

(prepare in triplicate)

FISCAL NOTE

prepared in regard to:

SENATE BILL 2031

(List bill or resolution and number, if available, or subject)

Amendment to:

(List bill or resolution and number)

Requested by: Legislative Council Date of receipt: Dec. 26, 1974

In the following space note the fiscal effect in dollars of the legislative proposal. If additional space is needed, attach a supplementary sheet. (Please type)

Senate Bill 2031 would result in projected state revenue collections of an estimated \$5,999,906 for the 1975-77 Biennium. Allocation of this revenue would be as follows:

- I. 10% or \$599,991 to coal producing counties.  
The counties would then re-allocate as follows:
  - a. 40% to county general funds (\$239,996),
  - b. 45% to county school districts (\$269,996),
  - c. 15% to county incorporated cities (\$89,999).

- II. 50% or \$2,999,953 to a special fund in the State Treasury which would be invested. The income from this special fund is estimated to be \$180,051 for the 1975-77 Biennium. This interest income would be deposited in the state's General Fund.

III. 40% or \$2,399,962 would be deposited in the state's General Fund. CONTINUED PAGE 2.

Date of preparation: Jan. 7, 1975

Signed

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Department State Tax Department

Senate Bill 2031 would also result in an estimated \$1,792,713 loss in state General Fund revenues during the 1975-77 Biennium from the elimination of the sales and use taxes on coal. Therefore, the net gain in total state revenues is estimated to be \$4,387,244 for the 1975-77 Biennium. The net gain in total state revenue is estimated to be as follows for the 1975-77 Biennium:

Severance Tax Revenue	\$5,999,906
Interest Income	+ 180,051
LESS Loss in Revenue from Sales Tax	- <u>1,792,713</u>
NET GAIN IN TOTAL STATE REVENUE	<u>\$4,387,244</u>

The net gain in state General Fund revenues is estimated to be as follows for the 1975-77 Biennium:

Interest Income from Special Fund	\$ 180,051
40% of Severance Tax Revenues	+ 2,399,962
LESS Loss of Sales Tax Revenues	- <u>1,792,713</u>
NET GAIN IN STATE GENERAL FUND REVENUES	<u>\$ 787,300</u>

Net gain to the Special Fund for the 1975-77 Biennium would be \$2,999,953. Net gain to the counties for the 1975-77 Biennium would be \$599,991. The estimated administrative expenses of the Tax Department for its responsibilities set forth in this bill are \$9,000 for the 1975-77 Biennium.

If the price per ton of coal was less than \$2.51 the 25¢ per ton minimum would take effect but the revenue effect would be very similar to the effect under the assumed price of \$2.51 per ton for FY-76 and \$2.66 per ton for FY-77.

See Supplementary Sheet for revenue effects beyond the 1975-77 Biennium.

SUPPLEMENTARY SHEET

Senate Bill 2031 would result in revenues allocated to coal producing counties by the following estimated amounts per fiscal year following the 1975-77 Biennium:

FY-1978	\$449,924 (10% of the total of \$4,499,237)
FY-1979	505,476 (10% of the total of \$5,054,764)
FY-1980	669,923 (10% of the total of \$6,699,228)
FY-1981	945,265 (10% of the total of \$9,452,649)

Senate Bill 2031 would decrease state General Fund revenues by eliminating the sales tax on coal and would increase state General Fund revenues by the interest income from the special fund in the State Treasury and by 40% of the severance tax. The following are estimated net increases in the state General Fund per fiscal year following the 1975-77 Biennium.

<u>PERIOD</u>	<u>DECREASES IN STATE GENERAL FUND REVENUE DUE TO ELIMINATION OF 4% SALES TAX ON COAL</u>	<u>INCREASES IN STATE GENERAL FUND</u>		<u>NET INCREASE IN STATE GENERAL FUND REVENUES</u>
		<u>INTEREST INCOME</u>	<u>40% OF SEVERANCE TAX</u>	
FY-1978	\$1,278,653	\$232,547	\$1,799,694	\$ 753,588
FY-1979	1,379,842	372,219	2,021,906	1,014,283
FY-1980	2,256,627	549,729	2,679,691	972,793
FY-1981	3,239,713	796,512	3,781,059	1,337,858

Senate Bill 2031 would result in the following estimated revenue collections allocated to a special fund in the State Treasury per fiscal year following the 1975-77 Biennium.

FY-1978	\$2,249,619 (50% of the total)
FY-1979	2,527,382 (50% of the total)
FY-1980	3,349,614 (50% of the total)
FY-1981	4,726,325 (50% of the total)

The per ton coal prices were based on the average value of \$2.24 per ton as reported by the State Mine Inspector for FY-1974. This price was then increased by 6% per fiscal year thereafter.

The amount of coal severed was based on actual production in FY-1974 with projected growth plus projected demand for coal from electrical and gasification plants that are either presently under construction or have approved water permits for the state.

## SUPPLEMENTARY SHEET-Cont.

The estimated coal production subject to tax and the estimated price per ton are as follows:

<u>PERIOD</u>	<u>ESTIMATED TONS OF COAL SUBJECT TO TAX</u>	<u>ESTIMATED PRICE OF COAL PER TON</u>
FY-1976	9,367,182	\$2.51
FY-1977	13,717,080	2.66
FY-1978	15,954,742	2.82
FY-1979	16,905,565	2.99
FY-1980	21,133,210	3.17
FY-1981	28,132,883	3.36