

HOUSE BILL 523

Introduced by Knox, et al.

2/08	Introduced
2/08	Referred to Taxation
2/08	First Reading
2/08	Fiscal Note Requested
2/15	Fiscal Note Received
2/16	Hearing
2/16	Fiscal Note Printed
3/10	Tabled in Committee

House BILL NO. 523

INTRODUCED BY

*Knox Eric Simpson GRINDE Hansen
Larsen Ryan Carey Hillard Jack Miller
Smygorski Rep. Mike Harbort*

A BILL FOR AN ACT ENTITLED: "AN ACT REVISING THE ALLOCATION
OF CERTAIN FEDERAL LAND PAYMENTS; ALLOCATING A PORTION OF

THE MONEY TO COUNTY SCHOOL EQUALIZATION AID; PROVIDING FOR
AND APPROPRIATING FUNDS TO COUNTIES TO REPLACE PAYMENTS THE
COUNTY WOULD HAVE RECEIVED IF THE FEDERAL LAND PAYMENTS HAD
NOT BEEN DIRECTLY ALLOCATED TO COUNTY SCHOOL EQUALIZATION
AID; TRANSFERRING CERTAIN FUNCTIONS OF THE STATE AUDITOR
CONCERNING FEDERAL LAND PAYMENTS TO THE STATE TREASURER;
AMENDING SECTIONS 17-3-211, 17-3-212, 17-3-213, 17-3-214,
17-3-222, 17-3-305, 17-7-502, 20-9-331, AND 20-9-333, MCA;
AND PROVIDING AN EFFECTIVE DATE."

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

Section 1. Section 17-3-211, MCA, is amended to read:

"17-3-211. Forest reserve money. (1) The state
treasurer, for the purpose of carrying out the provisions of
16 U.S.C. 5007 and all acts subsequent thereto to those
provisions, shall divide and distribute all forest reserve
moneys money received by the state thereunder, plus interest
earned, to and among the several counties entitled thereto
to receive funds and pay the same funds to the several
county treasurers of such the counties within 30 days after

receiving full payment of the same federal funds--as
directed-by-the-state-auditor.

(2) The forest reserve money shall must be invested and
all investment earnings credited to the forest reserve
account."

Section 2. Section 17-3-212, MCA, is amended to read:

"17-3-212. Apportionment of forest reserve funds among
counties. The forest reserve funds and earned interest are
statutorily appropriated, as provided in 17-7-502, to the
state auditor treasurer, who shall apportion said the forest
reserve funds and earned interest for allocation between the
several eligible counties as follows: all funds received
from each forest reserve shall must be apportioned between
the counties in which such the forest reserve is situated in
proportion to the acreage of such the forest reserve in each
county, and the state treasurer shall pay the several
amounts so apportioned plus interest thereon, as provided in
17-3-211, to the respective counties."

Section 3. Section 17-3-213, MCA, is amended to read:

"17-3-213. Allocation to general road fund and
countywide school levies. (1) The forest reserve funds so
apportioned to each-county as provided in 17-3-212 must be
apportioned by--the county--treasurer--in--each--county as
follows:

(a) to the general road fund, 66-2/3% 25% of the total

1 amount received;

2 (b) to the following countywide school levies, 33 1/3%

3 of the total ~~sum~~ amount received, to be used for:

4 (i) county equalization for elementary schools provided

5 for in 20-9-331; and

6 (ii) county equalization for high schools provided for

7 in 20-9-333;

8 (iii) the county transportation fund provided for in

9 20-10-146; and

10 (iv) the elementary and high school district retirement

11 fund obligations provided for in 20-9-501; and

12 (c) to the county equalization aid accounts established

13 in 20-9-331 and 20-9-333, 41 2/3% of the total amount

14 received.

15 (2) The apportionment of money to the funds provided

16 for under subsection (1)(b) must be made by the county

17 superintendent treasurer based on the proportion that the

18 mill levy of each fund bears to the total number of mills

19 for all the funds. Whenever the total amount of money

20 available for apportionment under this section is greater

21 than the total requirements of a levy, the excess money and

22 any interest income must be retained in a separate reserve

23 fund, to be reapportioned in the ensuing school fiscal year

24 to the levies designated in subsection (1)(b).

25 (3) In counties in which special road districts have

1 been created according to law, the board of county

2 commissioners shall distribute a proportionate share of the

3 ~~66-2/3%~~ 25% of the total amount received for the general

4 road fund to the special road districts within the county

5 based upon the percentage that the total area of the road

6 district bears to the total area of the entire county."

7 **Section 4.** Section 17-3-214, MCA, is amended to read:

8 "17-3-214. Correction of errors in apportionment. In

9 the event of any error ~~or-errors~~ made in the apportionment

10 or distribution of ~~said~~ forest reserve funds, ~~such the~~ error

11 ~~or--errors--shall~~ must be corrected by the ~~state-auditor-and~~

12 state treasurer, equalizing future payments to the ~~several~~

13 eligible counties so that the total proportionate sum

14 received by each eligible county ~~shall--be~~ is as fixed

15 provided in 17-3-212."

16 **Section 5.** Section 17-3-222, MCA, is amended to read:

17 "17-3-222. Apportionment of ~~moneys-to--counties~~ money.

18 ~~It--shall--be--the--duty-of-the~~ The state treasurer to shall

19 properly apportion and allocate ~~these-moneys~~ federal Taylor

20 Grazing Act money to the ~~county--treasurers--who--will~~

21 ~~allocate--and--pay--all--such--moneys-as-follows--50%--to--the~~

22 ~~county-general-fund-and-50%--to--the~~ common school fund ~~of--the~~

23 in each eligible county in the proportion that the

24 elementary and high school basic levies bear to the total

25 basic levy, as provided for in 20-9-331 and 20-9-333."

Section 6. Section 17-3-305, MCA, is amended to read:

"17-3-305. Disposal of moneys money. (1) All Except as provided in Title 17, chapter 3, part 3, for payments received by school districts or counties, payments of--sums in lieu of taxes received by this state shall must be deposited in funds according to the state levies.

(2) A county receiving money pursuant to 7 U.S.C. 1012 or 16 U.S.C. 715s shall allocate 75% of the money to county school equalization aid within an eligible county based upon the proportion that the elementary and high school basic levies bear to the total basic levy, as provided for in 20-9-331 and 20-9-333, and 25% of the money for road purposes."

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

(4) There is a statutory appropriation to pay the principal, interest, premiums, and costs of issuing, paying, and securing all bonds, notes, or other obligations, as due, that have been authorized and issued pursuant to the laws of Montana. Agencies that have entered into agreements authorized by the laws of Montana to pay the state

1 treasurer, for deposit in accordance with 17-2-101 through
 2 17-2-107, as determined by the state treasurer, an amount
 3 sufficient to pay the principal and interest as due on the
 4 bonds or notes have statutory appropriation authority for
 5 the payments. (In subsection (3): pursuant to sec. 7, Ch.
 6 567, L. 1991, the inclusion of 19-6-709 terminates upon
 7 death of last recipient eligible for supplemental benefit;
 8 and pursuant to sec. 18, Ch. 748, L. 1991, the inclusion of
 9 22-3-811 terminates June 30, 1993.)"

10 **Section 8.** 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) The county commissioners of each county shall
 14 levy an annual basic tax of 33 mills on the dollar of the
 15 taxable value of all taxable property within the county,
 16 except for property subject to a tax or fee under 23-2-517,
 17 23-2-803, 61-3-504(2), 61-3-521, 61-3-537, and 67-3-204, for
 18 the purposes of local and state foundation program support.
 19 The revenue collected from this levy must be apportioned to
 20 the support of the elementary foundation programs of the
 21 school districts in the county and to the state special
 22 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 revenue identified in subsection (2) must be
 2 subtracted from the total of the foundation programs of all
 3 elementary districts of the county.

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

13 (2) The revenue realized from the county's portion of
 14 the levy prescribed by this section and the revenue from the
 15 following sources must be used for the equalization of the
 16 elementary foundation program of the county as prescribed in
 17 20-9-335, and a separate accounting must be kept of the
 18 revenue by the county treasurer in accordance with
 19 20-9-212(1):

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

23 (b) the portion of the federal flood control act funds
 24 distributed to a county and designated for expenditure for
 25 the benefit of the county common schools under the

provisions of 17-3-232;

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

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

(e) any federal or state money distributed to the county as payment in lieu of property taxation, including federal forest reserve funds allocated under the provisions of 17-3-213 and money received as provided in 17-3-305;

(f) gross proceeds taxes from coal under 15-23-703;

(g) net proceeds taxes for new production, as defined in 15-23-601, and local government severance taxes on any other production occurring after December 31, 1988; and

(h) anticipated revenue from property taxes and fees imposed under 23-2-517, 23-2-803, 61-3-504(2), 61-3-521, 61-3-537, and 67-3-204."

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

"20-9-333. **Basic special levy and other revenues for county equalization of high school district foundation program.** (1) The county commissioners of each county shall levy an annual basic special tax for high schools of 22

mills on the dollar of the taxable value of all taxable property within the county, except for property subject to a tax or fee under 23-2-517, 23-2-803, 61-3-504(2), 61-3-521, 61-3-537, and 67-3-204, for the purposes of local and state foundation program support. The revenue collected from this levy must be apportioned to the support of the foundation programs of high school districts in the county and to the state special revenue fund, state equalization aid account, in the following manner:

(a) In order to determine the amount of revenue raised by this levy which is retained by the county, the sum of the estimated revenue identified in subsection (2) must be subtracted from the sum of the county's high school tuition obligation and the total of the foundation programs of all high school districts of the county.

(b) If the basic levy and other revenue prescribed by this section produce more revenue than is required to repay a state advance for county equalization, the county treasurer shall remit the surplus funds to the state treasurer for deposit to the state special revenue fund, state equalization aid account, immediately upon occurrence of a surplus balance and each subsequent month thereafter, with any final remittance due no later than June 20 of the fiscal year for which the levy has been set.

(2) The revenue realized from the county's portion of

the levy prescribed in this section and the revenue from the following sources must be used for the equalization of the high school foundation program of the county as prescribed in 20-9-335, and a separate accounting must be kept of the revenue by the county treasurer in accordance with 20-9-212(1):

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

(b) any federal or state money distributed to the county as payment in lieu of property taxation, including federal forest reserve funds allocated under the provisions of 17-3-213 and money received as provided in 17-3-305;

(c) gross proceeds taxes from coal under 15-23-703;

(d) net proceeds taxes for new production, as defined in 15-23-601, and local government severance taxes on any other production occurring after December 31, 1988; and

(e) anticipated revenue from property taxes and fees imposed under 23-2-517, 23-2-803, 61-3-504(2), 61-3-521, 61-3-537, and 67-3-204."

NEW SECTION. Section 10. State reimbursement to counties. The state treasurer shall provide a payment to a county, from the general fund, in the amount the county would have received as a federal land payment under Title

17, chapter 3, if the state had not made the portion of the payment allocable to the county prior to July 1, 1993, directly to county school equalization aid. The payments from the general fund are statutorily appropriated, as provided in 17-7-502.

NEW SECTION. Section 11. Codification instruction. [Section 10] is intended to be codified as an integral part of Title 7, chapter 6, part 1, and the provisions of Title 7, chapter 6, part 1, apply to [section 10].

NEW SECTION. Section 12. Effective date. [This act] is effective July 1, 1993.

-End-

STATE OF MONTANA - FISCAL NOTE

Form BD-15

In compliance with a written request, there is hereby submitted a Fiscal Note for HB0523, as introduced.

DESCRIPTION OF PROPOSED LEGISLATION:

An act revising the allocation of certain federal land payments; allocating a portion of the money to county school equalization aid; providing for and appropriating funds to counties to replace payments the county would have received if the federal land payments had not been directly allocated to county school equalization aid; transferring certain functions of the state auditor concerning federal land payments to the state treasurer.

ASSUMPTIONS:

1. The following information was used in preparation of estimates and was assumed static throughout the FY 95 biennium:
 - a. Forest Reserve Distribution (including interest) paid to counties by State Treasurer in January 1993.
 - b. Taylor Grazing (Sections 3 & 15) distribution made to counties by State Treasurer on December 23, 1992.
 - c. Bankhead-Jones (7 U.S.C. 1012) distribution made directly by the Bureau of Land Management to selected Montana counties during the federal fiscal year ended September 30, 1990.
 - d. Fish and Wildlife Service Refuge Revenue Sharing (16 U.S.C. 715a) payments paid by U.S. Dept. of the Interior directly to selected Montana Counties during the federal fiscal year ended September 30, 1990.

FISCAL IMPACT:

State Impact	FY '94			FY '95		
	Current Law	Proposed Law	Difference	Current Law	Proposed Law	Difference
<u>Expenditures:</u>						
Benefits & Claims	-0-	5,510,795	5,510,795	-0-	5,510,795	5,510,795
<u>Funding:</u>						
General Fund	-0-	5,510,795	5,510,795	-0-	5,510,795	5,510,795
<u>Revenues:</u>						
School Equalization Account (SEA)	391,637,000	397,147,795	5,510,795	400,698,000	406,208,795	5,510,795

Net State Impact: General fund of \$5,510,795 will be paid to counties in FY94 and FY95 to compensate for the increased allocation of funds to school equalization. School Equalization revenues will increase by the same \$5,510,795 each year. In FY96 increased federal PILT payments to the counties of \$2,141,461 will allow the reduction of general fund compensation payments by the same amount. School equalization revenues will continue at the increased level in FY96.

David Lewis 2/15/93
 DAVID LEWIS, BUDGET DIRECTOR DATE
 Office of Budget and Program Planning

Dick Knox 2/16/93
 DICK KNOX, PRIMARY SPONSOR DATE
 Fiscal Note for HB0523, as introduced
HB 523

EFFECT ON COUNTY OR OTHER LOCAL REVENUES OR EXPENDITURES:

<u>Local Impact:</u>	<u>FY '94</u>			<u>FY '95</u>		
	<u>Current Law</u>	<u>Proposed Law</u>	<u>Difference</u>	<u>Current Law</u>	<u>Proposed Law</u>	<u>Difference</u>
County General Funds	\$ 186,467	\$ 186,467	\$ 0	\$ 186,467	\$ 186,476	\$ 0
County Road Funds	8,434,720	8,434,720	0	0	8,434,720	8,434,720
County H.S. & El. Equalization Funds	<u>152,388</u>	<u>5,663,183</u>	<u>5,510,795</u>	<u>152,388</u>	<u>5,663,183</u>	<u>5,510,795</u>
Total	<u>\$ 8,773,575</u>	<u>\$ 14,284,370</u>	<u>\$ 5,510,795</u>	<u>\$ 8,773,575</u>	<u>\$ 14,284,370</u>	<u>\$ 5,510,795</u>

See attached schedule for further detail.

LONG-TERM EFFECTS OF PROPOSED LEGISLATION:

County Payments-in-Lieu-of-Taxes (PILT) payments from the Department of Interior, Bureau of Land Management are computed by multiplying a counties qualifying federal acreage by \$.75 per acre and reducing that amount by the amount a particular county received as federal assistance during the last preceding federal fiscal year. By shifting the allocation of certain federal assistance from counties to schools, county PILT payments should increase by an estimated \$2,141,461 beginning FY 1996.

	-Current Law-		----- HB 523 -----		
	FY94	FY95	FY94	FY95	FY96
-----REVENUES DISTRIBUTION-----					
USFS National Forest Funds					
School Equalization(1)	3,629,124	3,629,124	8,595,084	8,595,084	8,595,084
County Transportation(1)	343,645	343,645	343,645	343,645	343,645
County Road Funds	7,945,536	7,945,536	2,979,576	2,979,576	2,979,576
Total	11,918,305	11,918,305	11,918,305	11,918,305	11,918,305
Bankhead Jones (7 USC 1012)					
County Road Funds	489,184	489,184	122,296	122,296	122,296
School Equalization	0	0	366,888	366,888	366,888
Total	489,184	489,184	489,184	489,184	489,184
Taylor Grazing					
County General Funds	152,388	152,388	0	0	0
School Equalization	152,388	152,388	304,776	304,776	304,776
Total	304,776	304,776	304,776	304,776	304,776
FWS Refuges (16USC 715s)					
County General Funds	34,079	34,079	8,520	8,520	8,520
School Equalization	0	0	<u>25,559</u>	<u>25,559</u>	<u>25,559</u>
Total	34,079	34,079	34,079	34,079	34,079
PILT					
County Funds	7,701,030	7,701,030	7,701,030	7,701,030	9,842,491
State Reimbursements					
County Funds	0	0	5,510,795	5,510,795	3,369,334
Total	20,447,374	20,447,374	25,958,169	25,958,169	25,958,169
-----FUND DISTRIBUTION-----					
County Funds					
State Reimbursements	0	0	5,510,795	5,510,795	3,369,334
PILT	7,701,030	7,701,030	7,701,030	7,701,030	9,842,491
FWS Refuges	34,079	34,079	8,520	8,520	8,520
Bankhead Jones	489,184	489,184	122,296	122,296	122,296
USFS National Forest Funds	7,945,536	7,945,536	2,979,576	2,979,576	2,979,576
Taylor Grazing	<u>152,388</u>	<u>152,388</u>	0	0	
Total	16,322,217	16,322,217	16,322,217	16,322,217	16,322,217
School Equalization					
FWS Refuges	0	0	25,559	25,559	25,559
Taylor Grazing	152,388	152,388	304,776	304,776	304,776
Bankhead Jones	0	0	366,888	366,888	366,888
USFS National Forest Funds	<u>3,629,124</u>	<u>3,629,124</u>	<u>8,595,084</u>	<u>8,595,084</u>	<u>8,595,084</u>
Total	3,781,512	3,781,512	9,292,307	9,292,307	9,292,307
County Transportation					
USFS National Forest Funds	343,645	343,645	343,645	343,645	343,645
Total	20,447,374	20,447,374	25,958,169	25,958,169	25,958,169

HB 523