

MINUTES OF THE MEETING
TAXATION COMMITTEE
MONTANA STATE SENATE

January 30, 1981

The sixteenth meeting of the Taxation Committee was called to order at 8:00 a. m. in Room 415 of the State Capitol Building, Chairman Pat Goodover presiding.

ROLL CALL: All members present, except Senator Bob Brown who was absent.

CONSIDERATION OF SENATE BILL 134: Sponsoring Senator Roger Elliott said this bill would make a provision that income tax filers would have an automatic 6-month extension on filing a return. He felt this would save much paperwork because the normal time for late filing now is 60 days; if you can't file then a request for another extension has to be made. Senator Elliott introduced Ellen Feaver of the Department of Revenue to speak in favor of the bill.

She said that 15,000 requests for extensions were received in 1980 and felt much time could be saved by taxpayer and the Department of Revenue by giving a longer initial extension period.

Rick Morgan, Montana Society of CPA's, urged support of the bill.

There were no other proponents and no opponents, so questions were called for from the committee.

Senator Goodover wondered why it was necessary to tie it down when exceptions are made for extensions. Ellen said that discretionary clauses take a lot of time. She said she wouldn't have any objection to removal of that part of the bill dealing with the armed forces, but that it wasn't necessary as there are other discretionary clauses. She hoped that 80% of the exceptions would be taken care of in this bill and that only one piece of paper would be needed.

Senator Goodover asked if the automatic 6-month extension wouldn't take care of 95% of your terms. Ellen said yes. Senator Goodover felt that extension of just the other 5% shouldn't be that big a problem for the department, and he suggested that she and Senator Elliott work together and try to come up with something to take care of the remaining 5%.

CONSIDERATION OF SENATE BILL 148: Mike Anderson, Senate District #40, said that he is a member of the Aircraft-Owners Association and that they had asked him to carry this bill which gives tax breaks to landowners who have a small landing strip on their places. The strip of land specified in the bill is 30 feet wide

and 3-4 thousand feet long. He said the tax being paid on the land is small--about \$8-10 per acre. He said the real purpose of this bill is to open up additional landing strips.

The hearing was closed on Senate Bill 148 after further comments from the committee.

CONSIDERATION OF SENATE BILL 200: Senator Gary Lee, primary sponsor of the bill, presented a statement of intent and also proposed amendments for the committee, Attachments 1 and 2. He said the bill was one to prevent double taxation. Senator Lee introduced Don Allen, Executive Director of the Montana Petroleum Association, who said the problem they have is the effect unanticipated federal-level taxing is having on their industry. The decontrol will mean that everything will be ahead of schedule, as far as severance and net proceeds taxes, as tax is based on oil at the well head. He said the oil industry would get less than their fair share of that activity if they work in a state where windfall taxes cannot be deducted before determining net proceeds. He said his figures showed that all counties are going to get 2 to 3 times as much revenue as they have been getting, but felt this bill necessary for them to compete with other states for the investment dollar.

PROPONENTS:

Clyde C. Logan, representing Sam Geary, Independent Operator Bell Creek field, asked that we help clarify language and allow the windfall profits tax as a deduction to the net proceeds tax or as gross after windfall tax. He said, if the Bell Creek Tertiary worked, at least as much should be recovered from that field as has already been produced. He said that there is more capital available now for the industry than there has ever been, but with risks involved in tertiary they are having trouble getting enough funds.

Senator Larry Tveit, District 27, said that as a royalty holder he speaks in support of the bill.

OPPONENTS: Joe Gottfried, Montana Association of Counties, and Montana Gas, Oil, and Coal Producing Counties. He said the fiscal note on this bill says that net value is 55.43% of the gross value for the time period. If this fiscal note is not valid, it says the University system would lose 1.3 million and counties 33 million dollars. He said, with the deregulation coming on, prices will be increased at the well head and he thought they should be able to manage with what they have now.

Tom Harrison, Montana Association of Oil, Gas, and Coal, felt focus should be on what was anticipated and what has actually occurred. One anticipation was the windfall tax and that precipitated the so-called tax. He said we could call it a tax on a franchise.

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Mr. Harrison said he was concerned about the fiscal impact and would like to suggest two things: 1) that the committee request a fiscal note which considers decontrol as of February 1, and 2) that the committee might try to see other bills which might have similar impact along with this one.

Senator Lee closed and commented on the fiscal note, saying it was out of date today.

After further comments about impact in reducing taxes in the counties, the hearing was closed on Senate Bill 200.

REFERENCE TO SENATE BILL 12: This was being held until a companion bill by Senator McCallum could be acted on. Senator McCallum reported that his bill, Senate Bill 22, was killed in committee. Senator Steve Brown said he thought an interim study could be made by the Audit and Finance Committees and they could get all the input the committee would need; then next session we could come back and make a value judgment.

SENATE BILL 17 was being held for amendment. Cort Harrington passed copies of the proposed amendments by Senator Turnage to committee members. The committee requested that they be able to see the entire bill incorporating amendments. Cort read through each section so that the committee could see where amendment language would be used. Senator Towe voted that the amendments be adopted. The vote was unanimously in favor of them. Senator McCallum moved that on page 5 where it says 60 days, that the 60 days be stricken and 90 days inserted and that wherever 60 days is mentioned the 90 days be put in. After more discussion, it was decided to hold Senate Bill 17 in order to have further questions answered.

The question was asked for those in favor of amending from 60 to 90 days to vote yes. After a roll-call vote (attached), it was determined that the amendment proposal failed to pass.

RECONSIDERATION OF SENATE BILL 77: Amendments proposed for SB 77 were presented to the committee. Senator Towe made a motion that the amendments be adopted for SB 77. It was passed unanimously to accept amendments. Senator Towe made a motion that Senate Bill 77 DO PASS, as amended. A roll call count was taken, with Senators Hager and McCallum voting no. The motion passed and it was so ordered.

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CONSIDERATION OF SENATE BILL 85: Senator Steve Brown will work
with Cort Harrington to work out some amendments to this bill.

The meeting was adjourned.



PAT M. GOODOVER, CHAIRMAN

ROLL CALL

TAXATION COMMITTEE

47th LEGISLATIVE SESSION - - 1981

Date 1/30/81

NAME	PRESENT	ABSENT	EXCUSED
Goodover, Pat M., Chairman	✓		
McCallum, George, Vice	✓		
Brown, Bob			
Brown, Steve	✓		
Crippen, Bruce D.	✓		
Eck, Dorothy	✓		
Elliott, Roger H.	✓		
Hager, Tom	✓		
Healy, John E. "Jack"	✓		
Manley, John E.	✓		
Norman, Bill	✓		
Ochsner, J. Donald	✓		
Severson, Elmer D.	✓		
Towe, Thomas E.	✓		

Each day attach to minutes.

COMMITTEE ON

Legislation

DATE

January 30

VISITORS' REGISTER

NAME	REPRESENTING	BILL #	Check One			
			Support		Oppose	
Rick Morgan	Montana Society of CPA's	134	X			
Don Hoff	Dept. of Revenue	200				
Weldon Durr	Shell oil Co	200			X	
Clyde C. Logan	Sam Long	200			X	
Carl F. Allen	Montana Petroleum Assoc	200			X	
James J. Hamner	Mont. Assoc. of Oilmen & Coal Cos	200				X
J. B. Gottfried	Mont. Assoc. of Counties - ^{many} oil ^{oil} men ^{men} & Coal	200				X
Jeffrey M. Monroe	Logan's Associates	200			X	
Alb. Jones	Dept. of Revenue	134	X			

(Please leave prepared statement with Secretary)

STANDING COMMITTEE REPORT

January 30

81

19.....

MR.**President**.....

We, your committee on**Taxation**.....

having had under consideration**Senate**..... Bill No. **77**.....

Respectfully report as follows: That.....**Senate**..... Bill No. **77**.....
be amended, as follows:

1. Title, lines 5 and 6
Following: "EXTEND"
Strike: "UNTIL JUNE 30, 1983,"
2. Page 1, lines 18 through 20
Following: "notes."
Strike: "(1) The total amount of notes issued under 17-1-201 may not exceed an aggregate of \$100 million and no"
Insert: "No"
3. Page 1, line 21
Strike: "such"
Following: "notes"
Insert: "issued under 17-1-201"
4. Page 1, line 22
Strike line 22 in its entirety.
And, as so amended,

DO PASS

SENATE COMMITTEE TAXATION

Date Jan. 30, 1981 Senate Bill No. 17 Time _____

NAME	YES	NO
SEN. McCALLUM (Vice-Chairman)	✓	
SEN. BOB BROWN		
SEN. STEVE BROWN		✓
SEN. CRIPPEN		✓
SEN. ECK		✓
SEN. ELLIOTT	✓	
SEN. HAGER	✓	
SEN. HEALY		✓
SEN. MANLEY	✓	
SEN. NORMAN		
SEN. OCHSNER		✓
SEN. SEVERSON	✓	
SEN. TOWE		✓
SEN. GOODOVER (CHAIRMAN)		✓

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Betty Dean
Secretary
Motion: _____

Pat M. Goodover
Chairman

That the committee extending time from 60
to 90 days.

(include enough information on motion--put with yellow copy of committee report.)