

MINUTES OF THE MEETING
TAXATION COMMITTEE
MONTANA STATE SENATE

January 22, 1979

The seventh meeting of the Taxation Committee was called to order on the above date in Room 415 of the State Capitol Building by Chairman Turnage.

ROLL CALL: Roll call found all members present with the exception of Senators Manning, Brown, Towe and Turnage, all excused. In the absence of the Chairman, Vice Chairman Goodover presided over the meeting and called for the hearing on the first bill.

CONSIDERATION OF SENATE BILL 122: Senator Lowe introduced this bill and said it would allow corporations to deduct various charitable contributions from their net income as tax exemptions. He said the loss to the state in revenues would be difficult to compute as there are no figures kept on contributions made by state corporations. He noted, however, that the Department of Revenue does not oppose the bill. He stated that this legislation would not only encourage corporations to increase such contributions, thereby helping state charities, but he said individual contributions might decrease somewhat.

Other proponents of the bill were Ms. Fallon, speaking as a representative of the Montana Chamber of Commerce. There were no other proponents and Vice Chairman Goodover then permitted questions by the committee.

Mr. Groff said the Department has no history of giving in this state so no comparison could be made. A \$200,000 total was an estimate on loss of revenue to the state. There being no further questions, hearing on SB122 was closed.

CONSIDERATION OF SENATE BILL 145: Senator Jergeson spoke on this bill and said the bill is aimed at helping family-farm corporations to claim farm-related expenses. It specifies that corporations have no more than 20 stockholders, thus eliminating larger groups from claiming such deductions. He distributed some testimony, Exh. #1, to show the percentage of farms and ranches in the state, and the number with 10 or fewer stockholders.

Proponents of the bill also included Mr. Zack Stevens who stated his groups are concerned about corporate advantages for larger companies. Jim Stevens also spoke as a proponent.

Mr. Mockler testified not as an opponent, but said his concern was whether the bill might not exempt cost of reclamation of land for his company, and was in hopes the bill might be amended to this end. Mr. Groff said the bill touches on some equal rights and wondered if there could be the bases for law suits because of this. He thought Senators Towe and Turnage should look more closely at the bill.

Jan. 22,
1979

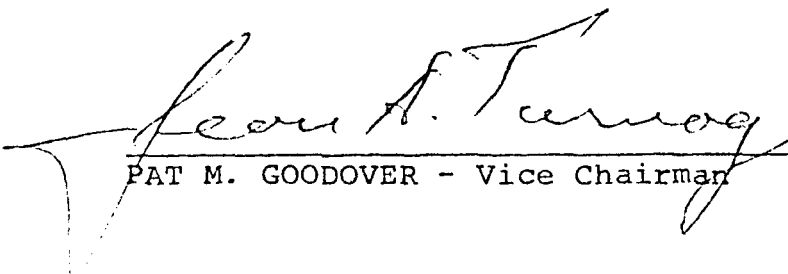
Vice Chairman Goodover then permitted questions from the committee and several points in the bill were clarified, for example, the use of 'natural persons' as opposed to trusts, front-corporations, etc. Sen. Manley mentioned the fact that in his area a number of individuals had applied for large loans to purchase agricultural land and it was thought the individuals were merely 'fronting' for other corporations. Sen. Jergeson said he hoped the legislation contained in his bill might prevent such 'fronts' from utilizing the exemptions presently claimed. Committee members mentioned the possibility of determining how the state could find out which corporations are domiciled in the state, and expressed their concern with out-of-state companies buying agricultural land and claiming tax exemptions such as they enjoy at present.

They discussed again the use of the term, 'natural persons,' in an effort to limit such exemptions to farm-family type corporations, as Sen. Jergeson had in mind with the bill. The members agreed that the bill should be looked at more closely by the two attorneys of the committee. Vice Chairman Goodover asked if the bill could be expanded to include other businesses that are purchased by an out-of-state corporation.

Following this discussion the hearing on SB145 closed.

Sen. McCallum Moved SB122 Do Pass. The Motion Carried by Unanimous Vote. Note absence of Senators Brown, Manning, Towe and Turnage.

The meeting was then adjourned.


PAT M. GOODOVER - Vice Chairman

Date 1-22-79

ROLL CALL

SENATE TAXATION COMMITTEE
46th LEGISLATIVE SESSION - 1979

NAME	PRESENT	ABSENT	EXCUSED
SEN. GOODOVER (Vice Chairman)	✓		
SEN. BROWN			✓
SEN. HAGER	✓		
SEN. MANLEY	✓		
SEN. MANNING			✓
SEN. McCOLLUM	✓		
SEN. NORMAN	✓		
SEN. ROSKIE	✓		
SEN. SEVERSON	✓		
SEN. TOWE			✓
SEN. WATT	✓		
CHAIRMAN TURNAGE			✓

Each Day Attach to Minutes.

SEN

SENATE TAXATION COMMITTEE

BILL 122-145

VISITORS' REGISTER

DATE 1-22

Please note bill no. (check one) SUPPORT OPPO

NAME	REPRESENTING	BILL #	SUPPORT	OPPO
W. L. Sawyer	Mountain Bell	122		
Quin Stephens	M.F.U.	145	X	
Bill Hoff	Dept of Rec			
Zach Stephens	Mont. Fair Bureau	145	✓	
Din Mecker	Mont. Coal Council	145		
Wes Teigen	Mont. Sportsmen's Assn	145		
Camille Fallon	MT Chof Commerce	122	✓	
Edward Whelton	Wt. Trappers Assn	122	X	
Edward Whelton	" " "	145		X

SENATE COMMITTEE TAXATION

Date JAN. 22nd SEN Bill No. 122 Time 9:40a.m.

NAME	YES	NO
SEN. GOODOVER (Vice Chairman)	X	
SEN. BROWN	ABSENT	
SEN. HAGER	X	
SEN. MANLEY	X	
SEN. MANNING	ABSENT	
SEN. McCOLLUM	X	
SEN. NORMAN	X	
SEN. ROSKIE	X	
SEN. SEVERSON	X	
SEN. TOWE	ABSENT	
SEN. WATT	X	
CHAIRMAN TURNAGE	ABSENT	

Nita Fjeseth
Secretary

Jean A. Turnage
Chairman

Motion: Do PASS

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

HOUSE MEMBERS

ROBERT L. MARKS
CHAIRMAN

FRANCIS BARDANOUVE

OSCAR KVAALEN

PAT MC KITTRICK

ROSE WEBER
EXECUTIVE DIRECTOR

ELEANOR ECK
ADMINISTRATIVE ASSISTANT

ROBERTA MOODY
DIRECTOR, LEGISLATIVE SERVICES



EXH.#1

Montana Legislative Council

State Capitol
Helena, 59601
(406) 449-3064

SENATE MEMBERS

CARROLL GRAHAM
VICE CHAIRMAN

CHLT BLAYLOCK

GLEN DRAKE

FRANK HAZELBAKER

DIANA DOWLING
DIRECTOR, LEGAL SERVICE
CODE COMMISSIONER

ROBERT PERSON
DIRECTOR, RESEARCH

To: ~~REDACTED~~

From: Terry *Terry*

Re: HB207

1-22nd

According to the 1974 Census of Agriculture, Montana farms and ranches (with sales of \$2,500 a year or over) were owned as follows:

<u>number of farms and ranches</u>	<u>ownership</u>
17,095	individual
1,065	partnerships
1,251	corporations
75	other

So, corporately owned farms accounted for only 6.4% of total farms in Montana. 90% of those that are incorporated have 10 or fewer stockholders.

The number of corporations is not growing that rapidly; in 1969 ownership was as follows:

17,226	individual
2,483	partnership
742	corporation
152	other

Percentage of farms and ranches that were corporations in 1969= 3.6%.

STANDING COMMITTEE REPORT

January 22 19 79

MR. President

We, your committee on Taxation

having had under consideration Senate Bill No. 122

Respectfully report as follows: That Senate Bill No. 122,

DO PASS

JEAN A. TURNAGE,

Chairman.

Handwritten initials "JC"