

HOUSE BILL 360

Introduced by Bachini, et al.

1/27	Introduced
1/27	Referred to Taxation
1/27	First Reading
1/28	Fiscal Note Requested
2/01	Fiscal Note Received
2/01	Fiscal Note Printed
2/03	Hearing
2/10	Tabled in Committee

CONSTITUTIONAL AMENDMENT

1 House BILL NO. 360
 2 INTRODUCED BY Representative Carolyn Larson
 3 Beauregard Rock Mr. HARD
 4 A BILL FOR AN ACT ENTITLED: "AN ACT SUBMITTING TO THE
 5 QUALIFIED ELECTORS OF MONTANA AN AMENDMENT TO ARTICLE IX,
 6 SECTION 5, OF THE CONSTITUTION OF THE STATE OF MONTANA TO
 7 CAP THE COAL SEVERANCE TAX TRUST FUND IN THE AMOUNT OF \$500
 8 MILLION FOR 10 YEARS."

9
 10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

11 **Section 1.** Article IX, section 5, of The Constitution
 12 of the State of Montana is amended to read:

13 "Section 5. Severance tax on coal -- trust fund. The
 14 legislature shall dedicate not less than ~~one-fourth~~ fifty percent (50%)
 15 of the coal severance tax to a trust
 16 fund until the principal of the trust fund reaches \$500
 17 million. Coal severance taxes shall not be deposited in the
 18 trust fund for the 10-year period following the date the
 19 trust fund reaches \$500 million. For the first 6 years after
 20 the trust fund reaches \$500 million, the legislature shall
 21 use the money that would otherwise be deposited in the trust
 22 fund for deferred maintenance of the university system
 23 infrastructure and parks. In the remaining 4 years, the
 24 legislature may determine the use of the money that would
 25 otherwise be deposited in the trust fund. Deposits to the

1 trust fund shall resume after the expiration of 10 years.
 2 the The interest and income from which the trust fund may be
 3 appropriated. The principal of the trust shall forever
 4 remain inviolate unless appropriated by vote of
 5 three-fourths (3/4) of the members of each house of the
 6 legislature. After-December-31-1979-at-least-fifty-percent
 7 (50%) of the severance tax shall be dedicated to the trust
 8 fund."

9 **NEW SECTION. Section 2.** Submission to electorate. This
 10 amendment shall be submitted to the qualified electors of
 11 Montana at the general election to be held in November 1994
 12 by printing on the ballot the full title of this act and the
 13 following:

- 14 ☐ FOR capping the coal severance tax trust fund at
 15 \$500 million for 10 years.
 16 ☐ AGAINST capping the coal severance tax trust fund at
 17 \$500 million for 10 years.

-End-

STATE OF MONTANA - FISCAL NOTE

Form BD-15

In compliance with a written request, there is hereby submitted a Fiscal Note for HB0360, as introduced.

DESCRIPTION OF PROPOSED LEGISLATION:

An act submitting to the qualified electors of Montana an amendment to Article IX, Section 5, of the Constitution of the State of Montana to cap the coal severance tax trust fund in the amount of \$500 million.

ASSUMPTIONS:

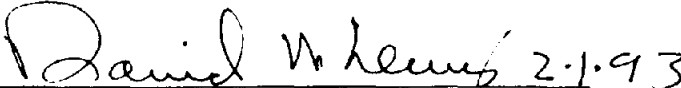
1. The constitutional amendment contained in the proposed legislation is passed by the qualified electors of Montana in the November 1994 election.
2. The 54th Legislature will be the first Legislature able to appropriate the balance of the trust fund that is greater than \$500 million.
3. Total coal severance tax collections will be \$44,557,000 in FY93; \$40,396,000 in FY94; \$40,286,000 in FY95 (ROC); \$40,286,000 in FY96; and \$40,286,000 in FY97 (MDOR).
4. Debt service obligations from severance tax collections will be \$650,000 in FY93; \$700,000 in FY94; \$600,000 in FY95 (LFA); \$600,000 in FY96; and \$600,000 in FY97 (MDOR).
5. The fiscal-year-end permanent trust fund balance will be \$516,616,000 in FY93; \$536,490,000 in FY94; \$556,479,000 in FY95 (LFA); \$576,679,000 in FY96; and \$596,222,000 in FY97 (MDOR).
6. The Secretary of State's current level budget provides for funds for the placement of at least 1 Constitutional Amendment on the 1994 ballot.

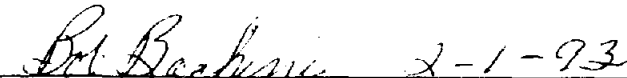
FISCAL IMPACT:

There is no impact on state expenditures or revenues during the FY94/FY95 biennium under the proposed legislation.

LONG-RANGE EFFECTS OF PROPOSED LEGISLATION:

At the close of the FY96/FY97 biennium, it is estimated there will be a trust fund balance of \$596,222,000, with \$96,222,000 being available for appropriation by the 54th Legislature.


DAVID LEWIS, BUDGET DIRECTOR DATE
Office of Budget and Program Planning


BOB BACHINI, PRIMARY SPONSOR DATE

Fiscal Note for HB0360, as introduced

HB 360