

Law 66

MINUTES OF THE MEETING  
TAXATION COMMITTEE  
MONTANA STATE SENATE

March 1, 1983  
Afternoon session

The thirty-sixth meeting of the Taxation Committee reconvened in Room 415 following adjournment of the Senate with Chairman Pat M. Goodover presiding.

ROLL CALL: All members were present except Senator Lynch.

CONSIDERATION OF SENATE BILL 459: Senator Dorothy Eck, closing on the hearing on SB 459, said it would enable the University System to get publicity on the federal tax credit for research.

There were no questions from the committee members at this time.

CONSIDERATION OF SENATE BILL 263: Senator Turnage moved that the amendments to SB 263 (Exhibit E to the February 22, 1983 minutes) be adopted. The motion was seconded and passed unanimously.

Senator Towe asked Senator Turnage how he answered Burlington Northern's question on taxing federal deposits. Senator Turnage said that savings and loans had trouble with long term low interest fixed rate loans, but they operate as commercial banks today, thanks to Congress, and make loans with variable interest rates.

Dan Bucks, from the Department of Revenue, submitted the information that the committee had requested, and it is attached as Exhibit A to these minutes. He felt we should contact a couple of organizations, like the National Council of State Legislatures and the National Tax Commission to see if they can make legal experts available to discuss this with us.

Senator Towe said SB 335 really covers the retroactive portion. There is no better way to do that. We should not spin our wheels wondering what the Supreme Court will do. If we amend the bill to say that it becomes effective in the event the other one is successfully challenged, then this is a good backup, but he didn't favor it as a backup.

Senator Crippen said we cannot commit the House as to what they are going to do with these bills.

Senator Turnage moved that SB 263 DO PASS AS AMENDED. The motion was seconded, and a roll call vote was taken. The motion failed 6-8. The roll call vote sheet is attached to these minutes as Exhibit B.

A motion was then made that SB 263 DO NOT PASS AS AMENDED. The motion was seconded.

A substitute motion was made that SB 263 be tabled. That motion was seconded, and a voice vote was taken, and the substitute motion passed unanimously.

DISPOSITION OF SENATE BILL 375: Pat Kyle from Gulf Oil introduced Thomas Miller, also from Gulf Oil, and stated that she and Mr. Miller were available to answer any questions the committee might have regarding SB 375. In time, she said, SB 375 will give you more dollars. Illinois, Virginia, Ohio, and Florida do not tax in this way. They believe it is unconstitutional and believe they will win.

Senator Towe stated that after the Asarco decision in 1977, the U.S. Supreme Court has rendered the Montana Supreme Court decision meaningless.

Senator Eck moved that SB 375 DO NOT PASS. The motion was seconded.

Senator Crippen asked how Montana could tax income derived from sources outside the state. Senator Towe responded, saying that we don't tax foreign income. The companies file consolidated returns. We don't want them juggling income and expenses.

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.

CONSIDERATION AND DISPOSITION OF SENATE BILL 408: Senator Swede Hammond, Senate District 3, said he requested this bill because of the taxing of aircraft. Only 1,500 register with the state and you have to provide evidence that taxes are paid. Section 10 of the bill subjects the aircraft to a license fee equal to one percent of the Aircraft Blue Book value. See the registration comparison on Exhibit C attached hereto.

#### PROPOSERS

Patty Mitchell, representing the Montana Chapter of Ninety-Nines, Inc., submitted written testimony, attached as Exhibit D.

Mike Ferguson, representing the Montana Aeronautics Division, submitted written testimony suggesting amendments, attached as Exhibit E.

Senator Tom Hager, Senate District 30, stated he received a phone call from Bob Palmershime of Billings, who wished to go on record as supporting SB 408.

#### OPPOSERS

Jesse Munro, representing the Department of Revenue, said SB 408 will deplete the tax base and offers no replacement of value to the counties. There is also a problem of equalization with airlines not getting the same benefit. Mr. Munro went through his examples, attached as Exhibit F, for the committee.

Questions from the committee were called for.

Senator Towe asked Mr. Munro how he responded to the contention that we are losing so much now and that they will pay in the future. Mr. Munro said he didn't know how willing they would be to pay a fee if they don't even pay the tax now.

Senator Towe asked Senator Hammond if this would pick up more money for aircraft. Senator Hammond replied that it would provide for enforcement.

Senator Towe then wondered about being nondiscriminatory as far as large aircraft carriers were concerned. They are suing already, he said.

Senator Severson asked Mr. Munro if it was easy for county assessors to pick these up on their records. Mr. Munro said the Department is getting FAA information this year.

Senator Hammond, in closing, said that at present, we are only getting half of the planes licensed.

Senator Severson moved that SB 408 DO NOT PASS. The motion was seconded. SB 126 in the 1981 session mandated they use wholesale value rather than retail value in assessing. SB 126 treated everybody alike, but SB 408 treats everybody just a little differently. If the assessors had assessed based on wholesale value, taxes would have been 20% less. We shouldn't break into this at this time. We denied watercraft, and we should deny this also.

A roll call vote was taken on Senator Severson's motion, and it failed 7-8.

Senator Crippen moved that SB 408 DO PASS. The motion was seconded and a roll call vote was taken. The motion passed 8-7. The roll call vote sheets are attached to the standing committee report attached to these minutes.

CONSIDERATION OF SENATE BILL 76: Senator Brown moved that SB 76 DO PASS. The motion was seconded, and a roll call vote was taken. The motion failed 3-12. The roll call vote sheet is attached to these minutes as Exhibit G.

DISPOSITION OF SENATE BILL 379: Senator McCallum moved that SB 379 DO NOT PASS. The motion was seconded.

Senator Crippen made a substitute motion that SB 379 be tabled.

Senator Lynch said he would like the opportunity to bring the matter to the floor of the Senate, and Senator Crippen withdrew his motion. A roll call vote on Senator McCallum's motion was taken, and the motion passed 10-5. The roll call vote sheet is attached to the standing committee report attached to these minutes.

The meeting recessed at 5:17 p.m., so the members could go back into the Senate session, and the committee reconvened a second time at 5:25 p.m. in Room 415.

DISPOSITION OF SENATE BILL 411: Senator Eck moved that SB 411 DO PASS. The motion was seconded. Senator Eck said SB 411 gives the counties a different way of dealing with impact problems.

Senator McCallum made a substitute motion that SB 411 be tabled. The motion was seconded. He said there is a bill similar to this coming over from the House.

Senator Crippen wondered if that other bill addressed major new businesses. Senator Eck replied that it addressed hard rock mining impacts. She said, though, that a motion to table is better than an adverse committee report. She felt the committee should think about this and send it over to the House to let them have discussion on the bill also.

Senator Crippen said the bill is much broader than you think. A million dollars of real or personal property is not very much, he said, and he didn't see why Senator Eck picked that figure. He felt that SB 411 was a dangerous bill and that it should be kept in committee and amended. Ward Shanahan (representing Stillwater PGM Resources) agreed with Senator Crippen on that.

A roll call vote was taken on the motion to table, and it passed 11-3 (Senator Turnage being absent at the time the vote was taken). The roll call vote sheet is attached to these minutes as Exhibit H.

DISPOSITION OF SENATE BILL 459: Senator Eck moved that SB 459 DO PASS. The motion was seconded. The committee noted that the credit is limited to not more than \$500 per person.

Dan Bucks, from the Department of Revenue, didn't agree with the fiscal note, which indicated "no fiscal impact." Because of the \$500 limit and the limit to university-affiliated research, the impact will not be very large at all--only in the tens of thousands of dollars.

Cort Harrington, the committee's staff attorney, mentioned that the Internal Revenue Code section referred to in the bill should be 44F(e) and not 44F(c).

Senator Elliott spoke against the bill, saying we do allow a deduction against income tax, and SB 459 has no provision for carryover and carryback.

A roll call vote was taken on Senator Eck's motion, and it passed 13-2. The roll call vote sheet is attached to the standing committee report attached to these minutes.

Senator McCallum made a motion to adjourn, but then withdrew his motion.

RECONSIDERATION OF SENATE BILL 360: This bill was returned to the committee from second reading. Senator Towe said he had amendments to submit to the committee, so the committee did not take the matter up at this time and moved on to discussion of SB 299.

RECONSIDERATION OF SENATE BILL 299: Senator Towe moved that SB 299 be taken from the table and that the committee reconsider its previous action on SB 299. The motion was seconded and passed unanimously.

Senator Towe moved that the handwritten amendments to SB 299, attached as Exhibit I, be adopted. The motion was seconded and passed, with Senator Goodover voting no.

Senator Towe then moved that SB 299 DO PASS AS AMENDED. The motion was seconded.

We are saying here that if the price of metal goes up, we want to raise the tax, Senator Towe said.

Senator Crippen pointed out that Mr. Dewey from Stillwater PGM Resources had said there would be five different computations for reporting returns if SB 299 passes. Senator Towe commented that that is no more complicated than what we have now.

A roll call vote was taken on Senator Towe's motion that SB 299 DO PASS AS AMENDED, and the motion failed 7-8. The roll call vote sheet is attached to these minutes as Exhibit J.

Upon motion duly made, the meeting adjourned at 6:02 p.m.

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Chairman

ROLL CALL

SENATE TAXATION

COMMITTEE

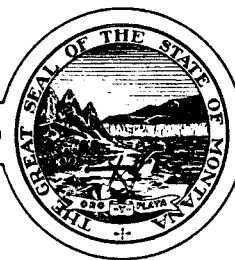
48th LEGISLATIVE SESSION -- 1983

Date 3/1 /83

P.M. MEETING

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		✓	
SENATOR NORMAN	✓		
SENATOR TOWE	✓		
SENATOR MAZUREK	✓		

# DEPARTMENT OF REVENUE



TED SCHWINDEN, GOVERNOR

## STATE OF MONTANA

HELENA, MONTANA 59620

SENATE TAXATION COMMITTEE
EXHIBIT <u>A</u>
<u>March 1, 1983, p.m.</u>
<u>Senate</u> BILL/RES. <u>263</u>
MICHELLE BUILDING

March 1, 1983

Senator Goodover  
Montana State Legislature  
Capital Station  
Helena, Montana 59620

Dear Senator Goodover:

Attached is information requested by the Senate Tax Committee related to the taxation of financial institutions. The information requested by the committee includes the following:

- 1) An analysis of the rate of tax necessary to raise revenues, under the tax base established by SB 263, to compensate for the tax loss arising from the recent Montana Supreme Court decision affecting the taxation of financial institutions.
- 2) A projection of the amount of money that would have been raised by the former bank shares tax.
- 3) A discussion of questions relating to the ability of financial institutions to adjust tax burdens through the shifting of income among business entities.

We hope this information is helpful to you.

We are providing each member of the Senate Tax Committee with this information.

Sincerely,

A handwritten signature in cursive script, appearing to read "Ellen".

ELLEN FEAVER  
Director

EF/dlk

WHAT RECEIPTS FROM BANK SHARES TAX WOULD HAVE BEEN IN ABSENCE OF 1978 COURT DECISION AND SUBSEQUENT REPEAL OF BANK SHARES TAX:

In 1978 the Montana Supreme Court upheld the judgement of the District Court, Lewis and Clark County, that United States obligations held by Montana banks were exempt under the "Montana Bank Shares Tax Act." The bank shares tax itself was not held to be unconstitutional, but rather federal obligations, whether considered directly or indirectly, must be excluded from the calculation of the bank shares tax. The 1979 legislature repealed the bank shares tax and enacted a modified corporation license tax for financial institutions. Eighty percent of the tax collected from a financial institution was distributed to local jurisdictions of the county in which the institution was located and 20 percent to the state. The banks received substantial tax relief as a result of the switch from the bank shares tax to the corporation license tax. Local taxing jurisdictions bore the major loss in tax revenues.

The following table shows a range of potential tax receipts for local jurisdictions for the 1984-1985 biennium if the bank shares tax were still in effect. The underlying assumption (notwithstanding the Supreme Court's ruling) is that banks would be allowed only a partial deduction for federal obligations based on the percentage of capital equity to total assets. This deduction was allowed prior to the ruling. The table is presented only for comparison purposes under various assumptions.

TAXABLE VALUE AND BANK SHARES TAX  
IN MILLIONS OF DOLLARS

	<u>FY84</u>	<u>FY85</u>	<u>Total</u>
1979 Projected			
Taxable Value	\$24.295	\$24.295	
x Avg. Mill Levy	.217	.217	
Bank Shares Tax	5.272	5.272	\$10.544
1979 Projected			
Taxable Value			
at .0688/year	\$29.662	\$31.703	
x Avg. Mill Levy	.217	.217	
Bank Shares Tax	6.437	6.880	\$13.317
1982 Projected			
Taxable Value*	\$43.235	\$43.235	
x Avg. Mill Levy	.217	.217	
Bank Shares Tax	9.382	9.382	\$18.764

\* "Abstract of Reports of Condition of Montana State Banks and Trust Companies, and National Banks," No. 225, December 31, 1981. Montana Department of Commerce.



Projected taxable value is the aggregate of all banks in Montana. The 1979 value was estimated by the Department of Revenue based on the percentage change of 13.76% between the 1977 taxable value (\$18.9 million) and the 1978 taxable value (\$21.5 million) where the partial deduction was allowed in each year. This value was held constant for FY84 and FY85. Next, the 1979 taxable value was allowed to grow at 6.88% per year (one-half of the percentage change from above) from FY81 to FY85. The 1982 taxable value was calculated from data contained in "Abstract of Reports of Condition of Montana Banks," No. 225, December 31, 1981 (distributed by Financial Commissioner, Department of Commerce) and held constant for FY84 and FY85.

The average mill levy is the statewide average of city and county mill levies less the foundation levy and university levy for 1982 based on a Department of Revenue computer simulation. This value is held constant at the 1982 level.

The above projections are conservative estimates (with the possible exception of the 1982 estimate of taxable value) based on actual data from the bank shares tax. The 1982 estimate attempts to approximate taxable value as of December 31, 1981. The estimate does not account for adjusted equity capital from the cash conversion schedule which was an integral part in the determination of the bank shares tax, nor does it account for changes in banking law at the federal level. The following calculation for state banks illustrates how the 1982 estimate was derived.

Common Stock	\$67.468M	
Surplus	90.664M	
Undivided Profits	64.029M	
		\$222.161M
Less: Premises, FTF	\$51.320M	
Other Real Estate	6.583M	
Bond Deduction		
(.0832 x 460.666M)	38.327M	
		\$ 96.230M
Value Assessed to Stockholders		\$125.931M
Surplus up to Amount		
of Capital Stock	\$67.468 x .07	\$ 4.723M
Capital Stock and Surplus		
in Excess of Capital Stock	\$58.463 x .30	\$ 17.539M
Total Taxable Value		\$ 22.262M

A similar calculation for national banks yielded a taxable value of \$20.973M for a total of \$43.235M.

In 1982 the Montana Supreme Court ruled in favor of First Federal Savings and Loan Association that interest income from certain federal obligations must be excluded from net income for the purpose of calculating the Montana corporation license tax. Under a narrow interpretation of the ruling (only interest income from those securities named in the suit and comparable securities is excluded), the Department of Revenue estimates that \$8 million may be refunded to financial institutions for tax years 1979 through 1981. If a broader interpretation applies to all federal securities, then the amount to be refunded increases to \$9 million over the same period.

The following tables show the revenue loss under both interpretations from refunds and the potential revenue loss between FY82 and FY84 on the assumption that the loss is equal to the annualized loss due to refunds. The tables also show the estimated revenue to be collected between FY85 and FY90 from a 0.9 mill tax on total deposits (excluding government deposits), and the total millage needed to offset the revenue loss from the prior six years. Revenue collections from the total deposits tax is assumed to grow at 5 percent per year.

#### NARROW INTERPRETATION

	<u>FY79-81</u>	<u>FY82</u>	<u>FY83</u>	<u>FY84</u>	<u>Total</u>	
Revenue Loss	\$8.000M	\$2.666M	\$2.666M	\$2.666M	\$16.000M	
	<u>FY85</u>	<u>FY86</u>	<u>FY87</u>	<u>FY88</u>	<u>FY89</u>	<u>FY90</u>
Total Deposits						
Tax	\$5.582M	\$5.861M	\$6.153M	\$6.462M	\$6.785M	\$7.124M
Revenue Offset	2.666M	2.666M	2.666M	2.666M	2.666M	2.666M
Total	<u>\$8.248M</u>	<u>\$8.527M</u>	<u>\$8.819M</u>	<u>\$9.128M</u>	<u>\$9.451M</u>	<u>\$9.790M</u>
Mill Rate	1.33	1.31	1.29	1.27	1.25	1.24

#### BFOAD INTERPRETATION

	<u>FY79-81</u>	<u>FY82</u>	<u>FY83</u>	<u>FY84</u>	<u>Total</u>	
Revenue Loss	\$9.000M	\$3.000M	\$3.000M	\$3.000M	\$18.000M	
	<u>FY85</u>	<u>FY86</u>	<u>FY87</u>	<u>FY88</u>	<u>FY89</u>	<u>FY90</u>
Total Deposits						
Tax	\$5.582M	\$5.861M	\$6.153M	\$6.462M	\$6.785M	\$7.124M
Revenue Offset	3.000M	3.000M	3.000M	3.000M	3.000M	3.000M
Total	<u>\$8.582M</u>	<u>\$8.861M</u>	<u>\$9.153M</u>	<u>\$9.462M</u>	<u>\$9.785M</u>	<u>\$10.124M</u>
Mill Rate	1.38	1.36	1.34	1.32	1.30	1.28

ROLL CALL VOTE

SENATE TAXATION COMMITTEE
EXHIBIT <u>B</u>
<u>March 1, 1983, p.m.</u>
<u>Senate BILL/RES. 263</u>

SENATE COMMITTEE TAXATION

Date Mar 1, 1983 Senate Bill No. 263 Time 4:35

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	A	
SENATOR NORMAN	✓	
SENATOR TOWE		✓
SENATOR MAZUREK		✓

Secretary: Barbara J. Effing  
Motion:

Chairman: Pat M. Goodover

motion that SB 263 do pass as  
amended

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

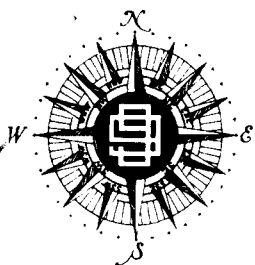
## AIRCRAFT REGISTRATION COMPARISONS - FAA AND AERONAUTICS DIVISION

COUNTY	FAA	AD
Beaverhead	45	33
Big Horn	35	23
Blaine	78	67
Broadwater	12	7
Carbon	37	20
Carter	39	26
Cascade	185	85
Chouteau	62	53
Custer	69	41
Daniels	31	22
Dawson	54	23
Deer Lodge	6	2
Fallon	39	31
Fergus	102	63
Flathead	198	50
Gallatin	133	54
Garfield	19	21
Glacier	56	29
Golden Valley	4	2
Granite	6	4
Hill	96	47
Jefferson	12	7
Judith Basin	12	10
Lake	42	19
Lewis & Clark	105	56
Liberty	23	21
Lincoln	27	24
Madison	42	14

COUNTY	FAA	AD
McCone		
Meagher		
Mineral	4	0
Missoula	135	41
Musselshell	14	10
Park	37	10
Petroleum	5	3
Phillips	70	42
Pondera	43	22
Powder River	31	38
Powell	18	5
Prairie	8	10
Ravalli	118	39
Richland	88	37
Roosevelt	64	27
Rosebud	64	34
Sanders	19	5
Sheridan	46	26
Silver Bow	42	20
Stillwater	19	14
Sweet Grass	21	11
Teton	37	26
Toole	43	36
Treasure	13	7
Valley	96	45
Wheatland	7	5
Wibaux	8	6
Yellowstone	452	128
TOTALS	3,105	1,537

SENATE TAXATION COMMITTEE

EXHIBIT CMarch 24, 1983, 31 p.m.Senate BILL/RES. 5 408



**MONTANA CHAPTER NINETY-NINES, Inc.**

SENATE TAXATION COMMITTEE

EXHIBIT D

March 1, 1983, p.m.

Senate BILL/RES. 408

STATEMENT OF DOROTHY K. CURTIS  
CHAIRMAN - MONTANA CHAPTER NINETY-NINES, INC.  
BEFORE THE SENATE TAXATION COMMITTEE  
REGARDING SB 408  
MARCH 1, 1983

The Montana Chapter of Ninety-Nines, the international organization of women pilots, urges your support of SB 408, "An act providing a license in lieu of tax for certain aircraft; providing for proration of the fee for migratory aircraft...." Passage of this bill would provide a fair, statewide fee. The current tax structure for aircraft, tied as it is to the mill levy, has created a great deal of disparity in the amount of tax collected by the various counties. A statewide licensing fee would eliminate these great differences.

SB 408 also provides for a more comprehensive registration plan for aircraft. Since the registration decal would be issued at the time the license fee is paid [Sec. 9(3), lines 15-18] the number of aircraft which are registered should increase as no additional paperwork and/or department/office visits would be involved.

The state legislature recognized the need for tax reform when it changed the method under which motor vehicles and motor homes were taxed. SB 408 is a continuation of that change. It will result in an equitable method of valuation of aircraft which would be standard throughout all of Montana.

For these reasons the Montana Chapter of Ninety-Nines strongly urges passage of this bill.

NAME: MICHAEL D. FERGUSON

DATE: 3-1-83

ADDRESS: P.O. Box 5178  
HELENA, MT.

SENATE TAXATION COMMITTEE  
EXHIBIT E

PHONE: 449-2506

March 1, 1983, p.m.  
Senate Bill # 408

REPRESENTING WHOM? MONTANA AERONAUTICS DIV.

APPEARING ON WHICH PROPOSAL: SB 408

DO YOU: SUPPORT? \_\_\_\_\_ AMEND? X OPPOSE? \_\_\_\_\_

COMMENTS: P 13 LINES 15, 16, 17, 18,  
should be STRICKEN.

THE MT. AERONAUTICS DIV. ALREADY  
PROVIDES DECALS WHICH COVERS  
THE SAME CONCERN. THE DUP-  
LICATION IS NOT NECESSARY.

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY.

SENATE TAXATION COMMITTEE	
EXHIBIT	F
March 1983, p.m.	
Senate BILL/RES. 408	

## EXAMPLES:

## 1 1982 CESSNA CITATION II 550

CURRENT:

(Low) AVERAGE EQUIPPED INVENTORY 1,889,242

(High) AVERAGE EQUIPPED MARKETABLE 1,988,242

3,877,484

÷ 2

Average Wholesale Value 1,938,742 (MARKET VALUE)

1,938,742 x 11% = 213,261 (Taxable Value)

213,261 x .23100 = \$49,263 TaxOPTIONS:

A. Average Equipped Inventory (Low) 1,889,242

Average Equipped Marketable (High) 1,988,242

3,877,484

÷ 2

Average Wholesale Value 1,938,742 (Market Value)

1% x \$1,938,742 = \$19,387 FEE

B. Use Average Equipped Inventory (Low) 1,889,242

1% x \$1,889,242 = \$18,892 FEE

C. Use Average Equipped Marketable (High) 1,988,242

1% x 1,988,242 = \$19,882 FEEDIFFERENCE:

\$30,000 less Taxes RECEIVED BY COUNTY

## 2. 1976 CESSNA CARDINAL RGII

### CURRENT:

(Low) Average Equipped Inventory	\$18,962
(High) Average Equipped Marketable	20,962
	<u>39,924</u>
	<u>÷ 2</u>
Average Wholesale Value	19,962 (Market Value)

$$19,962 \times 11\% = 2,196 \text{ (Taxable Value)}$$

$$2,196 \times .23100 = \underline{\underline{\$507 \text{ Tax}}}$$

### OPTIONS:

A. Average Equipped Inventory (Low)	\$18,962
Average Equipped Marketable (High)	20,962
	<u>39,924</u>
	<u>÷ 2</u>
Average Wholesale Value	19,962 (Market Value)

$$1\% \times \$19,962 = \underline{\underline{\$199 \text{ FEE}}}$$

$$\text{B. Use AVERAGE Equipped Inventory (Low) } 18,962$$

$$1\% \times 18,962 = \underline{\underline{\$189 \text{ FEE}}}$$

$$\text{C. Use Average Equipped Marketable (High) } 20,962$$

$$1\% \times 20,962 = \underline{\underline{\$209 \text{ FEE}}}$$

### DIFFERENCE:

$$\$300 \text{ less Tax RECEIVED BY County}$$



	<u>Current</u>	<u>AVG OPTION A</u>	<u>HIGH OPTION B</u>	<u>LOW OPTION B</u>
1. 1966 CESSNA 172	\$206	\$81	\$86	\$76
2. 1971 CESSNA 182	\$399	\$157	\$164	\$150
3. 1959 CESSNA 310	\$376	\$147	\$155	\$141
4. 1967 CESSNA 188A	\$255	\$100	\$105	\$95
5. 1949 AERONCA CHAMP	\$98	\$38	\$40	\$36
6. 1946 Stinson	\$126	\$50	\$52	\$47
7. 1951 PIPER PA18125	\$172	\$68	\$71	\$64
8. 1962 PIPER PA18150	\$245	\$96	\$101	\$91
9. 1966 PIPER PA25235	\$233	\$92	\$96	\$87
10. 1974 PIPER PA25	\$351	\$138	\$145	\$132
11. 1977 PIPER PA28151	\$313	\$123	\$130	\$118
12. 1978 PIPER PA28181	\$565	\$222	\$231	\$214
	<u>\$3,339</u>	<u>\$1,312</u>	<u>\$1,376</u>	<u>\$1,251</u>
Loss To County	\$0	\$2,027	\$1963	\$2,088

ROLL CALL VOTE

SENATE TAXATION COMMITTEE

EXHIBIT g

March 1, 1983, p.m.

Senate BILL/RES. 76

SENATE COMMITTEE TAXATION

Date Mar 1, 1983 Senate Bill No. 76 Time 5:10

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 76 do pass

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

ROLL CALL VOTE

SENATE TAXATION COMMITTEE
EXHIBIT <u>H</u>
<u>March 1 1983, p.m.</u>
<u>Senate Bill/Res. 411</u>

SENATE COMMITTEE TAXATION

Date Mar 1, 1983 Senate Bill No. 411 Time 5:39

NAME	YES	NO
SENATOR GOODOVER, CHAIRMAN	✓	
SENATOR McCALLUM, VICE CHAIRMAN	✓	
SENATOR BROWN	✓	
SENATOR CRIPPEN	✓	
SENATOR ELLIOTT	✓	
SENATOR GAGE	✓	
SENATOR TURNAGE	A	
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 to table SB 411

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

*Revised* BILL NO. 299

INTRODUCED BY *Donna Berg Christian* *Copy*  
*Donna Berg Christian*  
*Donna Berg Christian*

A BILL FOR AN ACT ENTITLED: "AN ACT TO GENERALLY REVISE THE RATES OF THE METALLIFEROUS MINES LICENSE TAX; TO ESTABLISH A TRUST FUND FOR PART OF THE TAX COLLECTED; AMENDING SECTIONS 15-1-501, 15-37-103, AND 90-6-304 THROUGH 90-6-306, MCA."

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

Section 1. Section 15-1-501, MCA, is amended to read:

"15-1-501. Disposition of moneys from certain designated license and other taxes. (1) The state treasurer shall deposit to the credit of the state general fund all moneys received by him from the collection of:

(a) automobile driver's license fees under subsections (1) through (6) of 61-5-111;

(b) electric energy producer's license taxes under chapter 51;

(c) ~~metalliferous mines license taxes~~ under chapter

37;

(d) oil and gas severance taxes allocated to the general fund under chapter 36;

(e) liquor license taxes under Title 16;

(f) telephone license taxes under chapter 53; and

(g) inheritance and estate taxes under Title 72;

chapter 16.

(2) Seventy-five percent of all moneys received from the collection of income taxes under chapter 30 and corporation license and income taxes under chapter 31, except as provided in 15-31-702, shall be deposited in the general fund subject to the prior pledge and appropriation of such income tax and corporation license tax collections for the payment of long-range building program bonds. The remaining 25% of the proceeds of the corporation license tax, excluding that allocated to the counties under 15-31-702, corporation income tax, and income tax shall be deposited to the credit of the earmarked revenue fund for state equalization aid to the public schools of Montana.

(3) The state treasurer shall also deposit to the credit of the state general fund all moneys received by him from the collection of license taxes, fees, and all net revenues and receipts from all other sources under the operation of the Montana Alcoholic Beverage Code."

Section 2. Section 15-37-103, MCA, is amended to read: "15-37-103. Rate of tax. The annual license tax to be

paid by such person engaged in or carrying on the business of working or operating any mine or mining property in this state from which gold, silver, copper, lead, or any other metal or metals or precious or semiprecious gems or stones are produced shall be an amount computed on the gross

INTRODUCED

-2-

SENATE TAXATION COMMITTEE

EXHIBIT I

March 1, 1983, p. 3, p. SB

BILL/RES

SB

→ 130% of the average daily price of each metal or mineral product during the twelve month period immediately preceding the effective date of this act.

plus 0.25% for each 10% that the average quarterly daily

(2) The base price of a metal or mineral product used:

in the computation of the tax rate is as follows:

Metal or Mineral Product

~~for copper~~

~~SECRET~~

-3-

→ 130% of the average daily price of each metal or mineral product during the twelve month period immediately preceding the effective date of this act.

(2) There is within the earmarked revenue fund a hard-rock mining impact trust account. Money is payable into this account in accordance with [section 4]. The state treasurer shall draw warrants from this account upon order

1 of the hard-rock mining impact board."

2 Section 6. Section 90-6-305, MCA, is amended to read:

3 "90-6-305. Hard-rock mining impact board -- general  
4 powers. (1) The board may:

5 (a) retain professional staff, consultants, and  
6 advisors notwithstanding the provisions of 2-15-121;

7 (b) adopt rules governing its proceedings;

8 (c) award grants to local government units subject to  
9 90-6-306;

10 (d) make payments to local government units from money  
11 paid to the hard-rock mining impact account as provided in  
12 90-6-307;

13 (e) make determinations as provided in 90-6-307; and

14 (f) borrow funds from the local impact and education  
15 trust fund account and repay funds so borrowed in accordance  
16 with the provisions of Section 81 and

17 (1) accept grants and other funds to be used in  
18 carrying out this part.

19 (2) The provisions of the Montana Administrative  
20 Procedure Act apply to the proceedings and determinations of  
21 the board."

22 Section 7. Section 90-6-306, MCA, is amended to read:

23 "90-6-306. Basis for awarding grants -- restrictions.

24 (1) Grants except as provided in subsection (2), grants  
25 shall be awarded, including grants from the hard-rock mining

1 impact trust accounts to local government units on the basis  
2 of:  
3 (1) need;  
4 (2) severity of impact from mineral development;  
5 (3) availability of funds; and  
6 (4) extent of local effort in meeting its their  
7 needs.

8 (2) Grants from the hard-rock mining impact trust  
9 account may not be awarded for a period of 5 years after the  
10 issuance of a mine operating permit under 82-4-335 if impact  
11 assistance directly related to that permit is available  
12 under the provisions of Title 90, Chapter 6, part 3."

13 NEW SECTION. Section 8. Loans to hard-rock mining  
14 impact trust account from local impact and education trust  
15 fund account. (1) Except as provided in subsection (3), the  
16 board may borrow funds from the local impact and education  
17 trust fund account for the purpose of assisting local  
18 government units in meeting the financial impact of  
19 large-scale mineral development if the tax paid during the  
20 next 10 years by the mining company or companies that cause  
21 the impact can reasonably be expected to be sufficient to  
22 repay the loan.

23 (2) Unless otherwise provided by the legislature,  
24 loans made under the provisions of subsection (1) must be  
25 repaid to the local impact and education trust account from

1 the revenues collected under [section 4] within 10 years.  
2 No interest may be charged for the loan.

3 (3) No more than \$1 million may be borrowed under this  
4 section during any biennium without approval from the  
5 legislature, except that ~~if the legislature is not in~~  
6 ~~regular session the cost board may approve the loan.~~

7 **NEW SECTION. Section 9. Codification instruction. (1)**  
8 Sections 3 and 4 are intended to be codified as an integral  
9 part of Title 15, chapter 37, part 1, and the provisions of  
10 Title 15, chapter 37, part 1, apply to sections 3 and 4.

11 (2) Section 8 is intended to be codified as an  
12 integral part of Title 90, chapter 6, part 3, and the  
13 provisions of Title 90, chapter 6, part 3, apply to section  
14 8.

-End-

ROLL CALL VOTE

SENATE TAXATION COMMITTEE  
 EXHIBIT J  
March 1, 1983, p.m.  
Senate Bill/RES. 299.

SENATE COMMITTEE TAXATION

Date Mar 1, 1983 Senate Bill No. 299 Time 6:02 p.m.

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 299 do pass amended.

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



# STANDING COMMITTEE REPORT

.....March 1..... 19 83.....

MR. ....PRESIDENT.....

We, your committee on taxation.....

having had under consideration .....Senate Bill No. 375.....

Respectfully report as follows: That.....Senate Bill No. 375.....

**DO NOT PASS**

~~DO PASS~~

ROLL CALL VOTE

SENATE COMMITTEE TAXATION

Date Mar 1, 1983 Senate Bill No. 375 Time 4:45

NAME	YES	NO
SENATOR GOODOVER, CHAIRMAN		✓
SENATOR McCALLUM, VICE CHAIRMAN		✓
SENATOR BROWN	✓	
SENATOR CRIPPEN		✓
SENATOR ELLIOTT		✓
SENATOR GAGE		✓
SENATOR TURNAGE		✓
SENATOR SEVERSON	✓	<del>MARK</del>
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 375 do not pass

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

# STANDING COMMITTEE REPORT

March 1

19 33

MR. **PRESIDENT**

We, your committee on **taxation**

having had under consideration **Senate** Bill No. **408**

Respectfully report as follows: That **Senate** Bill No. **408**

DO PASS

ye

# ROLL CALL VOTE

SENATE COMMITTEE TAXATION

Date Mar 1, 1983 Senate Bill No. 408 Time 5:07

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

Chairman: Pat M. Goodover

Motion:

*Severson*  
Motion that SB 408 Do Not Pass

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

# ROLL CALL VOTE

SENATE COMMITTEE TAXATION

Date Mar 1, 1983 Senate Bill No. 408 Time 5:08

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

*for Crispin* motion that SB 408 do pass

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

# STANDING COMMITTEE REPORT

March 1

19 83

**PRESIDENT**

MR. ....

We, your committee on **taxation**

having had under consideration **Senate** Bill No. **379**

Respectfully report as follows: That **Senate** Bill No. **379**

**DO NOT PASS**

**DO PASS**  
**XXXXX**

*J.C.*

ROLL CALL VOTE

SENATE COMMITTEE TAXATION

Date Mar 1, 1983 Senate Bill No. 379 Time 5:15

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 379 do not pass

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

# STANDING COMMITTEE REPORT

..... March 1 ..... 19 83 .....

MR. PRESIDENT .....

We, your committee on taxation .....

having had under consideration ..... Senate Bill No. 459 .....

Respectfully report as follows: That ..... Senate Bill No. 459 .....

introduced bill

DO PASS



ROLL CALL VOTE

SENATE COMMITTEE TAXATION

Date Mar 1, 1983 Senate Bill No. 459 Time 5:47

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 LB 459 do pass.

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