

MINUTES OF THE MEETING  
TAXATION COMMITTEE  
MONTANA STATE SENATE

April 4, 1981

The 63rd meeting of the committee was called to order at 8:30 a.m. in Room 415 of the State Capitol Building, Chairman Pat Goodover presiding.

ROLL CALL: Senators McCallum and Norman absent, all other members present.

DISPOSITION OF HOUSE BILL 798:

This bill deals with an economic development authority and a 200-million dollar bond issue. Discussion had been about amending that amount to 50 million dollars. Cort handed out proposed amendments.

ELLIOTT: On the Statement of Intent there was added to the bill amendment #3 following institutions. Senator Elliott read through the remaining amendments to the bill.

GOODOVER: Wouldn't this provide money for what we passed yesterday-- railroad car construction maintenance?

TOWE: It is possible. The meat is in the policy statement. If the railroads qualify there, the answer is yes. They may not produce the most jobs or the best economic stability. I think the two are complimentary.

ELLIOTT: I would like to go back to sections 28 and 29 before we go further. You will notice we made clear in (2) of paragraph 28 that any amounts loaned would be a loan to this fund and be repaid the State Treasury. Why can't the general fund loans be made to this loan guaranty fund as long as the level is up to within 10%.

TOWE: General fund loan can be made with an appropriation. Could be made without appropriation if it could be paid back within a few months. If we couldn't expect it to be paid back in a biennium, then we would have to have an appropriation.

ELLIOTT: Is it your thought that any premium charged on these loans would cover any losses incurred?

TOWE: Yes, but we can't be sure, so we are pledging the state fund will maintain the 5 million dollar level. The idea is that a premium of 1% per year would be charged. If the bonds sell at 10% we could afford to charge 1% for a premium to replenish this fund. We are permitted under the federal codes.

ELLIOTT: What about the original note they sign?

TOWE: You just add 1%. Maximum is in the federal code as to how much can be charged.

GOODOVER: Is there any constitutional problem with the state

April 4, 1981  
page 2

making loans to private enterprise?

TOWE: So long as there is a qualification statement--that has been tested by the Montana Supreme Court. With the qualification section it is valid.

GOODOVER: Is there any way financial institutions can participate in this?

TOWE: Financial institutions must participate because they have to have 10% of the loan.

ECK: Who was in on writing of the amendments?

TOWE: John Oitsinger and myself, George Gosliman, and Senator Elliott. I had Gary Buchanan involved because he would be the head of the Department of Commerce.

ELLIOTT: The last amendment is just a summary that the board shall consider whether this loan guaranty fund is the best method and will report back with any recommendations concerning change if there is a more appropriate method.

CORT: On Section 31 the coordination instruction, 3rd line, "and to the authority as allocated to shall be changed" shall be stricken.

ELLIOTT: I would like to delete that amendment myself. Page 5, line 11, that's where we are putting the housing authority. If you want to put the staff back into the housing authority, we will delete amendment #9 altogether. I would like to look at amendment #6. I would just as soon have it the Speaker of the House and the President of the Senate myself.

TOWE: I have no strong objection. We worked this out because the Governor's office is not happy about injecting this procedure. What we do is reinsert line 22.

CORT: On amendment #4 you would strike lines 17-19, scratch the part that says page 4, line 21. Instead of 20, you would say 19 and you would mesh those amendments.

S. BROWN: You have not solved the constitutional problem. You are limiting to the Governor's selection. I would have no objection to saying the Governor's authority, it's an interpretation of the separation of powers doctrine and limiting authority of the Governor to select people who serve in government.

TOWE: On page 11, line 15, strike "equal to" and insert "not to exceed." That amendment was moved and passed by vote of the committee.

GOODOVER: Page 1, amendments. Statement of Intent. They were voted unanimously.

TOWE: I move adoption of numbers 1-4, first page.

April 4, 1981

page 3

GOODOVER: All amendments after #8, with the recognition that #9 was deleted.

Senator Towe moved all amendments other than amendment #4. These were adopted by the committee, Senator Crippen dissenting.

S. BROWN. Why are you paying these people \$50/day and all others get \$25? I think everybody ought to get \$50. The next session everyone will come in and say they want \$52.

MANLEY: Since these people are going to be bank executives.

TOWE: Re amendment #11. Strike \$50 and insert \$25. The motion carried.

CRIPPEN: On page 9, line 7, after (19) strike "make and". They can still make a direct loan. The motion was carried unanimously.

S. BROWN: On amendment #5, strike "21". The Governor shall consider making appointments to the authority from a panel as hereinafter provided."

TOWE: I will move the amendment by S. Brown. Amendment carried.

S. BROWN: I will move amendments 2, 3, and 9. The motion carried unanimously.

TOWE: I think we ought to make sure about amendments 2 and 7. He made a motion. They were voted unanimously.

CRIPPEN: Are these bonds similar to SID bonds as far as mortgaging the property of the state?

TOWE: They are G. O. Bonds. This is even a stronger tie to the state.

S. BROWN: Why do we need an independent authority for all these programs?

TOWE: Some of these can be done at a local level with industrial development bond. Two problems: 1) you may have something that is statewide in scope and isn't appropriate for one county, and 2) this sets up mechanism for selling the bonds.

ELLIOTT: I have read much literature on this, and funds of this nature are criticized if they don't have loss ratio of some kind.

TOWE: I would move that HB 798 BE CONCURRED IN, as amended. The vote was 7-5 in favor of the motion.

#### DISPOSITION OF SENATE BILL 344:

Senator Towe made a motion that SB 344 be removed from the table. He said he had tried to come up with suggestions that might be more acceptable. What I am proposing to do is make it a very nominal tax, 1%, at least until January 1, 1983. The amendments

April 4, 1981  
page 4

will strike most of the language from lines 6 through 20 and insert new language. There is no major impact this biennium.

CRIPPEN: How much will it raise?

GOODOVER: Another situation where a bill can be amended to nothing to get it on the books. As far as I am concerned, two years from now let's take another look at it.

CRIPPEN: There is HB 718 which is coming over. What we are forced to do is put ourselves between a potentially greedy bill and a greedy bill on the other side. Two years isn't enough for the people in that area.

ECK: The thing this does is that it gives the company a credit that is really an incentive to work with the community.

GOODOVER: What about debt incentive for people planning on mining in Montana? Those people aren't going to come in.

ECK: Several people from my area said they would be happy if it was less than 5%.

CRIPPEN: Why did you go for the graduated scale?

TOWE: That was a suggestion of the President. The bigger the mine, the bigger the impact and their concern. If we get really large operations then I think we ought to be looking at these higher brackets.

CRIPPEN: In the Nye area there are impacts right now. Your bill provides money from the coal?

TOWE: This does allow for the board to borrow from the coal board to take care of all immediate problems. I will move the amendments be adopted. The motion carried, Senator Goodover dissenting.

CRIPPEN: Will you comment?

WARD SHANAHAHAN: I can't comment on how these amendments affect the bill. I think the concern we have is with respect to the resource indemnity trust. You can call a tax an impact tax and then it is used for other purposes.

CRIPPEN: If we bandage this bill up so all funds go for impacts, does that answer that particular concern you have?

SHANAHAHAN: I think it does, but I would like a chance to see how it works.

CRIPPEN: I want to strike anything relating to pour-over to the coal tax trust fund. In section 8, page 7, line 2. I think you have to eliminate on line 3 all the wording after "accounts" all of subsection (2). On line 3 put period after "account" and strike everything to line 8, and all of section 22. He moved the

April 4, 1981  
page 5

amendment. The motion carried with Senators Elliott, Goodover, Healy, and Ochsner dissenting.

S. BROWN: Page 8, line 12. Do we need a reference to the new Department of Commerce? I will move that Cort come up with an appropriate coordination instruction. Also in Section 16 (wherever it shall appear). The motion carried unanimously.

S. BROWN: I move to strike on page 8, line 13, "except that the board may hire and dismiss its own personnel and". The Department would hire the staff.

TOWE: Why?

S. BROWN. It is consistent with executive reorganization.

The motion failed.

CRIPPEN: Page 5, section 6, we talk about penalty for delinquent taxes, plus interest rate of 18%.

TOWE: Taken out of miscellaneous tax division.

CRIPPEN: That's a lot of bucks and I don't like that. I will move that we knock the 10% down to 2% and the 1 1/2% to 1%. The motion came up with a tie vote so did not pass.

HEALY: Does this include underground as well as pit? Are the Butte operations still grandfathered?

TOWE: Yes. Unless we go out of Silver Bow. If you go into another county you get a different permit.

CRIPPEN: I would like to re-do these rates. I think they are too high. I have a problem with a graduated tax. Just a simple percentage that would apply to everything.

TOWE: If you had 6%, with new of 4%? I would suggest after the grandfather clause we add "so that they would be effective only until January 1, 1993."

MANLEY: If Crippen got percentages low enough I can't see anything wrong with that amendment, but I wouldn't want to wait until 1993.

HAGER: I applied your 4% to the Anaconda and came up with a tax of over 2 million dollars.

CRIPPEN: What does the industry think?

SHANAHAN: I don't think much of the scale because it inhibits production.

ELLIOTT: The theory of the graduated tax is your economies are improved and you can afford more of a tax on the upper end of production. Is that true of mining?

April 4, 1981  
page 6

SHANAHAN: Yes, but you can't make an across-the-board analogy between coal and other mining. The scale applies but it isn't a constant.

ANON: I guess it's up to the committee. The mechanism to generate money for impacts is solely needed in those communities.

CRIPPEN: Is there any support for making the tax a flat 5% and then take the 2% off. Why don't we compromise?

Discussion of the scale resulted in a vote being taken on a motion to adopt. The motion carried with Senators Ochsner, Healy and Goodover dissenting.

SEVERSON: We are making it up to a 4% rate?

TOWE: That's correct.

SEVERSON: We are making it 10% on the pit mining?

TOWE: Yes.

Senator Towe moved the bill as amended.

HEALY: I think we are creating unemployment. It will create unemployment at Stillwater. Leases will be affected by this. I think this is the wrong time to consider legislation like this. Let's let them get going before a tax.

GOODOVER: I have to agree with Senator Healy. This is a message to look elsewhere for their operations. If they are going to invest their money in Montana they had better think twice about it.

CRIPPEN: It is not clear to me what the initial tax burden will be and it goes to 4% on January 1, 1983. After 1983, is it still 1% on the lower level?

TOWE: Yes.

CRIPPEN: On 718 what's the amount of up-front money projected?

SHANAHAN: About 5 million dollars for the impact. All the time getting the mine started and getting people settled in the community. About 3-4 years.

CRIPPEN: Under this bill you get a credit so if money were put up you would get 125% credit?

SHANAHAN: We are interested in the credit portion of it. The thrust of the original bill, with the deletion of the pour-over, with no money exposed to the general fund, the basic difference is in the organization of the board. Whether the local community has to come and ask for grants or whether the board is a referee. The impact board in this bill is more like the coal board, an executive board looking at the situation. It takes money from the tax and doles it out based on need. I don't want it in there

because I think the RIT provides for impact. Because it has been kicked out of 718, that's what's left. I will try and correct the problem in 718.

CRIPPEN: Do you think this resolution helps somewhat because we are setting up an impact board?

SHANAHAN: Yes.

ELLIOTT: Why don't you have some level you set for stopping the tax?

TOWE: 1) First of all you have a tail-end impact like in Anaconda where the company is pulling out, and 2) I still think the state has some obligation to future generations for mineral resources increasing wealth to the state. What will future generations have to show for it? I think the figures we are talking about are so small it won't affect decisions to mine or not.

CRIPPEN: On this 52 billion dollars gross revenue, what percentage would you take for operating costs?

SHANAHAN: I haven't got that figure; 52 billion dollars is based on speculation.

MANLEY: Has anyone figured out what the property tax will be on equipment brought in to help the community?

SHANAHAN: Our projection was that we would produce about 3 to 3.5 million dollars in the advance tax payment. I would expect that we would produce about 1.5 million per year based on assessed value of equipment and buildings. Gross proceeds tax to the county is 3% of what production would be. I think that's 6 to 800,000 per year.

MANLEY: Has anyone taken that into consideration to the benefit of the communities?

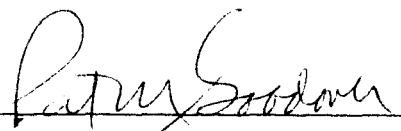
CRIPPEN: That's why I was curious on 718.

SHANAHAN: Our principal objection to 718 is that it doesn't handle tax credit properly.

GOODOVER: There was a story in the press about Inspiration Mining Company in Butte. One of the concerns Inspiration has is the product. As far as they are concerned, another bill adding to additional taxation doesn't give Montana the image to attract new business.

CRIPPEN: When the 30% coal tax was voted, where were you?

The meeting was adjourned at 10:15 a.m.

  
PAT M. GOODOVER, Chairman

ROLL CALL

TAXATION COMMITTEE

47th LEGISLATIVE SESSION - - 1981

Date 4/6/81

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.



# STANDING COMMITTEE REPORT

April 4

19 81

MR. **PRESIDENT:**.....

We, your committee on..... **TAXATION**.....

having had under consideration..... **STATEMENT OF INTENT, HOUSE**..... Bill No. **798**.....

**Hannah (Elliott)**

Respectfully report as follows: That..... **STATEMENT OF INTENT, HOUSE**..... Bill No. **798**,  
third reading copy, be amended as follows:

1. Statement of intent, line 7.

Following: line 6

Strike: "Section"

Insert: "Sections"

2. Statement of intent, line 7.

Following: "5(3)"

Insert: ", 7(4) and 26(1)"

3. Statement of intent, line 14.

Following: "institutions,"

Insert: "procedures for guaranteeing loans under the loan guaranty program  
review of loan applications, and"

4. Statement of intent, line 15.

Following: line 14

Strike: "acquiring"

Insert: "repossession"

And, as so amended

~~XXXXX~~

BE CONCURRED IN

# STANDING COMMITTEE REPORT

April 4 1981

MR. **PRESIDENT:**

We, your committee on **TAXATION**

having had under consideration **HOUSE** Bill No. **798**

**Hannah (Elliott)**

Respectfully report as follows: That **House Bill 798** Bill No.

Third reading copy, be amended as follows:

1. Title, line 8

Following: "AUTHORITY"

Insert: "; CREATING AN ECONOMIC DEVELOPMENT GUARANTY FUND; PROVIDING FOR  
THE ISSUANCE OF GENERAL OBLIGATION BONDS TO FUND THE GUARANTY FUND"

2. Page 4, line 14.

Following: "finance"

Insert: "Two members of the authority must be active participants  
in the management of a financial institution."

3. Page 4, line 15.

Following: line 14

Strike: "(a) Two"

Insert: "(2) Three"

Following: "governor"

Reinsert: stricken language through line 16.

~~XXXXXX~~  
~~XXXXXX~~

AMENDED STATEMENT OF INTENT RE: HB 798 (attached)

(CONTINUED)

4. Page 4, line 17.

Following: line 16

Strike: lines 17 through 19.

Insert: "(3) The governor shall consider making appointments to the authority from a panel of names submitted as hereinafter provided.

Two persons shall be appointed to the panel by each of the following individuals:"

*Renumber: subsequent subsections.*

5. Page 4, line 24.

Following: line 23

Strike: line 24 through line 5 on page 5.

6. Page 5, line 6.

Following: line 5

Insert: "(4)"

Renumber: subsequent sections

7. Page 5, line 16.

Following: "employee of"

Strike: "any business enterprise"

Insert: "a financial institution"

8. Page 5, line 18.

Following: line 17

Insert: "(8) Unless he is a full-time salaried officer or employee of this state or of a political subdivision of this state, each member is entitled to be paid \$25 for each day in which he is actually and necessarily engaged in the performance of authority duties and he is also entitled to be reimbursed for travel expenses, as provided for in 2-18-501 through 2-18-503, incurred while in the performance of authority duties. Members who are full-time salaried officers or employees of this state or of a political subdivision of this state are not entitled to be compensated for their service as members but are entitled to be reimbursed for travel expenses as provided for in 2-18-501 through 2-18-503.

(9) The members of the authority shall be subject to senate confirmation as provided in 2-15-124."

9. Page 8, lines 10 through 16.

Following: line 9

Strike: lines 10 through 16

Renumber: subsequent subsections.

10. Page 9, line 7.

Following: "(19"

Strike: "make and"

(CONTINUED)

11. Page 9, line 3.

Following: "agencies"

Insert: "under terms and conditions it prescribes and pursuant to [section 7]"

12. Page 11, line 15

Following: "\$4M"

Strike: "equal to"

Insert: "not to exceed"

13. Page 11, line 16.

Following: "fee"

Insert: ", provided such fee is consistent with the terms of the internal revenue code and regulations adopted thereunder"

14. Page 12, lines 4 through 7.

Strike: subsection (4) in its entirety

Following: line 7

Insert: "(4) Loans made by the authority must be secured by any property or collateral the authority considers necessary.

(5) The authority shall by rule establish:

(a) procedures for soliciting and evaluating applications;

(b) a system for evaluating applications considering the following criteria:

(i) the applicant's net worth;

(ii) the applicant's inability to secure adequate financing from other sources at an interest rate that will allow a reasonable prospect for repayment;

(iii) the applicant's training and experience in the industry involved in the proposed project;

(iv) the applicant's prospects for succeeding in the proposed project;

(v) the degree to which the new or increased business resulting from the loan will meet the objectives of [section 2]; and

(vi) any other factors it may prescribe."

15. Page 13, line 25.

Following: line 24

Strike: "\$200"

Insert: "\$50"

16. Page 20, line 9 through line 11 on page 21.

Strike: section 18 in its entirety.

*Renumber: Subsequent subsections.*

(CONTINUED)

17. Page 24, ~~line 11~~

Following: line 10

Insert: "Section 25. Economic development guaranty fund. (1)

The authority shall create an economic development guaranty fund. The fund shall be held by a trustee or other fiduciary designated by the authority. There shall be deposited into the fund the proceeds of the sale of bonds authorized by [section 29] and such other revenues and assets as the authority shall consider necessary to comply with any contract or agreement entered into by the authority under [this act].

(2) The amounts in the fund shall be used to satisfy any claim resulting from a defaulted loan. The amounts in the fund may also be used for any other purpose determined by the authority in accordance with guaranty contracts with financial institutions entered into pursuant to [this act], including without limitation, the protection of the interest of the authority in projects during periods of loan delinquency or upon loan defaults.

Section 26. Loan guaranty program. (1) The authority may guarantee and make commitments to guarantee payment required by a loan for any project upon such terms and conditions as the authority may prescribe in accordance with [this act]. In administering the guaranty program, the authority may require the payment of a fee or premium, establish application fees, and prescribe application, notification, contract and guaranty forms, rules, regulations and guidelines.

(2) A loan guaranteed by the authority under [this act] shall:

(a) be made for a project;

(b) be financed initially from the proceeds of notes or bonds issued pursuant to [section 8];

(c) be made to a borrower approved by the authority or lending institution as responsible;

(d) contain complete amortization provisions satisfactory to the authority; and

(e) be in such principal amount, be in such form, and contain such terms and provisions with respect to property insurance, repairs, alterations, payment of taxes and assessments, delinquency charges, and default remedies.

(3) The authority is authorized from time to time to enter into guaranties, insurance contracts, or any other agreement or contracts with respect to the guaranty fund and any guaranteed loan. Any such agreement or contract may contain terms and provisions necessary or desirable in connection with the guaranty program subject to the requirements established, including without limitation terms and provisions relating to loan documentation, review and approval procedures, origination and servicing rights and responsibilities, default obligations, procedures and obligations, and obligations with respect to guaranty contracts made under [this act].

(CONTINUED)

(4) Any contract of guaranty made by the authority under the authorization of [this act] shall provide that claims payable thereunder shall be paid from any amounts available in the economic development guaranty fund and from any amounts available under the terms of any applicable contract or agreement with the financial institution which originated the guaranteed loan. The obligation of the authority to make payments under any such contract shall be limited solely to such sources, and shall not constitute a debt or liability of the authority or the state. Any guaranty contract and any rule, regulation, or guideline of the authority implementing the guaranty program may contain such other terms, provisions or conditions as the authority considers necessary or appropriate, including without limitation, those relating to the payment of guaranty premiums, the giving of notice, claim procedure, the sources of payment for claims, the priority of competing claims for payment, the release or termination of loan security and borrower liability, the timing of payment, the maintenance and disposition of projects and the use of amounts received during periods of loan delinquency or upon default, and any other provision concerning the rights of insured parties or conditions to the payment of guaranty claims. Any premiums for the guaranty of loan payments under the provisions of [this act] may be determined on such basis, be payable by such person, and be payable in such amounts and at such times as the authority shall determine, and the amount of the premium need not be uniform among the various loans guaranteed.

(5) The minimum reserve requirement for the economic development guaranty fund shall be 10% of the aggregate amount of loans insured. No loan may be insured by the authority if such loan together with the aggregate of all other loans then insured exceeds ten times the amount of funds available in the economic development guaranty fund.

Section 27. Request for appropriations. (1) In order to assure the maintenance of the economic development guaranty fund, the chairman of the authority shall on or before September 1 in the year preceding the convening of the legislature deliver to the governor a certificate stating the sum, if any, required to restore the economic development guaranty fund to the minimum reserve requirement. The governor shall include in the executive budget submitted to the legislature the sum required to restore the economic development guaranty fund to the minimum capital reserve requirement.

(2) All amounts remitted to the authority under this section constitute loans to the authority and shall be repaid to the state treasury without interest from available operating revenues of the authority in excess of amounts required for the guaranty of loans.

(CONTINUED)

Section 28. General obligation bonds authorized to fund economic development guaranty fund. (1) The board of examiners, upon the recommendation of the economic development authority created by [section 4], may issue and sell general obligation bonds in an amount not to exceed \$5 million. The bonds shall be issued, sold, and retired in the same manner as prescribed in 17-5-403 for the long-range building program bonds.

(2) The proceeds of the sale of the bonds authorized by subsection (1) shall be deposited in the economic development guaranty fund as provided in [section 25]."

Section 29. Report to 48th legislature. The authority shall investigate the feasibility of guaranteeing loans of the authority through methods other than the economic development guaranty fund provided for in [section 25 through 27] such as guaranteeing loans through private insurance coverage. The authority shall report its findings to the 48th legislature and make recommendations concerning whether to continue the economic development guaranty fund or to replace it with a more appropriate method of loan guaranty.

Section 30. Coordination instruction. If SB 432 is passed by the 47th legislature and approved by the governor, the "department" as defined in subsection (5) of [section 3] and to which the authority is allocated in subsections (5) and (6) of [section 4], shall be changed from the department of administration to the department of commerce."

And, as so amended,

BE CONCURRED IN

SENATE COMMITTEE TAXATION

Date April 1951 42 Bill No. 798 Time 9:00 a.m.

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

Betty Dean  
Secretary  
Motion: I. R. considered and amended.

Pat M. Goodover  
Chairman

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



# STANDING COMMITTEE REPORT

April 4

19 81

MR. **PRESIDENT:**

## TAXATION

We, your committee on .....

having had under consideration ..... **Senate** Bill No. **344**

Respectfully report as follows: That ..... **Senate Bill No. 344,** Bill No. ....

Introduced copy, be amended as follows:

1. Title, line 5.

Following: "TAX"

Strike: "OF APPROXIMATELY 10 PERCENT"

2. Page 3, line 5.

Following: "subsection"

Strike: "(2)"

Insert: "(3)"

3. Page 3, line 6.

Following: "tax"

Strike: "of"

Insert: "is imposed on minerals produced in this state. The rate of tax is"

~~XXXXXX~~  
~~DO PASS~~

(CONTINUED)

4. Page 3, lines 7 through 14.

Following: line 6

Strike: lines 7 through 20.

Insert: " (a) 3% for all minerals mined before January 1, 1983;

(b) for all minerals mined after January 1, 1983 when a strip mining method is used to produce the mineral:

<u>Annual Value of Product Mined</u>	<u>Tax</u>
0 to \$ 1,000,000	0
\$ 1,000,000 to \$ 5,000,000	6%
\$ 5,000,000 to \$10,000,000	8%
\$10,000,000 to \$25,000,000	10%
\$25,000,000 and over	12%

(c) for all minerals mined after January 1, 1983 when an underground method of mining is used to produce the mineral:

<u>Annual Value of Product Mined</u>	<u>Tax</u>
0 to \$ 1,000,000	0
\$ 1,000,000 to \$ 5,000,000	3%
\$ 5,000,000 to \$10,000,000	4%
\$10,000,000 to \$25,000,000	5%
\$25,000,000 and over	6%

(2) The annual value of product mined shall be the invoice price f.o.b. mine less state, federal, and local taxes produced in all mines owned or controlled by the same company in each county for which permits have been granted under 82-4-335."

5. Page 3, line 21.

Following: line 20

Strike: "(c)"

Insert: "(3)(a)"

6. Page 3, line 25.

Following: line 24

Insert: "(b) Any mineral produced under the authority of a permit issued under 82-4-335 prior to the effective date of this act is exempt from the tax imposed by subsection (1)."

7. Page 7, line 1.

Following: "are"

Strike: remainder of the text through "must be" on line 2.

8. Page 7, line 3.

Following: "account"

Strike: remainder of the text through line 8.

(CONTINUED)

9. Page 13, line 23.

Following: line 22.

Strike: line 23 through line 3, page 14.

Renumber: subsequent sections.

10. Page 14, line 25.

Following: line 24

Insert: "NEW SECTION. Section 23. Coordination instruction.

If SB 432 is passed by the 47th legislature and approved by the governor, the reference to the department of community affairs contained in [section 12] and [section 16] shall be changed to the department of commerce."

And, as so amended,

DO PASS

SENATE COMMITTEE TAXATION

Date Apr 4 1981 Senate Bill No. 344 Time 9:04 a.m.

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

10 - 2

Betty Dean

Secretary

Pat M. Goodover

Chairman

Motion: To remove SB 344 from the table.

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

SENATE COMMITTEE TAXATION

Date Apr 4 1981 SB Bill No. 344 Time 9:30

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

*4 - 8*

Betty Dean

Pat M. Goodover

Secretary

Chairman

Motion: The amendment that heard may  
live or die on its own personnel

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

SENATE COMMITTEE TAXATION

Date Apr. 4, 1981 Senate Bill No. 344 Time 9:50 a.m.

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

Betty Dean  
Secretary  
Motion: 10% to 2%

Pat M. Goodover  
Chairman

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

SENATE COMMITTEE TAXATION

Date Apr. 4, 1961 SB Bill No. 344 Time 10:00 a.m.

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

*7-5*

Betty Dean

Secretary

Pat M. Goodover

Chairman

Motion:

*To be passed and amended*

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