

MINUTES OF THE MEETING
TAXATION COMMITTEE
MONTANA STATE SENATE

January 13, 1977

The fifth meeting of the Taxation Committee was called to order on the above date in Room 415 of the State Capitol Building by Chairman Mathers at 8:00 a.m.

ROLL CALL: Roll call found all members present

The following witnesses were present:

Neil J. Lynch	Coal Counties
Jerome K. McKeown	
Terry Speelman	Opp., Inc.
Ted J. Doney	Dept. N.R. & C.
Richard T. Munger	"
Jack R. Crosser	Dept. Admin.
John Crowley	Missoula Planning Board
Tom Conroy	Repr., Big Horn Co.
J.T. Hamm	
Walter King Foster	Opp., Inc., Gt. Falls
Ed McCaffree	Rosebud Co.
James T. Webber	Mont. Coal Council
E.N. Dassinger	Rep., Dist. 50
Ed Miller	Big Horn Co.
John Besel	"
Esther G. Bengtson	Rep., H.D. 59
John Cadby	Mont. Bankers Assoc.
Stephen Turkiewicz	Mont. Assoc. of Counties
Pat Smith	Northern Plains Res. Council
Bob Biggerstaff	
Phil Tawney	

Chairman Mathers said that since both bills being heard, SB 44 and 48, pertain to coal tax and distribution of the 'coal pie' they were being heard together. He also asked the committee if they had objection to the use of a tape recorder by one of the witnesses present; there were none. He turned the meeting over to vice chairman Watt in order that the Chairman might present his bill, SB 48.

CONSIDERATION OF SENATE BILL 48: Chairman Mathers presented his bill saying he felt Montana should not be in the private loan business by granting loans to improve existing irrigation sprinkler systems, as an example of the type of loan that might be granted under the legislation. He said the state has existing programs, mentioning ASC, FHA programs as an example, that will grant loans for such improvements.

Vice chairman Watt called for other proponents of the bill and there being none, permitted the opponents to speak. First to testify was Mr. Doney who said the purpose of the pie division was to invest a portion of the tax in non-renewable resources. No loans

have been granted as yet as bonding companies were awaiting the result of test cases. He continued, saying there were more projects for which individuals might apply for loans other than for sprinkler irrigation systems and felt land was a commodity that should come under the non-renewable resource designation. Mr. Munger next spoke in opposition to the bill and said that 32 applications had been received by the Department, 29 of them for sprinkler irrigation systems, 3 of them for commercial fish farm businesses. Approximate total acreage to be benefited would be 8,600 A., most of it in the upper Yellowstone Valley, in the Glendive and Miles City areas.

Mr. Crosser appeared also in opposition to the bill, saying the Department has received 7 grant requests and 2 loan requests. Mr. Foster was next to appear in opposition to the bill and stressed renewable energy research, encouraging such projects. (All of his material is contained in a manila envelope marked Exhibit #1, dated 1/13/77. Much of material deals primarily with energy research and related subjects as covered in SB86, from 44th Legislature. One of his letters is marked Exhibit #2, is attached.)

Mr. Hamm spoke next and said Wyoming had lived with a similar program and that it had \$3 million out in loans at present and loan loss was negligible. Rep. Bengtson next spoke and said she was co-sponsor of the bill and felt it would be a tragedy to repeal something that had not yet had a chance to be tried. She presented a letter, and read the same, from one of her constituents, see Exhibit #3, attached. Mr. McKeown also appeared in opposition to the bill saying Montana was in the position of being able to establish a good program whereas other states do not have the funds available and felt this state should give it a try. Mr. Smith appeared also, saying he felt it would be a tragedy to terminate such a program which would help expand agriculture in the state. He presented testimony, Exhibit #4, attached. Mr. Biggerstaff also opposed the bill and mentioned that one of the grants that had come into the Department was for continued experiments with a method of eradicating the saline seep problem in Montana. Mr. Tawney also opposed the repeal of the law, saying he too felt it would be a mistake to disallow a program that had not yet had a chance.

Following his testimony, Chairman Mathers was given a chance to chose his presentation and he reiterated his point that there were enough state programs to make loans for the projects mentioned thus far. He said he endorsed without question the alternate energy program, that his bill did not oppose such programs. He also stated he was most pleased with the information that the Dept. of Nat. Res. had presented at the meeting and felt it was most informative and pertinent.

Vice chairman Watt then asked the committee members if they had any questions of the witnesses or of Chairman Mathers, and several questions were raised by the committee. The questions included thoughts on how many of the 29 sprinkler system loan applications were for re-financing existing systems, which is one of the committee's concerns, if indeed the sprinkler concept of loan application was not encouraged, if the loan applications for the fish

farms could be termed renewable resources.

Chairman Mathers then said that since Sen. Manning would be able to make his presentation of SB48 at any time, perhaps the witnesses present should make their presentation first, as many of them were from out of town.

CONSIDERATION OF SENATE BILL 44: Mr. Lynch was first to give testimony and said he represented a number of the eastern counties in opposing the bill and said one of the reasons for this, in regard to his being from Butte, was that he didn't want the same mistakes to happen in that part of the state as had happened in Butte. He presented a statement for the record. Rep. Conroy also spoke, saying he thought the problems that had been illustrated were borne out by the Oversight Committee and further illustrated the points he wished to make. He stated he had been opposed to SB13, from 44th Legislature, and the hardships induced by these bills hit the county they were supposed to be helping first. He mentioned the 301 miles of roads in the county and said that there are but just a few miles that actually feel the impact from the mining industry and related effects. He mentioned that no Federal matching funds had been forthcoming as yet and said that when the roads were completed they would still be secondary highways and would not be maintained by the highway department. He cited figures showing the increase in expenditures the county had since the coal impact. He continued citing from Exhibit #5, attached. He stated the valuation is up in the county, yet taxes remain the same. He stated the increase in budget must be picked up by the taxpayers, without extra funds, and with 50% of the county in Indian trust land and 50% largely agricultural, the ranchers will be expected to pay the tax burdens and with \$2 wheat and 30¢ yearling calves, more ranchers are in financial trouble today and finding it difficult to pay taxes at this time. He compared the coal pie to a cow and said she was split so many ways she eventually died. The only portion of the pie that was cut out was the one that is working. He suggested that an Interim study be made on the distribution of the taxes.

Chairman Mathers then asked for other questions from the committee and explanation was made to Mr. Crowley that the planning funds for the counties would not be decreased, rather there would be a slight increase. Sen. Manning said he had testimony to present as well but due to the length of this meeting and scheduled hearings for committee members, he would withhold his remarks until the following day.

It was noted for the record that a wire had been received from Fran Mertes, Pre., Glendive Cham. of Comm. & Agri., requesting continuation of renewable resource loan program. See Exhibit #6, attached. Also attached is the report of the Coal Tax Oversight Committee, Exhibit #7, attached.

Chairman Mathers announced that the hearings for the two bills, SB 44 and 48 would be continued Friday morning, January 14, at 8:00 a.m.

Motion was made to adjourn by Sen. Roskie, seconded by Sen. Brown.

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