



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2015 Biennium

Bill #	SB0236
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Title:	Increase coal board funding until June 30, 2019
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Primary Sponsor:	Olson, Alan
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Status:	As Introduced
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| <input checked="" type="checkbox"/> Significant Local Gov Impact | <input checked="" type="checkbox"/> Needs to be included in HB 2 | <input type="checkbox"/> Technical Concerns |
| <input type="checkbox"/> Included in the Executive Budget | <input type="checkbox"/> Significant Long-Term Impacts | <input type="checkbox"/> Dedicated Revenue Form Attached |

FISCAL SUMMARY

	<u>FY 2014</u> <u>Difference</u>	<u>FY 2015</u> <u>Difference</u>	<u>FY 2016</u> <u>Difference</u>	<u>FY 2017</u> <u>Difference</u>
Expenditures:				
General Fund	\$0	\$0	\$0	\$0
State Special Revenue	\$1,428,932	\$1,972,058	\$2,039,744	\$2,110,997
Revenue:				
General Fund	(\$1,428,932)	(\$1,972,058)	(\$2,039,744)	(\$2,110,997)
State Special Revenue	\$1,428,932	\$1,972,058	\$2,039,744	\$2,110,997
Net Impact-General Fund Balance:	<u>(\$1,428,932)</u>	<u>(\$1,972,058)</u>	<u>(\$2,039,744)</u>	<u>(\$2,110,997)</u>

Description of fiscal impact: SB 236 increases the percentage of coal severance tax revenue going to the coal natural resources special revenue account from 2.9% to 5.8% for the period October 1, 2013 through June 30, 2019. The amount distributed to the coal natural resources account would increase by \$1.429 million in FY 2014 and by \$1.972 million in FY 2015, and would increase in each year thereafter until the beginning of FY 2020. The distribution of coal severance tax revenue to the general fund would decrease by an equal amount.

FISCAL ANALYSIS

Assumptions:

Department of Commerce (DOC)

- Section one of this bill amends 15-35-108, MCA. Subsection (7) is amended to increase the percentage of coal severance tax revenue that is credited to the coal natural resource account (the Coal Board) from 2.90% to 5.80%. The coal severance tax revenue that is credited to the state general fund would be reduced by a like amount. The following table compares the allocation of coal severance tax revenue distributed to the Coal Board under current law and the allocation proposed with SB 236. The bill has an effective date of 07/01/2013 and terminates on 06/30/2019.

Coal Board Proposed Revenue Under SB 236							
Current Law	Proposed Law	Current Law FY 2014	Proposed Law FY 2014	Variance FY 2014	Current Law FY 2015	Proposed Law FY 2015	Variance FY 2015
2.90%	5.80%	\$ 2,381,553	\$ 3,810,484	\$ 1,428,932	\$ 1,972,058	\$ 3,944,116	\$ 1,972,058
Current Law	Proposed Law	Current Law FY 2016	Proposed Law FY 2016	Variance FY 2016	Current Law FY 2017	Proposed Law FY 2017	Variance FY 2017
2.90%	5.80%	\$ 2,039,744	\$ 4,079,488	\$ 2,039,744	\$ 2,110,997	\$ 4,221,994	\$ 2,110,997

- Under Section 6 of the bill, and as is seen in the table above, estimated FY 2014 revenues to the Coal Board would be increased by \$1,428,932, while subsequent fiscal year revenue would be increased by \$1,972,058 in FY 2015, \$2,039,744 in FY 2016, and \$2,110,997 in FY 2017.
- This bill will increase, from current law, beginning October 2013 (FY 2014), the amount of Coal Board grants available to local governmental entities in designated coal impact areas for impacts resulting from coal development. During the 2011 biennium, the Coal Board awarded 54 grants to 22 eligible governmental entities to address impacts from coal development. To date, during the 2013 biennium, the Coal Board has awarded 53 grants to 13 eligible governmental entities. Based on the average grant awarded by the Coal Board, revenue flows under current law, and after program administration expenses are deducted, this bill would result in the award of approximately 30 additional grants to local governments in coal-impacted areas in the 2015 biennium, and approximately 35 additional grants in each of the 2017 and 2019 biennia.
- The additional funds could be managed by existing Coal Board staff within the Department of Commerce with the assumption that the Community Development Division’s 2015 biennium budget request is approved as proposed.

	<u>FY 2014 Difference</u>	<u>FY 2015 Difference</u>	<u>FY 2016 Difference</u>	<u>FY 2017 Difference</u>
<u>Fiscal Impact:</u>				
<u>Expenditures:</u>				
Grants	\$1,428,932	\$1,972,058	\$2,039,744	\$2,110,997
TOTAL Expenditures	\$1,428,932	\$1,972,058	\$2,039,744	\$2,110,997
<u>Funding of Expenditures:</u>				
General Fund (01)	\$0	\$0	\$0	\$0
State Special Revenue (02)	\$1,428,932	\$1,972,058	\$2,039,744	\$2,110,997
TOTAL Funding of Exp.	\$1,428,932	\$1,972,058	\$2,039,744	\$2,110,997
<u>Revenues:</u>				
General Fund (01)	(\$1,428,932)	(\$1,972,058)	(\$2,039,744)	(\$2,110,997)
State Special Revenue (02)	\$1,428,932	\$1,972,058	\$2,039,744	\$2,110,997
TOTAL Revenues	\$0	\$0	\$0	\$0
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>				
General Fund (01)	(\$1,428,932)	(\$1,972,058)	(\$2,039,744)	(\$2,110,997)
State Special Revenue (02)	\$0	\$0	\$0	\$0

Sponsor’s Initials

Date

Budget Director’s Initials

Date