



GOVERNOR'S OFFICE OF  
BUDGET AND PROGRAM PLANNING

## Fiscal Note 2019 Biennium

<b>Bill #</b>	SB0085	<b>Title:</b>	Submitting a 6-mill levy for support of the Montana University System to voters
<b>Primary Sponsor:</b>	Moe, Mary	<b>Status:</b>	As Introduced

- Significant Local Gov Impact     
 Needs to be included in HB 2     
 Technical Concerns  
 Included in the Executive Budget     
 Significant Long-Term Impacts     
 Dedicated Revenue Form Attached

### FISCAL SUMMARY

	<u>FY 2018 Difference</u>	<u>FY 2019 Difference</u>	<u>FY 2020 Difference</u>	<u>FY 2021 Difference</u>
<b>Expenditures:</b>				
General Fund	\$0	\$0	\$0	\$0
State Special Revenue	\$0	\$0	\$0	\$0
<b>Revenue:</b>				
General Fund	\$0	\$0	(\$1,926,000)	(\$2,111,000)
State Special Revenue	\$0	\$0	\$20,905,000	\$21,478,000
<b>Net Impact-General Fund Balance:</b>	<u>\$0</u>	<u>\$0</u>	<u>(\$1,926,000)</u>	<u>(\$2,111,000)</u>

**Description of fiscal impact:** SB 85 puts to the voters in November, 2018, the ten-year extension of the six mill levy portion of funding for the Montana University System (MUS) through 2028.

### FISCAL ANALYSIS

#### Assumptions:

#### **Department of Revenue**

- SB 85 authorizes a vote to extend the university six-mill levy. The current authorization of the six mill levy terminates on January 1, 2019. January 1, is the assessment date for property taxes, however this fiscal note assumes that no six-mill property tax would be levied in tax year 2019 (FY 2020) as most mill levies are set the following September following the assessment date.
- Revenue estimate assumptions adopted in HJ 2 were used to project revenue from the six mill levy and non-levy (mill share) revenue. The Office of Budget and Program Planning property tax, oil and gas, and bentonite estimates were used to extend HJ 2 for FY 2020 and FY 2021.
- These estimates assume the voters reauthorize the 6 mill levy with the vote proposed by SB 85.
- Oil and gas, coal gross proceeds, and bentonite taxes are distributed to the Montana University system (MUS) state special revenue fund based on the six mill levy share of total mills in the producing jurisdictions.

5. Coal gross proceeds six-mill share is fixed at FY 1990 proportions for existing coal mines (15-23-703 (3), MCA). As such, coal gross proceed distributions would not change with SB 85 as no new mines are contemplated in current HJ 2 revenue estimates. If SB 85 fails to pass, there would be no MUS six mill share revenue from any new mine (15-23-703 (7), MCA,).
6. Under current law, 2.65% of oil and gas revenue is linked to the six-mill levy and distributed to the MUS. If the six-mill levy were to terminate, the distribution would flow to the state general fund.
7. Under current law, 1.30% of bentonite revenue is linked to the six-mill levy and distributed to the MUS (15-39-110(10), MCA). If the six-mill levy were to terminate, the distribution is unclear. This fiscal note assumes the revenue is allocated to the general fund.
8. The impact of assumptions #1 through #7, by tax and fund, is presented in the following table:

<b>Present Law University 6 Mill Revenue (\$ million)</b>			
	<b>FY 2019</b>	<b>FY 2020</b>	<b>FY 2021</b>
General fund oil and gas (from 6 mill)	\$0.000	\$1.908	\$2.093
SSR oil and gas six-mill share	\$1.612	\$0.000	\$0.000
SSR six-mill property tax	\$17.828	\$0.000	\$0.000
SSR protested six-mill property tax	-\$0.034	\$0.000	\$0.000
General fund bentonite six-mill share	\$0.000	\$0.018	\$0.018
SSR bentonite six-mill share	\$0.018	\$0.000	\$0.000
<b>Total</b>	<b>\$19.423</b>	<b>\$1.926</b>	<b>\$2.111</b>
General fund	\$0.000	\$1.926	\$2.111
University SSR	<b>\$19.423</b>	<b>\$0.000</b>	<b>\$0.000</b>
<b>6 Mill Revenue If SB 85 Passes and Levy is Sustained</b>			
General fund oil and gas (from 6 mill)	\$0.000	\$0.000	\$0.000
SSR oil and gas six-mill share	\$1.612	\$1.908	\$2.093
SSR six-mill property tax	\$17.828	\$19.013	\$19.401
SSR protested six-mill property tax	-\$0.034	-\$0.034	-\$0.034
General fund bentonite six-mill share	\$0.000	\$0.000	\$0.000
SSR bentonite six-mill share	\$0.018	\$0.018	\$0.018
<b>Total</b>	<b>\$19.423</b>	<b>\$20.905</b>	<b>\$21.478</b>
General fund	\$0.000	\$0.000	\$0.000
University SSR	<b>\$19.423</b>	<b>\$20.905</b>	<b>\$21.478</b>
<b>Change due to SB 85 (with levy authorization)</b>			
<b>Total</b>	<b>\$0.000</b>	<b>\$18.979</b>	<b>\$19.366</b>
General fund	\$0.000	-\$1.926	-\$2.111
University SSR	\$0.000	\$20.905	\$21.478

9. If the levy passes, university state special revenue would increase by \$20.905 million in FY 2020 and \$21.478 million in FY 2021. The general fund revenue would decrease due to the continuation of six-mill allocations of non-levy state special revenue for oil and gas and bentonite by \$1.926 million in FY 2020 and \$2.111 million in FY 2021.
10. The department does not anticipate any additional administrative costs associated with passage of this bill.

<b><u>Fiscal Impact:</u></b>	<b><u>FY 2018 Difference</u></b>	<b><u>FY 2019 Difference</u></b>	<b><u>FY 2020 Difference</u></b>	<b><u>FY 2021 Difference</u></b>
<b><u>Expenditures:</u></b>				
TOTAL Expenditures	\$0	\$0	\$0	\$0
<b><u>Funding of Expenditures:</u></b>				
General Fund (01)	\$0	\$0	\$0	\$0
TOTAL Funding of Exp.	\$0	\$0	\$0	\$0
<b><u>Revenues:</u></b>				
General Fund (01)	\$0	\$0	(\$1,926,000)	(\$2,111,000)
State Special Revenue (02)	\$0	\$0	\$20,905,000	\$21,478,000
TOTAL Revenues	\$0	\$0	\$18,979,000	\$19,367,000
<b><u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u></b>				
General Fund (01)	\$0	\$0	(\$1,926,000)	(\$2,111,000)
State Special Revenue (02)	\$0	\$0	\$20,905,000	\$21,478,000

**Long-Term Impacts:**

- Without passage of this bill (and authorization by the electorate) six-mill state special revenue for the MUS would terminate after FY 2019.

**Technical Note:**

- The termination date in section 5 should read “after December 31, 2028”, unless the intent is to apply the six-mill levy on property assessed on January 1, 2029 (TY 2029) for FY 2030.

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*Sponsor's Initials*

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*Date*

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*Budget Director's Initials*

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*Date*