MINUTES

MONTANA HOUSE OF REPRESENTATIVES
52nd LEGISLATURE - 2nd SPECIAL SESSION

COMMITTEE ON TAXATION

Call to Order: By Chairman Dan Harrington, on July 10, 1992, at 8:30 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)
Jim Madison (D)
Ed McCaffree (D)
Tom Nelson (R)
Bob Raney (D)
Ted Schye (D)
Dave Wanzenried (D)

Members Excused: Rep. Marian Hanson
Rep. David Hoffman
Rep. Barry "Spook" Stang
Rep. Fred Thomas

Members Absent: Rep. Bea McCarthy
Rep. Mark O'Keefe

Staff Present: Lee Heiman, Legislative Council
Jill Royhans, Committee Secretary

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

HEARING ON HOUSE BILL 23

Presentation and Opening Statement by Sponsor:

REP. DAILY, District 69, Butte, said the bill imposes a 25% surtax on non-resident property owners. The proceeds go to the General Fund. He said most non-resident property owners receive services even if they are not living in Montana. They use Montana as a playground and are artificially escalating recreational property prices. He presented a proposed amendment which would apply the surtax only to property on which there is a residence (Exhibit #1).

__Proponents' Testimony__:

Wayne Hurst, tax accountant, Libby, said he supports the bill and noted it also addresses another problem. Some non-resident property owners pay no income taxes at all. This bill, if enacted, would provide a means of tracking them through their property.

REP. COHEN, District 3, Whitefish, stated he is a proponent of the bill.

__Opponents' Testimony__:

Tom Hopgood, Air Transport Association, GTE of the Northwest, Inc., and the Montana Association of Realtors, said the bill may interfere with interstate commerce. Even with the amendment in place, there may be a constitutionality question re equal protection and privileges and immunities.

__Questions From Committee Members__:

REP. HARRINGTON asked the Department of Revenue (DOR) to respond to the constitutionality issue.

Dave Woodgerd, Chief Counsel, DOR, said the commerce clause problem has been addressed by the amendment. However, the privileges and immunities clause and due process clause problems still exist. Mr. Woodgerd asked if there is a rational basis for a classification that depends on residency. The argument that non-residents do not pay sufficient taxes is valid, but not sufficient to justify the tax.

REP. GILBERT expressed concern that absentee owners would have residences on their properties that would be used by their employees. He was concerned that the employees, who would already be residents of the state, would be responsible for the tax.

REP. DOLEZAL asked DOR to do some further research into similar laws in other states. He asked that the bill be assigned to subcommittee for further study.

__Closing by Sponsor__:

REP. DAILY said this is an idea whose time has come. This is a serious issue and must be dealt with very soon.

HEARING ON HOUSE BILL 27

Presentation and Opening Statement by Sponsor:

REP. DAILY, District, District 69, Butte, said the bill establishes a minimum income tax which he offers as an alternative to capping the federal deductibility. The tax liability would be determined as the greater amount of either the tax as calculated on the return or the minimum tax as established in HB 27. The minimum tax rates on a single, or married person filing separately, would range from 3% on a taxpayer earning $15,000 to 11% on a taxpayer making $240,000. He said the amounts and percentages could be adjusted by the Committee. The bill also includes a provision whereby corporations will pay the greater amount of a 3% minimum tax on their gross income or the 6.45% they now pay on net income. He said he would prefer limiting federal deductibility, but presents this bill as an alternative.

Proponents' Testimony:

There were no proponents.

Opponents' Testimony:

Charles Brooks, Montana Retail Association, said he opposes the bill because of the 3% corporation tax on all gross income. Traditionally, taxes have been computed based on net income. For that reason, and others, his organization opposes the bill.

Questions From Committee Members:

REP. GILBERT asked if corporations would still have to pay the 3% tax on gross income even if the corporation is broke.

REP. DAILY said he is uncomfortable with that provision, and he doesn't want to place an additional burden on businesses, but that is the way the bill is written.

Closing by Sponsor:

REP. DAILY closed by noting this is a good bill. He does not submit the bill to cause undue hardships for businesses because when jobs are lost, the whole state loses.

HEARING ON HOUSE BILL 24

Presentation and Opening Statement by Sponsor:

REP. COHEN, District 3, Whitefish, said the purpose of the bill is to repeal the Freight Line Company Tax and have the companies pay the same property taxes and income taxes that other businesses in Montana pay. Freight line companies are businesses, other than railroads, which furnish cars for hauling freight over railways. The state has been challenged under the 4R's Act on the freight license tax. DOR is proposing to tax freight cars as property in the same manner as the rolling stock of Burlington Northern or Montana Rail Link. All companies would be taxed the same, whether they are railroads, or freight line companies such as TTX. **REP. COHEN** said DOR feels it needs $70,000 to implement the bill. He felt the bill would not survive scrutiny by the Appropriations Committee with that provision intact and asked that it be stricken.

Proponents' Testimony:

Dave Woodgerd, Chief Counsel, DOR, presented testimony in support of the bill (Exhibit #2) and also submitted proposed amendments (Exhibit #3).

Opponents' Testimony:

Jack Etzkorn, TTX Company, Chicago, presented his testimony in opposition to the bill (Exhibit #4).

Russ Ritter, Montana Rail Link, said his company has some serious concerns about increased record keeping and would oppose the bill on that basis.

Questions From Committee Members:

REP. GILBERT said he had heard what TTX doesn't want to pay. He asked what they would pay.

Mr. Etzkorn said TTX would prefer an add-along tax based on a fair or sound valuation which is properly allocated to the state and which provides for an equalization factor that accounts for the fact that a substantial portion of the tangible personal property within the state is exempt.

REP. GILBERT said he wanted a specific formula. He said TTX cannot expect to run their freight cars across the state for nothing.

Mr. Etzkorn replied TTX is objecting to the mileage formula as Montana is a bridge state for their car configuration. The objection to the property tax is based on an amount of tax greater than the number of cars actually in the state. He suggested the Wyoming statute, which provides for an allocation based upon the number of cars necessary to generate the miles within the state, might be more appropriate. It is terminology which is used in many other states.

REP. GILBERT asked if TTX had attempted to work with DOR to establish a rate before they filed suit.

Mr. Etzkorn said they had discussions with DOR in December, 1991, and when those discussions were fruitless, they went to the federal government.

REP. GILBERT asked **Mr. Woodgerd** if TTX and other companies had been informed of the pending legislation.

Mr. Woodgerd replied that DOR had called Mr. Etzkorn and told him the legislation was pending.

REP. COHEN asked if TTX had Montana counsel and if they had filed with the Commissioner on Political Practices as a lobbyist.

Mr. Etzkorn said TTX Montana counsel is Robert Lee. He said he had not filed as a lobbyist, but would certainly do so if it was necessary.

REP. COHEN said he hoped both Mr. Lee and Mr. Etzkorn would work with the subcommittee and DOR to try to resolve the problem.

Mr. Etzkorn replied that he would be most happy to work with the subcommittee.

Closing by Sponsor:

REP. COHEN closed saying this is a very complicated issue. He would like to work it out because of the pending litigation and hoped the subcommittee could arrive at a fair tax settlement procedure.

HEARING ON HOUSE BILL 17

Presentation and Opening Statement by Sponsor:

REP. GALVIN, District 40, Great Falls, said the bill increases the lodging tax from 4% to 9% with proceeds being allocated to the General Fund and local governments. The original 4% of the bed tax would go to tourism promotion, 80% of the increase would go to the General Fund, and 20% to cities and towns to help reduce local taxes. The fiscal note indicates approximately $6.4 million would be generated for state government, and $1.4 million for cities and towns.

Proponents' Testimony:

Chuck Stearns, Finance Director and City Clerk, Missoula, presented his testimony in support of the bill (Exhibit #5).

REP. COHEN, District 3, Whitefish, said his area has benefitted greatly from the bed tax. Rooms are full in the Flathead area for six to eight weeks at a time. He feels tourism promotion, funded by the bed tax, is working well but it should not grow in an uncontrolled manner. He said local governments should get more than 20% as small towns such as Whitefish need an offset for the impacts imposed by over 10,000 visitors. He told the Committee they should carefully review the allocations.

Tom Harrison, Montana Sheriffs and Peace Officers, said his group is also concerned with the allocation of the revenue. They would like to see more money being used to support detention facility expenditures.

Opponents' Testimony:

Keith Colbo, Montana Tourism Coalition, presented his testimony in opposition to the bill (Exhibit #6).

Greg Bryan, President, Montana Tourism Coalition, presented his testimony in opposition to the bill (Exhibit #7).

Charles Brooks, Montana Retail Association, Montana Hardware and Implement Association, and Montana Tire Dealers, said we need long-term solutions. The piecemeal approach just further complicates the situation.

Ken Hoovestol, Montana Snowmobilers Association, said the revenue raised from the bed tax should only be used for tourism promotion.

Stuart Doggett, Montana Innkeepers Association, said his organization was concerned when the original bed tax legislation passed that there were not enough safeguards against increasing the tax. The tax is working well. But it is time for other organizations who are impacted by the increase in tourism to be involved in generating revenue.

Lou Erck, Redwood Lodge, Missoula, said he owns a small motel and truck stop. He opposed the bill because it taxes one industry for the support of the state. He said he is going to be negatively affected by the bill. A 6% increase will cause lay-offs in personnel.

Vern Sitter, Colonial Inn, Helena, said over 70% of business travel is done by in-state travelers. He noted most other areas with a higher bed taxes also have a sales tax.

Fred Sterhan, Partner and General Manager, Bigfork Resort, expressed opposition to the bill.

Betsy Taylor, Day's Inn, Bozeman, stated her opposition to the bill.

Questions From Committee Members:

There were no questions.

Closing by Sponsor:

REP. GALVIN said this bill is a source of revenue which is supported by the tourist trade and not by most Montanans. It is a first step toward reducing the budget problem.

CHAIRMAN HARRINGTON said the bill would be put into a subcommittee for further study.

HEARING ON HOUSE BILL 33

Presentation and Opening Statement by Sponsor:

REP. SCOTT, District 97, Ballantine, said the bill sets underground mined coal, including longwall mined coal, at the same severance tax rate as strip mined or surface mined coal. Although longwall mining is notoperational in the state at this time, plans are underway to start this process. Underground mined coal is currently charged a 3% and 4% severance tax. The PK Coal Mine in Roundup is the only underground coal mine in the state today. The lower rate was established to assist this particular mine several years ago because a 32% severance tax would have closed the mine as it was a very small family operation. The longwall process which is planned at the PK mine will produce over 3 million tons of coal a year which enables them to seriously compete with the surface mines. The 3% and 4% rates give them an unfair competitive advantage.

Proponents' Testimony:

There were no proponents.

Opponents' Testimony:

Herschel Robbins, citizen, Roundup, said underground mines were exempted to encourage underground mining as it is better for the environment and also produces a better grade of coal. The Roundup mine has been in the permitting process for three years and has not yet begun mining. He said we should be encouraging underground mining. The mine will provide many jobs and is already paying county taxes.

Questions From Committee Members:

In answer to a question by **REP. GILBERT, REP. SCOTT** said there is still a 50,000 ton exemption in the bill which should take care of private mine owners. He noted the proponents of longwall mining say they do not have any reclamation costs.

REP. GILBERT said that just because there is only one underground mine in the state at present, it doesn't mean the strip mines are being discriminated against in the tax rate.

Closing by Sponsor:

REP. SCOTT closed by saying we are condemned for being anti-business in this state. He said one company in the state is doing considerable business in underground coal mining. He felt all mass producers of coal should be taxed at the same rate. There needs to be consistency in the tax rate schedules.

HEARING ON HOUSE JOINT RESOLUTION 2

Presentation and Opening Statement by Sponsor:

REP. GILBERT, District 22, Sidney, said this is the revenue estimating bill prepared by the Revenue Oversight Committee (ROC). He noted the January estimates have been proven wrong and he urged the Committee not to increase any of the estimates over those adopted by ROC and presented in this bill. **REP. GILBERT** said he will, in fact, recommend lowering the estimates even further when the Committee takes action on the bill.

Proponents' Testimony:

Terry Johnson, Principal Analyst, Legislative Fiscal Analyst, presented a review of the revenue estimates (Exhibit #8). He said there were three main factors influencing the shortfall. The majority of the shortfall is found in the area of individual income tax collections. The second factor is lower interest earnings due to lower return rates on the investable balances. The third factor is lower oil and gas royalty payments from the federal government.

Opponents' Testimony:

There were no opponents.

Questions From Committee Members:

REP. HARRINGTON asked **REP. GILBERT** about further reductions.

REP. GILBERT said he felt it would be wise to lower the entire estimates by 3% to 4%.

REP. SCHYE asked **Mr. Bender** if he agreed with Mr. Johnson's estimates.

Steve Bender, Office of Budget and Program Planning, said he basically agrees with Mr. Johnson's figures. He made a reduction of $5.3 million in the corporate tax revenue from the level in HJR 2. He said that is not reflected in the bill because ROC did not adopt it.

Denis Adams, Director, DOR, said there could be a reduction in audit collections due to accelerated collections in 1992. That would reflect a higher amount in 1992 and less in 1993 collections. He estimated there could be a $4 - $5 million difference.

<u>Closing by Sponsor</u>:

REP. GILBERT closed by saying the Committee needs to be very conservative in their estimates. Things can change very quickly and he is not anxious to be proven wrong again.

EXECUTIVE ACTION ON HOUSE JOINT RESOLUTION 2

<u>Motion</u>: **REP. GILBERT MOVED HJR 2 DO PASS.**

<u>Motion/Vote</u>: **REP. ELLISON MADE A SUBSTITUTE MOTION TO AMEND THE AUDIT COLLECTION ACCOUNTS IN FISCAL YEAR 1993.** Two accounts under the General Fund would be adjusted: corporate license tax and long range bond excess. One account in the State Equalization Account would be adjusted: state revenue - corporate license tax. The total of all the adjustments would total slightly over $5 million according to an explanation by **Mr. Johnson.** (See attached standing committee report for complete amendments).

<u>Discussion</u>:

REP. ELLIOTT spoke against the motion saying DOR was funded for extra auditors to speed up this process and it is not being done.

REP. ELLISON said if it only affected DOR he would agree, however, this affects the whole budget of the state.

Mr. Adams said the total amount of revenue will still be collected as the audit effort is ongoing. Corporate audits can take months to complete. DOR started the corporate audits with the shorter, faster audits and now are working on the longer ones.

REP. McCAFFREE said he would feel better sending the resolution back to ROC for a better informed decision.

REP. GILBERT said time is a problem, but ROC could review it if the leadership approved.

REP. HARRINGTON said he understands the frustration over the extra auditors, but there is nothing to be gained by sending the bill back to ROC. He said all the information that is needed can be gotten from the LFA, OBPP, and DOR. The resolution needs to be acted on as quickly as possible.

<u>Vote</u>: **THE MOTION TO AMEND CARRIED ON A ROLL CALL VOTE (EXHIBIT #9).**

<u>Motion/Vote</u>:

REP. GILBERT MOVED TO REDUCE THE TOTAL REVENUE PROJECTIONS BY 3%.

<u>Discussion</u>:

REP. ELLIOTT said he opposed the motion. It is the function of ROC, not Taxation. He suggested **REP. GILBERT** make the motion on the floor.

REP. FAGG said the estimates are always too high. It would not hurt to be a little pessimistic. He cautioned the Committee that large supplementals could impact the projections considerably. He said the Committee would be on the safe side adopting an overall 3% reduction.

REP. COHEN said the process is that ROC makes their best estimate and the Taxation Committee passes it out to the floor. He argued against the proposed reduction, saying it buries the prerogative of the entire legislature in the estimate.

REP. SCHYE said the legislature has been the one to over or under estimate, not the LFA. If the LFA isn't using the 3% reduction then his estimate should be adopted.

REP. FOSTER said it would be better to be safe and create a safety net.

REP. DOLEZAL said ROC has done a lot of research and it would be overstepping the boundaries of the Taxation Committee to further reduce the estimates.

REP. GILBERT closed on his motion saying this is his own amendment, not that of ROC. He said the LFA does a great job, but the numbers change constantly and it is prudent to lower the estimates.

<u>Vote</u>: **THE MOTION TO AMEND BY A 3% REDUCTION ACROSS THE ESTIMATES FAILED ON A ROLL CALL VOTE (EXHIBIT #10).**

<u>VOTE</u>: **REP. GILBERT'S MOTION THAT HJR 2 DO PASS AS AMENDED CARRIED WITH REP. ELLIOTT VOTING NO. (REP. GILBERT'S** Do Pass motion was automatically amended to Do Pass As Amended due to the passage of the amendments.)

<u>EXECUTIVE ACTION ON HOUSE BILL 12</u>

<u>Motion</u>: **REP. COHEN MOVED TO ADOPT THE AMENDMENTS STRIKING THE REFERENCES TO A NOVEMBER DATE CHANGE .**
(See attached standing committee report.)

<u>Motion/Vote</u>: **THE MOTION CARRIED UNANIMOUSLY.**

<u>Motion/Vote</u>: **REP. COHEN MOVED HB 12 DO PASS AS AMENDED.**

<u>Discussion</u>: **REP. GILBERT** said this is a band-aid at the expense of local governments.

REP. COHEN said the County Treasurers think this is a better procedure.

<u>Vote</u>: **THE MOTION CARRIED WITH REPRESENTATIVES GILBERT, FAGG, ELLISON, FOSTER, AND NELSON VOTING NO.**

ADJOURNMENT

Adjournment: 10:30 a.m.

Dan Harrington
Rep. Dan Harrington, Chair

Jill D. Rohyans
Jill D. Rohyans, Secretary

DH/jdr

HOUSE OF REPRESENTATIVES

TAXATION COMMITTEE

ROLL CALL DATE 7/10/92

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		

HOUSE STANDING COMMITTEE REPORT

July 10, 1992

Mr. Speaker: We, the committee on Taxation report that HJR002 (first reading copy -- white) do pass as amended .

Signed: ______________________
Dan Harrington, Chairman

And, that such amendments read:

1. Page 5, line 3.
Strike: "$13.257"
Insert: "$8.129"

2. Page 7, line 15.
Strike: "39.314"
Insert: "36.186"
Strike: "72.564"
Insert: "69.436"

3. Page 7, line 19.
Strike: "45.368"
Insert: "44.830"
Strike: "86.883"
Insert: "86.345"

4. Page 8, line 17.
Strike: "$497.264"
Insert: "$493.596"
Strike: "$952.276"
Insert: "$948.610"

5. Page 9, line 9.
Strike: "18.368"
Insert: "16.906"
Strike: "33.903"
Insert: "32.441"

6. Page 9, line 19.
Strike: "$266.087"
Insert: "$264.625"
Strike: "$520.112"
Insert: "$518.650"

7. Page 10, line 15.
Strike: "$871.572"
Insert: "$866.444"
Strike: "$1,692.149"
Insert: "$1,687.021"

HOUSE STANDING COMMITTEE REPORT

July 10, 1992

Mr. Speaker: We, the committee on Taxation report that HB0012 (first reading copy -- white) do pass as amended.

Signed: ______________________
Dan Harrington, Chairman

And, that such amendments read:

1. Title, line 7.
Strike: "NOVEMBER"
Insert: "DECEMBER"

2. Page 2, line 5.
   Page 2, line 8.
   Page 2, line 11.
Strike: "November"
Insert: "December"

3. Page 2, line 9.
Strike: "December"
Insert: "January"

HOUSE TAXATION
EXHIBIT 1
DATE 7/10/92
HB 23

Amendments to House Bill No. 23
First Reading Copy

Requested by Rep. Daily
For the Committee on Taxation

Prepared by John MacMaster
July 9, 1992

1. Title, line 5.
Following: "NONRESIDENTS"
Insert: "OWNING LAND ON WHICH THERE IS AN IMPROVEMENT USED AS LIVING QUARTERS"

2. Page 1, line 12.
Following: "state"
Insert: "on which there is an improvement used as living quarters, including a trailer or mobile home, and"

hb002301.ajm

EXHIBIT 2
DATE 7/10/92
HB HB 24

HOUSE BILL 24

Department of Revenue Explanation
July 9, 1992

Purpose

The purpose of this bill is to repeal the Freight Line Company Tax and have the companies pay the same property taxes and income taxes that other businesses in Montana pay. Freight line companies are businesses, other than railroads, which furnish cars for hauling freight over railways.

Reason

The reason the bill is necessary is that three large freight line companies, TTX (formerly Trailer Train), Railbox, and Railgon filed suit in federal court this year alleging that the tax is discriminatory.

Federal law - namely the Railroad Reorganization and Regulatory Reform Act of 1976, more commonly known as the **4R Act** - prohibits discriminatory taxation of any type of railroad transportation property. The companies claim that the current tax is discriminatory simply because freight line companies are the only companies which pay the tax. This argument has been successful in other states.

It is unknown whether the companies argument will be successful in Montana. A decision is pending before federal district court in Billings. If the companies' argument is successful, the state will lose more than one million dollars in general fund revenue for tax year 1991.

If Montana is successful on this issue, it still must justify the tax as nondiscriminatory based on the property taxes other businesses pay. The freight line company tax can not exceed a nondiscriminatory property tax. Therefore, a property tax assessment will still need to be made. Since an assessment still needs to be made, we may as well change to a property tax.

Description

The Freight Line Company License Tax is a 5.5% tax on the gross earnings of freight line companies who provide cars for the transportation of freight across railroad lines within Montana. The tax is in lieu of all other taxes including a property tax and is generally withheld by the railroads and remitted to the state. Deposits of $1.2 million to the general fund were made in FY 1992.

The annual tax is remitted on or before March 1 of each year by **20 companies, involving 170 taxpayers.** A receipt acknowledging payment is sent to each taxpayer.

The costs associated with the processing of payments and issuing receipts are minimal, less than $500 per year. No other costs are associated with collecting this tax.

Proposal

Montana's taxation method would be similar to the method used by most other states. The department's property assessment division would value the entire fleet of the company, nationwide, and then allocate a portion of that value to Montana. The allocation would be based on the ratio of miles traveled in Montana to miles traveled everywhere.

To determine the taxes owed, the Montana value would be multiplied times the tax rate for railroad and airline property - class twelve property. The rate for class twelve property is a weighted average of the tax rate for commercial and industrial property - 7.53 percent for 1992. The taxable value times the average mill in the state used for motor vehicle fleets (15-23-103) is the actual tax.

The money collected would be deposited to the general fund the same as the freight line license tax is now. In order to prevent any possible loss in general fund revenue, the bill is made retroactive to the 1991 tax year. The companies receive a credit for any taxes paid under the freight line tax.

This program will have an initial cost of approximately $70,000 in personnel and operating expenses. The ongoing costs will be approximately $60,000. The department will be required to implement the necessary administrative rules and complete assessments for the 1991, 1992 and 1993 tax years in a very short time frame. The freight line license tax was never fully funded to ensure compliance. It is important for the property tax application to be enforced from its inception.

Future Problems

The railroads and the car line companies have been successful in requiring states to reduce their property taxes based on exemptions for personal property. In a recent Oregon case <u>ACF Industries</u>, a company succeeded in being entirely exempt from all property taxes because of exemptions granted by the state. Oregon is asking the U. S. Supreme Court to review the Ninth Circuit decision.

HOUSE [illegible]

EXHIBIT 3
DATE 7/10/92
HB 24

Amendments to House Bill 24
Introduced Copy

Prepared by Department of Revenue
(7/9/92)

1. Page 11, line 5.
   Following: "otherwise"
   Strike: "taxed"
   Insert: "assessed for property taxation"

2. Page 11, line 21.
   Following: line 20
   Strike: "used outside of the state"

3. Page 13, lines 14 and 15.
   Following: "15-16-102"
   Strike: "that pertain to time for payment, penalty, and interest for delinquent taxes"

4. Page 13, line 17.
   Following: "delinquent"
   Insert: "and subject to penalty and interest under that section"

5. Page 14, line 13.
   Following: "October"
   Strike: "30"
   Insert: "31"

6. Page 14, lines 18 and 19.
   Following: "payable"
   Strike: "as provided in [section 10]"
   Insert: "within 30 days after the tax notice is postmarked"

7. Page 15, lines 9 and 10.
   Following: "payable"
   Strike: "under the provisions of [section 10]"
   Insert: "within 30 days after the tax notice is postmarked"

EXHIBIT 4
DATE 7/10/92
HB 24

HOUSE OF REPRESENTATIVES

WITNESS STATEMENT

PLEASE PRINT H.B. 24

NAME JACK ETZKORN BUDGET ____

ADDRESS 101 N. WACKER DR., CHICAGO, IL 60606

WHOM DO YOU REPRESENT? TTX COMPANY

SUPPORT ____ OPPOSE X AMEND ____

COMMENTS: SEE ATTACHED

HR:1991
CS16

HOUSE TAXATION

EXHIBIT 4
DATE 7/10/92
HB 24

TESTIMONY OF TTX COMPANY

BEFORE THE TAXATION COMMITTEE OF
THE MONTANA HOUSE OF REPRESENTATIVES

ON H.B. 24

JULY 10, 1992, 9:30 A.M.

TTX COMPANY (TTX) is a "freight line company" as defined within the meaning of Section 15-55-101(2), MCA.

Chapter 55 of Title 15, Section 15-55-101, et seq., MCA, requires freight line companies to pay annually a sum in the nature of a tax in the amount of 5.5% of the total gross earnings received by reason of the use or operation of railroad cars in Montana. Section 15-55-101(2) defines a freight line company to be any corporation, other than a railroad, engaged in the business of furnishing or leasing cars for the transportation of freight.

TTX furnishes rail cars to interstate rail carriers for the purpose of providing rail transportation.

Under TTX's car contracts with railroad carriers, the basic terms of which were approved by the Interstate Commerce Commission, all state taxes are paid by the companies as expenses of operation, and such expenses are passed on to TTX's customers, who are operating railroads, by means of the user charges which are determined taking into account all expenses including expenses for state taxes.

The liabilities for TTX under the present tax statutes in

Chapter 55 of Title 15 would be $761,000 for 1991. Other rail car companies pay lesser amounts ranging to the very insignificant.

The taxation of rail car property in Montana is subject to the provision of Section 306 of the Railroad Revitalization and Regulatory Reform Act of 1976, Pub. L. No. 94-210, 90 Stat. 54 (Feb. 5, 1976), now codified at 49 U.S.C. Section 11503. The Act is sometimes referred to by the Courts as the "4-R Act."

Section 306 states (in part):

> It is unlawful for a State, a political subdivision of a State, or a governmental entity or person acting on behalf of such State or subdivision to commit any of the following prohibited acts:
>
> (a) The assessment (but only to the extent of any portion based on excessive values as hereinafter described), for purposes of a property tax levied by any taxing district, of transportation property at a value which bears a higher ratio to the true market value of such transportation property than the ratio which the assessed value of all other commercial and industrial property in the same assessment jurisdiction bears to the true market value of all such other commercial and industrial property.
>
> (b) The levy or collection of any tax on an assessment which is unlawful under subdivision (a).
>
> (c) The levy or collection of any ad valorem property tax on transportation property at a tax rate higher than the tax rate generally applicable to commercial and industrial property in the same assessment jurisdiction.
>
> (d) The imposition of any other tax which results in discriminatory treatment of a common carrier by railroad subject to this part.

Section 306 was enacted as part of a comprehensive

[redacted]
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7/10/92

Congressional plan to revitalize the nation's railroads and to strengthen the United States transportation system. After more than 15 years of investigation, various Congressional committees and study groups concluded that state tax discrimination against railroad property was pervasive and constituted an undue burden upon interstate commerce; that state laws which guaranteed equal tax treatment for railroad property had not been observed; and that state administrative and judicial remedies had not afforded railroad property taxpayers an efficient and effective means of obtaining relief from discriminatory state taxation. Based upon the recommendations of its committees, Congress established a clear federal policy against discriminatory state taxation of railroad property.

Montana has for many years been involved in recurrent litigation in federal courts because of its various taxation schemes for railroad property. It has been expensive for the State of Montana and the taxpayers. It has resulted in tax receipts considerably lower than anticipated, simply because federal courts have been firm in the enforcement of the Congressional remedies. Past legislatures have taxed railroad property with the expectation of significant gains in tax receipts, only to have those expectations disappointed years later after litigation in federal court was ultimately concluded in favor of the taxpayer.

On March 31, 1992, TTX and other rail car companies filed a civil action in United States District Court, District of Montana, challenging Chapter 55 of Title 15 which imposes a "gross earnings" tax upon rail car property. That case is Civil Action No. CV-92-28-BLG and is currently awaiting a decision by the Court on a motion by TTX to have the current statute declared to be in violation of Section 306 of the federal 4-R Act.

House Bill 24 is a reaction by the Department of Revenue in anticipation of another adverse ruling by a federal court that a Montana tax statute discriminates against railroad property because that property is not treated in the same manner as other commercial and industrial property in the state.

As its first reaction, the Department of Revenue proposes to cure the defects of the present statute simply by including rail car with other centrally assessed railroad and airline property.

TTX has several concerns with regard to the proposed amendment language and new language in House Bill 24 because the bill as written fails to take into consideration certain significant factors which will again lead to subsequent litigation in the federal courts under the 4-R Act, to the detriment of both the State of Montana and the taxpayers.

Montana statutes taxing railroad property have generated extensive litigation in federal courts because of the preemptive declaration by Congress that all railroad property shall be taxed in a manner consistent and equal to the taxation of other industrial and commercial property. The following areas in House

Bill 24 are some of those that are likely to cause the legislation, as proposed, to be in conflict with the 4-R Act.

1. Retroactivity. Presently rail car company property is taxed under Chapter 55 of Title 55, Section 15-55-101, *et seq.*, MCA. That statute is now under challenge in a pending action in federal court. No ruling has been entered by the court in that case. Consequently, Chapter 55 of Title 15 is currently in effect and applicable. The purport of House Bill 24 is to make the taxation of rail car property retroactive to capture taxation under a new scheme and classification different from an existing Montana law. Whatever might be the motives or intentions of the Department of Revenue, such retroactivity would appear to be illegal under the Montana Constitution and general legal prohibitions against retroactive taxation based on transactions already completed in a prior year.

2. Inconsistent valuation methodology. An examination of Section 15-23-201, MCA, at Section 6 of House Bill 24, shows that centrally assessed railroad and airline property is valued on a number of different and complementary valuation methodologies, for instance, cost method, the stock and debt method, and the income or earning method. On the other hand, new Section 8 of House Bill 24, which applies exclusively to rail car property, limits the assessment methodology for such property only to the cost method. That differentiation in valuation methodology, occurring even within the same classification, could lead to a

substantial over-valuation of rail car property and a possible violation of federal law.

3. Mileage allocations. New Section 9 of House Bill 24 contemplates the allocation of the taxpayer system property to the State of Montana on the basis of car miles traveled within the state to total system car miles traveled, unless the department determines that a different formula should be applied. The legislation, if enacted, should include a proper and fair method for allocation rather than leaving the determination to the Department of Revenue only in the alternative. System mileage formulas do not take into account unique characteristics of a state such as Montana. The mileage allocation formula assumes that all states have similar operations to the system average of operation as to speed of cars, termination and origination activities, storage of cars, and repair and/or bad order of cars. Montana's operations are not typical of other states with respect to such things as the average speed of cars traveling through the state, the great distances within the state, the origination and termination of traffic within the state, the storage of cars within the state, and that nature of Montana as primarily a bridge state for railroad traffic passing through it. This atypical nature of Montana causes a substantial distortion of valuation in the magnitude of four hundred (400%) percent. A distortion of this magnitude would in itself cause a violation of the 4-R Act.

4. Exempt property adjustment. New Section 9, at Subpart (3), recognizes that rail car property is classified differently from other commercial and industrial property in the State of Montana, and it attempts to address that differentiation through the application of an "R" percentage rate. This is at least a recognition of the variations in classification under Montana's taxation scheme for various types of commercial and industrial property. What is not addressed in House Bill 24 is any adjustment for the wide spectrum of exempt property under Montana law. Under Montana law much commercial and industrial property is not taxed at all, for example, commercial and industrial inventories. Nothing in House Bill 24 addresses the equalization adjustment necessary to account for the fair taxation of rail car property relative to exempt personal property.

CONCLUSION

It is clear that House Bill 24 is a premature reaction by the Department of Revenue to pending litigation challenging the current gross earnings tax that is presently applied to rail car property under Section 15-55-101, et seq., MCA. That federal litigation is still pending. The case was only submitted to the U.S. District Court for determination on June 26, 1992. No decision has been announced. No guidance is available at this

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time from the Court's opinion with respect to fair and proper taxation of rail cars under the 4-R Act.

H.B. 24, if it speaks to anything, speaks to the Department's recognition that the current taxation of rail cars based upon gross earnings is inadequate and suspect under the 4-R Act. However, to propose a hastily drafted and ill-considered alternative, which itself would raise more problems than it solves, is not the answer.

House Bill 24 is premature. It is flawed, both technically and conceptually. It places the State of Montana at jeopardy because in attempting to solve a $700,000 tax problem it risks rendering all of Classification 12, applicable to centrally assessed railroads and airlines, in violation of federal law.

The better legislative approach is to wait for the determination of the federal court in the pending case and then, during a session with time to do so, fashion a correction, if necessary, which is addressed exclusively to rail car property and which resolves factors exclusively applicable to rail car property.

MISSOULA
FINANCE/CITY CLERK OFFICE
435 RYMAN ST. • MISSOULA, MT 59802-4297 • (406) 523-4700
FAX (406) 728-6690

FINANCE AND DEBT MANAGEMENT
BUDGET AND ANALYSIS
ACCOUNTING
CITY CLERK
UTILITY BILLING
RISK MANAGEMENT
GRANT ADMINISTRATION

HOUSE TAXATION
EXHIBIT 5
DATE 7/10/92
HB 17

CITY OF MISSOULA
CHUCK STEARNS TESTIMONY ON HOUSE BILL #17

The City of Missoula strongly supports House Bill #17 which would increase the lodging facility tax to 9% and transfer 1/9th of the tax or 1% to local governments to offset their impacts of tourism. A lodging facility tax has been considered a primary possibility for government taxing diversification and property tax relief in Montana at least since prior to the 1972 Constitutional Convention. In Missoula, this transfer of the tax would raise an estimated $100,000 annually in new revenue for the City.

Local taxes on transient lodging are found in more states (43 states) than any other selective excise tax.[1] Allowable local option add-on rates in these states range from .9% in Colorado to 11% in California and these figures do not include the statewide tax rate.[2] Therefore, it is one indication that a 9% statewide tax rate is in line with national tax rates.

A local option lodging tax is also an equitable tax. The burden is imposed on users of lodging facilities and such users in Montana normally do not pay any other direct local tax. As to whether the burden is absorbed by the lodging facility or "forward-shifted" to the tenant does not affect its equitable nature.

Hotels and motels create a high fire hazard 24 hours a day because they have high rates of occupancy throughout the day both for conventions and room occupancies. In addition, some of the most heinous crimes occur in hotels - Missoula's only homicide in 1987 occurred at a motel. Hotels and motels are also often regarded as havens for drug transactions.

The lodging facility tax has proven to be a popular local tax throughout the nation and using it to raise needed revenues to offset tourism related costs for both the state and local governments of Montana is a very sensible move. The City of Missoula strongly supports HB17 and respectfully urges your concurrence.

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[1] John H. Bowman and John L. Mikesell, ***Local Government Tax Authority and Use***, (Washington, D.C.: National League of Cities, 1987), p. 96.

[2] ibid., pgs. 121-123.

HOUSE TAXATION
EXHIBIT 6
DATE 7/10/92
HB 17

H.B. 17 Galvin

July 19, 1992

House Taxation 9:30 AM Room 312-2

Chairperson: Dan Harrington

I. Introduction - Montana Tourism Coalition

A. Purpose

B. Membership

II. Opposition to H.B. 17

A. Understand the state's fiscal crises

B. Current use of accommodations tax - successes

C. General Fund revenue source will limit the state's program to its current level. All potential gone.

D. Should be a part of tax reform debate as it affects so many aspects of the private sector economy.

E. Too narrow a tax base on the industry

F. Tourism industry does pay other taxes in support of infrastructure such as gas taxes. Multipliers.

G. Impose a tax on the industry to support the economic growth for all of Montana's benefit.

III. Close: Urge committee to recommend "do not pass" on H.B. 17

HOUSE TAXATION

EXHIBIT 7
DATE 7/10/92
HB 17

JULY 10, 1992

HOUSE TAXATION COMMITTEE
TESTIMONY IN OPPOSITION TO HB17 -A BILL TO INCREASE THE BED TAX BY 5%

GREG BRYAN - PRESIDENT - MONTANA TOURISM COALITION

CHAIRMAN HARRINGTON AND COMMITTEE MEMBERS - GOOD MORNING.

YOU ARE NOT IN AN ENVIABLE SITUATION AND I WILL NOT TAKE UP MUCH OF YOUR TIME AS YOU DEAL WITH THE SIGNIFICANT ISSUES OF OUR STATE'S BUDGETARY SHORTFALL. YOUR TASK IS TO FIND SOLUTIONS THAT WILL SHORE UP OUR STATES ECONOMIC POSITION AND DETERMINE WAYS THAT WILL PROVIDE REVENUE WHILE NOT INHIBITING ECONOMIC GROWTH. A DIFFICULT TASK IN THE CALMEST OF TIMES, LET ALONE A SPECIAL SESSION. HB17 IS NOT SUCH AN ANSWER FOR MONTANA. IT SEEKS TO SELECTIVELY BURDEN AND IMPACT AN INDUSTRY THAT IS ALREADY DOING MORE THAN IT'S SHARE TO GENERATE ECONOMIC GROWTH, THROUGH JOBS, CAPITAL INVESTMENT, MARKETING, AND BRINGING IN MONEY FROM OUTSIDE MONTANA THAT IS SPENT AND TURNS OVER MULTIPLE TIMES TO PRODUCE A $1.6 BILLION IMPACT ON MONTANA'S ECONOMY LAST YEAR. THIS BILL IF ENACTED WILL PRODUCE GREAT HARM TO MONTANA'S LODGING INDUSTRY AT A TIME WHEN THE INDUSTRY IS ONE OF OUR BRIGHTEST ECONOMIC LIGHTS. A 1990 SURVEY DONE BY PURDUE UNIVERSITY, FOR THE AMERICAN HOTEL & MOTEL ASSOCIATION, SHOWED THAT FOR EVERY 10% OF BED TAX PLACED ON A ROOM THERE WAS A LOSS OF 4.4% IN THE AVERAGE NUMBER OF ROOMS RENTED. THIS FIGURE TOOK INTO ACCOUNT THE LARGER 300 -600 ROOM HOTELS AS WELL AS THE SMALLER PROPERTIES. MONTANA IS BASICALLY A SMALL PROPERTY STATE AND WOULD EFFECTIVELY EXPERIENCE A MUCH GREATER LOSS OF

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UP TO 6.18% IN ROOMS RENTED WITH A 10% BED TAX. A SUBSTANTIAL PRICE TO PAY BY ONE INDUSTRY FOR A BANDAID APPROACH TO A STATE WIDE PROBLEM. WE CAN SIT HERE AND SAY IT WOULD NOT IMPACT OUR DECISION TO STAY SOMEWHERE, BUT THE RESEARCH SAYS IT DOES AND IT IS OUR POSITION THAT WE CAN NOT AFFORD TO IGNORE THEIR FINDINGS.

THE APPROACH THIS BILL TAKES IS TO PILE ON THE TAXES ONTO AN INDUSTRY THAT IS HELPING TO LEAD MONTANA OUT OF IT'S DOLDRUMS, AND IN THE PROCESS NEGATIVELY IMPACT THE CONTRIBUTIONS THE INDUSTRY IS MAKING. WHAT MONTANA NEEDS IS LONG RANGE PERSPECTIVE THAT DOES NOT IMPLEMENT SHORT TERM BANDAID PLUGS THAT MAIM THE GOLDEN GOOSE AND REDUCE HER ABILITY TO LAY THE GOLDEN EGGS. WHAT WE NEED ARE LONG TERM SOLUTIONS THAT OVERHAUL OUR TAX SYSTEM IN A PROGRESSIVE MANNER. THIS BILL IS NOT SUCH A LONGTERM SOLUTION. IT IS THE START OF PILING ON THE BAGGAGE THAT WILL BREAK DOWN AND IMPAIR A STRONG INDUSTRY. WE ARE ALREADY HEARING OF DIFFERENT INTERESTS WANTING A PIECE OF THIS REVENUE AND IT WILL CONTINUE TO HAPPEN. EVERY ONE WANTS A PIECE OF SOMETHING THAT IS WORKING AS PLANNED AND IN THE PROCESS WILL BREAK IT OUT OF THEIR SHORT SIGHTEDNESS.

I ASK OF YOU TO HONOR THE COMMITMENT THAT WAS MADE TO THE INDUSTRY WHEN THEY STEPPED FORWARD WITH THIS PLAN IN 1987, TO HELP MONTANA'S BUDGETARY PROBLEMS THEN. WHEN THEY GAVE BACK THE $1.2 MILLION DOLLARS TO THE GENERAL FUND AND ASKED TO RAISE THEIR MARKETING FUNDS TO PROMOTE AND ENERGIZE OUR STATE'S STRUGGLING ECONOMY. WE HAVE BEEN VERY SUCCESSFUL IN

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OUR PART OF THE BARGAIN. PLEASE DO NOT COME BACK ON US NOW AND SAY LET'S JUST SEE HOW MUCH MORE THEY CAN TAKE BEFORE THEY BREAK. WE COMMITTED TO WORK TOGETHER AS PARTNERS IN IMPROVING MONTANA'S ECONOMIC CLIMATE. THIS BILL CHANGES THE PARTNERSHIP FROM A TEAM EFFORT TO A PACKMULE CONCEPT. WE AS AN INDUSTRY ARE MORE THAN WILLING TO DO OUR PART TO HELP. THIS BILL FAILS TO RECOGNIZE THAT THE LODGING INDUSTRY ONLY BENEFITS FROM 17% OF THE VISITOR'S DOLLAR, WHILE THE REST OF MONTANA'S BUSINESS COMMUNITY GETS THE OTHER 83%. THE INDUSTRY ASKED FOR THE 4% AND FEEL IT HAS WORKED WELL FOR ALL OF MONTANA. WE WILL HELP, BUT NOT PULL THE DISPROPORTIONATE SHARE.

LET'S WORK TOGETHER TO BUILD LONGTERM SOLUTIONS THAT LEAD TO OVERALL TAX REFORM AND A BETTER BUSINESS CLIMATE IN MONTANA, NOT QUICK FIX BANDAIDS THAT ONLY STALL OUR ECONOMY AND DAMAGE A VITAL LINK IN THE RECOVERY PROCESS.

AS THE TESTIMONY THIS MORNING SHOWS, TOURISM IS A DIVERSE INDUSTRY AND AN ADVERSE IMPACT ON ONE SEGMENT IMPACTS ALL OF THE OTHERS, FROM RETAIL AND RENTAL CARS, TO ATTRACTIONS AND GASOLINE SALES. THIS BILL HAS FAR MORE NEGATIVE IMPACT POTENTIAL THAN SHORTERM FINANCIAL GAIN. ONCE THIS TAX IS ON IT WILL NOT COME OFF AND WHEN STATE FINALLY GETS AROUND TO TAX REFORM, IT WILL JUST PILE MORE ON. PLEASE DON'T START.

THANK YOU FOR YOUR ATTENTION THIS MORNING.

Office of Legislative Fiscal Analyst
Revenue Estimate Comparisons
Figures In Millions

State Equalization Account / Source of Revenue	Actual FY 1990	Actual FY 1991	HJR 24 Estimated FY 1992	HJR 1 Estimated FY 1992	Exec. Recomm. FY 1992	LFA Recomm. FY 1992	ROC Recomm. FY 1992	Change FY 1992	HJR 24 Estimated FY 1993	HJR 1 Estimated FY 1993	Exec. Recomm. FY 1992	LFA Recomm. FY 1993	ROC Recomm. FY 1993	Change FY 1993	HJR 24 Estimated FY 92/93	HJR 1 Estimated FY 92/93	Exec. Recomm. FY 92/93	LFA Recomm. FY 92/93	ROC Recomm. FY 92/93	Change FY 92/93
State Revenue																				
Individual Income Tax	92.787	115.934	94.358	90.349	86.110	86.253	83.801	(6.548)	96.858	101.705	95.974	97.385	95.960	(5.745)	191.216	192.054	182.084	183.638	179.761	(12.293)
Corporation License Tax	18.845	17.841	15.285	15.193	16.684	16.237	15.535	0.342	15.063	17.376	19.081	18.368	18.368	0.992	30.348	32.569	35.765	34.605	33.903	1.334
Coal Severance Tax	2.579	5.752	4.399	4.508	4.951	4.951	4.951	0.443	4.380	4.344	4.771	4.771	4.771	0.427	8.779	8.852	9.722	9.722	9.722	0.870
Interest & Income	34.707	35.866	38.110	39.473	39.397	39.473	39.473	0.000	39.340	42.003	41.933	42.003	42.003	0.000	77.450	81.476	81.330	81.476	81.476	0.000
US Oil & Gas Royalties	20.241	21.928	25.527	25.005	21.150	21.150	21.150	(3.855)	24.916	24.395	20.634	20.634	20.634	(3.761)	50.443	49.400	41.784	41.784	41.784	(7.616)
Local Impact Interest	0.713	0.177	0.070	0.054	0.000	0.100	0.100	0.046	0.072	0.055	2.244	0.102	0.102	0.047	0.142	0.109	2.244	0.202	0.202	0.093
SEA Interest Earnings	0.000	0.141	0.375	0.290	0.084	0.000	0.000	(0.290)	0.000	0.000	0.000	0.000	0.000	0.000	0.375	0.290	0.084	0.000	0.000	(0.290)
Coal Trust Interest Income	0.000	7.037	7.773	7.606	6.941	6.946	6.946	(0.660)	8.018	7.798	7.116	7.121	7.121	(0.677)	15.791	15.404	14.057	14.067	14.067	(1.337)
Lottery Revenue	0.000	4.200	5.901	5.025	5.500	5.500	5.500	0.475	6.381	5.048	5.525	5.525	5.525	0.477	12.282	10.073	11.025	11.025	11.025	0.952
Statewide Levy	0.000	56.993	64.074	63.003	63.003	61.632	61.632	(1.371)	65.232	64.161	64.161	62.765	62.765	(1.396)	129.306	127.164	127.164	124.397	124.397	(2.767)
Other Revenue	0.142	0.000	8.358	14.937	14.937	14.937	14.937	0.000	8.722	8.838	8.838	8.838	8.838	0.000	17.080	23.775	23.775	23.775	23.775	0.000
County Levy/Surplus	84.805	84.872	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Total State	254.819	350.742	264.230	265.443	258.757	257.179	254.025	(11.418)	268.982	275.723	270.277	267.512	266.087	(9.636)	533.212	541.166	529.034	524.691	520.112	(21.054)
Statewide Taxable Valuation	1,884.550	1,564.317	1,599.727	1,572.956	1,572.956	1,572.956	1,572.956	0.000	1,628.667	1,601.896	1,601.896	1,601.896	1,601.896	0.000	NA	NA	NA	NA	NA	NA
County Revenue																				
55 Mills	0.000	0.000	87.985	86.513	86.513	86.513	86.513	0.000	89.577	88.104	88.104	88.104	88.104	0.000	177.562	174.617	174.617	174.617	174.617	0.000
Elementary Transportation	(3.741)	(3.905)	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Cash Reappropriated	4.173	6.269	1.116	6.718	0.000	6.718	6.718	0.000	0.339	1.119	0.000	1.119	1.119	0.000	1.455	7.837	0.000	7.837	7.837	0.000
Forest Funds	1.627	1.523	1.276	1.744	1.744	1.744	1.744	0.000	1.304	1.409	1.409	1.409	1.409	0.000	2.580	3.153	3.153	3.153	3.153	0.000
Taylor Grazing	0.117	0.118	0.113	0.119	0.119	0.119	0.119	0.000	0.112	0.114	0.114	0.114	0.114	0.000	0.225	0.233	0.233	0.233	0.233	0.000
Miscellaneous	5.490	12.626	19.862	17.439	23.282	17.439	17.439	0.000	19.957	18.374	18.618	18.374	18.374	0.000	39.819	35.813	41.900	35.813	35.813	0.000
High School Tuition	(0.892)	(1.011)	(0.810)	(0.993)	(0.993)	(0.993)	(0.993)	0.000	(0.820)	(0.899)	(0.899)	(0.899)	(0.899)	0.000	(1.630)	(1.892)	(1.892)	(1.892)	(1.892)	0.000
Total County	6.774	15.619	109.542	111.540	110.665	111.540	111.540	0.000	110.469	108.221	107.346	108.221	108.221	0.000	220.011	219.761	218.011	219.761	219.761	0.000
District Revenue																				
Permissive Levy	16.961	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Light Vehicle Replacement	1.410	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Total District	18.370	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Total State Equalization Account	279.964	366.362	373.772	376.983	369.422	368.719	365.565	(11.418)	379.451	383.944	377.623	375.733	374.308	(9.636)	753.223	760.927	747.045	744.452	739.873	(21.054)
Grand Total GF & SEA	727.926	786.618	861.420	850.813	828.351	831.642	820.577	(30.236)	876.624	898.223	878.107	876.572	871.572	(26.651)	1,738.044	1,749.036	1,706.458	1,708.214	1,692.149	(56.887)

HOUSE TAXATION
EXHIBIT 8
DATE 7/10/92
HB HJR 2

Office of Legislative Fiscal Analyst
Revenue Estimate Comparisons
Figures In Millions

General Fund Source of Revenue	Actual FY 1990	Actual FY 1991	HJR 24 Estimated FY 1992	HJR 1 Estimated FY 1992	Exec. Recomm. FY 1992	LFA Recomm. FY 1992	ROC Recomm. FY 1992	Change FY 1992	HJR 24 Estimated FY 1993	HJR 1 Estimated FY 1993	Exec. Recomm. FY 1993	LFA Recomm. FY 1993	ROC Recomm. FY 1993	Change FY 1993	HJR 24 Estimated FY 92/93	HJR 1 Estimated FY 92/93	Exec. Recomm. FY 92/93	LFA Recomm. FY 1993	ROC Recomm. FY 92/93	Change FY 92/93
Individual Income Tax	159.443	142.283	207.918	199.084	189.744	190.060	184.658	(14.426)	213.428	224.108	211.480	214.589	211.449	(12.659)	421.346	423.192	401.224	404.649	396.107	(27.085)
Corporation License Tax	48.243	38.165	32.716	32.517	35.709	34.752	33.250	0.733	32.241	37.190	40.841	39.314	39.314	2.124	64.957	69.707	76.550	74.066	72.564	2.857
Coal Severance Tax	10.445	7.765	5.939	6.086	6.684	6.684	6.684	0.598	5.913	10.436	11.461	11.461	11.461	1.025	11.852	16.522	18.145	18.145	18.145	1.623
Oil Severance Tax	14.510	18.886	19.429	16.466	16.350	16.350	16.350	(0.116)	18.528	15.908	15.795	15.796	15.796	(0.112)	37.957	32.374	32.145	32.146	32.146	(0.228)
Interest on Investments	25.870	22.307	22.276	17.660	15.842	16.719	16.719	(0.941)	25.092	21.717	19.481	17.975	17.975	(3.742)	47.368	39.377	35.323	34.694	34.694	(4.683)
Long–Range Bond Excess	46.169	40.713	43.828	42.551	42.224	42.522	41.515	(1.036)	44.452	46.757	46.110	45.803	45.368	(1.389)	88.280	89.308	88.334	88.325	86.883	(2.425)
Coal Trust Interest Income	44.830	39.962	44.045	43.103	39.335	39.358	39.358	(3.745)	45.433	44.188	40.325	40.349	40.349	(3.839)	89.478	87.291	79.660	79.707	79.707	(7.584)
Insurance Premiums Tax	19.446	20.438	18.518	18.518	17.784	20.734	20.734	2.216	17.885	17.885	18.722	20.025	20.025	2.140	36.403	36.403	36.506	40.759	40.759	4.356
Institution Reimbursements	12.285	14.141	13.456	15.497	15.220	15.301	15.301	(0.196)	13.039	14.334	14.561	15.217	15.217	0.883	26.495	29.831	29.781	30.518	30.518	0.687
Liquor Profits	3.500	7.750	4.363	5.363	5.363	5.363	5.363	0.000	4.302	4.301	4.301	4.301	4.301	0.000	8.665	9.664	9.664	9.664	9.664	0.000
Liquor Excise Tax	5.428	5.759	5.710	5.710	6.172	6.148	6.148	0.438	5.691	5.691	6.152	6.128	6.128	0.437	11.401	11.401	12.324	12.276	12.276	0.875
Inheritance Tax	9.049	9.340	9.704	9.704	10.817	10.394	10.394	0.690	9.969	9.969	11.112	10.678	10.678	0.709	19.673	19.673	21.929	21.072	21.072	1.399
Metal Mines Tax	3.665	4.639	4.661	4.661	3.819	3.819	3.819	(0.842)	4.460	4.460	3.654	3.654	3.654	(0.806)	9.121	9.121	7.473	7.473	7.473	(1.648)
Electrical Energy Tax	4.101	3.906	4.239	4.239	4.129	4.129	4.129	(0.110)	4.241	4.241	4.130	4.131	4.131	(0.110)	8.480	8.480	8.259	8.260	8.260	(0.220)
Drivers' License Fee	0.863	0.883	1.571	1.571	1.693	1.700	1.700	0.129	1.577	1.577	1.699	1.706	1.706	0.129	3.148	3.148	3.392	3.406	3.406	0.258
Telephone License Tax	3.760	3.900	4.073	4.009	3.970	3.970	3.970	(0.039)	4.209	4.325	4.283	4.283	4.283	(0.042)	8.282	8.334	8.253	8.253	8.253	(0.081)
Beer License Tax	1.268	1.293	1.272	1.272	1.334	1.334	1.334	0.062	1.280	1.280	1.342	1.342	1.342	0.062	2.552	2.552	2.676	2.676	2.676	0.124
Natural Gas Severance Tax	1.057	1.277	1.634	1.634	1.117	1.117	1.117	(0.517)	1.816	1.816	1.241	1.241	1.241	(0.575)	3.450	3.450	2.358	2.358	2.358	(1.092)
Freight Line Tax	1.166	1.298	1.197	1.197	1.272	1.272	1.272	0.075	1.193	1.193	1.268	1.268	1.268	0.075	2.390	2.390	2.540	2.540	2.540	0.150
Wine Tax	0.832	0.805	0.785	0.785	0.816	0.816	0.816	0.031	0.766	0.766	0.796	0.796	0.796	0.030	1.551	1.551	1.612	1.612	1.612	0.061
Video Gaming Income Tax	5.303	6.551	6.969	6.971	7.785	7.825	7.825	0.854	7.517	7.448	9.226	8.360	8.360	0.912	14.486	14.419	17.011	16.185	16.185	1.766
Vehicle Registration Fee	6.208	7.845	7.882	7.882	9.772	9.387	9.387	1.505	8.056	8.056	9.988	9.594	9.594	1.538	15.938	15.938	19.760	18.981	18.981	3.043
Vehicle License Fee	2.662	2.737	2.710	2.710	2.974	2.995	2.995	0.285	2.781	2.781	3.052	3.073	3.073	0.292	5.491	5.491	6.026	6.068	6.068	0.577
Public Contractor's Tax	1.118	0.000	1.070	1.070	0.000	0.885	0.885	(0.185)	1.067	1.067	0.000	0.883	0.883	(0.184)	2.137	2.137	0.000	1.768	1.768	(0.369)
Other Revenue Sources	16.740	17.613	21.683	23.570	19.004	19.289	19.289	(4.281)	22.237	22.785	19.464	18.872	18.872	(3.913)	43.920	46.355	38.468	38.161	38.161	(8.194)
Total General Fund	447.962	420.257	487.648	473.830	458.929	462.923	455.012	(18.818)	497.173	514.279	500.484	500.839	497.264	(17.015)	984.821	988.109	959.413	963.762	952.276	(35.833)

← Jan. '91 Spec. Session Estimates

HOUSE TAXATION
EXHIBIT 9
DATE 7/10/92
HB HJR 2

HOUSE OF REPRESENTATIVES

TAXATION COMMITTEE

ROLL CALL VOTE

DATE 7/10/92 BILL NO. HJR 2 NUMBER 1

MOTION: by Rep. Ellison to amend by $5+ million reduction in audit accounts

NAME	AYE	NO
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		
REP. TOM NELSON	X	
REP. MARK O'KEEFE		
REP. BOB RANEY		X
REP. BOB REAM, VICE-CHAIRMAN		
REP. TED SCHYE		X
REP. BARRY "SPOOK" STANG		
REP. FRED THOMAS		
REP. DAVE WANZENRIED		X
REP. DAN HARRINGTON, CHAIRMAN	X	
TOTAL		

EXHIBIT 10
DATE 7/10/92
HB HJR 2

HOUSE OF REPRESENTATIVES

TAXATION COMMITTEE

ROLL CALL VOTE

DATE 7/10/92 BILL NO. HJR 2 NUMBER 2

MOTION: by Rep. Gilbert for overall reduction in estimates of 3%

NAME	AYE	NO
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		
REP. DAVE WANZENRIED		X
REP. DAN HARRINGTON, CHAIRMAN		X
TOTAL		

HOUSE OF REPRESENTATIVES
VISITOR REGISTER

House Taxation COMMITTEE BILL NO. HB 17 HB 23 HB 24 HB 27 HJR 2 HB 33

DATE 7/10/92 SPONSOR(S) ______

PLEASE PRINT PLEASE PRINT PLEASE PRINT

NAME AND ADDRESS	REPRESENTING	SUPPORT	OPPOSE
[illegible]	my self		HB-33 X
Tom K. Hopgood	GTE HB23, 27 Air Transport Assn - Mt. Assoc. Realtors		✓
ROBERT EDD LEE	TTX Company		✓
JACK ETZKORN	TTX COMPANY		✓
Charles R. Brooks	Montana Retail Assoc.		HB-27 HB-17
LOU ERCK	Redwood LODGE MISSOULA		HB17
VERN SITTER	Colonial Inn		HB17
Stuart Doggett	MT Innkeepers Assoc		✓ HB17
Ted J. Doney	Mt Dairymen's Assn		HB27 ✓
Betsy Taylor	Days Inn, Bozeman		HB17 ✓
LARRY HANSON	BOZEMAN INN, BOZEMAN		✓ HB17
Ken Hoovestol	MT. Snowmobile Assn.		HB-17 ✓
Greg Bryan	MT. Tourism Coalition		HB17 X
Leo Berry	Mendia Minerals		HB33

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

HOUSE OF REPRESENTATIVES
VISITOR REGISTER

House Taxation COMMITTEE BILL NO. ____

DATE 7/10/92 SPONSOR(S) ____

PLEASE PRINT PLEASE PRINT PLEASE PRINT

NAME AND ADDRESS	REPRESENTING	SUPPORT	OPPOSE
Chuck Stearns ~~Ct~~ 435 Ryman Msla MT	City of Missoula	HB-17	
Keith Colbo	MT Tourism Coalition		✓ HB17
Don Allen	Mt. Wood Products Assoc.		HB 23 HB 27
Dennis BURR	MT TAXpayers Assoc		HB17 ~~X~~
John Delano	Delano & Assoc BUR. RES		HB 33

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