

MAY 19 1981

MINUTES OF THE HOUSE TAXATION COMMITTEE MEETING
February 2, 1981

OF MONTANA

A meeting of the House Taxation Committee was called to order by Chairman Rep. Ken Nordtvedt at 8:00 a.m. on Monday, February 2, 1981 in Room 102 of the State Capitol. All members were present except Rep. Brand, who was excused. HOUSE BILLS 43, 85, 415 and 416 were heard and EXECUTIVE ACTION was taken on HOUSE BILLS 370, 371, 489 and 490.

The first bill to be heard was HOUSE BILL 85, sponsored by Rep. Dan Yardley. This bill repeals the provision for a surtax on the Montana Individual Income Tax return. He pointed out that: (1) the surtax was supposed to be a temporary tax, and (2) it is one of the most disagreeable taxes people say they have to pay.

Keith Anderson, Montana Taxpayers Association, then rose as a PROPONENT. 89% of their membership feels the income tax should be reduced. In addition to the sponsor's reasons, the fact of the big surplus in the State budget is a good argument for repealing the surtax.

There were no OPPONENTS to HB 85.

John Clark, Department of Revenue, then rose. He asked that the effective date be for taxable years after December 31, 1980.

Questions were then asked. Rep. Yardley said that this had been a prefiled bill, so other tax reform bills had not been taken into consideration when it was submitted.

Rep. Yardley then closed, and the hearing on HB 85 was closed.

HOUSE BILL 415, sponsored by Rep. Bob Sivertsen, was then heard. A handout was distributed which presented the Department of Revenue's position on the measure; see Exhibit "A." This bill addresses a problem in Montana that has been going on for some time, and attempts to close up a loophole which out-of-state corporations have been taking advantage of.

Jerry Foster, Administrator, Corporate Tax Division, Department of Revenue then rose in support of the bill. About two years ago a California corporation bought a ranch for subdividing and selling purposes; spun the ranch off into another corporation, and put the gain on the sale to the shareholders and Montana lost all of the gain on the sale. This bill won't affect Montana corporation assets because the Department of Revenue has jurisdiction over them.

There were no OPPONENTS to HB 415. Questions were then asked. Rep. Sivertsen stated that he didn't think this bill would discourage out-of-state investment in Montana. Mr. Foster said that the corporations the Department has become aware of are those buying up farmland and subdividing it. These people aren't escaping taxes as such, but some other state is getting them and not Montana; this would just ensure that Montana got the tax.

Rep. Sivertsen then closed, and the hearing on HB 415 was closed.

HOUSE BILL 416, also sponsored by Rep. Sivertsen, was then heard. A handout from the Department of Revenue was also distributed for this bill; see Exhibit "B." In addition, some proposed amendments were presented; see Exhibit "C." This bill is designed to clarify and change the withholding tax law in Montana. The bill has a Statement of Intent; see Exhibit "D."

Dave Schlosser, Department of Revenue, then rose in support of the bill, and offered to answer any questions.

Jim Hughes, Mountain Bell Telephone, then rose in OPPOSITION to the bill. He added that the amendments might take care of some of his concerns. However, he objected to the severity of some of the penalties set forth in the bill. Also, the definition of a company's relationship with independent contractors is unclear. He questioned a company's ability to verify that information provided them by the employee is correct.

Questions were then asked. Rep. Williams felt the language on P. 22, Subsection (2) was in conflict with other bills which would repeal the State law on retail business licenses. Mr. Clark said that this penalty would be deleted if the other bills passed. The effect on this bill of the passage of the other would just reduce the Department of Revenue's powers by one.

Mr. Schlosser told Rep. Williams that this bill did not modify the provision in State law which made the employer responsible for any withholding taken.

In response to a question from Rep. Oberg, Mr. Schlosser stated that if an independent contractor was in trouble with the Department of Revenue there would be no liability to his employer. He told Mr. Hughes (Mountain Bell) that his fears that the employer would be responsible for personally substantiating that the employee's withholding forms were truthful were without much basis. The Department is not going to scrutinize every W-4 or hold the employer responsible. This bill gives the employer the right to disregard information which he believes the employee has falsified.

Rep. Bertelsen brought up the situation where which party was responsible was unclear. Mr. Schlosser explained that the Department of Labor and Industry and other agencies had been addressing this problem for some time, and the guidelines set forth in HB 416 will clarify that question and also achieve uniformity between the various state agencies.

Mr. Schlosser explained that there are substantial differences between Internal Revenue regulations and Montana practices. There is a part on the W-4 form providing for exemption from federal withholding. This does not address the State's practices, but Montana

is forced into having to have some provisions to clarify its law. Montana has a problem with the people who leave its jurisdiction and the IRS doesn't have this problem, and Montana needs separate provisions to ensure that the State won't suffer a loss that the federal government won't suffer.

Rep. Harp wanted to know why a contractor would avoid submitting the withholding information. He was told that if an employee can avoid having his taxes withheld in the first place, he is under an advantage. The employee can threaten litigation if the employer questions his exempt status on the W - 4. This bill would afford the employer protection from litigation.

IRS language is being "piggy-backed" in part of this bill, and the section regarding independent contractors is from elsewhere. The goal in the bill is to develop uniformity.

Rep. Nordtvedt wanted to know where a person would appeal on the State level to fight the case that they are truly a contractor and not an employee. He was told it would be the Labor Standards Division, and the Department of Revenue would abide by their decision; the uniform language which HB 416 provides might help speed this process up.

Rep. Williams was told that a custom combiner would not fall under the employee/employer relationship in Montana; however, any persons working for the custom combiner would be employees, and he would be responsible for withholding on them.

Rep. Switzer wanted to know why the Department of Revenue had to have its own regulations when the Department of Labor and Industry already has them; why wouldn't the latter's regulation apply everywhere in State government. Mr. Schlosser replied that in some cases this is just the way things have developed, but in this case, separate provisions for the Department of Revenue were needed. One standard in one area doesn't necessarily control another standard in another area.

Rep. Sivertsen then closed. In regard to Rep. Bertelsen's questions he said to read the new Section 2 on P. 5 of the bill. There are some substantive changes in this bill and he expressed hope that the Committee would review them thoroughly. When money is withheld from an employee's wages, that money is rightfully his, and if the employer isn't reporting this withholding, the employee is losing and this is primarily what the bill is trying to get at. The hearing on HB 416 was then closed.

The Committee then went into EXECUTIVE SESSION while it waited for Rep. Jack Moore to appear and present HB 43. HOUSE BILL 370 was considered. Rep. Underdal moved that HB 370 DO PASS.

Rep. Williams said that he had met with a Montana Petroleum associate concerning trading. When this is done, it is considered the same as a sale and a fair value is set on the petroleum. Also, gas that is "flared" in a producing field isn't a serious problem anymore, because if there is any possibility of saving the oil, it is done.

Rep. Moore then arrived and EXECUTIVE ACTION on HB 371 was postponed.

HOUSE BILL 43, sponsored by Rep. Jack Moore, was then heard. This bill creates a 20% surtax on the property taxes paid by foreign persons who acquire residence properties in Montana. Congress passed a law that agricultural lands would be registered if owned by foreigners in Washington. This has never been required on a State level, but the Director of the Department of Agriculture has determined that in certain areas of the state, foreigners have acquired property and are earning income from it. They pay no taxes other than a property tax when the land is sold. The 20% surtax revenue would be distributed the same as the rest of the property tax monies.

Tom Harrison, Shell Oil, then rose in OPPOSITION to the bill. He stated that the bill was probably unconstitutional. The allegation that foreign nationals do not pay property taxes is not true. They pay every tax anyone else pays. If they don't utilize a service, they don't pay a tax. If this bill proved to be constitutional, Shell Oil would not stay in Montana, and he doesn't think this is a good thing to force them to do. Montana is an importing state and is in a poor position to shut anyone out. This is a punitive bill; the problem it addresses cannot be solved by the Legislature, because it is much bigger than that.

Questions were then asked. Rep. Moore stated that he didn't want to force anyone out of the State. The original intent of the bill was aimed at agricultural lands and residences only. He would like to amend the bill back to this original intent. Those people who buy agricultural and residential properties should be treated just as Americans in foreign countries, who do pay surtaxes, are treated.

John Clark, Department of Revenue, said that any grain shipped out-of-state by a corporation would be subject to taxation.

Rep. Moore requested the Committee to table the bill until he could get more information on the subject. Chairman Nordtvedt agreed to postpone executive action on the bill.

It was stated that people who farmed in both Canada and Montana would be excluded from this bill.

Rep. Moore pointed out that two years ago, this bill was declared

constitutional so long as it only applied to foreign nationals.

Rep. Asay wanted to know if oil could avoid income taxation if it was taken in a tank to Japan. Mr. Harrison said that it was his understanding that this wasn't the case, and this would come under the charter provisions. If a trade without a sale doesn't constitute a sale, this should be clarified because the potential for abuse is great.

Rep. Switzer asked Mr. Harrison if there is any comparison between what this bill would provide for and any law that might exist in the Netherlands. Mr. Harrison replied that he didn't recall. In addition, he said he didn't know what kind of ownership requirements the Netherlands had.

Rep. Moore then closed. Basically, the intent of the bill is to tax agricultural and residential land. Real estate brokers are opposed to this bill because it would mean a loss of money for them, but he submitted that this was the only opposition to the bill.

The Committee then went back into EXECUTIVE SESSION. The question was called for on HB 370. The motion of DO PASS carried, with Reps. Switzer and Asay opposed.

Some proposed amendments were then submitted for HOUSE BILL 371; see Exhibit "E." Rep. Underdal moved that the bill DO PASS. Rep. Oberg then moved the amendments. If the amendments were approved, the fiscal impact of the bill would no longer exist. The question was called for on the amendments; motion carried unanimously. It was explained that the Department of Revenue at present has to "watchdog" the operation anyway, and if proposed expenses are presented, they have to make the judgment if they are reasonably allocable. Therefore, the Department feels they need this language in the statutes. Rep. Williams stated that this section would help the Department have better judgment of what applies to the development.

The question was then called for on the motion of DO PASS AS AMENDED; motion carried with Rep. Neuman opposed.

Rep. Williams moved that HB 489 be tabled until he could find out how other dealers were treated in Montana. He said the Committee needed to know the fiscal impact of the bill. Rep. Harp made a substitute motion that HB 489 DO NOT PASS. Rep. Asay expressed concern about the loss of farm equipment dealers, partly because the companies were discontinuing them and partly because of the burden the State would be putting on them. Rep. Burnett said that he didn't think the bill would affect the counties that much. He made a substitute motion that HB 489 DO PASS. Chairman Nordtvedt pointed out that this was out of order since a substitute motion was already made.

Rep. Williams stressed that other heavy equipment dealers should be treated the same way, whether or not this bill passed. Rep. Oberg rose in opposition to the DO NOT PASS motion and also to a piecemeal approach to the problem.

Rep. Asay wanted to know why the same treatment couldn't be given to farm equipment dealers as to new car dealers; maybe there could be a more direct treatment of the problem.

Rep. Zabrocki suggested including "heavy machinery" under the definition of farm equipment.

Rep. Nordtvedt said that the owner of a automobile was precluded from paying a tax for a year, and on farm equipment they weren't. However, he agreed that this was one possible route the Committee could go. He added that if the Committee considered the inventory tax unusually bad, it might be abolished state-wide, but doing this piecemeal would create more problems that it would solve.

Rep. Vinger said he had a problem with the bill because if it passed, inventories could be built up while the municipalities were losing revenue.

Rep. Williams pointed out that in the end the consumer is paying the bill either way, regardless of whether it was a sales tax or a property tax.

Rep. Harp pointed out that part of running a business was taking care of overhead, and taxes were a part of this.

The question was then called for on the motion of DO NOT PASS. Motion carried with Reps. Asay and Burnett opposed.

Rep. Williams then moved that HOUSE BILL 490 DO NOT PASS.

Rep. Asay said that at present agricultural equipment wasn't on an equitable basis with other things. Rep. Williams agreed that the tax was probably too high, but said that the classification was not the problem; the assessment was. Rep. Asay said that when one is looking at market value, the government is being allowed to benefit from inflation.

Rep. Harrington rose in support of the DO NOT PASS motion, stating that passage of the bill would reopen the dispute regarding the valuation of coal and ore haulers.

Rep. Nordtvedt suggested writing a Committee bill that would spell out that in certain areas the Department of Revenue or assessors would be instructed to assess on the basis of reasonable wholesale or trade-in value.

Rep. Williams brought up the possibility of indexing personal property taxes. Rep Asay requested that action be deferred on this bill until a Committee bill could be drafted. Rep. Nordtvedt stated that he preferred to keep the two bills separate.

The question was then called for and the motion of DO NOT PASS HB 490 carried, with Reps. Asay, Neuman, Bertelsen, and Devlin opposed.

Rep. Harrington brought up the problem of assessing the value of equipment, because the owners feel assessed value is too high. Rep. Nordtvedt said that SB 126 would address this problem. This bill would use average wholesale value, and would be included in the bills assigned to the Fee Bill Subcommittee.

The meeting was adjourned at 10:15 a.m.

Rep. Ken Nordtvedt, Chairman

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COMMITTEE

H.3 85

Date 2/2/11

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

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

VISITORS' REGISTER

HOUSE TAXATION COMMITTEE

ULL H3 415

Date 3/2/81

SPONSOR Silverstein

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

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

DEPARTMENT OF REVENUE

HOUSE BILL NO. 415

HB 415 addresses a problem that has arisen from the interplay of the state and federal income tax laws. The result has been to deprive the State of considerable tax revenue on sales of Montana property.

Sections 331 and 337 of the Internal Revenue Code (IRC) provide for liquidation of corporations with any resulting gain or loss being recognized by the stockholders rather than by the liquidating corporation. If the stockholder is not subject to Montana income or license tax on this gain, the State loses the tax. This is best illustrated by an example, based on an actual case.

Corporation A acquires land in Montana. Corporation A is an out-of-state corporation with no tax nexus to Montana other than ownership of the land. Corporation A organizes Corporation B in Montana by transferring the property to Corporation B for the stock in Corporation B. Thus A is the sole stockholder in B, and B is the sole owner of the property. The transfer of the property is a tax-free exchange, and now A's only connection with Montana is ownership of the stock in B. B now proceeds to sell the property, realizing a substantial gain, and liquidates under Section 331 or 337. Thus B has no recognized gain for federal tax purposes and hence none for Montana purposes; the gain passes

through to A as stockholder. However, A's only connection to Montana is stock ownership and consequently under our present statutes is not liable for Montana tax on the gain. Thus a sale of a parcel of Montana property for a large profit passes out-of-state with no tax benefits to Montana.

The language of HB 415 is designed to close this loophole.

Section Analysis

Section 1. Amends 15-30-111, MCA. This section exempts from personal income tax gain that would pass through to the stockholder under federal law (and hence be included in federal adjusted gross) but is taxable to the liquidating corporation under the proposal of this bill. The change is found on page 2, lines 24 and 25.

Section 2. Amends 15-30-121, MCA. This section treats loss in the same matter as gain is treated in the prior section. The change is found on page 3, line 25, and page 4, line 1.

Section 3. Amends 15-31-113, MCA. The changes are found on page 5, lines 1 through 18. The new language in subsection (1)(a)(ii) (lines 4 through 12) make taxable to the liquidating corporation gain that would otherwise pass through to the stockholders whenever there is a stockholder (either individual or corporate) who would not be subject to Montana taxation on the gain. Subsection (1)(b) excludes from corporate income gain that

passed through to a corporation, as a stockholder, under federal law, but which the liquidating corporation must recognize under the proposal of this bill. This last change is analogous to the amendments to Section 15-30-111, MCA (found in Section 1 of the bill).

Section 4. Amends 15-31-114, MCA. The changes in this section address the problem of loss passing through to a stockholder under a Section 331 or 337 liquidation. The treatment is analogous to gain, and the changes can be found on page 10, lines 1 through 15.

Section 5. Applicability. The act is made applicable to tax years beginning after December 31, 1980.

DEPARTMENT OF REVENUE

HOUSE BILL NO. 416

HB 416 is a revision and clarification of the state withholding laws. This bill is intended to strengthen the ability of the Department of Revenue to collect the withholding tax. There are other bills that have been introduced (HB 433, dealing with the interest rate on delinquent taxes, and SB 272 dealing with the warrant for distraint mechanism) that also promote efficient collection activities. The majority of Montana employers comply with the withholding laws, but there is a sizable number of employers who fail to withhold and forward to the state withholding taxes. It is these noncompliers that the bill is directed at. It is an unfortunate fact that those employers who comply are in effect subsidizing their noncomplying associates.

While the bill is lengthy, the principal changes can be summarized. Key terms, such as "employee" and "employment relationship" are defined and clarified. The ability of the department to estimate withholding taxes is made express. Additional sections are added to the law concerning employee status information and the treatment of refunds. Failure to comply with the withholding laws is made a basis for action against various licensees and corporation. Finally provision is made for the exchange of certain information relating to employer payrolls.

The department believes that this bill will help to clarify the status of employer and employee and hence make it easier for employers to determine when they are subject to withholding. By strengthening the ability of the department to collect the withholding tax, additional income will be derived.

It should be stressed that this does not increase the requirement for an employer presently complying with the statutes.

SECTION ANALYSIS

Section 1. Amends 15-30-201, M.C.A. The term "employer" (page 2, lines 9 through 17) and "employment relationship" (page 2, line 25, through page 3, line 6) are defined. The changes should not affect those presently subject to the withholding laws.

Section 2. New Section. This section provides guidelines for the determination of the existence of the employment relationship. The language is designed to parallel existing language in the area of workers' compensation and unemployment compensation and thus to promote uniformity. It is anticipated that the department will promulgate rules to guide employers and will issue rulings on specific cases to employers requesting a determination. Note that the test is based on the nature of the relationship rather than the name given to the relationship by the parties.

Section 3. Amends 15-30-202, M.C.A. This section is amended for clarity. The deleted language with respect to military personnel is covered by the definition of wages in 15-30-201, M.C.A. (see page 3, lines 12 and 13) and by the added language on page 7, lines 1 and 2.

Section 4. Amends 15-30-203, M.C.A. This section is amended for clarity and for grammatical purposes.

Section 5. Amends 15-30-207, M.C.A. Some grammatical changes are made in this section. The important language change is found on page 8, line 25, through page 9, line 4. Here, the ability of the department to estimate withholding taxes is made clear. Moreover the words "required to be" at page 9, lines 3 and 4, address the problem of employers who fail to withhold from their employees in the first place.

Section 6. Amends 15-30-205, M.C.A. This section is amended for grammatical and stylistic purposes.

Section 7. Amends 15-30-206, M.C.A. This section addresses the withholding statement provided to employees by the employer. It is necessary for the department to receive a copy of this statement in order to verify submitted return. Additionally, the withholding statement is needed by the employee in order to submit his tax return. Consequently, a fine is provided for in the case of an employer who fails to file the forms as required. An abatement provision is included to permit the department to forgive the fine when good cause can be shown.

Section 8. Amends 15-30-207, M.C.A. The section is amended for grammatical and stylistic purposes. Additionally, a reference to the withholding statements, discussed in Section 7 above, is added. Because failure to file the statements with the department is subject to fine, it was thought advisable to repeat the requirement in 15-30-207, M.C.A.,

Section 9. Amends 15-30-208, M.C.A. This section is rewritten somewhat for clarity. The language relating to warrants for distraint is rewritten to tie it to the warrant language provided for income tax in general,

Section 10. Amends 15-30-209, M.C.A. This section is rewritten to clarify the activities that subject the employer to penalty.

Section 11. New Section. This section deals with employee status information. It provides for rules to be developed by the department concerning the exemption allowances of the employee and the tax-exempt status of the employee. To the extent possible federal forms will be used. This section is aimed at curbing abuses that have arisen in the past, are continuing at present, and will no doubt continue in the future unless curbed.

Section 12. New Section. This section provides for the adoption of rules by the department concerning the treatment of refunds. Problems have arisen where the employer has failed to withhold from the employee, and then both employee and employer are subject to tax. Problems have also arisen where the officer of a corporation fails to pay over withholding to the state and then files for a refund.

Section 13. Amends 15-30-221, M.C.A. This section is amended to correct an internal reference necessitated by changes made elsewhere in the bill.

Section 14. Amends 15-50-302, M.C.A. The amendments to this section permit the department to file a complaint under the public contractor license law and make failure to comply with the withholding laws a grounds for suspension of a public contractor's license.

Section 15. Amends 15-30-303, M.C.A. The principal changes occur at page 21, lines 6 through 17, where exchange of employer payroll information is made possible in order to insure cross compliance tests by the state agencies required to administer the withholding, unemployment compensation, and workers' compensation laws. The added subsection (8) protects the confidentiality of exchanges information.

Section 16. New Section. This section, in conjunction with the codification instruction, provides for exchange of information with the Employment Security Division of the Department of Labor.

Section 17. New Section. This section, in conjunction with the codification instruction, provides for exchange of information with the Division of Workers' Compensation of the Department of Labor.

Section 18. Amends 15-57-110, M.C.A. This section is amended to provide for the revocation of store license because of a failure to comply with the withholding laws. It should be noted that the entire stores license tax is proposed for repeal.

Section 19. Amends 16-4-406, M.C.A. The amendments add violation of the withholding laws to the list of grounds for action against the holder of an alcoholic beverage license, including brewers, wholesalers, and retailers.

Section 20. Amends 35-1-1019, M.C.A. The amendments permit the Secretary of State to revoke the authority of a foreign corporation to do business in Montana because of a violation of the withholding laws.

Section 21. Amends 35-6-102, M.C.A. The changes provide for the involuntary dissolution of a Montana corporation for failure to comply with the withholding laws by adding a subsection (1) (f) to the list of grounds for revocation.

Section 22. Amends 35-6-201, M.C.A. The amendment at page 27, line 16, adds the phrase "including withholding taxes" for clarity.

Section 23. Codification Instruction.

Section 24. Applicability.

Amendments to House Bill 416

1. Amend page 28, line 15

Following: "Section"
Strike: "15"
Insert: "16"

2. Amend page 28, line 17

Following: "section"
Strike: "15"
Insert: "16"

3. Amend page 28, line 18

Following: "Section"
Strike: "16"
Insert: "17"

4. Amend page 28, line 20

Following: "section"
Strike: "16"
Insert: "17"

STATEMENT OF INTENT
HOUSE BILL NO. 416

This act is a comprehensive revision of the employer withholding laws. It is intended to strengthen the ability of the department of revenue to collect the withholding tax. The vast majority of employers fully comply with the withholding tax laws. It is not fair that this majority of honest businessmen should subsidize those employers who either cannot or will not comply with the withholding statutes. The provisions of the act are aimed at abuses that have occurred in the past, are occurring at present, and will continue to occur in the future if steps are not taken to solve the problem.

The first three sections are designed to clarify the situation as to which employees' wages are subject to withholding. It is anticipated that the department will adopt guidelines in the form of rules to enable employers to determine when to withhold. In many situations, the department will issue rulings for a particular case.

Section 11 provides rule-making authority to the department in the specific area of employee submission of information to employers concerning exemption allowances and tax-exempt status. The department rules will to the extent possible, rely on forms submitted in connection with federal income tax, such as the W-4 Form. The department may specify what information on the W-4 may be used by the employer for state tax purposes. Other areas where similar forms may be useful are in connection with interstate agreements concerning reciprocal exemption from taxation. The department may specify circumstances where the employer may and circumstances where the employer must disregard information

supplied by the employee because the information is false. The rules will specify the exemption allowances to be permitted when false information is submitted.

Section 12 provides rule-making authority to the department in the specific area of refunds. The guiding principle is that the income tax liability is primarily that of the employee but that the employee should not be punished because of failure by the employer to pay over withheld taxes. Similarly the employee should not be unjustly enriched by receiving a refund if no amount has been withheld. The department rules should be designed to insure that the party equitably entitled to a refund receives the refund.

Section 15, 16 and 17 deal with exchange of information between state agencies. The provision of these sections are designed to protect the confidentiality of the tax information to the greatest degree possible.

VISITORS' REGISTER

HOUSE TAXATION COMMITTEE

FILE H243
INSOR MOORE

Date 2/2/81

[illegible]

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

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

NAME Jo Brunner BILL No. HB 43
ADDRESS 531 S Oakes DATE 2/2
WHOM DO YOU REPRESENT W.I.F.E.
SUPPORT X OPPOSE _____ AMEND _____

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments: At a time when taxation is taking an increasing larger slice of business (including agriculture) income - it is ironic that foreign ownerships are allowed ~~tax~~ tax breaks that far outweigh the businesses of United States ownership. W.I.F.E. strongly requests the passage of this bill.

PROPOSED AMENDMENTS TO HB 371

1. Page 1, line 4.
Following: "An act" - *all cases*
Strike: "allowing indirect"
Insert: "clarifying allowable"
2. Page 1, line 25.
Strike: "geological, geophysical"
3. Page 2, line 1.
Following: "and"
~~Strike: "similar"~~
4. Page 2, line 2.
Strike: "or" before "related"
5. Page 2, lines 3, 4 & 5.
Following: "producer"
Strike: "including but not limited to the operator's or producer's charge for such services and expenses, if any, under the applicable operating agreement"
6. Page 2, line 24.
Following: "account"
Strike: "geological, geophysical"
7. Page 3, line 1.
Following: "and"
Strike: "similar or"
8. Page 3, lines 2, 3, 4 & 5.
Following: "producer"
Strike: "including but not limited to the operator's or producer's charge for such services and expenses, if any, under the applicable operating agreement"

STANDING COMMITTEE REPORT

February 6, 1921

MR. SPEAKER:

We, your committee on TAXATION

having had under consideration House Bill No. 43

A BILL FOR AN ACT ENTITLED: "AN ACT CREATING A 20% SURTAX ON ALL PROPERTY INCLUDED IN SECTIONS 15-6-133 AND 15-6-134, MCA, OWNED BY A FOREIGN PERSON; AND PROVIDING AN EFFECTIVE DATE."

Respectfully report as follows: That House Bill No. 43

DO PASS

STANDING COMMITTEE REPORT

February 6, 1951

MR. **SPEAKER**

We, your committee on **TAXATION**

having had under consideration **HOUSE** Bill No. **415**

A BILL FOR AN ACT ENTITLED: "AN ACT TO PROVIDE THAT GAIN OR LOSS UPON A CORPORATE LIQUIDATION IS RECOGNIZED FOR STATE TAX PURPOSES BY THE LIQUIDATING CORPORATION IF ANY STOCKHOLDER OF THE CORPORATION IS NOT SUBJECT TO MONTANA INCOME TAX UNDER TITLE 15, CHAPTER 30 OR 31, AS APPROPRIATE; AMENDING SECTIONS 15-30-111, 15-30-121, 15-31-113, AND 15-31-114, MCA; AND PROVIDING AN APPLICABILITY DATE."

Respectfully report as follows: That **HOUSE** Bill No. **415**, introduced (white), be amended as follows:

1. Title, line 9.
Following: "TAX"
Insert: "OR CORPORATE LICENSE TAX"

AND AS AMENDED

DO PASS