

MINUTES OF THE MEETING  
TAXATION COMMITTEE  
MONTANA STATE SENATE

January 23, 1979

The eighth 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 of the members present.

Witnesses giving testimony are listed on attached Visitors' Register.

CONSIDERATION OF SENATE BILL 147: Senator Hager presented his bill and said it merely defines the word poultry as agricultural and presented an amendment which further clarified the term, see Exh. #1, attached. He said the Department of Revenue defined his land as industrial, in Yellowstone County where he operates his chicken farm, and he felt the amendment could make the definition clearer for his poultry business.

Chairman Turnage asked for other proponents or opponents to the bill, and there being none, permitted a discussion of the bill and questions by the committee. Mr. Groff, representing the Department, thought the bill was good, and necessary, in defining the term for that particular farming industry. He said the definition should be made in the statutes to prevent possible suit. Question arose if this legislation would include other bird farms, such as pheasants and it was agreed it would. The question also was raised on the effect this bill would have on feed lots, and discussion raised about the difference in productivity of feed lots and the poultry farm, also the point was made that commercial feed lots differed from an individual operation.

Sen. Hager was questioned as to total production in a year, how his products are handled insofar as ultimate disposal, and it was pointed out the raising of poultry is significant in total food production. Sen. Norman asked if this business could be considered commerce or agriculture. Mr. Groff answered that feed lots are considered strictly commercial operations and are taxed on that basis; he said this bill would not change this. Mr. Slattery also contributed to the discussion in explaining procedures for classifying and, ultimately, taxing such operations. Following this discussion the members agreed to accept the proffered amendment, Exh. #1, and voted upon it.

Sen. Hager Moved To Amend SB147 as Exh. #1, attached. His motion was passed Unanimously.

Sen. McCallum then Moved SB147, As Amended, Do Pass. Motion passed Unanimously.

The committee then reviewed SB145, presented January 22nd. Sen. Goodover served as vice chairman during this hearing, and gave a brief summary of the testimony presented then. The bill dealt with

allowing some farm-related expenses classed as tax deductions for corporations with 20 or less 'natural persons' as stockholders. Mr. Groff said it would be difficult to limit such restrictions in this type of legislation. Committee members discussed again, and agreed, that 'natural persons' was an important part of the bill, stressing the importance of excluding corporations using 'fronts' as referred to in the minutes of the meeting of January 22nd. Sen. McCallum again referred to a Christmas tree cutting company which did seasonal business in the state, and said the legislation could deter them from operating here through some of the bill's restrictions.

The problem of foreign investors was discussed with possible solutions to limiting such ownership discussed. The point was made that large, corporate-type farms have in general not done as well in their farming operations, however when the land is in hands of renters, more success is noted and legislation difficult to formulate for such arrangements.

Since there were many aspects of the legislation that the committee members desired additional information on, Chairman Turnage asked a committee composed of Senators Watt, Towe, Manley and Roskie, to study the bill and bring back to the group a report on the proposed legislation.

SUBCOMMITTEE, SB145: Sens. Towe, Watt, Manley, Roskie.

The committee next brought up another bill previously heard but not acted upon, SB58, a gas-evaporation bill, wherein a request was made by distributors to lower the gas tax deduction from 2% of the first 6¢ to 1% of the first 6¢. The question was asked if the evaporation loss could be more equitably shared down through the various handlers, to the retailers. The members discussed the bill briefly, agreeing they would like additional information before any action would be considered.

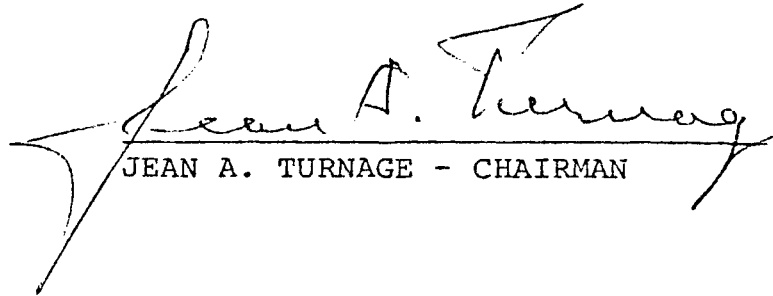
Another bill, SB122, was then brought up. This bill had been heard and passed out of committee on Monday and several questions were raised concerning the charitable contributions, and the fact that some corporations are permitted tax deductions for contributions made to their own private foundations. Sen. Roskie said he strongly supported the bill and felt this legislation, if passed, would greatly benefit some of Montana's charities by encouraging larger contributions from some of the state's corporations. Sen. Towe said he supported the bill, which he also signed, because this would bring state tax laws in line with federal law for such contribution. Mr. Groff stated again, as he had the day before, there was no way to arrive at an actual figure on tax loss to the state; any figure would be conjecture only.

Chairman Turnage then gave his reasons for desiring SB122 be recalled, saying he would like to see a Fiscal Note on the bill. Then after computing with estimates, the committee arrived at an approximate figure of perhaps \$1.6 million revenue loss.

After some additional discussion Senator Towe made a motion to bring the bill back into committee.

Sen. Towe Moved SB122 Be Recalled. A Roll Call vote indicated this motion carried by a 10-2 margin. Copy of the roll call vote is attached.

Following brief discussion, meeting was adjourned.

  
JEAN A. TURNAGE - CHAIRMAN

Date JAN 23 1979

ROLL CALL

SENATE TAXATION COMMITTEE

46th LEGISLATIVE SESSION - 1979

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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.



SENATE COMMITTEE TAXATION

Date JAN. 23 SEN. Bill No. 122 Time \_\_\_\_\_

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

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Nita Fjeseth  
Secretary

Jean A. Turnage  
Chairman

Motion: THAT, SB122 - PASSED OUT OF  
COMM. ON JAN, 22nd - BE RECALLED

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

STANDING COMMITTEE REPORT

January 23

19 79

MR. President

We, your committee on Taxation

having had under consideration Senate Bill No. 147

Respectfully report as follows: That Senate Bill No. 147 introduced bill, be amended as follows:

1. Title, line 4.

Strike: "TERM"

Insert: "TERMS"

2. Title, line 5.

Following: "POULTRY"

Insert: "AND AGRICULTURAL"

3. Page 1, line

Following: line 12

Insert: "(a) The term "agricultural" refers to the raising of livestock, swine, poultry, field crops, fruit, and other animal and vegetable matter for food or fiber."

Reletter: subsequent subsections

And, as so amended,

DO PASS

Handwritten signature of Jean A. Turnage

JEAN A. TURNAGE,

Chairman.

EXH A1

PROPOSED AMENDMENTS TO SB147

Title,

1. Amend: page 2, line 4  
~~Following: "THE"~~  
Strike: "TERM"  
Insert: "TERMS"

2. Amend page 1, line 5  
Following: "'POULTRY'"  
Insert: "AND AGRICULTURAL"

3. Amend page 1, line 13  
Following: line 12  
Insert: "(a) The term "agricultural" refers to the raising of  
livestock, swine, poultry, field crops, fruit, and  
other animal and vegetable matter for food or fiber."

Re-number subsequent subsections.  
*letter*