

HOUSE TAXATION COMMITTEE

46th Legislature

The House Taxation Committee was called to order by Chairman Herb Huennekens at 9:00 a.m., in Room 434, Capitol Building, on January 15, 1979. Representatives W. Jay Fabrega, and Peter J. Gilligan were excused. Staff attorney Randy McDonald was present.

Bills to be heard were House Bills 60, 94, 106.

Representative Gerald R. Kessler, District #66, Billings, chief sponsor of HB 106 which was requested by the Department of Fish and Game, explained HB 106 will provide a source of funding for non-game wildlife in Montana.

Section 3, lines 11-16 provide for a voluntary check-off on a taxpayer's income tax return which allows for a refund payment House Bill of \$1, \$5, or \$10, which is to be used for management of nongame 106 wildlife. Many citizens are concerned about the nongame wildlife population and it is fair for these citizens to have their interests considered. A study conducted by MSU found that 72% of the persons in Montana made a concentrated effort to study nongame wildlife in Montana. Such a program has been instituted in Colorado where \$350,000 was voluntarily contributed. \$50,000 to \$60,000 could be raised in Montana by such a program, it is felt.

Proponents of HB 106 are:

Fletcher Newby, Deputy Director of the Fish and Game Department, Helena, supports this bill. His testimony is attached.

James Phelps, Citizens Nongame Advisory Board, Billings, supporting testimony is attached. A survey revealed that of 1331 persons somewhat biased responding to the survey, 54% contributed through the check-off, producing about \$345,000 from approximately 9% of the taxpayers. Persons who prepared their own income tax returns voluntarily contributed while returns prepared for the taxpayers were not contributors. The money contributed can be used for federal matching funds when such are available.

Hank Fischer, Defenders of Wildlife representative, stated this organization wholeheartedly supports HB 106. See testimony attached.

Gordon G. Weber, Yellowstone Valley Audubon Society, Billings, offered testimony in favor of HB 106. See attached.

Robert R. Martinka, Montana Chapter of the Wildlife Society, Helena, which is an organization of wildlife biologists in Montana, supports HB 106.

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Larry S. Thompson, Montana Audubon Council, Helena, is in favor of HB 106. See testimony attached.

Hugh Zackheim, representing Montana Wildlife Federation, Missoula, advised that the Federation supports HB 106. See testimony attached.

Gail Bissell advised the Environmental Information Center supports HB 106. See testimony attached.

There were no opponents.

Representative Kessler summarized by saying (1) this source of funding is entirely voluntary; (2) matching funds that might become available can be matched; (3) the relationship between nongame and game wildlife makes for the benefit of both when one is benefitted.

Rep. Melvin Underdal questioned the cost of administration of this program. Mr. Newby advised the cost of administration of this program would not use any of the revenue from this for that purpose - the money would go directly into a wildlife program, none would be syphoned off for administration.

Mary Craig, Department of Revenue, mentioned there would be some additional administrative costs because of the change in income tax forms and additional data processing. It would be difficult to estimate at this time since no figures were available at this time.

Representative Lien asked who makes disbursements decision. The Fish and Game Department would make disbursements.

Rep. Reichert asked what the federal match might be if \$60,000 were collected. Mr. Newby advised that at this time there would be no match since no bills in Congress have been passed as yet for this type of matching. There are bills before Congress for this purpose, however. The match at one time was 9 to 1 but has been scaled down in later years and so the department is not counting on that, since this was not passed.

Rep. Williams asked if under the definition of nongame wildlife there would be any conflict in determining the difference between protecting nongame and game wildlife and predator wildlife. Rep. Kessler said there would not be much conflict. Definitions are pretty well defined in each class. Mr. Newby thought there would be little chance for conflict. Rep. Williams raised the question if any other species might get into trouble like the coyote had. None is expected.

Rep. Fagg asked how much money goes into the program. Mr. Newby explained the money would go into a field program studying which species is in need of some protection and management. The management of the bobcat and lynx was nearly lost to the federal government because Montana provided no management programs for them. The lynx has been designated a nongame animal at this time.

The bobcat is classified as a fur-bearing animal. The money collected would be used for a study of whatever species appeared to be endangered, so habitat, food supply, disease, or whatever the problem is could be rectified. There are 700 species that are not hunted. Studies begin with field work.

The question of duplication arose since many organizations are working in this area. Rep. Sivertsen suggested they pool their resources for more effective protection of nongame wildlife. Rep. Kessler advised many of these groups are not involved in government research which is basic to the whole program. There is no duplication of services - they do not overlap. Most organizations are citizens or public efforts, not governmental.

The question of enforcement powers and who would enforce them arose, and at what cost. Mr. Newby stated the Nongame Act of 1973 gives authority for protection, but allocated no money. Rep. Williams asked if there is a penalty section in another law that would apply to this enforcement. Mr. Woody Wright advised there is a misdemeanor fine of approximately \$250 set forth in 26-1805.

HOUSE BILL 60.

Representative Fagg, District #63, Billings, sponsored House Bill 60 at the request of the Department of Community Affairs. HB 60 would raise the tax on aviation fuel from 1 cent to 2 cents a gallon. There is a case to be made for the major airline industry since they might overfly Montana because of this additional tax on gas. Small plane operators will pay only a very small amount extra since they don't use a great deal of House Bill fuel. Airplanes are very efficient vehicles in comparison to cars in the saving on gas consumption. The ratio of gallonage 60 to mileage is high. Lines 17-18-19 state that the tax collected would be used solely for provision of grants, loans and navigational aids to local governments for aeronautical benefits. More fields on which planes could land would save lives and time. Eastern Montana has no aeronautical facilities - no landmarks by which to fly - no radio aids and it is impossible to tell where you are flying. There are a number of reasons why this bill is necessary. The exact amount of tax might be determined after hearing opponents.

Chairman of the committee advised that House Bill 60 would be heard again on January 24 at the request of the big airlines since they were unable to attend this hearing.

Bill Merrick, Montana Aeronautics Commission, chairman of the Airport Authority in Bozeman, advised many of the improvements that have been made at the Bozeman airport were made possible by grants and loans from the Aeronautics Commission. When their terminal building was designed, they couldn't obtain funds without a plan, and so they used money from the Commission with which to prepare a plan which enabled them to take definite plans when applying for funds. He urges passage of this bill because it has been a long time since aviation fuel tax has been raised, and 1 cent a gallon doesn't go very far.

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Questions from the committee revealed that major Montana cities have received most of the available money. Through this tax \$350,000 - \$400,000 per year would go into the revolving fund. How much gas Montana dealers are presently selling to airlines arose. Northwest is checking to see how much fuel flowage is down. Larger airlines would be benefitted as well as the smaller ones through navigational aids, etc.

House Bill 94, sponsored by Representative Kenneth L. Nordtvedt at the Request of the Department of Revenue clarifies and provides specific procedures for the investment credit allowed for certain depreciable property against the individual income tax and the corporation license or income tax. The bill also provides for carry-over and carry-back provisions & for 20% of investment credit allowable on state income tax forms per year.

House Bill 94 An amendment proposed by Rep. Nordtvedt to change the 20% allowable deduction of one-half of investment credit earned over \$5,000 is approved by Janelle Falkin of the Montana Chamber of Commerce. She approves the bill with the amendment.

This bill would make this investment credit a piggy-back deduction on the federal return Representative Lien advised. HB 94 cleans up the intent of the old bill and makes it able to be administered in piggy-back fashion with the federal returns.

Mary Craig and Jerry Foster, Department of Revenue, support HB 94.

There were no opponents.

Rep. Huennekens asked the DoR if they approve of the proposed amendment. Mr. Vralsted of the income tax division advised there would be no loss thru administrative costs.

Rep. Fagg asked to have fiscal notes prepared for 20%, 50% and 100% of amounts over \$5,000 investment credit, in order to assess impact of such a deduction on state revenue. The fiscal note is to run both ways.

Executive session:

Rep. Reichert moved to reconsider House Bill 72.

Rep. E.N. Dassinger took the chair. Rep. Fagg moved that House Bill ⁴⁵ DO PASS. The committee felt that a fiscal note was unnecessary.

Rep. Lien moved an amendment appointing two members to the Revenue Oversight Committee be appointed by the committee on committees, and two by the chairman of the Senate taxation committee, two by the Speaker of the House and two by the chairman of the House Taxation Committee Do Pass. It was felt that a balanced committee should be maintained. Motion failed by a roll call vote of 10-7. Representatives Fabrega and Gilligan were absent.

Motion that House Bill 85 DO PASS was adopted unanimously.

Meeting adjourned at 11: a.m.

Janelle Falkin

Herb Huennekens