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MINUTES OF THE MEETING
TAXATION COMMITTEE
MONTANA STATE SENATE

February 22, 1983

The thirty-third meeting of the Taxation Committee was called to order at 8:05 a.m. by Chairman Pat M. Goodover in Room 415 of the Capitol Building.

ROLL CALL: All members were present.

DISPOSITION OF SENATE BILL 264: Senator Elliott moved that the statement of intent attached to the February 10, 1983 (a.m.) minutes as Exhibit D be adopted. The motion was seconded and carried unanimously.

Jim Mockler, from the Montana Coal Council, explained the amendments attached as Exhibit A to these minutes. Dan Bucks, representing the Department of Revenue, agreed with the amendments. Cort Harrington, the committee's staff attorney, said the amendments met with his approval also.

Senator Crippen moved that the amendments be adopted. The motion was seconded.

Senator Norman asked what the imputed value of a \$5 ton of coal would be. Mr. Mockler said he didn't know off hand.

Senator Towe noted that the value is being set up f.o.b. mine. Mr. Mockler stated that the Department of Revenue asked that that be in there. Mr. Bucks said that when they worked on these amendments, they appended language directly to (1)(b) (see amendment #2 on Exhibit A). An alternative would be to add ", provided that in this case, market value f.o.b. mine means"

A vote was taken on Senator Crippen's motion, and it passed unanimously.

Senator Halligan moved that SB 264 DO PASS AS AMENDED. The motion was seconded and passed, with Senator Towe voting no.

JOINT CONSIDERATION OF SENATE BILLS 263 and 335: Senator Towe said SB 335 is unconstitutional because of the retroactive application to refunds. Senator Goodover asked what changes the figures from county to county. Senator Towe said his bill taxes income; Senator Turnage's bill taxes deposits. Senator Towe went through the materials marked Exhibit B concerning banks' deposits and taxes and the differences between SB 335, SB 263, and HB 536. Do you want to tax based on income even though we're talking about property tax, or do you want to tax on the size of the institution, he asked. It would be a mistake to go

back to a tax measure based on the size of property as banks used to be taxed. They should be taxed on income. See also Exhibits C (Bank Taxation) and D (Retrospective Nature of SB 335) submitted by Senator Towe.

Senator Eck, addressing Senator Turnage, said he had indicated that some of the income figures might reflect how a bank treats its income. We have a number of bills which try to capture income which might otherwise be diverted to other states or countries. Senator Turnage mentioned a few banks--First Interstate Banks, First Bank System, Northwestern Banks.

Senator Norman asked if the committee was supposed to conclude from the MBA poll that bankers prefer one way or the other. Senator Towe commented that a few would prefer Senator Turnage's bill; others would prefer his bill. We do have to make a decision though, he said. He suggested taxing income is the better way.

Senator Towe continued that if the court case is won, nothing happens. If the court case is lost, then SB 335 comes in and says if anybody seeks to exclude federal obligation interest, you have to exclude deductions.

Senator McCallum asked if the U.S. Supreme Court case fails, could the banks go back to the counties and collect. Senator Towe replied that this is a tax collected at the state level for the state. If the banks want refunds, they have to go back to the state. They could go back to 1979 for claims. SB 335 blocks that. Senator Towe said we would know in June if the U.S. Supreme Court will take the case. They probably will decide the case around this time next year.

Senator Turnage requested that SB 335 and SB 263 not be acted on until Monday.

Senator Towe continued, saying that if we look back to the unfair bank share tax, that is where the trouble started. We have to be concerned about local governments. He said SB 335 is the banks' bill, not his bill. SB 263 would treat everybody alike. There are 122 banks who like SB 335. He said he has asked the Department of Revenue to get a historical picture of the loss to local government.

Senator Turnage submitted amendments to SB 263 (attached as Exhibit E) which were incorporated into a grey bill (attached as Exhibit F). He explained that SB 263 with these amendments will include all other institutions which are not banks but which operate as banks. The rate of tax would be nine-tenths of one mill. Banks and savings and loans would be excluded from the corporation license tax, but the other institutions would still have to pay it. If a corporation paying the corporation license tax wanted to start a mutual fund and exclude itself from the corporation license tax, it could. The tax would be distributed like the existing tax is--80% to the counties and 20% to the state. This would be applicable in 1984. This

treats all people equally who are playing the money game. He was not impressed with the claims of no ability to pay. It is easy to push doubtful loans into the charge-off column and affect your tax structure. It is easy to shift profits among sister banks, etc. When we get the figures from the Department of Revenue on Monday, we will have a better picture.

Senator Norman said that one of the disadvantages of SB 263 is that it is not retroactive. If this were the only bill the legislature were going to consider, and say, in the instance of a franchise tax, is there some way to recapture the millions of dollars lost in the past. Could you make the franchise tax higher the first year, then not as high the second year, etc? Mr. Bucks said he would provide that information for the committee on Monday, February 28.

Senator Towe said Senator Turnage's proposal is that everyone will file a claim for refund. You would then be double taxing those who do not file.

Senator Eck asked if John Cadby (MBA) or someone could speak on profitability of banks. George Anderson, Anderson ZurMuehlen & Co., said Senator Turnage is right. Profitability of banks in the future is not going to be influenced as much by deposits as by services those banks might render. If you deposit in a bank any more, you get a money market rate. The question is: What else can they do?--data processing, tax preparation, and so on.

Senator Gage asked if, with the realization that some banks will be severely punished by this bill, the credit would be limited to everybody but the banks and savings and loans. Senator Towe said he believed the measure of deposits on Senator Turnage's bill was on a quarterly reporting basis. A unified corporation could put money in an out-of-state branch to avoid taxation.

Senator Eck asked Mr. Bucks if they didn't deal with whether or not banks could shift profits to sister banks. Mr. Bucks said it is dealt with under other corporations under combination. The extent to which this shifting occurs to the disadvantage of the state is something I can't answer at this time.

Senator Turnage asked Mr. Bucks to include that in the information to be provided by the Department of Revenue on Monday.

The discussion on SB 263 and SB 335 was closed.

CONSIDERATION OF SENATE BILL 172: Senator Lynch moved that SB 172 be tabled. The motion was seconded and passed unanimously.

DISPOSITION OF SENATE BILL 307: Senator Eck moved that the amendments to SB 307 suggested yesterday be adopted (see February 21, 1983 minutes, page 4). The motion was seconded and passed unanimously.

Senator Elliott asked what the budget was for the University Foundation. Senator Crippen said it was \$150,000 to \$200,000. They have operating expenses and then someone oversees it to make sure the money is being used as the various donors requested. The other aspect is fund raising. We actively solicit funds.

Senator Elliott stated that the fiscal note expects a reduction of \$73,500 annually. This is a much more expensive bill than is suggested by the fiscal note. We have six universities. This is appropriated to the University System through the back door. He supported contributions and the University's efforts, but he didn't think the income tax system should be weakened at the expense of the taxpayers.

Dan Bucks from the Department of Revenue said that, following discussion on the fiscal note, he went back to the Department's research staff and asked if that was what they did. They said no. They scaled it down in two respects--(1) deduction instead of credit and (2) providing for a significant portion of the contributions coming in from out of state for those who do not have Montana tax liability.

Senator Elliott moved that SB 307 DO NOT PASS AS AMENDED. The motion was seconded.

A roll call vote was taken, and the motion passed 8-7. The roll call vote sheet is attached to the standing committee report attached to these minutes. Senator Elliott will carry the adverse committee report on SB 307.

RESOLUTION FOR A TAX CREDIT STUDY: Senator Turnage moved that the committee request from Senator Stephens a resolution for a tax credit study. The motion was seconded and passed unanimously.

DISPOSITION OF SENATE BILL 337: Senator Towe moved that the amendments attached to the February 17, 1983 minutes as Exhibit I be adopted. No second to the motion was made.

Dan Bucks from the Department of Revenue said the question is: What activities can they engage in to get exempt income? Those also included federal securities. It may not be the intent to exempt federal exempt obligations. He said he was not sure if that was the intent, and he wasn't sure if there was a way around it. SB 337 could create major problems if passed in its current form. If we exempt interest from municipal obligations, we may have to exempt federal obligations. There could be constitutional problems now.

Senator Norman moved that SB 337 DO NOT PASS. The motion was seconded.

Senator Towe said the idea is if the state imposes a tax on these funds, you are not likely to get operations to come into the state to do it. SB 337 would encourage organizations to form in this state. What is the problem with letting them set up? If we don't let them set up, there won't be any revenue; if they do set up, the possibility exists that there will be revenue.

Senator Elliott said that the small investor is already getting bonds in his portfolio. They are already in the tax exempt structure. You are helping out D.A. Davidson because they always have bonds available for sale. They can transfer taxable income into a nontaxable situation.

Senator Turnage commented that the mischief was in the 80/20 mix. Senator Elliott thought it should be 90/10 at least. Senator Towe said they could make it 100% if they wanted to. People want a place to put their money for 30 days. This allows them to do it on a municipal basis.

Senator Gage said we are continually giving the W-2 guy a shot in the rear end. We will soon be looking for more taxes, so we will raise the taxes again, and the W-2'er will get it again.

A roll call vote was taken on Senator Norman's motion, and it passed 11-4. The roll call vote sheet is attached to the standing committee report attached to these minutes. Senator Elliott will carry the adverse committee report on SB 337.

DISPOSITION OF SENATE BILL 244: Senator Elliott suggested using IRS Form 4972 and taking a percentage of the tax on that form. Dan Bucks, representing the Department of Revenue, submitted the amendments attached as Exhibit G.

Senator Towe moved that the amendments to SB 244 attached as Exhibit G be adopted. The motion was seconded.

Mr. Bucks noted that the original fiscal note indicated an additional tax of \$218,000 annually, which was probably figured low. Because there is no filing right now in Montana for this, he said they had to rely on IRS data for small states.

Senator Elliott (Columbia Falls) said only two or three taxpayers in his area are affected by Form 4972. Not too many taxpayers file that form.

Senator Turnage thought SB 244 was an anti-Montana bill. No retirees will come here. We are tearing down the image to be here.

A vote was taken on Senator Towe's motion, and it passed unanimously.

Senator Towe then moved that SB 244 be further amended by adding a codification instruction at the end of the bill to the effect that SB 244 will be codified in Title 15, chapter 30 of the Montana Code Annotated. The motion was seconded and passed unanimously.

Senator Towe then moved that SB 244 DO PASS AS AMENDED. The motion was seconded and passed, with Senators McCallum, Lynch and Severson voting no.

The meeting was adjourned at 9:50 a.m.

Chairman

ROLL CALL

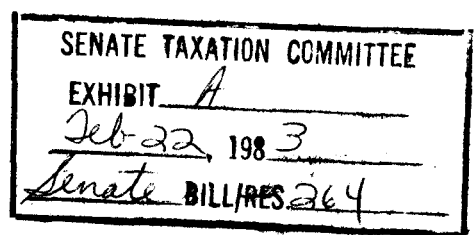
SENATE TAXATION

COMMITTEE

48th LEGISLATIVE SESSION -- 1983

Date 2/22/83

NAME	PRESENT	ABSENT	EXCUSED
SENATOR GOODOVER, CHAIRMAN	✓		
SENATOR McCALLUM, VICE CHAIRMAN	✓		
SENATOR BROWN	✓		
SENATOR CRIPPEN	✓		
SENATOR ELLIOTT	✓		
SENATOR GAGE	✓		
SENATOR TURNAGE	✓		
SENATOR SEVERSON	✓		
SENATOR HAGER	✓		
SENATOR ECK	✓		
SENATOR HALLIGAN	✓		
SENATOR LYNCH	✓ 8:55		
SENATOR NORMAN	✓		
SENATOR TOWE	✓		
SENATOR MAZUREK	✓		



PROPOSED AMENDMENT TO SB 264

1. Page 1, line 12.

Following: "The department may"

Insert: "or shall at the request of the taxpayer"

2. Page 1, line 23.

Following: line 22

Insert: "(2) For purposes of subsection (1)(b), market value f.o.b. mine means the value of the coal subsequent to primary and secondary crushing but prior to drying, cleaning or other processing."

Renumber subsequent subsections

3. Page 2.

Following line 10

Insert: "NEW SECTION Section 2. Use of imputed value for coal gross proceeds. Whenever value is imputed under 15-35-107(1)(b) that value shall be used for purposes of reporting the value of the gross yield of coal under 15-23-701.

NEW SECTION Section 3. Codification instruction. Section 2 is intended to be codified as an intergral part of Title 15, Chapter 23, Part 7 and the provisions of Title 15, Chapter 23, Part 7 apply to section 2."

DEPARTMENT OF REVENUE

SENATE TAXATION COMMITTEE

EXHIBIT BFeb 22, 1983Senate BILL/RES. 335/263
RITCHIE BUILDING

TED SCHWINDEN, GOVERNOR

STATE OF MONTANA

HELENA, MONTANA 59620

February 16, 1983

MEMORANDUMTO: Ellen Feaver
DirectorFROM: J) Jerry Foster, Administrator
Natural Resource & Corporation TaxSUBJECT: Fiscal impact of the alternative bank bills: S. B. 335,
S. B. 263 (.9 mill rate), H. B. 536 (.65%)

	Current Law	Current Law/S&L Decision	S. B. 335	* S. B. <u>263</u> (.9 mill rate)	* H. B. 536 Amend to .65%
Banks	4,768,069	1,112,538	4,348,927	4,102,381	4,119,408
Savings & Loans	<u>21,500</u>	<u>2,830</u>	<u>21,447</u>	<u>830,039</u>	<u>775,582</u>
Totals	4,789,569	1,115,368	4,370,374	4,932,420	4,894,990

If you should need any further information, please let me know.

* Note

	S. B. 263 (1 mill rate)	H. B. 536 Amended to .72%
Banks	4,558,197	4,563,039
Savings & Loans	<u>922,266</u>	<u>859,107</u>
Totals	5,480,463	5,422,146

Pa. 125.

London, 14th June 1891.

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we's bill

Turnage's bill

Ted
Neuman's
House Bill

County	1	2	3	4	5	Total
	Invest. Loans Paid for 12-31-1910	Invest. Loans Paid for 12-31-1911	Total SE 22-1	Total SE 26-2	Total H.B. 5-36	
Beaverhead	39040	27451	38090	44400	41629	1
Bighorn	56848	26712	54621	44139	41908	2
Blaine	37565	82	5721	30015	29723	3
Carbon	85154	320	61269	34198	31524	4
Cascade	277161	11167	276073	470622	460266	5
Custer	70847	27211	18627	76283	72710	6
Deer Lodge	59342	80	51762	73066	71946	7
Fallon	39722	2623	21028	20241	18768	8
Fergus	74521	19307	90678	77276	73472	9
Flathead	196405	37780	187212	253023	227823	10
Gallatin	20636	23257	82335	189614	190286	11
Glacier	63339	15135	32771	42065	40426	12
Hill	102054	93007	11112	14251	131015	13
Jefferson	6662	80	6417	11091	7586	14
Lake	105405	19502	93341	68593	68374	15
Lewis & Clark	29181	7663	27994	221795	172275	16
Lincoln	20197	11600	19820	24467	22121	17
Madison	27462	120	577	10692	25500	18
Mineral	9720	6853	7770	7169	8210	19
Missoula	40882	12192	40882	215085	291403	20
Muskegon	66122	27403	57102	24761	26102	21
Park	86035	47318	15675	93832	94656	22
Phillips	27711	13644	31702	31732	31711	23
Pondera	51123	471	10127	42261	41860	24
Powell	13130	120	1215	5210	5100	25
Ravalli	3111	3121	12225	13122	70722	26
Richland	27172	3421	16226	96384	4222	27
Roosevelt	111617	17651	20204	73572	64206	28
Rosebud	41197	7000	34994	37222	36027	29
Sanders	27831	72	34776	24361	215071	30
Sheldon	7270	80	54316	27800	36317	31
Silver Lake	14326	124	46026	6431	72204	32
Stillwater	26572	12211	50003	27222	21574	33
Sweet Grass	17206	70	16147	23041	20166	34
Teton	51645	642	40306	22610	20111	35
Toole	77966	6371	64397	47367	42142	36
Valley	44603	106	20316	67208	63117	37
Yellowstone	50015	20256	20415	542327	675240	38
Total	3449457	806273	3154471	3154471	3600041	40

	1	2	3	4	5	
County	Current Law Tax Panel for 10-31-81 or FY81	Current Law S.L. Decision Excl US. Int.	Tax Under SB 325	Tax Under SB 263 Deposits .0009	Tax Under H.B. 536 .0065 Gross Receipts	
Broadwater						1
Carter						2
Chouteau						3
Glacier						4
Hill						5
Judith Basin						6
Liberty	271874	75782	235643	194216	182317	7
McCone						8
Moose						9
Park						10
Prairie						11
Russell						12
Silver Bow						13
Stillwater						14
Teton						15
Theriot						16
Valley						17
Walla Walla						18
Washington						19
Yellowstone						20
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Banks

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	Current Law Tax Paid for 12-31-81 or FY81	Current Law S&L Description excl U.S. Interest	Tax under S B. 335 Interest offset	Tax under S B. 263 Deposits .0007	Tax Under H R. 536 .0065 gross receipt	
	29942	50	26745	23264	19135	1
	9785	50	2188	7430	7043	2
	50	50	50	24684	20381	3
	223519	50	223519	240252	228437	4
	22195	50	16713	8522	8628	5
	30318	50	22121	15501	13000	6
	29940	12896	26662	10667	10902	7
	53392	33337	52024	35592	30857	8
	4890	50	50	2923	3975	9
	15632	50	12590	20517	16288	10
	26961	1687	22966	20250	19009	11
	32736	703	24529	10729	9631	12
	26974	50	24834	30059	29743	13
	50785	50	34017	19868	17354	14
	3818	50	3818	7330	7419	15
	23902	50	15599	13487	12339	16
	13515	50	10393	17374	9385	17
	8557	50	8557	15331	14321	18
	8491	50	6623	5167	4594	19
	13513	50	11123	7017	6169	20
	65628	50	50108	31019	31583	21
	15429	50	10265	5278	4983	22
	25181	50	22794	17116	16162	23
	11917	50	10309	8919	8926	24
	203986	50	203986	63312	193512	25
	2679	50	2679	21607	90068	26
	3955	50	3559	2526	2514	27
	44285	50	42072	6843	34349	28
	6209	50	5903	5093	5149	29
	40194	50	40194	42652	48648	30
	50	50	50	2113	2164	31
	3528	50	3528	9943	8989	32
	15607	50	15403	25525	13424	33
	13711	13711	13711	10783	11357	34
	15376	50	15376	8987	8504	35
	58545	50	36579	32437	27508	36
	48327	10659	43120	26014	25038	37
	4150	50	4150	29099	23997	38
	41665	26993	38816	18635	17100	39
	9594	2149	9594	13817	13181	40
	7340	50	5206	4743	4387	41
	34637	50	25139	20675	17762	42
	29342	50	18657	16115	14865	43
	50	50	50	9523	9390	44
	2464	50	2464	5687	5724	45
						46
Total this Page	1332769	102985	1118853	774425	1127294	

1	2	3	4	5	
3233	50	50	8313	11649	1
56900	18817	52132	29461	27611	2
83875	5548	80961	66508	70905	3
94580	17029	91928	74601	72627	4
14384	50	13035	10370	11107	5
139259	12860	121027	137377	73666	6
68835	9338	67531	118721	62191	7
16601	50	13867	11703	10257	8
50	50	50	80088	84854	9
68317	50	58871	71744	62482	10
21581	14394	21120	26510	22553	11
50	50	50	7663	10964	12
22223	50	18563	13903	11915	13
34380	14926	30171	11906	12801	14
3611	50	3611	9939	9928	15
23329	50	19231	13616	13303	16
19660	7298	16523	6677	6675	17
22065	50	22065	41473	35909	18
45946	50	41845	42483	39109	19
192412	87273	189355	136585	154062	20
81602	53648	17648	46166	52495	21
4269	50	3710	4575	3706	22
3734	50	1167	7314	7490	23
69126	11676	65100	64073	61295	24
80586	24026	75933	29056	56423	25
50	50	50	88611	94141	26
32509	50	23690	14546	15783	27
10248	50	7473	6773	5870	28
9127	50	9127	18741	17642	29
16771	3068	16141	12190	11755	30
51154	25190	49179	38718	40548	31
154889	104471	151260	127052	107742	32
44652	34264	43465	26401	23637	33
84471	50	76724	62554	64046	34
83068	50	71497	60705	57214	35
5831	50	5831	20138	20451	36
8401	50	7586	8253	8119	37
63226	28458	62264	70773	67163	38
7808	50	7534	6352	7017	39
47020	16553	45353	37104	22311	40
50	50	50	18744	12304	41
50	50	50	18606	17527	42
14025	7573	13379	486	10727	43
748	50	748	8512	8015	44
53387	33895	57412	3635	40035	45
2537	50	2405	9820	8691	46
1860660	521610	1712467	1512477	1777445	47

	8169	8169	8169	12997	17083
	33538	50	23322	16255	14246
	10377	50	9552	5615	5502
	43056	8652	40143	34413	32409
	53251	28244	49085	26469	26217
	30051	20227	27942	13567	11915
	47285	17005	43727	30171	29277
	62821	7914	55357	38536	36789
TOTALS THIS PAGE	288548	90311	257297	178023	173438

	1	2	3	4	5	
	Current Law	Current Law	Tax Under	Tax Under	Tax Under	
	Tax PA for	STL Dec.	SB 335	SB 263 Dep.	HB 536	
	12/31/81 or FY 81	excl. US Int	Int. Offset	.0009 mill	.0065 Gross Rec.	
	14163	7579	14163	11278	11650	1
	16711	16711	16711	14153	13387	2
	21366	50	21366	46357	50980	3
	13637	2037	13637	10396	9805	4
	16397	50	13075	12931	10134	5
	15687	50	10511	10299	9811	6
	6721	50	6710	10769	11612	7
	9772	50	9772	7736	7691	8
	17664	50	16248	18953	16026	9
	20191	50	18533	15482	16050	10
	19710	3316	3553	14525	4325	11
	7944	50	50	24615	25453	12
	15120	50	15120	23725	19440	13
						14
	27279	14049	26052	11683	15109	15
	12213	8566	12213	8961	10262	16
	20331	50	20331	13787	13800	17
	49114	34204	48055	14696	18414	18
	101915	63414	98077	38466	40442	19
	26205	6885	26205	33586	26978	20
						21
	29382	11678	29382	16088	17941	22
	40692	50	31296	23109	19646	23
	8521	50	8521	13655	13427	24
	26408	50	26408	73583	72342	25
	23724	50	23724	46483	42197	26
	104333	50	101921	101849	100664	27
	50	50	50	5672	6906	28
	50	50	50	17767	15163	29
	20483	50	17997	674	25575	30
	17356	17356	17356	7799	9068	31
	106825	50	82621	45713	41397	32
	25509	18936	25060	11553	12869	33
	59938	50	50064	24386	24154	34
	3550	50	3550	9205	8665	35
	163531	128240	163531	218641	205463	36
						37
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						39
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						45
						46
						47
Total This Page	1065617	334071	975038	962684	953078	

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	Current Law Tax Pd for 12-31-81 or FY81	Current Law SeL Decision Excl U.S. Interest	Tax Under SB 335 Interest Offset	Tax Under SB 263 Deposits .0009	Tax under H.B 536 .0065 gross recd	
	50	50	50	9762	9229	1
	19287	50	17331	14200	11220	2
	50	50	50	6928	8133	3
	14291	10252	13805	28755	6065	4
	16839	50	16839	12596	14002	5
	6594	50	6594	10661	11739	6
	9316	50	9316	15303	16614	7
	20628	50	18586	17010	17432	8
	39652	50	32822	24663	25834	9
	13621	50	13621	11102	12251	10
	2118	50	2118	8771	4334	11
	14446	8341	13484	7837	7320	12
	28581	15454	27165	20545	17449	13
	35002	18014	33491	29237	25931	14
						15
Total this page	220475	52561	205272	217370	187553	16
						17
Total Page 1	1332769	103985	1168853	974425	1127894	18
Page 2	1960660	531610	1742467	1769879	1677445	19
Page 3	288548	90311	257297	178023	173438	20
Page 4	1065617	334071	975038	962684	953078	21
						22
Banks Total	4768069	1112538	4348927	4102381	4119408	23
SeL's Total	21500	2830	21447	830039	775582	24
						25
Total Financials	4789569	1115368	4370374	4932420	4894990	26
						27
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SAVINGS + LOANS

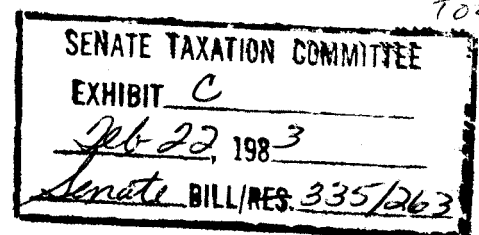
	1	2	3	4	5	
	Current Law tax paid 12/31/81 or fy 81	Current Law St L Decision excl. US int.	Tax Under SB 335 Interest Offset	Tax Under SB 263 Dep. r. .0009 mill	Tax Under H.B. 536 Gross Rec X .006	
	50	50	50	80670	64947	2
	50	50	50	63747	46093	3
	50	50	50	53609	49063	4
	50	50	50	2915	1190	5
			.			6
	50	50	50	26752	21796	7
	15412	50	15412		17300	8
	50	50	50	131549	106582	9
						10
TOTAL THIS PAGE	15712	350	15712	359270	306971	11
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	Current Law tax paid 12/31/81 or by 81	Current Law SIL Decision excl. vs INT.	Tax Under SB 335 INT. Offset	Tax Under SB 263 Dep x .0009 mill	Tax Under H.B. 536 Gross Rec. x .0065	
	50	50	50	52772	45376	1
	3003	50	3003	41679	37738	2
	2435	2080	2382	2744	2415	3
	50	50	50	7862	68767	4
	50	50	50	116139	93100	5
	50	50	50	99210	90676	6
	50	50	50		581	7
Total This Page	5688	2380	5635	320906	338653	8
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	1	2	3	4	5	
	Current Law Tax PAID 12/31/81 or fy 81	Current Law/ SPL Decision excl. vs Int	Tax Under SB 335 Int. Offset	Tax Under SB 263 Dep X .0009 mill	Tax Under HB 536 Gross Rec. X .0065	
	50	50	50	93456	84735	1
	50	50	50	56907	45223	2
						3
TOTAL THIS PAGE	100	100	100	150363	129958	4
TOTAL - PAGE 1	15712	350	15712	359270	306771	5
TOTAL - PAGE 2	5688	2380	5635	320406	338653	6
						7
GRAND TOTAL	21500	2830	21447	830039	795582	8
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BANK TAXATION

SB 335, SB 263, HB 536



SB 335 - NET INCOME TAX

Advantages:

1. Fairest Tax
 - a. Based on ability to pay
 - b. Paid in addition to real and personal property taxes
2. Most Equitable
 - a. Treats banks, savings and loans, Sears, American Express, D. A. Davidson, and all other corporations alike.
 - b. Hardest to manipulate
3. Preserves Revenue
 - a. Retroactive to 1979
 - (1) Prohibits \$10 million tax refunds
 - b. Preserves revenue for 1982
 - (1) \$4.5 million
 - c. Preserves revenue for future
 - (1) Tax paid regardless of appeal outcome
4. Most Legally Sound
 - a. Less susceptible to adverse court ruling
 - (1) Based on non-discriminatory franchise tax

SB 263 - DEPOSIT TAX & HB 536 - GROSS INCOME TAX

Disadvantages:

1. Least Fair
 - a. Not based on ability to pay
2. Least Equitable
 - a. Some banks pay more - some less
 - b. Discriminates against banks and savings and loans
 - c. Can be manipulated
3. Does Not Protect Revenue
 - a. Not retroactive to 1979
 - b. Does not address court ruling
 - c. Disrupts flow of revenue - some counties gain - some lose
4. Legally Questionable
 - a. Not a non-discriminatory tax
5. Deterrent to Economic Growth
 - a. Tends to push large deposits out of state
 - b. Makes Montana banks less competitive with out-of-state banks
 - c. Disincentive to making loans

RESULTS MBA POLL

122 - For SB 335
4 - For SB 263
38 - Didn't Respond
164 - Banks

TOWNS

SENATE TAXATION COMMITTEE
EXHIBIT <u>D</u>
<u>Feb 22</u> , 198 <u>3</u>
<u>Senate</u> BILL/RES. <u>335</u>

RETROSPECTIVE NATURE OF SENATE BILL 335

Article XIII, Section (3) of the Montana Constitution only prohibits retrospective laws if they impose a "new liability in respect to transactions or considerations already passed."

Section 1-2-109 MCA recognizes that retrospective laws are permissible and requires that there be an express statement (declaration) that the law is intended to be retroactive.

The Constitution of the United States does not prohibit retrospective legislation, but only those state enactments which constitute ex post facto laws or which impair the obligation of contract or violate the guaranties of the Fourteenth Amendment.

Under SB 335, the method of determining allowable deductions for Corporation License Tax purposes would be given retroactive application to taxable years passed but still open for redetermination of liability by the Department of Revenue or for claims for refund by the corporate taxpayer, only where the taxpayer either makes claim for refund or for audit adjustment to exclude income from federal obligations. Thus, the statute would be applicable only if the taxpayer seeks to reduce its tax liability and makes an adjustment only to recognize the exclusion of income from the computation of that tax liability. In short, the "liability" has not been fixed and is still open to adjustment until the statute of limitations has run. The years 1979-1982 are still open years under the Corporation License Tax Act.

PROPOSED AMENDMENTS TO S.B. 263

SENATE TAXATION COMMITTEE
EXHIBIT <u>E</u>
<u>Feb 22</u> , 198 <u>3</u>
<u>Senate</u> BILL/RES. <u>263</u>

1. Title, line 3.
Following: line 2
Strike: line 3 in its entirety
2. Page 1, line 6.
Following: "ASSOCIATIONS"
Insert: "AND CERTAIN CORPORATIONS"
3. Page 1, line 9.
Following: "ASSOCIATION"
Insert: "OR CORPORATION"
4. Page 1, line 10.
Following: "DEPOSITS;"
Insert: "TO PROVIDE CREDITS FOR TAXES PAID AGAINST CERTAIN CORPORATION TAXES;"
5. Page 1, line 19.
Following: "Purpose."
Insert: "(1)"
6. Page 1, line 25.
Following: "deposits."
Insert: "It is also the intent of the legislature that in addition to banks and savings and loan associations, every other corporation doing business in the state as a corporation under the provisions of 15-31-101 shall pay to the state treasurer a financial institutions franchise tax, unless such tax is prohibited by federal law, for the privilege of receiving and processing deposits."
7. Page 2, line 4.
Following: "means"
Insert: ": (i)"
8. Page 2, line 13.
Following: "32-1-231"
Insert: "; and (ii) the average total deposits for a taxable year of all other corporations as reported under [section 8] upon which there is paid interest if the deposit is received with the payment of interest as a consideration in whole or in part for the making of the deposit"

9. Page 2, line 23.

Following: "association"

Insert: "or other corporation"

10. Page 3, line 2.

Following: "rate of"

Strike: "0.25%"

Insert: "0.09%"

11. Page 3, line 4.

Following: line 3

Insert: "(2) There is imposed upon every other corporation for each taxable period a financial institutions franchise tax at the rate of 0.09% of total deposits."

Renumber: subsequent subsections

12. Page 3, line 8.

Following: "association"

Insert: "or other corporation"

13. Page 3, line 9.

Following: "association"

Insert: "or other corporation"

14. Page 3, line 11.

Following: line 10

Insert: "(5) The rate of tax imposed under this section may not be less than 0.075% nor more than 0.125% of total deposits without approval of 2/3 of each house of the legislature."

15. Page 4, line 5.

Following: line 4

Insert: "NEW SECTION Section 7. Credit allowed against corporation license taxes - when. (1) The amount of the financial institutions franchise tax imposed in [section 4 (2)] is allowed as a credit against any other corporation tax liability for the taxable year under Title 15, chapter 31.

(2) The credit may not exceed the corporation tax liability for the taxable year in which the credit is claimed.

(3) The credit may not be carried back to prior years nor may it be carried forward to future years.

NEW SECTION Section 8. Reports to the department of commerce. Every corporation subject to the financial institutions franchise tax imposed in [section 4 (2)] must file a report each year on or before January 1 with the department of commerce, commissioner of financial institutions, in which is exhibited in detail and under appropriate schedules the total deposits of the corporation."

Renumber: subsequent sections

16. Page 5, line 11.

Following: "States"

Insert: "and every corporation organized under the laws of this state, or any other state, or of the United States"

17. Page 5, line 21.

Following: "associations"

Insert: "and other corporations"

18. Page 5, line 24.

Following: "associations"

Insert: "and other corporations"

19. Page 6, line 4.

Following: "association"

Insert: "or other corporation"

20. Page 6, line 7.

Following: "association"

Insert: "or other corporation"

21. Page 6, line 16.

Following: "associations"

Insert: "and other corporations"

22. Page 6, line 18.

Following: "association"

Insert: "or other corporation"

23. Page 7, line 1.

Following: "associations"

Insert: "and other corporations"

24. Page 7, line 3.

Following: "associations"

Insert: "and other corporations"

25. Page 7, line 9.

Following: "association"

Insert: "or other corporation"

26. Page 7, line 15.

Following: "association"

Insert: "or other corporation"

27. Page 7, line 20.

Following: "association"

Insert: "or other corporation"

28. Page 7, line 22.

Following: "association"

Insert: "or other corporation"

29. Page 8, line 6.

Following: line 5

Insert: "NEW SECTION Section 13. Severability. If a part of this act is invalid, all valid parts that are severable from the invalid part remain in effect. If a part of this act is invalid in one or more of its applications, the part remains in effect in all valid applications that are severable from the invalid applications."

Renumber: subsequent sections

30. Page 8, line 6.

Following: "effective"

Strike: "date"

Insert: "dates"

31. Page 8, line 7.

Following: "applicability."

Strike: "This"

Insert: "(1) Except as provided in subsection (2), this"

32. Page 8, line 9.

Following: "1982."

Insert: "(2) Subsection (2) or section 4 applies to taxable years beginning after December 31, 1984."

SENATE TAXATION COMMITTEE
EXHIBIT <u>F</u>
<u>Feb 22, 1983</u>
<u>Senate BILL/RES 263</u>

1 SENATE BILL NO. 263

2 INTRODUCED BY TURNAGE

3 ~~BY-REQUEST-OF-THE-REVENUE-OVERSIGHT-COMMITTEE~~

4
5 A BILL FOR AN ACT ENTITLED: "AN ACT TO IMPOSE UPON BANKS
6 AND SAVINGS AND LOAN ASSOCIATIONS AND CERTAIN CORPORATIONS A
7 FINANCIAL INSTITUTIONS FRANCHISE TAX IN LIEU OF THE MONTANA
8 CORPORATION LICENSE TAX; TO PROVIDE THAT THE TAX IS MEASURED
9 UPON THE TOTAL DEPOSITS OF THE BANK OR SAVINGS AND LOAN
10 ASSOCIATION OR CORPORATION; TO PROVIDE EXCLUSIONS FOR
11 CERTAIN GOVERNMENT DEPOSITS; TO PROVIDE CREDITS FOR TAXES
12 PAID AGAINST CERTAIN CORPORATION TAXES; AMENDING SECTIONS
13 15-31-101, 15-31-701, AND 15-31-702, MCA; AND PROVIDING AN
14 IMMEDIATE EFFECTIVE DATE AND AN APPLICABILITY DATE."

15
16 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

17 NEW SECTION. Section 1. Short title. This part may be
18 cited as the "Financial Institutions Franchise Tax Act of
19 1983".

20 NEW SECTION. Section 2. Purpose. (1) It is the intent
21 of the legislature that every bank and savings and loan
22 association doing business in the state as a corporation
23 within the provisions of 15-31-101 shall annually pay to the
24 state treasurer a financial institutions franchise tax for
25 such privilege and for the privilege of receiving and

1 processing deposits.

2 (2) IT IS ALSO THE INTENT OF THE LEGISLATURE THAT IN
3 ADDITION TO BANKS AND SAVINGS AND LOAN ASSOCIATIONS, EVERY
4 OTHER CORPORATION DOING BUSINESS IN THE STATE AS A
5 CORPORATION UNDER THE PROVISIONS OF 15-31-101 SHALL PAY TO
6 THE STATE TREASURER A FINANCIAL INSTITUTIONS FRANCHISE TAX,
7 UNLESS SUCH TAX IS PROHIBITED BY FEDERAL LAW, FOR THE
8 PRIVILEGE OF RECEIVING AND PROCESSING DEPOSITS.

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

11 (1) (a) Except as provided in subsection (b), "total
12 deposits" means:

13 (I) the average total deposits for a taxable period of
14 a bank or savings and loan association as reported to state
15 or federal regulators on the consolidated report of
16 condition in which are exhibited in detail and under
17 appropriate schedules the resources and liabilities of a
18 bank or savings and loan association on those past days
19 designated by the comptroller of currency of the United
20 States for reports of national banking associations or for
21 banks required to report to the department of commerce on
22 those past days specified in 32-1-231; AND

23 (II) THE AVERAGE TOTAL DEPOSITS FOR A TAXABLE YEAR OF
24 ALL OTHER CORPORATIONS AS REPORTED UNDER [SECTION 8] UPON
25 WHICH THERE IS PAID INTEREST IF THE DEPOSIT IS RECEIVED WITH

1 THE PAYMENT OF INTEREST AS A CONSIDERATION IN WHOLE OR IN
 2 PART FOR THE MAKING OF THE DEPOSIT.

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

10 (2) "Taxable period" means the taxable year for
 11 federal income tax purposes of the bank or savings and loan
 12 association OR OTHER CORPORATION.

13 NEW SECTION. Section 4. Tax imposed -- rate --
 14 exceptions. (1) There is imposed upon every bank and savings
 15 and loan association for each taxable period a financial
 16 institutions franchise tax at the rate of ~~0.25%~~ 0.09% of
 17 total deposits.

18 (2) THERE IS IMPOSED UPON EVERY OTHER CORPORATION FOR
 19 EACH TAXABLE PERIOD A FINANCIAL INSTITUTIONS FRANCHISE TAX
 20 AT THE RATE OF 0.09% OF TOTAL DEPOSITS.

21 ~~(2)~~(3) When a bank or savings and loan association
 22 changes its taxable period, it must promptly notify the
 23 department of revenue.

24 ~~(3)~~(4) To the extent that a bank or savings and loan
 25 association OR OTHER CORPORATION is a branch of a foreign

1 bank or savings and loan association OR OTHER CORPORATION,
 2 this section applies only to the total deposits received by
 3 the Montana branch or operation.

4 (51) THE RATE OF TAX IMPOSED UNDER THIS SECTION MAY NOT
 5 BE LESS THAN 0.075% NOR MORE THAN 0.125% OF TOTAL DEPOSITS
 6 WITHOUT APPROVAL OF TWO-THIRDS OF EACH HOUSE OF THE
 7 LEGISLATURE.

8 NEW SECTION. Section 5. Incorporation by reference.
 9 The provisions of the following sections of this chapter are
 10 incorporated into this part by reference and apply to this
 11 part: 15-31-101, 15-31-102, 15-31-111, 15-31-123, 15-31-142,
 12 15-31-143, 15-31-501 through 15-31-509, 15-31-521 through
 13 15-31-526, 15-31-531, 15-31-532, 15-31-541 through
 14 15-31-544, and 15-31-551 through 15-31-554, except that
 15 wherever the words "tax", "license tax", "license fee",
 16 "corporation excise tax", or like words appear referring to
 17 the tax imposed under part 1 of this chapter, they mean, for
 18 purposes of this part, "financial institutions franchise
 19 tax" and except that wherever the words "net income",
 20 "taxable income", "taxable net income", or like words appear
 21 referring to the basis against which the measure of the
 22 license tax computation is made, they mean, for purposes of
 23 this part, "total deposits".

24 NEW SECTION. Section 6. Disposition of revenue. The
 25 revenue collected from the tax imposed by this part must be

1 disbursed in accordance with 15-31-701 and 15-31-702.

2 THERE IS A NEW MCA SECTION THAT READS:

3 Section 7. Credit allowed against corporation license
4 taxes -- when. (1) The amount of the financial institutions
5 franchise tax imposed in [section 4(2)] is allowed as a
6 credit against any other corporation tax liability for the
7 taxable year under Title 15, chapter 31.

8 (2) The credit may not exceed the corporation tax
9 liability for the taxable year in which the credit is
10 claimed.

11 (3) The credit may not be carried back to prior years
12 nor may it be carried forward to future years.

13 THERE IS A NEW MCA SECTION THAT READS:

14 Section 8. Reports to the department of commerce.
15 Every corporation subject to the financial institutions
16 franchise tax imposed in [section 4(2)] must file a report
17 each year on or before January 1 with the department of
18 commerce, commissioner of financial institutions, in which
19 is exhibited in detail and under appropriate schedules the
20 total deposits of the corporation.

21 Section 9. Section 15-31-101, MCA, is amended to read:

22 "15-31-101. Organizations subject to tax. (1) The term
23 "corporation" includes associations, joint-stock companies,
24 common-law trusts and business trusts which do business in
25 an organized capacity, and all other corporations whether

1 created, organized, or existing under and pursuant to the
2 laws, agreements, or declarations of trust of any state,
3 country, or the United States.

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

7 (3) Every corporation, except as hereinafter provided
8 and except as provided in 33-2-705(6), engaged in business
9 in the state of Montana shall annually pay to the state
10 treasurer as a license fee for the privilege of carrying on
11 business in this state such percentage or percentages of its
12 total net income for the preceding taxable year at the rate
13 hereinafter set forth. In the case of corporations having
14 income from business activity which is taxable both within
15 and without this state, the license fee shall be measured by
16 the net income derived from or attributable to Montana
17 sources as determined under part 3. This tax is due and
18 payable on the 15th day of the 5th month following the close
19 of the taxable year of the corporation; however, the tax
20 becomes a lien as provided in this chapter on the last day
21 of the taxable year in which the income was earned and is
22 for the privilege of carrying on business in this state for
23 the taxable year in which the income was earned.

24 (4) Every bank organized under the laws of the state
25 of Montana, of any other state, or of the United States and

1 every savings and loan association organized under the laws
 2 of this state or of the United States AND EVERY CORPORATION
 3 ORGANIZED UNDER THE LAWS OF THIS STATE, OR ANY OTHER STATE,
 4 OR OF THE UNITED STATES is subject to the Montana
 5 ~~corporation--license~~ financial institutions franchise tax
 6 provided for under this chapter. For taxable years beginning
 7 on and after January 1, 1972, this subsection is effective
 8 in accordance with Public Law 91-156, section 2 (12 U.S.C.
 9 548)."

10 Section 10. Section 15-31-701, MCA, is amended to
 11 read:

12 "15-31-701. Department of revenue -- special duties
 13 for transmitting ~~corporation--license~~ financial institutions
 14 franchise tax revenues collected from banks or savings and
 15 loan associations AND OTHER CORPORATIONS to counties. (1)
 16 Within 30 days after receiving ~~corporation--license~~ financial
 17 institutions franchise tax returns and payments from banks
 18 or savings and loan associations AND OTHER CORPORATIONS, the
 19 department of revenue shall transmit to the county treasurer
 20 of the county in which the business is located the revenues
 21 calculated under 15-31-702(1)(b).

22 (2) If the department of revenue determines, under the
 23 provisions of 15-31-503 and 15-31-531, that a bank or
 24 savings and loan association OR OTHER CORPORATION owes more
 25 taxes than shown on the original return or has paid more

1 than the tax, penalty, or interest due in any year, it shall
 2 notify the bank or savings and loan association OR OTHER
 3 CORPORATION. Additional payment is due within 10 days after
 4 receipt of the final determination of taxes due. County
 5 treasurers shall issue warrants for their portion of the
 6 overpayment received and interest, as provided in 15-31-531.

7 (3) The department shall continue to exercise all its
 8 duties and powers outlined in this title with respect to
 9 auditing returns and enforcing payment of the corporation
 10 license financial institutions franchise taxes owed by banks
 11 and savings and loan associations AND OTHER CORPORATIONS.
 12 Any delinquent taxes collected from the sale of property of
 13 a bank or savings and loan association OR OTHER CORPORATION
 14 under the provisions of 15-31-525 shall be transmitted to
 15 the county in which the corporation owing the delinquent
 16 taxes is located. The only duties of the county treasurers
 17 in this regard are issuing refunds and distributing the
 18 taxes to local taxing jurisdictions."

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

21 "15-31-702. Distribution of corporation---license
 22 financial institutions franchise taxes collected from banks
 23 or savings and loan associations AND OTHER CORPORATIONS. (1)
 24 All corporation---license financial institutions franchise
 25 taxes collected from banks and savings and loan associations

1 AND OTHER CORPORATIONS shall be distributed in the following
2 manner:

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

5 (b) 80% must be allocated to the various taxing
6 jurisdictions within the county in which the bank or savings
7 and loan association OR OTHER CORPORATION is located.

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

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

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

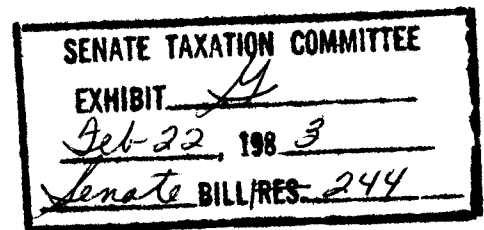
1 NEW SECTION. Section 12. Codification instruction.
 2 Sections 1 through 6 2 are intended to be codified as an
 3 integral part of Title 15, chapter 31, part 7, and the
 4 provisions of Title 15, chapter 31, part 7, apply to
 5 sections 1 through 6 2.

6 SECTION 13. SEVERABILITY. IF A PART OF THIS ACT IS
 7 INVALID, ALL VALID PARTS THAT ARE SEVERABLE FROM THE INVALID
 8 PART REMAIN IN EFFECT. IF A PART OF THIS ACT IS INVALID IN
 9 ONE OR MORE OF ITS APPLICATIONS, THE PART REMAINS IN EFFECT
 10 IN ALL VALID APPLICATIONS THAT ARE SEVERABLE FROM THE
 11 INVALID APPLICATIONS.

12 NEW SECTION. Section 14. Effective date PAID -
 13 applicability. This (1) EXCEPT AS PROVIDED IN SUBSECTION (2)
 14 OF THIS SECTION, THIS act is effective on passage and
 15 approval and applies to taxable years beginning after
 16 December 31, 1982.

17 (2) SUBSECTION (2) OF SECTION 4 APPLIES TO TAXABLE
 18 YEARS BEGINNING AFTER DECEMBER 31, 1984.

-End-



Amendments to Senate Bill No. 244

1. Title, lines 5 and 6

Following: "REQUIRING"

Strike: "AN ADDITION TO ADJUSTED GROSS INCOME FOR"

Insert: "A SEPARATE TAX ON"

line 7

Following: "payments;"

Strike: "AMENDING SECTION 15-30-111, MCA;"

2. Strike all of Section 1

3. Add: NEW SECTION. Section 1. Tax on lump sum distributions.
- (1). There is imposed a separate tax on the ordinary income portion of a lump sum distribution.
- (2) The tax is ¹⁰/₂₀% of the amount of tax determined under section 402(e) of the Internal Revenue Code of 1954, as amended, or as section 402(e) may be renumbered or amended.
- (3) All means available for the administration and enforcement of income taxes shall be applied to the tax on lump sum distributions.

STANDING COMMITTEE REPORT

February 22 19 83

MR. PRESIDENT

We, your committee on taxation

having had under consideration Statement of Intent, Senate Bill No. 264

Respectfully report as follows: That Statement of Intent, Senate Bill No. 264
be adopted.

STATEMENT OF INTENT RE: SB 264

It is the intent of SB 264 to give the Department of Revenue authority to adopt rules to impute the market value of coal prior to drying, cleaning or processing designed to improve the quality of the coal. The rules adopted shall:

1. Allow the taxpayer to pay applicable taxes based on market price of like coal prior to processing.
2. Impute market price regardless of whether the processing takes place at the mine site or not.
3. Reflect that the intent is to exempt said processing from applicable taxation.

RCR:PSX

W/c

STANDING COMMITTEE REPORT

Page 1 of 2

February 22

19 83

MR. **PRESIDENT**

We, your committee on **taxation**

having had under consideration **Senate** Bill No. **264**

Respectfully report as follows: That **Senate** Bill No. **264**

introduced bill, be amended as follows:

1. Page 1, line 12.

Following: "The department may"

Insert: "or shall at the request of the taxpayer"

2. Page 1, line 23.

Following: line 22

Insert: "(2) For purposes of subsection (1)(b), market value f.o.b. mine means the value of the coal subsequent to primary and secondary crushing but prior to drying, cleaning or other processing."

Renumber: subsequent subsections

~~DO PASS~~
~~XXXXXXX~~

(Continued on page 2)

SB 264

February 22, 1983

3. Page 2.

Following: line 10

Insert: "NEW SECTION. Section 2. Use of imputed value for coal gross proceeds. Whenever value is imputed under 15-35-107(1)(b) that value shall be used for purposes of reporting the value of the gross yield of coal under 15-23-701.

NEW SECTION. Section 3. Codification instruction. Section 2 is intended to be codified as an integral part of Title 15, chapter 23, part 7 and the provisions of Title 15, chapter 23, part 7 apply to section 2."

And, as so amended

DO PASS

Jc

STANDING COMMITTEE REPORT

February 22, 1983

MR. **PRESIDENT**

We, your committee on **taxation**

having had under consideration **Senate** Bill No. **307**

Respectfully report as follows: That **Senate** Bill No. **307**

introduced bill, be amended as follows:

1. Page 2, lines 5 and 6.

Strike: line 5 and through "system," on line 6

Insert: "is an institution accredited by a national or regional
accrediting agency recognized by the board of regents of higher
education"

And, as so amended

DO NOT PASS

~~XXXXXX~~

NC

ROLL CALL VOTE

SENATE COMMITTEE TAXATION

Date Feb 22, 1983 Senate Bill No. 307 Time 9:20

NAME	YES	NO
SENATOR GOODOVER, CHAIRMAN	✓	
SENATOR McCALLUM, VICE CHAIRMAN		✓
SENATOR BROWN	✓	
SENATOR CRIPPEN		✓
SENATOR ELLIOTT	✓	
SENATOR GAGE	✓	
SENATOR TURNAGE	✓	
SENATOR SEVERSON	✓	
SENATOR HAGER	✓	
SENATOR ECK		✓
SENATOR HALLIGAN		✓
SENATOR LYNCH		✓
SENATOR NORMAN		✓
SENATOR TOWE	✓	
SENATOR MAZUREK		✓

Secretary: Barbara J. Effing
Motion:

Chairman: Pat M. Goodover

motion that 307 as amended do not pass

(include enough information on motion—put with yellow copy of committee report.)

STANDING COMMITTEE REPORT

February 22 19 83

MR. **PRESIDENT**

We, your committee on **taxation**

having had under consideration **Senate** Bill No. **337**

Respectfully report as follows: That **Senate** Bill No. **337**
introduced bill

DO NOT PASS

DO PASS

110

ROLL CALL VOTE

SENATE COMMITTEE TAXATION

Date Feb 22, 1983 Senate Bill No. 337 Time 9:37

NAME	YES	NO
SENATOR GOODOVER, CHAIRMAN	✓	
SENATOR McCALLUM, VICE CHAIRMAN	✓	
SENATOR BROWN	✓	
SENATOR CRIPPEN		✓
SENATOR ELLIOTT	✓	
SENATOR GAGE	✓	
SENATOR TURNAGE	✓	
SENATOR SEVERSON	✓	
SENATOR HAGER	✓	
SENATOR ECK		✓
SENATOR HALLIGAN		✓
SENATOR LYNCH	✓	
SENATOR NORMAN	✓	
SENATOR TOWE		✓
SENATOR MAZUREK	✓	

Secretary: Barbara J. Effing
Motion:

Chairman: Pat M. Goodover

motion that SB 337 do not pass

(include enough information on motion—put with yellow copy of committee report.)

STANDING COMMITTEE REPORT

Page 1 of 2.

February 22 19 83

MR. PRESIDENT

We, your committee on taxation

having had under consideration Senate Bill No. 244

Respectfully report as follows: That Senate Bill No. 244

introduced bill, be amended as follows:

1. Title, lines 5 and 6.

Following: "REQUIRING"

Strike: "AN ADDITION TO ADJUSTED GROSS INCOME FOR"

Insert: "A SEPARATE TAX ON"

2. Title, line 7.

Following: "PAYMENTS;"

Strike: "AMENDING SECTION 15-30-111, MCA;"

~~DO PASS~~
~~XXXXXX~~

(Continued on page 2)

HC

SB 244

February 22, 1983

3. Page 1, line 11.

Strike: section 1 in its entirety

Insert: "NEW SECTION. Section 1. Tax on lump sum distributions.

(1) There is imposed a separate tax on the ordinary income portion of a lump sum distribution.

(2) The tax is 10% of the amount of tax determined under section 402(a) of the Internal Revenue Code of 1954, as amended, or as section 402(a) may be renumbered or amended.

(3) All means available for the administration and enforcement of income taxes shall be applied to the tax on lump sum distributions."

4. Page 4.

Following: line 4

Insert: "NEW SECTION. Section 2. Codification instruction.

Section 1 is intended to be codified as an integral part of Title 15, chapter 30, and the provisions of Title 15, chapter 30 apply to section 1."

Renumber: subsequent section

Ad, as so amended

DO PASS