

MINUTES OF THE MEETING OF THE HOUSE TAXATION COMMITTEE
March 16, 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 204 and HJR 33 during this meeting.

SENATE BILL 204

SENATOR TOM KEATING, District 32, sponsor of the bill, said SB 204 is an act to exempt the right of entry from property taxation. Senator Keating said last fall at a landowner and mineral owner association meeting, they passed a resolution to repeal the right of entry tax and asked that Senator Keating sponsor a bill to that effect. He said the right of entry tax is a hardship on assessors because it is difficult to keep track of severed minerals. The law requires the Department of Revenue to assess a market value. There is no market value of the right of entry. There is a market value on severed minerals or minerals in place. That market value is established by supply and demand. Right of entry doesn't give anyone the right to grant leasing. Ownership is in the mine interest and not in the right of entry. It would cost millions of dollars to tell what should be taxed.

Proponents

CHARLES GRAVELEY, representing the County Assessors Association, echoed Senator Keating's testimony. Taxation of right of entry is generally done at the request of an individual who maintains right of entry and is seeking assessment and taxation, believing it gives that individual the right to the minerals. If you do not have minerals but maintain right of entry, there is no market value.

CARL RIECKMENN, representing the Montana Petroleum Association, said the association would like to go on record in support of SB 204.

There were no opponents testifying on SB 204.

SENATOR KEATING closed his presentation on SB 204.

Questions were heard from the committee at this time.

REPRESENTATIVE DOZIER said in 1979 when the legislature tried to repeal this, all the mineral owners came in and opposed that measure. Senator Keating said he was not here in 1979 so he could not speak to what happened then.

REPRESENTATIVE WILLIAMS said at that same time Musselshell County came in in opposition to the repealer measure. They were collecting taxes then. Are they still doing that? Senator Keating said they are but the assessment is made on the right of entry. They are assessing the right of entry tax on some of the severed minerals in the county. They do not have a handle on all of them. They sort through on particular leases to determine who has severed minerals and they do not know the net mineral acre. They make the assessment on the right of entry but most people ignore it. The practice in Musselshell County is inconsistent because they are not taxing everyone the same. For them to determine exactly who has severed minerals and to what extent would cost them hundreds of thousands of dollars to abstract everything.

REPRESENTATIVE BERTELSEN asked what the word "mesne" means. Senator Keating said it means "many".

SENATOR KEATING said there is no fiscal note because this bill would not affect the Department of Revenue. The only county affected, basically, is Musselshell County.

The hearing was closed on SB 204.

HOUSE JOINT RESOLUTION 33

REPRESENTATIVE JACK RAMIREZ, District 64, said HJR 33 is a new approach to estimation of revenue and making an attempt to balance the budget. Usually the final revenue figure is not agreed upon until the last few days of the session. There was very little legislative participation in that process and very little public participation. This resolution will make it possible for the public and legislators to be involved.

The resolution contains three basic points:

1. There is a complete list of special revenues. This may contain the most comprehensive list of special state revenues that has been documented.
2. The general fund revenue is broken down into categories. It includes assumptions used by the Legislative Fiscal Analyst (LFA) to arrive at their estimates.
3. The resolution contains an anticipated beginning balance. The special fund revenue estimate is \$597,400,000. The general fund revenue estimate is \$693,200,000. The beginning balance is \$56,300,000. The starting estimate is \$1,346,900,000 for state revenue alone.

The sponsors of the resolution considered the figures given as starting points only. These figures were furnished by the Legislative Fiscal Analyst (LFA). The Office of Budget and Program Planning (OBPP) also has some figures. Both offices are fairly close in the estimates. The purpose of the resolution is not to pit the LFA against the OBPP. The purpose is for them to come in with an estimate assumption and let this committee determine if the assumption is correct.

The resolution, in its present form, is a starting point based upon the law as it exists today. As the law is changed, there have to be adjustments in the figures. There should be an amendment to the resolution whereby if we change anything, that would affect the revenue, we would adopt the amendment to change the resolution.

REPRESENTATIVE RAMIREZ passed out copies of amendments to HJR 33. (See EXHIBIT 1.)

REPRESENTATIVE RAMIREZ passed out copies of a breakdown of the earmarked revenue account for public school equilization. (See EXHIBIT 2.)

REPRESENTATIVE RAMIREZ said this resolution should be handled so that it reflects any changes made in revenue. The resolution should go onto the floor of the House just before the appropriations bill. He said we are not required to submit a balanced budget to the Senate but everyone wants to try to pass over a balanced budget. This resolution will be of great assistance to the representatives in order to arrive at a balanced budget.

REPRESENTATIVE RAMIREZ asked the committee to keep the following in mind:

1. The figures given are just starting points.
2. The LFA and OPBB are not appearing before this committee as proponents or opponents of HJR 33, they are just giving their interpretation of what is available.

JUDY CURTIS, representing the Office of the Legislative Fiscal Analyst, said the Office of the LFA prepared the projections of state special revenue and general fund revenue contained in HJR 33. She outlined some of the assumptions which underlie those revenue projections.

None of the revenue projections in the introduced resolution were adjusted for the effects of legislation passed by or pending before the 48th Legislature. Within state special revenue, the major accounts in terms of dollars of revenues received are the school equilization account and the highway special revenue account. The \$112 and \$122 million shown as public school equalization

revenue, on page 3 of the resolution, represent money collected directly by the state. The largest single source of that revenue is 25% of individual income taxes. The account also receives 25% of corporation taxes, 62.5% of the state's revenue from federal mineral leases, interest and income money, and revenue from the coal tax and interest on coal taxes. The assumptions behind this forecast are consistent with those used in projecting general fund revenues. The school account also receives money from counties which raise more money from the 40 mill property tax levy than is needed to fund foundation program requirements in that county. This money is in addition to that shown in the list of special revenues. In fiscal year 1982, these receipts amounted to about \$10 million.

The projection of highway special revenue is based on the assumption that current law remains in place and that recent trends in gasoline and diesel fuel sales continue. If the tax rates were raised as HB 16 proposes, substantially more revenue would be available.

For the 1985 biennium, the LFA office is projecting general fund revenue to total \$693 million. The total was found by projecting revenues individually for about 20 categories of revenue which are deposited in the general fund.

Individual income tax is the largest single source of general fund revenue. It is projected to be \$110 million for FY'84 and \$117 million for FY'85. Several assumptions underlie that projection:

1. Apart from losses due to Anaconda layoffs, the employment level in Montana will show little change over the forecast period.
2. Incomes from wages and salaries grow somewhat faster than the inflation rate. Inflation will be approximately 4.5% between 1982 and 1983 and 6% between 1983 and 1984.
3. No investment tax credit consistent with the Department of Revenue's position last fall. Reinstating the credit at 30% of the federal would reduce the general fund revenue by approximately \$8 million a year, based on fiscal 1982 figures.

Long-range cond excess is projected to yield \$25 million in FY'84 and \$27 million in FY'85. The sinking account receives revenue from individual and corporation income taxes and cigarette and tobacco taxes. After maintaining a balance equal to the maximum remaining principal and interest payments, the excess is

transferred to the general fund. Since most of the revenue comes from income taxes, the amount available for transfer depends on individual and corporation taxes.

Corporation taxes are projected to yield \$25 million in FY'84 and \$27 million in FY'85. The projection reflects the impact of economic recovery on corporate profits and the effect of federal depreciation (or accelerated cost recovery) method adopted by the federal government in 1981.

Coal severance taxes are projected to yield \$17 million in FY'84 and \$23 million in FY'85. Coal production is forecast to rise modestly from the current level as economic recovery pushes up demand for coal and Colstrip 3 comes on line. Price rises by about 13% annually as it is pushed up by inflation and higher royalty rates.

Interest on investments is projected to yield \$27 million in FY'84 and \$25 million in FY'85. The balance available for investment declines from its current level of about \$260 million to \$239 million in fiscal 1984 and \$229 million in fiscal 1985.

Coal trust interest is projected to yield \$18 million in FY'84 and \$24 million in FY'85. The interest projection was developed to be consistent with the forecast of coal severance taxes and assumes that 85% of the interest is available for deposit in the general fund.

The insurance premium tax is projected to be about \$15 million for each year of the biennium. Collections are derived from a 2.75% tax of the net premiums on insurance policies sold in Montana.

Liquor profits are projected to yield \$5.8 million in FY'84 and \$6.1 million in FY'85. That projection assumes that the status quo will be maintained in the Liquor Division's pricing policy and that historic trends in sales growth will continue.

The oil severance tax is projected to yield \$41 million in FY'84 and \$39 million in FY'85. They used \$25 per barrel prices and a 5% annual decline in production from the 30 million barrel level projected for fiscal 1983.

Institutional reimbursement is projected to yield \$12 million in FY'84 and \$14 million in FY'85 - money derived from reimbursements by residents of the state's institutions. Reimbursements from Medicaid, alone, are projected to account for \$10 million in FY'84 and \$12 million in FY'85. These are substantial increases over the \$6.8 million from Medicaid in FY'82. The increase is based on the Department of Social and Rehabilitation Service's assumption that significantly higher Medicaid reimbursement rates can be justified in the future for Boulder and Eastmont.

DAVE LEWIS, Director of the Office of Budget and Program Planning, passed out copies of EXHIBIT 5, which is a general fund revenue estimate comparison between the OBPP and the LFA. He also passed out copies of EXHIBIT 6, which contains the major assumptions in the general fund revenue estimates.

MR. LEWIS said there are two principals in working with revenue estimates:

1. Whatever revenue estimate you come up with is going to be wrong.
2. If you are going to be wrong, be wrong on the low side.

MR. LEWIS said there are two major differences between the revenue estimates from the OBPP and the LFA. The first difference is in the oil prices and production taxes. The second difference is in the interest earnings. Mr. Lewis said he thinks the federal deficits in conjunction with the rapid growth of the money supply would require that lenders maintain the present risk premium that is required when they make loans and that the interest rate will move up to 12% by 1984-85.

MR. LEWIS said the LFA is predicting a declining cash balance of money we have to invest. Mr. Lewis said his office believes that with the passage of the highway bonding bill, one of the side effects of that is to increase the balance in the highway earmarked account over the next two years. Interest on that account goes into the general fund. There will be about a \$70 million increase over the next two years.

MR. LEWIS said there is another bill that was introduced to recapture the vehicle fee money from the state superintendents. That money will increase the cash balance, also. Mr. Lewis said he thinks the OBPP's estimate is pretty close.

TERRY JOHNSON, representing the Office of Budget and Program Planning, passed out copies of EXHIBIT 7 which shows the revised foundation program revenue estimates. Mr. Johnson said in order to establish oil severance tax receipts, you have to come up with three assumptions:

1. The amount of production.
2. The actual price level
3. An effective tax rate.

The OBPP is estimating the price of a barrel of oil at \$26.50. That price may be conservative at this point. If prices do go down, you might see a decline in production. Mr. Johnson said he doesn't go along with that statement because if you do see a decline in production, the counties will be the ones to absorb

the loss in production.

In terms of the foundation schedule that was prepared on the revenue estimates, the OBPP has incorporated the lower prices and the lower production estimates in the foundation program in terms of the net proceeds that are actually paid to the state governments.

TROY MCGEE, representing the Office of Budget and Program Planning, said they question the need to include state special revenue funds. It may be difficult and confusing to handle through this process. All of the numbers, at this time, are incorrect and need to be changed to reflect current estimates. The OBPP recommends the state special revenue funds be excluded from this resolution. If the committee wishes, the OBPP can propose an amendment to the special revenue fund that would be more current.

SENATOR CHET BLAYLOCK, District 35, said he doesn't envy the job of this committee. This committee will have to choose between two very careful sets of workmen who say different things and come up with different estimates. This committee will have to choose between the high and the low. If this committee goes with the LFA recommendation, without raising taxes, there will have to be some fiscal cuts. If the committee goes with the Governor's estimates, we will get by but later, down the road, the Governor will have to make some cuts. He said if we think we are facing a tough, fiscal situation now, try waiting two more years without doing anything and see if we can get by without raising taxes.

REPRESENTATIVE JOHN VINCENT, District 78, said it is difficult to put together the size of a budget that we have to have for a two-year period. He said he doesn't know how long we can continue to do that without coming back in for a special session. If we are right, that is fine. But, if we are wrong, we face real serious problems. This resolution presents two or three questions:

1. The specifics of the revenue estimating that this committee has before it.
2. The danger of the legislature being too optimistic relative to revenue estimating.

All anyone has to do is watch the papers to get an idea of how unstable the oil picture is. No one is capable of predicting, accurately, what will happen with oil prices. He said the production of oil could go down as much as 10%, given the excess on the market now. The figures Representative Kemmis and Representative Vincent have worked with assume a 10% decrease in production. Representative Vincent said he doesn't know if that figure is right or not but he said he thinks it is even more uncertain to assume a very slight drop in production.

REPRESENTATIVE VINCENT talked about the interest rates. He said no one can be sure the interest rates will go back to 12%. Many people say economic recovery is tied to the interest rates. There will be a great deal of effort to keep interest rates low.

If we set revenue too high and if those revenues do not materialize, what will happen? If the legislature sets the budget and predicts the revenues too high and those predictions are wrong, the legislature may be giving up a great deal of authority relative to the budget. The Governor can go into an agency's budget and adjust it, up to 15%, without legislative approval. That is not healthy for the legislature. If the revenue estimates are too high, we could be delegating a lot of legislative authority to the executive branch. Representative Vincent said we need to proceed cautiously. If we opt for conservative figures, that will mean:

1. This legislature will have to make more cuts.
2. This legislature will have to face the need to raise revenues to finance state government.

TOM RYAN, representing the Montana Senior Citizens Association, said HJR 33 gives state agencies and the people tentative guidelines. Some concerns and apprehensions may be dispelled if this resolution passes. He said he does not believe the legislature should disregard the executive's statement of needs. They should continually pass bills to make the executive agencies, state, counties, and cities effective. To hamstring government actions and services to the extent that legitimate needs are not addressed is not, in his opinion, good government. The association he represents hopes for economic justice to satisfy growing needs.

JIM MURRY, Executive Secretary for the State AFL-CIO, testified in support of HJR 33. He said they strongly support the concept of arriving at revenue estimates in advance of making difficult decisions about programs and revenue. It makes sense to use the best revenue estimates that can be obtained. It makes sense to hold public hearings. Once the revenue is agreed on, that should make the choices clear as to whether programs can be expanded or cut, or if taxes can be expanded or cut. He said there are serious questions as to whether or not state employees can be paid without extensive layoffs. There are serious questions as to whether or not the foundation program, social service programs, block grants for cities and the Build Montana Program can be adequately funded. From looking at the given figures, it is not a question of whether or not there needs to be a tax increase but instead, where those increases will come from.

REPRESENTATIVE FRANCIS BARDANOUVE, District 6, said there should be some way of adjusting revenue despite the concept that we should set revenue and not play with it. During the final days

of the legislative session, there may be revenue lost or gained. He said he cannot see how you can set the figures several weeks before the end of the session and not change those figures. He said he would like to know what the apparatus is that will be available to adjust those revenues, towards the end of the session.

REPRESENTATIVE RAMIREZ, in closing, said, in the past, we have devoted almost all of our time to the appropriations side of the equation. We do not have the expertise in the legislature on the revenue side as we do on the appropriations side because we have never worked on the revenue that much. We have accepted the LFA's or OBPP's word on that revenue estimating. When this resolution was introduced, it appeared overwhelming. But if this resolution is adopted, year after year, the task will become easier because we will be developing some expertise in the House. The question is whether we are going to make these recommendations and analyses here in this committee or are those going to be made by three to five people on a summit basis.

REPRESENTATIVE RAMIREZ said he thinks we have the mechanisms to keep this revenue estimate current and alive until the 90th legislative day. He said the Senate will put amendments in the resolution so it will be the 85th legislative day before the Senate will return the resolution to the House. The House will then have some time to look at the resolution again. The resolution could then be put in a conference committee to be heard until the 90th legislative day so that all revenue figures can be finalized.

Questions from the committee were heard at this time.

REPRESENTATIVE DOZIER asked if a conference committee could not be considered a summit committee. Representative Ramirez said the resolution will have gone through the House and the Senate and many people who have a lot of knowledge on the revenues will have had input.

REPRESENTATIVE WILLIAMS asked if he was correct in saying, right now, the estimates are separated by \$50 million. Representative Ramirez said the estimates between the LFA and OBPP are separated by \$40 million. Representative Williams asked if we split the difference, could we adequately finance state government. Representative Ramirez said he thinks we could finance state government with the revenue that is available but he said he doesn't know if the Appropriations Committee will come in with an appropriations bill that could fit in with the revenues.

CHAIRMAN YARDLEY said he will appoint a subcommittee to work with the LFA and OBPP and come up with their proposal as to revenue projections.

REPRESENTATIVE DEVLIN said the biggest discrepancy is with the interest on investments. That is probably what this committee

will have to look at more than anything else. Mr. Lewis agreed and said that is one of two major differences in the budgets.

REPRESENTATIVE HARP said it was stated that when the OBPP estimates revenue, they are happy to say they underestimated revenue. Are you really underestimating revenue or not keeping a good eye on inflation? Mr. Lewis said as far as judgement calls, they try to err on the conservative side.

The hearing was closed on HJR 33.

CHAIRMAN YARDLEY appointed the following subcommittee to work with the LFA and OPBB to amend HJR 33:

Representative Williams - Chairman
Representative Harp
Representative Harrington
Representative Nordtvedt

REPRESENTATIVE KEENAN said Friday is the last day for committee bills to be drafted or introduced. We are always looking for revenue increases. The state lottery bill was drafted in the Senate and has the potential of raising \$15-\$20 million in revenue. She asked if this committee would consider submitting a committee bill to the House.

REPRESENTATIVE BOB PAVLOVICH, District 86, said SB 223 was introduced in the Senate to deal with a state lottery. It came out of committee with a do pass but was killed on the floor.

The state of Washington just opened a state lottery in November and have \$20 million in revenue, already. With the crunch we have now, there is a possibility of raising \$15-\$20 million. He said he would hope this committee would consider a committee bill to be introduced for the state lottery. The bill has already been drafted.

REPRESENTATIVE PAVLOVICH said 45% of the money raised would go into prize money. Twenty percent of the money raised would be taken out for the cost of the operation. Out of the remainder of the money raised, 50% goes to local governments, where the tickets are sold, and the other 50% goes into the state general fund.

REPRESENTATIVE PAVLOVICH said the bill has already been drafted and is in good shape. It has to come out of this committee as a committee bill, otherwise there is no chance of having a state lottery.

CHAIRMAN YARDLEY asked if the bill that has been drafted is identical to the Senate bill. Representative Pavlovich said yes. If this committee decides to pass the bill out as a committee bill,

it would take a two-thirds vote of the House to accept the bill.

CHAIRMAN YARDLEY asked who would administer this lottery. Representative Pavlovich said there would be a commission set up to administer the lottery. If you want the Department of Revenue or any other state agency to administer it, that would be okay.

CHAIRMAN YARDLEY said it takes a three-quarters vote of this committee to approve a motion for a committee bill.

REPRESENTATIVE VINGER asked how the lottery works. Representative Pavlovich said you buy a ticket, open it up and it tells you how much you win.

REPRESENTATIVE HARRINGTON moved this committee ask the legislative council to draft a committee bill for a state lottery.

REPRESENTATIVE WILLIAMS asked how many states now have a lottery. Representative Pavlovich said there are eighteen states that now have a lottery and six more states are considering having a lottery.

REPRESENTATIVE NORDTVEDT said this proposal should go to the House Rules Committee.

The motion was voted on and FAILED. The Taxation Committee has nineteen members on the committee and in order for a committee bill to be introduced, a three-fourths vote of the committee (which means 15 votes) in favor of the bill is necessary. There were only 14 favorable votes during the roll call vote. All members of the committee voted yes except Representatives Bertelsen and Nordtvedt, who voted no. Representatives Asay, Neuman and Underdal were not present during the vote.

CHAIRMAN YARDLEY said this committee could reconsider its action or the proposal could be taken to the Rules Committee.

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

EXECUTIVE SESSION

Senate Bill 384

REPRESENTATIVE NORDTVEDT said there is a time element on this bill so this committee should take action as soon as possible. He said there are a number of law suits pending in the state. If this issue could be solved with legislation, those lawsuits would be dismissed.

The bill, as introduced, calls for refunds on the first half payments for property taxes, in May. There was a problem in that half of the taxes are not paid until May 30th, so Representative Nordtvedt would propose amending the bill, using June 30th as

the date. The other amendment being proposed by Representative Nordtvedt would change the language in the bill from "and state aid" to "and state aid".

REPRESENTATIVE NORDTVEDT moved his amendments to SB 384.

REPRESENTATIVE NORDTVEDT said rather than getting into the Thoft amendments, he wants to try to clean up the bill first. These amendments apply to counties who want to get those payments out to the taxpayers this year.

REPRESENTATIVE DEVLIN said maybe Representative Nordtvedt and Representative Thoft could get together and tie their amendments in together.

REPRESENTATIVE THOFT said he has no problems with Representative Nordtvedt trying to clear up the mill levy problem but it will take time to make sure these amendments do not conflict with the amendments proposed by Representative Thoft.

REPRESENTATIVE NORDTVEDT said his amendments to change the ability to address the rebate issue.

REPRESENTATIVE THOFT said he has not had the opportunity to study the amendments proposed by Representative Nordtvedt.

REPRESENTATIVE WILLIAMS asked Representative Nordtvedt if he would be willing to withdraw his motion on the amendments until after the committee votes on the Thoft amendments and then work Representative Nordtvedt's amendments in. Representative Nordtvedt said he would be willing to do that. He said he opposes Thoft's amendments but conceptually, we can wait on the amendments proposed. Representative Nordtvedt said if this committee passes the Thoft amendments, he would propose some language changes.

REPRESENTATIVE NORDTVEDT made a substitute motion that this committee pass this bill for the day.

The motion was voted on and PASSED unanimously.

CHAIRMAN YARDLEY said he is going to rule that there were not enough votes in the committee to pass the committee bill and this committee will take a new vote because the fourteen votes were not sufficient to bring the bill out as a committee bill.

REPRESENTATIVE REAM moved to RECONSIDER PREVIOUS ACTION ON THE COMMITTEE BILL.

The motion was voted on and all committee members voted yes except Representative Bertelsen, who voted no.

REPRESENTATIVE KEENAN moved to have the Taxation Committee introduce a committee bill for a state lottery.

The motion was voted on and PASSED. A roll call vote was taken and all committee members voted yes except Representatives Bertelsen, Nordtvedt and Underdal, who voted no. Representative Asay was not present during the vote.

House Bill 829

REPRESENTATIVE DOZIER moved HB 829 DO PASS.

REPRESENTATIVE SWITZER said we are sending the wrong signal to the industry if this bill is passed. A study done by the Environmental Quality Council showed the mining industry is at a standstill in Montana as far as any incentives to do any development.

REPRESENTATIVE WILLIAMS said HB 829 takes the wrong approach. We are asking the voters to make a decision as to whether or not to increase the mines tax. That is wrong. He said they do not have all the information they will need at the time of voting. If we need a metal mines tax increase, let's do it in the legislature.

REPRESENTATIVE VINGER said he also opposes the bill. The coal severance tax did not help to open new mines, let's try a different approach with the metal mines.

REPRESENTATIVE DEVLIN said Montana needs the industry badly. We should not be taxing the mines to the point there will be no industry in Montana because of taxes.

The motion was voted on and FAILED. All committee members voted no except Representatives Bertelsen, Dozier, Harrington, Keenan, Nilson and Ream, who voted no. Representatives Asay and Neuman were not present during the vote.

CHAIRMAN YARDLEY said if there is no objection from the committee the vote will be reversed and the bill will come out of committee with a DO NOT PASS recommendation. There was no objection from the committee.

Senate Bill 204

REPRESENTATIVE WILLIAMS moved SB BE CONCURRED IN.

The motion was voted on and PASSED with all committee members voting yes except Representative Neuman, who voted no.

Senate Bill 227

REPRESENTATIVE DEVLIN said he would like to offer some amendments to SB 227. The amendment would be on line 12, page 3, striking "hard-rock mining impact purposes, including".

REPRESENTATIVE DEVLIN moved the proposed amendment.

The motion was voted on and PASSED unanimously.

REPRESENTATIVE WILLIAMS said he had made a note, previously, that if HB 446 passed, SB 227 may not be needed.

JIM OPPEDAHL, staff researcher from the Legislative Council, said there is a mechanism for funding the Board. He said he could put a coordination instruction in HB 446 that says SB 227 does not take effect if HB 446 is passed and approved.

REPRESENTATIVE WILLIAMS moved the suggestion made by Jim Oppedahl be put as an amendment to SB 227.

The motion was voted on and PASSED unanimously.

REPRESENTATIVE REAM moved SB 227 BE CONCURRED IN, AS AMENDED.

The motion was voted on and PASSED unanimously.

House Bill 550

REPRESENTATIVE REAM moved HB 550 DO PASS.

REPRESENTATIVE NORDTVEDT made a substitute motion that HB 550 DO NOT PASS.

REPRESENTATIVE NORDTVEDT said there were direct examples given dealing with taxing dividends of subsidiaries as they go to the parent corporations. He said he feels this is multiple taxation of the same income. We do not know all the ramifications of disconnecting ourselves from the federal definition of deduction. We should have a study on this first.

CHAIRMAN YARDLEY said the projected revenue is \$1.2 million per year of the biennium. Neither the Legislative Fiscal Analyst nor the Office of Budget and Program Planning calculated this estimated revenue in their budget proposals.

REPRESENTATIVE NORDTVEDT asked if a Montana bank paid a holding company dividends, would the holding company have to pay Montana corporation income taxes on those dividends? Mr. John Cadby, representing the Montana Bankers Association, said in the state of Montana, all banks are individual corporations. They have to pay corporation income tax on their net earnings. If a portion of those earnings go to a holding company, out-of-state, then the holding company has to pay corporation license tax. If the holding company pays out dividends to shareholders, the shareholders then pay taxes on the dividends.

MS. FEAVER, Director of the Department of Revenue, said if this bill passes, the revenue estimate is in tact. If the bill does

not pass, you reduce the revenue by \$2.4 million for the biennium.

MR. CADBY said he thought this bill only applies to domestic holding companies.

JEFF MILLER, representing the Department of Revenue, said this bill impacts multi-national holding companies and not out-of-state holding companies. The Department of Revenue has jurisdiction on multi-national holding companies but not on out-of-state holding companies.

MS. FEAVER said all businesses that are doing business in Montana have subsidiaries that are paid dividends and without this legislation, we will lose the ability to tax dividends to subsidiaries of multi-national corporations.

The substitute motion of DO NOT PASS was voted on and PASSED. A roll call vote was taken and all committee members voted yes except Representatives Bertelsen, Dozier, Harrington, Keenan, Neuman, Nilson, Ream, Williams and Yardley, who voted no.

The meeting was adjourned at 12:00 noon.



DAN YARDLEY, Chairman



Vicki Lofthouse, Secretary

AMENDMENTS TO HOUSE JOINT RESOLUTION 33

1. Page 13, line 12

Following: line 11

Insert: "BE IT FURTHER RESOLVED, that the following bills with general fund revenue impact have been adopted:

Bill No.	Subject	---General Fund Impact---		
		FY 1984	FY 1985	Biennium
HB 45	Declaration of Marriage Fee	\$ 1,000	\$ 1,000	\$ 2,000
HB 65	Wage Deductions	(259,000)	(284,000)	(543,000)
HB 125	Child Care Deductions	(144,000)	(144,000)	(288,000)
HB 227	Property Tax Credits	(704,000)	(704,000)	(1,408,000)
HB 264	Alternate Energy Credit	(79,000)	(95,000)	(174,000)
HB 465	Marine Insurance	223,000	234,000	457,000
HB 631	Standard Deduction	-0-	(455,000)	(455,000)
HB 670	Weighing Devices	67,000	67,000	134,000
HB 673	Ag. Warehousing	30,000	25,000	55,000
HB 685	MT Capital Companies	-0-	(739,000)	(739,000)
HB 696	Fees for Meas. Devices	27,000	27,000	54,000
HB 721	Health Fac. Bonds	57,000	59,000	116,000
SB 53	Liquor Seals	75,000	75,000	150,000
SB 398	Contractor Lic.	96,000	96,000	192,000
Totals		(610,000)	(1,837,000)	(2,447,000)

With the adoption of the foregoing measures, the general fund totals are:

\$334,580,000 \$356,195,000 \$690,775,000."

PUBLIC SCHOOL EQUALIZATION REVENUE
(Millions)

	<u>Fiscal 1984</u>	<u>Fiscal 1985</u>
State Equalization		
25 Percent Income Tax	\$ 43.15	\$ 45.73
25 Percent Corporation Tax	9.76	10.71
5 Percent Coal Tax	4.57	6.02
Interest and Income	37.33	39.30
Federal Mineral Leasing	12.27	14.16
Coal Trust Interest	<u>5.11</u>	<u>5.90</u>
Total	<u>\$112.19</u> =====	<u>\$121.82</u> =====

BILLS WITH SPECIAL REVENUE IMPACT WHICH HAVE BEEN TRANSMITTED TO OTHER CHAMBER

March 15, 1983

Special

Revenue
FY 1984

Impact---
FY 1985

Bill No.	Sponsor	Subject	Status	Revenue FY 1984	Impact--- FY 1985
HB 016	Harp	4.5¢ Inc. in Fuels Tax	Sen. Taxation	\$23,383,000	\$23,312,000
HB 065	Fabreta	Wage Decuctions	Signed Gov.	(101,000)	(111,000)
HB 105	Winslow	Vo-Tech Funding	Sen. Cmte.	762,000	890,000
HB 113	Switzer	Brand History	Signed Gov.	1,080	1,080
HB 118	Harper	Subdiv. Review	Sen. Cmte.	97,580	97,580
HB 125	Hansen	Child Care Deduc.	Hse. Enrolled	(56,250)	(56,250)
HB 227	Yardley	Property Tax Credits	Signed Speaker	(275,000)	(275,000)
HB 264	McBride	Alt. Energy Credit	Sen. 2nd	(31,000)	(37,000)
HB 274	Peck	Lic. of Counselors	Sen. 2nd	24,000	3,300
HB 284	Winslow	Lic. of Social Wkrs.	Sen. Cmte.	24,000	3,300
HB 290	Seifert	Gas Tax on Whsle.	Sen. Cmte.	40,000	40,000
HB 320	Hammond	Sales by Highways	Sen. Cmte.	90,390	90,390
HB 335	Nilson	FWP License Fees	Sen. Cmte.	1,298,000	4,491,000
HB 377	Fabrega	Wildlife Management	Sen. Cmte.	-0-	100,000
HB 402	Eudaily	License Fees	Enrolling	-0-	3,605
HB 460	Manuel	Potable Water Exemption	Enrolling	(2,280)	(2,280)
HB 479	Farris	Air Ambulance	Sen. Cmte.	145	145
HB 490	Fabrega	Bd. of Architects	Sen. Print.	78,863	84,015
HB 523	Keyser	Bd. of Investigators	Sen. Cmte.	60,755	54,405
HB 529	Harper	Exam. of Loan. Co.	Sen. Cmte.	10,920	10,920
HB 631	Schultz	Standard Deduction	Sen. Cmte.	(169,000)	(178,000)
HB 701	Fagg	Bank Exam. Fees	Sen. Cmte.	126,000	129,543
HB 782	Winslow	Bd. of Behav. Science	Sen. Cmte.	3,150	3,100
HB 820	Asay	Airport Projects	Sen. Cmte.	1,500,000	-0-
SB 036	Himsel	Retirement Income	Hse. Cmte.	75,000	75,000
SB 047	Jacobsen	Hunting Licenses	Hse. Cmte.	(13,225)	(13,225)
SB 094	Regan	55 Mill Funding	Hse. Cmte.	4,668,000	8,460,000
SB 095	McCallum	Forest Money/Schools	Hse. Cmte.	1,499,000	1,499,000
SB 106	Blaylock	Overweight Vehicle Fees	Hse. Cmte.	227,599	303,466
SB 117	Dover	Land Mobile Radio	Hse. 2nd	5,000	5,000
SB 155	McCallum	Purch. of Hiway Frontage	Hse. Cmte.	(77,500)	22,500

<u>Bill No.</u>	<u>Sponsor</u>	<u>Subject</u>	<u>Status</u>	<u>FY 1984</u>	<u>FY 1985</u>
SB 190	Himsl	Institution Reimbursement	Hse. Cmte.	212,743	223,381
SB 232	Regan	Certified Copy Fee	Hse. Cmte.	68,000	68,000
SB 244	Towe	Tax on Lump Sum Dist.	Hse. Cmte.	55,000	55,000
SB 247	B. Brown	Res. Prop. Tax Credit	Hse. Cmte.	(225,000)	(75,000)
SB 252	Goodover	Expand Invest. Credit	Hse. Cmte.	(4,375,000)	(4,375,000)
SB 270	Regan	Laboratory Fees	Hse. Cmte.	99,854	99,854
SB 283	Fuller	Energy Credit	Hse. Cmte.	(124,000)	(148,000)
SB 316	Towe	Farm/Ranch Loans	Hse. Cmte.	(16,000)	(16,000)
SB 413	Gage	Windfall Profit Tax	Hse. Cmte.	-0-	8,878,000
Total				\$28,944,824	\$43,716,829

March 21, 1983

General Fund Revenue Projection
Prepared for House Taxation Committee
(Thousands)

Category	Actual	-----Projected-----		
	Fiscal 1982	Fiscal 1983	Fiscal 1984	Fiscal 1985
Individual Income Tax	\$ 92,035	\$ 97,993	\$110,474	\$117,075
Long-range Bond Excess	20,450	23,327	25,496	27,351
Corporation Tax	26,234	26,110	24,999	27,429
Coal Severance Tax	16,376	14,847	17,995	22,966
Interest On Investments	42,443	31,050	30,567	30,567
Coal Trust Interest	11,542	16,300	18,426	24,175
Insurance Tax	12,790	17,625	14,591	15,292
Liquor Profits	5,750	5,424	5,800	6,085
Oil Severance Tax	45,473	42,092	42,607	42,984
Inheritance Tax	7,680	6,079	6,444	6,831
Institution Reimbursement	10,974	16,366	11,994	13,675
Liquor Excise Tax	6,572	6,694	7,087	7,546
Wine Tax	715	845	845	845
Metal Mines Tax	1,861	1,247	1,112	850
Electrical Energy Tax	1,753	1,511	1,542	2,081
Drivers' License Fees	917	830	846	863
Telephone Tax	2,168	2,380	2,400	2,161
Beer License Tax	1,230	1,233	1,239	1,245
Natural Gas Tax	2,475	2,793	3,299	4,017
Freight Line Tax	1,345	1479	1,627	1,790
Other Revenues	<u>9,476</u>	<u>10,015</u>	<u>10,892</u>	<u>11,836</u>
General Fund Total	\$320,259	\$326,240	\$340,282	\$367,664
	=====	=====	=====	<u><u>340,282</u></u>

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Assumptions:

1. Coal severance tax is the average of the LFA and OBPP projections in each fiscal year 1984 and 1985.

2. Interest on investment projections assume a balance of \$264 million available for investment in fiscal 1984 and 1985 excluding proceeds from tax anticipation notes and including increases in the highway account balance from sale of highway bonds. Interest rates will average 10 percent. Each September 1, \$50 million of tax anticipation notes will be sold.

3. During the 1985 biennium, the price of oil will average \$25 per barrel. Taxable production will total 29,655,000 barrels in fiscal 1984 and 29,906,000 barrels in fiscal 1985. Payments to counties will be based on an annual increase of 1,500,000 barrels.

4. Remaining projections are from the March 1 LFA forecast.

OFFICE OF BUDGET & PROGRAM PLANNING
 EXECUTIVE BUDGET SYSTEM
 GENERAL FUND REVENUE ESTIMATE COMPARISON

- REVISED REVENUE ESTIMATES -

SOURCE OF REVENUE	OBPP ==> LFA ==> OBPP-LFA	OBPP ==> LFA ==> OBPP-LFA	OBPP ==> LFA ==> OBPP-LFA	OBPP ==> LFA ==> OBPP-LFA	OBPP ==> LFA ==> OBPP-LFA	OBPP ==> LFA ==> OBPP-LFA	OBPP ==> LFA ==> OBPP-LFA	OBPP ==> LFA ==> OBPP-LFA	OBPP ==> LFA ==> OBPP-LFA	OBPP ==> LFA ==> OBPP-LFA	OBPP ==> LFA ==> OBPP-LFA	OBPP ==> LFA ==> OBPP-LFA	OBPP ==> LFA ==> OBPP-LFA	OBPP ==> LFA ==> OBPP-LFA	OBPP ==> LFA ==> OBPP-LFA	OBPP ==> LFA ==> OBPP-LFA	OBPP ==> LFA ==> OBPP-LFA
	ACTUAL FY 82	% CHG	ESTIMATE FY 83	% CHG	ESTIMATE FY 84	% CHG	ESTIMATE FY 85	% CHG	ESTIMATE FY 84-85								
Drivers' License Fees	916,652.14 916,652.14	1.71- 9.45-	901,000 830,000 71,000	2.00 1.93	919,000 846,000 73,000	1.96 2.01	937,000 863,000 74,000	1.96 2.01	1,856,000 1,709,000 147,000								
Insurance Tax	12,790,003.10 12,790,003.10	35.82 37.80	17,371,000 17,625,000 -254,000	18.01- 17.21-	14,242,000 14,592,000 -349,000	4.53 4.80	14,887,000 15,292,000 -405,000	4.53 4.80	29,129,000 29,883,000 -754,000								
Beer License Tax	1,229,887.51 1,229,887.51	.98 .25	1,242,000 1,233,000 9,000	1.05 .49	1,255,000 1,239,000 16,000	.96 .48	1,267,000 1,245,000 22,000	.96 .48	2,522,000 2,484,000 38,000								
Coal Severance Tax	16,375,541.11 16,375,541.11	4.38- 9.33-	15,659,000 14,847,000 812,000	19.70 16.15	18,744,000 17,245,000 1,499,000	24.75 30.75	23,383,000 22,548,000 835,000	24.75 30.75	42,127,000 39,793,000 2,334,000								
Corporation Income Tax	26,234,449.29 26,234,449.29	13.08- .47-	22,803,000 26,110,000 -3,307,000	8.91 4.26-	24,834,000 24,999,000 -165,000	17.82 9.72	29,259,000 27,429,000 1,830,000	17.82 9.72	54,093,000 52,428,000 1,665,000								
Electrical Energy Tax	1,753,172.79 1,753,172.79	1.99 13.81-	1,788,000 1,511,000 277,000	2.01 2.05	1,824,000 1,542,000 282,000	1.97 34.95	1,860,000 2,081,000 -221,000	1.97 34.95	3,684,000 3,623,000 61,000								
Freight Line Tax	1,344,760.70 1,344,760.70	10.50 9.98	1,486,000 1,479,000 7,000	10.50 10.01	1,642,000 1,627,000 15,000	10.54 10.02	1,815,000 1,790,000 25,000	10.54 10.02	3,457,000 3,417,000 40,000								
Individual Income Tax	92,034,567.79 92,034,567.79	6.20 6.47	97,742,000 97,993,000 -251,000	10.21 12.74	107,723,000 110,474,000 -2,751,000	6.79 5.98	115,038,000 117,075,000 -2,037,000	6.79 5.98	222,761,000 227,549,000 -4,788,000								
Inheritance Tax	7,680,529.22 7,680,529.22	17.56- 20.85-	6,332,000 6,079,000 253,000	6.40 6.00	6,737,000 6,444,000 293,000	6.61 6.01	7,182,000 6,831,000 351,000	6.61 6.01	13,919,000 13,275,000 644,000								
Liquor Excise Tax	6,572,066.06 6,572,066.06	4.49 1.86	6,867,000 6,694,000 173,000	4.92 5.87	7,205,000 7,087,000 118,000	5.23 6.48	7,582,000 7,546,000 36,000	5.23 6.48	14,787,000 14,633,000 154,000								
Metal Mines Tax	1,861,207.67 1,861,207.67	21.61- 33.00-	1,459,000 1,247,000 212,000	1.64 10.83-	1,483,000 1,112,000 371,000	29.27- 23.56-	1,049,000 850,000 199,000	29.27- 23.56-	2,532,000 1,962,000 570,000								
Natural Gas Severance Tax	2,474,810.72 2,474,810.72	11.00 12.86	2,747,000 2,793,000 -46,000	12.23 18.12	3,083,000 3,299,000 -216,000	11.64 21.76	3,442,000 4,017,000 -575,000	11.64 21.76	6,525,000 7,316,000 -791,000								
Oil Severance Tax	45,473,425.38 45,473,425.38	5.64- 7.44-	42,907,000 42,092,000 815,000	4.33 1.78-	44,766,000 41,344,000 3,422,000	.89 5.18-	45,166,000 39,202,000 5,964,000	.89 5.18-	89,932,000 80,546,000 9,386,000								

SOURCE OF REVENUE	ACTUAL FY 82	% CHG	ESTIMATE FY 83	% CHG	ESTIMATE FY 84	% CHG	ESTIMATE FY 85	ESTIMATE FY 84-85	
Telephone Tax	OBPP ==> LFA ==>> OBPP-LFA	2,167,814.60 2,167,814.60 9.79	8.50 9.79	2,352,000 2,380,000 -28,000	8.46 .84	2,551,000 2,400,000 151,000	8.47 9.96-	2,767,000 2,161,000 606,000	5,318,000 4,561,000 757,000
Wine Tax	OBPP ==> LFA ==>> OBPP-LFA	715,245.87 715,245.87 27.09 18.14	27.09 18.14	909,000 845,000 64,000	1.87 .00	926,000 845,000 81,000	1.73 .00	942,000 845,000 97,000	1,868,000 1,690,000 178,000
Interest on Investments	OBPP ==> LFA ==>> OBPP-LFA	42,442,554.85 42,442,554.85 24.00- 26.84-	24.00- 26.84-	32,255,000 31,050,000 1,205,000	17.99 11.47-	38,057,000 27,488,000 10,569,000	6.65 8.56-	40,587,000 25,135,000 15,452,000	78,644,000 52,623,000 26,021,000
Coal Tax Trust Interest	OBPP ==> LFA ==>> OBPP-LFA	11,542,421.25 11,542,421.25 47.12 41.22	47.12 41.22	16,981,000 16,300,000 681,000	14.17 13.04	19,387,000 18,426,000 961,000	30.48 31.20	25,296,000 24,175,000 1,121,000	44,683,000 42,601,000 2,082,000
Institution Reimbursements	OBPP ==> LFA ==>> OBPP-LFA	10,974,196.69 10,974,196.69 12.85 49.13	12.85 49.13	12,384,000 16,366,000 -3,982,000	.54 26.71-	12,451,000 11,994,000 457,000	16.38 14.02	14,490,000 13,675,000 815,000	26,941,000 25,669,000 1,272,000
Liquor Profits	OBPP ==> LFA ==>> OBPP-LFA	5,750,000.00 5,750,000.00 5.41- 5.67-	5.41- 5.67-	5,439,000 5,424,000 15,000	4.93 6.93	5,707,000 5,800,000 -93,000	4.92 4.91	5,988,000 6,085,000 -97,000	11,695,000 11,885,000 -190,000
Other Sources	OBPP ==> LFA ==>> OBPP-LFA	9,719,818.72 9,719,818.72 2.59 3.04	2.59 3.04	9,972,000 10,015,000 -43,000	7.75 8.76	10,745,000 10,892,000 -147,000	7.77 8.67	11,580,000 11,836,000 -256,000	22,325,000 22,728,000 -403,000
Long Range Bond Excess	OBPP ==> LFA ==>> OBPP-LFA	20,450,000.00 20,450,000.00 16.26 14.07	16.26 14.07	23,776,000 23,327,000 449,000	10.17 9.30	26,193,000 25,496,000 697,000	8.83 7.28	28,506,000 27,351,000 1,155,000	54,699,000 52,847,000 1,852,000
TOTAL REVENUE	OBPP ==> LFA ==>> OBPP-LFA	320,503,125.46 320,503,125.46 .90 1.79	.90 1.79	323,372,000 326,240,000 -2,868,000	8.38 2.74	350,474,000 335,190,000 15,284,000	9.29 6.81	383,023,000 358,032,000 24,991,000	733,497,000 693,222,000 40,275,000

OFFICE OF THE GOVERNOR
BUDGET AND PROGRAM PLANNING

EXHIBIT 6
3-16 83



TED SCHWINDEN, GOVERNOR

CAPITOL BUILDING

STATE OF MONTANA

(406) 449-3616

HELENA, MONTANA 59620

OFFICE OF BUDGET AND PROGRAM PLANNING
MAJOR ASSUMPTIONS
GENERAL FUND REVENUE ESTIMATES

COAL SEVERANCE TAX:

Assumptions: From the 27.7 million ton level of fiscal 1983, taxable coal production is estimated to be 30.7 million tons in fiscal 1984 and 34.7 million tons in fiscal 1985. Average price is estimated to increase at the rate of approximately 9% annually.

INTEREST ON INVESTMENTS:

Assumptions: Cash balances available for investment (excluding proceeds from tax anticipation notes) is assumed to remain constant over the biennium. Interest earned on these funds is estimated to average 12% in fiscal 1984 and 12% in fiscal 1985. On September 1 of each year, \$50 million of tax anticipation notes will be sold. If Senate Bill 454 is approved (Highway Bonding bill) approximately \$70 million will be available for additional investments. These anticipated earnings are included in the interest estimates.

OIL SEVERANCE TAX:

Assumptions: The average price for a barrel of Montana oil is estimated to be \$26.50 in fiscal 1984 and 1985. Total taxable production is assumed to remain constant at approximately 29.8 million barrels or about .6 million barrels below fiscal 1982 levels.

LEGISLATURE1:S/1

OFFICE OF BUDGET AND PROGRAM PLANNING
REVISED FOUNDATION PROGRAM REVENUE ESTIMATES
(MILLIONS)

March 15, 1983

<u>Revenue Source</u>	<u>FY 1983</u>	<u>FY 1984</u>	<u>FY 1985</u>
Individual Income Tax	38.181	42.080	44.937
Corporation Tax	8.907	9.701	11.429
Coal Severance Tax	4.121	4.933	6.153
Interest and Income	36.398	37.819	39.085
U.S. Oil and Gas	10.219	11.035	12.571
Local Impact/Educ. Trust Interest	<u>3.572</u>	<u>5.145</u>	<u>6.012</u>
GRAND TOTAL:	<u>101.398</u>	<u>110.713</u>	<u>120.187</u>

Montana Taxable Valuation	2204.492	2239.780	2288.910
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County Revenue

40 Mills	88.180	89.591	91.556
40 Mills Vehicle Fee Replacement	4.010	4.010	4.010
Forest Funds	2.693	1.499	1.499
Grazing Funds	.120	.120	.120
Elementary Transportation	-3.200	-3.410	-3.620
High School Tuition	<u>-.650</u>	<u>-.650</u>	<u>-.650</u>
GRAND TOTAL:	<u>91.153</u>	<u>91.160</u>	<u>92.915</u>

District Share of Permissive	22.992	23.361	23.873
Permissive Vehicle Fee Replacement	<u>1.046</u>	<u>1.046</u>	<u>1.046</u>
GRAND TOTAL:	24.038	24.407	24.919

WITNESS STATEMENT

Name Carl Rieckmann Committee On Taxation
Address Bellings Date 3/16/83
Representing Marit. Pet. Assoc. Support X
Bill No. 204 Oppose _____
Amend _____

AFTER TESTIFYING, PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

1. Simply Support SB204
- 2.
- 3.
- 4.

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

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Mining & Mining Related

HB 829	AN ACT IMPOSING A SEVERANCE TAX ON THE SEVERANCE OF PALLADIUM, PLATINUM, OR ANY OTHER METAL OR PRECIOUS OR SEMIPRECIOUS GEMS OR STONES; PROVIDING EXEMPTIONS FOR SMALL MINES.....	2-15-83	Saunders	3-7-83	Do Not Pass	3/16
SB 204	AN ACT TO EXEMPT THE RIGHT OF ENTRY FROM PROPERTY TAXATION....	3-3-83	Keating	3-16-83	Be Concurred In	3/16
SB 227	AN ACT TO ALLOCATE A PORTION OF THE METALLIFEROUS MINES LIC. TAX TO THE EARMARKED REVENUE FUND TO THE CREDIT OF THE HARD-ROCK MINING IMPACT ACCOUNT.....	3-1-83	Towe	3-11-83	And As Amended Be Concurred In	3/16
SB 264	AN ACT TO ALLOW THE DEPARTMENT OF REVENUE TO IMPUTE A VALUE ON COAL WHENEVER THE OPERATOR OF A MINE SUBJECTS THE COAL TO PROCESSING THAT IMPROVES ITS QUALITY.....	3-7-83	Graham	3-17-83		

CORPORATE TAXES STATE / Federal

HB 550	AN ACT TO LIMIT A MONT. CORP. TXPYR. TO THE USE OF ONLY THOSE DEDUC. SET FORTH IN SEC. 15-31-114 & TO DISALLOW THE USE OF FED. INTERNAL REVENUE CODE DEDUCTIONS IN THE CALCULATION OF NET INCOME....	1-28-83	Yardley	2-3-83		
HB 740	AN ACT REQUIRING THE ADD BACK FOR CERTAIN PROP. OF A PORTION OF THE DEPRECIATION DEDUCTION PROVIDED FOR BY THE ACCELERATED COST RECOVERY SYSTEM.....	2-12-83	Neuman	2-18-83		
SB 414	AN ACT TO COUPLE MONTANA'S DEF. OF "SMALL BUS. CORP." TO THE FEDERAL DEF. FOR PURPOSES OF THE CORP. LICENSE TAX.....	2-28-83	Elliott	3-11-83		

2

CREDITS

HB 354	AN ACT TO MAKE PERMANENT THE CLRFICTNS. OF THE SMALL BUS. INVEST. CREDIT STATUTES & THE TEMP. INCRE. IN THE SMALL BUS. INVEST. CREDIT ENACTED BY THE 47TH LEGISLATURE.....	1-19-83	Sands	2-1-83
HB 648	AN ACT TO ALLOW AN ADDTL. INVESTMENT CREDIT FOR THE COST OF A QUALIFIED INVESTMENT THAT EXCEEDS THE TAXPAYERS DEPRECIATION.....	2-4-83	Nordtvedt	2-16-83
HB 739	AN ACT ESTABLISHING AN INVEST. CREDIT AGAINST THE INDIV. INCM. TAX AND THE CORPORATE LICENSE TAX FOR CERTAIN CORP. FOR TXBLE. YRS. BEGINNING AFTER 12-31-82...	2-12-83	Keenan	2-18-83
HB 755	AN ACT PROVIDING A CREDIT AGNST. INDIV. PARTNSRP., SMALL BUS. CORP., OR CORP. INCOME TAX LIAB. FOR CAPITAL EXPEND. FOR COMMRL. SYSTEMS THAT GENERATE ELEC. BY MEANS OF WIND POWER.....	3-4-83	Yardley	3-15-83
HB 867	AN ACT PROVIDING A CREDIT AGNST. INCOME TAX LIAB. FOR INVESTMNTS. IN THE MANUFACTURE OF ENERGY CONSERVATION PRODUCTS; PROV. FOR LIMITATION ON AND CARRYOVER OF THE CREDIT.....	3-4-83	Fabrega	3-15-83
HB 868	AN ACT PROVIDING A CREDIT AGNST. INCOME TAX LIAB. FOR INVESTMNTS. IN THE MANUFACTURE OF RENEWABLE ENERGY EQUIPMENT; PROV. FOR LIMITATION ON AND CARRYOVER OF THE CREDIT.....	3-4-83	Fabrega	3-15-83
HB 869	AN ACT PROVID. A CREDIT AGNST. INCOME TAX LIAB. FOR INVESTMNTS. IN THE MANUFACTURE OF ENERGY-EFFICIENT, MINIMALLY POLLUTING WOOD HEATERS; PROV. FOR LIMIT. ON & CARRYOVER OF THE CREDIT...	3-4-83	Fabrega	3-15-83
SB 243	AN ACT TO GENERALLY REVISE THE TAX CREDIT AVAILABLE FOR NEW OR EXPANDING INDUSTRY.....	3-7-83	Lee	3-22-83

(3)

SB 252	AN ACT PROVIDING FOR AN INVESTMENT CREDIT AGAINST THE INDIVIDUAL INCOME TAX AND THE CORPORATE LICENSE TAX.....	3-7-83	Goodover	3-14-83	CREDITS (cont)
SB 283	AN ACT PROVIDING A TAX CREDIT FOR THE INSTALLATION OF SOLAR ENERGY SYSTEMS IN MT; DEFINING SUCH SYSTEMS.....	3-7-83	Fuller	3-17-83	
SB 459	AN ACT PROVIDING FOR A TAX CREDIT FOR UNIVERSITY-AFFILIATED RESEARCH.....	3-7-83	ECK	3-17-83	

Donations & Contributions

SB 68	AN ACT PROVIDING AN INCOME TAX DEDUCTION TO NONRESIDENTS FOR CONTRIBUTIONS MADE TO MONTANA OR A POLITICAL SUBDIVISION...	1-18-83	Gage	3-8-83	
SB 363	AN ACT CREATING A TAX DEDUCTION FOR CORP. & SHAREHOLDERS OF ELCTG. SMALL BUS. CORP. MAKING A DONATION OF A COMPUTER OR SIMILAR EQUPT. TO SCHOOLS.....	3-3-83	Mazurek	3-14-83	

BANKS

HB 536	AN ACT TO IMPOSE UPON BANKS & SVGS. & LOAN ASSOC. A FINANCIAL INSTTU. FRANCHISE TAX MEASURED GROSS RECEIPTS IN LIEU OF THE MONTANA CORPORATION LICENSE TAX.....	1-27-83	Neuman	2-8-83
SB 335	AN ACT TO DISALLOW DEDUCTIONS RELATED TO EXCLUDED INTEREST INCOME FOR MT. CORP. LICENSE TAX PURPOSES.....	3-7-83	Towe	3-17-83

OIL & GAS

SB 159	AN ACT TO DELAY THE 1% INCREASE IN THE OIL SEVERANCE TAX.....	3-7-83	Keating	3-18-83
SB 342	AN ACT TO CHANGE THE DATE FOR FILING A REPORT FOR GAS OR OIL PIPELINES AND GAS OR OIL NET PROCEEDS FOR TAX PURPOSES FROM 3/31 TO 4/15.....	3-1-83	Gage	3-14-83
SB 413	AN ACT ALLOWING ONLY 70% OF THE WINDFALL PROFITS TAXES WITHHLD. AND PD. BY AN OPERATOR TO BE DEDUCTED IN COMPUTING NET PROCCDS. TAXES ON OIL AND GAS.....	3-7-83	Gage	3-18-83

HB 704	AN ACT AMENDING SECTION 15-6-141 TO REDUCE THE TAXABLE VALUE OF CERTAIN CLASS ELEVEN PROPERTY.....	2-10-83	Harp	2-17-83	
HB 844	AN ACT AUTHORIZING THE DEPT. OF REVENUE TO CONDUCT A STUDY OF THE PERSONAL PROPERTY TAX SYSTEM.....	2-15-83	Sands	3-10-83	
SB 36	AN ACT TO EXCLUDE INCOME RECVD. UNDER THE RAILROAD RETIREMENT ACT IN DETERMINING INCOME FOR PURPOSES OF COMPUTING THE RESIDENTIAL PROPERTY TAX CREDIT FOR THE ELDERLY.....	1-20-83	Hims1	2-11-83	
SB 361	AN ACT TO REVISE THE CRITERIA UNDER WHICH LAND IS CLASSIFIED AS AGRICULTURE FOR TAX PURPOSES...	3-7-83	Turnage	3-22-83	
SB 384	AN ACT TO PROVIDE THAT THOSE LOCAL GOVT. ENTITIES WHICH FAILD TO CORRECTLY ANTICIPATE MTR. VEH. FEES & STATE PAYMENTS IN LIEU OF TAXES IN THEIR 1982-83 BUDGETS SHALL REFUND THE RESULTING PROP. TAX OVERCHARGES.	2-28-83	Turnage	3-11-83	

HB 841	AN ACT TO EXEMPT TIPS FROM MONTANA INCOME TAX LIABILITY..	2-15-83	Driscoll	3-4-83	
SB 186	AN ACT TO AUTHORIZE THE COAL BOARD TO CONSIDER APPLICATIONS FOR LOANS FROM THE LOCAL IMPACT AND EDUCATION TRUST FUND ACCT..	2-9-83	Elliott	3-9-83	
SB 96	AN ACT TO CHANGE THE DISPSTN. OF COAL SEVERANCE TAX CONSTITU. TRUST INTEREST & EARNINGS; PROV. FOR DEPOSIT OF CERTAIN INTEREST AND EARNINGS IN THE STATE GEN. FUND....	2-10-83	Elliott	3-9-83	
SB 250	AN ACT TO GENERALLY REVISE THE LAWS RELATING TO THE BD. OF HSG. AUTHORIZING THE ISSUANCE OF TXBLE. OR TAX EXEMPT BONDS; RMVG. THE LIMIT ON INTEREST RATES AT WHICH BONDS MAY BE SOLD.....	3-3-83	Goodover	3-14-83	
SB 244	AN ACT REQUIRING A SEPARATE TAX ON CERTAIN LUMP-SUM DISTRIBUTION PAYMENTS.....	3-3-83	Towe	3-14-83	
HB 858	AN ACT INCREASING THE DISCOUNT ALLOWED FOR AFFIXING TAX INSIGN. TO CIGARETTE PACKAGES..	2-15-83	Hand	3-3-83	

VISITOR'S REGISTER

HOUSE TAXATION COMMITTEE

BILL HJR 33

DATE March 16, 1983

SPONSOR Representative Ramirez

NAME	RESIDENCE	REPRESENTING	SUP-PORT	OP-POSE
<i>Dave Lewis</i>		<i>OBPP</i>		<i>X</i>
<i>John Vincent</i>		<i>District 78</i>		<i>X</i>
<i>Jim Murray</i>	<i>Helena</i>	<i>Mont. AFL-CIO</i>	<i>X</i>	
<i>Tom Ryan</i>	<i>Helena</i>	<i>Mont. City</i>	<i>✓</i>	

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 SB 204

DATE March 16, 1983

SPONSOR Senator Keating

NAME	RESIDENCE	REPRESENTING	SUP- PORT	OP- POSE
Carl Rieckmann	Billings	Mont. Ad. Assoc.	X	

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

WHEN TESTIFYING 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. 204

Third reading copy (Blue color)

A BILL FOR AN ACT ENTITLED: "AN ACT TO EXEMPT THE RIGHT OF ENTRY FROM PROPERTY TAXATION; AMENDING SECTIONS 15-6-131, 15-6-201, AND 15-8-111, MCA; PROVIDING AN IMMEDIATE EFFECTIVE DATE AND AN APPLICABILITY DATE."

Respectfully report as follows: That SENATE Bill No. 204

~~XXXXXX~~ BE CONCURRED IN

STANDING COMMITTEE REPORT *Urki*

March 21, 19 83

SPEAKER:
MR.

We, your committee on **TAXATION**

having had under consideration **HOUSE JOINT RESOLUTION XX** Bill No. **33**

First reading copy (White)
color

A JOINT RESOLUTION OF THE SENATE AND THE HOUSE OF REPRESENTATIVES OF THE STATE OF MONTANA ESTABLISHING THE STATE'S ANTICIPATED REVENUE FOR EACH YEAR OF THE SUCCEEDING BIENNIUM FOR PURPOSES OF ACHIEVING THE BALANCED BUDGET MANDATED BY ARTICLE VIII, SECTION 9, OF THE MONTANA CONSTITUTION.

Respectfully report as follows: That **HOUSE JOINT RESOLUTION XX** Bill No. **33**

be amended as follows:

(SEE ATTACHED SHEETS)

DEPAKX

DAN YARDLEY, Chairman.

March 21, 19 83

1. Page 9, line 3
Strike: \$693,222,000
Insert: \$713,257,000

2. Page 9, line 22.
Following: line 21
Strike: line 22 in its entirety
Insert: "26,666,000 28,856,000 55,522,000"

3. Page 10, line 4.
Following: line 3
Strike: line 4 in its entirety
Insert: "24,834,000 29,259,000 54,093,000"

4. Page 10, line 8.
Following: line 7
Strike: line 8 in its entirety
Insert: "17,994,000 22,965,000 40,959,000"

5. Page 10, line 11 through line 15.
Following: "Assumptions:" on line 11
Strike: line 11 through line 15 in their entirety
Insert: "The house taxation committee recommended as a reasonable revenue estimate in this area that the legislature accept a figure that splits the difference between estimates by the legislative fiscal analyst and the office of budget and program planning."

6. Page 10, line 17.
Following: line 16
Strike: line 17 in its entirety
Insert: "30,567,000 30,567,000 61,134,000"

7. Page 10, line 21.
Following: "will"
Strike: "decline gradually"
Insert: "remain constant at \$264 million"

8. Page 10, line 23.
Following: "and"
Strike: "9.5%"
Insert: "10%"

March 21, 1983

9. Page 10, line 24.
Following: "year,"
Strike: "\$47"
Insert: "\$50"
10. Page 11, line 9.
Following: line 7
Strike: line 8 in its entirety
Insert: "14,242,000 14,887,000 29,129,000"
11. Page 11, line 15.
Following: line 14
Strike: line 15 in its entirety
Insert: "5,707,000 5,988,000 11,695,000"
12. Page 11, line 19.
Following: line 13
Strike: line 19 in its entirety
Insert: "42,232,000 42,609,000 84,841,000"
13. Page 12, line 1 and 2.
Following: "declines" on line 1
Strike: line 1 through "1983" on line 2
Insert: "is assumed to be 29.7 million barrels for FY 1984 and 29.9 million barrels for FY 1985. This represents a 2% decline over the biennium from the 1982 levels"
14. Page 12, line 4.
Following: line 3
Strike: line 4 in its entirety
Insert: "6,737,000 7,182,000 13,919,000"
15. Page 12, line 6.
Following: line 5
Strike: line 6 in its entirety
Insert: "12,451,000 14,490,000 26,941,000"
16. Page 12, line 15.
Following: line 14
Strike: line 15 in its entirety
Insert: "7,205,000 7,582,000 14,787,000"
17. Page 12, line 17.
Following: line 16
Strike: line 17 in its entirety
Insert: "926,000 942,000 1,868,000"

March 21, 1983

18. Page 12, line 19.
Following: line 18
Strike: line 19 in its entirety
Insert: "1,483,000 1,049,000 2,532,000"

19. Page 12, line 21.
Following: line 20
Strike: line 21 in its entirety
Insert: "1,824,000 1,860,000 3,684,000"

20. Page 12, line 23.
Following: line 22
Strike: line 23 in its entirety
Insert: "919,000 937,000 1,856,000"

21. Page 12, line 25.
Following: line 24
Strike: line 25 in its entirety
Insert: "2,551,000 2,767,000 5,318,000"

22. Page 13, line 2.
Following: line 1
Strike: line 2 in its entirety
Insert: "1,255,000 1,267,000 2,522,000"

23. Page 13, line 4.
Following: line 3
Strike: line 4 in its entirety
Insert: "3,083,000 3,442,000 6,525,000"

24. Page 13, line 6.
Following: line 5
Strike: line 6 in its entirety
Insert: "1,642,000 1,815,000 3,457,000"

25. Page 13, line 8.
Following: line 7
Strike: line 8 in its entirety
Insert: "10,745,000 11,590,000 22,325,000"

26. Page 13, line 11.
Following: line 10
Strike: line 11 in its entirety
Insert: "\$341,963,000 \$371,294,000 \$713,257,000"

27. Page 13, line 13.
Following: line 12
Strike: "\$56,300,000"
Insert: "\$55,000,000"

AND AS AMENDED
DO PASS