

MINUTES

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

COMMITTEE ON TAXATION

Call to Order: By Chairman Dan Harrington, on July 15, 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)
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)
Fred Thomas (R)
Dave Wanzenried (D)

Members Excused: None

Members Absent: None

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

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

Announcements/Discussion: None

HEARING ON HOUSE BILL 54Presentation and Opening Statement by Sponsor:

REP. REAM, District 54, Missoula, said the bill revises taxation of nonresident and temporary resident taxpayers. Total income, both Montana and out of state, would be used for calculating the tax owed. The tax would then be prorated on the ratio of income earned in Montana to total income. Under current law, only Montana earned income is used in calculating tax owed by nonresident taxpayers. REP. REAM referred to figures contained in Exhibit #1.

Proponents' Testimony:

Wayne Hirst, Tax Accountant, Libby, said he does a number of returns for people who have moved away, but retain residences in Montana. He said most other states have this legislation, it will make some additional money for the state, it is fair, and should be enacted.

Opponents' Testimony:

There were no opponents.

Questions From Committee Members:

REP. FOSTER asked how many other states have this legislation.

Denis Adams, Director, Department of Revenue (DOR), said he knows of about 15 other states. He noted there is no proration for Montana income if you are a Montana resident and live out of state part of the year. He recommended amending the bill to clarify Montana source income and avoid double taxing.

Closing by Sponsor:

REP. REAM said the only way to get the revenue is to try the system. It is a fairness and equity issue.

HEARING ON HOUSE BILL 52Presentation and Opening Statement by Sponsor:

REP. COHEN, District 3, Whitefish, said the bill is introduced at the request of the Department of Revenue. The bill would place the new property tax values determined during the recent reappraisal cycle on the tax rolls for 1993 tax year instead of the 1994 tax year.

Proponents' Testimony:

Ken Morrison, DOR, said this is a complex issue. All property is revalued for tax purposes in 1993 and for timber in 1994. There are four reasons for implementing the cycle for the 1993 tax year. First is equity. Some residential and commercial property is taxed in the same year, some is taxed in 1993 and some in 1994. Second, it would eliminate the confusion resulting when the taxpayer receives an assessment notice for 1993 and a reappraisal notice for 1994 at the same time. It would be especially confusing if the reappraisal for 1994 was lower than the assessment for 1993. Third, it would eliminate the sales ratio study for 1993. The State Tax Appeals Board found fault with the HB 412 (1991 regular session) changes in the sales ratio study and have appealed those changes. Fourth, because there are departmental budget cuts, the bill would help DOR absorb the reduced funding. He said this is a very important bill which would simplify and streamline the reappraisal process.

REP. STEPLER said he supports the bill with amendments which he presented to the Committee (Exhibit #2). The amendments extend the reappraisal cycle for Class 3, agricultural land, because of the extensive reappraisal process now being conducted on agricultural land. The hearing process is not complete on the agricultural land reappraisal and specific proposals will be brought to the legislature in 1993.

Pat McKelvey, State Tax Appeals Board Member (STAB), presented his written testimony in support of the bill (Exhibit #3).

Jim Peterson, Montana Stockgrowers Association, expressed support for the amendments. He said there are serious issues regarding water and irrigation costs in the new reappraisal proposals. It is important to delay implementation of the agricultural reappraisal until those problems can be solved and specific reappraisal proposals are adopted by the legislature in 1993.

Jo Brunner, Executive Secretary, Montana Water Resources Association, agreed with **Mr. Peterson's** testimony. She said her organization has been working with irrigators on the irrigation portion of the proposed agricultural reappraisal. Agriculture should be given the time to work out the assessment process that is nearing completion at this time.

John Youngberg, Montana Farm Bureau, expressed support for the proposed amendments. He said speeding up the process would be detrimental to the Class 3 reappraisal process.

Opponents' Testimony:

There were no opponents.

Questions From Committee Members:

REP. FOSTER asked **Mr. Adams** to respond to the proposed amendments concerning agricultural land.

Mr. Adams said the valuations will go out sometime in late 1993. The amendments are acceptable as agricultural lands are in a separate class and it would be advisable to wait for completion of that reappraisal process.

REP. HOFFMAN asked if elimination of Classes 3 and 10 would adversely affect revenue.

Mr. Morrison said Class 10 had already been delayed until 1994. He felt the equity issue was not a critical issue in delaying the Class 3 and 10 appraisals. He said it would be beneficial because appeals would be eliminated if Class 3 and 10 were held out for a year.

REP. O'KEEFE asked if delaying the process will affect counties and local governments.

Mr. Morrison said it is almost impossible to determine what, if any, impact there will be at this point. He felt there should not be a revenue impact on local governments.

Closing by Sponsor:

REP. COHEN closed by saying the proposed amendments were totally unacceptable to him at this time. He urged the Committee to pass the bill as presented and said he would fight to defeat the bill were it to be amended.

HEARING ON HOUSE BILL 57**Presentation and Opening Statement by Sponsor:**

REP. COHEN, District 3, Whitefish, said the bill requires that a taxpayer must go the County Assessor to try to work out an objection on property appraisals before filing an appeal with the State Tax Appeals Board. He said the bill should be amended on page 2, line 5, by reinserting "assessor". He noted he has a concern with changing the appeals process in a special session when the public has not had adequate notice to appear and testify on the bill.

Proponents' Testimony:

Ken Morrison, DOR, said the bill ensures that the taxpayer takes the first step of talking to the Assessor and the Department of Revenue before appealing to the County Tax Appeal Board. He said \$63,000 was spent on unnecessary appeals last year. Those appeals were filed before DOR had completed their review process.

REP. ELLISON said this is a good bill. It eliminates redundancy in the first step of the appeals process and benefits the taxpayer. It would save a little money and a lot of time.

Opponents' Testimony:

Pat McKelvey, STAB Member, presented his testimony in opposition to the bill (Exhibit #4).

Questions From Committee Members:

REP. RANEY asked if changing the process would be more confusing than leaving it alone.

Mr. Morrison said none of the computer processes are changed. It simply clarifies and simplifies the first step in the appeal process. If it is possible to resolve the conflict at the first step, it saves time and money for everyone involved. Some issues will still need to be resolved with STAB and DOR.

Closing by Sponsor:

REP. COHEN closed saying it is obvious there are philosophical differences between STAB and DOR. This is as it should be. He is still concerned that this should be further explored at the regular session.

HEARING ON HOUSE BILL 50

Presentation and Opening Statement by Sponsor:

REP. WHALEN, District 93, Billings, said the bill imposes the corporate license tax on insurance companies doing business in Montana. The current premium tax is treated as a minimum tax in the bill. He had introduced this bill in both the 1991 regular session and 1992 special session. This bill has been redrafted to meet the concerns raised during those two sessions. Life insurance annuity contracts have been taken out of the bill. The premium offset will continue apply to any tax liability under this bill.

He presented a rough draft fiscal note and noted the \$284,924 for 1993 would be a minimum figure as calculations were based on incomplete information (Exhibit #5).

Proponents' Testimony:

There were no proponents.

Opponents' Testimony:

Jacqueline Lenmark, American Insurance Association, presented testimony in opposition to the bill (Exhibits #6 and #7).

Tom Hopgood, Health Insurance Association of America, said he agrees with the testimony submitted by **Ms. Lenmark**. The net effect of the bill is to create a lot more audit work for the Insurance Commissioner. He said there will not be very many companies paying the corporation license tax because 2.75% of gross is greater than 6.75% of net proceeds. If it were to have a positive revenue benefit on the state, it will be paid only by commercial companies in the health insurance field. Blue Cross/Blue Shield is not subject to these taxes. Commercial health insurers are already in an unbalanced competitive situation and this bill will create more of an imbalance. If this bill increases operating costs, the costs will be passed on to the consumers. There are enough difficulties in providing affordable health coverage and care for the public at present. This bill would further complicate that situation.

Ron Ashebrenner, State Farm Insurance Companies of Montana, said he supported the previous testimony and warned that this bill would result in increased premiums for consumers.

Patrick Driscoll, American Council of Life Insurers, said the material presented by **Ms. Lenmark** was also from his organization. He stated his opposition to the bill.

Questions From Committee Members:

There were no questions.

Closing by Sponsor:

REP. WHALEN closed said this bill will not solve the imbalance between health care insurance providers. He said that will have to be addressed in a regular session. The bill will take time to implement but it is necessary to start now so that when we address the whole issue in the regular session, some of the work will already have been done.

EXECUTIVE ACTION ON HOUSE BILL 36

Motion: REP. McCARTHY moved HB 36 DO NOT PASS.

Vote: The motion CARRIED with REP. DOLEZAL voting no.

EXECUTIVE ACTION ON HOUSE BILL 44

Motion: REP. REAM moved HB 44 DO PASS.

Motion/Vote: REP. REAM moved to adopt the amendments as per (Exhibit #8).

Discussion: REP. REAM set aside amendments #1 -#4 and for purposes of discussion moved to amendment #5. He said amendment #5 would delete Section 4 in its entirety and replace it with a new Section 4 that would deposit all the 7% surtax coal proceeds into the general fund. Amendment #8 strikes Section 23 in its entirety. Under current law the liquor excise tax of 16% is applied to the base liquor price, then a 10% liquor license tax is applied. In order to avoid adding a 7% surtax to both the excise tax and the license tax, the amendment would eliminate the 7% surtax on the license tax. Amendment #11 removes the inheritance tax from the surtax provisions because it is unpredictable and likely would not produce any revenue for this biennium. The remainder of the amendments are codification changes.

REP. DRISCOLL explained amendments #1 - #4. He said it is impossible to impose the surtax in the middle of the year on the individual and corporate license taxes. A 7% surcharge in 1992 would necessitate a 21% - 28% increase in withholding. The amendments would impose a 2.3% % surtax for 1992, and a 4.67 % surtax for 1993 which would total 7%. (The amendment figure is set at 4.66%, REP. DRISCOLL said it should be changed to 4.67%). The withholding would then remain at 7%.

Motion/Vote: REP. REAM moved to adopt amendments #5 -#32.

Motion/Vote: REP. FAGG, as a substitute motion, moved to adopt amendments #6 -#32. The motion CARRIED with REP. GILBERT voting no.

MOTION/Vote: REP. FAGG moved to segregate amendment #5 for purposes of a vote.

Discussion: REP. RANEY asked for clarification. As the bill is written, does half of the 7% surtax on the severance tax go into the coal tax trust fund?

REP. REAM said the bill provides for 50% to the general fund and 50% to the coal tax trust fund. Amendment #5 diverts the entire 7% surtax on the coal severance tax into the general fund for one year. If passed, amendment #5 would add \$1.465 million more to the general fund.

REP. ELLIOTT asked what the impact would be if the amendment failed.

REP. DRISCOLL replied \$1.5 million less would go to the general fund, \$1.5 million more would be deposited into the coal tax trust.

REP. RANEY said this is a major policy change. He is not willing to divert the funds from the trust.

REP. COHEN said he feels the same way as REP. RANEY, however, he felt the bill should treat all taxes and taxpayers the same and all the proceeds should go to the general fund.

REP. ELLISON said it makes no sense to borrow money from the taxpayers to put in a savings account.

REP. REAM, in answer to a question from REP. HOFFMAN, said the overall fiscal impact, apart from the income tax, would be \$42.3 million in available cash, \$2.8 million in accruals, and \$36.4 million in general fund revenue. The fiscal note will show money credited to school equalization which will be offset by the general fund.

Motion/Vote: REP. Elliott said he shared the concern over the coal tax trust fund. He has defended it long and hard over the years. However, in light of the problems presently facing the state, he said he would support the amendment.

REP. ELLIOTT moved to adopt amendment #5. The motion CARRIED on a roll call vote (Exhibit #9).

Motion/Vote: REP. COHEN moved to adopt amendments #1 - #4.

Discussion: REP. HOFFMAN asked if adopting the 2.3% and 4.66% rates would result in a net reduction in general fund revenue.

REP. DRISCOLL replied it would not be a reduction in net. It would be the same amount of money, however, it would come in at different times. Some of it would be moved into FY 1994.

REP. HOFFMAN asked if it would affect available cash.

REP. DRISCOLL said it would affect available cash from individual income tax and corporations. Amendment #5 would take care of that problem as the coal tax money would supplement the available cash.

Motion/Vote: The motion to adopt amendments #1 -#4 CARRIED on a roll call vote (Exhibit #10).

COMMITTEE COUNSEL LEE HEIMAN said there were several technical amendments that need to be adopted regarding the applicability dates.

Motion/Vote: REP. REAM moved to allow Mr. Heiman to prepare the technical amendments, and as so prepared, moved adoption of the technical amendments. The motion CARRIED unanimously.

Motion/Vote: REP. REAM moved HB 44 DO PASS AS AMENDED.

Discussion: REP. GILBERT said he opposes the bill as it is and as it was. You cannot make a bad bill better. He said it places an unrealistic burden on spending and on the taxpayers. This bill only treats the symptoms, it is unfair to increase taxes before the legislature makes budget cuts. He said, "this is not the horse to ride out on, it is more like a suppository". The people are tired of "tax, tax, tax,", they want "cut, cut, cut".

REP. REAM said this is the most equitable way to raise the needed revenue. The gaming and hospital tax bills are the "tax, tax, tax" bills.

REP. GILBERT pointed out that with one exception, the Republicans did not support either of the aforementioned bills.

Vote: The motion that HB 44 DO PASS AS AMENDED CARRIED on a roll call vote (Exhibit #11).

EXECUTIVE ACTION ON HOUSE BILL 48

Motion: REP. McCARTHY moved HB 48 DO PASS.

Motion/Vote: REP. McCARTHY moved to adopt the proposed amendments to HB 48 (Exhibit #12).

Discussion: REP. HARRINGTON said all amendment #5 does is require DOR to conduct its bidding process for liquor and table wines in a manner that allows vendors of all sizes to sell liquor and table wines to the state. He said the state could lose a lot of money if the amendment is not passed. The vendors also feel they are being discriminated against in this area.

REP. THOMAS said he understands this is not a mandatory provision because of the language "allows".

REP. HARRINGTON said that is correct. The state cannot dictate what wine and liquor can be sold. It leaves the choice up to the distillers and vendors.

VOTE: The motion to adopt the amendments CARRIED unanimously.

The Committee reviewed proposed amendments submitted by SEN. REA (Exhibit #13). The Committee discussed the leasing process and concerns were voiced that the amendment language regarding most favorable bids might lead to the drawing process for leases once again. REP. GILBERT said he felt the Committee should not take any action and let SEN. REA deal with the amendments in the Senate.

Vote: The motion that HB 48 DO PASS AS AMENDED CARRIED unanimously.

EXECUTIVE ACTION ON HOUSE BILL 11

Motion: REP. NELSON moved HB 11 be TABLED.

Vote: The motion CARRIED with REP. REAM and REP. SCHYE voting no.

EXECUTIVE ACTION ON HOUSE BILL 15

Motion: REP. COHEN moved to adopt the proposed amendments to HB 15 (Exhibit #14).

Discussion: REP. COHEN said the Subcommittee recommended changing from using current values to using 1989 values and depreciating the amount 10% a year over a 10 year period.

Vote: The motion to adopt the amendments CARRIED.

Motion: REP. COHEN moved HB 15 DO PASS AS AMENDED.

Discussion: REP. COHEN said the bill, as amended, would reduce the block grant by \$1.9 million in 1992 and return \$1.9 million to the general fund.

REP. GILBERT asked if new property coming on the tax rolls will be valued at 9%.

REP. COHEN said new property has never been included in this bill. Only property on the tax rolls in 1989 at 1989 values is subject to the provisions of this bill.

REP. GILBERT asked if DOR is required to change their forms in order to track equipment that is moving out of the county.

REP. COHEN said this is a major concern, however, it is not addressed in this bill.

REP. FAGG said there are two reasons to vote against the bill. The first is that it takes \$1.9 million from local governments and put it into the general fund each year for the next ten years. Second, the reason the block grant was established still exists. Local governments are losing money because personal property taxes were reduced. That has not been changed, neither should the block grant.

REP. COHEN said local governments were able to raise their mill levies to compensate for the personal property tax losses. This bill equalizes the playing field.

REP. McCaffree said counties can raise mill levies, but not higher than they were in 1986.

Motion/Vote: **REP. THOMAS** made a substitute motion that HB 15 DO NOT PASS AS AMENDED.

Discussion: **REP. COHEN** said this problem needs to be addressed . The biggest impact, over \$1 million of the \$1.9 million, is on universities and school systems. The local governments will take the smaller hits and the schools will get their money back. This bill is good tax policy. The block grants keep growing like a monster coming back to haunt us.

Vote: The motion that HB 15 DO NOT PASS AS AMENDED CARRIED on a roll call vote (Exhibit #15).

HOUSE OF REPRESENTATIVES

TAXATION COMMITTEE

ROLL CALL

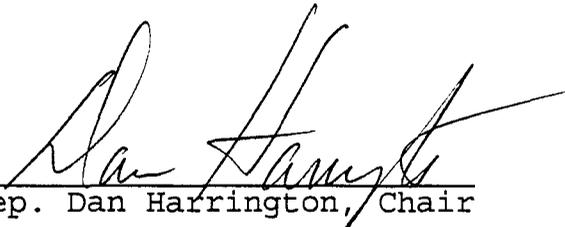
DATE

7/15/92

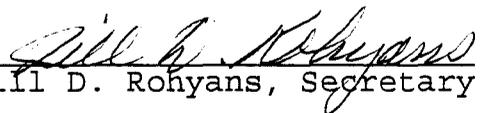
| NAME | PRESENT | ABSENT | EXCUSED |
|-------------------------------|---------|--------|---------|
| REP. BEN COHEN, VICE-CHAIRMAN | X | | |
| REP. ED DOLEZAL | X | | |
| REP. JIM ELLIOTT | X | | |
| REP. ORVAL ELLISON | X | | |
| REP. RUSSELL FAGG | X | | |
| REP. MIKE FOSTER | X | | |
| REP. BOB 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 | | |

ADJOURNMENT

Adjournment: 10:30 a.m.



Rep. Dan Harrington, Chair



Jill D. Rohyans, Secretary

DH/jdr

HOUSE STANDING COMMITTEE REPORT

July 15, 1992

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Mr. Speaker: We, the committee on Taxation report that HB 36
(first reading copy -- white) do not pass .

Signed: _____
Dan Harrington, Chairman

HOUSE STANDING COMMITTEE REPORT

July 15, 1992

Page 1 of 4

Mr. Speaker: We, the committee on Taxation report that HB 44
(first reading copy -- white) do pass as amended .

Signed: _____
Dan Harrington, Chairman

And, that such amendments read:

1. Title, line 6.

Following: line 5

Insert: "THE APPLICABILITY OF"

Following: "SURTAX"

Strike: "TO 1 YEAR"

Following: ";

Insert: "IMPOSING A 2.3 PERCENT SURTAX ON INDIVIDUAL AND
CORPORATE INCOME TAXES FOR TAX YEAR 1992 AND A 4.66 PERCENT
SURTAX ON INDIVIDUAL AND CORPORATE INCOME TAXES FOR TAX YEAR
1993; IMPOSING A GENERAL FUND STABILIZATION TAX ON COAL;"

2. Title, line 8.

Strike: "16-1-404,"

3. Page 2, line 2.

Strike: "7%"

Insert: "2.3% of the tax liability for tax year 1992 and a surtax
of 4.66%"

Following: "liability"

Insert: "for tax year 1993"

4. Page 2, line 21.

Strike: "7%"

Insert: "For tax year 1992, 2.3% of the tax liability and, as a
surtax for tax year 1993, 4.66%"

5. Page 2, line 23 through page 3, line 3.

Strike: section 4 in its entirety

Insert: "NEW SECTION. Section 4. General fund stabilization tax. (1) Each coal mine operator required to pay the severance tax under Title 15, chapter 35, shall pay a general fund stabilization tax. The general fund stabilization tax is an amount equal to 7% of the tax liability computed under 15-35-103.

(2) The tax must be deposited to the credit of the state general fund."

6. Page 7, line 20.

Strike: "16-1-404"

Insert: "16-1-403"

7. Page 7, line 21.

Strike: "this part"

Insert: "16-1-401 through 16-1-403"

8. Page 8, line 14 through page 11, line 6.

Strike: section 23 in its entirety

Renumber: subsequent sections

9. Page 16, line 16.

Strike: "29"

Insert: "28"

10. Page 21, line 10.

Strike: "34"

Insert: "33"

11. Page 23, lines 17 through 25.

Strike: sections 36 and 37 in their entirety

Renumber: subsequent sections

12. Page 24, line 3.

Strike: "39"

Insert: "36"

13. Page 25, line 2.

Strike: "chapter 35, part 1,"

14. Page 25, line 3.

Strike: ", chapter 35, part 1,"

15. Page 27, lines 11 and 14.

Strike: "29"

Insert: "28"

16. Page 27, lines 15 and 18.
Strike: "32"
Insert: "31"

17. Page 27, lines 19 and 22.
Strike: "34"
Insert: "33"

18. Page 27, line 23 and page 24, line 1.
Strike: "35"
Insert: "34"

19. Page 28, lines 2 through 9.
Strike: subsections (22) and (23) in their entirety
Renumber: subsequent subsection

20. Page 28, lines 10 and 13.
Strike: "39"
Insert: "36"

21. Page 28, line 20.
Strike: "Sections 2, 3, and"
Insert: "Section"
Strike: "terminate"
Insert: "terminates"

22. Page 28, line 21.
Following: "."
Insert: "[Sections 2 and 3] terminate upon receipt of taxes for
tax year 1993."

23. Page 29, line 7.
Strike: "20, 23,"

24. Page 29, line 8.
Strike: "29"
Insert: "28"
Strike: "32"
Insert: "31"

25. Page 29, line 11.
Strike: "20, 23,"
Strike: "29"
Insert: "28"

26. Page 29, line 12.
Strike: "32"
Insert: "31"

27. Page 29, line 14.

Following: "17,"

Insert: "20,"

Following: "22"

Strike: ", 24"

Strike: "28"

Insert: "27"

Strike: "33"

Insert: "32"

28. Page 29, line 15.

Strike: "35"

Insert: "34"

29. Page 29, line 18.

Following: "17,"

Insert: "20,"

Following: "22"

Strike: ", 24"

Strike: "28"

Insert: "27"

Strike: "33"

Insert: "32"

30. Page 29, line 19.

Strike: "35"

Insert: "34"

31. Page 29, lines 21 and 24.

Strike: "38, and 39"

Insert: "35, and 36"

32. Page 30, lines 1 through 6.

Strike: subsection (7) in its entirety

HOUSE STANDING COMMITTEE REPORT

July 15, 1992

Page 1 of 2

Mr. Speaker: We, the committee on Taxation report that HB 48
(first reading copy -- white) do pass as amended .

Signed: _____
Dan Harrington, Chairman

And, that such amendments read:

1. Title, line 4.

Following: "ACT"

Insert: "RELATING TO THE ADMINISTRATION OF LIQUOR STORES AND
LIQUOR STORE INVENTORY;"

2. Title, line 8.

Following: "RENEWALS;"

Insert: "REQUIRING THAT THE DEPARTMENT OF REVENUE CONDUCT ITS
BIDDING PROCESS FOR LIQUOR AND TABLE WINES IN A MANNER THAT
ALLOWS VENDORS OF ALL SIZES TO SELL LIQUOR AND TABLE WINES
TO THE STATE; ESTABLISHING A MORATORIUM ON RULEMAKING
ACTIVITIES OF THE DEPARTMENT OF REVENUE IN REFERENCE TO
LIQUOR STORE INVENTORY TYPES AND SIZES;"

3. Title, line 10.

Following: "DATE"

Insert: "AND AN APPLICABILITY DATE"

4. Page 3, line 13.

Following: "(5)"

Insert: "(a)"

5. Page 3.

Following: line 15

Insert: "(b) The department shall, when issuing bids to purchase
liquor or table wine, provide that the bidding process not
discriminate against low-volume or small vendors and may not
combine items to be purchased in such a manner as to
restrict the number of vendors that would be able to submit
bids."

6. Page 4.

Following: line 3

Insert: "NEW SECTION. Section 3. Temporary moratorium on rules relating to liquor inventory. The department of revenue may not promulgate, amend, or repeal any administrative rules that rules relate to the inventory of liquor stores and that are effective between July 1, 1992, and April 1, 1993. This withdrawal of rulemaking authority also relates to rules governing bottle sizes and types of liquor or table wine."

Renumber: subsequent section

7. Page 4, line 4.

Following: "date"

Insert: "-- applicability"

Following: "."

Insert: "(1)"

8. Page 4.

Following: line 5

Insert: "(2) [Section 3] applies to all administrative rules proposed by the department of revenue that have not been adopted before June 30, 1992."

HOUSE STANDING COMMITTEE REPORT

July 15, 1992

Page 1 of 2

Mr. Speaker: We, the committee on Taxation report that HB 15
(first reading copy -- white) do not pass as amended .

Signed: _____
Dan Harrington, Chairman

And, that such amendments read:

1. Title, lines 6 through 8.

Strike: "USING" on line 6 through "1989" on line 8

Insert: "DEPRECIATING THE VALUE OF THE REIMBURSEMENT BY 10
PERCENT EACH YEAR"

2. Page 2, lines 7 and 8.

Strike: "current" on line 7

Insert: "county's"

Strike: "of personal property that was taxed in the county in
1989" on lines 7 and 8

Strike: "on" on line 8

3. Page 2, line 23 through page 3, line 1.

Strike: subsection (3) in its entirety

Renumber: subsequent subsections

4. Page 3, line 12.

Strike: "1990"

Insert: "1992"

5. Page 3, line 15.

Strike: "(4)"

Insert: "(3)"

6. Page 3, line 16.

Strike: "1990"

Insert: "1992"

7. Page 3, line 17.

Following: "November 30"

Insert: "for the next 9 years"

REPORT 1
DATE 7/15/92
HB 54

HB 54

NONRESIDENT TAXPAYER

Earning \$20,000 in Montana
and 30,000 elsewhere
\$50,000 TOTAL

Current Law Tax Only
based on \$20,000 ---- \$1,090

Based on 40% of Tax
for \$50,000 income ----\$1,572.40

Earning \$20,000 in Montana
and 40,000 elsewhere
\$60,000

Current Law -----\$1,090

Based on 1/3 of tax for
\$60,000 income -----\$2,014

8. Page 3, line 19.
Following: "county"
Insert: "reduced by equal percentages until no reimbursement is
made in the 10th year"

9. Page 3, line 20.
Strike: "1991"
Insert: "1992"

10. Page 3, line 21.
Following: "May 31"
Insert: "for the next 9 years"

11. Page 3, line 22.
Following: "county"
Insert: "reduced by equal percentages until no reimbursement is
made in the 10th year"

EXHIBIT 2
DATE 7/15/92
HB 52

AMENDMENTS

House Bill 52
Introduced Version

1. Title, line 8

Following: "1994 TAX YEAR"

Insert: ", AND PROVIDING AN EXTENSION OF THE REAPPRAISAL CYCLE FOR CLASS THREE - AGRICULTURAL LAND AND CLASS TEN - FOREST LAND WHICH REAPPRAISED VALUES SHALL BE PLACED ON THE TAX ROLLS IN THE YEAR FOLLOWING COMPLETION OF THE REAPPRAISAL CYCLE"

2. Page 12

Following: line 12

Insert: New Section. Section 7. Extension of Reappraisal Cycle for Class 3 and 10 land. Notwithstanding any other provision of this code the reappraisal cycle for class 3 and 10 land commencing January 1, 1986 shall be extended to December 31, 1993. The new values determined during this period must be placed on the tax rolls in the year immediately following the completion of the revaluation cycle for class 3 and 10 land.

Renumber: subsequent sections

52nd Legislature
Special Session of July 1992
Memo on HB52
Introduced by Representative Ben Cohen

The State Tax Appeal Board cares to comment only for clarification of the bill and for possible effects on the appropriation for our operation.

It is unclear how passage of this bill would relate to 15-7-201 MCA (Applicable to 1993 Land Valuation Schedules). More specifically paragraph 4 of that section which states; "In computing the agricultural land valuation schedules to take effect on the date that the revaluation cycle commencing January 2, 1986, takes effect pursuant to 15-7-111 and, thereafter, on the effective date when each revaluation cycle takes effect, the department of revenue.....". Will this revaluation of agricultural lands be ready to implement at the same time?

The second unclear relationship is with 15-8-111 (6)(e) MCA, which is a change in the valuation method of forest land. Currently the law refers to January 1, 1994, as the date of change of this method. Will this change also be accelerated to January 1, 1993?

If these changes are not also accommodated, are there not conflicts created from the application of value changes on certain classes of property only, rather than on all classes at the same time?

The State Tax Appeal Board is of the opinion that the appropriation for the Board may need to be altered if this bill

7/15/92
HB 52

becomes law. We are not in opposition to this bill, but it is necessary to attempt to compute its possible generation of appeals from aggrieved taxpayers who:

1. Are forest land owners who do not receive the accelerated application date, if that would have been beneficial to them.
2. Are real property owners who are aggrieved by the new values placed on their property. And/or are aggrieved because all classes of property were not treated equally in the application of this new appraisal cycle.
3. Are agricultural land owners who do receive revaluation earlier than expected. This revaluation is causing some heated discussions already around the state.

The Board can only guess what numbers of appeals might be generated statewide. We were anticipating an increased load in FY-94 and FY 95 anyway. Historically the application of new values has caused the appeal numbers to increase in the first years of the cycle. The annual value increases that have been made, if they hold, will soften the blow somewhat, and we should not have the same numbers we did in 1986. We have to expect an increase however, above the numbers we have had in the past two years. A more definite number might be estimated following clarification of the position on the agricultural and forest land valuation.

EXHIBIT 4
DATE 7/15/92
HB 57

52nd Legislature
Special Session of July 1992
Memo on Bill House Bill 57
Introduced by Representative Ben Cohen

The State Tax Appeal Board wishes to comment on the provisions of this proposed legislation. The Board comments are as follows:

1. The Board is supportive of all the changes made of the word "hearing" to the word "review". This is indicative of the informality of the DOR review system.

2. Page 2, paragraph (3), line 4. The DOR attempts to tie the filing of its internal review request form to the statutory filing deadline of a tax appeal. Currently, it is understood that a taxpayer can file an AB-26 form with the local appraisal office at any time during the year. The DOR should not lose that flexibility to deal with the taxpayer on an informal basis at any time. If a deadline is desired, it should be tied to the January 1 general assessment day, not the mirror of an appeal deadline. It is a confusing point to the taxpayer who is truly appealing, and not seeking DOR review. If there is another reason for this deadline then it should be stated.

3. Page 3, lines 23,24. The words "or denying" should be inserted in the sentence, "its reasons for revising or denying the classification or appraisal." The person who is successful in gaining a change from the DOR will probably not come on to the appeal system unless he feels the change allowed was not sufficient. The person who receives nothing from the DOR is the

one who needs to know why his request was denied. It is necessary so the taxpayer may have an idea where to question the DOR determination by seeking relief through the appeal system.

4. Page 4, paragraph (6), line 24, the phrase " to the county tax appeal board only those objections to the classification or appraisal of his property that were the subject of the review provided for in subsection (3)." And the addition to the next sentence that states at line 6 "only if such evidence was first presented to the department at the review provided for in subsection (3)." The STAB very strongly objects to both of these phrases. This is an attempt by the DOR to set limits on the local board and the State Board.

First of all, the hearing before the county board is the first hearing in the appeal system, and the taxpayer is not limited in the reasons for appeal. The DOR is not holding appeal hearings, and it is within the jurisdiction of that local board to determine the merits of the taxpayers argument. Secondly, hearings before the STAB are de novo, and any issue the taxpayer desires to raise, he may raise. We know, that once a taxpayer has been through the hearing at the local level, he may become better informed about the process, more at ease with the system, and have a better idea of how to present his case on appeal to STAB. There simply can be no roadblocks placed in the taxpayers way to raise an issue on appeal. Once again, it is the Board that will decide the merit in his argument.

It is the position of the STAB that this entire language should be deleted from this bill. The suggested provisions have

nothing to do with the DOR procedure and attempt to put limits on the taxpayer and the entire appeal system that are unlawful in the eyes of this Board.

5. Page 4, paragraph (6)(a), at line 19. Insert the words "as received, or", so this will read, "(a) If any property owner feels aggrieved by the final classification and /or appraisal made by the department as received, or after the review provided for in subsection (3) . . ". The taxpayer is guaranteed the right to appeal from the receipt of his notice of assessment. The informal review is an option. An option which the taxpayer has now without this proposed legislation. It is not necessary to attempt to limit the taxpayer to an appeal right, only after the DOR informal review.

6. The same objections are made to each reference to 15-7-102 MCA, as presented in the bill for the various effective dates as amended.

7. The proposal in Section 2 to amend 15-7-111, MCA, is objected to by the State Tax Appeal Board because here the DOR is again attempting to force the taxpayer to the informal review before an appeal can be perfected.

8. The Board objects to the entire proposed amendments to 15-15-102 MCA. This is a statute specific to the tax appeal system, and is the jurisdictional gaining statute for the local board operations. Timeliness is one of only two tests the taxpayer must meet in order to have standing before the local board. The other is to be present and answer questions under oath. This amendment

appears to make it mandatory for the taxpayer to wait for the "informal review" with the DOR before he may appeal. Again this Board is of the opinion that the taxpayer always has had, and continues to have the option of the informal review with the DOR, at the taxpayers discretion. But when it comes time to file an appeal he may do so without the DOR review. The taxpayer must do so within a prescribed window to have standing before the local board. The AB-26 should not be made a mandatory step to a formal appeal.

We are cognizant of the DOR's desire to bring the statutes involved here, 15-7-102 and 15-15-102, MCA into harmony, and apparently that needs to be done. But the DOR does not run an appeal system, and they should not be attempting to place further restrictions on the taxpayers right to appeal from the receipt of the assessment notice, or what they may raise before the board.

It is important not to lose sight of the constitutionally driven requirement for independent appeal procedures for taxpayer grievances about appraisals, assessments, equalization, and taxes. The requirement includes a review procedure at the local government level. Any system that the DOR establishes, they do on their own desire to correct their own mistakes. As such, any legislation or rules promulgated by the DOR must be very explicit and concise so as not to be misleading to the taxpayer, who may think he is appealing his taxes. When actually, he may be just going through preliminary actions to an appeal to the proper appeal system.

The premise upon which the appeal system is based must

be kept in mind as we attempt to bring these two statutes into harmony. That is independence. The two systems are not meant to be blended, or conditioned upon the requirements of the other. The framers of the constitution wanted it simple, if you are not happy with your taxation matters, you have every right to independent review. The DOR essentially has every working day of the year to work with taxpayers at the local level, and correct appraisal errors. In contrast, the appeal system has 60 day sessions at the local level. A taxpayer may deal with the local DOR appraiser anytime. In contrast, he needs to perfect an appeal in order to be considered by the board in that 60 day session.

The legislation proposed by the DOR is an attempt to solve the problem of appealability following their informal review. We agree that the taxpayer should have that right. It is our opinion that the changes in 15-7-102, MCA are enough to accomplish the alignment of the informal review, while preserving the appeal rights of the taxpayer.

There is only a minor change necessary in 15-15-102, MCA in order to harmonize the two statutes, and allow the DOR the activity they seem to believe they need. 15-15-102, MCA need only be amended in the following way:

...."on or before the first Monday in June or 15 days after receiving a notice of classification and appraisal from the department of revenue or its agent, whichever is later, or a taxpayer who is aggrieved by the results of an informal review conference with the DOR as outlined in 15-7-102, MCA, if requested by the taxpayer, a written application for reduction within 15 days after receiving the departments decision."

This slight change makes it possible for the taxpayer who chooses to have an informal review through the DOR AB-26 method, to still be considered timely for an appeal of the current year values if he is not satisfied following that review. It does this without closing the door to those taxpayers who for one reason or another are not inclined to request the DOR informal review. Keep in mind that the only threshold test for an appeal is timeliness, and appearance at the hearing.

This Board discussed this type of proposed legislation with the chairman and members of a sampling of the county boards. Most are supportive of the idea of having the ability to appeal within 15 days of the DOR decision on an AB-26 filing. There is concern about the time that it will take the DOR appraisers to act on those filings however. Some suggested writing a time frame for DOR action into the law. Certainly this could be done, or an ARM written to cover that. All of them believed that the taxpayer should not be forced to the AB-26 route, and should be allowed to appeal as currently provided for in statute. There was with them, and definitely is with STAB, serious concern that the DOR desired changes will make it necessary for the CTAB session to run later in the year. Or might it force a year round session, with the CTAB meeting monthly instead of for the 60 day session currently provided for in statute? One chairman voiced concern over the concentration of power in the agency (DOR). That concern is of course why the constitution replaced the former Board of Equalization, and created the appeal system.

The DOR could solve part of their assumed dilemma by simply adding wording to 15-7-102 that "any AB-26 filed after the time limit allowed in 15-15-102 to appeal to the local board, shall apply to future tax years only." Something of that order would also solve the appeal boards problems with the timing of their sessions. If not this Board needs to point out other sections of Title 15 that will be affected and possibly changed. They are:

1. 15-15-101(1) Appropriation of STAB. Running the CTAB's longer costs us more.
2. 15-15-101(2) 60 day sessions of CTAB and how that is set in motion. The CTAB session is triggered by the mailing of the assessment notices.
3. 15-15-102. Is specific concerning filing deadline. Our comments are made above.
4. 15-2-201(b) Refers to the normal 60 day session of CTAB in 15-15-101(2) and STAB's ability to extend the session.
5. 15-8-302(3) Refers to identifying the session of the CTAB. How will it be known? It is currently specific in 15-15-101(2)(b).
6. 15-7-111(3) Refers to the filing of an appeal in accordance with 15-15-102 and gives specific time to file.

This Board can be supportive of the DOR desires to modify 15-7-102, as suggested in our comments, but with the exception of the one change in 15-15-102, that statute should be left as is. There is a reason for a deadline that has not yet been mentioned. The county commissioners need to know what sort of numbers of

appeals are being made. Obviously they need to know that in time to view the affect on their budget setting process. If left to be a year around appeal process at the local level, they will not have that information. There are some years, set off by various activities, that could have a significant effect on their decisions. The appeals deadline for current tax year appeals needs to remain.

All three members of the State Tax Appeal Board concur in this memorandum.

STATE OF MONTANA - FISCAL NOTE
Form BD-15

In compliance with a written request, there is hereby submitted a Fiscal Note for HB0050, as introduced.

DESCRIPTION OF PROPOSED LEGISLATION:

An act imposing the corporate license tax on insurance companies; authorizing the Commissioner of Insurance to adopt rules to implement the tax; providing an appropriation; and providing an immediate effective date and retroactive applicability date.

ASSUMPTIONS:

1. According to the proposed legislation, a given insurance company would be taxed under the corporate license tax system, if the tax revenue generated from this system is higher than that generated from the current insurance tax system.
2. Property/casualty insurance premiums and insurer profits will increase by 3% per year for FY 1992 and FY 1993. The estimate of corporate license taxes for these insurers was based on a sample of 25 insurers.
3. Life/health insurance premiums and insurer profits will increase by 1% per year for FY 1992 and FY 1993. The calculation of the corporate license tax for this category of insurer was based on a sample of 37 insurers, premium data for CY 1989, and pro-rata estimates of expenses and other income.
4. The corporate license tax rate will remain at 6.75% and the premium tax rate will remain at 2.75% through FY 1993.
5. The Insurance Program in the State Auditor's Office will administer this legislation.
6. Per the proposed legislation, all tax collections will be deposited in the general fund.

FISCAL IMPACT:

Expenditures:

The proposal appropriates the first \$70,000 collected in fiscal year 1993 to the Commissioner of Insurance to administer the collection of the tax.

Revenues: (General Fund)

| | FY '93 | |
|-----------------------|-------------|--------------|
| | Current Law | Proposed Law |
| Corporate License Tax | 73,126,000 | 73,410,924 |
| | | Difference |
| | | 284,924 |

Steve Yemkel
STEVE YEMKEL, BUDGET DIRECTOR
Office of Budget and Program Planning

7/14/92

DATE

EXHIBIT 5
DATE 7/15/92
HB 50

**NOT FOR
DISTRIBUTION**

TIMOTHY J. WHALEN, PRIMARY SPONSOR
Fiscal Note for HB0050, as introduced

HB50 Fact Sheet

Submitted by: Jacqueline Lenmark, American Insurance Association
Tom Hopgood, Health Insurance Industry Association
Gene Phillips, National Association of Independent Insurers
Pat Driscoll, Americal Council of Life Insurers
Larry Akey, Montana Association of Life Underwriters
Steve Browning, State Farm Insurance

House Bill 50 has been introduced for the presumed purpose of generating more income for Montana general fund through taxing of insurance companies.

The bill, as drafted, would in addition to the present premium tax of 2.75 percent of premium income, also impose a 6.75% corporate income tax upon insurance companies. However, the idea is to not impose both at the same time, rather to charge the companies whichever amount is the greater. How would this be accomplished? Should the 6.75% of a company's profit be greater than the 2.75% premium tax, then the corporate tax would be imposed with the amount already paid in premium tax being "credited" towards the corporate income tax.

There are a multitude of technical, philosophical, administrative and legal problems with this proposed legislation. Following are those major points:

1. The present premium tax is unique because it taxes gross revenues and not net profits, like the corporate income tax, which the majority of businesses pay. This insures a predictable cash flow of revenue to the State of Montana without regard to the profit or lack of profit of the insurance company.
2. The premium tax rate in Montana, 2.75%, is higher than 41 other states.
3. The premium tax is in lieu of the corporate income tax, but not other taxes, and it is a fallacy that the insurance companies do not pay their fair share of taxes. In fiscal year 1991, according to the legislative fiscal analyst, the industry paid into the General Fund a total of over 27.4 million dollars in premium taxes, retaliatory taxes, and licensure fees. The insurance industry does, indeed, contribute its fair share to the funding of state government in Montana.
4. Insurance actuaries have computed that in order to raise any additional revenue beyond that now collected, companies would have to experience at least a 40% profit. Even Ralph Nader, industry watchdog, has never accused companies of that kind of profit. In other words, the bill will do nothing to raise revenues.

5. Even though no revenues will be realized, companies and the insurance commissioner will experience substantial additional administrative burdens as a consequence of this bill. The commissioner must determine what the net profit is, compute what the tax would be under the premium tax and apportion the funds in accordance with two distribution formulas, a burden which would certainly require additional employees. The companies will have to report revenue data based on two different methods of reporting income and collecting the taxes. All of this for no benefit to the companies, the commissioner, or the State.

6. Because of the new distribution formula, the premium tax offset statutorily guaranteed will be substantially modified. This could result in an impairment of contract leading to certain legal challenge.

7. The bill contains an unconstitutional delegation of authority to the commissioner of insurance, who is given no guidelines by which to determine the calculation of net income, again leading to certain legal challenge. Additionally, that rulemaking authority comes with no statement of intent.

9. Any time that additional costs are imposed upon a product, that product in this case being insurance, then that product increases in cost to the consumer. The people who will ultimately pay for this bill are the insurance consumers of Montana through their automobile, health, life, homeowner's, and other insurance premiums.

10. The negative effects of this proposed new tax basis also would be felt by Montana based businesses and the employment situation as it will substantially increase the cost of doing business for Montanans.

11. The passage of this bill will also have a negative impact on insurance availability. Montana represents 3/10ths of 1% of the national insurance market. The passage of the bill will be considered in the marketing decisions of those insurers with respect to Montana. Additionally, as prices go up, the remaining insurance products will be less tailored to individual consumer needs. The consequent loss of product and loss of markets will have an impact both on Montana businesses and Montana insurance agents who reside and do business in this state.

7
 DATE 7/15/92
 HB 50

STATE GROSS PREMIUMS TAX RATES ON FOREIGN INSURERS
 MONTANA VS. OTHER STATES
 (50 STATES + THE DISTRICT OF COLUMBIA)

| | | | |
|----------------|---------|----------------------|------------------|
| Hawaii | 4.2824% | Virginia | 2.25% |
| Alabama | 4.00% | | |
| | | New Jersey | 2.1% |
| Nevada | 3.5% | Wyoming | 2.1% |
| Texas | 3.5% | Connecticut | 2.0% |
| | | District of Columbia | 2.0% |
| Idaho | 3.0% | Illinois | 2.0% |
| Mississippi | 3.0% | Indiana | 2.0% |
| New Mexico | 3.0% | Iowa | 2.0% |
| West Virginia | 3.0% | Kansas | 2.0% |
| | | Kentucky | 2.0% |
| <u>Montana</u> | 2.75% | Maine | 2.0% |
| | | Maryland | 2.0% |
| | | Minnesota | 2.0% |
| | | Missouri | 2.0% |
| Alaska | 2.7% | New Hampshire | 2.0% |
| | | Pennsylvania | 2.0% |
| Arkansas | 2.5% | Rhode Island | 2.0% |
| | | Vermont | 2.0% |
| North Carolina | 2.5% | Washington | 2.0% |
| Ohio | 2.5% | Wisconsin | 2.0% |
| South Dakota | 2.5% | | |
| Tennessee | 2.5% | Delaware | 1.75% |
| | | Florida | 1.75% |
| Arizona | 2.432% | North Dakota | 1.75% |
| | | | |
| California | 2.35% | Michigan | 1.33% |
| | | South Carolina | 1.25% |
| Massachusetts | 2.28% | New York | 1.2% |
| | | Nebraska | 1.0% |
| | | | |
| Colorado | 2.25% | Louisiana | Tax not based on |
| Georgia | 2.25% | | percentage |
| Oklahoma | 2.25% | | |
| Oregon | 2.25% | | |
| Utah | 2.25% | | |

Source: American Insurance Association as of 12/31/1991

Amendments to House Bill No. 44
First Reading Copy

Committee Report

For the Committee on Taxation

Prepared by Greg Petesch
July 15, 1992

1. Title, line 6.
Following: line 5
Insert: "THE APPLICABILITY OF"
Following: "SURTAX"
Strike: "TO 1 YEAR"
Following: ";"
Insert: "IMPOSING A 2.3 PERCENT SURTAX ON INDIVIDUAL AND CORPORATE INCOME TAXES FOR TAX YEAR 1992 AND A 4.66 PERCENT SURTAX ON INDIVIDUAL AND CORPORATE INCOME TAXES FOR TAX YEAR 1993; IMPOSING A GENERAL FUND STABILIZATION TAX ON COAL;"
2. Title, line 8.
Strike: "16-1-404,"
3. Page 2, line 2.
Strike: "7%"
Insert: "2.3% of the tax liability for tax year 1992 and a surtax of 4.66%"
Following: "liability"
Insert: "for tax year 1993"
4. Page 2, line 21.
Strike: "7%"
Insert: "for tax year 1992, 2.3% of the tax liability and, as a surtax for tax year 1993, 4.66%"
5. Page 2, line 23 through page 3, line 3.
Strike: section 4 in its entirety
Insert: "NEW SECTION. Section 4. **General fund stabilization tax.** (1) Each coal mine operator required to pay the severance tax under Title 15, chapter 35, shall pay a general fund stabilization tax. The general fund stabilization tax is an amount equal to 7% of the tax liability computed under 15-35-103.
(2) The tax must be deposited to the credit of the state general fund."
6. Page 7, line 20.
Strike: "16-1-404"
Insert: "16-1-403"
7. Page 7, line 21.
Strike: "this part"

Insert: "16-1-401 through 16-1-403"

8. Page 8, line 14 through page 11, line 6.
Strike: section 23 in its entirety
Renumber: subsequent sections

9. Page 16, line 16.
Strike: "29"
Insert: "28"

10. Page 21, line 10.
Strike: "34"
Insert: "33"

11. Page 23, lines 17 through 25.
Strike: sections 36 and 37 in their entirety
Renumber: subsequent sections

12. Page 24, line 3.
Strike: "39"
Insert: "36"

13. Page 25, line 2.
Strike: "chapter 35, part 1,"

14. Page 25, line 3.
Strike: ", chapter 35, part 1,"

15. Page 27, lines 11 and 14.
Strike: "29"
Insert: "28"

16. Page 27, lines 15 and 18.
Strike: "32"
Insert: "31"

17. Page 27, lines 19 and 22.
Strike: "34"
Insert: "33"

18. Page 27, line 23 and page 24, line 1.
Strike: "35"
Insert: "34"

19. Page 28, lines 2 through 9.
Strike: subsections (22) and (23) in their entirety
Renumber: subsequent subsection

20. Page 28, lines 10 and 13.
Strike: "39"
Insert: "36"

21. Page 28, line 20.
Strike: "Sections 2, 3, and"
Insert: "Section"

Ex. 8
7/15/92
HB 441

Strike: "terminate"
Insert: "terminates"

22. Page 28, line 21.

Following: "."

Insert: "[Sections 2 and 3] terminate upon receipt of taxes for
tax year 1993."

23. Page 29, line 7.

Strike: "20, 23,"

24. Page 29, line 8.

Strike: "29"

Insert: "28"

Strike: "32"

Insert: "31"

25. Page 29, line 11.

Strike: "20, 23,"

Strike: "29"

Insert: "28"

26. Page 29, line 12.

Strike: "32"

Insert: "31"

27. Page 29, line 14.

Following: "17,"

Insert: "20,"

Following: "22"

Strike: ", 24"

Strike: "28"

Insert: "27"

Strike: "33"

Insert: "32"

28. Page 29, line 15.

Strike: "35"

Insert: "34"

29. Page 29, line 18.

Following: "17,"

Insert: "20,"

Following: "22"

Strike: ", 24"

Strike: "28"

Insert: "27"

Strike: "33"

Insert: "32"

30. Page 29, line 19.

Strike: "35"

Insert: "34"

31. Page 29, lines 21 and 24.

27.0

7/15/92

HB 44

Strike: "38, and 39"

Insert: "35, and 36"

32. Page 30, lines 1 through 6.

Strike: subsection (7) in its entirety

ENCL. 9
 DATE 7/15/92
 HB 44

HOUSE OF REPRESENTATIVES
 TAXATION COMMITTEE

ROLL CALL VOTE

DATE 7/15/92 BILL NO. 44 NUMBER _____

MOTION: by Representative Elliott to
adopt amendment #5

| 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 | | X |
| REP. DAVE WANZENRIED | | X |
| REP. DAN HARRINGTON, CHAIRMAN | X | |
| TOTAL | 12 | 9 |

EXHIBIT 10
 DATE 7/15/93
 HB 44

HOUSE OF REPRESENTATIVES

TAXATION COMMITTEE

ROLL CALL VOTE

DATE 7/15/93 BILL NO. 44 NUMBER _____

MOTION: Sup. Rep. Cohen to accept amendments
1-4

Carried

| 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 | | X |
| REP. DAVE WANZENRIED | X | |
| REP. DAN HARRINGTON, CHAIRMAN | X | |
| TOTAL | 14 | 7 |

EXHIBIT 11
DATE 7/19/12
HB 44

HOUSE OF REPRESENTATIVES

TAXATION COMMITTEE

ROLL CALL VOTE

DATE 7/15/12 BILL NO. 44 NUMBER _____

MOTION: Rep. Ream DPAA
Carried

| 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 | | X |
| REP. DAVE WANZENRIED | | X |
| REP. DAN HARRINGTON, CHAIRMAN | X | |
| TOTAL | 11 | 10 |

EXHIBIT 12
DATE 7/15/92
48

Amendments to House Bill No. 48
First Reading Copy

Requested by Rep. Harrington
For the Committee on Taxation

Prepared by Lee Heiman
July 14, 1992



1. Title, line 4.
Following: "ACT"
Insert: "RELATING TO THE ADMINISTRATION OF LIQUOR STORES AND LIQUOR STORE INVENTORY;"

2. Title, line 8.
Following: "RENEWALS;"
Insert: "REQUIRING THAT THE DEPARTMENT OF REVENUE CONDUCT ITS BIDDING PROCESS FOR LIQUOR AND TABLE WINES IN A MANNER THAT ALLOWS VENDORS OF ALL SIZES TO SELL LIQUOR AND TABLE WINES TO THE STATE; ESTABLISHING A MORATORIUM ON RULEMAKING ACTIVITIES OF THE DEPARTMENT OF REVENUE IN REFERENCE TO LIQUOR STORE INVENTORY TYPES AND SIZES;"

3. Title, line 10.
Following: "DATE"
Insert: "AND AN APPLICABILITY DATE"

4. Page 3, line 13.
Following: "(5)"
Insert: "(a)"

5. Page 3.
Following: line 15
Insert: "(b) The department shall, when issuing bids to purchase liquor or table wine, provide that the bidding process not discriminate against low-volume or small vendors and may not combine items to be purchased in such a manner as to restrict the number of vendors that would be able to submit bids."

6. Page 4.
Following: line 3
Insert: "NEW SECTION. Section 3. Temporary moratorium on rules relating to liquor inventory. The department of revenue may not promulgate, amend, or repeal any administrative rules that rules relate to the inventory of liquor stores and that are effective between July 1, 1992, and April 1, 1993. This withdrawal of rulemaking authority also relates to rules governing bottle sizes and types of liquor or table wine."
Renumber: subsequent section

7. Page 4, line 4.
Following: "date"

Insert: "-- applicability"
Following: "."
Insert: "(1)"

8. Page 4.

Following: line 5

Insert: "(2) [Section 3] applies to all administrative rules
proposed by the department of revenue that have not been
adopted before June 30, 1992."

HOUSE COMMITTEES
EXHIBIT 13
DATE 7/13/92
HB 48

Amendments to House Bill No. 48
First Reading Copy

Requested by Senator Rea
For the Committee on Taxation

Prepared by Greg Petesch
July 13, 1992

1. Title, line 5.
Following: "AGREEMENTS"
Insert: "AND LEASES"
2. Title, line 6.
Following: "AGREEMENTS"
Insert: "AND LEASES"
3. Title, line 8.
Following: "AGREEMENT"
Insert: "AND LEASE"
4. Page 1, line 15.
Following: "of"
Insert: "leases or"
5. Page 1, line 16.
Following: "existing"
Insert: "leases or"
6. Page 3, line 16.
Following: "store"
Insert: "or a person leasing space to the department to operate a
liquor store"
7. Page 3, line 17.
Following: "renew the"
Insert: "lease or"
8. Page 3, line 20.
Strike: "highest"
Insert: "most favorable"
Following: "Those"
Insert: "leases or"
9. Page 3, line 22.
Following: "of the"
Insert: "lease or"
10. Page 4, line 1.
Following: "extending"
Insert: "leases or"
11. Page 4, line 2.

Following: "existing"
Insert: "leases or"

HOUSE COMMITTEES
EXHIBIT 14
DATE 7/15/92
HB 15

Amendments to House Bill No. 15
First Reading Copy

Requested by Rep. Cohen
For the Committee on Taxation

Prepared by Lee Heiman
July 9, 1992

1. Title, lines 6 through 8.
Strike: "USING" on line 6 through "1989" on line 8
Insert: "DEPRECIATING THE VALUE OF THE REIMBURSEMENT BY 10 PERCENT EACH YEAR"
2. Page 2, lines 7 and 8.
Strike: "current" on line 7
Insert: "county's"
Strike: "of personal property that was taxed in the county in 1989" on lines 7 and 8
Strike: "on" on line 8
3. Page 2, line 23 through page 3, line 1.
Strike: subsection (3) in its entirety
Re-number: subsequent subsections
4. Page 3, line 12.
Strike: "1990"
Insert: "1992"
5. Page 3, line 15.
Strike: "(4)"
Insert: "(3)"
6. Page 3, line 16.
Strike: "1990"
Insert: "1992"
7. Page 3, line 17.
Following: "November 30"
Insert: "for the next 9 years"
8. Page 3, line 19.
Following: "county"
Insert: "reduced by equal percentages until no reimbursement is made in the 10th year"
9. Page 3, line 20.
Strike: "1991"
Insert: "1992"
10. Page 3, line 21.
Following: "May 31"
Insert: "for the next 9 years"

11. Page 3, line 22.

Following: "county"

Insert: "reduced by equal percentages until no reimbursement is
made in the 10th year"

EXHIBIT 15
 DATE 7/15/92
 HB 15

HOUSE OF REPRESENTATIVES

TAXATION COMMITTEE

ROLL CALL VOTE

DATE 7/15/92 BILL NO. 15 NUMBER _____

MOTION: By Rep. Thomas:
Substitute motion that HB 15 Do
Not Pass As Amended - Carried

| 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 | X | |
| REP. DAVE WANZENRIED | | X |
| REP. DAN HARRINGTON, CHAIRMAN | X | |
| TOTAL | 16 | 5 |

HOUSE OF REPRESENTATIVES
VISITOR'S REGISTER

HB 50
52
54
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Value Taxation COMMITTEE BILL NO. _____
DATE 7/15/92 SPONSOR(S) _____

PLEASE PRINT

PLEASE PRINT

PLEASE PRINT

| NAME AND ADDRESS | REPRESENTING | SUPPORT | OPPOSE |
|-----------------------|--|-----------------------|---------------|
| Roger McLendon | INDEPENDENT INS. AGENTS ASSOC of MT | | HB-50 |
| Ron White | State Farm Ins | | HB 50 |
| Steve Browning | " | | HB 50 |
| Pat McKelvey | State Tax Appeal Bd. | | 52 57 |
| Tom Hopgood | Health Insurance Assoc. of America | | HB 50 |
| PATRICK M. DRISCOLL | AMERICAN Council of Life Underwriters | | HB 50 |
| Wayne Airst | Self | HB 54 | HB |
| _____ | MSEA | HB 50 Amendment | |
| _____ | Mont. Farm Bureau | by HB 52 amendment | |
| Jacqueline J. Denmark | American Ins. Assoc. | | HB 50 |
| LARRY AKEY | MT ASSOC OF LIFE UNDERWRITERS | | HB 50 |
| _____ | _____ | | |
| AO Brown | MSEA | Amendment HB 52 | |
| | | | |

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