

MINUTES OF THE MEETING
TAXATION COMMITTEE
MONTANA STATE SENATE

February 22, 1977

The twenty-seventh meeting of the Taxation Committee was called to order on the above date in Room 415 of the State Capitol Building at 8:10 a.m. by Chairman Mathers.

ROLL CALL: Roll call found all members present with the exception of Sen. Healy.

The following witnesses were present:

Rod Gudgel	Mont. Nursing Home Assoc.
D. Robert Lohn	Governor's office
Gregg L. McCurdy	Mont. Assoc. of Counties

CONSIDERATION OF SENATE BILL 438: Sen. Fasbender introduced his bill which he said takes the cost of welfare and transfers financial responsibility to the state. He said some of the larger counties have great difficulty in funding their welfare programs and he quoted figures showing that some of these counties are levied as high as they can go but still find they are short of funds. The Chairman asked for other proponents or opponents and Mr. McCurdy spoke next, opposing the bill. He said first that he felt the committee should have the Fiscal Note before making any decision on the bill. (Note: The F.N. had been ordered and did not arrive as the bill was being presented.) He said also his organization at a meeting last summer had voted overwhelmingly against state welfare. He said the county commissioners are more familiar with the people of the areas and can thus contribute information to the board of eligibility.

Chairman Mathers asked for other opponents and there being none, Sen. Fasbender made his closing statements, assuring Mr. McCurdy that the county would make the final determination as to eligibility and this power would remain with them. The meeting was then open for questions from the committee. It was brought out that once the counties pass the 13.5 mill levy maximum, they have to go the state for grants but are not eligible to receive them until they have levied up to that maximum. Following this discussion, the hearing on SB438 was closed.

CONSIDERATION OF SENATE BILL 303: Sen. Watt said he felt the real question in the matter was if the Legislature wanted to fund the program for one or two years. He said HB3, the property tax reform, if passed, would phase in in 1978 and would replace this act. He asked that the bill be held while the committee discussed all matters in relation to the program.

The Chairman called for other proponents or opponents and Mr. Lohn said the governor's tax relief initiative had been placed before the people and passed in all counties, therefore the Legislature should consider this when making their decisions. Mr. Groff also spoke briefly and suggested the Senate body prepare

a written request to the Attorney General asking him to prepare an opinion on the matter.

There then followed some discussion on the bill and the possibilities of tax relief with the committee questioning both Sen. Watt and Mr. Groff. This concluded the hearing on SB303.

Chairman Mathers then directed the committee's attention to SB309, previously heard, and awaiting amendments. There was some discussion on the bill and an amendment suggested.

DISPOSITION: Sen. Towe Moved Amendment #4, see attached report. The motion carried unanimously.

Sen. Turnage then Moved Amendment #1 in the title; motion carried unanimously.

Sen. Turnage Moved SB309, As Amended, Do Pass. Motion carried unanimously. Note absence of Sen. Healy.

The Chairman then asked the committee to consider SB193, also heard by the committee. A number of amendments had been proposed at Monday's meeting and these amendments were looked over and discussed. The committee, in a desire to aid counties by directing the new car sales tax to go to the aid of local governments, suggested such an amendment to the bill. Sen. Watt moved such an amendment to the bill. However, following his motion, further discussion was held and the committee requested information on the funds the Highway Department might now have for road building. Sen. Manning pointed out that funds used by the Department benefited more people in Montana, as the roadwork could be accomplished with greater efficiency, therefore the road dollars go much further than when used by smaller cities, towns or counties.

DISPOSITION: Sen. Roskie then made a Substitute Motion that the amendments in Exh. #1, be accepted. Following further discussion, the motion carried. See attached roll call.

The committee wished more information from the Highway Department regarding the funds the Department has for road building and they also requested a representative of the Department of Revenue be present at the next meeting. They questioned the method by which the moneys are returned to the counties, by the state, and also the formula that is used in determining the amount of money that is returned. Following their discussion, the committee chose to move the bill and reserved the privilege of amending the bill from the floor if they chose to, upon further information as detailed above.

DISPOSITION: Sen. Towe Moved SB193 As Amended, Do Pass. The motion was seconded and carried. Note for the record that Sen. Norman voted "No" and absence of Sen. Healy.

Following disposition of this bill the Chairman called for adjournment of the meeting.

Mathers

SENATE COMMITTEE TAXATION

Date 2/22 Sen. Bill No. 193 Time 9:05

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: Amends in Encl #1 - As they are
NCB going to Highway

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

STANDING COMMITTEE REPORT

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MR. PRESIDENT

We, your committee on TAXATION

having had under consideration SENATE Bill No. 193

Respectfully report as follows: That SENATE Bill No. 193,

introduced bill, be amended as follows:

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"

~~DO PASS~~ Insert: "\$55"

Strike: "\$40"

Insert: "\$45"

CONTINUED

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 15 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: "Section 4. Section 32-3315, R.C.M. 1947, is amended to read as follows:

"32-3315. Sales tax on new motor vehicles. (1) In consideration of the right to use the highways of the state, there shall be imposed a tax upon all sales of new motor vehicles for which a license is sought and an original application for title is made. The word motor vehicle as used in this section means automobiles, auto trucks and motorcycles, propelled by their own power, used upon the public highways of the state. The tax shall be paid by the purchaser when he applies for his original Montana license through the county treasurer.

(2) The sales tax shall be:

(a) One-and-one-half-per-cent- $\{1\ 1/2\}$ of the F.O.B. factory list price or F.O.B. port of entry list price, during the first quarter of the year or prorated one-twelfth- $\{1/12\}$ for each month or part of month for a registration period other than a calendar year or calendar quarter.

(b) One-and-one-eighth-per-cent- $\{1\ 1/8\}$ of the list price during the second quarter of the year.

(c) Three-fourths- $\{3/4\}$ of one-per-cent- $\{1\}$ during the third quarter of the year.

(d) Three-eighths- $\{3/8\}$ of one-per-cent- $\{1\}$ during the fourth quarter of the year.

(3) If the manufacturer or importer fails to furnish the F.O.B. factory list price or F.O.B. port of entry list price, the department may use published price lists.

(4) The proceeds from this tax shall be remitted to the state

treasurer every thirty-(30) days for credit to the state highway account of the earmarked revenue fund.

~~(5) The new vehicle is not subject to any other assessment or taxation during the calendar year in which the original application for title is made. The new vehicle is subject to the fee imposed by [section 1 of this act]."~~

Renumber: all subsequent sections

10. Amend page 32, section 17, line 6.
Following: "sections"
Strike: "32-3315,"

AND AS SO AMENDED,

DO PASS

WILLIAM MATHERS

CHAIRMAN

STANDING COMMITTEE REPORT

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MR. PRESIDENT

We, your committee on **TAXATION**

having had under consideration **SENATE** Bill No. **309**

Respectfully report as follows: That **SENATE** Bill No. **309**,

introduced bill, be amended as follows:

1. Amend the title, lines 6 and 7.

Following: "BASIS"

Strike: "AND EXEMPTING GOVERNMENTAL ROYALTIES FROM SUCH TAX"

2. Amend page 1, section 1, line 16.

Following: line 15

Strike: "twenty-five dollars ("

Following: "\$25"

Strike: ")"

3. Amend page 1, section 1, line 20.

Following: "rate of"

Strike: "one-half of one percent ("

Following: "of 1%"

Strike: ")"

4. Amend page 1, section 1, line 22 through line 10, page 2.

Following: "excess of"

Strike: "five thousand dollars ("

Following: "\$5,000"

~~DONOR~~ Strike: ")"

Following: "(\$5,000)."

Strike: "Each person required to pay such tax hereunder shall pay the same in full for his own account and for the account of each of the other owner or owners of the gross proceeds in value or in

kind of all the marketable minerals extracted or produced, including owner or owners of working interests, royalty interest, overriding royalty interest, carried working interest, net proceeds interest, production payments, and all other interest or interests owned or carved out of the total gross proceeds in value or in kind of such extracted marketable minerals, except that any of the aforesaid interests that are owned by the federal, state, county, or municipal governments are exempt from taxation under this chapter."

5. Amend page 2, section 1, line 12.

Following: "owners"

Strike: "will"

Insert: "may"

AND AS SO AMENDED,

DO PASS

WILLIAM MATHERS

CHAIRMAN