

MINUTES OF THE HOUSE TAXATION COMMITTEE  
January 23, 1981

A meeting of the House Taxation Committee was held on January 23, 1981 at 8:00 a.m. in Room 102 of the State Capitol. All members were present except Reps. Burnett and Harrington, who were absent. HOUSE BILLS 160, 223, 46, and 156 were heard.

HOUSE BILL 160, sponsored by Rep. Sales, was heard first. This bill deals with the same subject as HB 34, the changing of the tax classification for the homes of honorably discharged, disabled Veterans. HB 34 adds to the amount of the income required for the exemption, and HB 160's approach is to put disabled Veterans' homes back into the lower classification, where they would pay 3% instead of 8.55%. He would like to have this bill also sent to the Senate, so that both approaches could be looked at, and possibly combined. Many disabled Veterans are left off of a tremendous tax advantage they had before the reclassification and he knows this wasn't intended by the Legislature.

There were no other PROPONENTS to HB 160.

Fred MacKintosh, Senior Vice Commander, Disabled American Veterans, Department of Montana, then rose in OPPOSITION to HB 160; see prepared statement Exhibit "A." An opponent from the VFW then rose, stating that that group's objection to HB 160 would be withdrawn if the language on Page 1, lines 24 and 25 was amended to conform with the language in HB 34.

Walter Peck, from the DAV, then spoke as an OPPONENT to HB 160. He stated that the bill defeats the purpose of the original law, which was not given as a compensation or a form of relief, but was passed as a "thank-you" for service to the country.

Questions were then asked. Rep. Williams asked Rep. Sales if he would mind if the Taxation Committee went ahead with HB 34 instead of changing the classification. Rep. Sales replied that he would not, but this bill would just be returning the law to its original language. It was stated that the Attorney General took out the reference that was trying to keep the rate at 3%. Discussion then took place regarding putting the amendment on the Senate bill and forming a conference committee.

Rep. Sales then closed. He stressed that this bill should be also sent to the Senate. The hearing on HB 160 was closed.

HOUSE BILL 223 was then heard. The sponsor, Rep. Schultz, explained the bill and presented several amendments which would help eliminate any confusion in reading the bill; see prepared statement Exhibit "B." Rep. Schultz also distributed a handout showing how Coal Tax money was allocated; see Exhibit "C."

The first PROPONENT to speak was Ray Beck, Montana Association of Conservation Districts; see written testimony Exhibit "D."

Bill Jones, a rancher from Harlowton, and involved with the Conservation Districts, then spoke. They have been given a big responsibility and additional funding is needed to fulfill this responsibility. Where the railroad has pulled out, the Districts are put in a financial bind. No studies or plans will be made if funding isn't available. He recommended a DO PASS on HB 223.

Dale Marxer, President of the Montana Association of Conservation Districts, then spoke up in support of the bill. He outlined the advantages that the bill would have for Cascade County. The saline seep program could use some financial assistance for the Districts to tackle it on a state-wide level. The supervisors aren't asking for pay, just for some help to do their job in conserving soil and water.

Russell Hudson, Chairman of the Board of Supervisors, Lincoln Conservation District, then spoke. Their budget is derived from a 1.5 mill levy. He spoke up in support of local control. He outlined problems that needed money to be solved in his District and added that they don't have the funding to carry out these projects. A 2% earmarked fund from the severance tax would help to solve these problems. See written testimony Exhibit "E." In addition, a booklet entitled, "Lincoln Conservation District for 1980, Long Range Plan" was distributed (see bulky testimony file).

Richard Ormsbee, from Bitterroot Conservation District, then spoke up in support of HB 223. A long range plan book for the Bitterroot Conservation District was also distributed; see "Bulky testimony" file. There has been an increase in population in his District and the impact of this has been severe and it is increasing, and this problem can't be attacked with present funding. Tom Murphy outlined what they would like to do in this District if they had the money. He stated that the Bitterroot River as it is is becoming a public liability. In conclusion he stated that any help they could get would be appreciated.

Rep. Underdal spoke up in support of the measure as co-sponsor. The individual can't afford to put up the necessary money even though he knows it is for a good cause.

Rep. Neuman also rose in support of the bill. The people in his District are concerned about water conservation projects. The Districts are taking the load in addressing this and funding is in order for this reason. He added that Conservation Districts are well-qualified to take care of many of the things that want to be funded by the Coal tax.

Senator Dover then rose in OPPOSITION to HB 223. He stated that he didn't oppose the concept that the Districts brought up, but he was concerned about the impact upon the Alternative Energy Fund Grant Program. The Fund was established to help develop alternative energy; this area is very important and needs to retain funding. About \$5

million in grants has been awarded, which will generate \$62 million in matching funds and 240 jobs for Montana from the Alternative Energy Program. We need to watch what we are doing with the funds, because it could have an impact upon agriculture, which is just getting started on utilizing the potentials of alternative energy.

Tom Harrison, Montana Association of Oil, Gas and Coal Producing Counties, rose in opposition to the bill. He doesn't oppose the concept of the bill or the Conservation Districts, but is concerned about reallocating coal money. They want to know if the severance tax is going to stand on its own, and reallocating coal money makes it look like a case of the Legislature being arbitrary with money that isn't needed.

Margaret MacDonald from the Northern Plains Resource Council then rose in opposition to the bill. She is not opposed to the good work and services the Conservation Districts have provided. Their concern is with the reduction in funding to the Alternative Energy Program. In terms of agriculture being the original renewable energy business, the part renewable energy can play to help agriculture needs to be analyzed. This bill, therefore, would be robbing Peter to pay Paul. Many of the energy products projects are directed at agriculture. If the Conservation Districts were really in trouble, Alternative Energy wouldn't have any excuse to want to keep its funding. Renewable alternative energy represents a "shot in the arm" to agriculture.

Senator Tom Towe then spoke. He endorsed the concept of the bill and urged funding of Conservation Districts. However, he suggested that they find a different source of revenue, perhaps from the Constitutional Trust Fund. He is opposed to changing the existing funding out of the Coal Tax. We shouldn't make major revisions of the "coal pie" as it relates to Alternative Energy. Alternative Energy and Research programs have brought an awareness to Montana of how to reduce reliance on fossil fuels and increase reliance on renewable resources. The Program is one of the best in the nation and we shouldn't throw that out the window. Two years ago the Program received a major overhaul and it is worthy of continued support.

David Oien, board member of AERO and the Pondera Solar Alliance, then spoke. This bill puts the Alternative Energy Program into conflict with Soil Conservation Districts and this is unfortunate. It is true that some of the Districts need more funding, but they also get part of the severance tax and county levies. He pointed out that this bill doesn't ask for \$1 million on an annual basis but 2%. He outlined the benefits the Alternative Energy Program has brought to the State of Montana and stressed that much more is needed to be done. He pointed out that development of the Renewable Energy sources is directly tied with the success of farming in Montana. The Coal Tax is levied on an exhaustible resource and when the coal door closes,

alternatives will be needed. He spoke up in support of the Severance Tax, and the fact that the development of alternative energy was a good argument for retaining it.

Bill Melton, a rancher from Musselshell County, then spoke. This bill is trying to put two good programs at odds, and this doesn't make sense.

Leo Berry, Director of the Dept. of Natural Resources, then spoke, stating that a 40% reduction in the Alternative Energy Program's funding would have a severe impact, especially if SB 141 passed. However, he added that the Conservation Districts do need more money, but if another source of funding could be found, it would be preferable. He stressed that if the Committee did pass this bill, only 1% of the money should be moved to the Conservation Districts. Also, a new section is needed to provide a mechanism for fund distribution. He stated that currently 50% of the Conservation Districts are using their 1.5 mill limit, and many of them average around 1 mill. He pointed out that other funds are available for the Conservation Districts through the General Fund.

Chairman Nordtvedt requested that a Statement of Intent be submitted by the Dept. of Natural Resources.

Rep. McBride then spoke up in opposition to the bill. However, she stated it was not because she was opposed to the Conservation Districts. Any shifting of the coal tax might undermine its defense.

Questions were then asked. Rep. Roth asked Mr. Berry how much money was not granted as of January, 1981 out of the Alternative Energy Fund. Mr. Bill Goznell then replied that of the \$5 million remaining in the earmarked account, \$2.1 million has already been tentatively identified.

Rep. Hart pointed out that half of the Conservation Districts had not used their 1.5 mill. Rep. Sivertsen then asked Rep. Schultz if the Legislature allowed counties to impose more than 1.5 mills in areas where it was needed. It was replied that some Districts were already up to 2.46 mills, which is an illegal, but necessary, level. Mr. Beck added that also 20% of the Districts can't get their 1.5 mills, because the County Commissioners won't give it to them. Also, many Districts don't levy their 1.5 mills, because it wouldn't put them in a better enough position to do anything with the money.

Rep. Sivertsen expressed concern that the local governments should have more accountability. He asked Mr. Berry how much of Alternative Energy money went to administrative costs. Mr. Goznell replied that 6 FTE's were presently totalling 12% of the overhead.

Rep. Neuman then asked if the increased costs to the Conservation Districts were the result of State-mandated programs, and if it was

fair for the local taxpayers to pick up the cost of these programs. Mr. Hudson replied that it was his personal feeling that it wasn't. It would be more fair if there was state support of the programs. Rep. Neuman then asked Mr. Berry if the Governor's water development plan would include funding for the Conservation Districts. He replied that the way the package was presently put together, money would be made available upon application; however, the Districts wouldn't receive any funds out of that program for five or six years.

Rep. Vinger brought up the possibility that Coal Tax revenues would be increasing in the future, and this would make up for the 2% decrease in funding to Alternative Energy.

Rep. Sivertsen then asked Mr. Goznell if the Alternative Energy Program had a definite budget plan, or if money was distributed on a request basis. He replied that a program was followed, which had priority areas of interest. Unsolicited grants are reviewed in light of the program plan concept.

Rep. Devlin asked Mr. Berry if the amount of the money being put in locally would help determine how much money the Districts would get from the state under the proposed amendments. He was advised that there is a Resource Advisory Council which would review grant proposals from counties over their 1.5 mill limits.

Rep. Schultz then closed. He said that raising local taxes was not popular and the increase in funds from a greater mill levy would still not make enough money to make good use of. Maybe the Coal Tax question is a serious one, but the Soil Conservation Districts are important and they need help. If agriculture is successful, alternative sources of energy will always be available. He added that the 3 mill special project levy can only be assessed on a project basis. The hearing on HB 223 was then closed.

HOUSE BILL 46, sponsored by Rep. Nordtvedt, was then heard. He explained that both HB 46 and 156 needed to be considered together, and one or the other needed to pass; perhaps not both, because they both attacked the same problem. Inflation distorts the earnings of any business that has depreciable property, and the true cost of doing business is being inflated. This bill is a form of indexing for inflation of depreciation. Information was circulated describing what goes on; see Exhibit "F." This bill will end false earnings. If one wanted to properly take care of the inflation problem, this bill would do it.

Gary Langley, from the National Federation of Independent Businesses (NFIB), then rose in support of HB 46. A ballot vote taken last year in his Federation indicated that 85% of the respondents wanted a concept such as this bill proposes.

Janelle Fallan from the Montana Chamber of Commerce then rose in support of the bill.

John Clark, Dept. of Revenue, rose as neither a PROPONENT nor an OPPONENT. He stated that he felt that HB 156 would be the better alternative administratively. He added that at least five more auditors would have to be added to take care of the increased work load this bill would generate.

Questions were then asked. Rep. Roth stated that the cost benefit ratio needed to be taken into consideration.

In response to a question from Rep. Williams, Rep. Nordtvedt stated that he had some idea of HB 46's fiscal impact, but it had not been fully computed yet. Rep. Nordtvedt then closed. If nothing else, he stressed that he wanted the Committee to be convinced that inflation prevents a person from recapping all of his costs, and this bill is the technically correct way of dealing with this.

HOUSE BILL 156, sponsored by Rep. Nordtvedt, was then heard. He distributed a handout describing the bill; see Exhibit "G." This bill deals with two tax credits presently on the Montana code books. He stated that within this bill a way is found to give more credit to those businesses willing to expand their operations. He suggested the following amendments: (1) Page 2, line 4. Strike: "if the total amount" and insert: "on the amount if any;" and (2) Page 2, line 5. After "business" insert: "which." The bonus credit is being given to extra investments above depreciation. These two important purposes are covered: (1) adjustment for effective inflation on depreciable property, and (2) stimulation to businesses willing to expand.

Rep. Hart then rose as a PROPONENT and also as co-sponsor of the bill. Any time incentive can be given for businesses to expand, compensation for the risk is in order.

Janell Fallan, Montana Chamber of Commerce, then spoke up in favor of the bill. However, the part making investment more than depreciation, they have a problem with. For investment to actually exceed depreciation, a business would have to be pumping incredible amounts of money in and incurring a great deal of debt. The bill could be amended so that the investment would have to equal about 20% of depreciation and this would still be a good growth rate for a business. The bill presently would apply to very few businesses, she submitted.

Gary Langly, FNIB, then spoke; based on their survey, they would support the bill.

Rep. Asay then rose as a PROPONENT.

John Clark from the Dept. of Revenue then spoke up, neither as a proponent nor as an opponent. This bill would be much simpler to carry out than HB 46. He would like to see the definition of invest-

ments clarified to the type that qualify under the IRS.

There were no OPPONENTS to the bill. Questions were then asked. Rep. Hart had a question regarding the possibility of making the depreciation at a quicker rate of return. Rep. Nordtvedt explained that there was a move at the Federal level for a faster depreciation. He stated that it was important for simplicity's sake that Montana not adopt a different depreciation schedule from the Federal government.

Rep. Nordtvedt then closed. The tax credit that is being proposed will go to the new business starting up and to the existing business that is going into an expansion mode. He stated that the remarks made by Ms. Fallan dramatize what is going on in the country. People aren't reinvesting in what is depreciating and this needs to be turned around. The economic climate will be greatly improved with passage of HB 156. The hearing was then closed.

Control of the meeting was relinquished to Rep. Nordtvedt, and EXECUTIVE ACTION was taken on HB 36. Rep. Hart moved that it DO PASS. Discussion followed. It was Rep. Brand's understanding that the Co-op's will be exempted under this bill. He added that Montana's Congressional delegation will present this bill to Congress upon passage.

Rep. Nordtvedt reminded the Committee that an amendment has been proposed to change "entity" to "agency."

Rep. Williams questioned Rep. Brand's assumption that the Rural Electric Co-operatives were exempt, since they were created by the government. He expressed hope that they wouldn't be included in the bill. Rep. Bertelsen suggested that the bill be amended to make sure this was clear. The Chairman instructed Mr. Oppedahl, the Committee's Legislative Council representative, to compose an amendment.

HOUSE BILL 204 was then considered. Rep. Devlin moved that it DO NOT PASS. He stated that he felt the value of the boat would not be taken into consideration, and those counties with many boats would be impacted negatively. Rep. Nordtvedt stated that the Fiscal note indicated that revenue would go up. Rep. Bertelsen stated that if the Committee does not go along with this bill, it will be continuing to establish different kinds of taxing for similar property.

Rep. Dozier then spoke up in support of Rep. Devlin's motion because he is opposed to the fee system. Under the advalorem system, counties have the option of changing revenue amounts, but under the fee system, they don't have this option.

Rep. Switzer then spoke up in support of the motion. Rep. Brand expressed opposition to the motion, because boats were the only things that were deleted from the law when it was enacted, and these people deserve the same type of taxation as everybody else. Rep. Williams

stated there was a flaw in the bill in that the method would be being set on a length basis; he suggested that the Committee find a better way of valuing boats. Rep. Roth stated that boat valuation wasn't comparable to trailer house valuation, so she is in opposition to the bill.

Rep. Nordtvedt opposed the DO NOT PASS motion because the Legislature already has taken an approach to going to the fee system on typically mobile property, and a fee system makes arbitrary assessing less of a factor.

Rep. Oberg then stated that if the bill is passed, an amendment should be included to tax sailboats on this basis also.

The question was then called for and the motion failed 6 - 10; see roll call vote. The bill was tabled until Executive Session could be held at the next meeting. The meeting was then adjourned.

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Rep. Ken Nordtvedt - Chairman

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VISITORS' REGISTER

## HOUSE

COMMITTEE

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NAME	RESIDENCE	REPRESENTING	SUPPORT	OPPOSE
Tom Clark	St. Paul	St. Paul		
McKintosh, Fred J.	Helena, MT.	D.A.V.		
	Procon HB-160 Tabled & Approve HB-160			
Harmon F. Welliver	Helena, MT.	D.A.V.		
	Proper HB-160 Tabled & Approve HB-34			
Walter H. Pick	Seneca	D.A.V.		
	Table HB-160 approve H. 334			
Frank Lewis	Kill 160 pass H. 334			
Ken Clark	Table <sup>H.B.</sup> 160 pass H. 334			

IF YOU CARE TO WRITE COMMENTS, ASK SECRETARY FOR LONGER FORM.

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

NAME FREDERICK JOHN MACKINTOSH BILL NO. HB-160  
ADDRESS 6390 BIRDSFIRE Rd, HELENA DATE 1/23/81  
WHOM DO YOU REPRESENT DEPT. OF MONTANA D.A.V.  
SUPPORT \_\_\_\_\_ OPPOSE \_\_\_\_\_ AMEND \_\_\_\_\_

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

*Frederick John Mackintosh  
6390 Birdsfire Rd, Helena  
Montana D.A.V.*

HEARING- FRIDAY, JANUARY 23, 1981

I am Frederick J. MacKintosh, Senior Vice Commander, Disabled American Veterans, Department of Montana. It is our position that veterans who honorably served this nation and who have been rated as 100% disabled by the Veterans Administration should not be put in the same class with other citizens who may or may not be veterans and who have not suffered from service incurred disabilities rated as 100% by the Veterans Administration. These are the veterans that lost their health with loss of limbs, eyesight, deafness and so forth while serving in Uncle Sam's uniform during war time. We feel the State of Montana should carry out the intent of the original law as it did prior to the admitted mistake as reported by the press following the forty sixth legislature. The intent of the original law (honorarium) providing property tax relief for those residents of the state, who had been honorably discharged from active service, in any branch of the Armed Forces, who are rated one hundred (100%) per cent disabled due to a service connected disability by the Veterans Administration, was specifically intended to be a benefit in the nature of a reward for those honorably discharged veterans who had suffered a totally disabling 100% disability during war time service. We feel that HB 160 should be tabled in favor of HB 34, which has already passed the House unanimously.

Helena, Montana  
January 23, 1981

TO: HOUSE COMMITTEE ON TAXATION  
FROM: Harrison F. Welliver  
RE: H.B. 160

The 1979 Legislature enacted various pieces of legislation in an attempt to up-date laws covering taxation. During this process the law establishing a tax break for 100% disabled veterans was repealed.

The legislation which was enacted is now codified as 15-6-211, RCM. To qualify for a tax break under this law a veteran must have been honorably discharged, be rated 100% disabled due to a service connected disability, and have an annual income from all sources of not more than \$7,000.00 for a single person and \$8,000.00 for a married couple.

The Attorney General's Opinion covering this law is being interpreted to mean that "all sources" includes the disabled veteran's disability compensation which automatically makes him ineligible for any type of tax relief under this law.

House Bill 160 contains almost identical wording and would offer no tax relief for the disabled veteran.

Disability compensation is not a pension. It is excluded from taxation by the State and Federal governments. It is inappropriate to consider it as income as set forth in House Bill 160.

House Bill 34 has already been passed, and is presently in the Senate Committee on Taxation. House Bill 34 is a good bill and adequately covers the situation; WHEREAS, House Bill 160 is in no way an improvement over the present law and should be killed.

"OUR RECOMMENDATION THAT H.B. 160 DO NOT PASS IS RESPECTFULLY REQUESTED.

Thank you.

Harrison F. Welliver  
1073 Rimini Dr.  
Helena, Montana 59601

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IF YOU CARE TO WRITE COMMENTS, ASK SECRETARY FOR LONGER FORM.

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

MR. CHAIRMAN, AND MEMBERS OF THE COMMITTEE, FOR THE RECORD, MY NAME IS JAMES SCHULTZ, REPRESENTATIVE FOR DISTRICT 48.

THE BILL THAT I PRESENT TO YOU THIS MORNING IS H. B. 223. I AM SORRY TO BRING YOU AN AMENDED BILL, BUT UPON LOOKING THE BILL OVER, AFTER IT WAS PRINTED, THE LEGISLATIVE COUNCIL LEGAL RESEARCHER RECOMMENDED THE AMENDMENTS I HAVE PASSED OUT TO YOU. THEY DO NOT CHANGE THE BILL BUT THEY ELIMINATE ANY CONFUSION IN READING THE BILL.

CORRECIED

READING THROUGH THE BILL--

"AN ACT TO REALLOCATE THE COAL SEVERANCE TAX BY REDUCING THE AMOUNT TO ALTERNATIVE ENERGY RESEARCH AND ALLOCATING A PORTION OF THE TAX TO CONSERVATION DISTRICT OPERATIONS; AMENDING SECTION 15-35-108 MCA."

THE REST OF THE AMENDMENTS ARE ON PAGE 4. ON LINE 7, INSERT (J) 2% TO THE EARMARKED REVENUE FOR CONSERVATION DISTRICTS. RENUMBER SUBSEQUENT SUBSECTION. PAGE 4 - LINE 10-FOLLOWING STATE STRIKE THE SEMICOLON, INSERT PARENTHESES. PAGE 4 LINES 11 AND 12 FOLLOWING LINE 10--STRIKE SUBSECTION (K) IN ITS ENTIRETY.

MEMBERS OF THE COMMITTEE, CONSERVATION DISTRICTS WERE BROUGHT INTO BEING DURING THE 30'S WHEN THE UNITED STATES WAS LOSING OUR MOST PRECIOUS NATURAL RESOURCE--"THE NATION'S SOIL" AT A DESTRUCTIVE RATE THAT SOON WOULD REDUCE THE CENTRAL AND WESTERN REGIONS OF THE NATION TO A DESERT.

MONTANA SOIL CONSERVATION DISTRICT LAW WAS PASSED BY THE 26TH ASSEMBLY IN 1939.

MONTANA SOIL CONSERVATION DISTRICTS ARE LEGAL SUBDIVISIONS OF STATE

HOUSE BILL 223  
PAGE 2  
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GOVERNMENT, RESPONSIBLE UNDER STATE LAW FOR CONSERVATION WORK WITHIN THEIR BOUNDARIES, JUST AS SCHOOL DISTRICTS ARE RESPONSIBLE FOR EDUCATION.

PRESENTLY THERE ARE APPROXIMATELY 14,500 COOPERATOR'S WITH 43,550,000 ACRES OF LAND. IN THE PAST 40 ODD YEARS THE RESPONSIBILITIES, BOTH FINANCIAL AND LEGAL HAVE BEEN AN EVER INCREASING LOAD ON OUR LOCAL DISTRICTS.

SUCH RECENT DEVELOPMENTS AS WATER QUALITY ASSESSMENTS, GREAT PLAINS AND RANGELAND RESOURCE LOAN PROGRAMS, PIPE LINES, SALINE SEEP, STREAM BANK EROSION, HUNDREDS OF DEVELOPMENTS TO BENEFIT MUNICIPALITIES, SCHOOLS, HOSPITALS, CITY, COUNTY PLANNING AND MANY OTHER AREAS OF RESPONSIBILITY, HAVE EXPANDED THE DISTRICTS DEMAND A HUNDRED FOLD.

ONE FACTOR THAT MUST BE PARAMOUNT IN OUR CONSERVATION PROGRAM IS THE NATION'S SOIL AND WATER. WE CANNOT MAKE ANY MORE. NO ONE KNOWS HOW LONG IT TAKES NATURE TO DEVELOP AN INCH OF TOP SOIL BUT THE SCIENTIFIC ESTIMATES RANGE FROM 500-1000 YEARS. SO IT MUST BE CONSERVED.

A NATION'S ECONOMIC LIFE IS DIRECTLY RELATED TO THE QUALITY OF ITS SOIL AND WATER RESOURCE. AMERICA'S HIGH STANDARD OF LIVING IS THE DIRECT RESULT OF OUR HIGHLY PRODUCTIVE SOILS. WE ARE NOT CONCERNED OVER OUR FOOD SUPPLY. OUR FARMERS AND RANCHERS PROVIDE US WITH THE GREATEST VARIETY OF FINE FOOD THAT EXISTS ANYWHERE IN THE WORLD AND AT A COST OF FEWER HOURS OF DAILY WORK THAN ANY OTHER NATION. OUR SOIL CANNOT BE REPLACED, BUT WITH CONCERNED CARE AND MANAGEMENT ITS PRODUCTIVE CAPACITY CAN BE RENEWED YEAR AFTER YEAR FOR SUSTAINED MAXIMUM PRODUCTION.

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MR. CHAIRMAN THERE ARE SEVERAL OTHERS WHO WISH TO SPEAK TO THE BILL.

MR. CHAIRMAN, MEMBERS OF THE COMMITTEE, IN CLOSING I REMIND THE COMMITTEE TO PUT PRIORITIES IN ORDER. WITH A BOUNTIFUL AGRICULTURE OTHER RENEWABLE ENERGY SOURCES WILL ALWAYS BE AVAILABLE.

EXHIBIT "B"  
TAXATION<sup>1/23</sup>

SUGGESTED AMENDMENTS TO

House Bill 223

1. Title, line 6 and 7.

Following: "RESEARCH" on line 6

Strike: "FROM 5 PERCENT TO 3 PERCENT"

Following: "ALLOCATING" on line 7

Strike: "~~2~~PERCENT"

Insert: "PORTION"

2. Page 4.

Following: line 7

Insert: "(j) 2% to the earmarked revenue fund for conservation districts;"

Renumber: subsequent subsection

3. Page 4, line 10.

Following: "state."

Strike: "i"

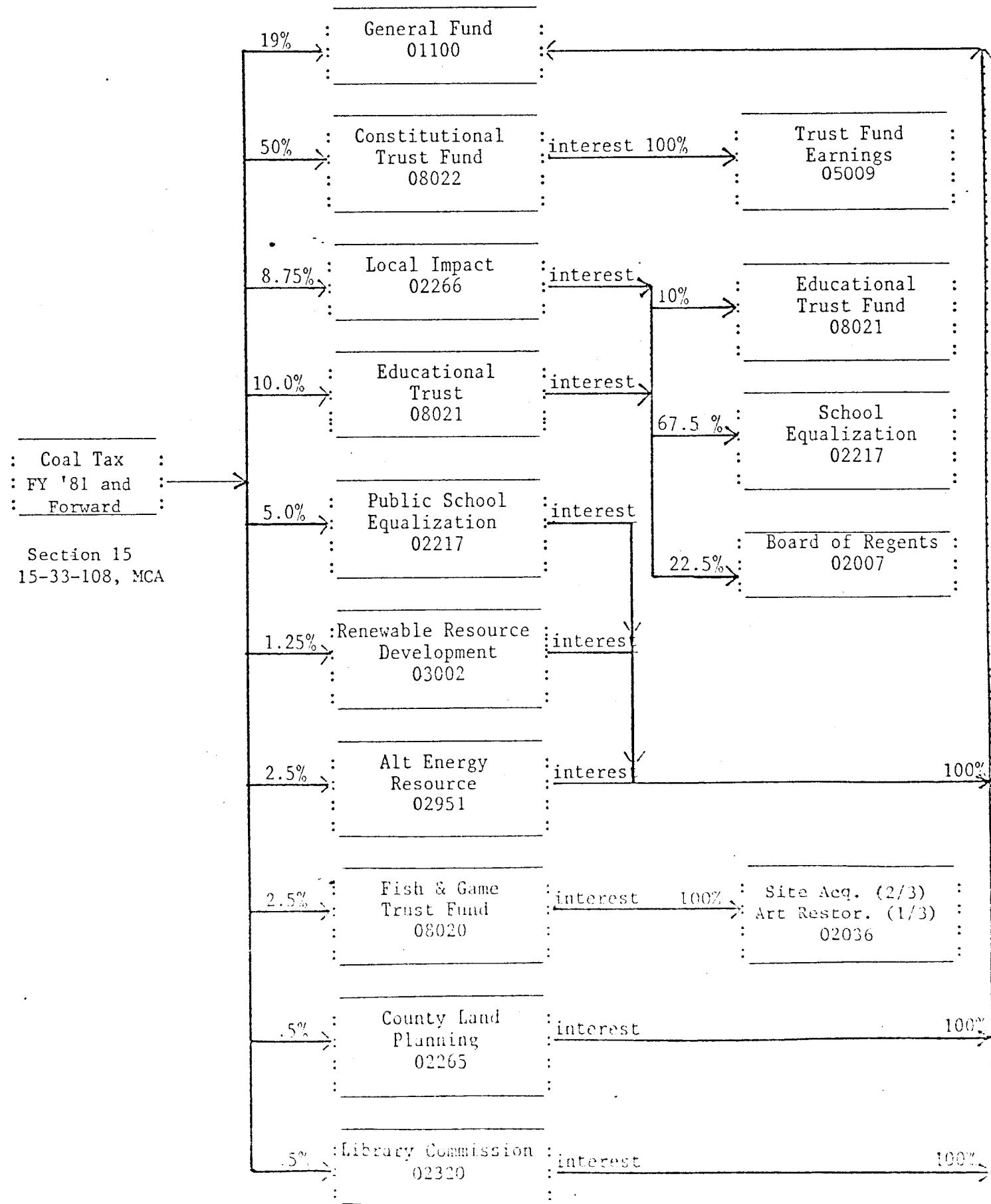
Insert: "."

4. Page 4, lines 11 and 12.

Following: line 10

Strike: subsection (k) in its entirety

Office of Legislative Fiscal Analyst  
Coal Severance Tax Distribution





Montana Association Of Conservation Districts

7 Edwards  
Helena, Montana 59601  
Ph. 406-443-5711

HB 223

In the early 1930's mounting problems of soil erosion, floods and dust storms resulted in Congress passing Public Law 46 in 1935. This law declared soil and water conservation and wise land use a National Policy. However there was a missing link in making the wheels of this National Policy turn, so in 1937 the President wrote Governors of the States recommending legislation allowing landowners to form soil and water conservation districts. The president's recommendation was followed through resulting in 2950 Conservation Districts representing all 50 states, the Virgin Islands and Puerto Rico.

Today the nation's 2950 soil and water conservation districts include over 2.2 billion acres of land and some 2.7 million farms and ranches within their boundaries. This represents 99 percent of the farms and ranches that exist within the United States, Puerto Rico and the Virgin Islands. By covering this large area the districts provide service to about 2.3 million cooperators covering over 780 million acres.

The State of Montana contains 59 conservation districts which were formed in accordance with the Montana Soil Conservation District Law passed by the 26th General Assembly in 1939. Montana's Conservation Districts are legal subdivisions of State Government, responsible under state law for conservation work within their boundaries.

The purpose of Montana's Conservation Districts is to develop and carry out long range programs that will result in the conservation and improvement of the soil and water resources, to provide assistance in the planning and application of conservation measures; and to encourage maximum participation of the general public and all local public and private agencies to fulfill this purpose. In doing this, districts make available to individuals technical assistance in planning and supervision in the installation of land use systems, vegetative practices and necessary engineering structures. Along with this, districts carry out broad range community programs where widespread resource problems require group action for their solutions. Districts are managed by local citizens who know the problems in their areas which results in an excellent example of the people being the government.

Montana's Conservation Districts are directly involved in many projects and programs that benefit the state and its people. Conservation Districts include the entire State of Montana except for some areas in Custer and Prairie County. Conservation Districts represent about 14,500 cooperators totaling 43,550,000

acres of farm and ranchland. Approximately 8,000 cooperators are serviced yearly which takes in approximately 20 million acres. As of October 1978, 59 cities and towns voted to be included within Conservation Districts. Conservation Districts in urban and developing areas provide soil surveys, water inventories, assistance with waste disposal and other services to builders, contractors, planning commissions, municipal officials, schools, hospitals, industries and small landowners. Last year 430 units of state and local government received assistance from Conservation Districts.

Besides these responsibilities, other Conservation District projects and concerns include:

Offstream storage  
Soil Survey  
Watershed projects - 9 complete; 4 operational  
RC&D Projects - 3 in Montana, benefits to municipalities, schools, hospitals, etc.  
Great Plains Conservation Programs - 2,423 developed;  
580 active today covering 4,235,000 acres  
Water Quality Assessments, Implementation, Tours and  
Public Meetings  
Rangeland Resource Loan Program  
Triangle Saline Seep Project - 9 county saline seep control  
program with 10 Conservation Districts  
Muddy Creek Program  
Streambank Protection (SB310)  
Youth Camps  
Range Tours  
Timber Management  
City-County Planning Boards  
Coordinate ranch planning with local, state & federal agencies  
Water Reservations  
Resource Conservation Act - Appraisal of soil, water &  
related resources  
Mining Impacts on Renewable Resources  
Apply technical assistance when resources are available  
Provide soils information to city planners, agriculture and  
industry interests  
Hold public meetings on problems and concerns within the district  
Utility and Pipeline Routing Procedures and Permit Process  
Tree Planting - shelterbelts, etc.  
Wilderness Studies  
Weed Control  
Develop programs for further Conservation Protection and  
Enhancement of District Resources.

The day-to-day work of the Conservation Districts covers many more areas than what is mentioned here. Many special projects arise within a district that may not be a problem or even a concern in another part of the state. All of the projects will, in one form or another, benefit every individual who lives in the State of Montana.

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Montana's Conservation Districts are either directly or through their association involved in many facets of local, state and federal government. A few of their involvements are:

Governor's Ad Hoc Committee on Agriculture  
State Forestry Planning Committee  
Resource Conservation Advisory Council  
Natural Resources Board  
State Rural Clean Water Committee  
City-County Planning Committees  
Montana Rangeland Resource Committee  
BLM, Forest Service, SCS, Coordination Committees  
Legislative Interim Committees  
Rural Area Development Committee  
Plant Material Center Board of Managers  
ASCS Development Committee  
Public Land Council

As indicated by the projects and programs that districts are involved in along with the boards and committees that districts are represented on, it is obvious that they are very active local governments made up with citizens that take a lot of interest in Montana.

Two concepts gaining support and understanding are the desirability of decentralized government, local control and the limits of natural resources. More importantly there is a willingness by landowners and compelling need and desire by the public to invest in public benefits by assisting landowners to do more than is being done to conserve soil, conserve and develop water for multiple uses, prevent saline seep, accelerate soil surveys, accelerate range management, control noxious weeds, reclaim mined lands, mitigate drought, provide for flood control, etc. and by so doing conserve energy, protect the tax base, and improve the economy.

The demands and requests that are being placed on districts are increasing at a rate that is causing difficulty to Conservation Districts which are in no way financially able to meet these demands. The donated time and expense that was once occasional has developed into a full-time job in many cases.

It has progressed to a point that additional funding is badly needed for planning, developing and implementation of projects, matching money for federal loans, technical help and just general financing districts so they can meet the massive impact of requests.

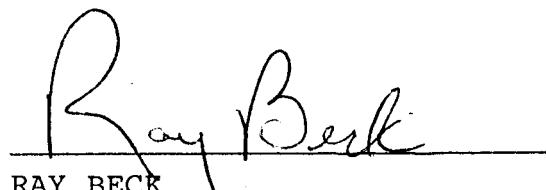
The funding from this legislation should be administered by the Department of Natural Resources & Conservation, Conservation Districts Division. Districts would submit applications to DNR&C for funds for which districts are authorized by Conservation District Law. The Department would refer applications

to the Recource Conservation Advisory Council for their recommendations to the Director. Although procedure will be left up to the RCAC Committee and the Director, our Association will recommend that before a district is capable of receiving a portion of this money that the district has received its 1.5 mil levy from the county or else has made substantial effort in obtaining their 1.5 mil levy.

In reference to the money amount, the Association arrived at the 1 million dollar figure after several meetings and much discussion. As many of you know the Conservation District supervisors are very conservative people and we asked for an amount that we felt could be used effectively for our programs. We did not have and still don't have any intentions of asking for twice what we expect to receive just in case we get cut. I nor the Board felt that the Conservation Districts are structurally set up at this time to handle more funding than the 1 million dollars per year. As the money increases the Conservation Districts abilities will increase so additional funding can be handled efficiently.

The Montana Association of Conservation Districts strongly recommend a "Do Pass" of HB 223.

Thank you.



RAY BECK  
Executive Vice President

## CD ASSISTANCE TO URBAN AREAS & PEOPLE

- I. Status - 59 cities and towns in CD's at present
- II. Soils Information
  - A. Construction projects
  - B. Gardens
  - C. Property purchases
  - D. Septic tank drainfield information
  - E. Examples
    - 1. Flathead CD recently provided detailed information on sedimentation, runoff, windbreaks, etc., for a proposed shopping mall to serve the city of Kalispell.
    - 2. Yellowstone CD - Assisted with the Alkali Creek Diversion for building the METRA in Billings.
    - 3. Rosebud CD has provided soils information to Colstrip on sewage disposal, wells, prime agricultural land, etc.
- III. Water Quality Programs
  - A. Improve water quality
    - 1. Drinking
    - 2. Household
    - 3. Industrial
    - 4. Recreation
      - a. Fishing
      - b. Swimming
      - c. Boating
  - B. Example - Muddy Creek Water Quality Project, Cascade CD
    - 1. Improve water supply (Missouri River) for Great Falls
    - 2. Improve recreation quality of Missouri
    - 3. Improve water quality of the Sun River so can be utilized for recreation

#### IV. Environmental Education

- A. Newsletter (mailed to urban people)
- B. Youth speech contests (open to all schools)
- C. TV spots, radio spots, and newarticles on resource conservation
- D. Examples
  - 1. Cascade CD
    - a. Sponsor Conservation Teacher of the Year Award
    - b. Sponsor prize for the 4-H Conservation Club booth at the State Fair. Last 2 years the winners were from urban schools.
    - c. Judge science fairs at parochial schools in Great Falls
    - d. Lectures and counseling for Great Falls High Schools Vo-Ag classes. Also donated a projector
    - e. Sponsor the Cochran Managed Natural Area along the Missouri River. 100 acres of virgin prairie grassland along the Missouri River has been unchanged since Lewis and Clark first discovered the area. Area visited by Great Falls residents (senior citizens groups, school groups, church groups, FFA school science classes, etc.)
    - f. Provide information to the Great Falls School Environmentalist
  - 2. Rosebud CD
    - a. Sponsor prizes for Plant Identification contests at CD booth, for adults and youth
    - b. Sponsor up to 5 boys for Youth Range Camps, open to all people
  - 3. Custer CD
    - a. Provide conservation booklet to the Miles City schools

#### V. Flood Control

##### A. Examples

- 1. Flathead CD
  - a. \$5,000 has been set aside to stabalize a strembank along the Stillwater River. At this point along the Stillwater a Kalispell City Park is across the river.
  - b. Worked for several years on the Whitefish Lake (along the City of Whitefish) Stabalization Project. Held public meetings, etc.

2. Cascade CD
  - a. In 1975 secured Federal '216' money for Woodland Estates (Great Falls) for flood control structures (rip-rap etc.)
3. Yellowstone CD
  - a. Assisting with the creation of a flood control district along Blue Creek (Billings)

## VI. Planning

- A. CD supervisors are authorized to serve on county planning boards
  1. Examples
    - a. Missoula CD
      1. The CD works with the planning board on weed control in subdivisions
    - b. Lewis and Clark CD
      1. Reviews subdivisions and gives recommendations to the planning board
  - B. CDs held public meetings to gather resource information, many CDs used this information in their Long Range and Annual Plans, many urban people attended these meetings
    1. Example - Cascade CD
      - a. Roughly one-half of the people in attendance were urban

## VII. Waste Water Control

- A. Examples
  1. Flathead CD
    - a. CD served on 201 Wastewater Committee for the Kalispell-Evergreen area. Also plans to hold public meetings concerning the Evergreen wastewater situation
  2. Yellowstone CD
    - a. Planning to address stormwater runoff from Billings

## VIII. Streambank Protection

- A. Through review of 310 permits CD's offer valuable information and experience to urban and rural people alike while protecting streams.
- B. Example - Missoula CD
  1. Holding public meetings to find viable solutions for Missoula on Northern Tier Pipeline's stream crossings

## IX. Forestry

### A. Examples

#### 1. Cascade CD

- a. The board is working with the State Foresters office on promotion of private forestry management while maintaining a fire wood source for Great Falls

#### 2. Rosebud CD

- a. Provided information to Forsyth on tree plantings around urban homes

## X. Food and Fiber Production

### A. CD's are assisting with the preservation of Montana's Food and Fiber production base

- 1. Soil erosion control
- 2. Water quality maintainence
- 3. Agricultural land preservation

- 1. Example - Missoula CD. The board has been working with private consultants to find acceptable methods of agricultural land preservation

\* Examples from: Cascade, Flathead, Custer, Rosebud, Missoula, Lewis and Clark and Yellowstone CD's.

LINCOLN CONSERVATION DISTRICT



Rt. 1, Box 4A  
Eureka, MT 59917  
Phone (406) 296-2233

January 21, 1981

To: State of Montana - House Taxation Committee

Re: House Bill 223, Concerning Money for Conservation District Operations

I am Russell Hudson, Chairman of the Board of Supervisors of the Lincoln Conservation District. Our headquarters are located in Eureka, Montana. Our annual operating budget derived from a 1 1/2 mil levie amounts to about \$3,300. We have a part-time employee to staff our office. Five elected Supervisors serve on a non-paid basis.

Since 1975 the legislature has directed Conservation District to implement the "310 rules" for the "Preservation of Natural Stream Beds" within the state. Some extra funding has been provided throughout the D.N.R.C. to help the districts implement this act. This is appreciated and I think that generally this program has gone quite well. I am a firm believer in local control of these types of programs.

Several years ago the Conservation Districts accepted the challenge to head up the effort to fulfill the requirements of the Federal Clean Waters Act in regards to non-point pollution. Again, we felt that local control in these types of efforts is superior to the State or Federal control if we should fail.

Last year, most of the Districts in Montana hammered out comprehensive 5-year plans for their respective areas of responsibility. These plans covered all aspects of proper rural land husbandry. A major portion of these plans dealt with non-point water quality problems.

State of Montana - House Taxation Committee  
Page Two  
January 21, 1981

All of the problems listed in these long range district plans were prioritized and an action plan developed for implementation.

In our district we identified as our number one problem a very large silt bank that slumps into the Fisher River causing excessive siltation and water quality problems. This situation has been further aggravated by man's activities in the area. We can't find any sponsors rushing forward with dollars available to help correct this situation.

On December 26 and 27, 1980, weather conditions caused severe flood damage in south Lincoln County around Libby. Under provisions of the Stream Bank Preservation Act, the districts are right in the middle of disaster relief and watershed restoration activities. All of this is done on a voluntary basis with some supplemental funding by the D.N.R.C. and the Soil Conservation Service.

A case in point involving the recent flood problems in Libby. Since the construction of Libby Dam on the Kootenai River some 10 years ago, we don't have the annual spring flooding that used to wash away the deltas formed at the mouths of all the creeks that empty into the Kootenai River.

During the flood of 1974 and 1980, Libby Creek formed a large delta clear across the River (some 400') and severely eroded the far bank. During high river flows, most of the river water was pushed against this far bank by the delta.

A home, trailer court, county road and large multi-million dollar bridge were endangered by this bank erosion.

State of Montana - House Taxation Committee  
Page Three  
January 21, 1981

Bureaucratic "buck passing" was very evident - everyone came and looked, agreed we had one hell of a problem, but wouldn't offer any help. Everyone agreed that if we could remove all or part of the delta we would ease the pressure on the far bank and reduce the eminent danger to the structures.

The Corps of Engineers had planned to reduce the river level during the week end of January 16 and 17 for a fishery study. We felt this was the only time we could effectively remove the delta and machinery was available to do it that week end.

An effort was started on January 9 to obtain funding to perform this work. By talking to everyone in the country that could help, finally on the evening of January 15, we received notice that we had up to \$10,000 to accomplish this task. Congressman Pat Williams working through the Soil Conservation Service made this possible. Yes, the gravel bar was moved and we provided a valuable public service.

The point I would like to make is that we don't have any source of funding to carry out conservation projects of this type. I feel that if the legislature is going to ask us to play this role, and the districts accept the responsibility, then there has to be some way to finance these projects.

I feel that a 2% earmarked fund from the coal severance tax would help provide this funding source. It would also fulfill the intent of reinvesting natural resource revenue into another resource - our land and water.

Respectfully submitted by,



Russell H. (Russ) Hudson  
Chairman

1/23/81

KEY FACTS OF THE  
RENEWABLE ENERGY  
GRANTS PROGRAM

- o Approximately \$5 million in grants were awarded during the first five years of the program and this amount generated \$62 million in matching funds. This means for every \$1 granted in state funds, \$12 in other funds were generated.
- o These funds also provided approximately 240 new jobs in Montana.
- o BTU savings as a result of funded projects have been significant. Since the program's inception, approximately \$4.5 million have been saved in equivalent oil costs. These savings do not reflect the savings that are expected from the future production of ethanol since most ethanol production grants were awarded in FY81.

January 22, 1981

VISITORS' REGISTER

## HOUSE COMMITTEE ON

COMMITTEE

J. L.

SOR

IF YOU CARE TO WRITE COMMENTS, ASK SECRETARY FOR LONGER FORM.

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

# House Bill 46

Current Law (10% Inflation)			Loss to Inflation
Year 0	\$2000	Spent	
Year 1	\$1000	= \$909 purchasing power	\$91
Year 2	\$1000	= \$826 purchasing power	\$176
			\$2.65

Under HB 46 (10% Inflation)			Loss to Inflation
Year 1	\$1100	= \$1000 purchasing power	\$10
Year 2	\$1210	= \$1000 purchasing power	\$10
			\$0

If business has debt, there is complication

Extra Depreciation Allowed for Inflation is then:

$$\text{Year 1 } \$100 \times f_1$$

$$\text{Year 2 } \$210 \times f_2$$

$$\frac{1}{J} = \frac{\text{Depreciable Property Basis} - \text{Business Debt}}{\text{Depreciable Property Basis}}$$

## VISITORS' REGISTER

HOUSE COMMITTEE

ILL

Date

VSOR

NAME

## RESIDENCE

## REPRESENTING

## SUPPORT

**OPPOSE**

John Clark

HELENA

DEPT. OF REV.

Amelle Fallon

Thelma

Mariel Theriot 4/2001

Mary Lingley

HELENA

NATIONAL FED. OF  
TELETYPE ANSWERS

1

... PLEASE TO WRITE COMMENTS - AGM SECRETARIAL FOR LONGER FORM

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY

New Investments That Year  
In Depreciable Property \$30,000

Total Depreciation Taken That  
Year on Depreciable Property \$35,000

All Investments Subject to 20% Tax Credit

$$\text{Credit} = \$30,000 \times 20\% = \$600$$

New Investments That Year  
In Depreciable Property \$45,000

Total Depreciation Taken That  
Year on Depreciable Property \$35,000

\$35,000 subject to 20% Tax Credit  
\$10,000 " " 40% Tax Credit

$$\begin{aligned} \text{Credit} &= 35,000 \times 20\% = \$700 \\ &+ 10,000 \times 40\% \quad \frac{\text{or } 40\%}{\$1100} \end{aligned}$$

Under present law \$45,000 would be  
subject to 20% tax credit.

$$\text{Credit} = \$45,000 \times 20\% = \$900$$

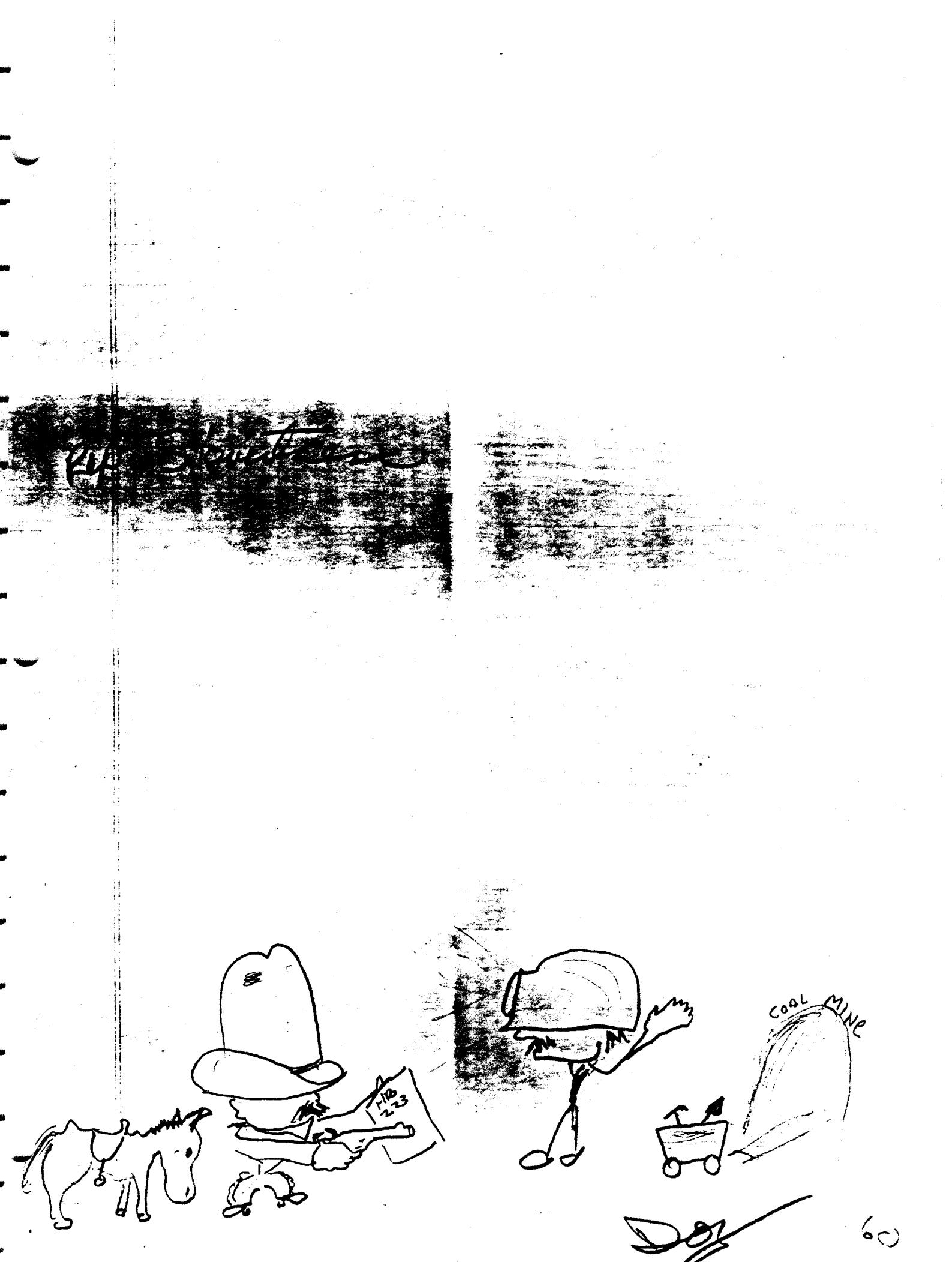
Additional Credit from HR 156 \$200

NAME John P. ... BILL NO. 10  
ADDRESS 1000 11th, Atlanta, GA 30301 DATE 4/26/87  
WHOM DO YOU REPRESENT Atlanta Firemen  
SUPPORT ✓ OPPOSE        AMEND X

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

1. I am in favor of the proposed legislation.  
2. I am in favor of the proposed legislation.  
3. I am in favor of the proposed legislation.  
4. I am in favor of the proposed legislation.  
5. I am in favor of the proposed legislation.  
6. I am in favor of the proposed legislation.  
7. I am in favor of the proposed legislation.  
8. I am in favor of the proposed legislation.  
9. I am in favor of the proposed legislation.  
10. I am in favor of the proposed legislation.



# STANDING COMMITTEE REPORT

February 5, 1981

SPEAKER:  
MR. ....

## TAXATION

We, your committee on .....  
having had under consideration .....

House ..... Bill No. 156

A BILL FOR AN ACT ENTITLED: "AN ACT TO ENLARGE TAX CREDITS FOR BUSINESS INVESTMENT AND TO ENCOURAGE CREATION OF JOBS; PROVIDING AN EFFECTIVE DATE AND PERIOD OF APPLICABILITY; AMENDING SECTIONS 15-30-162, 15-31-123, AND 15-31-125, MCA."

Respectfully report as follows: That .....  
introduced (white), be amended as follows:

1. Page 2, line 4.  
Following: "allowed"  
Strike: "if the total"  
Insert: "on the"  
Following: "amount"  
Insert: ", if any,"  
Following: "of"  
Insert: "qualifying"

2. Page 2, line 5.  
Following: "business"  
Insert: "that"

3. Page 5, line 21.  
Following: "allowed"  
Strike: "if the total"  
Insert: "on the"  
Following: "amount"  
Insert: ", if any,"  
Following: "of"  
Insert: "qualifying"

(Page 1 of 2 pages)

STATE PUB. CO.  
Helena, Mont.

Rep. Ken Nordtvedt,

Chairman.

HOUSE OF REPRESENTATIVES

-2- February 5, 1981

COMMITTEE ON TAXATION AMENDMENTS TO HOUSE BILL 156

4. Page 5, line 22.  
Following: "business"  
Insert: "that"

AND AS AMENDED  
DO PASS

Rep. Ken Nordtvedt - Chairman

# STANDING COMMITTEE REPORT

April 1

19

61

MR. SPEAKER: .....

## TAXATION

We, your committee on.....

having had under consideration .....

House Bill No. 160

**A BILL FOR AN ACT ENTITLED: "AN ACT TO INCLUDE IN CLASS FIVE PROPERTY THE DWELLING HOUSE OF AN HONORABLY DISCHARGED, DISABLED VETERAN; AMENDING SECTION 15-6-135, MCA."**

Respectfully report as follows: That.....

House Bill No. 160

DO PASS

# STANDING COMMITTEE REPORT

January 28, 1991

MR. SPEAKER

We, your committee on TAXATION

having had under consideration HOUSE Bill No. 223

A BILL FOR AN ACT ENTITLED: "AN ACT TO REALLOCATE THE COAL SEVERANCE TAX BY REDUCING THE AMOUNT ALLOCATED TO ALTERNATIVE ENERGY RESEARCH FROM 5 PERCENT TO 3 PERCENT AND ALLOCATING 2 PERCENT OF THE TAX TO CONSERVATION DISTRICT OPERATIONS; AMENDING SECTION 15-35-103, M.R.A."

Respectfully report as follows: That HOUSE Bill No. 223,

introduced (white), be amended as follows:

1. Title, line 6.

Following: "RESEARCH"

Strike: "FROM 5 PERCENT TO 3 PERCENT"

2. Title, line 7.

Following: "ALLOCATING"

Strike: "2 PERCENT"

Insert: "A PORTION"

3. Page 3.

Following: line 2

Strike: "3%"

Insert: "48%"

4. Page 4.

Following: line 7

Insert: "(j) it to the earmarked revenue fund for conservation districts;"

Reletter: subsequent subsections

(Page 1 of 2 pages)

Rep. Ken Nordtvedt,

Chairman.

## COMMITTEE ON TAXATION AMENDMENTS TO HOUSE BILL 223

5. Page 4, line 10.

Following: "state."

Strike: ":"

Insert: ":"

6. Page 4, lines 11 through 12.

Strike: lines 11 through 12 in their entirety

Insert: "NEW SECTION. Section 2. Conservation district account - administration. (1) There is a conservation district account in the earmarked revenue fund of the state treasury. Money is paid into this account under 15-35-108. The state treasurer shall draw warrants payable from this account on order from the department of natural resources and conservation.

(2) The department of natural resources and conservation shall administer the conservation district account. The money shall be distributed from the account to the conservation districts on the basis of need. A conservation district may submit an application to the department of natural resources and conservation for a grant of funds for purposes that conservation districts are authorized to perform.

(3) A conservation district is not eligible to receive a grant unless it has exhausted its authorized mill levels.

(4) The department of natural resources and conservation may adopt rules implementing this section that provide for the form and content of applications and the criteria, terms, and conditions for making grants."

AND AS SO AMENDED  
DO PASS

(Page 2 of 2 pages)

January 20, 1981

HOUSE COMMITTEE ON TAXATION

STATEMENT OF INTENT ON HOUSE BILL 223:

Because HB 223 directs the Department of Natural Resources and Conservation to adopt rules establishing the form and content of applications and the criteria, terms, and conditions for making grants to conservation districts from the funds appropriated to the conservation districts earmarked revenue account from the allocation of 1% of the coal severance tax, the House Committee on Taxation issues this statement of intent for the purpose of clarifying that authority.

Section 2 of HB 223 provides rule making authority in the Department of Natural Resources and Conservation. It is contemplated the rules shall address the following:

- (a) the form of an application for a grant to a conservation district;
- (b) the content that must be included in an application, including but not limited to:
  - (1) the name of the district;
  - (2) a statement that the maximum statutory mill levage has been levied;
  - (3) the sources of funding the conservation district is receiving that the grant is intended to supplement;
  - (4) the special project or purpose, including administrative purposes, which must be a recognized purpose for which conservation districts are authorized by law;
  - (5) a statement of the need for the grant; and
  - (6) an authorized signature
- (c) the criteria under which the department may grant funds, including but not limited to:
  - (1) the basis of the need for a grant;
  - (2) the availability of other funding sources;
  - (3) the type of project or purpose; and
  - (4) the maximum amount of funding
- (d) such terms and conditions that would insure that the grant funds are used for the purposes specified by statute;
- (e) such rules as may be necessary to monitor and account for the disbursement and expending of any grant funds.