

HOUSE BILL 16

Introduced by Pavlovich

12/23	Introduced
12/30	Referred to Appropriations
12/31	Fiscal Note Requested
1/04	First Reading
1/07	Fiscal Note Received
1/06	Fiscal Note Printed
1/20	Hearing
2/12	Hearing
3/05	Tabled in Committee

HOUSE BILL NO. 16

INTRODUCED BY PAVLOVICH

A BILL FOR AN ACT ENTITLED: "AN ACT PROVIDING FOR THE MAINTENANCE, OPERATION, IMPROVEMENT, AND CONSTRUCTION OF STATE NURSING HOMES AND DOMICILIARY HOMES FOR VETERANS IN MONTANA THROUGH CREATION OF THE VETERANS' HOME MAINTENANCE AND IMPROVEMENT ACCOUNT; DEDICATING A PORTION OF CIGARETTE TAX PROCEEDS TO THE ACCOUNT; STATUTORILY APPROPRIATING ACCOUNT FUNDS TO THE DEPARTMENT OF CORRECTIONS AND HUMAN SERVICES FOR THE MAINTENANCE, OPERATION, AND IMPROVEMENT OF STATE NURSING HOMES AND DOMICILIARY HOMES FOR VETERANS AND TO THE DEPARTMENT OF ADMINISTRATION FOR CONSTRUCTION OF A 40-BED STATE NURSING HOME AND DOMICILIARY HOME FOR VETERANS IN GALEN IF THE STATE HOSPITAL AT GALEN IS CLOSED BY ACTION OF THE LEGISLATURE; AMENDING SECTIONS 16-11-119, 17-5-40B, AND 17-7-502, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

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

NEW SECTION. **Section 1.** veterans' home maintenance and improvement account -- statutory appropriation. There is an account in the state treasury to be known as the veterans' home maintenance and improvement account, funds from which may be used only as follows:

(1) The department of corrections and human services shall use account funds for the maintenance, operation, and improvement of state nursing homes and domiciliary homes for veterans in Montana, and except as provided in subsection (2), all funds in the veterans' home maintenance and improvement account are statutorily appropriated, as provided in 17-7-502, to the department of corrections and human services, to be used for the maintenance, operation, and improvement of state nursing homes and domiciliary homes for veterans in Montana.

(2) If the state hospital at Galen is closed by action of the legislature, there is statutorily appropriated, as provided in 17-7-502, to the department of administration from the veterans' home maintenance and improvement account an amount sufficient to construct a 40-bed state nursing home and domiciliary home for veterans in Galen.

Section 2. Section 16-11-119, MCA, is amended to read:

"16-11-119. (Temporary) Disposition of taxes -- retirement of bonds. (1) Except as provided in subsection (2), all money collected under the provisions of 16-11-111, less the expense of collecting the taxes, must be paid to the state treasurer and deposited as follows:

(a) 2 cents of the excise tax on each package of cigarettes in the veterans' home maintenance and improvement account created in [section 1];

(b) 72.79% of the amount remaining after the deposit designated in subsection (1)(a) in the long-range building program fund in the debt service fund type; and

(c) 27.21% of the amount remaining after the deposit designated in subsection (1)(a) in the long-range building program fund in the capital projects fund type.

(2) In fiscal year 1993, \$1,133,624 is transferred from the long-range building program fund in the capital projects fund type to the general fund. (Terminates June 30, 1993--sec. 2, Ch. 3, Sp. L. July 1992.)

16-11-119. (Effective July 1, 1993) Disposition of taxes -- retirement of bonds. All moneys money collected under the provisions of 16-11-111, less the expense of collecting ~~all~~ the taxes ~~levied, imposed, and assessed by~~ ~~said--section, shall~~ must be paid to the state treasurer and deposited as follows:

(1) 2 cents of the excise tax on each package of cigarettes in the veterans' home maintenance and improvement account created in [section 1];

(2) 72.79% of the amount remaining after the deposit designated in subsection (1) in the long-range building program fund in the debt service fund type; and

(3) 27.21% of the amount remaining after the deposit designated in subsection (1) in the long-range building program fund in the capital projects fund type.

16-11-119. (Effective August 15, 1993) Disposition of taxes -- retirement of bonds. All moneys money collected under the provisions of 16-11-111, less the expense of collecting ~~all~~ the taxes ~~levied, imposed, and assessed by~~ ~~said--section, shall~~ must be paid to the state treasurer and deposited as follows:

(1) 2 cents of the excise tax on each package of cigarettes in the veterans' home maintenance and improvement account created in [section 1];

(2) 70.89% of the amount remaining after the deposit designated in subsection (1) in the long-range building program fund in the debt service fund type; and

(3) 29.11% of the amount remaining after the deposit designated in subsection (1) in the long-range building program fund in the capital projects fund type."

Section 3. Section 17-5-408, MCA, is amended to read:

"17-5-408. Percentage of income, corporation license, and cigarette tax pledged. (1) (a) The state pledges and appropriates and directs to be credited as received to the debt service account ~~9.8% for fiscal year 1990 and 8.7% for fiscal year 1991 of all~~ money received from the collection of the individual income tax and ~~1% for fiscal year 1990 and 10.5% for fiscal year 1991 of all money~~, except as provided in 15-31-702, money received from the collection of the corporation license and income tax, as provided in

15-1-501, ~~and such additional amount of said taxes, if any,~~
as may at any time be needed to comply with the principal
and interest and reserve requirements stated in 17-5-405(4).

(b) ~~No more than the percentages described in~~
~~subsection (1)(a) of such tax collections may be pledged for~~
~~the purpose of 17-5-403(2).~~ The pledge and appropriation
herein made ~~shall be and remain at all times by this section~~
are a first and prior charge upon all money received from
the collection of said the enumerated taxes.

(2) The Except for the amount credited to the veterans'
home maintenance and improvement account under 16-11-119,
the state pledges and appropriates and directs to be
credited to the debt service account 70.89% of all money
received from the collection of the excise tax on cigarettes
~~which that~~ is levied, imposed, and assessed by 16-11-111.
The state also pledges and appropriates and directs to be
credited as received to the debt service account all money
received from the collection of the taxes on other tobacco
products ~~which that~~ are or may hereafter be levied, imposed,
~~and assessed by law~~ for that purpose, including the tax
levied, imposed, ~~and assessed~~ by 16-11-202. ~~Nothing herein~~
~~shall~~ This section may not impair or otherwise affect the
provisions and covenants contained in the resolutions
authorizing the presently outstanding long-range building
program bonds. Subject to the provisions of the preceding

sentence, the pledge and appropriation herein made ~~shall be~~
~~and remain at all times~~ by this section are a first and
prior charge upon all money received from the collection of
all taxes referred to in this subsection (2)."

Section 4. Section 17-7-502, MCA, is amended to read:

"17-7-502. **Statutory appropriations -- definition --**
requisites for validity. (1) A statutory appropriation is an
appropriation made by permanent law that authorizes spending
by a state agency without the need for a biennial
legislative appropriation or budget amendment.

(2) Except as provided in subsection (4), to be
effective, a statutory appropriation must comply with both
of the following provisions:

(a) The law containing the statutory authority must be
listed in subsection (3).

(b) The law or portion of the law making a statutory
appropriation must specifically state that a statutory
appropriation is made as provided in this section.

(3) The following laws are the only laws containing
statutory appropriations: 2-9-202; 2-17-105; 2-18-812;
[section 1]; 10-3-203; 10-3-312; 10-3-314; 10-4-301;
13-37-304; 15-1-111; 15-23-706; 15-25-123; 15-31-702;
15-36-112; 15-37-117; 15-65-121; 15-70-101; 16-1-404;
16-1-410; 16-1-411; 17-3-212; 17-5-404; 17-5-424; 17-5-704;
17-5-804; 17-6-409; 17-7-304; 19-5-404; 19-6-709; 19-8-504;

1 19-9-702; 19-9-1007; 19-10-205; 19-10-305; 19-10-506;
 2 19-11-512; 19-11-513; 19-11-606; 19-12-301; 19-13-604;
 3 19-15-101; 20-4-109; 20-6-406; 20-8-111; 20-9-361;
 4 20-26-1503; 22-3-811; 23-5-136; 23-5-306; 23-5-409;
 5 23-5-610; 23-5-612; 23-5-631; 23-7-301; 23-7-402; 27-12-206;
 6 37-43-204; 37-51-501; 39-71-2504; 44-12-206; 44-13-102;
 7 53-6-150; 53-24-206; 61-5-121; 67-3-205; 75-1-1101;
 8 75-5-507; 75-5-1108; 75-11-313; 76-12-123; 77-1-808;
 9 80-2-103; 80-11-310; 82-11-136; 82-11-161; 85-1-220;
 10 90-3-301; 90-4-215; 90-6-331; 90-7-220; and 90-9-306.

11 (4) There is a statutory appropriation to pay the
 12 principal, interest, premiums, and costs of issuing, paying,
 13 and securing all bonds, notes, or other obligations, as due,
 14 that have been authorized and issued pursuant to the laws of
 15 Montana. Agencies that have entered into agreements
 16 authorized by the laws of Montana to pay the state
 17 treasurer, for deposit in accordance with 17-2-101 through
 18 17-2-107, as determined by the state treasurer, an amount
 19 sufficient to pay the principal and interest as due on the
 20 bonds or notes have statutory appropriation authority for
 21 the payments. (In subsection (3): pursuant to sec. 7, Ch.
 22 567, L. 1991, the inclusion of 19-6-709 terminates upon
 23 death of last recipient eligible for supplemental benefit;
 24 and pursuant to sec. 18, Ch. 748, L. 1991, the inclusion of
 25 22-3-811 terminates June 30, 1993.)"

1 NEW SECTION. **Section 5.** Codification instruction.
 2 [Section 1] is intended to be codified as an integral part
 3 of Title 10, chapter 2, part 4, and the provisions of Title
 4 10, chapter 2, part 4, apply to [section 1].
 5 NEW SECTION. **Section 6.** Effective date. [This act] is
 6 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 HB0016, as introduced.

DESCRIPTION OF PROPOSED LEGISLATION:

An act providing for the maintenance, operation, improvement, and construction of state nursing homes and domiciliary homes for veterans in Montana through creation of the veterans' home maintenance and improvement account; dedicating a portion of cigarette tax proceeds to the account; statutorily appropriating account funds to the Department of Corrections and Human Services for the maintenance, operation and improvement of state nursing home and domiciliary homes for veterans and to the Department of Administration for construction of a 40-bed state nursing home and domiciliary home for veterans in Galen if the state hospital at Galen is closed by action of the Legislature and providing an immediate effective date.

ASSUMPTIONS:

1. This proposal would become effective on passage and approval.
2. Under current law cigarette tax is allocated through August 14, 1993 as follows after expenses: 72.79% long range building debt service fund type; 27.21% long-range building capital projects fund type.
3. Under current law cigarette tax is allocated beginning August 15, 1993 as follows: 70.89% long-range building debt service fund type; 29.11% long-range building capital projects fund type.
4. Under the proposal, two cents of the cigarette tax on each package of cigarettes sold is allocated to the operation and maintenance of state veterans' nursing homes. The remainder, after expenses, is allocated as under current law.
5. There will be 67.676 million packs of cigarettes stamped in FY 94 and 66.827 million packs stamped in FY 95.
6. The monthly distribution of cigarette indicia purchases is constant throughout each year of the biennium.
7. Under current law and the proposal the cigarette tax is 19.26 cents per pack (effective rate 18.53 cents) through August 14, 1993 and is 18 cents per pack (effective rate 17.32) beginning August 15, 1993.
8. There is a one month time lag in collections of the cigarette tax from the 44.3% of retailers and wholesalers who purchase stamps on credit. For these purchasers there is an additional month of collections at the 19.26 cent rate in FY 94.

FISCAL IMPACT:Revenues:

	FY '94			FY '95		
	<u>Current Law</u>	<u>Proposed Law</u>	<u>Difference</u>	<u>Current Law</u>	<u>Proposed Law</u>	<u>Difference</u>
Cigarette Tax	11,852,000	11,852,000	0	11,572,000	11,572,000	0

(Continued next page)

David M Lewis 1-7-93
 DAVID LEWIS, BUDGET DIRECTOR DATE
 Office of Budget and Program Planning

Robt J Pavlovich 1/7/93
 ROBERT J. PAVLOVICH, PRIMARY SPONSOR DATE
 Fiscal Note for HB0016, as introduced

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	FY '94			FY '95		
<u>Funding</u>	<u>Current Law</u>	<u>Proposed Law</u>	<u>Difference</u>	<u>Current Law</u>	<u>Proposed Law</u>	<u>Difference</u>
Debt Service (General Fund)	8,431,000	7,469,000	(963,000)	8,203,000	7,256,000	(947,000)
Capital Projects (LRBP)	3,421,000	3,029,000	(391,000)	3,369,000	2,979,000	(389,000)
Veterans' Homes	<u>0</u>	<u>1,354,000</u>	<u>1,354,000</u>	<u>0</u>	<u>1,337,000</u>	<u>1,337,000</u>
Total	11,852,000	11,852,000	0	11,572,000	11,572,000	0

TECHNICAL NOTES:

Because this proposal is effective upon passage and approval, there would be a loss in revenue in FY 93 for the Debt Service and the Capital Projects funds. FY 93 revenue in the account has already been appropriated for projects.

Because the veterans' homes share is based on the number of cigarette packs sold rather than as a percentage of revenue collected, there is a potential for significant delays in distribution of the tax. This is due to a delay in the reporting of the number of packs sold. If the veterans' homes share were written as a percentage of revenue collected this administrative problem could be avoided.