

MINUTES

**MONTANA HOUSE OF REPRESENTATIVES
52nd LEGISLATURE - 1st SPECIAL SESSION**

COMMITTEE ON TAXATION

Call to Order: By DAN HARRINGTON, CHAIR, on January 9, 1992, at
9:00 a.m.

ROLL CALL

Members Present:

Dan Harrington, Chairman (D)
Bob Ream, Vice-Chairman (D)
Ben Cohen, Vice-Chair (D)
Ed Dolezal (D)
Jim Elliott (D)
Orval Ellison (R)
Russell Fagg (R)
Mike Foster (R)
Bob Gilbert (R)
Marian Hanson (R)
David Hoffman (R)
Jim Madison (D)
Ed McCaffree (D)
Bea McCarthy (D)
Tom Nelson (R)
Mark O'Keefe (D)
Bob Raney (D)
Ted Schye (D)
Barry "Spook" Stang (D)
Dave Wanzenried (D)

Members Absent: Rep. Fred Thomas (R)

Staff Present: Lee Heiman, Legislative Council
Lois O'Connor, Committee Secretary

Please Note: These are summary minutes. Testimony and
discussion are paraphrased and condensed.

HEARING ON HB 14

Presentation and Opening Statement by Sponsor:

**REP. BOB GILBERT, House District 22, Sidney, provided written
testimony. EXHIBIT 1**

Proponents' Testimony:

Denis Adams, Director, Department of Revenue, stated that in the 1991 Session, SB 461 was introduced which was affective in 1992. HB 14 as introduced is recommend to be affective in 1993. Reasons for making the date affective the following year are that the Department does not have adequate time to design, print, and mail the revised estimate attach forms to meet either the April 15, 1992 or the June 15, 1992 dates. They have already by-passed what would be the first two payments that are required in 1992. It is important that we have time for adequate notice to the taxpayers, to educate them as to the requirements, that the practitioners are informed about the changes, and to have adequate time to have the changes published in some of the national tax guides because much of the money will be coming from out-of-state taxpayers or non-residents. He added that the administrative cost incurred to the DOR will be over \$100,000 in additional one-time costs for a separate printing and mailing as opposed to including it in their normal tax package which goes out the first of each year.

Mr. Adams addressed the retirees who would be in opposition to HB 14. He stated that 58 percent of the federal retirees would not be impacted by HB 14 because they would not meet the \$500 tax threshold before they would be required to make estimated tax payments. This would allow a single retiree to have Montana gross income of over \$21,000 or over \$30,000 adjusted gross income for married filers before reaching the threshold. He urged the Committee support for HB 14.

Opponents' Testimony:

REP. JIM ELLIOTT, House District 51, Trout Creek, stated HB 14 raises between \$31 and \$34 million of one-time revenue, and it is going to pave the way for continuous shortfalls to the State.

He informed the Committee of what it had to look forward to in the next biennium. There will be a \$181 million shortfall in the 1994 - 1995 biennium. Forty three million dollars is included in the administration budget as one-time reductions and expenditures. This will not be a part of the base the Legislature will look at in 1994. In addition, there is \$35 million in continuing income tax shortfalls, an \$11 million income tax infusion of HB 959, and an \$11 million general fund debt service occurring when the prison and the university bonds are floated.

Going back to the budget, **REP. ELLIOTT** stated there will be \$61.5 million in one-time tax accelerations and fund transfers of which HB 14 accounts for more than half. He asked the Committee to add the reduction of the coal severance tax from 30 percent to 15 percent over the past three years. This means that the Coal Tax Trust will lose \$38 million a year which represents an internal loss of \$3.8 million in interest per year to the trust.

REP. ELLIOTT stated further that Montana is facing a future fiscal travesty. HB 14 is a good bill in its concept, but in application it is terrible and disastrously irresponsible fiscal policy.

Art Whitney, Association of Montana Retired Public Employees, provided written testimony. EXHIBIT 2

Questions From Committee Members:

REP. NELSON referred to p. 3 of HB 14. He was confused, and his confusion was supported in the explanation point sheet from the Department of Revenue where it talks about exceptions to the requirement to file estimates one of which is the individual retired in the tax year after attaining age 62 or becoming disabled. On p. 3, Line 5, Subsection 4, of HB 14, it states the individual retired in a tax year after having attained the age of 62. REP. NELSON asked if the intent is that when a person is 62 and retired, they would be exempted from the requirement of HB 14. The way it is written, it implies that if the person retires before 62, they won't be excused after they reach 62. Jeff Miller, Administrator, Income and Miscellaneous Tax Division, DOR, said that the one-time window for retirees contemplates that a person retiring in a tax year having changed to the age 62 is going to get some time to figure out what their cash flow is. The year they retire, provided they are past age 62, they are exempted from the requirement of estimates. It is a notion of letting them transition into the requirement not a forever exemption.

REP. NELSON said that he couldn't grasp the reason for the magic age of 62. He asked if a person 60 could have a problem with transition and was answered they probably would. Mr. Miller said they tried to parallel the federal requirement in all areas.

REP. HARRINGTON said that in his testimony REP. GILBERT stated that it would be costly to move the affective date up. He added that if the affective date is moved up, it would bring in more money, and asked if this money wouldn't cover the administrative costs to implement the bill. REP. GILBERT said no because if the money is collected quicker you don't get the growth factors. He added that it is a fairness issue. People should pay on a timely manner, but it is not fair to say that in 45 days from now they are going to pay.

REP. COHEN asked REP. GILBERT to address the concerns of the state retirees. REP. GILBERT said that the retirees indicated that they would have to prepay taxes. HB 14 has the ability for annualization which says they won't prepay anything. He gave the example of on April 15, the first quarter; they file their report; they receive in that quarter \$700. They will then estimate that they will have four times that income at the end of the year. The tax is figured on the amount that they earn not

the amount estimated.

REP. REAM said that in implementing HB 14, there will be a certain percentage of taxpayers who won't comply and will end up paying a penalty at the end of the year. He asked Denis Adams if he had figures on the compliance rate and whether other states have experience the same thing. Mr. Adams responded that he did not know how successful other states have been; however, the taxpayers that are in the DOR database are the ones who pay their taxes on a regular basis anyway. He is assuming that they try to comply with state laws even if they are going to have to pay earlier. REP. REAM stated that HB 14 parallels the federal estimated tax procedures closely. He asked what needed to be done in rule making. Mr. Adams said that there are several things that must be dealt with. As taxpayers change their filing status as in a divorce for example, what triggers who has to make the estimated tax payments the following year. Extension payments would be another. REP. REAM asked if the \$77,000 appropriation was for the rule making changes and was referred to Jeff Miller. Mr. Miller said the \$77,000 would cover personal services which DOR bring on at the last possible moment. They contemplate hiring four people on April 1, 1993 to process the paper. Between now and then, they would have costs of reprogramming their computers, supplies, repairs, and training.

REP. REAM referred to the 10 percent penalty. He stated the argument that it is simple is a well taken argument. He asked if there were changes in the statutes that used a rate plus. Mr. Miller said to his knowledge, they do not have any variable rates; they are fixed. Corporate tax is 1 percent per month and income tax is 9 percent unless there is perpetual delinquency in which case they can go to 12 percent.

REP. O'KEEFE said he was trying to tie together tax year and fiscal year. Mr. Miller mentioned putting staff on in April 1993. April 1993 was mentioned as the collection date for the first payment. The fiscal note shows \$31.8 million in FY 1993. Under HB 14 the first payment comes in April 1993 and June 1993. He asked Denis Adams if the two payment will collect the \$31.8 million. Mr. Adams anticipated a \$34 million rather than the \$31.8 million being collected from these two payments. REP. O'KEEFE asked if HB 14 will actually raise in a tax year, \$68 million for the State. There is only two payment out of four which are in this biennium. Mr. Adams said that existing payments are being backed up into this biennium. They are not generating any new revenue. They are just accelerating the timing of the collections of the payments. They are taking money out of FY 1994, money that would have been collected in the first nine months, backing a portion of it into April 1993 and June 1993. REP. O'KEEFE asked if that portion is equal to \$31.8 million and is some of the money still going to be coming in the last two quarters. Mr. Adams said there will still be money coming in FY 1994. This is money that would have come in sometime in FY 1994 anyway. REP. O'KEEFE said he realized this,

but the money will be spent in FY 1993 before it is received in FY 1994. Mr. Adams said in FY 1993, they would only be spending what they have collected in FY 1993.

REP. HOFFMAN asked what the fiscal impact on the amendment which would exempt public employees proposed by Art Whitney would be and was answered they did not know. REP. HOFFMAN deferred the question to Mr. Whitney. He stated the total amount of money in the bid back is \$2.9 million by the Fiscal Analyst estimate. The 2.5 percent was based on the idea that retirees would be paid back what they were going to pay in. REP. HOFFMAN asked if the amendment were adopted, would they have some constitutional equal protection concerns by not including the federal public employees that are retired. Mr. Whitney said he presumed this to be correct. He could only speak for what his organization wants.

REP. WANZENRIED asked Mr. Adams was sticking by the \$34 million total as the amount of estimated revenue raised. Mr. Adams said that in the April 1993 and June 1993, they estimate that \$34 million additional revenue. REP. WANZENRIED asked if there was a reason why the fiscal note shows \$31.8 million and his estimate is \$2.8 million off. Mr. Adams said the fiscal note says that there is a difference of opinion between what the executive bills would be versus what the LFA feels. REP. WANZENRIED asked what number will the Committee use to make a decision, the budget office or the DOR. Mr. Adams when the Committee goes into the hearing on HJR 1, this is where the decision will have to be made as to a whole serious of estimates.

REP. COHEN asked Steve Bender, Budget Analyst, OBPP, and Terry Johnson, Principal Fiscal Analyst, LFA, how much additional revenue would be raised from HB 14 if the Committee removed the exemption from farmers and ranchers. Mr. Johnson said in terms of their calculations, he couldn't give an estimate off the top of his head. He would have to go back and look at the information on file. Mr. Bender referred the question to the DOR. Mr. Adams said that they had just made a calculation on this subject. Looking at how much tax that would be paid by those taxpayers that meet the definition of farmers and ranchers, the total taxes that they would pay would be about \$3 million per year most of which would fall into the annualized payment because of the timing of the revenue. They would not have much of an impact on the \$34 million number. Farmers and ranchers would benefit from the annualized payments.

REP. STANG asked Terry Johnson what percentage of the \$31.8 million returns does he feel will be paid on time. Mr. Adams said it was assumed that they would have 100 percent compliance. REP. STANG asked if the DOR feels comfortable with the position that the LFA used 100 percent compliance. Are we over stating the income we are raising? Mr. Adams said the DOR feels comfortable with the \$34 million estimates, but they may not have 100 percent compliance.

Closing by Sponsor:

REP. GILBERT said this is a tough call to make, but he sees advantages to HB 14 because it will make people who haven't been paying on a timely basis pay. Governor Stephens did not propose that this bill be in the package. It was proposed by Democrat Senate leadership and was excepted in a bipartisan manner to get out of the crunch the State is in. Lets get the budget balanced with the numbers we have. Are we going to get \$34 million for sure from the passage of HB 14. He didn't know. We can only take the best figures we can, put the trends together, and find out where we are. These are only estimated revenues. He urged the Committee to pass the bill as is; and if they didn't like when the bill would take affect, it is in the Governor's call. If they want to change it, 76 signatures must be gotten and call a special concurrent session because this is what it will take. Not an amendment in the Committee.

Discussion by Committee:

REP. REAM said that the Revenue Oversight Committee agreed that the bill could be amended as it was introduced. It makes him made that it is being said that this cannot be done without a petition. REP. GILBERT said this is a legal opinion. If the Committee wants to approach the Governor, he will talk to them. If the Committee can convince him that the taxpayers will not be affected in a bad way, he will go down with them to talk to the Governor. REP. REAM stated that the Committee would not take action on HB 14 until it has this kind of agreement.

HEARING ON HJR 1Presentation and Opening Statement by Sponsor:

REP. BOB GILBERT, House District 22, Sidney, provided written testimony and explained the Economic Assumptions prepared by the Revenue Oversight Committee. EXHIBIT 3

Proponents' Testimony: None

Opponents' Testimony: None

Questions From Committee Members:

REP. ELLIOTT asked REP. GILBERT what is going on with the oil prices. REP. GILBERT said that oil prices are fluctuating. Because oil prices are proprietary, the oil industry is very reluctant to overstate. The Revenue Oversight Committee assumed that this was the case. REP. ELLIOTT said the Oversight Committee picked a number that was lower than the oil industry's in oil production. Terry Johnson, LFA, stated that the LFA assumptions for production for calendar year 1992 is 17.6 million barrels and 17 million for calendar year 1993.

REP. HARRINGTON said that in his testimony, Steve Bender, Budget Analyst said that there were other areas that had revenue, and asked him to comment on it. Mr. Bender said the Revenue Oversight Committee decided they were tired and decided to quite working on HJR 1. There are three areas can be looked at in executive action. There are the executive estimates not only looked at revenue shortfalls, but it also looked at areas that out performed HJR 24 revenues. The second area to look at is that revenue generation agencies have committed to the budget office that in lieu of budget reductions, they would step up their revenue collection activities. The third area is that the Committee must revisit some of the income tax assumptions.

REP. REAM said that it would be good for the Committee to know is REP. GILBERT would be proposing some changes to HJR 1 or is it his position to go with it as is. REP. GILBERT said that if the OBPP comes forward in executive action with proposed changes and we determine that the proposed changes should be included, he had no objection.

Closing by Sponsor:

REP. GILBERT made no further statements to the Committee.

Discussion from the Committee:

REP. REAM apologized for becoming angry. He stated that the Legislature does not have to sign a petition to open the session to consider the content of a bill once it is introduced. It is the Legislature's prerogative to amend the bill even though the Governor's call may have been specific.

ADJOURNMENT

Adjournment: 10:35 a.m.



DAN HARRINGTON, Chair



LOIS O'CONNOR, Secretary

DH/LOC

HOUSE OF REPRESENTATIVES

TAXATION COMMITTEE

ROLL CALL

DATE

1-9-92

NAME	PRESENT	ABSENT	EXCUSED
REP. BEN COHEN, VICE-CHAIRMAN	X		
REP. ED DOLEZAL	X		
REP. JIM ELLIOTT	X		
REP. ORVAL ELLISON	X		
REP. RUSSELL FAGG	X		
REP. MIKE FOSTER	X		
REP. BOB GILBERT	X		
REP. MARIAN HANSON	X		
REP. DAVID HOFFMAN	X		
REP. JIM MADISON	X		
REP. ED MCCAFFREE	X		
REP. BEA MCCARTHY	X		
REP. TOM NELSON	X		
REP. MARK O'KEEFE	X		
REP. BOB RANEY	X		
REP. BOB REAM, VICE-CHAIRMAN	X		
REP. TED SCHYE	X		
REP. BARRY "SPOOK" STANG	X		
REP. FRED THOMAS			X
REP. DAVE WANZENRIED	X		
REP. DAN HARRINGTON, CHAIRMAN	X		

POINT SHEET ON PROPOSED ESTIMATED TAX BILL

Montana law presently requires estimated tax payments but on a schedule and in amounts different than federal. This bill amends current law to make Montana's requirements parallel Federal with only a few exceptions.

CURRENT LAW - Section 15-30-241 MCA:

- * Requires every individual except farmers, ranchers, and stockmen to declare and pay an estimated tax if their net income from sources not subject to withholding is expected to exceed their income from sources subject to withholding; (the terms farmers, ranchers, and stockmen are not defined.)
- * Requires two declarations:
 - the **first** is due on or before **April 15**
 - the **second** is due on or before **October 15**
- * Does not penalize an individual who fails to file a declaration of estimated tax - making compliance purely voluntary.

PROPOSED AMENDMENTS TO CURRENT LAW:

Section 1

- * Continues the exception for farmers and ranchers and defines those terms to be the same as federal.
- * Requires all others to make an annual payment in an amount equal to 90% of the current year's tax liability or 100% of the previous year's tax liability.
- * Provides the same **exceptions** to the requirement to file estimates as does federal:
 - tax liability less than \$500.00 after subtracting withholding and/or credits;
 - no tax liability for the previous tax year;
 - non compliance caused by reason of casualty or disaster;
 - the individual retired in the tax year after attaining age 62 or became disabled in the tax year.
- * Provides the same calendar of due dates for the installments whether a calendar year or fiscal year taxpayer.
- * Provides that each installment equal 25% of the annual payment required.

Section 1. (continued)

- * Provides a relief valve for individuals whose income fluctuates or is seasonal by permitting the required installments to be the lesser of 25% of the annual payment or a payment calculated on an annualized method again paralleling federal.
- * Provides an incentive for compliance by charging a 10% underpayment penalty.
- * Provides exceptions to the penalty provision for the 4th installment if the return and payment are filed by the end of the month following the close of the tax year.
- * Continues the Department's authority to promulgate rules to allow extensions.

Section 2.

- * Repeals Section 15-30-242 - the current law calendar of requirements for declarations of estimated tax - April 15th and October 15th. Supplanted by the foregoing extensive amendments to 15-30-241 MCA.

Section 3.

- * Provides a FY 1993 appropriation of \$77,971 for the Department to implement the new requirements.

Section 4.

- * Provides for an effective date of July 1, 1992 to permit the Department to make preparations and conduct a taxpayer education effort.
- * Makes these changes applicable to tax years beginning after December 31, 1992.
- * Permits the Department to begin work on regulations upon passage and approval.

COMPARATIVE FACT SHEET
Proposed Estimated Tax v. Federal Estimated Tax

<u>ITEM</u>	<u>STATE</u>	<u>FEDERAL</u>
WHO MUST PAY		
Individuals	Yes	Same
Trusts	Yes	Same
Estates	Yes	Same
Partner	Yes	Same
S Corp Shareholder	Yes	Same
<u>Exceptions</u>		
Farmers	No Estimate Required	Required to Pay Estimate Once A Year
Ranchers	No Estimate Required	Required to Pay Estimate Once A Year
Fisherman	Required To Pay Estimates	Required to Pay Estimate Once A Year
DEFINITION OF TAX	Tax Liability less credits	Same
THRESHOLD	\$500	Same
DUE DATES		
Calendar Year	4/15, 6/15, 9/15 & 1/15	Same
Fiscal Year	15 day of 4th month after new year	Same
	15 day of 6th month after new year	
	15 day of 9th month after new year	
	15 day of 1st month after close of year	
EXTENSIONS OF TIME TO FILE	Rulemaking Authority	Has Provisions
UNDERPAYMENT PENALTY	Yes	Yes
UNDERPAYMENT AMOUNT	Required Amount of Payment less Amount Paid	Same
UNDERPAYMENT RATE	10% per Annum	3% over federal short-term rate
Underpayment Period	Periods Between Payment dates	Same
PAYMENT EXCEPTIONS		
Small Amount	Tax Due < \$500	Same
No Liab. In Prior Year	No Taxable Income in previous 12 months	No Tax liability in Previous 12 months
PENALTY WAIVER		
Extreme Hardship	Yes	Yes
Tax Law Changes	No Relief	Provide Relief
Retired & Disabled	Retired - Attained age 62 T/P became Disabled	Same Same
FLUCTUATIONS IN INCOME	Payments Prorated	Same
WILLFUL FAILURE TO FILE	No Provision	Fined Up to \$25,000
ANNUALIZED INCOME	Yes	Same
SHORT TAXABLE YEAR	No Provision	Have Provision
ADVANCE PAYMENT	Permitted	Same
SPOUSAL ALLOCATION	No Provison	Have Provision
TIMELY PAYMENT	Postmark Date	Same

ESTIMATED ANNUALIZED INCOME EXAMPLE

ASSUMPTIONS

The following assumptions are made about a taxpayer who is required to pay estimated taxes:

1. Single
2. Only one exemption is claimed
3. Itemized deductions consist of 25% of gross income
4. No withholding or credits

EXAMPLE I

In this example, a taxpayer receives no income until the fourth quarter in which he receives \$50,000.

Using the **regular method** of determining estimated tax payments, he would be required to pay \$575 a quarter.

Under the **annualized method**, he would be required to make one payment of \$2,294 in the fourth quarter to avoid any penalty.

Quarters	<u>1st</u>	<u>2nd</u>	<u>3rd</u>	<u>4th</u>
Adjusted Gross For Period	-0-	-0-	-0-	50,000
Multiplication Amounts	4	2.4	1.5	1
Annualization Amounts	-0-	-0-	-0-	50,000
Itemized Deductions	-0-	-0-	-0-	(12,500)
Exemptions Deduction	-0-	-0-	-0-	(1,320)
Taxable Income	-0-	-0-	-0-	36,180
Total Tax (10% tax rate)	-0-	-0-	-0-	2,549
Est. Payments - Regular Method	574	574	574	574
Est. Payments - Annualized	-0-	-0-	-0-	2,294
Total payments under regular method	=		2,296	
Total payments under annualized method	=		2,294	

Underpayment penalty under the **regular method** is the equal to \$95.66.

Underpayment penalty under the **annualized method** is equal to zero (-0-).



Association of Montana Retired Public Employees

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Helena, Montana
59604

A non-profit
corporation
of P.E.R.S. Retirees
for P.E.R.S. Retirees

TESTIMONY - JANUARY 9, 1992

Association of Montana Retired Public Employees

HB 14

AMRPE, representing retired state, county, and municipal employees, is opposed to our members being required to either pay their income tax quarterly or be subject to a penalty. Such a requirement would mean that we would have to pay our state income tax from six to eighteen months prior to the time we are to receive the retirement adjustment which is to be provided to offset the effect of taxing our pensions.

SB 226 broke an agreement of over 40 years between state and local governments and their employees that had exempted the pensions of those employees from state income tax. In lieu of this, SB 226 authorized a transfer of money equal to 2-1/2 percent of the previous year's pension payments from the general fund to the retirement funds in an effort to keep the retirees income "whole." It will not accomplish this for all retirees but at least it softens the blow.

Under the present system which assesses no penalties for paying one's entire tax on April 15, we would be "loaning" the state the money for only one-and-one-half to two months. However, if HB 14 is passed without amendment, we will either have to pay them quarterly by declaration or, more likely, will elect to have them withheld from our pension checks.

In that event, we will start paying each year's taxes one-and-one-half years before receiving our adjustment for that year, and we will never have less than six months of our taxes loaned to the state. Those of us now retired will never catch up. When death ends our annuity payments, each of us will have paid (depending on what month we die) from six to eighteen months more in taxes than we have received in adjustments. On the other hand, if we can maintain our present status, along with farmers and ranchers, we will be paying only one and one-half months before we receive our adjustments.

Therefore, we recommend, in order to keep our adjustments as current as possible to our tax payments, that lines 24 + 25, page 1, be amended to read, ". . . except farmers or ranchers as defined in subsection (5) and Montana retired public employees shall"

We explained our concerns on the timing of our retirement adjustments to the Senate Taxation Committee when they heard SB 1 on January 8. The committee amended that bill to require our adjustment be paid on April 1 rather than June 1 for all years except 1992. This change was to give us our adjustment just prior to our tax payment deadline and we are appreciative of the amendment. However, that change to be effective still requires we be exempt from the provisions of HB 14.

ECONOMIC ASSUMPTIONS
Revenue Oversight Committee

DATE 1-9-1992
HB HJR-1

YEAR ASSUMPTION	CY/FY 1991	CY/FY 1992	CY/FY 1993
1 MT Population July 1 (Thousands)	800.000	804.000	808.000
2 Revised Assumption			
3 MT Population > = 16 July 1 (Thousands)	609.000	613.000	617.000
4 Revised Assumption			
5 MT Population 18-24 July 1 (Thousands)	67.000	64.000	61.000
6 Revised Assumption			
7 CY MT Nonfarm Employment (Thousands)	295.300	298.900	301.000
8 Revised Assumption	300.800	304.500	307.100
9 CY MT Personal Income (Billions)	\$12.471	\$13.041	\$13.712
10 Revised Assumption	\$12.506	\$12.969	\$13.586
11 CY MT Nonfarm Wage & Salary Income (Billions)	\$5.941	\$6.226	\$6.509
12 Revised Assumption	\$5.964	\$6.229	\$6.497
13 CY Interest & Dividend Income (Percent Change)	NA	NA	NA
14 Assumption	5.570%	4.440%	4.300%
15 CY Net Business Income (Percent Change)	NA	NA	NA
16 Assumption	5.570%	4.440%	4.300%
17 CY Capital Gains/Losses Income (Percent Change)	NA	NA	NA
18 Assumption	0.300%	0.300%	0.300%
19 CY Rent/Royalty/Partnership Income (Percent Change)	NA	NA	NA
20 Assumption	0.000%	0.000%	0.000%
21 CY Other Nonwage & Salary Income (Percent Change)	NA	NA	NA
22 Assumption	5.570%	4.440%	4.300%
23 CY U.S. Corporate Profits Before Taxes (Billions)	\$303.400	\$310.300	\$306.600
24 Revised Assumption	\$282.000	\$310.900	\$349.300

NA Not applicable

YEAR ASSUMPTION		CY/FY 1991	CY/FY 1992	CY/FY 1993
1	CY CPI Percent Change	5.730%	3.970%	4.590%
2	Revised Assumption	<u>4.130%</u>	<u>3.500%</u>	<u>4.000%</u>
3	FY Short-Term Interest Rate	7.590%	7.710%	8.130%
4	CY Revised Assumption	<u>6.080%</u>	<u>5.800%</u>	<u>6.500%</u>
5	FY Long-Term Interest Rate	9.410%	9.480%	9.610%
6	CY Revised Assumption	<u>8.840%</u>	<u>8.500%</u>	<u>9.500%</u>
7	CY Prime Interest Rate	9.810%	10.000%	10.000%
8	Revised Assumption			
9	FY Treasury Cash Average Balance (Millions)	\$266.596	\$238.918	\$219.369
10	Revised Assumption	<u>\$273.426</u>	<u>\$239.636</u>	<u>\$211.601</u>
11	FY TRANS Issue (Millions)	\$0.000	\$50.000	\$90.000
12	Revised Assumption		<u>\$85.000</u>	<u>\$125.000</u>
13	FY Basis Points (Percentage)	0.000%	1.500%	1.500%
14	Revised Assumption		<u>1.000%</u>	<u>1.000%</u>
15	FY Individual Income Tax Audits (Millions)	\$11.266	\$13.517	\$14.640
16	Revised Assumption			
17	FY Legislative Audits (Millions)	\$0.000	\$0.750	\$0.750
18	Revised Assumption			
19	FY Corporation Tax Audits (Millions)	\$8.109	\$8.239	\$8.174
20	Revised Assumption			
21	CY Total Oil Production (Million bbls.)	18.000	17.600	17.000
22	Revised Assumption	<u>18.358</u>	<u>17.807</u>	<u>17.273</u>
23	CY Montana Oil Price	\$21.500	\$21.600	\$21.227
24	Revised Assumption	<u>\$18.200</u>	<u>\$18.000</u>	<u>\$18.000</u>
25	FY Statewide Taxable Valuation (Millions)	\$1,564.317	\$1,587.654	\$1,616.398
26	Revised Assumption		<u>\$1,572.956</u>	<u>\$1,601.896</u>
27	CY Total Coal Production (Million tons)	34.473	34.356	34.818
28	Revised Assumption	<u>35.182</u>	<u>34.515</u>	<u>34.375</u>

E13
 1-4-92
 HJK1

YEAR ASSUMPTION
 CY/FY 1991
 CY/FY 1992
 CY/FY 1993

1	CY Montana Coal Price (CSP)	\$7.362	\$7.434	\$7.456
2	Revised Assumption	\$7.564	\$7.540	\$7.530
3	FY Coal Tax Credits (Millions)	\$4.996	\$2.449	\$0.000
4	Revised Assumption	45.622	47.304	47.437
5	CY Total Nat'l Gas Production (M MCF)	\$1.773	\$1.907	\$2.097
6	Revised Assumption	135.762	137.863	130.776
7	CY Montana Natural Gas Price (\$/MCF)	0.348	0.345	0.347
8	Revised Assumption	6.449	6.454	6.457
9	CY Copper Production (M lbs.)	11.665	11.674	11.739
10	Revised Assumption	32.029	32.421	32.602
11	CY Gold Production (M ozs.)	14.100	10.900	9.300
12	Revised Assumption	0.200	0.222	0.290
13	CY Silver Production (M ozs.)	0.061	0.067	0.088
14	Revised Assumption	\$1.046	\$1.038	\$1.042
15	CY Lead Production (M lbs.)	\$400.675	\$400.675	\$400.675
16	Revised Assumption			
17	CY Zinc Production (M lbs.)			
18	Revised Assumption			
19	CY Molybdenum Production (M lbs.)			
20	Revised Assumption			
21	CY Palladium Production (M ozs.)			
22	Revised Assumption			
23	CY Platinum Production (M ozs.)			
24	Revised Assumption			
25	CY Copper Price			
26	Revised Assumption			
27	CY Gold Price			
28	Revised Assumption			

YEAR ASSUMPTION	CY/FY 1991	CY/FY 1992	CY/FY 1993
1 CY Silver Price	\$4.775	\$4.775	\$4.775
2 Revised Assumption			
3 CY Lead Price	\$0.209	\$0.209	\$0.209
4 Revised Assumption			
5 CY Zinc Price	\$0.502	\$0.502	\$0.502
6 Revised Assumption			
7 CY Molybdenum Price	\$3.119	\$3.112	\$3.115
8 Revised Assumption			
9 CY Palladium Price	\$132.725	\$132.725	\$132.725
10 Revised Assumption			
11 CY Platinum Price	\$453.253	\$453.253	\$453.253
12 Revised Assumption			
13 FY Forest Receipts (Millions)	\$11.150	\$7.753	\$7.705
14 Revised Assumption			
15 FY Permanent Trust Gains/Losses (Millions)	\$1.195	\$1.195	\$1.195
16 Revised Assumption			
17 FY Common School Trust Gains/Losses (Millions)	\$1.231	\$1.231	\$1.231
18 Revised Assumption			
19 FY Resource Ind. Trust Gains/Losses (Millions)	\$0.339	\$0.339	\$0.339
20 Revised Assumption			
21 FY Park Acq. Trust Gains/Losses (Millions)	\$0.054	\$0.054	\$0.054
22 Revised Assumption			
23 FY Liquor Unit Sales (Millions)	4.780	4.680	4.582
24 Revised Assumption			
25 FY Wine Unit Sales (Millions)	0.100	0.083	0.067
26 Revised Assumption			
27 FY Liquor Cost Per Unit	\$4.977	\$5.066	\$5.156
28 Revised Assumption			

YEAR ASSUMPTION		CY/FY 1991	CY/FY 1992	CY/FY 1993
1	FY Wine Cost Per Unit	\$3.258	\$3.372	\$3.483
2	Revised Assumption			
3	FY Liquor Division Budget (% Change)	0.000%	0.000%	0.000%
4	Revised Assumption			
5	FY Cigarette Packs (Millions)	68.874	68.068	67.156
6	Revised Assumption			
7	FY Tobacco Value (Millions)	\$7.626	\$8.053	\$8.490
8	Revised Assumption			
9	FY Insurance Premiums Growth (% Change)	1.890%	1.890%	1.890%
10	Revised Assumption			
11	FY Insurance Premiums Tax Credit	\$3.231	\$4.311	\$5.391
12	Revised Assumption			
13	FY Police & Firemen Retirement (Millions)	\$6.213	\$6.391	\$6.479
14	Revised Assumption			
15	CY Telephone Taxable Income (% Change)	\$234.185	\$241.724	\$250.770
16	Revised Assumption			
17	CY Kilowatt Hours Produced (Millions)	22,664.000	22,682.000	22,663.000
18	Revised Assumption			
19	FY Barrels of Beer (Millions)	0.702	0.706	0.711
20	Revised Assumption			
21	CY Freight Line Earnings (Millions)	\$21.757	\$21.768	\$21.699
22	Revised Assumption			
23	FY Liters of Wine (Millions)	5.036	4.907	4.785
24	Revised Assumption			
25	FY Video Machine Net Income (Millions)	\$126.079	\$139.382	\$150.333
26	Revised Assumption			
27	FY Statewide Vehicle Value (Millions)	\$1,905.049	\$1,935.412	\$1,986.326
28	Revised Assumption			

\$44.817
\$35.400

\$38.478
\$32.700

\$32.080
\$27.000

1 FY Per Capita Lottery Sales

2 Revised Assumption

HOUSE OF REPRESENTATIVES
VISITOR REGISTER

Taxation

COMMITTEE

BILL NO.

HB-14

DATE 1-9-92

SPONSOR(S) Gilbert

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NAME AND ADDRESS	REPRESENTING	SUPPORT	OPPOSE
<p>DENKERDER Dan M. New Yorker</p>	<p>AMITE Assn of Ret Public Employees</p>		<p>X</p>
<p>Thomas Taylor M.D.</p>			

PLEASE LEAVE PREPARED TESTIMONY WITH SECRETARY. WITNESS STATEMENT FORMS ARE AVAILABLE IF YOU CARE TO SUBMIT WRITTEN TESTIMONY.

