

HOUSE BILL 42

Introduced by Simon

6/21	Introduced
6/21	Referred to Taxation
6/21	Fiscal Note Requested
6/23	Hearing
6/26	Fiscal Note Received
6/26	Fiscal Note Printed
6/26	Tabled in Committee

1 *House* BILL NO. *42*
2 INTRODUCED BY *Sumner*
3 BY REQUEST OF THE GOVERNOR

4
5 A BILL FOR AN ACT ENTITLED: "AN ACT TO PROVIDE ADDITIONAL
6 FOUNDATION PROGRAM FUNDING TO SCHOOL DISTRICTS BY ALLOCATING
7 TO STATE EQUALIZATION AID 30 PERCENT OF COAL SEVERANCE TAX
8 COLLECTIONS THAT REMAIN AFTER ALLOCATIONS TO THE PERMANENT
9 TRUST FUND AND THE HIGHWAY RECONSTRUCTION TRUST FUND; TO
10 ABOLISH THE EDUCATION TRUST FUND AS AN ALLOCATION OF COAL
11 SEVERANCE TAX COLLECTIONS; TO APPROPRIATE FUNDS TO THE
12 SUPERINTENDENT OF PUBLIC INSTRUCTION FOR STATE EQUALIZATION
13 AID; AMENDING SECTIONS 15-35-108, 90-6-202, AND 90-6-212,
14 MCA; REPEALING SECTIONS 20-9-513 AND 90-6-211, MCA; AND
15 PROVIDING AN EFFECTIVE DATE."

16
17 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

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

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

24 (1) To the trust fund created by Article IX, section
25 5, of the Montana constitution, 50% of total coal severance

1 tax collections. The trust fund moneys shall be deposited
2 in the fund established under 17-6-203(5) and invested by
3 the board of investments as provided by law.

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

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

12 (a) ~~20%~~ 30% to the state special revenue fund to the
13 ~~credit of the education trust fund account~~ and 17.5% to the
14 credit of the local impact account. Unencumbered funds
15 remaining in the local impact account at the end of each
16 biennium are allocated to the ~~education trust fund account~~
17 state special revenue fund for state equalization aid to
18 public schools of the state.

19 (b) ~~10%~~ 30% to the state special revenue fund for
20 state equalization aid to public schools of the state;

21 (c) 1% to the state special revenue fund to the credit
22 of the county land planning account;

23 (d) 1 1/4% to the credit of the renewable resource
24 development bond fund;

25 (e) 5% to a nonexpendable trust fund for the purpose

1 of parks acquisition or management, protection of works of
2 art in the state capitol, and other cultural and aesthetic
3 projects. Income from this trust fund shall be appropriated
4 as follows:

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

7 (ii) 2/3 for the acquisition, development, operation,
8 and maintenance of any sites and areas described in
9 23-1-102;

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

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

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

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

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

24 **Section 2.** Section 90-6-202, MCA, is amended to read:

25 "90-6-202. **Accounts established.** (1) There is within

1 the state special revenue fund a local impact account.
2 Moneys are payable into this account under 15-35-108. The
3 state treasurer shall draw warrants from this account upon
4 order of the coal board.

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

7 ~~{3}--There-is-within-the-nonexpendable--trust--fund--an~~
8 ~~education-trust-fund-account--"~~

9 **Section 3.** Section 90-6-212, MCA, is amended to read:

10 "90-6-212. Local impact account -- disposition of loan
11 repayments, interest, and unexpended balances. (1) The money
12 derived from loans made pursuant to this part, including
13 interest thereon, must be deposited to the credit of the
14 local impact account created in 90-6-202.

15 (2) The unexpended money in the local impact account
16 must be invested by the board of investments as provided by
17 statute. Interest and earnings must be deposited to the
18 credit of the education-trust-fund-account state special
19 revenue fund for state equalization aid.

20 (3) The unexpended balance in the local impact account
21 at the end of each biennium must be deposited to the credit
22 of the education--trust-fund-account state special revenue
23 fund for state equalization aid."

24 **NEW SECTION. Section 4. Repealer.** Sections 20-9-513
25 and 90-6-211, MCA, are repealed.

1 NEW SECTION. **Section 5. Appropriation.** (1) All
2 revenue received under the provisions of 20-9-343 is
3 appropriated to the superintendent of public instruction for
4 the biennium ending June 30, 1991, for state equalization
5 aid for public schools.

6 (2) Any money remaining in the education trust
7 established in 90-6-202(3) as of June 30, 1989, is
8 appropriated to the superintendent of public instruction for
9 the biennium ending June 30, 1991, for state equalization
10 aid for public schools.

11 (3) There is appropriated from the general fund \$12
12 million for the biennium ending June 30, 1991, to be used to
13 the extent funds appropriated in subsections (1) and (2) are
14 insufficient to finance the maximum general fund budget
15 schedules for public schools, excluding special education.

16 NEW SECTION. **Section 6. Effective date.** [This act] is
17 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 HB42, as introducedDESCRIPTION OF PROPOSED LEGISLATION:

An act to provide additional foundation program funding to school districts by allocating to state equalization aid 30 percent of coal severance tax collections that remain after allocations to the permanent trust fund and the highway reconstruction trust fund; to abolish the education trust fund as an allocation of coal severance tax collections; to appropriate funds to the superintendent of public instruction for state equalization aid; and providing an effective date.

ASSUMPTIONS:

1. The coal severance tax revenue is estimated to be \$52,902,000 in FY90 and \$46,871,000 in FY91. (HJR 13)
2. The portion of revenue deposited into the education trust fund account for FY90 and FY91 is 7.6 % of total coal severance tax receipts.
3. The education trust fund principal balance is estimated to be \$24,493,000 in FY90.
4. There is no impact on Department of Revenue expenditures.

FISCAL IMPACT:Revenue Impact:

	FY90			FY91		
	Current Law	Proposed Law	Difference	Current Law	Proposed Law	Difference
Coal Severance Tax	\$52,902,000	\$52,902,000	\$0	\$46,871,000	\$46,871,000	\$0
<u>Fund Information:</u>						
Coal Tax Trust Fund	\$26,451,000	\$26,451,000	\$0	\$23,435,500	\$23,435,500	\$0
Highway Reconstr.	6,348,240	6,348,240	0	5,624,520	5,624,520	0
Alternative Energy	904,624	904,624	0	801,494	801,494	0
Local Impact	3,517,983	3,517,983	0	3,116,922	3,116,922	0
Education Trust Fund	4,020,828	0	(4,020,828)	3,562,294	0	(3,562,294)
School Equalization	2,010,000	6,030,000	4,020,828	1,781,000	5,343,294	3,562,294
County Land Planning	201,028	201,028	0	178,110	178,110	0
Renewable Resource	251,285	251,285	0	222,637	222,637	0
Cultural/Aesthetic	1,005,138	1,005,138	0	890,549	890,549	0
State Library Com.	201,028	201,028	0	178,110	178,110	0
Conservation Dist.	100,514	100,514	0	89,055	89,055	0
Water Development	251,285	251,285	0	222,637	222,637	0
MGTA Act	402,055	402,055	0	356,220	356,220	0
General Fund	7,236,994	7,236,994	0	6,411,953	6,411,953	0
TOTAL	\$52,902,000	\$52,902,000	\$0	\$46,871,000	\$46,871,000	\$0

W. David Darby 6/24/89
 W. DAVID DARBY, BUDGET DIRECTOR DATE
 Office of Budget and Program Planning

Bruce T. Simon 6/26/89
 BRUCE T. SIMON, PRIMARY SPONSOR DATE

Fiscal Note for HB42, as introduced

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FOUNDATION PROGRAM

	FY90			FY91		
	<u>Current Law</u>	<u>Proposed Law</u>	<u>Difference</u>	<u>Current Law</u>	<u>Proposed Law</u>	<u>Difference</u>
Taxable Valuation	\$1,903,008,000	\$1,903,008,000	\$0	\$1,882,194,000	\$1,882,194,000	\$0
STATE REVENUE						
Income Tax	\$81,603,923	\$81,603,923	\$0	\$ 87,364,723	\$87,364,723	\$0
Corporation Tax	11,692,195	11,692,195	0	11,783,305	11,783,305	0
Coal Severance Tax	2,010,000	6,030,828	4,020,828	1,781,000	5,343,294	3,562,294
Interest & Income	33,699,000	33,699,000	0	34,770,000	34,770,000	0
US Oil & Gas Royal.	17,119,000	17,119,000	0	17,404,000	17,404,000	0
Ed. Trust Fund	0	24,493,000	24,493,000	0	0	0
Ed. Trust Fund Int.	1,564,000	0	(1,564,000)	1,831,000	0	(1,831,000)
COUNTY REVENUE						
Mandatory Levy	\$85,635,000	\$85,635,000	\$0	\$84,699,000	\$84,699,000	\$0
Elementary Trans.	(3,717,000)	(3,717,000)	0	(3,717,000)	(3,717,000)	0
Cash Reappropriated	2,604,000	2,604,000	0	2,955,000	2,955,000	0
Forest Funds	1,465,000	1,465,000	0	1,465,000	1,465,000	0
Taylor Grazing	102,000	102,000	0	102,000	102,000	0
Misc. Revenue	4,310,000	4,310,000	0	4,310,000	4,310,000	0
High school Tuition	(838,000)	(838,000)	0	(838,000)	(838,000)	0
DISTRICT REVENUE						
Permissive Levy	\$17,127,000	\$17,127,000	0	\$16,940,000	\$16,940,000	\$0
Misc. Revenue	1,410,000	1,410,000	0	1,454,000	1,454,000	0
TOTAL	\$255,786,118	\$282,735,946	\$26,949,828	\$262,304,028	\$264,035,322	\$1,731,294
SCHEDULE INCREASE IN PERCENT						
	0%	0%		0%	0%	
Beginning Fund Bal.	\$0	\$0	\$0	\$0	\$4,380,946	\$ 4,380,946
Total Revenue	\$255,786,118	\$282,735,946	\$26,949,828	\$262,304,028	\$264,035,322	\$1,731,294
Total Available	\$255,786,118	\$282,735,946	\$26,949,828	\$262,304,028	\$268,416,268	\$ 6,112,240
Foundation Pgm.	\$278,355,000	\$278,355,000	\$0	\$276,678,000	\$276,678,000	\$0
Ending Fund Balance	(\$22,568,882)	\$4,380,946	\$26,949,828	(\$14,373,972)	(\$8,261,732)	\$ 6,112,240
General Fund Need	\$22,568,882			\$ 14,373,972	\$ 8,261,732	

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