

HOUSE TAXATION COMMITTEE MEETING MINUTES  
April 11, 1981

A meeting of the House Taxation Committee was held on Saturday, April 11, 1981 at 8:00 a.m. in Room 102 of the State Capitol. All members were present except Rep. Williams, who was absent. EXECUTIVE ACTION was taken on SENATE BILLS 30 and 126.

Rep. Roth moved that SENATE BILL 30 BE CONCURRED IN. It was brought out that the fiscal impact would be \$30 million in the biennium.

Rep. Harrington submitted that if the surtax was repealed, it should be on the basis of the brackets. This would have less of an impact. Rep. Nordtvedt said that the people in the upper brackets weren't getting that much of an advantage, because in the past they had to pay more surtax. On a proportionate basis, the percentage reduction would be the same for everyone. Rep. Brand wanted to know what impact the bill would have on the balancing of the State's budget, when all other bills were considered. Rep. Nordtvedt said there was no problem with the current biennium because of the surplus in revenue, and it was most of the Republicans' view that this repealer could be afforded on a permanent basis, but the other forms of relief would be on a two-year basis. Rep. Dozier said he didn't fully approve of the bill without some method of adjusting the tax scales themselves.

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

SENATE BILL 126 was then considered; see grey bill Exhibit "A." It was explained that the contents of HOUSE BILL 155 had been incorporated into the grey bill.

Mr. Oppedahl (Legislative Council) explained the grey bill. The 40 mills and the 6 mills have been taken off the property tax for light trucks and vehicles. Section 1 is from SB 126, defining average wholesale value. Section 2 is the disposition of money from certain taxes. Disposition is changed to 72% of all money to be deposited in the General Fund. The remaining 28%, excluding certain money, goes into the earmarked funds for the public schools; these were changes made in HB 155. Sections 4, 5, and 6 were from HB 155. The only addition that wasn't in SB 126 or HB 155 is on P. 13; it takes the 6-mill levy off of vehicles and light trucks; a 1979 Chapter law needed to be added.

Rep. Sivertsen said a new Fiscal Note would be worked up for the bill; see Exhibit "B." He added that it was his understanding that by picking up the 40 and the 6 mills, the impact would be eliminated to the local governments. He added that it was his and other persons' positions that this would be an alternative to passing SENATE BILLS 200, 355, and 356.

Rep. Underdal wanted to know how else the local governments would be helped other than by taking money from the General Fund. Rep. Sivertsen said all the bill was doing was leaving property valuation alone; it was going to wholesale value. The cut would be 20%. The local governments would be retaining 40 mills they would have had to pay out for the Foundation Program. Mr. Oppedahl said that the 40 mills and the 6 mills were no longer taxed; the General Fund would be picking up these amounts.

It was brought out that if the vehicle was more than 3/4 ton, the 46 mills would be paid, while lighter vehicles wouldn't be paying this amount. It was pointed out that the value on these vehicles was being cut to wholesale value, however.

Rep. Neuman wanted to know if agricultural equipment would be 20% less, also. Rep. Sivertsen wasn't sure what kind of reduction it would have.

Rep. Harrington wanted to know what kind of impact there would be in the high mill levy Counties, even with the 40 and the 6 mills taken off. He didn't want to vote on the bill until he could get this information.

Mike Stephen, Association of Counties, said the Fiscal Note had estimated \$9 million per year for the replacement of the 40 and the 6 mills. The original impact of the bill was \$9.5 million. Rep. Nordtvedt said that the impact of the bill would be \$23 million in the biennium. Regarding the amount of the reduction on heavy machinery, he said the sponsor of the bill was willing to amend it to include only vehicles and light trucks. He submitted that possibly 20% would be a fairly decent rule of thumb, for the amount of the reduction.

Rep. Nordtvedt said that of the \$23 million impact, \$12 million would be direct General Fund impact from the elimination of the 40 and 6 mills. The other \$11 million would be impact on local governments because of the reduction of the taxable value percentage to mills, by about 20% of the vehicle's taxable value. That added up under present mill assessments to about \$11 million Statewide in the biennium.

The total average tax reduction would be about 1/3 on a typical vehicle, whereas the two other bills being considered cut taxes in about half. Therefore, their fiscal impact would be higher than this bill. \$23 million would be the impact if the bill only included vehicles and light trucks, he pointed out.

Rep. Asay submitted that there would be quite an impact from tractors and combines, but he didn't think other heavy equipment

would create much of an impact.

In response to a question from Rep. Asay, Rep. Nordtvedt said that the discussion up until the present had been in the neighborhood of \$35 - \$36 million to be given in tax relief on automobile licensing. Negotiations originally considered \$36 million to vehicle owners, packaged either through a flat fee or ad valorem. In the recent past, however, this had changed and the fee system proponents were willing to raise the fees on the expensive vehicles, which would reduce the impact to about \$23 million. This bill's impact would also be in that area, he submitted.

This bill distributes the tax reductions differently around the State. The 46 mills part would be uniform throughout the State. The part going from retail to wholesale would mean, dollar-wise, more tax relief in the high mill areas. Therefore, it is about 50% uniform tax reduction and 50% mill levy tax reduction.

Rep. Sivertsen said that he was not going to support SENATE BILLS 200, 355, and 356 because to give someone relief, someone else would have to be taxed, and revenue sharing was being created. He was not in favor of this approach. That was why he was supporting this bill.

Rep. Asay wanted to know if there were any provisions for the administration of the license plates. Rep. Nordtvedt said that Sen. Severson said this could be done in a centralized manner as well, and the Senate could take care of this amendment. An amendment for central administration similar to the other bills would be worked up.

Rep. Neuman expressed concern that possibly tractor taxes would be going up because their replacement cost might be greater than the original cost.

Rep. Switzer moved that the Grey copy of SENATE BILL 126 BE CONCURRED IN.

Rep. Harrington expressed concern about what effect passing the bill out of Committee would have on related bills. Rep. Nordtvedt said that there seemed to be an impasse over the uniform State tax bills and how that impacted on the oil severance tax bills. He suggested that an alternative might be needed.

Rep. Harp moved an amendment to P. 6 to put in the same language as in HB 428; in effect taking out farm machinery. The motion tied 8 - 8; see roll call vote; it was deemed that the motion failed.

The question was then called for on the motion that the Grey bill

BE CONCURRED IN. Rep. Neuman expressed concern about the fiscal impact of the bill and expressed reluctance to vote on the bill until figures could be better determined. It was brought out that there would be an additional \$8 million impact in the biennium from vehicles other than light trucks. If the \$19 million local impact was taken, \$3 million was the impact on the 40 mills.

Rep. Devlin made a substitute motion that another Fiscal Note be obtained. He stressed that the impact from heavy equipment needed to be determined. Rep. Nordtvedt said that if the bill was passed, they could wait until the new Fiscal Note came out. Rep. Devlin withdrew his motion.

The question was called for again, and the motion carried 12 - 6; see roll call vote.

The meeting was adjourned at 9:00 a.m.

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Rep. Ken Nordtvedt - Chairman

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## 1 SENATE BILL NO. 126

2 INTRODUCED BY SEVERSON, HIMSL, McCALLUM, BOYLAN, KOLSTAD, GALT,  
3 ELLIOTT, KEATING, OCHSNER, HAGER, J. O'HARA, HAFFERMAN, CONOVER,  
4 HAZELBAKER, NELSON, AKLESTAD, GRAHAM, DOVER, MANLEY, STORY

5  
6 A BILL FOR AN ACT ENTITLED: "AN ACT SPECIFYING THE BASIS  
7 FOR ASSESSING AGRICULTURAL MACHINERY, AUTOMOBILES, TRUCKS,  
8 AND OTHER MOTOR VEHICLES; TO CHANGE THE FUNDING ALLOCATIONS  
9 OF THE SCHOOL EQUALIZATION PROGRAM BY ALTERING CONTRIBUTIONS  
10 OF INCOME AND CORPORATE TAX; ELIMINATING THE PROPERTY TAX  
11 MILL LEVY ON CERTAIN VEHICLES FOR SCHOOL DISTRICT  
12 CONTRIBUTIONS TO THE SCHOOL EQUALIZATION PROGRAM AND THE  
13 UNIVERSITY LEVY; AMENDING SECTIONS 15-1-101, 15-1-501,  
14 15-8-111, 20-9-331, 20-9-333, AND 20-9-343, MCA, AND SECTION  
15 1, CHAPTER 582, LAWS OF 1979.

16  
17 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

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

19 "15-1-101. Definitions. (1) When terms mentioned in  
20 this section are used in connection with taxation, they are  
21 defined in the following manner:

22 (a) The term "agricultural" refers to the raising of  
23 livestock, swine, poultry, field crops, fruit, and other  
24 animal and vegetable matter for food or fiber.

25 (b) The term "assessed value" means the value of

1 property as defined in 15-8-111.

2 (c) The term "average wholesale value" means the value  
3 to a dealer prior to reconditioning and profit margin shown  
4 in national appraisal guides and manuals or the valuation  
5 schedules of the department of revenue.

6 ~~(c)~~ (d) The term "credit" means solvent debts, secured  
7 or unsecured, owing to a person.

8 ~~(d)~~ (e) The term "improvements" includes all buildings,  
9 structures, fixtures, fences, and improvements situated  
10 upon, erected upon, or affixed to land. When the department  
11 of revenue or its agent determines that the permanency of  
12 location of a mobile home or housetrailer has been  
13 established, the mobile home or housetrailer is presumed to  
14 be an improvement to real property. If the mobile home or  
15 housetrailer is an improvement located on land not owned by  
16 the owner of such improvement, the improvement is assessed  
17 as a leasehold improvement to real property and delinquent  
18 taxes can be a lien only on the leasehold improvement.

19 ~~(e)~~ (f) The term "mobile home" means forms of housing  
20 known as "trailers", "housetrailer", or "trailer coaches",  
21 exceeding 8 feet in width or 32 feet in length, designed to  
22 be moved from one place to another by an independent power  
23 connected to them.

24 ~~(f)~~ (g) The term "personal property" includes  
25 everything that is the subject of ownership but that is not

1 included within the meaning of the terms "real estate" and  
2 "improvements".

3 ~~(g)~~(h) The term "poultry" includes all chickens,  
4 turkeys, geese, ducks, and other birds raised in  
5 domestication to produce food or feathers.

6 ~~(h)~~(i) The term "property" includes moneys, credits,  
7 bonds, stocks, franchises, and all other matters and things,  
8 real, personal, and mixed, capable of private ownership.  
9 This definition must not be construed to authorize the  
10 taxation of the stocks of any company or corporation when  
11 the property of such company or corporation represented by  
12 the stocks is within the state and has been taxed.

13 ~~(i)~~(j) The term "real estate" includes:

14 (i) the possession of, claim to, ownership of, or  
15 right to the possession of land;

16 (ii) all mines, minerals, and quarries in and under the  
17 land subject to the provisions of 15-23-501 and 15-23-801;  
18 all timber belonging to individuals or corporations growing  
19 or being on the lands of the United States; and all rights  
20 and privileges appertaining thereto.

21 ~~(j)~~(k) The term "taxable value" means the percentage  
22 of market or assessed value as provided for in 15-6-131  
23 through 15-6-140.

24 (2) The phrase "municipal corporation" or  
25 "municipality" or "taxing unit" shall be deemed to include a

1 county, city, incorporated town, township, school district,  
2 irrigation district, drainage district, or any person,  
3 persons, or organized body authorized by law to establish  
4 tax levies for the purpose of raising public revenue.

5 (3) The term "state board" or "board" when used  
6 without other qualification shall mean the state tax appeal  
7 board."

8 SECTION 2. SECTION 15-1-501, MCA, IS AMENDED TO READ:

9 "15-1-501. Disposition of moneys from certain  
10 designated license and other taxes. (1) The state treasurer  
11 shall deposit to the credit of the state general fund all  
12 moneys received by him from the collection of:

13 (a) automobile driver's license fees under subsections  
14 (1) through (6) of 61-5-111;

15 (b) electric energy producer's license taxes under  
16 chapter 51;

17 (c) metalliferous mines license taxes under chapter  
18 37;

19 (d) oil and gas severance taxes allocated to the  
20 general fund under chapter 36;

21 (e) liquor license taxes under Title 16;

22 (f) telephone license taxes under chapter 53; and

23 (g) inheritance and estate taxes under Title 72,  
24 chapter 16.

25 (2) ~~Seventy-five~~ Seventy-two percent of all moneys



1 received from the collection of income taxes under chapter  
2 30 and corporation license and income taxes under chapter  
3 31, except as provided in 15-31-702, shall be deposited in  
4 the general fund subject to the prior pledge and  
5 appropriation of such income tax and corporation license tax  
6 collections for the payment of long-range building program  
7 bonds. The remaining 25% 28% of the proceeds of the  
8 corporation license tax, excluding that allocated to the  
9 counties under 15-31-702, corporation income tax, and income  
10 tax shall be deposited to the credit of the earmarked  
11 revenue fund for state equalization aid to the public  
12 schools of Montana.

13 (3) The state treasurer shall also deposit to the  
14 credit of the state general fund all moneys received by him  
15 from the collection of license taxes, fees, and all net  
16 revenues and receipts from all other sources under the  
17 operation of the Montana Alcoholic Beverage Code."

18 Section 3. Section 15-8-111, MCA, is amended to read:

19 "15-8-111. Assessment -- market value standard --  
20 exceptions. (1) All taxable property must be assessed at  
21 100% of its market value except as provided in subsection  
22 (5) of this section and in 15-7-111 through 15-7-114.

23 (2) (a) Market value is the value at which property  
24 would change hands between a willing buyer and a willing  
25 seller, neither being under any compulsion to buy or to sell

1 and both having reasonable knowledge of relevant facts.

2 (b) The market value of all automobiles, motor  
3 trucks, and other power-driven cars; agricultural tools,  
4 implements, and machinery; and vehicles of all kinds,  
5 including but not limited to motorcycles, aircraft, and  
6 boats and all watercraft, is the average wholesale value  
7 shown in national appraisal guides and manuals or the value  
8 of the vehicle before reconditioning and profit margin. The  
9 department of revenue shall prepare valuation schedules  
10 showing the average wholesale value when no national  
11 appraisal guide exists.

12 (3) The department of revenue or its agents may not  
13 adopt a lower or different standard of value from market  
14 value in making the official assessment and appraisal of the  
15 value of property in subsection (1)(a) of 15-6-131 and  
16 15-6-134 through 15-6-140. For purposes of taxation,  
17 assessed value is the same as appraised value.

18 (4) The taxable value for all property in subsection  
19 (1)(a) of 15-6-131 and classes four through ten [class  
20 twenty, and class twenty-one] is the percentage of market  
21 value established for each class of property in subsection  
22 (2)(a) of 15-6-131 and 15-6-134 through 15-6-141 [and  
23 15-6-121].

24 (5) The assessed value of properties in subsection  
25 (1)(b) of 15-6-131, 15-6-132, and 15-6-133 is as follows:

1        (b) Properties in subsection (1)(b) of 15-6-131, under  
2        class one, are assessed at 100% of the annual net proceeds  
3        after deducting the expenses specified and allowed by  
4        15-23-503.

5        (b) Properties in 15-6-132 under class two are  
6        assessed at 100% of the annual gross proceeds.

7        (c) Properties in 15-6-133, under class three, are  
8        assessed at 100% of the productive capacity of the lands  
9        when valued for agricultural purposes. All lands that meet  
10       the qualifications of 15-7-202 are valued as agricultural  
11       lands for tax purposes.

12       (6) Land and the improvements thereon are separately  
13       assessed when any of the following conditions occur:

14       (a) ownership of the improvements is different from  
15       ownership of the land;

16       (b) the taxpayer makes a written request; or

17       (c) the land is outside an incorporated city or town.

18       (7) The taxable value of all property in subsection  
19       (1)(b) of 15-6-131 and classes two and three is the  
20       percentage of assessed value established in 15-6-131(2)(b),  
21       15-6-132, and 15-6-133 [and 15-6-120] for each class of  
22       property."

23       SECTION 4. SECTION 20-9-331, MCA, IS AMENDED TO READ:

24       "20-9-331. Basic county tax and other revenues for  
25       county equalization of the elementary district foundation

1 program. (1) It shall be the duty of the county  
2 commissioners of each county to levy an annual basic tax of  
3 25 mills on the dollars of the taxable value of all taxable  
4 property within the county, excluding vehicles and light  
5 trucks with a GVW capacity of three-quarter ton or less, for  
6 the purposes of local and state foundation program support.  
7 The revenue to be collected from this levy shall be  
8 apportioned to the support of the foundation programs of the  
9 elementary school districts in the county and to the  
10 earmarked revenue fund, state equalization aid account, in  
11 the following manner:

12 (a) In order to determine the amount of revenue raised  
13 by this levy which is retained by the county, the sum of the  
14 estimated revenues identified in subsections (2)(a) through  
15 (2)(f) below shall be subtracted from the sum of the county  
16 elementary transportation obligation and the total of the  
17 foundation programs of all elementary districts of the  
18 county.

19 (b) If the basic levy of 25 mills produces more  
20 revenue than is required to finance the difference  
21 determined above, the county commissioners shall order the  
22 county treasurer to remit the surplus funds to the state  
23 treasurer for deposit to the earmarked revenue fund, state  
24 equalization aid account, not later than June 1 of the  
25 fiscal year for which the levy has been set.

1       (2) The proceeds realized from the county's portion of  
2 the levy prescribed by this section and the revenues from  
3 the following sources shall be used for the equalization of  
4 the elementary district foundation programs of the county as  
5 prescribed in 20-9-334, and a separate accounting shall be  
6 kept of such proceeds and revenues by the county treasurer  
7 in accordance with 20-9-212(1):

8       (a) the portion of the federal forest reserve funds  
9 distributed to a county and designated for the common school  
10 fund under the provisions of 17-3-213;

11       (b) the portion of the federal Taylor Grazing Act  
12 funds distributed to a county and designated for the common  
13 school fund under the provisions of 17-3-222;

14       (c) the portion of the federal flood control act funds  
15 distributed to a county and designated for expenditure for  
16 the benefit of the county common schools under the  
17 provisions of 17-3-232;

18       (d) all moneys which are paid into the county treasury  
19 as a result of fines for violations of law and the use of  
20 which is not otherwise specified by law;

21       (e) any money remaining at the end of the immediately  
22 preceding school fiscal year in the county treasurer's  
23 account for the various sources of revenue established or  
24 referred to in this section; and

25       (f) any federal or state moneys distributed to the

1 county as payment in lieu of the property taxation  
2 established by the county levy required by this section."

3 SECTION 5. SECTION 20-9-333, MCA, IS AMENDED TO READ:

4 "20-9-333. Basic special levy and other revenues for  
5 county equalization of high school district foundation  
6 program. (1) It shall be the duty of the county  
7 commissioners of each county to levy an annual basic special  
8 tax for high schools of 15 mills on the dollar of the  
9 taxable value of all taxable property within the county,  
10 excluding vehicles and light trucks with a GVW capacity of  
11 three-quarter ton or less, for the purposes of local and  
12 state foundation program support. The revenue to be  
13 collected from this levy shall be apportioned to the support  
14 of the foundation programs of high school districts in the  
15 county and to the earmarked revenue fund, state equalization  
16 aid account, in the following manner:

17 (a) In order to determine the amount of revenue raised  
18 by this levy which is retained by the county, the estimated  
19 revenues identified in subsections (2)(a) and (2)(b) below  
20 shall be subtracted from the sum of the county's high school  
21 tuition obligation and the total of the foundation programs  
22 of all high school districts of the county.

23 (b) If the basic levy for 15 mills produces more  
24 revenue than is required to finance the difference  
25 determined above, the county commissioners shall order the

1 county treasurer to remit the surplus to the state treasurer  
2 for deposit to the earmarked revenue fund, state  
3 equalization aid account, not later than June 1 of the  
4 fiscal year for which the levy has been set.

5 (2) The proceeds realized from the county's portion of  
6 the levy prescribed in this section and the revenues from  
7 the following sources shall be used for the equalization of  
8 the high school district foundation programs of the county  
9 as prescribed in 20-9-334, and a separate accounting shall  
10 be kept of these proceeds by the county treasurer in  
11 accordance with 20-9-212(1):

12 (a) any money remaining at the end of the immediately  
13 preceding school fiscal year in the county treasurer's  
14 account for deposit of the proceeds from the levy  
15 established in this section; and

16 (b) any federal or state moneys distributed to the  
17 county as a payment in lieu of the property taxation  
18 established by the county levy required by this section."

19 SECTION 6. SECTION 20-9-343, MCA, IS AMENDED TO READ:

20 "20-9-343. Definition of and revenue for state  
21 equalization aid. (1) As used in this title, the term "state  
22 equalization aid" means those moneys deposited in the  
23 earmarked revenue fund as required in this section plus any  
24 legislative appropriation of moneys from other sources for  
25 distribution to the public schools for the purpose of

1 equalization of the foundation program.

2 (2) The following shall be paid into the earmarked  
3 revenue fund for state equalization aid to public schools of  
4 the state:

5 (a) <sup>28</sup>25% ~~29%~~ of all moneys received from the collection  
6 of income taxes under chapter 30 of Title 15;

7 (b) 25% 28% of all moneys, except as provided in  
8 15-31-702, received from the collection of corporation  
9 license taxes under chapter 31 of Title 15, as provided by  
10 15-1-501;

11 (c) 10% of the moneys received from the collection of  
12 the severance tax on coal under chapter 35 of Title 15;

13 (d) 62 1/2% of the moneys received from the treasurer  
14 of the United States as the state's shares of oil, gas, and  
15 other mineral royalties under the federal Mineral Lands  
16 Leasing Act, as amended;

17 (e) interest and income moneys described in 20-9-341  
18 and 20-9-342;

19 (f) income from the local impact and education trust  
20 fund account; and

21 (g) in addition to these revenues, the surplus  
22 revenues collected by the counties for foundation program  
23 support according to 20-9-331 and 20-9-333 shall be paid  
24 into the same earmarked revenue fund."

25 SECTION 7. SECTION 1, CHAPTER 582, LAWS OF 1979, IS



1     AMENDED TO READ:

2           "Section 1. Tax levy for the university system. There  
3     is levied upon the taxable value of all real and personal  
4     property in the state of Montana, subject to taxation,  
5     excluding vehicles and light trucks with a GVW capacity of  
6     three-quarter ton or less, 6 mills or so much thereof as is  
7     necessary to raise the amount appropriated by the  
8     legislature from the earmarked revenue fund for the support,  
9     maintenance, and improvement of the Montana university  
10    system and other public educational institutions subject to  
11    board of regents' supervision, as provided in referendum  
12    measure No. 75 passed by vote of the people at the general  
13    election held November 7, 1978; and the funds raised  
14    therefrom shall be deposited in the earmarked revenue fund."

-End-

*The Big Sky Country*



## MONTANA STATE HOUSE OF REPRESENTATIVES

Ken Nordtvedt  
118 Sourdough Ridge  
Bozeman, MT 59715

Committees:  
Taxation, Chairman  
Natural Resources

Dear Mr. Speaker:

The House Taxation Committee would like to request that a fiscal note be prepared on the following bill(s):

SENATE BILL 126 as amended (see attached grey copy)

The House Taxation Committee would further like to request that in considering the fiscal note, the following considerations be taken into account: in calculating the fiscal impact, please separate the amount of the impact pertaining to light trucks and vehicles and that pertaining to all other items receiving wholesale treatment under the (grey) bill.

Ken Nordtvedt, Chairman

                      
Date

1. Title, line 6.

Following: "VEHICLES;"

Insert: "TO CHANGE THE FUNDING ALLOCATIONS OF THE SCHOOL EQUALIZATION PROGRAM BY ALTERING CONTRIBUTIONS OF INCOME AND CORPORATE TAX; ELIMINATING THE PROPERTY TAX MILL LEVY ON CERTAIN VEHICLES FOR SCHOOL DISTRICT CONTRIBUTIONS TO THE SCHOOL EQUALIZATION PROGRAM AND THE UNIVERSITY LEVY;"

Following: "15-1-101"

Strike: "AND"

Insert: " , 15-1-501,"

2. Title, line 7.

Following: "15-8-111,"

Insert: "20-9-331, 20-9-333, AND 20-9-343,"

Following: "MCA"

Insert: ", AND SECTION 1, CHAPTER 582, LAWS OF 1979"

3. Page 3, line 25.

Following: line 24

Insert: "SECTION 2. SECTION 15-1-501, MCA, IS AMENDED TO READ:

"15-1-501. Disposition of moneys from certain designated license and other taxes. (1) The state treasurer shall deposit to the credit of the state general fund all moneys received by him from the collection of:

(a) automobile driver's license fees under subsections (1) through (6) of 61-5-111;

(b) electric energy producer's license taxes under chapter 51;

(c) metalliferous mines license taxes under chapter 37;

(d) oil and gas severance taxes allocated to the general fund under chapter 36;

(e) liquor license taxes under Title 16;

(f) telephone license taxes under chapter 53; and

(g) inheritance and estate taxes under Title 72, chapter 16.

(2) ~~Seventy-five~~ Seventy-two percent of all moneys received from the collection of income taxes under chapter 30 and corporation license and income taxes under chapter 31, except as provided in 15-31-702, shall be deposited in the general fund subject to the prior pledge and appropriation of such income tax and corporation license tax collections for the payment of long-range building program bonds. The remaining ~~25%~~ 28% of the proceeds of the corporation license tax, excluding that allocated to the counties under 15-31-702, corporation income tax, and income tax shall be deposited to the credit of the earmarked revenue fund for state equalization aid to the public schools of Montana.

(3) The state treasurer shall also deposit to the credit of the state general fund all moneys received by him from the collection of license taxes, fees, and all net revenues and receipts from all other sources under the operation of the Montana Alcoholic Beverage Code,"

Renumber: subsequent sections

4. Page 6, line 5.

Following: line 4

Insert: (See attached)

SECTION 4. SECTION 20-9-331, MCA, IS AMENDED TO READ:

"20-9-331. Basic county tax and other revenues for county equalization of the elementary district foundation program. (1) It shall be the duty of the county commissioners of each county to levy an annual basic tax of 25 mills on the dollars of the taxable value of all taxable property within the county, excluding vehicles and light trucks with a GVW capacity of three-quarter ton or less, for the purposes of local and state foundation program support. The revenue to be collected from this levy shall be apportioned to the support of the foundation programs of the elementary school districts in the county and to the earmarked revenue fund, state equalization aid account, in the following manner:

(a) In order to determine the amount of revenue raised by this levy which is retained by the county, the sum of the estimated revenues identified in subsections (2)(a) through (2)(f) below shall be subtracted from the sum of the county elementary transportation obligation and the total of the foundation programs of all elementary districts of the county.

(b) If the basic levy of 25 mills produces more revenue than is required to finance the difference determined above, the county commissioners shall order the county treasurer to remit the surplus funds to the state treasurer for deposit to the earmarked revenue fund, state equalization aid account, not later than June 1 of the fiscal year for which the levy has been set.

(2) The proceeds realized from the county's portion of the levy prescribed by this section and the revenues from

1 the following sources shall be used for the equalization of  
2 the elementary district foundation programs of the county as  
3 prescribed in 20-9-334, and a separate accounting shall be  
4 kept of such proceeds and revenues by the county treasurer  
5 in accordance with 20-9-212(1):

6 (a) the portion of the federal forest reserve funds  
7 distributed to a county and designated for the common school  
8 fund under the provisions of 17-3-213;

9 (b) the portion of the federal Taylor Grazing Act  
10 funds distributed to a county and designated for the common  
11 school fund under the provisions of 17-3-222;

12 (c) the portion of the federal flood control act funds  
13 distributed to a county and designated for expenditure for  
14 the benefit of the county common schools under the  
15 provisions of 17-3-232;

16 (d) all moneys which are paid into the county treasury  
17 as a result of fines for violations of law and the use of  
18 which is not otherwise specified by law;

19 (e) any money remaining at the end of the immediately  
20 preceding school fiscal year in the county treasurer's  
21 account for the various sources of revenue established or  
22 referred to in this section; and

23 (f) any federal or state moneys distributed to the  
24 county as payment in lieu of the property taxation  
25 established by the county levy required by this section."

26 SECTION 5. SECTION 20-9-333, MCA, IS AMENDED TO READ:

27 "20-9-333. Basic special levy and other revenues for  
28 county equalization of high school district foundation  
29 program. (1) It shall be the duty of the county  
30 commissioners of each county to levy an annual basic special

1 tax for high schools of 15 mills on the dollar of the  
2 taxable value of all taxable property within the county,  
3 excluding vehicles and light trucks with a GVW capacity of  
4 three-quarter ton or less, for the purposes of local and  
5 state foundation program support. The revenue to be  
6 collected from this levy shall be apportioned to the support  
7 of the foundation programs of high school districts in the  
8 county and to the earmarked revenue fund, state equalization  
9 aid account, in the following manner:

10 (a) In order to determine the amount of revenue raised  
11 by this levy which is retained by the county, the estimated  
12 revenues identified in subsections (2)(a) and (2)(b) below  
13 shall be subtracted from the sum of the county's high school  
14 tuition obligation and the total of the foundation programs  
15 of all high school districts of the county.

16 (b) If the basic levy for 15 mills produces more  
17 revenue than is required to finance the difference  
18 determined above, the county commissioners shall order the  
19 county treasurer to remit the surplus to the state treasurer  
20 for deposit to the earmarked revenue fund, state  
21 equalization aid account, not later than June 1 of the  
22 fiscal year for which the levy has been set.

23 (2) The proceeds realized from the county's portion of  
24 the levy prescribed in this section and the revenues from  
25 the following sources shall be used for the equalization of  
26 the high school district foundation programs of the county  
27 as prescribed in 20-9-334, and a separate accounting shall  
28 be kept of these proceeds by the county treasurer in  
29 accordance with 20-9-212(1):

30 (a) any money remaining at the end of the immediately  
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1 preceding school fiscal year in the county treasurer's  
2 account for deposit of the proceeds from the levy  
3 established in this section; and

4 (b) any federal or state moneys distributed to the  
5 county as a payment in lieu of the property taxation  
6 established by the county levy required by this section."

7 SECTION 6. SECTION 20-9-343, MCA, IS AMENDED TO READ:

8 "20-9-343. Definition of and revenue for state  
9 equalization aid. (1) As used in this title, the term "state  
10 equalization aid" means those moneys deposited in the  
11 earmarked revenue fund as required in this section plus any  
12 legislative appropriation of moneys from other sources for  
13 distribution to the public schools for the purpose of  
14 equalization of the foundation program.

15 (2) The following shall be paid into the earmarked  
16 revenue fund for state equalization aid to public schools of  
17 the state:

18 (a) ~~25%~~ 28% of all moneys received from the collection  
19 of income taxes under chapter 30 of Title 15;

20 (b) ~~25%~~ 28% of all moneys, except as provided in  
21 15-31-702, received from the collection of corporation  
22 license taxes under chapter 31 of Title 15, as provided by  
23 15-1-501;

24 (c) 10% of the moneys received from the collection of  
25 the severance tax on coal under chapter 35 of Title 15;

26 (d) 62 1/2% of the moneys received from the treasurer  
27 of the United States as the state's shares of oil, gas, and  
28 other mineral royalties under the federal Mineral Lands  
29 Leasing Act, as amended;

30 (e) interest and income moneys described in 20-9-341



1 and 20-9-342;

2 (f) income from the local impact and education trust  
3 fund account; and

4 (g) in addition to these revenues, the surplus  
5 revenues collected by the counties for foundation program  
6 support according to 20-9-331 and 20-9-333 shall be paid  
7 into the same earmarked revenue fund."

8 SECTION 7. SECTION 1, CHAPTER 582, LAWS OF 1979, IS  
9 AMENDED TO READ:

10 "Section 1. Tax levy for the university system. There  
11 is levied upon the taxable value of all real and personal  
12 property in the state of Montana, subject to taxation,  
13 excluding vehicles and light trucks with a GVW capacity of  
14 three-quarter ton or less, 6 mills or so much thereof as is  
15 necessary to raise the amount appropriated by the  
16 legislature from the earmarked revenue fund for the support,  
17 maintenance, and improvement of the Montana university  
18 system and other public educational institutions subject to  
19 board of regents' supervision, as provided in referendum  
20 measure No. 75 passed by vote of the people at the general  
21 election held November 7, 1978; and the funds raised  
22 therefrom shall be deposited in the earmarked revenue fund."