

HOUSE BILL 568

Introduced by Knox, et al.

2/10	Introduced
2/10	Referred to Appropriations
2/10	First Reading
2/11	Fiscal Note Requested
2/18	Fiscal Note Received
2/19	Fiscal Note Printed
3/02	Hearing
3/03	Tabled in Committee

1 House BILL NO. 568
2 INTRODUCED BY Knox Simpson Dilbert
3 MERCER Gerald John M. Dumas Rose Holland
4 A BILL FOR AN ACT ENTITLED: "AN ACT DIVERTING MONEY FROM
5 THE COAL SEVERANCE TAX PERMANENT FUND TO THE CAPITAL
6 PROJECTS FUND FOR DEFERRED MAINTENANCE OF STATE BUILDINGS;
7 AMENDING SECTION 17-5-703, MCA; AND PROVIDING AN EFFECTIVE
8 DATE AND A TERMINATION DATE."

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

11 NEW SECTION. Section 1. Purpose. The purpose of
12 [section 1] is to address state-owned facility maintenance
13 needs that have been deferred due to a lack of funding.

14 NEW SECTION. Section 2. Funding for capital projects.
15 (1) There is an account in the capital projects fund type to
16 pay for the maintenance of state buildings.

17 (2) Each year, beginning July 1, 1993, and ending June
18 30, 1999, provided that overall general fund spending is
19 reduced by \$99 million from fiscal years 1992 and 1993
20 spending levels for fiscal years 1994 and 1995 combined, the
21 coal severance tax collections allocated to the coal
22 severance tax permanent fund, after other allocations have
23 been made as provided by law, must be deposited into the
24 maintenance account, as provided in 17-5-703(7).

25 (3) Funds deposited into the maintenance account must

1 be appropriated under the provisions of the long-range
2 building program established in this part but may be used
3 only for the maintenance of state buildings.

4 **Section 3.** Section 17-5-703, MCA, is amended to read:

5 "17-5-703. Coal severance tax trust funds. (1) The
6 trust established under Article IX, section 5, of the
7 Montana constitution shall be composed of the following
8 funds:

9 (a) a coal severance tax bond fund into which the
10 constitutionally dedicated receipts from the coal severance
11 tax shall be deposited;

12 (b) a treasure state endowment fund;

13 (c) a clean coal technology demonstration fund;

14 (d) a coal severance tax permanent fund;

15 (e) a coal severance tax income fund; and

16 (f) a coal severance tax school bond contingency loan
17 fund.

18 (2) The state treasurer shall determine the amount
19 necessary to meet all principal and interest payments on
20 bonds payable from the coal severance tax bond fund on the
21 next two ensuing semiannual payment dates and retain that
22 amount in the coal severance tax bond fund.

23 (3) (a) On January 21, 1992, and continuing as long as
24 any school district bonds secured by state loans under
25 20-9-466 are outstanding, the state treasurer shall from

time to time and as provided in subsection (3)(b) transfer from the coal severance tax bond fund to the coal severance tax school bond contingency loan fund any amount in the coal severance tax bond fund in excess of the amount that is specified in subsection (2) to be retained in the fund.

(b) The state treasurer shall transfer the amount referred to in subsection (3)(a) until and unless the balance in the coal severance tax school bond contingency loan fund is equal to the amount due as principal of and interest on the school district bonds secured by state loans under 20-9-466 during the next following 12 months.

(4) Beginning July 1, 1991, and ending June 30, 1997, from any amount in the coal severance tax bond fund in excess of the amount that is specified in subsection (2) to be retained in the fund and in excess of any amount that is required to be transferred by subsection (3), the state treasurer shall from time to time transfer an amount not exceeding \$5 million per fiscal year to the clean coal technology demonstration fund.

(5) Beginning July 1, 1993, and ending June 30, 2013, the state treasurer shall transfer to the treasure state endowment fund any amount in the coal severance tax bond fund in excess of the amount that is specified in subsection (2) to be retained in the fund and in excess of amounts that are transferred pursuant to subsections (3) and (4).

(6) (a) Beginning Subject to subsection (7), beginning July 1, 1993, and ending June 30, 2013, the state treasurer shall from time to time transfer to the coal severance tax permanent fund 50% of the principal transferred from the coal severance tax bond fund to the treasure state endowment fund in the preceding year.

(b) The state treasurer shall annually transfer to the treasure state endowment special revenue account the amount of interest earnings required to meet the obligations of the state that are payable from the account in accordance with 90-6-710. Interest earnings not transferred to the treasure state endowment special revenue account must be retained in the treasure state endowment fund.

(7) Each year beginning July 1, 1993, and ending June 30, 1999, the state treasurer shall deposit to the maintenance account established in [section 1] all available coal severance taxes otherwise allocated to the permanent fund after other allocations have been made as provided by law."

NEW SECTION. Section 4. Codification instruction. [Section 1] is intended to be codified as an integral part of Title 17, chapter 7, part 2, and the provisions of Title 17, chapter 7, part 2, apply to [section 1].

NEW SECTION. Section 5. Three-fourths vote required. Because [section 2] allocates money from coal severance

1 taxes, Article IX, section 5, of the Montana constitution
2 requires a vote of three-fourths of the members of each
3 house of the legislature for passage.

4 NEW SECTION. Section 6. Effective date. [This act] is
5 effective July 1, 1993.

6 NEW SECTION. Section 7. Termination. [This act]
7 terminates July 1, 1999.

-End-

STATE OF MONTANA - FISCAL NOTE

Form BD-15

In compliance with a written request, there is hereby submitted a Fiscal Note for HB0568, as introduced.

DESCRIPTION OF PROPOSED LEGISLATION: An act diverting money from the coal severance tax permanent fund to the capital projects fund for deferred maintenance of state buildings.

ASSUMPTIONS:

1. Current law deposits to the coal tax permanent fund are \$7,500,000 in each year of the biennium (DNRC).
2. Long-term interest rates are 8.07% in FY94 and 8.39% in FY95 (HJR3).
3. Interest earnings from the permanent fund are allocated 85% to the general fund and 15% to the foundation program.
3. A deferred maintenance account will be established in the capital projects fund type. The principal of the account will be invested in long-term instruments within the STIP, with 100% of the earnings deposited in the general fund.
4. The deferred maintenance account will receive annual deposits from the coal severance taxes beginning July 1, 1993 and ending June 30, 1999. The deposits will be \$7,500,000 in each year of the biennium.
5. Funds in the deferred maintenance account must be appropriated under provisions of the long-range building program and may be used only for maintenance of state buildings.
6. A proposal for deferred maintenance of state buildings will be presented to the 54th Legislature. Funds will be expended beginning in FY96.

FISCAL IMPACT:

<u>Revenues</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>
Capital Projects - Deferred Main.	0	7,500,000	7,500,000	0	7,500,000	7,500,000
Coal Tax Permanent Fund (09)	7,500,000	0	(7,500,000)	7,500,000	0	(7,500,000)
Net Interest Change						
General Fund (01)			49,000			145,000
Foundation Program (02)			(49,000)			(145,000)

LONG-RANGE EFFECTS OF PROPOSED LEGISLATION:

The deferred maintenance account for state buildings will receive annual deposits of approximately \$7,500,000 until FY99. Interest losses to the general fund will begin next biennium, if principal is appropriated.

David Lewis 2-18-93

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

Dick Knox 2/19/93
DICK KNOX, PRIMARY SPONSOR DATE

Fiscal Note for HB0568, as introduced

HB528