

MINUTES OF THE MEETING OF THE HOUSE TAXATION COMMITTEE
March 22, 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 361 during this meeting.

Executive action was taken on the following bills: House Bills 536, 841, 844, 858; and Senate Bills 36, 68, 96, 159, 186, 244, 335, 342, 361, 363, and 413.

SENATE BILL 361

SENATOR JEAN TURNAGE, District 13, sponsor of the bill, said SB 361 is an act to revise the criteria under which land is classified as agricultural for tax purposes. The bill is an attempt to have a starting point for land classification. He said the Department of Revenue may require that proof of criteria specified in the bill be filed with the department.

Proponents

DENNIS BURR, representing the Montana Taxpayers Association, said he liked the bill better in the form in which it was introduced. Mr. Burr said there are two types of land: 1) agricultural land; and 2) all other kinds of land. In the past few years, it has been easy to have land classified as agricultural land in order to reduce taxes on that land. This bill requires proof that the land is being used as agricultural land. This bill will not solve all problems with classification of land but it is a good start.

SENATOR BIL NORMAN, District 47, said the Department of Revenue would find this bill helpful in assessing agricultural land.

Opponents

KEN SPALDING, Chairman of Park County Board of Commissioners, asked that SB 361 be killed. Too much has been deleted from the bill to make it workable. Park County will lose \$250,000 to \$300,000 in tax money if this bill is passed. (See EXHIBIT 1.)

ALLEN NELSON, representing himself and the Agricultural Preservation Association, said he is opposed to SB 361. He said his taxes will have to be raised by \$197.20 in order to make up for the loss of tax money if this bill is passed. (See EXHIBIT 2.)

JO BRUNNER, representing Women Involved in Farm Economics (WIFE), said the WIFE organization opposes the bill, although they worked

for Senate amendments to bring it to this level. They continue to be concerned with the low acreage provision and the figures included for production. They believe that to be considered a viable agriculture operation, it should be the intent to make the major part of your living from agriculture and not be considered, for taxation, or for agriculture payment purposes, a viable agriculture operation if you supply only supplemental support through the raising of your own food and fiber. Ms. Brunner read a prepared statement to the committee. (See EXHIBIT 3.)

DORIS SHEPHERD, representing the Montana Association of Counties, said to put a criteria of 5 acres in this bill is ridiculous. There are people who make a living on 5 acres (i.e. cherry farms and chicken farms) but there are also people who have 40 acres of nothing but trees and rocks.

DAN WORSDELL, City Manager of Anaconda-Deer Lodge, said this measure will erode the tax bases of many counties in the state of Montana. They support better land classification criteria but this bill does not meet those goals.

GORDON DARLINTON, Legislative Chairman for the Agricultural Preservation Association, said there are many small subdivisions of 10 acres and if they are allowed to be classified as agriculture land, it will hurt the tax base of the counties. Money will have to be raised somehow to pay for county services.

JACK WILLIAMS, representing himself, said last year his property taxes doubled. If this bill passes, his taxes will go up more. He said he would like to see the bill killed.

BOB RAUNDAL, representing the State Tax Appeal Board, said this greenbelt situation needs clarification. In its present form, the bill might not take care of the problems. The ten animal units of grazing could allow one saddle horse in order to qualify for agricultural land.

CHARLES GRAVELEY, representing the County Assessors Association, said the assessors are not so much in opposition to the bill as they are opposed to the acreage limit. They feel it is terribly low and will result in raising our taxes. He said the assessors came up with an alternative proposal which he would have drawn up into amendments and would submit to this committee.

GREG GROEPPER, representing the Department of Revenue, said he was appearing neither as a proponent nor an opponent to the bill. He said the Department of Revenue has had over 700 tax appeals on this subject, working their way up to state level from county level. The bill was amended in committee and on the floor of the Senate. The department has tried for a long time to get clarification on what should be considered agricultural land and what should not be. This bill does that. He is speaking only to the

administrative aspects of the bill. Because of the vagueness of the law, there is no equality in assessing of agricultural land. This bill is not effective until 1984. Administratively, the bill helps the Department of Revenue.

SENATOR TURNAGE, in closing, said the opponents testified opposite to what they really want. The current law is much worse than what the opponents think this bill is. The present law allows for a five acre farm and could be used for grain crops, timber crops, etc. The law provides for less than five acres if that acreage produces 15% of the owner's net income. Under this law you would have to prove the criteria for assessing land as agricultural land.

Questions from the committee were heard at this time.

REPRESENTATIVE WILLIAMS said Mr. Burr had testified that he was not satisfied with this bill. He asked Mr. Burr what his definition of agricultural land, for taxable purposes, would be. Mr. Burr said the problem is with the land around the edges of urban areas. You have to be able to prove that land is being used as agricultural land. It should not be agricultural land if it is waiting to be developed. Criteria in the bill that requires proof that the land is agricultural land is better than current law.

REPRESENTATIVE WILLIAMS asked if it would be more reasonable to have a more strict definition of agricultural land and eliminate the acreage number. Senator Turnage said that would be if the requirements were absolutely crystal clear. The acreage thing is an arbitrational step where you start to apply other guidelines.

REPRESENTATIVE ASAY asked if you could use a percentage of gross return as a measure of agricultural endeavor. Senator Turnage said that could be one criteria but could not be the only criteria.

The hearing on SB 361 was closed.

REPRESENTATIVE HARRINGTON was excused from the meeting at this time.

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

EXECUTIVE SESSION

Senate Bill 361

REPRESENTATIVE ZABROCKI moved to TABLE SB 361.

The motion was voted on and PASSED. All committee members present voted yes except Representatives Bertelsen, Harp and Nordtvedt, who voted no.

Senate Bill 68

REPRESENTATIVE DOZIER moved SB 68 BE CONCURRED IN.

REPRESENTATIVE BERTELSEN said it was suggested to remove the effective date because there was no real urgency with the bill.

REPRESENTATIVE WILLIAMS moved to amend SB 68, removing the effective date.

REPRESENTATIVE REAM said the important point is that it is for this taxable year.

REPRESENTATIVE WILLIAMS withdrew his motion.

REPRESENTATIVE WILLIAMS asked if there is a ceiling on the amount that can be deducted.

JIM OPPEDAHN, legislative researcher for the Legislative Council, said the act is tied to the federal section. It would have the same limitations as on federal deductions.

The motion was voted on and PASSED unanimously.

REPRESENTATIVE DOZIER was appointed to carry the bill in the House.

Senate Bill 363

REPRESENTATIVE ZABROCKI moved SB 363 BE CONCURRED IN.

REPRESENTATIVE NORDTVEDT moved to amend the bill, striking the word "public" wherever it occurred in the bill, and to amend the word "a" to "an" where necessary.

The motion to amend the bill was voted on and PASSED. All committee members voted yes except Representatives Neuman, Nilson, Jacobsen, Ream and Williams, who voted no.

The motion that SB 363 BE CONCURRED IN, AS AMENDED was voted on and PASSED. All committee members voted yes except Representative Williams, who abstained.

REPRESENTATIVE ZABROCKI was assigned to carry the bill in the House.

House Bill 536

REPRESENTATIVE NEUMAN offered amendments to HB 536. (See EXHIBIT 4.) Representative Neuman said he is proposing to substantially amend the bill.

REPRESENTATIVE NEUMAN said he intends to take the bankers' bill, SB 335, and write it into this bill, except he would change the percentage of taxation and instead of using corporation license

tax, he would propose to create a financial institutions franchise tax and raise the percentage from 6 3/4% to 8.5%, and use the provisions of the bankers' bill that they have presented to this committee. This would be a retroactive feature that would allow them to take a percentage of their tax exempt interest to their total interest and apply that towards their expenses before they compute their net income. This is done in California. The reason they tax financial institutions at a greater percentage than they do other institutions is because money to banks is like machinery to miners, farmers and other institutions and the tax is basically supposed to be a property tax. Since we tax banks only on their net income, they use a greater percentage in order to get some equality. The net effect of that would be about \$1 million per year to the general fund. Representative Neuman said he would propose to change the distribution formula that is now 80/20 between local jurisdictions and the state. He would propose to change that to 36/64. This will, at the higher rate, assure that the local taxing jurisdictions receive the same amount of money that they receive under the present law and additional funds that would be raised would come to the state to be deposited in the general fund.

REPRESENTATIVE NORDTVEDT asked why Representative Neuman wants more money to go to the state. Representative Neuman said to get more money to the general fund but yet not take any money away from the counties.

REPRESENTATIVE NEUMAN said he also proposes to amend the bill to include a tax on the deposits to the financial institutions at a rate of .14%. This portion of the bill would only go into effect if we should lose the appeals that are in the courts at the present time. (The financials have taken the state to court and the courts declared that since we do not allow deductions of tax exempt income, that is taxing what the federal law says we cannot tax. The courts upheld that was illegal so the bankers came in with SB 335.) The tax on the deposits would only be applicable if the courts agree that the first part of the bill is unconstitutional.

On the last page of EXHIBIT 4 there are two options of how this bill will work. Option A would be that the present law would remain in effect, if it is upheld by the court, with no increase. Option B is the one Representative Neuman would propose. It would be that this law would go into effect for taxable years beginning after December 31, 1982, regardless of the outcome of the case. (The financial institutions would be taxed at a higher rate on net income, not deposits tax.)

REPRESENTATIVE BERTELSEN said you have increased the total tax on the banks by one-fourth. Representative Neuman said the tax would be increased from \$9 million to \$11 million.

REPRESENTATIVE DOZIER said he opposes the amendments because they

are so substantive and no one has a chance to testify on the offered amendments.

REPRESENTATIVE NORDTVEDT said the \$11 million revenue is calculated by neglecting the present amount of federal receipts of banks. Does it still exclude taxing federal. Representative Neuman said yes.

CHAIRMAN YARDLEY asked if the bill still would have the provision that allows for pro rata share of expenses. Representative Neuman said yes.

REPRESENTATIVE WILLIAMS said he had difficulties with taking on new concepts without a hearing.

REPRESENTATIVE REAM asked if he was correct in saying the new amendments make HB 536 similar to SB 335. Representative Neuman said yes, the first part is almost identical but the only thing changed, basically, is the rate from 6 3/4% to 8.5%.

REPRESENTATIVE ASAY asked who has seen these amendments. Representative Neuman said he just finished the amendments so this committee is really the first ones to see them. It has taken a long time to get the concept together.

REPRESENTATIVE NORDTVEDT asked if the courts struck down taxing of non-income, then the second part of this bill would take over? Representative Neuman said that is correct. The financial institutions have not been paying their fair share since the bank shares tax was withdrawn.

REPRESENTATIVE NORDTVEDT said we have to do something like this. If the courts rule against the concept of SB 335, we would be back to a situation of having no tax on banks for another two year period. The taxing of deposits is not a new concept.

REPRESENTATIVE ABRAMS asked if the bill, as amended, would be a compromise between the two bills. Representative Neuman said the amendments to HB 536 are basically the same as what is contained in SB 335 so we would not need a new hearing for further testimony. The second part of the amendments is the deposits tax and we have had a lot of testimony on that. Chairman Yardley said even though the deposits tax was heard in the Senate, we have not heard it in the House and that concerned him.

REPRESENTATIVE JACOBSEN said he realized Representative Neuman was trying to raise more revenue but by changing the allocation, it doesn't help the counties and cities but just helps the state.

REPRESENTATIVE NEUMAN said the intention was that the counties and cities would get the same amount they have been getting. He said he would have no objection to changing the distribution percentages.

REPRESENTATIVE VINGER asked if we can legally raise the tax from 6 3/4% to 8.5%. Representative Neuman said we can because we have changed the tax.

REPRESENTATIVE WILLIAMS said if we are going to consider a deposits tax, this committee has not heard testimony on deposits tax. Under the deposits tax, would the savings and loans be pulled back into the tax? Representative Neuman said yes.

REPRESENTATIVE NORDTVEDT said there is nothing conceptually wrong with deposits tax if it is the working capital of a bank. But the deposits do not belong to the bank. We would be taxing money capital of people. He said we might be in a better situation if we left the percentage the same, at 6 3/4%, and have a small deposits tax. Representative Neuman said he had thought of that but that would be creating two different taxes and this seemed to be a more simple approach.

REPRESENTATIVE NILSON moved HB 536 BE TABLED.

REPRESENTATIVE NEUMAN said he would have to oppose that motion. He said we have to do something because the state is in a terrible spot, financially. He said if you are going to "hang a hat on SB 335, you are going to hang it on something pretty iffy".

REPRESENTATIVE DEVLIN said these amendments change the bill substantially and you are denying people the right to testify on the new bill. Representative Neuman said the bill could be heard in the Senate Taxation Committee.

REPRESENTATIVE VINGER moved this committee postpone action on this bill for one day so the committee members have a chance to look at the amendments and then give the Department of Revenue and the bankers a chance to speak to the amendments.

REPRESENTATIVE DOZIER said he has a problem with that. His constituents will not have a chance to get to Helena to testify on the proposed amendments to the bill.

REPRESENTATIVE VINGER withdrew his motion.

REPRESENTATIVE BERTELSEN said the amendments merely change the percentage. He said we are not making a drastic change like the committee members seem to think we are.

REPRESENTATIVE SWITZER said this committee had a hearing on SB 335 but asked if the sponsor did not say he was addressing portions of a different senate bill. Representative Neuman said yes, he also addressed SB 236, which has been tabled in the Senate Taxation Committee.

REPRESENTATIVE NEUMAN said he would rather amend his own bill to do what he wants it to do rather than amending someone else's bill

and run the chance that the sponsor of the other bill might not agree with what he wants to do.

REPRESENTATIVE REAM said the advantage of working with HB 536 is that it does have one more shot at a public hearing on the Senate side.

REPRESENTATIVE ZABROCKI asked if this committee could get a gray copy of the bill with the amendments put in. Representative Neuman said if this committee adopts the amendments in committee, table the bill, then we could get a gray copy of the bill.

REPRESENTATIVE NEUMAN said he has amendments prepared to include gross receipts tax as a back up tax. He asked the committee if they want to increase the percentage in SB 335 and use the gross receipts tax as a fall back position, because the committee has heard testimony on gross receipts.

REPRESENTATIVE NORDTVEDT said there is no conceptual difference between gross receipts tax and deposits tax except the gross receipts tax is more volatile.

REPRESENTATIVE JACOBSEN said in fairness to the sponsor of this bill, we could put the amendments on the bill because that would not hurt anything.

REPRESENTATIVE NEUMAN moved the proposed amendments be incorporated in HB 536.

REPRESENTATIVE NORDTVEDT said he would support that motion because it would do no harm to put the amendments in the bill.

The motion to amend HB 536 was voted on and PASSED. A roll call vote was taken and all committee members voted yes except Representatives Asay, Devlin, Dozier, Nilson, Vinger, Williams and Zabrocki, who voted no. Representatives Harp and Harrington were excused during the vote.

REPRESENTATIVE NEUMAN moved to accept Option B contained on the last page of EXHIBIT 4.

The motion was voted on and FAILED. A roll call vote was taken and all committee members voted no except Representatives Bertelsen, Neuman, Ream and Yardley, who voted yes. Representatives Harp and Harrington were excused during the vote.

REPRESENTATIVE NEUMAN moved to accept Option A, on the last page of EXHIBIT 4.

The motion was voted on and PASSED. All committee members voted yes except Representatives Dozier, Neuman, Nilson and Bertelsen, who voted no. Representatives Harp and Harrington were excused during the vote.

REPRESENTATIVE NEUMAN made a substitute motion that HB 536 DO PASS, AS AMENDED.

REPRESENTATIVE SWITZER asked Representative Neuman if he would accept an amendment to reinstate current law, changing the distribution back to 20/80. Representative Neuman said he would not object.

REPRESENTATIVE SWITZER moved to amend HB 536, putting the distribution back to 20/80.

The motion was voted on and PASSED. All committee members voted yes except Representatives Neuman, Nilson and Ream, who voted no.

The motion that HB 536 DO PASS, AS AMENDED was voted on and FAILED. All committee members voted no except Representatives Neuman, Bertelsen, Nordtvedt, Ream and Switzer, who voted no.

The original motion to TABLE HB 536 was voted on and PASSED. All committee members voted yes except Representatives Bertelsen, Neuman, Ream and Switzer, who voted no.

Senate Bill 335

CHAIRMAN YARDLEY passed out copies of amendments to SB 335 that were proposed by the Department of Natural Resources and Conservation. (See EXHIBIT 5.)

REPRESENTATIVE WILLIAMS said there is only one banking firm in Montana that files consolidated returns. This amendment would disallow any consolidated returns.

CHAIRMAN YARDLEY read a letter from Dan Bucks, Department of Revenue, which explain the amendments offered. (See EXHIBIT 6.)

REPRESENTATIVE NORDTVEDT said if we are not careful, we may end up killing all the bank bills by tacking on all the amendments the Department of Revenue want to have put in the bill.

REPRESENTATIVE WILLIAMS moved the offered amendments to SB 335.

The motion was voted on and PASSED. All committee members voted yes except Representatives Nordtvedt, Abrams, Devlin and Vinger, who voted no.

REPRESENTATIVE NEUMAN moved to TABLE SB 335. He said this committee should study HB 536 and SB 335 and come back tomorrow and act on the bills. The issue is important enough that we should give it some time.

REPRESENTATIVE WILLIAMS made a substitute motion that SB 335 BE CONCURRED IN, AS AMENDED.

The motion was voted on and FAILED. A roll call vote was taken and all committee members voted no except Representatives Asay, Devlin, Nilson, Vinger, Williams, Zabrocki and Yardley, who voted yes. Representatives Dozier, Harp and Harrington were excused at the time of the vote.

The motion to TABLE SB 335 was voted on and PASSED. All committee members voted yes except Representatives Yardley, Zabrocki, Williams and Vinger, who voted no. Representative Dozier, Harp and Harrington were excused during the time of the vote.

Senate Bill 159

REPRESENTATIVE DOZIER moved to TABLE SB 159.

REPRESENTATIVE VINGER made a substitute motion that SB 159 BE CONCURRED IN.

REPRESENTATIVE NORDTVEDT moved to amend the bill by reducing the severance tax to 5% effective April 1, 1985. He said we are sending a message that Montana is reducing the severance tax which would encourage new drilling. The fiscal impact would be delayed until the next biennium.

CHAIRMAN YARDLEY said the 6% severance tax would stay in effect until April 1, 1985 and would then be dropped to 5%.

The motion to amend SB 159 was voted on and FAILED. A roll call vote was taken and all committee members voted no except Representatives Abrams, Bertelsen, Devlin, Neuman, Nordtvedt, Vinger and Zabrocki, who voted yes. Representatives Harp and Harrington were excused at the time of the vote.

The motion that SB 159 BE CONCURRED IN was voted on and FAILED. A roll call vote was taken and all committee members voted no except Representatives Abrams, Asay, Devlin, Harp, Jacobsen, Switzer, Underdal, Vinger and Zabrocki, who voted yes. Representative Harrington voted no, by proxy vote.

REPRESENTATIVE WILLIAMS made a substitute motion that SB 159 BE NOT CONCURRED IN.

The motion was voted on and PASSED. A roll call vote was taken and all committee members voted yes except Representatives Abrams, Asay, Devlin, Harp, Jacobsen, Switzer, Underdal, Vinger and Zabrocki, who voted no.

Senate Bill 342

REPRESENTATIVE ZABROCKI moved SB 342 BE CONCURRED IN.

The motion was voted on and PASSED. All committee members voted yes except Representatives Dozier, Keenan, Williams and Yardley, who voted no.

Senate Bill 413

REPRESENTATIVE WILLIAMS moved SB 413 BE CONCURRED IN.

The motion was voted on and PASSED unanimously.

House Bill 844

REPRESENTATIVE WILLIAMS said he will put together some figures and information on this study and report back to the committee.

REPRESENTATIVE SWITZER moved to TABLE HB 844.

The motion was voted on and PASSED unanimously.

Senate Bill 36

REPRESENTATIVE KEENAN moved to TABLE SB 36.

The motion was voted on and PASSED unanimously.

House Bill 841

REPRESENTATIVE KEENAN moved HB 841 DO PASS.

REPRESENTATIVE REAM moved the amendments contained in EXHIBIT 7.

The motion was voted on and PASSED unanimously.

REPRESENTATIVE WILLIAMS moved to sunset this act if the federal law is repealed.

The motion was voted on and PASSED. All committee members voted yes except Representative Ream, who voted no.

The motion that HB 841 DO PASS, AS AMENDED was voted on and PASSED. All committee members voted yes except Representatives Harp, Nordtvedt, Neuman and Yardley, who voted no.

REPRESENTATIVE NORDTVEDT said he would recommend that the revenue estimate from this bill be ignored in HJR 33 because he said he doubts any tips are being claimed and so any assumption on a fiscal note would be wrong.

Senate Bill 186

REPRESENTATIVE ASAY moved SB 186 BE CONCURRED IN.

REPRESENTATIVE ASAY moved to amend SB 186 to include Indian tribes. He said they should be given the opportunity to present their impact to the coal board. He said this would give the tribes an avenue to approach the state government. He said this will not make any difference in the loans and grants.

REPRESENTATIVE REAM said he supports Representative Asay's amendments and suggested inserting "federally recognized" in front of the word tribe. Representative Asay said he would include that in his amendment.

The motion to amend SB 186 was voted on and PASSED unanimously.

REPRESENTATIVE ASAY moved SB 186 BE CONCURRED IN, AS AMENDED.

The motion was voted on and PASSED. All committee members voted yes except Representatives Harp and Nordtvedt, who voted no.

REPRESENTATIVE ASAY said he would carry the bill on the House floor.

Senate Bill 96

REPRESENTATIVE NEUMAN moved to TABLE SB 96.

REPRESENTATIVE NORDTVEDT made a substitute motion that SB 96 BE CONCURRED IN.

REPRESENTATIVE NEUMAN said part of the defense for having the coal fund is to use those funds directly for impact. If we put this money directly into the general fund, we will lose track of how that money is spent.

The substitute motion was voted on and FAILED. A roll call vote was taken and all committee members voted no except Representatives Devlin, Harp, Nordtvedt, Switzer, Underdal and Vinger, who voted yes. Representatives Abrams and Dozier were excused at the time of the vote.

The original motion to TABLE SB 96 was voted on and PASSED. All committee members voted yes except Representatives Harp, Devlin, Switzer, Vinger and Nordtvedt, who voted no.

Senate Bill 244

REPRESENTATIVE SWITZER moved SB 244 BE NOT CONCURRED IN.

REPRESENTATIVE WILLIAMS made a substitute motion that SB 244 BE CONCURRED IN.

The substitute motion was voted on and PASSED. All committee members voted yes except Representatives Devlin, Switzer and Vinger, who voted no. Representatives Harp, Harrington, Dozier and Nilson were excused at the time of the vote.

House Bill 858

REPRESENTATIVE VINGER moved HB 858 DO PASS AS AMENDED.


CHAIRMAN YARDLEY reminded the committee they had already amended

the bill during another meeting.

The motion was voted on and PASSED. All committee members voted yes except Representatives Keenan, Bertelsen, Williams, Ream, Neuman and Nordtvedt, who voted no. Representatives Harp, Harrington, Dozier and Nilson were excused at the time of the vote.

The meeting was adjourned at 11:45 a.m.


DAN YARBLEY, Chairman


Vicki Lofthouse, Secretary

3-22-83

11 1982 Values
Park County
Suburban Tracts
Valuation
\$10,355,467

Total County Valuation from all sources	\$17,836,902
Total Taxes Collected from all sources	\$ 5,660,208
Average County Millage	.31733
Taxable Valuation on Suburban Tracts	\$ 882,127

SB# 361 as it is presently written would eliminate approximately ninety percent (90%) of these tract values and put them in an Agriculture Status. The difference in tract values and ag. values times an average millage of .31733 mills would still create a loss in excess of \$250,000 in taxes to Park County alone. In order to overcome this deficit the average county millage would change from .31733 mills to .33211 mill.

Using averages only and not differentiating school districts, a house valued at \$18,750 would change from \$508.72 in taxes to \$532.41 in taxes.

3-22-83

10270

36303

46573

land + Bldg

TAXABLE -

3081

land

3104

Bldg.

3034

Cattle + Personal

278

Horses

3845

mchry

12342= (.3173) \$

TAX = 4233.81

= (.3321) 4431.01\$ 197.20

Allen F. Nelson's Property

Park County

3-22-83

WIFE Women Involved in Farm Economics

NAME JO BRUNNER BILL NO. SB361
 ORGANIZATION WOMEN INVOLVED IN FARM ECONOMICS
 ADDRESS 563 3rd St. Helena DATE MARCH 22, 83
 SUPPORT ☒ OPPOSE ☒ AMEND ☐

COMMENTS:

Mr. Chairman, members of the committee, my name is Jo Brunner and I represent the members of the Women Involved in Farm Economics Organization.

The W.I.F.E. organization ^{opposes} ~~the concept of this bill,~~ ^{Although we} ~~WORKER FOR SENATE AMENDMENTS TO BRING IT TO THIS HOUSE~~ ^{g.} We continued to be concerned with the low acreage provision. ^{+ the figures included for production.} We believe that to be considered a viable agriculture operation, it should be the intent to make the major part of your living from agriculture and not be considered, for taxation, or for agriculture payment purposes, a viable agriculture operation if you supply only supplemental support through the raising of your own food and fiber.

In the overall picture, small acreages such as we address here, are considered farms and ranches when the figures on acres and production are computed--according to the ASCS office--they are eligible for the payments the same as larger viable operations, and quite often they ^{+ we do not contest self-sustained} never sell anything on the market. This past year we heard often that there was a great increase of people going into agriculture and that small operations was increasing. We believe that a large proportion of these "farmers" were small acreages that actually do not contribute to the agriculture economy.

Again, while we do not believe that 5 acres is the correct amount to be considered for an agriculture operation, we do agree with the other figures in production ^{as letter from E. J. Stym} for that acreage. ^{well has no fury like a woman scorned} We would want it raised for a larger amount of acres.

AMEND HB 536 AS FOLLOWS:

Page 1, Line 6

Strike Page 1 Line 6 "GROSS" through Page 1 Line 9 "DATE".

Insert:

NET INCOME IN LIEU OF THE MONTANA CORPORATION LICENSE TAX; AMENDING SECTIONS 15-31-101, 15-31-113, 15-31-114, 15-31-701 AND 15-31-702, MCA; IMPOSING A CONTINGENT FINANCIAL INSTITUTIONS FRANCHISE TAX MEASURED BY DEPOSITS, AND PROVIDING AN EFFECTIVE DATE, A SEVERABILITY CLAUSE AND AN APPLICABILITY DATE."

Page 1, Line 15

Strike. Page 1 line 15 "It" through Page 1 Line 20 "privilege".

Insert:

It is the intent of this act that every bank and savings and loan association doing business within the state as a corporation or association within the provisions of 15-31-101 shall annually pay to the state treasurer a financial institutions franchise tax for the privilege of conducting business in this state in corporate form. Since financial institutions possess proportionately greater amounts of intangible assets which are not subject to property tax compared to nonfinancial corporations, it is the intent of the Legislature to equalize overall tax burdens within the state, as well as the total tax burden between financial institutions and other corporations by enacting this tax.

Page 1 line 21

Strike Page 1 line 21 through page 7 line 21

INSERT:

NEW SECTION Section 3. Definitions. As used in this part, the following definitions apply:

(1) The term "gross income means all income recognized in determining the corporation's gross income for federal income tax purposes and:

(a) including:

(i) interest exempt from federal income tax;

(ii) the portion of gain from a liquidation of the reporting corporation not recognized for federal corporate income tax purposes pursuant to sections 331 through 337 of the Internal Revenue Code (as those sections may be amended or renumbered) attributable to stockholders, either individual or corporate, not subject to Montana income or license tax under Title 15, chapter 30 or chapter 31, as appropriate, on the gain passing through to the stockholders pursuant to federal law; and

(b) excluding gain recognized for federal tax purposes as a shareholder of a liquidating corporation pursuant to sections 331 through 337 of the Internal Revenue Code (as those sections may be amended or renumbered) when the gain is required to be recognized by the liquidating corporation pursuant to subsection (1)(a)(ii) of this section.

- (2) The term "net income" means the gross income of the corporation less only those deductions set forth in 15-31-114. The definition of net income set forth in this section may not be construed to allow any deduction contained in the federal Internal Revenue Code unless that deduction is expressly provided for in this chapter.
- (3) "Taxable Period" means the taxable year for federal income tax purposes of the bank or savings and loan association.

NEW SECTION Section 4. Income includable - -

Notwithstanding the provisions of any other law, interest income from all obligations or securities issued by any state or political subdivisions thereof shall be included in the net income measure of the tax.

NEW SECTION Section 5. Adjustments to deductions - - Tax imposed - - rate - - - exceptions.

- (1) Reduction of deductions related to excluded income
 - (a) Every corporation taxable under this act, as provided in Section 8 which possesses interest income that is exempt from taxation by law shall adjust its allowable deductions for all taxable periods in which such interest is excluded in the following manner:
 - (i) the total amount of interest excluded from gross income by federal or state law must be determined;
 - (ii) the total amount of all interest income from all sources must be determined;
 - (iii) the ratio of excluded interest income to all interest income must be determined; and
 - (iv) the total deductions allowable under 15-31-114 must be reduced by an amount determined by multiplying the amount of deduction otherwise allowable by the ratio of excluded interest to all interest income; however the product of this calculation may not exceed the amount of excluded interest income.
- (2) There is imposed upon every bank and savings and loan association for each taxable period a financial institutions franchise tax at the rate of $8\frac{1}{2}\%$ of all net income.
- (3) When a bank or savings and loan association changes its taxable period, it must promptly notify the department of revenue.

NEW SECTION Section 6. Incorporation by reference. The provisions of the following sections of Chapter 31 Title 15 are incorporated by reference and apply to this part: 15-31-101, 15-31-102, 15-31-111, 15-31-113(3), 15-31-114, 15-31-142, 15-31-143, 15-31-301 through 15-31-312, 15-31-501 through 15-31-509, 15-31-521 through 15-31-526, 15-31-531, 15-31-532, 15-31-541 through 15-31-544 and, 15-31-551 through 15-31-554, except that wherever the words "tax," "license tax," "license fee," "corporation excise tax," or like words appear, referring to the tax imposed under part 1 of this chapter, they mean, for purposes of this part, "financial institutions franchise tax."

NEW SECTION Section 7. Filing methods. For purposes of filing the financial institutions franchise tax returns required by this act, each bank or savings and loan will be required to file on a separate entity basis. Consolidated returns are specifically prohibited.

NEW SECTION Section 8. Section 15-31-101, MCA is amended to read:

"15-31-101. Organizations subject to tax. (1) The term "corporation" includes associations, joint-stock companies, common-law trusts and business trusts which do business in an organized capacity, and all other corporations whether created, organized, or existing under and pursuant to the law, agreements, or declarations of trust of any state, country, or the United States.

(2) The terms "engaged in business" and "doing business" both mean actively engaging in any transaction for the purpose of financial or pecuniary gain or profit.

(3) Every corporation, except as hereinafter provided and except as provided in 33-2-705(6), engaged in business in the state of Montana shall annually pay to the state treasurer as a license fee for the privilege of carrying on business in this state such percentage or percentages of its total net income for the preceding taxable year at the rate hereinafter set forth. In the case of corporations having income from business activity which is taxable both within and without this state, the license fee shall be measured by the net income derived from or attributable to Montana sources as determined under part 3.

This tax is due and payable on the 15th day of the 5th month following the close of the taxable year of the corporation; however, the tax becomes a lien as provided in this chapter on the last day of the taxable year in which the income was earned and is for the privilege of carrying on business in this state for the taxable year in which the income was earned.

(4) Every bank organized under the laws of the state of Montana, of any other state, or of the United States and every savings and loan association organized under the laws of this state or of the United States is subject to the Montana ~~corporation license~~ financial institutions franchise tax provided for under this chapter in lieu of the corporate license tax. For taxable years beginning on and after January 1, 1972, this subsection is effective in accordance with Public Law 91-156, section 2 (12 U.S.C. 548)."

NEW SECTION Section 9. Disposition of revenue. The revenue collected from the tax imposed by this part must be disbursed in accordance with 15-31-701 and 15-31-702.

Section 10. Section 15-31-701, MCA is amended to read: "15-31-701. Department of Revenue - - special duties for transmitting ~~corporation license tax~~ financial institutions franchise tax revenues collected from banks or savings and loan associations to counties.

(1) Within 30 days after receiving ~~corporation license~~ financial institutions franchise tax returns and payments from banks or savings and loan associations, the department of revenue shall transmit to the county treasurer of the county in which the business is located the revenues calculated under 15-31-702(1)(b).

(2) If the department of revenue determines, under the provisions of 15-31-503 and 15-31-531, that a bank or savings and loan association owes more taxes than shown on the original return or has paid more than the tax, penalty, or interest due in any year, it shall notify the bank or savings and loan association. Additional payment is due within 10 days after receipt of the final determination of taxes due. County treasurers shall issue warrants for their portion of the overpayment received and interest, as provided in 15-31-531.

(3) The department shall continue to exercise all its duties and powers outlined in this title with respect to auditing returns and enforcing payment of the ~~corporation license~~ financial institutions franchise taxes owed by banks and savings and loan associations. Any delinquent taxes collected from the sale of property of a bank or savings and loan association under the provision of 15-31-525 shall be transmitted to the county in which the corporation owing the delinquent taxes is located. The only duties of the county treasurers in this regard are issuing refunds and distributing the taxes to local taxing jurisdictions."

Section 11. Section 15-31-702, MCA, is amended to read:

"15-31-702. Distributions of ~~corporation license~~ financial institutions franchise taxes collected from banks or savings and loan associations. (1) All ~~corporation license~~ financial institutions franchise taxes collected from banks and savings and loan associations shall be distributed in the following manner:

(a) ~~20%~~ 36% must be remitted to the state treasurer to be allocated as provided in 15-1-501(2); and

(b) ~~80%~~ 64% must be allocated to the various taxing jurisdictions within the county in which the bank or savings and loan association is located.

(2) The ~~corporation license~~ financial institutions franchise taxes distributed under subsection (1)(b) shall be allocated to each taxing jurisdiction in the proportion that its mill levy for that fiscal year bears to the total mill levy of the taxing authorities of the district in which the bank or savings and loan association is located.

(3) "Taxing jurisdictions" means, for the purposes of this section, all taxing authorities within a county permitted under state law to levy mills against the taxable value of property in the taxing district in which the bank or savings and loan association is located.

(4) If a return filed by a bank or savings and loan association involves branches or offices in more than one taxing jurisdiction, the department of revenue shall provide a method by rule for equitable distribution among those taxing jurisdictions."

NEW SECTION Section 12. Definitions. As used in this part, the following definitions apply:

(1) (a) Except as provided in subsection (b), "total deposits" means the average total deposits for a taxable period of a bank or savings and loan association as reported to state or federal regulators on the consolidated report of appropriate schedules, the resources and liabilities of a bank or savings and loan association on those past days designated by the comptroller of currency of the United States for reports of national banking associations or for banks required to report to the department of commerce on those past days specified in 32-1-231.

(b) Total deposits include all demand deposits and time deposits, including but not limited to those deposits that are insured by the federal savings and loan insurance corporation and federal deposit insurance corporation, except deposits of the United States government or its agencies or for the state of Montana or its agencies or political subdivision.

(2) "Taxable period" means the taxable year for federal income tax purposes of the bank or savings and loan association.

NEW SECTION Section 13. Tax imposed - - -rate - -exceptions.

(1) There is imposed upon every bank and savings and loan association for each taxable period a financial institutions franchise tax at the rate of .14% of total deposits..

(2) When a bank or savings and loan association changes its taxable periods, it must promptly notify the department of revenue.

(3) To the extent that a bank or savings and loan association is a branch of a foreign bank or savings and loan association, this section applies only to the total deposits received by the Montana branch or operation.

NEW SECTION Section 14. Incorporation by reference. The provisions of the following sections of this chapter are incorporated into this part by reference and apply to this part: 15-31-101, 15-31-102, 15-31-111, 15-31-142, 15-31-143, 15-31-501 through 15-31-509, 15-31-521 through 15-31-544, and 15-31-551 through 15-31-554, except that wherever the words "tax", "license tax", "license fee", "corporation excise tax", or like words appear, referring to the tax imposed under part 1 of this chapter, they mean, for purposes of this part, "financial institutions franchise tax", and except that wherever the words "net income", "taxable income", "taxable net income", or like words appear, referring to the basis of the license tax computations, they mean, for purposes of this part, "gross receipts".

NEW SECTION Section 15. Severability Clause. In the event that the method of calculating the measure of the tax provided for in sections 4 through section 6 inclusive, is held unconstitutional or invalid, those sections will be considered inoperative and sections 12 through section 14 inclusive, will be given effect beginning with January 1 of the calendar year in which the method of calculating the tax is so held. Until such a contingency occurs, sections 12 through 14 will not be effective.

Section 16. Section 15-31-113 is amended to read:

15-31-113. Gross income and net income. (1) The term "gross income" means all income recognized in determining the corporation's gross income for federal income tax purposes and:

(a) including:

(i) Interest exempt from federal income tax;

(ii) the portion of gain from a liquidation of the reporting corporation not recognized for federal corporate income tax purposes pursuant to section 331 through 337 of the Internal Revenue Code (as those sections may be amended or renumbered) attributable to stockholders, either individual or corporate, not subject to Montana income or license tax under Title 15, chapter 30 or chapter 31, as appropriate, on the gain passing through to the stockholders pursuant to federal law; and

(b) excluding gain recognized for federal tax purposes as a shareholder of a liquidating corporation pursuant to section 331 through 337 of the Internal Revenue Code (as those sections may be amended or renumbered) when the gain is required to be recognized by the liquidating corporation pursuant to subsection (1)(a)(ii) of this section.

(2) The term "net income" means the gross income of the corporation less the deductions set forth in 15-31-114. Notwithstanding the provisions of any, other law, interest income from all obligations or securities issued by any state or political subdivisions thereof shall be included in the net income measure of the tax.

beginning after December 31, 1970, a net operating loss is sustained, such loss shall be a net operating loss carryback to each of the three taxable periods preceding the taxable period of such loss and shall be a net operating loss carryover to each of the five taxable periods following the taxable period of such loss. A net operating loss for any taxable period ending after December 31, 1975, in addition to being a net operating loss carryback to each of the three preceding taxable periods, shall be a net operating loss carryover to each of the seven taxable periods following the taxable period of such loss. the portion of such loss which shall be carried to each of the other taxable years shall be the excess, if any, of the amount of such loss over the sum of the net income for each of the prior taxable periods to which such loss was carried. For purposes of the preceding sentence, the net income for such prior taxable period shall be computed with the modifications specified in (ii)(B) of this subsection and by determining the amount of the net operating loss deduction without regard to the net operating loss for the loss period or any taxable period thereafter, and the net income so computed shall not be considered to be less than zero.

(ii) The modifications referred to in (i) of this subsection shall be as follows:

(A) No net operating loss deduction shall be allowed.

(B) The deduction for depletion shall not exceed the amount which would be allowable if computed under the cost method.

(C) Any net operating loss carried over to any taxable years beginning after December 31, 1978, must be calculated under the provisions of this section effective for the taxable year for which the return claiming the net operating loss carryover is filed.

(iii) A net operating loss deduction shall be allowed only with regard to losses attributable to the business carried on within the state of Montana.

(iv) In the case of a merger of corporations, the surviving corporation shall not be allowed a net operating loss deduction for net operating losses sustained by the merged corporations prior to the date of merger. In the case of a consolidation of corporations, the new corporate entity shall not be allowed a deduction for net operating losses sustained by the consolidated corporations prior to the date of consolidation.

(v) Notwithstanding the provisions of 15-31-531, interest shall not be paid with respect to a refund of tax resulting from a net operating loss carryback or carryover.

(vi) The net operating loss deduction shall not be allowed with respect to taxable periods with ended on or before December 31, 1970, but shall be allowed only with respect to taxable periods beginning on or after January 1, 1971.

(3) No corporation is exempt from the corporation license tax unless specifically provided for under 15-31-101(3) or 15-31-102. Any corporation not subject to or liable for federal income tax but not exempt from the corporation license tax under 15-31-101(3) or 15-31-102 shall compute gross income for corporation license tax purposes in the same manner as a corporation that is subject to or liable for federal income tax according to the provisions for determining gross income in the federal Internal Revenue Code in effect for the taxable year.

Section 17. Section 15-31-114 is amended to read:

15-31-114. Deductions allowed in computing income. In computing the net income, the following deduction shall be allowed from the gross income received by such corporation within the year from all sources except that allowable deductions in arriving at net income shall be reduced by an amount equal to income not subject to tax:

(1) All the ordinary and necessary expenses paid or incurred during the taxable year in the maintenance and operation of its business and properties, including reasonable allowance for salaries for personal services actually rendered, subject to the limitation hereinafter contained, rentals or other payments required to be made as a condition to the continued use or possession of property to which the corporation has not taken or is not taking title or in which it has no equity. No deduction shall be allowed for salaries paid upon which the recipient thereof has not paid Montana state income tax; provided, however, that where domestic corporations are taxed on income derived from without the state, salaries of officers paid in connection with securing such income shall be deductible.

(2) (a) All losses actually sustained and charged off within the year and not compensated by insurance or otherwise, including a reasonable allowance for the wear and tear and obsolescence of property used in the trade or business, such allowance to be determined according to the provisions of section 167 of the Internal Revenue Code in effect with respect to the taxable year. All elections for depreciation shall be the same as the elections made for federal income tax purposes. No deduction shall be allowed for any amount paid out for any buildings, permanent improvements, or betterments made to increase the value of any property or estate, and no deduction shall be made for any amount of expense of restoring property or making good the exhaustion thereof for which an allowance is or has been made.

(b) (i) there shall be allowed as a deduction for the taxable period a net operating loss deduction determined according to the provisions of this subsection. The net operating loss deduction is the aggregate of net operating loss carryovers, to such taxable period plus the net operating loss carrybacks to such taxable period. The term "net operating loss" means the excess of the deductions allowed by this section, 15-31-114, over the gross income, with the modifications specified in (ii) of this subsection. If for any taxable period

(3) In the case of mines, other natural deposits, oil and gas wells, and timber, a reasonable allowance for depletion and for depreciation of improvements; such reasonable allowance to be determined according to the provisions of the Internal Revenue Code in effect for the taxable year. All elections made under the Internal Revenue Code with respect to capitalizing or expensing exploration and development costs and intangible drilling expenses for corporation license tax purposes shall be the same as the elections made for federal income tax purposes.

(4) The amount of interest paid within the year on its indebtedness incurred in the operation of the business from which its income is derived; but no interest shall be allowed as a deduction if paid on an indebtedness created for the purchase, maintenance, or improvement of property or for the conduct of business unless the income from such property or business would be taxable under this part.

(5) (a) Taxes paid within the year except the following:

(i) Taxes imposed by this part.

(ii) Taxes assessed against local benefits of a kind tending to increase the value of the property assessed.

(iii) Taxes on or according to or measured by net income or profits imposed by authority of the government of the United States.

(iv) Taxes imposed by any other state or county upon or measured by net income or profits.

(b) Taxes deductible under this part shall be construed to include taxes imposed by any county, school district, or municipality of this state.

(6) Light vehicle license fees, as provided by 61-3-532, paid within the year.

(7) that portion of an energy-related investment allowed a a deduction under 15-32-103.

(8) (a) Except as provided in subsection (b), charitable contributions and gifts that qualify for deduction under section 170 of the Internal Revenue Code, as amended.

(b) The public service commission shall not allow in the rate base of a regulated corporation the inclusion of contributions made under this subsection.

(9) Allowable deductions must be reduced with respect to all corporations that exclude interest income otherwise taxable upon returns filed for all taxable periods for which such exclusion is claimed and for all taxable periods for which a claim for refund is made.

OPTION A

NEW SECTION. Section 18. Retroactivity - - - Contingent effective date. Except for sections 16 and 17 of this act, which are effective on passage and approval and apply retroactively within the meaning of 1-2-102, to taxable periods beginning after December 31, 1978, this act is effective if and only if a final determination is reached in current pending litigation, and all potential appeals are exhausted or barred, that the interest income from certain federal obligations is not includable in the net income measurement base of the Montana Corporation license Tax, in which case and as of that time this act becomes effective. If this act becomes effective, it applies to taxable years beginning after December 31, 1982.

OPTION B

NEW SECTION Section 18. Retroactivity - - - Effective date. Except for sections 16 and 17 of this act, which are effective on passage and approval and apply retroactively within the meaning of 1-2-102, to taxable periods beginning after December 31, 1978, this act is effective on passage and approval and applies to taxable years beginning after December 31, 1982.

- END -

AMENDMENT TO S.B. 335
THIRD READING COPY

On Page 3 Following Line 25,

Insert:

"Section 3. A majority of the corporation license tax collected from financial institutions is paid to local government areas in which each financial institution is located. However, consolidated returns for financial institutions do not reflect the true tax attributable to each local government. In addition, consolidated returns would permit financial institutions to offset income against losses of non-financial institutions, thereby distorting the true income of each financial organization. Accordingly, financial institutions are prohibited from filing consolidated returns under 15-31-141.

On Page 4, Line 1

Strike: "3"

Insert: "4"

On Page 4, Line 1

Strike: "date"

Insert: "dates"

On Page 4, Line 2

Strike: "applies"

Insert: "sections 1 and 2 of this act apply"

On Page 4, Line 9

Following: "law.

Insert: "Section 3 of this act applies to taxable periods beginning after December 31, 1982."

DEPARTMENT OF REVENUE

EXHIBIT 6
3-22-83



TED SCHWINDEN, GOVERNOR

MITCHELL BUILDING

STATE OF MONTANA

HELENA, MONTANA 59620

March 22, 1983

Rep. Dan Yardley, Chairman
House Tax Committee

Dear Rep. Yardley

Attached is a revised version of the amendment that the Department of Revenue proposed to SB 335 during the hearings on the bill.

This amendment prohibits consolidated returns for financial institutions under the corporation license tax.

The revised version provides a statement of reasons for prohibiting consolidated returns in these cases. It also makes necessary adjustments in the effective date section so that the action on consolidated returns is prospective only.

Sincerely,

A handwritten signature in cursive script that reads "Dan Bucks".

Dan Bucks
Deputy Director for Operations

3/4/83

Amendments to House Bill 841

1. Title, line 6
Following: "LIABILITY"
Insert: "AND WITHHOLDING TAX"
Following: "SECTION"
Insert: "5"
Following: "15-30-111"
Insert: "AND 15-30-201"

2. New Section

Section 2. Section 15-30-201, MCA, is amended to read:

15-30-201. Definitions. When used in 15-30-201 through 15-30-209, the following definitions apply:

(1) "Agricultural labor" includes all services performed on a farm or ranch in connection with cultivating the soil or in connection with raising or harvesting any agricultural or horticultural commodity, including the raising, shearing, feeding, caring for, training, and management of livestock, bees, poultry, and fur-bearing animals and wildlife.

(2) "Employee" includes an officer, employee, or elected public official of the United States, the state of Montana, or any political subdivision thereof or any agency or instrumentality of any one or more of the foregoing. The term "employee" also includes an officer of a corporation.

(3) "Employer" means the person for whom an individual performs or performed any service, of whatever nature, as the employee of such person; except that if the person for whom the individual performs or performed the service does not have control of the payment of the wages for such service, the term "employer" means the person having control of the payment of such wages.

(4) "Wages" means all remuneration (other than fees paid to a public official) for services performed by an employee for his employer, including the cash value of all remuneration paid in any medium other than cash, except that such term shall not include remuneration paid:

(a) for active service as a member of the armed forces of the United States;

(b) for agricultural labor as defined in subsection (1);

(c) for domestic service in a private home, a local college club, or local chapter of a college fraternity or sorority;

(d) for casual labor not in the course of the employer's trade or business performed in any calendar quarter by an employee unless the cash remuneration paid for such service is \$50 or more and such service is performed by an individual who is regularly employed by such employer to perform such service. For purposes of this subsection (4)(d), an individual is considered to be regularly employed by an employer during a calendar quarter only if:

(i) on each of some 24 days during such quarter such individual performs for such employer for some portion of the day service not in the course of the employer's trade or business;

(ii) such individual was regularly employed (as determined under subsection (4)(d)(i)) by such employer in the performance of such service during the preceding calendar quarter;

(e) for services by a citizen or resident of the United States for a foreign government or an international organization;

(f) for services performed by a duly ordained, commissioned, or licensed minister of a church in the exercise of his ministry or by a member of a religious order in the exercise of duties required by such order;

(g) (i) for services performed by an individual under the age of 18 in the delivery or distribution of newspapers or shopping news, not including delivery or distribution to any point for subsequent delivery or distribution; or

(ii) for services performed by an individual in and at the time of the sale of newspapers or magazines to ultimate consumers under an arrangement under which the newspapers or magazines are to be sold by him at a fixed price, his compensation being based on the retention of the excess of such price over the amount at which the newspapers or magazines are charged to him, whether or not he is guaranteed a minimum amount of compensation for such service or is entitled to be credited with the unsold newspapers or magazines turned back;

(h) for services not in the course of the employer's trade or business to the extent paid in any medium other than cash when such payments are in the form of lodgings or meals and such services are received by the employee at the request of and for the convenience of the employer;

(i) to or for an employee as a payment for or a contribution toward the cost of any group plan or program which benefits the employee, including but not limited to life insurance, hospitalization insurance for the employee or dependents, and employees' club activities. i

(j) as tips, per section 3402 (k) of the Internal Revenue code of 1954, as amended and applicable on January 1, 1983.

WITNESS STATEMENT

Name Ken Spalding Committee On Taxation
 Address 612 No 2nd, Hinton, MT Date March 22, 1983
 Representing Dark Co. Comm. Support _____
 Bill No. S.B. 361 Oppose ✓
 Amend _____

AFTER TESTIFYING, PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

1. *would present a short written statement*
2. *would like to just inform the committee of why we're opposed to S.B. 361*
3. *would like each member of Comm. to have a copy of the copies attached*
- 4.

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

WITNESS STATEMENT

Name Jack B. Williams Committee On _____
Address Box 92 Pray, MT. Date 3-22-83
Representing SC 11 Support _____
Bill No. 361 Oppose ✓
Amend _____

AFTER TESTIFYING, PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

1. I believe the Bill to be Totally unfair & it should be thrown out.

2.

3.

4.

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

WITNESS STATEMENT

Name Gordon Darlington Committee On _____
Address Three Forks, Int. Date 3-22-83
Representing APA Support _____
Bill No. S 361 Oppose X
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 Allen J Nelson Committee On T&T
 Address Box 2072 Rte 38 Date Mar. 22, 1983
 Representing Nelson Herford Branch ^{APA} _{+PCLM} Support _____
 Bill No. S 361 Oppose X
 Amend _____

AFTER TESTIFYING, PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

1. *to show fact on how this bill would raise my taxes as well as my neighbors.*
2. *I believe this ~~step~~ is unwise.*
- 3.
- 4.

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

WITNESS STATEMENT

Name Guy Hooper Committee On Taxation
Address _____ Date _____
Representing Revenue Support _____
Bill No. SB-361 Oppose _____
Amend _____

AFTER TESTIFYING, PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

1. *No position - administratively it is a good bill, philosophically the legislature is going to have to make that judgement.*
- 2.

3.

4.

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

VISITOR'S REGISTER

HOUSE TAXATION COMMITTEE

BILL SB 361

DATE March 22, 1983

SPONSOR Senator Turnage

[illegible]

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

WHEN TESTIFYING PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

STATE OF MONTANA

REQUEST NO. 342-83

FISCAL NOTE

Form BD-15

In compliance with a written request received February 7, 1983, there is hereby submitted a Fiscal Note for Senate Bill 361 pursuant to Title 5, Chapter 4, Part 2 of the Montana Code Annotated (MCA). Background information used in developing this Fiscal Note is available from the Office of Budget and Program Planning, to members of the Legislature upon request.

DESCRIPTION OF PROPOSED LEGISLATION:

Senate Bill 361 revises the criteria under which land is classified as agricultural for tax purposes; and establishes a new class of property for certain land.

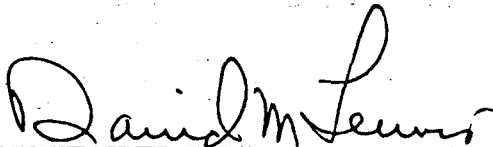
FISCAL IMPACT:

Data is not readily available to determine the net impact of the proposal.

COMMENT:

The bill will have some affect on the taxable values of the counties and therefore property tax collections. Generally, tract lands are appraised as nonagricultural. The reduced tax rate will decrease the taxable value of this land. However, some County Tax Appeal Boards have developed liberal criteria for what constitutes an agricultural use. The taxable value of tract lands currently classified as agricultural will increase as a result of the proposal.

FISCAL NOTE 12:0/1



BUDGET DIRECTOR

Office of Budget and Program Planning

Date: 2-11-83