

MINUTES OF THE MEETING
TAXATION COMMITTEE
MONTANA STATE SENATE

April 10, 1979

The seventy-second meeting of the committee was called to order on the above date in Room 415 of the State Capitol Building by the Chairman.

ROLL CALL: Roll call found all members present except Sens. Brown and Roskie, who were excused.

CONSIDERATION OF SENATE JOINT RESOLUTION 39: Senator Severson was signer of this bill, the Taxation Committee bill, and presented it, though the committee had previously discussed and agreed to adopt the resolution as a committee bill. The resolution stated the Department of Revenue was to review its rules regarding the appraisal of motor vehicles for property tax purposes. Mr. Burr of the Department was present and said that last session HB70 tried to get an equitable valuation to 20% of loan value as the taxable value and they found this was 66% of retail value, the same taxable value as the present legislation was calling for. He said he had no objection to the resolution but felt the committee should direct the Department to do as they wanted, giving them direction, rather than a mere suggestion as the resolution would do. Mr. Zinnecker spoke also and said although he favored the concept, he too felt there should be a mandate from the committee rather than just a 'suggestion'.

There followed discussion on the use of 'high book value' for tax purposes, rather than 'middle book value' which the committee felt was more equitable. This value would be the price the owner might get for his vehicle and thus the committee felt this was the closer to actual and real value of the vehicle. Concern was also expressed over the fact that the increases might be felt in some counties with high millages to a greater degree than those with lower mill levies. Following their discussion, the hearing on SJR39 was closed.

The committee again discussed HB385 and HB848, with the thought to combining the two bills and Rep. Fabrega was also present to discuss with the committee this possibility. Considerable discussion was held at this point with Mr. Burr, Mr. Hutchinson of the Department, and Mr. Zinnecker, regarding the impact of fee systems on local governments and obvious decrease in revenues. It was agreed to add a number of amendments to HB385, on motion by Senator Towe, which motion carried 8-3. Note absence here of Sen. Roskie.

Senator Goodover then Moved HB385 As Amended, Be Concurred In. His motion passed 7-5 on roll call vote.

HB770, regarding foreign trade zones, was again up for the committee's consideration and Rep. Feda was present to further explain his bill. The bill, he stated, would be of considerable aid to his area for the Glasgow Industrial Park (utilizing the former Glasgow Air Base) and asked for the committee's consideration of the legislation. Foreign trade zones and definitions were discussed and the

April 10, 1979

committee consulted the Federal codes for definition of such zones and the trade laws relative thereto. One of the concerns of the committee was that raw materials, such as ores, etc., could be brought in, processed to change form, use, and shipped out again without having paid any duty. The committee agreed that if the bill could be amended to include such goods, they could pass on the bill. Senator Towe moved those amendments; the amendments were carried. Sen. Roskie voted "No".

Senator Towe then Moved HB770 As Amended, Be Concurred In. The motion be carried.

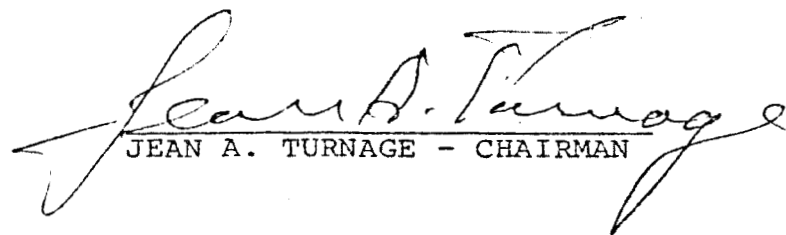
Senator Watt then Moved SJR39 be Tabled.

As a substitute motion Senator Severson Moved SJR39 Do Pass. His motion failed 5-6, roll call vote. Majority-Minority Report will come out.

Senator Goodover Moved HB848 Be Tabled. Motion carried with Sen. Hager voting "No".

The firemen's retirement fund bill, HB543, was again up for discussion and Mr. Mizner was present to give input in regard to the legislation. He said the amendments that were offered to the bill would obligate the state to match cities and towns in the amount of the necessary funds to maintain the program. The firemen agreed to raise their own share if this would help. Cities were against the amendments of the House which allowed cities to put from 1 to 4 mills into the fund.

The committee asked a number of questions and discussed the bill at greater length. They agreed to hold the bill for voting as several of the members were in the House presenting Senate bills. Meeting was then adjourned.


JEAN A. TURNAGE - CHAIRMAN

Date 4-10-79

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.

SENATE COMMITTEE TAXATION

Date 4-10th Nov Bill No. 985 Time 10 a.m.

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		
SEN. SEVERSON	X	
SEN. TOWE	X	
SEN. WATT		X
CHAIRMAN TURNAGE		X

Nita Fjeseth
Secretary

Jean A. Turnage
Chairman

8-3
Carried

Motion: To Adopt Amended Conf. #1

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

SENATE COMMITTEE TAXATION

2

Date 1-10-68 House Bill No. 985 Time 10 a.m.

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

absent at turnage vote

17
6 5

Nita Fjeseth
Secretary

Jean A. Turnage
Chairman

Motion: As Amended *Harold Hail*

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

SENATE COMMITTEE TAXATION

3

Date 4-10 1990 Bill No. 39 Time 10:30

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 <i>absent</i>		
SEN. SEVERSON	X	
SEN. TOWE	X	
SEN. WATT		X
CHAIRMAN TURNAGE		X
	5	6

Nita Fjeseth
Secretary

Jean A. Turnage
Chairman

Motion: As Am. No Pass *Failed*

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

STANDING COMMITTEE REPORT

April 10 1977

MR. President

majority
We, your committee on Taxation

having had under consideration Senate Joint Resolution Bill No. 39

Respectfully report as follows: That Senate Joint Resolution Bill No. 39,
introduced bill, be amended as follows:

1. Title, line 6.
Following: "TO"
Strike: "REVIEW"
Insert: "CHANGE"

2. Page 2, line 3.
Following: "to"
Strike: "review"
Insert: "change"

And, as so amended,

DO NOT PASS

Senator Goodover

Senator Manley

Senator Manning

Senator Norman

Senator Watt

Chairman Turnage

~~EXHIBIT~~

STANDING COMMITTEE REPORT

April 10 19 70

MR. President

We, your committee on minority Taxation

having had under consideration Senate Joint Resolution Bill No. 39

Respectfully report as follows: That Senate Joint Resolution 39,
introduced bill, be amended as follows:

1. Title, line 6.
Following: "TO"
Strike: "REVIEW"
Insert: "CHANGE"

2. Page 2, line 3.
Following: "to"
Strike: "review"
Insert: "change"

And, as so amended,

DO PASS

R. B.

Senator Brown

Senator Hager

Senator McCallion

Senator Severson

Senator Toole

~~XXXXXX~~

April 10 1979

MR. President

We, your committee on Taxation

having had under consideration House Bill No. 385

Respectfully report as follows: That House Bill No. 385, third reading bill, be amended as follows:

- 1. Title, line 5.
Following: "AUTOMOBILES"
Strike: "AND"
Insert: ", "
Following: "TRUCKS"
Insert: ", MOTOR HOMES, TRAVEL TRAILERS, AND CAMPERS"
- 2. Title, line 6.
Following: "TRADE-IN"
Insert: "OR USED WHOLESALE"
- 3. Title, line 9.
Following: "PLATES;"
Insert: "INCREASING THE NEW MOTOR VEHICLE TAX AND PROVIDING FOR ITS DISTRIBUTION;"

DO-PASS

(Continued)

4. Title, line 10.

Following: "15-6-110,"

Insert: "15-6-111,"

Following: "61-3-317,"

Insert: "61-3-502,"

5. Page 2, line 18.

Following: "automobiles"

Insert: ", motor homes, travel trailers, campers,"

6. Page 2, line 20.

Following: "TRADE-IN"

Insert: "or used wholesale"

7. Page 4, line 9.

Following: "automobiles"

Insert: ", motor homes, travel trailers, campers,"

Following: "(1) Automobiles"

Insert: ", motor homes, travel trailers, campers,"

8. Page 4, line 12.

Following: "TRADE-IN"

Insert: "or used wholesale"

Following: "15-8-111(2)(b)."

Insert: "'Average trade-in' or 'used wholesale' value is that value shown in national sales guides that does not include reconditioning sales costs or dealer markup."

9. Page 4, line 14.

Following: "TRADE-IN"

Insert: "or used wholesale"

10. Page 4, line 16.

Following: "60"

Strike: "40"

Insert: "30"

11. Page 4, line 17.

Following: "automobiles"

Insert: ", motor homes, travel trailers, campers,"

12. Page 4, line 21.

Following: "automobile"

Insert: ", motor home, travel trailer, camper,"

13. Page 4, line 22.

Following: "is"

Strike: "\$10"

Insert: "\$15"

14. Page 4, line 23.

Following: "automobiles"

Insert: ", motor homes, travel trailers, campers,"

15. Page 5, line 4.

Following: "AUTOMOBILES"

Insert: ", motor homes, travel trailers, campers,"

16. Page 5, line 7.

Following: "TRADE-IN"

Insert: "used wholesale"

17. Page 7, line 20.

Following: "automobiles"

Insert: ", motor homes, travel trailers, campers,"

18. Page 3, line 14.

Following: "automobile,"

Insert: "motor home, travel trailer, camper,"

19. Page 3, line 18.

Following: "automobile"

Insert: ", motor home, travel trailer, camper,"

20. Page 3.

Following: line 21

Insert: "Section 9. Section 15-6-111, MCA, IS AMENDED TO READ:

"15-6-111. Class ten property - description - taxable percentage

(1) Class ten property includes:

(a) serial, surface, and portable ski lifts and ski tows, including the towers, cables, ropes, sheave assemblies, conveying devices, power units, and all accessories; and

(b) manufacturing and mining machinery, fixtures, and supplies, except those included in class eighteen; and

~~(c) camper-trailers and truck campers valued in the N.R.A.D.R. recreational-vehicle appraisal guide.~~

(2) Class ten property is taxed at 12% of market value."

Section 9. Section 61-3-502, MCA, IS AMENDED TO READ:

"61-3-502. Sales tax on new motor vehicles -- exemption.

(1) In consideration of the right to use the highways of the state, there shall be imposed a tax upon all sales of new motor vehicles for which a license is sought and an original application for title is made. The tax shall be paid by the purchaser when he applies for his original Montana license through the county treasurer.

(2) The sales tax shall be:

(a) ~~1-1/2%~~ 3% of the P.O.B. factory list price or P.O.B. port of entry list price, during the first quarter of the year or pro-rated one-twelfth for each month or part of month for a registration period other than a calendar year or calendar quarter;

(b) ~~1-1/4%~~ 2 1/4% of the list price during the second quarter of the year;

(c) ~~3/4-2%~~ 1 1/2% during the third quarter of the year;

(d) ~~3/8-of-12~~ 3/4% during the fourth quarter of the year.

(3) If the manufacturer or importer fails to furnish the F.O.B. factory list price or F.O.B. port of entry list price, the department may use published price lists.

(4) The One-half the proceeds from this tax shall be remitted to the state treasurer every 30 days for credit to the state highway account of the earmarked revenue fund and one-half retained by the county treasurer and placed in the motor vehicle suspense fund.

(5) The new vehicle is not subject to any other assessment or taxation during the calendar year in which the original application for title is made.

(6) (a) The applicant for original registration of any wholly new and unused motor vehicle or new motor vehicle furnished without charge by the dealer to the school district for use as a traffic education motor vehicle by a school district operating a state-approved traffic education program within the state, whether or not previously licensed or titled to the school district, except a mobile home as defined in 15-1-101(1), acquired by original contract after January 1 of any year shall be required, whenever such vehicle has not been otherwise assessed, to pay the motor vehicle sales tax provided by this section irrespective of whether the vehicle was in the state of Montana on January 1 of the year.

(b) No such motor vehicle may be registered or licensed under the provisions of this subsection unless the application for registration is accompanied by a statement of origin to be furnished by the dealer selling the vehicle, showing that the vehicle has not previously been registered or owned, except as otherwise provided herein, by any person, firm, corporation, or association that is not a new motor vehicle dealer holding a franchise or distribution agreement from a new car manufacturer, distributor, or importer.

(7) Motor vehicles operating exclusively for transportation of persons for hire within the limits of incorporated cities or towns and within 15 miles from such limits are exempt from subsection (1). Motor vehicles brought or driven into Montana by a nonresident migratory bona fide agricultural worker temporarily employed in agricultural work in this state where those motor vehicles are used exclusively for transportation of agricultural workers are also exempt from subsection (1). Vehicles lawfully displaying a licensed dealer's plate as provided in 61-4-102 are exempt from subsection (1) when moving to or from a dealer's place of business when unladen or laden with dealer's property only, and in the case of vehicles having a gross laden weight of less than 24,000 pounds, while in the process of demonstration in the course of the dealer's business."

Remember: subsequent section

And, as so amended,
BE CONCURRED IN

STANDING COMMITTEE REPORT

April 13 19 79

MR. President

We, your committee on Taxation

having had under consideration House Bill No. 770

Respectfully report as follows: That House Bill No. 770,
third reading bill, be amended as follows:

1. Title, line 9.

Following: "AND"

Strike: "EXEMPTING CERTAIN GOODS"

Insert: "CLARIFYING TAXATION"

2. Title, line 10.

Following: "ZONES"

Strike: "FROM INVENTORY TAXATION"

3. Page 2, line 15.

Following: "Section 4."

Strike: "Foreign-trade zone"

Insert: "Corporations operating foreign-trade zones and their"

Following: "goods"

Strike: "exemption."

Insert: "subject to taxation. (1)"

4. Page 2, lines 16 through 18.

~~XXXXXX~~ Following: "zone"

DO PASS Strike: "that originated from out of state or are destined for out-of-state ports are exempt from"

Insert: "are subject to"

Page 2
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Taxation Committee

5. Page 2.

Following: line 18

Insert: "(2) Private or public corporations operating foreign-trade zones are subject to all taxes imposed upon them under the provisions of Title 15."

And, as so amended,

BE CONCURRED IN

JEAN A. TURRIAGE - CHAIRMAN

STANDING COMMITTEE REPORT

April 12 19 79

MR. PRESIDENT

We, your committee on Taxation

having had under consideration House Bill No. 915

Respectfully report as follows: That House Bill No. 915

STATEMENT OF INTENT

Section 1. It is the intent of the Legislature that the amount of tax anticipation notes authorized in House Bill 915 should not exceed more than \$50,000,000 in each of the 2 fiscal years of this biennium. Further, it is the intent of the Legislature that any notes issued in a fiscal year shall be fully paid before the end of the fiscal year.

Section 2. It is further the specific intent of the Legislature that the passage of this bill will reduce the need for borrowing from other state funds, such as the highway department earmarked revenue, or any of the coal tax trust funds, and that this practice will be curtailed.

Section 3. It is further the understanding of the Senate Taxation Committee of the Legislature that sufficient income will be obtained from investment of the unused portion of any revenues from the tax anticipation notes to offset the interest cost of these notes.

Section 4. It is further the specific intent of the Legislature that no tax anticipation notes shall be issued to refund or pay outstanding notes. In the event sufficient revenues are not available to pay the tax anticipation notes at the end of the 1981 fiscal year, it is the intent of this Legislature that this program shall not be continued.

~~DO PASS~~ And that such Statement of Intent
BE ADOPTED