

MINUTES OF THE MEETING
TAXATION COMMITTEE
MONTANA STATE SENATE

February 24, 1981

The 34th meeting of the committee was called to order at 8:05 a.m. in Room 415 of the State Capitol Building, Chairman Pat Goodover presiding.

ROLL CALL: All members were present.

CONSIDERATION OF HOUSE BILL 17:

"AN ACT TO PROVIDE THAT THE SAME INTEREST RATE APPLY TO OVERPAYMENT REFUNDS AS TO DELINQUENT TAX DUE FOR THE INCOME AND CORPORATION TAX; AMENDING SECTION 15-30-149 and 15-31-531, MCA."

Representative Nordtvedt said this bill was at the request of the Interim Revenue Oversight Committee. Bill simply says that whatever interest rates the state charges the income taxpayer for late payment of taxes, the state will also give the same interest rate on overpayment of taxes. In addition to creating equity it simplifies the codes. The hearing was closed on House Bill 17 as there were no further proponents, opponents or questions from the committee.

Senator Towe made a motion that HB 17 BE CONCURRED IN. The vote was unanimously in favor of the motion. Senator Goodover will carry the bill on the floor.

Senator Goodover added Senate Bills 423, 447 and House bill 13 to Senator McCallum's sub-committee dealing with bonds of SID's.

At the Chairman's request, it was decided to hold the bills for action later.

DISPOSITION OF SENATE BILL 345:

After minor committee discussion, amendments were proposed and moved by Senator Towe. One amendment which proposed 60% be inserted in place of "a majority" had two dissenting votes, one by Senator Crippen and one by Senator Elliott. Senator Towe moved that Senate Bill 345 DO PASS, as amended. The motion carried unanimously.

CONSIDERATION OF HOUSE BILL 22:

"AN ACT TRANSFERRING RESPONSIBILITY FOR THE CALCULATION OF THE FOUNDATION PROGRAM'S ADDITIONAL STATE LEVY FOR STATE DEFICIENCY AND STATE PERMISSIVE DEFICIENCY LEVY FROM THE SUPERINTENDENT OF PUBLIC INSTRUCTION TO THE GOVERNOR'S BUDGET DIRECTOR; AMENDING SECTIONS 20-9-351 and 20-9-352, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

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Representative Fabrega, sponsoring House Bill 22 at the request of the Revenue Oversight Committee, at the request of the Montana Tax-payers Association, said that under current law the Superintendent of Public Instruction is responsible for estimating needs for school foundation program and estimating revenue. If needs exceed revenue, the Superintendent of Public Instruction informs DOR of lack of money. The Superintendent of Public Instruction is the right person to estimate the needs and enrollment. However, the Superintendent's office is not the best qualified to estimate revenue from tax sources. This House Bill will place the revenue estimating in the budget office, but will allow the Superintendent of Public Instruction to retain estimating program needs. If needs exceed revenues, the budget director will request DOR to levy tax on all property to fund the deficiency.

There were no other proponents and no opponents to the Bill.

Senator Goodover said that the committee had discussed the fact that a bill in our committee, Matt Himsl's Senate Bill 98, might accomplish the same job as House Bill 22. Senator Fabrega was agreeable to accepting a different bill if it would accomplish the same purpose.

The Hearing on House Bill 22 was closed. Senator McCallum moved House Bill 22 be tabled. The vote was unanimously in favor of the motion.

Chairman Goodover announced that the first meeting after the break will be scheduled for March 3. All bills that were posted, beginning with March 2, were moved ahead a day.

DISPOSITION OF SENATE BILL 260:

Senator Goodover said this bill was to reallocate the coal severance tax money taking earmarked funds and putting them in the general fund. He said he originally set out to take earmarked funds and put them in the general fund, but now had amendments to leave the educational trust fund as it is, to leave fish and game and historical society funds as they are. All we are talking about now are earmarked funds for other small individual programs--alternative energy, library, renewable resources, etc. He said that increases in coal tax revenue will give these people large increases that they may or may not need. They would come in and ask for funding. If they can convince the legislature they need more money, it's up to them to ask for and justify it. Senator Goodover said he had another thought about fish and game funds--that the money that is already in there would be left for them to operate on and cut off any future monies going in there.

Senator Towe objected to the above proposals saying that the funds were set up specifically because we treated them as something special. If the severance tax money is put into general fund, it will be used for tax relief. Senator Goodover felt the part the court is looking at is the 50% tied down that is doing nothing. At least we would show them that we are not putting it into a fund that is just sitting there.

Senator Severson felt that once the court case in Washington is over this bill would be in order. He felt the bill was before its time.

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Senator Goodover felt that if court rules against the 30% tax and all things drop down to 12 1/2%, people will be in asking for appropriations. He felt it should be put in the general fund now, and if they need money later it will be there.

Senator Goodover made a motion to amend Senate Bill 260 that the top four funds remain as they are, that we amend into the general fund the public school, renewable resources, alternate energy, fish and game, land planning and library commission and leave money which is now in the Fish and Game fund (4.5 million) there. I would move that all others, as of the effective date of this Bill, would be put in the general fund for allocations to various people getting funds now on an appropriation basis.

The motion to so amend was voted and ended in a 6-6 vote.

It was decided to hold Senate Bill 260 for consideration at a later date.

CONSIDERATION OF SENTATE BILL 326:

Senator B. Brown moved that Senate Bill 326 DO NOT PASS. Motion carried unanimously.

Senator Steve Brown moved to reconsider the DO NOT PASS and change the motion to tabling it. Vote was to table Senate Bill 326.

CONSIDERATION OF SENATE BILL 361:

"AN ACT TO EXEMPT DOMESTIC INTERNATIONAL SALES CORPORATIONS FROM THE CORPORATE LICENSE TAX; AND TO TAX THE SHAREHOLDERS OF DOMESTIC INTERNATIONAL SALES CORPORATIONS; AMENDING SECTIONS 15-30-111 AND 15-31-102, MCA."

Senator Goodover asked Cort if it would be possible for him to get some data on this for floor presentation. Then it was decided to ask Cort to draft up some kind of amendment that we could deal with in the committee, with regard to treating the DISC the same as the federal does.

DISPOSITION OF SENATE BILL 21:

This is the product development corporation bill. Senator S. Brown provided language that would affect auditing, moved the amendment; vote was for the motion, Senators Crippen and Goodover opposing.

Problems arose concerning the bill regarding the appointment section. Senator Towe offered an amendment that specified members serve for a term of four years. This amendment passed, with Senator Crippen dissenting.

Senator Towe made a motion that Senate Bill 21 DO PASS. A vote was taken, and the vote was five yes, eight no.

It was suggested that the secretary reverse the vote on a DO NOT PASS motion. The vote was eight to five that the Bill not pass.

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CONSIDERATION OF SENATE BILL 476:

Senator Towe had asked some people in to give another perspective on another aspect of having a bond authority. George Bousliman, G. T. Murray and Company, said the main reason they would support this is that they think it would lead to competition, and competition would lead to savings to communities and to taxpayers in the community.

Dr. William Crowley, G. T. Murray and Company, Director of Research, said for two years his firm has been working with major investment underwriting firms to get them interested to come into Montana to sell bonds. They are interested, but look at bond issues of from 1-1/2 to \$2,000,000. Doctor Crowley said bonds sales require rigid requirements, advertising and marketing expense. Three advantages to multiple bond authority: 1) lower interest rate, 2) decreased interest results in reduced cost to the taxpayer, 3) reduced cost to users of service being provided by municipalities. He refuted arguments that increased competition somehow would be a disadvantage to the taxpayer. He gave two examples, using St. Peter's Hospital in Helena and a water SID, that showed this system was a workable one. The only disadvantage of the Bill is that it may, and hopefully will, decrease the amount of interest paid to the bond buyers.

Senator Towe said that DAD said, because Montana has exemption from income taxes for multiple bonds, that they can come in and bid at a lower rate.

Dr. Crowley said he would think we would be selling the same amount of bonds--would seem moot argument. Montana buyers will still have opportunity to buy bonds. I think the competition would still be there.

Senator Crippen disagreed with the evidence that DAD stated as reasons against this Bill.

Senator Manley asked if the company the two gentlemen represented are larger than D. A. Davidson. Their answer was that they are probably two to 300 times as large. They have purchased no small bonds issued in Montana.

Senate Bill 476 is still going to be held in the committee.

Senator Towe made a motion that all bills which the committee has not acted upon have not been acted upon because they are revenue bills and subject to 70-day transmittal date.

The committee moved to adopt this statement.


PAT M. GOODOVER, Chairman

bd

ROLL CALL

TAXATION COMMITTEE

47th LEGISLATIVE SESSION - - 1981

Date 2/24/81

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.

DATE Feb. 24, 1981

COMMITTEE ON Taxation

VISITORS' REGISTER

[illegible]

(Please leave prepared statement with Secretary)

STANDING COMMITTEE REPORT

February 24

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19.....

PRESIDENT:

MR.

TAXATION

We, your committee on

having had under consideration Senate Bill No. 345

Respectfully report as follows: That Senate Bill No. 345
be amended, as follows:

1. Page 1, line 25.

Following: "may"

Insert: "upon compliance with subsection (1)"

2. Page 2, line 4.

Following: "owners"

Insert: "within the proposed district boundaries"

3. Page 2, line 5.

Following: "if"

Strike: "a"

4. Page 2, line 6.

Following: line 5

Strike: "majority"

Insert: "60%"

XXXXXX
DO PASS

HC

(CONTINUED)

5. Page 5, line 24.
Following: "owners"
Insert: "within the proposed district boundaries"

5. Page 5, line 25.
Following: "if"
Strike: "a majority"
Insert: "60%"

nd, as so amended,

DO PASS

HC.

SENATE COMMITTEE TAXATION

Date Feb. 24, 1981 Senators Bill No. 260 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)	✓	
	6	6

Betty Dean
Secretary
Motion: Amendment out

Pat M. Goodover
Chairman

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

STANDING COMMITTEE REPORT

February 24

1981

MR. ~~CHIEF~~ PRESIDENT:

We, your committee on TAXATION

having had under consideration Senate Bill No. 21

Respectfully report as follows: That Senate Bill No. 21

DO NOT PASS

~~XXXXXXXX~~
DO PASS

L.C.

SENATE COMMITTEE

TAXATION

Date Feb. 24, 1981SenateBill No. 21Time 9:40 a.m.

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

Pat M. Goodover

Chairman

Motion: That SB 21 do pass.

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

SENATE COMMITTEE TAXATION

Date Feb. 24, 1981 Senate Bill No. 21 Time 9:50 a.m.

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 SB 21 be not passed.

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