

SENATE BILL 18

Introduced by Gage

6/22	Introduced
6/23	Referred to Taxation
6/23	Fiscal Note Requested
7/11	Fiscal Note Printed
	Died in Committee

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Senate BILL NO. 18
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INTRODUCED BY

A BILL FOR AN ACT ENTITLED: "AN ACT REVISING THE TAXATION OF OIL AND GAS NET PROCEEDS; AMENDING SECTIONS 15-23-603, 15-23-607, 15-23-613, 20-9-141, 20-9-331, 20-9-333, 20-9-352, 20-9-501, AND 20-10-144, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE AND A RETROACTIVE APPLICABILITY DATE."

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

Section 1. Section 15-23-603, MCA, is amended to read:

"15-23-603. Net proceeds -- how computed. (1) Except as provided in subsection (3), the department of revenue shall calculate and compute from the returns the gross sales proceeds of the product yielded from such well for the year covered by the statement and shall calculate the net proceeds of the well yielded to the producer, which net proceeds shall must be determined by subtracting from the gross sales proceeds thereof the following:

(a) all royalty paid in cash by the operator or producer and the gross value of all royalty apportioned in kind by the operator or producer that shall ~~be~~ is determined by using as the value of a barrel of oil or a cubic foot of gas the average selling price for the calendar year of a

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barrel of oil or a cubic foot of gas from the well out of which the royalty was paid;

(b) all money expended for necessary labor and machinery needed and used in the operation and development;

(c) except as provided in subsection (5), all money expended for necessary supplies needed and used in the operation and development;

(d) all money expended for improvements, repairs, and betterments necessary in and about the working of the well;

(e) that portion of all money, including costs of insurance, expended for the acquisition and operation of any vehicle used in the operation and development of the well which bears the same ratio to all money expended for the acquisition and use of the vehicle during the year covered by the statement as the number of miles the vehicle is used in operation and development of the well during the year covered by the statement bears to the total miles the vehicle is used during the year covered by the statement;

(f) all money expended for fire insurance, workers' compensation insurance, liability insurance, and casualty insurance directly attributable to the operation and development of the well and for payments by operators to welfare and retirement funds when provided for in wage contracts between operators and employees;

(g) all money expended for any performance or

1 indemnity--bonds--required--by-the-laws-of-this-state-or-the
2 rules-of-any-state-agency,-with--respect--to--the--well--for
3 which-the-net-proceeds-are-being-calculated;

4 (h)(b) 70% of the amount paid or withheld in
5 satisfaction of liability for excise taxes imposed by the
6 U.S. government on the production, sale, or removal of the
7 natural gas, petroleum, or other crude or mineral oil
8 yielded from such well, other than the amount of such taxes
9 paid by or withheld from each royalty owner; and

10 (i)(c) net proceeds determined under subsection (3).

11 (2) No---money Money invested in the well and
12 improvements during any year except the year for which such
13 statement is made may not be included in such expenditures,
14 except as provided in 15-23-604, and such expenditures may
15 not include the salaries or any portion thereof of salaries
16 of any person or officer not actually engaged in the working
17 of the well or superintending the management thereof of the
18 well.

19 (3) For interim production or new production, net
20 proceeds are the equivalent of the gross sales proceeds,
21 without deduction for excise taxes, of the product yielded
22 from such well for the year covered by the statement, except
23 that in computing the total number of barrels of petroleum
24 and other mineral or crude oil or cubic feet of natural gas
25 produced, there shall must be deducted therefrom--so--much

1 thereof as much of the product as is used in the operation
2 of the well from which the petroleum or other mineral or
3 crude oil or natural gas is produced for pumping the
4 petroleum or other mineral or crude oil or natural gas from
5 the well to a tank or pipeline.

6 (4)--To-determine-net-proceeds-under-subsection-(i)-for
7 lease-or-unitized-areas-from-which-interim-or-new-production
8 and--other-production-have-been-sold;-the-deductions-allowed
9 in-subsections-(i)(b)-through-(i)(h)-must-be-prorated-on-the
10 basis-of-the-number-of-barrels-of-interim-and-new-production
11 of-oil-or-cubic-feet-of-interim-or-new-production-of-gas--to
12 the--number--of--barrels-of-other-production-of-oil-or-cubic
13 feet-of-other-production-of-gas;

14 (5)(4) In calculating the deduction for money expended
15 for necessary chemical supplies needed and used in a
16 tertiary recovery project approved by the department of
17 revenue, as provided in 15-36-101, the department shall
18 require that the necessary chemical supplies, which include
19 but are not limited to carbon dioxide supplies, be amortized
20 over a 10-year period beginning with the year in which the
21 money was expended."

22 **Section 2.** Section 15-23-607, MCA, is amended to read:

23 "15-23-607. County assessors to compute taxes. (1)
24 immediately-after-the--board--of--county--commissioners--has
25 fixed--tax--levies-on-the-second-Monday-in-August Subject to

1 the provisions of 15-23-612 and of subsection (2) of this
 2 section, the county assessor shall compute the taxes on such
 3 net proceeds,--except--as--provided--in--15-23-612--and--in
 4 subsection-(2), and royalty assessments and shall deliver
 5 the book to the county treasurer on or before September 15.
 6 The county treasurer shall proceed to give full notice
 7 thereof to such the operator and to collect the same taxes
 8 in the manner provided by law.

9 (2) ~~For--interim--production--or--new--production,--as~~
 10 ~~defined--in--15-23-601,--the~~ The county assessor may not levy
 11 or assess any mills against the value of such interim
 12 production or new production, as defined in 15-23-601, or
 13 against the value of any other production occurring after
 14 December 31, 1988, but shall instead levy a tax as follows:

15 (a) ~~for interim--production--or--new~~ production of
 16 petroleum or other mineral or crude oil;

17 (i) from a stripper well, as defined in 15-36-121,
 18 3.5% of net proceeds; or

19 (ii) from all other wells, 7% of net proceeds, as
 20 described in ~~15-23-603(3)~~ 15-23-603(1); or

21 (b) ~~for interim--production--or--new~~ production of
 22 natural gas;

23 (i) from a well subject to the provisions of
 24 15-36-121(3), 6% of net proceeds; or

25 (ii) from all other wells, 12% of net proceeds, as

1 described in ~~15-23-603(3)~~(1).

2 (3) ~~The~~ With respect to interim production and new
 3 production and any other production occurring after December
 4 31, 1988, the amount of tax levied in subsections (2)(a) and
 5 (2)(b), divided by the appropriate tax rate and multiplied
 6 by 60%, shall must be treated as taxable value for county
 7 bonding purposes.

8 (4) ~~The operator or producer shall-be is~~ liable for
 9 the payment of said the taxes and same--shall, except as
 10 provided in 15-16-121, be the taxes are payable by and shall
 11 must be collected from such the operators in the same manner
 12 and under the same penalties as provided for the collection
 13 of taxes upon net proceeds of mines; provided, however, that
 14 the operator may at his option withhold from the proceeds of
 15 royalty interest, either in kind or in money, an estimated
 16 amount of the tax to be paid by him upon such royalty or
 17 royalty interest. After such withholding, any deviation
 18 between the estimated tax and the actual tax may be
 19 accounted for by adjusting subsequent withholdings from the
 20 proceeds of royalty interests."

21 **Section 3.** Section 15-23-613, MCA, is amended to read:

22 "15-23-613. Disposition of interim-production-and-new
 23 production taxes on oil and gas net proceeds. The county
 24 treasurer shall credit all taxes on-interim-production-and
 25 new-production,--as--provided--for--in collected under the

1 provisions of 15-23-607, in the relative proportions
2 required by the levies for state, county, school district,
3 and municipal purposes in the same manner as property taxes
4 were distributed in the year preceding the budget year."

5 **Section 4.** Section 20-9-141, MCA, is amended to read:

6 "20-9-141. Computation of general fund net levy
7 requirement by county superintendent. (1) The county
8 superintendent shall compute the levy requirement for each
9 district's general fund on the basis of the following
10 procedure:

11 (a) Determine the ~~total--of-the~~ funding required for
12 the district's final general fund budget less the amount
13 established by the schedules in 20-9-316 through 20-9-321 by
14 totaling:

15 (i) the district's nonisolated school foundation
16 program requirement to be met by a district levy as provided
17 in 20-9-303;

18 (ii) the district's permissive levy amount as provided
19 in 20-9-352; and

20 (iii) any general fund budget amount adopted by the
21 trustees of the district under the provisions of 20-9-353,
22 including any additional levies authorized by the electors
23 of the district.

24 (b) Determine the ~~total-of-the-moneys~~ money available
25 for the reduction of the property tax on the district for

1 the general fund by totaling:

2 (i) anticipated federal ~~moneys~~ money received under
3 the provisions of Title I of Public Law 81-874 or other
4 anticipated federal ~~moneys~~ money received in lieu of ~~such~~
5 that federal act;

6 (ii) anticipated tuition payments for out-of-district
7 pupils under the provisions of 20-5-303, 20-5-307, 20-5-312,
8 and 20-5-313;

9 (iii) general fund cash reappropriated, as established
10 under the provisions of 20-9-104;

11 (iv) anticipated or reappropriated state impact aid
12 received under the provisions of 20-9-304;

13 (v) anticipated or reappropriated revenue from vehicle
14 property taxes imposed under 61-3-504(2) and 61-3-537;

15 (vi) anticipated net proceeds taxes ~~for---interim~~
16 ~~production--and--new--production,--as--defined--in-15-23-601~~
17 collected under the provisions of 15-23-607;

18 (vii) anticipated interest to be earned or
19 reappropriated interest earned by the investment of general
20 fund cash in accordance with the provisions of 20-9-213(4);
21 and

22 (viii) any other revenue anticipated by the trustees to
23 be received during the ensuing school fiscal year which may
24 be used to finance the general fund.

25 (c) Subtract the ~~total-of-the-moneys~~ money available

1 to reduce the property tax required to finance the general
2 fund that has been determined in subsection (1)(b) from the
3 total requirement determined in subsection (1)(a).

4 (2) The net general fund levy requirement determined
5 in subsection (1)(c) ~~shall~~ must be reported to the county
6 commissioners on the second Monday of August by the county
7 superintendent as the general fund levy requirement for the
8 district, and a levy ~~shall~~ must be made by the county
9 commissioners in accordance with 20-9-142."

10 **Section 5.** Section 20-9-331, MCA, is amended to read:

11 "20-9-331. Basic county tax and other revenues for
12 county equalization of the elementary district foundation
13 program. (1) ~~It shall be the duty of the~~ The county
14 commissioners of each county to shall levy an annual basic
15 tax of 28 mills on the ~~dollars~~ dollar of the taxable value
16 of all taxable property within the county, except for
17 vehicles subject to taxation under 61-3-504(2), for the
18 purposes of local and state foundation program support. The
19 revenue ~~to be~~ collected from this levy ~~shall~~ must be
20 apportioned to the support of the foundation programs of the
21 elementary school districts in the county and to the state
22 special revenue fund, state equalization aid account, in the
23 following manner:

24 (a) In order to determine the amount of revenue raised
25 by this levy which is retained by the county, the sum of the

1 estimated revenues revenue identified in subsection (2)
2 ~~below shall~~ must be subtracted from the sum of the county
3 elementary transportation obligation and the total of the
4 foundation programs of all elementary districts of the
5 county.

6 (b) If the basic levy prescribed by this section
7 produces more revenue than is required to finance the
8 difference determined above in subsection (1)(a), the county
9 treasurer shall remit the surplus funds to the state
10 treasurer for deposit to the state special revenue fund,
11 state equalization aid account, immediately upon occurrence
12 of a surplus balance and each subsequent month thereafter,
13 with any final remittance due no later than June 20 of the
14 fiscal year for which the levy has been set.

15 (2) The proceeds revenue realized from the county's
16 portion of the levy prescribed by this section and the
17 revenues revenue from the following sources ~~shall~~ must be
18 used for the equalization of the elementary district
19 foundation programs of the county as prescribed in 20-9-334,
20 and a separate accounting ~~shall~~ must be kept of such
21 ~~proceeds and revenues~~ the revenue by the county treasurer in
22 accordance with 20-9-212(1):

23 (a) the portion of the federal Taylor Grazing Act
24 funds distributed to a county and designated for the common
25 school fund under the provisions of 17-3-222;

1 (b) the portion of the federal flood control act funds
2 distributed to a county and designated for expenditure for
3 the benefit of the county common schools under the
4 provisions of 17-3-232;

5 (c) all money paid into the county treasury as a
6 result of fines for violations of law, except money paid to
7 a justice's court, and the use of which is not otherwise
8 specified by law;

9 (d) any money remaining at the end of the immediately
10 preceding school fiscal year in the county treasurer's
11 account accounts for the various sources of revenue
12 established or referred to in this section;

13 (e) any federal or state money distributed to the
14 county as payment in lieu of the property taxation
15 established by the county levy required by this section;

16 (f) net proceeds taxes ~~for-interim-production-and-new~~
17 ~~production, as defined in 15-23-601~~ collected under the
18 provisions of 15-23-607; and

19 (g) anticipated revenue from vehicle property taxes
20 imposed under 61-3-504(2) and 61-3-537."

21 **Section 6.** Section 20-9-333, MCA, is amended to read:

22 "20-9-333. Basic special levy and other revenues for
23 county equalization of high school district foundation
24 program. (1) ~~it shall be the duty of the~~ The county
25 commissioners of each county to shall levy an annual basic

1 special tax for high schools of 17 mills on the dollar of
2 the taxable value of all taxable property within the county,
3 except for vehicles subject to taxation under 61-3-504(2),
4 for the purposes of local and state foundation program
5 support. The revenue ~~to be~~ collected from this levy ~~shall~~
6 must be apportioned to the support of the foundation
7 programs of high school districts in the county and to the
8 state special revenue fund, state equalization aid account,
9 in the following manner:

10 (a) In order to determine the amount of revenue raised
11 by this levy which is retained by the county, the sum of the
12 estimated revenues revenue identified in subsections (2)(a)
13 and (2)(b) ~~below~~ ~~shall~~ must be subtracted from the sum of
14 the county's high school tuition obligation and the total of
15 the foundation programs of all high school districts of the
16 county.

17 (b) If the basic levy prescribed by this section
18 produces more revenue than is required to finance the
19 difference determined above in subsection (1)(a), the county
20 treasurer shall remit the surplus funds to the state
21 treasurer for deposit to the state special revenue fund,
22 state equalization aid account, immediately upon occurrence
23 of a surplus balance and each subsequent month thereafter,
24 with any final remittance due no later than June 20 of the
25 fiscal year for which the levy has been set.

1 (2) The proceeds revenue realized from the county's
 2 portion of the levy prescribed in this section and the
 3 revenues revenue from the following sources ~~shall~~ must be
 4 used for the equalization of the high school district
 5 foundation programs of the county as prescribed in 20-9-334,
 6 and a separate accounting ~~shall~~ must be kept of these
 7 proceeds the revenue by the county treasurer in accordance
 8 with 20-9-212(1):

9 (a) any money remaining at the end of the immediately
 10 preceding school fiscal year in the county treasurer's
 11 accounts for the various sources of revenue established or
 12 referred to in this section;

13 (b) any federal or state moneys money distributed to
 14 the county as a payment in lieu of the property taxation
 15 established by the county levy required by this section;

16 (c) net proceeds taxes ~~for interim production and new~~
 17 ~~production, as defined in 15-23-601~~ collected under the
 18 provisions of 15-23-607; and

19 (d) anticipated revenue from vehicle property taxes
 20 imposed under 61-3-504(2) and 61-3-537."

21 **Section 7.** Section 20-9-352, MCA, is amended to read:

22 "20-9-352. Permissive amount and permissive levy. (1)
 23 Whenever the trustees of any a district ~~shall deem~~ consider
 24 it necessary to adopt a general fund budget in excess of the
 25 foundation program amount but not in excess of the maximum

1 general fund budget amount for such the district as
 2 established by the schedules in 20-9-316 through 20-9-321,
 3 the trustees shall adopt a resolution stating the reasons
 4 and purposes for exceeding the foundation program amount.
 5 Such The excess above the foundation program amount ~~shall be~~
 6 is known as the "permissive amount", and it ~~shall~~ must be
 7 financed by a levy, as prescribed in 20-9-141, on the
 8 taxable value of all taxable property within the district,
 9 except for vehicles subject to taxation under 61-3-504(2),
 10 supplemented with any biennial appropriation by the
 11 legislature for this purpose. The proceeds of ~~such an the~~
 12 appropriation ~~shall~~ must be deposited to the state special
 13 revenue fund.

14 (2) The district levies to be set for the purpose of
 15 funding the permissive amount are determined as follows:

16 (a) For each elementary school district, the county
 17 commissioners shall annually set a levy not exceeding 6
 18 mills on all the taxable property in the district, except
 19 for vehicles subject to taxation under 61-3-504(2), for the
 20 purpose of funding the permissive amount of the district.
 21 The permissive levy in mills ~~shall be~~ is obtained by
 22 multiplying the ratio of the permissive amount to the
 23 maximum permissive amount by 6 or by using the number of
 24 mills which that would fund the permissive amount, whichever
 25 is less. If the amount of revenue raised by this levy, plus

1 anticipated revenue from vehicle property taxes imposed
2 under 61-3-504(2) and 61-3-537, is not sufficient to fund
3 the permissive amount in full, the amount of the deficiency
4 ~~shall~~ must be paid to the district from the state special
5 revenue fund according to the provisions of subsections (3)
6 and (4) of this section.

7 (b) For each high school district, the county
8 commissioners shall annually set a levy not exceeding 4
9 mills on all taxable property in the district, except for
10 vehicles subject to taxation under 61-3-504(2), for the
11 purpose of funding the permissive amount of the district.
12 The permissive levy in mills ~~shall--be~~ is obtained by
13 multiplying the ratio of the permissive levy to the maximum
14 permissive amount by 4 or by using the number of mills which
15 that would fund the permissive amount, whichever is less. If
16 the amount of revenue raised by this levy, plus anticipated
17 revenue from vehicle property taxes imposed under
18 61-3-504(2) and 61-3-537, and plus net proceeds taxes for
19 ~~interim--production--and--new--production,--as--defined--in~~
20 ~~15-23-601~~ collected under the provisions of 15-23-607, is
21 not sufficient to fund the permissive amount in full, the
22 amount of the deficiency ~~shall~~ must be paid to the district
23 from the state special revenue fund according to the
24 provisions of subsections (3) and (4) of this section.

25 (3) The superintendent of public instruction shall, if

1 the appropriation by the legislature for the permissive
2 amount for the biennium is insufficient, request the budget
3 director to submit a request for a supplemental
4 appropriation in the second year of the biennium. The
5 supplemental appropriation ~~shall~~ must provide enough revenue
6 to fund the permissive deficiency of the elementary and high
7 school districts of the state. The proceeds of this
8 appropriation ~~shall~~ must be deposited to the state special
9 revenue fund and ~~shall~~ must be distributed to the elementary
10 and high school districts in accordance with their
11 entitlements as determined by the superintendent of public
12 instruction according to the provisions of subsections (1)
13 and (2) ~~of this section~~.

14 (4) Distribution under this section from the state
15 special revenue fund ~~shall~~ must be made in two payments. The
16 first payment ~~shall~~ must be made at the same time as the
17 first distribution of state equalization aid is made after
18 January 1 of the fiscal year. The second payment ~~shall~~ must
19 be made at the same time as the last payment of state
20 equalization aid is made for the fiscal year. If the
21 appropriation is not sufficient to finance the deficiencies
22 of the districts as determined according to subsection (2),
23 each district will receive the same percentage of its
24 deficiency. Surplus revenue in the second year of the
25 biennium may be used to reduce the appropriation required

1 for the next succeeding biennium or may be transferred to
 2 the state equalization aid state special revenue fund if
 3 revenues in that fund are insufficient to meet foundation
 4 program requirements."

5 **Section 8.** Section 20-9-501, MCA, is amended to read:

6 ***20-9-501. Retirement fund.** (1) The trustees of any
 7 district employing personnel who are members of the
 8 teachers' retirement system or the public employees'
 9 retirement system or who are covered by unemployment
 10 insurance or who are covered by any federal social security
 11 system requiring employer contributions shall establish a
 12 retirement fund for the purposes of budgeting and paying the
 13 employer's contributions to such systems. The district's
 14 contribution for each employee who is a member of the
 15 teachers' retirement system shall must be calculated in
 16 accordance with Title 19, chapter 4, part 6. The district's
 17 contribution for each employee who is a member of the public
 18 employees' retirement system shall must be calculated in
 19 accordance with 19-3-801. The district may levy a special
 20 tax to pay its contribution to the public employees'
 21 retirement system under the conditions prescribed in
 22 19-3-204. The district's contributions for each employee
 23 covered by any federal social security system shall must be
 24 paid in accordance with federal law and regulation. The
 25 district's contribution for each employee who is covered by

1 unemployment insurance shall must be paid in accordance with
 2 Title 39, chapter 51, part 11.

3 (2) The trustees of any district required to make a
 4 contribution to any such system referred to in subsection
 5 (1) shall include in the retirement fund of the preliminary
 6 budget the estimated amount of the employer's contribution
 7 and such additional moneys money, within legal limitations,
 8 as they may wish to provide for the retirement fund cash
 9 reserve. After the final retirement fund budget has been
 10 adopted, the trustees shall pay the employer contributions
 11 to such systems in accordance with the financial
 12 administration provisions of this title.

13 (3) When the final retirement fund budget has been
 14 adopted, the county superintendent shall establish the levy
 15 requirement by:

16 (a) determining the sum of the moneys money available
 17 to reduce the retirement fund levy requirement by adding:

18 (i) any anticipated moneys money that may be realized
 19 in the retirement fund during the ensuing school fiscal
 20 year, including anticipated revenue from vehicle property
 21 taxes imposed under 61-3-504(2) and 61-3-537;

22 (ii) net proceeds taxes ~~for-interim-production-and--new~~
 23 ~~production7--as--defined--in--15-23-601~~ collected under the
 24 provisions of 15-23-607; and

25 (iii) any cash available for reappropriation as

1 determined by subtracting the amount of the end-of-the-year
 2 cash balance earmarked as the retirement fund cash reserve
 3 for the ensuing school fiscal year by the trustees from the
 4 end-of-the-year cash balance in the retirement fund. The
 5 retirement fund cash reserve shall may not be more than 35%
 6 of the final retirement fund budget for the ensuing school
 7 fiscal year and shall may be used for the purpose of paying
 8 retirement fund warrants issued by the district under the
 9 final retirement fund budget.

10 (b) subtracting the total of the moneys money
 11 available for reduction of the levy requirement as
 12 determined in subsection (3)(a) from the budgeted amount for
 13 expenditures in the final retirement fund budget.

14 (4) The county superintendent shall:

15 (a) total the net retirement fund levy requirements
 16 separately for all elementary school districts, all high
 17 school districts, and all community college districts of the
 18 county, including any prorated joint district or special
 19 education cooperative agreement levy requirements;

20 (b) reduce the total retirement fund levy requirements
 21 of elementary school districts and high school districts by
 22 the amount available in state retirement equalization aid as
 23 calculated and distributed under the provisions of 20-9-532;
 24 and

25 (c) report each such levy requirement to the county

1 commissioners on the second Monday of August as the
 2 respective county levy requirements for elementary district,
 3 high school district, and community college district
 4 retirement funds.

5 (5) The county commissioners shall fix and set such
 6 the county levy in accordance with 20-9-142.

7 (6) The net retirement fund levy requirement for a
 8 joint elementary district or a joint high school district
 9 shall must be prorated to each county in which a part of
 10 such the district is located in the same proportion as the
 11 district ANB of the joint district is distributed by pupil
 12 residence in each such county. The county superintendents of
 13 the counties affected shall jointly determine the net
 14 retirement fund levy requirement for each county as provided
 15 in 20-9-151.

16 (7) The net retirement fund levy requirement for
 17 districts that are members of special education cooperative
 18 agreements shall must be prorated to each county in which
 19 such the district is located in the same proportion as the
 20 budget for the special education cooperative agreement of
 21 the district bears to the total budget of the cooperative.
 22 The county superintendents of the counties affected shall
 23 jointly determine the net retirement fund levy requirement
 24 for each county in the same manner as provided in 20-9-151
 25 and fix and levy the net retirement fund levy for each

1 county in the same manner as provided in 20-9-152."

2 **Section 9.** Section 20-10-144, MCA, is amended to read:

3 "20-10-144. Computation of revenues and net tax levy
4 requirements for the transportation fund budget. Before the
5 fourth Monday of July and in accordance with 20-9-123, the
6 county superintendent shall compute the revenue available to
7 finance the transportation fund budget of each district. The
8 county superintendent shall compute the revenue for each
9 district on the following basis:

10 (1) The "schedule amount" of the preliminary budget
11 expenditures that is derived from the rate schedules in
12 20-10-141 and 20-10-142 shall must be determined by adding
13 the following amounts:

14 (a) the sum of the maximum reimbursable expenditures
15 for all approved school bus routes maintained by the
16 district (to determine the maximum reimbursable expenditure,
17 multiply the applicable rate per bus mile by the total
18 number of miles to be traveled during the ensuing school
19 fiscal year on each bus route approved by the county
20 transportation committee and maintained by such district);
21 plus

22 (b) the total of all individual transportation per
23 diem reimbursement rates for such the district as determined
24 from the contracts submitted by the district multiplied by
25 the number of pupil-instruction days scheduled for the

1 ensuing school attendance year; plus

2 (c) any estimated costs for supervised home study or
3 supervised correspondence study for the ensuing school
4 fiscal year; plus

5 (d) the amount budgeted on the preliminary budget for
6 the contingency amount permitted in 20-10-143, except if
7 such the amount exceeds 10% of the total of subsections
8 (1)(a), (1)(b), and (1)(c) or \$100, whichever is larger, the
9 contingency amount on the preliminary budget shall must be
10 reduced to such the limitation amount and used in this
11 determination of the schedule amount.

12 (2) The schedule amount determined in subsection (1)
13 or the total preliminary transportation fund budget,
14 whichever is smaller, shall-be is divided by 3 and the
15 resulting one-third amount shall-be is used to determine the
16 available state and county revenue to be budgeted on the
17 following basis:

18 (a) the resulting one-third amount shall--be is the
19 budgeted state transportation reimbursement, except that the
20 state transportation reimbursement for the transportation of
21 special education pupils under the provisions of 20-7-442
22 shall must be two-thirds of the schedule amount attributed
23 to the transportation of special education pupils;

24 (b) the resulting one-third amount, except as provided
25 for joint elementary districts in subsection (2)(e), shall

1 ~~be~~ is the budgeted county transportation reimbursement for
 2 elementary districts and ~~shall~~ must be financed by the basic
 3 county tax under the provisions of 20-9-334;

4 (c) the resulting one-third amount multiplied by 2
 5 ~~shall-be~~ is the budgeted county transportation reimbursement
 6 amount for high school districts financed under the
 7 provisions of subsection (5) ~~of--this-section~~, except as
 8 provided for joint high school districts in subsection
 9 (2)(e), and except that the county transportation
 10 reimbursement for the transportation of special education
 11 pupils under the provisions of 20-7-442 ~~shall~~ must be
 12 one-third of the schedule amount attributed to the
 13 transportation of special education pupils;

14 (d) when the district has a sufficient amount of cash
 15 for reappropriation and other sources of district revenue,
 16 as determined in subsection (3), to reduce the total
 17 district obligation for financing to zero, any remaining
 18 amount of such district revenue and cash reappropriated
 19 ~~shall~~ must be used to reduce the county financing obligation
 20 in subsections subsection (2)(b) or (2)(c) and, if such the
 21 county financing obligations are reduced to zero, to reduce
 22 the state financial obligation in subsection (2)(a); and

23 (e) the county revenue requirement for a joint
 24 district, after the application of any district ~~moneys~~ money
 25 under subsection (2)(d) ~~above~~, ~~shall~~ must be prorated to

1 each county incorporated by the joint district in the same
 2 proportion as the ANB of the joint district is distributed
 3 by pupil residence in each such county.

4 (3) The total of the ~~moneys~~ money available for the
 5 reduction of property tax on the district for the
 6 transportation fund ~~shall~~ must be determined by totaling:

7 (a) anticipated federal ~~moneys~~ money received under
 8 the provisions of Title I of Public Law 81-874 or other
 9 anticipated federal ~~moneys~~ money received in lieu of such
 10 that federal act; plus

11 (b) anticipated payments from other districts for
 12 providing school bus transportation services for such the
 13 district; plus

14 (c) anticipated payments from a parent or guardian for
 15 providing school bus transportation services for his child;
 16 plus

17 (d) anticipated or reappropriated interest to be
 18 earned by the investment of transportation fund cash in
 19 accordance with the provisions of 20-9-213(4); plus

20 (e) anticipated or reappropriated revenue from vehicle
 21 property taxes imposed under 61-3-504(2) and 61-3-537; plus

22 (f) net proceeds taxes ~~for-interim-production-and-new~~
 23 ~~production--as-defined--in--15-23-601~~ collected under the
 24 provisions of 15-23-607; plus

25 (g) any other revenue anticipated by the trustees to

1 be earned during the ensuing school fiscal year which may be
2 used to finance the transportation fund; plus

3 (h) any cash available for reappropriation as
4 determined by subtracting the amount of the end-of-the-year
5 cash balance earmarked as the transportation fund cash
6 reserve for the ensuing school fiscal year by the trustees
7 from the end-of-the-year cash balance in the transportation
8 fund. ~~Such~~ The cash reserve ~~shall~~ may not be more than 20%
9 of the final transportation fund budget for the ensuing
10 school fiscal year and ~~shall-be~~ is for the purpose of paying
11 transportation fund warrants issued by the district under
12 the final transportation fund budget.

13 (4) The district levy requirement for each district's
14 transportation fund ~~shall~~ must be computed by:

15 (a) subtracting the schedule amount calculated in
16 subsection (1) from the total preliminary transportation
17 budget amount and, for an elementary district, adding ~~such~~
18 the difference to the district obligation to finance
19 one-third of the schedule amount as determined in subsection
20 (2); and

21 (b) subtracting the amount of ~~moneys~~ money available
22 to reduce the property tax on the district, as determined in
23 subsection (3), from the amount determined in subsection
24 (4)(a) above.

25 (5) The county levy requirement for the financing of

1 the county transportation reimbursement to high school
2 districts ~~shall--be~~ is computed by adding all ~~such~~
3 requirements for all the high school districts of the
4 county, including the county's obligation for reimbursements
5 in joint high school districts.

6 (6) The transportation fund levy requirements
7 determined in subsection (4) for each district and in
8 subsection (5) for the county ~~shall~~ must be reported to the
9 county commissioners on the second Monday of August by the
10 county superintendent as the transportation fund levy
11 requirements for the district and for the county, and ~~such~~
12 the levies ~~shall~~ must be made by the county commissioners in
13 accordance with 20-9-142."

14 NEW SECTION. **Section 10.** Effective date --
15 retroactive applicability. [This act] is effective on
16 passage and approval and applies retroactively, within the
17 meaning of 1-2-109, to production of natural gas, petroleum,
18 or other crude or mineral oil occurring after December 31,
19 1988.

-End-

STATE OF MONTANA - FISCAL NOTE

Form BD-15

In compliance with a written request, there is hereby submitted a Fiscal Note for SB18, as introduced

DESCRIPTION OF PROPOSED LEGISLATION:

An act revising the taxation of oil and gas net proceeds; and providing an immediate effective date and a retroactive applicability date.

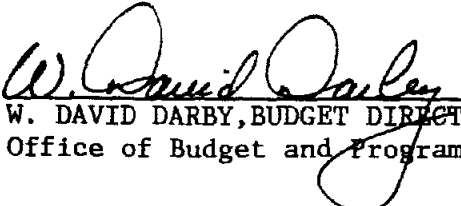
ASSUMPTIONS:

1. The taxable value of the state will be \$1,903,008,000 in FY90 and \$1,882,194,000 in FY91.(HJR13)
2. The estimate of taxable value of oil for FY91 is \$169,115,180; the taxable value of gas for FY91 is \$58,712,178; and the taxable value of liquid gas is estimated to be \$1,773,516 for FY91.
3. The estimate of capital expenditures to be deducted from the gross value before applying the flat rate tax is \$100,197,418 for FY91.(DOR, based on 1987 ratio of capital expenditures to gross value).
4. It is estimated that the flat rate tax will generate \$20,547,784 in FY91.
5. It is estimated that the average mill levy for oil and gas net proceeds is 161 mills.
6. The estimated percentage of the flat rate tax distributed to the University levy is 3.73%. The percentage distributed to the mandatory levy is estimated to be 27.95%.

FISCAL IMPACT:

Revenue Impact:

	FY90			FY91		
	Current Law	Proposed Law	Difference	Current Law	Proposed Law	Difference
University Levy (Flat rate)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 765,851	\$ 765,851
Foundation Program (Flat Rate)	0	0	0	0	5,743,883	5,743,883
University Levy	11,418,000	11,418,000	0	11,293,000	9,915,559	(1,377,441)
Foundation Program	85,635,000	85,635,000	0	84,699,000	74,366,704	(10,332,296)
Total	\$97,053,000	\$ 97,053,000	\$ 0	\$95,992,000	\$90,791,997	(\$5,200,003)

 7/1/89
 W. DAVID DARBY, BUDGET DIRECTOR DATE
 Office of Budget and Program Planning

 7/6/89
 DELWYN GAGE, PRIMARY SPONSOR DATE

Fiscal Note for SB18, as introduced

SB 18

EFFECT ON COUNTY OR OTHER LOCAL REVENUE OR EXPENDITURES:

The proposal replaces the taxable value loss with a flat percentage of gross value. The resulting revenue would be distributed to local government and schools based on the current method of distributing the revenue from vehicle fees. For the proposal to be revenue neutral it is estimated that oil would have to be taxed at 11.25% and gas would have to be taxed at 21.3%. It is estimated that the proposal will reduce revenues for county and local schools by \$16,412,902 in FY91 and each subsequent fiscal year.

SB 1X