

MINUTES OF THE MEETING OF THE HOUSE TAXATION COMMITTEE
February 1, 1983

The meeting was called to order at 8:00 a.m. by Chairman Yardley. Roll call was taken and all committee members were present except Representatives Neuman, Nordtvedt, and Asay, who were excused.

Testimony was heard on HB 354, HB 446 and HB 466.

HOUSE BILL 466

REPRESENTATIVE RALPH EUDAILY, District 100, sponsor of the bill, read a letter he had received from the Attorney General's office to Mr. and Mrs. Wilson, from Missoula. He said that letter helps to explain why he introduced the bill. (See EXHIBIT 1.)

REPRESENTATIVE EUDAILY said HB 466 is an act limiting the definition of "travel trailer" for purposes of the fee in lieu of tax to trailers with not more than 400 square feet of floor space and not used as a principal residence.

Proponents

ED SHEEHY, JR., representing the Montana Manufactured Housing Association, said travel trailers that exceed 32 feet, and subject to ad valorem, have to have a moving declaration in order to move the trailer down the road. Because of the fact that the industry has changed and there are travel trailers that exceed 32 feet in length, this bill is needed to define what a travel trailer is. A mobile home is more than 8 feet wide and more than 32 feet in length.

CHARLES GRAVELEY, representing the county treasurers and county assessors, rose in support of HB 466. House Bill 466 will clear up problems with individuals who have a travel trailer over 32 feet in length. The only problem with the bill is when does a travel trailer become a permanent residence? There are people who go south and spend three to four months living in their travel trailer. Is it then a residence? Mr. Graveley asked for a favorable recommendation for HB 466 from this committee.

There were no opponents testifying on HB 466.

REPRESENTATIVE EUDAILY said the new language as set forth in the proposed statute revision will remedy two problem areas presently experienced by the Department of Revenue. First, many small travel trailers, presently meeting the fee provision requirements, are being used as residences. Their stationary

position creates a situation where the owner elects not to pay the yearly fee. The new language will eliminate this situation and provide a mechanism of equal treatment for all structures used as residences. Second, many fifth wheel type recreational vehicles currently exceed the present statutory dimension requirements. As such they do not meet fee requirements and must pay an ad valorem tax similar to mobile homes. Clearly this situation must be rectified and the suggested language will allow such recreational vehicles to be treated in the same manner as all others.

REPRESENTATIVE EUDAILY referred to line 17, page 1, of the bill and said there is a reference to principal residence. He doesn't know if "principal" should be deleted from that line or added to line 25, page 2. He said he would leave that to the judgement of this committee.

REPRESENTATIVE DEVLIN asked where the 400 foot maximum came from. Representative Eudaily said that figure was recommended by the Department of Revenue. Greg Groepper, Administrator of the Property Assessment Division, Department of Revenue, said 400 square feet is the standard length of a travel trailer.

The hearing was closed on HB 466.

HOUSE BILL 446

REPRESENTATIVE DAVE BROWN, District 83, chief sponsor of the bill, said he is a strong proponent of HB 446. The bill is a result of efforts of 14 months of work done on hard-rock mining by the subcommittees of the Environmental Quality Council and the Revenue Oversight Committee.

REPRESENTATIVE BROWN went over the structure of HB 446. He said page 1, subsection 2, of the bill sets apart 33% of the metalliferous mines license tax for use as a hard-rock trust account kept by the county that originated the tax. That account is triggered when a hard-rock mine closes or loses 50% of its employment over five years. He referred to page 6 of the bill and said the rate of tax has been restructured slightly so that the annual license tax is based on the first \$250,000 of the gross value of the produce instead of the first \$100,000 at a rate of 1.5%. He asked this committee to consider the possibility of lowering that rate to 1.438% as it was before, which he thinks is a sufficient enough impact on hard-rock mining; he doesn't want to increase the tax.

REPRESENTATIVE BROWN said the trust account would be put under the Hard-Rock Mining Board. During the hard-rock mining study, there were two major issues raised: 1) HB 718 and the resulting inequities of the major changes made by the bill; and 2) the taxation matter.

The subcommittee of the Environmental Quality Council was unwilling to try to restructure the taxation that would affect the hard-rock mining industry. That restructuring would take a major rewrite of most of Montana's statutes on taxation to accomplish what the subcommittee thought should be accomplished. Representative Brown said he doesn't mean that subject is dead but it is a subject beyond the scope of tackling at this time.

REPRESENTATIVE BROWN said there is no fiscal note for this bill yet. The Governor's budget reflects a \$3 million decrease in this tax over the biennium from loss of production of the Anaconda Mining Company. The Golden Sunlight Mine, in Whitehall, is coming into full production and it is estimated that \$450,000 will be put into the impact trust account during the next year. The A.S.A.R.C.O. mine, in Troy, will contribute another \$900,000 to the impact trust account. There will be \$150,000 more, in the account, than presently exists and that money was not taken into account in the Governor's budget. If HB 446 passes, no money will be taken out of the Governor's budget.

REPRESENTATIVE BROWN said last session, the legislature set into place a bill to deal with frontend and intermediate impacts of hard-rock mining and HB 446 is a completion of that project. It sets up a tailend impact account.

REPRESENTATIVE BROWN said he hopes this committee will give HB 446 serious and favorable consideration.

Proponents

REPRESENTATIVE ORVAL ELLISON, District 73, said the sponsors of HB 718 purposely left off tailend impact because they had enough problems working out the existing problems.

REPRESENTATIVE ELLISON said when he contemplated introducing the hard-rock mining bill last session he talked with Sid Groff of the Bureau of Mines and asked him if he thought an increase of 2% of the tax would hurt. Mr. Groff said that would be a good way to run mining companies out of the state of Montana. Representative Ellison thought Mr. Groff's opinion might be biased but the more Representative Ellison worked on the bill, the more he saw what Mr. Groff said was true. He agrees with Representative Brown's recommendation of lowering the tax rate from 1.5% back down to 1.438%.

REPRESENTATIVE ELLISON said the hard-rock mining subcommittee did a very indepth study of the problems involved with hard-rock mining and HB 446 is a very good method of alleviating the impact on hard-rock mining in this state.

GARY LANGLEY, representing the Montana Mining Association, said the mining industry would prefer that metal mines license tax be repealed. The reason for the association's opposition to the metal mines license tax is that it is a regressive tax that is levied on an industry rather than income or profitability. As with any form of severance tax, such as the metal mines license tax, the state takes its share first without regard to investment or production costs - without regard to whether the industry is making a profit. A gross severance tax, such as the metal mines license tax, strikes back the industry hardest when metal prices and profits are low.

MR. LANGLEY said the MMA supports this measure in concept because if a severance tax must be levied against the mining industry, a certain portion of it should be set aside for local governments to deal with so-called "tail end" impacts when a mining operation ceases production. The metal mines license tax does not contribute significantly to state revenue. Therefore, it would seem appropriate to earmark a certain portion of the collections to local governments. There are two bills before this legislature that address the metal mines license tax - House Bill 380, which would eliminate the tax, and HB 446, which proposes a slight increase in the tax. The MMA recognizes the state's right to levy taxes, however, they feel taxation should be tempered by reasonableness and fairness. (See EXHIBIT 2.)

LES DARLING, representing the Stillwater PGM Resources, said they support HB 446. He said the Stillwater PGM Resources is operating in the state of Montana with about 25 employees. What is decided in this committee will have a big effect on their mining approach.

WARD SHANAHAN, representing the Stillwater PGM Resources, said a severance tax is a property tax because it is levied on the value of the minerals extracted. Property taxes in Montana are typically low taxes. The problem with severance tax at the state level is that it is subject to unlimited demands of the state general fund. The tax is levied on property whether there is a profit or not. House Bill 446 is a step in the right direction in moving metal mines tax back to the local level. Hard-rock mining is different than coal and oil and gas because the cost of those things can be passed on to the consumer. The hard-rock mining industry cannot pass the cost on to the consumer because it is an internal market. (See EXHIBIT 3.)

JIM RICHARD, representing Stillwater County, said for previous reasons given by the proponents, he supports HB 446.

MARC LEDBETTER, representing the Northern Plains Resource Council, testified in support of HB 446. Last session, this legislature took up the issue of economic impacts from hard-rock mineral development. Two bills were introduced on the matter. Senate Bill 344, which would have established a hard-

rock severance tax, passed the Senate but was later killed in the House Taxation Committee. The other bill, HB 718, passed both houses and is now law.

House Bill 718 sets up a process for dealing with the costs imposed on a community by mining development, but it had a serious flaw. It did not address the issue of what is now called tail end impacts. Mr. Ledbetter said this committee should show the foresight that this legislature should have shown long ago. It should support setting aside money for problems that are inevitable for an industry based on a finite resource. When coal fields are mined out, in the future, this state will have something to turn to. We had the foresight to start setting aside money for that. We need now to do the same for hard-rock minerals. (See EXHIBIT 4.)

There were no opponents testifying on HB 446.

REPRESENTATIVE BROWN, in closing, said HB 446 allows for the expansion beyond the county of original tax. He said while he might be disposed to voting for the elimination of the metalliferous mines license tax, it was the determination of the subcommittee that at this time, given the economy of this state, the state cannot afford the loss of that revenue. While the tax is a burden on the industry, it is not an excessive tax.

HOUSE BILL 446 would wrap up a chapter in Montana's history that is important to all concerned. He said there is no question that a fund like this will have a substantial impact. He urged this committee's favorable consideration of HB 446.

REPRESENTATIVE SWITZER asked the sponsor of the bill if he had any idea how much the Anaconda Company has paid into the shut-down impact fund. Representative Brown said the bulk of \$5 million went to Anaconda and Great Falls, and a small amount of it went to Butte-Silver Bow.

REPRESENTATIVE SWITZER asked Representative Brown how he would react to lowering the tax rate from 1.438% to 1.25% as an indication that Montana realizes the mining industry has fallen on hard times and we would be willing to help out. Representative Brown said the state coffers could not stand that kind of decrease but he has some misgivings about that position. Representative Brown said he had a bill that was to be introduced that would lower the percentage to 1.25% but because the state could not afford that kind of decrease, he did not introduce the bill.

REPRESENTATIVE SWITZER asked if there might be a false sense of security established as a result of the tail end impact account. Representative Brown said an average mine life is 20-30 years.

Butte-Silver Bow received \$400,000 out of the \$5 million deposited by the Anaconda Company in the tail end impact account. That \$400,000 created 25 new jobs and most of the money that was lent out to new businesses has been recovered through interest paid on the money.

The hearing on HB 446 was closed.

HOUSE BILL 354

REPRESENTATIVE JACK SANDS, District 68, said HB 354 is simple in design but long-range and important in its implication. House Bill 354 is an act to make permanent the clarifications of the small business investment credit statutes and the temporary increase in the small business investment credit enacted by the 47th legislature. He said there has been some question as to whether the sunset provision applies to the original credit that has been in existence since 1977 or only to the increase adopted in 1981. (The last session of the legislature increased the 2% credit to 3% with a sunset provision.) The sunset provision applies only to the increase granted by the last legislative session.

REPRESENTATIVE SANDS said the Legislative Fiscal Analyst's and Governor's budgets were prepared on the assumption that there would be no small business tax credit allowed this year. The small business investment tax credit will cost \$20 million through the next biennium.

REPRESENTATIVE SANDS said now is not the time for a tax increase on a small business. He doesn't believe a tax increase of this kind is the type of increase this state or committee wants or should adopt.

REPRESENTATIVE SANDS said the existing small business credit is used widely in this state. The credit is used by people who are producers and create jobs for economic development in Montana. The investment tax credit is especially desirable in hard times. The investment tax credit is important and useful for farmers and ranchers because of the investment in machinery.

REPRESENTATIVE SANDS said the Governor's "Build Montana" program is a good program and one this state needs. The cost of the program will be \$10.5 million over the biennium. However, Representative Sands said he doesn't think it is right to provide \$10.5 million in new government programs to create jobs and then have to raise taxes to cover those expenses.

REPRESENTATIVE SANDS said he would like to submit some amendments to HB 354, at a later date, before this committee takes final action on the bill.

Proponents

BOB LAKE, owner of Lake Milling in Hamilton, Montana, said small business is capital intensive both for plant and equipment as well as for labor. Small businesses cannot afford an increase in taxes. A major problem for small businesses is the cash flow and added taxes further reduce cash reserves. Small business is the state's largest employer. He passed out copies of information relevant to HB 354, renewing and making permanent the small business investment tax credit at 3%. (See EXHIBIT 5.)

DENNIS BURR, representing the Montana Taxpayers Association, said when the small business investment tax credit was first enacted, at 20% of the federal credit, in 1977, corporation license taxes increased for the next three years at a higher rate that was originally estimated in the state budget book. The small business investment tax credit was increased in 1981. There was an estimate of the revenue loss from that measure contained in a fiscal note that was done before the increased corporation license tax revenue was realized. In 1979, the estimated corporation license tax collection was \$20 million but the actual collection was \$23 million (state general fund only). The estimated collection for 1980 was \$21 million and the actual collection was \$26.6 million. The estimated collection for 1981, prior to the expansion of this credit, was \$27.8 million and the actual collection was \$30.9 million. (The expansion should have resulted in a decrease in the revenue.) In 1982, the estimated collection was \$26 million and the actual collection was \$25.9 million.

Anytime you are dealing with an "incentive" it is not considered as an advantage as far as revenue is concerned. To set revenue estimates, you have to abandon the idea that a tax credit will help business and economy at all. Revenue estimates consider revenue from a wide variety of sources. When the estimates are totaled, no consideration is given to each individual revenue estimate. One revenue estimate may fall short but another estimate may be large enough to make up for the shortfall. The impact from the small business investment credit is 7% of the total impact of the total revenue.

JOE O'TOOLE, representing the Montana Chamber of Commerce, said any measures to stimulate investment will be beneficial to business and the economy as a whole.

ALLAN NICHOLSON, a small businessman, said the Department of Revenue is prepared to show that research will show that this credit will not have an adverse effect on the economy. The state is trying to attract new businesses. He said he believes the revenue not collected as a result of the tax investment credit is collected many times over as a residual benefit of the creation and stimulation of Montana small businesses.

BILL OLSON, representing the Montana Contractors Association, said he supports HB 354 and urged a do pass.

WILL BROOKE, representing the Montana Stockgrowers and the Montana Woolgrowers Association, said he supports HB 354 and this type of investment credit is used by agriculture people.

DAVE GOSS, representing the Billings Chamber of Commerce, said small businesses are the backbone of Montana. This bill will be the most important bill for small business people during this session. New economic development programs will lose their effectiveness if they try to replace incentives and raise taxes. Tax incentives are important to business development. He urged a do pass.

ED NURSE, a member of the Governor's Advisory Council on Small Business, but not representing that council during this testimony, said if it were known that this investment tax credit was going to be dropped, there would be more witnesses to testify, but they did not know the bill was going to be introduced.

GEORGE ALLEN, representing the Montana Retailers Association, did not want to be repetitious of earlier testimony so he asked that they be shown as proponents of HB 354.

ROGER YOUNG, representing the Great Falls Chamber of Commerce, said most business expansion will come from growth and expansion of existing businesses or from entrepreneurs who have ideas for new businesses but need money to start those businesses. To take away the availability of this tax credit is not right. Small businessmen need all the tools available to help small businesses. He urged this committee to adopt HB 354.

SAM KIMBRELL, representing the Bozeman Chamber of Commerce, said Montana is becoming a state, more and more, of small businesses. Incentives are needed to provide for new jobs and retain existing jobs.

JOHN CONTER, representing the Montana Cattle Feeders Association, said agriculture is the biggest business in Montana and that business is hurting. The MCFA supports HB 354.

BOB CORNEA, representing the Bozeman Chamber of Commerce, said 92% of the businesses in Montana employ less than 20 employees. If we are to build a better Montana, we need this bill to encourage businesses in the state.

REPRESENTATIVE GLENN JACOBSEN, District 1, said the tax credit is a real sales tool for farm implements dealers.

JERRY RAUNIG, representing the Montana Auto Dealers Association, said he wants to go on record in support of HB 354.

LLOYD CRIPPEN, representing National Federation of Independent Businesses, said because of the redundance of testimony, he asked that the organization he represents be put in the records in support of HB 354.

CLARK PYFER, representing himself and the Montana Society of CPAs, said Mr. Burr's testimony should be carefully considered. To eliminate the tax credit would be a step backwards. He questioned the validity of the fiscal note on HB 354.

REPRESENTATIVE KEN NORDTVEDT, District 77, said he has tried for three sessions to point out that Montana presently penalizes investment because we allow the depreciation over future years in inflated dollars that aren't worth the original dollars paid for the equipment. He doesn't view the tax credit as a subsidy or incentive so much as a mechanism to partially compensate people who invest in equipment and machinery and we should reduce the penalty we are penalizing those who invest in machinery and equipment.

REPRESENTATIVE NORDTVEDT said there will be a bill, in this session, to give a 25% tax credit to a handful of investors who will invest in venture capitals quasi-public corporations. If that bill is not heard in this committee, he would like HB 354 rereferred to the committee that hears the other bill so that those people can say all business people in Montana are not deserving of a 3% tax credit and yet at the same time, pass a bill that will give a handful of people a 25% tax break.

Opponents

ELLEN FEAVER, Director of the Department of Revenue, said the figures arrived at for the fiscal note on this bill were a result of tax returns received last year. During 1982, \$10.8 million of investment tax credit was actually claimed. On that basis, they are projecting a slight increase, due to inflation, for the next biennium. The total cost for this proposal will be around \$22 million for the biennium. That is one of the primary reasons she is opposing the bill. The tax credit was not included in the executive budget or the legislative fiscal analyst's budget. She said the legislature should look at the nature of this general type of tax relief. General tax credits and tax relief measures do not spur economic development, according to past research, in proportion to their costs. But, very specific tax incentives do spur economic development. If this committee wants to spend \$22 million, it should look for a specific tax credit to spend that money on.

MS. FEAVER said the decision to buy equipment is not based on whether or not the buyer will get a state tax credit. There is no specific language in the state tax credit law that says an

investment must be made in Montana. At the present time, there is a great bit of tax incentives that is being rewarded on a worldwide basis.

MS. FEAVER said there is no evidence that they could find in dealing with revenue estimates that says appropriation taxes increase because of the investment tax credit but there is general kinds of research to the opposite effect.

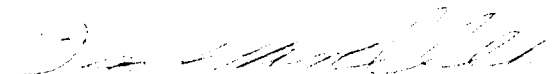
There is significant uncertainty concerning the investment tax credits and this issue has to be addressed in some way, either by this legislature or in court. Ms. Feaver said this legislature should consult with economic advisors concerning the investment tax credits.

REPRESENTATIVE SANDS, in closing, said he recognizes the difficulty we are having with revenue and Montana needs every dollar it can get. However, small businesses can stand and should have a tax increase.

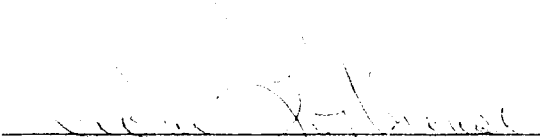
The hearing on HB 354 was closed.

CHAIRMAN YARDLEY told committee members that a revenue bill is one that affects the collection of taxes. Those types of bills do not have to be passed to the Senate until the 70th legislative day. If there is any doubt as to whether the bill is a revenue bill or not, this committee should pass the bill so it is out of the House by the 45th legislative day.

The meeting was adjourned at 10:45 a.m.



DAN YARDLEY, Chairman



Vicki Lofthouse, Secretary

*mead 61-1-131
36 ft or less*

STATE OF MONTANA

Registration for 5th Wheelers

EXHIBIT 1
2-1-83

ATTORNEY GENERAL
MIKE GREELY

STATE CAPITAL: HELENA, MONTANA 59620 TELEPHONE: (406) 441-3000

8 June 1982

HB 466

Mrs. John E. Wilson
602 North Avenue West
Missoula, Montana 59801

Dear Mrs. Wilson:

Thank you for your letter requesting information on the license fee imposed on your 35 foot, fifth wheel trailer. Your trailer does not meet the definition of travel trailer in section 61-1-131, Montana Code Annotated (MCA), and thus does not qualify for the \$15 travel trailer license fee imposed by section 61-3-523, MCA. Section 61-1-131, MCA, defines travel trailer as "a trailer 32 feet or less in length and 8 feet or less in width originally designed or permanently altered to provide temporary facilities for recreational, travel, or camping use." Any trailer which does not meet this definition is taxed under the ad valorem property tax system and must also pay G.V.W. fees. Your \$15 license fee for 1981 was an error. I realize that your trailer for all intents and purposes is a travel trailer. Unfortunately, it does not meet the statutory definition and cannot be taxed as a travel trailer. I suggest you contact your local legislators and point out the statutory problem to them. They may be able to introduce corrective legislation in the next session.

Law says 8 yrs old in 40% all other 15%

I hope this adequately answers your question. If not feel free to contact me.

Very truly yours,

Sarah M. Power

SARAH M. POWER
Assistant Attorney General

The problem is a 35 ft-5th wheeler is not included in your tax laws. It only has 29' 2" on the road - yet we had to pay \$119 - a 32' trailer has the trailer and hitch so it is more on the road. No know people w/ motor homes who paid \$15 - not even enough to license the truck mounted on. We pay far over truck license and 5th wheelers.

TESTIMONY OF GARY A. LANGLEY, EXECUTIVE DIRECTOR OF THE MONTANA
MINING ASSOCIATION, BEFORE THE HOUSE TAXATION COMMITTEE REGARDING
HOUSE BILL 446.

FEBRUARY 1, 1983

MR. CHAIRMAN, MEMBERS OF THE COMMITTEE:

MY NAME IS GARY LANGLEY, I AM EXECUTIVE DIRECTOR OF THE MONTANA MINING ASSOCIATION. THE MONTANA MINING ASSOCIATION HAS ABOUT 600 MEMBERS FROM THROUGHOUT THE STATE OF MONTANA. THE ASSOCIATION REPRESENTS EVERY MAJOR PRODUCER OF NON-FUELS MINERALS IN THE MONTANA AS WELL AS SEVERAL LARGE COMPANIES THAT HOPE TO BECOME ACTIVE IN MONTANA IN THE FUTURE. THE ASSOCIATION ALSO REPRESENTS SMALL-SCALE PRODUCERS OF NON-FUELS MINERALS AS WELL AS SUPPLIERS OF MINING EQUIPMENT.

EACH OF OUR MEMBERS HAS A VITAL INTEREST IN THE SEVERANCE TAX PROPOSALS IN HOUSE BILL 446.

AS I SAID IN TESTIMONY BEFORE THIS COMMITTEE LAST WEEK, THE MINING INDUSTRY WOULD PREFER THAT THE METAL MINES LICENSE TAX BE REPEALED.

THE REASON FOR OUR OPPOSITION TO THE METAL MINES LICENSE TAX IS THAT IT IS A REGRESSIVE TAX THAT IS LEVIED ON AN INDUSTRY RATHER THAN INCOME OR PROFITABILITY.

AS WITH ANY FORM OF SEVERANCE TAX, SUCH AS THE METAL MINES LICENSE TAX, THE STATE TAKES ITS SHARE FIRST WITHOUT REGARD TO INVESTMENT OR PRODUCTION COSTS--WITHOUT REGARD, IF YOU WILL, TO WHETHER THE INDUSTRY IS MAKING A PROFIT. THUS, A GROSS SEVERANCE TAX, SUCH AS THE METAL MINES LICENSE TAX, STRIKES BACK THE INDUSTRY HARDEST WHEN METAL PRICES AND PROFITS--IF ANY--ARE LOW.

HOWEVER, IT WOULD BE DIFFICULT FOR ME TO STAND BEFORE THIS COMMITTEE TODAY AND OPPOSE HOUSE BILL 446, WHICH IS THE CORNERSTONE OF A REPORT THAT CONSTITUTED 18 MONTHS OF STUDY BY THE ENVIRONMENTAL QUALITY COUNCIL'S SUBCOMMITTEE ON HARDROCK MINING. THAT REPORT HAS SINCE BEEN ENDORSED BY THE ENTIRE ENVIRONMENTAL QUALITY COUNCIL AND THE JOINT REVENUE OVERSIGHT COMMITTEE.

WE SUPPORT THIS MEASURE IN CONCEPT BECAUSE IF A SEVERANCE TAX MUST BE LEVIED AGAINST THE MINING INDUSTRY, A CERTAIN PORTION OF IT SHOULD BE SET ASIDE FOR LOCAL GOVERNMENTS TO DEAL WITH SO-CALLED "TAIL END" IMPACTS WHEN A MINING OPERATION CEASES PRODUCTION.

THE METAL MINES LICENSE TAX DOES NOT CONTRIBUTE SIGNIFICANTLY TO STATE REVENUE. THEREFORE, IT WOULD SEEM APPROPRIATE TO FARMARK A CERTAIN PORTION OF THE COLLECTIONS TO LOCAL GOVERNMENTS.

YOU NOW HAVE TWO BILLS BEFORE YOU THAT ADDRESS THE METAL MINES LICENSE TAX--HOUSE BILL 380, WHICH WOULD ELIMINATE THE TAX, AND HOUSE BILL 446, WHICH PROPOSE A SLIGHT INCREASE IN THE TAX.

THE MONTANA MINING ASSOCIATION RECOGNIZES THE STATE'S RIGHT TO LEVY TAXES. HOWEVER, WE FEEL TAXATION SHOULD BE TEMPERED BY REASONABLENESS AND FAIRNESS.

BEFORE YOU DECIDE ON THE BILLS NOW BEFORE YOU, IT IS NECESSARY FOR YOU TO UNDERSTAND THE COMPLEXITIES OF SEVERANCE TAXATION AS IT RELATES TO THE MINING INDUSTRY.

THE MINING INDUSTRY IN MONTANA ALREADY PAYS FIVE SEPARATE TAXES. IN ADDITION TO THE CORPORATE LICENSE TAX AND TAXES ON REAL AND PERSONAL PROPERTY, MINING COMPANIES PAY THREE TAXES THAT ARE UNIQUE TO THE MINERALS INDUSTRY. THESE ARE THE METAL MINES LICENSE TAX, THE RESOURCE INDEMNITY TRUST TAX AND A NET PROCEEDS OR GROSS PROCEEDS TAX, DEPENDING ON THE MINERAL MINED. THE LATTER TAX GOES DIRECTLY TO THE COUNTY OR SCHOOL DISTRICT IN WHICH THE MINE IS LOCATED.

IN THE CASE OF A MINE COMPARABLE TO THE ASARCO TROY PROJECT, ANNUAL CORPORATE TAXES WOULD AMOUNT TO \$300,000 TO THE LOCAL GOVERNMENT AND \$1.3 MILLION TO THE STATE.

IT WOULD BE DIFFICULT TO PROVE THAT ANY SEVERANCE TAX, BY ITSELF, WOULD SHUT DOWN A PRODUCING MINE IN MONTANA OR KEEP A POTENTIAL MINE FROM OPENING. HOWEVER, TAXATION IS A COMPONENT AFFECTING THE DELICATE BALANCE OF ECONOMIC FACTORS THAT LEAD TO SUCH DECISIONS.

LIKE FARM PRODUCTS, HARDROCK MINERALS ARE COMMODITIES. A MINING COMPANY CANNOT INFLUENCE OR SET THE PRICE OF ITS PRODUCT, THE PRICE IS SET ON A WORLD MARKET, AND MONTANA MINERALS MUST BE ABLE TO COMPETE ON THAT MARKET. THEREFORE, PRODUCTION COSTS, OF WHICH TAXES ARE A PART, DETERMINE WHETHER MONTANA MINES ARE COMPETITIVE WITH THOSE IN OTHER MINERAL-PRODUCING STATES.

ACCORDING TO A U.S. BUREAU OF MINES STUDY CONDUCTED FOR THE ENVIRONMENTAL QUALITY COUNCIL, MONTANA HAS THE HIGHEST SEVERANCE TAXES ON COPPER AND AMONG THE HIGHEST TAXES ON OTHER HARDROCK MINERALS IN THE WEST. IN A RECENT STUDY BY THE MONTANA BUREAU OF MINES, RELEASED OVER THE WEEKEND, SHOWED THAT ALTHOUGH MONTANA'S MINERAL PRODUCTION POTENTIAL IS SIMILAR TO ITS SISTER STATES IN THE ROCKIES, OUR STATE IS BRINGING UP THE REAR IN PRODUCED MINERAL VALUE.

THUS, A LEGITIMATE QUESTION IS WHETHER THERE IS A CORRELATION BETWEEN MINERAL PRODUCTION AND STATE TAX POLICY.

ATLEAST TWO STATE STUDIES CONDUCTED IN THE PAST YEAR HAVE RECOMMENDED THAT THERE BE NO INCREASE IN MINERAL SEVERANCE TAXES. AND SOME INDIVIDUALS HAVE SUGGESTED THAT SEVERANCE TAXES BE REDUCED TO PROVIDE A MORE FAVORABLE CLIMATE.

MINING IS A BASIC INDUSTRY IN MONTANA JUST LIKE AGRICULTURE. THAT MEANS IT INJECTS NEW FUNDS INTO THE STATE'S ECONOMY WHICH CREATES ADDITIONAL INCOMES AS DOLLARS ARE SPENT AND RESPENT.

THE MINING INDUSTRY MUST REMAIN STRONG, NOT ONLY TO PROVIDE FOR ITSELF, BUT TO MAKE A POSITIVE ECONOMIC CONTRIBUTION TO THE STATE.

AT PRESENT, BECAUSE OF ECONOMIC CONDITIONS, THE MINING INDUSTRY IS NOT DOING WELL IN MONTANA.

HOWEVER, THE POTENTIAL EXISTS FOR GROWTH, AND STATE TAX POLICY WILL BE A MAJOR FACTOR IN DETERMINING THE EXTENT OF THE GROWTH.

THANK YOU.

ADDRESS 301 First National Bank Building DATE Febrary 1, 1983
Helena, Montana

WHOM DO YOU REPRESENT Stillwater PGM Resources, Big Timber, Montana

SUPPORT x x x x OPPOSE _____ AMEND x x x x

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments: Stillwater PGM Resources generally favors the "local impact" application of property taxes generated by the extraction of natural resources. A severance tax like the metal mines tax is a "property tax" because it is levied on the value of mineral extracted because they cannot be accurately valued in place.

We supported HB 718 in the 1981 session which created the Hard Rock Impact Board and began a system of dealing realistically with mining impacts at the local level. HJR 66 was intended to review the "impact bill" further to determine if it needed adjustment and to determine what other tax requirements might be needed. The study found that the Impact Board needed proper funding, that mine closure problems should be addressed and that the industry itself was ill equipped economically to deal with the first two problems. HB 446 specifically answers all three problems:

- (1) It provides a source of funding for the impact board.
- (2) It creates a source of funding for the closure problem.
- (3) It uses an existing source without unduly increasing the burden.

HB 446 has been endorsed by both the EQC and the Revenue Oversight Committee.

Although we believe the HJR 66 study demonstrates that hard rock mining should actually get a tax cut (we supported HB 380 which would do this), if the committee cannot accept this solution, then HB 446 is the obvious alternative. Another bill HB 31 tries to do the same thing, but it unnecessarily creates yet another board to deal with mine closure. The Hard Rock Board is already in place to do the job, and HB 446 would make this possible.

Our only objection to HB 446 is the increase in taxes which it contains. This should be amended to restore the old tax level (1.438%). The U.S. Bureau of Mines study done for the EQC in 1982 demonstrates the necessity for this amendment (See EQC report of January 1983).

The hard rock mining industry, a basic industry, cannot endure in an international market economy with a severance "property tax" based on gross value feeding the unlimited needs of the state general fund. This type of tax should be kept at the local level with other property taxes. HB 446 is a step towards achieving that goal and we approve. Our company will pay corporate license or "income" based taxes into the state general fund like any other business. Income taxes are much better able to cope with increasing demands for state revenues, because they allow cost deductions and require the legislature to consider a company's profitability.

The adoption by Montana of the impact financing approach to local problems based on a demonstration of needs directly related to the changes caused by the new industry, is a realistic way to solve local problems of a rural economy. We hope this approach will continue in place of the destructive effects of state-related severance taxation. This will be a solid encouragement for our company.

NORTHERN PLAINS RESOURCE COUNCIL

EXHIBIT 4
2-1-83

Field Office
Box 858
Helena, MT 59624
(406) 443-4965

Main Office
419 Stapleton Building
Billings, MT 59101
(406) 248-1154

Field Office
Box 886
Glendive, MT 59330
(406) 365-2525

TESTIMONY OF THE NORTHERN PLAINS RESOURCE COUNCIL ON HB 446
BEFORE THE HOUSE TAXATION COMMITTEE, FEBRUARY 1, 1983

My name is Marc Ledbetter and I'm representing the Northern Plains Resource Council. I'm testifying in support of HB 446.

Last session this legislature took up the issue of economic impacts from hard rock mineral development. Two bills were introduced on the matter. SB 344, which would have established a hard rock severance tax, passed the Senate but was later killed in the House Taxation Committee. The other bill, HB 718, passed both houses and is now law.

HB 718 set up a process for dealing with the costs imposed on a community by mining development, but it had a serious flaw. It did not address the issue of what is now called tailend impacts. So, we are back this session again talking about the impacts of hard rock mineral development.

I'm sure this committee needs very little explanation of what tailend impacts are. Montanan's have seen their share of examples of what happens when a major industry shuts down. Perhaps the best way to explain the effects we're talking about is to look at how the Montana Standard described the impacts in an editorial the Standard ran in October of 1980. The editorial is entitled, "Arco's Pullout Shows Severance Tax Need".

Montana's congressmen should invite their unenlightened colleagues -- those who want to limit state severance tax powers -- to travel to Anaconda with them. The tax foes could talk with hundreds of workers who have lost their jobs, and to the worker's wives and children, and find out what a sudden loss of livelihood does to a family's standard of living, its future, and its peace of mind. They could talk to local government officials, and find out what happens to long-term tax revenues and government services and planning when a community's major industry suddenly pulls out.

Anaconda business people could tell them about the indirect impact of major layoffs -- about how employees who never drew an Anaconda Co. paycheck eventually may find themselves "fired" by Arco.

The tax foes would find the opinions of suddenly unemployed home-buyers interesting. The opinions of lenders who hold the mortgages would be worth listening to, also.

HB 446 takes a step in the direction of addressing these problems. However, it is only a small step when a full stride is needed. The collapsing of tax bases and the surges in demand for local government services are multi-million dollar problems -- problems that could rapidly exhaust the amount of money this bill could raise.

This committee should show the foresight that this legislature should have shown long ago. It should support setting aside money

for problems that are inevitable for an industry based on a finite resource.

When coal fields are mined out in the future this state will have something to turn to. We had the foresight to start setting aside money for that. We need now to do the same for hard rock minerals.



TECHNICAL ASSISTANCE CORPORATION
437 BERNARD
Phone (406) 248-7496
BILLINGS, MONTANA 59101

February 9, 1983

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Water Treatment



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Representative

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& Maintenance

Refrigeration &
Conditioners
Service & Installation



Temperature
Controls

Specializing
Service
All Makes

Representative Dan Yardley
Chairman, House Taxation Committee
State Capitol Building
Helena, Montana 59601

Re: HB 354 - Small Business Investment Tax Credit

Dear Sir:

We would appreciate your assistance in the passing of the HB 354 bill to make permanent the small business investment tax credit.

As a small business owner and operator, I feel the continuation of the tax credit is imperative. We need all the help we can get with taxes, just to keep the doors open.

Again, I am definitely in favor of HB 354 being enacted. Thank you for your help in our behalf.

Very truly yours,

TECHNICAL ASSISTANCE CORPORATION



Glenn A. Streets, President

GAS:mer



DAVIS BUSINESS MACHINES,
INC.

1429 HELENA AVENUE
PHONE 406/442-9810
HELENA, MONTANA 59601

February 9, 1983

Dan Yardley
Chairman House Taxation Committee
Capitol Station
Helena, Montana 59620

Subject: House Bill 354 Making Permanent The Small Business
Investment Tax Credit

Dear Sir:

We would encourage making the House Bill HB 354 permanent. This is very beneficial for the small businessman in the State of Montana and we go on record as very much in favor of making this bill permanent.

Sincerely,

Loren W. Davis

LWD/df

: HB 354.

Dear Rep Yardley.

I am in favor of passing
this (HB 354) Tax credit bill.

We need all the help we
can get to keep our heads above
water, so to speak.

We have to work 7 to
9 days a week to make
ends meet ~~in~~ in this
business.

Please help the small
business survive.

Thank you

Shirley Smith

ASSOCIATED GLASS, INC.

Contract and Supply

BOX 20979 • 2231 KING AVE. WEST • BILLINGS, MONTANA 59104 • (406) 656-5817



February 9, 1983

Mr. Dan Yardley
Chairman, House Taxation Committee
C/O Robert H. Dozier
State Capitol
Helena, Montana 59601

Dear Sir:

In reference to House Bill 354: Permanence
of Small Business Investment Tax Credit. I am very
pleased to hear that all of the amendments
to the bill have been accepted and that the
bill will be passed. The bill will provide
more than 200,000 tax credits to small business
investments and will be advantageous to all concerned.

We hope we are with you in this.

Sincerely,


Ed Monson

EMA/kr

ESTABLISHED 1894

CAIRD ENGINEERING WORKS

COMPLETE STEEL WAREHOUSE SERVICE

R. A. PORTE, PRESIDENT

POST OFFICE BOX 5837 1311 N. MONTANA AVE.
HELENA, MONTANA 59601

TELEPHONE: 442-7957
AREA CODE 406

February 9, 1983

House Taxation Committee
State Capitol
Helena, MT 59620

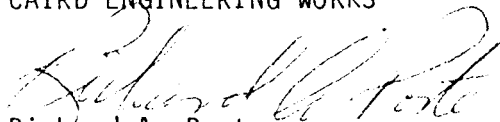
ATTN: Rep. Dan Yardley
Chairman

Re: HB 354

Gentlemen:

This is to register my support to HB 354. In times like these small business needs all the help it can get. Investment tax credits make it possible for the small business concern to purchase the equipment it needs to keep up to date and remain competitive.

Yours very truly,
CAIRD ENGINEERING WORKS



Richard A. Porte
President

RAP/cm

Steel Warehouse

Foundry

Machine Shop

Boiler Shop

Steel Fabricating

Boats & Motors

CAIRD Feed Rolls and Steamers

Welding Supplies

MICHAEL B. AGEE, M.D.
Diplomate American Board of Urology, Fellow American College of Surgeons
Kalispell Medical Arts Building
210 Sunny View Lane
Kalispell, Montana 59901
Phone 406-257-7311

February 7, 1983

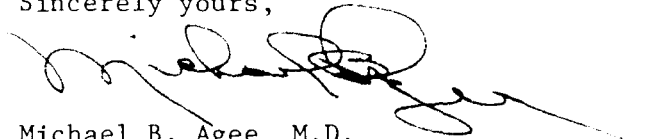
Mr. Dan Yardley, Chairman
House Taxation Committee
State Capitol
Helena, Montana 59601

Dear Mr. Yardley:

I am writing to you at this time to encourage you that House Bill 354 would be passed.

I think the making permanent small business investment tax credit to be one of the most beneficial pieces of legislation for small business to come in the past several years.

Sincerely yours,

A handwritten signature in black ink, appearing to read 'Michael B. Agee', with a long, sweeping underline that extends to the right.

Michael B. Agee, M.D.

MBA/pl

MACLEOD MOTOR SUPPLY**AUTOMOTIVE WHOLESALE**1316 - 10th St., West
BILLINGS, MONTANA 59102

Dan Gardley
C.H. House Taxation Comm.
State Capitol
Helena, Mont. 59601

Dear sir,

I would appreciate your support for
HB 354. Small Business Investment
Tax Credit could be most helpful
in stimulating our economy.

Sincerely
R. B. MacLeod

Member NFIB

CULBERTSON IMPLEMENT CO.

John Deere Implements & Repairs
Box 497
Culbertson, Montana 59218



John Deere Agricultural Equipment

February 9, 1983

Representative Dan Yardley
Montana House of Representatives
Capitol Station
Helena, Montana 59620

Dear Representative Yardley:

I am writing to voice my approval of HB # 354 which would make permanent the small business investment tax credit.

Business is down here and all over Montana. We, as small business people need all the help we can get. This bill would seem to be a step in that direction.

We would appreciate your help in sending this bill to the House and would urge you to help in passing it there.

Thank you for your time.

Sincerely,

Marylyn L. Weeks

Marylyn L. Weeks, President
Culbertson Implement Co.
Culbertson, Mt. 59218

bathtique
FASHIONS FOR THE HOME AND BATH®
Main Mall Shopping Center
2825 West Main - Unit 5D
Bozeman, Montana, 59715
Phone: 406/586-2284

SECRETARY
HOUSE
TAXATION
COMMITTEE

7 February 1983

Hon. Dan Yardley, Chairman
House Taxation Committee
State Capitol
Helena, MT 59601

RE: HB 354

Dear Representative Yardley,

Although I'm not one of your constituents, I thought I'd write anyhow and comment on the small business investment tax credit which would be made permanent by this bill.

I own two small businesses - the Bathtique and the Karmelkorn Shoppe - both here in Bozeman. Running small retail businesses in today's economic circumstances is not easy. The burdens of regulation and taxation are mind-boggling (and expensive!). In the last session of the legislature, I saw more productive legislation enacted toward reducing those burdens that I've seen in recent memory. Please help make this important incentive permanent through passage of this bill. Thanks for your time.

Sincerely,


Michael W. Hetherington

Representative Dan Yardley
State Capitol
Helena, MT.

OWL DRUG
P. O. BOX 281
LEWISTOWN, MONTANA 59457

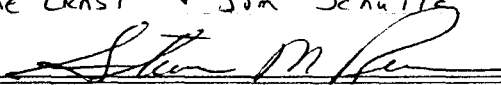
SUBJECT: HB 354

DATE: 2/8/83

FOLD → Dear Representative Yardley,

I am writing to tell you I am in favor of HB 354 to make permanent the small business investment tax credit. I believe this tax credit is very beneficial to small business. Thank you for your support.

(Copy sent to Representatives Gene Ernst + Jim Schultz)

PLEASE REPLY TO ► SIGNED:  (Steven M. Reeson)

DATE:

SIGNED:

DETACH YELLOW COPY - SEND WHITE AND PINK COPIES WITH ORIGINAL MAIL

745294-A



FORM NO. PE100P
AVAILABLE FROM BUSINESS ENVELOPE MANUFACTURERS, INC. • PEARL RIVER, N.Y. • BRONX, N.Y. • CLINTON, TENN. • MELROSE PARK, ILL. • ANAHEIM, CALIF.
PRINTED IN U.S.A.

THIS COPY FOR PERSON ADDRESSED

WITNESS STATEMENT

Name George Altav Committee On Education
Address Halena Mt Date 2-1-83
Representing Mont. Public Serv Support
Bill No. HB 354 Oppose _____
Amend _____

AFTER TESTIFYING, PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

- 1.

- 2.

- 3.

- 4.

Itemize the main argument or points of your testimony. This will assist the committee secretary with her minutes.

WITNESS STATEMENT

Name David G. Goss Committee On TAXATION
Address P.O. Box 2519 Billings, MT 59103 Date 2/1/82
Representing Billings Chamber of Commerce Support X
Bill No. HB 354 Oppose _____
Amend _____

AFTER TESTIFYING, PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

1. *New economic development programs lose some of their effectiveness if existing business incentives for expansion are repealed.*
- 2.
- 3.
- 4.

Itemize the main argument or points of your testimony. This will assist the committee secretary with her minutes.

WITNESS STATEMENT

Name J. H. U. CENTER Committee On Small Business
Address 2126 FAIRVIEW PL. PLYMOUTH, MI Date FCRIS 3
Representing MT. CATTLE FEEDS Support ✓
Bill No. # H. B. 354 Oppose _____
Amend _____

AFTER TESTIFYING, PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

1. Aggregator is a prime industry in Montana
2. Cooperative including cattle feeding is hurting
3. We definitely need to use the 3% Tax credit
- 4.

Itemize the main argument or points of your testimony. This will assist the committee secretary with her minutes.

TO Representative New-Yudley
State Capitol
Helena, MT. 59601

FROM

DUTCH'S BIG SKY EGGS
320 NINTH AVENUE SOUTH
GREAT FALLS, MONTANA 59405

SUBJECT: H73 354 Small Business Tax Credit DATE: 2-8-83

FOLD ↑ The investment tax credit is a good thing for small business. My wife and I could run our business ourselves. Right now, we are trying to keep jobs open for our two full-time employees, both of whom have families, but as costs of staying in business climb, their jobs are in doubt.

PLEASE REPLY TO → SIGNED

Anything that can be done to help small business survive helps us ensure our employees jobs. It is time now to help small businesses, which are the nations employees instead of targeting them for heavier state and federal taxes.

DATE SIGNED

THIS COPY FOR PERSON ADDRESSED

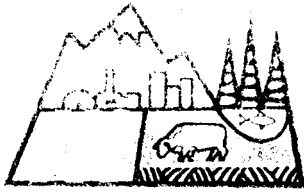


EXHIBIT 5
2-1-83

Information relevant to HB 354, renewing and making permanent the small business investment tax credit at 3%. Sponsored by Representative Jack Sands.

Important points on the importance of small business to Montana:

The majority of new jobs come from the birth and expansion of independent corporations.

Small firms contribute crucially to new job creation.

Seventy-five percent of private employment is in firms with fewer than 50 workers in Montana.

More than 60 percent of private employment growth between 1970-1976 in Montana came in small firms.

The ability of small firms to add new jobs has increased, relative to large business.

Of all new jobs generated between 1974 and 1976, more than 75 percent was from firms less than four years old.

Nearly all industries were at one time the result of one individual's efforts.

States should focus on promoting the growth of small businesses and existing state industries and nurturing new economic enterprises.

Corporate taxes were, when the original credit was passed, about 20 percent of federal. That was the argument used to pass the 2 percent credit. They are now running closer to 40 percent.

More than 36,000 individuals and more than 5,000 corporations took the credit in 1981.

Ninety-two percent of the businesses in Montana have fewer than 20 employees.

WALKER LUMBER CO., INC.

PHONE 761-8287
AREA CODE 406



1004 - 21ST AVE. SO.
GREAT FALLS, MONT. 59401

Feb 8 - 1983

VOTE FOR
RE: BILL HB 354

Representative Dan Yardley
Ch. House Taxation Committee
State Capitol
Helena, Montana 59601

Dear Sir:

Please vote for Bill HB 354 to
make permanent the small business
investment tax credit.

Continuation of the tax credit
is very much needed.

Thank you.

Respectfully Yours,

Will Eston
OWNER & PRESIDENT
Walker Lumber Co
Member of NFIB

WITNESS STATEMENT

TAXATION

Name Robert F. Correa Committee On H 354

Address P.O. Box 2008 - Boyerston, Md Date 2/11/83

Representing Stief & Boyerston Chamber of Commerce Support

Bill No. H 354 Oppose _____

Amend _____

AFTER TESTIFYING, PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

- 1.
- 2.
- 3.
- 4.

Itemize the main argument or points of your testimony. This will assist the committee secretary with her minutes.

WITNESS STATEMENT

Name Raymond C. Simpson Committee On _____
Address Wisconsin Date _____
Representing A F I B Support X
Bill No. 110 354 Oppose _____
Amend _____

AFTER TESTIFYING, PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

- 1.
- 2.
- 3.
- 4.

Itemize the main argument or points of your testimony. This will assist the committee secretary with her minutes.

WITNESS STATEMENT

Name Jim Cooper Committee On Taxation
Address 302... Date 7-1-84
Representing Executive PGC Support ✓
Bill No. HB 350 Oppose _____
Amend _____

AFTER TESTIFYING, PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

1. Increase jobs
2. Increase in income tax
3. NECESSARY under current economic conditions.
- 4.

Itemize the main argument or points of your testimony. This will assist the committee secretary with her minutes.

WITNESS STATEMENT

Name ROGER W YOUNG Committee On 111
 Address 537 32nd AVE NE Great Falls, MT Date FEB 1, 1983
 Representing Great Falls Chamber of Commerce Support A
 Bill No. HB 354 Oppose _____
 Amend _____

AFTER TESTIFYING, PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

1. Elimination represents a tax increase at a time when small business can afford it least. These are hard times. Can only be surprised that the legislature is even considering sunset.

Small Business
 Business
 in MT

2. In Great Falls most businesses (75%) employ less than 50; most 10-20. ~~We've~~ we've had success in creating new jobs, despite the loss of many basic jobs by increases in small business employment. ~~Some~~ Some jobs lost but overall labor force has grown to 33,000+ - work of EGC has helped.

3. Many small businesses take the credit. Their accountants do everything they can to improve their bottom lines. Tax savings is capital earned which they can reinvest in new jobs, new plant and equipment. Examples:

4. Most new jobs come from the expansion of existing business and industry. Passage of the state's 3% investment tax credit help raise Montana's stock as pro-business. \$10 million seems a small price to pay, especially if it represents more than \$300 million in new investment. Many new entrepreneurs to whom we will need to look for Montana's recovery need cash and capital to put their ideas to work. The investment tax credit will help. The credit makes new plant and equipment more affordable.

Itemize the main argument or points of your testimony. This will assist the committee secretary with her minutes.

WITNESS STATEMENT

Name Bob Lake Committee On Finance
Address Nashua NH Date 2/1/83
Representing Self Support X
Bill No. 1354 Oppose _____
Amend _____

AFTER TESTIFYING, PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

1. Small Business is capital intensive both for plant and equipment as well as for lease
2. Small Business can have significant tax issues
3. A major problem for Small Business is Cash Flow, and taxes further reduce resources
4. Small Business is the source of many jobs

Itemize the main argument or points of your testimony. This will assist the committee secretary with her minutes.

WITNESS STATEMENT

Name Alan Nicholson Committee On Taxation
Address Box 472, Helena Date 2/1/83
Representing Self Support X
Bill No. HB 354 Oppose _____
Amend _____

AFTER TESTIFYING, PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

1. Montana should look for ways to stimulate and support small business. It is my belief that the
2. revenue not collected as a result of the tax investment credit is collected many times over ~~as~~ a resident
3. benefit of the creation and stimulation of Montana small businesses.
- 4.

Itemize the main argument or points of your testimony. This will assist the committee secretary with her minutes.

WITNESS STATEMENT

Name Joe D. Toole Committee On Tax
Address NISLA Date 2/1/83
Representing NISLA Chamber Com Support ✓
Bill No. 354 Oppose _____
Amend _____

AFTER TESTIFYING, PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

1. Any measures to stimulate investment will be beneficial to Business & the economy as a whole

2.

3.

4.

Itemize the main argument or points of your testimony. This will assist the committee secretary with her minutes.

WITNESS STATEMENT

Name CLARK, PETER Committee On FINANCE
 Address 1500 16th St Date 1/11
 Representing Mar. Town Beauty Shop Support /
 Bill No. H.R. 554 Oppose _____
 Amend _____

AFTER TESTIFYING, PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

1. *... would be a step backwards from the policy of all parties to encourage...*
2. *... in relation to the ...*
3. *I seriously question the validity of the fiscal role - I have hope we are doing that much*
4. *... worth of ...*

4. Report on how ...

Itemize the main argument or points of your testimony. This will assist the committee secretary with her minutes.

WITNESS STATEMENT

Name John R. [unclear]

Committee On Territorial

Address 111 [unclear] St.

Date 2/2/53

Representing State of Alaska

Support

Bill No. SB 746

Oppose _____

Amend _____

AFTER TESTIFYING, PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

1.

2.

3.

4.

Itemize the main argument or points of your testimony. This will assist the committee secretary with her minutes.

WITNESS STATEMENT

Name JIM RICHARD Committee On _____
Address E. HAL Date _____
Representing STILLWATER CO. Support X
Bill No. HB 446 Oppose _____
Amend _____

AFTER TESTIFYING, PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

1.

2.

3.

4.

Itemize the main argument or points of your testimony. This will assist the committee secretary with her minutes.

WITNESS STATEMENT

Name CARY LANGLEY Committee On _____
Address BOX 132 HELENA Date _____
Representing MT. MINING ASSN. Support _____
Bill No. 446 Oppose _____
Amend _____

AFTER TESTIFYING, PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

1. LEFT W/ SECRETARY

2.

3.

4.

Itemize the main argument or points of your testimony. This will assist the committee secretary with her minutes.

WITNESS STATEMENT

Name Ed Sheehy Committee On Tobacco
Address 1120... Date 2/1/83
Representing ... Support X
Bill No. HIS 460 Oppose _____
Amend _____

AFTER TESTIFYING, PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

- 1.

- 2.

- 3.

- 4.

Itemize the main argument or points of your testimony. This will assist the committee secretary with her minutes.

VISITOR'S REGISTER

HOUSE Legation

COMMITTEE

BILL 354

DATE February 1, 1983

SPONSOR Sands

NAME	RESIDENCE	REPRESENTING	SUP-PORT	OP-POSE
Ellie Jagger	Helena	Dept of Revenue		✓
Bro. Lane	Helena	Self	✓	
Ed Nurse	Helena	Self	✓	
SAM KIRKBY	Bozeman	Bozeman City C	✓	
BOB CORRETT	Bozeman	Bozeman City C	✓	
	Helena			
Joseph O'Bole	Missoula	MTA Chamber Com	✓	
Will Brooke	Helena	MT Stock Growers / MT Woodsmen	✓	
Dennis Burr	Clancy	MONTANA TAXPAYERS	✓	
Jerry Kaming	Helena	MT Auto Dealers Assoc	✓	
Doc Goss	Billings	Billings Chamber of Commerce	✓	
Bill Olson	Helena	MT Contractors	✓	
George Allen	HELENA	MT - RETAIL ASSN	✓	
Alto-Nicholson	Helena	Self	✓	
Alvin Rupp		Mont. of the Hand & M	✓	
Roger W. Young	Great Falls	Chamber of Commerce	✓	
JAMES L. PURDY	GREAT FALLS	Self	✓	
JOHN CONTER	BILLINGS	MT CATTLE FEEDERS	✓	

IF YOU CARE TO WRITE COMMENTS, ASK SECRETARY FOR LONGER FORM.

WHEN TESTIFYING PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

VISITOR'S REGISTER

HOUSE

Taxation

COMMITTEE

BILL

446

DATE

2/1/83

SPONSOR

Brown

NAME	RESIDENCE	REPRESENTING	SUP- PORT	OP- POSE
DAVE Brown	Butte	Reg. Dist. 83	X	
ETARY LANGLEY	HELENA	MT. MINING ASSN.	X	
Ward March	Helena	Stillwater PCM	X	
Jim Lechar	E. Hel	Stillwater Co	X	
Harold Ferguson	Clancy	Hard Rock M. Imp. B.C.	X	

IF YOU CARE TO WRITE COMMENTS, ASK SECRETARY FOR LONGER FORM.

WHEN TESTIFYING PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

VISITOR'S REGISTER

HOUSE TAXATION COMMITTEE

BILL 766

DATE 2-1

SPONSOR Representative Ralph Eudaily

NAME	RESIDENCE	REPRESENTING	SUP- PORT	OP- POSE
<u>Charles Gendy</u> <u>[Signature]</u>	<u>Helena</u> <u>[Signature]</u>	<u>C. Thomas + Emma</u> <u>Mill. Mill. + [unclear]</u> <u>[unclear] + [unclear]</u>	<u>[check]</u>	

IF YOU CARE TO WRITE COMMENTS, ASK SECRETARY FOR LONGER FORM.
WHEN TESTIFYING PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

STATE OF MONTANA

REQUEST NO. 225-83

FISCAL NOTE

Form BD-15

In compliance with a written request received January 25, , 19 83 , there is hereby submitted a Fiscal Note for House Bill 446 pursuant to Chapter 53, Laws of Montana, 1965 - Thirty-Ninth Legislative Assembly.

Background information used in developing this Fiscal Note is available from the Office of Budget and Program Planning, to members of the Legislature upon request.

DESCRIPTION OF PROPOSED LEGISLATION:

House Bill 446 provides for the allocation of metalliferous mines license taxes to the general fund and to an impact trust account; restricts the uses of the impact trust account; and provides for a small miner's exemption from the metalliferous mines license tax.

ASSUMPTIONS:

- 1) The Office of Budget and Program Planning's forecast of the gross value of metal mine production and severance tax collections are correct.
- 2) Estimates of the change in tax burdens calculated for 1981 production will apply to fiscal year 1984 and 1985 receipts.
- 3) The proposal would not increase the administrative costs of collecting the tax.
- 4) These estimates assume that the Anaconda Company closes as of July 1, 1983.

FISCAL IMPACT:

	<u>FY84</u>	<u>FY85</u>
Metalliferous Mines License Tax		
Under Current Law	\$968,000	\$482,000
Under Proposed Law	<u>972,400</u>	<u>471,400</u>
Estimated Increase (Decrease)	<u>\$ 4,400</u>	<u>(10,600)</u>
General Fund		
Under Current Law	968,000	482,000
Under Proposed Law	<u>651,508</u>	<u>315,838</u>
Estimated Decrease	<u>(316,492)</u>	<u>(166,162)</u>
Hard Rock Mining Impact Trust		
Under Current Law	-0-	-0-
Under Proposed Law	<u>320,892</u>	<u>155,562</u>
Estimated Increase	<u>320,892</u>	<u>155,562</u>

Continued


BUDGET DIRECTOR

Office of Budget and Program Planning

Date: 1-31-83

LONG-RANGE EFFECTS OF PROPOSED LEGISLATION:

The bill could increase metalliferous mines license tax collections relative to current law when and if the Anaconda Company resumes production or other large mines begin producing.

STANDING COMMITTEE REPORT

March 10,

19 83

MR. **SPEAKER:**

We, your committee on **TAXATION**

having had under consideration **HOUSE** Bill No. **446**

First reading copy (**White**)
color

A BILL FOR AN ACT ENTITLED: "AN ACT PROVIDING FOR THE ALLOCATION OF METALLIFEROUS MINES LICENSE TAXES TO THE GENERAL FUND AND TO AN IMPACT TRUST ACCOUNT; RESTRICTING THE USES OF THE IMPACT TRUST ACCOUNT; PROVIDING FOR A SMALL MINER'S EXEMPTION FROM THE METALLIFEROUS MINES LICENSE TAX; AMENDING SECTIONS 15-1-501, 15-37-101, 15-37-103, AND 90-6-303 THROUGH 90-6-306, MCA."

Respectfully report as follows: That..... **HOUSE** Bill No. **446**
be amended as follows:

- 1. Page 7, line 1.
- Strike: "1.50"
- Insert: "1.438"

~~XXXXXX~~ **AND AS AMENDED**
~~DO PASS~~ **DO PASS**

STATEMENT OF INTENT ATTACHED

MR. SPEAKER:

WE, YOUR COMMITTEE ON TAXATION, HAVING UNDER CONSIDERATION HOUSE BILL 446, FIRST READING COPY (WHITE), ATTACH THE FOLLOWING STATEMENT OF INTENT:

STATEMENT OF INTENT
HOUSE BILL NO. 446
House Taxation Committee

A statement of intent is required for this bill because it delegates rulemaking authority to the Hard-Rock Mining Impact Board. Section 3 of the bill provides that the Board must adopt rules that provide a procedure for designating local government units and areas impacted by the cessation or reduction of mining activity.

The Legislature contemplates that the rules would:

(1) define the local government units "directly impacted" by the cessation or reduction of mining activity in a manner that considers the actual impact on local government units, regardless of their location, from such a cessation or reduction.

(2) consider, in providing such definition, factors such as the impact of a cessation or reduction upon an area's economy, labor-force, and the continued provision of local government services.

(3) define a method for establishing the pro-rate share of impact to designated local government units.

STANDING COMMITTEE REPORT

February 4, 19 83

MR. **SPEAKER:**

We, your committee on **TAXATION**

having had under consideration **HOUSE** Bill No. **466**

First reading copy (White)
color

A BILL FOR AN ACT ENTITLED: "AN ACT LIMITING THE DEFINITION OF "TRAVEL TRAILER" FOR PURPOSES OF THE FEE IN LIEU OF TAX TO TRAILERS WITH NOT MORE THAN 400 SQUARE FEET OF FLOOR SPACE AND NOT USED AS A PRINCIPAL RESIDENCE: AMENDING SECTIONS 15-1-101 AND 61-1-131, MCA."

Respectfully report as follows: That **HOUSE** Bill No. **466**

be amended as follows:

- 1. Title, line 7.**
Following: **"A"**
Strike: **"PRINCIPAL"**

- 2. Page 1, line 17.**
Following: **"a"**
Strike: **"principal"**

AND AS AMENDED
DO PASS.

..... **DAN YARDLEY,**
Chairman.