

**MINUTES**

**MONTANA HOUSE OF REPRESENTATIVES  
52nd LEGISLATURE - REGULAR SESSION**

**COMMITTEE ON TAXATION**

**Call to Order:** By DAN HARRINGTON, CHAIR, on March 27, 1991, at 8:03 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)

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

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

**EXECUTIVE ACTION ON HB 267**

**Motion/Vote:** REP. COHEN MOVED HB 267 BE TABLED. Motion carried unanimously.

**EXECUTIVE ACTION ON HB 287**

**Motion/Vote:** REP. COHEN MOVED HB 287 BE TABLED. Motion carried unanimously.

**Discussion:** REP. COHEN said the sponsor, REP. DARKO, asked that HB 287 be tabled after two lengthy discussions.

EXECUTIVE ACTION ON HB 398Discussion:

REP. COHEN said that the committee thought it would be nice to give away \$2 million in the biennium, and they didn't know where the money would come from at this time. We didn't feel that we were in a position to be expanding or changing this property tax credit.

Motion/Vote: REP. COHEN MOVED HB 398 BE TABLED. Motion carried unanimously.

EXECUTIVE ACTION ON HB 402Discussion:

REP. COHEN said the subcommittee had good discussions about the problems of the reappraisal cycle and what happened in Great Falls. The sense of the committee was to support the DOR's bill which will be coming from the Senate. He asked that the committee hold HB 402 until the full committee has a chance to see SEN. CRIPPEN'S bill.

Vote: NO ACTION WAS TAKEN ON HB 402.

EXECUTIVE ACTION ON HB 802Discussion:

REP. COHEN said that the sponsor, REP. MENAHAN, asked that the bill be tabled.

Motion/Vote: REP. COHEN MOVED HB 802 BE TABLED. Motion carried unanimously.

EXECUTIVE ACTION ON HB 884Discussion:

REP. COHEN said HB 884 would have returned money to people. It wasn't clear who would return or how it would be returned. REP. DOLEZAL said that he has talked with REP. S. RICE and she is working with DOR to get some acceptable type of amendments. He asked that the committee hold HB 884.

Vote: NO ACTION WAS TAKEN ON HB 884.

**EXECUTIVE ACTION ON HB 885****Discussion:**

REP. COHEN said that the committee is awaiting SEN. CRIPPEN'S bill on whether it will support the adjustments DOR has proposed. They felt that HB 885 was inappropriate.

**Motion/Vote:** REP. COHEN MOVED HB 885 BE TABLED. Motion carried unanimously.

**EXECUTIVE ACTION ON HB 904****Discussion:**

REP. COHEN said that he can not remember even discussing the bill in the subcommittee. He asked the committee to hold HB 904.

**Vote:** NO ACTION WAS TAKEN ON HB 904.

**EXECUTIVE ACTION ON HB 910****Discussion:**

REP. COHEN said some of the committee members thought that there was some value in looking at HB 910 closer. They felt this was a major change in the state tax policy. Maybe the Revenue Oversight Committee would take a look at it.

**Motion/Vote:** REP. COHEN MOVED HB 910 BE TABLED. Motion carried unanimously.

**EXECUTIVE ACTION ON HB 972****Discussion:**

REP. COHEN said that HB 970 would include the kind of relief that REP. SIMPKINS was hoping to give in HB 972. HB 970 is more generic in that it has many things to tighten it up so it can't be abused. We felt HB 972 wasn't necessary.

**Motion/Vote:** REP. COHEN MOVED HB 972 BE TABLED. Motion carried unanimously.

**EXECUTIVE ACTION ON HB 526**

**Motion:** REP. SCHYE MOVED HB 526 DO PASS.

**Discussion:**

REP. SCHYE said that there were three companion bill which dealt with trying to get money into our park system. Along with the gas tax, REP. GRADY has two bills and the Senate has two bills.

Everyone knows that our park systems are in tough shape, and HB 526 is a way we thought we could get a broad based tax to help the them.

Vote: Motion failed 9 to 12 on a roll call vote. EXHIBIT 1

Motion/Vote: REP. SCHYE MADE A SUBSTITUTE MOTION THAT HB 526 BE TABLED. Motion carried unanimously.

EXECUTIVE ACTION ON HB 550

Motion: REP. ELLIOTT MOVED HB 550 DO PASS.

Motion: REP. REAM moved to amend HB 550.

Discussion:

REP. REAM said that HB 550, REP. GRADY'S bill, also deals with the state parks with a fee on rental cars. The subcommittee had a Do Pass motion that failed 4 to 6.

REP. DOLEZAL said that some sort of funding needs to be kept alive. REP. HOFFMAN agreed with REP. DOLEZAL. He stated that we want people to come to Montana to see the best that Montana has to offer. People don't want to see a junky, trashy environment. He recommended passage of HB 550. REP. FOSTER said that he has heard discussions that this is bad tax policy. He is not arguing against that, but in this instance, he can see a relationship between rental cars and our parks. He supported the bill because it is a chance to improve our state parks and the source of revenue will largely come from out-of-state folks who will use our state parks with rental cars. CHAIR HARRINGTON said that in January in was in Denver. When he came back, there were 150 people on the plane who got off in Bozeman to go to Big Sky. He asked if they had buses that they were going to go up there with, and they said no that most of them would rent cars.

REP. THOMAS said that as the bill was written up, the tax only applied to a business who is primarily renting cars and not dealerships renting cars. REP. REAM said that the subcommittee did discuss this, and it would be acted on. REP. HARRINGTON said the amendments will make sure that the tax will be put only on rental cars from rental car agencies. Lee Heiman, Legislative Council, said the bill said an "incidental part", the DOR wanted to say 5% or greater so that they could define incidental. So if the business is 5% or greater of the car rental then the tax would apply to them. REP. NELSON said the bill was unfair competition. REP. THOMAS said that he does not agree that there is a direct link between rental cars and parks.

Motion/Vote: REP. THOMAS MADE A SUBSTITUTE MOTION TO TABLE HB 550. Motion failed 9 to 12 on a roll call vote. EXHIBIT 2

**Vote:** Motion to amend HB 550 carried 18 to 3 with REPS. GILBERT, ELLISON, and O'KEEFE voting no.

**Motion/Vote:** CHAIR HARRINGTON MADE A SUBSTITUTE MOTION THAT HB 550 DO PASS AS AMENDED. Motion carried 12 to 9 on a roll call vote. EXHIBIT 3

**EXECUTIVE ACTION ON HB 801**

**Motion:** REP. McCARTHY MOVED HB 801 DO PASS.

**Motion:** REP. McCARTHY moved to amend HB 801. EXHIBIT 4

**Discussion:**

Lee Heiman, Legislative Council, explained the amendments. He said that the amendments are very similar to the ones adopted by the subcommittee in that they try to place a default market value on the polluted property. The subcommittee had 50 cents a square foot; these amendments are no less than \$100 an acre. REP. McCARTHY'S bill mentions that the taxable rate is 8% of market value rather than the bill which says twice the residential class 4 property. Both added that they had to be part of the Surplus Act, one is a superfund site and the other is a national priority list site; and both bills provide that if the taxpayer doesn't make the property tax payment that the lien doesn't apply just to the polluted property but applies to all the property owned by the polluter.

REP. RANEY said so you have to obtain an EPA national priority list number before you qualify, and asked if that wasn't too restrictive. REP. McCARTHY said yes. REP. RANEY asked what about the Butte Pit. REP. McCARTHY said no, the smokestack in Anaconda, the land going up to the Bighole in the Anaconda area, the parcel of land in Bozeman which had a creasote spill is all classed as 21 property class. REP. RANEY said that this doesn't seem right as Montana has established its own mini-superfund so that we would have the responsibilities for the sites. Instead of these sites becoming EPA superfund sites, they become state mini-superfund sites. REP. COHEN said that the property that REP. RANEY is talking about is almost all still active property that is still on the tax roles as commercial and industrial. The property we are talking about here is property that has been given zero value and no taxes are being paid on it.

**Vote:** Motion to amend HB 801 carried unanimously.

**Motion/Vote:** CHAIR HARRINGTON MADE A SUBSTITUTE MOTION THAT HB 801 DO PASS AS AMENDED. Motion carried 14 to 7 on a roll call vote. EXHIBIT 5

EXECUTIVE ACTION ON HB 34

Motion/Vote: REP. M. HANSON MOVED HB 34 BE TABLED. Motion carried 18 to 3 with REPS. O'KEEFE, COHEN, and WANZENRIED voting no.

EXECUTIVE ACTION ON HB 200

Motion: REP. COHEN MOVED HB 200 DO PASS.

Motion: REP. COHEN moved to amend HB 200. EXHIBIT 6

Discussion:

REP. COHEN said that HB 200 is a local option bed tax which gives the local governments the option of put on a 1%, 2%, 3%, or 4% bed tax on top of the existing bed tax. The DOR provided amendments that would clean the bill up in such a way that the local option bed tax will exactly parallel the present bed tax. It would make it easy to administer, and they also clarify how the money gets returned to the local governments. If the county imposes the local option tax, then the money generated within the cities goes back to the cities. Those monies raised outside the city will go to the county.

Vote: Motion to amend HB 200 carried 17 to 4 with REPS. ELLIOTT, GILBERT, McCAFFREE and THOMAS voting no.

Motion/Vote: CHAIR HARRINGTON MADE A SUBSTITUTE MOTION THAT HB 200 DO PASS AS AMENDED. Motion failed 4 to 17 on a roll call vote. EXHIBIT 7

Motion/Vote: REP. COHEN MADE A SUBSTITUTE MOTION HB 200 BE TABLED. Motion carried unanimously.

EXECUTIVE ACTION ON HB 394Discussion:

REP. REAM said HB 394 is also a lodging facility tax. In this case, the money collected would go to sewer and related facilities in the local government area. REP. COHEN said that the reason he put his bill in was because there is a tremendous impact on local services from having lots of tourism. It is his hope that our city and other city councils would be able to meet to reduce local property taxes. HB 394 is worse than his.

Motion/Vote: REP. COHEN MADE A MOTION THAT HB 394 BE TABLED. Motion carried 20 to 1 with REP. DOLEZAL voting no.

EXECUTIVE ACTION ON HB 935

Motion: REP. McCARTHY MOVED HB 935 BE BROUGHT FROM THE TABLE.

Discussion:

REP. McCARTHY said that this was REP. S. J. HANSEN'S bill to help the senior citizens with their home health care. CHAIR HARRINGTON said the bill has pull tabs and punch boards in it, and the funds would be \$8 million. REP. McCARTHY said all of the money would go to senior citizens programs with half going to intermediate care and the other half going into a trust fund. All will be administered by the Governor's Office on Aging.

Vote: Motion failed 10 to 11 on a roll call vote. EXHIBIT 8

EXECUTIVE ACTION ON HB 919

Motion: REP. COHEN MOVED HB 919 DO PASS.

Discussion:

REP. COHEN said HB 919 is REP. PETERSON'S bill at the request of the Attorney General's Office. It provides additional funds and personal for the regulation of gambling. REP. ELLIOTT said if we are going to have gambling, we should be able to regulate it. CHAIR HARRINGTON said that was true, but he feels there is enough people in the Department already to regulate it. They have 12 people to deal with the drug problem in the state, and he feels that drugs are a bigger problem than gambling. REP. COHEN said we have both gambling and drugs in the state. He assured the committee members that they have a much bigger problem with the impact from gambling than the impact from drugs.

Motion/Vote: REP. GILBERT MADE A SUBSTITUTE MOTION THAT HB 919 BE TABLED. Motion carried 11 to 9 on a roll call vote. EXHIBIT

9

EXECUTIVE ACTION ON HB 764

Motion: REP. M. HANSON MOVED HB 764 DO PASS.

Discussion:

REP. REAM said that it doesn't increase the tax. It leaves the tax the same but it shifts from long range building projects to veteran's homes. Rich Brown, Veteran's Hospital, said that the 1989 Legislative session increased the cigarette tax by two cents for the construction of the Glendive Nursing home. The two cents has never been assigned anywhere. It is a perpetual tax. REP. REAM asked if the Long Range Committee been counting on the two cents during this session for long range building projects. Mr. Brown said there is a number of people counting on the two cents.

REP. REAM asked if this passes, will it need to be continued forever into the future or could it sunset. Mr. Brown said the two cent tax would continue forever for the operation and maintenance of the veteran's nursing home. REP. GILBERT said that what we are doing is a reauthorization. If we don't do this and the federal government gives us the money, we are going to try to build a building. When it comes time for the state matching fund it will be tied up in limbo. The feds will then withdraw there funds. REP. COHEN pointed out that the original two cents was for construction. This money can now be used for construction, maintenance, or operations. Once we pass this bill in this form, there will nothing to prevent the Appropriations Committee from using all the money for operation and maintenance of existing nursing homes. If you want to pass the bill and make sure it goes to the construction of the veterans home, we should delete the operations and maintenance part of it.

Motion/Vote: REP. REAM moved to amend HB 764. To delete the maintenance and operation portion of the bill. Motion carried 16 to 5 with REPS. MADISON, WANZENRIED, SCHYE, ELLISON, and COHEN voting no.

Motion/Vote: CHAIR HARRINGTON MADE A SUBSTITUTE MOTION THAT HB 764 DO PASS AS AMENDED. Motion carried unanimously.

#### HEARING ON HB 1,007

#### Presentation and Opening Statement by Sponsor:

REP. KADAS, House District 55, Missoula, stated that he served on the Education Subcommittee, therefore, he oversees the university systems budgets. He is also a member of the Governor's Commission on Post-Secondary Education. As a consequence, he received a good look at our post-secondary education system. He came away not liking what he saw for the future. The system is at the position where, if we don't pay serious attention to it, we will see significant declines.

He described the three basic areas of deterioration: (1) the infrastructure of the system. Over the last 10 years, we have put very few dollars into the maintenance of our facilities. Unless we catch up on the maintenance cycle, we will see severe consequences. We will be faced with rebuilding things which will be more expensive. (2) instructional types of equipment including libraries. We have laboratory equipment that is 35 and 40 years old. We can not train a work force using equipment like this. Technology moves too fast. (3) is faculty. In the late 60s and early 70s, there was a boom in post-secondary education. As a consequence, there were many new professors that came onto campuses across the nation. The system has been riding upon those professors who have been in the system since. Those people are the grossly underpaid, but they continue to stay and teach because they like where they live. They, however, will retire; and we will have to hire new people for those positions.



In the next 10 years at the U of M, 50% of the faculty will retire. They must be replaced. As they are hiring new people at present, we are having to be competitive to hire faculty members. We are paying them the same or more than we are paying the faculty members who have been there for 20 years. We need to continue to offer faculty raises over the years or they will learn how to teach in our facilities, and some other college will hire them away. We will lose the good professors and be stuck with the bad ones.

The Commission made some recommendations to the Governor, Legislature, and the Board of Regents. One of the basic parts of the recommendations were a five year catch-up so over a period of five years they would catch the system up to our peers. Currently as a system, we are less than 80% of those peers. That means we have to gain 4% on them a year. This is the heart of HB 1007. REP. KADAS stated further that Page 2 and 3 of HB 1007 has the appropriations for peer catch-up.

Fiscal year 92 shows that there are only two schools that would receive money: the U. of M. for \$34,000 and Montana Tech for \$500,000. The reason for this is because these numbers are based on what we have done to date. If you include the appropriations from HB 2 and the pay plan, in the first year most of the colleges are getting reasonable close to making the first 1/5 catch-up. It is the second year that we begin having problems.

Western Montana does not receive any funding because they are just about caught up with their peers. This does not mean that Western Montana is doing extremely well; it means that their peers are doing quite poorly.

The next line in the catch-up system is the community colleges. Community colleges are part of the future in post-secondary education. When we first established community colleges in the state, we recommended that the funding split be 65% state, 35% local. Since then, the state has fallen farther and farther behind in its share until last session when we were 47% state, 53% local. The local share is made up of tuition and property taxes. The commission recommended that over the five year period we get back the 65%, 35% split. That is what is reflected in the bill.

Colleges teach us many things. They teach us about who we have been in the past and who we are now. They teach us the ways we can be in the future. We have a responsibility to provide educational opportunity to our young people. The state needs to support this system. If we don't do it now, we are going to drive these institutions into a downward spiral that will take us 10 to 15 years and a lot more money to pull ourselves out of. He urged the committee's support.

**Proponents' Testimony:**

**John Hutchinson, Commissioner of Higher Education,** supported HB 1007 on behalf of the Board of Regents, the six colleges and universities, and three community colleges. He stated 10 years ago, the university system by totality of system and by individual units, was at parity with peer institutions. Today it is deteriorated rapidly. Montana State University is at 79% of its peers, the U. of M. is at 78%, Eastern Montana College is at 86%, Northern at 84%, and Western at 95% for fiscal year 1992. We are currently in a position that the whole system is going into a whirlpool of deterioration. The Regents, to prepare their budget for the Legislature, used the report of the Education Commission for the 90s as a springboard. HB 1007 captures the essence of the Commission's recommendation and the spirit of the Regent's proposed budget.

The questions arises at to what will be done with the money. The most important thing that will be done is to repair accreditation deficiencies. This is absolutely essential to the fabric of public service. He urged the committee's support of HB 1007.

**Kirk Lacy, Montana Associated Students,** stated HB 1007 provides the pot of gold at the end of the rainbow for the university systems. There is an opportunity for us to make a move to recover our system. In the past Legislatures, we have asked for more money for our university systems. The excuse was always that there was not enough funding. HB 1007 gives us the source to fund our systems. He urged the committee's support.

**Jim Kanbich, Montana Technologies, Butte,** stated that 75% of the scientists and engineers employed by their company are products of the Montana university system. We feel this is an investment in our company and urged the committee's support.

**Eric Feaver, Montana Education Association,** stated that HB 1007 is a very small change proposition for the university system. The university system is already in a downward spiral and collapsing before our eyes. The health of K - 12 public schools is directly dependant upon the help from the university systems. We must have accredited schools in order to attract the best and brightest of our students and to attract and retain the best of the instructors available in the nation. He assured the committee that the U of M will lose accreditation as has Eastern Montana College. HB 1007 is not enough to take care of the problem but it is a start.

**Bob Frazier, University of Montana,** asked the committee to consider the areas of the bill which affects every member of the committee's health care: training students to be doctors and nurses. Without the additional dollars in HB 1007, you will see health care in the state decline.

Opponents' Testimony: None

Questions From Committee Members:

REP. RANEY told REP. KADAS that he would support HB 1007, but was greatly disturbed by being forced into doing it. He feels this way because he believes in education, but he doesn't think things are being properly addressed. It is constantly "we need more money". When are people going to address things such as the Chancellor of Education so we can do away with all the presidents of all the universities, consolidating the administration, elimination of duplication of programs between the schools, and determining the ability to support this incredibly huge education system that we have. He asked REP. KADAS when the system is going to show us how to cut the cost that everyone knows are available for cutting. REP. KADAS said this was the largest part of what he has been studying in the last year and a half. He stated that the Commission was hand picked by the Governor. He felt that he was the most liberal and there weren't many democrats on it. With regard to governments, the Commission recommended that we focus authority on the Commissioners. What you would see is all of the presidents having to speak through the Commission.

With regard to duplication, there are some things that, if you are going to have a school, you have to have duplication. If you are going to have a school, you must teach English and you must teach math. Most of the duplication exists in two fundamental areas: Business Education and Education. Because our state is so big, it is very difficult to eliminate those two things because they are local issues. It is very difficult to eliminate costs unless you eliminate students. While it seems easy to just close down a university, it doesn't work like that.

REP. RANEY said that he has repeated the same arguments we have already heard but have not addressed the fact that we don't have the money. He asked REP. KADAS how are we going to continue to maintain this giant secondary education system. REP. KADAS said he doesn't think it is a giant system, and he doesn't think that \$15 million is a tremendous amount of money to get the system back to where it needs to be.

REP. FOSTER said that in looking at the bill there are two components that will provide the funding for the proposal. He is hoping that there is a breakdown of what each one of those components is going to bring in. He asked REP. KADAS how much is the 2% surtax on individual income tax is expected to bring in how much money. REP. KADAS said around \$12 million, and \$3 million from the increase in the Montana Corporation License tax.

Closing by Sponsor:

REP. KADAS said that there were amendments dealing with two things: (1) one which provides the \$800,000 for Montana Tech; and (2) the miscalculation of the community college support levels. The third area of the bill that was not mentioned is on Sub (h), Page 4, Line 6 which is \$1 million of discretionary money for the Regents. It will give the Regents the flexibility to deal with issues that arise over the next two years. HB 1007 is the first small step in getting the university system back to where it ought to be.

HEARING ON HB 996Presentation and Opening Statement by Sponsor:

REP. REAM, House District 54, Missoula, provided written testimony and amendments provided by DOR. EXHIBIT 10,11

He stated that this is tax reform for two major reasons: (1) simplicity, and (2) how it deals with equity both across the income spectra and also within any income class.

Over the years, both federal and state income tax have become more and more complex. The citizens have become more and more frustrated at tax time. HB 996 makes our state income tax about as simple as it can possible be. Between 80% and 90% of Montana's taxpayers could use the front side of the sample form in Exhibit 10. The reason our tax forms have become complex over time is that, when we had the original bill in 1933, we have added exemption, deductions, and various tax credits.

HB 996 will make also make our income tax more equitable because our federal income tax has become far more progressive than our state income tax. With the 1986 Tax Reform Act, many loopholes were plugged and the federal tax was made more progressive. REP. REAM gave visual testimony using the charts in Exhibit 10.

As you recall in this committee, because of some press editorials in the Independent Record and Great Falls Tribune, he asked for additional information. Since this did come out, he feels that he had to respond. He stated that the Governor's Office took only those taxpayers above a certain line, and sent it to the two newspapers. Based on that information, those two newspapers assumed that their was an increase in HB 996 of \$37 million to the taxpayers in Montana. This is simply not true. For one thing, they did not wait until the bill was even introduced; and secondly, the two newspapers did not check on the facts. They transposed what was sent from the Governor's Office and based on that information, they assumed that it was all taxpayers in Montana which was not the case.

REP. REAM talked on the retirement portion of the bill. He stated that as introduced, HB 996 treats all income in Montana the same no matter what the source. Pre-Davis, under current law, federal retirees would be paying \$9.496 million. Under HB 996, they would be paying \$10.280 million which is a \$600,000 increase without any exemption for retirement income. If we plugged the \$3,600 exemption in, the figure would be lower than under the Pre-Davis Decision.

Proponents' Testimony:

REP. ELLIOTT, Trout Creek, said that he has worked with REP. REAM on HB 996. He stated that he went to many senior citizen groups in his district to talk about the various ways pensions could be taxed. The message he got was that it is not fair to tax income depending on the source of that income. They thought if fair to tax all income across the board and make exception for those who could not basically afford to pay taxes. His constituents also said "let's get rid of the loopholes".

He set some goals as to what he wanted to see in a tax measure: (1) a long term source of stable revenue for the state; (2) simplicity for the taxpayer and in the administration of the tax; and (3) equity and fairness throughout the income levels and within the income levels.

In the last session, through the talks he had with DOR and Legislators in Rhode Island and Vermont, who use a tax similar to the one proposed in REP. REAM'S bill, he became familiar with the flat tax. He found it interesting that in heavily democratic Rhode Island and in Republican Vermont, they use the same system of taxation and enjoyed it. By eliminating the loopholes and the preferential treatments granted by the Montana code, that we could substantially lower the tax rates and broaden the tax base.

HB 996 eliminates \$150 million of loopholes and inequities. As a result, it put that back into the tax base and lowers tax rates for 90% of Montana's taxpayers. With this bill, we gain fairness throughout the income levels because it is based on ability to pay. We gain fairness within the income levels because people who earn similar amounts of income will pay more similar amount of taxes. 78% of the taxpayers will see their taxes decrease or remain the same. Some people will be paying more in taxes, and by in large, it will be those people who have the ability to pay the taxes without undue pain. The argument with this system is that it is not fair. He argued that it is the present system of taxation that is not fair. It is real easy to get used to an unfair system if you are one of the people who comes out ahead.

This is not a partisan issue. We need both sides of the isle to work together to create meaningful tax reform for the citizens of Montana. He has never proposed nor would never vote for a tax bill that he would not willingly pay himself. Under REP. REAM'S

proposal, his taxes will go up and he will be proud of the privilege of living in Montana.

**Samantha Sanchez, Montana Alliance for Progressive Policy, stated** MAPP has long supported tax reform although it has never before supported a bill that traded tax system for the federal system. We do so now because HB 996 represents a real improvement over the present Montana tax system. There is an advantage to enacting this bill in that we are repealing all at once the tax favors granted by past Legislatures. This is what tax reform always does, and it is painful because people have come to rely on those favors and regard them as a right. They feel personally attached when you try to repeal these provisions one at a time. This bill has no favorites. All are treated alike. You will hear from those who will lose their tax favors, but remember, that those favors cost the rest of us alot of money. HB 996 will repeal with one leveling stroke \$120 million in tax favors. This is the Legislator's opportunity to start with a clean slate.

**Tom Harrison, Montana Society of CPA's, supports** HB 996 because they feel that they waste a great deal of their time on administerial and complex computation under our present tax system. They feel the taxes need to be simplified.

**Tom Devney, CPA, Missoula, stated** that HB 996 is something the Legislature can do to help everyone.

**Don Judge, Montana AFL-CIO; Jim Eskridge, Sun River Electric Corporation; and Jane Murphy, Montana Democratic Party; went on record in support of** HB 996.

**Diane Sands, Montana Women's Lobby, provided written testimony.**  
EXHIBIT 12

**Opponents' Testimony:**

**Dennis Burr, Montana Taxpayers Association, stated** HB 996 is not a new idea. In your deliberations, you must consider why there are only three states out of fifty who use this method of raising state income taxes. One reason is the rate that Montana will have to apply to raise the same amount of revenues as we are raising with our current income tax. It his opinion federal tax policy in the future will lean towards federal income tax increases and decreases because of federal deficit problems. If this type of tax were in place, it would mean an windfall gain to Montana revenues.

Concerning the revenue neutrality of the bill, it is important to remember that a considerable number of taxpayers drop out of the system; low income taxpayers, who currently pay Montana income tax but do not pay federal income tax. From the point of view of a person who is paying federal income tax, the bill is not revenue neutral because federal income tax payers, the rate has to be set so that they will pick up the amount that is dropped

out of the system. He does not know how much that would be. This will be affecting many taxpayers up or down the income scale.

If the committee wants to make the income tax system more progressive, you can do it in a way that will cause all of the lower deciles to have a increase in tax simply by changing the rate structure.

**Jim Scott, Tax Reform Coalition, stated his opposition to HB 996.**

**Everett Woodgerd, NARFF, provided written testimony. EXHIBIT 13**

**Ed Sheehy, Retired Federal Employee, provided written testimony. EXHIBIT 14**

**Bernard Grainey, Retired Federal Employee, provided written testimony. EXHIBIT 15**

**Sherwood Trotter, Retired Federal Employee, provided written testimony. EXHIBIT 16**

**Questions From Committee Members: None**

**Closing by Sponsor:**

**REP. REAM provided written testimony. EXHIBITS 17,18,19,20**

#### **HEARING ON HB 1004**

**Presentation and Opening Statement by Sponsor:**

**REP. DOLEZAL, House District 34, Great Falls, stated that one thing the committee will here today is a complete tax reform package introduced in part by REP. REAM and the package presented by him and the OPI. One of the reasons he decided to sponsor HB 1004 is because of what happened during his campaign. As he went door to door, many people said "when are we going to get tax reform". We are going to get ready to address this with the bills presented. He provided the committee with amendments to HB 1004. EXHIBIT 21**

He gave the committee some philosophy on how this bill was developed. In order to have property tax reform, you have to reexamine, you must propose some type of reform to generate discussion, and you initiate it through the process. HB 1004 does this.

He told the committee some of the significant changes that HB 1004 would provide. It raises the Metal Mines tax from 3% to 5%. Section 6 eliminate Class 12, which is mobile homes, and Class 14, which is farm homes and the first acre of land; and moves them into Class 4 residential. It takes private golf courses out

of Section 4 and moves them into the income producing section. Section 9 takes present Class 8 property to include only mobile equipment and fixed real property. The agriculture implements remain the same. It provides an exemption for the materials listed in that particular section. Section 11 sets the rate for timber at 5.3% and extends the sunset for the way the timber lands are evaluated. Section 13 establishes a new class of property which is designated as Class 21. The purpose for Class 21 is to differentiate between property that is income producing and property which is not income producing. It also changes the valuation. The private golf courses are moved in classification because they are not considered income producing. Section 14 provides exemptions which apply to furniture and fixtures. The rest of the Sections are minor.

**Proponents' Testimony:**

Greg Groepper, OPI, stated that property tax reform is not new to the committee. HB 1004 is comprehensive property tax reform. The intent is to find a way to make Montana a better place to do business, but at the same time, not passing on any reduction in business personal property and homeowners.

He asked why is the OPI involved in HB 1004. Because a large part of the school's revenue stream comes from property tax. We need to keep the property tax base stable. The OPI has also been working on business education partnerships. These are businesses who help out in sponsoring activities in schools.

Mr. Groepper told of the side affects if HB 1004 should pass. Property taxes will be easier to administer, it will reduce paper work for the business, it qualifies for substantial tax reform under I-105, and it deals with residential versus income property.

Madalyn Quinlan, OPI, provided the committee with the OPI break down by class of property. It lists the current tax rate and the new tax rate. EXHIBIT 22

Chuck Stearns, City of Missoula, provided written testimony.  
EXHIBIT 23

Tootie Welker, MAPP, stood in support of HB 1004.

**Announcements:** THE REMAINDER OF THIS TRANSCRIPTION TAPE WAS DEFECTIVE. ALL AVAILABLE INFORMATION IS PROVIDED IN THESE MINUTES. OPENING STATEMENTS FROM THE SPONSORS WERE TAKEN FROM THE BILLS TITLES.



Opponents' Testimony:

Mike Felt, Eagle Bend Golf Club; Dennis Burr, Montana Taxpayers Association; Gene Phillips, LHC Inc., Kalispell, John Fitzpatrick, Pegusus Gold Corporation; Jim Tutwiler, Montana Chamber of Commerce; and Susan Brooke, Montana Stockgrower's Association, spoke in opposition to HB 1004.

Gordon Morris, Montana Association of Counties, said that he was a no-ponent and provided the committee with information HB 1004 would have on all 56 counties. EXHIBITS 24, 25

Questions From Committee Members: None

Closing by Sponsor:

REP. DOLEZAL urged the committee's support of HB 1004.

HEARING ON HB 993

Presentation and Opening Statement by Sponsor:

REP. ZOOK, House District 25, Miles City, stated HB 993 would require a youth's parents or guardian to pay a contribution toward the cost of out-of-home care provided by the Department of Family Services if they are financially able to pay. It is to be based upon the uniform child support guidelines and authorizes the collection of contributions by means of an automatic income withholding.

Proponents' Testimony:

Kathy McGowan, MRCCA, stood in support of HB 933.

Amy Feifer, Department of SRS, provided written testimony and proposed amendments from SRS. EXHIBIT 26, 27

John Madsen, Department of Family Services, stood in support of HB 933.

Opponents' Testimony: None

Questions From Committee Members: None

Closing by Sponsor:

NO CLOSING STATEMENT WAS AVAILABLE.

HEARING ON HB 992

Presentation and Opening Statement by Sponsor:

REP. RANEY, House District 82, Livingston, stated HB 992 is an

act establishing fuel economy standards for new state vehicles and establishes a pilot project to purchase and test alternative-fueled state vehicles. It also provides a portion of coal severance tax funds to the alternative energy conservation grants and loans program for ethanol and vegetable oil research, development, and demonstration. HB 992 clarifies that the sale of natural gas a vehicle transportation fuel is not subject to utility regulation, and revised the definition of stripper wells and exempts the first five barrels of average daily production from the state severance tax if the monthly price of crude oil is less than \$25 per barrel. REP. RANEY went on to say that improved efficiency in the consumption of petroleum is necessary in order to reduce the nation's dependence on foreign oil.

Proponents' Testimony:

Christine Paulson, Self, provided written testimony. EXHIBIT 28

Van Jamison, DNRC, and Jim Jensen, MEIC, went on record in support of HB 992.

Opponents' Testimony:

John Rothwell, Department of Health, and K. E. Teague, Northern Montana Oil and Gas Association, went on record in opposition to HB 992.

Questions From Committee Members: None

Closing by Sponsor:

NO CLOSING STATEMENT WAS AVAILABLE.

HEARING ON HB 1001

Presentation and Opening Statement by Sponsor:

REP. J. DeBRUYCKER, House District 11, Dutton, stated HB 1001 is an act to encourage the production and use of gasohol by providing a lower license tax on gasohol than gasoline. She provided the committee with proposed amendments. EXHIBIT 29

Proponents' Testimony:

Don Sterhan, Alcotech; SEN. TVIET, Fairview; Rex Manual, CENEX; and Kay Norenberg, Self, stood in support of HB 1001.

Opponents' Testimony: None

Questions From Committee Members: None


Closing by Sponsor:

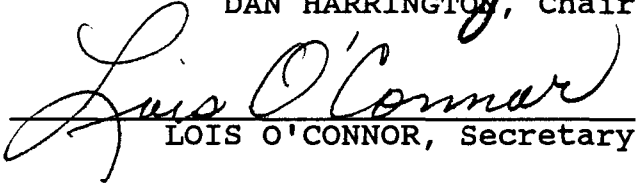
REP. Debruycker provided written testimony from Michael Allen, Allen's Inc., Helena. EXHIBIT 30

Announcements: CHAIR HARRINGTON SAID THAT THE HEARING ON HB 1000 WOULD BE HELD LATER THIS EVENING.

ADJOURNMENT

Adjournment: 12:15 p.m.

  
\_\_\_\_\_  
DAN HARRINGTON, Chair

  
\_\_\_\_\_  
LOIS O'CONNOR, Secretary

DH/lo

HOUSE OF REPRESENTATIVES

TAXATION COMMITTEE

ROLL CALL

DATE 3/27/91

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


HOUSE STANDING COMMITTEE REPORT

10:05  
3-28-91  
JDD

March 28, 1991

Page 1 of 4

Mr. Speaker: We, the committee on Taxation report that House Bill 550 (first reading copy -- white) do pass as amended .

Signed:   
Dan Harrington, Chairman

And, that such amendments read:

1. Title, line 10.

Following: "NEEDS;"

Insert: "TO PROVIDE A STATUTORY APPROPRIATION OF ADMINISTRATIVE FEES; AMENDING SECTION 17-7-502, MCA;"

2. Page 2, line 10.

Strike: "6"

Insert: "7"

3. Page 2, line 20.

Strike: "primary"

4. Page 2, line 21.

Following: line 20

Strike: "is"

Insert: "includes"

5. Page 2, line 24.

Strike: "an incidental part"

Insert: "less than 5%"

Strike: "dealership business"

Insert: "dealership's gross sales"

6. Page 3, line 8.

Strike: "within 30 days"

Insert: "on or before the last day of the month"

7. Page 3, line 13.

Following: "returns"

Insert: "-- statute of limitations"

8. Page 4, lines 1 through 13.

Strike: subsections (4) and (5) in their entirety

Insert: "(4) (a) If the department determines that the amount of taxes due is greater than the amount reported, it shall mail to the taxpayer a notice of the additional taxes proposed to

be assessed. Within 30 days after mailing of the notice, the taxpayer may file with the department a written protest against the proposed additional taxes, setting forth the grounds upon which the protest is based, and may request in his protest an oral hearing or an opportunity to present additional evidence relating to his additional liability. If a protest is not filed, the amount of the additional taxes proposed to be assessed becomes final upon expiration of the 30-day period. If a protest is filed, the department shall reconsider the proposed assessment and, if the taxpayer has so requested, shall grant the taxpayer an oral hearing. After consideration of the protest and the evidence presented at an oral hearing, the department's action upon the protest is final when it mails notice of its action to the taxpayer.

(b) When a deficiency is determined and the additional taxes become final, the department shall mail a notice and demand for payment to the taxpayer. The taxes are due and payable at the expiration of 10 days after the notice and demand were mailed. Interest on any deficiency assessment bears interest from the date specified in [section 3]. A certificate by the department of the mailing of the notices required by subsection (4) is prima facie evidence of the computation and levy of the deficiency in the taxes and of the giving of required notice.

(5) Except as provided in this section, a deficiency may not be assessed or collected with respect to the taxable period for which a return or report is filed unless the notice of the additional tax proposed to be assessed is mailed within 5 years from the date the return was filed. For purposes of this section, a return or report filed before the last day prescribed for filing is considered as filed on the last day. If the taxpayer, before the expiration of the period prescribed for assessment, consents in writing to an extended time, the assessment may be made at any time prior to the expiration of the period agreed upon.

(6) A refund or credit may not be allowed or paid with respect to the year for which a return or report is filed after 5 years from the last day prescribed for filing the return or report or after 1 year from the date of the overpayment, whichever period expires later, unless before the expiration of the period the taxpayer files a claim or the department determines the existence of the overpayment and approves the refund or credit. If the taxpayer has agreed in writing under the provisions of subsection (5) to extend the time within which the department may propose an additional assessment, the period within which a claim for refund or credit may be filed or a refund or credit allowed

if no claim is filed is automatically extended.

(7) If a return is required to be filed and the taxpayer fails to file the return, the tax may be assessed or an action to collect the tax may be brought at any time. If a return is required to be filed and the taxpayer files a fraudulent return, the 5-year period provided for in subsection (6) does not begin until discovery of the fraud by the department."

9. Page 4, line 17.

Strike: "2%"

Insert: "10%"

10. Page 4, line 22.

Strike: "2%"

Insert: "10%"

11. Page 5.

Following: line 21

Insert: "NEW SECTION. Section 7. Special revenue account. (1)

There is a rental car tax administration account in the state special revenue fund.

(2) All administrative fees collected under [section 6(1)] must be deposited by the department into the rental car tax administration account.

(3) The money in the rental car tax administration account is statutorily appropriated, as provided in 17-7-502, to the department to administer the rental car tax.

Section 8. Section 17-7-502, MCA, is amended to read:

"17-7-502. Statutory appropriations -- definition -- requisites for validity. (1) A statutory appropriation is an appropriation made by permanent law that authorizes spending by a state agency without the need for a biennial legislative appropriation or budget amendment.

(2) Except as provided in subsection (4), to be effective, a statutory appropriation must comply with both of the following provisions:

(a) The law containing the statutory authority must be listed in subsection (3).

(b) The law or portion of the law making a statutory appropriation must specifically state that a statutory appropriation is made as provided in this section.

(3) The following laws are the only laws containing statutory appropriations: 2-9-202; 2-17-105; 2-18-812; 10-3-203; 10-3-312; 10-3-314; 10-4-301; 13-37-304; 15-1-111; 15-25-123; 15-31-702; 15-36-112; 15-37-117; 15-65-121; 15-70-101; 16-1-404; 16-1-410; 16-1-411; 17-3-212; 17-5-404; 17-5-424; 17-5-804; 19-8-504; 19-9-702; 19-9-1007; 19-10-205; 19-10-305; 19-10-506; 19-11-512; 19-11-513; 19-11-606; 19-12-

301; 19-13-604; 20-6-406; 20-8-111; 20-9-361; 23-5-306; 23-5-409; 23-5-610; 23-5-612; 23-5-1016; 23-5-1027; 27-12-206; 37-51-501; 39-71-2504; 53-6-150; 53-24-206; 61-2-406; 61-5-121; 67-3-205; 75-1-1101; 75-5-1108; 75-11-313; 76-12-123; 80-2-103; 82-11-136; 82-11-161; 90-3-301; 90-4-215; 90-4-613; 90-6-331; 90-9-306; [section 7]; and section 13, House Bill No. 861, Laws of 1985.

(4) There is a statutory appropriation to pay the principal, interest, premiums, and costs of issuing, paying, and securing all bonds, notes, or other obligations, as due, that have been authorized and issued pursuant to the laws of Montana. Agencies that have entered into agreements authorized by the laws of Montana to pay the state treasurer, for deposit in accordance with 17-2-101 through 17-2-107, as determined by the state treasurer, an amount sufficient to pay the principal and interest as due on the bonds or notes have statutory appropriation authority for such payments. (In subsection (3), pursuant to sec. 10, Ch. 664, L. 1987, the inclusion of 39-71-2504 terminates June 30, 1991.)"

NEW SECTION. Section 9. Coordination instruction. If Senate Bill No. 445 is passed and approved and if it includes a section adopting a uniform tax appeal procedure, then the language contained in [section 4, (4) through (7)] is void and the provisions of Senate Bill No. 445 govern the appeal procedures;"

Renumber: subsequent sections

12. Page 5, line 14.  
Strike: "6"  
Insert: "7"

13. Page 5, line 23.  
Strike: "6"  
Insert: "7"

14. Page 5, line 25.  
Strike: "6"  
Insert: "7"



3-28-91  
10:03  
3-28-91

HOUSE STANDING COMMITTEE REPORT

March 28, 1991

Page 1 of 2

Mr. Speaker: We, the committee on Taxation report that House Bill 801 (first reading copy -- white) do pass as amended .

Signed: *Dan Harrington*  
Dan Harrington, Chairman

And, that such amendments read:

1. Title, line 7.  
Following: "PROPERTY;"  
Insert: "PROVIDING THAT UNPAID TAXES ON CLASS TWENTY-ONE PROPERTY ARE A LIEN ON ALL OTHER PROPERTY OWNED BY THE OWNER OF THE CLASS TWENTY-ONE PROPERTY;"
2. Title, line 8.  
Following: "15-7-103,"  
Strike: "AND"  
Following: "15-8-111,"  
Insert: "AND 15-16-403,"
3. Page 2, lines 11 through 13.  
Strike: "twice" on line 11 through "15-6-134(2)(a)" on line 13  
Insert: "8% of market value"
4. Page 3, line 6.  
Following: "county"  
Insert: "and may not be less than \$100 per acre"
5. Page 6, line 10.  
Following: "been"  
Insert: " :  
          (i) "
6. Page 6, line 12.  
Following: "activity"  
Insert: " ; and  
          (ii) listed as a national priority list site as defined in the federal Comprehensive, Environmental Response, Compensation, and Liability Act of 1980, as amended"
7. Page 12.  
Following: line 15  
Insert: "Section 7. Section 15-16-403, MCA, is amended to read:  
          "15-16-403. Lien on real property and improvements .

(1) Every tax due upon real property is a lien against the property assessed, and every tax due upon improvements upon real estate assessed to other than the owner of the real estate is a lien upon the land and improvements, which several liens attach as of January 1 in each year.

(2) A tax due on class twenty-one property is a lien against all real and personal property owned by the owner of the class twenty-one property as well as a lien upon the property upon which the taxes are due."

Renumber: subsequent sections

10:05  
3-28-91  
JDB

HOUSE STANDING COMMITTEE REPORT

March 28, 1991

Page 1 of 1

Mr. Speaker: We, the committee on Taxation report that House Bill 764 (first reading copy -- white) do pass as amended.

Signed: *Dan Harrington*  
Dan Harrington, Chairman

And, that such amendments read:

1. Title, lines 6 and 7.

Strike: ", OPERATION AND MAINTENANCE"

2. Page 1, lines 21 and 22.

Strike: ", operation, and maintenance"

EXHIBIT 1  
 DATE 3-27-91  
 HB 526

HOUSE OF REPRESENTATIVES

TAXATION COMMITTEE

ROLL CALL VOTE

DATE 3/27 BILL NO. 526 NUMBER 1

MOTION: \_\_\_\_\_

*DP - for Schye*

NAME	AYE	NO
REP. BEN COHEN, VICE-CHAIRMAN	✓	
REP. ED DOLEZAL	✓	
REP. JIM ELLIOTT	✓	
REP. ORVAL ELLISON		✓
REP. RUSSELL FAGG		✓
REP. MIKE FOSTER		✓
REP. BOB GILBERT		✓
REP. MARIAN HANSON		✓
REP. DAVID HOFFMAN		✓
REP. JIM MADISON	✓	
REP. ED MCCAFFREE		✓
REP. BEA MCCARTHY	✓	
REP. TOM NELSON		✓
REP. MARK O'KEEFE	✓	
REP. BOB RANEY		✓
REP. BOB REAM, VICE-CHAIRMAN	✓	
REP. TED SCHYE	✓	
REP. BARRY "SPOOK" STANG		✓
REP. FRED THOMAS		✓
REP. DAVE WANZENRIED		✓
REP. DAN HARRINGTON, CHAIRMAN	✓	
<b>TOTAL</b>	<b>44</b>	

EXHIBIT 2  
 DATE 3-27-91  
 HB 550

HOUSE OF REPRESENTATIVES  
 TAXATION COMMITTEE  
 ROLL CALL VOTE

DATE 3/27 BILL NO. 550 NUMBER 1

MOTION: AP John Elliott  
Subst on de table  
Thomas.

NAME	AYE	NO
REP. BEN COHEN, VICE-CHAIRMAN		✓
REP. ED DOLEZAL		✓
REP. JIM ELLIOTT		✓
REP. ORVAL ELLISON	✓	
REP. RUSSELL FAGG	✓	
REP. MIKE FOSTER		✓
REP. BOB GILBERT	✓	
REP. MARIAN HANSON	✓	
REP. DAVID HOFFMAN		✓
REP. JIM MADISON		✓
REP. ED MCCAFFREE		✓
REP. BEA MCCARTHY	✓	
REP. TOM NELSON	✓	
REP. MARK O'KEEFE		✓
REP. BOB RANEY		✓
REP. BOB REAM, VICE-CHAIRMAN		✓
REP. TED SCHYE		✓
REP. BARRY "SPOOK" STANG	✓	
REP. FRED THOMAS	✓	
REP. DAVE WANZENRIED	✓	
REP. DAN HARRINGTON, CHAIRMAN		✓
<b>TOTAL</b>		

9 : 12

EXHIBIT 3  
 DATE 3-27-91  
 HB 550

HOUSE OF REPRESENTATIVES

TAXATION COMMITTEE

ROLL CALL VOTE

DATE 3/27 BILL NO. 550 NUMBER 2

MOTION: \_\_\_\_\_  
 \_\_\_\_\_  
*D P / A*

NAME	AYE	NO
REP. BEN COHEN, VICE-CHAIRMAN	✓	
REP. ED DOLEZAL	✓	
REP. JIM ELLIOTT	✓	
REP. ORVAL ELLISON		✓
REP. RUSSELL FAGG		✓
REP. MIKE FOSTER	✓	
REP. BOB GILBERT		✓
REP. MARIAN HANSON		✓
REP. DAVID HOFFMAN	✓	
REP. JIM MADISON	✓	
REP. ED MCCAFFREE	✓	
REP. BEA MCCARTHY		✓
REP. TOM NELSON		✓
REP. MARK O'KEEFE	✓	
REP. BOB RANEY	✓	
REP. BOB REAM, VICE-CHAIRMAN	✓	
REP. TED SCHYE	✓	
REP. BARRY "SPOOK" STANG		✓
REP. FRED THOMAS		✓
REP. DAVE WANZENRIED		✓
REP. DAN HARRINGTON, CHAIRMAN	✓	
<b>TOTAL</b>		

12: 9

Amendments to House Bill No. 801  
First Reading Copy

Rep. McCarthy  
For the Committee on Taxation

Prepared by Lee Heiman  
March 26, 1991

1. Title, line 7.

Following: "PROPERTY;"

Insert: "PROVIDING THAT UNPAID TAXES ON CLASS TWENTY-ONE PROPERTY  
ARE A LIEN ON ALL OTHER PROPERTY OWNED BY THE OWNER OF THE  
CLASS TWENTY-ONE PROPERTY;"

2. Title, line 8.

Following: "15-7-103,"

Strike: "AND"

Following: "15-8-111,"

Insert: "AND 15-16-403,"

3. Page 2, lines 11 through 13.

Strike: "twice" on line 11 through "15-6-134(2)(a)" on line 13

Insert: "8% of market value"

4. Page 3, line 6.

Following: "county"

Insert: "and may not be less than \$100 per acre"

5. Page 6, line 10.

Following: "been"

Insert: ":"

(i)"

6. Page 6, line 12.

Following: "activity"

Insert: "; and

(ii) listed as a national priority list site as defined  
in the federal Comprehensive, Environmental Response,  
Compensation, and Liability Act of 1980, as amended"

7. Page 12.

Following: line 15

Insert: "**Section 7.** Section 15-16-403, MCA, is amended to read:

**"15-16-403. Lien on real property and improvements .**

(1) Every tax due upon real property is a lien against the  
property assessed, and every tax due upon improvements upon  
real estate assessed to other than the owner of the real  
estate is a lien upon the land and improvements, which  
several liens attach as of January 1 in each year.

(2) A tax due on class twenty-one property is a lien  
against all real and personal property owned by the owner of  
the class twenty-one property as well as a lien upon the  
property upon which the taxes are due."

Renumber: subsequent sections





Amendments to House Bill No. 200  
First Reading Copy

Requested by DOR  
For the Committee on Taxation

Prepared by Lee Heiman  
February 14, 1991

1. Title, line 5.

Strike: "UNDER THE"

2. Title, line 8.

Strike: "SECTIONS 15-65-111, 15-65-121, 15-65-131, AND"

Insert: "SECTION"

3. Page 1, line 12 through page 7, line 19.

Strike: everthing following the enacting clause

Insert: "NEW SECTION. Section 1. Definitions. As used in [sections 1 through 5] the following definitions apply:

(1) "Local government" means a county, consolidated city/county government, or a municipality.

(2) "Municipality" means and incorporated city or an incorporated town.

(3) "Facility", "accommodation charge", and "campground" have the meanings defined in 15-65-101.

(4) "Department" means the office the supreme court administrator.

NEW SECTION. Section 2. Taxing Authority -- specific delegation. As required by 7-1-112. [sections 1 thorough 5] specifically delegates to local governments the authority to impose a local option lodging facility tax. After conducting a public hearing, a local government may, before July 1 of the fiscal year, impose a local option lodging facility use tax effective for that fiscal year.

NEW SECTION. Section 3. Goods and services subject to tax. (1)(a) Subject to the provisions of [section 4], a local government may impose on the user of a facility within its jurisdiction a local option lodging facility use tax at a rate not to exceed 4% of the accommodation charge collected by the facility.

(b) A local option lodging facility use tax is collected and reported at the same time and in the same manner as provided under 15-65-112.

(2) The rate of the tax may changed once in any fiscal year. Unless a later date is specified in the ordinance changing the rate, the new rate is effective on the first day of the fiscal quarter following enactment of the new rate. The department must be provided 30 days notice of rate change before it becomes effective.

NEW SECTION. Section 4. Administration. (1) The provisions of Title 15, chapter 65, not in conflict with the provisions of [sections 1 through 5] regarding administration, remedies, enforcement, collections, hearings, interest,

deficiency assessments, credits for overpayment, statute of limitations, penalties, and department rulemaking authority apply to the tax, to owner/operators of the facilities, and to the department.

(2) A tax payment required by [sections 1 through 5] must be made with the return filed pursuant to subsection(1). Partial payments must be credited to liabilities under 15-65-111 and [sections 1 through 5] ratably.

**NEW SECTION. Section 5. Distribution of local option lodging facility use tax proceeds.** (1) The department of revenue shall return the proceeds from the tax imposed by [section 1] to the jurisdiction where they were collected, except:

(a) the amount for refunds; and

(b) the costs of administering the tax, not exceeding 2% of the amount collected in each jurisdiction.

(2) If a county imposes a local option lodging facility use tax, the proceeds must be distributed to:

(a) the municipality in which the tax was collected; or

(b) if the tax was collected in an unincorporated area of the county, to the county in which the tax was collected.

(3) A municipality may impose a local option lodging facility use tax only if it is in a county that does not impose a facility tax. Except as provided in subsection (1), all proceeds must be distributed to the municipality that imposes the tax. A local option lodging facility tax being imposed by a municipality at the time a county imposes a tax terminates on the date the county tax becomes effective.

(4) The distribution made under subsections (1) through (3) are statutory appropriations as defined in 17-7-502.

**Section 6.** Section 17-7-502, MCA, is amended to read:

**"17-7-502. Statutory appropriations -- definition -- requisites for validity.** (1) A statutory appropriation is an appropriation made by permanent law that authorizes spending by a state agency without the need for a biennial legislative appropriation or budget amendment.

(2) Except as provided in subsection (4), to be effective, a statutory appropriation must comply with both of the following provisions:

(a) The law containing the statutory authority must be listed in subsection (3).

(b) The law or portion of the law making a statutory appropriation must specifically state that a statutory appropriation is made as provided in this section.

(3) The following laws are the only laws containing statutory appropriations: 2-9-202; 2-17-105; 2-18-812; 10-3-203; 10-3-312; 10-3-314; 10-4-301; 13-37-304; 15-1-111; 15-25-123; 15-31-702; 15-36-112; 15-37-117; 15-65-121; 15-70-101; 16-1-404; 16-1-410; 16-1-411; 17-3-212; 17-5-404; 17-5-424; 17-5-804; 19-8-504; 19-9-702; 19-9-1007; 19-10-205; 19-10-305; 19-10-506; 19-11-512; 19-11-513; 19-11-606; 19-12-301; 19-13-604; 20-6-406; 20-8-111; 20-9-361; 23-5-306; 23-5-409; 23-5-610; 23-5-612; 23-5-1016; 23-5-1027; 27-12-206; 37-51-501; 39-71-2504; 53-6-150; 53-24-206; 61-2-406; 61-5-121; 67-3-205; 75-1-1101; 75-5-1108; 75-11-313; 76-12-123; 80-2-103; 82-11-

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3-27-91  
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136; 82-11-161; 90-3-301; 90-4-215; 90-4-613; 90-6-331; 90-9-306; [section 5]; and section 13, House Bill No. 861, Laws of 1985.

(4) There is a statutory appropriation to pay the principal, interest, premiums, and costs of issuing, paying, and securing all bonds, notes, or other obligations, as due, that have been authorized and issued pursuant to the laws of Montana. Agencies that have entered into agreements authorized by the laws of Montana to pay the state treasurer, for deposit in accordance with 17-2-101 through 17-2-107, as determined by the state treasurer, an amount sufficient to pay the principal and interest as due on the bonds or notes have statutory appropriation authority for such payments. (In subsection (3), pursuant to sec. 10, Ch. 664, L. 1987, the inclusion of 39-71-2504 terminates June 30, 1991.)"

NEW SECTION. Section 7. Effective Date. [This act] is effective on passage and approval"

EXHIBIT 7  
 DATE 3-27-91  
 HB 200

HOUSE OF REPRESENTATIVES

TAXATION COMMITTEE

ROLL CALL VOTE

DATE 3/27 BILL NO. 200 NUMBER \_\_\_\_\_

MOTION: DP/A

NAME	AYE	NO
REP. BEN COHEN, VICE-CHAIRMAN	✓	
REP. ED DOLEZAL		✓
REP. JIM ELLIOTT		✓
REP. ORVAL ELLISON		✓
REP. RUSSELL FAGG		✓
REP. MIKE FOSTER		✓
REP. BOB GILBERT		✓
REP. MARIAN HANSON		✓
REP. DAVID HOFFMAN		✓
REP. JIM MADISON	✓	
REP. ED MCCAFFREE		✓
REP. BEA MCCARTHY		✓
REP. TOM NELSON		✓
REP. MARK O'KEEFE		✓
REP. BOB RANEY		✓
REP. BOB REAM, VICE-CHAIRMAN	✓	
REP. TED SCHYE		✓
REP. BARRY "SPOOK" STANG		✓
REP. FRED THOMAS		✓
REP. DAVE WANZENRIED	✓	
REP. DAN HARRINGTON, CHAIRMAN		✓
TOTAL		

37.55

4 : 17

## HOUSE OF REPRESENTATIVES

## TAXATION COMMITTEE

## ROLL CALL VOTE

DATE 3/27 BILL NO. 935 NUMBER 1

MOTION: \_\_\_\_\_

*Subj of table.*

NAME	AYE	NO
REP. BEN COHEN, VICE-CHAIRMAN		✓
REP. ED DOLEZAL	✓	
REP. JIM ELLIOTT <i>P.</i>	✓	
REP. ORVAL ELLISON		✓
REP. RUSSELL FAGG		✓
REP. MIKE FOSTER		✓
REP. BOB GILBERT		✓
REP. MARIAN HANSON		✓
REP. DAVID HOFFMAN	✓	
REP. JIM MADISON	✓	
REP. ED MCCAFFREE	✓	
REP. BEA MCCARTHY	✓	
REP. TOM NELSON		✓
REP. MARK O'KEEFE	✓	
REP. BOB RANEY		✓
REP. BOB REAM, VICE-CHAIRMAN		✓
REP. TED SCHYE	✓	
REP. BARRY "SPOOK" STANG	✓	
REP. FRED THOMAS		✓
REP. DAVE WANZENRIED		✓
REP. DAN HARRINGTON, CHAIRMAN	✓	
<b>TOTAL</b>		

EXHIBIT 4  
 DATE 3-27-91  
 HB 919

HOUSE OF REPRESENTATIVES

TAXATION COMMITTEE

ROLL CALL VOTE

DATE 3/27 BILL NO. 919 NUMBER 1

MOTION: \_\_\_\_\_  
*OP table / full + w*

NAME	AYE	NO
REP. BEN COHEN, VICE-CHAIRMAN		✓
REP. ED DOLEZAL	✓	
REP. JIM ELLIOTT		
REP. ORVAL ELLISON		✓
REP. RUSSELL FAGG		✓
REP. MIKE FOSTER		✓
REP. BOB GILBERT	✓	
REP. MARIAN HANSON		✓
REP. DAVID HOFFMAN	✓	
REP. JIM MADISON	✓	
REP. ED MCCAFFREE	✓	
REP. BEA MCCARTHY	✓	
REP. TOM NELSON		✓
REP. MARK O'KEEFE		✓
REP. BOB RANEY	✓	
REP. BOB REAM, VICE-CHAIRMAN	✓	
REP. TED SCHYE	✓	
REP. BARRY "SPOOK" STANG	✓	
REP. FRED THOMAS		✓
REP. DAVE WANZENRIED		✓
REP. DAN HARRINGTON, CHAIRMAN	✓	
<b>TOTAL</b>		

11:9

## Ream Tax Reform Proposal

3/26/91

The Ream proposal (HB 996) would repeal the current Montana income tax system and replace it with a **revenue-neutral** flat percent of federal taxes, **lowering the top marginal rate from 11.55% to 9.6%** (maximum effective rate is 4.56%) and simplifying taxes for everyone.

The bill would leave existing Montana tax credits intact but would **repeal all deductions** that are unique to Montana and not part of the federal deduction system. As a result of increasing the tax base, 83% of Montanans, especially those at or below median income, would have a **lower effective tax rate** or the same as present law.

**Simplicity** : Completing a Montana tax return will be a 60-second task once the taxpayer has calculated federal tax. Between 85 and 90% of Montana taxpayers will use a postcard size form and most will simply enter their federal taxes, multiply by 29.1% (x.291), and then enter their Montana taxes on the bottom line.

Approximately 11% of Montana filers will have to make adjustments to income (exempt bonds, military pay, reservation income) or claim tax credits which will require the use of one of the supplementary forms on the back of the model form.

**Equity**: The same rate applies to everybody and all income is taxed. If everybody pays their share, we can have lower effective tax rates. Adopting the federal definition of income and tax will produce a fairer distribution of Montana taxes because there will be **fewer loopholes** and special interest provisions. Those who use loopholes now will see their taxes increase and those who don't will have tax cuts. Montana will improve its tax system in one step without having to attack each provision separately and appearing to penalize any one segment of Montana taxpayers.

**Impact**: The tax burden will be slightly **more progressive** than the current Montana tax system, for two reasons:

**A. The tax threshold is higher.** The federal standard deduction and personal exemptions -- \$5300 for single individuals and \$9550 for married couples--means that the first dollar taxed is closer to the poverty level than current Montana tax law, which has a \$2000/\$3500 threshold. People who work and still live in poverty will get a better break from the government than they do now. The DOR estimates that 20,000 to 30,000 poverty level wage earners would be removed from the tax rolls.

**B. Taxes overall are slightly more progressive.** The top effective rate, for the wealthiest 3%, is increased from 4.78% to 5.34%. Most taxpayers will have lower effective rates than they do now and the top 10% will have increases.

**C. Retirees:** The federal tax includes all retirement income because it was excluded when it was earned to allow workers to save more, so retirees would lose their \$3600

3-27-91

# FORM 2 - Montana Individual Income Tax Return - 1991

OR FISCAL year beginning \_\_\_\_\_, 1991 and ending \_\_\_\_\_, 19\_\_

1. Enter federal tax from federal return line 54 or Montana form 1M, line 8
2. FICA taxes (federal return lines 48 and 51)
3. Adjusted federal tax (subtract line 2 from line 1)
4. Montana tax (multiply line 3 by .32)
5. For each of the programs below you and your spouse each may contribute \$5, 10, 20 or any amount. Enter totals in boxes.

Nongame Wildlife Program	Child Abuse Prevention	Agriculture in Schools	Total contribution
-----------------------------	---------------------------	---------------------------	--------------------

\_\_\_\_\_ Add to line 4.

6. Montana tax credits (line 7, Montana form 1C)

7. Montana tax withheld (attach W-2's)

8. Total tax reduction (add lines 6 and 7)


9. Total Tax Due (If line 5 is greater than line 8, enter difference)

10. Tax refund ( If line 8 is greater than line 5, enter difference)

1.		
2.		
3.		
4.		
5.		
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# FORM 2 - Montana Individual Income Tax Return - 1991

OR FISCAL year beginning \_\_\_\_\_, 1991 and ending \_\_\_\_\_, 19\_\_

1. Enter federal tax from federal return line 54 or Montana form 1M, line 8
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10. Tax refund ( If line 8 is greater than line 5, enter difference)

1.		
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Ex. 10

3-27-91

HB 996

**MARRIED-JOINT HOUSEHOLDS**

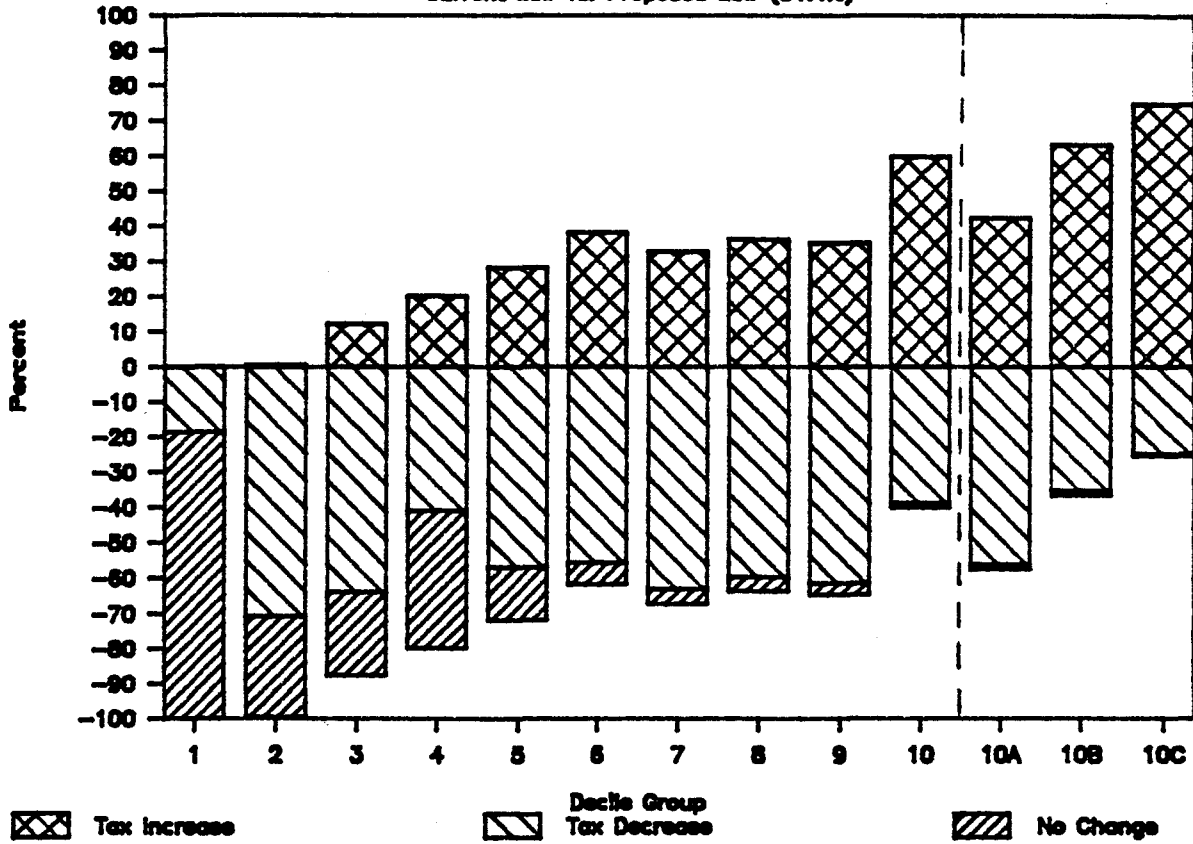
Decile	Income		% with tax Decrease	% with tax Increase	Effective rates		\$ Change in average taxes
					Current	Proposed	
1	\$0	- 2,800	0.0	0.0	0.00	0.00	0.00
2	2,800	- 5,700	11.8	0.0	0.08	0.00	-3.36
3	5,700	- 8,700	21.1	0.0	0.20	0.00	-14.42
4	8,700	- 12,400	55.8	8.7	0.72	0.29	-46.11
5	12,400	- 16,500	60.3	24.5	1.23	0.85	-55.00
6	16,500	- 21,900	57.2	35.5	1.52	1.70	35.79
7	21,900	- 28,800	71.4	27.8	2.49	2.19	-70.41
8	28,800	- 37,300	79.3	18.7	3.19	2.49	-244.13
9	37,300	- 49,500	73.8	24.6	3.28	2.87	-201.49
10	49,500 +		73.4	26.4	4.74	5.02	473.74

**MARRIED-SEPARATE HOUSEHOLDS**

Decile	Income		% with tax Decrease	% with tax Increase	Effective rates		\$ Change in average taxes
					Current	Proposed	
1	\$0	- 2,800	0.0	0.0	0.00	0.00	0.00
2	2,800	- 5,700	100	0.0	1.24	0.00	-50.99
3	5,700	- 8,700	100	0.0	0.98	0.00	-64.22
4	8,700	- 12,400	86.8	8.9	1.16	0.50	-72.25
5	12,400	- 16,500	73.8	23.7	1.67	1.32	-51.33
6	16,500	- 21,900	56.2	35.7	1.87	1.80	-13.63
7	21,900	- 28,800	56.2	42.4	2.44	2.38	-9.79
8	28,800	- 37,300	60.1	34.7	2.84	2.71	-43.74
9	37,300	- 49,500	77.2	20.0	3.26	2.95	-147.05
10	49,500 +		46.2	52.1	4.00	4.31	304.61

## % WHO CHANGE -- STATE INCOME TAX

Current Law vs. Proposed Law (31.1%)



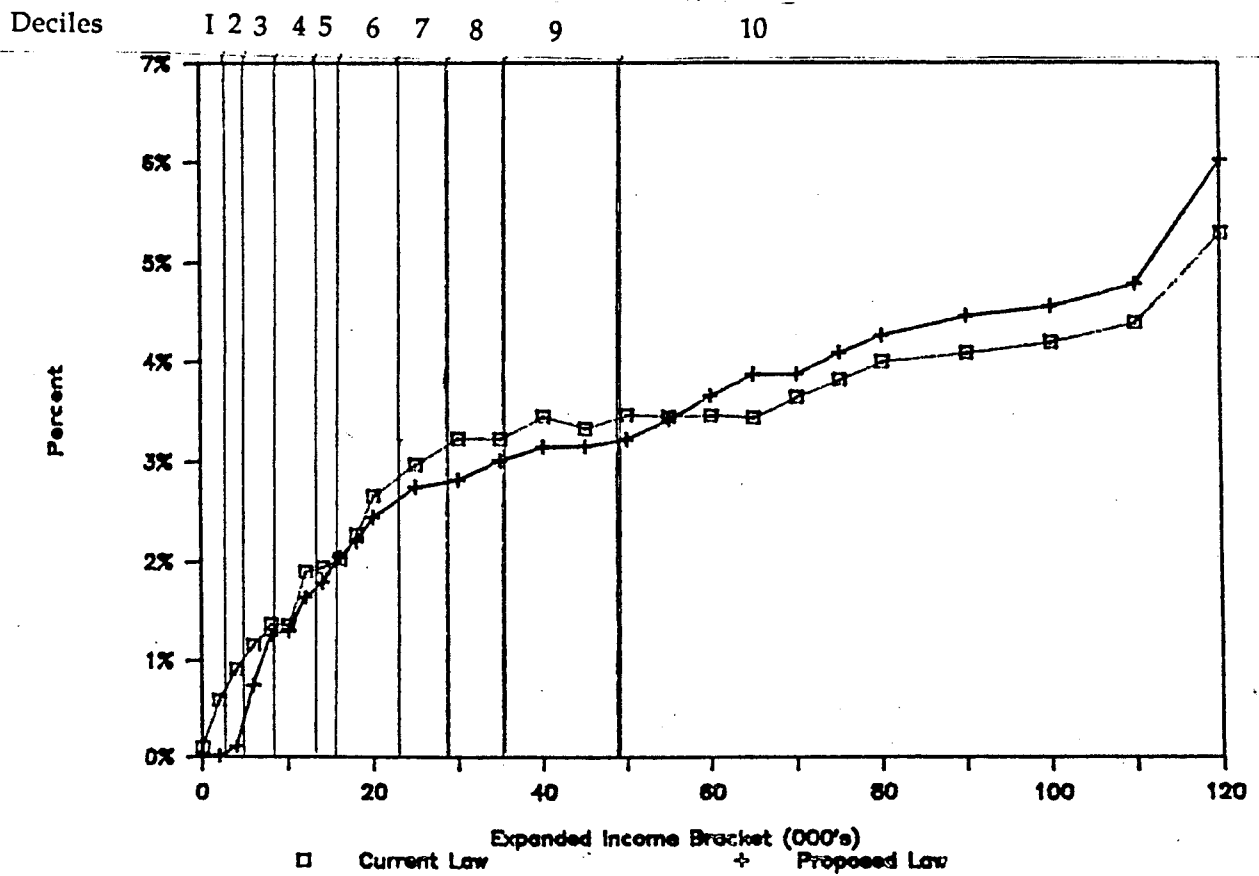
Ex. 10

3-27-91

HB 996

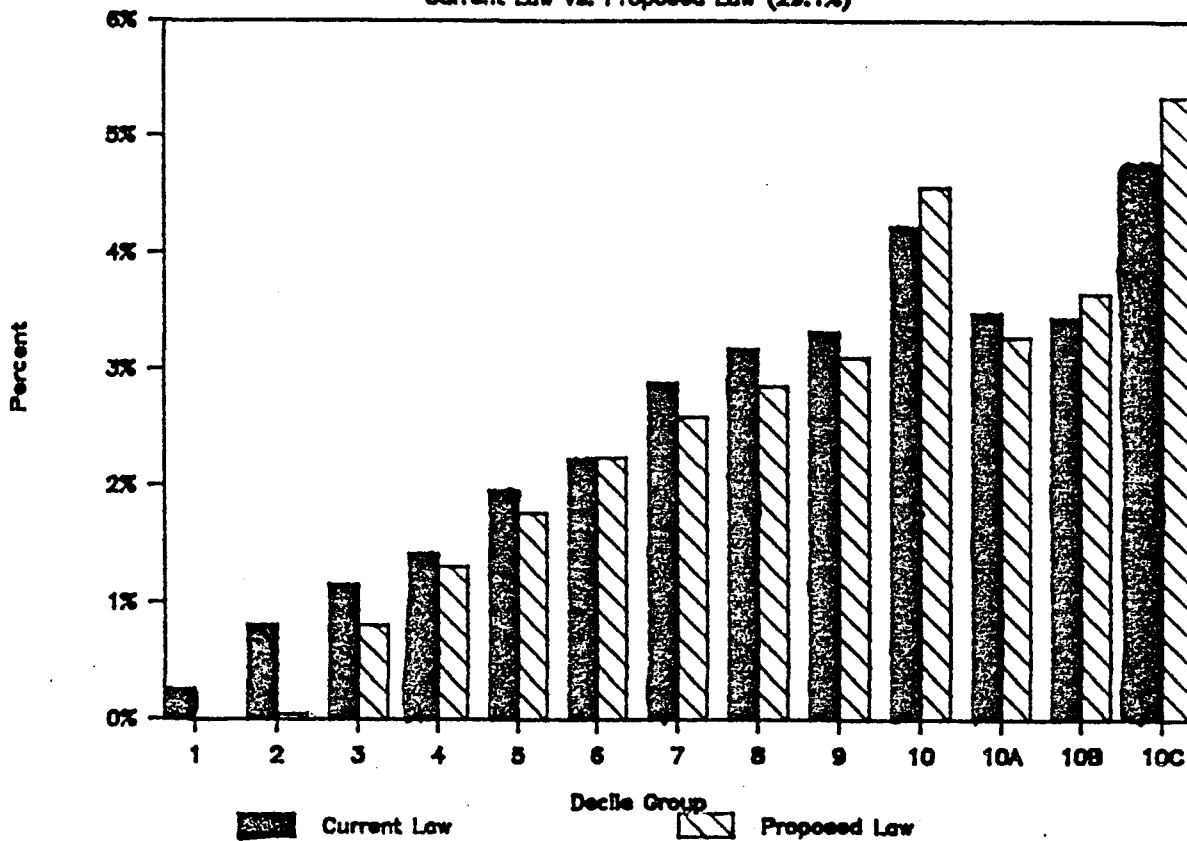
# EFFECTIVE (AFTER FED. OFFSET) TAX RATES

Current Law vs. Proposed Law (29.1%)



# EFFECTIVE (AFTER FED. OFFSET) TAX RATES

Current Law vs. Proposed Law (29.1%)



Amendments to House Bill 996  
1st. Reading Copy

Prepared by the Montana Department of Revenue  
March 26, 1991

Amendment #1. As the bill is currently written, a nonresident or part year resident is taxed on his total federal taxable income unless he must make an adjustment provided in section 6. His total federal taxable income would include income which Montana has no jurisdiction to tax. The bill must be amended to provide a method to tax only Montana source income. This definition along with amendment #6 provide the method to tax only Montana source income.

1. Page 9

Following: line 12

Insert: "(7) 'Montana adjusted gross income' means the amount of income a nonresident or part year resident receives from sources within Montana. It does not include income exempted from state taxation under the laws or constitution of the United States."

Amendments # 2 through 6. These amendments have little substantive effect on this bill but clarify the statute and may avoid unnecessary debate and legislation.

Amendments # 2 and 3. Montana cannot tax what Congress or the constitution has exempted from state taxation. This includes such income items as interest on United States obligations and income earned by an enrolled tribal member working on a reservation.

The Legislature cannot choose to tax this income and there is no need for legislation specifically excluding particular income items. In fact, such language in the tax statute often creates confusion. These amendments clarify the tax statute and provide for deductions and additions.

If an income item is already removed from federal taxable income, there is no reason to list it again as a Montana deduction. The combat pay language in amendment #3 illustrates how this would work. The deduction as drafted is not necessary because all combat

pay of enlisted men and officer's combat pay up to \$500/month is not included in federal taxable income. This amendment excludes the portion of combat pay included in federal taxable income.

This amendment also strikes the provision for deducting state refunds. Deducting the Montana income tax refunds included in federal taxable income will cause a large percentage of filers to recalculate their federal tax liability. In the past, this adjustment preserved symmetry between the federal and state tax systems. The federal government allowed a deduction for state taxes withheld and therefore required an add back of any state refund. Montana allowed a deduction for federal taxes withheld and therefore required an add back of any federal refund. Under this bill, federal taxes are no longer a deduction and the federal refund is no longer required as an add back (15-30-121(2) and 15-30-111(1) (b) are repealed).

2. Page 10, line 20.

Following: "following"

Strike: "additional deductions:"

Insert: "additions and deductions."

3. Page 10, line 21.

Strike: page 10, line 21 through page 11, line 3

Insert: "(a) The following income shall be deducted:

(i) Income exempted from state taxation under the laws or constitution of the United States.

Amendment #4. This amendment is merely to renumber existing text.

4. Page 11, line 4.

Strike: "(3)"

Insert: (iii)

Amendment #5. Federal interest is included in federal taxable income but the states cannot impose an income tax on the interest. (This is a statutory, not constitutional, bar.) Amendment #2 clarifies this but there is another consideration. Federal taxable

income does not include interest on state and local obligations. The states can choose to tax this income and current Montana law does (15-31-111 (a)). The bill as drafted does not tax this income.

5. Page 11, line 16.

Following: "effect."

Insert: "(b) The following income shall be added:

(i) Interest received on obligations of another state or territory or county, municipality, district, or other political subdivision thereof.

Amendment #6. As pointed out above, Section 6(4) in certain cases taxes too much income of a nonresident or part year resident. The amendment implements the intent of the bill by making the calculation as simple as possible. The new language requires a non-resident to pay Montana income tax on a percentage of his federal tax liability. The percentage is based on the percent of total income, which is derived from Montana.

6. Page 11

Following: line 16

Strike: subsections 4 and 5 in their entirety.

Insert: "(3)(a) Except as provided in (b) a nonresidents' federal income tax liability for purposes of determining his state income tax liability pursuant to [section 7] is the taxpayers federal tax liability multiplied by the percentage derived from dividing the taxpayer's Montana adjusted gross income by the taxpayer's federal adjusted gross income.

(b) If a nonresident's federal adjusted gross income is zero or a loss, then his federal income tax liability for purposes of determining his state income tax liability

pursuant to [section 7] is the full amount of his federal tax liability."

Amendment #7. This amendment is needed to clarify the intent of the bill to impose the tax on what is now line 54 of the federal tax return. The tax base established by section 6 of this bill, is calculated at line 38, 39, and 40 of form 1040. Lines 41 through 47 are federal tax credits that should be in the calculation of federal income tax liability. Lines 48 through 53 of Form 1040 include taxes that should not be included in the tax calculation.

This amendment is also needed to provide for a recalculation of federal income tax liability in the event the taxpayer has adjustment items listed in section 6.

7. Page 12, line 5,

Following: "Rate of tax."

Strike: The remainder of line 5, and lines 6 through 9.

Insert: "(1) The rate of state income tax is 32% of the sum of a taxpayer's federal income tax liability less federal credits.

(2) If a taxpayer has adjusted his federal taxable income as provided in [Section 6(2)] he must recompute a federal income tax liability, less credits, before applying the 32% rate.

(3) A taxpayer's federal tax liability includes the tax and penalty on early distributions from individual retirement accounts or qualified retirement plans. A taxpayer's federal income tax liability does not include self employment tax or the social security tax on tips."

Amendment #8. This amendment clarifies the definition of income from sources within Montana. It is worded in the positive,



stating what the income is rather than what it is not. Case law exists which provides that a state cannot tax intangible income of a nonresident, therefore much of the existing language is unnecessary. The amendment adds installment interest income from sales of property to conform the bill to existing law.

8. Page 12, lines 14.

Following: "state"

Insert: ", including gain and interest received from the installment sales of property"

Strike: The remainder of line 14 and lines 15 through 18 in their entirety. Page 12, line 20, strike "profession, or occupation carried on in this state".

Amendment #9. The bill repeals § 15-30-105, MCA, the alternative tax based on gross receipts. This provision is required to be consistent with the multi-state tax compact.

9. Page 13, line 1.

Insert: "NEW SECTION. Section 9. Non resident alternative gross receipts tax. Pursuant to the provisions of Article III, section 2, of the Multistate Tax Compact, every nonresident taxpayer required to file a return and whose only activity in Montana consists of making sales and who does not own or rent real estate or tangible personal property within Montana and whose annual gross volume of sales made in Montana during the taxable year does not exceed \$100,000 may elect to pay an income tax of 1/2 of 1% of the dollar volume of gross sales made in Montana during the taxable year. Such tax shall be in lieu of the tax imposed under [section 6]. The gross volume of sales made in Montana during the taxable year shall

be determined according to the provisions of Article IV, sections 16 and 17, of the Multistate Tax Compact."

Renumber: subsequent sections.

Amendment #10 and #11. These amendments are necessary so that taxpayers filing joint federal returns also file jointly for state purposes. Under the existing language, the bill imposes a tax on all individuals required to file a federal return. It could be argued that in the case of a joint return when only one spouse has income the other is not required to file a federal return therefore only the spouse which has income should file.

10. Page 13, line 2.

Following: "individual"

Insert: ", married couples filing a joint federal return,

11. Page 13, line 3.

Following: "a return"

Insert: ", using the same filing status used to file the taxpayers' federal return,"

Amendment #12. This amendment requires the taxpayer to include a copy of the federal return as filed. Although many taxpayers currently do so, this is not required by statute. If the Montana tax is based on information from the federal return, a copy of the return is necessary.

12. Page 13, line 9.

Following: "(c)"

Insert: "a complete copy of the federal individual income tax return and all supporting schedules as filed, a copy of any amended federal individual income tax return filed and"

Amendments #13, 14, 15, and 16. These amendments allow the

Department 90, not 30, days to review a return. These amendments also reinstate 15-30-142(5) and (6) that were apparently inadvertently repealed. The amendments also clarify that the Department has 90 days to process current year returns and 6 months to process amended returns, delinquent returns and refund claims.

13. Page 13, line 24.

Following: "(2)"

Insert: "As soon as practicable after the current year return is filed, the department shall examine and verify the tax."

14. Page 14, line 1.

Following: "within"

Strike: "30"

Insert: "90"

15. Page 14

Following: Line 2

Insert: "(3) If the amount of tax due is greater than the amount paid, the difference shall be paid by the taxpayer to the department within 60 days after notice of the amount of the tax as computed, with interest added at the rate of 9% per annum or fraction thereof on the additional tax. In such case there shall be no penalty because of such underpayment, provided the deficiency is paid within 60 days after the first notice of the amount is mailed to the taxpayer."

Renumber: subsequent subsections.

16. Page 14

Following: line 8

Insert: Section 11. Section 15-30-149, MCA, is amended

to read: "15-30-149. Credits and refunds -- period of limitations. (1) If the department discovers from the examination of a return or upon claim duly filed by a taxpayer or upon final judgment of a court that the amount of income tax collected is in excess of the amount due or that any penalty or interest was erroneously or illegally collected, the amount of the overpayment shall be credited against any income tax, penalty, or interest then due from the taxpayer and the balance of such excess shall be refunded to the taxpayer.

(2) (a) A credit or refund under the provisions of this section may be allowed only if, prior to the expiration of the period provided by 15-30-145 and by 15-30-146 during which the department may determine tax liability, the taxpayer files a claim or the department determines there has been an overpayment.

(b) If an overpayment of tax results from a net operating loss carryback, the overpayment may be refunded or credited within the period that expires on the 15th day of the 40th month following the close of the taxable year of the net operating loss if that period expires later than 5 years from the due date of the return for the year to which the net operating loss is carried back.

(3) Within 6 months after an amended return, a delinquent return, or a claim for refund is filed, the department shall examine said return or claim and either

approve or disapprove it. If said return or claim is approved, the credit or refund shall be made to the taxpayer within 60 days after the claim is approved; if the return or claim is disallowed, the department shall so notify the taxpayer and shall grant a hearing thereon upon proper application by the taxpayer. If the department disapproves a claim for refund, review of the determination of the department may be had as otherwise provided in this chapter.

(4) Except as hereinafter provided for, interest shall be allowed on overpayments at the same rate as is charged on delinquent taxes due from the due date of the return or from the date of the overpayment (whichever date is later) to the date the department approves refunding or crediting of the overpayment. With respect to tax paid by withholding or by estimate, the date of overpayment shall be deemed to be the date on which the return for the taxable year was due. No interest shall accrue on an overpayment if the taxpayer elects to have it applied to his estimated tax for the succeeding taxable year, nor shall interest accrue during any period the processing of a return or claim for refund is delayed more than 30 days by reason of failure of the taxpayer to furnish information requested by the department for the purpose of verifying the amount of the overpayment. No interest shall be allowed if:

(a) the overpayment is refunded within 6 months from the date the return is due or the date the return is filed,

whichever date is later;

(b) the overpayment results from the carryback of a net operating loss; or

(c) the amount of interest is less than \$1.

(5) An overpayment not made incident to a bona fide and orderly discharge of an actual income tax liability or one reasonably assumed to be imposed by this law shall not be considered an overpayment with respect to which interest is allowable.

Renumber: subsequent sections

Amendment #17. This bill clarifies that the state will audit and correct errors in the reporting of federal taxable income. This is necessary for arithmetic errors, etc., and in situations where a federal audit has not been performed but the reported federal taxable income is incorrect.

17. Page 17

Following: Line 2

Insert: Section 12. Section 15-30-145, MCA, is amended to read: "15-30-145. Revision of return by department -- examination of records and persons. (1) If, in the opinion of the department, any return of a taxpayer is in any essential respect incorrect, it may revise such return. The Department may revise the return to determine the taxpayer's correct federal taxable income regardless of whether the Internal Revenue Service has revised the taxpayer's reported federal taxable income. If any taxpayer fails to make return as herein required, the department is authorized to make an

estimate of the taxable income of such taxpayer from any information in its possession and to audit and state an account according to such return or the estimate so made by it for the taxes, penalties, and interest due the state from such taxpayer. Except in the case of a person who, with intent to evade the tax, purposely or knowingly files a false or fraudulent return violating the provisions of this chapter, the amount of tax due under any return shall be determined by the department within 5 years after the return was made and the department thereafter shall be barred from revising any such returns or recomputing the tax due thereon, and no proceeding in court for the collection of such tax shall be instituted after the expiration of said period, notwithstanding the provisions of 15-30-322. The Department may revise the return to determine the taxpayer's correct federal taxable income within 5 years after the return was made regardless of whether the federal statute of limitations has closed. In the case of a person who, with intent to evade the tax, purposely or knowingly files a false or fraudulent return violating the provisions of this chapter, the amount of tax due may be determined at any time after the return is filed and the tax may be collected at any time after it becomes due and, where no return has been filed, the tax may be assessed at any time.

(2) The department, for the purpose of ascertaining the correctness of any return or for the purpose of making an

estimate of taxable income of any person where information has been obtained, may also examine or cause to have examined by any agent or representative designated by it for that purpose any books, papers, or records of memoranda bearing upon the matters required to be included in the return and may require the attendance of the person rendering the return or any officer or employee of such person or the attendance of any person having knowledge in the premises and may take testimony and require proof material for its information, with power to administer oaths to such person or persons. The Department may exercise this power regardless of whether the Internal Revenue Service has revised the taxpayer's reported federal taxable income and regardless of whether the federal statute of limitations has closed.

Amendment #18. The amendment is required to correct a clerical error. The phrase "during the" is repeated.

18. Page 39, line 17.

Following: "Montana"

Strike: "during the"

Amendment #19. To be consistent with the intent of this bill the tax on lump sum distributions and new farmer credit should be repealed. If this is meant to be codified it should be included in Section 6 of this bill.

19. Page 39, line 20

Following: "15-30-105,"

Insert: "15-30-106,"



Following: "19-9-1005,"

Delete: "and"

Following: "19-13-1003,

Insert: "and 80-12-211,"

Amendment #20. This is a coordination instruction. If this Legislative Session passes bills addressing the dichotomy between federal and state sub-chapter S treatment, language addressing subchapter S will not be needed in this bill. If a new tax appeal review is passed, that new process will apply to this bill. This amendment does not address HB 790, the child care credit bill or the pension bills. Note that if this bill passes, those bills will be amendments to repealed statutes. This bill will need to be coordinated with any bill on taxing retirement income. No amendment is made because it is unclear what is intended.

20. Page 40.

Following: Line 23

Insert: NEW SECTION. "COORDINATION INSTRUCTIONS. If SB 333 is passed and approved the language contained in [Section 6(3)] is void. It SB 445 is passed and approved the provisions of that bill shall govern the appeal procedures applicable to this bill and the 60 days in [section 10] shall be 30.

Amendment #21. The bill as currently written uses the term federal adjusted taxable income as the base for computing the Montana income tax. The term is ambiguous, and capable of being misunderstood. The internal revenue code does not refer to federal adjusted taxable income. To avoid confusion the department proposes the term should be adjusted federal taxable income. This term better conveys the legislative intent. The taxpayer's federal taxable income is being adjusted by deducting certain items, such as tax exempt federal interest and adding municipal interest.

21. Page 10, line 9.

Page 10, line 13 and 17

Page 11, line 23

Strike: "federal adjusted"

Insert: "adjusted federal"

EXHIBIT 11  
DATE 3-27-91  
HB 996

# MONTANA WOMEN'S LOBBY

P.O. Box 1099

Helena, MT 59624

406/449-7917

EXHIBIT 12  
DATE 3-27-91  
HB 996

Testimony supporting HB 996  
House Taxation Committee, 3/27/91  
Diane Sands, Executive Director, Montana Women's Lobby

Chairman Harrington, members of the committee, the Montana Women's Lobby is a coalition of 52 organizations and individuals, representing approximately 10,000 Montanans. MWL's board has spent a great deal of time arriving at a position of consensus on taxation.

I would like to focus on 2 reasons we support HB 996.

1) Impact on Low Income People: The tax burden will be more progressive and based more closely on ability to pay. Because the tax threshold will be based on the federal standard deduction and personal exemptions--\$5300 for single individuals and \$9550 for married couples--means that the first dollar taxed is closer to the poverty level than current Montana tax law, which has a \$2000/\$3500 threshold. Single people and single heads of household, most often women living in poverty, 20,000 to 30,000 Montanans, will be removed from Montanas tax rolls. Montana does so little for the poor, do we need to tax them too?

2) Impact on Child and Dependent Care: Using the federal tax form will increase the allowable deduction for dependent care, impacting thousands of Montanans with responsibility for children, the elderly or disabled dependents. The federal dependent care credit is available to everyone, not just itemizers, and will be a very important commitment of state support to Montana families. I have attached a fact sheet comparing the current Montana child care deduction with the federal deduction that will be available with the passage of HB 996. The legislature this session has done almost nothing for child care in Montana, with no dollars to ensure access to child care for working parents. HB 996 would see that working families could at least deduct their costs from their tax liability.

Finally, while MWL is aware that HB 996 is revenue neutral, we continue to call for measures that will increase the revenue available for important state commitments. We are angry that the state says it has no money to fund child abuse social workers, child care resource and referral, Indian child welfare workers, and the hundreds of other necessities that were deleted or underfunded in the state budget. Make no mistake, Montana children will suffer and Montana children will die as a result of this failure to adequately fund services. MWL is on record supporting taxation proposals that increase revenue, are part of a progressive tax reform package and that are based on ability to pay.

We urge your support of HB 996 and we urge you to create additional revenue, using this bill and others to achieve that goal.

## PROPOSED LAW

### % Federal Child Care Credit

Revenue estimate: \$3.26 million in FY92 under Ream 32% Proposal

Credit = 30% of the amount spent on child care up to

\$2400 for one dependent

\$4800 for two or more dependents

The maximum federal credit is \$1440 for a family with a \$10,000 AGI, for a Montana tax credit of \$460.80.

The allowable amount remains the same but the percent declines to 20% as income increases from \$10,000 AGI to \$28,000. Unlike the current Montana law the amount does not phase out to zero. Thus, even high income people are allowed the minimum credit of \$154 (for one child) on the theory that the expense is necessary to the production of income and therefore it is not appropriate to phase it out completely.

#### Examples

Family of four: parent with 3 children:

#### Proposed Law:

AGI \$18,000

Federal credit: \$1248

Montana credit: \$400

AGI \$22,000

Federal credit: \$1152

Montana credit: \$369

AGI \$26,000

Federal credit: \$1056

Montana Credit \$338

AGI \$30,000

Federal credit: \$960

Montana credit: \$307

## CURRENT LAW

### Montana Child Care Deduction

Revenue estimate: \$84,000 FY92, \$70,000 in FY93

Expenses up to :

\$2400 for one dependent

\$3600 for two dependents

\$4800 for three or more dependents

are an itemized deduction.

The deduction is reduced by one half of the income over \$18,000, so it is completely phased out by \$27,600 (for a family with 3 dependents), \$25,200 (for 2 dependents), or \$22,800 (for 1 dependent).

The revenue estimate is declining because the dollar limits are so low that each year more and more people simply take the standard deduction.

#### Examples

Family of four: parent with 3 children:

#### Current Law

MAGI: \$18,000

Deduction: \$4800

MT tax savings: \$240

MAGI: \$22,000

Deduction: \$2800

MT tax savings: \$224

MAGI: \$26,000

Deduction: \$800

MT tax savings: \$64

MAGI: \$30,000

Deduction: 0

MT tax savings: \$0

HB-996 HEARING MARCH 27, 1991

MR. CHAIRMAN AND MEMBERS OF THE COMMITTEE. MY NAME IS EVERETT WOODGERD, REPRESENTING CHAPTER 322 OF NARFE AS LEGISLATIVE CHAIRMAN.

HB-996 WOULD PROVIDE MORE INEQUITY TO FEDERAL RETIREES, THAN ANY INCOME TAX LEGISLATION THAT HAS SURFACED IN THIS SESSION. I SAY THIS BECAUSE FEDERAL REIREES, AT THE SAME INCOME LEVEL, PAY APPROXIMATELY THREE TIMES THE FEDERAL INCOME TAX THAT OTHER RETIREES PAY. THE REASON IS SIMPLE, FEDERAL ANNUITIES ARE COMPLETELY TAXABLE, WHILE SOCIAL SECURITY-WHICH MOST OTHER RETIREES HAVE, IS NOT, UNTIL THE \$32,000 INCOME PLATEAU IS EXCEEDED.

I WOULD LIKE TO CITE TWO TYPICAL EXAMPLES FOR YOUR CONSIDERATION: 1991 TAX COMPUTATION FOR A MARRIED COUPLE, 65 OR OVER, FILING JOINT RETURN.

(STANDARD FEDERAL TAX DEDUCTIONS ARE \$11,300)

COUPLE NO. 1    \$12,000---NON-TAXABLE SOCIAL SECURITY  
                  11,300---OTHER TAXABLE INCOME (EQUAL TO STANDARD DEDUCTION)  
                  23,300---TOTAL INCOME (ALL TAX DEDUCTIBLE)

-0-        FEDERAL TAX LIABILITY  
-0-        STATE TAX LIABILITY UNDER HB-996

COUPLE NO. 2    \$12,000---FEDERAL ANNUITY (ALL TAXABLE)  
                  11,300---OTHER TAXABLE INCOME  
                  23,300---TOTAL INCOME  
                  -11,300---STANDARD TAX DEDUCTION  
                  12,000---TAXABLE @ 15%  
                  \$1,800---FEDERAL TAX LIABILITY  
                  576---MT STATE TAX AS PER HB-996  
                  \$2,276---COMBINED STATE AND FEDERAL TAX

COUPLE NO. 1-----\$23,300 INCOME-----NO STATE OR FEDERAL TAX

COUPLE NO. 2-----\$23,300 INCOME-----\$2,276 COMBINED STATE AND FEDERAL TAX

WE DON'T EXPECT YOU TO CORRECT THE INEQUITIES THAT EXIST IN THE FEDERAL TAX STRUCTURE, BUT WE HOPE THAT YOU WON'T COMPOUND THEM BY PASSING HB-996. IT WOULD BE A COMPLETE DISASTER, FROM OUR POINT OF VIEW.

THANK YOU FOR THIS OPPORTUNITY TO EXPRESS OUR CONCERN.

EVERETT E. WOODGERD  
LEGISLATIVE CHAIRMAN, CHAPTER #322  
MISSOULA, MT.

2x. 13  
3-27-91  
HB 996

PREPARED BY:  
EVERETT E. WOODGERD  
611 LIVINGSTON AVE.  
MISSOULA, MT. 59801

Year	Program	TOTAL INCOME ALL SOURCES	SOCIAL SECURITY INCOME (ALL TAX EXEMPT IN THESE EXAMPLES)	ANNUITY OR PENSION INCOME	TAXABLE INTEREST INCOME	FEDERAL TAX LIABILITY	MONTANA TAX EXEMPT AMOUNT ENCIRCLED	MONTANA TAX LIABILITY	COMBINED FEDERAL & MT TAX LIABILITY	DISPOSABLE INCOME AFTER MT & FEDERAL TAXES
1988	CSRS	30,000	-0-	25,000	5,000	2,989	(3,600)	917	3,906	26,094
1989	CSRS	30,000	-0-	25,000	5,000	2,944	(25,000)	-0-	2,944	27,056
"	FERS	30,000	(12,000)	13,000	5,000	1,144	(13,000)	-0-	1,144	28,856
"	PRIVATE	30,000	(12,000)	13,000	5,000	1,144	(3,600)	173	1,517	28,683
"	CSRS	25,000	-0-	20,000	5,000	2,186	(20,000)	-0-	2,186	22,814
"	PRIVATE	25,000	(12,000)	8,000	5,000	634	(3,600)	29	663	24,337
"	FERS	25,000	(12,000)	8,000	5,000	634	(8,000)	-0-	634	24,366
"	CSRS	20,000	-0-	15,000	5,000	1,426	(15,000)	-0-	1,426	18,574
"	PRIVATE	20,000	(12,000)	3,000	5,000	-0-	(3,000)	-0-	-0-	20,000
"	FERS	20,000	(12,000)	3,000	5,000	-0-	(3,000)	-0-	-0-	20,000

For the first time in history most Americans over the age of 65 are enjoying a reasonable degree of security in their "Golden" years. Except for the Civil Service Retirement System (CSRS) which has been in operation since the early 1920's, most retirement programs were initiated during the working careers of this age group. The most notable of these was Social Security. (Late 1930's)

This provides a basic pension for most retirees and their spouse. Medicare has been in effect since the middle 60's. It affords free hospital services (Part A) to the Social Security eligible and their spouses, 65 years of age and older, after payment of a deductible. Part B (Doctor care) is available to all 65 and over, but requires a small monthly premium. Federal retirees earned no Social Security credit, until the mid eighties, so are not automatically entitled to free Medicare Part A. It may be purchased for a substantial fee. (\$175 per month-each) There are numerous inherent differences in the multitude of retirement systems, such as the amount of employee contribution, period for vesting, withdrawal of funds and amount of return-to name a few. That is all behind the retirees now. The present problem involves retaining the greatest amount after fixed expenses, such as income tax. Hopefully, the tax chart will demonstrate some of the major differences in retirement taxation. The most pronounced, at both the State and Federal levels, being the largely untaxed Social Security benefits. A 1988 and 1989 example of federal retirement is shown to illustrate the effects of a recent U.S. Supreme Court decision on this matter.

- For purposes of preparing this chart the following assumptions were made:
1. Only basic income tax deductions were considered.
  2. Rates and deductions are for a joint return for couples 65 or older.

An attempt was made to provide examples for Civil Service retirees (CSRS), Public Employees (FERS) and Private. There are many provisions in the Montana Code that should not overshadow the basic

I am Ed Sheehy of Helena and a retired federal employee. We are opposed to House Bill 996. There are others here to testify as to why this bill is unfair to federal retirees. I am opposed to this bill as a new surtax and an abdication of responsibility by the state legislature. Problems in the savings and loan industry and the deficit must be faced by the Congress. These problems should not be a factor in state income tax decisions. This is not a good legislative proposal.

Sunday's Helena newspaper had an article written by one of the sponsors of House Bill 996. I want to respond to two statements in the article. Quote "Federal Retirees will be treated the same as private retirees, just as they were two years." The United States Supreme Court has clearly stated that federal retirees were discriminated against and illegally taxed two years ago. The state should be concerned about past discrimination and how to make federal retirees whole for taxes that should not have been taken from them.

There is another statement about an increase in benefits for state retirees because of the loss of the full exemption with the new benefit to make up for the payment of taxes. In my opinion, this is a violation of the public salary act of 1939 as it once again discriminates due to the source of the income. We will be forced to ask a court to address this issue and will submit this newspaper article as evidence of the discrimination.

Current federal workers pay a per centage of their salary as a contribution to their retirement system. Montana treats this contribution as ordinary income and taxes it. At the same time it does not tax the employee contribution of state employees towards retirement. This is another issue we may ask a court to address. It appears that HB 996 proposes to exempt from taxes the social security contributions of self employed persons, why not exempt the retirement contribution of federal workers who have been denied social security coverages/

Please do not pass House Bill 996.

*Ed Sheehy*

I am Bernard F. Grainey, a resident of Helena, Montana and a retired federal employee.

I oppose HB996 because it results in a greater tax obligation for federal retirees than for virtually all other retirees.

In arriving at the federal adjusted taxable income for federal retirees all of their federal retirement is included as income.

The vast majority of other retirees receive social security which, in most cases, is not included as income for federal tax purposes, or in the case of those with incomes of \$25,000, if single or \$32,000, if married and filing a joint return, a portion of their social security is included as income but such portion cannot exceed fifty percent.

Thus all other retirees, private or public, have a substantial amount of their retirement income that is not included as federal income and will not be included in forming the basis for computing the Montana Income Tax.

To emphasize how the federal retiree is penalized by this bill I present the following example:

A married couple with an income of \$32,000 from private or state pension plus interest or other earnings plus \$12,000 in social security will have a total income of \$44,000. Of this \$44,000 only \$32,000 will show on his federal return as income. If he uses the standard deduction of \$6750 for married persons over 65 and exemptions of \$4100, they will have a taxable income for federal tax purposes of \$21,150 and will have a federal tax of \$3169. Based on that sum their state tax will be \$1024.00.

On the other hand, a federal retiree with the same \$44,000 income from retirement, interest or other income and having the same exemptions and deductions will have a taxable income for federal purposes of \$33,150 and a federal tax of \$5057. Their state tax would be \$1619 of \$595.00 more than any other retiree with the same income.

In 1963 the legislature recognized the inequity of taxing federal retirees to a greater extent than other retirees and established a \$3600.00 exemption of federal retirement pay. At that time \$3600 approximated the maximum amount payable under Social Security.

As the amount payable under Social Security increased



Ex. 15  
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-2-

over the years this \$3600.00 was never changed. Thus the inequity which was corrected in 1963 was in part recreated.

HB996 reestablishes this inequity and compounds it by eliminating<sup>in</sup> the partial correction which was created under the act of 1963 (MCA 15-30-111(2)(c)(i)).

It should be recognized that federal retirees who elect to live in Montana add substantially to the economy of this state.

According to the department of revenue in 1989, federal retirees in Montana had income of \$341 million dollars. The impact of this sum on the economy of this state is greater than that of most industries. This sum is added to the state economy, not by a smokestack industry but from a source that is environmentally clean.

The department of revenue shows the average federal retirement to be \$13,516. This is less than the average state or private pension when social security is added to these pensions.

In addition to the financial benefit which the state economy derives from federal retirees, the state receives other non monetary benefits. Many contribute their time and money to charitable organizations, various governmental boards and other civic functions.

Those of us who have elected to stay in Montana do not seek special treatment but only equality of treatment. HB996 does not provide such equality. To create a level playing field the federal retiree should be allowed to deduct that portion of his federal retirement that is not in excess of the maximum amount payable under social security. Only then will you have achieved the equality which you are seeking.

Mr Chairman - Members of the Committee

I am Sherwood C Trotter, a retired Federal Employee from Missoula. I have resided in Montana for 22 years and I intend to continue that residence.

One of the great privileges and pleasures of living in Montana is that when you vote, you are voting for people you have met, people you trust, people you can and have discussed things with.

Whenever you cast that ballot you do it full of faith that your selected candidate will do his or her utmost best to treat all of their constituents equally and fairly. Somehow the elements of fairness and equality are missing from HB 996 in its present form.

I believe that even a cursory review would show that because Federal Retirees retirement income is fully taxable at the Federal level and almost all of most other retirees social security income is not taxable, a flat percentage will always mean that the Federal Retiree, with an equivalent income, will pay considerably more in taxes.

I sincerely suggest that the members of this committee are wise enough, fair enough and dedicated to good legislation enough, to rework this bill until it meets the standards of being fair and equal to all of Montanas citizens.

Thank you

Sherwood C Trotter  
2105 Gerald

MEMORANDUM

TO: Denis Adams, Director  
FROM: Dave Woodgerd, Chief Legal Counsel  
DATE: March 26, 1991  
SUBJECT: Transition issues - House Bill 966

QUESTION

Is there any constitutional problem with enacting a new method of determining income taxes which prohibits deductions or credits from previous tax years from being carried forward to future tax years?

CONCLUSION

The Montana Supreme Court indicated in a 1982 case that a taxpayer has a vested right to carry forward net operating losses to future years. Although the facts are distinguishable, the safest course would be to allow any deductions or credits based on past years tax returns to continue until used up.

DISCUSSION

The only Montana case to directly address this question is First Federal Savings and Loan v. Department of Revenue 200 Mont. 358, 365, 654 P. 2d 496 (1982). In that case, the change in the law required the recalculation of prior year tax returns. The result was that there was no net operating loss to carry forward to a future year. The tax liability for future years was affected but the prior year tax liability was not affected.

The Montana Supreme Court held that the change in the law denying the carry forward of the net operating loss was unconstitutional. It stated that the taxpayer had made investment decisions and financial plans based upon the tax laws in effect at the time. Therefore, the effect of the change in the law was to impair a vested right. A statute which retroactively impairs vested rights violates the Due Process Clause of the Montana Constitution.

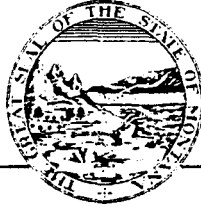
The enactment of a new method of taxation which simply cuts off the right to carry forward certain deductions or credits is distinguishable but very similar to the situation in First Federal. The practical effect is exactly the same as First Federal.

There is case law in other jurisdictions which may support the Legislature's authority to terminate the right to carry forward deductions and credits based on prior year tax returns. However, in light of the First Federal case in Montana, the safe course is to allow those deductions and credits to continue until used up.

# State of Montana

Stan Stephens, Governor

EXHIBIT 18  
DATE 3-27-91  
HB 996



Department of Revenue

Denis Adams, Director

Room 455, Sam W. Mitchell Building

Helena, Montana 59620

## MEMORANDUM

TO: Denis Adams, Director

FROM: R. Bruce McGinnis, Tax Counsel *RBW*  
Office of Legal Affairs

DATE: March 27, 1991

SUBJECT: HB-996 Delegation of Legislative Authority

### FACTS

The legislature is considering HB-996 (1991) which links Montana's state income tax to a percentage of the taxpayer's federal income tax liability. Due to the linkage of state tax policy to federal tax policy the issue of delegation of legislative authority has arisen. In an effort to react to Congressional changes in federal tax policy the legislature is contemplating delegating the authority to change the state tax rate to a bi-partisan legislative committee. The committee would have the authority to either decrease or increase the state percentage rate if Congress were to pass an increase or decrease in the federal tax rates.

### ISSUE

The issue is whether the Legislature can constitutionally pass such delegation legislation.

### SHORT ANSWER

The Montana Constitution prohibits the legislature from making such delegations.

### DISCUSSION

The legislature cannot delegate legislative powers to a legislative interim committee. The Montana Supreme Court in considering this issue, in the case of the legislative finance committee acting upon budget amendments, held:

Denis Adams, Director  
March 27, 1991  
Page 2

But, the 1975 Montana Legislature in its enactment of S.B. 401 and H.B.1 (Special session) empowering the Finance Committee to approve budget amendments delegated a power properly exercisable only by either the entire legislature or an executive officer or agency, to one of its interim committees. Such hybrid delegation does not pass constitutional muster. The power in question here resides in either the entire legislative body while in session or, if properly delegated, in an executive agency. Clearly the action of the Finance Committee does not constitute the action of the entire legislature. Article V, Section 11, 1972 Montana Constitution. (emphasis supplied)

State ex rel., Judge v. Legislative Finance Committee, 168 Mont 470, 477, 543 P.2d 1317 (1975).

If the Legislature cannot constitutionally delegate the power to itself may it delegate the power to an executive agency, such as the Department of Revenue. The Supreme Court held in the Judge case that legislative powers, under proper guidelines, may be delegated to an executive agency. However, in a recent case the Supreme Court refined that power in terms of responding to Congressional action. The Supreme Court invalidated a law on constitutional grounds which authorized the Attorney General to remove or reduce the speed limits on highways in response to Congressional action. Lee v. State, 195 Mont. 1, 635 P.2d 1282 (1981). In this case the Court held the Legislature had the power to adopt by reference federal acts. But the legislature did not have the power to delegate to an executive officer the legislative power to undo a legislative act. The Court held:

Almost without exception, the cases which recognize the right of a legislature to adopt as part of its enactments existing federal laws and regulations also except from that right any adoption of changes in federal laws or regulations to occur in the future. [citations omitted]

Id. page 9.

Therefore, the Legislature could not delegate the power to change tax rates to an executive agency, in general, or the Department of Revenue, in particular.

/vh

EXHIBIT 19  
DATE 3-27-90  
HB 996

AMENDMENT TO HB 996

Introduced Copy (white)

The amendment substitutes 1991 for 1990 in the applicability date. The purpose of this amendment is to change the applicability date from a retroactive one affecting the current tax year to a future one affecting tax years beginning after December 31 of this year.

Page 40, lines 20 and 21

Following: "applies" on line 20

Strike: "retroactively, within the meaning of 1-2-109,"

Following: "December 31,"

Strike: "1990"

Insert: "1991"

HB996 Revenue-Neutral Rate Analysis  
 1993 Biennium

ALL HOUSEHOLDS

	FY92	FY93	BIENNIUM
Current Law State Tax	284,518,937	299,113,633	583,632,570
Adjusted Federal Tax	976,517,378	1,030,011,855	2,006,529,233
Revenue-Neutral Rate	29.136%	29.040%	29.087%

NON-RETIREE HOUSEHOLDS

	FY92	FY93	BIENNIUM
Current Law State Tax	260,191,777	272,794,460	532,986,237
Adjusted Federal Tax	836,315,879	874,886,292	1,711,202,171
Revenue-Neutral Rate	31.112%	31.181%	31.147%

RETIREE HOUSEHOLDS

	FY92	FY93	BIENNIUM
Current Law State Tax	24,327,160	26,319,173	50,646,333
Adjusted Federal Tax	140,201,499	155,125,563	295,327,062
Revenue-Neutral Rate	17.352%	16.966%	17.149%

	FY92	FY93	BIENNIUM
Impact on Retirees at Revenue-Neutral Rate for All Households	16,522,068	18,729,018	35,251,086
Impact on Retirees at Revenue-Neutral Rate for All Households Other than Retiree Households	19,291,858	22,049,849	41,341,707

Amendments to House Bill No. 1004  
First Reading Copy

Requested by Rep. Dolezal  
For the Committee on Taxation

Prepared by Lee Heiman  
March 26, 1991

1. Title, page 2, line 6.

Following: line 5

Insert: "AN IMMEDIATE"

Strike: "DATES"

Insert: "DATE"

2. Page 6.

Following: line 14

Insert: "(p) The term "rigidly affixed" means property that is bolted, cemented, or otherwise permanently attached to land or improvements and that is an integral part of the manufacturing, mining, commercial, or industrial process."

Renumber: subsequent subsections

3. Page 15, line 20.

Following: "includes+"

Insert: ":"

4. Page 15, line 21.

Following: "{a}"

Insert: "(a)"

5. Page 15, line 24.

Strike: ". "

Insert: ";"

(b) machinery and equipment used in a malting barley facility; and

(c) machinery and equipment used in canola seed oil processing facilities if:

(i) the operator of the facility employs a minimum of 15 full-time employees; and

(ii) the facility locates in the state of Montana after July 25, 1989.

(2) "Malting barley facility" means a facility the principal purpose of which is to malt malting barley. The term does not apply to a facility the principal purpose of which is to store, mix, blend, transport, transfer, or otherwise do anything with malting barley, except malt malting barley. However, any machinery or equipment the principal purpose of which is to store, mix, blend, transport, transfer, or otherwise handle malting barley or other machinery or equipment that is used in or is otherwise an integral part of a facility that malts malting barley is machinery or equipment of a malting barley facility for the purposes of this section.

(3) "Canola seed oil processing facility" means a



facility that:

(a) extracts oil from canola seeds, refines the crude oil to produce edible oil, formulates and packages the edible oil into food products, or engages in any one or more of those processes; and

(b) employs at least 15 employees in a full-time capacity."

Renumber: subsequent subsection

6. Page 21, lines 3 through 8.

Strike: subsection (4) in its entirety

7. Page 23, line 6.

Strike: "personal"

8. Page 29.

Following: line 10

Insert: "(c) The term "furniture and fixtures" used in subsection (1) means office and store machines, radio and telephone systems, medical and dental equipment, hotel, motel and apartment furniture, bar and restaurant equipment, computer hardware and software, data processing equipment, vending machines, and gas pumps."

9. Page 42, line 3.

Strike: "dates"

Insert: "date"

10. Page 42, lines 4 through 7.

Strike: subsections (1) and (2) their entirety

Insert: "[This act] is effective on passage and approval."

EXHIBIT 22  
 DATE 3-27-91  
 HB 1004

OPE

ANALYSIS--PROPERTY TAX--TAX YEAR 1990  
 March 22, 1991

HB 1004

Type ID	Property Type	Class	1990 TOTAL			
			Current Tax Rate	TAXABLE VALUE TOTALS	Revised Tax Rate	Revised Taxable Value
7001	Net Proceeds	1	100.000%	16,099,308	100.000%	16,099,308
7004	Gross Proceeds of Metal Mines	2	3.000%	10,059,495	5.000%	16,765,825
7002	Gross Proceeds of Coal Strip Mines	2	45.000%	0	45.000%	0
7003	Gross Proceeds of Underground Coal	2	33.300%	85,797	33.300%	85,797
1301	Exempt Agricultural Land	3	0.000%	0	0.000%	0
1003	Grazing Land	3	30.000%	38,247,667	30.000%	38,247,667
1004	Wild Hay	3	30.000%	5,521,613	30.000%	5,521,613
1001	Tillable Irrigated	3	30.000%	13,956,278	30.000%	13,956,278
1002	Tillable Non-Irrigated	3	30.000%	83,721,552	30.000%	83,721,552
3004	Impr. on Disparately Owned Ag Land	4	3.860%	557,820	3.860%	557,820
3009	Impr. on City/Town Lots Residential	4	3.860%	183,407,415	3.860%	183,407,415
3010	Impr. on Tracts and Lots - Low Income	4	2.246%	3,635,307	2.460%	3,981,681
2101	Suburban Tracts Commercial	4	3.860%	7,873,376	5.300%	10,810,594
3011	Impr. on Rt of Way - Residential	4	3.860%	44,438	3.860%	44,438
2103	Industrial Sites	4	3.860%	2,826,704	5.300%	3,881,225
3012	Remodeled Residential Improvements	4	0.758%	14	0.758%	14
3105	Impr. on Hydraulic Power Works	4	3.860%	0	0.000%	0
3103	Impr. on Rt of Way - Commercial	4	3.860%	928,453	5.300%	1,274,819
3301	Exempt Improvements	4	0.000%	0	0.000%	0
3005	Impr. on Rt of Way - Agricultural	4	3.860%	533	5.300%	732
2003	City/town Lots Residential	4	3.860%	57,324,578	3.860%	57,324,578
2301	Exempt Land	4	0.000%	0	0.000%	0
3101	Impr. on Surban Tracts Commercial	4	3.860%	21,612,418	5.300%	29,675,082
101.5	Impr. on Surb Tracts Multi-Family	4	3.860%	195,726	3.860%	195,726
3102	Impr. on City/Town Lots Commercial	4	3.860%	92,313,307	5.300%	126,751,432
3102.5	Impr. on City/Town Lots Multi-Family	4	3.860%	1,582,577	3.860%	1,582,577
3106	Impr. on Qualified Golf Courses	4	1.930%	412,769	5.300%	1,133,511
3008	Impr. on Surban Tracts Residential	4	3.860%	111,792,353	3.860%	111,792,353
2004	Suburban Tracts Residential	4	3.860%	56,717,052	3.860%	56,717,052
2005	Suburban Tracts - Low Income	4	2.267%	1,301,082	2.267%	1,301,082
3107	Impr. on Industrial Sites	4	3.860%	24,018,428	5.300%	32,978,671
3109	Remodeled Commercial Improvements	4	1.668%	73,431	2.290%	100,814
2106	Qualified Golf Courses	4	1.930%	168,801	5.300%	463,546
2102	City/town Lots Commercial	4	3.860%	32,630,636	5.300%	44,803,723
2105	R & D Land	5	3.000%	876	3.000%	876
6127	New Industry - Personal Property	5	3.000%	1,250,808	3.000%	1,250,808
2104	New Industrial Sites	5	3.000%	39,450	3.000%	39,450
3110	R & D Improvements	5	3.000%	20,310	3.000%	20,310
6113	All Gasohol Related Property	5	3.000%	545	3.000%	545
3111	Remodeled R & D Improvements	5	0.000%	0	0.000%	0
3104	Locally Assessed Co-op Improvements	5	3.000%	6,190	3.000%	6,190
3112	New and Expanding R & D Improvements	5	1.500%	16,995	1.500%	16,995
6115	New & Expanding R & D Pers Prop	5	1.500%	13,839	1.500%	13,839
2107	Locally Assessed Co-op Land	5	3.000%	6,926	3.000%	6,926
3108	Impr. on New Industrial Sites	5	3.000%	231,022	3.000%	231,022

MACo ANALYSIS--PROPERTY TAX--TAX YEAR 1990  
 March 22, 1991

HB 1004

Type ID	Property Type	Class	1990 TOTAL			
			Current Tax Rate	TAXABLE VALUE TOTALS	Revised Tax Rate	Revised Taxable Value
6111	Air and H2O Pollution Control	5	3.000%	13,723,574	3.000%	13,723,574
8006	Rural Co-op companies Real	5	3.000%	6,874,138	3.000%	6,874,138
8007	Rural Co-op companies Personal	5	3.000%	2,690,462	3.000%	2,690,462
6116	Aluminum Electrolytic Equipment	5	3.000%	1,105,201	3.000%	1,105,201
6114	R & D Personal Property	5	3.000%	45,680	3.000%	45,680
6112	New & Expanding Ind- Air & H2O P C	5	1.500%	25,126	1.500%	25,126
6102	Locally Assessed Co-op Pers. Prop.	5	3.000%	458,561	3.000%	458,561
5004	Swine	6	4.000%	94,762	4.000%	94,762
6117	Malting Barley Processing Equipment	6	4.000%	0	5.300%	0
5005	Other Livestock	6	4.000%	92,738	4.000%	92,738
5001	Horses	6	4.000%	1,394,806	4.000%	1,394,806
6118	Canola Seed Processing Equipment	6	4.000%	0	5.300%	0
5003	Sheep	6	4.000%	637,974	4.000%	637,974
5002	Cattle	6	4.000%	21,952,109	4.000%	21,952,109
6123	Rental Equipment	6	4.000%	294,757	0.000%	0
6130	Failure to Report Penalty	6	8.074%	738,209	5.300%	484,581
8016	Indep. Tele. Companies Real	7	8.000%	400,747	8.000%	400,747
6110	Rural Telephone Property	7	8.000%	56,307	8.000%	56,307
8017	Indep. Tele. Companies Personal	7	8.000%	431,081	8.000%	431,081
6121	Radio and TV Broadcasting Equip.	8	9.000%	714,455	9.000%	714,455
6104	Repair Tools	8	9.000%	146,261	0.000%	0
6001	Ag Implements	8	9.000%	49,225,977	9.000%	49,225,977
6128	Oil & Gas Field Equipment	8	9.000%	9,403,187	5.300%	5,537,432
6106	Mining Machinery	8	9.000%	1,199,938	5.300%	706,630
6129	Oil & Gas Flow Lines	8	9.000%	3,047,332	5.300%	1,794,540
6108	Supplies and Materials	8	9.000%	6,356,291	0.000%	0
6122	CB's and Mobile Phones	8	9.000%	108,200	0.000%	0
6101	Furniture and Fixtures	8	9.000%	30,953,901	0.000%	0
6125	Class 20 Out of Production	8	9.000%	0	0.000%	0
6119	Cable TV Systems	8	9.000%	1,171,740	5.300%	690,024
4002	Buses	8	9.000%	90,072	9.000%	90,072
6120	Theatre and Sound Equipment	8	9.000%	178,006	0.000%	0
6109	All Other Property	8	9.000%	100,517	5.300%	59,193
6107	Ski Lifts	8	9.000%	615,705	5.300%	362,582
6105	Manufacturing Machinery	8	9.000%	71,240,645	5.300%	41,952,824
4003	Trailers (9%)	8	9.000%	3,759,718	9.000%	3,759,718
6103	Machin. other than Farm, Min., Manuf.	8	9.000%	27,185,115	5.300%	16,009,012
4004	Coal and Ore Haulers	8	9.000%	3,043,650	9.000%	3,043,650
4001	Trucks over 1 Ton (9%)	8	9.000%	6,475,109	9.000%	6,475,109
6124	Rental Equipment	8	9.000%	1,211,163	5.300%	713,241
6126	New & Expanding Ind- Mach & Eq	8	4.500%	1,629,863	5.300%	1,919,616
4005	Vehicles (Back Taxes)	9	9.599%	1,006,108	9.000%	943,325
8001	Electric Companies Real	11	12.000%	128,050,690	12.000%	128,050,690
8015	Telecomm. Companies Personal	11	12.000%	30,073,256	12.000%	30,073,256
8004	Gas & Electric Companies Real	11	12.000%	108,380,822	12.000%	108,380,822

Ex. 22

3-27-91

HB 1004

OPI

ANALYSIS--PROPERTY TAX--TAX YEAR 1990

HB 1004

March 22, 1991

Type ID	Property Type	Class	1990 TOTAL			
			Current Tax Rate	TAXABLE VALUE TOTALS	Revised Tax Rate	Revised Taxable Value
8012	Pipelines Real	11	12.000%	37,904,984	12.000%	37,904,984
8003	Natural Gas companies Real	11	12.000%	2,417,951	12.000%	2,417,951
8014	Telecomm. Companies Real	11	12.000%	36,982,717	12.000%	36,982,717
8013	Pipelines Personal	11	12.000%	5,587,804	12.000%	5,587,804
8005	Gas & Electric Companies Personal	11	12.000%	31,330,687	12.000%	31,330,687
8002	Electric Companies Personal	11	12.000%	11,013,579	12.000%	11,013,579
6002	Mobile Homes	12	3.860%	15,980,051	3.860%	15,980,051
6003	Mobile Homes - Low Income	12	2.254%	305,505	2.254%	305,505
1302	Exempt Timber Land	13	0.000%	0	0.000%	0
1005	Timber Land	13	3.840%	6,612,075	5.300%	9,126,042
3007	Remodeled Ag/Timber Improvements	14	0.000%	0	0.000%	0
3002	Impr. on Ag Land - Low Income	14	1.988%	130,614	2.485%	163,267
2002	Farmstead 1 Acre - Low Income	14	1.874%	34,620	2.343%	43,284
3003	Impr. on Disparately Owned Ag Land	14	3.088%	97,700	3.860%	122,125
3001	Impr. on Ag and Timber Land	14	3.088%	52,890,304	3.860%	66,112,880
2001	Farmstead 1 Acre	14	3.088%	4,041,621	3.860%	5,052,026
8009	Railroads Personal	15	7.490%	0	0.000%	0
8008	Railroads Real	15	7.490%	55,452,979	7.590%	56,193,339
8010	Airlines Real	17	7.490%	4,327,660	7.590%	4,385,439
8011	Airlines Personal	17	7.490%	283,651	7.590%	287,438
2108	Eligible Mining Claims	18	30.000%	10,319	30.000%	10,319
2109	Nonproductive Land Under 20 Acres	19	2.000%	96,230	2.000%	96,230
2110	Class 20 Out of Production Land	20	3.860%	0	3.860%	0
3006	Impr. on Class 20 Out of Production	20	3.860%	3,238	3.860%	3,238
				1,570,584,132	1,578,852,807	



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

*CITY OF MISSOULA*  
**CHUCK STEARNS TESTIMONY ON HOUSE BILL 1004** EXHIBIT 23  
DATE 3-27-91  
March 27, 1991 HB 1004

The City of Missoula supports HB1004 as a fair and equitable way to recover some of the tax base lost in recent years caused by legislative actions and reappraisal. HB1004 would raise approximately \$377,000 for the City of Missoula as is shown in our tax base chart attached to this page. It would also shift the imposition of property taxes in Missoula from being 54% on commercial property and 46% on residential property to being 56.5% on commercial and 43.5% on residential.

Whether or not residential property taxes are high in Montana compared to other states, there is a perception that they are high. Many people feel that I-105 was a residential rather than a commercial tax revolt; obviously opinions will vary greatly. However, we think that a higher imposition on commercial property is an equitable method of increasing revenue because of the impacts of commercial property on municipal services.

The last time we studied police and fire calls in Missoula, of the discernable calls that could be identified as commercial or residential, commercial properties generated 54% of the police calls and 35%-40% of the fire calls. Numbers of calls is not a good indication for resources tied up in a particular response, but it is the best available. Obviously, a fire at a commercial structure is almost always more dangerous than a residential fire and we respond with two fire engines to all commercial calls. Also, except for possibly domestic abuse cases, the most dangerous, intensive, and expensive police responses are to commercial properties for burglary, theft, fights, and disorderly conduct.

Thus, because of the frequency and higher severity of commercial emergency calls coupled with police and fire making up more than 50% of our property tax uses, we think that increasing the margin of imposing property taxes between commercial and residential property can be justified.

MACo ANALYSIS--PROPERTY TAX--TAX YEAR 1990  
 March 22, 1991

HB 1004

Type ID	Property Type	Class	Current Tax Rate	1990 TOTAL	Revised Tax Rate	Revised Taxable Value
				TAXABLE VALUE TOTALS		
7001	Net Proceeds	1	100.000%	16,099,308	100.000%	16,099,308
7004	Gross Proceeds of Metal Mines	2	3.000%	10,059,495	5.000%	16,765,825
7002	Gross Proceeds of Coal Strip Mines	2	45.000%	0	45.000%	0
7003	Gross Proceeds of Underground Coal	2	33.300%	85,797	33.300%	85,797
1301	Exempt Agricultural Land	3	0.000%	0	0.000%	0
1003	Grazing Land	3	30.000%	38,247,667	30.000%	38,247,667
1004	Wild Hay	3	30.000%	5,521,613	30.000%	5,521,613
1301	Tillable Irrigated	3	30.000%	13,956,278	30.000%	13,956,278
1002	Tillable Non-irrigated	3	30.000%	83,721,552	30.000%	83,721,552
3004	Impr. on Disparately Owned Ag Land	4	3.860%	557,820	5.300%	765,918
3009	Impr. on City/Town Lots Residential	4	3.860%	183,407,415	3.860%	183,407,415
3010	Impr. on Tracts and Lots - Low Income	4	2.245%	3,635,307	2.460%	3,981,581
2101	Suburban Tracts Commercial	4	3.860%	7,873,376	5.300%	10,810,594
3011	Impr. on Rt of Way - Residential	4	3.860%	44,438	3.860%	44,438
2103	Industrial Sites	4	3.860%	2,926,704	5.300%	3,881,225
3012	Remodeled Residential Improvements	4	0.758%	14	0.758%	14
3105	Impr. on Hydraulic Power Works	4	3.860%	0	0.000%	0
3103	Impr. on Rt of Way - Commercial	4	3.860%	928,453	5.300%	1,274,819
3301	Exempt Improvements	4	0.000%	0	0.000%	0
3005	Impr. on Rt of Way - Agricultural	4	3.860%	533	5.300%	732
2003	City/town Lots Residential	4	3.860%	57,324,578	3.860%	57,324,578
2301	Exempt Land	4	0.000%	0	0.000%	0
3101	Impr. on Surban Tracts Commercial	4	3.860%	21,612,418	5.300%	29,675,082
3101.5	Impr. on Surb Tracts Multi-Family	4	3.860%	195,726	3.860%	195,726
3102	Impr. on City/Town Lots Commercial	4	3.860%	92,313,307	5.300%	126,751,432
3102.5	Impr. on City/Town Lots Multi-Family	4	3.860%	1,582,577	3.860%	1,582,577
3106	Impr. on Qualified Golf Courses	4	1.930%	412,769	5.300%	1,133,511
3008	Impr. on Surban Tracts Residential	4	3.860%	111,792,353	3.860%	111,792,353
2004	Suburban Tracts Residential	4	3.860%	56,717,052	3.860%	56,717,052
2005	Suburban Tracts - Low Income	4	2.267%	1,301,082	2.267%	1,301,082
3107	Impr. on Industrial Sites	4	3.860%	24,018,428	5.300%	32,978,671
3109	Remodeled Commercial Improvements	4	1.668%	73,431	2.290%	100,814
2106	Qualified Golf Courses	4	1.930%	168,801	5.300%	463,546
2102	City/town Lots Commercial	4	3.860%	32,630,636	5.300%	44,803,723
2105	R & D Land	5	3.000%	876	3.000%	876
6127	New Industry - Personal Property	5	3.000%	1,250,808	3.000%	1,250,808
2104	New Industrial Sites	5	3.000%	39,450	3.000%	39,450
3110	R & D Improvements	5	3.000%	20,310	3.000%	20,310
6113	All Gasonol Related Property	5	3.000%	545	3.000%	545
3111	Remodeled R & D Improvements	5	0.000%	0	0.000%	0
3104	Locally Assessed Co-op Improvements	5	3.000%	6,190	3.000%	6,190
3112	New and Expanding R & D Improvements	5	1.500%	16,995	1.500%	16,995
6115	New & Expanding R & D Pers Prop	5	1.500%	13,839	1.500%	13,839
2107	Locally Assessed Co-op Land	5	3.000%	6,926	3.000%	6,926
3108	Impr. on New Industrial Sites	5	3.000%	231,022	3.000%	231,022
6111	Air and H2O Pollution Control	5	3.000%	13,723,574	3.000%	13,723,574
8006	Rural Co-op companies Real	5	3.000%	6,874,138	3.000%	6,874,138
8007	Rural Co-op companies Personal	5	3.000%	2,690,462	3.000%	2,690,462
6116	Aluminum Electrolytic Equipment	5	3.000%	1,105,201	3.000%	1,105,201
6114	R & D Personal Property	5	3.000%	45,680	3.000%	45,680
6112	New & Expanding Inc- Air & H2O P C	5	1.500%	25,126	1.500%	25,126
6102	Locally Assessed Co-op Pers. Prop.	5	3.000%	458,581	3.000%	458,581
5004	Swine	6	4.000%	94,762	4.000%	94,762
6117	Malting Barley Processing Equipment	6	4.000%	0	4.000%	0
5005	Other Livestock	6	4.000%	92,738	4.000%	92,738
5001	Horses	6	4.000%	1,394,806	4.000%	1,394,806
6118	Canola Seed Processing Equipment	6	4.000%	0	4.000%	0
5003	Sheep	6	4.000%	637,974	4.000%	637,974
5002	Cattle	6	4.000%	21,952,109	4.000%	21,952,109
6123	Rental Equipment	6	4.000%	294,757	4.000%	294,757
6130	Failure to Report Penalty	6	8.074%	738,209	5.300%	484,581
8016	Indep. Tele. Companies Real	7	8.000%	400,747	8.000%	400,747
8010	Rural Telephone Property	7	8.000%	58,307	8.000%	58,307
8017	Indep. Tele. Companies Personal	7	8.000%	431,081	8.000%	431,081

X24  
1004

MADCo ANALYSIS—PROPERTY TAX—TAX YEAR 1990  
March 22, 1991

HB 1004

Type ID	Property Type	Class	Current Tax Rate	1990 TOTAL	Revised Tax Rate	Revised Taxable Value
				TAXABLE VALUE TOTALS		
6121	Radio and TV Broadcasting Equip.	8	9.000%	714,455	9.000%	714,455
6104	Repair Tools	8	9.000%	146,261	0.000%	0
6001	Ag Implements	8	9.000%	49,225,977	9.000%	49,225,977
6128	Oil & Gas Field Equipment	8	9.000%	9,403,187	9.000%	9,403,187
6106	Mining Machinery	8	9.000%	1,199,938	9.000%	1,199,938
6129	Oil & Gas Flow Lines	8	9.000%	3,047,332	9.000%	3,047,332
6108	Supplies and Materials	8	9.000%	6,356,291	0.000%	0
6122	CB's and Mobile Phones	8	9.000%	108,200	0.000%	0
6101	Furniture and Fixtures	8	9.000%	30,953,901	0.000%	0
6125	Class 20 Out of Production	8	9.000%	0	0.000%	0
6119	Cable TV Systems	8	9.000%	1,171,740	5.300%	690,024
4002	Buses	8	9.000%	90,072	9.000%	90,072
6120	Theatre and Sound Equipment	8	9.000%	178,006	0.000%	0
6109	All Other Property	8	9.000%	100,517	5.300%	59,193
6107	Ski Lifts	8	9.000%	615,705	5.300%	362,582
6105	Manufacturing Machinery	8	9.000%	71,240,645	9.000%	71,240,645
4003	Trailers (9%)	8	9.000%	3,759,718	9.000%	3,759,718
6103	Machin. other than Farm, Min., Manuf.	8	9.000%	27,185,115	9.000%	27,185,115
4004	Coal and Ore Haulers	8	9.000%	3,043,650	9.000%	3,043,650
4001	Trucks over 1 Ton (9%)	8	9.000%	6,475,109	9.000%	6,475,109
6124	Rental Equipment	8	9.000%	1,211,163	0.000%	0
6126	New & Expanding Ind- Mach & Eq	8	4.500%	1,629,863	9.000%	3,259,725
4005	Vehicles (Back Taxes)	9	9.599%	1,006,108	9.000%	943,325
8001	Electric Companies Real	11	12.000%	128,050,690	12.000%	128,050,690
8015	Telecomm. Companies Personal	11	12.000%	30,073,256	12.000%	30,073,256
8004	Gas & Electric Companies Real	11	12.000%	108,380,822	12.000%	108,380,822
8012	Pipelines Real	11	12.000%	37,904,984	12.000%	37,904,984
8003	Natural Gas companies Real	11	12.000%	2,417,951	12.000%	2,417,951
8014	Telecomm. Companies Real	11	12.000%	36,982,717	12.000%	36,982,717
8013	Pipelines Personal	11	12.000%	5,587,804	12.000%	5,587,804
8005	Gas & Electric Companies Personal	11	12.000%	31,330,687	12.000%	31,330,687
8002	Electric Companies Personal	11	12.000%	11,013,579	12.000%	11,013,579
6002	Mobile Homes	12	3.860%	15,980,051	3.860%	15,980,051
6003	Mobile Homes - Low Income	12	2.254%	305,505	2.254%	305,505
1302	Exempt Timber Land	13	0.000%	0	0.000%	0
1005	Timber Land	13	3.840%	6,612,075	3.860%	6,646,513
3007	Remodeled Ag/Timber Improvements	14	0.000%	0	0.000%	0
3002	Impr. on Ag Land - Low Income	14	1.988%	130,614	2.485%	163,267
2002	Farmstead 1 Acre - Low Income	14	1.874%	34,620	2.343%	43,284
3003	Impr. on Disparately Owned Ag Land	14	3.088%	97,700	3.860%	122,125
3001	Impr. on Ag and Timber Land	14	3.088%	52,890,304	3.860%	66,112,880
2001	Farmstead 1 Acre	14	3.088%	4,041,621	3.860%	5,052,026
8009	Railroads Personal	15	7.490%	0	0.000%	0
8008	Railroads Real	15	7.490%	55,452,979	7.590%	56,193,339
8010	Airlines Real	17	7.490%	4,327,660	7.590%	4,385,439
8011	Airlines Personal	17	7.490%	283,651	7.590%	287,438
2108	Eligible Mining Claims	18	30.000%	10,319	30.000%	10,319
2109	Nonproductive Land Under 20 Acres	19	2.000%	96,230	2.000%	96,230
2110	Class 20 Out of Production Land	20	3.860%	0	3.860%	0
3005	Impr. on Class 20 Out of Production	20	3.860%	3,238	3.860%	3,238
				1,570,584,132	1,623,578,781	

**Exhibit 25 is a an analysis of HB 1004's effect on taxable values in each of Montana's 56 counties. The original is available at the Montana Historical Society, 225 North Roberts, Helena, MT 59601. (Phone 406-444-4775)**



DEPARTMENT OF  
SOCIAL AND REHABILITATION SERVICES  
CHILD SUPPORT ENFORCEMENT DIVISION

EXHIBIT 26  
DATE 3-27-91  
HB 993

STAN STEPHENS  
GOVERNOR

JULIA E. ROBINSON  
DIRECTOR

State of Montana



(406) 444-4614  
(406) 444-1970 (FAX)

P. O. BOX 5955  
HELENA, MONTANA 59604

March 27, 1991

To: House Taxation

From: Child Support Enforcement Division (CSED), Department of Social and Rehabilitation Services

Subject: HB 993 - An Act to Require a Youth's Parents or Guardians to Pay a Contribution Toward the Cost of Out-of-Home Care Provided by the Department of Family Services

The Child Support Enforcement Division (CSED) of the Department of Social and Rehabilitation Services appears before this committee to ask that the committee to consider amendments to HB 993. The CSED has submitted these requests to the Department of Family Services.

After reviewing HB 993 as introduced, the CSED requests a number of amendments which we believe are necessary to carry out the intended purpose of the bill. The amendments we request are necessary for the following reasons:

The CSED's authority is generally limited to the enforcement of child support orders. See MCA '40-5-201 et seq. This bill does not create child support orders, but instead requires parents to contribute to the cost and expenses incurred by the Department of Family Services; it creates a "contribution order". If the Department of Family Services' intention is that a "contribution order" is the equivalent of a "support order", then the requirements of the federal Family Support Act of 1988 must be met. If this is not the Department's intention, then under federal regulations the CSED cannot provide enforcement services for those "contribution orders" created by this bill.

The changes to amended '41-3-406(4), 41-5-403(6) and 41-5-523(10) are necessary because the Family Support Act of 1988 (PL 100-485, Title I: Child Support and Establishment of Paternity) Sec.101 (a) requires immediate income withholding in all child support orders which are issued or modified on or after November 1, 1990. Child support orders can be exempted from immediate income withholding

Ex 27

3-27-91

HB 993

only if the court finds: (i) good cause or (ii) the parties have agreed to an alternative arrangement in writing. Consequently, the proposal contains language similar to that used in our own HB 923.

The second set of amendments, those to '41-3-406(6), 41-5-403(8) and 41-5-523(12), is necessary because MCA '40-5-203 and federal regulations require an application for CSED services if the family is not receiving Aid to Families with Dependent Children (AFDC) or Medicaid benefits. Since the CSED is required to provide services upon application, it is not necessary that the court order us to provide services. Additional language was added authorizing the CSED to use its administrative remedies to enforce "contributions" ordered by the court. They would not otherwise be included under the definitions of "support order" in '40-5-202 and '40-5-403.

Thank you for your consideration of this bill and our proposed amendments.

DEPARTMENT OF  
SOCIAL AND REHABILITATION SERVICES  
CHILD SUPPORT ENFORCEMENT DIVISION

EXHIBIT 27  
DATE 3-27-91  
HB 993



STAN STEPHENS  
GOVERNOR

JULIA E. ROBINSON  
DIRECTOR

State of Montana

(406) 444-4614  
(406) 444-1970 (FAX)

P. O. BOX 5955  
HELENA, MONTANA 59604

March 27, 1991

To: House Taxation

From: Child Support Enforcement Division (CSED), Department of Social and Rehabilitation Services

Subject: Amendments to HB 993 - An Act to Require a Youth's Parents or Guardians to Pay a Contribution Toward the Cost of Out-of-Home Care Provided by the Department of Family Services

The CSED proposes the following amendments to HB 993:

1) To Section 1, creating new subsection 41-3-406 (4), we propose to delete the entire new subsection (4) and substitute the following:

(4)(a) UNLESS THE COURT MAKES A WRITTEN EXCEPTION, AND THE EXCEPTION IS INCLUDED IN THE ORDER, CONTRIBUTIONS ORDERED UNDER THIS SECTION AND EACH MODIFICATION OF AN EXISTING ORDER UNDER THIS SECTION ARE ENFORCEABLE BY IMMEDIATE OR DELINQUENCY INCOME WITHHOLDING, OR BOTH, UNDER TITLE 40, CHAPTER 5, PART 4. AN ORDER FOR CONTRIBUTION THAT OMITTS THAT PROVISION OR THAT PROVIDES FOR A PAYMENT ARRANGEMENT INCONSISTENT WITH THIS SECTION, IS NEVERTHELESS SUBJECT TO WITHHOLDING FOR THE PAYMENT OF THE CONTRIBUTION WITHOUT NEED FOR AN AMENDMENT OF THE SUPPORT ORDER OR FOR ANY FURTHER ACTION BY THE COURT.

(b) AN EXCEPTION FROM THE REQUIREMENT THAT CONTRIBUTIONS ORDERED UNDER THIS SECTION BE ENFORCEABLE BY IMMEDIATE INCOME WITHHOLDING MAY BE GRANTED IF THE COURT FINDS THAT THERE IS:

(i) GOOD CAUSE NOT TO REQUIRE IMMEDIATE INCOME WITHHOLDING; OR,  
(ii) AN ALTERNATIVE ARRANGEMENT BETWEEN THE

DEPARTMENT AND THE PERSON ORDERED TO PAY CONTRIBUTIONS FOR THE PAYMENT OF SUPPORT THAT PROVIDES SUFFICIENT SECURITY TO ENSURE COMPLIANCE WITH THE ARRANGEMENT.

(iii) AS USED IN THIS SECTION, "ALTERNATIVE ARRANGEMENT" MEANS A WRITTEN AGREEMENT THAT IS SIGNED BY A REPRESENTATIVE OF THE DEPARTMENT AND BY THE PERSON REQUIRED TO PAY CONTRIBUTIONS. THE AGREEMENT, IF APPROVED BY THE COURT, SHALL BE ENTERED INTO THE RECORD OF THE COURT THAT ISSUED OR MODIFIED THE ORDER TO PAY CONTRIBUTIONS.

(c) A FINDING OF GOOD CAUSE NOT TO REQUIRE IMMEDIATE INCOME WITHHOLDING MUST, AT A MINIMUM, BE BASED ON:

(i) A WRITTEN DETERMINATION AND EXPLANATION BY THE COURT AS TO WHY IMPLEMENTATION OF IMMEDIATE INCOME WITHHOLDING IS NOT IN THE BEST INTERESTS OF THE CHILD;

AND,

(ii) PROOF OF TIMELY PAYMENT OF PREVIOUSLY ORDERED SUPPORT IN CASES INVOLVING MODIFICATION OF CONTRIBUTIONS ORDERED UNDER THIS SECTION.

2) To Section 1, creating a new subsection (6) to 41-3-406, we propose to delete all of subsection (6) and insert the following:

(6)(a) IF THE COURT ORDERS THE PAYMENT OF CONTRIBUTIONS UNDER THIS SECTION, THE DEPARTMENT SHALL APPLY TO THE DEPARTMENT OF SOCIAL AND REHABILITATION SERVICES FOR SUPPORT ENFORCEMENT SERVICES PURSUANT TO TITLE IV-D OF THE SOCIAL SECURITY ACT.

(b) THE DEPARTMENT OF SOCIAL AND REHABILITATION SERVICES MAY COLLECT AND ENFORCE CONTRIBUTIONS ORDERED UNDER THIS SECTION BY ANY MEANS AVAILABLE UNDER LAW, INCLUDING THE REMEDIES PROVIDED FOR IN TITLE 40, CHAPTER 5, PARTS 2 AND 4.

3) To Section 2, creating a new subsection (6) to 41-5-403, we propose to delete all of subsection (6) and insert the following:

(6)(a) UNLESS THE COURT MAKES A WRITTEN EXCEPTION, AND THE EXCEPTION IS INCLUDED IN THE ORDER, CONTRIBUTIONS ORDERED UNDER THIS SECTION AND EACH MODIFICATION OF AN EXISTING ORDER UNDER THIS SECTION ARE ENFORCEABLE BY IMMEDIATE OR DELINQUENCY INCOME WITHHOLDING, OR BOTH, UNDER TITLE 40, CHAPTER 5, PART 4. AN ORDER FOR CONTRIBUTION THAT OMITTS THAT PROVISION OR THAT PROVIDES FOR A PAYMENT ARRANGEMENT INCONSISTENT WITH THIS SECTION, IS NEVERTHELESS SUBJECT TO WITHHOLDING FOR THE PAYMENT OF THE CONTRIBUTION WITHOUT NEED FOR AN AMENDMENT OF THE SUPPORT ORDER OR FOR ANY FURTHER ACTION BY THE COURT.

(b) AN EXCEPTION FROM THE REQUIREMENT THAT CONTRIBUTIONS ORDERED UNDER THIS SECTION BE ENFORCEABLE BY IMMEDIATE INCOME WITHHOLDING MAY BE GRANTED IF THE COURT FINDS THAT THERE IS:

(i) GOOD CAUSE NOT TO REQUIRE IMMEDIATE INCOME WITHHOLDING; OR,

(ii) AN ALTERNATIVE ARRANGEMENT BETWEEN THE

DEPARTMENT AND THE PERSON ORDERED TO PAY CONTRIBUTIONS FOR THE PAYMENT OF SUPPORT THAT PROVIDES SUFFICIENT SECURITY TO ENSURE COMPLIANCE WITH THE ARRANGEMENT.

(iii) AS USED IN THIS SECTION, "ALTERNATIVE ARRANGEMENT" MEANS A WRITTEN AGREEMENT THAT IS SIGNED BY A REPRESENTATIVE OF THE DEPARTMENT AND BY THE PERSON REQUIRED TO PAY CONTRIBUTIONS. THE AGREEMENT, IF APPROVED BY THE COURT, SHALL BE ENTERED INTO THE RECORD OF THE COURT THAT ISSUED OR MODIFIED THE ORDER TO PAY CONTRIBUTIONS.

(c) A FINDING OF GOOD CAUSE NOT TO REQUIRE IMMEDIATE INCOME WITHHOLDING MUST, AT A MINIMUM, BE BASED ON:

(i) A WRITTEN DETERMINATION AND EXPLANATION BY THE COURT AS TO WHY IMPLEMENTATION OF IMMEDIATE INCOME WITHHOLDING IS NOT IN THE BEST INTERESTS OF THE CHILD;  
AND,

(ii) PROOF OF TIMELY PAYMENT OF PREVIOUSLY ORDERED SUPPORT IN CASES INVOLVING MODIFICATION OF CONTRIBUTIONS ORDERED UNDER THIS SECTION.

4) We propose to delete new subsection (7) of Section 2, amending 41-5-403.

5) We propose to delete all of new subsection (8) of Section 2, amending 41-5-403 and insert the following:

(6)(a) IF THE COURT ORDERS THE PAYMENT OF CONTRIBUTIONS UNDER THIS SECTION, THE DEPARTMENT SHALL APPLY TO THE DEPARTMENT OF SOCIAL AND REHABILITATION SERVICES FOR SUPPORT ENFORCEMENT SERVICES PURSUANT TO TITLE IV-D OF THE SOCIAL SECURITY ACT.

(b) THE DEPARTMENT OF SOCIAL AND REHABILITATION SERVICES MAY COLLECT AND ENFORCE CONTRIBUTIONS ORDERED UNDER THIS SECTION BY ANY MEANS AVAILABLE UNDER LAW, INCLUDING THE REMEDIES PROVIDED FOR IN TITLE 40, CHAPTER 5, PARTS 2 AND 4

6) We propose to delete subsection new subsection (10) of Section 3, amending 41-5-523 (Effective July 1, 1991) and add the following:

(6)(a) UNLESS THE COURT MAKES A WRITTEN EXCEPTION, AND THE EXCEPTION IS INCLUDED IN THE ORDER, CONTRIBUTIONS ORDERED UNDER THIS SECTION AND EACH MODIFICATION OF AN EXISTING ORDER UNDER THIS SECTION ARE ENFORCEABLE BY IMMEDIATE OR DELINQUENCY INCOME WITHHOLDING, OR BOTH, UNDER TITLE 40, CHAPTER 5, PART 4. AN ORDER FOR CONTRIBUTION THAT OMITTS THAT PROVISION OR THAT PROVIDES FOR A PAYMENT ARRANGEMENT INCONSISTENT WITH THIS SECTION, IS NEVERTHELESS SUBJECT TO WITHHOLDING FOR THE PAYMENT OF THE CONTRIBUTION WITHOUT NEED FOR AN AMENDMENT OF THE SUPPORT ORDER OR FOR ANY FURTHER ACTION BY THE COURT.

(b) AN EXCEPTION FROM THE REQUIREMENT THAT CONTRIBUTIONS ORDERED UNDER THIS SECTION BE ENFORCEABLE BY IMMEDIATE INCOME WITHHOLDING MAY BE GRANTED IF THE COURT FINDS THAT THERE IS:

(i) GOOD CAUSE NOT TO REQUIRE IMMEDIATE INCOME

WITHHOLDING; OR,

(ii) AN ALTERNATIVE ARRANGEMENT BETWEEN THE DEPARTMENT AND THE PERSON ORDERED TO PAY CONTRIBUTIONS FOR THE PAYMENT OF SUPPORT THAT PROVIDES SUFFICIENT SECURITY TO ENSURE COMPLIANCE WITH THE ARRANGEMENT.

(iii) AS USED IN THIS SECTION, "ALTERNATIVE ARRANGEMENT" MEANS A WRITTEN AGREEMENT THAT IS SIGNED BY A REPRESENTATIVE OF THE DEPARTMENT AND BY THE PERSON REQUIRED TO PAY CONTRIBUTIONS. THE AGREEMENT, IF APPROVED BY THE COURT, SHALL BE ENTERED INTO THE RECORD OF THE COURT THAT ISSUED OR MODIFIED THE ORDER TO PAY CONTRIBUTIONS.

(c) A FINDING OF GOOD CAUSE NOT TO REQUIRE IMMEDIATE INCOME WITHHOLDING MUST, AT A MINIMUM, BE BASED ON:

(i) A WRITTEN DETERMINATION AND EXPLANATION BY THE COURT AS TO WHY IMPLEMENTATION OF IMMEDIATE INCOME WITHHOLDING IS NOT IN THE BEST INTERESTS OF THE CHILD;  
AND,

(ii) PROOF OF TIMELY PAYMENT OF PREVIOUSLY ORDERED SUPPORT IN CASES INVOLVING MODIFICATION OF CONTRIBUTIONS ORDERED UNDER THIS SECTION.

7) We propose to delete new subsection (12) of Section 3, amending 41-5-523 (Effective July 1, 1991) and add the following:

(a) IF THE COURT ORDERS THE PAYMENT OF CONTRIBUTIONS UNDER THIS SECTION, THE DEPARTMENT SHALL APPLY TO THE DEPARTMENT OF SOCIAL AND REHABILITATION SERVICES FOR SUPPORT ENFORCEMENT SERVICES PURSUANT TO TITLE IV-D OF THE SOCIAL SECURITY ACT.

(b) THE DEPARTMENT OF SOCIAL AND REHABILITATION SERVICES MAY COLLECT AND ENFORCE CONTRIBUTIONS ORDERED UNDER THIS SECTION BY ANY MEANS AVAILABLE UNDER LAW, INCLUDING THE REMEDIES PROVIDED FOR IN TITLE 40, CHAPTER 5, PARTS 2 AND 4.

**House Taxation Committee**  
**March 27, 1991**

Testimony in support of **House Bill 992**

HB 992, especially Sections 1-3, are important legislative components to a Montana energy strategy. Section 1 addresses a significant energy consumer in Montana - transportation. It asks Montana to participate in aggressive fuel conservation, along with actively researching alternative fuels, to make transportation a more responsible, efficient industry. By establishing a fuel economy requirement for State vehicles, Montana invests in efficiency technology that is sorely in need of recognition. This standard sends a message to other states, the federal government, and especially vehicle manufacturers, that Montana will accept only the best in fuel efficiency.

Section 2 builds upon this by establishing a pilot project for alternative fuels. The State fleet is an excellent place to begin an experiment that will most likely result in a more economically secure, environmentally benign Montana. The technology to ween cars off petroleum products is certainly available, but it needs verification and a steady market demand to make it cost-effective.

In order to ensure that this research can be perpetuated throughout the state, Section 3 provides that a portion of the coal severance tax go towards reinstating the alternative energy and energy conservation development and demonstration account. Since coal is mined as an energy source, the profits from coal are a logical source to tap for energy research and development. And promoting the use of alternative fuels is certainly a venture that should be encouraged by this account.

Finally, I would add that coal, petroleum, and natural gas extraction and burning, although historically providing a significant income and energy sources to Montana, should be recognized as non-renewable resources which contribute to environmental devastation in a number of ways. For instance, all of these industries emit large amounts of carbon dioxide, a greenhouse gas which may cause global warming. Thus, it is time that Montana use its current resources to invest in energy of the future, energy that is renewable, efficient, environmentally sensitive, and socially responsible.

Sincerely,

*Christine Paulson*

Christine Paulson  
211 S. Fourth St. East  
Missoula, MT 59801

Amendments to House Bill No. 1001  
First Reading Copy

Requested by Representative J. DeBruycker  
For the Committee on Taxation

Prepared by Greg Petesch  
March 20, 1991

1. Title, line 5.

Following: "PROVIDING"

Strike: remainder of line 5 in its entirety

Insert: "AN INCOME"

2. Title, lines 6 through 9.

Following: "TAX" on line 6

Insert: "CREDIT"

Following: "GASOHOL"

Strike: "THAN GASOLINE"

Insert: "SOLD BY DISTRIBUTORS AND AT RETAIL"

Following: "AMENDING"

Strike: remainder of line 6 through line 9 in its entirety

Insert: "SECTION 15-31-406,"

3. Page 1, line 13 through page 19, line 24.

Strike: sections 1 through 15 in their entirety

Insert: NEW SECTION. **Section 1. Gasohol tax credit.** There is a credit against the tax imposed by this chapter for each gallon of gasohol sold at retail or by a distributor as defined in 15-70-201. The credit is calculated by multiplying the number of gallons sold during the tax year by 1 1/2 cents.

**Section 2.** Section 15-31-406, MCA, is amended to read:

**"15-31-406. License tax sections incorporated by reference.**

The provisions of the following sections of this chapter are incorporated into this part by reference and made a part hereof:

(1) that part of 15-31-101 which defines the term "corporation" and 15-31-102, which specifies the classes of organizations whose income shall not be taxed;

(2) sections 15-31-111 through 15-31-114, 15-31-117 through 15-31-119, 15-31-141, 15-31-142, [section 1], 15-31-301 through 15-31-313, 15-31-501 through 15-31-509, 15-31-525, 15-31-526, 15-31-531, 15-31-532, 15-31-541, and 15-31-543, except that the term "gross income" shall be construed as excluding the net amount of interest income from valid obligations of the United States and except that wherever the words "tax", "license tax", "license fee", "corporation excise tax", or like words appear, referring to the tax imposed under part 1 of this chapter, there shall be substituted the words "income tax"."

NEW SECTION. **Section 3. Codification instruction.** (1)

[Section 1] is intended to be codified as an integral part of Title 15, chapter 30, part 1, and the provisions of Title 15, chapter 30, part 1, apply to [section 1].



X 34  
1001

(2) [Section 1] is intended to be codified as an integral part of Title 15, chapter 31, part 1, and the provisions of Title 15, chapter 31, part 1, apply to [section 1]."

EXHIBIT 30  
DATE 3-27-91  
NB 1001



PHOENIX & MONTANA AVENUES      POST OFFICE BOX 5990      HELENA, MONTANA 59604      (406) 442-9290

March 26, 1991

Representative Jane DeBrucker  
State of Montana

RE: House Bill #100~~1~~

Dear Representative DeBrucker,

I understand that you have introduced legislation that, in the form of House Bill #100~~1~~, will give a tax credit to retailers and distributors who utilize, sell, and distribute Ethanol in their gasoline.

I feel that this tax credit would be a great motivator to the business community to push and sell Ethanol Enhanced gasoline. As we all know, using Ethanol is in the best interest of all Montanan's, both environmentally and economically.

I will support whole heartedly your bill to allow tax credits to sellers of Ethanol Enhanced fuels.

Believing and supporting Montana, I am ...

Michael W. Allen  
General Manager

HOUSE OF REPRESENTATIVES

VISITOR'S REGISTER

1 of 2

Taxation COMMITTEE BILL NO. HB 996  
 DATE 3/27/91 SPONSOR(S) Rep. Resm

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NAME AND ADDRESS	REPRESENTING	BILL	OPPOSE	SUPPORT
Bob Weller	MAPP	996		✓
James Burou	mt tel papers OSCO	996	✓	
Ed Sheehy	RETIRED FEDERAL		✓	
Bernard J. Draney	Retired federal	996	✓	
Gordon Morris	MACO.	996		
Glenn Fords	MT Women's Lobby	996		✓
Tom M. Dwyer	CPA S&H - Partners	996		✓
Tom Harrison	mt. Society of CPAs	996		✓
Don Judge	MT STATE AFL-CIO	413 996		✓
				✓
James R. Eskridge	Sun Rise Eke Cong	996		✓
A. Pirocki	MAPP			✓
Conrad Woodard	NARFF		✓	

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HOUSE OF REPRESENTATIVES

VISITOR'S REGISTER

2 of 2

Taxation COMMITTEE BILL NO. HB 996  
 DATE 3/27/91 SPONSOR(S) Rep Dean

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NAME AND ADDRESS	REPRESENTING	BILL	OPPOSE	SUPPORT
Sandra Brooke	Stock growers	996	X	
Francis Ailes	Anti-haw Insurance	996		X
JAMES T. WILKER	M + Chamber	996	✓	
Samantha Sanchez	MAPP	996		✓

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HOUSE OF REPRESENTATIVES

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Taxation COMMITTEE BILL NO. HB1004  
 DATE 3/27/91 SPONSOR(S) Rep. DeLezza

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NAME AND ADDRESS	REPRESENTING	BILL	OPPOSE	SUPPORT
Tootie Welker	MAPP	1004		✓
Jennies Burr	Mt top payers assoc	1004	✓	
GENE PHILLIPS	LHC INCORPORATED	1004	X	
Mike Felt	Eagle Bend Golf club-	1004	X	
Gordon Morris	MA Co.	1004	—	
John FITZPATRICK	Dezasis Gold Co.	1004	X	
Alan Brooke	Stockgrowers	"	X	
Larry Pouraska	MAPP			✓
Chuck STEARNS	City of Missouri			✓
JAMES TWILVER	MT CHAMBER	1004	✓	

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HOUSE OF REPRESENTATIVES

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Taxation COMMITTEE BILL NO. H.B. 993  
 DATE 3/27/91 SPONSOR(S) Rep. Zook

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NAME AND ADDRESS	REPRESENTING	BILL	OPPOSE	SUPPORT
Kathy McGowan	MRCCA	993		✓
Amy Pfeiffer, PO Box 5955 Helena	Dept SRS/Child Support Enf.	993		
Jim Scott	MT Tax Reform Gal			
Ann Gilley	Family Services	993		x
Lynn CARLETON	Dept of SRS Child Suppt. Enb.	993		

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HOUSE OF REPRESENTATIVES

VISITOR'S REGISTER

Taxation COMMITTEE BILL NO. HB 992  
 DATE 3/22/91 SPONSOR(S) Rep. Rowley

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NAME AND ADDRESS	REPRESENTING	BILL	OPPOSE	SUPPORT
Christine Paulson 211 S. Fourth East Msta 59801	Self	992		✓
Jim Sampson	AERO	992		✓
Jerry Croft	Croft Pet. Co	992	X	
Devo A. Belton	M M Oxy Gas	992	X	
Kneeton E. Teague	No Mont Oil & Gas Assoc	992	X	
Jim Jensen	MEIC			X

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HOUSE OF REPRESENTATIVES

VISITOR'S REGISTER

Taxation COMMITTEE BILL NO. HB 1007  
 DATE 3/22/91 SPONSOR(S) Rep. KADAS

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NAME AND ADDRESS	REPRESENTING	BILL	OPPOSE	SUPPORT
Hutchinson	CITE			✓
Jim Kambitz	MONTANA Technology Co.			✓
Chris Gallus	Butte Area Bus BDC			✓
Eric De	M 9 A			W
Bob Frazier	Univ of MT			✓
Heide Leighty	Montana College Coalition			✓
Kirk Lacy	Montana Associated Students			✓
Todd Driesen	ASUM			✓
Evan Barrett	Butte Local Development Camp.			X
Patric McQuay	ASUM			✓

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HOUSE OF REPRESENTATIVES

VISITOR'S REGISTER

Taxation COMMITTEE BILL NO. HB1001  
 DATE 3/22/91 SPONSOR(S) Rep. J. De Bruyckere

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NAME AND ADDRESS	REPRESENTING	BILL	OPPOSE	SUPPORT
Bob Stephens	McLean Green Asia	1001		X
Jensen Proctor	Stockpiles	"		X
Kay Noenberg	WIFE	1001		X
Don Stehan	Alcotech	1001		✓
PIEX MANUEL	CENEX	1001		✓
Carol Mosher	Cattlemom			✓
<del>Robert [unclear]</del>				

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