

MINUTES OF THE MEETING  
TAXATION COMMITTEE  
MONTANA STATE SENATE

February 21, 1977

The twenty-sixth meeting of the Taxation Committee was called to order on the above date in Room 415 of the State Capitol Building at 8:05 a.m. by Chairman Mathers.

ROLL CALL: Roll call found all members present.

The following witnesses were present:

Tom Stoll	Dept. of Revenue
F. D. Owsley	ASARCO, Inc.
J. P. Bingham	"
Gene Phillips	"

The Chairman said that Mr. Phillips had some additional information to present to the committee concerning SB378, previously heard by the committee. Mr. Phillips said he had presented some figures concerning the total investment of his company for the proposed copper-silver mine near Troy. He said the company estimated their \$55 million investment tax to be approximately \$260,000 per year at the 7% rate. The tax would be approximately \$1,100,000 at the 30% rate and over a 2-year period would amount to over \$2 million. Mr. Owsley also spoke and said the Troy project came under their operation and when they considered a project of this magnitude it was a bit difficult to go to the advisory board in New York and tell them that although the operation had begun, there were now changes in the original plan, in this case substantial changes in the tax the company would be faced with. Mr. Bingham also spoke and said the project was begun some years ago and the agreement made in 1973. An environmental study as well as financial feasibility studies had been conducted during this period and the firm has invested \$1.5 million in the project up to this time. He stated further the Board of Directors in New York is still reviewing the project. Following their testimony, the committee questioned them briefly and the Chairman concluded discussion on SB378.

CONSIDERATION OF SENATE BILL 423: Sen. Towe said his bill is an inheritance tax bill which repeals the existing inheritance and estate tax laws, and would replace it with a piggy-back approach that would use a formula, as specified in the bill, to compute a percentage of the Federal tax. Mr. Stoll said he believed the Fiscal Note would show the Department might collect between \$3 and \$3 1/2 million as a result of the legislation. He continued saying there were a number of problems in the bill citing 9 different points in the bill where conflicts appeared with existing statutes.

Following his testimony, the meeting was open to questions and discussion by the committee. Since there had been two other bills heard on such taxes by the committee, they were also discussed: SB31 and 25. Chairman Mathers asked the committee which

way they would like to go insofar as the taxes were concerned, by which method, as he felt some decision would have to soon be made in order to come up with an acceptable bill dealing with the problem of inheritance and estate taxes.

Sen. Turnage Moved the Committee Reject all concepts other than those contained in SB31, Sen. Watt's bill. There followed some discussion concerning this bill and the comment was made there is so much uncertainty in the Federal area, that the fiscal impact at this point cannot be anticipated.

Sen. Roskie made a Substitute Motion that SB25 Do Pass. A show of hands for opinion was called for, resulting in a tie of the committee. None of the committee called for the question and the vote was not recorded. Discussion continued on the merits of the three bills and agreement was voiced that SB31 had merit, but the loss of revenue to the state under this legislation was a concern of the committee's in their debates over the three bills under consideration.

The committee agreed they have great concern over the legislation as they would hope to give some tax relief in this area, but there are a number of problems that must be solved.

The committee then took SB193 under consideration again. This bill had been heard and a revision of the fee schedule had been suggested. They also proposed an amendment that would leave the new car sales tax in the bill. Mr. Burr introduced a number of amendments, see Exh. #1, attached and went through the bill, explaining them. The committee thought they could change the schedule at the next legislative session if necessary, but felt it important to get such a fee scheduled established. The proposed amendments would revise the schedule; would exclude mining trucks; would distribute the fees every month; would reinstate the new car sales tax; and would also adjust the truck schedule.

Sen. Roskie Moved to Adopt the Amendments to SB193 as proposed in Exh. #1; motion carried unanimously.

Several of the committee then stated they had some reservations about putting the new car sales tax into the Highway Department and felt it should go back to the counties.

Sen. Watt Moved the \$65 fee on the first year of the car should go to local governments and the 1 1/2% new car sales tax should go to the Highway Department. A roll call vote was taken on this which resulted in the motion being carried 6-4, see attach roll call vote.

Sen. Brown then Moved that All the Money Derived from the new car sales tax go to Local Governments. There followed discussion, no voting, and Sen. Towe moved the bill be passed for the day. Following this, the chairman asked for a motion to adjourn.

*Watt*

9100

Eph. #1

Amendments proposed by the Department of Revenue and accepted 2/21/77

1. Amend the title, line 7.

Following: "VEHICLES;"

Strike: "ELIMINATING THE NEW CAR SALES TAX;"

2. Amend title, line 8.

Following: "SECTIONS"

Insert: "32-3315,"

3. Amend title, line 11.

Following: line 10

Strike: "32-3315,"

4. Amend page 1, section 1, line 24 through line 1, page 2.

Following: "old"

Strike: "\$50"

Insert: "\$65"

Strike: "\$45"

Insert: "\$55"

Strike: "\$40"

Insert: "\$45"

5. Amend page 2, section 1, lines 3 through 5.

Following: "old"

Strike: "\$30"

Insert: "\$25"

Strike: "\$25"

Insert: "\$15"

Strike: "\$20"

Insert: "\$5"

6. Amend page 2, section 1, line 7.

Following: "semitrailer"

Insert: "but not including off-highway trucks and trailers which shall continue to be subject to an ad valorem tax"

7. Amend page 3, section 3, lines 13 through 17.

Following: "vehicles on"

Strike: "March 31, June 30, September 30 and December 31 of each year. On the next following April 30, July 31, October 31 and January 31"

Insert: "the 30th of each month. Within 30 days"

8. Amend page 3, section 3, line 19.

Following: "preceding"

Strike: "quarter"

Insert: "month"

9. Amend page 4, section 4, line 5.

Following: line 4

Insert:



SENATE COMMITTEE TAXATION

Date 2/21 Sen. Bill No. 193 Time 9:25

NAME	YES	NO
SEN. WATT		
SEN. BROWN	✓	
SEN. GOODOVER	✓	
SEN. HEALY		✓
SEN. MANNING		✓
SEN. NORMAN	✓	
SEN. ROSKIE	✓	
SEN. TOWE	✓	
SEN. TURNAGE	✓	
CHAIRMAN MATHERS		✓
	6	3

Nita Fjeseth  
Secretary

William L. Mathers  
Chairman

Motion:

Sen. Brown Amend.  
New Car Sales Tax Goes to  
Local Governments

(include enough information on motion--put with yellow copy of committee report.)

SENATE COMMITTEE TAXATION

Date 2/21 Sen. Bill No. 193 Time 9:15

NAME	YES	NO
SEN. WATT	✓	
SEN. BROWN	✓	
SEN. GOODOVER		✓
SEN. HEALY	✓	
SEN. MANNING	✓	
SEN. NORMAN		✓
SEN. ROSKIE		✓
SEN. TOWE	✓	
SEN. TURNAGE		✓
CHAIRMAN MATHERS	✓	
	6	4

Nita Fjeseth  
Secretary

William L. Mathers  
Chairman

Motion: Sen. Watt's Motion - Amend.  
Amendments #65 to Local Gov.  
1-2% car sales tax to Highway Dept.

(include enough information on motion—put with yellow copy of committee report.)

Sen. BILL 423

SENATE TAXATION COMMITTEE

VISITORS' REGISTER

DATE 2/21/77

Please note bill no.

(check one)

NAME

REPRESENTING

BILL #

SUPPORT

OPPOSE

TOM STOLL

DEPT. OF REVENUE

X

X

F.D. Owsley

ASARCO INC

378

X

J P BINGHAM

ASARCO INC

378

X

Gene Phillips

" "

SO 378

X

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY