

Resolution #2018-2

ENTITLEMENT SHARE PROGRAM

BACKGROUND

Section 15-1-121, MCA, contains the formula for calculating the annual growth factor that is applied to Entitlement Share Payments. The Legislative changes in 2011 based the growth factor on the collection of gambling, motor vehicle, beer, liquor and financial institutions tax revenues over the most recent three-year period. It also includes a factor for personal and corporate income tax collections.

During the 2013 Session, the Legislature amended 15-1-121, MCA, to provide that entitlement payments are intended to provide a secure and predictable stream of revenue with a growth adjustment tied to state collections but cannot go below a floor of zero. During the 2017 session, the Legislature reduced the growth adjustment on the entitlement share for the 2019 biennium.

Because the entitlement share payment funds have had healthy growth and provide increased payments to the local governments, there is a temptation to use part of these funds for state needs. Any diversion of entitlement share payment funds would diminish the future growth capacity of the fund and deprive local governments of the funds historically promised.

ACTION

The League will oppose legislation or policies that seek to diminish the local government entitlement share and strategically sponsor and support legislation or policies that ensure the continuation of the entitlement share program and the application of increased growth factor adjustments.