

MINUTES OF THE MEETING
TAXATION COMMITTEE
MONTANA STATE SENATE

April 3, 1987

A Special Committee consisting of the entire Senate Taxation Committee to study the sales tax proposals was called to order by Chairman George McCallum at 10:10 a.m. in Room 413/415 of the State Capitol.

ROLL CALL: All members of the Taxation Committee were present.

Chairman McCallum explained to the members present that the entire committee would be studying the sales tax proposals and mentioned the handout in front of them which was an overview of HB 377. (Copy attached to the minutes)

Sen. Brown stated that he felt a motion should be made to state that a referendum be put before the people and therefore, MOVED that "Any proposal containing a sales tax be referred to the people in a special election to be held as soon as reasonably possible after final action on a sales tax is taken by the legislature." He said this is necessary, in view of the 15% provision in the Constitution requiring it to be placed on the ballot and the fact that the Governor has said he would veto any sales tax proposal which did not contain this language. He said he had discussed this with Sen. Mazurek and Sen. Brown suggested that the election could be held as early as June.

Sen. Lybeck did not think that was ample time to get the information out to the public and suggested perhaps November, 1987, at the earliest.

Sen. Mazurek said he agreed with Sen. Brown but not in concept as the legislators are sent here to make these decisions. However, that is not practical or realistic, according to Sen. Mazurek. He pointed out that North Dakota passed a sales tax and it only took five days for 15% of the population to insist that it be placed on the ballot. He also pointed out that there is much opposition in Montana to a sales tax. This would give the Legislature the choice of when it would go on the ballot.

Sen. Crippen stated that this is more than just a matter of having an election; the House didn't want an election and he didn't think it would get out of the Senate without a referendum included in the bill. He also said he did not want the committee to be locked into any particular kind of vote unless it would be a total overall package as was discussed in the subcommittee on SB 307.

Sen. Severson did not agree with Sen. Brown's motion and said that legislators have been elected to take care of tax policies and the public shouldn't be expected to do this or even understand tax policies when legislators don't understand all there

is to know about it. He said they have been elected to make these decisions and he has heard this from a lot of people around the state and in his district. They do not want the responsibility to make these decisions.

Sen. Eck said she appreciated what Sen. Severson said but didn't want the deliberations of the committee to hinge on the above motion. She said she would rather see the committee come up with as good a package as possible and agreed with Sen. Crippen that perhaps it could be tied in with SB 307 or maybe a combination. She said they could possibly come up with something that wouldn't need an election and felt that the decision regarding an election should be the last thing to be decided.

Sen. Hager told the committee that the decision on a sales tax should be made here.

Sen. Halligan asked Sen. Crippen how they would include all other tax proposals in with a sales tax in an overall tax package to be put on the ballot.

Sen. Crippen said that Sen. Severson is obviously correct in his statement but it would not pass the Senate without a referendum to the people and felt there would be two reasons for that: (1) politics and (2) the concern about the constitutional provision. He stated there are certain factions that will fight this and it will go to the people in 1988. If Sen. Brown's motion is to be adopted he would like to see it require some kind of a package.

Sen. Brown referred to the poll by Mr. Lafaver's department which indicated 80% of the people felt they were entitled to have the opportunity to vote on a sales tax and restated his motion to the committee. He felt he had taken care of Sen. Crippen's concern in that motion.

Sen. Severson asked what we would do after this is turned down by the people as he felt it surely would be and it would be much more difficult if the people turn it down. Sen. Crippen said then we would be faced with a special session and the problems would be there still. If it was not placed on the ballot until 1988, was turned down at that time, how do we handle that? Sen. Severson said the majority of people want the Legislature to do the job now.

Sen. Eck didn't see the reasoning for taking the vote at this time on Sen. Brown's motion.

Sen. Crippen said there would be an alternative to placing this on the ballot; the constitutional provision does not apply to anything that contains an appropriation and the bill could have

an appropriation added. He didn't say that he would support such a move but it could be done. Sen. Neuman stated that would really outrage the people.

Sen. Crippen MOVED A SUBSTITUTE MOTION that Sen. Brown's motion include a total overall tax package. Sen. Neuman spoke against the substitute motion. Sen. Brown felt that his motion took care of Sen. Crippen's request by the words "any proposal".

Sen. Neuman said that 70% of the taxpayers' taxes would go down under SB 307 and wondered how we would integrate that with a sales tax, however, Sen. Crippen disagreed with Sen. Neuman's percentages. Sen. Severson agreed that if we are going to go with one segment of the taxes we had better go with them all.

Sen. Crippen did not feel Sen. Brown's motion was getting off to the right start and that the committee should get into the meat of the bill. Sen. Brown refused to withdraw his motion and said he didn't want to waste time if it isn't going to go. He would like to spend time on something that would eventually be accepted. Sen. Hirsch said he didn't think it should be an either/or situation. The real question is what kind of tax system the people want and then future legislatures would work on the intricacies of what that should look like. The people should be able to decide how many sources of taxes they want. If their wishes doesn't include a sales tax then we would go back to what we now have.

Sen. Eck asked Sen. Brown if he would be willing to take Sen. Crippen's substitute motion and say it should include but not be limited to a sales tax. Sen. Brown replied that he tried to cover that in his motion. Sen. Bishop agreed with Sen. Eck in that we have to decide on a package and then decide if it goes to the people. It may be rejected altogether. He said Sen. Brown's motion is the very last thing the committee has to decide and would like to study the bills and know more about the proposals. He felt that Sen. Brown's motion leans towards the fact that the committee is pushing a sales tax but felt they should sit down and study them. Sen. Brown said if they recommend a sales tax it better go on the ballot as soon as possible.

Sen. Severson call for the Question, however, the substitute motion had not been called for. Sen. Crippen was willing to put his substitute motion in Sen. Brown's motion if Sen. Brown had no objection to it including a package.

Sen. Neuman didn't see how this can all be put in a package with the financial problems in this biennium and resisted the motion. He felt the committee should see what they come up

with and then decide.

Sen. Crippen WITHDREW THE SUBSTITUTE MOTION.

The Question being called on Sen. Brown's original motion, the MOTION FAILED ON A TIE VOTE, 6-6. (Roll Copy attached to the minutes)

Chairman McCallum then asked the members how they wished to proceed with the contents of the bill. Sen. Crippen said that this is a large bill with a lot of ramifications and suggested they spend the rest of this meeting deciding on a procedure to study the bill; should it include a small number or large number of exemptions, property tax relief, how much, and to whom. We also have to consider new money vs. not new money, whether it is earmarked or to the general fund. He said there are also other parameters that have to be looked at.

Sen. Neuman agreed with the statements of Sen. Crippen and pointed out that the subcommittee on SB 307 went through it section by section and made policy decisions. He suggested that the committee have Jim Lear go through the bill section by section.

Chairman McCallum asked if the committee wishes to bring in all three bills to which Sen. Crippen stated they were not bound by any bill and they could take the best parts of the three, put them with 377 as it came from the House and maybe make a good bill. Chairman McCallum asked if it was the intent to strike everything following the title and write a new bill. Chairman McCallum asked how many wanted a sales tax; how many wanted the money to go to the general fund; how many wanted property tax relief; how many didn't want a sales tax at all.

Sen. Hirsch brought out the fact that Dave Bohyer is the one most familiar with these bills and asked if he could come up with some kind of comparison of the bills. Sen. Mazurek agreed with Sen. Hirsch and said this would enable them to decide what type of policy decisions had to be made, identify them so we can work through them. He said they needed a breakdown on each bill containing an explanation of the issues. He would like to look at each bill and see how they deal with each segment.

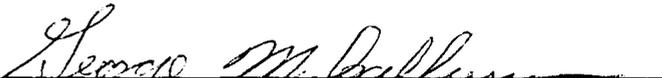
Chairman McCallum asked Dave Bohyer to come up with a comparison section by section of the bills in committee. Dave said each bill has two parts; sales tax and property tax relief. Sen. Crippen said that some members of the committee are familiar with the bills but some are not and they would need some kind of comparison if they are going to consider all three bills.

Dave said he would come up with an outline of some kind that addresses the issues that need to be addressed by the committee. Chairman McCallum asked if that could be accomplished by Monday for another meeting. Dave said he would have it ready for a

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meeting on Monday morning following the regular Taxation Committee meeting. Sen. Crippen said he would be glad to work with Dave as he felt he was quite knowledgeable as to what each bill does. Sen. Blaylock said it was a good idea to have someone help Dave with this comparison.

Chairman McCallum adjourned the meeting at 11 a.m.


SEN. GEORGE McCALLUM, Chairman

Comparison of Sales Tax Proposals

Industry or Merchandise Line	Crippen's Governor's Ramirez's			Fully Taxable		
	1%	1%	1%	1%	3.5%	4%
Building Materials and Hardware Stores						
520640 Lumber and building materials	3.0	6.9	3.0	3.0	10.4	11.8
520680 Mobile homes	0.7	0.7	0.4	0.7	2.4	2.7
520001 All other	1.9	1.9	1.9	1.9	6.7	7.6
General Merchandise	5.4	5.4	4.3	5.4	19.0	21.7
Food Stores						
540100 Groceries and other foods	10.2	0.0	0.0	10.2	35.9	41.0
540140 Packaged alcoholic beverages	0.5	0.5	0.5	0.5	1.7	2.0
540150 Tobacco	0.4	0.4	0.4	0.4	1.6	1.8
540160 Drugs, health and beauty aids	0.4	0.4	0.4	0.4	1.6	1.8
540720 Automotive fuels	0.5	0.0	0.0	0.5	1.8	2.0
540001 All other	1.6	1.6	1.6	1.6	5.7	6.6
Automotive Dealers						
550580 Recreation vehicles	0.3	0.3	0.0	0.3	1.1	1.2
550720 Automotive fuels	0.2	0.0	0.0	0.2	0.7	0.8
550700 Cars and trucks (w/ adjustment)	4.3	1.3	1.3	8.9	31.0	35.4
550001 All other	3.4	3.4	3.4	3.4	11.8	13.5
Service Stations						
554100 Groceries and other foods	0.3	0.0	0.0	0.3	0.9	1.1
554140 Packaged alcoholic beverages	0.1	0.1	0.1	0.1	0.2	0.2
554720 Automotive fuels	4.8	0.0	0.0	4.8	16.8	19.2
554001 All other	0.9	0.9	0.9	0.9	3.2	3.7
Apparel and accessories	3.1	3.1	3.1	3.1	10.8	12.4
Furniture	2.7	2.7	2.7	2.7	9.3	10.6
Eating and Drinking Places						
580100 Groceries and other foods	0.0	0.0	0.0	0.0	0.0	0.0
580120 Meals and snacks	4.3	4.3	4.3	4.3	15.2	17.3
580130 Alcoholic drinks	1.6	1.6	1.6	1.6	5.5	6.3
580140 Packaged alcoholic beverages	0.1	0.1	0.1	0.1	0.3	0.4
580150 Tobacco	0.0	0.0	0.0	0.0	0.1	0.1
580720 Automotive fuels	0.0	0.0	0.0	0.0	0.0	0.0
580001 All other	0.1	0.1	0.1	0.1	0.2	0.2
Drug and Proprietary Stores						
591100 Groceries and other foods	0.0	0.0	0.0	0.0	0.1	0.1
591140 Packaged alcoholic beverages	0.1	0.1	0.1	0.1	0.4	0.4
591150 Tobacco	0.0	0.0	0.0	0.0	0.2	0.2
591161 Prescription drugs	0.6	0.0	0.0	0.6	1.9	2.2
591169 Nonprescription drugs and health aids	0.9	0.9	0.9	0.9	3.3	3.7
591001 All other	0.6	0.6	0.6	0.6	2.0	2.2
Miscellaneous Retailers						
592000 Liquor stores	1.0	1.0	0.0	1.0	3.6	4.1
598003 Fuel oil dealers	0.0	0.0	0.0	0.0	0.2	0.2
598004 Liquified petroleum gas dealers	0.3	0.3	0.0	0.3	1.2	1.3
599491 Prescription eyeglasses	0.1	0.0	0.0	0.1	0.3	0.3
590001 All other	3.7	3.7	3.7	3.7	13.0	14.8
Hotels and Motels	2.5	0.0	1.2	2.5	8.7	10.0
Personal Services						
721000 Laundry, cleaning and garment service	0.4	0.4	0.0	0.4	1.4	1.6
724000 Beauty and barber shops	0.3	0.3	0.0	0.3	1.1	1.2
726000 Funeral services and crematories	0.0	0.2	0.0	0.2	0.7	0.8
720001 All other	0.0	0.2	0.0	0.2	0.7	0.8
Business Services						
731000 Advertising services	0.0	0.1	0.1	0.1	0.4	0.5
737000 Computer and data processing services	0.0	0.3	0.3	0.3	1.1	1.3
739000 Management, consulting and public rel	0.0	0.3	0.0	0.3	1.1	1.3
730001 All other	0.0	1.4	0.0	1.4	4.7	5.4
Auto Repair Services	1.6	1.6	0.0	1.6	5.7	6.5
Miscellaneous Repair Services						
762000 Electrical and electronic repair shop	0.2	0.2	0.0	0.2	0.6	0.7
769000 Welding repair shops	0.1	0.1	0.0	0.1	0.4	0.5
760001 All other	0.5	0.5	0.0	0.5	1.6	1.9
Amusement and Recreation Services						
783000 Motion picture theaters	0.3	0.3	0.3	0.3	0.9	1.0
793000 Bowling alley and pool establishments	0.2	0.2	0.2	0.2	0.7	0.8
799000 Golf courses	0.0	0.0	0.0	0.0	0.1	0.1
780001 All others	0.5	0.5	0.5	0.5	1.9	2.2
Health Services, except Hospitals						
801000 Offices of physicians	0.0	0.0	0.0	2.4	8.4	9.6
802000 Offices of dentists	0.0	0.0	0.0	0.8	2.9	3.3
800001 All others	0.0	0.0	0.0	1.0	3.7	4.2
Legal Services	0.0	1.1	0.0	1.1	4.0	4.5
Engineering, Architecture and Surveying	0.0	0.9	0.0	0.9	3.1	3.5
Accounting, Auditing and Bookkeeping	0.0	0.6	0.0	0.6	2.2	2.5
	64.9	51.7	37.4	78.8	275.9	315.4

H.B. 377 imposes a 4 percent retail sales and use tax upon tangible personal property. Thus by definition most services are not subject to the tax.

Several items are exempted from the tax including:

- unprepared food;
- prescribed drugs, medicine, and health care products;
- petroleum products upon which a tax has been imposed;
- residential heating fuels;
- caskets and burial vaults;
- feminine hygiene products;
- isolated or occasional sales;
- machinery, equipment, implements, chemicals, fuels, feeds, seeds, fertilizers, and energy for agricultural or industrial production;
- repair and replacement parts and tires for farm machinery;
- sales to governmental units;
- items which cannot be tax under the federal or MT constitutions;
- goods delivered out-of-state (inconsistent language);
- used manufactured homes;
- airline equipment;
- railroad rolling stock;
- purchases by charitable, religious, or educational institutions or organizations or senior citizens group or assoc.; and
- autos and buildings if financed in part by certain federal funds.

Additionally, the definitional section (page 2-12) is as significant as the exemptions. For example:

Farm machinery includes logging equipment but not grain bins or shop equipment.

Retail sale means a sale for any purpose other than resale in the regular course of business and includes building materials sold to contractors.

A sale or purchase includes admission to athletic events, furnishing of lodging and related services by a hotel or motel, furnishing of electricity, gas, or water (contrary language), cable TV services, and the sale of advertising in a publication published at intervals of 1 week or less.

A \$15 income tax credit is permitted for each personal exemption on the tax return. And, as amended, a 1 percent merchants administration fee is permitted.

Although there is no provision in the bill, the proceeds of the sales tax will be used to finance statewide property tax relief. The property tax relief proposed includes a \$20,000 exemption for owner-occupied single-family residences, a reduction of the class 4 (real estate) taxable rate to 3% (from 3.86%), and a consolidation of classes 6,7,8,9,10, and 16, and a reduction in the taxable rate to 5 percent (from 4,8,11,13,16 and 11 percent respectively).

Additionally, hand-held tools, livestock, agricultural products, non-airline aircraft, watercraft, and all-terrain vehicles will be exempt from tax. Livestock, however, would be assessed a fee, and other bills may impose fees on some of the exempt items. Mobile homes would be taxed as class 4 property.

A COMPARISON OF PROPERTY TAX RATES UNDER THE THREE SALES TAX BILLS

	CURRENT RATE	GOVERNOR S.B. 395 RATE	CRIPPEN S.B. 333 RATE	RAMERIZ H.B. 377 RATE
CLASS 1 Net Proceeds	100%	100%	100%	100%
CLASS 2 Gross Proceeds	36.16%	36.16	36.16%	36.16%
CLASS 3 Ag. Lands	30%	30%	15%	30%
CLASS 4 Residential R/E	3.86%	3.86	exempt	3%
CLASS 4 Non-residential R/E	3.86%	3.86	1.93%	3%
CLASS 5 New Indust. R/E	3%	3%	exempt	3%
CLASS 5 New Indust. P.P.	3%	exempt	exempt	3%
CLASS 6 L/S, Ag, Leased	4%	exempt	exempt	5%
CLASS 7 Ind. Telephone R/E	8%	8%	4%	5%
CLASS 7 Tools, Imp., Mach.	8%	exempt	4%	5%
CLASS 8 Farm & Mine Mach.	11%	exempt	5.5%	5%
CLASS 9 Buses & Furnit.	13%	exempt	6.5%	5%
CLASS 10 Trucks & Media	16%	exempt	8%	5%
CLASS 11 Utilities R/E	12%	12%	6%	12%
CLASS 11 Utilities P.P.	12%	exempt	6%	12%
CLASS 12 Residential M.H.	3.86%	3.86	exempt	3%
CLASS 12 Nonresid. Mobile H	3.86%	3.86	1.93%	3%
CLASS 13 Timber Land	3.84%	3.84	1.92%	3%
CLASS 14 Resid. Farmsteads	3.09%	3.09	0%	3.09%
CLASS 14 Non-resid. Frmstd.	3.09%	3.09	1.54%	3.09%
CLASS 15 Railroad Property	12%	12%	12%	12%
CLASS 16 Watercraft, ATV &	11%	exempt	5.5%	5%
CLASS 17 Airline Property	12%	12%	12%	12%
CLASS 18 Nonproduct. Mines	30%	30%	15%	30%
CLASS 19 Nonproductive R/E	2%	2%	1%	2%

Class 4 single family residences will exclude the first \$ 16,500 of market value under S.B. 395, \$20,000 under H.B. 377.

Under S.B. 395, Class 12 is eliminated, but the same properties are now included in the definition of improvements and will be picked up in class 4 property. This change is not reflected above.

In H.B. 377, Classes 7,8,9,10,16 are reclassified into Class 6. Livestock, ag. products, hand tools, aircraft, watercraft, and ATV's are exempt from tax. Livestock would be assessed a fee. Other bills may impose fees upon some of the items exempted by H.B. 377. Class 12 and 13 are reclassified into Class 4.

S.B. 395 redefines improvements and may make some items which were previously personal property taxable as real property. S.B. 395 would also impose a fee on heavy trucks.

A CAVEAT ON THE PROPERTY TAX RELIEF CALCULATIONS FOR H.B. 377

There are a number of calculations floating around describing the property tax relief offered by the House sales tax bill. Following is a summary of some of those figures:

	Relief in Millions =====
LFA	\$ 140
Fiscal Note	124
Attached	144
Average Mill of 256	109

Some of the differences can be easily explained. The LFA calculations utilize a blended weighted mill for some properties effected. This addresses the fact that different classes of property are characteristically located in certain taxing districts. For example, homes are typically located within cities and towns (average mill 351), while ag. implements are located outside of cities (average mill 248).

The average mill calculation is \$20 million lower for residential properties alone because of the difference between the average mill and the average mill for residential property (256 vs. 351.)

The Attached calculation is based upon actual market and taxable values from the 1986 tax year, while the LFA and Fiscal Note are based upon 1988 projected values.

I cannot explain the difference between the fiscal note and the LFA figures.

The differences, however, raise an important consideration. Realize that the actual property tax relief to any particular taxpayer will depend upon the taxing district(s) in which their property is located. A homeowner in Missoula, whose \$50,000 is taxes at 487 mills, will receive more relief than a similar homeowner in Rosebud county where the mill may be as low as 88.

PROPERTY TAX RELIEF UNDER H.B. 377 WITH AVERAGE BLENDED MILLS

PROPERTY CLASS	RATE	1986 MARKET	1986 TAXABLE	TAX DOLLARS @ AV BLD M.	PROPOSED RATES	PROPOSED TAXABLE	TAX DOLLARS @ AV BLD M.	CHANGE
CLASS 1 net proceeds		560,268,212	560,268,212	143,428,662	100.00%	560,268,212	143,428,662	0
CLASS 2 gross proceeds		400,437,981	144,795,713	37,067,703	36.16%	144,795,713	37,067,703	0
CLASS 3 Ag. Land	30							
Irr.		46,187,635	13,857,798	3,547,596	30.00%	13,857,798	3,547,596	(0)
Non-irr.		267,979,728	83,397,779	21,349,831	31.12%	83,397,779	21,349,831	(0)
Grazing		128,261,918	38,500,672	9,856,172	30.02%	38,500,672	9,856,172	(0)
Wild Hay		18,437,322	5,532,443	1,416,305	30.01%	5,532,443	1,416,305	(0)
CLASS 4 Land & Improv.								
Res.	3.86	10,326,822,923	397,676,463	139,703,741	3.00%	195,631,977	68,725,513	70,978,228
		217,482,523	4,971,432	1,746,464	2.29%	4,971,432	1,746,464	(0)
Comm.	3.86	4,466,755,410	172,413,631	61,965,459	3.00%	134,002,662	48,160,557	13,804,902
Ind.	3.86	685,144,602	26,445,162	7,082,014	3.00%	20,554,338	5,504,452	1,577,562
New Manuf.	2.702	1,463,301	34,957	9,361	2.39%	34,957	9,361	(0)
Golf Courses	1.93	28,174,976	564,187	144,432	2.00%	564,187	144,432	0
Water Works	3.86	498,541	19,243	4,926	3.00%	14,956	3,829	1,097
Remodeled	2.316	7,294,690	174,121	44,575	2.39%	174,121	44,575	0
Imp. on Disp. Owned								
Ag./Timber Land	3.86	18,105,661	698,863	178,909	3.00%	543,170	139,051	39,858
CLASS 5								
Rur. El. & Tel. Co-op	3	314,553,894	9,435,422	2,415,468	3.00%	9,435,422	2,415,468	(0)
New Indust. Prop.	3	311,579,670	9,347,391	2,392,932	3.00%	9,347,391	2,392,932	(0)
Poll. Cont. & Gasohol	3	391,667,412	11,771,823	3,013,587	3.01%	11,771,823	3,013,587	0
CLASS 6								
Livestock	4	568,888,073	22,757,422	5,825,900	0.00%	0	0	5,825,900
Ag. Products	4	153,696,900	6,147,888	1,573,859	0.00%	0	0	1,573,859
Leased & Rental Prop.	4	4,419,600	176,784	45,257	5.00%	220,980	56,571	(11,314)
CLASS 7								
Tools, Impl. & Mach.	8	61,449,754	4,916,522	1,258,630	0.00%	0	0	1,258,630
Independent Tel.	8	36,213,310	3,952,156	1,011,752	5.00%	1,810,666	463,530	548,222
CLASS 8								
Farm Mach.	11	586,498,356	64,516,503	16,006,544	5.00%	29,324,918	7,275,512	8,731,032
Mining & Manuf. Mach.	11	955,888,584	105,147,617	25,529,841	5.00%	47,794,429	11,604,487	13,925,354
Aircraft	11	41,788,739	4,715,980	1,226,155	0.00%	0	0	1,226,155
Other Prop.	11	250,894,026	27,597,683	7,065,007	5.00%	12,544,701	3,211,444	3,853,563
CLASS 9								
Lt. Mtr. Veh.--Bk. Tax	13							
Buses & Trucks	13	33,342,188	4,335,254	1,109,825	5.00%	1,667,109	426,780	683,045
Furniture & Fixtures	13	329,231,889	42,931,109	15,296,354	5.00%	16,461,594	5,865,266	9,431,088
Other Prop.	13	1,170,651	152,368	39,006	5.00%	58,533	14,984	24,022
CLASS 10								
Brdcst. & Thtr. Equip.	16	17,632,335	2,821,152	722,215	5.00%	881,617	225,694	496,521
Trucks & Trailers	16	121,182,882	19,396,506	4,717,230	5.00%	6,059,144	1,473,584	3,243,646
Other Prop.	16	47,158,171	7,325,829	1,875,412	5.00%	2,357,909	603,625	1,271,787
CLASS 11 Utilities	12	2,839,632,550	340,547,997	87,180,287	11.99%	340,547,997	87,180,287	(0)
CLASS 12								
Mobile Homes	3.86	378,988,559	15,082,260	3,861,059	3.00%	11,369,657	2,910,632	950,427
	0-3.474	12,028,897	282,915	72,426	2.35%	282,915	72,426	(0)
CLASS 13								
Timber Land	3.84	171,873,768	5,600,120	1,433,631	3.00%	5,156,213	1,319,991	113,640
CLASS 14								
One Acre Farmsteads	3.088	1,782,868,438	55,060,426	14,095,469	3.00%	53,486,053	13,692,430	403,039
	0-2.779	6,050,485	116,376	29,792	1.92%	116,376	29,792	(0)
CLASS 15 Railroad Prop.	up to 12	698,690,259	83,847,680	21,465,006	10.33%	72,174,704	18,476,724	2,988,282
CLASS 16								
Watercraft, ATV, & Other		44,146,411	4,854,753	1,242,817	0.00%	0	0	1,242,817
CLASS 17 Airline Prop.	up to 12	33,634,675	4,056,518	1,038,469	12.06%	4,056,518	1,038,469	0
EXEMPT LAND & IMPROV.		321,368,221	0	0	0	0	0	0
TOTAL		27,689,854,120	2,306,245,130	649,090,080		1,839,771,085	504,908,719	144,181,361

SUMMARY OF SECTIONS OF H.B. 377 -- RETAIL SALES AND USE TAX.

- 1 Short title.
- 2 Definitions.
- 3 Imposition of tax.
- 4 Separate charge and collection -- advertising restriction -- rounding.
- 5 Permit application -- vending machines -- form.
- 6 Flea markets -- permits -- penalty.
- 7 Permit.
- 8 Revocation of permit.
- 9 Violations -- penalties.
- 10 Presumption of tax -- burden of proof -- exemption certificate.
- 11 Exemption certificate -- content -- form.
- 12 Improper use of subject of purchase obtained with exemption certificates -- violation -- penalty.
- 13 Commingling exemption certificate goods.
- 14 Tax -- using, storing, or consuming tangible personal property -- admissions -- utilities.
- 15 Collection and payment -- penalty.
- 16 Seizure -- court review.
- 17 Collection of tax at time of sale.
- 18 Tax -- status as debt.
- 19 Advertising restriction -- rounding -- minimum tax -- display of statute.
- 20 Violation -- penalty.
- 21 Registration -- information relating to business location.
- 22 Common carriers as retailers -- rules.
- 23 Presumption of purpose of sale -- burden of proof.
- 24 Property brought to state -- presumption -- burden of proof.
- 25 Taxes in other states.
- 26 General exemptions.
- 27 Time for payment -- notice -- offset.
- 28 Returns.
- 29 Security -- limitations -- notice of sale at auction -- bond.
- 30 Extensions.
- 31 Examination of return -- adjustments -- delivery of notices and demands.
- 32 Failure to file return.
- 33 Failure to pay tax -- actions -- evasion.
- 34 Limitations.
- 35 Refunds -- time limitations.
- 36 Administration -- rules.
- 37 Revocation of corporate license to do business in state.
- 38 Penalties.
- 39 Payment of tax pending appeal.
- 40 Tax as debt.
- 41 Investigatory and subpoena powers -- examiners.
- 42 Information -- confidentiality -- agreements.
- 43 Sales and use tax account -- administration and enforcement account.
- 44 Per capita fee for expenses of enforcing livestock and poultry laws.
- 45 Board of livestock to prescribe per capita fee.
- 46 Collection of fee.
- 47 Transmission of fees from county to state treasurer.

SUMMARY OF SECTIONS OF H.B. 377 -- RETAIL SALES AND USE TAX. pg 2

- 48 Penalty for failure to file statement on livestock or poultry --
lien upon real and personal property.
- 49 Credit for sales and use tax.
- Sections 50 through 70 amend Title 7 of MCA.
- Sections 71 & 72 amend MCA 20-9-406 & 407.
- 73 Amend MCA 15-1-101 Definitions.
- 74 Amend MCA 15-6-133 Class 3 property...
- 75 Amend MCA 15-6-134 Class 4 property...
- 76 Amend MCA 15-6-135 Class 5 property...
- 77 Amend MCA 15-6-136 Class 6 property...
- 78 Amend MCA 15-6-147 Class 17 property...
- 79 Amend MCA 15-6-201 Exempt categories.
- 80 Amend MCA 15-6-207 Agricultural exemptions.
- Sections 81 through 86 Amend MCA 15-8-
- 87 Amend MCA 15-16-611
- Sections 88 through 91 Amend MCA 15-24-
- Sections 92 and 93 amend MCA 19-11-503 & 504.
- Sections 94 through 99 amend MCA 20-9-
- 100 Amend MCA 20-10-144
- 101 Amend MCA 33-7-407
- 102 Amend MCA 61-3-501
- Sections 103 and 104 amend Title 67 of MCA.
- Sections 105 through 115 amend MCA Title 81.
- 116 Amend MCA 85-7-2001
- 117 Repealers. 15-6-137 through 15-6-140, 15-6-142 through 15-6-144,
15-6-146, 15-24-304, 15-24-901 through 15-24-906, 15-24-908 through
15-24-911, 15-24-921 through 15-24-926, 15-24-931, 15-24-941 through
15-24-943, 61-3-502, 61-3-605, and 81-7-118.
- 118 Codification instructions.
- 119 Extention of authority.
- 120 Severability.
- 121 Saving clause.
- 122 Effective dates.
- 123 Applicability.

REPEALERS IN SECTION 117 OF H.B. 377

TITLE 15 TAXATION CHAPTER 6 PROPERTY SUBJECT TO TAX
PART 1 CLASSIFICATION

- 15-6-137 Class seven property -- description -- taxable percentage.
- 15-6-138 Class eight property -- description -- taxable percentage.
- 15-6-139 Class nine property -- description -- taxable percentage.
- 15-6-140 Class ten property -- description -- taxable percentage.
- 15-6-142 Class twelve property -- description -- taxable percentage.
- 15-6-143 Class thirteen property -- description -- taxable percentage.
- 15-6-146 Class sixteen property -- description -- taxable percentage.

CHAPTER 24 SPECIAL PROPERTY TAX APPLICATIONS
PART 3 MIGRATORY PERSONAL PROPERTY

- 15-24-304 Prorated taxes -- aircraft.

PART 9 LIVESTOCK

- 15-24-901 Definitions
- 15-24-902 Livestock -- where assessed.
- 15-24-903 Duty of owner to assist in assessment.
- 15-24-904 Penalty for violation of law.
- 15-24-905 Livestock brought into state -- notice to DOR or its agent -- time for payment.
- 15-24-906 Collection of tax on livestock.
- 15-24-908 Computation of estimated value of livestock.
- 15-24-909 Taxpayer not owning livestock on assessment day.
- 15-24-910 Procedure for correcting assessed value and receiving refunds for overpayments.
- 15-24-911 Livestock assessment.
- 15-24-921 Additional tax levy to pay expense of enforcing stock laws.
- 15-24-922 Department to prescribe levy.
- 15-24-923 Limitation on levies -- livestock moneys.
- 15-24-924 Use of moneys arising from taxes prescribed in preceding sec.
- 15-24-925 Transmission of taxes from county to state treasurer.
- 15-24-926 Livestock reserve fund.
- 15-24-931 Assessment of swine.
- 15-24-941 Assessment and taxation of migratory livestock.
- 15-24-942 Apportionment of migratory livestock tax among counties.
- 15-24-943 Distribution of migratory livestock fund.

TITLE 81 LIVESTOCK CHAPTER 7 PREDATORY ANIMAL CONTROL
PART 1 PREDATORY ANIMAL CONTROL

- 81-7-118 Levy of tax for purpose of paying bounty claims -- limitation on levy.

ROLL CALL VOTE

SENATE COMMITTEE TAXATION

Date April 3, 1987 Bill No. _____ Time _____

NAME	YES	NO
SENATOR CRIPPEN		✓
SENATOR NEUMAN		✓
SENATOR SEVERSON		✓
SENATOR LYBECK	✓	
SENATOR HAGER		✓
SENATOR MAZUREK	✓	
SENATOR ECK	✓	
SENATOR BROWN	✓	
SENATOR HIRSCH		✓
SENATOR BISHOP		✓
SENATOR HALLIGAN, VICE CHAIRMAN	✓	
SENATOR McCALLUM, CHAIRMAN	✓	

Aggie Hamilton
Secretary

Senator George McCallum
Chairman

(Louise Sullivan)

Motion: Brown Motion "Any proposal containing a sales tax be referred to the people in a special election to be held as soon as reasonable possible after final action on a sales tax is taken by the Legislature."

ROLL CALL VOTE

SENATE COMMITTEE TAXATION

Date April 3, 1987 Bill No. _____ Time _____

NAME	YES	NO
SENATOR CRIPPEN		✓
SENATOR NEUMAN		✓
SENATOR SEVERSON		✓
SENATOR LYBECK	✓	
SENATOR HAGER		✓
SENATOR MAZUREK	✓	
SENATOR ECK	✓	
SENATOR BROWN	✓	
SENATOR HIRSCH		✓
SENATOR BISHOP		✓
SENATOR HALLIGAN, VICE CHAIRMAN	✓	
SENATOR McCALLUM, CHAIRMAN	✓	

Aggie Hamilton
Secretary

Senator George McCallum
Chairman

(Louise Sullivan)

Motion: Brown Motion "Any proposal containing a sales tax
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as reasonable possible after final action on a sales tax is taken
by the Legislature."