

HOUSE BILL 11

Introduced by Cobb

6/16	Introduced
6/19	Referred to Taxation
6/19	Fiscal Note Requested
6/21	Hearing
6/21	Fiscal Note Received
6/26	Fiscal Note Printed
	Died in Committee

CONSTITUTIONAL AMENDMENT

1 HOUSE BILL NO. 11
2 INTRODUCED BY COBB
3 BY REQUEST OF THE GOVERNOR
4

5 A BILL FOR AN ACT ENTITLED: "AN ACT TO SUBMIT TO THE
6 QUALIFIED ELECTORS OF MONTANA AN AMENDMENT TO ARTICLE IX,
7 SECTION 5, OF THE MONTANA CONSTITUTION TO REDUCE BY HALF THE
8 AMOUNT OF THE COAL SEVERANCE TAX DEDICATED TO THE PERMANENT
9 COAL TAX TRUST FUND, FROM 50 PERCENT TO 25 PERCENT, AND TO
10 PROVIDE THAT 25 PERCENT OF THE COAL SEVERANCE TAX BE
11 DEDICATED TO STATE EQUALIZATION AID TO PUBLIC SCHOOLS OF THE
12 STATE; AND PROVIDING AN EFFECTIVE DATE AND AN APPLICABILITY
13 DATE."

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

16 **Section 1.** Article IX, section 5, of The Constitution
17 of the State of Montana is amended to read:

18 "Section 5. Severance tax on coal -- trust fund. The
19 legislature shall dedicate not less than one-fourth (1/4) of
20 the coal severance tax to a trust fund, the interest and
21 income from which may be appropriated. The principal of the
22 trust shall forever remain inviolate unless appropriated by
23 vote of three-fourths (3/4) of the members of each house of
24 the legislature. After December 31, ~~1979~~ 1989, at least
25 ~~fifty--percent--(50%)~~ twenty-five percent (25%) of the

1 severance tax shall be dedicated to the trust fund and at
2 least twenty-five percent (25%) of the severance tax shall
3 be dedicated to state equalization aid to public schools of
4 the state."

5 NEW SECTION. **Section 2.** Effective date --
6 applicability. This act is effective on approval by the
7 electorate and applies to taxes paid on or after January 1,
8 1990.

9 NEW SECTION **Section 3.** Submission to electorate. This
10 amendment shall be submitted to the qualified electors of
11 Montana at the general election to be held November 7, 1989,
12 by printing on the ballot the full title of this act and the
13 following:

- 14 FOR reducing the amount of coal severance tax
15 dedicated to the permanent trust fund and dedicating
16 twenty-five percent of the coal severance tax to
17 state equalization aid.
- 18 AGAINST reducing the amount of coal severance tax
19 dedicated to the permanent trust fund and dedicating
20 twenty-five percent of the coal severance tax to
21 state equalization aid.

-End-



-2- INTRODUCED BILL
 HB 11

STATE OF MONTANA - FISCAL NOTE

Form BD-15

In compliance with a written request, there is hereby submitted a Fiscal Note for HB11, as introduced

DESCRIPTION OF PROPOSED LEGISLATION:

An act to submit to the qualified electors of Montana an amendment to Article IX, Section 5, of the Montana Constitution to reduce by half the amount of the coal severance tax dedicated to the permanent coal tax trust fund, from 50 percent to 25 percent, and to provide that 25 percent of the coal severance tax be dedicated to state equalization aid to public schools of the state; and providing an effective date and an applicability date.

FISCAL IMPACT:

Revenues

Passage of this bill would not in itself result in any revenue fiscal impact.

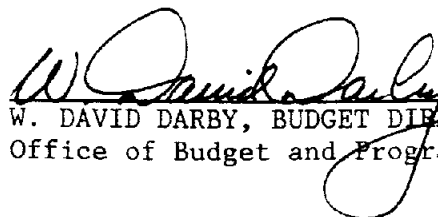
Passage of this bill would provide for submission to the electorate a proposal to change the distribution of coal severance taxes. If passed by the electorate, future years' coal severance taxes currently dedicated to the permanent trust fund would be cut in half, with the balance going to state equalization for public schools.

Coal severance tax collections are projected to total \$52,902,000 in FY90, and \$46,871,000 in FY91 (HJR13). The proposal applies to coal severance taxes paid on or after January 1, 1990. Passage by the electorate would result in approximately \$6,612,750 less coal tax deposited to the permanent trust fund, and a like amount added to school equalization in FY90. In FY91, approximately \$11,717,750 less would be deposited in the trust fund, with a like amount being added to school equalization funds.

The loss in general fund interest earnings from the permanent coal tax trust would be \$131,200 in FY90 and \$881,300 in FY91.

Expenditures

The general election on November 7, 1989 will necessitate the preparation and distribution of a voter information pamphlet. The cost to the Secretary of State in FY90 will be \$68,282 for operating costs (general fund). Mailing the pamphlet and other operating expenses will cost local governments \$337,017 in FY90 (local funds).

 DATE 6/21/89
W. DAVID DARBY, BUDGET DIRECTOR
Office of Budget and Program Planning

 DATE 6/24/89
JOHN COBB, PRIMARY SPONSOR

Fiscal Note for HB11, as introduced

HB 11