

HOUSE BILL NO. 77

INTRODUCED BY QUILICI, CLARK, DAVIS, R. DEBRUYCKER,
COCCHIARELLA, STIMATZ, DAILY, PAVLOVICH, BURNETT,
FRITZ, J. RICE, G. BECK, HARRINGTON, LYNCH, GRADY

IN THE HOUSE

JANUARY 1, 1991 INTRODUCED AND REFERRED TO COMMITTEE
ON STATE ADMINISTRATION.

JANUARY 7, 1991 FIRST READING.

JANUARY 24, 1991 ON MOTION, ADDITIONAL SPONSORS ADDED.

FEBRUARY 1, 1991 COMMITTEE RECOMMEND BILL
DO PASS. REPORT ADOPTED.

ON MOTION, TAKEN FROM PRINTING AND
REREFERRED TO COMMITTEE ON TAXATION.

FEBRUARY 2, 1991 PRINTING REPORT.

FEBRUARY 12, 1991 COMMITTEE RECOMMEND BILL
DO PASS AS AMENDED. REPORT ADOPTED.

FEBRUARY 13, 1991 PRINTING REPORT.

MARCH 5, 1991 SECOND READING, DO PASS.

ON MOTION, TAKEN FROM ENGROSSING AND
REREFERRED TO COMMITTEE
ON APPROPRIATIONS.

MARCH 27, 1991 COMMITTEE RECOMMEND BILL
DO PASS AS AMENDED. REPORT ADOPTED.

MARCH 28, 1991 PRINTING REPORT.

SECOND READING, DO PASS.

ENGROSSING REPORT.

ON MOTION, RULES SUSPENDED. BILL
PLACED ON THIRD READING.

THIRD READING, PASSED.
AYES, 75; NOES, 24.

TRANSMITTED TO SENATE.

IN THE SENATE

MARCH 28, 1991 INTRODUCED AND REFERRED TO COMMITTEE
ON FINANCE & CLAIMS.

 FIRST READING.

APRIL 12, 1991 COMMITTEE RECOMMEND BILL BE NOT
CONCURRED IN AS AMENDED.
REPORT ADOPTED.

APRIL 15, 1991 ON MOTION, ADOPTION OF ADVERSE
COMMITTEE REPORT RECONSIDERED
AND BILL PRINTED AND PLACED ON
SECOND READING THIS DAY.

 ON MOTION, CONSIDERATION PASSED
UNTIL THE 81ST LEGISLATIVE DAY.

APRIL 16, 1991 SECOND READING, CONCURRED IN AS
AMENDED.

APRIL 17, 1991 THIRD READING, CONCURRED IN.
AYES, 36; NOES, 13.

 RETURNED TO HOUSE WITH AMENDMENTS.

IN THE HOUSE

APRIL 17, 1991 RECEIVED FROM SENATE.

APRIL 18, 1991 SECOND READING, AMENDMENTS NOT
CONCURRED IN.

APRIL 19, 1991 ON MOTION, CONFERENCE COMMITTEE
REQUESTED AND APPOINTED.

IN THE SENATE

APRIL 20, 1991 ON MOTION, CONFERENCE COMMITTEE
REQUESTED AND APPOINTED.

APRIL 23, 1991 ON MOTION, CONFERENCE COMMITTEE
DISSOLVED.

 ON MOTION, FREE CONFERENCE COMMITTEE
REQUESTED AND APPOINTED.

IN THE HOUSE

APRIL 23, 1991 ON MOTION, CONFERENCE COMMITTEE
DISSOLVED.

ON MOTION, FREE CONFERENCE COMMITTEE
REQUESTED.

APRIL 24, 1991

FREE CONFERENCE COMMITTEE APPOINTED.

FREE CONFERENCE COMMITTEE REPORTED.

APRIL 25, 1991

SECOND READING, FREE CONFERENCE
COMMITTEE REPORT ADOPTED.

THIRD READING, FREE CONFERENCE
COMMITTEE REPORT ADOPTED.

IN THE SENATE

APRIL 25, 1991

FREE CONFERENCE COMMITTEE
REPORT ADOPTED.

IN THE HOUSE

APRIL 25, 1991

SENT TO ENROLLING.

REPORTED CORRECTLY ENROLLED.

HOUSE BILL NO. 77

INTRODUCED BY QUILICI

A BILL FOR AN ACT ENTITLED: "AN ACT INCREASING THE RETIREMENT BENEFITS PAYABLE IN THE HIGHWAY PATROL RETIREMENT SYSTEM; INCREASING THE TAXES ON AUTOMOBILE INSURANCE PREMIUMS; STATUTORILY APPROPRIATING THE TAX INCREASE TO FUND THE BENEFIT INCREASE; AMENDING SECTIONS 15-31-101, 17-7-502, 19-6-401, 19-6-404, 19-6-502, AND 33-2-705, MCA; AND PROVIDING AN EFFECTIVE DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Section 17-7-502, MCA, is amended to read:

"17-7-502. Statutory appropriations -- definition -- requisites for validity. (1) A statutory appropriation is an appropriation made by permanent law that authorizes spending by a state agency without the need for a biennial legislative appropriation or budget amendment.

(2) Except as provided in subsection (4), to be effective, a statutory appropriation must comply with both of the following provisions:

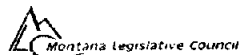
(a) The law containing the statutory authority must be listed in subsection (3).

(b) The law or portion of the law making a statutory appropriation must specifically state that a statutory

appropriation is made as provided in this section.

(3) The following laws are the only laws containing statutory appropriations: 2-9-202; 2-17-105; 2-18-812; 10-3-203; 10-3-312; 10-3-314; 10-4-301; 13-37-304; 15-1-111; 15-25-123; 15-31-702; 15-36-112; 15-37-117; 15-65-121; 15-70-101; 16-1-404; 16-1-410; 16-1-411; 17-3-212; 17-5-404; 17-5-424; 17-5-804; [section 6]; 19-8-504; 19-9-702; 19-9-1007; 19-10-205; 19-10-305; 19-10-506; 19-11-512; 19-11-513; 19-11-606; 19-12-301; 19-13-604; 20-6-406; 20-8-111; 20-9-361; 23-5-306; 23-5-409; 23-5-610; 23-5-612; 23-5-1016; 23-5-1027; 27-12-206; 37-51-501; 39-71-2504; 53-6-150; 53-24-206; 61-2-406; 61-5-121; 67-3-205; 75-1-1101; 75-5-1108; 75-11-313; 76-12-123; 80-2-103; 82-11-136; 82-11-161; 90-3-301; 90-4-215; 90-4-613; 90-6-331; 90-9-306; and section 13, House Bill No. 861, Laws of 1985.

(4) There is a statutory appropriation to pay the principal, interest, premiums, and costs of issuing, paying, and securing all bonds, notes, or other obligations, as due, that have been authorized and issued pursuant to the laws of Montana. Agencies that have entered into agreements authorized by the laws of Montana to pay the state treasurer, for deposit in accordance with 17-2-101 through 17-2-107, as determined by the state treasurer, an amount sufficient to pay the principal and interest as due on the



1 bonds or notes have statutory appropriation authority for
2 such payments. (In subsection (3), pursuant to sec. 10, Ch.
3 664, L. 1987, the inclusion of 39-71-2504 terminates June
4 30, 1991.)"

5 **Section 2.** Section 19-6-401, MCA, is amended to read:

6 "19-6-401. Payments into retirement fund. All
7 appropriations made by the state, all contributions by
8 members of the Montana highway patrol, in the amount
9 hereinafter specified, all interest on and increase of the
10 investments and moneys money under this account, and a
11 portion of the fees from driver's licenses and duplicate
12 driver's licenses as provided in 61-5-121, and a portion of
13 the fees from automobile insurance policies as provided in
14 33-2-705(3) must be paid to the account."

15 **Section 3.** Section 19-6-404, MCA, is amended to read:

16 "19-6-404. State's contribution. (1) The state of
17 Montana shall annually contribute to the account an amount
18 equal to 26.75% of the salaries paid to the highway patrol
19 officers who are covered by this account from the following
20 sources:

21 (1)(a) an amount equal to 16.57% of salaries is payable
22 from the same source that is used to pay compensation to the
23 members; and

24 (2)(b) an amount equal to 10.18% of salaries is payable
25 from a portion of the fees from driver's licenses and

1 duplicate driver's licenses as provided in 61-5-121.

2 (2) In addition to the amounts contributed under
3 subsection (1), the state auditor shall annually contribute
4 the portion of the fees from automobile insurance premiums
5 required to be collected under the provisions of
6 33-2-705(3)."

7 **Section 4.** Section 19-6-502, MCA, is amended to read:

8 "19-6-502. Service retirement allowance. (1) Upon
9 retirement from service, a member shall receive a service
10 retirement allowance ~~which shall consist~~ consisting of the
11 state annuity plus the member's annuity.

12 (2) The amount of the service retirement allowance
13 ~~shall must~~ equal 2% 2.5% of his final salary for each year
14 of creditable service."

15 **Section 5.** Section 33-2-705, MCA, is amended to read:

16 "33-2-705. Report on premiums and other consideration
17 -- tax. (1) Each authorized insurer and each formerly
18 authorized insurer with respect to premiums so received
19 while an authorized insurer in this state shall file with
20 the commissioner, on or before March 1 each year, a report
21 in a form ~~as~~ as prescribed by the commissioner showing total
22 direct premium income, including policy, membership, and
23 other fees, premiums paid by application of dividends,
24 refunds, savings, savings coupons, and similar returns or
25 credits to payment of premiums for new or additional or

1 extended or renewed insurance, charges for payment of
 2 premium in installments, and all other consideration for
 3 insurance from all kinds and classes of insurance, whether
 4 designated as a premium or otherwise, received by it during
 5 the preceding calendar year on account of policies covering
 6 property, subjects, or risks located, resident, or to be
 7 performed in Montana, with proper proportionate allocation
 8 of premium as to such the property, subjects, or risks in
 9 Montana insured under policies or contracts covering
 10 property, subjects, or risks located or resident in more
 11 than one state, after deducting from such the total direct
 12 premium income applicable cancellations, returned premiums,
 13 the unabsorbed portion of any deposit premium, the amount of
 14 reduction in or refund of premiums allowed to industrial
 15 life policyholders for payment of premiums direct to an
 16 office of the insurer, all policy dividends, refunds,
 17 savings, savings coupons, and other similar returns paid or
 18 credited to policyholders with respect to such the policies.
 19 As to title insurance, "premium" includes the total charge
 20 for such the insurance. No A deduction ~~shall~~ may not be made
 21 ~~of~~ for the cash surrender values of policies. Considerations
 22 received on annuity contracts ~~shall~~ may not be included in
 23 total direct premium income and ~~shall~~ may not be subject to
 24 tax.

25 (2) Coincident with the filing of the tax report

1 referred to in subsection (1) ~~above~~, each such insurer shall
 2 pay to the commissioner a tax upon such net premiums
 3 computed at the rate of 2 3/4%.

4 (3) Coincident with the filing of the tax report
 5 required in subsection (1) and with the payment of the
 6 premium taxes required in subsection (2), each insurer shall
 7 pay to the commissioner an additional 0.3% tax upon the net
 8 premiums on all automobile insurance risks. As required by
 9 the commissioner, this additional tax must be separately
 10 specified in the report for payment to the highway patrol
 11 officers' retirement system as provided in [section 6].

12 ~~{3}~~(4) That portion of the tax paid hereunder by an
 13 insurer on account of premiums received for fire insurance
 14 ~~shall~~ must be separately specified in the report as required
 15 by the commissioner, for apportionment as provided by law.
 16 ~~Where~~ When insurance against fire is included with insurance
 17 of property against other perils at an undivided premium,
 18 the insurer shall make such reasonable allocation from such
 19 the entire premium to the fire portion of the coverage as
 20 ~~shall be~~ is stated in such the report and as may be approved
 21 or accepted by the commissioner.

22 {4}(5) With respect to authorized insurers, the premium
 23 tax provided by this section ~~shall be~~ is payment in full and
 24 in lieu of all other demands for any ~~and all~~ state, county,
 25 city, district, municipal, and school taxes, licenses, fees,

1 and excises of whatever kind or character, excepting only
2 those prescribed by this code, taxes on real and tangible
3 personal property located in this state, and taxes payable
4 under 50-3-109.

5 ~~†5†~~(6) The commissioner may suspend or revoke the
6 certificate of authority of any insurer ~~which~~ who fails to
7 pay its taxes as required under this section.

8 ~~†6†~~(7) In addition to the penalty provided for in
9 subsection ~~†5†~~ (6), the commissioner may impose upon an
10 insurer who fails to pay the tax required under this section
11 a fine of \$100 a day for each day the tax remains unpaid
12 past the due date or 1% of the amount owed in tax, whichever
13 is greater.

14 ~~†7†~~(8) The commissioner may by rule provide a quarterly
15 schedule for payment of portions of the premium tax under
16 this section during the year in which ~~such~~ the tax liability
17 is accrued."

18 NEW SECTION. **Section 6.** Contributions by state auditor
19 from insurance premium taxes. (1) The state shall make the
20 contributions required by 19-6-404(2) through the state
21 auditor from the additional premium taxes on automobile
22 insurance risks provided for in 33-2-705(3).

23 (2) The payments must be made annually to the
24 administrator after the end of each fiscal year but no later
25 than September 1. The payment is statutorily appropriated as

1 provided in 17-7-502.

2 **Section 7.** Section 15-31-101, MCA, is amended to read:

3 "15-31-101. Organizations subject to tax. (1) The term
4 "corporation" includes associations, joint-stock companies,
5 common-law trusts and business trusts ~~which~~ that do business
6 in an organized capacity, and all other corporations whether
7 created, organized, or existing under and pursuant to the
8 laws, agreements, or declarations of trust of any state,
9 country, or the United States.

10 (2) The terms "engaged in business" and "doing
11 business" both mean actively engaging in any transaction for
12 the purpose of financial or pecuniary gain or profit.

13 (3) Except as provided in 15-31-103 or 33-2-705~~†4†~~(5)
14 or as may be otherwise specifically provided, every each
15 corporation engaged in business in the state of Montana
16 shall annually pay to the state treasurer as a license fee
17 for the privilege of carrying on business in this state ~~such~~
18 the percentage or percentages of its total net income for
19 the preceding taxable year at the rate hereinafter set
20 forth. In the case of corporations having income from
21 business activity ~~which~~ that is taxable both within and
22 without this state, the license fee ~~shall~~ must be measured
23 by the net income derived from or attributable to Montana
24 sources as determined under part 3. Except as provided in
25 15-31-502, this tax is due and payable on the 15th day of

1 the 5th month following the close of the taxable year of the
2 corporation; however, the tax becomes a lien as provided in
3 this chapter on the last day of the taxable year in which
4 the income was earned and is for the privilege of carrying
5 on business in this state for the taxable year in which the
6 income was earned.

7 (4) Every Each bank organized under the laws of the
8 state of Montana, of any other state, or of the United
9 States and every each savings and loan association organized
10 under the laws of this state or of the United States is are
11 subject to the Montana corporation license tax provided for
12 under this chapter. For taxable years beginning on and after
13 January 1, 1972, this subsection is effective in accordance
14 with Public Law 91-156, section 2 (12 U.S.C. 548)."

15 NEW SECTION. Section 8. Effective date. [This act] is
16 effective July 1, 1991.

-End-

STATE OF MONTANA - FISCAL NOTE
Form BD-15

In compliance with a written request, there is hereby submitted a Fiscal Note for HB0077, as introduced.

DESCRIPTION OF PROPOSED LEGISLATION:


The proposed legislation will assess a 0.3% tax upon the net premiums on all auto insurance risks, to be paid to the Highway Patrol Officers' Retirement System. Section 19-6-502, MCA, is amended to increase the amount of the service retirement allowance from 2% to 2.5% for patrol officers retiring on or after July 1, 1991.

ASSUMPTIONS:

1. Auto insurance premiums will increase by 3%, 3%, and 4% in calendar years 1990, 1991, and 1992, respectively. Total premiums for calendar year 1989 were \$239,780,034 according to the National Association of Insurance Commissioners computer listing.
2. Auto insurers are taxed on a calendar year basis. In fiscal 1992, the 0.3% tax will be collected only for the period July 1, 1991 to December 31, 1991 (six months).
3. Effective for retirements on or after July 1, 1991, retirement, non-duty related disability and non-duty related death benefits paid in the Highway Patrol Officers' Retirement System (HWPORS) will be increased by 25%, from 2% to 2.5%. Retirements, disabilities or deaths prior to July 1, 1991, will not be impacted.
4. An additional insurance premium tax in the amount of 0.3% of the net premiums on all automobile insurance risks will be collected by the State Auditor and paid to the HWPORS after the end of each fiscal year, beginning no later than September 1, 1992. These funds will be part of the total employer contribution to HWPORS.
5. An actuarial valuation of the HWPORS has determined that the actuarial cost of this proposal will equal 10.94% of the active members' salaries in the HWPORS for a required contribution of \$628,237 in FY92 and \$656,507 in FY93. Estimated actual contributions are -0- for FY92 and \$381,574 for FY93 which would create an unfunded liability.
6. The fiscal 1992 and 1993 payrolls are estimated based upon the December, 1990 payroll report to HWPORS, and increased by 4.5% for each fiscal year of the 1993 biennium.
7. The FY90 rates of service retirement, disability and death will remain constant during the 1993 biennium. The average additional benefits for those retiring in FY92 will be paid for 6 months in FY92 and 12 months in FY93. The average additional benefits for those retiring in FY93 will be paid for 6 months.

Fiscal Impact:

see next page



ROD SUNDSTED, BUDGET DIRECTOR DATE
Office of Budget and Program Planning



JOE QUILICI, PRIMARY SPONSOR DATE
Fiscal Note for HB0077, as introduced

HB 77

FISCAL IMPACT:

Public Employees Retirement Division

	<u>FY 92</u>			<u>FY 93</u>		
	<u>Current Law</u>	<u>Proposed Law</u>	<u>Difference</u>	<u>Current Law</u>	<u>Proposed Law</u>	<u>Difference</u>
<u>Expenditures:</u>						
Benefits and Claims (HWPORS)	<u>2,333,332</u>	<u>2,348,534</u>	<u>15,202</u>	<u>2,653,511</u>	<u>2,699,116</u>	<u>45,605</u>

State Auditor

Revenue:

General Fund	<u>6,995,523</u>	<u>7,377,097</u>	<u>381,574</u>	<u>7,275,343</u>	<u>8,069,017</u>	<u>793,674</u>
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Contributions to HWPORS:

	<u>FY 92</u>			<u>FY 93</u>		
	<u>Current Law</u>	<u>Proposed Law</u>	<u>Difference</u>	<u>Current Law</u>	<u>Proposed Law</u>	<u>Difference</u>
Contributions from premium taxes	0	0	0	0	381,574	381,574
Actuarial cost	<u>0</u>	<u>(628,237)</u>	<u>(628,237)</u>	<u>0</u>	<u>(656,507)</u>	<u>(656,507)</u>
Underfunded actuarial cost	0	(628,237)	(628,237)	0	(274,933)	(274,933)

Net Impact:

The proposed legislation creates an unfunded liability for the 1993 biennium.

EFFECT ON COUNTY OR OTHER LOCAL REVENUES OR EXPENDITURES:

None.

LONG-RANGE EFFECTS OF PROPOSED LEGISLATION:

This proposal will permanently increase automobile insurance premium taxes by 0.3%. In addition to the unfunded liability during the 1993 biennium, if this premium tax amount grows more slowly than the rate of increase in the total salaries of active highway patrol officers covered by the Highway Patrol Officers' Retirement System, the amount paid into the system may not be sufficient to fund retirement obligations.

TECHNICAL NOTES:

Section 6 of the bill requires a codification instruction to identify that it will become part of Title 19, Chapter 6, MCA.

STATE OF MONTANA - FISCAL NOTE

Form BD-15

In compliance with a written request, there is hereby submitted a Revised Fiscal Note for HB0077, as introduced.

DESCRIPTION OF PROPOSED LEGISLATION:


The proposed legislation will assess a 0.3% tax upon the net premiums on all auto insurance risks, to be paid to the Highway Patrol Officers' Retirement System. Section 19-6-502, MCA, is amended to increase the amount of the service retirement allowance from 2% to 2.5% for patrol officers retiring on or after July 1, 1991.

ASSUMPTIONS:

1. Auto insurance premiums will increase by 3%, 3%, and 4% in calendar years 1990, 1991, and 1992, respectively. Total premiums for calendar year 1989 were \$239,780,034 according to the National Association of Insurance Commissioners computer listing.
2. Auto insurers are taxed on a calendar year basis. In fiscal 1992, the 0.3% tax will be collected only for the period July 1, 1991 to December 31, 1991 (six months).
3. Effective for retirements on or after July 1, 1991, retirement, non-duty related disability and non-duty related death benefits paid in the Highway Patrol Officers' Retirement System (HWPORS) will be increased by 25%, from 2% to 2.5%. Retirements, disabilities or deaths prior to July 1, 1991, will not be impacted.
4. An additional insurance premium tax in the amount of 0.3% of the net premiums on all automobile insurance risks will be collected by the State Auditor and paid to the HWPORS after the end of each fiscal year, beginning no later than September 1, 1992. These funds will be part of the total employer contribution to HWPORS.
5. An actuarial valuation of the HWPORS has determined that the actuarial cost of this proposal will equal 10.94% of the active members' salaries in the HWPORS for a required contribution of \$628,237 in FY92 and \$656,507 in FY93. Estimated actual contributions are -0- for FY92 and \$381,574 for FY93 which would create an unfunded liability.
6. The fiscal 1992 and 1993 payrolls are estimated based upon the December, 1990 payroll report to HWPORS, and increased by 4.5% for each fiscal year of the 1993 biennium.
7. The FY90 rates of service retirement, disability and death will remain constant during the 1993 biennium. The average additional benefits for those retiring in FY92 will be paid for 6 months in FY92 and 12 months in FY93. The average additional benefits for those retiring in FY93 will be paid for 6 months.

FISCAL IMPACT:

see next page


ROD SUNDSTED, BUDGET DIRECTOR 1-24-91 DATE
Office of Budget and Program Planning


JOE QUILICI, PRIMARY SPONSOR 1-25-91 DATE

Revised Fiscal Note for HB0077, as introduced

**HB 77
Revised**

FISCAL IMPACT:

Public Employees Retirement Division

	FY 92			FY 93		
	Current Law	Proposed Law	Difference	Current Law	Proposed Law	Difference
<u>Expenditures:</u>						
Benefits and Claims (HWPORS)	2,333,332	2,348,534	15,202	2,653,511	2,699,116	45,605
<u>Funding:</u>						
HWPORS Pension Trust (09)	2,333,332	2,348,534	15,202	2,653,511	2,699,116	45,605
<u>State Auditor</u>						
<u>Transfers to HWPORS:</u>						
Transfers from						
premium taxes	0	0	0	0	381,574	381,574
Actuarial cost	0	(628,237)	(628,237)	0	(656,507)	(656,507)
Underfunded actuarial cost	0	(628,237)	(628,237)	0	(274,933)	(274,933)
<u>Revenue:</u>						
General Fund (01)	6,995,523	6,995,523	0	7,275,343	7,275,343	0
Auto Premium Tax (02)	0	381,574	381,574	0	793,674	793,674

Net Impact:

The proposed legislation creates an unfunded liability for the 1993 biennium.

EFFECT ON COUNTY OR OTHER LOCAL REVENUES OR EXPENDITURES:

None.

LONG-RANGE EFFECTS OF PROPOSED LEGISLATION:

This proposal will permanently increase automobile insurance premium taxes by 0.3%. In addition to the unfunded liability during the 1993 biennium, if this premium tax amount grows more slowly than the rate of increase in the total salaries of active highway patrol officers covered by the Highway Patrol Officers' Retirement System, the amount paid into the system may not be sufficient to fund retirement obligations.

TECHNICAL NOTES:

Section 6 of the bill requires a codification instruction to identify that it will become part of Title 19, Chapter 6, MCA.

HB 77

STATE OF MONTANA - FISCAL NOTE
Form BD-15

In compliance with a written request, there is hereby submitted a Fiscal Note for HB0077, second reading.

DESCRIPTION OF PROPOSED LEGISLATION:


The proposed legislation will statutorily appropriate 10.94% of Highway Patrol officer salaries from the MVP and CIPTF to the Highway Patrol Officers' Retirement System. Section 19-6-502, MCA, is amended to increase the amount of the service retirement allowance from 2% to 2.5% for patrol officers retiring on or after July 1, 1991.


ASSUMPTIONS:

1. Effective for retirements on or after July 1, 1991, retirement, non-duty related disability and non-duty related death benefits paid in the Highway Patrol Officers' Retirement System (HWPORS) will be increased by 25%, from 2% to 2.5%. Retirements, disabilities or deaths prior to July 1, 1991, will not be impacted.
2. This bill statutorily appropriates money from the MVP (Motor Vehicle Premium) and CIPTF (Casualty Insurance Premium Trust Fund) to the HWPORS which would otherwise be transferred to the general fund. As a result, general fund revenue is reduced by the amount of the transfer.
3. An actuarial valuation of the HWPORS has determined that the actuarial cost of this proposal will equal 10.94% of the active members' salaries in the HWPORS for a required contribution of \$628,237 in FY92 and \$656,507 in FY93. It is assumed that these amounts will be transferred from auto premium taxes each fiscal year to fund the pension trust fund.
4. The FY92 and FY93 payrolls are estimated based upon the December, 1990, payroll report to HWPORS, and increased by 4.5% for each fiscal year of the 1993 biennium.
5. The FY90 rates of service retirement, disability and death will remain constant during the 1993 biennium. The average additional benefits for those retiring in FY92 will be paid for 6 months in FY92 and 12 months in FY93. The average additional benefits for those retiring in FY93 will be paid for 6 months.

FISCAL IMPACT:

see next page


ROD SUNDESTED, BUDGET DIRECTOR 7-19-91
Office of Budget and Program Planning DATE


JOE QUILICI, PRIMARY SPONSOR 2/21/91
Fiscal Note for HB0077, second reading DATE

H13 77
2nd Revision

FISCAL IMPACT:

Public Employees Retirement Division:

	FY 92			FY 93		
	<u>Current Law</u>	<u>Proposed Law</u>	<u>Difference</u>	<u>Current Law</u>	<u>Proposed Law</u>	<u>Difference</u>
<u>Expenditures:</u>						
Benefits and Claims (HWPORS)	2,333,332	2,348,534	15,202	2,653,511	2,699,116	45,605
<u>Funding:</u>						
HWPORS Pension Trust (09)	2,333,332	2,348,534	15,202	2,653,511	2,699,116	45,605
<u>State Auditor:</u>						
<u>Expenditures:</u>						
Transfers to HWPORS from premium taxes	0	628,237	628,237	0	656,507	656,507
Transfer to General Fund	<u>17,848,120</u>	<u>17,219,883</u>	<u>(628,237)</u>	<u>18,580,676</u>	<u>17,924,169</u>	<u>(656,507)</u>
Total	17,848,120	17,848,120	0	18,580,676	18,580,676	0
<u>Revenue:</u>						
<u>P.E.R.D.</u>						
Transfers to HWPORS(09)	4,171,997	4,800,234	628,237	4,260,736	4,917,243	656,507
General Fund Impact			(628,237)			(656,507)

Net Impact:

The actuarial cost of the proposal is adequately funded by transfers from auto premium taxes to the HWPORS trust fund.

TECHNICAL NOTES:

Page 4, line 10 of the bill identifies a contribution percentage of 10.97% of salaries which may be a typographical error since the contribution percentage necessary to fund the actuarial cost is 10.94%. The percentage increase for patrol officer salaries on page 3, line 22 of the bill is 10.94%.

HB 77
2nd Rev.

STATE OF MONTANA - FISCAL NOTE

Form BD-15

In compliance with a written request, there is hereby submitted a Fiscal Note for HB0077, third reading.

DESCRIPTION OF PROPOSED LEGISLATION:


The proposed legislation will increase the retirement benefits payable in the Highway Patrol Retirement System from a portion of the premium tax on motor vehicle property and casualty insurance and by increasing member contributions. Section 19-6-502, MCA, is amended to increase the amount of the service retirement allowance from 2% to 2.5% for patrol officers retiring on or after July 1, 1991.

ASSUMPTIONS:

1. Effective for retirements on or after July 1, 1991, retirement, non-duty related disability and non-duty related death benefits paid in the Highway Patrol Officers' Retirement System (HWPORS) will be increased by 25%, from 2% to 2.5%. Retirements, disabilities or deaths prior to July 1, 1991, will not be impacted.
2. This bill statutorily appropriates money from the MVP (Motor Vehicle Premium) and CIPTF (Casualty Insurance Premium Trust Fund) to the HWPORS which would otherwise be transferred to the general fund. As a result, general fund revenue is reduced by the amount of the transfer.
3. An actuarial valuation of the HWPORS has determined that the actuarial cost of this proposal will equal 10.94% of the active members' salaries in the HWPORS for a required contribution of \$628,237 in FY92 and \$656,507 in FY93. It is assumed that an amount equal to 9.53% of salaries will be transferred from auto premium taxes and 1.41% will be transferred from increased employee contributions each fiscal year to fund the pension trust fund. However, the bill, as amended, retains a 10.97% contribution rate from insurance premium taxes which would provide higher contributions than are necessary to fund the actuarial cost. The fiscal note assumes that 9.53% is the intended percentage contribution from this source.
4. The FY92 and FY93 payrolls are estimated based upon the December, 1990, payroll report to HWPORS, and increased by 4.5% for each fiscal year of the 1993 biennium.
5. The FY90 rates of service retirement, disability and death will remain constant during the 1993 biennium. The average additional benefits for those retiring in FY92 will be paid for 6 months in FY92 and 12 months in FY93. The average additional benefits for those retiring in FY93 will be paid for 6 months.

FISCAL IMPACT:

see next page


ROD SUNDSTED, BUDGET DIRECTOR 4-2-91 DATE
Office of Budget and Program Planning


JOE QUILICI, PRIMARY SPONSOR 4/2/91 DATE

Fiscal Note for HB0077, third reading

HB 77-4

FISCAL IMPACT:

Public Employees Retirement Division:

	FY 92			FY 93		
	<u>Current Law</u>	<u>Proposed Law</u>	<u>Difference</u>	<u>Current Law</u>	<u>Proposed Law</u>	<u>Difference</u>
<u>Expenditures:</u>						
Benefits and Claims (HWPORS)	2,333,332	2,348,534	15,202	2,653,511	2,699,116	45,605
<u>Funding:</u>						
HWPORS Pension Trust (09)	2,333,332	2,348,534	15,202	2,653,511	2,699,116	45,605

State Auditor:

Expenditures:

Transfers to HWPORS from premium taxes	0	547,267	547,267	0	571,893	571,893
Transfer to General Fund	<u>17,848,120</u>	<u>17,300,853</u>	<u>(547,267)</u>	<u>18,580,676</u>	<u>18,008,783</u>	<u>(571,893)</u>
Total	17,848,120	17,848,120	0	18,580,676	18,580,676	0

Revenue:

P.E.R.D.

Transfers to HWPORS(09)	4,171,997	4,800,234	628,237	4,260,736	4,917,243	656,507
General Fund Impact (decrease)			(547,267)			(571,893)

Net Impact:

The actuarial cost of the proposal is adequately funded by transfers from auto premium taxes and increased employee contributions to the HWPORS trust fund.

TECHNICAL NOTES:

Page 5, line 12 of the bill identifies a contribution percentage of 10.97% of salaries although the total state contribution, as amended, on page 4, line 24 increases by 9.53%. Page 5 should be amended to be consistent with page 4, line 24. The general fund impact of a contribution percentage of 10.97% would be over \$628,000 in FY92 and over \$656,000 in FY93.

HB 77-4

APPROVED BY COMMITTEE
ON STATE ADMINISTRATION

HOUSE BILL NO. 77

INTRODUCED BY QUILICI, CLARK, DAVIS, R. DEBRUYCKER,
COCCHIARELLA, STIMATZ, DAILY, PAVLOVICH, BURNETT,
FRITZ, J. RICE, G. BECK, HARRINGTON, LYNCH, GRADY

A BILL FOR AN ACT ENTITLED: "AN ACT INCREASING THE
RETIREMENT BENEFITS PAYABLE IN THE HIGHWAY PATROL RETIREMENT
SYSTEM; INCREASING THE TAXES ON AUTOMOBILE INSURANCE
PREMIUMS; STATUTORILY APPROPRIATING THE TAX INCREASE TO FUND
THE BENEFIT INCREASE; AMENDING SECTIONS 15-31-101, 17-7-502,
19-6-401, 19-6-404, 19-6-502, AND 33-2-705, MCA; AND
PROVIDING AN EFFECTIVE DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Section 17-7-502, MCA, is amended to read:

"17-7-502. Statutory appropriations -- definition --
requisites for validity. (1) A statutory appropriation is an
appropriation made by permanent law that authorizes spending
by a state agency without the need for a biennial
legislative appropriation or budget amendment.

(2) Except as provided in subsection (4), to be
effective, a statutory appropriation must comply with both
of the following provisions:

(a) The law containing the statutory authority must be
listed in subsection (3).

(b) The law or portion of the law making a statutory
appropriation must specifically state that a statutory
appropriation is made as provided in this section.

(3) The following laws are the only laws containing
statutory appropriations: 2-9-202; 2-17-105; 2-18-812;
10-3-203; 10-3-312; 10-3-314; 10-4-301; 13-37-304; 15-1-111;
15-25-123; 15-31-702; 15-36-112; 15-37-117; 15-65-121;
15-70-101; 16-1-404; 16-1-410; 16-1-411; 17-3-212; 17-5-404;
17-5-424; 17-5-804; [section 6]; 19-8-504; 19-9-702;
19-9-1007; 19-10-205; 19-10-305; 19-10-506; 19-11-512;
19-11-513; 19-11-606; 19-12-301; 19-13-604; 20-6-406;
20-8-111; 20-9-361; 23-5-306; 23-5-409; 23-5-610; 23-5-612;
23-5-1016; 23-5-1027; 27-12-206; 37-51-501; 39-71-2504;
53-6-150; 53-24-206; 61-2-406; 61-5-121; 67-3-205;
75-1-1101; 75-5-1108; 75-11-313; 76-12-123; 80-2-103;
82-11-136; 82-11-161; 90-3-301; 90-4-215; 90-4-613;
90-6-331; 90-9-306; and section 13, House Bill No. 861, Laws
of 1985.

(4) There is a statutory appropriation to pay the
principal, interest, premiums, and costs of issuing, paying,
and securing all bonds, notes, or other obligations, as due,
that have been authorized and issued pursuant to the laws of
Montana. Agencies that have entered into agreements
authorized by the laws of Montana to pay the state
treasurer, for deposit in accordance with 17-2-101 through

SECOND READING

1 17-2-107, as determined by the state treasurer, an amount
 2 sufficient to pay the principal and interest as due on the
 3 bonds or notes have statutory appropriation authority for
 4 such payments. (In subsection (3), pursuant to sec. 10, Ch.
 5 664, L. 1987, the inclusion of 39-71-2504 terminates June
 6 30, 1991.)"

7 **Section 2.** Section 19-6-401, MCA, is amended to read:

8 "19-6-401. Payments into retirement fund. All
 9 appropriations made by the state, all contributions by
 10 members of the Montana highway patrol, in the amount
 11 hereinafter specified, all interest on and increase of the
 12 investments and moneys money under this account, and a
 13 portion of the fees from driver's licenses and duplicate
 14 driver's licenses as provided in 61-5-121, and a portion of
 15 the fees from automobile insurance policies as provided in
 16 33-2-705(3) must be paid to the account."

17 **Section 3.** Section 19-6-404, MCA, is amended to read:

18 "19-6-404. State's contribution. (1) The state of
 19 Montana shall annually contribute to the account an amount
 20 equal to 26.75% of the salaries paid to the highway patrol
 21 officers who are covered by this account from the following
 22 sources:

23 †‡(a) an amount equal to 16.57% of salaries is payable
 24 from the same source that is used to pay compensation to the
 25 members; and

1 †‡(b) an amount equal to 10.18% of salaries is payable
 2 from a portion of the fees from driver's licenses and
 3 duplicate driver's licenses as provided in 61-5-121.

4 (2) In addition to the amounts contributed under
 5 subsection (1), the state auditor shall annually contribute
 6 the portion of the fees from automobile insurance premiums
 7 required to be collected under the provisions of
 8 33-2-705(3)."

9 **Section 4.** Section 19-6-502, MCA, is amended to read:

10 "19-6-502. Service retirement allowance. (1) Upon
 11 retirement from service, a member shall receive a service
 12 retirement allowance ~~which shall consist~~ consisting of the
 13 state annuity plus the member's annuity.

14 (2) The amount of the service retirement allowance
 15 ~~shall~~ must equal ~~2%~~ 2.5% of his final salary for each year
 16 of creditable service."

17 **Section 5.** Section 33-2-705, MCA, is amended to read:

18 "33-2-705. Report on premiums and other consideration
 19 -- tax. (1) Each authorized insurer and each formerly
 20 authorized insurer with respect to premiums ~~so~~ received
 21 while an authorized insurer in this state shall file with
 22 the commissioner, on or before March 1 each year, a report
 23 in a form ~~as~~ prescribed by the commissioner showing total
 24 direct premium income, including policy, membership, and
 25 other fees, premiums paid by application of dividends,

1 refunds, savings, savings coupons, and similar returns or
 2 credits to payment of premiums for new or additional or
 3 extended or renewed insurance, charges for payment of
 4 premium in installments, and all other consideration for
 5 insurance from all kinds and classes of insurance, whether
 6 designated as a premium or otherwise, received by it during
 7 the preceding calendar year on account of policies covering
 8 property, subjects, or risks located, resident, or to be
 9 performed in Montana, with proper proportionate allocation
 10 of premium as to ~~such the~~ property, subjects, or risks in
 11 Montana insured under policies or contracts covering
 12 property, subjects, or risks located or resident in more
 13 than one state, after deducting from ~~such the~~ total direct
 14 premium income applicable cancellations, returned premiums,
 15 the unabsorbed portion of any deposit premium, the amount of
 16 reduction in or refund of premiums allowed to industrial
 17 life policyholders for payment of premiums direct to an
 18 office of the insurer, all policy dividends, refunds,
 19 savings, savings coupons, and other similar returns paid or
 20 credited to policyholders with respect to ~~such the~~ policies.
 21 As to title insurance, "premium" includes the total charge
 22 for ~~such the~~ insurance. ~~No A deduction shall may not~~ be made
 23 ~~of for~~ the cash surrender values of policies. Considerations
 24 received on annuity contracts ~~shall may~~ not be included in
 25 total direct premium income and ~~shall may~~ not be subject to

1 tax.

2 (2) Coincident with the filing of the tax report
 3 referred to in subsection (1) ~~above~~, each ~~such~~ insurer shall
 4 pay to the commissioner a tax upon ~~such~~ net premiums
 5 computed at the rate of 2 3/4%.

6 (3) Coincident with the filing of the tax report
 7 required in subsection (1) and with the payment of the
 8 premium taxes required in subsection (2), each insurer shall
 9 pay to the commissioner an additional 0.3% tax upon the net
 10 premiums on all automobile insurance risks. As required by
 11 the commissioner, this additional tax must be separately
 12 specified in the report for payment to the highway patrol
 13 officers' retirement system as provided in [section 6].

14 ~~†3†~~(4) That portion of the tax paid hereunder by an
 15 insurer on account of premiums received for fire insurance
 16 ~~shall must~~ be separately specified in the report as required
 17 by the commissioner, for apportionment as provided by law.
 18 ~~Where~~ When insurance against fire is included with insurance
 19 of property against other perils at an undivided premium,
 20 the insurer shall make ~~such~~ reasonable allocation from ~~such~~
 21 ~~the~~ entire premium to the fire portion of the coverage as
 22 ~~shall-be is~~ stated in ~~such the~~ report and as may be approved
 23 or accepted by the commissioner.

24 ~~†4†~~(5) With respect to authorized insurers, the premium
 25 tax provided by this section ~~shall-be is~~ payment in full and

1 in lieu of all other demands for any ~~and all~~ state, county,
2 city, district, municipal, and school taxes, licenses, fees,
3 and excises of whatever kind or character, excepting only
4 those prescribed by this code, taxes on real and tangible
5 personal property located in this state, and taxes payable
6 under 50-3-109.

7 ~~(5)~~(6) The commissioner may suspend or revoke the
8 certificate of authority of any insurer ~~which~~ who fails to
9 pay its taxes as required under this section.

10 ~~(6)~~(7) In addition to the penalty provided for in
11 subsection ~~(5)~~ (6), the commissioner may impose upon an
12 insurer who fails to pay the tax required under this section
13 a fine of \$100 a day for each day the tax remains unpaid
14 past the due date or 1% of the amount owed in tax, whichever
15 is greater.

16 ~~(7)~~(8) The commissioner may by rule provide a quarterly
17 schedule for payment of portions of the premium tax under
18 this section during the year in which ~~such~~ the tax liability
19 is accrued."

20 NEW SECTION. **Section 6.** Contributions by state auditor
21 from insurance premium taxes. (1) The state shall make the
22 contributions required by 19-6-404(2) through the state
23 auditor from the additional premium taxes on automobile
24 insurance risks provided for in 33-2-705(3).

25 (2) The payments must be made annually to the

1 administrator after the end of each fiscal year but no later
2 than September 1. The payment is statutorily appropriated as
3 provided in 17-7-502.

4 **Section 7.** Section 15-31-101, MCA, is amended to read:

5 "15-31-101. Organizations subject to tax. (1) The term
6 "corporation" includes associations, joint-stock companies,
7 common-law trusts and business trusts ~~which~~ that do business
8 in an organized capacity, and all other corporations ~~whether~~
9 created, organized, or existing under and pursuant to the
10 laws, agreements, or declarations of trust of any state,
11 country, or the United States.

12 (2) The terms "engaged in business" and "doing
13 business" both mean actively engaging in any transaction for
14 the purpose of financial or pecuniary gain or profit.

15 (3) Except as provided in 15-31-103 or 33-2-705~~(4)~~(5)
16 or as may be otherwise specifically provided, ~~every~~ each
17 corporation engaged in business in the state of Montana
18 shall annually pay to the state treasurer as a license fee
19 for the privilege of carrying on business in this state ~~such~~
20 the percentage or percentages of its total net income for
21 the preceding taxable year at the rate hereinafter set
22 forth. In the case of corporations having income from
23 business activity ~~which~~ that is taxable both within and
24 without this state, the license fee ~~shall~~ must be measured
25 by the net income derived from or attributable to Montana

1 sources as determined under part J. Except as provided in
2 15-31-502, this tax is due and payable on the 15th day of
3 the 5th month following the close of the taxable year of the
4 corporation; however, the tax becomes a lien as provided in
5 this chapter on the last day of the taxable year in which
6 the income was earned and is for the privilege of carrying
7 on business in this state for the taxable year in which the
8 income was earned.

9 (4) Every Each bank organized under the laws of the
10 state of Montana, of any other state, or of the United
11 States and every each savings and loan association organized
12 under the laws of this state or of the United States is are
13 subject to the Montana corporation license tax provided for
14 under this chapter. For taxable years beginning on and after
15 January 1, 1972, this subsection is effective in accordance
16 with Public Law 91-156, section 2 (12 U.S.C. 548)."

17 NEW SECTION. Section 8. Effective date. [This act] is
18 effective July 1, 1991.

-End-

RE-REFERRED AND APPROVED BY COMMITTEE ON TAXATION AS AMENDED

HOUSE BILL NO. 77

INTRODUCED BY QUILICI, CLARK, DAVIS, R. DEBRUYCKER, COCCHIARELLA, STIMATZ, DAILY, PAVLOVICH, BURNETT, FRITZ, J. RICE, G. BECK, HARRINGTON, LYNCH, GRADY

A BILL FOR AN ACT ENTITLED: "AN ACT INCREASING THE RETIREMENT BENEFITS PAYABLE IN THE HIGHWAY PATROL RETIREMENT SYSTEM; INCREASING--THE--TAXES--ON---AUTOMOBILE---INSURANCE PREMIUMS; STATUTORILY APPROPRIATING A PORTION OF THE PREMIUM TAX ON MOTOR VEHICLE PROPERTY AND CASUALTY INSURANCE POLICIES THE-TAX-INCREASE TO FUND THE BENEFIT INCREASE; AMENDING SECTIONS 15-31-101, 17-7-502, 19-6-401, 19-6-404, AND 19-6-502, AND-33-2-705, MCA; AND PROVIDING AN EFFECTIVE DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Section 17-7-502, MCA, is amended to read:

"17-7-502. Statutory appropriations -- definition -- requisites for validity. (1) A statutory appropriation is an appropriation made by permanent law that authorizes spending by a state agency without the need for a biennial legislative appropriation or budget amendment.

(2) Except as provided in subsection (4), to be effective, a statutory appropriation must comply with both of the following provisions:

(a) The law containing the statutory authority must be listed in subsection (3).

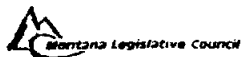
(b) The law or portion of the law making a statutory appropriation must specifically state that a statutory appropriation is made as provided in this section.

(3) The following laws are the only laws containing statutory appropriations: 2-9-202; 2-17-105; 2-18-812; 10-3-203; 10-3-312; 10-3-314; 10-4-301; 13-37-304; 15-1-111; 15-25-123; 15-31-702; 15-36-112; 15-37-117; 15-65-121; 15-70-101; 16-1-404; 16-1-410; 16-1-411; 17-3-212; 17-5-404; 17-5-424; 17-5-804; [section 6 5]; 19-8-504; 19-9-702; 19-9-1007; 19-10-205; 19-10-305; 19-10-506; 19-11-512; 19-11-513; 19-11-606; 19-12-301; 19-13-604; 20-6-406; 20-8-111; 20-9-361; 23-5-306; 23-5-409; 23-5-610; 23-5-612; 23-5-1016; 23-5-1027; 27-12-206; 37-51-501; 39-71-2504; 53-6-150; 53-24-206; 61-2-406; 61-5-121; 67-3-205; 75-1-1101; 75-5-1108; 75-11-313; 76-12-123; 80-2-103; 82-11-136; 82-11-161; 90-3-301; 90-4-215; 90-4-613; 90-6-331; 90-9-306; and section 13, House Bill No. 861, Laws of 1985.

(4) There is a statutory appropriation to pay the principal, interest, premiums, and costs of issuing, paying, and securing all bonds, notes, or other obligations, as due, that have been authorized and issued pursuant to the laws of Montana. Agencies that have entered into agreements

SECOND READING HB 77

SECOND PRINTING



1 authorized by the laws of Montana to pay the state
 2 treasurer, for deposit in accordance with 17-2-101 through
 3 17-2-107, as determined by the state treasurer, an amount
 4 sufficient to pay the principal and interest as due on the
 5 bonds or notes have statutory appropriation authority for
 6 such payments. (In subsection (3), pursuant to sec. 10, Ch.
 7 664, L. 1987, the inclusion of 39-71-2504 terminates June
 8 30, 1991.)"

9 **Section 2.** Section 19-6-401, MCA, is amended to read:

10 "19-6-401. **Payments into retirement fund.** All
 11 appropriations made by the state, all contributions by
 12 members of the Montana highway patrol, in the amount
 13 hereinafter specified, all interest on and increase of the
 14 investments and moneys money under this account, and a
 15 portion of the fees from driver's licenses and duplicate
 16 driver's licenses as provided in 61-5-121, and a portion of
 17 the fees from automobile insurance policies as provided in
 18 33-2-705(3) must be paid to the account."

19 **Section 3.** Section 19-6-404, MCA, is amended to read:

20 "19-6-404. **State's contribution.** (1) The state of
 21 Montana shall annually contribute to the account an amount
 22 equal to ~~26.75%~~ 37.69% of the salaries paid to the highway
 23 patrol officers who are covered by this account from the
 24 following sources:

25 ~~(1)(a)~~ (a) an amount equal to 16.57% of salaries is payable

1 from the same source that is used to pay compensation to the
 2 members; and

3 ~~(2)(b)~~ (b) an amount equal to 10.18% of salaries is payable
 4 from a portion of the fees from driver's licenses and
 5 duplicate driver's licenses as provided in 61-5-121

6 ~~(2) In addition to the amounts contributed under~~
 7 ~~subsection (1), the~~ THE state auditor shall annually
 8 contribute the portion of the fees from automobile insurance
 9 premiums required to be collected under the provisions of
 10 33-2-705(3) AN AMOUNT EQUAL TO 10.97% OF SALARIES FROM A
 11 PORTION OF THE PREMIUM TAX ON MOTOR VEHICLE PROPERTY AND
 12 CASUALTY INSURANCE POLICIES."

13 **Section 4.** Section 19-6-502, MCA, is amended to read:

14 "19-6-502. **Service retirement allowance.** (1) Upon
 15 retirement from service, a member shall receive a service
 16 retirement allowance ~~which shall consist~~ consisting of the
 17 state annuity plus the member's annuity.

18 (2) The amount of the service retirement allowance
 19 ~~shall~~ must equal ~~2%~~ 2.5% of his final salary for each year
 20 of creditable service."

21 ~~Section 5, Section 33-2-705, MCA, is amended to read:~~

22 ~~"33-2-705. Report on premiums and other consideration~~
 23 ~~tax. (1) Each authorized insurer and each formerly~~
 24 ~~authorized insurer with respect to premiums so received~~
 25 ~~while an authorized insurer in this state shall file with~~

1 the commissioner, on or before March 1 each year, a report
 2 in a form as prescribed by the commissioner showing total
 3 direct premium income, including policy, membership, and
 4 other fees, premiums paid by application of dividends,
 5 refunds, savings, savings coupons, and similar returns or
 6 credits to payment of premiums for new or additional or
 7 extended or renewed insurance, charges for payment of
 8 premium in installments, and all other consideration for
 9 insurance from all kinds and classes of insurance, whether
 10 designated as a premium or otherwise, received by it during
 11 the preceding calendar year on account of policies covering
 12 property, subjects, or risks located, resident, or to be
 13 performed in Montana, with proper proportionate allocation
 14 of premium as to such the property, subjects, or risks in
 15 Montana insured under policies or contracts covering
 16 property, subjects, or risks located or resident in more
 17 than one state, after deducting from such the total direct
 18 premium income applicable cancellations, returned premiums,
 19 the unabsorbed portion of any deposit premium, the amount of
 20 reduction in or refund of premiums allowed to industrial
 21 life policyholders for payment of premiums direct to an
 22 office of the insurer, all policy dividends, refunds,
 23 savings, savings coupons, and other similar returns paid or
 24 credited to policyholders with respect to such the policies.
 25 As to title insurance, "premium" includes the total charge

1 for such the insurance. No A deduction shall may not be made
 2 of for the cash surrender values of policies. Considerations
 3 received on annuity contracts shall may not be included in
 4 total direct premium income and shall may not be subject to
 5 tax.

6 {2} Coincident with the filing of the tax report
 7 referred to in subsection (1) above, each such insurer shall
 8 pay to the commissioner a tax upon such net premiums
 9 computed at the rate of 2-3/4%.

10 {3} Coincident with the filing of the tax report
 11 required in subsection (1) and with the payment of the
 12 premium taxes required in subsection (2), each insurer shall
 13 pay to the commissioner an additional 0.3% tax upon the net
 14 premiums on all automobile insurance risks. As required by
 15 the commissioner, this additional tax must be separately
 16 specified in the report for payment to the highway patrol
 17 officers' retirement system as provided in {section 6}.

18 {3}{4} That portion of the tax paid hereunder by an
 19 insurer on account of premiums received for fire insurance
 20 shall must be separately specified in the report as required
 21 by the commissioner, for apportionment as provided by law.
 22 Where When insurance against fire is included with insurance
 23 of property against other perils at an undivided premium,
 24 the insurer shall make such reasonable allocation from such
 25 the entire premium to the fire portion of the coverage as

1 shall be ~~is~~ stated in such the report and as may be approved
2 or accepted by the commissioner.

3 ~~{4}{5}~~ With respect to authorized insurers, the premium
4 tax provided by this section shall be is payment in full and
5 in lieu of all other demands for any and all state, county,
6 city, district, municipal, and school taxes, licenses, fees,
7 and excises of whatever kind or character, excepting only
8 those prescribed by this code, taxes on real and tangible
9 personal property located in this state, and taxes payable
10 under 50-3-109.

11 ~~{5}{6}~~ The commissioner may suspend or revoke the
12 certificate of authority of any insurer which who fails to
13 pay its taxes as required under this section.

14 ~~{6}{7}~~ In addition to the penalty provided for in
15 subsection ~~{5}~~ ~~{6}~~, the commissioner may impose upon an
16 insurer who fails to pay the tax required under this section
17 a fine of \$100 a day for each day the tax remains unpaid
18 past the due date or 1% of the amount owed in tax, whichever
19 is greater.

20 ~~{7}{8}~~ The commissioner may by rule provide a quarterly
21 schedule for payment of portions of the premium tax under
22 this section during the year in which such the tax liability
23 is accrued.

24 NEW SECTION. Section 5. Contributions by state auditor
25 from insurance premium taxes. (1) The state shall make the

1 contributions required by 19-6-404(2) through the state
2 auditor from the ~~additional~~ premium taxes on automobile
3 insurance risks ~~provided for in 33-2-705{3}~~.

4 (2) The payments must be made annually to the
5 administrator after the end of each fiscal year ~~no~~ later
6 than September 1. The payment is statutorily appropriated as
7 provided in 17-7-502.

8 Section ~~7~~ Section 15-31-101, MCA, is amended to read:
9 "15-31-101. Organizations subject to tax. ~~{1}~~ The term
10 "corporation" includes associations, joint stock companies,
11 common law trusts and business trusts which that do business
12 in an organized capacity, and all other corporations whether
13 created, organized, or existing under and pursuant to the
14 laws, agreements, or declarations of trust of any state,
15 country, or the United States.

16 ~~{2}~~ The terms "engaged in business" and "doing
17 business" both mean actively engaging in any transaction for
18 the purpose of financial or pecuniary gain or profit.

19 ~~{3}~~ Except as provided in 15-31-103 or 33-2-705~~{4}~~ ~~{5}~~
20 or as may be otherwise specifically provided, every each
21 corporation engaged in business in the state of Montana
22 shall annually pay to the state treasurer as a license fee
23 for the privilege of carrying on business in this state such
24 the percentage or percentages of its total net income for
25 the preceding taxable year at the rate hereinafter set

1 forth--in--the--case--of--corporations--having--income--from
 2 business--activity--which that is--taxable--both--within--and
 3 without--this--state,--the--license--fee--shall must be--measured
 4 by--the--net--income--derived--from--or--attributable--to--Montana
 5 sources--as--determined--under--part--3.--Except--as--provided--in
 6 15-31-502,--this--tax--is--due--and--payable--on--the--15th--day--of
 7 the--5th--month--following--the--close--of--the--taxable--year--of--the
 8 corporation,--however,--the--tax--becomes--a--lien--as--provided--in
 9 this--chapter--on--the--last--day--of--the--taxable--year--in--which
 10 the--income--was--earned--and--is--for--the--privilege--of--carrying
 11 on--business--in--this--state--for--the--taxable--year--in--which--the
 12 income--was--earned.

13 (4)--Every Each bank--organized--under--the--laws--of--the
 14 state--of--Montana,--of--any--other--state,--or--of--the--United
 15 States--and--every each savings--and--loan--association--organized
 16 under--the--laws--of--this--state--or--of--the--United--States--is are
 17 subject--to--the--Montana--corporation--license--tax--provided--for
 18 under--this--chapter.--For--taxable--years--beginning--on--and--after
 19 January--17--1972,--this--subsection--is--effective--in--accordance
 20 with--Public--Law--91-156,--section--2--(12-U.S.C.-548).*

21 NEW SECTION. **Section 6.** Effective date. [This act] is
 22 effective July 1, 1991.

-End-

HB 0077/04
RE-REFERRED AND
APPROVED BY COMMITTEE
ON APPROPRIATIONS
AS AMENDED

HOUSE BILL NO. 77

INTRODUCED BY QUILICI, CLARK, DAVIS, R. DEBRUYCKER,
COCCHIARELLA, STIMATZ, DAILY, PAVLOVICH, BURNETT,
FRITZ, J. RICE, G. BECK, HARRINGTON, LYNCH, GRADY

A BILL FOR AN ACT ENTITLED: "AN ACT INCREASING THE
RETIREMENT BENEFITS PAYABLE IN THE HIGHWAY PATROL RETIREMENT
SYSTEM; ~~INCREASING--THE--TAKES--ON---AUTOMOBILE---INSURANCE~~
~~PREMIUMS~~; STATUTORILY APPROPRIATING A PORTION OF THE PREMIUM
TAX ON MOTOR VEHICLE PROPERTY AND CASUALTY INSURANCE
POLICIES ~~THE-TAX-INCREASE~~ TO FUND THE BENEFIT INCREASE;
INCREASING MEMBER CONTRIBUTIONS; AMENDING SECTIONS
~~15-31-101~~, 17-7-502, 19-6-401, 19-6-402, 19-6-404, AND
19-6-502, ~~AND--33-2-705~~, MCA; AND PROVIDING AN EFFECTIVE
DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Section 17-7-502, MCA, is amended to read:

"17-7-502. Statutory appropriations -- definition --
requisites for validity. (1) A statutory appropriation is an
appropriation made by permanent law that authorizes spending
by a state agency without the need for a biennial
legislative appropriation or budget amendment.

(2) Except as provided in subsection (4), to be
effective, a statutory appropriation must comply with both

of the following provisions:

(a) The law containing the statutory authority must be
listed in subsection (3).

(b) The law or portion of the law making a statutory
appropriation must specifically state that a statutory
appropriation is made as provided in this section.

(3) The following laws are the only laws containing
statutory appropriations: 2-9-202; 2-17-105; 2-18-812;
10-3-203; 10-3-312; 10-3-314; 10-4-301; 13-37-304; 15-1-111;
15-25-123; 15-31-702; 15-36-112; 15-37-117; 15-65-121;
15-70-101; 16-1-404; 16-1-410; 16-1-411; 17-3-212; 17-5-404;
17-5-424; 17-5-804; [section 6 5]; 19-8-504; 19-9-702;
19-9-1007; 19-10-205; 19-10-305; 19-10-506; 19-11-512;
19-11-513; 19-11-606; 19-12-301; 19-13-604; 20-6-406;
20-8-111; 20-9-361; 23-5-306; 23-5-409; 23-5-610; 23-5-612;
23-5-1016; 23-5-1027; 27-12-206; 37-51-501; 39-71-2504;
53-6-150; 53-24-206; 61-2-406; 61-5-121; 67-3-205;
75-1-1101; 75-5-1108; 75-11-313; 76-12-123; 80-2-103;
82-11-136; 82-11-161; 90-3-301; 90-4-215; 90-4-613;
90-6-331; 90-9-306; and section 13, House Bill No. 861, Laws
of 1985.

(4) There is a statutory appropriation to pay the
principal, interest, premiums, and costs of issuing, paying,
and securing all bonds, notes, or other obligations, as due,
that have been authorized and issued pursuant to the laws of

1 Montana. Agencies that have entered into agreements
2 authorized by the laws of Montana to pay the state
3 treasurer, for deposit in accordance with 17-2-101 through
4 17-2-107, as determined by the state treasurer, an amount
5 sufficient to pay the principal and interest as due on the
6 bonds or notes have statutory appropriation authority for
7 such payments. (In subsection (3), pursuant to sec. 10, Ch.
8 664, L. 1987, the inclusion of 39-71-2504 terminates June
9 30, 1991.)"

10 **Section 2.** Section 19-6-401, MCA, is amended to read:

11 **"19-6-401. Payments into retirement fund.** All
12 appropriations made by the state, all contributions by
13 members of the Montana highway patrol, in the amount
14 hereinafter specified, all interest on and increase of the
15 investments and moneys money under this account, and a
16 portion of the fees from driver's licenses and duplicate
17 driver's licenses as provided in 61-5-121, and a portion of
18 the fees from automobile insurance policies as provided in
19 33-2-785(3) must be paid to the account."

20 **SECTION 3. SECTION 19-6-402, MCA, IS AMENDED TO READ:**

21 **"19-6-402. Member's contribution.** (1) Every member
22 shall be required to contribute into the account a sum equal
23 to ~~7.59%~~ 9% of his monthly salary, which sum shall be
24 deposited to his credit in the account.

25 (2) Each employer, pursuant to section 414(h)(2) of the

1 federal Internal Revenue Code of 1954, as amended and
2 applicable on July 1, 1985, shall pick up and pay the
3 contributions which would be payable by the member under
4 subsection (1) for service rendered after June 30, 1985.

5 (3) The member's contributions picked up by the
6 employer must be designated for all purposes of the
7 retirement system as the member's contributions, except for
8 the determination of a tax upon a distribution from the
9 retirement system. These contributions must become part of
10 the member's accumulated contributions but must be accounted
11 for separately from those previously accumulated.

12 (4) The member's contributions picked up by the
13 employer must be payable from the same source as is used to
14 pay compensation to the member and must be included in the
15 member's wages as defined in 19-1-102 and his compensation
16 as used to define his final salary in 19-6-101. The employer
17 shall deduct from the member's compensation an amount equal
18 to the amount of the member's contributions picked up by the
19 employer and remit the total of the contributions to the
20 board."

21 **Section 4.** Section 19-6-404, MCA, is amended to read:

22 **"19-6-404. State's contribution.** (1) The state of
23 Montana shall annually contribute to the account an amount
24 equal to ~~26.75%~~ ~~37.69%~~ 36.28% of the salaries paid to the
25 highway patrol officers who are covered by this account from

1 the following sources:

2 ~~{1}~~(a) an amount equal to 16.57% of salaries is payable
3 from the same source that is used to pay compensation to the
4 members; and

5 ~~{2}~~(b) an amount equal to 10.18% of salaries is payable
6 from a portion of the fees from driver's licenses and
7 duplicate driver's licenses as provided in 61-5-121.

8 ~~(2) In addition to the amounts contributed under~~
9 ~~subsection ~~{1}~~, the~~ THE state auditor shall annually
10 ~~contribute the portion of the fees from automobile insurance~~
11 ~~premiums required to be collected under the provisions of~~
12 ~~33-2-705{3} AN AMOUNT EQUAL TO 10.97% OF SALARIES FROM A~~
13 ~~PORTION OF THE PREMIUM TAX ON MOTOR VEHICLE PROPERTY AND~~
14 ~~CASUALTY INSURANCE POLICIES."~~

15 **Section 5.** Section 19-6-502, MCA, is amended to read:

16 "19-6-502. Service retirement allowance. (1) Upon
17 retirement from service, a member shall receive a service
18 retirement allowance ~~which shall consist~~ consisting of the
19 state annuity plus the member's annuity.

20 (2) The amount of the service retirement allowance
21 shall must equal ~~2%~~ 2.5% of his final salary for each year
22 of creditable service."

23 Section 5, Section 33-2-705, MCA, is amended to read:

24 "33-2-705. Report on premiums and other consideration
25 tax. (1) Each authorized insurer and each formerly

1 authorized insurer with respect to premiums so received
2 while an authorized insurer in this state shall file with
3 the commissioner, on or before March 1 each year, a report
4 in a form as prescribed by the commissioner showing total
5 direct premium income, including policy membership and
6 other fees, premiums paid by application of dividends,
7 refunds, savings, savings coupons, and similar returns or
8 credits to payment of premiums for new or additional or
9 extended or renewed insurance, charges for payment of
10 premium in installments, and all other consideration for
11 insurance from all kinds and classes of insurance, whether
12 designated as a premium or otherwise, received by it during
13 the preceding calendar year on account of policies covering
14 property, subjects, or risks located, resident, or to be
15 performed in Montana, with proper proportionate allocation
16 of premium as to such the property, subjects, or risks in
17 Montana insured under policies or contracts covering
18 property, subjects, or risks located or resident in more
19 than one state, after deducting from such the total direct
20 premium income applicable cancellations, returned premiums,
21 the unabsorbed portion of any deposit premium, the amount of
22 reduction in or refund of premiums allowed to industrial
23 life policyholders for payment of premiums direct to an
24 office of the insurer, all policy dividends, refunds,
25 savings, savings coupons, and other similar returns paid or

1 credited-to-policyholders-with-respect-to-such the policies.
 2 As-to-title-insurance,"premium"-includes-the--total--charge
 3 for-such the insurance.-No A deduction-shall may-not be-made
 4 of for the-cash-surrender-values-of-policies.-Considerations
 5 received--on--annuity-contracts-shall may not-be-included-in
 6 total-direct-premium-income-and-shall may not-be-subject--to
 7 tax:

8 (2)--Coincident--with--the--filing--of--the--tax--report
 9 referred-to-in-subsection-(1)-above, each-such-insurer-shall
 10 pay--to--the--commissioner--a--tax--upon--such--net-premiums
 11 computed-at-the-rate-of-2-3/4%.

12 (3)--Coincident--with--the--filing--of--the--tax--report
 13 required-in-subsection-(1)--and--with--the--payment--of--the
 14 premium-taxes-required-in-subsection-(2), each-insurer-shall
 15 pay--to--the--commissioner--an--additional--0.3%--tax--upon--the--net
 16 premiums--on--all--automobile--insurance--risks.-As--required--by
 17 the--commissioner,--this--additional--tax--must--be--separately
 18 specified--in--the--report--for--payment--to--the--highway--patrol
 19 officers'-retirement-system-as-provided-in-(section-6):

20 (3)(4)--That--portion--of--the--tax--paid--hereunder--by--an
 21 insurer-on-account-of-premiums-received-for--fire--insurance
 22 shall must be-separately-specified-in-the-report-as-required
 23 by--the--commissioner,--for-apportionment-as-provided-by-law.
 24 Where When insurance-against-fire-is-included-with-insurance
 25 of-property-against-other-perils-at--an--undivided--premium,

1 the--insurer-shall-make-such-reasonable-allocation-from-such
 2 the entire-premium-to-the-fire-portion-of--the--coverage--as
 3 shall-be is stated-in-such the report-and-as-may-be-approved
 4 or-accepted-by-the-commissioner:

5 (4)(5)--With-respect-to-authorized-insurers, the-premium
 6 tax-provided-by-this-section-shall-be is payment-in-full-and
 7 in-lieu-of-all-other-demands-for-any-and-all-state, county,
 8 city, district, municipal, and-school-taxes, licenses, fees,
 9 and-excises-of-whatever-kind-or--character,--excepting--only
 10 those--prescribed--by--this-code, taxes-on-real-and-tangible
 11 personal-property-located-in-this-state, and--taxes--payable
 12 under-50-3-109.

13 (5)(6)--The--commissioner--may--suspend--or--revoke--the
 14 certificate--of--authority-of-any-insurer-which who fails-to
 15 pay-its-taxes-as-required-under-this-section.

16 (6)(7)--In-addition--to--the--penalty--provided--for--in
 17 subsection--(5) (6)7--the--commissioner--may-impose-upon-an
 18 insurer-who-fails-to-pay-the-tax-required-under-this-section
 19 a-fine-of-\$100-a-day-for-each-day--the--tax--remains--unpaid
 20 past-the-due-date-or-1%--of--the-amount-owed-in-tax, whichever
 21 is-greater.

22 (7)(8)--The-commissioner-may-by-rule-provide-a-quarterly
 23 schedule--for--payment--of--portions-of-the-premium-tax-under
 24 this-section-during-the-year-in-which-such the tax-liability
 25 is-accrued."

1 NEW SECTION. Section 6. Contributions by state auditor
 2 from insurance premium taxes. (1) The state shall make the
 3 contributions required by 19-6-404(2) through the state
 4 auditor from the ~~additional~~ premium taxes on automobile
 5 insurance risks ~~provided for in 33-2-705(3).~~

6 (2) The payments must be made annually to the
 7 administrator after the end of each fiscal year but no later
 8 than September 1. The payment is statutorily appropriated as
 9 provided in 17-7-502.

10 ~~Section 7. Section 15-31-1017-MCA, is amended to read:~~

11 ~~"15-31-101. Organizations subject to tax. (1) The term~~
 12 ~~"corporation" includes associations, joint stock companies,~~
 13 ~~common-law trusts and business trusts which that do business~~
 14 ~~in an organized capacity, and all other corporations whether~~
 15 ~~created, organized, or existing under and pursuant to the~~
 16 ~~laws, agreements, or declarations of trust of any state,~~
 17 ~~country, or the United States.~~

18 ~~(2) The terms "engaged in business" and "doing~~
 19 ~~business" both mean actively engaging in any transaction for~~
 20 ~~the purpose of financial or pecuniary gain or profit.~~

21 ~~(3) Except as provided in 15-31-103 or 33-2-705(4) (5)~~
 22 ~~or as may be otherwise specifically provided, every each~~
 23 ~~corporation engaged in business in the state of Montana~~
 24 ~~shall annually pay to the state treasurer as a license fee~~
 25 ~~for the privilege of carrying on business in this state such~~

1 ~~the percentage or percentages of its total net income for~~
 2 ~~the preceding taxable year at the rate hereinafter set~~
 3 ~~forth in the case of corporations having income from~~
 4 ~~business activity which that is taxable both within and~~
 5 ~~without this state, the license fee shall must be measured~~
 6 ~~by the net income derived from or attributable to Montana~~
 7 ~~sources as determined under part 3. Except as provided in~~
 8 ~~15-31-502, this tax is due and payable on the 15th day of~~
 9 ~~the 5th month following the close of the taxable year of the~~
 10 ~~corporation, however, the tax becomes a lien as provided in~~
 11 ~~this chapter on the last day of the taxable year in which~~
 12 ~~the income was earned and is for the privilege of carrying~~
 13 ~~on business in this state for the taxable year in which the~~
 14 ~~income was earned.~~

15 ~~(4) Every Each bank organized under the laws of the~~
 16 ~~state of Montana, of any other state, or of the United~~
 17 ~~States and every each savings and loan association organized~~
 18 ~~under the laws of this state or of the United States is are~~
 19 ~~subject to the Montana corporation license tax provided for~~
 20 ~~under this chapter. For taxable years beginning on and after~~
 21 ~~January 17, 1972, this subsection is effective in accordance~~
 22 ~~with Public Law 91-156, section 2 (12 U.S.C. 548)."~~

23 NEW SECTION. Section 7. Effective date. [This act] is
 24 effective July 1, 1991.

-End-

1 HOUSE BILL NO. 77

2 INTRODUCED BY QUILICI, CLARK, DAVIS, R. DEBRUYCKER,
3 COCCHIARELLA, STIMATZ, DAILY, PAVLOVICH, BURNETT,
4 FRITZ, J. RICE, G. BECK, HARRINGTON, LYNCH, GRADY

5
6 A BILL FOR AN ACT ENTITLED: "AN ACT INCREASING THE
7 RETIREMENT BENEFITS PAYABLE IN THE HIGHWAY PATROL RETIREMENT
8 SYSTEM; ~~INCREASING--THE--TAKES--ON---AUTOMOBILE---INSURANCE~~
9 ~~PREMIUMS;~~ STATUTORILY APPROPRIATING A PORTION OF THE PREMIUM
10 TAX ON MOTOR VEHICLE PROPERTY AND CASUALTY INSURANCE
11 POLICIES ~~THE TAX INCREASE~~ TO FUND THE BENEFIT INCREASE;
12 INCREASING MEMBER CONTRIBUTIONS; AMENDING SECTIONS
13 ~~15-31-101,~~ 17-7-502, 19-6-401, 19-6-402, 19-6-404, AND
14 19-6-502, ~~AND--33-2-705,~~ MCA; AND PROVIDING AN EFFECTIVE
15 DATE."

16
17 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

18 **Section 1.** Section 17-7-502, MCA, is amended to read:

19 "17-7-502. Statutory appropriations -- definition --
20 requisites for validity. (1) A statutory appropriation is an
21 appropriation made by permanent law that authorizes spending
22 by a state agency without the need for a biennial
23 legislative appropriation or budget amendment.

24 (2) Except as provided in subsection (4), to be
25 effective, a statutory appropriation must comply with both

1 of the following provisions:

2 (a) The law containing the statutory authority must be
3 listed in subsection (3).

4 (b) The law or portion of the law making a statutory
5 appropriation must specifically state that a statutory
6 appropriation is made as provided in this section.

7 (3) The following laws are the only laws containing
8 statutory appropriations: 2-9-202; 2-17-105; 2-18-812;
9 10-3-203; 10-3-312; 10-3-314; 10-4-301; 13-37-304; 15-1-111;
10 15-25-123; 15-31-702; 15-36-112; 15-37-117; 15-65-121;
11 15-70-101; 16-1-404; 16-1-410; 16-1-411; 17-3-212; 17-5-404;
12 17-5-424; 17-5-804; [section 6 5]; 19-8-504; 19-9-702;
13 19-9-1007; 19-10-205; 19-10-305; 19-10-506; 19-11-512;
14 19-11-513; 19-11-606; 19-12-301; 19-13-604; 20-6-406;
15 20-8-111; 20-9-361; 23-5-306; 23-5-409; 23-5-610; 23-5-612;
16 23-5-1016; 23-5-1027; 27-12-206; 37-51-501; 39-71-2504;
17 53-6-150; 53-24-206; 61-2-406; 61-5-121; 67-3-205;
18 75-1-1101; 75-5-1108; 75-11-313; 76-12-123; 80-2-103;
19 82-11-136; 82-11-161; 90-3-301; 90-4-215; 90-4-613;
20 90-6-331; 90-9-306; and section 13, House Bill No. 861, Laws
21 of 1985.

22 (4) There is a statutory appropriation to pay the
23 principal, interest, premiums, and costs of issuing, paying,
24 and securing all bonds, notes, or other obligations, as due,
25 that have been authorized and issued pursuant to the laws of

1 Montana. Agencies that have entered into agreements
2 authorized by the laws of Montana to pay the state
3 treasurer, for deposit in accordance with 17-2-101 through
4 17-2-107, as determined by the state treasurer, an amount
5 sufficient to pay the principal and interest as due on the
6 bonds or notes have statutory appropriation authority for
7 such payments. (In subsection (3), pursuant to sec. 10, Ch.
8 664, L. 1987, the inclusion of 39-71-2504 terminates June
9 30, 1991.)"

10 **Section 2.** Section 19-6-401, MCA, is amended to read:

11 "19-6-401. **Payments into retirement fund.** All
12 appropriations made by the state, all contributions by
13 members of the Montana highway patrol, in the amount
14 hereinafter specified, all interest on and increase of the
15 investments and moneys money under this account, and a
16 portion of the fees from driver's licenses and duplicate
17 driver's licenses as provided in 61-5-121, and a portion of
18 the fees from automobile insurance policies as provided in
19 33-2-705{3} must be paid to the account."

20 **SECTION 3. SECTION 19-6-402, MCA, IS AMENDED TO READ:**

21 "19-6-402. **Member's contribution.** (1) Every member
22 shall be required to contribute into the account a sum equal
23 to 7-59% 9% of his monthly salary, which sum shall be
24 deposited to his credit in the account.

25 (2) Each employer, pursuant to section 414(h)(2) of the

1 federal Internal Revenue Code of 1954, as amended and
2 applicable on July 1, 1985, shall pick up and pay the
3 contributions which would be payable by the member under
4 subsection (1) for service rendered after June 30, 1985.

5 (3) The member's contributions picked up by the
6 employer must be designated for all purposes of the
7 retirement system as the member's contributions, except for
8 the determination of a tax upon a distribution from the
9 retirement system. These contributions must become part of
10 the member's accumulated contributions but must be accounted
11 for separately from those previously accumulated.

12 (4) The member's contributions picked up by the
13 employer must be payable from the same source as is used to
14 pay compensation to the member and must be included in the
15 member's wages as defined in 19-1-102 and his compensation
16 as used to define his final salary in 19-6-101. The employer
17 shall deduct from the member's compensation an amount equal
18 to the amount of the member's contributions picked up by the
19 employer and remit the total of the contributions to the
20 board."

21 **Section 4.** Section 19-6-404, MCA, is amended to read:

22 "19-6-404. **State's contribution.** (1) The state of
23 Montana shall annually contribute to the account an amount
24 equal to 26-75% 37-69% 36.28% of the salaries paid to the
25 highway patrol officers who are covered by this account from

1 the following sources:

2 ~~{1}(a)~~ an amount equal to 16.57% of salaries is payable
3 from the same source that is used to pay compensation to the
4 members; and

5 ~~{2}(b)~~ an amount equal to 10.18% of salaries is payable
6 from a portion of the fees from driver's licenses and
7 duplicate driver's licenses as provided in 61-5-121.

8 ~~(2) In addition to the amounts contributed under~~
9 ~~subsection {1}, the~~ THE state auditor shall annually
10 contribute the portion of the fees from automobile insurance
11 premiums required to be collected under the provisions of
12 33-2-705{3} AN AMOUNT EQUAL TO 10.97% OF SALARIES FROM A
13 PORTION OF THE PREMIUM TAX ON MOTOR VEHICLE PROPERTY AND
14 CASUALTY INSURANCE POLICIES."

15 **Section 5.** Section 19-6-502, MCA, is amended to read:

16 "19-6-502. Service retirement allowance. (1) Upon
17 retirement from service, a member shall receive a service
18 retirement allowance which shall consist consisting of the
19 state annuity plus the member's annuity.

20 (2) The amount of the service retirement allowance
21 shall must equal ~~2%~~ 2.5% of his final salary for each year
22 of creditable service."

23 ~~Section 5, Section 33-2-705, MCA, is amended to read:~~

24 ~~"33-2-705--Report on premiums and other consideration~~
25 ~~---tax. {1}--Each authorized insurer and each formerly~~

1 authorized insurer with respect to premiums so received
2 while an authorized insurer in this state shall file with
3 the commissioner, on or before March 1 each year, a report
4 in a form as prescribed by the commissioner showing total
5 direct premium income, including policy membership and
6 other fees, premiums paid by application of dividends,
7 refunds, savings, savings coupons, and similar returns or
8 credits to payment of premiums for new or additional or
9 extended or renewed insurance, charges for payment of
10 premium in installments, and all other consideration for
11 insurance from all kinds and classes of insurance, whether
12 designated as a premium or otherwise, received by it during
13 the preceding calendar year on account of policies covering
14 property, subjects, or risks located, resident, or to be
15 performed in Montana, with proper proportionate allocation
16 of premium as to such the property, subjects, or risks in
17 Montana insured under policies or contracts covering
18 property, subjects, or risks located or resident in more
19 than one state, after deducting from such the total direct
20 premium income applicable cancellations, returned premiums,
21 the unabsorbed portion of any deposit premium, the amount of
22 reduction in or refund of premiums allowed to industrial
23 life policyholders for payment of premiums direct to an
24 office of the insurer, all policy dividends, refunds,
25 savings, savings coupons, and other similar returns paid or

1 credited-to-policyholders-with-respect-to-such the policies.
 2 As-to-title-insurance-"premium"-includes-the--total--charge
 3 for-such the insurance.No A deduction-shall may not be-made
 4 of for the-cash-surrender-values-of-policies.-Considerations
 5 received--on--annuity-contracts-shall may not-be-included-in
 6 total-direct-premium-income-and-shall may not-be-subject--to
 7 tax.
 8 {2}-Coincident--with--the--filing--of--the--tax--report
 9 referred-to-in-subsection-(1)-above,-each-such-insurer-shall
 10 pay--to--the--commissioner--a--tax--upon--such--net-premiums
 11 computed-at-the-rate-of-2-3/4%
 12 {3}-Coincident--with--the--filing--of--the--tax--report
 13 required-in-subsection-(1)-and--with--the--payment--of--the
 14 premium-taxes-required-in-subsection-(2),-each-insurer-shall
 15 pay--to--the--commissioner--an--additional-0.3%-tax--upon--the--net
 16 premiums--on--all--automobile--insurance--risks.-As--required--by
 17 the--commissioner,-this--additional--tax--must--be--separately
 18 specified--in--the--report--for--payment--to--the--highway--patrol
 19 officers'-recirement-system-as-provided-in-(section-6).
 20 {3}{4}-That-portion--of--the--tax-paid-hereunder-by-an
 21 insurer-on-account-of-premiums-received-for--fire--insurance
 22 shall must be-separately-specified-in-the-report-as-required
 23 by--the--commissioner,-for-apportionment-as-provided-by-law.
 24 Where When insurance-against-fire-is-included-with-insurance
 25 of-property-against-other-perils-at--an--undivided--premium,

1 the--insurer-shall-make-such-reasonable-allocation-from-such
 2 the entire-premium-to-the-fire-portion-of--the--coverage--as
 3 shall-be is stated-in-such the report-and-as-may-be-approved
 4 or-accepted-by-the-commissioner.
 5 {4}{5}-With-respect-to-authorized-insurers, the-premium
 6 tax-provided-by-this-section-shall-be is payment-in-full-and
 7 in--lieu-of-all-other-demands-for-any-and-all-state,-county,
 8 city,-district,-municipal,-and-school-taxes,-licenses,-fees,
 9 and-excises-of-whatever-kind-or--character,-excepting--only
 10 those--prescribed--by--this-code,-taxes-on-real-and-tangible
 11 personal-property-located-in-this-state,-and--taxes--payable
 12 under-50-3-109.
 13 {5}{6}-The--commissioner--may--suspend--or--revoke--the
 14 certificate--of--authority-of-any-insurer-which who fails-to
 15 pay-its-taxes-as-required-under-this-section.
 16 {6}{7}-In-addition--to--the--penalty--provided--for--in
 17 subsection--(5) {6},--the--commissioner--may-impose-upon-an
 18 insurer-who-fails-to-pay-the-tax-required-under-this-section
 19 a-fine-of-\$100-a-day-for-each-day--the--tax--remains--unpaid
 20 past-the-due-date-or-1%--of--the-amount-owed-in-tax,-whichever
 21 is-greater.
 22 {7}{8}-The--commissioner--may--by--rule--provide--a-quarterly
 23 schedule--for--payment--of--portions-of-the-premium-tax-under
 24 this-section-during-the-year-in-which-such the tax-liability
 25 is-acrued."

1 NEW SECTION. Section 6. Contributions by state auditor
2 from insurance premium taxes. (1) The state shall make the
3 contributions required by 19-6-404(2) through the state
4 auditor from the additional premium taxes on automobile
5 insurance risks provided for in 33-2-705(3).

6 (2) The payments must be made annually to the
7 administrator after the end of each fiscal year but no later
8 than September 1. The payment is statutorily appropriated as
9 provided in 17-7-502.

10 Section 7, Section 15-31-101, MCA, is amended to read:
11 "15-31-101. Organizations subject to tax. (1) The term
12 "corporation" includes associations, joint stock companies,
13 common-law trusts and business trusts which that do business
14 in an organized capacity, and all other corporations whether
15 created, organized, or existing under and pursuant to the
16 laws, agreements, or declarations of trust of any state,
17 country, or the United States.

18 (2) The terms "engaged in business" and "doing
19 business" both mean actively engaging in any transaction for
20 the purpose of financial or pecuniary gain or profit.

21 (3) Except as provided in 15-31-103 or 33-2-705(4) (5)
22 or as may be otherwise specifically provided, every each
23 corporation engaged in business in the state of Montana
24 shall annually pay to the state treasurer as a license fee
25 for the privilege of carrying on business in this state such

1 the percentage or percentages of its total net income for
2 the preceding taxable year at the rate hereinafter set
3 forth. In the case of corporations having income from
4 business activity which that is taxable both within and
5 without this state, the license fee shall must be measured
6 by the net income derived from or attributable to Montana
7 sources as determined under part 3. Except as provided in
8 15-31-502, this tax is due and payable on the 15th day of
9 the 5th month following the close of the taxable year of the
10 corporation, however, the tax becomes a lien as provided in
11 this chapter on the last day of the taxable year in which
12 the income was earned and is for the privilege of carrying
13 on business in this state for the taxable year in which the
14 income was earned.

15 (4) Every Each bank organized under the laws of the
16 state of Montana, of any other state, or of the United
17 States and every each savings and loan association organized
18 under the laws of this state or of the United States is are
19 subject to the Montana corporation license tax provided for
20 under this chapter. For taxable years beginning on and after
21 January 1, 1972, this subsection is effective in accordance
22 with Public Law 91-156, section 2 (12-878, 548).

23 NEW SECTION. Section 7. Effective date. [This act] is
24 effective July 1, 1991.

-End-

MR. PRESIDENT:

We, your committee on Finance and Claims having had under consideration House Bill No. 77 (third reading copy -- blue), respectfully report that House Bill No. 77 be amended and as so amended be not concurred in.

1. Title, page 1, line 11.

Following: "POLICIES"

Insert: "AND A PORTION OF VIDEO GAMBLING MACHINE PERMIT FEES"

2. Title, line 13.

Strike: "AND"

3. Title, line 14.

Following: "19-6-502,"

Insert: "AND 23-5-612,"

4. Page 2, line 12.

Strike: "5];"

Insert: "6];"

5. Page 3, line 17.

Strike: "and"

6. Page 3, line 18.

Strike: "fees"

Insert: "taxes"

Following: "policies"

Insert: ", and a portion of video gambling machine permit fees as appropriated in 23-5-612(2)(c)"

7. Page 5, line 12.

Strike: "10.97%"

Insert: "9.53%"

Following: "SALARIES"

Insert: ", less the appropriation from video gambling machine permit fees provided for in 23-5-612(2)(c),"

8. Page 5.

Following: line 14

Insert: "(3) The department of justice shall annually contribute \$250,000 from the state share of video gambling machine permit fees."

9. Page 10.

Following: line 22

Insert: Section 7. Section 23-5-612, MCA, is amended to read:

"23-5-612. Machine permits -- fee. (1) The department, upon payment of the fee provided in subsection (2) and in conformance with rules adopted under this part, shall issue to the operator a permit for an approved video gambling machine.

(2)(a) The department shall charge an annual permit fee of \$200 for each video gambling machine permit. The department shall retain \$100 of the total permit fee collected for purposes of administering this part.

(b) The remaining \$100 must be returned on a quarterly basis to the local government jurisdiction in which the gambling machine is located. The local government portion of the fee is statutorily appropriated to the department, as provided in 17-7-502, for deposit in the local government treasury.

(c) The department shall make an annual contribution to the Montana highway patrol retirement account of \$250,000 as required by 19-6-404(3) from the portion of the \$100 permit fee retained by the department. The payments must be made to the administrator of the public employees' retirement division after the end of each fiscal year but no later than September 1. The payment is statutorily appropriated as provided in 17-7-502.

(3) The permit expires on June 30 of each year, and the fee may not be prorated.

(4) A used keno machine may be licenses under subsection (1) without meeting the requirements of 23-5-609 [as that section read on September 30, 1989] if the applicant for licensure can establish to the satisfaction of the department that, on the date of application, he owns or possesses a machine that was owned or operated in the state prior to June 30, 1987. A license issued under this subsection expires for all purposes no later than June 30, 1989."

Renumber: subsequent section

NOTE. This amendment also corrects the technical adjustments noted by the Public Employees Retirement Board.

Signed: Judy H. Jacobson
Judy H. Jacobson, Chairman

Jan 10:30
A. Coord.
SB 4/12 10:40
Sec. of Senate

SENATE COMMITTEE OF THE WHOLE AMENDMENT

April 16, 1991 7:20 am

Mr. Chairman: I move to amend House Bill No. 77 (third reading copy -- blue) as follows:

Strike all amendments in the Finance and Claims Standing Committee Report dated April 12, 1991.

Furthermore, amend House Bill No. 77 as follows:

1. Title, lines 9 through 11.
Strike: "PREMIUM" on line 9 through "POLICIES" on line 11
Insert: "department of highway funds"
2. Title, line 13.
Strike: "17-7-502,"
3. Page 1, line 18 through page 3, line 9.
Strike: section 1 in its entirety
Renumber: subsequent sections
4. Page 3, lines 17 and 18.
Strike: "a portion of" on line 17 through "the fees from automobile insurance policies" on line 18
Insert: "funds from 60-3-201"
5. Page 5, lines 12 through 14.
Strike: "A" on line 12 through "POLICIES" on line 14.
Insert: "department of highway funds allocated pursuant to 60-3-201"
6. Page 9, line 1 through page 10, line 22.
Strike: section 6 in its entirety
Renumber: subsequent section

ADOPT

REJECT

Signed: [Signature]
Senator Gage

MA 4-15-91
Ad. Coord.
SB 7:50
Sec. of Senate

810719CW.Sji

SENATE COMMITTEE OF THE WHOLE AMENDMENT

April 16, 1991 8:39 am

Mr. Chairman: I move to amend House Bill No. 77 (third reading copy -- blue) as follows:

Strike all amendments in the Finance and Claims Standing Committee Report dated April 12, 1991.

Furthermore, amend House Bill No. 77 as follows:

1. Page 3, line 18.
Strike: "fees"
Insert: "taxes"
Following: "policies"
Insert: "as provided in [section 6]"
2. Page 5, line 12.
Strike: "10.97%"
Insert: "9.53%"

ADOPT

REJECT

Signed: [Signature]
Senator Jergeson

MA 4-16-91
Ad. Coord.
SB 4-16-91 9:05
Sec. of Senate

810839CW.Sji

HOUSE BILL NO. 77

INTRODUCED BY QUILICI, CLARK, DAVIS, R. DEBRUYCKER, COCCHIARELLA, STIMATZ, DAILY, PAVLOVICH, BURNETT, FRITZ, J. RICE, G. BECK, HARRINGTON, LYNCH, GRADY

A BILL FOR AN ACT ENTITLED: "AN ACT INCREASING THE RETIREMENT BENEFITS PAYABLE IN THE HIGHWAY PATROL RETIREMENT SYSTEM; INCREASING THE TAXES ON AUTOMOBILE INSURANCE PREMIUMS; STATUTORILY APPROPRIATING A PORTION OF THE PREMIUM TAX ON MOTOR VEHICLE PROPERTY AND CASUALTY INSURANCE POLICIES DEPARTMENT OF HIGHWAY FUNDS AND A PORTION OF VIDEO GAMING MACHINE PERMIT FEES THE TAX INCREASE TO FUND THE BENEFIT INCREASE; INCREASING MEMBER CONTRIBUTIONS; AMENDING SECTIONS 15-31-101, 17-7-502, 19-6-401, 19-6-402, 19-6-404, AND 19-6-502, AND 23-5-612, AND 33-2-705, MCA; AND PROVIDING AN EFFECTIVE DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Section 17-7-502, MCA, is amended to read:

17-7-502. Statutory appropriations-----definition-- prerequisites-for-validity--(1) A statutory appropriation is an appropriation made by permanent law that authorizes spending by a state agency without the need for a biennial legislative appropriation or budget amendment.

(2) Except as provided in subsection (4), to be

effective, a statutory appropriation must comply with both of the following provisions:

(a) The law containing the statutory authority must be listed in subsection (3).

(b) The law or portion of the law making a statutory appropriation must specifically state that a statutory appropriation is made as provided in this section.

(3) The following laws are the only laws containing statutory appropriations: 2-9-202, 2-17-105, 2-18-012, 10-3-203, 10-3-312, 10-3-314, 10-4-301, 13-37-304, 15-1-111, 15-25-123, 15-31-702, 15-36-112, 15-37-117, 15-65-121, 15-70-101, 16-1-404, 16-1-410, 16-1-411, 17-3-212, 17-5-404, 17-5-424, 17-5-804, section 6 51, 61, 51, 19-8-504, 19-9-702, 19-9-1007, 19-10-205, 19-10-305, 19-10-506, 19-11-512, 19-11-513, 19-11-606, 19-12-301, 19-13-604, 20-6-406, 20-8-111, 20-9-361, 23-5-306, 23-5-409, 23-5-610, 23-5-612, 23-5-1016, 23-5-1027, 27-12-206, 37-51-501, 39-71-2504, 53-6-150, 53-24-206, 61-2-406, 61-5-121, 67-3-205, 75-1-1101, 75-5-1100, 75-11-313, 76-12-123, 80-2-103, 82-11-136, 82-11-161, 90-3-301, 90-4-215, 90-4-613, 90-6-331, 90-9-306, and section 13, House Bill No. 861, laws of 1985.

(4) There is a statutory appropriation to pay the principal, interest, premiums, and costs of issuing, paying, and securing all bonds, notes, or other obligations as due.



1 that have been authorized and issued pursuant to the laws of
 2 Montana. Agencies that have entered into agreements
 3 authorized by the laws of Montana to pay the state
 4 treasurer for deposit in accordance with 17-2-101 through
 5 17-2-107, as determined by the state treasurer, an amount
 6 sufficient to pay the principal and interest as due on the
 7 bonds or notes have statutory appropriation authority for
 8 such payments. (in subsection (3)) pursuant to sec. 107-CH
 9 664, b. 1987, the inclusion of 39-71-2504 terminates June
 10 30, 1991."*

11 **Section 1.** Section 19-6-401, MCA, is amended to read:
 12 "19-6-401. Payments into retirement fund. All
 13 appropriations made by the state, all contributions by
 14 members of the Montana highway patrol, in the amount
 15 hereinafter specified, all interest on and increase of the
 16 investments and moneys money under this account, and a
 17 portion of the fees from driver's licenses and duplicate
 18 driver's licenses as provided in 61-5-121, and AND a portion
 19 of the fees TAXES PBBS TAXES from automobile insurance
 20 polices FUNDS FROM 60-3-201 AS PROVIDED IN [SECTION 6] AND
 21 A PORTION OF VIDEO GAMBLING MACHINE PERMIT PBBS AS
 22 APPROPRIATED IN 23-5-612(2)(E) as provided in 33-2-705(3)
 23 must be paid to the account."

24 **SECTION 2.** SECTION 19-6-402, MCA, IS AMENDED TO READ:
 25 "19-6-402. Member's contribution. (1) Every member

1 shall be required to contribute into the account a sum equal
 2 to 7.59% 9% of his monthly salary, which sum shall be
 3 deposited to his credit in the account.

4 (2) Each employer, pursuant to section 414(h)(2) of the
 5 federal Internal Revenue Code of 1954, as amended and
 6 applicable on July 1, 1985, shall pick up and pay the
 7 contributions which would be payable by the member under
 8 subsection (1) for service rendered after June 30, 1985.

9 (3) The member's contributions picked up by the
 10 employer must be designated for all purposes of the
 11 retirement system as the member's contributions, except for
 12 the determination of a tax upon a distribution from the
 13 retirement system. These contributions must become part of
 14 the member's accumulated contributions but must be accounted
 15 for separately from those previously accumulated.

16 (4) The member's contributions picked up by the
 17 employer must be payable from the same source as is used to
 18 pay compensation to the member and must be included in the
 19 member's wages as defined in 19-1-102 and his compensation
 20 as used to define his final salary in 19-6-101. The employer
 21 shall deduct from the member's compensation an amount equal
 22 to the amount of the member's contributions picked up by the
 23 employer and remit the total of the contributions to the
 24 board."

25 **Section 3.** Section 19-6-404, MCA, is amended to read:

1 *19-6-404. State's contribution. (1) The state of
2 Montana shall annually contribute to the account an amount
3 equal to ~~26.75%~~ ~~37.69%~~ 36.28% of the salaries paid to the
4 highway patrol officers who are covered by this account from
5 the following sources:

6 (1)(a) an amount equal to 16.57% of salaries is payable
7 from the same source that is used to pay compensation to the
8 members; and

9 (2)(b) an amount equal to 10.18% of salaries is payable
10 from a portion of the fees from driver's licenses and
11 duplicate driver's licenses as provided in 61-5-121.

12 (2) ~~In addition to the amounts contributed under~~
13 ~~subsection (1) the~~ THE state auditor shall annually
14 ~~contribute the portion of the fees from automobile insurance~~
15 ~~premiums required to be collected under the provisions of~~
16 ~~33-2-705(3) AN AMOUNT EQUAL TO 10.97% 9.53% 10.97% 9.53% OF~~
17 ~~SALARIES, LESS THE APPROPRIATION FROM VIDEO GAMBLING MACHINE~~
18 ~~PERMIT FEES PROVIDED FOR IN 23-5-612(2)(C), FROM A PORTION~~
19 ~~OF THE PREMIUM TAX ON MOTOR VEHICLE PROPERTY AND CASUALTY~~
20 INSURANCE POLICIES DEPARTMENT OF HIGHWAY FUNDS ALLOCATED
21 PURSUANT TO 60-3-201.

22 (3) ~~THE DEPARTMENT OF JUSTICE SHALL ANNUALLY CONTRIBUTE~~
23 ~~\$250,000 FROM THE STATE SHARE OF VIDEO GAMBLING MACHINE~~
24 ~~PERMIT FEES."~~

25 Section 4. Section 19-6-502, MCA, is amended to read:

1 *19-6-502. Service retirement allowance. (1) Upon
2 retirement from service, a member shall receive a service
3 retirement allowance ~~which shall consist~~ consisting of the
4 state annuity plus the member's annuity.

5 (2) The amount of the service retirement allowance
6 ~~shall must~~ must equal ~~2%~~ 2.5% of his final salary for each year
7 of creditable service."

8 Section 5. ~~Section 33-2-705, MCA, is amended to read:~~
9 ~~33-2-705. Report on premiums and other consideration~~
10 ~~tax. (1) Each authorized insurer and each formerly~~
11 ~~authorized insurer with respect to premiums so received~~
12 ~~while an authorized insurer in this state shall file with~~
13 ~~the commissioner, on or before March 1 each year, a report~~
14 ~~in a form as prescribed by the commissioner showing total~~
15 ~~direct premium income, including policy, membership, and~~
16 ~~other fees, premiums paid by application of dividends,~~
17 ~~refunds, savings, savings coupons, and similar returns or~~
18 ~~credits to payment of premiums for new or additional or~~
19 ~~extended or renewed insurance, charges for payment of~~
20 ~~premium in installments, and all other consideration for~~
21 ~~insurance from all kinds and classes of insurance, whether~~
22 ~~designated as a premium or otherwise, received by it during~~
23 ~~the preceding calendar year on account of policies covering~~
24 ~~property, subjects, or risks located, resident, or to be~~
25 ~~performed in Montana, with proper proportionate allocation~~

1 of premium as to such the property, subjects, or risks in
 2 Montana insured under policies or contracts covering
 3 property, subjects, or risks located or resident in more
 4 than one state, after deducting from such the total direct
 5 premium income applicable cancellations, returned premiums,
 6 the unabsorbed portion of any deposit premium, the amount of
 7 reduction in or refund of premiums allowed to industrial
 8 life policyholders for payment of premiums direct to an
 9 office of the insurer, all policy dividends, refunds,
 10 savings, savings coupons, and other similar returns paid or
 11 credited to policyholders with respect to such the policies.
 12 As to title insurance, "premium" includes the total charge
 13 for such the insurance. No A deduction shall may not be made
 14 of for the cash surrender values of policies. Considerations
 15 received on annuity contracts shall may not be included in
 16 total direct premium income and shall may not be subject to
 17 tax.

18 (2) Coincident with the filing of the tax report
 19 referred to in subsection (1) above, each such insurer shall
 20 pay to the commissioner a tax upon such net premiums
 21 computed at the rate of 2-3/4%.

22 (3) Coincident with the filing of the tax report
 23 required in subsection (1) and with the payment of the
 24 premium taxes required in subsection (2), each insurer shall
 25 pay to the commissioner an additional 0.3% tax upon the net

1 ~~premiums on all automobile insurance risks. As required by~~
 2 ~~the commissioner, this additional tax must be separately~~
 3 ~~specified in the report for payment to the highway patrol~~
 4 ~~officers' retirement system as provided in section 6.~~

5 (3)(4) That portion of the tax paid hereunder by an
 6 insurer on account of premiums received for fire insurance
 7 shall must be separately specified in the report as required
 8 by the commissioner, for apportionment as provided by law.
 9 Where When insurance against fire is included with insurance
 10 of property against other perils at an undivided premium,
 11 the insurer shall make such reasonable allocation from such
 12 the entire premium to the fire portion of the coverage as
 13 shall be is stated in such the report and as may be approved
 14 or accepted by the commissioner.

15 (4)(5) With respect to authorized insurers, the premium
 16 tax provided by this section shall be is payment in full and
 17 in lieu of all other demands for any and all state, county,
 18 city, district, municipal, and school taxes, licenses, fees,
 19 and excises of whatever kind or character, excepting only
 20 those prescribed by this code, taxes on real and tangible
 21 personal property located in this state, and taxes payable
 22 under 50-3-109.

23 (5)(6) The commissioner may suspend or revoke the
 24 certificate of authority of any insurer which who fails to
 25 pay its taxes as required under this section.

1 ~~{6}{7}~~--in-addition--to--the--penalty--provided--for--in
 2 subsection--~~{5}~~ ~~{6}~~--the--commissioner--may--impose--upon--an
 3 insurer--who--fails--to--pay--the--tax--required--under--this--section
 4 a--fine--of--\$100--a--day--for--each--day--the--tax--remains--unpaid
 5 past--the--due--date--or--10--of--the--amount--owed--in--tax,--whichever
 6 is--greater.

7 ~~{7}{8}~~--The--commissioner--may--by--rule--provide--a--quarterly
 8 schedule--for--payment--of--portions--of--the--premium--tax--under
 9 this--section--during--the--year--in--which--such the tax--liability
 10 is--accrued."

11 ~~NEW-SECTION--Section-6--Contributions-by-state-auditor~~
 12 ~~from--insurance--premium--taxes,--{1}--The--state--shall--make--the~~
 13 ~~contributions--required--by--19-6-404{2}--through--the--state~~
 14 ~~auditor--from--the--additional--premium--taxes--on--automobile~~
 15 ~~insurance--risks--provided--for--in--33-2-705{3}.~~

16 ~~{2}--The--payments--must--be--made--annually--to--the~~
 17 ~~administrator--after--the--end--of--each--fiscal--year--but--no--later~~
 18 ~~than--September--1. The--payment--is--statutorily--appropriated--as~~
 19 ~~provided--in--17-7-502.~~

20 ~~Section-7--Section-15-31-1017-MCA,--is--amended--to--read:~~

21 ~~"15-31-1017--Organizations--subject--to--tax.--{1}--The--term~~
 22 ~~"corporation"--includes--associations,--joint--stock--companies,~~
 23 ~~common-law--trusts--and--business--trusts--which that do--business~~
 24 ~~in--an--organized--capacity,--and--all--other--corporations--whether~~
 25 ~~created,--organized,--or--existing--under--and--pursuant--to--the~~

1 ~~laws,--agreements,--or--declarations--of--trust--of--any--state,~~
 2 ~~country,--or--the--United--States.~~

3 ~~{2}--The--terms--"engaged--in--business"--and--"doing~~
 4 ~~business"--both--mean--actively--engaging--in--any--transaction--for~~
 5 ~~the--purpose--of--financial--or--pecuniary--gain--or--profit.~~

6 ~~{3}--Except--as--provided--in--15-31-103--or--33-2-705{4}{5}~~
 7 ~~or--as--may--be--otherwise--specifically--provided,--every each~~
 8 ~~corporation--engaged--in--business--in--the--state--of--Montana~~
 9 ~~shall--annually--pay--to--the--state--treasurer--as--a--license--fee~~
 10 ~~for--the--privilege--of--carrying--on--business--in--this--state--such~~
 11 ~~the percentage--or--percentages--of--its--total--net--income--for~~
 12 ~~the--preceding--taxable--year--at--the--rate--hereinafter--set~~
 13 ~~forth--in--the--case--of--corporations--having--income--from~~
 14 ~~business--activity--which that is--taxable--both--within--and~~
 15 ~~without--this--state,--the--license--fee--shall must be--measured~~
 16 ~~by--the--net--income--derived--from--or--attributable--to--Montana~~
 17 ~~sources--as--determined--under--part--3. Except--as--provided--in~~
 18 ~~15-31-502,--this--tax--is--due--and--payable--on--the--15th--day--of~~
 19 ~~the--5th--month--following--the--close--of--the--taxable--year--of--the~~
 20 ~~corporation,--however,--the--tax--becomes--a--lien--as--provided--in~~
 21 ~~this--chapter--on--the--last--day--of--the--taxable--year--in--which~~
 22 ~~the--income--was--earned--and--is--for--the--privilege--of--carrying~~
 23 ~~on--business--in--this--state--for--the--taxable--year--in--which--the~~
 24 ~~income--was--earned.~~

25 ~~{4}--Every Each bank--organized--under--the--laws--of--the~~

1 state of Montana, of any other state, or of the United
 2 States and every each savings and loan association organized
 3 under the laws of this state or of the United States is are
 4 subject to the Montana corporation license tax provided for
 5 under this chapter. For taxable years beginning on and after
 6 January 1, 1972, this subsection is effective in accordance
 7 with Public Law 91-156, section 2 (12 U.S.C. 548)."

8 ~~SECTION 7. SECTION 23-5-612, MCA, IS AMENDED TO READ:~~

9 "23-5-612. Machine permits --- fee. (1) The department
 10 upon payment of the fee provided in subsection (2) and in
 11 conformance with rules adopted under this part shall issue
 12 to the operator a permit for an approved video gambling
 13 machine.

14 (2) (a) The department shall charge an annual permit
 15 fee of \$200 for each video gambling machine permit. The
 16 department shall retain \$100 of the total permit fee
 17 collected for purposes of administering this part.

18 (b) The remaining \$100 must be returned on a quarterly
 19 basis to the local government jurisdiction in which the
 20 gambling machine is located. The local government portion of
 21 the fee is statutorily appropriated to the department, as
 22 provided in 17-7-502, for deposit in the local government
 23 treasury.

24 (c) ~~The department shall make an annual contribution to~~
 25 ~~the Montana highway patrol retirement account of \$250,000 as~~

1 ~~required by 19-6-404(3) from the portion of the \$100 permit~~
 2 ~~fee retained by the department. The payments must be made to~~
 3 ~~the administrator of the public employees' retirement~~
 4 ~~division after the end of each fiscal year but no later than~~
 5 ~~September 1. The payment is statutorily appropriated as~~
 6 ~~provided in 17-7-502.~~

7 (3) ~~The permit expires on June 30 of each year, and the~~
 8 ~~fee may not be prorated.~~

9 (4) ~~A used keno machine may be licensed under~~
 10 ~~subsection (1) without meeting the requirements of 23-5-609~~
 11 ~~(as that section read on September 30, 1989) if the~~
 12 ~~applicant for licensure can establish to the satisfaction of~~
 13 ~~the department that, on the date of application, he owns or~~
 14 ~~possesses a machine that was owned or operated in the state~~
 15 ~~prior to June 30, 1987. A license issued under this~~
 16 ~~subsection expires for all purposes no later than June 30,~~
 17 ~~1989."~~

18 NEW SECTION. Section 5. Effective date. [This act] is
 19 effective July 1, 1991.

-End-

4/24/91
2:30 PM
POA

Mr. Speaker and Mr. President:

We, your Conference Committee on House Bill 77 met and considered Senate committee on Finance and Claims amendments, dated April 12, 1991, and recommend that House Bill 77 (reference copy -- salmon) be amended as follows:

1. Title, line 9.
Strike: "STATUTORILY APPROPRIATING A PORTION OF THE"
Insert: "APPROPRIATING GENERAL FUND MONEY AND INCREASING THE ALLOCATION OF"
2. Title, line 13.
Following: "CONTRIBUTIONS;"
Insert: "PROVIDING CONTINGENT STATE RETIREMENT CONTRIBUTION CREDITS;"
3. Page 3, line 16.
Following: "and"
Following: "and"
4. Page 3, lines 18 through 20.
Following: "61-5-121"
Strike: "1" on line 18 through "[SECTION 6]" on line 20
5. Page 5, line 1.
Strike: "(1)"
6. Page 5, line 6.
Strike: "(a)"
Insert: "(1)"
Strike: "16.57%"
Insert: "26.10%"
7. Page 5, line 9.
Strike: "(b)"
Insert: "(2)"
8. Page 5, lines 12 through 21.
Strike: lines 12 through 21 in their entirety
9. Page 12.
Following: line 17
Insert: "NEW SECTION. Section 5. General fund appropriation. The department of highways is appropriated \$345,000 from the general fund in fiscal 1992 and \$233,000 from the general

ADOPT

REJECT

881432CC.HSF

fund in fiscal 1993 to pay a portion of the state retirement contribution for the Montana highway patrol.

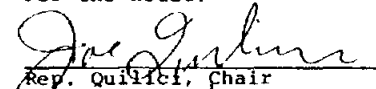
NEW SECTION. Section 6. Coordination instruction. If Senate BILL No. 192 is passed and approved, the amount allocated to the Montana highway patrol officers' retirement system in Senate Bill No. 192 must be used as a credit against the state retirement contribution as provided in 19-6-404(1)."

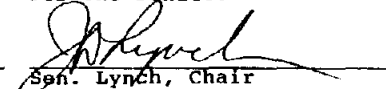
Renumber: subsequent section

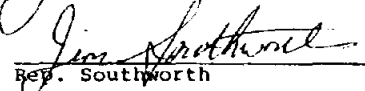
And this Conference Committee report be adopted.

For the House:

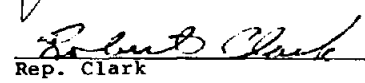
For the Senate:

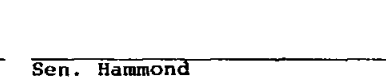

Rep. Quilici, Chair


Sen. Lynch, Chair


Rep. Southworth


Sen. Rockett


Rep. Clark


Sen. Hammond

HOUSE BILL NO. 77

INTRODUCED BY QUILICI, CLARK, DAVIS, R. DEBRUYCKER,
COCCHIARELLA, STIMATZ, DAILY, PAVLOVICH, BURNETT,
FRITZ, J. RICE, G. BECK, HARRINGTON, LYNCH, GRADY

A BILL FOR AN ACT ENTITLED: "AN ACT INCREASING THE
RETIREMENT BENEFITS PAYABLE IN THE HIGHWAY PATROL RETIREMENT
SYSTEM; INCREASING THE TAXES ON AUTOMOBILE INSURANCE
PREMIUMS; STATUTORILY APPROPRIATING A PORTION OF THE
APPROPRIATING GENERAL FUND MONEY AND INCREASING THE
ALLOCATION OF PREMIUM TAX ON MOTOR VEHICLE PROPERTY AND
CASUALTY INSURANCE POLICIES DEPARTMENT OF HIGHWAY FUNDS AND
A PORTION OF VIDEO GAMBLING MACHINE PERMIT FEES THE TAX
INCREASE TO FUND THE BENEFIT INCREASE; INCREASING MEMBER
CONTRIBUTIONS; PROVIDING CONTINGENT STATE RETIREMENT
CONTRIBUTION CREDITS; AMENDING SECTIONS 15-31-101, 17-7-502,
19-6-401, 19-6-402, 19-6-404, AND AND 19-6-502, AND
23-5-612, AND 33-2-705, MCA; AND PROVIDING AN EFFECTIVE
DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Section 17-7-502, MCA, is amended to read:

"17-7-502. Statutory appropriations definition
requisites for validity: (1) A statutory appropriation is an
appropriation made by permanent law that authorizes spending

by a state agency without the need for a biennial
legislative appropriation or budget amendment.

(2) Except as provided in subsection (4), to be
effective, a statutory appropriation must comply with both
of the following provisions:

(a) The law containing the statutory authority must be
listed in subsection (3).

(b) The law or portion of the law making a statutory
appropriation must specifically state that a statutory
appropriation is made as provided in this section.

(3) The following laws are the only laws containing
statutory appropriations: 2-9-202, 2-17-105, 2-18-812,
10-3-203, 10-3-312, 10-3-314, 10-4-301, 13-37-304, 15-1-111,
15-25-123, 15-31-702, 15-36-112, 15-37-117, 15-65-121,
15-70-101, 16-1-404, 16-1-410, 16-1-411, 17-3-212, 17-5-404,
17-5-424, 17-5-804, section 6 51, 61, 51, 19-8-504,
19-9-702, 19-9-1007, 19-10-205, 19-10-305, 19-10-506,
19-11-512, 19-11-513, 19-11-606, 19-12-301, 19-13-604,
20-6-406, 20-8-111, 20-9-361, 23-5-306, 23-5-409, 23-5-610,
23-5-612, 23-5-1016, 23-5-1027, 27-12-206, 37-51-501,
39-71-2504, 53-6-150, 53-24-206, 61-2-406, 61-5-121,
67-3-205, 75-1-1101, 75-5-1108, 75-11-313, 76-12-123,
80-2-103, 82-11-136, 82-11-161, 90-3-301, 90-4-215,
90-4-613, 90-6-331, 90-9-306, and section 137 House Bill No.
861, laws of 1985.



1 ~~{4}--There--is--a--statutory--appropriation--to--pay--the~~
2 ~~principal--interest--premiums--and--costs--of--issuing--paying--~~
3 ~~and--securing--all--bonds--notes--or--other--obligations--as--due--~~
4 ~~that--have--been--authorized--and--issued--pursuant--to--the--laws--of~~
5 ~~Montana--Agencies--that--have---entered---into---agreements~~
6 ~~authorized---by--the--laws--of--Montana--to--pay--the--state~~
7 ~~treasury--for--deposit--in--accordance--with--17-2-101--through~~
8 ~~17-2-107--as--determined--by--the--state--treasurer--an--amount~~
9 ~~sufficient--to--pay--the--principal--and--interest--as--due--on--the~~
10 ~~bonds--or--notes--have--statutory--appropriation--authority--for~~
11 ~~such--payments--in--subsection--(3)--pursuant--to--sec--107--Ch-~~
12 ~~664--E--1987--the--inclusion--of--39-71-2504--terminates--June~~
13 ~~30--1991--}"~~

14 **Section 1.** Section 19-6-401, MCA, is amended to read:
15 "19-6-401. Payments into retirement fund. All
16 appropriations made by the state, all contributions by
17 members of the Montana highway patrol, in the amount
18 hereinafter specified, all interest on and increase of the
19 investments and moneys money under this account, and AND a
20 portion of the fees from driver's licenses and duplicate
21 driver's licenses as provided in 61-5-121, and AND a portion
22 ~~of--the--fees--TAXES--FEES--TAXES--from--automobile--insurance~~
23 ~~policies--FUNDS--FROM--60-3-201--AS--PROVIDED--IN--(SECTION-6)--AND~~
24 ~~A--PORTION--OF--VIDEO--GAMBLING--MACHINE--PERMIT--FEES--AS~~
25 ~~APPROPRIATED--IN--23-5-612(2)(C) as provided in 33-2-705(3)~~

1 must be paid to the account."

2 **SECTION 2.** SECTION 19-6-402, MCA, IS AMENDED TO READ:

3 "19-6-402. Member's contribution. (1) Every member
4 shall be required to contribute into the account a sum equal
5 to ~~7.59%~~ 9% of his monthly salary, which sum shall be
6 deposited to his credit in the account.

7 (2) Each employer, pursuant to section 414(h)(2) of the
8 federal Internal Revenue Code of 1954, as amended and
9 applicable on July 1, 1985, shall pick up and pay the
10 contributions which would be payable by the member under
11 subsection (1) for service rendered after June 30, 1985.

12 (3) The member's contributions picked up by the
13 employer must be designated for all purposes of the
14 retirement system as the member's contributions, except for
15 the determination of a tax upon a distribution from the
16 retirement system. These contributions must become part of
17 the member's accumulated contributions but must be accounted
18 for separately from those previously accumulated.

19 (4) The member's contributions picked up by the
20 employer must be payable from the same source as is used to
21 pay compensation to the member and must be included in the
22 member's wages as defined in 19-1-102 and his compensation
23 as used to define his final salary in 19-6-101. The employer
24 shall deduct from the member's compensation an amount equal
25 to the amount of the member's contributions picked up by the

1 employer and remit the total of the contributions to the
2 board."

3 **Section 3.** Section 19-6-404, MCA, is amended to read:

4 "19-6-404. State's contribution. ~~(1)~~ The state of
5 Montana shall annually contribute to the account an amount
6 equal to ~~26.75%~~ ~~37.69%~~ 36.28% of the salaries paid to the
7 highway patrol officers who are covered by this account from
8 the following sources:

9 ~~(1)(a)~~(1) an amount equal to ~~16.57%~~ 26.10% of salaries
10 is payable from the same source that is used to pay
11 compensation to the members; and

12 ~~(2)(b)~~(2) an amount equal to 10.18% of salaries is
13 payable from a portion of the fees from driver's licenses
14 and duplicate driver's licenses as provided in 61-5-121.

15 ~~(2) In addition to the amounts contributed under~~
16 ~~subsection (1), the~~ THE state auditor shall annually
17 contribute the portion of the fees from automobile insurance
18 premiums required to be collected under the provisions of
19 33-2-705(3) AN AMOUNT EQUAL TO 10.97% 9.53% 10.97% 9.53% OF
20 SALARIES, LESS THE APPROPRIATION FROM VIDEO GAMBLING MACHINE
21 PERMIT FEES PROVIDED FOR IN 23-5-612(2)(C), FROM A PORTION
22 OF THE PREMIUM TAX ON MOTOR VEHICLE PROPERTY AND CASUALTY
23 INSURANCE POLICIES DEPARTMENT OF HIGHWAY FUNDS ALLOCATED
24 PURSUANT TO 60-3-201.

25 ~~(3) THE DEPARTMENT OF JUSTICE SHALL ANNUALLY CONTRIBUTE~~

1 9250,000 FROM THE STATE SHARE OF VIDEO GAMBLING MACHINE
2 PERMIT FEES."

3 **Section 4.** Section 19-6-502, MCA, is amended to read:

4 "19-6-502. Service retirement allowance. (1) Upon
5 retirement from service, a member shall receive a service
6 retirement allowance which shall consist consisting of the
7 state annuity plus the member's annuity.

8 (2) The amount of the service retirement allowance
9 shall must equal ~~2%~~ 2.5% of his final salary for each year
10 of creditable service."

11 ~~Section 5. Section 33-2-705, MCA, is amended to read:~~

12 ~~"33-2-705. Report on premiums and other consideration~~
13 ~~tax. (1) Each authorized insurer and each formerly~~
14 ~~authorized insurer with respect to premiums so received~~
15 ~~while an authorized insurer in this state shall file with~~
16 ~~the commissioner, on or before March 1 each year, a report~~
17 ~~in a form as prescribed by the commissioner showing total~~
18 ~~direct premium income, including policy, membership, and~~
19 ~~other fees, premiums paid by application of dividends,~~
20 ~~refunds, savings, savings coupons, and similar returns or~~
21 ~~credits to payment of premiums for new or additional or~~
22 ~~extended or renewed insurance, charges for payment of~~
23 ~~premium in installments, and all other consideration for~~
24 ~~insurance from all kinds and classes of insurance, whether~~
25 ~~designated as a premium or otherwise, received by it during~~

1 the preceding calendar year on account of policies covering
 2 property, subjects, or risks located, resident, or to be
 3 performed in Montana, with proper proportionate allocation
 4 of premium as to such the property, subjects, or risks in
 5 Montana insured under policies or contracts covering
 6 property, subjects, or risks located or resident in more
 7 than one state, after deducting from such the total direct
 8 premium income applicable cancellations, returned premiums,
 9 the unabsorbed portion of any deposit premium, the amount of
 10 reduction in or refund of premiums allowed to industrial
 11 life policyholders for payment of premiums direct to an
 12 office of the insurer, all policy dividends, refunds,
 13 savings, savings coupons, and other similar returns paid or
 14 credited to policyholders with respect to such the policies.
 15 As to title insurance, "premium" includes the total charge
 16 for such the insurance. No A deduction shall may not be made
 17 of for the cash surrender values of policies. Considerations
 18 received on annuity contracts shall may not be included in
 19 total direct premium income and shall may not be subject to
 20 tax.

21 (2) Coincident with the filing of the tax report
 22 referred to in subsection (1) above, each such insurer shall
 23 pay to the commissioner a tax upon such net premiums
 24 computed at the rate of 2-3/4%.

25 (3) Coincident with the filing of the tax report

1 required in subsection (1) and with the payment of the
 2 premium taxes required in subsection (2), each insurer shall
 3 pay to the commissioner an additional 0.3% tax upon the net
 4 premiums on all automobile insurance risks. As required by
 5 the commissioner, this additional tax must be separately
 6 specified in the report for payment to the highway patrol
 7 officers' retirement system as provided in {section 6}.

8 (3)(4) That portion of the tax paid hereunder by an
 9 insurer on account of premiums received for fire insurance
 10 shall must be separately specified in the report as required
 11 by the commissioner, for apportionment as provided by law.
 12 Where When insurance against fire is included with insurance
 13 of property against other perils at an undivided premium,
 14 the insurer shall make such reasonable allocation from such
 15 the entire premium to the fire portion of the coverage as
 16 shall be is stated in such the report and as may be approved
 17 or accepted by the commissioner.

18 (4)(5) With respect to authorized insurers, the premium
 19 tax provided by this section shall be is payment in full and
 20 in lieu of all other demands for any and all state, county,
 21 city, district, municipal, and school taxes, licenses, fees,
 22 and excises of whatever kind or character, excepting only
 23 those prescribed by this code, taxes on real and tangible
 24 personal property located in this state, and taxes payable
 25 under 50-3-109.

1 (5)(6) The commissioner may suspend or revoke the
2 certificate of authority of any insurer which who fails to
3 pay its taxes as required under this section.

4 (6)(7) In addition to the penalty provided for in
5 subsection (5) (6), the commissioner may impose upon an
6 insurer who fails to pay the tax required under this section
7 a fine of \$100 a day for each day the tax remains unpaid
8 past the due date or 1% of the amount owed in tax, whichever
9 is greater.

10 (7)(8) The commissioner may by rule provide a quarterly
11 schedule for payment of portions of the premium tax under
12 this section during the year in which such the tax liability
13 is accrued.

14 NEW SECTION, Section 6. Contributions by state auditor
15 from insurance premium taxes. (1) The state shall make the
16 contributions required by 19-6-404(2) through the state
17 auditor from the additional premium taxes on automobile
18 insurance risks provided for in 33-2-705(3).

19 (2) The payments must be made annually to the
20 administrator after the end of each fiscal year but no later
21 than September 1. The payment is statutorily appropriated as
22 provided in 17-7-502.

23 Section 7. Section 15-31-101, MCA, is amended to read:

24 "15-31-101. Organizations subject to tax. (1) The term
25 "corporation" includes associations, joint stock companies,

1 common-law trusts and business trusts which that do business
2 in an organized capacity, and all other corporations whether
3 created, organized, or existing under and pursuant to the
4 laws, agreements, or declarations of trust of any state,
5 country, or the United States.

6 (2) The terms "engaged in business" and "doing
7 business" both mean actively engaging in any transaction for
8 the purpose of financial or pecuniary gain or profit.

9 (3) Except as provided in 15-31-103 or 33-2-705(4)(5)
10 or as may be otherwise specifically provided, every each
11 corporation engaged in business in the state of Montana
12 shall annually pay to the state treasurer as a license fee
13 for the privilege of carrying on business in this state such
14 the percentage or percentages of its total net income for
15 the preceding taxable year at the rate hereinafter set
16 forth. In the case of corporations having income from
17 business activity which that is taxable both within and
18 without this state, the license fee shall must be measured
19 by the net income derived from or attributable to Montana
20 sources as determined under part 3. Except as provided in
21 15-31-502, this tax is due and payable on the 15th day of
22 the 5th month following the close of the taxable year of the
23 corporation, however, the tax becomes a lien as provided in
24 this chapter on the last day of the taxable year in which
25 the income was earned and is for the privilege of carrying

1 on-business-in-this-state-for-the-taxable-year-in-which--the
2 income-was-earned-

3 (4)--Every Each bank--organized--under-the-laws-of-the
4 state-of-Montana,--of-any--other--state,--or--of--the--United
5 States--and--every each savings-and-loan-association-organized
6 under--the-laws-of-this-state-or-of-the-United-States-is are
7 subject-to-the-Montana-corporation-license-tax-provided--for
8 under-this-chapter. For-taxable-years-beginning-on-and-after
9 January--17-1972,--this-subsection-is-effective-in-accordance
10 with-Public-Law-91-156,--section-2--(12-U.S.C.-548)."

11 SECTION 7. SECTION 23-5-612, MCA, IS AMENDED TO READ:

12 "23-5-612. Machine-permits---fee.-(1)-The--department,
13 upon--payment--of--the-fee-provided-in-subsection-(2)-and-in
14 conformance-with-rules-adopted-under-this-part,--shall--issue
15 to--the--operator--a--permit--for-an-approved-video-gambling
16 machine-

17 (2)--(a)-The-department-shall-charge--an--annual--permit
18 fee--of--\$200--for--each--video-gambling-machine-permit. The
19 department--shall--retain--\$100--of--the--total--permit--fee
20 collected-for-purposes-of-administering-this-part.

21 (b)-The-remaining-\$100-must-be-retained-on-a-quarterly
22 basis--to--the--local--government--jurisdiction-in-which-the
23 gambling-machine-is-located. The-local-government-portion-of
24 the-fee-is-statutorily-appropriated-to--the--department,--as
25 provided--in--17-7-502,--for-deposit-in-the-local-government

1 treasury-

2 (c)--The-department-shall-make-an-annual-contribution-to
3 the-Montana-highway-patrol-retirement-account-of-\$250,000-as
4 required-by-19-6-404(3)-from-the-portion-of-the-\$100--permit
5 fee-retained-by-the-department. The-payments-must-be-made-to
6 the--administrator--of--the--public--employees--retirement
7 division-after-the-end-of-each-fiscal-year-but-no-later-than
8 September-1. The-payment--is--statutorily--appropriated--as
9 provided-in-17-7-502.

10 (3)--The-permit-expires-on-June-30-of-each-year,--and-the
11 fee-may-not-be-prorated.

12 (4)--A--used--keno--machine--may--be--licensed--under
13 subsection-(1)-without-meeting-the-requirements-of--23-5-609
14 (as--that--section--read--on--September--30,--1989)--if--the
15 applicant-for-licensure-can-establish-to-the-satisfaction-of
16 the--department-that,--on-the-date-of-application,--he-owns-or
17 possesses-a-machine-that-was-owned-or-operated-in-the--state
18 prior--to--June--30,--1987. A--license--issued--under--this
19 subsection--expires--for--all--purposes--no-later-than-June-30,
20 1989."

21 NEW SECTION. SECTION 5. GENERAL FUND APPROPRIATION.
22 THE DEPARTMENT OF HIGHWAYS IS APPROPRIATED \$345,000 FROM THE
23 GENERAL FUND IN FISCAL 1992 AND \$233,000 FROM THE GENERAL
24 FUND IN FISCAL 1993 TO PAY A PORTION OF THE STATE RETIREMENT
25 CONTRIBUTION FOR THE MONTANA HIGHWAY PATROL.

HB 0077/06

1 NEW SECTION. SECTION 6. COORDINATION INSTRUCTION. IF
2 SENATE BILL NO. 192 IS PASSED AND APPROVED, THE AMOUNT
3 ALLOCATED TO THE MONTANA HIGHWAY PATROL OFFICERS' RETIREMENT
4 SYSTEM IN SENATE BILL NO. 192 MUST BE USED AS A CREDIT
5 AGAINST THE STATE RETIREMENT CONTRIBUTION AS PROVIDED IN
6 19-6-404(1).

7 NEW SECTION. Section 7. Effective date. [This act] is
8 effective July 1, 1991.

-End-