

MINUTES OF THE MEETING  
TAXATION COMMITTEE  
MONTANA STATE SENATE

March 2, 1983  
Afternoon session

The thirty-seventh meeting of the Taxation Committee reconvened at 6:30 p.m. upon adjournment of the Senate in Room 415 of the Capitol Building, Chairman Pat M. Goodover presiding.

ROLL CALL: All members were present.

CONSIDERATION OF SENATE BILL 462: Senator Thomas Towe, Senate District 34, said this bill will increase the severance tax on oil from 5% and 6% to 8% and increase the gas severance tax from 2.65% to 8%. Section 14 of the bill (amending 15-6-131, class one property) decreases the oil net proceeds tax to 2/3 of the existing level. The impact is approximately the same. In addition, section 13 (amending 15-36-112, disposition of oil and gas severance taxes) provides that 25% of the money collected at the state level will be deposited to an oil and gas impact account to be used for impacts in oil areas. Sections 1 through 9 of the bill are virtually identical to the Coal Board, with the same criteria. The bases for awarding grants are covered in section 7. He said section 10 (limitations on grants) could be stricken. SB 462 will effect a reduction from \$66 million to \$43 million in county collections; the increase from 6% to 8% would be about \$20 million. Collections in 1981 were generally lower than the 1984 and 1985 projected collections under this bill. See his graph attached as Exhibit A. We can put \$20 million into the fund and 25% of that into the impact fund. He mentioned a news article about the city of Wibaux wanting to disincorporate so they could be eligible for some county funds. The oil wells there are in the county, but the impacts are all within the city limits. They can't get any money out of the county.

PROPOSERS

There were no proponents other than the sponsor of the bill.

OPPOSERS

Tucker Hill, representing Richland County, opposed the bill. The best administration of impacts which they recognize is that which is handled locally. Richland County ranks third in all counties for long-range bonds for schools. This could mean whether the schools will stay or go.

Jim Halverson, a Roosevelt County Commissioner and representing the Montana Association of Oil and Gas Producers, agreed that the best way to handle impacts was locally. Roosevelt County

has helped the six cities pay for impacts. He asked that the bill be defeated.

Don Allen, representing the Montana Petroleum Association, said they would get about a \$3 million tax break. They were concerned that when the net proceeds factor is reduced, there is no guarantee in the future that mill levies can be shifted. We could be back above the 66 2/3% of proceeds. The impact board is a model board. Local areas would not have any say. The industry is furnishing money on its own, he said. In areas where there are big increases in activities they have increased dollars, but don't turn that over to the state. He didn't want earmarking for specific purposes, and he was nervous about what would happen on the county level.

Senator Gage from Cut Bank also opposed the bill. If an operator is operating at a loss, he is operating at a severe loss. Nearly \$20 million in gross sales was made on those returns where no taxes were paid. Senator Towe's bill would cut Glacier County's net proceeds in half if it passes.

The hearing on SB 462 was closed.

Questions from the committee were called for.

Senator Mazurek asked Senator Towe why he liked impact boards. Senator Towe responded that our archaic tax system does not allow money to go from the counties to the cities. The Coal Board does a good job, and it is a good way to go. We are trying to get tax dollars from one district to another, and there is no way to get it across the lines.

Senator Eck recalled that a bill like this one was introduced in 1981 and said it is a way of increasing the total amount of revenues into state and local governments and leaving out the feds.

Senator Hager asked Senator Towe if this couldn't be handled in intergovernmental relations. Yellowstone County has an inter-local government commission to handle such matters. Senator Towe replied that that was unlikely to happen. Yellowstone County has the authority to put it on the ballot to be voted on.

Senator Turnage suggested that the governmental entities could enter into intergovernmental agreements. Senator Towe said the governments are limited, though, because of mill levies, and then there would be lawsuits. While the net proceeds tax is not deductible on windfall profits tax, the severance tax is deductible.

Senator Towe moved that the following amendment be adopted:

Page 10, line 20.  
Following: "(b)"  
Strike: "25%"  
Insert: "5%"

The motion was seconded and passed unanimously.

Senator Towe then moved that SB 462 DO PASS AS AMENDED. The motion was seconded and a roll call vote was taken. The motion failed 2-12 (Senator Mazurek being absent at the time the vote was taken). See Exhibit B.

Senator Turnage then moved that SB 462 be tabled. The motion was seconded and passed unanimously.

DISPOSITION OF SENATE BILL 417: Senator Lynch moved that SB 417 DO NOT PASS. The motion was seconded. Senator Eck made a substitute motion to amend the excise tax from 5% to 2%. Her motion was seconded. A vote was taken on Senator Eck's motion, and it passed, with Senator Crippen voting no. A roll call vote was taken on Senator Lynch's motion that SB 417 DO NOT PASS, as amended, and the motion passed 11-3 (Senator Mazurek being absent at the time the vote was taken). The roll call vote sheet is attached to the standing committee report attached to these minutes.

DISPOSITION OF SENATE BILL 437: Senator Gage said over 80% of wells drilled in 1981 and 1982 were on existing producing leases. They will maintain the current level of production and maintain the base for state and county taxation. On eastern Montana wells in 1981 and 1982, the majority of wells were on wells that were producing wells. The fiscal note is not right, he said.

Senator Towe noted that a 3/4 vote was required of the committee for this bill to be introduced. (Joint Rule 6-9) Senator Turnage moved that the committee "ex post facto" approve the introduction of SB 437. The motion was seconded and a roll call vote was taken. The motion passed 12-2 (Senator Mazurek being absent at the time the vote was taken).

Senator Gage moved that SB 437 DO PASS. The motion was seconded, and a roll call vote was taken. The motion failed 3-11 (Senator Mazurek being absent at the time the vote was taken).

Senator Towe moved that SB 437 DO NOT PASS. The motion was seconded and a roll call vote was taken. The motion passed 11-3 (Senator Mazurek being absent at the time the vote was taken).

The three roll call vote sheets relating to SB 437 are attached to the standing committee report attached to these minutes.

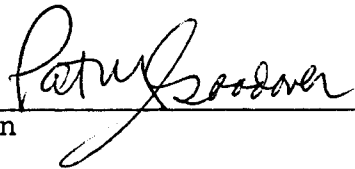
DISPOSITION OF SENATE BILL 461: Senator Severson moved that SB 461 DO NOT PASS. The motion was seconded. Senator Eck made a substitute motion to table SB 461. The motion was seconded and a roll call vote was taken. Her motion failed 5-9 (Senator Mazurek being absent at the time the vote was taken). A roll call vote was taken on the original motion

that SB 461 DO NOT PASS. That motion passed 9-5 (Senator Mazurek being absent at the time the vote was taken).

The two roll call vote sheets are attached to the standing committee report attached to these minutes.

CONSIDERATION OF SENATE BILL 361: Senator Turnage said the Department of Revenue's definition of agricultural land is far too broad. He wants to redefine it. Senators Blaylock and Regan requested that he move to suspend the rules so it could be handled up to the 50th day.

The committee adjourned at 7:30 p.m.

  
Chairman

ROLL CALL

SENATE TAXATION

COMMITTEE

48th LEGISLATIVE SESSION -- 1983

Date 3/2/83

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	✓		

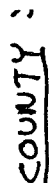
P.M. MEETING

[illegible]

EXHIBIT.

Sen BILL/RES: 462


Sen BILL/RES: 462



$\square = 1981 - \text{under current law}$

**1982 UNDER CURRENT LAW**

1983-Under SB 462

 = 1984-5 - UNCLER SB 462

SB 462  
TOWER

ROLL CALL VOTE

SENATE TAXATION COMMITTEE

EXHIBIT B

March 2, 1983, p.m.

Sen: BILL/25- 462

SENATE COMMITTEE TAXATION

Date Mar 2, 1983 Senate Bill No. 462 Time 7:06 pm

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	A	

Secretary: Barbara J. Effing  
Motion:

Chairman: Pat M. Goodover

Towe's motion that ASB 462 do pass as amended

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



# STANDING COMMITTEE REPORT

March 2

19 83

MR. PRESIDENT

We, your committee on taxation

having had under consideration Senate Bill No. 417

Respectfully report as follows: That Senate Bill No. 417

introduced bill, be amended as follows:

1. Page 2, line 10.

Strike: "5"

Insert: "2"

And, as so amended

DO NOT PASS

DOXKASGX

*W.C.*

# ROLL CALL VOTE

SENATE COMMITTEE TAXATION

Date Mar 2, 1983 Senate Bill No. 417 Time 7:10

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	A	

Secretary: Barbara J. Effing  
Motion:

Chairman: Pat M. Goodover

motion that SB 417 do not pass as amended

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

# STANDING COMMITTEE REPORT

March 2

19 83

MR. PRESIDENT

We, your committee on taxation

having had under consideration ..... Senate Bill No. 437

Respectfully report as follows: That ..... Senate Bill No. 437

introduced bill

DO NOT PASS

~~XXXXXX~~  
~~DO PASS~~

41.0

# ROLL CALL VOTE

SENATE COMMITTEE TAXATION

Date Mar 2, 1983 Senate Bill No. 437 Time 7:21

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	A	

Secretary: Barbara J. Effing  
Motion:

Chairman: Pat M. Goodover

*Turnage's motion that the committee approve the introduction of the bill (requires 3/4 vote) ex post facto.*

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

*A = absent*

# ROLL CALL VOTE

SENATE COMMITTEE TAXATION

Date Mar 2, 1983 Senate Bill No. 437 Time 7:23

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	A	

Secretary: Barbara J. Effing  
Motion:

Chairman: Pat M. Goodover

*Page's motion that SB 437 do pass*

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

ROLL CALL VOTE

SENATE COMMITTEE TAXATION

Date Mar 2 1983 Senate Bill No. 437 Time 7:25

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	A	

Secretary: Barbara J. Effing  
Motion:

Chairman: Pat M. Goodover

Towe's motion that SB437 Do Not Pass

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

A = absent

# STANDING COMMITTEE REPORT

March 2

19 83

MR. **PRESIDENT**

We, your committee on **taxation**

having had under consideration **Senate** Bill No. **461**

Respectfully report as follows: That **Senate** Bill No. **461**

**introduced bill**

**DO NOT PASS**

**XXXXXX**

# ROLL CALL VOTE

SENATE COMMITTEE TAXATION

Date Mar 2, 1983 Senate Bill No. 461 Time 7:26

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	A	

Secretary: Barbara J. Effing  
Motion:

Chairman: Pat M. Goodover

*Eck substitute motion to table SB461*

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



# ROLL CALL VOTE

SENATE COMMITTEE TAXATION

Date Mar 2, 1983 Senate Bill No. 461 Time 7:27

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	A	

Secretary: Barbara J. Effing  
Motion:

Chairman: Pat M. Goodover

*See Severson's*  
*A motion that SB 461 Do Not Pass*

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