ginning fiscal 2004, the fund receives 25 percent of the remaining coal severance tax revenue after deposits (if any) in the coal tax bond fund and the school bond contingency loan fund. Interest earnings from the fund are deposited to the general fund (17-5-704, MCA). These earnings are equivalent to approximately a 23 mill statewide levy or a 7.0 percent individual income tax surtax. General fund is appropriated in the general appropriation act (House Bill 2), in statute (statutory appropriations), or in other pieces of legislation (cat and dog bills).

Coal Severance Tax Related Funds

The other fifty percent of the coal severance tax revenue is distributed to the following six funds outside of the coal severance tax trust fund (15-35-108, MCA).

❻ General Fund (27.4%) – As the name suggests, the money in this account is used for any purpose the legislature wants to appropriate funding. The largest four expenditures categories (fiscal 2004 expenditures) of general fund are: a) public schools – 40 percent; b) human services – 20 percent; c) higher education – 11 percent; and d) Department of Revenue – 9 percent. The largest four types of general fund expenditures are: a) local assistance – 49 percent; b) personal services – 16 percent; c) benefits – 13 percent; and d) transfers – 12 percent. General fund is appropriated in the general appropriation act (House Bill 2), in statute (statutory appropriations), or in other pieces of legislation (cat and dog bills).

❼ Long-range Building Program Account (12.0%) – Coal severance tax revenue in this account can be used for long-range building projects or for general obligation bond debt service. The legislature appropriates the money in House Bill 5 to finance building projects at universities, vocational education institutions, state buildings and state institutions. Debt service payments are statutorily appropriated and are currently servicing debt for capitol restoration, the UofM pharmacy/psychology and chemistry buildings, MSU central heating plant and underground utilities, Montana state prison expansion, and regional correctional facilities.

❽ Combined Account (7.75%) – The distribution of coal severance taxes to this account is appropriated to various state agencies by the legislature in House Bill 2 and, beginning fiscal 2004, can be spent for four purposes:

a. Local impact – Money is granted by the Coal Board for various projects to assist local governmental units in providing services that are needed as a result of an increase or decline in coal development or consumption.
b. Montana growth through agriculture – Money is granted or loaned by the Agriculture Development Council to businesses for agricultural development projects that stimulate agriculture.
c. Conservation districts – The money is distributed to the conservation districts on the basis of need.
d. State Library Commission – The money is distributed by the commission to public library federations.

❾ State Parks Trust (1.27%) – The distribution to this trust is for the purpose of parks acquisition or management. Interest earnings from the trust is appropriated to the Department of Fish, Wildlife, and Parks by the legislature in House Bill 2 and House Bill 5 for the acquisition, development, operation, and maintenance of state parks, recreational areas, public camping grounds, historic sites, and monuments.

❿ Renewable Resource Debt Service Fund (0.95%) – Money in this fund is used to service debt on coal severance tax bonds used to finance renewable resource projects. This is in addition to any coal tax paid from the Coal Tax Bond Fund (number 1 above). Bonds are authorized, projects approved, loan rates established, and bond proceeds are appropriated by the legislature to the Department of Natural Resources in House Bill 8.

⓫ Cultural Trust (0.63%) - The distribution to this trust is for the purpose of protecting works of art in the capitol and for other cultural and aesthetic projects. Interest earnings from the trust are appropriated to the Historical Society by the legislature in House Bill 9 for these purposes.

LEGISLATIVE FISCAL DIVISION

Montana's Coal Severance Tax...

Distribution Detail

EXHIBIT 7
DATE 1.12.05

Fiscal Pocket Guide
Updated December 2004

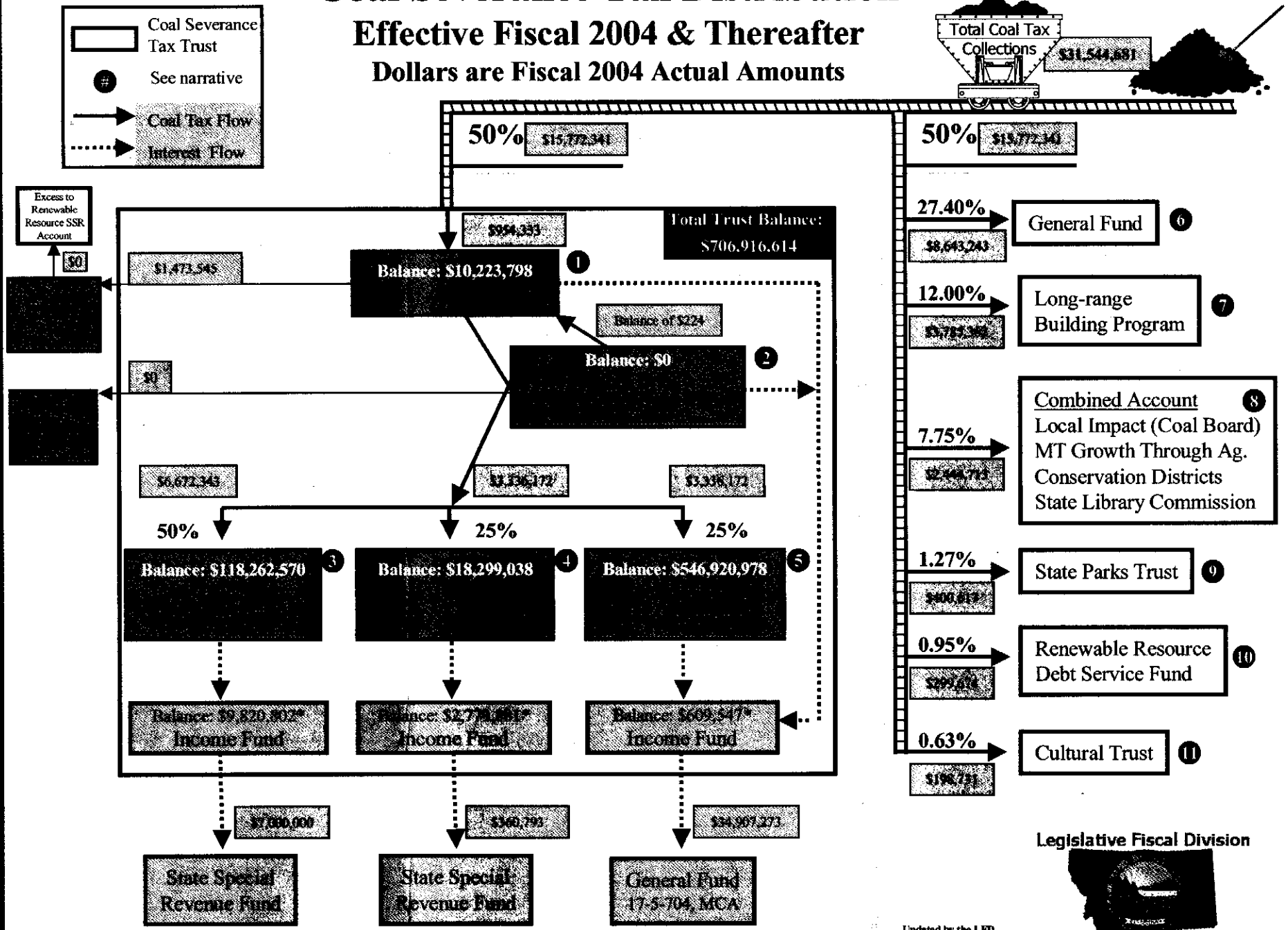
Effective Fiscal 2004 (July 2003) & Thereafter

Contact the Legislative Fiscal Division at 444-2986 or visit us at room 110 in the state capitol. View our web site for a plethora of fiscal information: http://leg.state.mt.us/css/fiscal/

Coal Severance Tax Distribution

Effective Fiscal 2004 & Thereafter

Dollars are Fiscal 2004 Actual Amounts



* Excludes unrealized investment gains and losses