



HB20-1338

SHORT TITLE: Operational Severance Tax Transfer To Agriculture Value-added

LONG TITLE: Concerning the transfer of money from the severance tax operational fund to the agriculture value-added cash fund to be used to promote agricultural energy related projects

SPONSORS: Rep. Arndt/Sen. Donovan

COMMITTEES: House Rural Affairs & Agriculture Committee and House Appropriations Committee

PURPOSE OF THE BILL: To fund agricultural energy-related projects

PROONENTS OF THE BILL:

POTENTIAL STAKEHOLDERS: Agricultural community, environmental organizations, beneficiaries of other programs funded by the severance tax operational fund

BACKGROUND: The severance tax operational fund receives 25% of the state's severance tax receipts. The money is used to fund ongoing operations in the Department of Natural Resources (core programs) and then is used to fund various discretionary grants such as low income energy assistance, forest health programs, and endangered species preservation through a statutory formula most recently amended in 2016.

How does the bill change current law? The bill adds a new discretionary program to be funded after the core programs in the department are funded by directing that \$500,000 per year for nine years to transferred to the agriculture value-added cash fund which will be continuously appropriated to the department for agricultural energy related programs.

Is the bill necessary this year? No.

How is the bill implemented? After the core programs in DNR are funded, reserve requirements met, and other existing grant programs funded, the state Treasurer would transfer \$500,000 per year from 2020 – 2028 from the severance tax operational fund to promote agricultural energy related projects.

Does the bill affect prior appropriation? No.

Practical considerations: As severance tax receipts decline, there may not be sufficient money in the operational fund to cover the full amount. What other programs may also be funded from this source?

Fiscal Note: There is no fiscal note issued to date.