

MINUTES OF THE MEETING OF THE HOUSE TAXATION COMMITTEE
March 11, 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.

Testimony was heard on SB 227, SB 243, SB 384 and SB 414.

Executive action was taken on SB 243 during this meeting.

SENATE BILL 414

SENATOR ROGER ELLIOTT, District 8, sponsor of the bill, said SB 414 is a bill that relates to Subchapter S corporations. He said Subchapter S corporations were started by the federal government in about 1964, which would eliminate double taxation for corporations and would allow the corporations to be treated as partnerships. When the bill was originally passed by the Internal Revenue Service, there were some fairly tight restrictions in the law because the IRS was concerned about loss of revenue. Through the years those restrictions have been taken off. When a change is made in the federal statutes, a change is usually made in the state statutes.

SENATOR ELLIOTT said accountants have problems trying to keep two separate record books - one for federal and one for state. That is what they would be facing if they do not keep the Subchapter S law in line with that of the federal government.

SENATOR ELLIOTT said HB 621 puts all the federal statutes in to the state statutes. He said he doesn't feel that is necessary.

Proponents

MIKE HOLLAND, a certified public accountant, said he feels SB 414 is much simpler than HB 621. He said the election period is changed from 30 days to 75 days in SB 414. He asked for the committee's support of SB 414.

Opponents

DAN BUCKS, representing the Department of Revenue, said he had spoken in front of the Senate Taxation Committee in favor of HB 621. The Department prefers HB 621 over SB 414 because HB 621 enacts into state law the new federal provisions on small business corporations. Senate Bill 414 says whenever the federal government changes their Subchapter S laws, it automatically changes the state's small business laws. They feel it is better for the state to come in and enact the changes everytime because

there are fiscal affects and changes that need to be taken into account. There are clearer provisions in HB 621 as to the timing of election and those provisions conform exactly to the federal provisions.

MR. BUCKS said in the cases of both HB 621 and SB 414, a fiscal problem needs to be addressed. That problem arises out of the language of the current investment law. That language enables corporations that are either electing small business corporations or corporations that have not elected to be small business corporations but are eligible to elect to be small business corporations to claim the investment credit. When you increase the number of shareholders from 10 to 35, there will be a number of expanded corporations that will be able to take the investment credit. As a consequence of that, the Department is estimating a \$1.25 million to a \$1.5 million per year impact. If we are going to conform to the federal law, we need to fix this fiscal impact by looking at the investment credit law or amending one of the two bills to account for that fiscal impact.

MR. BUCKS said there should not be automatic conformance. The legislature should look at federal changes before the state law is changed.

Questions were heard from the committee.

REPRESENTATIVE REAM asked if the fiscal impact is comparable with both SB 414 and HB 621. Mr. Bucks said that is correct.

REPRESENTATIVE SWITZER said he would like to have "election" explained. Mr. Holland said a corporation that wishes to be a Subchapter S corporation has so many days after the first of the fiscal year to do that. Under federal law, that election has to be made in the first 75 days and under state law, the election has to be made in the first 30 days.

SENATOR ELLIOTT, in closing, said the fiscal problem affects both bills. Multistate corporations benefit from the investment credit. Senator Elliott said if we use our ingenuity, we might be able to word an amendment, to the bill, to take care of that problem.

SENATOR ELLIOTT said the state legislature only meets every two years. Congress meets regularly and so they can change their laws when needed. Senator Elliott said he has a great deal of faith with IRS in this area and this would minimize the number of bills that the legislature has to deal with every year on this subject.

SENATOR ELLIOTT asked for a favorable vote on SB 414.

The hearing on SB 414 was closed.

SENATE BILL 384

SENATOR JEAN TURNAGE, District 13, sponsor of the bill, said there were errors in the vehicle reimbursement fee system that resulted in statewide increases of property tax. Senate Bill 384 is an act to provide that those local government entities which failed to correctly anticipate motor vehicle fees and state payments in lieu of taxes in their 1982-83 budgets shall refund the resulting property tax overcharges or provide revised second-half tax notices in the current tax years; requiring a redistribution of taxes and fees. Fifty-two lawsuits are pending as a result of this situation. The purpose of the bill is to put an end to the lawsuits and costs thereof, and to correct something that is illegal and should be corrected. When taxes in excess of the law are taken from taxpayers, the situation should be taken care of.

SENATOR TURNAGE said SB 384 provides four methods of returning this money to the taxpayers:

1. A reduction of the 1982 first-half property taxes.
2. A direct refund.
3. A reduction of the 1982 second-half property taxes.
4. A combination of the above.

Proponents

DENNIS BURR, representing the Montana Taxpayers Association, said when motor vehicles were exempt from taxation and placed on the fee system, the fee system did not raise as much revenue as the tax system had in the past. The state would make up the difference between what taxes were raised and what fees were raised.

MR. BURR passed out copies of EXHIBIT 1, which indicates the magnitude of the problems we are dealing with.

MR. BURR said school districts did not include this money in their budgets, with the exception of Silver Bow County.

In some counties, the county counted the vehicle revenue in their budget but then lowered the mill levy. Other counties had, artificially, too high of mill levies. If a taxing jurisdiction has, artificially, too high of mill levies, they are getting more revenue than what they should be getting. This type of error represents a significant amount of money.

MR. BURR said SB 384 is in compliance with counties who have

already began refunding the money.

REPRESENTATIVE ROBERT THOFT, District 92, passed out copies of amendments to SB 384. (See EXHIBIT 2.) He said the amendments allow the local governments to become accountable for this money on their 1983 tax statements. These computations will show up on the 1983 tax bills. The county would also have to pay interest on that money.

FRITZ TOSSBERG, County Commissioner from Ravalli County, said his county is not computerized. This would cost \$40,000 to Ravalli County and would take two full time staff people two months to get the job done (of reimbursing the taxpayers). The county has not budgeted for a tax refund. The best interest of the public would be served by crediting that refund to their 1983 tax bills. The task of sending reimbursements is almost insurmountable. Correctly anticipating revenue is a difficult thing to do. He said they have made mistakes on anticipating other revenues that far exceed the mistake made with the vehicle fee reimbursement.

MIKE STEPHEN, representing the Montana Association of Counties, said the association supports the bill with the proposed amendments. He said they would like to add a fourth alternative to the amendments. If a taxpayer sold his property and did pay for the previous year's taxes, that individual could then get a cash refund. It costs about \$10 per taxpayer to make a refund. If cash refunds are given, it will cost more to the counties to write those checks and show the proper accounting. The taxpayer would have to cover those increased costs in the long run.

TOM BECK, County Commissioner from Powell County, said the counties were not trying to get funds that were not supposed to be - they were just ignorant. He asked that the counties have the discretion on how the refunds will be made. He urged the support of the committee.

MIKE SEHESTADT, deputy county attorney from Missoula County, said Missoula County supports SB 384. Missoula County has proceeded to arrange for refunds of overpayments. Missoula County would not object to the proposed amendments but asked that they be allowed to refund the overpayments the way they want to. That would avoid interest accrued, law suits, and is a matter of keeping the faith with the taxpayers. Senate Bill 384 is a good bill. It recognizes an error has been made and provides for ways of reimbursing taxpayers. By failing to pass SB 384, you are guaranteeing the big taxpayers will follow through with lawsuits to get their refunds. He asked for favorable consideration of SB 384.

MAYNARD OLSON, representing the Office of Public Instruction, said they are in complete support of SB 384, with the proposed amendments. This matter has to be resolved and this would be the best method

of accomplishing that task.

RUTH CLEVELAND, Ravalli County Treasurer, said if a county were to issue refunds on the basis of the name on the tax bill, that doesn't necessarily mean the taxpayer listed on the bill is the one who paid the taxes.

CHARLES GRAVELEY, representing county treasurers and county assessors, said he had originally intended to testify in opposition to the bill and would have offered amendments. However, the proposed amendments by Representative Thoft are the same type of amendments that he would have offered. Mr. Graveley asked the committee to consider the expense of the refunds. Where would that money come from? The money to process those refunds will eventually come out of the taxpayers pockets. That doesn't make sense. Mr. Graveley said if this bill is not amended, it is questionable whether the May 1st deadline can be met. If the amendments are accepted, the county treasurers and assessors support the bill.

VIRGINIA PLOUFFE, a county treasurer, said their main concern is the time factor. They have two years of levies that would have to be changed: 1) personal property, and 2) vehicle fees.

GLORIA PALADECHIEK, a county treasurer, said this process would involve a lot of overtime for county employees and that would cost the taxpayers more.

BOB BARBER, Fergus County Commissioner, said he agrees with previous testimony.

JIM DAVIS, Silver Bow County Treasurer, said they are in support of SB 384, as amended.

KAY WOLFF, representing McCone County, said the amendments offered by Representative Thoft give local governments time to correct the levies on next year's tax statements. It allows an adjustment in the most efficient, economical way.

MARION GOULET, Phillips County Treasurer, said they are in favor of SB 384, as amended.

MAY JENKINS, Yellowstone County Treasurer, submitted a prepared statement on SB 384. (See EXHIBIT 3.)

CREATH TOOLEY, the assessor from Yellowstone County, said it would take four people, working on adjustments and refunds, four months to complete the job of refunding tax payments.

Opponents to Amendments

DENNIS BURR, representing the Montana Taxpayers Association, said the county assessors and treasurer received a letter last October or November, making them aware of the fact that they should begin

the process of refunding the overpayments. Mr. Burr spoke in regard to the interest provision of the amendments. He said the counties will have to refund the interest, next year, when they adjust the tax payments. That will be very expensive. If this problem is not solved within the next year, it could cost \$3 million in interest by the time the 1983 taxes are adjusted. In no way will it cost that much if this is taken care of this year.

MR. BURR said no one has spoken for the amendments other than county officials. May 1st is the deadline but if a county is really trying to get that refund out and it takes until June or July, he said he doubts there would be too many taxpayers who are going to bring a lawsuit against the county for not getting the payment out until after May.

REPRESENTATIVE KEN NORDTVEDT, District 77, said he has serious reservations about the amendments. He said, as a result of this mistake, mill levies were set too high. The mill levy has to be corrected back to the lower level that they should be at. The taxpayer could pay for this error over and over if this correction is not made.

RUTHMARY TONN, representing Gallatin County, passed out copies of proposed amendments to SB 384. (See EXHIBIT 4.) She said the largest problem with the bill is the May 1st deadline. That requirement would cause a refund to taxpayers who have not paid their taxes yet.

FERN HART, representing Missoula County, asked that Missoula County not be restricted from the proceedings they have accomplished so far. Ms. Hart read prepared testimony to the committee. (See EXHIBIT 5.)

AL THELEN, representing Billings, Montana, said they support the amendments offered but could not support the bill as written. He said local governments should be given an opportunity to solve this problem.

Questions were heard from the committee at this time.

REPRESENTATIVE ZABROCKI asked if bonding agencies don't take care of counties when something like this happens. Senator Turnage said this is not a personal liability of the county treasurer.

REPRESENTATIVE UNDERDAL asked if the counties could be told not to spend the overpayments, and to set that money aside for refunds. Mr. Burr said, basically, that is what the amendments to the bill say.

REPRESENTATIVE JACOBSEN asked why eight counties accounted for the money correctly and the other counties did not. Mr. Burr said Gallatin County accounted for the money correctly and told other

jurisdictions in that district to anticipate the money, but the other jurisdictions did not do that. The motor vehicle fee law did not set up an agency to tell counties to anticipate that money.

SENATOR TURNAGE, in closing, said he doesn't subscribe to the argument that it costs taxpayers money to refund this money. The amendments really say "just leave us alone and we will take care of the taxes and mill levies". The big companies who have filed law suits are not going to go for that.

The hearing on SB 384 was closed.

SENATE BILL 227

SENATOR TOM TOWE, District 34, sponsor of the bill, said SB 227 is an act to allocate a portion of the metalliferous mines license tax to the earmarked revenue fund to the credit of the hard-rock mining impact account. He said the hard-rock mining tax measure set up the Hard-Rock Mining Board. The expenses of that Board are to come out of the metalliferous mines license tax. All of that money was earmarked in the general fund by the last special session. An appropriation was made to the Board. Senate Bill 227 makes the law consistent with what was passed in HB 718.

The metalliferous mines tax brings in about \$2 million per year. With ARCO going out of business in Butte, the figure will drop some but with the Golden Sunlight Mine and the mine in Troy, that figure will be pretty close to the same as what it was.

Proponents

NANCY LEIFER, representing the Department of Commerce, said they support SB 227.

BILL GOSNELL, representing the Office of Budget and Program Planning, said they support SB 227. The accounting of the appropriation should be squared away in accordance with the law passed last year.

There were no opponents testifying against SB 227.

SENATOR TOWE closed on his presentation of SB 227.

Questions were heard from the committee.

REPRESENTATIVE UNDERDAL asked if this only includes expenses of the Board. Senator Towe said yes, at this time.

REPRESENTATIVE SWITZER asked if this would go through the same appropriation process as anything else. Senator Towe said yes.

REPRESENTATIVE DEVLIN said the language in the bill states all money comes out of the general fund and is put into the earmarked

fund for hard-rock mining. Why couldn't we just take the money for Board expenses out before it is put into the general fund. Senator Towe said it is a matter of six of one and a half-dozen of another. This process is a little clearer.

REPRESENTATIVE ASAY asked in what areas this money for the Board is spent. Ms. Leifer said the Board is required to be an arbitrating board. The Board meets many times a year to put together new rules and guidelines and the budget for the Board allows for the Board to meet eight times per year.

CHAIRMAN YARDLEY said this committee passed HB 446 which earmarks money into several trust funds. How does that relate to this bill? Senator Towe said money provided for in HB 446 would also be put to the credit of the hard-rock mining account and this bill would provide for that to happen. Jim Oppedahl, legislative researcher, said 25% of the money provided for in HB 446 for this purpose is taken from the general fund and is allocated for impacts and expenses of the Board. Chairman Yardley asked if this bill (SB 227) is necessary. Senator Towe said if HB 446 passes, this bill would not be necessary. Both bills would not be necessary. You may want to put a codification instruction on this bill that if HB 446 passes, this bill would not be necessary.

The hearing was closed on SB 227.

SENATE BILL 243

SENATOR TOM TOWE, District 34, sponsor of the bill, said SB 243 is an act to provide for a 5-year statute of limitations for taxes on centrally assessed property, coal severance taxes, oil and gas severance, taxes, mining license taxes, resource indemnity trust taxes, electric energy producers' license taxes, telephone company license taxes, freight line company license taxes, coal retailer's license taxes, and cement taxes. Senator Towe said there is a general statute of limitations but not a specific statute of limitations for the tax section. The general statute of limitations says any obligation arising by statute has a two-year statute of limitations. That is an insufficient amount of time for the Department of Revenue to get out and perform audits on companies. This would be the same statute of limitations as on income tax but not on property tax. Five years will be the statute of limitations for almost everything but property taxes. If parties involved consent, in writing, to assessment after the five years, that would be fine.

The same five-year statute of limitations would apply to refunds. If no claim for refund is filed within five years, the company forfeits the refund.

This act would not apply in cases where someone fails to file a return or if the return is filed but is fraudulent. This act

also applies retroactively to periods after 1980. So, it picks up returns already filed.

Proponents

DAN BUCKS, representing the Department of Revenue, said this bill will facilitate proper compliance and administration of the tax laws. This bill will provide businesses with a definite statute of limitations. The bill will also give the taxpayer a consistent set of statutes of limitations and will set up a definite period as to how long the records for a company have to be kept open.

There were no opponents testifying against SB 243.

SENATOR TOWE closed his presentation on SB 243.

The hearing was closed on SB 243.

CHAIRMAN YARDLEY called the meeting into Executive Session at this time.

EXECUTIVE SESSION

Senate Bill 243

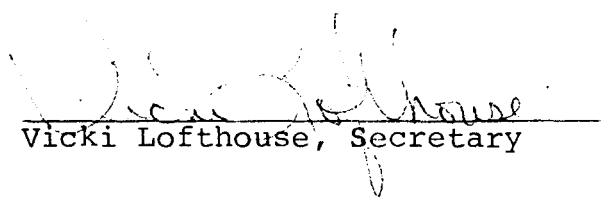
REPRESENTATIVE BERTELSEN moved SB 243 BE CONCURRED IN.

The motion was voted on and PASSED unanimously. Representatives Harp, Abrams, Keenan, Harrington, Underdal, Ream and Nordtvedt were excused during the time of the vote.

CHAIRMAN YARDLEY said he would carry SB 243 in the House.

The meeting was adjourned at 11:00 a.m.


DAN YARDLEY, Chairman


Vicki Lofthouse, Secretary

**Motor Vehicle Property Taxes
Fees and State Reimbursements**

Mill Levy Value		\$ AMOUNT RECEIVED IN PROPERTY TAXES	\$ AMOUNT UNDER FEE SYSTEM	\$ AMOUNT PAID BY STATE
27.28	BEAVERHEAD	\$ 418,578	326,401	92,177
1.94	BIG HORN	240,598	282,308	0
6.35	BLAINE	213,354	232,730	0
25.07	BROADWATER	178,836	141,685	37,151
15.95	CARBON	434,375	297,048	137,327
17.61	CARTER	114,788	89,345	25,443
42.36	CASCADE	3,790,466	2,226,180	1,564,286
3.80	CHOUTEAU	346,946	312,425	34,521
39.20	CUSTER	718,162	418,455	299,707
21.01	DANIELS	168,794	141,095	27,699
28.10	DAWSON	844,359	536,305	308,054
53.02	DEER LODGE	700,261	334,875	365,386
1.47	FALLON	174,042	199,815	0
33.17	FERGUS	737,065	469,015	268,050
36.30	FLATHEAD	2,907,517	1,814,875	1,092,642
39.14	GALLATIN	2,228,593	1,196,342	1,032,251
14.21	GARFIELD	92,654	71,205	21,449
8.43	GLACIER	379,162	298,875	80,347
12.76	GOLDEN VALLEY	33,276	29,660	3,616
30.26	GRANITE	160,600	121,305	39,295
19.31	HILL	863,937	642,315	221,622
37.79	JEFFERSON	411,078	244,705	166,373
15.32	JUDITH BASIN	149,692	130,770	18,922
28.82	LAKE	757,233	584,345	172,888
51.37	LEWIS & CLARK	2,811,106	1,827,219	983,887
5.66	LIBERTY	121,852	121,117	735
23.06	LINCOLN	751,627	577,385	174,242
22.00	MADISON	312,554	251,723	60,831
7.64	MCCONE	88,033	77,585	10,448
23.76	MEAGHER	136,226	90,990	45,236
43.17	MINERAL	200,429	100,860	99,569
37.03	MISSOULA	4,605,483	2,385,515	2,219,968
7.06	MUSSELSHELL	206,747	172,420	34,327
40.17	PARK	716,049	489,106	226,943
11.16	PETROLEUM	32,151	34,503	0
6.98	PHILLIPS	229,783	219,620	10,163
15.27	PONDERA	361,942	280,980	80,962
1.90	POWDER RIVER	138,657	148,870	0
27.90	POWELL	320,171	207,085	113,086
16.17	PRAIRIE	100,689	79,620	21,069
44.31	RAVALLI	965,961	765,310	200,651
3.61	RICHLAND	521,830	577,680	0
6.42	ROOSEVELT	433,249	373,713	59,536
2.15	ROSEBUD	351,547	425,335	0
21.38	SANDERS	413,810	280,995	132,815
32.22	SHERIDAN	297,689	303,355	0
48.30	SILVER BOW	2,297,579	1,100,215	1,197,364
22.08	STILLWATER	308,408	245,330	63,078
25.88	SWEETGRASS	189,181	132,885	56,296
20.55	TETON	367,561	250,795	116,766
6.94	TOOLE	313,910	263,906	50,004
13.46	TREASURE	59,230	51,279	7,951
20.73	VALLEY	607,078	340,016	267,062
22.15	WHEATLAND	126,079	80,580	45,499
3.21	WIBAUX	92,893	85,110	7,783
33.01	YELLOWSTONE	6,472,261	3,726,425	2,745,836
19.06	TOTAL AMOUNT	\$ 42,016,131	27,209,606	15,041,313
State Average				

Proposed amendment to Senate Bill 384, third reading copy

Rep. Thoft

1. Title, line 10.

Following: "REFUND"

Insert: "OR CREDIT WITH INTEREST"

2. Title, line 11.

Following: "OVERCHARGES"

Strike: "OR"

Insert: "AND"

Following: "REVISED"

Strike: "SECOND-HALF"

3. Title, line 12.

Following: "NOTICES"

Strike: "IN THE CURRENT TAX YEAR"

Insert: "IN ACCORDANCE WITH THE OPTION CHOSEN"

4. Page 3, line 4.

Strike: "OR SOME COMBINATION OF THESE METHODS."

Insert: ", or establishment of a credit against 1983 property taxes. The allowable credit against 1983 taxes must be clearly identified within the local government entity's fiscal 1983-84 budget and the amount credited to each taxpayer must be indicated on the tax notice. A credit program must include the amount of excess tax plus interest computed at the average rate of interest earned by the county on long- and short-term investments from January through July 1983. A taxpayer who paid taxes for 1982 in full and who owes no tax for 1983 must be offered a cash refund in lieu of a credit against taxes."

County of Yellowstone

TREASURER



P. O. BOX 1235
BILLINGS, MONTANA
59103

March 11, 1983

Mr. Chairman, Members of the Taxation Committee:

I am May Jenkins, Treasurer of Yellowstone County.
I am here to testify in support of the amendment to SB 383.

As my legislators will testify and my constituents,
I am considered a good conscientious Treasurer and do my
work with the taxpayers in mind - always mindful that it
is their money that I am collecting and spending.

So to allow SB 384 to be passed without the amendment
would be grossly unfair to the Yellowstone County residents
for the following reason: The City of Billings, School
District 2, the County and several other School Districts
did take the flat fee reimbursement into consideration,
which makes up the greatest share of the reimbursement.

We are speaking of a very small amount that did not
get considered, and to subject the Assessor and Treasurer
to redoing all the buses, Motor Vehicle trucks and Mobile
Homes that have already been paid for the year would be a
horendous costly operation and impossible task at this
time.

I did a cost analysis of what a claim costs Yellowstone
County in time and money, it runs approximately \$12.50 a
claim. Now do you feel I should be making up refunds that
cost the taxpayer \$12.50 apiece and then gets \$2.00 back?

I don't think the taxpayer would hold still for a
cost of approximately \$500,000.00 to get this accomplished,
besides neglecting our other work.

As a further example, the legislature is still sitting
on this bill and I am unable to send out Personal Property
tax statements, 5,000 Mobile Homes and 4500 Businesses.

These should have been out by now and the taxes collected on many of them, but we can't mail them out because we don't know what you will pass.

Now, to avoid further adjustments or refunds, we are awaiting your decision.

This puts our Personal Property taxes very late and they run into Real Estate collections, causing a very heavy workload and we are not able to process the Real Estate tax statements readily, which are really the bulk of money.

Genlemen please give this amendment your sincerest consideration and allow us to adjust the taxes on 1983 bills.

AMENDMENTS TO SB 384

Page 2, line 9
Strike: "in each fund"

Page 3, line 5
Following, "made", strike "by May 1, 1983"
and insert: "within thirty (30) days of payment
of second-half taxes, and by May 1, 1983 for paid
first-half taxes or total year taxes paid"

At our Treasurer's convention in September, we were reminded by the Department of Administration to double check the taxing districts to confirm that each one had correctly anticipated the motor vehicle fees and reimbursement in their '82-'83 budgets.

Back in office, I called the Commissioner's Administrative Officer and together we called to check with the various districts. All our districts had anticipated the motor vehicle revenue except the school districts.

I called our County Superintendent of Schools office and learned that the office of Public Instruction had determined that schools should not anticipate such fees. I called the Office of Public Instruction and was told that the school levies would remain as originally computed.

After consulting with the Commissioner's staff and a Deputy County Attorney, our 1982 real estate taxes were mailed.

Our county received a letter from the Revenue Oversight Committee dated November 18, 1982, suggesting that we again check with the taxing districts to confirm that motor vehicle revenues were handled correctly. There began to be coverage in the media which raised many questions in our taxpayers minds. Our office received numerous calls from county taxpayers asking the procedure for protesting the particular amount of the overage.


I utilized the media to respond as to the right of protest and the procedure. We set up a table in the tax office with appropriate materials so that the persons paying without protest would not be delayed in line. As of December 1982, we had \$372,324.27 specifically protested in school taxes. As you know, protested taxes are receipted, but held in a protest fund. If the protester goes to court for a judgment, the money may or may not be refunded.

After several conferences with the Commissioners, the Superintendent of Schools and some individual School District Superintendents, the Commissioners drafted a resolution to correct our levies. They allowed a period of about ten days for school districts to reply. We received a legal opinion from the County Attorney that the Commissioners could authorize a levy to be corrected. The Treasurer's office presented two possible procedures with accompanying cost estimates. The Commissioners chose one and new tax bills were ordered.

In the meantime, our office transmitted the estimated motor vehicle revenue by district and by fund to the County Superintendent of Schools who revised the school levies and sent them to each school district. With a new distribution system developed, which reflected the new levies, we ran our 31,000 new tax bills. Our plan is to refund those taxpayers who paid both first and second halves and to credit the overage to the second half of those who paid only the first half.

After the tax bills were printed, we were stopped by a court injunction which will be heard today at 1:30 in Missoula.

Our county, city and schools have had the support of our taxpayers through some very difficult times. We are ready to complete our work in order to maintain that trust. I urge your support of SB 384.



Fern Hart
Clerk & Recorder/Treasurer
Missoula County

FUEL TAX COMPARISONS
2/83

Is the credit
Rem? *taxation*
2/9

STATE	STATE FUEL TAX	SALES TAX ON FUEL	ESTIMATED REVENUE	PROPOSED LEGISLATION
IDAHO <i>CONFIDENTIAL</i>	3½¢ per gallon - both general aviation & airlines	No	\$492,500 No rebate	Increase by 1½¢ to a total of 5¢ per gallon for everyone. Estimated revenue: \$800,000 per year. Registration fee for general aviation and airlines based on aircraft gross weight and age: 1 - 2 yrs. old 5¢ per lb. 3 - 4 yrs. old 4¢ per lb. 5 - 6 yrs. old 3¢ per lb. 7 - 8 yrs. old 2¢ per lb. over 8 yrs. 1¢ per lb. Estimated revenue: \$200,000
WYOMING <i>CONFIDENTIAL</i>	4¢ per gallon - both general aviation & airlines	No	\$280,000 No rebate	None
NORTH DAKOTA <i>CONFIDENTIAL</i>	8¢ per gallon - both general aviation & airlines	No	\$550,000 Estimated unclaimed rebates: \$150,000 Total estimated revenue: \$700,000 Rebate up to 8¢ per gallon to all users less 4% of the cost per gallon	None
UTAH <i>CONFIDENTIAL</i>	4¢ per gallon - both general aviation & airlines	No	\$3.6 million No rebates	None

STATE	STATE FUEL TAX	SALES TAX ON FUEL	ESTIMATED REVENUE	PROPOSED LEGISLATION
WASHINGTON 3¢ per gallon 3/1/83	3% of the average retail price on fuel (reviewed annually) or 5¢ per gallon whichever is greater	6% on all aviation fuel	\$1.3 million 1¢ per gallon	None
OREGON 3¢ per gallon - general aviation only 1/2¢ per gallon - fuel for airlines 3/1/83	3¢ per gallon - general aviation only 1/2¢ per gallon - fuel for airlines	No	\$1,168,000 Rebate 1/2¢ per gal. to anyone departing to foreign countries	Increase of 1/2¢ per gallon to airlines Increase of 2 1/2¢ per gallon of jet fuel to general aviation Increase of 3¢ per gallon on aviation gas to general aviation Estimated revenue increase: \$1,157,000 Estimated total revenue: \$2,350,000
MINNESOTA 13 1 1/4¢ per gallon - both general aviation & airlines	1 1/4¢ per gallon - both general aviation & airlines	No	\$3,600,000 Rebate 6¢ per gal. up to 50,000 gal.; 9¢ per gal. 50,000 to 150,000; 10¢ per gal. 150,000 to 200,000; 10 1/2¢ per gal. 200,000 and over.	None
SOUTH DAKOTA 4¢ per gallon 6/1/83	4¢ per gallon - jet fuel for both general aviation and airlines 6¢ per gallon - av gas for both general aviation and airlines	No	\$380,000 No rebates	None
COLORADO 3¢ per gallon 6/1/83	No	3% - all aviation fuel - jet & av gas No exemptions	No rebates	None

1 SENATE BILL NO. 384

2 INTRODUCED BY TURNAGE, GOODOVER, CRIPPEN, SEVERSON,

3 ELLIOTT, GAGE, ECK, LYNCH, HAGER, B. BROWN, NORMAN,

4 MAZUREK, HALLIGAN, TOWE, MCCALLUM

5 BY REQUEST OF THE SENATE TAXATION COMMITTEE

6
7 A BILL FOR AN ACT ENTITLED: "AN ACT TO PROVIDE THAT THOSE
8 LOCAL GOVERNMENT ENTITIES WHICH FAILED TO CORRECTLY
9 ANTICIPATE MOTOR VEHICLE FEES AND STATE PAYMENTS IN LIEU OF
10 TAXES IN THEIR 1982-83 BUDGETS SHALL REFUND OR CREDIT WITH
11 INTEREST THE RESULTING PROPERTY TAX OVERCHARGES OR AND
12 PROVIDE REVISED SEEBOND-HALF TAX NOTICES IN-THE-CURRENT-TAX
13 YEAR IN ACCORDANCE WITH THE OPTION CHOSEN; REQUIRING A
14 REDISTRIBUTION OF TAXES AND FEES; AND PROVIDING AN IMMEDIATE
15 EFFECTIVE DATE."

16
17 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

18 Section 1. Refund of overpayment of 1982 property
19 taxes. (1) Counties, municipalities, and school districts
20 that failed to correctly anticipate the receipt of nontax
21 revenues in the form of motor vehicle fees and state
22 payments in lieu of taxes, as distributed under 61-3-509,
23 for the 1982-83 budget year shall recalculate property tax
24 mill levies to reflect anticipation of such revenues for a
25 12-month period. The recalculated property tax levies

1 resulting from such revisions must be used to determine the
 2 property tax overcharges that resulted from the failure to
 3 correctly anticipate the receipt of nontax revenues. The
 4 appropriate nontax revenue for the 1982-83 budget year
 5 includes 12 months of motor vehicle fee collections and one
 6 state payment in lieu of property taxes.

7 (2) The county treasurer shall estimate and inform
 8 each taxing jurisdiction of the amount of motor vehicle fees
 9 and state payments in lieu of taxes that should have been
 10 anticipated in each fund for each taxing jurisdiction. The
 11 ~~county--treasurer--shall--provide--this--information--to--all~~
 12 ~~jurisdictions--prior--to--March---1y---1983.~~ Each taxing
 13 jurisdiction shall recalculate levies by crediting the
 14 anticipated revenues directly to the revenue section of the
 15 budget and not to the cash reserves and provide the revised
 16 property tax levies to the county treasurer ~~prior--to--March~~
 17 ~~15y--1983.~~ ~~The--county--treasurer--shall--establish--refund~~
 18 ~~procedures--for--those--taxpayers--who--have--paid--property--taxes~~
 19 ~~in--full--for--the--1982--tax--year--based--on--the--revised--property~~
 20 ~~tax--levies.~~ ~~The--county--assessor--shall--revise--the--second--half~~
 21 ~~property--tax--bills--for--taxpayers--who--have--not--paid--in--fully~~
 22 ~~and--the--county--treasurer--shall--cause--these--notices--to--be~~
 23 ~~mailed--to--each--affected--taxpayer--by--May--1y--1983.~~ THE
 24 GOVERNING BODY OF A COUNTY SHALL ESTABLISH A REFUND
 25 PROCEDURE FOR THE TAX OVERCHARGE THAT RESULTED FROM THE

1 FAILURE TO CORRECTLY ANTICIPATE THE REVENUES AS STATED IN
2 SUBSECTION (1). THE REFUND PROCEDURE MAY PROVIDE FOR A
3 REDUCTION OF THE 1982 FIRST-HALF PROPERTY TAXES REMAINING
4 UNPAID, A DIRECT REFUND, A REDUCTION OF SECOND-HALF PROPERTY
5 TAXES, OR SOME COMBINATION OF THESE METHODS OR ESTABLISHMENT
6 OF A CREDIT AGAINST 1983 PROPERTY TAXES, BUT MUST BE COMMON
7 FOR ALL TAXING JURISDICTIONS IN THE COUNTY. IN NO CASE SHALL
8 REFUNDS BE MADE TO DELINQUENT TAXPAYERS. DIRECT REFUNDS MUST
9 BE MADE BY MAY--1 JUNE 30, 1983. NOTICES OF REVISED
10 SECOND-HALF PROPERTY TAXES MUST BE MAILED BY MAY 1, 1983.
11 THE GOVERNING BODY OF A COUNTY IS GRANTED THE AUTHORITY TO
12 ESTABLISH THE REFUND PROCEDURE FOR ALL TAXING JURISDICTIONS
13 WITHIN THE COUNTY. A TAXING JURISDICTION WHOSE FUNDS ARE NOT
14 HELD BY THE COUNTY SHALL DEPOSIT WITH THE COUNTY SUFFICIENT
15 FUNDS TO MAKE ANY NECESSARY DIRECT REFUNDS FOR THE TAX
16 OVERCHARGE BY THAT TAXING JURISDICTION. OR THE COUNTY SHALL
17 WITHHOLD SUCH AMOUNT FROM ALLOCATIONS OF FUTURE TAX
18 COLLECTIONS. THE ALLOWABLE CREDIT AGAINST 1983 TAXES MUST BE
19 CLEARLY IDENTIFIED WITHIN THE LOCAL GOVERNMENT ENTITY'S
20 FISCAL 1983-84 BUDGET AND THE AMOUNT CREDITED TO EACH
21 TAXPAYER MUST BE INDICATED ON THE TAX NOTICE. A CREDIT
22 PROGRAM MUST INCLUDE THE AMOUNT OF EXCESS TAX PLUS INTEREST
23 COMPUTED AT THE AVERAGE RATE OF INTEREST EARNED BY THE
24 COUNTY ON LONG- AND SHORT-TERM INVESTMENTS FROM JANUARY
25 THROUGH JULY 1983. A TAXPAYER WHO PAID TAXES FOR 1982 IN

1 FULL AND WHO OWES NO TAX FOR 1983 MUST BE DEFERRED A CASH
2 REFUND IN LIEU OF A CREDIT AGAINST TAXES.

3 (3) A copy of the calculation of anticipated vehicle
4 fees and state payments in lieu of taxes and a copy of the
5 revised mill levies on which refunds or reduced second-half
6 payments are calculated must be mailed to the legislative
7 auditor, the office of public instruction, and the
8 department of administration.

9 (4) IN ADDITION TO THE DETERMINATION OF TAX
10 OVERCHARGES, THE COUNTY TREASURER SHALL, BASED UPON THE
11 RECALCULATED PROPERTY TAX LEVIES, RECALCULATE THE
12 DISPOSITION OF TAXES AND FEES PURSUANT TO 61-3-509 AND STATE
13 AID RECEIVED UNDER 61-3-536 COLLECTED AS OF JANUARY 1, 1983,
14 AND INCREASE OR DECREASE THE AMOUNT OF MOTOR VEHICLE FEES IN
15 LIEU OF TAX AND STATE AID AND PERSONAL PROPERTY TAX
16 DISTRIBUTED TO THE SEVERAL TAXING JURISDICTIONS IN THE
17 COUNTY. ALL REFERENCES OR COMPARISONS TO 1982 MILL LEVIES
18 BY ANY TAXING JURISDICTION MUST BE TO THE RECALCULATED MILL
19 LEVIES.

20 Section 2. Effective date. This act is effective on
21 passage and approval.

-End-

WITNESS STATEMENT

Name RUTHMARY TODD Committee On TAXATION
Address P.O. Box 1961, BIRMINGHAM Date 3/11/83
Representing CALLAHAN COUNTY Support _____
Bill No. 384 Oppose _____
Amend ✓

AFTER TESTIFYING, PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

1. AMEND AS PER ATTACHED. MAIN CONCERN IS
BILL AS WRITTEN REQUIRES REFUNDS TO
2. BE MADE BY MAY 1. THIS WOULD REFUND
UNPAID TAXES.
- 3.
- 4.

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

WITNESS STATEMENT

Name Marion Gault Committee On _____
Address Drum A, Malta, Mont Date 3/11/83
Representing Co Treasurer Support with amendment
Bill No. 284- 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 Clark Tolley Committee On Taxation
Address Bellingham Date 3/11/83
Representing Assessor Assoc. Support ✓
Bill No. SB-384 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 Lorraine Hamilton Committee On Taxation
Address Garden, mt 59034 Date 3-11-83
Representing Deer River County Support with amendment
Bill No. SB 384 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 Kay H. Zeff Committee On _____
 Address _____ Date 3-11-83
 Representing The Cass County Head of Schools Support _____
 Bill No. SB 384 Oppose _____
 Amend _____

AFTER TESTIFYING, PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

1.

That Amendment gives local government time to correct the error

2.

on next years tax statements. It

3.

allows a adjustment in the most efficient, economical way.

4.

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

VISITORS' REGISTER

HOUSE TAXATION COMMITTEE

BILL SB 227

Date March 11, 1983

SPONSOR Senator Towe

[illegible]

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

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

VISITORS' REGISTER

HOUSE TAXATION COMMITTEE

BILL SB 243

Date March 11, 1983

SPONSOR Senator Towe

[illegible]

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

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

VISITORS' REGISTER

HOUSE

Taxation

COMMITTEE

BILL

SB 384

Date March 11, 1983

SPONSOR

Senator Turnage

NAME	RESIDENCE	REPRESENTING	SUP- PORT	OP- POSE
Michael W Schostett	Missoula, MT	Missoula County	X	
Theresa M. Olsen	Helena	OPI	X	
Fritz Tossberg	HAMILTON	RAVALLI County	X with Adm. b. mem.	
Dennis Burr	Montana CLANCY	MONTANA	X	
RUTHMARY TOWN	BOZEMAN	GALLATIN COUNTY	X	
George Tagley	Billings	ANCON ASSOC.		X
Al Telen	"	city		X
Luth Cleveland	Hamilton	Ravalli Co. (Trans)	X with Adm. b. mem.	
Bill Verpeit	Helena	City of Helena		X
Terrence	Spokane	Spokane	X	
Shast	Stevensville	amendment well agreed		
Steve Anderson	Montana Helena	Mont Tax	X	
Jim Halverson	WOLF POINT	Roosevelt County	X as amended	
Howard Schwartz	Missoula	Missoula County	X	
Tom Beck	Deer Lodge	Powell Co & McC.		
Marian Boudet	Malta	Phillips Co Trans	X with Adm. b. mem.	
Robert T. Barber	Bozeman	Bozeman		
Sandra Amelto	Bozeman	Big Horn Co	X with Adm. b. mem.	
Tom Hunt	Missoula	Missoula County Trans	✓	
Maureen	Spokane	Co. Fredson	X with Adm. b. mem.	

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

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

taxation

COMMITTEE

DATE _____

SPONSOR _____

Key West	McCane Co	Co. Treas.	with amend
Virginia Bluffe	Rosewell	County Treasurer	with amend
Carls Badley	Colonna & Thomas	Helen	✓ up amended
Gloria Paladino	Richland Co	Co. Treasurers	✓ up amended

WHEN TESTIFYING PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

VISITORS' REGISTER

HOUSE TAXATION COMMITTEE

BILL SB 414

Date March 11, 1983

SPONSOR Senator Elliott

[illegible]

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

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

STANDING COMMITTEE REPORT

March 16, 19 83

MR. **SPEAKER:**

We, your committee on **TAXATION**

having had under consideration **SENATE** Bill No. **227**

Third reading copy (Blue)
color

A BILL FOR AN ACT ENTITLED: "AN ACT TO ALLOCATE A PORTION OF THE METALLIFEROUS MINES LICENSE TAX TO THE EARMARKED REVENUE FUND TO THE CREDIT OF THE HARD-ROCK MINING IMPACT ACCOUNT; AMENDING SECTIONS 15-1-301 AND 90-6-304, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE AND AN APPLICABILITY DATE."

Respectfully report as follows: That **SENATE** Bill No. **227**
be amended as follows:

1. Page 3, lines 12 and 13.
Following: "for" on line 12
Strike: line 12 through "including" on line 13

2. Page 3, line 21.
Following: line 20
Insert: "NEW SECTION Section 5. Coordination instruction. If House Bill 446, including the amendments to sections 90-6-303 and 90-6-304 relating to the administrative and operating expenses of the hard rock mining impact board, is passed and approved, this act is void."
Renumbers: subsequent sections

~~XXXXXX~~ **AND AS AMENDED**
BE CONCURRED IN

STANDING COMMITTEE REPORT

.....March 11,..... 1983.....

MR.**SPEAKER:**.....

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

having had under consideration**SENATE**..... Bill No. **243**.....

Third reading copy (Blue)
color

A BILL FOR AN ACT ENTITLED: "AN ACT TO PROVIDE FOR A 5-YEAR STATUTE OF LIMITATIONS FOR TAXES ON CENTRALLY ASSESSED PROPERTY, COAL SEVERANCE TAXES, OIL AND GAS SEVERANCE TAXES, MINING LICENSE TAXES, RESOURCE INDEMNITY TRUST TAXES, ELECTRIC ENERGY PRODUCERS' LICENSE TAXES, TELEPHONE COMPANY LICENSE TAXES, FREIGHT LINE COMPANY LICENSE TAXES, COAL RETAILER'S LICENSE TAXES, AND CEMENT TAXES; PROVIDING AN IMMEDIATE EFFECTIVE DATE AND APPLICABILITY DATES."

Respectfully report as follows: That.....**SENATE**..... Bill No. **243**.....

DO PASS
XXXXXX

BE CONCURRED IN

STANDING COMMITTEE REPORT

Page 1 of 2

March 17, 1983

MR. **SPEAKER:**

We, your committee on **TAXATION**

having had under consideration **SENATE** Bill No. **384**

Third reading copy (**Blue**)
color

A BILL FOR AN ACT ENTITLED: "AN ACT TO PROVIDE THAT THOSE LOCAL GOVERNMENT ENTITIES WHICH FAILED TO CORRECTLY ANTICIPATE MOTOR VEHICLE FEES AND STATE PAYMENTS IN LIEU OF TAXES IN THEIR 1982-83 BUDGETS SHALL REFUND THE RESULTING PROPERTY TAX OVERCHARGES OR PROVIDE REVISED SECOND-HALF TAX NOTICES IN THE CURRENT TAX YEAR; REQUIRING A REDISTRIBUTION OF TAXES AND FEES; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

Respectfully report as follows: That **SENATE** Bill No. **384**
be amended as follows:

1. Title, line 10.
Following: "REFUND"
Insert: "OR CREDIT WITH INTEREST"
2. Title, line 11.
Following: "OVERCHARGES"
Strike: "OR"
Insert: "AND"
Following: "REVISED"
Strike: "SECOND-HALF"
3. Title, line 12.
Following: "IN"
Strike: "THE CURRENT TAX YEAR"
Insert: "ACCORDANCE WITH THE OPTION CHOSEN"

XXXXXX
DO PASS

4. Page 3, line 4.

Following: "TAXES"

Insert: ", "

Following: "METHODS"

Insert: "or establishment of a credit against 1983 property taxes,
but must be common for all taxing jurisdictions in the county.
In no case shall refunds be made to delinquent taxpayers"

5. Page 3, line 5.

Strike: "MAY 1"

Insert: "June 30"

6. Page 3, line 13.

Following: "COLLECTIONS."

Insert: "The allowable credit against 1983 taxes must be clearly
identified within the local government entity's fiscal 1983-84
budget, and the amount credited to each taxpayer must be indicated
on the tax notice. A credit program must include the amount of
excess tax plus interest computed at the average rate of interest
earned by the county on long- and short-term investments from
January through July 1983. A taxpayer who paid taxes for 1982 in
full and who owes no tax for 1983 must be offered a cash refund
in lieu of a credit against taxes."

7. Page 3, line 23.

Following: "61-3-509"

Insert: "and state aid received under 61-3-536"

8. Page 3, line 25.

Following: "TAX"

Insert: "and state aid"

9. Page 4, line 2.

Following: "COUNTY."

Insert: "All references or comparisons to 1982 mill levies by
any taxing jurisdiction must be to the recalculated mill levies."

AND AS AMENDED
BE CONCURRED IN

STANDING COMMITTEE REPORT

Page 1 of 2

April 12, 1983

MR. SPEAKER:

We, your committee on TAXATION

having had under consideration SENATE Bill No. 414

Third reading copy (Blue)
color

A BILL FOR AN ACT ENTITLED: "AN ACT TO COUPLE MONTANA'S DEFINITION OF "SMALL BUSINESS CORPORATION" TO THE FEDERAL DEFINITION FOR PURPOSES OF THE CORPORATE LICENSE TAX; AMENDING SECTIONS 15-31-201 AND 15-31-202, MCA; REPEALING SECTIONS 15-31-205 THROUGH 15-31-207, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE AND AN APPLICABILITY DATE."

Respectfully report as follows: That SENATE Bill No. 414
be amended as follows:

1. Page 2, line 1.

Following: "DEPARTMENT"

Insert: "on or before the 15th day of the third month of the taxable year for which the election is to become effective"

2. Page 2, line 6.

Following: "year"

Insert: "and has filed a copy of such election with the department on or before the 15th day of the third month of the taxable year for which the election is to become effective"

XXXXXX
SSP/ASB

April 12, 19 83

3. Page 6, line 5.

Following: line 4

Insert: "NEW SECTION. Section 3. Failure to file - disqualification. If a corporation does not file a copy of the federal Subchapter S election on or before the 15th day of the third month of the taxable year, the corporation shall not qualify as a small business corporation under this part for the taxable year.

NEW SECTION. Section 4. Termination and revocation. If the election under the provisions of Subchapter S is either terminated or revoked for federal purposes, the corporation must notify the department within 30 days of such termination or revocation. The department may terminate an election at any time if it discovers the corporation does not qualify as a small business corporation as provided for under the provisions of Subchapter S of the Internal Revenue Code of 1954."

Renumber: subsequent sections

AND AS AMENDED
BE CONCURRED IN

STANDING COMMITTEE REPORT

Page 1 of 2

April 12, 1983

MR. **SPEAKER:**

We, your committee on **TAXATION**

having had under consideration **SENATE** Bill No. **414**

Third reading copy (**Blue**)
color

A BILL FOR AN ACT ENTITLED: "AN ACT TO COUPLE MONTANA'S DEFINITION OF "SMALL BUSINESS CORPORATION" TO THE FEDERAL DEFINITION FOR PURPOSES OF THE CORPORATE LICENSE TAX; AMENDING SECTIONS 15-31-201 AND 15-31-202, MCA; REPEALING SECTIONS 15-31-205 THROUGH 15-31-207, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE AND AN APPLICABILITY DATE."

Respectfully report as follows: That **SENATE** Bill No. **414**

be amended as follows:

1. Page 2, line 1.

Following: "**DEPARTMENT**"

Insert: "on or before the 15th day of the third month of the taxable year for which the election is to become effective"

2. Page 2, line 6.

Following: "year"

Insert: "and has filed a copy of such election with the department on or before the 15th day of the third month of the taxable year for which the election is to become effective"

XXXXXX
55-155

April 12, 19 83

3. Page 6, line 5.

Following: line 4

Insert: "NEW SECTION. Section 3. Failure to file - disqualification. If a corporation does not file a copy of the federal Subchapter S election on or before the 15th day of the third month of the taxable year, the corporation shall not qualify as a small business corporation under this part for the taxable year.

NEW SECTION. Section 4. Termination and revocation. If the election under the provisions of Subchapter S is either terminated or revoked for federal purposes, the corporation must notify the department within 30 days of such termination or revocation. The department may terminate an election at any time if it discovers the corporation does not qualify as a small business corporation as provided for under the provisions of Subchapter S of the Internal Revenue Code of 1954."

Renumber: subsequent sections

AND AS AMENDED
BE CONCURRED IN