

HOUSE BILL 19

Introduced by Bergasagel

11/23	Introduced
11/23	Fiscal Note Requested
11/24	Referred to Appropriations
11/25	Fiscal Note Received
11/25	Fiscal Note Printed
11/29	First Reading
11/29	Hearing
12/10	Tabled in Committee

HOUSE BILL NO. 19

INTRODUCED BY BERGSAGEL

BY REQUEST OF THE OFFICE OF BUDGET AND PROGRAM PLANNING
AND THE DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION

A BILL FOR AN ACT ENTITLED: "AN ACT ELIMINATING THE CLEAN
COAL TECHNOLOGY DEMONSTRATION FUND; ELIMINATING THE CLEAN
COAL TECHNOLOGY PROGRAM; ELIMINATING THE CLEAN COAL
TECHNOLOGY TAX EXEMPTION; TRANSFERRING THE CLEAN COAL
TECHNOLOGY DEMONSTRATION FUND BALANCE FROM THE COAL
SEVERANCE TAX TRUST FUND TO A LONG-RANGE BUILDING PROGRAM
ACCOUNT; APPROPRIATING MONEY FOR MAINTENANCE PROJECTS;
AMENDING SECTIONS 16-11-119 AND 17-5-703, MCA; SECTION 1,
CHAPTER 793, LAWS OF 1991; AND SECTION 6, CHAPTER 515, LAWS
OF 1993; REPEALING SECTIONS 15-24-2301, 15-24-2302,
90-4-901, 90-4-902, 90-4-903, 90-4-904, 90-4-905, AND
90-4-906, MCA; SECTION 11, CHAPTER 722, LAWS OF 1991; AND
SECTIONS 1, 2, 3, 4, AND 5, CHAPTER 515, LAWS OF 1993; AND
PROVIDING AN IMMEDIATE EFFECTIVE DATE."

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

Section 1. Section 16-11-119, MCA, is amended to read:

"16-11-119. Disposition of taxes -- retirement of
bonds. The amount of 11.11% of the cigarette tax collected
under the provisions of 16-11-111 on each package of

cigarettes must be deposited in the state special revenue
fund to the credit of the department of corrections and
human services for the operation and maintenance of state
veterans' nursing homes. All remaining revenue collected
under the provisions of 16-11-111, less the expense of
collecting the taxes, must, in accordance with the
provisions of 15-1-501(6), be deposited as follows: 79.25%
in the long-range building program fund in the debt service
fund type and 20.25% in the long-range building program fund
~~in--the--capital--projects--fund-type~~ account established in
[section 3]."

Section 2. Section 17-5-703, MCA, is amended to read:

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

(a) a coal severance tax bond fund into which the
constitutionally dedicated receipts from the coal severance
tax ~~shall~~ must be deposited;

(b) a treasure state endowment fund;

~~fe)--a-clean-coal-technology-demonstration-fund;~~

~~fd)~~ (c) a coal severance tax permanent fund;

~~fe)~~ (d) a coal severance tax income fund; and

~~ff)~~ (e) a coal severance tax school bond contingency
loan fund.

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

(3) (a) On January 21, 1992, and continuing as long as any school district bonds secured by state loans under 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-17-19917-and-ending-June--307--19977, 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}7-the-department of-revenue--shall7-upon--request--from--the--department--of~~

~~natural-resources-and-conservation7-transfer-an-amount-up-to \$5--million--per--fiscal--year--to-the-clean-coal-technology demonstration-fund7~~

~~{5}{4}~~ 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 subsection~~ (3) and ~~{4}~~.

~~{6}{5}~~ (a) 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."

NEW SECTION. **Section 3.** Long-range building program account. (1) There is a long-range building program account in the capital projects fund type.

(2) Cigarette tax revenue deposited in the account pursuant to 16-11-119 must be spent prior to spending other funds in the account. The portion of the account attributable to cigarette tax revenue retains its interest earnings and may include project carryover funds, administrative fees, and miscellaneous revenue.

(3) The portion of the coal severance tax trust fund transferred to the account must be accounted for separately and maintained in long-term investments to the extent possible. The interest earnings on the portion of the account attributable to coal severance taxes must be deposited to the general fund.

NEW SECTION. Section 4. Fund transfer. The \$35 million previously authorized for deposit in the clean coal technology demonstration fund is transferred from the coal severance tax trust fund to the long-range building program account established in [section 3]. The funds transferred to the account may be used only for authorized capital projects.

Section 5. Section 6, Chapter 515, Laws of 1993, is amended to read:

"Section 6. Section 1, Chapter 793, Laws of 1991, is amended to read:

"Section I. **Appropriation.** (1) There is appropriated \$750,000 \$720,000 from the local impact account, to be used

by ~~June 30, 1993~~, as provided in subsection (2).

(2) (a) There is appropriated ~~\$500,000~~ \$470,000 from the local impact account to eastern Montana college to be used by June 30, ~~1993~~ 1995 1994, to provide funding for a clean fuels information depository, distribution, and market development center at eastern Montana college. The center shall focus on all available clean coal technology information worldwide in order to allow Montana to become a leader in the field of clean fuels technology information and marketing. The clean fuels information center shall enhance the current technology research and development being conducted in the Montana university system. The information, office furnishings, and equipment purchased with the appropriation in this subsection must be transferred to the Montana college of mineral science and technology at Butte.

(b) There is appropriated \$250,000 from the local impact account to the department of natural resources and conservation to be used by June 30, 1993, for the loan described in subsection ~~(2)~~ (3).

(3) A loan of \$250,000 to the MHD-Corette project is approved at an interest rate of 12% compounded annually. The loan must be matched on a 1-to-1 basis from nonstate appropriated sources, used for developing the project's application to receive clean coal technology program funding

1 from the U.S. department of energy, and repaid to the state
 2 special revenue fund for state equalization aid to public
 3 schools from revenue the project's owner derives from the
 4 sale or licensing of the MHD technology or from the sale,
 5 lease, or licensing of the project. The total debt of the
 6 project related to this loan may not exceed 2 1/2 times the
 7 loan amount."

8 NEW SECTION. Section 6. Appropriations --

9 coordination. (1) The following money is appropriated for
 10 the indicated state building maintenance projects to the
 11 department of administration from the long-range building
 12 program account established in [section 3].

13 <u>Project/Agency</u>	<u>LRBPA</u>
14 Heating/Ventilation System, STARC Armory,	
15 Dept. of Military Affairs	\$184,800
16 Infirmary Upgrade, Montana State Prison,	
17 Dept. of Corrections & Human Services	350,000
18 Floor Repairs, Dept. of Corrections	
19 & Human Services	145,400
20 Center for The Aged	65,400
21 Montana Developmental Center	80,000
22 Replace Office of Public Instruction Rooftop	
23 HVAC Units, Department of Administration	130,000
24 Kitchen Upgrades, Statewide,	
25 Dept. of Military Affairs	136,500

1 Roof Replacement MDC Buildings 102 & 104,	
2 Dept. of Corrections & Human Services	250,000
3 Roof Replacement, Capitol Complex,	
4 Dept. of Administration	219,500
5 Commerce Building	57,000
6 Scott Hart Building	50,000
7 Cogswell Building	112,500
8 Central Heating Plant Improvements,	
9 Montana State University	855,000
10 Structural Repairs, Brockman Center,	
11 Northern Montana College	300,000
12 Limestone Repair on Veterans' and Pioneers' Memorial	
13 (Historical Society) Building	218,000
14 Replace Water Main/Repair Boiler & Heating System,	
15 Swan River, Dept. of Corrections & Human Services	186,250
16 Steam & Condensate Tunnel,	
17 Montana State University	1,000,000
18 Plains Unit Office Fire Dispatch Center,	
19 Dept. of State Lands	270,000
20 Replace Windows, Cowan Hall,	
21 Northern Montana College	300,000
22 Receiving Hospital Window Replacement, Montana State	
23 Hospital, Dept. of Corrections & Human Services	175,000
24 Capitol Complex Improvement Projects,	
25 Dept. of Administration	2,000,000

1 Fire Code Compliance, Eastern Montana College 365,000
 2 Statewide Maintenance Projects, Dept. of
 3 State Lands 100,000
 4 Paving Projects, Dept. of Corrections
 5 & Human Services 324,550

6 (2) There is appropriated \$2,490,000 of coal severance
 7 taxes transferred to the long-range building program account
 8 for the projects authorized in section 2, Chapter 624, Laws
 9 of 1993.

10 NEW SECTION. Section 7. Legislative consent. The
 11 appropriations authorized in [section 6] constitute
 12 legislative consent for the projects as required by
 13 18-2-102.

14 NEW SECTION. Section 8. Repealer. Sections 15-24-2301,
 15 15-24-2302, 90-4-901, 90-4-902, 90-4-903, 90-4-904,
 16 90-4-905, and 90-4-906, MCA; section 11, Chapter 722, Laws
 17 of 1991; and sections 1, 2, 3, 4, and 5, Chapter 515, Laws
 18 of 1993, are repealed.

19 NEW SECTION. Section 9. Three-fourths vote required.
 20 Because [section 4] transfers money from the coal severance
 21 tax trust fund to an account that can be appropriated by a
 22 majority vote and because [section 6] appropriates coal
 23 severance tax trust fund money deposited in the account,
 24 Article IX, section 5, of the Montana constitution requires
 25 a vote of three-fourths of the members of each house of the

1 legislature for passage of [sections 4 and 6].

2 NEW SECTION. Section 10. Coordination instruction. (1)
 3 If [this act] is passed and approved by a three-fourths vote
 4 of the members of each house, the appropriation of
 5 \$2,600,000 from the general fund for any of the projects
 6 listed in [section 6] in previous legislation enacted by the
 7 fifty-third legislature is void.

8 (2) If [this act] is not passed by a three-fourths vote
 9 of the members of each house, [sections 4 and 6] are void.

10 NEW SECTION. Section 11. Severability. If a part of
 11 [this act] is invalid, all valid parts that are severable
 12 from the invalid part remain in effect. If a part of [this
 13 act] is invalid in one or more of its applications, the part
 14 remains in effect in all valid applications that are
 15 severable from the invalid applications.

16 NEW SECTION. Section 12. Codification instruction.
 17 [Section 3] is intended to be codified as an integral part
 18 of Title 17, chapter 7, part 2, and the provisions of Title
 19 17, chapter 7, part 2, apply to [section 3].

20 NEW SECTION. Section 13. Effective date. [This act] is
 21 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 HB0019, as introduced.

DESCRIPTION OF PROPOSED LEGISLATION: An act repealing the various clean coal technology statutes and adjusting related appropriations; creating a long-range building program account; transferring the \$35 million coal severance tax authorized for clean coal to the long-range building account; appropriating the first \$10 million for state-buildings maintenance in the 1995 biennium and repealing the \$2.6 million general fund appropriated in HB5.


ASSUMPTIONS:

1. Montana has not been and will not be selected by the federal Dept. of Energy for clean coal technology demonstration funding; therefore, the coal severance tax clean coal technology demonstration fund, clean coal loans and tax exemption will be repealed.
2. The clean coal technology project at the Department of Natural Resources and Conservation is terminated. Because HB2 includes the \$53,425 FY94 savings and the \$3,425 FY95 savings, no DNRC impact is included in this HB19 fiscal note.
3. The \$500,000 appropriation from the local impact account for the clean coal center at Eastern Montana College is reduced to \$470,000 and, as recommended by officials at the Office of the Commissioner of Higher Education, its information library and assets will be transferred to Montana Tech by FYE94. Based on passage and approval of legislation during the 1993 regular session, the \$30,000 savings in the local impact account will be deposited to the general fund.
4. The \$35 million coal severance tax authorized for clean coal by the 1991 and 1993 legislative sessions would be transferred to the long-range building program account, subject to a 3/4 vote of each house in accordance with the state constitution. [These funds were authorized but have yet to be transferred to clean coal.]
5. After 1993 regular session passage and approval of HB46, which appropriated \$2.6 million of the cigarette tax in the capital projects fund for veteran's nursing homes, the legislature appropriated a like amount of general fund in Chapter 624 (HB5) for maintenance of state-owned buildings.
6. The \$110,000 decrease in the Dept. of Family Services fire safety systems project, unanimously adopted by the Long-Range Planning Subcommittee in Special Session I for inclusion in HB2 amendments to Chapter 624, will be adopted.
7. There would be appropriated \$10 million of long-range building coal funds for projects authorized to begin during the 1995 biennium. The 1995 biennium general fund savings would be \$2.6 million, as summarized in assumption 5, and the general fund/SEA cost would be an estimated \$148,700 in foregone interest earnings.
8. State agencies requested more than \$191 million in state funding for life and safety codes, regulatory compliance and maintenance on state-owned buildings during the 1995 biennium.
9. The \$25 million balance of the coal severance tax in the long-range building program account would be maintained in long-term investments, with the interest earnings deposited to the general fund. The funds will yield approximately the same revenue as would be received from permanent trust investments.

FISCAL IMPACT:

Net General Fund Impact: The 1995 biennium gain to the general fund is \$2,481,300 [\$30,000 local impact + \$2,600,000 long-range building - \$148,700 foregone interest].

(over)


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

ERNEST BERGSAGEL, PRIMARY SPONSOR DATE
Fiscal Note for HB0019, as introduced

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Fiscal Note Request, HB0019, as introduced
Form BD-15 page 2
(continued)

EFFECT ON COUNTY OR OTHER LOCAL REVENUES OR EXPENDITURES:

Statewide, \$2,490,000 of construction projects will not be eliminated and \$7.5 million of new construction projects will be added during the 1995 biennium.

LONG-RANGE EFFECTS OF PROPOSED LEGISLATION:

There will be \$32.4 million more available for maintenance of state-owned buildings available over seven years.