

MINUTES OF THE HOUSE TAXATION COMMITTEE MEETING
January 26, 1981

A meeting of the House Taxation Committee was held on Monday January 26, 1981 at 8:00 a.m. in Room 102 of the State Capitol. All members were present except Rep. Burnett, who was excused. HOUSE BILLS 42, 312, and 391 were heard and EXECUTIVE ACTION was taken on HOUSE BILLS 36, 223, 121 and 204.

The meeting was turned over to Vice Chairman Sivertsen, so that Chairman Nordtvedt could introduce HB 42. HB 42 deals with the Capital Gains Tax. Capital gains aren't really gains because of inflation, but people still have to pay taxes on these false earnings. An indexing bill could be written for capital gains, but there would be problems in dealing with people who bought on credit. HB 42 provides for a capital gains "Roll over:" if a person sells a capital asset at a gain and reinvests the proceeds of the sale in Montana assets within 60 days, then he can roll over that capital gain and put off paying the tax on it. Paying a capital gains tax in Montana can be postponed as long as an individual continues to reinvest in Montana. A small amendment is needed in the bill. On page 3, lines 11 and 12, the language should be: "If the taxpayer reinvests the proceeds from the sale" instead of "money made from the gain." Also, the 60 days could be made into 100 days. This would help avoid a lot of amended tax returns, if a person made a sale at the end of the year. This bill would help reverse the disincentive to save and reinvest. Also, this bill would be an incentive for out-of-state investors to invest in the state.

Janelle Fallan, Montana Chamber of Commerce, then rose as a PROPONENT, stating that she agreed with all the sponsor had said, but the Chamber does have a problem with the 60 days. As a practical matter, to reinvest in 60 or even 100 days, you would have to be ready to go when you made the sale. The Chamber would like a minimum of 180 days or maybe even a year.

Gary Langley, National Federation of Independent Businesses, then spoke in support of the bill. A membership survey showed that 85% of those responding were in support of the concept in this bill.

Keith Anderson, Montana Taxpayers Association, then rose as a PROPONENT.

Scott Currey, Montana Association of Realtors, also rose in support of the bill. In addition he supported the Chamber of Commerce amendment changing the time to 180 days. Another amendment, his association would like to see is that the bill include the ability to invest in Montana real estate. See Exhibit "A."

There were no OPPONENTS to HB 42.

John Clark, Department of Revenue, then spoke on the bill. He stated that the sponsor took care of the main problem in the bill by amend-

ing to take care of the proceeds instead of the gains. The bill represents a departure from Federal treatment and thus it will be harder for the Department of Revenue to audit it.

Questions were then asked: Rep. Sivertsen asked Mr. Clark for more information on how the bill differed from Federal practice. The Federal Government doesn't allow this roll over. This would increase the work load for the Department of Revenue, but it wouldn't be overwhelming.

Rep. Nordtvedt stated that he was trying to make a distinction between real property and other capital assets in the bill. He expressed willingness to amend the bill to read that anything the IRS says is subject to capital gains tax, would be.

Rep. Zabrocki then stated that there is a law that already allows this with real property.

Rep. Nordtvedt responded that he was fairly certain that it was only personal residences, so this bill is widening the ability to roll over capital investments.

Rep. Williams expressed opposition to including real property in this bill. He stated that investing in land and including a lot of land shouldn't be in the same category.

Rep. Sivertsen then asked Rep. Nordtvedt if people would be encouraged to invest their money and accumulate lots of land and drive its price up, thus giving these individuals an advantage over the person just starting out. The continual roll over would last a number of years. Rep. Nordtvedt pointed out that right now Subsection (A) of the bill did not include real property.

Rep. Williams then asked John Clark if the Department of Revenue would have troubles with Subsection (B). He replied that it would probably add a little work, but not a significant amount, payroll wise. It was pointed out that if like kinds capital property were traded, a gain would not have to be declared and no tax would be paid.

Rep. Zabrocki asked Rep. Nordtvedt if the bill wouldn't give the very rich an opportunity to grab all the land. He gave an example of someone buying a ranch and getting the mineral rights and repeating this over and over. Rep. Nordtvedt stated that the bill certainly would encourage more investments. He doesn't know if it would encourage those kinds any more than any other kinds, and the idea is to keep capital in Montana.

Rep. Sivertsen said that the market would be stimulated for the person who has something to sell, however.

Rep. Nordtvedt then closed. Regarding the issue of the person who

has a lot of money, it is a fact everybody has a certain amount of savings or investments capital which varies from person to person. The issue is whether these people with the capital have the incentive to do the most healthy thing with this capital as far as Montana economy goes. Therefore, he is not too concerned about how the law was applied if the ultimate design was to serve the best interests of the state. He pointed out the "Investment Account" system in Germany which supports this concept. The hearing was then closed.

The Committee then went into EXECUTIVE SESSION while awaiting the sponsors of HB's 312 and 391. The control of the meeting was relinquished to Chairman Nordtvedt.

HB 65 was considered. The Chairman explained that the bill would help tax rates go smoothly from a large telephone system to a small one. This bill would only apply to one company in Montana.

John Clark, from the Department of Revenue, responded that it may well be that there are some other telephone systems that would apply.

Rep. Oberg then moved that HB 65 DO NOT PASS. He stated that most of the people he had spoken to recognized this as a single-company piece of legislation. He expressed the belief that there were other avenues which could be pursued in this matter, and if this bill were to pass, it would only generate more requests for tax breaks.

Rep. Roth spoke up in opposition to the motion, stating that any time a company experiences more than a 1000% increase in their taxes in two years, something should be done.

Rep. Switzer spoke up in favor of the bill. Since rural telephone co-ops get a tax break, he feels this company has a legitimate case, which should either be settled by the Tax Appeals Board or the Legislature.

Rep. Williams then stated that before setting up a separate classification for one company, the Tax Appeals Board should address the matter.

Rep. Asay expressed uncertainty about why the tax had increased so much. Rep. Nordtvedt stated that until the company had exhausted its remedies, it would be out of line for the Legislature to pass any bills.

Rep. Vinger said that something needed to be done for this company so it didn't go out of business, because then the area would go to an RTA, and the tax revenue would be reduced.

It was pointed out that there was a constitutional prohibition against

special interest legislation.

The motion of DO NOT PASS was then seconded. Rep. Harp spoke up in opposition to the motion. Rep. Sivertsen asked if the Committee, by killing this bill, wouldn't be asking that the company sell out to an RTA. He stressed that the Legislature should be working to arrive at the point where business was being treated as fairly as government.

Rep. Brand pointed out that the tax break for RTA's had been created to help ensure that telephone service would be provided in areas where private capital wouldn't come in.

Rep. Asay pointed out that going to a RTA reduces the county tax revenue. Rep. Williams agreed that there was a considerable inequities in the tax but he did not feel there was enough evidence that the big increases in their taxes were not justified and the committee still didn't have enough information. He pointed out that there may be Constitutional problems with the bill if it were passed because of the special interest legislation prohibition.

Rep. Sivertsen made a substitute motion that the bill be tabled. The question was called for on the substitute motion, the MOTION CARRIED: see roll call vote. Reps. Harp, Oberg, and Devlin were appointed to a subcommittee to get the facts on this bill. Rep. Harp was appointed chairman of the Subcommittee.

HB 312, sponsored by Rep. Bengston, was then heard. Capital outlay for schools is where much of the local property tax has been going. The State has played no part in helping to solve the inequities in the fiscal capacities of school districts. She added that only 13 states do not participate in funding of capital outlay and Montana is one of them. According to the Office of Public Instruction, 7 high school and 17 elementary school districts have excessive mill levies for capital outlay. This bill takes a portion of the Severance Tax for capital outlay funding.

Wayne Buchanan, Montana School Board Association, Inc. then rose in SUPPORT of HB 312. School Districts in Montana are caught in a double bind of increased building costs and rising interest rates. Many school boards have tried to pass bond issues, but have been unsuccessful. This bill would attempt to address the problem and would also provide property tax relief. He added that he felt this was an appropriate use of coal tax money.

Jesse Long, Executive Secretary for the School Administration of Montana, asked the Committee for their support of the bill.

John Campbell, Business Manager of the Helena School District, then rose in support of the bill. It provides for equalized financing of capital outlay projects and would also help to reduce property taxes. In addition it would pick up the interest outstanding on present bonds.

Bob Stockton, Office of Public Instruction, rose in support of the bill, stating that many school districts are getting into dilemmas because they need new facilities.

Rep. Mel Williams then rose as a PROPONENT of 312. He endorsed the concept of a reserve fund for the public schools. Also, the bill provides a direct method of reducing property taxes. He expressed mixed feelings about playing with the trust fund, however, but added that whenever this money got used it should be used for capital expenditures.

Keith Richardson, Montana Taxpayers Association, then spoke up as an OPPONENT to HB 312. In 1975 this bill was defeated. A mill levy should be used instead of coal tax moneys. 30-year bonds are going to be funded, and with the coal tax rate up in the air and the tax being earmarked for a number of things, it is not a reliable source of funding. Also, a future Legislature might repeal this bill, and he would prefer that a 10-year proposal be put to the voters. He submitted that a proposal such as HB 312 would be taken to court. Also, setting combined elementary and high school mill levy limits might be an incentive for the school districts to over-build. He stated that a bond attorney needed to iron some of the problems out of this bill, and also expressed opposition to the reserve fund retiring the debt on bonds unpaid after 30 years.

Questions were then asked. Rep. Sivertsen expressed a problem in that one part of the bill said the Supt. of Public Instruction was to determine whether or not a school district could pay off a 30-year bond before the bill came into play, and another part of the bill provided for retiring the debt for school districts unable to pay after 30 years, and he felt this was contradictory. He didn't think the Office of Public Instruction could establish criteria to do away with the 10-mill requirements.

Mr. Stockton stated that the purpose of the bill was to immediately relieve the burden on districts that have built new facilities. It would only provide partial equalization, since taxable valuation varies widely within the State.

Rep. Bengtson then closed. She expressed the belief that the concept was a sound one, and that having this fund would also serve as a monitoring device on capital outlay. She added that she was willing to have the bill amended if it would enable the Committee to buy the concept. The hearing on HB 312 was then closed.

HOUSE BILL 391, sponsored by Rep. Calvin Winslow, was then heard. This bill tries to encourage more charitable gift-giving from those people filing standard deductions on their income taxes. The bill would also help encourage agencies to look to the private sector for their funding. He pointed out that similar measures are being introduced on the federal level. He stressed that the pattern of giving should be developed in young people.

There were no PROPONENTS nor were there any OPPONENTS to HB 391.

John Clark, Department of Revenue, then spoke. He submitted that this bill would probably have very little fiscal impact, because the taxpayers wouldn't have enough federal tax to make it worth it to them to utilize this on their state returns. He stated that probably not very many people would have much advantage from this bill.

Questions were then asked. Rep. Williams asked Rep. Winslow to respond to Mr. Clark's comments and he replied that at least psychologically the taxpayer would see that he or she was going to be given credit for gift giving. Rep. Winslow stated that this bill might encourage such agencies as the Billings Mental Health Center to seek private funding to help supplement the rest of their funding.

Rep. Williams stated that he didn't see where anything could be gained from this bill. Rep. Nordtvedt said that the language of the bill would have to be changed if the intent of the bill had been to take the percentage of the gifts plus the deduction.

Rep. Winslow then closed. He stated that he wasn't asking for a 100% credit for the gifts but an incentive for the young people to give. This would establish clout on the state level to get agencies to look for funding from the private sector. The hearing was then closed.

The Committee then went back into EXECUTIVE SESSION. HOUSE BILL 36 was considered. Amendments were distributed; see Exhibit "B." Rep. Dozier moved that the amendments be adopted and in addition the language in the bill be amended from "entity" to "agency." The motion was carried unanimously. Rep. Dozier then moved that the bill DO PASS AS AMENDED; motion carried unanimously.

HOUSE BILL 223 was then considered. Rep. Dozier moved that it DO NOT PASS. Discussion followed. Rep. Underdal made a substitute motion that HB 223 DO PASS, and offered an amendment changing the 2% to 1%. Rep. Dozier rose in opposition to the amendment. He said that the Alternative Energy Program did the one thing that should be done with coal tax proceeds: look for alternative sources of energy. Rep. Williams then rose in opposition to the amendment and the bill. (1) Money is being taken from the Alternative Energy Fund and this is wrong; (2) He doesn't think the Conservation Districts presented a very good case. He pointed out that they had funding from three sources at present, and many of the Districts haven't made attempts to get their entire mill levies. Rep. Underdal pointed out that a 2-mill levy didn't bring in enough additional revenue, and this is the reason they weren't taking advantage of this option. He added that this bill didn't defeat the original purpose of Alternative Energy.

Rep. Vinger then pointed out that the Department of Natural Resources

had said they could live with the proposed amendment to the bill. Also, 4% would bring in more money than the present 5%, in a few years. He said that he didn't think the amendment would hurt Alternative Energy.

Rep. Bertelsen rose in support of the amendment. Rep. Roth expressed concurrence with Rep. Bertelsen.

Rep. Williams said he sympathized with the Soil Conservation Districts, but this bill would split up the "coal pie" again, which might affect the Severance tax lawsuit, and if the bill was passed, the funds should be taken from the interest off the Trust Fund rather than the Trust Fund itself. Rep. Sivertsen said he didn't believe the Severance tax question would be hampered, and this argument was being used to protect the Alternative Energy Fund. He added that if the Soil Conservation Districts had made their case at the time the allocations were originally set up, they would have received funding. He submitted that Alternative Energy was going to get out of hand, and that many of the requests for funding might not be justifiable. It was up to the Committee to make up its mind whether they were going to be fair with everybody. The surplus in the budget of Alternative Energy shows that they have enough money, and the Soil Conservation Districts should get some of it.

Rep. Bertelsen stated that the Legislature has imposed more work on the Conservation Districts, and therefore they should be funded. Rep. Zabrocki stated that these two programs worked hand in hand and the amendment would be a compromise. Rep. Neuman then spoke up in opposition to the amendment, stating that he felt the 3%/2% ratio was justified.

Rep. Switzer then rose in support of the bill, saying that the Governor's Water Development Plan contained an Alternative energy facet for small-scale hydros, which will work well for the Soil Conservation Districts.

Rep. Brand rose in support of the funding that Alternative Energy has provided. Rep. Dozier pointed out that the basis of the funding was to encourage the development of alternative energy and this was often done by building demonstrations of how it could be utilized, thereby encouraging others to pursue the matter.

The question was then called for on the motion to amend the bill; motion carried unanimously; see roll call vote. Chairman Nordtvedt then brought up that another amendment was needed which would state that allocations would be made according to the rules and procedures developed by the Department of Natural Resources. The amendment was moved.

Rep. Dozier then spoke on the bill. Some of the problems the Soil

Conservation Districts say they need more money to solve are problems created by the Army Corps of Engineers, and the latter should provide funding to take care of them.

Rep. Brand then seconded the motion to amend the bill. The question was called for and the motion carried unanimously.

It was brought up that a Statement of Intent was needed, and the Committee was told that one had been requested.

Rep. Switzer reiterated that small-scale hydros, Conservation Districts, and Alternative Energy went hand-in-hand.

Rep. Oberg brought up the Severance tax issue again. He stated that the best defense on the tax is that it is being used for impact costs. A fundamental change like this bill provides for is not a good idea. Rep. Nordtvedt submitted that Conservation District money is as much money invested in alternative resources as Alternative Energy money is. This bill wouldn't jeopardize the State's case, in his opinion. Rep. Switzer pointed out that the Alternative Energy money would remain part of the "coal pie" no matter where it went.

Rep. Asay said that he would like to see the impact looked at a little harder. The question was then called for on the motion of DO PASS AS AMENDED. Motion carried 13 - 5; see roll call vote.

HOUSE BILL 121 was then considered. Rep. Asay moved that it DO PASS. He stressed that the bill didn't attack the Severance tax allocations. He said that maybe this bill would remove some of the pressure on the Coal Board to use up all of its money every year.

Rep. Harrington submitted that a \$2.8 million loss in the Foundation Program money was significant, and he moved that the bill not be acted on until a Fiscal Note could be received. Chairman Nordtvedt replied that a Fiscal Note couldn't be calculated for this bill. The \$2.8 million reverted to the Educational Trust Account, and the interest from the Education Trust Account went to the Foundation Program. Therefore, the fiscal impact would be indirect. If the money reverted each year went unspent, there would be a tendency for more money to revert to the Foundation Program. Under this bill, the money would not revert to the Educational Trust Account until the \$20 million surplus had been reached. This means that for a few years there wouldn't be any reversions at all. Since there would be more money in the Coal Board, more funding there might be granted, and it is conceivable that the Coal Board would actually need more impact money than they have available presently. He added that he would support this bill if the sum to remain in the Coal Board were amended to read \$10 million.

Rep. Oberg stated that a \$20 million surplus might make the Coal Board too liberal in their funding. Also, the Educational Trust Fund would

be affected detrimentally if they didn't receive any funds for a number of years.

Rep. Vinger said that money needed to be available from the Coal Board and pointed out that the interest on the \$20 million was also reverted.

It was pointed out that the Coal Board did not have the power to encumber the following year's allocations at present.

Rep. Nordtvedt then moved that the \$20 million figure be changed to \$10 million. Discussion followed. Rep. Williams felt that the fund front-end money problem was taken care of by prepaying taxes. Rep. Asay pointed out that this would be harder to do when interest rates rose. Rep. Williams expressed opposition to tying up this money.

The question was called for on the amendment, and the motion carried unanimously. Rep. Nordtvedt then moved a technical amendment to make the bill consistent with the rest of the Codes; Motion carried unanimously.

Rep. Dozier then rose in opposition to the bill. Rep. Bertelsen stated that nothing was being done to help the corporations by changing the fund, and the people were being helped. Rep. Asay pointed out that the Coal Board at no time had the entire \$8.8 million sum in its possession, and this contributed to the problem of taking care of front-end money requests.

The question was then called for on the motion of DO PASS AS AMENDED; motion carried 11 - 7; see roll call vote.

HOUSE BILL 204 was then considered. Mr. Wayne Hoovestol stated that the Montana Marine Trade Association had some proposed amendments to the bill. He added that if the Fiscal Note proved that the fees wouldn't be adequate, they could be raised. The amendments were then examined by the Committee; see Exhibit "C." Rep. Oberg rose in support of the fee system, but stated that treatment should be more like what was done with recreational vehicles. Rep. Nordtvedt agreed, and said that \$5 per foot on larger boats would accomplish this. He added that total equity was never achieved under a fee system. He stated that a per foot fee was the best alternative available. Rep. Nordtvedt then moved that the amendments be adjusted, and also include the \$5 per foot provision.

Rep. Dozier expressed a desire that "john boats" not be required to pay a high fee.

The question was then called for on the amendments; motion carried unanimously.

Rep. Sivertsen then stated that he didn't believe the \$50 maximum

fine was enough, and it should possibly be 25% of the proposed fee. It was then moved that the fine be fee plus 25%. Rep. Williams expressed opposition to connecting the fee with the fine. Rep. Nordtvedt said that he was in support of scaling the fine with the missing fee.

Mr. Hoovestol agreed that a fine plus the requirement to register the boat should be included in the amendments. He added that they had no objection to raising the fee to \$5 per foot on the larger boats, but the proposed increase from \$1 to \$2 on the lower end might increase some of the fees in this category to an amount greater than the present fee.

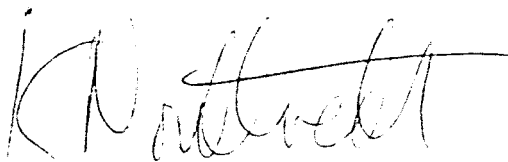
The Committee agreed that an amendment should be composed creating a fine for failure to register of 25% plus the fee. The amendment was moved, and the motion carried 13 - 6; see roll call vote.

Rep. Dozier then rose in opposition to the bill, stating that it would remove watercraft from the tax base, and this would lead to loss of local control.

Rep. Switzer stated that he wanted the fee to be based more on the value of the boat. Discussion then took place regarding the "users fee" approach.

The question was then called for on the motion of DO PASS AS AMENDED; motion carried 10 - 9; see roll call vote.

The meeting adjourned at 11:15 a.m.



Rep. Ken Nordtvedt, Chairman

NAME Chen BILL No. HB 42
ADDRESS Box 1120, Helena, MT 59604 DATE 1/20/81
WHOM DO YOU REPRESENT Montana Chamber
SUPPORT OPPOSE AMEND

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

Fifty days is too short to
be realistic. Amend to
180 - 365 days.

NAME Mary Langley BILL No. HB42

ADDRESS HELENA DATE 1-26-81

WHOM DO YOU REPRESENT NATIONAL FED OF IND. BUSINESS

SUPPORT OPPOSE AMEND

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

~~SECRET~~

OUR MOST RECENT SURVEY SHOWS 85%
OF OUR MEMBERSHIP FAVORS THIS CONCEPT.

PROPOSED AMENDMENTS TO HB42

AS INTRODUCED

* * * * *

1. Page 3, Line 12

FOLLOWING: "within"
STRIKE : "60"
INSERT : "100"

2. Page 3, Line 14

STRIKE: : Subsection (a) in its entirety

3. Page 3, Line 16

STRIKE : "(b)"
INSERT : "(a)"

4. Page 3, Line 18

FOLLOWING: "Montana"
STRIKE : "."
INSERT : "or in real property located within
the State of Montana"

5. Page 3, Line 23

STRIKE : "(c)"
INSERT : "(b)"

AMENDMENTS TO HB 36

3. Page 1, line 21.
Following: "facilities"
Insert: "(this does not include a rural electrical cooperative)"



7.0. Page 5, line 15.
Following: "facilities"
Insert: "(this does not include a rural electrical cooperative)"

Page 4 also

Agency -

also included changes from entity to agency.

1. ~~Page 1~~ title, line 8
following "PUBLIC"
STRIKE: "ENTITY"
INSERT: "AGENCY"

4. page 4, line 6
entity to agency

6. p. 5, line 13
entity to ag.

2. Page 1, line 19
following: "public"
Strike: "entity"
insert: "agency"

5. page 4, line 8
following: "facilities"

AMENDMENTS TO HB 36

1. Page 1, line 21.
Following: "facilities"
Insert: "(this does not include a rural electrical cooperative)"

2. Page 5, line 15.
Following: "facilities"
Insert: "(this does not include a rural electrical cooperative)"

TAXATION
1/26

SUGGESTED AMENDMENTS TO

House Bill 223

1. Title, lines 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. ^{AN} → *Page 3, line 2*
Following: line 2
Strike: "3%"
Insert: "4%"

3. Page 4.

Following: line 7

Insert: "(j) 1% to the earmarked revenue fund for conservation districts;"

Renumber: subsequent subsections

4. Page 4, line 10.

Following: "state"

Strike: "i"

Insert: ". "

5. Page 4, lines 11 and 12.

Following: line 10

Strike: subsection (k) in its entirety

B. Page 4, ~~line 13~~
Following: line 12
Insert

"NEW SECTION. Section 2. Conservation district
account - administration. (1) There is ~~established~~ a
conservation district ~~the~~ account in the earmarked revenue
fund of the state treasury. Money ^{is} ~~are~~ 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 conserva-
tion 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} ~~which~~ conservation districts are authorized ^{to perform} ~~to perform~~.

(3) A conservation district ^{is not} ~~shall not be~~ eligible to
receive a grant unless ^{it has exhausted its} ~~the~~ authorized mill levels ^{have been} ~~are~~
~~exhausted.~~

(4) The department of natural resources and conservation
may adopt rules implementing this section ^{that} ~~to~~ provide for the
form and content of applications and the criteria, terms,
and conditions for making grants ~~in~~ ^{that} ~~accordance with~~ ~~the~~ ~~provisions~~ ~~of~~ ~~this~~ ~~section.~~ "

V
New
in
and

OK as amended.
-OK

AMENDMENTS TO HB 223

- ✓ 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: "4%"
- 4. Page 4.
Following: line 7
Insert: "(j) 1% to the earmarked revenue fund for conservation districts;"
Re^{number}_{with}: subsequent subsections
- 5. Page 4, line 10.
Following: "state:"
Strike: "i" (underline the ";")
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."

OK as amended
-0-4

AMENDMENTS TO HB 223

- ✓ 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: "4%"
- 4. Page 4.
Following: line 7
Insert: "(j) 1% to the earmarked revenue fund for conservation districts;"
Remove: subsequent subsections
- 5. Page 4, line 10.
Following: "state-"
Strike: "i" (underline "i")
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."

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.

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

2. ³
Page ~~2~~, following line 23. ~~insert:~~

rt: " 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. "~~"

Renumber: Subsequent sections.

~~3 p. 5, line 20~~

~~3 p. 5, line 22~~

~~4 p. 5, line 23~~

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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.~~

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13

14

Proposed Amendments to HB 204

1. Title, line 5.

Following: "ON"

Strike: "MOTORBOATS"

Insert: "DESIGNATED WATERCRAFT; EXEMPTING CERTAIN WATERCRAFT FROM TAXATION"

2. Title, line 6.

Following: "15-6-138,"

Insert: "15-6-201,"

3. Title, Line 7.

Following: "MCA"

Insert: "; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE"

4. Page 1, lines 21 and 22.

Strike: subsection (e) in its entirety

Renumber: all subsequent subsections

5. Page 2, line 6 through line 9 on page 3.

Strike: section 2 in its entirety

Insert: "Section 2. Section 15-6-201, MCA, is amended to read:

"15-6-201. Exempt categories. (1) the following categories of property are exempt from taxation:

(a) the property of:

(i) the United States, the state, counties, cities, towns, school districts;

(ii) irrigation districts organized under the laws of Montana and not operating for profit;

(iii) municipal corporations; and

(iv) public libraries;

(b) buildings, with land they occupy and furnishings therein, owned by a church and used for actual religious worship or for residences of the clergy, together with adjacent land reasonably necessary for convenient use of such buildings;

(c) property used exclusively for agricultural and horticultural societies, for educational purposes, and for hospitals;

(d) property that meets the following conditions:

(i) is owned and held by any association or corporation organized under Title 35, chapter 2, 3, 20, or 21;

(ii) is devoted exclusively to use in connection with a cemetery or cemeteries for which a permanent care and improvement fund has been established as provided for in Title 35, chapter 20, part 3; and

(iii) is not maintained and operated for private or corporate profit;

(e) institutions of purely public charity;

(f) evidence of debt secured by mortgages of record upon real or personal property in the state of Montana;

(g) public art galleries and public observatories not used or held for private or corporate profit;

(h) all household goods and furniture, including but not limited to clocks, musical instruments, sewing machines, and wearing apparel of members of the family, used by the owner for personal and domestic purposes or for furnishing or equipping the family residence;

(i) a truck canopy cover or topper weighing less than 300 pounds and having no accommodations attached. Such property is also exempt from the fee in lieu of tax.

(j) a bicycle, as defined in 61-1-123, used by the owner for personal transportation purposes.

(k) a watercraft under 11 feet in length and a canoe or a kayak regardless of length.

(2) (a) The term "institutions of purely public charity" includes organizations owning and operating facilities for the care of the retired or aged or chronically ill, which are not operated for gain or profit.

(b) The terms "public art galleries" and "public observatories" include only those art galleries and observatories, whether of public or private ownership, that are open to the public without charge at all reasonable hours and are used for the purpose of education only.

(3) The following portions of the appraised value of a capital investment made after January 1, 1979, in a recognized nonfossil form of energy generation, as defined in 15-32-102, are exempt from taxation for a period of 10 years following installation of the property:

(a) \$20,000 in the case of a single family residential dwelling;

(b) \$100,000 in the case of multifamily residential dwelling or a nonresidential structure."

Renumber: all subsequent sections

6. Page 4, line 12.

Following: "property"

Strike: ", including all vessels, steamers, and other watercraft except motorboats subject to a fee in lieu of tax"

7. Page 5, line 21.

Following: "companies"

Strike: ", steamboats, vessels, and other watercraft except motorboats subject to a fee in lieu of tax"

8. Page 10, line 15.

Following: "use."

Insert: "(12) The requirements of this section apply to all watercraft subject to a fee in lieu of tax."

9. Page 12, line 17.

Following: "on the"

Strike: "motorboat"

Insert: "watercraft"

10. Page 13.

Following: line 4

Strike: "motorboats"

Insert: "designated watercraft"

- ✓ 11. Page 13, line 6.
Following: "on"
Strike: "motorboats"
Insert: "watercraft 11 feet in length or longer"
- ✓ 12. Page 13, line 10.
Following: "for"
Strike: "motorboats"
Insert: "watercraft"
- ✓ 13. Page 13, line 12.
Following: "section 9."
Strike: "Motorboat"
Insert: "Watercraft"
- ✓ 14. Page 13, line 13.
Following: "of a"
Strike: "motorboat"
Insert: "watercraft"
15. Page 13.
Following: line 13
Strike: "motorboat"
Insert: "craft" *watercraft*
- ✓ 16. Page 13, line 15.
Following: "a"
Strike: "motorboat 14"
Insert: "watercraft 15"
- ✓ 17. Page 13, line 17.
Following: "a"
Strike: "motorboat"
Insert: "watercraft"
Following: "than"
Strike: "14"
Insert: "15"
- ✓ 18. Page 13, line 18
Following: "than"
Strike: "18"
Insert: "19"
- ✓ 19. Page 13.
Following: line 19
Insert: "(4) The fee for a watercraft more than 19 feet in length but less than 25 feet in length is \$4 a foot or fraction of a foot."
Renumber: subsequent subsection
- ✓ 20. Page 13, line 20.
Following: "a"
Strike: "motorboat 18"
Insert: "watercraft 25"
- ✓ 21. Page 13, line 21
Following: "is \$"
Strike: "4"
Insert: "5"

✓ 22. Page 13, line 24.

Following: "on"

Strike: "motorboats"

Insert: "watercraft"

23. Page 14.

Following: line 3

Insert: "NEW SECTION. Section 11. Penalty.

The failure to pay the fee in lieu of tax as provided in [sections 5, 8, and 9] is a misdemeanor, punishable by a fine equal to 25% of the fee in lieu of tax that is due upon the watercraft for the current year of registration."

Renumber: all subsequent sections

✓ 24. Page 14, line 8.

Following: "12."

Strike: "Applicability"

Insert: "Effective date"

Following: "act"

Insert: "is effective on passage and approval and"

✓ 25. Page 14.

Following: line 8

Strike: "motorboats"

Insert: "watercraft"

STANDING COMMITTEE REPORT

March 26, 1951

MR. SPEAKER:

We, your committee on TAXATION

having had under consideration House Bill No. 42

A BILL FOR AN ACT ENTITLED: "AN ACT TO PROVIDE FOR POSTPONEMENT OF CAPITAL GAINS TAX BY REINVESTING GAIN WITHIN 60 DAYS; AMENDING SECTION 15-30-111, MCA."

Respectfully report as follows: That House Bill No. 42 introduced (white), be amended as follows:

1. Title.

Following: line 5

Strike: "60 DAYS"

Insert: "ONE YEAR"

2. Page 3, line 12.

Following: "the"

Strike: "money made from the gain"

Insert: "proceeds of the sale"

Following: "within"

Strike: "60 days"

Insert: "one year"

3. Page 3, line 15.

Following: "in"

Strike: "any kind of real property"

Insert: "land of total area greater than 20 acres"

XED:PASS AND AS AMENDED
DO PASS

Att: Statement of Intent

Rep. Ken Nordvekt, Chairman.

STATEMENT OF INTENT ON HOUSE BILL 42:

Section 1 (c) of HOUSE BILL 42 requires the Department of Revenue to adopt rules to administer the provisions of House Bill 42. It is the intent of the Legislature that the Department of Revenue will develop reporting forms for taxpayers to identify capital assets sold and purchased. The form will include the selling or purchase prices of the appropriate capital asset.

STANDING COMMITTEE REPORT

February 5, 19 51

MR. SPEAKER

We, your committee on TAXATION

having had under consideration HOUSE Bill No. 312.

A BILL FOR AN ACT ENTITLED: "AN ACT TO CREATE A STATE RESERVE FUND THAT WILL PROVIDE INTEREST-FREE FUNDS TO SCHOOL DISTRICTS FOR CAPITAL OUTLAY; TO ALLOCATE A PORTION OF THE PROCEEDS OF THE COAL SEVERANCE TAX AS FUNDING FOR THE STATE RESERVE FUND; AMENDING SECTIONS 15-35-108, 20-9-406, 20-9-410, AND 20-9-421 THROUGH 20-9-428, MCA."

Respectfully report as follows: That HOUSE Bill No. 312.

DO NOT PASS

~~DO PASS~~

STANDING COMMITTEE REPORT

February 5, 1921.....

MR. SPEAKER.....

We, your committee on..... TAXATION.....

having had under consideration..... HOUSE..... Bill No. 391.....

A BILL FOR AN ACT ENTITLED: "AN ACT TO AUTHORIZE A DEDUCTION FOR CHARITABLE CONTRIBUTIONS AS A PART OF THE STANDARD DEDUCTION OF A RESIDENT INDIVIDUAL IN COMPUTING TAXABLE INCOME; AMENDING SECTION 15-30-122, MCA."

Respectfully report as follows: That..... HOUSE..... Bill No. 391.....

PASS

OK PASS

.....
REP. KEN NORDTVEDT, Chairman.