

SENATE BILL 13

Introduced by Jergeson, et al.

7/10	Introduced
7/10	Referred to Taxation
7/10	First Reading
7/10	Fiscal Note Requested
7/13	Hearing
7/13	Fiscal Note Received
7/13	Fiscal Note Printed
7/14	Committee Report--Bill Passed as Amended
7/15	Taken from 2nd Reading and Rereferred to Taxation Died in Committee

1                                    SENATE BILL NO. 13  
2    INTRODUCED BY Jergeson COLE NATHE  
3  
4    A BILL FOR AN ACT ENTITLED: "AN ACT TEMPORARILY DIVERTING  
5    COAL SEVERANCE TAX FUNDS FROM THE MONTANA GROWTH THROUGH  
6    AGRICULTURE ACT TO THE GENERAL FUND; PERMANENTLY REDUCING  
7    THE AMOUNT ALLOCATED TO THE MONTANA GROWTH THROUGH  
8    AGRICULTURE ACT BY 1 PERCENT; ALLOCATING 1 PERCENT OF THE  
9    COAL SEVERANCE TAX FUNDS TO THE SUPPORT OF THE AGRICULTURAL  
10    EXPERIMENT STATION, THE COOPERATIVE EXTENSION SERVICE, THE  
11    FOREST AND CONSERVATION EXPERIMENT STATION, AND THE BUREAU  
12    OF MINES AND GEOLOGY; AMENDING SECTION 15-35-108, MCA; AND  
13    PROVIDING AN IMMEDIATE EFFECTIVE DATE AND A RETROACTIVE  
14    APPLICABILITY DATE."

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

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

18            "15-35-108. Disposal of severance taxes. Severance  
19    taxes collected under this chapter must be allocated  
20    according to the provisions in effect on the date the tax is  
21    due under 15-35-104. Severance taxes collected under the  
22    provisions of this chapter are allocated as follows:

23            (1) To the trust fund created by Article IX, section 5,  
24    of the Montana constitution, 50% of total coal severance tax  
25    collections. The trust fund money must be deposited in the

1    fund established under 17-6-203(6) and invested by the board  
2    of investments as provided by law.

3            (2) Starting July 1, 1992, and ending June 30, 1993,  
4    12% of coal severance tax collections are allocated to the  
5    general fund.

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

10            (a) 17 1/2% to the credit of the local impact account.  
11    Unencumbered funds remaining in the local impact account at  
12    the end of each biennium are allocated to the state special  
13    revenue fund for state equalization aid to public schools of  
14    the state.

15            (b) 30% to the state special revenue fund for state  
16    equalization aid to public schools of the state;

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

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

21            (e) 0% to a nonexpendable trust fund for the purpose of  
22    parks management. Income from this trust fund must be  
23    appropriated for the development, operation, and maintenance  
24    of any sites and areas described in 23-1-102.

25            (f) 1% to the state special revenue fund to the credit

1 of the state library commission for the purposes of  
 2 providing basic library services for the residents of all  
 3 counties through library federations and for payment of the  
 4 costs of participating in regional and national networking;

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

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

9 (i) 2% 0% to the state special revenue fund for the  
 10 Montana Growth Through Agriculture Act;

11 (j) 1 2/3% to the Montana arts council, to be allocated  
 12 as follows:

13 (i) 42 1/2% for operating costs; and

14 (ii) 57 1/2% to a nonexpendable trust fund for the  
 15 purpose of protection of works of art in the state capitol  
 16 and for other cultural and aesthetic projects. Income from  
 17 this trust fund shall be appropriated for protection of  
 18 works of art in the state capitol and for other cultural and  
 19 aesthetic projects.

20 (k) beginning July 1, 1991, and ending June 30, 1993,  
 21 3 1/3% to a special revenue account to be used by the  
 22 department of fish, wildlife, and parks for the development,  
 23 operation, and maintenance of state parks and the  
 24 stabilization and preservation of historic sites within the  
 25 state park system;

1 (1) 1% to an account in the state treasury to be used  
 2 for the support of the agricultural experiment station, the  
 3 cooperative extension service, the Montana forest and  
 4 conservation experiment station, and the bureau of mines and  
 5 geology;

6 ~~(1)~~(m) all other revenues from severance taxes  
 7 collected under the provisions of this chapter to the credit  
 8 of the general fund of the state. (Terminates June 30,  
 9 1993--sec. 3, Ch. 615, L. 1991, and sec. 3, Ch. 8, Sp. L.  
 10 January 1992.)

11 15-35-108. (Effective July 1, 1993) Disposal of  
 12 severance taxes. Severance taxes collected under this  
 13 chapter must be allocated according to the provisions in  
 14 effect on the date the tax is due under 15-35-104. Severance  
 15 taxes collected under the provisions of this chapter are  
 16 allocated as follows:

17 (1) To the trust fund created by Article IX, section 5,  
 18 of the Montana constitution, 50% of total coal severance tax  
 19 collections. The trust fund money must be deposited in the  
 20 fund established under 17-6-203(6) and invested by the board  
 21 of investments as provided by law.

22 (2) Starting July 1, 1987, and ending June 30, 2003,  
 23 12% of coal severance tax collections are allocated to the  
 24 highway reconstruction trust fund account in the state  
 25 special revenue fund.

1 (3) Coal severance tax collections remaining after  
2 allocation to the trust fund under subsection (1) are  
3 allocated in the following percentages of the remaining  
4 balance:

5 (a) 17 1/2% to the credit of the local impact account.  
6 Unencumbered funds remaining in the local impact account at  
7 the end of each biennium are allocated to the state special  
8 revenue fund for state equalization aid to public schools of  
9 the state.

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

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

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

16 (e) 3 1/3% to a nonexpendable trust fund for the  
17 purpose of parks acquisition or management. Income from this  
18 trust fund must be appropriated for the acquisition,  
19 development, operation, and maintenance of any sites and  
20 areas described in 23-1-102.

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

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

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

5 (i) 2% 1% to the state special revenue fund for the  
6 Montana Growth Through Agriculture Act;

7 (j) 1 2/3% to a nonexpendable trust fund for the  
8 purpose of protection of works of art in the state capitol  
9 and for other cultural and aesthetic projects. Income from  
10 this trust fund shall be appropriated for protection of  
11 works of art in the state capitol and other cultural and  
12 aesthetic projects.

13 (k) 1% to an account in the state treasury to be used  
14 for the support of the agricultural experiment station, the  
15 cooperative extension service, the Montana forest and  
16 conservation experiment station, and the bureau of mines and  
17 geology;

18 ~~(k)~~(l) all other revenues from severance taxes  
19 collected under the provisions of this chapter to the credit  
20 of the general fund of the state. (Terminates July 1,  
21 2003--sec. 4, Ch. 191, L. 1991.)

22 15-35-108. (Effective July 1, 2003) Disposal of  
23 severance taxes. Severance taxes collected under this  
24 chapter must be allocated according to the provisions in  
25 effect on the date the tax is due under 15-35-104. Severance

1 taxes collected under the provisions of this chapter are  
2 allocated as follows:

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

8 (2) Coal severance tax collections remaining after  
9 allocation to the trust fund under subsection (1) are  
10 allocated in the following percentages of the remaining  
11 balance:

12 (a) 17 1/2% to the credit of the local impact account.  
13 Unencumbered funds remaining in the local impact account at  
14 the end of each biennium are allocated to the state special  
15 revenue fund for state equalization aid to public schools of  
16 the state.

17 (b) 30% to the state special revenue fund for state  
18 equalization aid to public schools of the state;

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

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

23 (e) 3 1/3% to a nonexpendable trust fund for the  
24 purpose of parks acquisition or management. Income from this  
25 trust fund must be appropriated for the acquisition,

1 development, operation, and maintenance of any sites and  
2 areas described in 23-1-102.

3 (f) 1% to the state special revenue fund to the credit  
4 of the state library commission for the purposes of  
5 providing basic library services for the residents of all  
6 counties through library federations and for payment of the  
7 costs of participating in regional and national networking;

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

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

12 (i) 2% ~~1%~~ to the state special revenue fund for the  
13 Montana Growth Through Agriculture Act;

14 (j) 1 2/3% to a nonexpendable trust fund for the  
15 purpose of protection of works of art in the state capitol  
16 and for other cultural and aesthetic projects. Income from  
17 this trust fund shall be appropriated for protection of  
18 works of art in the state capitol and other cultural and  
19 aesthetic projects.

20 (k) 1% to an account in the state treasury to be used  
21 for the support of the agricultural experiment station, the  
22 cooperative extension service, the Montana forest and  
23 conservation experiment station, and the bureau of mines and  
24 geology;

25 ~~(k)~~(l) all other revenues from severance taxes

LC 0094/01

1 collected under the provisions of this chapter to the credit  
2 of the general fund of the state."

3 NEW SECTION. **Section 2. Retroactive applicability.**  
4 [This act] applies retroactively, within the meaning of  
5 1-2-109, to severance tax receipts received after June 30,  
6 1992.

7 NEW SECTION. **Section 3. Effective date.** [This act] is  
8 effective on passage and approval.

-End-

## STATE OF MONTANA - FISCAL NOTE

Form BD-15

In compliance with a written request, there is hereby submitted a Fiscal Note for SB0013, as introduced.

DESCRIPTION OF PROPOSED LEGISLATION:

An act temporarily diverting coal severance tax funds from the Montana Growth Through Agriculture Act to the general fund; permanently reducing the amount allocated to the Montana Growth Through Agriculture Act by 1 percent; allocating 1 percent of the coal severance tax funds to the support of the agricultural experiment station, the cooperative extension service, the forest and conservation experiment station, and the bureau of mines and geology, and providing an immediate effective date and a retroactive applicability date.

ASSUMPTIONS:

- Coal severance tax collections are \$41,488,000 in FY1993 (ROC).

FISCAL IMPACT:Fund Distribution:

	FY1993		
	Current Law	Proposed Law	Change
Permanent Trust fund	\$ 20,922,000	\$ 20,922,000	\$ 0
Local Impact Account	2,782,626	2,782,626	0
State Equalization Aid	4,770,216	4,770,216	0
County Land Planning	159,007	159,007	0
Renewable Resource Development	198,579	198,759	0
State Library Commission	159,007	159,007	0
Conservation Districts	79,504	79,504	0
Water Development	198,759	198,759	0
MT Growth Through Agriculture	318,014	0	(318,014)
Montana Arts Council	265,012	265,012	0
State Parks/Historic Sites	530,024	530,024	0
University System Extensions	0	159,007	159,007
General Fund	<u>11,461,072</u>	<u>11,779,086</u>	<u>159,007</u>
Total Revenue	\$41,844,000	\$41,844,000	\$ 0

LONG-RANGE EFFECTS OF PROPOSED LEGISLATION

In FY1994, changes in the distribution of the coal tax would reduce distribution to the Montana Growth Through Agriculture Act by \$159,007 and allocate \$159,007 to the agricultural experiment station, the cooperative extension service, the forest and conservation experiment station, and the bureau of mines and geology.

Steve Yeakel 7/11/92  
 STEVE YEAKEL, BUDGET DIRECTOR DATE  
 Office of Budget and Program Planning

Greg Jergeson  
 GREG JERGESON, PRIMARY SPONSOR DATE  
 Fiscal Note for SB0013, as introduced

SB13

APPROVED BY COMMITTEE  
ON TAXATION

SENATE BILL NO. 13

INTRODUCED BY JERGESON, COBB, NATHE, SCHYE

A BILL FOR AN ACT ENTITLED: "AN ACT TEMPORARILY DIVERTING COAL SEVERANCE TAX FUNDS FROM THE MONTANA GROWTH THROUGH AGRICULTURE ACT TO THE GENERAL FUND; PERMANENTLY REDUCING THE AMOUNT ALLOCATED TO THE MONTANA GROWTH THROUGH AGRICULTURE ACT BY 1 PERCENT; ALLOCATING 1 PERCENT OF THE COAL SEVERANCE TAX FUNDS TO THE SUPPORT OF THE AGRICULTURAL EXPERIMENT STATION, THE COOPERATIVE EXTENSION SERVICE, THE FOREST AND CONSERVATION EXPERIMENT STATION, AND THE BUREAU OF MINES AND GEOLOGY; AMENDING SECTION 15-35-108, 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 15-35-108, MCA, is amended to read:

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

(1) To the trust fund created by Article IX, section 5, of the Montana constitution, 50% of total coal severance tax collections. The trust fund money must be deposited in the

fund established under 17-6-203(6) and invested by the board of investments as provided by law.

(2) Starting July 1, 1992, and ending June 30, 1993, 12% of coal severance tax collections are allocated to the general fund.

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

(a) 17 1/2% to the credit of the local impact account. Unencumbered funds remaining in the local impact account at the end of each biennium are allocated to the state special revenue fund for state equalization aid to public schools of the state.

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

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

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

(e) 0% to a nonexpendable trust fund for the purpose of parks management. Income from this trust fund must be appropriated for the development, operation, and maintenance of any sites and areas described in 23-1-102.

(f) 1% to the state special revenue fund to the credit



1 of the state library commission for the purposes of  
 2 providing basic library services for the residents of all  
 3 counties through library federations and for payment of the  
 4 costs of participating in regional and national networking;

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

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

9 (i) 2% 0% to the state special revenue fund for the  
 10 Montana Growth Through Agriculture Act;

11 (j) 1 2/3% to the Montana arts council, to be allocated  
 12 as follows:

13 (i) 42 1/2% for operating costs; and

14 (ii) 57 1/2% to a nonexpendable trust fund for the  
 15 purpose of protection of works of art in the state capitol  
 16 and for other cultural and aesthetic projects. Income from  
 17 this trust fund shall be appropriated for protection of  
 18 works of art in the state capitol and for other cultural and  
 19 aesthetic projects.

20 (k) beginning July 1, 1991, and ending June 30, 1993,  
 21 3 1/3% to a special revenue account to be used by the  
 22 department of fish, wildlife, and parks for the development,  
 23 operation, and maintenance of state parks and the  
 24 stabilization and preservation of historic sites within the  
 25 state park system;

1 (1) 1% to an account in the state treasury to be used  
 2 for the support of the agricultural experiment station, the  
 3 cooperative extension service, the Montana forest and  
 4 conservation experiment station, and the bureau of mines and  
 5 geology;

6 ††(m) all other revenues from severance taxes  
 7 collected under the provisions of this chapter to the credit  
 8 of the general fund of the state. (Terminates June 30,  
 9 1993--sec. 3, Ch. 615, L. 1991, and sec. 3, Ch. 8, Sp. L.  
 10 January 1992.)

11 15-35-108. (Effective July 1, 1993) Disposal of  
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 23 12% of coal severance tax collections are allocated to the  
 24 highway reconstruction trust fund account in the state  
 25 special revenue fund.

1 (3) Coal severance tax collections remaining after  
 2 ~~allocation---to---the---trust---fund---under---subsection~~ THE  
 3 ALLOCATIONS PROVIDED BY SUBSECTIONS (1) AND (2) are  
 4 allocated in the following percentages of the remaining  
 5 balance:

6 (a) 17 1/2% to the credit of the local impact account.  
 7 Unencumbered funds remaining in the local impact account at  
 8 the end of each biennium are allocated to the state special  
 9 revenue fund for state equalization aid to public schools of  
 10 the state.

11 (b) 30% to the state special revenue fund for state  
 12 equalization aid to public schools of the state;

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

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 16 development bond fund;

17 (e) 3 1/3% to a nonexpendable trust fund for the  
 18 purpose of parks acquisition or management. Income from this  
 19 trust fund must be appropriated for the acquisition,  
 20 development, operation, and maintenance of any sites and  
 21 areas described in 23-1-102.

22 (f) 1% to the state special revenue fund to the credit  
 23 of the state library commission for the purposes of  
 24 providing basic library services for the residents of all  
 25 counties through library federations and for payment of the

1 costs of participating in regional and national networking;

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

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

6 (i) 2% 1% to the state special revenue fund for the  
 7 Montana Growth Through Agriculture Act;

8 (j) 1 2/3% to a nonexpendable trust fund for the  
 9 purpose of protection of works of art in the state capitol  
 10 and for other cultural and aesthetic projects. Income from  
 11 this trust fund shall be appropriated for protection of  
 12 works of art in the state capitol and other cultural and  
 13 aesthetic projects.

14 (k) 1% to an account in the state treasury to be used  
 15 for the support of the agricultural experiment station, the  
 16 cooperative extension service, the Montana forest and  
 17 conservation experiment station, and the bureau of mines and  
 18 geology;

19 ~~(\*)~~(l) all other revenues from severance taxes  
 20 collected under the provisions of this chapter to the credit  
 21 of the general fund of the state. (Terminates July 1,  
 22 2003--sec. 4, Ch. 191, L. 1991.)

23 15-35-108. (Effective July 1, 2003) Disposal of  
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 25 chapter must be allocated according to the provisions in

1 effect on the date the tax is due under 15-35-104. Severance  
2 taxes collected under the provisions of this chapter are  
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7 fund established under 17-6-203(6) and invested by the board  
8 of investments as provided by law.

9 (2) Coal severance tax collections remaining after  
10 allocation to the trust fund under subsection (1) are  
11 allocated in the following percentages of the remaining  
12 balance:

13 (a) 17 1/2% to the credit of the local impact account.  
14 Unencumbered funds remaining in the local impact account at  
15 the end of each biennium are allocated to the state special  
16 revenue fund for state equalization aid to public schools of  
17 the state.

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19 equalization aid to public schools of the state;

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21 of the county land planning account;

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22 for the support of the agricultural experiment station, the  
23 cooperative extension service, the Montana forest and  
24 conservation experiment station, and the bureau of mines and  
25 geology;

1       ~~(\*)~~(1) all other revenues from severance taxes  
2 collected under the provisions of this chapter to the credit  
3 of the general fund of the state."

4       NEW SECTION. **Section 2.** Retroactive applicability.  
5 [This act] applies retroactively, within the meaning of  
6 1-2-109, to severance tax receipts received after June 30,  
7 1992.

8       NEW SECTION. **Section 3.** Effective date. [This act] is  
9 effective on passage and approval.

-End-