

MINUTES OF THE MEETING OF THE HOUSE APPROPRIATIONS COMMITTEE
APRIL 22, 1981

The meeting was called to order by CHAIRMAN LUND at 7:00 a.m. in Room 104, State Capitol. REP. HURWITZ and REP. SHONTZ were absent. All other members of the Committee were present.

EXECUTIVE SESSION.

REP. CONROY moved that HB 875 do not pass. He stated that he feels it is too late in the session to get into revenue sharing and that coal tax funds will not be there forever. He added that he feels this kind of precedent should not be established by the legislature.

REP. WALDRON asked what the legislature would do to make up for what has been done to local government.

REP. BENGTON stated that she shares some of REP. CONROY's views and added that maybe the bill could be amended and put on the House Floor. She stated that she does not think the Committee should kill the bill completely.

REP. MOORE stated that he must be shown where the bill can be amended so that it will not be an additional tax to the people.

The amendments proposed by REP. QUILICI were passed out to the Committee Members. (EXHIBIT)

REP. CONROY asked where the inventory bill is.

CHAIRMAN LUND stated that it is on second reading this date.

REP. BARDANOUVE asked why the inventory bill had to pass.

REP. DONALDSON asked how much of this is actually local government impact, adding that about \$10,000,000 of this was for schools.

CHAIRMAN LUND asked about the negative impact of \$50,000,000 for the biennium.

REP. NORDTVEDT stated that he feels this is a little high as most of the bill would not take effect until January, 1982.

REP. NORDTVEDT stated that his personal figures for the 83 biennium were \$6,000,000 annually in local impact, \$12,000,000 for the biennium for livestock tax impact and \$18,500,000 for the biennium for the vehicle tax impact. He stated that these figures would need to be divided in half to get the correct figures and that there is no way to match these figures to revenue sharing. He stated that revenue would have to be created by sending funds to local governments, as in SB 355, for the motor vehicle replacement tax.

REP. COZZENS asked what the actual impact is on livestock for the biennium.

REP. CONROY stated that this would be difficult to assess as Eastern Montana has 50% fewer cattle than it had in the past few years and may have even fewer this year in view of a possible drought.

REP. BARDANOUVE stated that 20% of the valuation in Blaine County is cattle. He stated that with oil revenue, projections are that the loss for livestock will be made up by oil, where possible.

CHAIRMAN LUND stated that oil impacts about 17 counties.

REP. LORY stated that he feels there is a need to look at figures for the last biennium for the livestock tax.

REP. BARDANOUVE stated that a few sessions ago, the legislature was not going to get hooks on coal funds and that the legislature has now found the oil severance tax. He asked what the long-term, permanent source of revenue is, adding that sooner or later the State will run out of general funds.

REP. THOFT stated that the cattle tax had doubled in the last few years and that this created a windfall to the counties. He stated that he feels this should not be replaced.

REP. MOORE stated that he feels nothing can be done to control the growth of State government and that he hopes there is no surplus next session. He stated that this would prevent future spending and that he wondered what needs to be replaced in the counties.

REP. BARDANOUVE asked if the summit were calculating the balance of \$15,000,000 to \$20,000,000 and what would happen to these funds if replacement revenue passes.

REP. KEMMIS stated that this amount is included in the summit figure and will not affect the balance, but does not include the fee bill. He stated that local impact on livestock would be \$15,000,000 to \$20,000,000.

REP. COZZENS stated that he feels the Committee could tie down the inventory impact.

MR. JOHN CLARK, Department of Revenue, stated that he feels the taxable level should remain constant at about \$7,700,000 and that it will affect the 83 biennium only.

REP. BARDANOUVE stated that he feels this a swiss chesse formula of revenue raising in Montana.

Mr. Clark stated that there is a problem, as an assessment list would go out on personal property and that there would be some effect in 1982 between January 1 and June 30, or about 2/3 of the tax would be impacted, but that this would not all be local impact. He stated that the impact would be \$7,200,000 per year for livestock.

REP. QUILICI stated that the total of inventory and livestock impact would then be about \$20,000,000.

REP. MOORE asked what the distribution formula would be and if it would be the same as in Section three of the bill.

REP. MOORE moved that the Committee delete a portion of the Title of the bill and strike sections 5-15. He further moved that the Committee change the figure to \$20,000,000 and that line 22 in subsection 2 be stricken, along with amendments suggested by REP. QUILICI.

REP. STOBIE suggested that the Committee take HB 875 and HB 73 and put them in a subcommittee for recommendation.

REP. KEMMIS stated that all impacts including foundation, on the general fund that have been considered.

REP. BARDANOUVE stated that a subcommittee could come up with the amendments and a rough copy of a clean bill.

REP. CONROY suggested that the Committee go to HB 73.

REP. MOORE withdrew his motion.

REP. CONROY moved that the committee table HB 875, with the understanding that the Committee work with HB 73, as originally introduced.

REP. BARDANOUVE stated that he has a list from Mr. Mizner showing a much more acceptable formula of disbursement of funds.

CHAIRMAN LUND appointed REP. DONALDSON, as chairman of the subcommittee and REPS. STOBIE, HEMSTAD, BARDANOUVE and QUILICI to the subcommittee.

CHAIRMAN LUND stated that the Mizner handout is based purely upon population from updated census figures from DCA.

MR. MIZNER stated that if the bill was passed at \$20,000,000 the figures would need to be readjusted, as they were based on \$15,000,000.

The meeting was adjourned at 8:15 a.m.

The subcommittee met at 8:30 a.m. in Room 343. CHAIRMAN LUND stated that he felt HB 875 could be amended more easily than the title of HB 73 could be changed.

SPEAKER MARKS stated that SB 355 is the package for the motor vehicle tax.

REP. BARDANOUE stated that there is no way to care for the impact on vehicle fees in this bill.

SPEAKER MARKS stated that by taking the livestock tax back to half, it would equal what was two years ago.

REP. BARDANOUE stated that livestock is important to Blaine County as it makes up 20% of the tax base, but that this was offset by the oil tax revenue in the county.

REP. DONALDSON stated that he feels this is a real problem in reference to the inventory tax.

REP. QUILICI stated that he feels it will take time to figure out.

REP. STOBIE stated that replacement could be done other than on a per capita basis.

Mr. Clark, Department of Revenue, stated that the Federal government does straight replacement.

Mr. Clark stated that if SB 283 passes, January 1, 1981 would be the last time that inventory would be reported.

REP. NORDTVEDT suggested that a tax credit for inventory and a refund if there is negative inventory. He stated that the business inventory bill could be so amended.

REP. BARDANOUE stated that he was concerned with the shortage of time.

REP. DONALDSON stated that the subcommittee could amend the inventory bill or go direct rebate, which could involve both inventory and livestock.

The meeting was recessed at 9:00 a.m. and was reconvened at 1:45 p.m.

MR. CURT NICHOLS, LFA, stated that the estimated \$7,700,000 impact might be high or low. He stated that HB 611 was still in conference committee and that this could be put in HB 611.

REP. STOBIE moved that the subcommittee adopt the amendments in SB 283. The motion was unanimously approved.

SPEAKER MARKS stated that the Committee could make the inventory tax effect a year sooner by using this bill as a vehicle and that the funds would be there.

REP. BARDANOUVE stated that the Committee could sunset the recapture and the inventory tax would be repealed and that he would sunset the tax credit in 1983 tax year.

REP. BARDANOUVE moved that the Committee make the appropriation for the taxable years 1981 and 1982.

The motion, as made by REP. BARDANOUVE was unanimously approved by the members of the subcommittee.

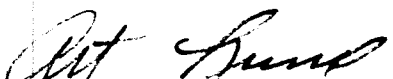
HB 73.

REP. STOBIE moved that the committee approve the amendments to HB 73. The motion failed, with REPS. BARDANOUVE, DONALDSON, and QUILICI voting no. REPS. HEMSTAD and STOBIE voted aye.

REP. STOBIE moved that the subcommittee table HB 73. The motion was unanimously approved by the members of the subcommittee.

The meeting was adjourned at 2:30 p.m.

Respectfully Submitted,


REP. ART LUND, CHAIRMAN

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