

HOUSE BILL 18

Introduced by Daily

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

1 HOUSE BILL NO. 18
2 INTRODUCED BY DAILY

3
4 A BILL FOR AN ACT ENTITLED: "AN ACT APPROPRIATING, IN
5 SUPPORT OF EDUCATION, A PORTION OF COAL SEVERANCE TAX
6 PROCEEDS AND A PORTION OF THE PERMANENT TRUST EARNINGS
7 ALLOCATED TO THE PERMANENT TRUST; AMENDING SECTIONS
8 17-5-703, 17-5-704, 17-6-305, 17-6-306, AND 20-9-343, MCA;
9 AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

10
11 WHEREAS, one-half of the proceeds of the coal severance
12 tax is currently dedicated to a permanent trust for future
13 needs; and

14 WHEREAS, the portion of the future coal severance tax
15 proceeds that will be deposited in the permanent trust is,
16 under current circumstances, needed to support public
17 education.

18
19 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

20 **Section 1.** Section 17-5-703, MCA, is amended to read:

21 "17-5-703. Coal severance tax trust funds. (1) The
22 trust established under Article IX, section 5, of the
23 Montana constitution shall be composed of the following
24 funds:

25 (a) a coal severance tax bond fund into which the

1 constitutionally dedicated receipts from the coal severance
2 tax shall be deposited;

3 (b) a coal severance tax permanent fund; and

4 (c) a coal severance tax income fund.

5 (2) The state treasurer shall from time to time
6 transfer to the coal severance tax permanent fund all money
7 in the coal severance tax bond fund except the amount
8 amounts:

9 (a) necessary to meet all principal and interest
10 payments on bonds payable from the coal severance tax bond
11 fund on the next two ensuing semiannual payment dates; and

12 (b) appropriated by a vote of three-fourths of the
13 members of each house of the legislature from the remainder
14 in the coal severance tax bond fund to the state special
15 revenue fund for state equalization aid to public schools."

16 **Section 2.** Section 17-5-704, MCA, is amended to read:

17 "17-5-704. Investment of funds. (1) Money in the coal
18 severance tax bond fund, the coal severance tax permanent
19 fund, and the coal severance tax income fund must be
20 invested in accordance with the investment standards for
21 coal severance tax funds except as provided in subsection
22 (2). Income and earnings from all funds must be transferred
23 to and retained in the coal severance tax income fund until
24 appropriated by the legislature.

25 (2) (a) Except as provided in ~~section 17-Chapter-634,~~

1 ~~Laws of 1989, beginning on July 17, 1989~~ subsection (2)(b),
 2 the legislature shall appropriate 15% of the income and
 3 earnings from all funds to be deposited to the coal
 4 severance tax permanent fund each year. The funds
 5 appropriated to the coal severance tax permanent fund under
 6 this subsection may not be further appropriated except by
 7 vote of three-fourths of the members of each house of the
 8 legislature.

9 (b) The legislature may appropriate the money that
 10 would otherwise be allocated under subsection (2)(a) to the
 11 state special revenue fund for state equalization aid to
 12 public schools."

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

14 "17-6-305. Investment of twenty-five percent of the
 15 coal tax trust fund in the Montana economy. (1) Twenty-five
 16 percent of all revenue deposited after June 30, 1983, into
 17 the permanent coal tax trust fund established in 17-6-203(5)
 18 and ~~15% of the amount of~~ annual income and earnings on the
 19 Montana in-state investment fund appropriated to the coal
 20 severance tax permanent fund by pursuant to 17-5-704(2)
 21 shall be invested in the Montana economy with special
 22 emphasis on investments in new or expanding locally owned
 23 enterprises.

24 (2) In determining the probable income to be derived
 25 from investment of this revenue, the long-term benefit to

1 the Montana economy shall be considered.

2 (3) The legislature may provide additional procedures
 3 to implement this section."

4 **Section 4.** Section 17-6-306, MCA, is amended to read:

5 "17-6-306. Montana in-state investment fund. The
 6 Montana in-state investment fund consists of:

7 (1) 25% of the revenue deposited after June 30, 1983,
 8 into the permanent coal tax trust fund established in
 9 17-6-203(6);

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

12 (3) ~~15% of the amount of~~ annual income and earnings on
 13 the Montana in-state investment fund appropriated to the
 14 coal severance tax permanent fund by 17-5-704(2)."

15 **Section 5.** Section 20-9-343, MCA, is amended to read:

16 "20-9-343. Definition of and revenue for state
 17 equalization aid. (1) As used in this title, the term "state
 18 equalization aid" means ~~those moneys~~ the money deposited in
 19 the state special revenue fund as required in this section
 20 plus any legislative appropriation of money from other
 21 sources for distribution to the public schools for the
 22 purpose of equalization of the foundation program.

23 (2) ~~The legislative appropriation~~ legislature shall
 24 biennially appropriate money for state equalization aid
 25 ~~shall be made in a single sum for the biennium.~~ The

1 superintendent of public instruction ~~has authority to~~ may
 2 spend ~~such the~~ appropriation, together with the earmarked
 3 revenues provided in subsection (3), as required for
 4 foundation program purposes throughout the biennium.

5 (3) The following ~~shall~~ must be paid into the state
 6 special revenue fund for state equalization aid to public
 7 schools of the state:

8 (a) 31.8% of all money received from the collection of
 9 income taxes under chapter 30 of Title 15;

10 (b) 25% of all money, except as provided in 15-31-702,
 11 received from the collection of corporation license and
 12 income taxes under chapter 31 of Title 15, as provided by
 13 15-1-501;

14 (c) 100% of the money allocated to state equalization
 15 from the collection of the severance tax on coal;

16 (d) money appropriated under 17-5-703(2)(b) and
 17 17-5-704(2)(b);

18 ~~(d)~~ (e) 100% of the money received from the treasurer
 19 of the United States as the state's shares of oil, gas, and
 20 other mineral royalties under the federal Mineral Lands
 21 Leasing Act, as amended;

22 ~~(e)~~ (f) interest and income money described in 20-9-341
 23 and 20-9-342;

24 ~~(f)~~ (g) income from the education trust fund account;
 25 and

1 ~~(g)~~ (h) in addition to these revenues, the surplus
 2 revenues collected by the counties for foundation program
 3 support according to 20-9-331 and 20-9-333.

4 (4) Any surplus revenue in the state equalization aid
 5 account in the second year of a biennium may be used to
 6 reduce the appropriation required for the next succeeding
 7 biennium."

8 NEW SECTION. Section 6. Appropriations. (1) There is
 9 appropriated from the funds described in 17-5-703(2)(b) for
 10 fiscal year 1990:

11 (a) \$7.5 million to the Montana university system; and

12 (b) subsequent to the deduction of the appropriation
 13 described in subsection (1)(a), the remainder of the funds
 14 described in 17-5-703(2)(b) to the state special revenue
 15 fund described in 20-9-343 for state equalization aid for
 16 the foundation program.

17 (2) There is appropriated to the state special revenue
 18 fund for state equalization aid to public schools for fiscal
 19 year 1990 the funds described in 17-5-704(2)(b).

20 (3) There is appropriated from the funds described in
 21 17-5-703(2)(b) for fiscal year 1991:

22 (a) \$7.5 million to the Montana university system; and

23 (b) subsequent to the deduction of the appropriation
 24 described in subsection (3)(a), the remainder of the funds
 25 described in 17-5-703(2)(b) to the state special revenue

1 fund described in 20-9-343 for state equalization aid for
2 the foundation program.

3 (4) There is appropriated to the state special revenue
4 fund for state equalization aid to public schools for fiscal
5 year 1991 the funds described in 17-5-704(2)(b).

6 NEW SECTION. **Section 7.** Requirements for approval of
7 appropriating coal severance tax revenue to be deposited in
8 the coal severance tax trust fund -- severability. Because
9 [section 6] appropriates coal severance tax revenue that is
10 required to be deposited in the permanent coal severance tax
11 trust fund under Article IX, section 5, of the Montana
12 constitution, a vote of three-fourths of the members of each
13 house is required for enactment of [section 6]. If [section
14 6] is not approved by the required vote, [section 6] is
15 void. The remaining sections of [this act] are valid and
16 remain in effect in all valid applications upon enactment.

17 NEW SECTION. **Section 8.** Effective date. [This act] is
18 effective on passage and approval.

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