

MINUTES OF THE HOUSE TAXATION COMMITTEE MEETING
January 14, 1981

Chairman Ken Nordtvedt called the meeting of the Taxation Committee to order at 8:00 a.m. on January 14, 1981 in Room 102 of the State Capitol. The roll was called and all members were present. HOUSE BILLS 121, 27, and 84 were heard and EXECUTIVE ACTION was taken on HB's 13, 17, and 34.

HOUSE BILL 121 was the first to be heard. The sponsor, Rep. Conroy, stated that this bill asks that surplus money in the Local Impact Fund not revert back to the Educational Trust Fund at the end of each Fiscal Year. This will help ensure that sufficient funds will be available for immediate use should they be needed. Alternative Energy Account funds do not revert, and Rep. Conroy did not feel that these funds should revert, either.

James Mockler, Executive Director of the Montana Coal Council, then spoke up in favor of HB 121. He stated that the question the bill addressed was whether or not Local Impact funds were to be provided for. He added that if a major project were started right now, there would be no funds available from the Coal Board. He stressed that the bill did not change the amount of any allocations; it simply allowed the Coal Board to retain up to \$20 million in its account from fiscal year to fiscal year. There were no further PROPONENTS to HB 121.

There were no OPPONENTS to HB 121. Questions followed. Rep. Bertelsen wanted to know how much money came into the Trust Fund in one year, and he was told that in 1980, \$8.8 million worth of funding was authorized from the Fund. Rep. Brand wanted to know what the funding was used for. Rep. Conroy said that another bill had been introduced which asked for \$10 million for highways. Chairman Nordtvedt wanted to know if increases in funding which might exceed what was available in the Local Impact Fund as it is presently set up were anticipated by the Coal Board. Rep. Conroy responded that this was their concern and also he felt that if this bill were not passed, Montana would be put in jeopardy as far as the Federal Government's final decision on the legality of the amount of the Coal Severance Tax was concerned. He stated that he based his opinion on the information contained in copies of the hearings on the severance tax which were being conducted in Washington D. C., which he had in his possession. Rep. Dozier wanted to know how much of the Local Impact Fund was used each year and he was told that all of it was used and that this bill simply allowed the Coal Board to let surplus funds accumulate, so that the Board might have sufficient "up front" money for projects.

Rep. Asay commented as co-sponsor of the bill that almost all of the areas being considered as possible expansion areas were relatively rural and lacked facilities to take care of a large influx of people.

Sufficient money to finance all of the items necessary needs to be available until they have some taxable valuation. Rep. Williams wanted to know, if there was surplus money in the Local Impact Fund at the end of year, why wasn't it being used. Rep. Conroy responded that most of the requests were for grants, and often they amounted to more than the Fund had available by the end of the year. He stressed that the Coal Board wanted to end their catch-up financing and this is what the bill was designed to help them do; it did not try to justify the expenditures that were made. In response to further questioning, Rep. Conroy said that over the past few years, the impact to the School Trust Fund had amounted to about \$3 million. Because of the oil and gas situation, however, the amount of money going into the Education Trust Fund has been on the increase; it tripled in 1980.

Rep. Conroy then closed. He reiterated that they were not asking for more money, the Board just wanted enough money to deal with impact. He questioned why, if there is an impact fund, must bills be introduced to get more front end funding, such as Rep. Dassinger's bill did in a previous session of the Legislature. In his opinion the Local Impact account should just be better funded and thus the reason for HB 121.

HOUSE BILL 27 was then heard. The sponsor, Rep. Keyser, explained that the bill raised the income exemption on personal income taxes from \$800 to \$1,200. He explained that in the last session of the Legislature he had sought to raise the exemption to \$1,000, but due to inflation he has raised the figure to \$1,200. He said that the earlier bill hadn't passed because at the time there hadn't been the surplus in State government revenue that there is today.

There were no other PROPONENTS to HB 27. There were no OPPONENTS to HB 27. Questions were then asked. Rep. Bertelsen asked Rep. Keyser for his opinion on the argument that the income tax indexing bill automatically gave a new exemption figure. Rep. Keyser responded that by statute, it still didn't increase the tax exemptions. He added that the Taxation Committee had the option of setting the amount wherever it wanted. Rep. Williams wanted to know what final ruling was made on the initiative. Chairman Nordtvedt replied that it was understood that it would be clarified to the satisfaction of the Legislature and the Attorney General during this session of the Legislature. Concerning the fiscal impact of the bill, John Clark from the Dept. of Revenue stated that the Fiscal Note had been written with tax indexing taken into account. It was also pointed out that there would be an amendment to the bill to take care of the filing requirements contained in Section 15-30-140 of the MCA's.

Rep. Keyser then closed. The hearing was closed.

HOUSE BILL 84, sponsored by Rep. Dan Yardley was then heard. This bill also raises the tax exemption to \$1,200. Traditionally, Montana had a \$600 rate. In 1975 it went up to \$650; and in the previous session of the Legislature it went to \$800. This bill would reduce the current exemption from \$1,250 to \$1,200. This shouldn't be a significant change from what is being currently taken in by the State. There were no further PROPONENTS.

There were no OPPONENTS to HB 84. Questions followed.

It was confirmed that there was no difference between HB 84 and HB 27.

Rep. Yardley then closed, and the hearing was closed on HB 84. The Committee then went into EXECUTIVE SESSION.

HOUSE BILL 17 was taken into consideration. Rep. Burnett moved that HB 17 DO PASS. Chairman Nordtvedt moved to amend the bill, so that the interest charged on overpayments would be the same as whatever rate was being charged on delinquent taxes due. This would allow the bill to fit into any later changes to the current rate of 9%. Rep. Burnett seconded the motion to amend the bill. There was no discussion. The question was called for and the motion to AMEND HB 17 carried unanimously. The motion of DO PASS AS AMENDED was then voted on and carried unanimously.

HOUSE BILL 13 was then considered. Rep. Harrington moved that HB 13 DO PASS. Discussion followed. Rep. Dozier said that Ken Morrison from the Dept. of Revenue had told him that the former Director of the Dept. of Revenue had wanted this bill introduced. Rep. Sivertsen said that he felt the Dept. of Revenue was apprehensive about being criticized for using its discretionary powers.

Rep. Bertelsen expressed concern that waiving interest due would take revenue away from the State.

It was confirmed that the five-day limit did not always apply; that the bill would apply to the entire Title. Rep. Dozier stressed that the bill was just trying to rectify an inequity. The question was then called for, and the motion carried with Reps. Williams, Bertelsen, Devlin, Underdal and Switzer opposed.

Rep. Bertelsen then moved that HB 34 DO PASS. Discussion followed. Rep. Brand expressed his opposition to deleting Subsection (1) (c) in the bill, stating that there were only a handful of people that deletion of this subsection would affect. Rep. Devlin added that the D.A.V. Representatives he had met with had made no reference to wanting the subsection deleted and hadn't even been considering the

higher income figures listed in the bill.

Rep. Sivertsen then moved and it was seconded that the applicability date in the bill be changed to December 31, 1980. The motion to amend the bill passed unanimously.

Rep. Asay then spoke up in opposition to the language in Subsection (2) (a) of HB 34, stating that he didn't feel it was right to dictate someone's lifestyle. Rep. Dozier expressed agreement with this and added that he didn't feel that Subsection (2) (b) was necessary either. Rep. Williams pointed out that this language was fairly uniform throughout the Codes.

Rep. Devlin said that he thought that the word "occupant" should be left out of Subsection (b). Rep. Asay moved to delete Subsection (2) (a). The motion failed with Reps. Dozier and Asay voting in favor of it. Rep. Underdal then moved to strike the word "occupant" in Subsection (2) (b). Rep. Oberg expressed his opposition to the motion on the grounds that even the Veterans didn't have these rights and therefore the widows shouldn't have them either. The question was then called for on Rep. Underdal's motion to amend HB 34. The motion failed with Reps. Brand, Underdal and Dozier in favor of it. The question was then called for on the motion of DO PASS HB 34 AS AMENDED. Motion carried unanimously.

The Chairman announced that a Subcommittee would be appointed to sort through the "fee system" bills which the Committee would be considering. The meeting was adjourned at 9:15.

Rep. Ken Nordtvedt - Chairman

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January 14, 1981

To: House Taxation Committee

From: Rep. Tom Conroy

Re: HB 121

The following amendments are necessary to bring HB 121 into full compliance with the intent of the Act.

Page 1, Line 8: following "90-6-202" insert: 90-6-205,

Page 2, following line 23 insert:

90-6-205. Coal board — general powers. The board may:

- (1) retain professional consultants and advisors;
- (2) adopt rules governing its proceedings;
- (3) consider applications for grants from the local impact and education trust fund account; and
- (4) award grants, subject to 90-6-207, ~~not to exceed in any one year seven-elevenths and after June 30, 1979, seven-fifteenths of the revenue paid into the local impact and education trust fund account,~~ to local governmental units and state agencies to assist local governmental units in meeting the local impact of coal development by enabling them to adequately provide governmental services and facilities which are needed as a direct consequence of coal development. ~~As used in the preceding sentence, "revenue paid" does not include interest income from the account reinvested in the account in trust for the public schools and the university system.~~

Coal Board Funding Reversions

1979	1,888,169.89
1980	1,072,896.87
	<hr/>
	2,961,066.76

	<u>Authorized Funding*</u>	<u>Granted</u>
FY 1976	3,612,234.09	132,379.00
77	6,692,106.00	6,612,137.81
78	6,038,263.00	4,909,822.81
79	7,259,758.00	3,573,976.05
80	8,867,492.00	7,825,750.34

*This is the amount actually authorized by the Legislature. The Coal Board didn't always receive this amount though. The two above reversions are the only actual ones that took place.

Montana Coal Board Grants

<u>Date</u>	<u>No.</u>	<u>Name</u>	<u>Granted</u>	<u>Expended as of 4/10/78</u>	<u>Balance 4/10/78</u>
	02/03	Colstrip	100,000.00	93,696.97	6,303.03
	02	Colstrip Elementary School	449,921.58	449,921.58	-0-
	03	Colstrip High School	317,185.00	317,185.00	-0-
	04	Ashland Elementary	800,000.00	550,954.00	249,046.00
	05	Rosebud School District	465,000.00	456,254.77	8,745.23
	06	Rosebud County Planning	32,000.00	32,000.00	-0-
	07	Forsyth Elementary	2,500,000.00	866,994.44	1,633,005.56
	08	Forsyth High School	27,000.00	27,000.00	-0-
	09	Forsyth Water Treatment	615,000.00	615,000.00	-0-
	10	Forsyth Water Pumping	150,000.00	-0-	150,000.00
	12	Forsyth Sewage	25,000.00	-0-	25,000.00
	14	Colstrip Sewer Treatment	538,000.00	401,963.98	136,036.02
	15	Ashland Water & Sewage	71,080.00	71,080.00	-0-
	16	Rosebud County Jail	100,000.00	-0-	100,000.00
	17	Hardin Sewer Lagoon	231,135.00	19,262.50	211,872.50
	18	Hardin Capital Equipment	128,154.76	128,154.76	-0-
	19	Lodge Grass Capital Equipment	125,250.00	125,250.00	-0-
	20	Hysham Water Distribution	388,440.00	388,440.00	-0-
	*22	16th Judicial District	29,000.00	27,977.60	1,022.40
	*24	Lodge Grass Water Line	171,872.28	171,556.18	316.10
	27	Forsyth Cap. Equipment	154,682.53	154,682.53	-0-
	28	Hardin Elementary	2,041,648.00	1,791,115.10	250,532.90
	*29	Hardin High School	1,168,000.00	1,167,999.99	.01
	30	Treasure County	7,695.00	7,695.00	-0-
	*31	Sage Brush Library	61,100.00	51,272.00	9,828.00
	33	Miles Community College	1,529,663.00	81,536.00	1,448,127.00
	*37	Colstrip Street Cleaner	83,000.00	82,102.56	897.44
	38	Colstrip Water Treatment	656,600.00	28,121.41	628,478.59
	*42	Dawson County Census	11,500.00	11,108.34	391.66
	43	McCone County Planning	42,500.00	5,175.00	37,325.00
	46	Hardin Water System	260,900.00	52,373.02	208,526.98
	47	Hardin Sewer	416,978.55	237,719.80	179,258.75
	55	Hysham Sewer System	56,500.00	49,020.59	7,479.41
	57	Forsyth Municipal Water	87,000.00	81,331.71	5,668.29
	*58	Forsyth Capital Equipment	58,500.00	44,273.06	14,226.94
	59	Colstrip Elementary Equipment	38,544.70	-0-	38,544.70
6-1-77	60	Rosebud County Sewer	51,000.00	37,758.08	13,241.92
1-14-77	*61	Treasure County Patrol Car	7,768.00	6,667.31	1,100.69
10-10-77	*62	Ashland Volunteer Fire Dept.	45,000.00	44,741.00	259.00
9-6-77	63	Lodge Grass Capital Equipment	60,619.95	60,619.95	-0-
1-77	64	Forsyth Solid Waste System	145,000.00	-0-	145,000.00
10-78	68	Tri-County Solid Waste	289,859.56	-0-	289,859.56
11-77	69	Big Horn County Courthouse	416,000.00	-0-	416,000.00

\$14,954,097.91

\$8,738,004.23

\$6,216,093.68

These grants are 100% complete. The excess is returned to Coal Board.

56	Laurel Water & Treatment	483,722
72	Hysham Capital Equipment	49,982
74	Custer Co. Water & Treatment	358,000
75	Forsyth School Equipment	193,230.05
76	Forsyth High School Equip.	291,590.22
78	Hardin Capital Equipment	57,388
79	Treasure Co. Planning	17,000
80	Colstrip Com. Services Facility	324,526
81	Forsyth Capital Equipment/Truck	27,000
83	Big Horn Co. Rural Fire Equip.	75,000
85	Ashland Water & Sewer Dist.	51,472
90	Lame Deer School Dist.6/ Comp. Plan	18,420
86	Forsyth Public Schools/ Remodeling & equip.	35,000
87	Treasure Co. Shop Complex	303,150
89	Hardin Cap. Equipment/ Black Topper & Truck	22,000
54	Laurel Public Schools	228,825
91	Mt. State Library/Equip. & Membership	82,600
93	City of Billings/Planning Grant for Impact Study	50,000
94	Laurel Sewer Line Extension & Equipment	231,419
99	Hysham Water Renovation	101,900
103	Ashland Sewer Repair	101,400
95	Hardin Water Line Replacement	469,353
100	Big Horn Co. Law Enforcement Communication Equipment	38,900
109	Colstrip Public Schools Education Facilities Planning	34,500
111	Colstrip Fire Truck	51,750

113	Financial Assessment System	44,000
114	Glendive Street Paving	40,000
107	Forsyth High School Remodeling and Additions	1,750,000
115	Red Lodge Comprehensive Plan	7,362
117	Rosebud Co. Law Enforcement Equipment and Services	54,962
119	Spring Creek Water & Sewer Fac.	200,000
120	Rosebud Co. Mental Health Services	25,000
122	Lame Deer Public Schools Construction	450,000
123	Rosebud Co. Gravel Crushing Equip.	189,249
124	Colstrip Elementary School New Construction	1,500,000
125	Colstrip High School New Construction	1,400,000
126	Forsyth City Hall	225,000
128	Rosebud Co. Emergency Medical Serv.	2,180
129	Rosebud Co. Juvenile Probation Officer (3 years)	54,000
132	Rosebud Co. Rural Special Improve. District #74	675,000
121	Hardin Storm Sewer System Improve- ment Study	10,000
131	Dept. of Community Affairs Field Assistance Office	50,000
133	Town of Hysham, Building Addition	21,292
135	Treasure Co. Law Enforcement Vehicle and Services	27,354
137	Treasure Co. Capital Equipment	35,000
138	Rosebud Co. RSID 74, Transmission Water Main	103,725
139	Rosebud Co. RSID 74, Water Storage Reservoir	312,925
136	Big Horn County Nursing Home	250,000
142	Rosebud Co. RSID 74, Colstrip Consol. Water & Sewer Develop. (140,141,142 Combined)	404,850

25,228,978

STANDING COMMITTEE REPORT

February 6, 1951

MR. SPEAKER

We, your committee on TAXATION

having had under consideration HOUSE Bill No. 121

A BILL FOR AN ACT ENTITLED: "AN ACT TO CLARIFY PROVISIONS RELATING TO THE LOCAL IMPACT AND EDUCATION TRUST FUND; PROVIDING FOR THE DISPOSITION AND INVESTMENT OF UNEXPENDED BALANCES IN THE LOCAL IMPACT FUND; AMENDING SECTIONS 15-35-108, 90-6-202, 90-6-207, AND 90-6-211, MCA."

Respectfully report as follows: That HOUSE Bill No. 121

1. Title, line 7.
Following: "IMPACT"
Strike: "FUND"
Insert: "ACCOUNT"
2. Page 2, lines 12 and 13.
Following: "trust"
Strike: "fund" on line 12 through "constitution" on line 13
Insert: "account in the earmarked revenue fund"
3. Page 2, line 24.
Following: "trust"
Strike: "fund"
Insert: "account"

DO PASS

(Page 1 of 2 pages)

February 6,

19 51

COMMITTEE ON TAXATION AMENDMENTS TO HOUSE BILL 121

4. Page 3, line 2.

Following: "trust"

Strike: "fund"

Insert: "account"

5. Page 3.

Following: line 23

Insert: "(3) There is within the earmarked revenue fund an education trust account."

6. Page 5.

Following: line 15

Insert: "(3) All funds placed in the local impact account established under this part, subject to the limitations imposed by 90-6-211 and [section 6], are subject to appropriation by the legislature for use related to local impact or for transfer or reversion to a trust account for education."

7. Page 5, line 18.

Following: "trust"

Strike: "fund"

Insert: "account"

8. Page 5, line 19.

Following: "trust"

Strike: "fund"

9. Page 6, line 2.

Following: "trust"

Strike: "fund"

Insert: "account"

10. Page 6, line 9 through line 11.

Following: "purpose" on line 9

Strike: "as" on line 9 through "constitution" on line 11

11. Page 6, line 18.

Following: "deposited"

Insert: "or reverted"

Following: "trust"

Strike: "fund"

Insert: "account"

12. Page 6, line 23.

Following: "impact"

Strike: "fund"

Insert: "account"

AND AS AMENDEDDO PASSSTATE PUB. CO.
Helena, Mont......
Rep. Ken Nordtvedt,

Chairman.

STANDING COMMITTEE REPORT

January 27, 19 51

MR. SPEAKER:

We, your committee on TAXATION

having had under consideration HOUSE Bill No. 121

A BILL FOR AN ACT ENTITLED: "AN ACT TO CLARIFY PROVISIONS RELATING TO THE LOCAL IMPACT AND EDUCATION TRUST FUND; PROVIDING FOR THE DISPOSITION AND INVESTMENT OF UNEXPENDED BALANCES IN THE LOCAL IMPACT FUND; AMENDING SECTIONS 15-35-100, 90-6-202, 90-6-207, AND 90-6-211, MCA."

Respectfully report as follows: That HOUSE Bill No. 121, introduced (white), be amended as follows:

1. Title, line 8.
Following: "90-6-202,"
Insert: "90-6-205,"
2. Page 3, line 23.
Following: line 23
Insert: "Section 3. Section 90-6-205, MCA, is amended to read:
"90-6-205. Coal board - general powers. The board may:
(1) retain professional consultants and advisors;
(2) adopt rules governing its proceedings;
(3) consider applications for grants from the local impact and education-trust-fund account; and
(4) award grants, subject to 90-6-207, not-to-exceed-in-any-one year-seven-elevenths-and-after-June-30, 1979, seven-fifteenths-of the-revenue-paid-into-the-local-impact-and-education-trust-fund account, to local governmental units and state agencies to assist local governmental units in meeting the local impact of coal development by enabling them to adequately provide governmental services and facilities which are needed as a direct consequence of coal development. As-used-in-the-preceding-sentence, "revenue-paid" does not include interest income from the account reinvested in the account in-trust-for-the-public-schools-and-the-university-system."

COMMITTEE ON TAXATION AMENDMENTS TO HOUSE BILL 121

Renumber: subsequent sections

3. Page 5, line 22.
Following: "exceed \$"
Strike: "20"
Insert: "10"
4. Page 5, line 23.
Following: "of \$"
Strike: "20"
Insert: "10"

AND AS AMENDED
DO PASS

Rep. Ken Nordtvedt - Chairman

