

MINUTES OF THE MEETING
TAXATION COMMITTEE
MONTANA STATE SENATE

April 23, 1981

The 70th meeting of the committee was called to order at 9:05 a.m. in Room 415 of the State Capitol Building, Chairman Pat Goodover presiding.

ROLL CALL: All members were present except for Senators S. Brown and Norman.

CONSIDERATION OF HOUSE BILL 640:

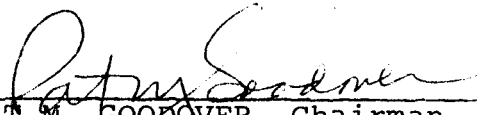
"AN ACT PROVIDING FOR ASSISTANCE TO FARMERS, RANCHERS, AND BUSINESSMEN ENGAGED IN AGRICULTURAL ACTIVITIES BY ESTABLISHING THE MONTANA AGRICULTURAL DEVELOPMENT BOARD; AUTHORIZING THE ISSUANCE OF REVENUE BONDS FOR ACQUISITION OF AGRICULTURAL LAND, LIVESTOCK, BUILDINGS, OR IMPROVEMENTS; PROVIDING CERTAIN INCOME TAX INCENTIVES TO INDIVIDUALS WHO SELL OR RENT AGRICULTURAL LAND TO BEGINNING FARMERS; CREATING AN AGRICULTURAL ACCOUNT IN THE BOND PROCEEDS AND INSURANCE CLEARANCE FUND AND APPROPRIATING MONEY DEPOSITED IN THE ACCOUNT; AND AMENDING SECTION 15-30-121, MCA."

Senator Towe presented amendments to the bill. He read through them for the committee. The proposed amendments are incorporated as part of these minutes, Attachment #1.

Senator Towe moved adoption of the amendments. The motion carried with Sen. Hager dissenting.

Sen. Towe then moved the bill BE CONCURRED IN, as amended. The roll call vote taken resulted in a 6-6 tie. The bill was killed.

The meeting was adjourned at 10:00 a.m.


PAT M. GOODOVER, Chairman

ROLL CALL

TAXATION COMMITTEE

47th LEGISLATIVE SESSION - - 1981

Date Apr. 23, 1981

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

Attachment #1

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Journal

MR.

We, your committee on Taxation

having had under consideration Statement of Intent, House Bill No. 640

Respectfully report as follows: That Statement of Intent, House Bill No. 640

third reading copy be amended as follows:

1. Page 1, line 13.

Following: "economically"

Strike: "sound"

Insert: "unsound"

2. Page 1.

Following: line 15.

Insert: "It is the specific intent of the Legislature that the Board shall coordinate all loans made pursuant to House Bill No. 640 through the Farmers Home Administration, the Production Credit Association, the Federal Land Bank, and private lenders, or some other similar organization. This would include assistance in the selection process and servicing of the loans."

BE CONCURRED IN

~~DO PASS~~

STANDING COMMITTEE REPORT

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Journal

MR.

We, your committee on **Taxation**

having had under consideration **House** Bill No. **640**

Respectfully report as follows: That **House** Bill No. **640**
be amended, as follows:

1. Title, line 9.
Following: line 8.
Strike: "LIVESTOCK, BUILDINGS, OR IMPROVEMENTS"
2. Title, line 10.
Following: "SELL"
Strike: "OR RENT"
3. Page 2, lines 9 through 11.
Following: "land"
Strike: the remainder of section 2.
4. Page 3, line 4.
Following: "land"
Strike: "or agricultural improvements"

DO PASS

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5. Page 4, line 14.
Following: line 13.
Strike: "administration"
Insert: "agriculture"
6. Page 4, lines 21 through 23.
Strike: subsection (6) in its entirety.
7. Page 5, lines 10 through 24.
Strike: these lines in their entirety.
Reletter: subsequent subsections.
8. Page 6, line 7 through page 7, line 23.
Strike: subsections (i) through (o) in their entirety.
9. Page 9, lines 18 and 19.
Following: "(3)"
Strike: "make, undertake commitments to make, and participate"
Insert: "Participate" *PCA 5*
10. Page 9, line 20.
Following: "land"
Strike: "and improvements"
11. Page 10, line 4.
Following: "land"
Strike: "and improvements"
12. Page 10, line 6.
Following: "purchase"
Strike: ", "
Insert: "or"
13. Page 10, lines 6 and 7.
Following: "acquisition"
Strike: ", improvement, or rehabilitation"
14. Page 10, line 7.
Following: "land"
Strike: "or improvement"
15. Page 10.
Following: line 8.
Insert: "NEW SECTION. Section 9. Immediate repayment.
If an applicant who has secured a loan from the authority under the program created in [sections 7 and 8] sells the land for which the loan was made to any person, firm, or corporation other than his spouse, children, or corporation wholly owned by them, the loan shall be repaid in full.
NEW SECTION, Section 10. Qualifications of applicants.
(1) To be eligible for a loan, an applicant must:
(a) declare his intention to maintain his residence in Montana during the length of the loan; and
(b) have been approved by an appropriate committee such as

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but not limited to a local committee of the farmers home administration, the production credit association, the federal land bank, private lenders, or other similar organizations.

(2) Applications may be submitted by individuals, partnerships, associations, or joint ventures. All persons involved in the application must meet the requirements of subsection (1). Corporations, as defined in 35-1-102, may not apply.

NEW SECTION, Section 11. Evaluation of applicants. (1)
The authority shall by rule establish:

(a) rules for soliciting and evaluating applications from qualified Montana citizens; and

(b) a point system for evaluating the applicants, considering the following criteria:

(i) the applicant's net worth, which may not exceed \$100,000;
(ii) the applicant's access to livestock and machinery;
(iii) the applicant's inability to secure adequate financing for purchase of agricultural land from other sources at an interest rate that will allow a reasonable prospect for repayment;

(iv) the applicant's training and experience in agriculture;
(v) the applicant's prospects for succeeding in an agricultural operation on the land proposed for purchase; and
(vi) any other factors it may prescribe.

(2) The authority shall select the best qualified and most deserving applicant from among those applying for loans.

(3) The authority may seek the advice of such lenders as the farmers home administration, the production credit association, the federal land bank, private lenders, and similar organizations in Montana and coordinate its loan program through such organizations including assistance in screening applicants and servicing the loan."

Renumber: subsequent sections.

16. Page 20, line 3.

Following: "farmer"

Insert: "on a long term contract at 9% interest or less"

17. Page 20, lines 9 through 19.

Strike: section 24 in its entirety.

Renumber: subsequent sections.

18. Page 20, line 21.

Following: "sale"

Strike: "or rental"

19. Page 20, line 23.

Following: "23"

Strike: "and 24"

20. Page 20, line 25.

Following: "purchased"

Strike: "or rented"

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21. Page 21, lines 3 through 11.

Following: "require."

Strike: all language through "deduction" on line 11.

Insert: "The department of revenue may disallow any deduction not authorized by this section and any deduction based on an interest rate of 9% or less where the substance of the transaction clearly indicates a higher rate".

SENATE COMMITTEE

TAXATION

Date 4/23/81 House Bill No. 640 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

Pat M. Goodover

Chairman

Motion:

Be come in as amended.

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