



GOVERNOR'S OFFICE OF  
BUDGET AND PROGRAM PLANNING

## Fiscal Note 2023 Biennium

**Bill #** SB0154

**Title:** Revise collection of delinquent coal gross proceeds taxes

**Primary Sponsor:** Small, Jason D

**Status:** 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 2022</u> <u>Difference</u>	<u>FY 2023</u> <u>Difference</u>	<u>FY 2024</u> <u>Difference</u>	<u>FY 2025</u> <u>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	\$0	\$0
State Special Revenue	\$0	\$0	\$0	\$0
<b>Net Impact-General Fund Balance:</b>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

**Description of fiscal impact:** SB 154 proposes to revise the collection of delinquent coal gross proceeds property taxes and provides for the suspension of delinquent coal gross proceeds property taxes, interest, and penalties by the county. The bill also allows for installment payments of delinquent coal gross proceeds. There is no fiscal impact to the state.

### FISCAL ANALYSIS

#### Assumptions:

#### **Department of Revenue**

1. SB 154 allows local governments to suspend collections of delinquent coal gross proceeds and enter into a payment plan with the coal producer after department approval.
2. Local governments taking advantage of New Section 1 are also able to issue gross proceeds obligations in anticipation of taxes to be received under the approved payment plan.
3. Since the bill does not establish who can request the written consent for collection suspension and when that consent may be sought, the department will need to establish rules for implementation.
4. Although a local government entering payment plan may change the timing of tax dollars received by the state, there is no change to overall tax liability.
5. Given the small number of coal producers, the department does not expect to incur substantial costs associated with bill implementation.

**Office of Public Instruction**

6. There are five counties which currently receive coal gross proceeds. These counties are required to estimate the receipt of coal gross proceeds as per section 15-23-703, MCA. All five of these counties are required to estimate coal gross proceeds as a requirement of the section listed to various county funds including the county elementary and high school retirement funds.
7. A consequence of not estimating the coal gross proceeds in anticipation of a suspension of collection of coal gross proceed taxes will increase the county mills in the county retirement and other county funds. The consequence of greater mills is a greater distribution of state paid retirement GTB (a distribution which is based on a per-mill calculation).
8. A second situation could include a county who estimates the receipt of coal gross proceeds as directed in statute, but due to a mine's choice to then not remit the prescribed taxes and the potential further suspension of collection occur the county then may experience a revenue shortfall.
9. There are 10 school districts within these counties who are required to estimate the receipt of coal gross proceeds as per section 15-23-703, MCA. All 10 of these districts are required to estimate coal gross proceeds as a requirement of the section listed.
10. The situations outlined above are also applicable at the school district level where the distribution of district general fund GTB is based on a per-BASE mill calculation similar to that is described above.

**NO SPONSOR SIGNATURE**

\_\_\_\_\_  
*Sponsor's Initials*

2/5/21  
*Date*

KA  
*Budget Director's Initials*

2/3/21  
*Date*