

MINUTES OF THE MEETING
TAXATION COMMITTEE
MONTANA STATE SENATE

March 7, 1979

The forty-third meeting of the committee was held on the above date in Room 415 of the State Capitol Building with Chairman Turnage president.

ROLL CALL: Roll call found all the members present with the exception of Senators Brown and Watt, who were excused. Visitors giving testimony are listed on attached Register.

CONSIDERATION OF SENATE BILL 248: Senator Towe presented a number of amendments he wished the committee to consider which he said will take the land acquisition part out of the bill and also a provision that the Department of Administration work and cooperate with the Farm Home Administration. The amendments were as follows:

Senator Towe moved to remove Section 3 from the bill; motion was carried. Note absence of Senators Brown and Watt.

There followed considerable discussion on the bill and several committee members gave their opinion that they felt the farm purchase loans should be made through existing loan facilities, rather than get the state in the real estate business. Further amendments were proposed as well.

Senator Towe moved to amend the title and further amend page 21, lines 21, 22 to be stricken. His motion carried.

Following these motions to amend, Senator Towe asked that the bill be moved.

Senator Towe Moved SB248 As Amended, Do Pass. A roll call vote was taken which resulted in the motion failing by a 2-8 vote. Note absence of Senators Brown and Watt who will be permitted a vote when they return. Senator Towe was granted a Majority-Minority Report to get his bill out of committee.

CONSIDERATION OF SENATE BILL 244: Senator Towe brought this bill again to the attention of the committee, saying it was the high-risk capital bill and would allow for the creation of a corporation with funds from the state; the state would then receive a share of the product. An amendment was proposed, and Senator Towe so Moved Section 15 of the Bill be deleted. Motion carried. (The Senate cannot originate appropriation bills which this bill addressed.)

Senator Towe Moved SB244 As Amended, Do Pass. A roll call vote was taken which resulted in the motion carrying 7-5. Note for record, at time vote was taken Senators Watt and Brown were absent. Their "Yes" votes were recorded on their return.

Following disposition of this bill the regular hearing was held.

CONSIDERATION OF SENATE JOINT RESOLUTION 30: Senator Turnage introduced his bill which was a resolution to have the Revenue Over-

sight Committee make a study of alcoholic beverage regulations in the state. He said he felt such a study should be made because of the present quota system being used and the increase in population will permit addition licenses to be issued, thus creating possible problems. Mr. Groff of the Department of Revenue was also present and gave supporting testimony to the bill, saying he felt such a study should be made. The committee discussed the bill and the work of the Oversight Committee and finally, agreed to move the bill.

Senator Goodover Moved Senate Joint Resolution 30 Do Pass. The motion carried. Note for the record at this point, the absence of Senators Brown, Towe and Watt.

CONSIDERATION OF HOUSE BILL 581: Representative Vinger introduced the bill which was simple, in that it merely changed the dates on which annual and monthly special fuel tax returns must be filed. Vice Chairman was in charge of the meeting during this part of the hearing, and called for questions from the committee, there being no other proponents, or opponents. The question was raised of Mr. Nichols of the Motor Fuels Division of the Highway Department, on having a quarterly filing rather than the monthly filing and Mr. Nichols responded there was a bill introduced to do that. This bill, however, merely changed dates of filing to the end of the month. The committee agreed with the proposed change and opted to move the bill.

Senator Manley Moved House Bill 581 Be Concurred In. The motion carried unanimously.

CONSIDERATION OF HOUSE BILL 181: Representative Marks was unable to present his bill and Mr. Lear explained the bill in his absence. He went through the bill explaining the numerous clarifications in the Title 15. Following his explanation Vice Chairman Goodover asked for other proponents or opponents and then, for questions from the committee. In answer to one of the questions, the committee was informed the changes would make no substantial changes to the codes. This ended hearing on HB181.

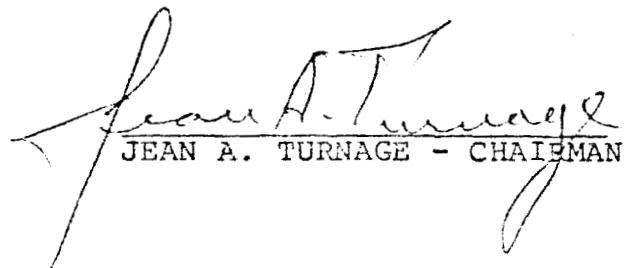
CONSIDERATION OF HOUSE BILL 191: Representative Dussault said the bill to continue the 6-mill levy for the university system must be passed through 1988. Curt Johnson, Student Lobbyist, was a proponent of the bill, also Mr. Forcell. The Vice Chairman called for other proponents and opponents; there were none. The committee then asked questions of the witnesses and one point was made by the bill's sponsor, that the legislation specified no more than 6 mills could be levied under the bill. It was pointed out that slightly less than 6 mills was appropriated during the last two years. Dr. Forcell said the bill meets the requirement for the appropriation. Following further discussion, hearing on HB191 was closed.

The committee then were directed by the Vice Chairman to again look at SB184, motor vehicle fee system. They again looked over the various fee schedules that have been submitted and considered by the committee. Several of the committee members said they felt the schedules were based on the wrong figures, that the values were too high. They again discussed the setting of the fees and expressed their hope that a more equitable method of vehicle tax could be arrived at. They discussed the new car sales tax and it was mentioned that if that were

Mar. 7, 1979

increased to 3% from present 1 1/2%, it would help keep the schedule down. Several committee members were reluctant to increase this tax, hoping to average out the fees without the increase. The committee also brought up the low end of the schedule again, discussing raising that fee to \$20. Mr. Nelson of the Montana Taxpayers Association talked briefly of arriving at a schedule whereby a more equitable fee is charged vehicle operators. Mr. Burr was asked to run another schedule for the committee for their future consideration.

Following, meeting adjourned.



JEAN A. TURNAGE - CHAIEMAN

STANDING COMMITTEE REPORT

March 7

1970

MR. President

We, your committee on Taxation

having had under consideration Senate Bill No. 244

Respectfully report as follows: That Senate Bill No. 244, introduced bill, be amended as follows:

1. Page 12, line 7 through line 2 page 13.
Strike: Section 15 in its entirety
Renumber: all subsequent sections

And, as so amended,

DO PASS

STANDING COMMITTEE REPORT

..... March 7..... 1970.....
Journal

MR. President.....

We, your committee on..... Taxation.....

having had under consideration..... Senate ... Bill No. 248

Respectfully report as follows: That.....Senate... Bill No....248..... introduced bill, be amended as follows:

1. Title, line 6.

Following: line 5

Strike: "LAND"

Insert: "LOAN"

2. Title, lines 6 through 9.

Following: "OF"

Strike: remainder of line 6 through "FARMS" on line 9

Insert: "HELPING YOUNG FARMERS ACQUIRE LAND; PROVIDING FOR LEGISLATIVE REVIEW OF THE ACT"

3. Title, line 9.

Following: "SECTION"

Strike: "77-1-202"

Insert: "80-1-102"

4. Page 1, line 13 through line 4 page 2.

~~REPEAL~~ Strike: Section 1 in its entirety

~~REPEAL~~ Insert: "Section 1. Section 80-1-102, MCA, is amended to read: 80-1-102. Duties of department. The department shall:

(1) encourage and promote the interests of agriculture, including

CONTINUED.....

March 7

19 79

horticulture and apiculture, and all other allied industries;

(2) collect and publish statistics relating to the production and marketing of crops and other agricultural products so far as the information may be of value to the agricultural and allied interests of the state;

(3) assist, encourage, and promote the organization of farmers' institutes, horticultural and agricultural societies, the holding of fairs, livestock shows, or other exhibits of the products of agriculture;

(4) adopt standards for open and closed receptacles for farm products and standards for the grade and other classification of farm products;

(5) cooperate with producers and consumers in devising and maintaining economical and efficient systems of distribution and aid in the reduction of waste and expense incidental to marketing;

(6) have the authority to maintain a market news service, including information as to crops, freight rates, commission rates, and other matters as may be of service to producers and consumers, and act as a clearinghouse for information of value to producers and consumers;

(7) gather and diffuse information concerning the supply, demand, prevailing prices, and commercial movement of farm products;

(8) investigate the practices and methods of factors, commission merchants, and others who receive, solicit, buy, sell, handle on commission or otherwise, or deal in grain, vegetables, or other farm products, so that distribution of the commodities is accomplished efficiently, economically, and without hardship, waste, or fraud;

(9) cooperate with Montana state university, the agricultural experiment station, and the federal government for the betterment of the agricultural industries of the state, the improvement of rural life, and promotion of equality of opportunity for the farmers of the state;

(10) take and hold in the name of the state of Montana property, real and personal, acquired by gifts, subscriptions, donations, and bequests;

(11) sell and dispose of personal property owned by it in a manner the department may provide, when in the judgment of the department the sale or disposal best promotes the purposes for which the department is established;

(12) contract in respect to any matter within the scope of its authority;

(13) enforce this title and all other laws for the protection and regulation of agriculture; and

(14) establish and operate a loan program to enable eligible Montana farmers to purchase agricultural land."

CONTINUED

March 7 1979

5. Page 2, line 5.

Following: "through"

Strike: "42"

Insert: "30"

6. Page 2, line 6.

Following: "Homestead"

Strike: "Land"

Insert: "Loan"

7. Page 2, line 7.

Following: line 6

Strike: Section 3 in its entirety

Renumber: all subsequent sections

8. Page 2, line 24.

Following: "through"

Strike: "42"

Insert: "30"

9. Page 3, line 2.

Following: line 1

Strike: subsection (b) in its entirety

Reletter: all subsequent subsections

10. Page 3, line 3.

Following: "through"

Strike: "42"

Insert: "30"

11. Page 3, lines 9 through 13.

Following: line 8

Strike: subsection (d) in its entirety

Insert: "(c) "Council" means the family farm advisory council created in [section 4].

(d) "Director" means the director of the department of agriculture."

12. Page 3, line 14.

Following: "of"

Strike: "state lands"

Insert: "agriculture"

13. Page 3, lines 15, through 19.

Following: line 14

Strike: subsections (f) and (g) in their entirety

14. Page 3, line 20.

Following: "(2)"

Strike: remainder of line 20 through line 22

15. Page 3, line 23.

Following: "the"

Strike: "board's"

Insert: "department's"

CONTINUED

16. Page 3, line 25.
Following: "homestead"
Insert: "loan"
Following: "those"
Strike: "owed"
Insert: "owned"

17. Page 4, lines 1 and 2.
Following: "the"
Strike: "board of land commissioners"
Insert: "department"

18. Page 4, line 4.
Following: line 3
Strike: remainder of page 4, pages 5 through 14 in their entirety, and lines 1 through 7 on page 15
Insert: "Section 4. THERE IS A NEW MCA SECTION THAT READS:
. Family farm advisory council created. (1) If the funds available for the Montana homestead loan program exceeds \$5,000,000 for any biennium, there shall be created a family farm advisory council.
(2) The council shall consist of seven members appointed by the department, as follows:
(a) one officer from a commercial lending institution;
(b) one fruit or vegetable farmer;
(c) two livestock farmers;
(d) two grain farmers; and
(e) one officer from a farm credit association.
(3) Each member must be a resident of the state.
(4) Each member shall serve for a term of 6 years. The department shall appoint members to fill any vacancy that may occur.
(5) One member of the council shall be a legislator.
(6) The council is allocated to the department of agriculture for administrative purposes only as prescribed in 2-15-121.

Section 5. THERE IS A NEW MCA SECTION THAT READS:

Duties of family farm advisory council. The council shall:
(1) consider applications for homestead loans and make recommendation to the department; and
(2) advise and assist the department on other matters as the department may request."

19. Page 15, lines 8 and 9.
Following: "program"
Insert: "-- administration"
Following: "The"
Strike: "board may"
Insert: "department shall"

20. Page 15, lines 9 and 10.
Following: "a"
Insert: "homestead"
Strike: ", funded by the sale of general obligation bonds,"

21. Page 15, line 10.
Following: "enable"
Strike: "lessees"
Insert: "applicants"

Page 5 Senate Bill 248 Taxation Committee

March 7 1979

21. Continued

Strike: "homestead"
Insert: "agricultural"

22. Page 15, line 11

Following: line 11

Insert: "(2) To administer this program, the department may:

- (a) retain professional consultants and advisors;
- (b) rely on its staff in its daily functions;
- (c) adopt rules governing its procedures;
- (d) upon authorization of an affirmative vote of two-thirds of the members of each house of the legislature or of a majority of the electors voting thereon, issue bonds necessary to provide funds for implementing [sections 2 through 30];
- (e) accept applications from those wishing to secure homestead loans;
- (f) invest any funds generated by sale of bonds in the permissible investments outlined in 17-6-211 until such time as the funds are needed for any of the department's other functions; and
- (g) make loans from the homestead loan account to eligible Montana farmers for the purchase of agricultural land."

Renumber: subsequent subsections

23. Page 15, lines 12 and 13.

Following: "agreement"

Strike: "must provide for full payment of principal and interest on the homestead land loan within"

Insert: "shall include a payment schedule that may not exceed"

24. Page 15, line 15.

Following: "The"

Strike: "board"

Insert: "department"

25. Page 15, line 17.

Following: "the"

Strike: "board"

Insert: "department"

26. Page 15, line 18.

Following: "the"

Strike: "board"

Insert: "department"

27. Page 15, line 18.

Following: line 18

Insert: "Section 7. THERE IS A NEW MCA SECTION THAT READS:

Second loan program. (1) The department may, upon application by a borrower under its loan program and upon the advice of the council, if in existence, enter into a second loan agreement with a borrower for an annual payment equal to not more than 4 $\frac{1}{2}$ of the outstanding balance due each year for not more than 5 years on a loan agreement signed under the provisions of [section 6]. The department may, upon the recommendation of the council, extend the second loan for another

(Continued)

27. Continued

5 years, but it may not renew the second loan after this period. Interest on the amount of the loan shall be at the department's bond rate plus administrative expenses.

(2) The second loan becomes payable:

(a) in installments to commence not later than 20 years after the initial purchase of homestead land; or

(b) immediately and in full upon the sale of land on which it was loaned.

Section 8. THERE IS A NEW MCA SECTION THAT READS:

Immediate repayment. If an applicant who has secured a loan from the department under the program created in [section 6 and 7] sells the land for which the loan was made to any person, firm, or corporation other than his spouse, children, or corporation wholly owned by them, the loan shall be repaid in full.

Section 9. THERE IS ANEW MCA SECTION THAT READS:

Qualifications of applicants. (1) To be eligible for a homestead loan, an applicant must:

(a) reside in the state at the time of application;

(b) declare his intention to maintain his residence in Montana during the length of the loan; and

(c) have been approved by a local committee of the farmers home administration for a loan from the farmers home administration in connection with the same land purchase.

(2) Applications may be submitted by individuals, partnerships, associations, or joint ventures. All persons involved in the application must meet the requirement of subsection (1). Corporations, as defined in 35-1-102, may not apply.

Section 10. THERE IS A NEW MCA SECTION THAT READS:

Evaluation of applicants. (1) The department shall by rule establish:

(a) rules for soliciting and evaluating applications from qualified Montana citizens; and

(b) a point system for evaluating the applicants, considering the following criteria:

(i) the applicant's net worth, which may not exceed \$100,000;

(ii) the applicant's access to livestock and machinery;

(iii) the applicant's inability to secure financing for purchase of agricultural land from other sources;

(iv) the applicant's training and experience in agriculture;

(v) the applicant's prospects for succeeding in an agricultural operation on the land proposed for purchase; and

(vi) any other factors it may prescribe.

(2) After consulting with and obtaining the recommendation of the council, the department shall select the best qualified and most deserving applicant from among those applying for loans.

(3) The department may seek the advice of the state director of the farmers home administration in Montana and coordinate its loan program through the farmers home administration including assistance in screening applicants and servicing the loan."

March 7 1972

28. Page 15, line 23.
Following: "thereon, the"
Strike: "board"
Insert: "director"

29. Page 16, line 1.
Following: "homestead"
Insert: "loan"

30. Page 16, line 3.
Following: "the"
Strike: "board"
Insert: "department"

31. Page 16, line 6.
Following: line 5
Strike: "board"
Insert: "department"

32. Page 16, line 7.
Following: "homestead"
Insert: "loan"

33. Page 16, line 8.
Following: "The"
Strike: "board"
Insert: "department"

34. Page 16, line 14.
Following: "the"
Strike: "board"
Insert: "department"

35. Page 16, line 17.
Following: "the"
Strike: "board"
Insert: "department"

36. Page 16, line 18.
Following: "through"
Strike: "42"
Insert: "30"

37. Page 16, line 20.
Following: line 19
Strike: "board"
Insert: "department"
Following: "the"
Strike: "board"
Insert: "department"

38. Page 16, line 24.
Following: "the"
Strike: "board"
Insert: "department"

CONTINUED.....

March 7 1979

39. Page 17, line 1.

Following: page 16

Strike: "board"

Insert: "department"

40. Page 17, line 18.

Following: "property of the"

Strike: "board"

Insert: "department"

41. Page 17, line 22.

Following: line 21

Strike: "board"

Insert: "department"

42. Page 18, line 5.

Following: "the"

Strike: "board"

Insert: "department"

43. Page 18, line 6.

Following: "the"

Strike: "board"

Insert: "department"

44. Page 18, line 23.

Following: line 22

Strike: "board"

Insert: "department"

45. Page 18, line 25.

Following: "the"

Strike: "board"

Insert: "department"

46. Page 19, line 3.

Following: line 2

Strike: "board"

Insert: "department"

47. Page 19, line 5.

Following: "through"

Strike: "42"

Insert: "30"

48. Page 19, line 12,

Following: "by the"

Strike: "board"

Insert: "director"

49. Page 19, line 14.

Following: "the"

Strike: "board"

Insert: "department"

CONTINUED

March 7 1979

50. Page 19, line 18.
Following: "the"
Strike: "board"
Insert: "department"

51. Page 19, line 23.
Following: line 22
Strike: "board members"
Insert: "director"

52. Page 19, line 24.
Following: "the"
Strike: "board"
Insert: "department"

53. Page 20, line 1.
Following: "The"
Strike: "board"
Insert: "department"

54. Page 20, line 3.
Following: "the"
Strike: "board"
Insert: "department"

55. Page 20, line 13.
Following: "of the"
Strike: "board"
Insert: "director"

56. Page 20, line 14.
Following: "the"
Strike: "board"
Insert: "department"

57. Page 20, line 18.
Following: "the"
Strike: "board"
Insert: "department"

58. Page 20, lines 21 and 22.
Following: "of"
Strike: "board members' signatures"
Insert: "director's signature"

59. Page 20, line 22.
Following: "If"
Strike: "any board member"
Insert: "director"

60. Page 20, line 23.
Following: "be a"
Strike: "member"
Insert: "director"

CONTINUED

March 7 1979

61. Page 21, line 1.

Following: "the"

Strike: "board"

Insert: "department"

62. Page 21, line 2.

Following: "homestead"

Strike: "land financing"

Insert: "loan"

63. Page 21, line 5.

Following: "through"

Strike: "42"

Insert: "30"

Following: "the"

Strike: "board"

Insert: "department"

64. Page 21, line 7.

Following: line 6

Strike: "board"

Insert: "department"

Following: "through"

Strike: "42"

Insert: "30"

65. Page 21, line 9.

Following: line 8

Strike: "board"

Insert: "department"

Following: "homestead"

Strike: "land financing"

Insert: "loan"

66. Page 21, line 11.

Following: "homestead"

Strike: "land financing"

Insert: "loan"

67. Page 21, line 13.

Following: line 12

Strike: "board"

Insert: "department"

68. Page 21, line 14.

Following: line 13

Strike: "42"

Insert: "30"

69. Page 21, line 16.

Following: "The"

Strike: "board"

Insert: "department"

ZAY

CONTINUED

March 7 1979

70. Page 21, line 21.
Following: "of the"
Strike: "board"
Insert: "department"

71. Page 21, line 25.
Following: line 24
Strike: "board"
Insert: "department"

72. Page 22, line 23.
Following: "through"
Strike: "42"
Insert: "30"

73. Page 23, line 6.
Following: "The"
Strike: "board"
Insert: "department"

74. Page 23, line 9.
Following: line 8
Strike: "42"
Insert: "30"

75. Page 23, line 13.
Following: "the"
Strike: "board"
Insert: "department"

76. Page 23, line 14.
Following: "through"
Strike: "42"
Insert: "30"

77. Page 23, line 17.
Following: "the"
Strike: "board"
Insert: "department"
Following: "through"
Strike: "42"
Insert: "30"

78. Page 23, line 21.
Following: "The"
Strike: "board"
Insert: "department"

79. Page 24, line 3.
Following: "between the"
Strike: "board"
Insert: "department"

80. Page 24, line 4.
Following: "the"

CONTINUED.....

Page 12 Senate Bill 248 Taxation Committee

March 7, 1979

80. Continued
Strike: "board"
Insert: "department"

81. Page 24, line 6.
Following: line 5
Strike: "board's"
Insert: "department's"

82. Page 24, line 19.
Following: "through"
Strike: "42"
Insert: "30"

83. Page 24, line 21.
Following: "the"
Strike: "board"
Insert: "department"

84. Page 24, line 23.
Following: line 22
Insert: "Section 29. THERE IS A NEW MCA SECTION THAT READS:

Legislative review required. The homestead loan program shall be reviewed by the legislature at the third legislative session following the first sale of bonds under the provision of [section 11] to determine whether the program should continue. However, any existing commitments incurred by the department are not affected by this review.

Renumber: subsequent section

And, as amended,
DO PASS

STANDING COMMITTEE REPORT

.....March 7.....1979.....

MR. President.....

Taxation

We, your committee on.....

having had under consideration Senate Joint Resolution..... Bill No. 30.....

Respectfully report as follows: That..... Senate Joint Resolution..... Bill No. 30.....

DO PASS

Rite
Room 415

STANDING COMMITTEE REPORT

March 7

19 79

MR. President

We, your committee on

Taxation

having had under consideration

House Bill No. 581

House Bill 581 - Vinger (Severson)

Respectfully report as follows: That.....

House Bill No. 581

BE CONCURRED IN

26-453

STATE PUB. CO.
Helena, Mont.

JEAN A. TURNAGE -

Chairman.

Date 11/27/79

ROLL CALL

SENATE TAXATION COMMITTEE

46th LEGISLATIVE SESSION - 1979

Each Day Attach to Minutes.