

MINUTES OF THE MEETING
TAXATION COMMITTEE
MONTANA STATE SENATE

January 17, 1983

The fifth meeting of the Taxation Committee was called to order at 9:05 a.m. by Chairman Pat M. Goodover in Room 415 of the Capitol Building.

ROLL CALL: All members were present.

CONSIDERATION OF SENATE BILL 96 (CONTINUED): Senator Elliott, one of the sponsors of the bill, stated SB 96 was really a housekeeping bill, a bookkeeping transaction, more than anything else, not an appropriation of money. This bill does not authorize any expenditure of money. The question is whether it will be appropriated out of interest income or out of the general fund.

Senator Elliott moved that SB 96 DO PASS.

Senator Towe stated that in the 1981 session, the question was raised whether the interest should just be deposited in the general fund or appropriated to the general fund. The constitutional provisions were not even considered. The Constitution states: "The legislature shall dedicate not less than one-fourth (1/4) of the coal severance tax to a trust fund, the interest and income from which may be appropriated. . . . After December 31, 1979, at least fifty percent (50%) of the severance tax shall be dedicated to the trust fund." SB 96 would require that the interest and income be placed directly in the general fund, and that is not constitutional. Senator Towe again went over his diagram of the coal severance tax constitutional trust fund for the benefit of the committee members.

Senator Towe stated that in regard to Initiative 95, the 15% of the income and earnings shall be appropriated by the legislature (statutory--see 17-5-704, MCA) beginning July 1, 1983. He said the legislature could make a permanent allocation but not a permanent appropriation.

Senator Eck thought this was something the legislative fiscal analyst should decide. The legislature should make sure that these appropriations are made each session.

Senator Lynch remarked that the 20% had not been addressed yet.

Senator Towe said that the 20% is in the Governor's "Build Montana" bill. Initiative 95 is really in two parts: (1) the principal, which is 25% of the proceeds of the trust fund; and (2) the interest and earnings income. It says there shall be an economic development fund by appropriation from the legislature. The 20% mentioned is the \$11.3 million out of \$55 million that the Governor is requesting in his bill.

Senator Turnage asked why the bill was important. We have already seen the erosion of the subfund, he said, and sometime, we have to think of the total requirements of the state as a whole. He had no problem with leaving an audit trail and said there would be a good audit trail if the bill passed. It would make it more difficult to further splinter the fund for interest groups.

Senator Towe said the use of the word "appropriate" in the Constitution guarantees that these funds are only earmarked insofar as the legislature goes in and makes appropriations every two years. If the legislature allocates the whole thing to the general fund, it would set a precedent. This money should be treated as a general fund source, but have a separate accounting and audit process and be kept separate and distinct from the general fund. Last session it was the water bill; now it's Initiative 95; next it will be the highways or the coal slurry.

Senator Severson recalled that first, the trust fund was quartered, then halved. He thought it was to be treated as general fund money and something that could be used by the legislature. He doesn't like cutting the fund up into pieces. He wondered if it would be better if the money came out of the general fund rather than out of the interest money.

Senator Eck said the legislature is asked which requests of all that are made to the legislature are the most appropriate. It is the decision of each legislature to decide.

Senator Towe, directing his comments to Senator Severson, said the legislature should not take that money and put it in the general operation of state government to be treated for purposes of levy but should take care of the problems resulting from coal tax operations. This would make all of the funds available for impacts.

Senator Towe doubted that the money in the fund would be sufficient if Montana gets a synfield plant. Senator McCallum said he would debate expenditures more than he would earmarked funds.

Senator Towe repeated that the legislature should not set a precedent and put all the subfund money into the general fund because others will think the legislature can appropriate to other funds permanently, too.

Senator Towe stated that if the coal companies don't sell any coal, money will have to be appropriated from the general fund.

Senator Elliott asked Senator Towe what the difference in the process was in tying any single appropriation bill to coal interest income moneys and in putting moneys in the general

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fund. He asked if that wouldn't be sufficient for the audit trail. Senator Elliott thought it would be better to have the moneys come in as income on a budget sheet.

The committee passed consideration of SB 96 for the day, and Senators Elliott and Towe will submit amendments for the committee to review on Tuesday or Wednesday, January 18 or 19.

ACTION ON SENATE BILL 50: Senator McCallum moved that SB 50 be tabled. The motion was seconded and passed unanimously.

DISPOSITION OF SENATE BILL 82: Cort Harrington proposed striking the bill in its entirety and changing the bill title to include the handicapped and ex-POWs and to delete the provisions relating to parking fees contained in the introduced bill. Senator Lynch reiterated that these special plates are strictly optional. He said the only break was in continuing the \$5 fee for the disabled veterans, whether the veterans get the special plates or regular plates. Senator McCallum stated that the military already has on record the disability ratings of its veterans.

Senator Halligan moved that SB 82 be amended to allow a \$5 fee for the license plates for the 100% handicapped. The motion was seconded, and a voice vote was taken. The motion failed.

Senator Turnage moved that Cort Harrington's amendments be adopted. Senator Lynch seconded the motion and the motion passed unanimously. A copy of the amendments to SB 82 is attached to these minutes.

Senator McCallum then moved that the amended SB 82 be given a DO PASS recommendation. The motion was seconded by Senator Lynch and passed unanimously.

Chairman Goodover stated that consideration on SB 96 would continue tomorrow, January 18, and that the committee would act on SB 21 and SB 42 at that time, too.

The meeting was adjourned at 9:58 a.m.


Chairman

ROLL CALL

SENATE TAXATION

COMMITTEE

48th LEGISLATIVE SESSION -- 1983

Date 1/17/83

NAME	PRESENT	ABSENT	EXCUSED
SENATOR GOODOVER, CHAIRMAN	✓		
SENATOR McCALLUM, VICE CHAIRMAN	✓		
SENATOR BROWN	✓		
SENATOR CRIPPEN	✓		
SENATOR ELLIOTT	✓		
SENATOR GAGE	✓ <i>late</i>		
SENATOR TURNAGE	✓		
SENATOR SEVERSON	✓		
SENATOR HAGER	✓		
SENATOR ECK	✓		
SENATOR HALLIGAN	✓		
SENATOR LYNCH	✓ <i>late</i>		
SENATOR NORMAN	✓		
SENATOR TOWE	✓		
SENATOR MAZUREK	✓		

SB 82
1/17/83

NEW SECTION Section 1. Special license plates- disabled veteran.
A motor vehicle owner and resident of this state who is a veteran of the armed services of the United States and is 100% disabled because of an injury which has been determined by the veterans administration to be service connected, upon written application on the form proscribed by the division, shall be issued license plates inscribed with the words "DISABLED VETERAN", or such abbreviation as the division considers appropriate, and three or four consecutive numbers.

NEW SECTION Section 2. Special license plates-ex-prisoner of war.
A motor vehicle owner and resident of this state who is a veteran of the armed services of the United States and was captured and held prisoner by a military force of a foreign nation and documented by his service record, upon written application on the form proscribed by the division, shall be issued license plates inscribed with the words "EX-PRISONER OF WAR", or such abbreviation as the division considers appropriate, and three or four consecutive numbers.

NEW SECTION Section 3. Special license plates-the handicapped.
A motor vehicle owner and resident of this state who is eligible to receive a special parking permit from the division under 49-4-301, upon written application on the form proscribed by the division, shall be issued license plates inscribed with the words "HANDICAPPED", or such abbreviation or symbol as the division considers appropriate, and three or four consecutive numbers.

NEW SECTION Section 4. Retention of special license plates. If during a registration year, the holder of special license plates issued under [sections 1,2,or3] disposes of the vehicle to which the plates are affixed, he shall retain the plates and,
(1) affix them to another vehicle which meets the requirements of [sections 1,2,or3], or
(2) return them to the division within 30 days after removing them from the vehicle.

NEW SECTION Section 5. Codification instruction. Sections 1 through 4 are intended to be codified as an integral part of Title 61, Chapter 3, MCA, and the provisions of Title 61, Chapter 3, apply to sections 1 through 4.

NEW SECTION Section 6. Effective date. This act is effective January 1, 1984.

1-17-83 - Court is
working on
standing committee
report.

January 18 19 83

1. Page 1, line 6.

Following: "DISABILITIES"

Insert: "FOR HANDICAPPED INDIVIDUALS"

2. Page 1, lines 7 through 10

Following: "WAR;"

Strike remainder of the title through "61-3-333, MCA;"

3. Pages 1 through 4

Strike: all of the bill following the enacting clause.

Insert: "NEW SECTION. Section 1. Special license plates -- disabled veteran. A motor vehicle owner and resident of this state who is a veteran of the armed services of the United States and is 100% disabled because of an injury which has been determined by the veterans administration to be service connected, upon written application on form prescribed by the division, must be issued license plates inscribed with the words "DISABLED VETERAN", or such abbreviation as the division considers appropriate, and three or four consecutive numbers.

NEW SECTION. Section 2. Special license plates -- ex-prisoner of war. A motor vehicle owner and resident of this state who is a veteran of the armed services of the United States and was captured and held prisoner by a military force of a foreign nation, documented by his service record, upon written application on the form prescribed by the division, must be issued license plates inscribed with the words "EX-PRISONER OF WAR", or such abbreviation as the division considers appropriate, and three or four consecutive numbers.

NEW SECTION. Section 3. Special license plates -- the handicapped. A motor vehicle owner and resident of this state who is eligible to receive a special parking permit from the division under 49-4-301, upon written application on a form prescribed by the division, must be issued license plates inscribed with the words "HANDICAPPED", or such abbreviation or symbol as the division considers appropriate, and three or four consecutive numbers.

NEW SECTION. Section 4. Retention of special license plates. If during a registration year, the holder of special

.....(Continued on page 3).....

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NEW SECTION. Section 6. Effective date. This act is effective January 1, 1984."

and as so amended,

DO PASS

STANDING COMMITTEE REPORT

January 18 19 83

MR. **PRESIDENT**

We, your committee on **Taxation**

having had under consideration **Senate** Bill No. **82**

Respectfully report as follows: That **Senate** Bill No. **82**

(introduced bill) be amended as follows:

DOCKASEX

(Continued on page 2)

y/c.

1. Title, line 6.

Following: "DISABILITIES"

Insert: "FOR HANDICAPPED INDIVIDUALS"

2. Title, lines 7 through 10.

Following: "WAR;"

Strike: remainder of the title through "61-3-333, MCA;"

3. Pages 1 through 4

Strike: all of the bill following the enacting clause.

Insert: "NEW SECTION. Section 1. Special license plates -- disabled veteran. A motor vehicle owner and resident of this state who is a veteran of the armed services of the United States and is 100% disabled because of an injury which has been determined by the veterans administration to be service connected, upon written application on form prescribed by the division, must be issued license plates inscribed with the words "DISABLED VETERAN", or such abbreviation as the division considers appropriate, and three or four consecutive numbers.

NEW SECTION. Section 2. Special license plates -- ex-prisoner of war. A motor vehicle owner and resident of this state who is a veteran of the armed services of the United States and was captured and held prisoner by a military force of a foreign nation, documented by his service record, upon written application on the form prescribed by the division, must be issued license plates inscribed with the words "EX-PRISONER OF WAR", or such abbreviation as the division considers appropriate, and three or four consecutive numbers.

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(Continued on page 3)

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