

HOUSE TAXATION COMMITTEE MEETING MINUTES

March 27, 1981

A meeting of the House Taxation Committee was held on Friday, March 27, 1981 at 7:00 a.m. in Room 102 of the State Capitol. All members were present except Rep. Asay, who was excused. EXECUTIVE ACTION was taken on HOUSE BILLS 834, 609, 707, 42, 293, 499 and 374 and SENATE BILLS 231 and 292.

HOUSE BILL 374 was considered. It was announced that, with the permission of the sponsor, the bill was amended to take out all items except motor boats and certain sailboats. If this bill wasn't passed, everything else but motor boats would possibly be on a fee system.

Rep. Burnett moved that the "grey" HOUSE BILL 374 DO PASS; see Exhibit "A."

Discussion occurred regarding what would qualify under the bill. Rep. Oberg submitted that the fee schedule wasn't considerably cheaper than the one in HB 204. He said that motor homes had much higher fees, and rose in opposition to the motion. He thought the people who had the ability to pay the most would be getting off the easiest.

Rep. Sivertsen pointed out that the value concept had been dropped when a fee system was adopted.

Rep. Zabrocki pointed out that boats weren't used year-round and therefore their fees were lower. Rep. Underdal pointed out that combines were only used once a year but didn't get this treatment.

The question was called for on the motion that the grey bill DO PASS; motion failed 10 - 7; see roll call vote.

Rep. Harrington moved that HOUSE BILL 609 DO PASS.

Rep. Nordtvedt made a substitute motion of DO NOT PASS. He expressed opposition to making exceptions in the property tax system. He submitted that the taxes on industry's profits should be reduced rather than giving them front-end tax breaks.

The question was called for; motion carried with Reps. Harrington, Brand, Neuman and Harp opposed.

Rep. Harp moved that HOUSE BILL 707 DO NOT PASS. Rep. Nordtvedt rose in support of the motion. More resources can be spent in the name of trying to conserve something else to the point where there is a loss in another area. This bill will save a few people and a lot of engineers. He submitted that the State would be picking up too much of the cost under this bill.

Rep. Harp suggested that the bill might be Tabled. An engineer had suggested to him that rather than giving the tax credit on the design, everyone could turn in their usage for the tax break. He submitted, however, that in his opinion this seemed even more unworkable.

The question was called for on DO NOT PASS HB 707; motion carried with Rep. Oberg opposed.

Rep. Nordtvedt then explained HOUSE BILL 834. One of his problems with the bill was that there were too many SBIC's. Rep. Roth said the bill seemed to be encouraging speculative business and she was opposed to this. Rep. Nordtvedt said his philosophy was that risk capital should be rewarded on the profit rather than on the risk side.

Rep. Williams said that an equitable situation couldn't be created if a limit was put in the bill. He questioned who would decide who got the credit and who didn't. He felt the bill should be left wide open, but in this case the State couldn't afford it.

Rep. Nordtvedt pointed out that one of the ironies of the set-up was that if he had some capital and invested it in a high risk venture, he wouldn't get a tax credit, but if the money was turned over to an SBIC, he would.

Rep. Neuman submitted that the SBIC's had done a lot to help some small businesses get started. Rep. Nordtvedt pointed out that the other States might not be giving a 50% tax credit, however, and this wasn't revealed in the testimony.

Rep. Harp pointed out that 11 SBIC's wouldn't necessarily be set up; the bill just provided that they could be. Rep. Nordtvedt submitted that they would be formed by businessmen who wanted to invest in their businesses who could get the tax credit then.

Rep. Williams pointed out that besides the tax credit the individual investing in a SBIC could take any loss from his income taxes, also.

Rep. Nordtvedt moved that HOUSE BILL 834 DO NOT PASS, even though he felt it was one of the best venture capital bills introduced in the session. The question was called for and the motion carried, with Reps. Oberg, Harrington, Vinger, Neuman, Harp and Dozier opposed.

HOUSE BILL 42 was considered. It was explained that this was another approach to getting more risk capital into the State. Some amendments were proposed; see Exhibit "B." Rep. Switzer rose in support of the amendment providing for one year instead of sixty days.

Rep. Williams commented on the bill. (1) He pointed out that this bill was a departure from federal ruling. Rep. Nordtvedt said the reporting of the gain would still be consistent with federal law because if the capital gain is made, it is reported on the federal return and the bill also says that the gain needed to be reported; taxes wouldn't have to be paid unless it was not reinvested in the State, however. Rather than the State sharing in the risk at the front end, the bill is saying that investors, if they keep their money in the investment domain, can keep rolling over the investment

and postpone paying the capital gains tax. Once the money goes into the consumption stream, the taxes will be paid.

Rep. Williams wanted to know how the bill compared with the treatment of home owners and this was discussed. This bill would be the same concept but covering everything minus what the amendments excluded.

Rep. Dozier said that this bill would be creating more tax loopholes.

Rep. Nordtvedt submitted that the bill would get investment capital to stay in the Montana enterprise system. He agreed that if the loopholes could be closed, that would be desirable.

Rep. Oberg wanted to know what effect the amendment changing the time limitation would have on the fiscal note and Rep. Nordtvedt said it wouldn't have any effect. If the bill didn't do what it tried to do, there would be no fiscal impact, but if it did bring in out-of-State investment money, then the capital gains tax would be avoided. Once the State reached a new steady state; things would be alright; in the transition there would be a temporary loss of revenue. If 20% of the capital gains investments were taken advantage of in the State, the effect would be \$1 million per year.

Rep. Nordtvedt moved that the amendments be adopted; motion carried unanimously.

The question was then called for on the motion of DO PASS AS AMENDED; motion carried with Reps. Harrington and Dozier opposed.

Rep. Nordtvedt moved that the Statement of Intent be adopted; motion carried unanimously; see Exhibit "C."

Rep. Williams moved that SENATE BILL 231 BE CONCURRED IN. He explained that there were several amendments that should take care of objections to the bill. The question was called for; motion carried unanimously.

Rep. Harrington submitted that action needed to be taken on HOUSE BILL 73, and he moved that it DO PASS. He felt that with the cattle tax and the automobile license bill and the inventory tax repeal, the impact would be hard on the Counties, and possibly HB 73 was the answer for this.

Rep. Nordtvedt submitted that HB 73 should be Tabled. What the House did on the automobile fee bill would have an effect on what should be done with this bill. He pointed out that the Governor's fee bill would be reimbursing the local governments.

Rep. Harrington said he wanted HB 73 passed out so that it could be considered as an alternative. He stressed that his local district would be suffering a large loss under the fee system.

Rep. Burnett moved that HOUSE BILL 73 be TABLED.

Rep. Brand rose in support of Rep. Harrington's motion. He submitted

that if the bill was tabled, unless the rules were suspended, it would die in Committee.

Rep. Burnett submitted that any bill could be transmitted to the Senate that the Legislature wanted to. This bill just sends \$30 million out on a per capita basis from the General Fund to local governments and he felt that this wasn't needed to be understood by the other House, because the bill was pretty clearly understandable and didn't necessarily need to be heard again before they knew what it did.

Rep. Dozier said that it behooved the Committee to send some of the bills out, because they had been in Committee for so long.

Rep. Harp rose in support of Rep. Harrington's motion.

Rep. Sivertsen rose in opposition to Rep. Harrington's motion. He submitted that the ad valorem tax system was being destroyed. Revenue sharing doesn't reflect the will of local government. In many instances, it doesn't reflect responsibility in government; it becomes merely a gift-giving to local governments.

Rep. Harrington submitted that since the ad valorem system was being broken down, the replacement of revenue was necessary.

Rep. Nordtvedt said he had voted against any bill which would require a replacement of money to local government. More would be lost by getting hooked on revenue sharing than any other possible gain. He said that federal revenue sharing had been a failure and submitted that the same thing would happen on the State level.

Rep. Williams said that Federal revenue sharing never did reflect any taxes. This bill was a replacement for a tax, and not the same as the federal program.

Rep. Underdal rose in opposition to revenue sharing. He added, however, that if the lost revenue wasn't replaced by something fairly stable, everything would be lost. He submitted that revenue sharing wasn't a reliable replacement.

Rep. Bertelsen said he wasn't exactly in favor of revenue sharing, but submitted that something needed to be done to help the Counties. He added that the idea that the Legislature had a responsibility to the Counties shouldn't be discarded.

Rep. Nordtvedt pointed out that this biennium there was a surplus which wouldn't be available again. If some of that surplus was spent on revenue sharing, the question was, how would it be funded in two years. He would hope that if the surplus wasn't spent for revenue sharing, it be disbursed back to the taxpayers under some form of temporary tax relief program.

Rep. Roth commented that she would like to see the Counties able to get by without revenue sharing. She submitted that if the Counties had to do this, the State should have to.

Rep. Dozier submitted that the Cities were responsible in their use of the federal revenue sharing money.

Rep. Nordtvedt said there was no doubt that the recipients of revenue sharing had enjoyed it. He suggested that it might be partly responsible for the nation's present fiscal crisis, however.

Rep. Oberg said that all the other options for Local governments getting revenue had been killed and this was the only alternative left.

Rep. Sivertsen said that all entities of government were going through some tough times at present. The problem he had with revenue sharing was that it was just a redistribution to whoever squawked the loudest. He submitted that revenue sharing on the federal level had been abused. He said that the State should continue to leave more of the tax dollars in the people's pockets so that they could fund local government at the level they wanted to. By reducing State and federal taxes, no more bureaucracy for the sake of redistributing the wealth is being created. In Washington they are to the point of taxing the people so that they can give the money back to them. He said there was no accountability when money was sent to Washington, D. C. and funnelled back.

Rep. Dozier submitted that the federal government didn't increase property taxes.

Rep. Neuman rose in opposition to revenue sharing. He said that it should be brought to the Floor where it could stand on its own merits, however.

Rep. Harp said that moving the bill out of Committee would be giving the Summit some direction.

The question was called for on the substitute motion to TABLE HB 73; motion tied 9 - 9; see roll call vote.

Rep. Nordtvedt then made a substitute motion of DO NOT PASS on the original motion. Revenue sharing separates into two groups those who raise the tax and those who pay it. Revenue sharing is a step towards attacking the taxpayer from his backside.

Rep. Underdal submitted that the Legislature would be better off to tax equally for what was necessary; then money wouldn't be needed to give back.

Rep. Harrington submitted that the livestock and inventory tax relief bills would probably pass, and those Counties would have the revenue problem. Taking the revenue away under those bills will be causing

more problems in the Counties because that money will not be replaced.

Rep. Nordtvedt said his question would be to the proponent of the livestock tax bill whether or not their local governments could withstand the loss in revenue.

Rep. Brand submitted that there would never be tax equity. The Cities have to pay higher taxes than the rural areas. He submitted that land taxes in the rural areas should be raised if the livestock bill was passed. If there will be reductions in the inventory and cattle taxes and if the Legislature is telling them to tighten their belts, this isn't fair, because the State government isn't being asked to do this.

Rep. Dozier added that what was being talked about was the income tax revenue vs. property taxes. The first takes into account ability to pay while the latter one doesn't. Therefore, money should be taken from income taxes (General Fund); this would be the most justified.

Rep. Oberg submitted that this Legislature was going to come up with the biggest State budget ever and if this was done, the local governments needed to be extended the same privilege.

The question was then called for on the motion of DO NOT PASS; motion tied 9 - 9. The Chairman said the bill would remain in Committee.

HOUSE BILL 293 was then considered. Rep. Burnett distributed information, including amendments, on the bill; see Exhibit "D."

Rep. Nordtvedt wanted to know what the term "for use other than agricultural" meant. Rep. Neuman said that this meant land that had gone through the review process and had been subdivided and was for homes and not agriculture purposes.

Discussion took place on the amendments. Rep. Nordtvedt pointed out that it wasn't even clear if the 20 acres even applied to Subsection (2). He submitted that Subsection (b) wouldn't work because there would be bad years when the income criteria couldn't always be met.

Rep. Burnett said that the Department of Revenue had said that income could be averaged. Also, the Department has had more suits regarding green belt than on the 34%. Several committee members disagreed.

Rep. Nordtvedt said that the law didn't presently say one had to be making a profit and this would be saying that. Rep. Williams submitted that the present law was based on productivity of the land.

Ellen Feaver, Department of Revenue, said that the author of the amendments could be present at 10:30 a.m. to explain the amendments.

HOUSE BILL 27 was considered. Rep. Nordtvedt said that in case the summit in their final package included a change in the exemption then this bill should be amended and ready to go, in case a vehicle was needed to accomplish this. Suggested amendments were distributed; see Exhibit "E." He explained the amendments.

Rep. Bertelsen said that Section 15-30-142 might be added to the bill as per previous discussion on the matter.

Rep. Brand wanted to know if the amendments would mean less money to the State. Rep. Nordtvedt replied that as of the present time, Initiative 86 was the "law of the land;" the question of what base exemption would be subject to indexing for this taxable year had been raised. These amendments would make it clear that the amount would be \$1,000.

Rep. Brand wanted to know why it was being reduced from \$1,200. Rep. Nordtvedt said he would be willing to leave it at \$1,200, but there would be a great fiscal impact in this case.

Rep. Williams rose in opposition to the amendments because he was opposed to changing Initiatives that had been passed.

Rep. Neuman questioned whether there was a bill in the Senate to raise the exemption to \$1,000. Rep. Nordtvedt pointed out that that bill didn't correct the other problems regarding what would be subject to indexing this year.

Regarding the question about whether or not the amendments would be changing what the people voted on in November, the level of exemptions and deductions weren't part of the Initiative in Rep. Nordtvedt's judgment. The Initiative said whatever levels the Legislature chose to establish as a base would be adjusted each year according to inflation. In the absence of any Legislative action, the Initiative would keep income taxes from growing faster than inflation.

Rep. Brand submitted that no matter what, the budget had to be balanced.

Rep. Nordtvedt pointed out that the Legislatures in the 1970's never changed the exemption brackets except once but inflation kept pushing people into higher tax brackets; therefore, the income tax load on people went up even after correcting for inflation. Initiative 86's purpose was to stop this. Now the collections will go up at about the inflation rate, but not in excess.

Rep. Nordtvedt said one of the purposes of having the bill amended and ready to go was that he believed a House bill should be doing this change.

Rep. Williams said the Legislature had the privilege of changing any Initiative; the way the Initiative was worded was the basis of the Attorney General's ruling that the exemption should be at the level

he had said it should be.

Rep. Nordtvedt submitted that everyone agreed that this wasn't the intent of the Initiative.

The meeting recessed from 9:00 until 10:30 a.m.

The Committee reconvened at 10:30 a.m. and HOUSE BILL 27 was taken back up. Rep. Nordtvedt said he had checked with Sen. Elliott's counterpart bill and nothing had been put in that bill to solve the Attorney General's ruling. He submitted that there should be a correctly written bill ready to go. He moved the amendments; motion carried with Rep. Williams opposed.

HOUSE BILL 293 was again considered. Rep. Burnett went over the amendments once more. Jack Gribble, Department of Revenue, was the author of the amendments and he got his language from the zoning statutes, supposedly.

John Clark, Department of Revenue, said that the language came out of the platting act, division of land. One of the problems with the green belt law is that if a subdivision is platted, it doesn't constitute a change of use. However, there are places where the classification is agricultural but isn't agricultural. He submitted that the language was technically good. Rep. Nordtvedt submitted that there were so many gray areas, it was hard to cover them.

Rep. Burnett said that one of the things in the discussion regarded allowing the appraiser some flexibility and the amendments provide this. If a person cannot give evidence, the Department is allowed a little more flexibility in gauging changes in land use.

Rep. Burnett moved the amendments; motion carried with Rep. Nordtvedt opposed.

Rep. Burnett then moved that HOUSE BILL 293 DO PASS AS AMENDED; motion carried with one opposed.

Rep. Asay moved that SENATE BILL 292 BE CONCURRED IN. A motion was made to make the bill effective upon passage and approval; see Exhibit "F." The two motions were combined and voted on, and carried unanimously.

Discussion took place regarding whether or not to move HOUSE BILL 499 out of Committee. Rep. Vinger rose in support of raising the gas tax. Rep. Asay wanted to know if the Highway Department's opinion of the bill had changed. Rep. Oberg submitted that the Highway Department knew they needed more funding. Rep. Nordtvedt said that every tax adjusted for inflation except user taxes, which ended up decreasing in purchasing power. He rose in support of moving the bill out of Committee.

Rep. Bertelsen said he thought the tax was needed and the bill should be put on the Floor of the House.

Rep. Vinger moved that the bill DO PASS.

Rep. Zabrocki submitted that if this bill passed, the prices of everything would go up and the increases would break the "little guy."

Rep. Bertelsen said roads were paid for whether we have them or not and we pay more for them if we don't have them.

Rep. Harrington pointed out that gas had gone up 19¢ since the beginning of the Legislative session.

Rep. Williams felt the money should come from the Coal tax interest and therefore was in opposition to the bill.

Rep. Sivertsen said he was going to vote for the bill so that it could go onto the Floor. He felt the percentage should be discussed by the full House.

Rep. Williams pointed out that there was a provision in the law for Cities and Counties to levy a gas tax, and submitted that HB 499 needed amending so that the Cities could levy the additional tax.

The question was called for; motion carried with Reps. Zabrocki, Roth and Williams opposed.

Reps. Asay and Williams were appointed to a Subcommittee to work up amendments for HB 835.

SENATE BILL 483 was discussed. There were amendments to satisfy the concern that the situation might be ongoing; they put a termination date of December 31, 1985 in the bill. Rep. Nordtvedt asked the Department of Revenue if their amendments did this.

Ms. Feaver said the Sunset provision would just make Classes 12 and 13 go back to one class as of January 1, 1986; see Exhibit "G."

Rep. Williams said that the Department of Revenue and the Tax Appeals process were being given two years to find a workable solution and after that time the Legislature could make the decision as to whether or not to continue the method; he rose in support of the bill.

Rep. Sivertsen said the Tax Appeals Board had caused some of the problem but for the time, the best possible means that this doesn't happen in the present cyclical appraisal were being sought.

Rep. Brand submitted that the problem with appraisals wasn't really being taken care of.

Rep. Nordtvedt pointed out that the State was in the middle of a reappraisal cycle; if new manuals were adopted now, there would be more lawsuits; he submitted that the State was tied to the manuals it started with, although it had probably been a mistake to use two different years at that time. He pointed out that the decision to settle for 12% was retroactive. This bill would put into law the ability to use a different manual for commercial appraisals.

Rep. Sivertsen wanted to know what the intentions of the Department of revenue were for the future. Ms. Feaver said that in some cases, manuals were used, but they were using one date and at present it was a 1979 date and all property would be valued as of the same date. They don't wish to be tied to manuals. They would rather use a basic appraisal approach. Manuals will be used to help arrive at construction indices.

Dennis Burr, Montana Taxpayers Association, said there was a difference between what the appraiser did when trying to sell the property and what the Department did. The 34% cases stressed that market value wasn't the standard they were looking at when they evaluated whether people were being treated fairly. He felt the Department of Revenue's appraisal methods had to be such so that they could inexpensively value a lot of property.

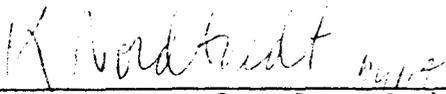
A motion was made to put the bill into a Subcommittee. Discussion took place.

Rep. Nordtvedt said that if the appraisals had been done correctly several years ago, commercial property wouldn't be at 112% like it was now. The only alternative to clean up the problem was to roll back commercial property. He submitted that the bill should be put in the best shape as possible because it was the only alternative.

Rep. Williams felt the bill was the proper mechanism, if it could be made workable.

A Subcommittee consisting of Rep. Sivertsen as Chairman, and Reps. Williams, Switzer and Neuman was formed to work on SB 483.

The meeting was adjourned at 11:30 a.m.



Rep. Ken Nordtvedt, Chairman

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HOUSE BILL NO. 374

INTRODUCED BY QUILICI, HARRINGTON, JOHNSON,

DAILY, NORDTVEDT, PAVLOVICH, KANDUCH,

MENAHAN, D. BROWN

A BILL FOR AN ACT ENTITLED: "AN ACT TO PROVIDE FOR A FEE IN LIEU OF PROPERTY TAX FOR AUTOMOBILES, ~~---~~ LIGHT ~~---~~ TRUCKS, ~~---~~ MOTORCYCLES, ~~---~~ AND MOTORBOATS AND CERTAIN SAILBOATS; MAINTAINING A FLOOR AMOUNT FOR BONDING LIMITATIONS FOR LOCAL GOVERNMENTS; AMENDING SECTIONS ~~7-1-211, 7-3-132, 7-4-250, 7-6-221, 7-6-412, 7-6-425, 7-7-107, 7-7-108, 7-7-210, 7-7-220, 7-7-220, 7-7-420, 7-7-420, 7-13-410, 7-14-236, 7-14-252, 7-14-440, 7-16-232, 7-16-410, 7-31-106, 7-31-107, 7-34-213, 10-2-30, 15-6-138, 15-8-301, 15-8-404, 15-6-140, 15-6-201, 15-8-201, 15-8-202, 15-24-101, 15-24-105, 15-24-301, 15-30-121, 15-31-114, 15-50-207, 19-11-503, 19-11-504, 19-11-512, 20-9-406, 20-9-502, 23-2-512, 23-2-513, AND 23-2-515, 61-3-303, 61-3-317, 61-3-322, 61-3-332, 61-3-335, 61-3-342, 61-3-501, 61-3-503, 61-3-504, 61-3-507, 61-3-509, 61-3-521, 61-3-701, 61-10-233, AND 85-7-200, MCA."~~

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Refer to Introduced Bill

(Strike everything after enacting clause and insert:)

1 Section 1. Section 15-6-138, MCA, is amended to read:

2 "15-6-138. Class eight property -- description --

3 taxable percentage. (1) Class eight property includes:

4 (a) all agricultural implements and equipment;

5 (b) all mining machinery, fixtures, equipment, tools,
6 and supplies except:

7 (i) those included in class five; and

8 (ii) coal and ore haulers;

9 (c) all manufacturing machinery, fixtures, equipment,
10 tools, and supplies except those included in class five;

11 (d) motorcycles;

12 ~~(e) watercraft;~~

13 ~~(f)~~ (e) light utility and boat trailers;

14 ~~(g)~~ (f) aircraft;

15 ~~(h)~~ (g) snowmobiles and all-terrain vehicles;

16 ~~(i)~~ (h) harness, saddlery, and other tack equipment;

17 and

18 ~~(j)~~ (i) all other machinery except that specifically
19 included in another class.

20 (2) Class eight property is taxed at 11% of its market
21 value."

22 Section 2. Section 15-8-301, MCA, is amended to read:

23 "15-8-301. Statement -- what to contain. (1) The

24 department of revenue or its agent must require from each

25 person a statement under oath setting forth specifically all

1 the real and personal property owned by such person or in
2 his possession or under his control at midnight on January
3 1. Such statement must be in writing, showing separately:

4 (a) all property belonging to, claimed by, or in the
5 possession or under the control or management of such
6 person;

7 (b) all property belonging to, claimed by, or in the
8 possession or under the control or management of any firm of
9 which such person is a member;

10 (c) all property belonging to, claimed by, or in the
11 possession or under the control or management of any
12 corporation of which such person is president, secretary,
13 cashier, or managing agent;

14 (d) the county in which such property is situated or
15 in which it is liable to taxation and (if liable to taxation
16 in the county in which the statement is made) also the city,
17 town, school district, road district, or other revenue
18 districts in which it is situated;

19 (e) an exact description of all lands in parcels or
20 subdivisions not exceeding 640 acres each and the sections
21 and fractional sections of all tracts of land containing
22 more than 640 acres which have been sectionized by the
23 United States government; improvements and personal
24 property, including all vessels, steamers, and other
25 watercraft, except motorboats and sailboats subject to a fee

1 in lieu of tax; all taxable state, county, city, or other
2 municipal or public bonds and the taxable bonds of any
3 person, firm, or corporation and deposits of money, gold
4 dust, or other valuables and the names of the persons with
5 whom such deposits are made and the places in which they may
6 be found; all mortgages, deeds of trust, contracts, and
7 other obligations by which a debt is secured and the
8 property in the county affected thereby;

9 (f) all solvent credits, secured or unsecured, due or
10 owing to such person or any firm of which he is a member or
11 due or owing to any corporation of which he is president,
12 secretary, cashier, or managing agent;

13 (g) all depots, shops, stations, buildings, and other
14 structures erected on the space covered by the right-of-way
15 and all other property owned by any person owning or
16 operating any railroad within the county.

17 (2) Whenever one member of a firm or one of the proper
18 officers of a corporation has made a statement showing the
19 property of the firm or corporation, another member of the
20 firm or another officer need not include such property in
21 the statement made by him but this statement must show the
22 name of the person or officer who made the statement in
23 which such property is included.

24 (3) The fact that such statement is not required or
25 that a person has not made such statement, under oath or

1 otherwise, does not relieve his property from taxation."

2 Section 3. Section 15-8-404, MCA, is amended to read:

3 "15-8-404. Property of particular types of firms. (1)
4 The personal property belonging to the business of a
5 merchant or of a manufacturer must be listed in the town or
6 district where his business is carried on.

7 (2) The personal property of express, transportation,
8 and stage companies, ~~steamboats, vessels, and other~~
9 ~~watercraft~~ must be listed and assessed in the county, town,
10 or district where such property is usually kept.

11 (3) The personal property and franchises of gas and
12 water companies must be listed and assessed in the county,
13 town, or district where the principal works are located. Gas
14 and water mains and pipes laid in roads, streets, or alleys
15 are personal property."

16 Section 4. Section 23-2-512, MCA, is amended to read:

17 "23-2-512. Identification number. (1) The owner of
18 each motorboat requiring numbering by this state shall file
19 an application for number in the office of the county
20 treasurer where the motorboat is owned ~~or-taxable~~ on forms
21 prepared and furnished by the division of motor vehicles.
22 The application must be signed by the owner of the motorboat
23 and be accompanied by a fee of \$1. Any alteration, change,
24 or false statement contained in the application will render
25 the certificate of number void. Upon receipt of the

1 application in approved form, the county treasurer shall
2 issue to the applicant a certificate of number prepared and
3 furnished by the division of motor vehicles, stating the
4 number assigned to the motorboat and the name and address of
5 the owner.

6 ~~{2}--Before-filing--the--application--with--the--county~~
7 ~~treasurer--the--applicant--shall--submit--it--to--the--county~~
8 ~~assessor--who--shall--enter--on--the--application--in--a--space--to~~
9 ~~be--provided--for--that--purpose--the--market--value--and--taxable~~
10 ~~value--of--the--motorboat--for--the--year--for--which--the~~
11 ~~application--for--registration--is--made.~~

12 {3}(2) The applicant, upon the filing of the
13 application, shall pay to the county treasurer the
14 registration fee and the ~~personal-property-taxes-assessed~~
15 against fee in lieu of tax required for the motorboat or
16 vessel for the current year of registration before the
17 application for registration or reregistration may be
18 accepted by the county treasurer.

19 {4}(3) Should the ownership of a motorboat change, a
20 new application form with the registration fee must be filed
21 within a reasonable time with the county treasurer and a new
22 certificate of number assigned in the same manner as
23 provided for in an original assignment of number.

24 {5}(4) If an agency of the United States government
25 has in force a comprehensive system of identification

1 numbering for motorboats in the United States, the numbering
2 system employed pursuant to this part by the division of
3 motor vehicles must be in conformity.

4 ~~(6)~~(5) Every certificate of number and the license
5 decals assigned under this part continues in effect for a
6 period not to exceed 1 year unless terminated or
7 discontinued in accordance with the provisions of this part.
8 Certificates of number and license decals must show the date
9 of expiration and may be renewed by the owner in the same
10 manner provided for in the initial securing of the
11 certificate.

12 ~~(7)~~(6) Certificates of number expire on April 30 of
13 each year and may not be in effect unless renewed under this
14 part.

15 ~~(8)~~(7) In event of transfer of ownership, the
16 purchaser shall furnish the county treasurer notice within a
17 reasonable time of the acquisition of all or any part of his
18 interest, other than the creation of a security interest, in
19 a motorboat numbered in this state or of the loss, theft,
20 destruction, or abandonment of the motorboat. The transfer,
21 loss, theft, destruction, or abandonment terminates the
22 certificate of number for the motorboat. Recovery from theft
23 or transfer of a part interest that does not affect the
24 owner's right to operate the motorboat does not terminate
25 the certificate of number.

1 ~~f9~~(8) A holder of a certificate of number shall
2 notify the county treasurer within reasonable time if his
3 address no longer conforms to the address appearing on the
4 certificate and furnish the county treasurer with his new
5 address. The division of motor vehicles may provide by rule
6 for the surrender of the certificate bearing the former
7 address and its replacement with a certificate bearing the
8 new address or the alteration of an outstanding certificate
9 to show the new address of the holder.

10 ~~f10~~(9) (a) The number assigned must be painted on or
11 attached to each outboard side of the forward half of the
12 motorboat or, if there are no such sides, at a corresponding
13 location on both outboard sides of the foredeck of the
14 motorboat. The number assigned must read from left to right
15 in Arabic numerals and block characters of good proportion
16 at least 3 inches tall excluding border or trim of a color
17 that contrasts with the color of the background and be so
18 maintained as to be clearly visible and legible. The number
19 may not be placed on the obscured underside of the flared
20 bow where it cannot be easily seen from another vessel or
21 ashore. No numerals, letters, or devices other than those
22 used in connection with the identifying number issued may be
23 placed in the proximity of the identifying number. No
24 numerals, letters, or devices that might interfere with the
25 ready identification of the motorboat by its identifying

1 number may be carried as to interfere with the motorboat's
2 identification. No number other than the number and license
3 decal assigned to a motorboat or granted reciprocity under
4 this part may be painted, attached, or otherwise displayed
5 on either side of the forward half of the motorboat.

6 (b) The certificate of number shall be pocket size and
7 available to federal, state, or local law enforcement
8 officers at all reasonable times for inspection on the
9 motorboat whenever the motorboat is on waters of this state.

10 (c) Boat liveries are not required to have the
11 certificate of number on board each motorboat, but a rental
12 agreement must be carried on board livery motorboats in
13 place of the certificate of number.

14 ~~(10)~~ Fees, other than the fee in lieu of tax,
15 collected under this section shall be transmitted to the
16 state treasurer who shall deposit the fees in the motorboat
17 certificate identification account of an earmarked revenue
18 fund. These fees shall be used only for the administration
19 and enforcement of this part, as amended.

20 ~~(11)~~ An owner of a motorboat must within a
21 reasonable time notify the division of motor vehicles,
22 giving the motorboat's identifying number and the owner's
23 name when that motorboat becomes documented as a vessel of
24 the United States or is transferred, lost, destroyed,
25 abandoned, or frauded or within 60 days after change of

1 state of principal use."

2 Section 5. Section 23-2-513, MCA, is amended to read:

3 "23-2-513. Dealer's identification number. (1) A
4 dealer or manufacturer may apply directly to the division of
5 motor vehicles for one identifying number and one or more
6 certificates of number. A dealer's or manufacturer's
7 identifying number shall be displayed on his boat while the
8 boat is operating for a purpose related to the buying,
9 selling, or exchanging of the boat by the dealer or
10 manufacturer.

11 (2) The application for a dealer's or manufacturer's
12 identifying number must include his name and business
13 address. Each dealer or manufacturer will have one
14 identifying number assigned to his business.

15 (3) An application for dealer's or manufacturer's
16 identifying number and certificate of number must be
17 accompanied by the following fees:

18 (a) for the identifying number, first certificate of
19 number, and set of license decals, \$5;

20 (b) for each additional certificate of number and set
21 of license decals applied for in any application, \$2.

22 (4) The division of motor vehicles shall issue
23 certificates of number for the identifying numbers assigned
24 to a dealer or manufacturer in the same manner as provided
25 in 23-2-512(1) and ~~(10)~~ (9), as amended, except that no boat

1 may be described in the certificate and each certificate
2 must state that the identifying number has been assigned to
3 a dealer or manufacturer. A dealer's or manufacturer's
4 certificate of number expires on April 30 of the year for
5 which it is issued.

6 (5) A dealer's or manufacturer's identifying number
7 shall be displayed in the same manner as provided in
8 23-2-512~~(10)~~(9), as amended, except that the number may be
9 temporarily attached. The last three letters shall be "DLR"
10 for dealer and "MFR" for manufacturer. These letters shall
11 be included, respectively, in dealer or manufacturer
12 identification numbers only.

13 (6) No person other than a dealer or manufacturer or
14 an employee of a dealer or manufacturer may display or use a
15 dealer's or manufacturer's identifying number. A dealer's or
16 manufacturer's identifying number may be displayed only on
17 motorboats owned by the dealer or manufacturer.

18 (7) No dealer or manufacturer or employee of a dealer
19 or manufacturer may use a dealer's or manufacturer's
20 identifying number for any purpose other than the purpose
21 described in subsection (1) of this section."

22 Section 6. Section 23-2-515, MCA, is amended to read:

23 "23-2-515. License decals to be displayed. (1) Every
24 Montana boat numbered in accordance with the provisions of
25 23-2-512 and 23-2-513 shall be required to display license

1 decals. For this purpose the county treasurer, upon receipt
2 ~~of a certificate of tax of personal property showing payment~~
3 of the fee in lieu of tax on the motorboat for the current
4 year, shall issue a pair of decals prepared and furnished by
5 the division of motor vehicles with all new certificates of
6 number and renewals thereof.

7 (2) The decals shall be of a style and design
8 prescribed by the division of motor vehicles and shall be a
9 color differing from the preceding year. The license decal
10 will be serially numbered and have the expiration date of
11 April 30 of the appropriate year printed thereon.

12 (3) License decals shall be displayed only in the
13 following manner: one valid license decal on each side of
14 the forward half, 3 inches aft of the identifying numbers."

15 NEW SECTION. Section 7. Fee in lieu of tax for
16 motorboats -- certain sailboats. (1) There is a fee in lieu
17 of property tax imposed on motorboats and sailboats weighing
18 1,000 pounds or more. The fee is in addition to the annual
19 fee required by 23-2-512 for filing of the application for a
20 certificate of number.

21 (2) The fee imposed by subsection (1) need not be paid
22 by a dealer for motorboats or sailboats that constitute
23 inventory of the dealership.

24 NEW SECTION. Section 8. Motorboat fees. The owner of
25 a motorboat or a sailboat weighing 1,000 pounds or more

1 shall pay a fee based on the length of the boat as follows:

2 Length	Fee
3 20 feet and less	\$15
4 More than 20 feet	\$30

5 NEW SECTION. Section 9. Disposition of fees in lieu
 6 of tax. The county treasurer shall distribute all fees in
 7 lieu of tax collected on motorboats and sailboats weighing
 8 1,000 pounds or more pursuant to [sections 7 and 8] in the
 9 relative proportions required by the levies for state,
 10 county, school district, and municipal purposes in the same
 11 manner as other personal property taxes are distributed.

12 Section 10. Codification instruction. Sections 7 and 8
 13 are intended to be codified as an integral part of Title 23,
 14 chapter 2, part 5, and the provisions of Title 23, chapter
 15 2, part 5, apply to sections 7 and 8.

16 Section 11. Applicability. This act applies to
 17 motorboats and sailboats weighing more than 1,000 pounds
 18 registered during and after 1982.

-End-

PROPOSED AMENDMENTS
HOUSE BILL 609
Submitted by Rep. Nordtvedt

1. Page 3, lines 17 through 21.

Following: "(1)" on line 17

Strike: line 17 through "period." on line 20.

Following: line 20

Insert: "a"

Following: "construction" on line 21

Insert: "permit is issued"

2. Page 4, line 5.

Following: "jurisdiction"

Insert: ", and the majority of the electors of the taxing jurisdiction must have approved the resolution at any general election. The electors may end the tax benefits by majority vote; however, the complete tax benefits may not be taken from an industrial facility that previously received them"

AND AS AMENDED
DO PASS

PROPOSED AMENDMENTS

HOUSE BILL 609

Submitted by John Lopach, Economic Growth Council

1. Page 3, line 20.

Following: "period"

Insert: ", which may not exceed 18 months from the commencement of construction"

2. Page 4.

Following: line 2

Strike: "each"

Insert: "the"

Following: "county or"

Insert: "the"

3. Page 4, line 5.

Following: "for"

Strike: "their"

Insert: "its"

Following: "jurisdiction."

Insert: "The resolution shall include a definition of improvements that qualify for the tax treatment that is to be allowed in the taxing jurisdiction. (3) The taxpayer must apply to the county assessor on a form provided by the department of revenue. The application by the taxpayer must first be approved by the appropriate local jurisdiction, indicating that the property qualifies for the tax treatment provided for in this section. Upon receipt of the form with the approval of the governing body of the affected taxing jurisdiction, the assessor shall make the assessment change pursuant to this section."

AND AS AMENDED

DO PASS

ADDITIONAL AMENDMENTS
TO H.B. 707

1. Page 5, line 18.
Following: "(1)"
Strike: "The department shall adopt rules prescribing heat loss standards for existing and newly constructed buildings."
2. Page 5, line 25.
Strike: "the established standard"
Following: "than"
Insert: "an identical building built using contemporary standard construction techniques."
3. Page 6, line 9.
Strike: "department"
Insert: "qualified designer"
4. Page 6, line 18.
Strike: "only the"
Insert: "contemporary"
5. Page 6, line 19.
Following: "standards"
Insert: "."
Strike: The remainder of line 19 and lines 20 through 25 in their entirety.
6. Page 7.
Strike: lines 1 through 10 in their entirety.
7. Page 7, line 14. (suggested since the Federal government presently allows a 40% credit)
Strike: 75
Insert: 10
8. Page 7, line 18. (suggested since the Federal government presently allows a 40% credit)
Strike: 55
Insert: 10
9. Page 7, line 23.
Following: "meets"
Strike: "the"
Following: "standards"
Strike: "published by the department"
Insert: "found in IRS Publication 903"
10. Page 9, line 2.
Strike: lines 2 through 20 in their entirety.

11. Page 9, line 21.

Strike: "8"

Insert: "7"

12. Page 10, line 17.

Strike: "9"

Insert: "8"

13. Page 10, line 22.

Strike: "10"

Insert: "9"

14. Page 10, line 23.

Following: "shall"

Strike: "adopt rules and"

15. Page 11.

Strike: lines 3 through 25 in their entirety.

16. Page 12.

Strike: lines 1 through 25 in their entirety.

17. Page 13.

Strike: lines 1 through 4 in their entirety.

18. Page 13, line 5.

Strike: "12"

Insert: "10"

PROPOSED AMENDMENTS
TO H.B. 707

1. Page 2, line 19.

Strike: "administration"

Insert: "revenue"

Strike: "2-15-1001"

Insert: "2-15-1301"

2. Page 5.

Following: line 16

Insert: "(8) "Qualified designer" means an architect or engineer registered in the state of Montana having experience in energy-related design."

3. Page 5, lines 21 and 22.

Strike: "the department or its agent"

Insert: "a qualified designer"

4. Page 5, line 23.

Strike: "department or its agent"

Insert: "qualified designer"

5. Page 6, line 1.

Following: "standard."

Insert: "A copy of the required evaluation shall be submitted to the department by the qualified designer and shall also bear the seal of the qualified designer."

6. Page 6, line 3.

Following: "building"

Insert: "and upon receipt of the evaluation done by the qualified designer"

7. Page 7, line 9.

Following: "may"

Insert: "require the claimant to retain a qualified designer to"

8. Page 8, line 9 through line 1 on page 9.

Following: "agent" on line 9, page 8

Strike: line 9 on page 8 through line 1 on page 9 in its entirety

Insert: "."

9. Page 10, lines 20 and 21

Following: "systems" on line 20

Strike: "approved"

Insert: "certified"

Following: "by" on line 20

Strike: "the department"

Insert: "a qualified designer"

not needed

10. Page 12, line 12.

Following: "finds"

Insert: "through verification submitted by the claimant"

11. Page 13, lines 8 and 9.

Following: "must" on line 8

Strike: "receive a local"

Insert: "be installed under a"

Following: "permit" on line 8

Insert: "from the proper code enforcement agency"

Following: "or" on line 8

Strike: "department approval"

Insert: "receive qualified designer certification"

Following: "system" on line 9

Insert: "as to code compliance"

Strike: "local" on line 9

12. Page 13, lines 12 and 13.

Strike: "determined by the department or its agent"

Insert: "certified by a qualified designer"

no t
needed

PROPOSED AMENDMENTS
HOUSE BILL 834

1. Page 2, line 23.

Following: "Lodge"

Strike: ", Beaverhead, and Silver Bow Counties"

Insert: "County"

2. Page 2. Following: line 24

Insert: "(4) Butte, serving Beaverhead and Silver Bow Counties;"

Renumber: susequent subsections

AND AS AMENDED
DO PASS

HOUSE BILL 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"

AND AS AMENDED

DO PASS

STATEMENT OF INTENT
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, including selling prices; and purchased; including purchase prices.

1. Title, line 7.
Following: "OF"
Strike: "RECREATIONAL LAND AS"
Following: "AGRICULTURAL"
Insert: "LAND"
2. Page 1, line 21 through page 2 line 1.
Following: "use" on page 1, line 21
Strike: line 21 through "program" on line 1, page 2
3. Page 2, line 3.
Following: "equivalent of"
Insert: "\$3,300 or"
4. Page 2, line 5.
Following: "ownership"
Insert: "and the owner of record must supply:
(i) proof of the previous or current year's filing of a federal farm and ranch income tax statement; and
(ii) a copy of the previous or current year's completed county farm and ranch assessment form"
5. Page 2, line 9.
Following: "farms"
Insert: "and the owner of record must provide a copy of the previous or current year's county farm and ranch assessment form that shows that the average yearly number of animals raised in confined areas for the production of food or fiber equals 20 or more animals; or
(d) other clear and convincing evidence"
6. Page 2, line 10 through 12.
Following: "(2)"
Strike: lines 10 through 12 in their entirety
Insert: "Any land accepted and approved as a division of land by the local taxing authority or approved and accepted by the local taxing authority in conformity with local zoning ordinances for a use other than agricultural shall not be valued or classified as agricultural."
7. Page 2, line 17 through 21.
Strike: subsection (4) in its entirety

INTRODUCED BY HOLLIDAY

A BILL FOR AN ACT ENTITLED: "AN ACT TO REVISE THE ACREAGE AND ANNUAL GROSS INCOME QUALIFICATIONS FOR AGRICULTURAL LAND ASSESSMENT; TO PROVIDE ELIGIBILITY CRITERIA FOR ASSESSMENT OF RECREATIONAL-LAND-AS AGRICULTURAL LAND; AMENDING SECTION 15-7-202, MCA."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Section 15-7-202, MCA, is amended to read:

"15-7-202. Eligibility of land for valuation as agricultural. (1) Land which is actively devoted to agricultural use shall be eligible for valuation, assessment, and taxation as herein provided each year it meets any of the following qualifications:

(a) the area of such land is not less than 5 ~~40~~ 20 contiguous acres when measured in accordance with provisions of 15-7-202, and it has been actively devoted to agriculture during the last growing season, and it continues to be actively devoted to agricultural use, ~~which means;~~ ^{or}

~~(i)---it-is-used-to-produce-field-crops-including-but-not-limited-to-grains,-feed-crops,-fruits,-vegetables,-or~~

~~(ii)---it-is-used-for-grazing,-or~~

~~(iii)---it-is-used-for-growing-timber,-or~~

~~(iv)---it-is-in-a-cropland-retirement-program,-or~~

(b) it agriculturally produces for sale or home consumption the equivalent of \$3,300 ~~or 15%~~ ~~50%~~ 20% or more of the owner's

annual gross income regardless of the number of contiguous acres in the ownership; ~~ex~~ and the owner of record must supply proof of the previous or current years filing of a federal farm and ranch income tax statement; and the owner of record must supply a copy of the previous or current years completed county farm and ranch assessment form; or

(c) it is used to raise animals in confined areas for the production of food or fiber, including but not limited to livestock feedlots, dairies, fish hatcheries, and poultry farms. and the owner of record must provide a copy of the previous or current year's county farm and ranch assessment form that shows the average yearly number of animals raised in confined areas for the production of food or fiber equals 20 or more animals or

(d) other clear and convincing evidence.

~~(2) Land shall not be classified or valued as agricultural if it is subdivided with stated restrictions prohibiting its use for agricultural purposes.~~ Any land accepted and approved as a division of land by the local taxing authority or approved and accepted by the local taxing authority in conformity with local zoning ordinances for a use other than agricultural shall not be valued or classified as agricultural.

(3) The grazing on land by a horse or other animals kept as a hobby and not as a part of a bona fide agricultural enterprise shall not be considered a bona fide agricultural operation.

~~(4) Land purchased for recreational use is not eligible for valuation as agricultural land unless it is actively devoted to agricultural use and a dwelling that is occupied during the entire year exists on the property."~~

Approved by Committee on Taxation

HOUSE BILL NO. 293

INTRODUCED BY HOLLIDAY

A BILL FOR AN ACT ENTITLED: "AN ACT TO REVISE THE ACREAGE AND ANNUAL GROSS INCOME QUALIFICATIONS FOR AGRICULTURAL LAND ASSESSMENT; TO PROVIDE ELIGIBILITY CRITERIA FOR ASSESSMENT OF RECREATIONAL LAND AS AGRICULTURAL; AMENDING SECTION 15-7-202, MCA."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Section 15-7-202, MCA, is amended to read: "15-7-202. Eligibility of land for valuation as agricultural. (1) Land which is actively devoted to agricultural use shall be eligible for valuation, assessment, and taxation as herein provided each year it meets any of the following qualifications:

(a) the area of such land is not less than 5 40 20 contiguous acres when measured in accordance with provisions of 15-7-206, and it has been actively devoted to agriculture during the last growing season, and it continues to be actively devoted to agricultural use which means:

- (i) it is used to produce field crops including but not limited to grains, feed crops, fruits, vegetables, or (iii) it is used for grazing or (iiii) it is used for growing timber or

~~(i) it is in an agricultural retirement program; or~~

(b) it agriculturally produces for sale or home consumption the equivalent of ^{3,300 lb} 150 500 200 or more of the owners' annual gross income regardless of the number of contiguous acres in the ownership of ⁽¹⁾

(c) it is used to raise animals in confined areas for the production of food or fibers, including but not limited to livestock, feedlots, dairies, fish hatcheries, and poultry farms; ⁽²⁾

(2) land that is not classified or valued as agricultural if it is subdivided with stated restrictions prohibiting its use for agricultural purposes; ⁽⁵⁾

(3) The grazing on land by a horse or other animals kept as a hobby and not as a part of a bona fide agricultural enterprise shall not be considered a bona fide agricultural operation.

(4) Land purchased for recreational use is not eligible for valuation as agricultural land unless it is actively devoted to agricultural use AS DETERMINED IN SECTION 15 and a dwelling that is occupied during the entire year exists on the property."

-End-

PROPOSED AMENDMENTS
HOUSE BILL 27

1. Title, line 5.

Following: "EXEMPTION"

Insert: "BASE"

Following: "TO"

Strike: "\$1,200"

Insert: "\$1,000"

2. Title, line 6.

Following: "MCA"

Insert: "; AMENDING SECTION 1 OF INITIATIVE 86; AND SECTION 9, CHAPTER
698, LAWS OF 1979; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE"

3. Page 1, line 14.

Following: "\$800"

Strike: "\$1,200"

Insert: "\$1,000"

4. Page 1, line 17.

Following: "\$800"

Strike: "\$1,200"

Insert: "\$1,000"

5. Page 1, line 24.

Following: "\$800"

Strike: "\$1,200"

Insert: "\$1,000"

6. Page 2, line 3.

Following: "\$800"

Strike: "\$1,200"

Insert: "\$1,000"

7. Page 2, line 11.

Following: "\$800"

Strike: "\$1,200"

Insert: "\$1,000"

8. Page 2, line 15.

Following: "\$800"

Strike: "\$1,200"

Insert: "\$1,000"

9. Page 3, line 9.

Following: "\$800"

Strike: "\$1,200"

Insert: "\$1,000"

10. Page 3.

Following: line 13

Strike: "\$1,200"

Insert: "\$1,000"

11. Page 4, line 24.

Following: "1979"

Insert: "as amended by this act. (8) For taxable years beginning after December 31, 1980, the department, by November 1 of each year, shall multiply all the exemptions provided in this section unadjusted by subsection (7) by the inflation factor for that taxable year and round the product to the nearest \$10. The resulting adjusted exemptions are effective for that taxable year and shall be used in calculating the tax imposed in 15-30-103.

Section 2. Section 1 of Initiative No. 86 is amended to read:

"Section 1. Section 15-30-101, MCA, is amended to read:

"15-30-101. Definitions. For the purpose of this chapter, unless otherwise required by the context, the following definitions apply:

(1) "Base year structure" means the following elements of the income tax structure:

(a) the tax brackets established in 15-30-103, but unadjusted by subsection (2), in effect on January 1, 1980 June 30 of the taxable year;

(b) the exemptions contained in 15-30-112, but unadjusted by subsections (7) and (8), in effect on January 1, 1980 June 30 of the taxable year;

(c) the maximum standard deduction provided in 15-30-122, but unadjusted by subsection (2), in effect on January 1, 1980 June 30 of the taxable year.

(2) "Consumer price index" means the consumer price index, United States city average, for all items, using the 1967 base of 100 as published by the bureau of labor statistics of the U.S. department of labor.

{1} (3) "Department" means the department of revenue.

{2} (4) "Dividend" means any distribution made by a corporation out of its earnings or profits to its shareholders or members, whether in cash or in other property or in stock of the corporation, other than stock dividends as herein defined. "Stock dividends" means new stock issued, for surplus or profits capitalized, to shareholders in proportion to their previous holdings.

{3} (5) "Fiduciary" means a guardian, trustee, executor, administrator, receiver, conservator, or any person, whether individual or corporate, acting in any fiduciary capacity for any person, trust, or estate.

{4} (6) "Foreign country" or "foreign government" means any jurisdiction other than the one embraced within the United States, its territories and possessions.

{5} (7) "Gross income" means the taxpayer's gross income for federal income tax purposes as defined in section 61 of the Internal Revenue Code of 1954 or as that section may be labeled or amended, excluding unemployment compensation included in federal gross income under the provisions of section 85 of the Internal Revenue Code of 1954 as amended.

(8) "Inflation factor" means a number determined for each taxable year by dividing the consumer price index for June of the taxable year by the consumer price index for June, 1980.

{6} (9) "Information agents" includes all individuals, corporations, associations, and partnerships, in whatever capacity acting, including lessees or mortgagors of real or personal property, fiduciaries, employers, and all officers and employees of the state or of any municipal corporation or political subdivision of the state, having the control, receipt, custody, disposal, or payment of interest rent, salaries, wages, premiums, annuities, compensations, remunerations, emoluments, or other fixed or determinable annual or periodical gains, profits, and income with respect to which any person or fiduciary is taxable under this chapter.

{7} (10) "Knowingly" is as defined in 45-2-101.

~~(8)~~ (11) "Net income" means the adjusted gross income of a taxpayer less the deductions allowed by this chapter.

~~(9)~~ (12) "Paid", for the purposes of the deductions and credits under this chapter, means paid or accrued or paid or incurred, and the terms "paid or incurred" and "paid or accrued" shall be construed according to the method of accounting upon the basis of which the taxable income is computed under this chapter.

~~(10)~~ (13) "Purposely" is as defined in 45-2-101.

~~(11)~~ (14) "Received", for the purpose of computation of taxable income under this chapter, means received or accrued and the term "received or accrued" shall be construed according to the method of accounting upon the basis of which the taxable income is computed under this chapter.

~~(12)~~ (15) "Resident" applies only to natural persons and includes, for the purpose of determining liability to the tax imposed by this chapter with reference to the income of any taxable year, any person domiciled in the state of Montana and any other person who maintains a permanent place of abode within the state even though temporarily absent from the state and has not established a residence elsewhere.

~~(13)~~ (16) "Taxable income" means the adjusted gross income of a taxpayer less the deductions and exemptions provided for in this chapter.

~~(14)~~ (17) "Taxable year" means the taxpayer's taxable year for federal income tax purposes.

~~(15)~~ (18) "Taxpayer" includes any person or fiduciary, resident or nonresident, subject to a tax imposed by this chapter and does not include corporations."

Section 3. Section 9, Chapter 698, Laws of 1979 is amended to read:

"Section 9. Deductions for exemptions in 1979 and 1980. (1) The exemption amounts allowed in 15-30-112 are increased for taxable years beginning after December 31, 1978, and before January 1, 1980, by \$50 ~~for each \$2.5 million by which the general fund balance, as certified by the director of the department of administration to the director of the department of revenue, exceeds \$14 million as of June 30, 1979~~ and for taxable years beginning after December 31, 1979, and before January 1, 1981, by \$250.

~~(2) The exemption amounts allowed in 15-30-112 are increased for taxable years beginning after December 31, 1979, and before January 1, 1981, by \$50 for each \$2.8 million by which the general fund balance, as certified by the director of the department of administration to the director of the department of revenue, exceeds \$13 million as of June 30, 1980."~~

Section 4. Effective date. This act is effective on passage and approval"

AND AS AMENDED
DO PASS

TAYLOR 3/27/51
EXHIBIT

SENATE BILL 292 -- THIRD READING

1. Amend page 1, the Title.
Following: "M.C.A."
Insert: "; AND PROVIDING AN EFFECTIVE DATE."

2. Amend page 5, line 19.
Following: "redemption"
Insert: "Section 4. Effective date. This act
is effective on passage and approval."

1. Page 7, line 14
Following: "prior class"
Strike: ", "
Insert: ":(a)"
2. Page 7, line 15
Following: "property"
Insert: "for the period January 1, 1981, to December 31, 1985,"
3. Page 7, line 17
Following: "families"
Strike: "."
Insert: "; and
(b) class twelve property for the period after December 31, 1985, includes land, improvements, or land and improvements primarily used for:
(i) residential purposes; or
(ii) commercial or industrial purposes."
4. Page 7, line 23
Following: "property"
Insert: "for the period January 1, 1981, to December 31, 1985,"

HB. 374	yes
609	no
659	no
834	
42	yes
707	no
SB. 457	yes

Tom Casey

SB 457 yes
HB 659 no

McLain (checked)