MINUTES OF THE MEETING TAXATION COMMITTEE MONTANA STATE SENATE

March 10, 1979

The forty-sixth meeting of the committee was called to order on the above date in Room 415 of the State Capitol Building for an executive session and hearing, by Chairman Turnage.

ROLL CALL: Roll call found all members present. Witnesses providing testimony are listed on attached Register.

Executive session opened with consideration of the Statement of Intent for his SB248. He read the statement and moved it be passed. Motion carried, however a "No" vote was cast by Senator MacCallum.

Senator Towe also made a Motion to Reconsider the committee's action on SB248. His motion carried. Note for record, "No" vote registered by Senator Goodover.

Senator Towe then explained the amendments he was proposing for the bill. He said his bill is strictly a loan program and such loans would go only to those persons who had been approved by the Farm Home Administration. He said Mr. Edland, FHA Director, said there are many people who have applied for loans but funds are not now available from the FHA, and with the program in SB248, they could subordinate the loan program.

There followed questions by the committee concerning the money to be used and Senator Roskie affirmed that the money is Coal Trust money in actuality, that those funds will have to be used. Principal if the Coal Trust would not be spent; the interest would. Senator Severson gave his support to the bill and said it was a self-help program.

Senator Towe then Moved SB248 As Amended, Do Pass. Roll call vote was taken, attached. Motion carried.

Senator Watt mentioned that his bill, SB188, had been tabled and since the other Coal Tax bills are being held for consideration together, he felt his bill should be reconsidered as well. He noted the absence of SB188 from the list of bills still in committee, and upon checking, it was found SB188 was tabled on February 14 by motion of the committee.

There followed further discussion on SB358 by Senator Regan, to add a local option gas tax. The committee agreed some cities need help and said this bill would give them that revenue only if they voted for it themselves. Senator Manley made the point that though the cities would benefit, the people in rural ares of that county would also have to help pay for such street repair.

Senator Towe Moved Senate Bill 358 Do Pass. A roll call vote was taken which resulted in a 6-6 tie, see attached. On a tie vote the bill will remain in the committee.

House Bill 60 was then brought up before the committee for their reconsideration. Following discussion it was decided to move the bill:

Senator Goodover Moved HB60 Be Not Concurred In. Roll call vote was taken which resulted in unanimous passing, 12-0.

Next to be considered was HB435, a bill which attempted to give cash prizes for people playing Bingo.

Senator Goodover Moved HB435 Be Tabled. Motion Carried.

Senator Manley Moved SB445 Do Not Pass. Motion Carried.

Next up for discussion was SB354. Extensive amendments had been submitted for this bill, one of the many RID's and SID's the committee has considered. The amendments were accepted by the committee:

Senator Towe Moved to Adopt Amendments to SB354. Motion was carried.

Senator Towe then Moved SB354 As Amended Do Pass. Motion was carried.

Senate Bill 318 was then considered, together with the proposed amendments. Senator Watt moved to Adopt Amendments to SB318. Motion carried. Senator Norman also moved to Adopt Amendment to SB318, adding language concerning the 5% revolving fund. See amendments on Committee Report.

Senator Watt then Moved SB318 As Amended Do Pass. The motion was carried unanimously.

Senate Bill 502, heard in Local Government Committee, was then discussed and the committee opted to table the bill:

Senator MacCallum Moved SB502 Be Tabled. Motion was carried.

Senator Goodover then Moved SB42 Be Tabled. This motion was also carried unanimously.

Next up for the committee's consideration was SB253, raising interest rates on certain bonds.

Senator Manley Moved SB253 be Tabled. Motion carried. Senators Towe and Hager voted "No".

Discussion followed on SB298, to raise limitation of indebtedness of cities.

Senator Norman Moved SB298 Do Not Pass. Motion carried unanimously.

A bill to give deductions for charitable gifts made by corporations, SB122, was next up for the committee's consideration.

Senator Norman Moved SB122 Do Not Pass. Motion carried; roll call vote showed 9-3 majority.

Senate Bill 145, disallowing certain farm-related products for certain corporations. After discussion the committee agreed to move the bill:

Senator MacCallum Moved SB145 Do Not Pass. "No" votes were cast by Senators Towe, Norman and Watt. Motion was carried.

Members then considered SB195 again. They also looked at a chart showing some of the Industrial Development bonds that have been issued in the state, as compiled by the Department of Community Affairs. Senator Norman stated he believed there should be a record kept, perhaps an upper limit be set and too, that no governing body has to approve the bonds, rather they were to be given discretion to turn down such application if they felt it to be for the 'public interest.'

Following additional discussion, the members stated they wished to see the two bond bills, SB354 and SB318, together with the amendments they had discussed, and favored. They also asked for copies of amendments for SB195 which they could then discuss and approve or disapprove.

Meeting was then adjourned.

JEAN A. TURNAGE - CHAIRMAN

IAME	YES	ON
SEN. GOODOVER (Vice Chairman)		X
SEN. BROWN		X
SEN. HAGER	\times	
SEN. MANLEY		X
SEN. MANNING		•
SEN. McCOLLUM	X	
SEN. NORMAN	$\overline{}$	
SEN. ROSKIE		X
SEN. SEVERSON	· X	
SEN. TOWE	X	
SEN. WATT	X	
CHAIRMAN TURNAGE		X
Nita Fjeseth Je	an A. Turnage	5
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Notion: SB 218 Do PAS	S AS AI	n.

(include enough information on motion—put with yellow $\operatorname{cop}_{\cdot}$ of committee report.)

committee report.)

SENATE COMMITTEE TAXATION		
Date 3-/0 Bill No	o. <u>(o e</u> Ti	me <u>} (). 7</u>)
NAME	YES	NO
SEN. GOODOVER (Vice Chairman)		
SEN. BROWN	X	
SEN. HAGER	X	
SEN. MANLEY	\ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \	
SEN. MANNING	X	**************************************
SEN. McCOLLUM	X	
SEN. NORMAN	X	
SEN. ROSKIE	×	
SEN. SEVERSON	· ×	
SEN. TOWE	/	
SEN. WATT	X	
CHAIRMAN TURNAGE	X	
	12-	0
Nita Fjeseth Jean Secretary Chairma	A. Turnage n	
Motion: Bo Mad Conce	<u>)</u>	

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

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STATEMENT OF INTENT RE: SB 248

Section 1: This statement of intent is required by the rule making authority granted to the Department of Agriculture in Section 7(2)(c) and Section 11(1).

Section 2: It is the intent of the legislature that the Department of Agriculture would adopt rules for the orderly handling and processing of applications under the homestead loan program and for the second loan program. The rules under Section 11(1) are intended to be sufficiently specific to allow for an objective determination by the department of which applicant should receive a loan from the homestead loan program. The same criteria should be established by rule for the second loan program with special emphasis on need of the applicant and the applicant's prospects for success.

Section 3: It is the specific intent of the legislature that the programs set forth in SB 248 be implemented during the 1979-81 biennium without the sale bonds from whatever appropriation as may be appropriated by the 46th Legislative Assembly.

Section 4: It is the specific intent of the legislature that the Department of Agriculture shall coordinate all loans made pursuant to SB 248 for the 1979-81 biennium through the Farmers Home Administration. The state director of the Farmers Home Administration has indicated to the Senate Taxation Committee that the FHA could screen worthy applicants, participate with a subordinated loan of its own and fully service the loan. By coordinating the SB 248 programs with the Farmers Home Administration the state would assist the FHA in assisting Montana farmers who

may not otherwise obtain assistance because of a critical shortage of federal funds.

Section 5: Based on the representations of both the Director of the Department of Agriculture and the State Director of the Farmers Home Administration, the legislature specifically intends no more than 1/2 of one FTE to be devoted to this program by the Department of Agriculture for the 1979-81 biennium.

STANDING COMMITTEE REPORT

MR. President	
We, your committee on	
having had under consideration	Senate Ell No. 248

Respectfully report as follows: That Sanato Bill No. 249. introduced bill, be amended as follows:

1. Title, line 6. Following: line 5 Strike: "LAND" "LOAN" Insert:

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"

Page 1, line 13 through line 4 page 2.

popass Strike: Section 1 in its entirety Insert: "Section 1. Section 80-1-102, MCA, is amended to read: "30-1-102. Duties of department. The department shall:

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

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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;

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:

cooperate with producers and consumers in devising and (5) 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;

gather and diffuse information concerning the supply, demand,

prevailing prices, and commercial movement of farm products;

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 cormodities is accomplished efficiently, economically, and without hardship, waste, or fraud;

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

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

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 agriculturer ; and

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

COMMINUED

Insert: "department's"

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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" Striks: "42" Insart: "30" 9. Page 3, line 2. Following: line 1 Strike: subsection (b) in its entirety Reletter: all subsequent subsections 10. Page 3, line 8. Following: "through" Strike: "42" Insert: "30" 11. Page 3, lines 9 through 13.
Following: line 8 Strike: subsection (d) in its entirety "(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 16. Page 3, line 20. Foliowing: "(2)" Strike: remainder of line 20 through line 22 15. Page 3, line 23. Pollowing: "the" Striks: "board's"

Chairman,

16. Page 3, line 25.
Following: "homestead"

Insert: "loan"

Following: "those"

"owed" Strike: Insert: "owned"

17. Page 4, lines 1 and 2.

Following: "the"

"board of land commissioners" Strike:

"department": Insert:

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"

"homestead" Insert:

Strike: ", funded by the sale of general obligation bonds,"

21. Page 15, line 10.

Following: "enable"

Strike: "lessees"

Insert: "applicants"

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];

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- (e) accept applications from those wishing to secure homestead loans
- (f) invest any funds generated by sale of bonds in the permissable 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% 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)

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 le

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 duri 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 applications must meet the requirement of subsection (1). Corporations, as define 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 1979

23. Page 15, line 23. Following: "thereon, the"

Strike: "board" Insert: "director"

29. Face 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" Insart: "department"

31. Pays 16, line 7. Fellowing: "homestead" Insert: "loan"

33. Page 15, 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"

33. Page 15, line 20. Following: line 19 Strike: "board" Lasere: "department" Following: "the" Strike: 'board" Insert: "department"

33. Page 15, line 24. Following: "the" Strike: "board" Indart: "department" STATE FOR CO.

Helena, Mont.

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39. Page 17, line 1. Pollowing: page 15 Strika: "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, lins 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: "A2" Insert: "30"

48. Page 19, line 12, Following: "by the" Strike: "board" Insert: "director"

49. Page 19, line 14. Following: "the" Strika: "board" Insert: "department

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. Pollowing: "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"

3. Page 20, lines 21 and 22.

Following: "of"

Strike: "board members' signatures"

Insert: "director's signature"

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

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

61. Page 21, line 1. Following: "the"

Strike: 'board' Insert: "department"

62. Page 21, line 2. Following: "homostead" Strike: "lend financing" Insert: "loan"

63. Page 21, line 5. Pollowing: "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 &

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.

Pollowing: line 13

Strike: "42" Insert: "30"

69. Page 21, line 16.

Following: "The" Strike: "board"

Insert: "dapartment"

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70. Paye 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.

Pollowing: 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"

Strika: "board"
Insert: "department"

Following: "through" Strike: "42"

Insert: "30"

78. Page 23, line 21. Following: "The"

Striku: "board"

Insert: "department"

79. Page 24, line 3.

Following: between the

Strike: "board"

Insert: "department"

80. Page 24, line 4.

Following: "the"

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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 an absolutely

STANDING COMMITTEE REPORT

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MR. Presidenn			
We, your committee on	Taxation		
having had under consideration		Louse	Bill No. 60
House Bill 60 - Fagg (
,			
			•
Respectfully report as follows: That		Mouse	Bill No. 50

BE NOT CONCURRED IN

1884

JENN S. TURINGE - Chalconen.

ROLL CALL

SENATE TAXATION COMMUTTEE

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.