



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2015 Biennium

Bill #	SB0401	Title:	Revise disposition of metalliferous mines license tax
Primary Sponsor:	Sesso, Jon C	Status:	As Introduced-Revised

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|--|--|--|
| <input checked="" type="checkbox"/> Significant Local Gov Impact | <input 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	\$0	\$0	\$0	\$0
Revenue:				
General Fund	(\$1,858,800)	(\$1,761,300)	(\$1,785,700)	(\$1,803,600)
State Special Revenue	\$1,858,800	\$1,761,300	\$1,785,700	\$1,803,600
Net Impact-General Fund Balance:	(\$1,858,800)	(\$1,761,300)	(\$1,785,700)	(\$1,803,600)

Description of fiscal impact: This bill changes the allocation of metalliferous mines license tax proceeds deposited in the general fund from 57% to 47%, and increases the state special revenue allocation flowing to hard rock mining counties from 25% to 35%.

FISCAL ANALYSIS

Assumptions:

Department of Commerce (DOC):

1. Under current law, 57% of metalliferous mines license tax proceeds are deposited in the general fund and 25% are allocated to the hard rock mining counties.
2. This bill changes the share allocated to the general fund to 47%, and increases the share allocated to the hard rock mining counties to 35%.
3. There is no cost impact to the Department of Commerce.

Department of Revenue

4. According to SJ2, general fund revenue due to the metalliferous mines license tax is \$10.595 million in FY 2014 and \$10.039 in FY 2015. This estimate is extended by the OBPP growth rate for metal mines tax for

FY 2016 and FY 2017. General fund revenue would be \$10.178 million in FY 2016 and \$10.281 million in FY 2017.

5. SB 401 decreases the percentage of the license tax distributed to the general fund from 57% to 47%. This would decrease revenue to the general fund by \$1.858 million in FY 2014, \$1.761 million in FY 2015, \$1.786 million in FY 2016, and \$1.80 million in FY 2017.
6. SB 401 also increases the amount distributed to counties impacted by mineral development from 25% to 35%.
7. There will be minimal costs to the Department of Revenue to modify the existing revenue accounting general ledger model.

Office of Public Instruction

8. Of the monies distributed to the impacted counties that are not allocated to the county hard rock mine trust account, one-third is allocated to the county for general planning functions or economic development activities, one-third to the elementary school districts within the county, and one-third to the high school districts within the county.
9. In FY 2012, school districts reported receiving \$1.8 million in hard rock mining funds. School districts could expect to receive 40% more as a result of SB 401.
10. The hard rock mining funds are deposited in school district’s Fund 24 which is a district non budgeted fund. This fund is authorized in 20-9-231, MCA, for the purpose of accounting for revenues collected under 15-37-117(1), MCA, and 7-6-2225, MCA, related to hard rock mining. Money may be expended from this fund for any purpose provided by law. Hard rock mining revenue does not affect the amount of funding a school district receives from state funding sources.

<u>Fiscal Impact:</u>	<u>FY 2014</u>	<u>FY 2015</u>	<u>FY 2016</u>	<u>FY 2017</u>
Department of Revenue	<u>Difference</u>	<u>Difference</u>	<u>Difference</u>	<u>Difference</u>
<u>Expenditures:</u>				
TOTAL Expenditures	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>Funding of Expenditures:</u>				
TOTAL Funding of Exp.	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>Revenues:</u>				
General Fund (01)	(\$1,858,800)	(\$1,761,300)	(\$1,785,700)	(\$1,803,600)
State Special Revenue (02)	<u>\$1,858,800</u>	<u>\$1,761,300</u>	<u>\$1,785,700</u>	<u>\$1,803,600</u>
TOTAL Revenues	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>				
General Fund (01)	(\$1,858,800)	(\$1,761,300)	(\$1,785,700)	(\$1,803,600)
State Special Revenue (02)	<u>\$1,858,800</u>	<u>\$1,761,300</u>	<u>\$1,785,700</u>	<u>\$1,803,600</u>

Effect on County or Other Local Revenues or Expenditures:

1. Hard rock mining counties would see an increase in non-levy revenue.
2. School districts could expect to receive 40% more revenue in their Fund 24 as a result of SB 401. Statewide the increase could be \$717,000 per year.

Sponsor’s Initials

Date

Budget Director’s Initials

Date