

SENATE BILL 245

Introduced by Harp

1/25	Introduced
1/25	Referred to Taxation
1/25	First Reading
1/25	Fiscal Note Requested
1/30	Fiscal Note Received
2/03	Fiscal Note Printed
2/09	Hearing
2/11	Tabled in Committee

1 Senate BILL NO. 245
2 INTRODUCED BY HARP
3

4 A BILL FOR AN ACT ENTITLED: "AN ACT DIVERTING MONEY THAT
5 WOULD OTHERWISE BE DEPOSITED IN THE COAL SEVERANCE TAX
6 PERMANENT FUND TO THE GENERAL FUND; AMENDING SECTION
7 17-5-703, MCA; AND PROVIDING AN EFFECTIVE DATE."
8

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

10 **Section 1.** Section 17-5-703, MCA, is amended to read:

11 "17-5-703. Coal severance tax trust funds. (1) The
12 trust established under Article IX, section 5, of the
13 Montana constitution shall be composed of the following
14 funds:

15 (a) a coal severance tax bond fund into which the
16 constitutionally dedicated receipts from the coal severance
17 tax shall be deposited;

18 (b) a treasure state endowment fund;

19 (c) a clean coal technology demonstration fund;

20 (d) a coal severance tax permanent fund;

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

22 (f) a coal severance tax school bond contingency loan
23 fund.

24 (2) The state treasurer shall determine the amount
25 necessary to meet all principal and interest payments on

1 bonds payable from the coal severance tax bond fund on the
2 next two ensuing semiannual payment dates and retain that
3 amount in the coal severance tax bond fund.

4 (3) (a) On January 21, 1992, and continuing as long as
5 any school district bonds secured by state loans under
6 20-9-466 are outstanding, the state treasurer shall from
7 time to time and as provided in subsection (3)(b) transfer
8 from the coal severance tax bond fund to the coal severance
9 tax school bond contingency loan fund any amount in the coal
10 severance tax bond fund in excess of the amount that is
11 specified in subsection (2) to be retained in the fund.

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

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

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

7 (6) (a) Beginning July 1, 1993, the state treasurer
 8 shall from time to time transfer to the general fund 50% of
 9 the principal transferred from the coal severance tax bond
 10 fund to the treasure state endowment fund in the preceding
 11 year. Beginning July 1, 1995, and ending June 30, 2013, the
 12 state treasurer shall from time to time transfer to the coal
 13 severance tax permanent fund 50% of the principal
 14 transferred from the coal severance tax bond fund to the
 15 treasure state endowment fund in the preceding year.

16 (b) The state treasurer shall annually transfer to the
 17 treasure state endowment special revenue account the amount
 18 of interest earnings required to meet the obligations of the
 19 state that are payable from the account in accordance with
 20 90-6-710. Interest earnings not transferred to the treasure
 21 state endowment special revenue account must be retained in
 22 the treasure state endowment fund."

23 NEW SECTION. Section 2. Three-fourths vote. Because
 24 [this act] diverts money from the coal severance tax trust
 25 fund to the general fund for appropriation, Article IX,

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

4 NEW SECTION. Section 3. Effective date. [This act] is
 5 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 SB0245, as introduced.

DESCRIPTION OF PROPOSED LEGISLATION: An act diverting money that would otherwise be deposited in the coal severance tax permanent fund to the general fund; and providing an effective date.

ASSUMPTIONS:

1. The Revenue Oversight Committee (ROC) revenues and interest rates are the basis for fiscal projections.
2. The 53rd legislature will appropriate available funds to Treasure State Endowment Program (TSEP) projects and administration.
3. \$7,250,000 would be deposited into the treasure state endowment fund in each of the two fiscal years of the biennium under current law (ROC).
4. Legislative Referendum 110, passed by the voters 6/2/92, transfers \$10,000,000 to the treasure state endowment fund from the permanent fund on July 1, 1993. This portion of the treasure state fund would not be affected by the proposal.
5. The bill establishes the proposed diversion only during FY94 and FY95. Beginning in FY96, the diversion would sunset.

FISCAL IMPACT:

	FY '94			FY '95		
	Current Law	Proposed Law	Difference	Current Law	Proposed Law	Difference
Expenditures:						
DOC Administration	271,020	271,020	0	293,375	293,375	0
Pass Through to Local Govts.	<u>749,116</u>	<u>648,252</u>	<u>(100,864)</u>	<u>1,360,373</u>	<u>992,571</u>	<u>(367,802)</u>
Total	1,013,136	919,272	(100,864)	1,653,748	1,285,946	(367,802)
Funding: State Special	1,013,136	919,272	(100,864)	1,653,748	1,285,946	(367,802)
Revenues:						
TSEP Fund	7,250,000	3,625,000	(3,625,000)	7,250,000	3,625,000	(3,625,000)
General Fund	0	3,625,000	3,625,000	0	3,625,000	3,625,000
Net Impact:						
General Fund			3,625,000			3,625,000

EFFECT ON LOCAL EXPENDITURES:

The proposal would reduce the funds available to local government eligible projects by \$468,666 for the biennium. This would equal (based on an average dollar amount per 1993 applications) the elimination of 2 to 4 local projects.

David Lewis 1.29.93
DAVID LEWIS, BUDGET DIRECTOR DATE
Office of Budget and Program Planning

John Harp 2/13/93
JOHN HARP, PRIMARY SPONSOR DATE

Fiscal Note for SB245, as introduced

SB 245