coal development by enabling them to adequately provide

1 governmental services and facilities which are needed as a  
2 direct consequence of coal development; and

3 (b) notwithstanding the provisions of 90-6-207, to the  
4 department of highways established in 2-15-2501 to expedite  
5 the construction, repair, and maintenance of deficient  
6 sections of highway within the area designated in 90-6-210  
7 if the deficiency is the direct result of increased traffic  
8 accompanying the development of coal resources; and

9 (6) award a grant to a local government unit for the  
10 purpose of paying for part or all of the credit that the  
11 local government unit is obligated to give to a major new  
12 industrial facility that has prepaid property taxes under  
13 15-16-201. The board must award the grant in accordance with  
14 90-6-206."

15 NEW SECTION. **Section 6.** Extension of authority. Any  
16 existing authority to make rules on the subject of the  
17 provisions of [this act] is extended to the provisions of  
18 [this act].

19 NEW SECTION. **Section 7.** Saving clause. [This act]  
20 does not affect rights and duties that matured, penalties  
21 that were incurred, or proceedings that were begun before  
22 [the effective date of this act].

23 NEW SECTION. **Section 8.** Effective date. [This act] is  
24 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 SB238, as introduced

DESCRIPTION OF PROPOSED LEGISLATION:


An act suspending the authorization for the coal board and the powers and duties of the coal board; requiring the Department of Commerce to maintain the records of the coal board; eliminating the coal severance tax allocation to the local impact account; and providing an effective date.


ASSUMPTIONS:

1. Revenue from the coal severance tax is estimated to be \$52,884,000 in FY90 and \$45,683,000 in FY91 (REAC).
2. The current allocation to the local impact account (6.65%) will be diverted to the general fund under the proposed legislation. The fund information only reflects this impact.
3. Funding for the coal board will be eliminated under the proposal. The proposal also eliminates coal board grant money available to counties.

FISCAL IMPACT:

		<u>FY90</u>			<u>FY91</u>		
<u>Fund Information:</u>	<u>Current</u>	<u>Proposed</u>	<u>Difference</u>		<u>Current</u>	<u>Proposed</u>	<u>Difference</u>
	<u>Amount</u>	<u>Amount</u>	<u>Amount</u>		<u>Amount</u>	<u>Amount</u>	<u>Amount</u>
Local Impact Account	\$3,516,786	\$ -0-	(\$3,516,786)		\$3,037,920	\$ -0-	(\$3,037,920)
General Fund	\$7,234,513	\$10,751,317	\$3,516,786		\$6,249,434	\$9,287,354	\$3,037,920

  
RAY/SHACKLEFORD, BUDGET DIRECTOR      DATE 1/31/89  
Office of Budget and Program Planning

  
THOMAS KEATING, PRIMARY SPONSOR      DATE 2-1-89

Fiscal Note for SB238, as introduced**SB 238**