

MINUTES

MONTANA HOUSE OF REPRESENTATIVES 51st LEGISLATURE - REGULAR SESSION

COMMITTEE ON TAXATION

Call to Order: By Chairman Harrington, on March 9, 1989, at 8:00 a.m.

ROLL CALL

Members Present: 16

Members Excused: 2

Members Absent: None

Staff Present: Dave Bohyer, Legislative Council

Announcements/Discussion: None.

HEARING ON HOUSE BILL 503

Presentation and Opening Statement by Sponsor:

Rep. Dennis Iverson, House District 12, stated the bill expands the tax credits under the Capital Credit Act to include coal.

Testifying Proponents and Who They Represent:

Randy Semp, Chief Financial Officer, Montana Energy Research & Development Institute
Chris Gallus, Butte Silver Bow
Jim Mockler, Executive Director, Montana Coal Council
Ken Williams, ENTECH

Proponent Testimony:

Randy Semp stated his organization is dedicated to economic development in Montana. He said their efforts are hampered because the state suffers from a lack of early stage equity capital. Mr. Semp stated the tax credits under HB 503 will assist in these efforts and the bill does not authorize any new tax credits but simply expands the present law to include coal. He said the bill is revenue neutral and considering the general fund only, the bill is revenue enhancing. Mr. Semp stated HB 503 broadens the base from which capital company investments will be received. He said companies that invest to receive credits against their coal severance tax liability will want to invest their funds in areas that support and enhance their business. Mr. Semp said this would mean creation of primary jobs in the state. He urged support of the bill.

Chris Gallus urged support of the bill and submitted written testimony from Don Peebles, Chief Executive, Butte Silver Bow. (Exhibit 1).

Jim Mockler stated he supports the bill and believes it will help the state economy.

Ken Williams stated his organization viewed the bill as something of an experimental program that might result in needed funds. He urged support of the bill.

Testifying Opponents and Who They Represent:

None.

Opponent Testimony:

None.

Questions From Committee Members: Rep. Raney asked Rep. Iverson if a coal company decided to put \$2,000,000.00 into a capital company, they could write off \$1,000,000.00 against their severance tax. Rep. Iverson replied they could not because there was a \$150,000.00 limit.

Rep. Ream asked Rep. Iverson about page 1, line 23. He said it states the limit is \$1,500,000.00. Rep. Iverson said he did not know and thought this was a mistake since it was his understanding the limit was to be \$150,000.00. Rep. Raney stated this means the capital company cannot get more than \$1,500,000.00.

Closing by Sponsor: Rep. Iverson stated the fiscal note is not accurate. He said he will send a sponsor's note which describes the impact much more accurately. He stated SB 283 was coming to the committee and the two bills seem to be identical. He asked the committee to wait for this bill and the fiscal note before taking any action on HB 503.

DISPOSITION OF HOUSE BILL 503

Motion: None.

Discussion: None.

Amendments, Discussion, and Votes: None.

Recommendation and Vote: None. Action will be taken at a later date.

At this point, Rep. Driscoll requested the committee discuss the subcommittee for HB 747. He stated it was necessary to change

the reduction in personal property in the bill since it was much larger than residential. Rep. Driscoll said this should be more equitable. He stated this should be a gross receipts tax and not the choice between gross receipts and sales tax. Rep. Ream stated he had not met with the other members as yet but will need to discuss all the proposed amendments. Rep. Cohen asked why there was any need to bother with a subcommittee and amendments when the bill will not be passed. Rep. Schye stated the bill will still be on the floor and should have all the changes necessary before that time. Rep. Rehberg stated the committee should do the best possible job of putting all necessary amendments to the bill so it will be on the floor in the most acceptable condition even if the bill does fail. Rep. Patterson stated CPA's doing individual income taxes for citizens will have to charge sales tax under this bill and he felt this should be exempted. Rep. Rehberg suggested a deadline for all amendments on the bill. It was agreed that the deadline would be March 15.

HEARING ON HOUSE JOINT RESOLUTION 13

Presentation and Opening Statement by Sponsor:

Rep. Bob Ream, House District 54, stated this is the revenue estimating resolution for the legislature and this must be to the Senate by the sixtieth day. Rep. Ream submitted two documents, the gray bill for HJR 13, and the Second Report of the Joint Revenue Estimating Subcommittee. (Exhibits 2 & 3). Rep. Ream stated the purpose of the subcommittee was to try to arrive at a set of common estimates for the coming biennium and hopefully these estimates will be used in developing the final budget. He said estimates were based on assumptions concerning population, personal income, production of material resources, and prices. People who are experts in these areas were consulted. Rep. Ream thanked the subcommittee members, the LFA Offices, and the Department of Revenue for their assistance and all the work involved.

Testifying Proponents and Who They Represent:

None.

Proponent Testimony:

None.

Testifying Opponents and Who They Represent:

None.

Opponent Testimony:

None.

Questions From Committee Members: None.

Closing by Sponsor: Rep. Ream stated the process of establishing the estimates went very well. He expressed appreciation to all who assisted in this effort. He stated he thought the Senate would take this more seriously than in the past.

DISPOSITION OF HOUSE JOINT RESOLUTION 13

Motion: DO PASS AS AMENDED ON THE GRAY BILL by Rep. Ream.

Discussion: None.

Amendments, Discussion, and Votes: None.

Recommendation and Vote: Motion CARRIED by unanimous voice vote.

HEARING ON SENATE BILL 65

Presentation and Opening Statement by Sponsor:

Senator Loren Jenkins, District 7, stated the bill is a clarification of SB 71 passed in the 1987 session. Sen. Jenkins said the counties had suffered revenue losses because they could not raise their mill levies since the passage of I105. He said in SB 65, if the counties have had a drop in evaluation of 5% or more since 1986, they can tax all the jurisdiction equal to the 1986 revenue levels. Sen. Jenkins stated if I105 is repealed, this bill becomes void.

Testifying Proponents and Who They Represent:

Gordon Morris, Association of Counties
Alec Hanson, League of Cities and Towns
Tom Bilodeau, Montana Education Association
Terry Minnow, Montana Federation of Teachers & State
Employees
Jess Long, School Administrators Association
Joan Toole, Office of Public Instruction
Gloria Hermanson, Montana Cultural Advocacy
Scott Turner, Yellowstone County

Proponent Testimony:

Gordon Morris stated the amendments put in the bill at the request of the Department of Revenue on page 2 would not be recommended because the clarification in SB 2 is better than in SB 65. Mr. Morris stated the intent in this amendment would be that any expansion of a tax jurisdiction would relate to the number of mills levied rather than the number of dollars. He said the liability was capped relative to the mills assessment. He stated the individual property taxes are capped at the 1986 dollar amount which is a large increase and would be unacceptable. Mr. Morris recommended that the committee look at the language in SB 2 which is

much more acceptable.

Alec Hanson stated he supports efforts to correct the problems in the property tax freeze. He stated limitation on increasing tax revenue limits growth and economic development in the state. He said the cap should apply to individual properties and not the total tax base. He said the bill solves the problems created by the Attorney General's opinion several years ago.

Tom Bilodeau stated the MEA supports SB 65. He said this was a partial step in remedying the tax problems. He supports the language clarification suggested by Mr. Morris.

Terry Minnow stated her organizations supported lifting the greatest burdens of 1105. She said this initiative had created major problems for schools. She urged support of the bill.

Jess Long stated he agreed with the previous proponents. Mr. Long said by March 15, school districts must set the amounts they are going to levy and therefore, the time limit would be a problem if they are to benefit from SB 65. He urged support of the bill.

Joan Toole urged support of the bill and action by March 15.

Gloria Hermanson stated her organization supported the bill on behalf of the libraries of the state. She said the libraries had suffered a great deal of the loss of county and city mill levies. Ms. Hermanson stated this had resulted in reduction of services at the libraries due to lack of funds. She said the libraries are vital to the communities and she urged support of the bill.

Scott Turner urged support of the bill. He stated Yellowstone county has lost much of their tax revenues and many services will be discontinued due to the decreasing tax base.

Testifying Opponents and Who They Represent:

None.

Opponent Testimony:

None.

Questions From Committee Members: Rep. Good asked Alec Hanson about his statement that as the bill is now, added evaluation could not be raised. Mr. Hanson answered the language states that the amount of revenue is capped at the amount collected in the jurisdiction after 1986. He said there is a question as to whether additional revenue could be added. Rep. Good referred to page 2, lines 16 to 19 of

the bill. Mr. Hanson explained this referred to taxable value which could increase but there is no provision for the total amount of taxes to increase. He said this issue needs clarification.

Rep. Gilbert asked Gordon Morris what Director Nordtveltdt's intent was in striking the language. Mr. Morris replied he did not understand his intention at all. Rep. Gilbert then asked if it was Mr. Morris's opinion that Mr. Nordtveltdt had not accomplished what he intended. Mr. Morris replied he would say definitely yes.

Rep. Hoffman stated he thought Mr. Nordtveltdt's intent was that he realized the tax responsibility of each deed is to be the same even though the individual taxable value varies from year to year. Mr. Morris replied he did not agree. He said taxpayer liability is going to be under the original SB 71 language limited either by capping in terms of dollars or in terms of mills. Rep. Hoffman replied if the individual evaluation varies in order to put caps on the number of dollars, then the individual's mill levy would have to change, too. Mr. Morris replied if the value of the mill in 1986 was \$100.00, and you levied one mill which generated \$10.00, that is your dollar liability and your mill liability is one mill. He said if new property is added to the jurisdiction and the mill value goes to \$110.00, only one mill can still be levied. He stated if property is improved and doubles in value, then the tax value should also double.

Rep. Gilbert stated I105 was passed by the people to freeze their taxes. He said SB 71 would include all classes of property and this was extended 5% to give the counties flexibility. Rep. Gilbert stated the people thought they had passed a tax freeze but the counties lost evaluations, increased 5% and as a result, had tax increases of 25% for some individuals. He said this is circumventing the will of the people. Mr. Morris replied in essence this was correct, but from a public policy standpoint the legislature was correct in providing this 5% extension.

Rep. O'Keefe asked Dennis Burr, who was in the audience, what is your opinion of SB 65. Mr. Burr replied it corrects a problem created by the last legislature.

Closing by Sponsor: Senator Jenkins stated Subsection 2, page 2, was brought in by the Department of Revenue. He said the original language was interpreted to mean that the actual tax liability for individual property is capped at the dollar amount in each taxing unit at the 1986 tax year level. He said this language was stricken because the schools and local governments will have to increase property taxes to come up to 1986 revenue. He urged support of the bill.

DISPOSITION OF SENATE BILL 65

Motion: None.

Discussion: None.

Amendments, Discussion, and Votes: None.

Recommendation and Vote: None. Action will be taken at a later date.

HEARING ON SENATE BILL 2

Presentation and Opening Statement by Sponsor:

Senator Bruce Crippen, District 45, stated this bill was requested by the Revenue Oversight Committee. He said it changes the language pertaining to the previous year to the 1986 tax year. He stated the language is changed on page 24, strikes the work "previous" on line 21 and inserts "1986". He said the bill was designed to handle the problem of the attorney general's opinion.

Testifying Proponents and Who They Represent:

Ken Nordtveidt, Director, Department of Revenue
Alec Hanson, League of Cities and Towns
Dennis Burr, Montana Taxpayer's Association
Kay Foster, Billings Chamber of Commerce
Phil Campbell, Montana Education Association
Gordon Morris, Association of Counties
Joan Toole, Office of Public Instruction

Proponent Testimony:

Ken Nordtveidt stated the administration did not favor the repeal of 1105 at this point. He stated the original tax bill was somewhat complicated and in seeking to clarify this, he urged that it not be made more complicated. He asked that the committee coordinate with the executive branch to expedite matters.

Alex Hanson stated the bill addresses the problem of the attorney general's opinion. He said it puts 1986 as the base year and will raise mill levies equal to this year's tax base. He urged support of the bill.

The following proponents urged support of the bill: Dennis Burr, Kay Foster, Phil Campbell, Gordon Morris and Joan Toole.

Testifying Opponents and Who They Represent:

None.

Opponent Testimony:

None.

Questions From Committee Members: None.

Closing by Sponsor: Senator Crippen referred to the sales assessment ratio studies and said Subsection 3 deals with the exemption to the bill pertaining to total taxable value of the tax unit. He stated it was up to the committee to clarify a strict interpretation of this area.

DISPOSITION OF SENATE BILL 2

Motion: None.

Discussion: None.

Amendments, Discussion, and Votes: None.

Recommendation and Vote: Chairman Harrington appointed a subcommittee for SB 2, SB 65, HB 125, HB 435 with himself as Chairman and Reps. Jerry Driscoll and Leo Giacometto. He stated the subcommittee would work to coordinate these bills into one since they all dealt with the same problem.

EXECUTIVE SESSION

DISPOSITION OF HOUSE BILL 560 HEARD ON FEBRUARY 16:

MOTION: DO NOT PASS by Rep. Stang. Rep. Gilbert made a substitute motion TO TABLE. The bill was TABLED on a 15 to 3 voice vote with Reps. Raney, O'Keefe, and Cohen voting no.

DISPOSITION OF HOUSE BILL 586 HEARD ON MARCH 1:

MOTION: Amendments were presented. Dave Bohyer explained the amendments limited the exemption to the part of the property, personal or real, that is not licensed by the state of Montana to sell food or beverage. Rep. Gilbert stated this will complicate many issues if the bill is passed. He said trying to exempt a portion of a building would be very difficult. Rep. Driscoll moved TO TABLE the bill. The motion CARRIED by a 14 to 4 voice vote with Reps. Harrington, Stang, Hanson, and Patterson voting no.

DISPOSITION OF HOUSE BILL 641 HEARD ON MARCH 3:

MOTION: Amendments were presented. Chairman Harrington stated they were for clarification purposes. Rep. Schye stated the second amendment was the same one that had just been vetoed by the governor. Rep. Gilbert asked if the intention was if one of the organizations in the bill leases the property, they will have to include in the contract specific language that says the lessee

will have to pay the property taxes. Rep. Rehberg stated there would be an attempt made to change the governor's mind in regard to the second amendment. He suggested waiting for the results of this effort before acting on the bill. The committee concurred.

DISPOSITION OF SENATE BILL 1 HEARD ON FEBRUARY 28:

MOTION: Amendments were presented. Dave Bohyer stated the amendments did not accomplish the purpose intended and there was a need to work on these further. The committee agreed to wait for the revised amendments before acting on the bill.

The Office of Public Instruction submitted documents covering the effect of the taxation bills on school funds. (Exhibit 4).

ADJOURNMENT

Adjournment At: 10:16 a.m.



REP. DAN HARRINGTON, Chairman

DH/lj

5515.min

DAILY ROLL CALL

TAXATION

COMMITTEE

51st LEGISLATIVE SESSION -- 1989

Date March 9, 1989

NAME	PRESENT	ABSENT	EXCUSED
Harrington, Dan, Chairman	✓		
Ream, Bob, Vice Chairman	✓		
Cohen, Ben	✓		
Driscoll, Jerry	✓		
Elliott, Jim			✓
Koehnke, Francis			✓
O'Keefe, Mark	✓		
Raney, Bob	✓		
Schye, Ted	✓		
Stang, Barry	✓		
Ellison, Orval	✓		
Giacometto, Leo	✓		
Gilbert, Bob	✓		
Good, Susan	✓		
Hanson, Marian	✓		
Hoffman, Robert	✓		
Patterson, John	✓		
Rehberg, Dennis	✓		

STANDING COMMITTEE REPORT

March 9, 1989

Page 1 of 9

Mr. Speaker: We, the committee on Taxation report that HOUSE JOINT RESOLUTION 13 (first reading copy -- white) do pass as amended.

Signed: _____
Dan Harrington, Chairman

And, that such amendments read:

1. Page 2, line 9.

Strike: "\$377,357,000 \$369,008,000 \$380,150,000"

Insert: "\$402,470,000 \$390,016,000 \$405,866,000"

2. Page 2, line 10.

Strike: "\$287,217,000 \$252,855,000 \$258,635,000"

Insert: "\$278,427,000 \$255,786,000 \$262,304,000"

3. Page 3.

Following: line 7

Strike: lines 8 through 11 in their entirety

4. Page 3, line 12.

Strike: "34.428 31.000 29.633 30.833"

Insert: "36.879 31.796 32.000 32.000"

5. Page 3, line 13.

Strike: "\$7.769 \$7.687 \$7.780 \$7.780"

Insert: "\$7.385 \$7.360 \$7.460 \$7.410"

6. Page 3, line 14.

Strike: "\$5.800 \$4.357 \$2.764 \$1.842"

Insert: "\$6.479 \$4.133 \$2.552 \$0.949"

7. Page 3, line 15.

Strike: "134.612 128.290 113.990 114.773"

Insert: "158.442 140.951 117.079 --"

8. Page 3, line 16.				
Strike: "0.264	0.302	0.300	0.302"	
Insert: "0.302	0.309	0.291	--"	
9. Page 3, line 17.				
Strike: "5.981	5.954	6.079	6.121"	
Insert: "6.341	6.902	6.922	--"	
10. Page 3, line 18.				
Strike: "15.400	15.400	15.400	15.506"	
Insert: "16.330	16.330	16.330	--"	
11. Page 3, line 19.				
Strike: "53.000	53.000	53.000	53.364"	
Insert: "40.449	40.449	40.449	--"	
12. Page 3, line 20.				
Strike: "11.426	11.898	12.157"		
Insert: "12.954	12.514	--"		
13. Page 3, line 21.				
Strike: "0.160	0.183"			
Insert: "0.137	--"			
14. Page 3, line 22.				
Strike: "0.047	0.054"			
Insert: "0.041	--"			
15. Page 3, line 23.				
Strike: "\$0.850	\$0.850	\$0.600	\$0.625"	
Insert: "\$0.900	\$0.750	\$0.750	--"	
16. Page 3, line 24.				
Strike: "\$450.000	\$450.000"			
Insert: "\$400.000	--"			
17. Page 3, line 25.				
Strike: "\$5.900	\$6.250	\$6.500	\$6.500"	
Insert: "\$6.350	\$6.500	\$6.000	--"	
18. Page 4, line 3.				
Strike: "\$0.320	\$0.320	\$0.320	\$0.320"	
Insert: "\$0.360	\$0.400	\$0.400	--"	
19. Page 4, line 4.				
Strike: "\$0.430	\$0.420	\$0.420	\$0.420"	
Insert: "\$0.650	\$0.700	\$0.700	--"	

20. Page 4, line 5.

Following: "\$3.200 \$3.300 \$3.300"

Strike: "\$3.300"

Insert: "--"

21. Page 4, line 6.

Strike: "\$123.830 \$124.400 \$124.400 \$124.400"

Insert: "\$124.000 \$124.000 \$124.000 --"

22. Page 4, line 7.

Strike: "\$537.500"

Insert: "\$550.000"

Following: "\$537.000 \$550.000"

Strike: "\$550.000 \$550.000"

Insert: "\$525.000 --"

23. Page 4, line 8.

Following: "\$6.500"

Strike: "\$6.892 \$5.689 \$5.391"

Insert: "\$8.239 \$6.006 \$5.743"

24. Page 4, line 9.

Strike: "812.000 816.000 821.000 826.000"

Insert: "804.000 809.000 815.000 819.000"

25. Page 4, line 12.

Following: "4.140%"

Strike: "4.650% 4.850% 5.320%"

Insert: "4.700% 4.700% 3.650%"

26. Page 4.

Following: line 12

Strike: lines 13 and 14 in their entirety

27. Page 4, line 15.

Strike: "CY"

Insert: "FY"

Following: "7.500%"

Strike: "7.500% 7.100% 6.800%"

Insert: "8.500% 8.000% 8.000%"

28. Page 4, line 16.

Strike: "CY"

Insert: "FY"

Following: "10.140%"

Strike: "9.000% 8.750% 8.750%"

Insert: "9.750% 10.000% 10.000%"

29. Page 4, line 18.

Following: "\$222.374"
Strike: "\$190.993 \$204.377 \$205.489"
Insert: "\$248.000 \$251.214 \$247.573"

30. Page 4, line 19.
Following: "\$56.000 \$0.000"
Strike: "\$0.000 \$0.000"
Insert: "\$51.000 \$62.000"

31. Page 4, line 25.
Following: "\$10.300"
Strike: "\$11.000 \$11.500 \$12.000"
Insert: "\$11.100 \$11.600 \$12.100"

32. Page 4.
Following: line 25
Insert: "CY MT Nonfarm Labor Income (Billions) \$6.300
\$6.600 \$7.000 \$7.500
CY U.S. Corporate Profits Before Taxes
(Billions) \$299.200 \$314.600 \$330.800 --"

33. Page 5, line 3.
Strike: "275.500 277.100 278.600 280.400"
Insert: "279.000 280.700 282.200 284.100"

34. Page 5, line 5.
Strike: "\$39.233 \$48.120 \$58.079 \$69.383"
Insert: "\$49.434 \$60.631 \$73.180 \$87.423"

35. Page 5, line 6.
Strike: "\$546.698 \$559.286 \$581.776 \$641.576"
Insert: "\$548.793 \$572.479 \$595.605 \$643.962"

36. Page 5, line 7.
Strike: "\$5.890 \$6.350 \$6.750 \$7.175"
Insert: "\$7.421 \$8.001 \$8.505 \$9.041"

37. Page 5, line 8.
Following: "\$9.203"
Strike: "\$7.000"
Insert: "\$8.000"

38. Page 5, line 9.
Following: "5.094"
Strike: "4.723 4.379 4.060"
Insert: "4.789 4.741 4.741"

39. Page 5, line 10.
Following: "0.180"
Strike: "0.160 0.142 0.126"

Insert: "0.161 0.154 0.154"

40. Page 5, line 11.

Strike: "\$4.644 \$4.700 \$4.758 \$4.816"
Insert: "\$8.340 \$8.530 \$8.720 \$8.920"

41. Page 5, line 12.

Strike: "\$3.161 \$3.328 \$3.471 \$3.619"
Insert: "\$5.690 \$5.940 \$6.210 \$6.490"

42. Page 5, line 13.

Strike: "-5.100% -5.310% -1.900% -1.250%"
Insert: "-5.101% -2.000% -1.000% 0.000%"

43. Page 5, line 14.

Following: "72.909"
Strike: "69.194 65.956 63.033"
Insert: "73.422 73.422 73.422"

44. Page 5, line 15.

Following: "\$6.152"
Strike: "\$6.315 \$6.469"
Insert: "\$6.312 \$6.472"

45. Page 5, line 16.

Following: \$410.315"
Strike: "\$360.798 \$309.763"
Insert: "\$366.410 \$330.941

46. Page 5, line 17.

Following: "\$1,594.619"
Strike: "\$1,532.599 \$1,534.301 \$1,540.088"
Insert: "\$1,532.635 \$1,536.598 \$1,551.253"

47. Page 5, line 22.

Following: "18,007.053"
Strike: "18,835.723 19,384.688 19,610.710"
Insert: "19,860.115 17,805.115 17,805.115"

48. Page 5, line 23.

Following: "\$8.745"
Strike: "\$8.727 \$8.905 \$9.151"
Insert: "\$10.514 \$9.550 \$9.980"

49. Page 5, line 24.

Following: "\$1.939"
Strike: "\$1.972"
Insert: "\$1.976"
Following: "\$1.943"

Strike: "\$1.997"
Insert: "\$1.996"

50. Page 5, line 25.

Following: "0.697"

Strike: "0.689	0.691	0.698"
Insert: "0.690	0.690	0.700"

51. Page 6, line 3.

Following: "\$22.357"

Strike: "\$21.477	\$20.308	\$21.460"
Insert: "\$21.527	\$23.418	\$24.400"

52. Page 6, line 4.

Following: "5.812"

Strike: "5.634	5.423	5.219"
Insert: "5.206	4.962	4.962"

53. Page 6, line 5.

Following: "\$7.684"

Strike: "\$10.660	\$10.766	\$10.874"
Insert: "\$12.372	\$12.495	\$12.620"

54. Page 6, line 6.

Following: "\$32.173"

Strike: "\$34.300	\$37.138	\$40.376"
Insert: "\$33.000	\$36.000	\$38.000"

55. Page 6, line 7.

Following: "\$16.117"

Strike: "\$15.807	\$16.104	\$16.554"
Insert: "\$16.898	\$16.184	\$16.729"

56. Page 6, line 9.

Strike: "Current Law"

Insert: "FY	Per Capita Lottery Sales	\$26.20	\$17.09
\$17.09	\$17.09"		

57. Page 6, line 13.

Strike: "\$141.114000	\$139.170000	\$148.077000"
Insert: "\$150.536000	\$149.351000	\$159.894000"

58. Page 6, line 14.

Strike: "28.694000	28.855000	29.010000"
Insert: "30.184000	29.932000	30.165000"

59. Page 6, line 15.

Strike: "8.918000	7.235000	6.249000"
Insert: "9.115000	7.237000	6.412000"

60. Page 6, line 16. Following: "13.536000" Strike: "14.439000" Insert: "13.165000"	13.836000" 12.613000"	
61. Page 6, line 17. Strike: "14.324000" Insert: "21.080000"	14.920000 20.097000	14.282000" 19.806000"
62. Page 6, line 18. Strike: "38.444000" Insert: "40.839000"	37.760000 40.612000	38.977000" 42.484000"
63. Page 6, line 19. Strike: "39.002000" Insert: "39.720000"	35.913000 36.540000	37.510000" 38.646000"
64. Page 6, line 22. Strike: "3.623000" Insert: "3.524000"	3.153000 3.714000	2.680000" 3.942000"
65. Page 6, line 23. Strike: "4.998000" Insert: "5.188000"	4.691000 5.252000	4.402000" 5.370000"
66. Page 6, line 24. Strike: "8.727000" Insert: "10.514000"	8.905000 9.550000	9.151000" 9.980000"
67. Page 6, line 25. Strike: "3.691000" Insert: "4.242000"	4.145000 4.336000	3.595000" 3.703000"
68. Page 7, line 2. Strike: "3.389000" Insert: "3.632000"	3.488000 3.221000	3.528000" 3.221000"
69. Page 7, line 6. Strike: "1.143000" Insert: "1.100000"	0.999000 1.000000	1.035000" 1.100000"
70. Page 7, line 7. Strike: "1.181000" Insert: "1.184000"	1.117000 1.288000	1.180000" 1.342000"
71. Page 7, line 8. Strike: "0.901000" Insert: "0.833000"	0.868000 0.794000	0.835000" 0.794000"

72. Page 7, line 9.		
Strike: "22.509000	23.096000	23.723000"
Insert: "24.080000	23.763000	24.314000"
73. Page 7, line 10.		
Strike: "\$377.357000	\$369.008000	\$380.150000"
Insert: "\$402.470000	\$390.016000	\$405.866000"
74. Page 7, line 16.		
Strike: "77.104000	76.042000	80.908000"
Insert: "82.252000	81.604000	87.365000"
75. Page 7, line 17.		
Strike: "11.209000	11.271000	11.332000"
Insert: "11.791000	11.692000	11.783000"
76. Page 7, line 18.		
Strike: "9.781000	1.736000"	
Insert: "9.997000	1.781000"	
77. Page 7, line 19.		
Strike: "32.465000	33.485000	34.353000"
Insert: "32.496000	33.699000	34.770000"
78. Page 7, line 20.		
Strike: "23.524000	22.686000	23.494000
Insert: "20.955000	17.119000	17.404000"
79. Page 7, line 21.		
Strike: "0.825000	0.926000	1.148000"
Insert: "0.848000	1.564000	1.831000"
80. Page 7, line 22.		
Strike: "24.650000"		
Insert: "9.732000"		
81. Page 7, line 24.		
Strike: "\$179.558000	\$146.420000	\$152.971000"
Insert: "\$168.071000	\$147.688000	\$154.934000"
82. Page 7, line 25.		
Strike: "1942.914000	1899.969000	1869.831000"
Insert: "1942.950000	1903.008000	1882.194000"
83. Page 8, line 3.		
Strike: "87.431000	85.499000	84.142000"
Insert: "87.433000	85.635000	84.699000"
84. Page 8, line 4.		
Following: "Transportation"		

Strike: "-3.717000"
Insert: "-4.419000"

85. Page 8, line 5.
Strike: "1.566000"
Insert: "3.737000"

2.487000	3.126000"
2.604000	2.955000"

86. Page 8, line 6.
Following: "Funds"
Strike: "1.465000"
Insert: "1.163000"

87. Page 8, line 7.
Following: "Grazing"
Strike: "0.102000"
Insert: "0.108000"

88. Page 8, line 8.
Following: "Revenue"
Strike: "4.310000"
Insert: "4.213000"

89. Page 8, line 9.
Following: "Tuition"
Strike: "-0.838000"
Insert: "-0.759000"

90. Page 8, line 10.
Strike: "\$90.319000"
Insert: "\$91.476000"

\$89.308000	\$88.590000"
\$89.561000	\$88.976000"

91. Page 8, line 12.
Strike: "16.113000"
Insert: "17.487000"

15.756000	15.507000"
17.127000	16.940000"

92. Page 8, line 13.
Strike: "1.227000"
Insert: "1.393000"

1.371000	1.567000"
1.410000	1.454000"

93. Page 8, line 14.
Strike: "\$17.340000"
Insert: "\$18.880000"

\$17.127000	\$17.074000"
\$18.537000	\$18.394000"

94. Page 8, line 15.
Strike: "\$287.217000"
Insert: "\$278.427000"

\$252.855000	\$258.635000"
\$255.786000	\$262.304000"

EXHIBIT 1
DATE 3/9/89
HB 503
Rep. W. Iverson

TESTIMONY IN SUPPORT OF HB 503

Donald R. Peoples

Mr. Chairman and Members of the Committee, my name is Don Peoples, Chief Executive of Butte-Silver Bow Local Government, in Butte, Montana.

My testimony today is offered in support of HB 503, sponsored by Representative Iverson. A point often discussed in conversation regarding economic development in Montana is the need to provide investment dollars for Montana business. House Bill 503, if enacted, provides an opportunity to encourage this kind of investment capital for Montana small business. House Bill 503 will provide for the application of existing authorized tax credits towards coal severance tax liability and extends the existing tax credits, presently scheduled to sunset on July 1, 1991, to July 1, 1993.

The proposed amendment will not increase tax credits previously authorized by the Montana Capital Company Act, but provides a mechanism for broadening the base to which existing tax credits may be applied, resulting in a program which encourages the investment of much needed capital into Montana's economy.

Presently, the Montana Capital Company Act provides investors in capital companies with tax credits, equal to 50% of their investment to a maximum credit of \$150,000 per taxpayer which can be applied toward Montana personal income tax or corporate license tax liability. The Act authorized \$5 million of tax credits through June 30, 1989, and an additional \$3 million tax credit for the period July 1, 1989, through June 30, 1991.

As of the end of 1988, approximately \$1.1 million of the \$5 million tax credits have been authorized and the remaining \$3.9 million of tax credits are reserved pending the certified companies reaching the required minimum equity levels and being designated as qualified by the Board of Investment.

Investments by Montana capital companies are limited to small businesses engaged in manufacturing; agricultural, fishery, forestry production and processing; mineral production and processing; nonfossil forms of energy generation; transportation; research and development of products or processes associated with these activities; and, wholesale or retail distribution for which products produced in Montana comprise 50% or more of the gross sales.

Presently, five companies would qualify for applying tax credits to coal severance tax liability. In order to be eligible for tax credits, these companies would need to either invest in or form a Montana capital company. Once the capital company reaches minimum equity levels (\$200,000), the tax credits would be authorized by the Board of Investment.

As provided by the Act, the maximum tax credit per investor is \$150,000 or, in this example, \$750,000 for the five companies. Obtaining the maximum tax credits allowed would ultimately result in the companies having invested \$1.5 million in Montana small business.

EXHIBIT 1, pg. 2
DATE 3/9/89
HB 503
Rep. H. Johnson

Revenues generated from Montana personal income and corporate license tax are allocated approximately 68% to the general fund and 32% to various foundation programs. Applying the total tax credit, \$750,000 in this example, to personal or corporate tax liability, as provided by the current Act, reduces general fund revenue by approximately \$510,000 as calculated for fiscal year 1990.

Revenues from coal severance taxes are allocated 13.68% to the general fund in fiscal year 1990. As provided for by HB 503, applying the \$750,000 tax credit to coal severance tax liability reduces general fund revenues by approximately \$102,600. I have attached to my testimony schedules which reflect these general fund allocations.

Four important factors need to be considered with regard to House Bill 503:

- 1) HB 503 does not increase tax credits previously authorized by the Montana Capital Company Act;
- 2) HB 503 broadens the tax base to which tax credits may be applied; thus enhancing investment in Montana;
- 3) HB 503, by providing for application of tax credits to coal severance tax liability, lessens the effects on general fund revenues; and,
- 4) HB 503 represents an experiment to increase the availability of investment capital for Montana business based on an existing State program.

Montana's 120 billion tons of demonstrated recoverable coal reserves represents 25% of the Nation's reserves and one of Montana's greatest assets. The development of new clean-coal and coal beneficiation technologies represents an opportunity for Montana to maximize the potential of its resources and to establish a position among the leaders in clean-coal technology and in the nationwide coal marketplace.

HB 503 provides incentive for Montana's coal industry to participate in this process. Due to the inherent nature of investors stimulated by HB 503, coal technology development will be a natural offspring resulting from such investments. If successful, the process will ultimately create economic opportunity for all Montanans through enhanced utilization of our resources, jobs creation and substantial capital investment.

I urge your support of HB 503.

EXHIBIT 2DATE 3/9/89~~HJR~~ 13*Rep. B.H. Ream*

HOUSE JOINT RESOLUTION NO. 13

INTRODUCED BY REAM, SCHYE, ELLISON, GIACOMETTO, DRISCOLL,

PATTERSON, ECK, WALKER, MAZUREK, B. BROWN, GAGE, HARP

BY REQUEST OF THE OFFICE OF BUDGET AND PROGRAM PLANNING

1
2
3
4
5
6 A JOINT RESOLUTION OF THE SENATE AND THE HOUSE OF REPRESENTATIVES OF THE STATE OF MONTANA, ESTABLISHING AN OFFICIAL
7 ESTIMATE OF THE STATE'S ANTICIPATED REVENUE FOR EACH YEAR OF THE 1990-91 BIENNIUM FOR THE PURPOSE OF ACHIEVING A
8 BALANCED BUDGET AS MANDATED BY ARTICLE VIII, SECTION 9, OF THE MONTANA CONSTITUTION; ACCEPTING A JUNE 30, 1988, GENERAL
9 FUND BALANCE THAT WAS ESTABLISHED BASED ON GENERALLY ACCEPTED ACCOUNTING PRINCIPLES; REQUESTING THE GOVERNOR'S OFFICE OF
10 BUDGET AND PROGRAM PLANNING TO USE THE REVENUE ESTIMATES CONTAINED IN THIS RESOLUTION AS OFFICIAL REVENUE ESTIMATES FOR
11 FISCAL YEARS 1989-90 AND 1990-91; AND ESTABLISHING AN ESTIMATE OF THE NONGENERAL FUND REVENUES FOR THE SCHOOL FOUNDATION
12 PROGRAM.
13

14 WHEREAS, Article VI, section 9, of the Montana Constitution requires the Governor to submit to the Legislature a
15 budget for the ensuing fiscal period, containing in detail the estimated revenue of the state; and
16 WHEREAS, Article VIII, section 9, of the Montana Constitution requires that the Legislature may not appropriate
17 funds in excess of the anticipated revenue of the state; and

18 WHEREAS, section 5-12-302(2), MCA, requires the Office of the Legislative Fiscal Analyst to estimate revenue from
19 existing and proposed taxes, and section 17-7-123(1), MCA, requires the Governor to submit a budget showing a balance
20 between total proposed disbursements and total anticipated receipts; and

21 WHEREAS, due to the complexity of economic variables involved in revenue forecasting and the diversity of sources
22 from which state revenues are obtained, it has become increasingly difficult to project revenues in order to prepare a
23 balanced budget for the ensuing biennium; and

24 WHEREAS, past legislatures have not agreed on revenue projections until the last days of the session, when there is
25 little time for comprehensive analysis or reasoned criticism; and



EXHIBIT 3

DATE 3/9/89

~~HR~~ HJR 13

Rep. Bob Ream

The Second Report
of the
Joint Revenue Estimating Subcommittee
The Fifty-First Legislative Session
55th Legislative Day

Senators

- Robert J. (Bob) Brown
- Dorothy Eck
- Delwyn Gage
- John Harp
- Bill Norman
- Mike Walker

Representatives

- Bob Ream, Chairman
- Jerry Driscoll
- Orval Ellison
- Leo Giacometto
- John Patterson
- Ted Schye

March 9, 1989

EXHIBIT 3

DATE 3/9/89

~~HJR~~ HJR 13

Rep. Bot Reason

RECENT HISTORY AND BACKGROUND OF REVENUE ESTIMATES

The Joint Revenue Estimating Subcommittee has its origin in a House Joint Resolution introduced during the 48th Legislative Session. House Joint Resolution No. 33, introduced by Representative Jack Ramirez, et al., was one of the first formal attempts by the Legislature to estimate state revenues for an ensuing biennium. After receiving the approval of the House on a vote of 89 to 5, the resolution was amended in the Senate and approved 50 to 0 on second reading, then killed.

In 1985, Representative Steve Waldron soloed as the sponsor of House Joint Resolution No. 9, again a resolution to estimate state revenues for the biennium. In addition, HJR 9 also recommended the adoption of a beginning general fund balance based on generally accepted accounting principles, or GAAP, and requested that the economic assumptions and revenue estimates contained in the resolution be used by the Governor's Office of Budget and Program Planning (for the purpose of developing fiscal notes).

Also in 1985, then Representative John Harp became the first chairman of a six member subcommittee of the House Committee on Taxation. It was this "Subcommittee on Revenue Estimates" that began the formalization of estimating revenues in the Legislature, rather than in a committee of the Legislature or by deferring to the Executive branch.

While HJR 9 had considerable success in both houses, passing the House 95 to 4 and, as amended, the Senate 34 to 15, it never received final approval.

The effort was not abandoned, however, and in 1987, then Representative John Harp introduced House Joint Resolution No. 41.

EXHIBIT 3
DATE 3/9/89
~~HR~~ HJR 13
Rep. Bob Ream

In addition, the Joint Rules Committee established a Joint Revenue Estimating Subcommittee comprised of the members of the respective Committees on Taxation. The responsibility of the Subcommittee was to estimate revenues for the coming biennium. With the adoption of the Joint Rules in 1987, the responsibility of the Legislature to estimate revenues finally had an institutionalized toehold in the legislative process.

The resolution, HJR 41, again attempted to establish revenue estimates for the 1988-89 biennium. The resolution passed the House with flying colors, 95 to 3, but was never acted on by the Senate Taxation Committee.

During this 51st Legislative Session, House Joint Resolution No. 13, introduced by Representative Bob Ream, establishes a formal estimate by the Legislature of revenues for the ensuing biennium. As required by the Joint Rules of the House and Senate, this narrative is part of the first report of the Joint Revenue Estimating Subcommittee. A second report will be submitted to the House and Senate prior to the 60th Legislative Day.

WHY ADOPTING THE RESOLUTION IS IMPORTANT

Creating a balanced budget for the State of Montana is a big job with many components and complexities. If a bill has a specific appropriation, the fiscal impact of the legislative action is more easily recognized. All too often, however, the budgetary impacts of substantive legislation of a general nature go unnoticed or are underestimated or overestimated. As a result, the Appropriations and Finance and Claims Committees and the Taxation Committees struggle to assure that incoming revenue will at least balance with outgoing expenditures.

Montana's Constitution speaks directly to the question of balancing the state's budget. Article VI, section 9, requires the Governor to submit a budget to the Legislature detailing expenditures and revenues. As a

counterweight on the balance of power scales, Article VIII, section 9, precludes the Legislature from appropriating funds in excess of anticipated revenues. The language in Article VIII, section 9, not only requires the Legislature to determine appropriations, it also requires the Legislature to estimate revenues.

The argument is often made that incoming revenues can only be estimated, while appropriations are specifically limited in the main appropriations bill and the "cats and dogs" that survive the session. The clarity of the argument fades, however, if one examines reversions of unexpended appropriations made by state agencies at fiscal yearends or the requests for supplemental appropriations that crop up for each Legislature to consider. Appropriations appear to be specific, but some funds go unspent and are reverted. Similarly, expenditures are made for which insufficient money has been appropriated, thereby causing supplementals. Neither appropriating funds nor estimating revenues is an exact science -- except in hindsight!

While the Appropriations and Finance and Claims Committees struggle to establish the maximum amount of funds that may be expended, other committees, primarily the Taxation Committees, struggle to assure that the minimum amount of revenue necessary to fund state activities will be generated. Because the actions of all committees and all legislators affect both sides of the budget equation -- revenues as well as expenditures -- the Constitution requires the Legislature as a whole to adopt a balanced budget. Consequently, it is the responsibility of the entire Legislature to balance authorized expenditures with anticipated revenues, not to delegate the responsibility to the committees that consider raising or expending revenue.

FIRST PROGRESS REPORT ON REVENUE ESTIMATES

To date, the Joint Revenue Estimating Subcommittee has met seven times and reached consensus on the fundamental economic assumptions that underlie the revenue estimates: interest rates, inflation, population and employment, mineral prices and production, corporate

profits, and the general direction of the state's economy.

The prognostication of the Subcommittee is that growth in Montana for the next two years will be slow.

Based on testimony provided by Mr. Phil Brooks, formerly the State Economist; Ms. Judith Curtis Waldron and Ms. Madalyn Quinlan, Analysts in the Office of the Legislative Fiscal Analyst; Mr. Terry Johnson, staff to Governor Schwinden's Revenue Estimating Advisory Council; and various industry representatives and based on projections from Wharton Econometrics, the Subcommittee's consensus is that growth in population and employment will be no greater than 1 percent each year of the 1990-91 biennium. The slow growth in population and employment will be accompanied by annual growth ranging from over 7 to under 5 percent in total personal income and slightly higher growth in nonfarm labor income. The purchasing power associated with the growth in total personal income will be somewhat offset, however, by inflation ranging from 4 to 5 percent over the biennium.

GENERAL FUND REVENUE ESTIMATES

Because approximately 70% of general fund revenue is generated from five sources -- individual income taxes, corporation license taxes, oil severance taxes, coal severance taxes, and income from the investment of state funds -- the Subcommittee concentrated on those sources. The following sections discuss briefly some of the major forecast assumptions adopted by the Joint Revenue Estimating Subcommittee. All forecasts are based on law as of January 1, 1989, and may need to be adjusted for legislation that has been or will be passed by the 1989 Legislature.

The Subcommittee forecasts total general fund revenue at \$402.4 million in fiscal 1989, \$390 million in fiscal 1990, and \$405.8 million in fiscal 1991. The revenue forecasts and the underlying economic assumptions are discussed below and in Table 1.

Table 1

GENERAL FUND REVENUE COMPARISON
 Fiscal Years 1990 and 1991
 (Millions)

Category	Fiscal 1990		Fiscal 1991		1991 Biennium	
	LFA	Executive Subcommittee	LFA	Executive Subcommittee	LFA	Executive Subcommittee
Individual Income Tax	\$148.782	\$139.170	\$161.263	\$148.077	\$310.045	\$287.247
Corporation License Tax	30.064	28.855	29.841	29.010	59.905	57.865
Coal Severance Tax	7.097	7.235	6.420	6.249	13.517	13.484
Oil Severance Tax	12.819	14.439	11.961	13.836	24.780	28.275
Interest on Investments	20.984	14.920	18.986	14.282	39.970	29.202
Bond Transfer	40.610	37.760	42.571	38.977	83.181	76.737
Coal Trust Interest Income	37.190	35.913	39.501	37.510	76.691	73.423
Insurance Premiums Tax	20.928	22.187	21.836	23.685	42.764	45.872
Public Inst. Reimbursement	12.012	12.211	12.045	12.352	24.057	24.563
Liquor Profits	3.714	3.153	3.942	2.680	7.656	5.833
Liquor Excise Tax	5.252	4.691	5.370	4.402	10.622	9.093
Inheritance Tax	9.550	8.905	9.980	9.151	19.530	18.056
Metal Mines Tax	4.336	4.145	3.703	3.595	8.039	7.740
Electrical Energy Tax	3.221	3.488	3.221	3.528	6.442	7.016
Drivers' License Fees	0.790	0.791	0.790	0.812	1.580	1.603
Telephone License Fees	3.720	3.821	3.803	3.971	7.523	7.792
Beer License Tax	1.228	1.244	1.240	1.260	2.468	2.504
Natural Gas Severance Tax	1.036	0.999	1.135	1.035	2.171	2.034
Freight Line Tax	1.288	1.117	1.342	1.180	2.630	2.297
Wine Tax	0.794	0.868	0.794	0.835	1.588	1.703
Other Revenue Sources	22.297	23.096	23.937	23.723	46.234	46.819
Total	\$387.712	\$369.008	\$403.681	\$380.150	\$791.393	\$749.158

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 HQR 13
 Rep. BT Room

Individual Income Tax

General fund revenue from the individual income tax is anticipated to total \$150.5 million in fiscal 1989, \$149.3 million in fiscal 1990, and \$159.9 million in fiscal 1991. These general fund estimates are based on the following assumptions:

- (1) Total Montana personal income is expected to grow 7.8 percent in 1989, 4.5 percent in 1990, and 4.3 percent in 1991.
- (2) Montana's population growth will average 0.6 percent per year over the biennium.
- (3) The individual income tax surtax applies only to 1987 and 1988 income tax liabilities. Termination of the surtax causes fiscal 1990 revenue to drop below the fiscal 1989 level.
- (4) Income tax collections in fiscal 1990 will be bolstered by 1989 income growth that exceeds the estimated rate of inflation by 3.1 percent.
- (5) The effects on income tax collections from the final phase-in of the 1986 federal income tax reform are estimated to be \$49.4 million in 1988, \$60.6 million in 1989, \$73.2 million in 1990, and \$87.4 million in 1991.

Corporation License Tax

Each year of the forecast period, the corporation income tax is expected to yield approximately \$29 million of general fund revenue. Experience indicates that the profitability of Montana corporations and, hence, their corporate tax liabilities are dependent on U.S. corporate

profits, oil prices, and interest rates. Underlying the committee's forecasts of corporate tax collections are the assumptions that U.S. corporate profits will rise 8 percent in 1988, 5 percent in 1989, and 5 percent in 1990. Accompanying the increases in profits are gradually rising oil prices and long-term interest rates averaging 10 percent.

Coal Severance Tax

The general fund's share of the coal severance tax is forecast to drop from \$9.1 million in fiscal 1989 to \$7.2 million in fiscal 1990 and \$6.4 million in fiscal 1991. The decline between fiscal 1989 and 1990 is the result of the general fund allocation falling from 15.31 percent of total revenue to 13.68 percent and production falling from the record 36.9 million ton production level of 1988. Coal production is anticipated to decline to 31.8 million tons in 1989 and 32 million tons in both 1990 and 1991. Forecasted production shows tonnages returning to the levels of 1985 and 1986. Shifts in the average price of Montana coal result from shifts in production among companies, each with different contracted prices.

Oil Severance Tax

According to the Subcommittee's forecasts, general fund revenue from the oil severance tax will decline from \$13.5 million in fiscal 1989 to \$13.2 million in fiscal 1990 and \$12.6 million in fiscal 1991. While average oil prices are not expected to return to the levels of the early 1980s, the Subcommittee anticipates a gradual price rise after the drop

in the second half of 1988. By 1991, Montana prices are forecast ~~to~~ to HQF 13
Rep. Bill Ryan
average \$16 per barrel compared with an average of \$14.50 in 1988.

More than offsetting the anticipated price increases are declines in the state's total production which falls from 22.5 million barrels in 1988 to 19 million barrels in 1990. Taxable production falls even more as tax exemptions for "new" and "stripper" production reduce the proportion of total production subject to taxation.

Interest on Investments

Unless statutes specify otherwise, cash balances in the state's treasury earn interest that is deposited in the general fund. Revenue from interest on investments is expected to total \$21 million in fiscal 1989, \$20.1 million in fiscal 1990, and \$19.8 million in fiscal 1991. Short-term investments are anticipated to earn interest at the rate of 8.5 percent in fiscal 1989 and 8 percent in both fiscal 1990 and 1991. The average cash balance available for investment is anticipated to total \$248 million in fiscal 1989, \$251.2 million in fiscal 1990, and \$247.6 million in fiscal 1991. Included in the fiscal 1990 balance is \$51 million from the sale of tax and revenue anticipation notes (TRANS), while the fiscal 1991 balance contains \$62 million from TRANS. The decline in the average balance without TRANS proceeds between fiscal 1989 and 1990 is attributable to increased highway spending that reduces cash available for investment.

Coal Trust Interest Income

General fund interest from the permanent coal trust fund is forecast to

be \$39.7 million in fiscal 1989, \$36.5 million in fiscal 1990, and \$38.6 million in fiscal 1991. The decline in fiscal 1990 is the result of the general fund's share of total interest falling from 98 percent to 85 percent. The forecasts of interest income are consistent with the outlook for coal severance taxes and long-term interest rates on deposits to the trust averaging 9.75 percent in fiscal 1989, 10 percent in fiscal 1990, and 10 percent in fiscal 1991.

SCHOOL FOUNDATION REVENUES

Revenue to the School Foundation Program is forecast to be \$278.4 million in fiscal 1989, \$255.8 million in fiscal 1990, and \$262.3 million in fiscal 1991. Table 2 summarizes the Subcommittee's forecasts. The allocations shown for individual income taxes, corporate license taxes, and coal severance taxes are consistent with the estimates shown for the general fund. Similarly, Foundation Program revenues that derive from the same sources as general fund revenues, e.g. natural resource prices and production, on like economic assumptions.

Common School Interest and Income

Approximately two-thirds of common school interest and income is derived from interest earned by the common school trust fund. Another one-third is derived from income collected from rentals and leases on state lands. Revenues are projected to increase approximately \$1 million each year of the biennium with the growth of the common school trust fund. Revenue from rentals and leases is not projected to grow during the fiscal 1989-91 period.

Table 2

PUBLIC SCHOOL FOUNDATION PROGRAM REVENUE COMPARISON
 Fiscal Years 1990 and 1991
 (Millions)

	Fiscal 1990		Fiscal 1991		1991 Biennium	
	Executive	HJR 13	Executive	HJR 13	Executive	HJR 13
	LFA		LFA		LFA	
Beginning Balance	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
State Equalization						
31.8% Individual Income Tax	\$76.042	\$81.294	\$80.908	\$88.113	\$156.950	\$169.407
25% Corporate License Tax	11.271	11.744	11.332	11.657	\$22.603	\$23.401
Coal Severance Tax	2.010	1.972	1.736	1.783	\$3.746	\$3.755
Interest and Income	33.485	34.341	34.353	35.664	\$67.838	\$70.005
U.S. Mineral Royalties	22.686	17.594	23.494	17.746	\$46.180	\$35.340
Education Trust Interest	0.926	2.064	1.148	2.313	\$2.074	\$4.377
Education Trust Withdrawal	0.000	0.000	0.000	0.000	\$0.000	\$0.000
Total State Equalization	\$146.420	\$149.009	\$152.971	\$157.276	\$299.391	\$306.285
County Equalization						
45 Mill Levy	\$85.499	\$84.209	\$84.142	\$83.706	\$169.641	\$167.915
Miscellaneous	6.797	8.727	7.436	8.922	\$14.233	\$17.649
Forest Funds	1.465	1.163	1.465	1.163	\$2.930	\$2.326
Grazing Funds	0.102	0.108	0.102	0.108	\$0.204	\$0.216
Elem Transportation	(\$3.717)	(\$3.700)	(\$3.717)	(\$3.700)	(\$7.434)	(\$7.400)
High School Tuition	(\$0.838)	(\$0.759)	(\$0.838)	(\$0.759)	(\$1.676)	(\$1.518)
Total County Equalization	\$89.308	\$89.748	\$88.590	\$89.440	\$177.898	\$179.188
District Share of Permissive	\$17.127	\$18.252	\$17.074	\$18.195	\$34.201	\$36.447
TOTAL NON-GENERAL FUND	\$252.855	\$257.009	\$258.635	\$264.911	\$511.490	\$518.090

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~~NR~~ NR 13
 Rep. BT Ream

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Rep. Bob Keam

U.S. Mineral Royalties

The state receives 50 percent of the royalties paid for mineral production on federal lands, including coal, oil, and natural gas production. Coal royalties comprise about one-half of the total royalties collected from production on federal lands. The revenue estimates for U.S. mineral royalties are based on declining coal production in fiscal years 1989 and 1990, relative to fiscal 1988. The revenue estimate declines in fiscal 1990 and 1991 due to federal legislation enacted as of March 1, 1989. The new federal provisions allow state severance taxes as a deduction from F.O.B. price before federal royalty is computed. Total impact of this change is \$7.5 million over the 1989-1991 period.

Education Trust Fund Interest

The revenue estimates for education trust fund interest are based on current law. Under current law, 7.6 percent of coal severance tax revenue is allocated to the education trust fund in both fiscal 1990 and 1991, and 6.65 percent to the local impact account. The estimated growth in the amount of trust fund interest reflects the addition of these funds to the trust. The estimates also assume that \$11.4 million of unspent education trust funds, which were appropriated to the School Foundation Program for the 1989 biennium, revert to the trust fund. The interest applied to new long-term investments is 10 percent in fiscal years 1990 and 1991. The portion of the education trust fund invested in the short-term investment pool is estimated to earn 8 percent in each year of the 1991 biennium.

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Rep. Bob Keam

Statewide Taxable Valuation and the 45 Mill Levy

Statewide taxable valuation for tax year 1988 is the final valuation certified by the Department of Revenue. Taxes are paid in November and May of fiscal 1989 based on tax year 1988 valuations. The statewide taxable valuation is projected to fall by 2.1 percent in tax year 1989 and by an additional 1.1 percent in tax year 1990. After increasing by 9 percent in tax year 1988, net and gross proceeds are projected to decline by 11 percent in tax year 1989 and 10 percent in tax year 1990. Statewide taxable valuation for all classes other than net and gross proceeds is projected to grow by 0.3 percent in tax year 1989 and 1 percent in tax year 1990.

CONCLUSION

The Subcommittee will continue to review and refine the revenue estimates over the remaining five weeks of the regular session. Amendments to HJR 13 will be prepared to include the anticipated effects on estimated revenues that result from the passage of legislation. The Subcommittee intends that the amendments will be included in HJR 13 when it is finally adopted.

M5024 9047DBHA

Table 3
COMPARISON OF GENERAL FUND REVENUES AND CURRENT ESTIMATES
 Fiscal Years 1988 through 1991
 (Millions)

Source of Revenue	Actual FY 1988	OBPP FY 1989	LFA FY 1989	Sub-Comm. FY 1989	OBPP FY 1990	LFA FY 1990	Sub-Comm. FY 1990	OBPP FY 1991	LFA FY 1991	Sub-Comm. FY 1991	OBPP FY 90-91	LFA FY 90-91	Sub-Comm. FY 90-91
Individual Income Tax	142,746,609	141,114,000	143,762,000	150,536,000	139,170,000	136,676,000	149,351,000	148,077,000	150,401,000	159,894,000	287,247,000	287,077,000	309,245,000
Corporation License Tax	27,027,277	28,694,000	29,654,000	30,184,000	28,855,000	29,660,000	29,932,000	29,010,000	30,567,000	30,165,000	57,865,000	60,270,000	60,097,000
Local Severance Tax	12,961,531	8,918,000	9,137,000	9,115,000	7,235,000	7,318,000	7,237,000	6,249,000	6,594,000	6,412,000	13,484,000	13,912,000	13,649,000
Local Severance Tax	16,484,059	13,536,000	12,943,000	13,536,000	14,439,000	12,660,000	13,165,000	13,636,000	13,467,000	12,613,000	28,275,000	26,147,000	25,778,000
Interest on Investments	15,731,943	14,324,000	17,315,000	21,080,000	14,920,000	19,423,000	20,097,000	14,282,000	17,169,000	19,806,000	29,202,000	26,591,000	39,903,000
Interest-Range Bond Excess	37,461,464	38,444,000	39,636,000	40,839,000	37,760,000	38,461,000	40,612,000	38,977,000	41,010,000	42,484,000	76,737,000	79,471,000	83,096,000
Local Trust Interest Income	36,754,944	39,002,000	39,574,000	39,720,000	35,913,000	37,219,000	36,540,000	37,510,000	39,700,000	38,646,000	73,423,000	76,919,000	75,186,000
Insurance Premiums Tax	32,047,077	21,371,000	21,625,000	21,371,000	22,187,000	21,120,000	22,187,000	23,685,000	22,023,000	23,685,000	45,827,000	43,143,000	45,872,000
Public Institutions Reimb.	15,395,310	16,090,000	16,255,000	16,090,000	12,211,000	16,702,000	12,211,000	12,352,000	17,161,000	12,942,000	24,563,000	33,863,000	24,563,000
Quor. Excise Tax	3,633,000	3,623,000	3,524,000	3,524,000	3,153,000	3,714,000	3,714,000	2,680,000	3,942,000	5,833,000	5,833,000	7,656,000	7,656,000
Quor. Excise Tax	5,322,934	4,998,000	5,188,000	5,188,000	4,691,000	5,252,000	5,252,000	4,402,000	5,370,000	9,370,000	9,093,000	10,622,000	10,622,000
Inheritance Tax	8,745,457	9,727,000	10,514,000	10,514,000	8,905,000	9,500,000	9,500,000	9,151,000	9,980,000	18,056,000	18,056,000	19,530,000	19,530,000
Local Mines Tax	2,961,778	3,691,000	4,422,000	4,242,000	4,145,000	4,336,000	4,336,000	3,589,000	3,703,000	3,703,000	7,740,000	8,039,000	8,039,000
Electrical Energy Tax	3,311,082	3,389,000	3,520,000	3,520,000	3,632,000	3,221,000	3,221,000	3,288,000	3,221,000	3,221,000	7,106,000	6,442,000	6,442,000
Telephone License Tax	0,790,325	0,804,000	0,790,000	0,804,000	0,791,000	0,790,000	0,791,000	0,812,000	0,790,000	0,812,000	1,603,000	1,580,000	1,603,000
Telephone License Tax	3,450,499	3,656,000	3,560,000	3,560,000	3,821,000	3,720,000	3,821,000	3,971,000	3,803,000	3,971,000	7,792,000	7,523,000	7,792,000
Telephone License Tax	1,254,564	1,242,000	1,228,000	1,228,000	1,244,000	1,228,000	1,244,000	1,260,000	1,240,000	1,260,000	2,504,000	2,468,000	2,504,000
Natural Gas Severance Tax	1,491,523	1,143,000	1,055,000	1,100,000	0,999,000	1,036,000	1,000,000	1,035,000	1,135,000	1,100,000	2,037,000	2,171,000	2,100,000
Weight Line Tax	1,229,618	1,181,000	1,184,000	1,184,000	1,117,000	1,288,000	1,288,000	1,180,000	1,342,000	1,342,000	2,297,000	2,630,000	2,630,000
Line Tax	0,929,861	0,901,000	0,833,000	0,833,000	0,868,000	0,794,000	0,794,000	0,835,000	0,794,000	0,794,000	1,703,000	1,588,000	1,588,000
Other Revenue Sources	21,427,135	22,509,000	23,797,000	24,080,000	23,096,000	23,558,000	23,673,000	23,723,000	24,418,000	24,314,000	46,819,000	47,976,000	47,987,000
GRAND TOTAL	391,152,206	377,357,000	389,448,000	402,470,000	369,008,000	377,746,000	390,016,000	380,150,000	397,829,000	405,866,000	749,158,000	775,575,000	795,882,000

Foundation Program Revenue Estimate Comparison

Source of Revenue	Actual FY 1988	OBPP FY 1989	LFA FY 1989	Sub-Comm. FY 1989	OBPP FY 1990	LFA FY 1990	Sub-Comm. FY 1990	OBPP FY 1991	LFA FY 1991	Sub-Comm. FY 1991	OBPP FY 90-91	LFA FY 90-91	Sub-Comm. FY 90-91
Individual Income Tax	76,494,683	1,022,000	1,688,000	1,022,000	0,000,000	0,000,000	0,000,000	0,000,000	0,000,000	0,000,000	0,000,000	0,000,000	0,000,000
Corporation License Tax	10,557,529	11,209,000	11,583,000	82,252,000	76,042,000	74,679,000	81,604,000	80,908,000	82,178,000	87,365,000	156,950,000	156,857,000	168,969,000
Local Severance Tax	14,215,851	9,781,000	10,022,000	9,997,000	2,010,000	2,033,000	2,010,000	1,736,000	1,832,000	1,781,000	22,603,000	23,526,000	23,475,000
Interest & Income	34,078,544	32,465,000	30,313,000	32,456,000	33,485,000	34,411,000	33,699,000	34,353,000	35,815,000	34,770,000	67,838,000	3,796,000	3,796,000
Mineral Royalties	26,327,798	23,524,000	19,044,000	20,955,000	22,686,000	18,634,000	17,190,000	23,494,000	19,213,000	17,404,000	46,180,000	70,282,000	68,469,000
Education Trust Interest	3,430,171	0,825,000	0,821,000	0,848,000	0,926,000	1,553,000	1,564,000	1,148,000	1,824,000	1,831,000	2,074,000	3,377,000	3,395,000
Miscellaneous	9,500,000	24,650,000	17,323,000	9,732,000	0,000,000	0,000,000	0,000,000	0,000,000	0,000,000	0,000,000	0,000,000	0,000,000	0,000,000
County Levy Surplus	10,588,855	0,000,000	0,000,000	0,000,000	0,000,000	0,000,000	0,000,000	0,000,000	0,000,000	0,000,000	0,000,000	0,000,000	0,000,000
Mineral Fund Transfers	0,000,000	0,000,000	0,000,000	0,000,000	0,000,000	0,000,000	0,000,000	0,000,000	0,000,000	0,000,000	0,000,000	0,000,000	0,000,000
TOTAL	185,013,431	180,580,000	169,344,000	169,093,000	146,420,000	142,896,000	147,688,000	152,971,000	152,802,000	154,934,000	299,391,000	295,698,000	302,622,000
Mill Levy	87,431,000	87,433,000	87,433,000	87,433,000	85,499,000	84,032,000	85,635,000	84,142,000	83,625,000	84,599,000	169,641,000	167,657,000	170,630,000
Elementary Transportation	-3,717,000	-4,419,000	-4,419,000	-4,419,000	-3,717,000	-3,700,000	-3,717,000	-3,717,000	-3,700,000	-3,717,000	-7,434,000	-7,400,000	-7,400,000
Miscellaneous	5,876,000	7,700,000	7,700,000	7,950,000	6,797,000	8,727,000	6,914,000	7,436,000	8,922,000	7,265,000	14,233,000	17,649,000	17,649,000
Great Funds	1,465,000	1,163,000	1,163,000	1,163,000	1,465,000	1,163,000	1,465,000	1,465,000	1,163,000	1,163,000	2,930,000	2,326,000	2,326,000
Taylor Grazing	0,102,000	0,102,000	0,108,000	0,108,000	0,102,000	0,108,000	0,102,000	0,102,000	0,102,000	0,102,000	0,204,000	0,216,000	0,216,000
High School Tuition	-0,838,000	-0,838,000	-0,759,000	-0,759,000	-0,838,000	-0,759,000	-0,838,000	-0,838,000	-0,759,000	-0,838,000	-1,678,000	-1,518,000	-1,518,000
TOTAL	90,319,000	17,340,000	18,880,000	18,880,000	17,127,000	18,217,000	18,537,000	17,074,000	18,179,000	18,394,000	34,201,000	36,396,000	36,396,000
District Permissive Levy	288,239,000	279,520,000	279,520,000	279,449,000	252,855,000	250,684,000	255,786,000	258,635,000	260,340,000	262,304,000	511,490,000	511,024,000	511,024,000
GRAND TOTAL	279,446,000	279,520,000	279,520,000	279,446,000	283,922,000	284,200,000	278,355,000	287,856,000	288,450,000	276,678,000	571,778,000	572,650,000	555,039,000

Rep. [Signature]
 12/19/89

EXHIBIT 3
DATE 3/9/89
HQR 13
Rep. Bt Row

Table 4
GENERAL FUND REVENUE COMPARISON
Fiscal Year 1989
(Millions)

Category	LFA	Executive	Subcommittee
Individual Income Tax	\$147.874	\$141.114	\$150.536
Corporation License Tax	29.814	28.694	30.184
Coal Severance Tax	9.006	8.918	9.115
Oil Severance Tax	13.170	13.536	13.536
Interest on Investments	21.038	14.324	21.080
Bond Transfer	40.370	38.444	40.839
Coal Trust Interest Income	39.620	39.002	39.720
Insurance Premiums Tax	21.625	21.371	21.371
Public Institutions Reimbu	16.255	16.090	16.090
Liquor Profits	3.524	3.623	3.524
Liquor Excise Tax	5.188	4.998	5.188
Inheritance Tax	10.514	8.727	10.514
Metal Mines Tax	4.242	3.691	4.242
Electrical Energy Tax	3.632	3.389	3.632
Drivers' License Fees	0.790	0.804	0.804
Telephone License Fees	3.560	3.656	3.656
Beer License Tax	1.228	1.242	1.242
Natural Gas Severance Tax	1.055	1.143	1.100
Freight Line Tax	1.184	1.181	1.184
Wine Tax	0.833	0.901	0.833
Other Revenue Sources	25.311	22.509	24.080
Total	\$399.833 =====	\$377.357 =====	\$402.470 =====

EXHIBIT 3
 DATE 3/9/89
~~HR~~ HJR 13
Rep. Bill Ream

Table 5

PUBLIC SCHOOL FOUNDATION PROGRAM REVENUE COMPARISON
 Fiscal Years 1989
 (Millions)

	Executive	LFA	HJR 13
-----	-----	-----	-----
Beginning Balance	\$1.022	\$1.022	\$1.022
State Equalization			
31.8% Individual Income Tax	\$77.104	\$80.797	\$82.252
25% Corporate License Tax	11.209	11.646	\$11.790
Coal Severance Tax	9.781	9.878	\$9.997
Interest and Income	32.465	33.062	\$32.496
U.S. Mineral Royalties	23.524	20.864	\$20.955
Education Trust Interest	0.825	0.824	\$0.848
Education Trust Withdrawal	15.857	11.034	\$9.767
	-----	-----	-----
Total State Equalization	\$170.765	\$168.105	\$168.105
County Equalization			
45 Mill Levy	\$87.431	\$87.433	\$87.433
Miscellaneous	5.876	7.950	\$7.950
Forest Funds	1.465	1.163	\$1.163
Grazing Funds	0.102	0.108	\$0.108
Elem Transportation	(\$3.717)	(\$4.419)	(\$4.419)
High School Tuition	(\$0.838)	(\$0.759)	(\$0.759)
	-----	-----	-----
Total County Equalization	\$90.319	\$91.476	\$91.476
District Share of Permissive	\$17.340	\$18.880	\$18.880
	-----	-----	-----
TOTAL NON-GENERAL FUND	\$279.446	\$279.483	\$279.483
	=====	=====	=====

EXHIBIT 3
 DATE 3/9/89
 HQA 13
 Rep. Bill Keown

Table 6

ECONOMIC ASSUMPTIONS OF THE JOINT REVENUE ESTIMATING SUBCOMMITTEE
 March 9, 1989 -- 55th Legislative Day

YEAR	ASSUMPTION	CY/FY 1988		CY/FY 1989		CY/FY 1990		CY/FY 1991	
		Feb 16 Estimate	Mar 9 Estimate						
CV	Oil Production (Million Bbl.)	22,500	22,500	21,500	21,500	20,000	20,000	19,000	19,000
FY	Oil Production (Million Bbl.)	23,547	23,547	22,275	22,275	21,131	21,131	19,754	19,754
CV	Oil Price \$/Bbl.	\$14,500	\$14,500	\$15,000	\$15,000	\$15,500	\$15,500	\$16,000	\$16,000
FY	Oil Price \$/Bbl.	\$16,487	\$16,487	\$14,476	\$14,476	\$15,176	\$15,176	\$15,587	\$15,587
FY	Exempt "New" Production (Million Bbl.)	0.613	0.613	1.105	1.105	1.048	1.048	0.980	0.980
FY	Exempt "Stripper" Production (Million Bbl.)	1.709	1.709	1.636	1.636	1.602	1.602	1.602	1.602
CV	Coal Production (Million tons)	36,879	36,879	31,796	31,796	32,000	32,000	32,000	32,000
CV	Coal Price \$/ton	\$7,385	\$7,385	\$7,360	\$7,360	\$7,460	\$7,460	\$7,410	\$7,410
CV	MT Population on July 1	804,000	804,000	809,000	809,000	815,000	815,000	819,000	819,000
CV	Consumer Price Index (% change)	4.140%	4.140%	4.700%	4.700%	4.700%	4.700%	3.650%	3.650%
FY	Short-term Interest Rate (STIP)	7.500%	7.500%	8.500%	8.500%	8.000%	8.000%	8.000%	8.000%
FY	Long-term Interest Rate	10.140%	10.140%	9.750%	9.750%	10.000%	10.000%	10.000%	10.000%
CV	MT Total Personal Income (Billion \$)	\$10,300	\$10,300	\$11,100	\$11,100	\$11,600	\$11,600	\$12,100	\$12,100
CV	MT Non-Farm Employment (Thousands)	279,000	279,000	280,700	280,700	282,200	282,200	284,100	284,100
CV	MT Total Non-Farm Labor Income (Billion \$)	\$6,300	\$6,300	\$6,600	\$6,600	\$7,000	\$7,000	\$7,500	\$7,500
FY	Individual Income Tax Audits (Million \$)	NA	NA	\$10,307	\$10,307	\$10,786	\$10,786	\$11,266	\$11,266
CV	Federal Tax Reform -- Individuals (Million \$)	\$39,233	\$49,434	\$48,120	\$60,631	\$58,079	\$73,180	\$69,383	\$87,423
CV	U.S. Total Corporate Profits (Billion \$)	\$299,200	\$299,200	\$314,600	\$314,600	\$330,800	\$330,800	NA	NA
CV	Corporation License Tax Audits (Million \$)	\$9,203	\$9,203	\$8,000	\$8,000	\$7,000	\$7,000	\$7,000	\$7,000
CV	Federal Tax Reform -- Corporate (Million \$)	\$5,890	\$7,421	\$6,350	\$8,001	\$6,750	\$8,505	\$7,175	\$9,041
FY	Treasury Cash Balance (Million \$)	NA	NA	\$241.0	\$241.0	\$244.2	\$244.2	\$240.6	\$240.6
FY	TRANS (Million \$)	NA	NA	NA	NA	\$51.0	\$51.0	\$62.0	\$62.0

DATE 3/9/89
HB NIA

HOUSE TAXATION

As of March 3, 1989
NANCY KEENAN DPI SCHOOL IMPACT REPORT

Heard	Bill #	Title	State Funds for Schools FY90	FY91	Local Schools FY90	FY91	Total Education Impact FY90	FY91
1/12	HB55	Estimation of unclaimed property assessments (Signed by Governor)		no fiscal information		no fiscal information		
1/20	HB125	Revise property tax freeze-inflation, mandated costs, voted charge (In Committee)	5,533,000	11,537,000	11,804,000	24,612,000	17,337,000	36,149,000
2/3	HB236	Amending constitution to dedicate 7.5% of coal severance tax to public school fund (In House - 2nd Reading 3/2)	-0-	-0-	-0-	-0-	-0-	-0-
2/3	HB435	Allow county electors to remove tax freeze for taxing units in county (In Committee)		no fiscal note		no fiscal note		
2/9	HB494	Raising smokeless tobacco tax to aid school foundation program (Tabled)	724,000	809,000	-0-	-0-	724,000	809,000
2/14	HB588	Revise fee in lieu tax on boats and include other motorized vessels (In Committee)		no fiscal information		no fiscal information		
2/22	HB634	Replacing 2% tax on light vehicles with a fee in lieu of tax (In Committee)	1,840,000	1,620,000	3,249,000	2,860,000	5,089,000	4,480,000
TOTAL:			8,097,000	13,966,000	15,053,000	27,472,000	23,150,000	41,438,000

In FY92, the foundation program would receive 95% of the interest earned on the investment of the dedicated amount.

LAHIB.
DATE 3/9/89
HB N/A

As of March 3, 1989
NANCY KEENAN OPI SCHOOL IMPACT REPORT

Heard	Bill #	Title	State Funds for Schools FY90	Local Schools FY90	Total Education Impact FY90
1/12	HB41	Lowers tax for some coal (Will act on 1/18) (Signed by Governor)	(6,000)	-0-	(6,000)
1/10	HB10	Oil tax cuts education trust fund (Tabled 1/11)		no fiscal note	no fiscal note
1/4	HB15	Exempt motorboats 5 HP or less (Tabled 1/12)	(9,000)	(14,000)	(23,000)
1/4	HB30	Changing tax on "old vehicles" (Tabled)		no fiscal information	no fiscal information
1/11	HB35	Change personal property assessment tax on livestock, "coal & oil hauling trucks," etc. (Referred to Senate Tax)	(31,000)	(62,000)	(93,000)
1/13	HB90	Exempt trucks, etc. from property tax (Amended for recreational & comm.) (Passed out of Committee 1/17) (Referred to S Agriculture) (Passed 3rd Reading in Senate)	(16,000)	(28,000)	(44,000)
1/17	HB95	Exempt lottery prizes from state income tax (Adverse Committee Report)	(27,000)	-0-	(27,000)
1/24	HB181	Method to appropriate coal tax proceeds to public school trust fund (In Committee)		no fiscal note	no fiscal note
1/31	HB208	Prepayment of property taxes by hard-rock mine exploration developers. (Adverse committee report adopted)		no fiscal note	no fiscal note
1/26	HB280	Revising definition of "income" to increase property tax relief (In Committee)	(141,000)	(243,000)	(384,000)
2/2	HB293	Credit for household and dependent care based on I.R.C. (In Committee)	(690,000)	-0-	(690,000)
2/7	HB4152	Exempt hand-held tools, etc., from property taxation (In House - 2nd Reading 3/2)	(223,000)	(609,000)	(832,000)



HOUSE TAXATION

As of March 3, 1989
NANCY KEENAN OPI SCHOOL IMPACT REPORT

Heard	Bill #	Title	State Funds for Schools FY90	Local Schools FY90	Total Education Impact FY90
2/7	HB451	Standard deduction in addition to deduction for house and dependent care (In House)	(50,000)	-0-	(50,000)
3/1	HB586	Fraternal organizations tax exemption (In Committee)	(62,000)	(122,000)	(184,000)
3/2	HB641	Local tax exemption for industrial parks (In Committee)	no fiscal note	no fiscal note	no fiscal note
2/1	S817	Property tax less on old cars (In Committee)	(33,000)	(59,000)	(92,000)
3/2	S890	Repeals an unconstitutional bill (in committee)	no fiscal information	no fiscal information	no fiscal information
TOTAL			(1,288,000)	(1,137,000)	(2,425,000)

*An additional 1.2763 mills necessary to offset this loss or 1.05% income tax surcharge.

*An additional 1.6042 mills necessary to offset this loss or 1.33% income tax surcharge.

1 (87,096) in 92; (44,916) in 93
2 Retroactive date reduces FY89 state funds for schools by 223,000 and local school district revenue by 608,000.

* at 1.9m/mill
at 2.3m/1% general income tax charge

LAHIBA
 DATE 3/9/89
 HB N/A



As of March 3, 1989
 NANCY KEENAN OPI SCHOOL IMPACT REPORT

SENATE TAXATION

Heard	Bill #	Title	State Funds for Schools FY90	FY91	Local Schools FY90	FY91	Total Education Impact FY90	FY91
1/11	SB2	Clears up 105 interpretation (Passed out of Committee 2/17) (Transmitted to House) (In Committee)			7,689,000	7,689,000	7,689,000	7,689,000
2/11	HB55	Estimation of Unclaimed Property Assessments (Signed by Governor)					no fiscal information	no fiscal information
1/10	SB65	Similar to SB2 (Passed out of Committee 2/17) (Transmitted to House) (In Committee)			7,689,000	7,689,000	7,689,000	7,689,000
2/28	SB410	Revising tax on metal mines (In Committee)	-0-	-0-	421,000	397,000	421,000	397,000
TOTAL:			-0-	-0-	15,799,000	15,775,000	15,799,000	15,775,000

DATE 2/9/89
 HB 11A

As of March 3, 1989
 NANCY KEENAN OPI SCHOOL IMPACT REPORT

SENATE TAXATION

Heard	Bill #	Title	State Funds for Schools FY90	FY91	Local Schools FY90	FY91	Total Education Impact FY90	FY91
1/12	SB11	Private coal royalty to be saved as federal and state (In Committee) (Transmitted to House)	(61,000)	(61,000)	-0-	-0-	(61,000)	(61,000)
1/5	SB17	Property tax less on old cars (Passed Senate; in House 3/1)	(33,000)	(33,000)	(59,000)	(59,000)	(92,000)	(92,000)
1/9	SB50	Refund property tax if proprietor moves out of state (Tabled 1/11)		no fiscal information			no fiscal information	no fiscal information
1/16	SB90	Repeals an unconstitutional bill (Passed out of Committee 1/16) (In House 3/1)		no fiscal information			no fiscal information	no fiscal information
1/19	SB97	Exempting certain class 14 property and additions or expansions to class 14 & 4 (In Committee)	(224,000)	(454,000)	(470,000)	(950,000)	(694,000)	(1,404,000)
1/24	SB118	Revise property tax protest laws (Transmitted to House 2/10) (In Committee)		no fiscal information			no fiscal information	no fiscal information
1/25	SB137	Election to forego carryback of NOL's of corporations (Committee Report--do pass) (Transmitted to House) (In Committee)		no fiscal information			no fiscal information	no fiscal information
1/25	SB184	Eliminate tax on livestock and agricultural products (Transmitted to House) (In Committee)	(1,030,000)	(992,000)	(1,689,000)	(1,627,000)	(2,719,000)	(2,619,000)
2/1	SB220	Discount for payment of entire property tax bill in November (Indefinitely postponed)	(2,746,000)	(2,770,000)	(6,896,000)	(6,896,000)	(9,642,000)	(9,666,000)
2/2	SB230	Allow property taxes to be paid in monthly installments (In Committee)		no fiscal note			no fiscal note	no fiscal note
2/2	SB282	Credit for employer payment of employee dependent care assistance (Transmitted to House) (In Committee)	-0-	(826,000)	-0-	-0-	-0-	(826,000)

SENATE TAXATION

As of March 3, 1989
NANCY KEENAN OPI SCHOOL IMPACT REPORT

Heard	Bill #	Title	State Funds for Schools FY90	Local Schools FY90	Total Education Impact FY90
2/9	SB339	Individual income tax changes and tax changes for subchapter S corporations (In Committee)	(143,000)	-0-	(143,000)
2/15	SB374	Property tax phase-in for improvements to real property or other improvements (Tabled 2/15)	-0-	(107,000)	(158,000)
2/15	SB379	Change classification of 1-ton trucks for motor vehicle taxation (Passed out of Committee 3/2)	(21,000)	(38,000)	(119,000)
2/15	SB380	Exclude social security number and tier 1 benefits from adjusted gross income in computing individual income tax (In Committee)	(757,000)	-0-	(757,000)
2/16	SB392	Exempt certain motion picture property from property taxation (In Committee)	(2,000)	(3,000)	(5,000)
3/1	SB4514	Governor's personal property proposal (In Committee)	(706,000)	(216,000)	(922,000)
3/1	HB35	Change personal property assessment on livestock, "coal and oil hauling" trucks, etc. (In Committee)	(31,000)	(62,000)	(93,000)
2/1	HB43	Lowers tax for some coal (Signed by Governor)	(6,000)	(14,000)	(20,000)
		TOTAL	(5,760,000)	(9,433,000)	(15,193,000)

*An additional 7.9963 mills necessary to offset this loss or 6.61% income tax surcharge
*An additional 10.3884 mills necessary to offset this loss or 8.58% income tax surcharge

1 (Approximately 3.8% of coal tax royalties go to foundation program)
2 (Due to retroactive date, local school district revenues will be reduced by \$552,000 in FY 89)
3 (87.096) in 1992; (44.916) in 1993
4 (5,015,529) in 1992; (7,062,447) in 1993. This legislation does not provide for a reimbursement to statewide levies. Reimbursements to local jurisdictions are not adequate to compensate for losses incurred from the reduction in property tax revenues

* at 1.9m/mill
at 2.3m/1% general income tax charge

VISITORS' REGISTER

HOUSE TAXATION

COMMITTEE

BILL NO. SB 65

DATE March 9, 1989

SPONSOR Senator Loren Jenkins

NAME (please print)	RESIDENCE	SUPPORT	OPPOSE
Joni Toole	OPI	✓	
Scott Turner	Yellowstone County	✓	
Arden Morris	MACO.	✓	
Deborah Schlegel	mt Library Assoc	✓	
TOM BILODEAN	MEA	X	
Gloria Hermanson	MT Cultural Adv.	X	
CHRIS GALLUS	Butte Silver Bow	X	
Bruce W. Moxer	NSBA	✓	
Jess W Long	SAM	-	
Alec Hansen	MIC T	✓	
Richard Miller	Helena - MT State Library	✓	
Jenns Burr	MONTA X	✓	

IF YOU CARE TO WRITE COMMENTS, ASK SECRETARY FOR WITNESS STATEMENT FORM.

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

VISITORS' REGISTER

HOUSE TAXATION

COMMITTEE

BILL NO. SB 2

DATE March 9, 1989

SPONSOR Sen. Bruce Crippen

NAME (please print)	RESIDENCE	SUPPORT	OPPOSE
Joan Tode	OPI	✓	
Scott Turner	Yellowstone County	✓	
Andrew Morris	MPCo.	✓	
Deborah Schlegel	mt Libary Assoc	✓	
TOM BILODEAU	MEA	X	
W. Hermann	MT Cult Advocacy	✓	
CHRIS GALLUS	WHITE SILVER BOW	✓	
Bruce W. Moerer	MSBA	✓	
Jane W. Long	SAM	/	
Kay Foster	Billings Chamber	✓	
Alice Ann	MLST	✓	
Richard Miller	Helena - ^{mt State} Libray	✓	
Dennis Burr	MONTAX	✓	

IF YOU CARE TO WRITE COMMENTS, ASK SECRETARY FOR WITNESS STATEMENT FORM.

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