

MINUTES OF THE MEETING  
TAXATION COMMITTEE  
MONTANA STATE SENATE

March 12, 1983

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

ROLL CALL: All members were present.

DISPOSITION OF HOUSE BILL 16: Senator Crippen moved that his amendments be adopted (see Exhibit \_\_\_ to the March 10, 1983, minutes). The motion was seconded.

Norris Nichols, from the Motor Fuel Tax Division of the Department of Revenue, submitted proposed amendments which provide for effective dates different from those in Senator Crippen's amendments. Mr. Nichols's amendments make the bill effective May 1, 1983, rather than July 1, 1983. In the second year of the biennium, the original bill had February 15, 1985, and this amendment makes that increase effective February 1, 1985. This will facilitate tax collection and raise the revenue a few months earlier (see Exhibit A).

Senator Towe made a substitute motion to adopt the amendments submitted by Norris Nichols. His motion was seconded and passed unanimously.

Senator Elliott wondered why no tax was collected at the refineries and if anything was being done to capture the tax on inventory or if the dealer made the profit. Mr. Nichols responded that the dealer makes the profit.

Senator Crippen said his amendments increase by 1/2 cent the amount allocated in the bill to cities and counties. The cities and counties have had a great deal of trouble in the last few years keeping their streets maintained at acceptable levels. He is a former member of the public service board in Billings. When the gas tax was first assessed, the board's philosophy was to accumulate as much tax as they could until they could do a creditable job on a portion of the arterial streets that needed it and which were not eligible for urban or federal funds. They continued that practice until recent years when the tax was insufficient to cover these costs. They thought about a local option tax. The other ways to fix the arterial streets are by special improvement district or general obligation bond. Both of those would need additional funds. He supported this increase to the counties and cities in the second special session, and he supports it now, he said, These amendments were not offered in the House.

Senator Towe commented that they are asking for 2.5 cents out of 12.5 cents for the cities and counties, and half of the road miles are driven on city streets and county roads.

Senator Brown thought these increases, together with the federal 5-cents-a-gallon increase, might be too much.

Senator Crippen reminded him that just a few days ago, the OPEC nations decided on a price of \$29 a barrel for oil. The net result of that is a minimum of 12 cents a gallon drop in gas prices. It was a good argument before, but now it isn't.

Senator Goodover asked Senator Crippen how he reacted to the opposition to the amendments at the the hearing on March 10. Senator Crippen said that in his poll, where he represents an urban area, they favored his amendments. Senator Goodover said he, too, is from an urban area, and his constituents were opposed to the gas tax increase. They wanted to take money out of the coal severance tax fund.

Senator Mazurek commented that it defies logic to say that user fees are good for highways but not for city streets.

Senator Goodover read a statement submitted by Keith Anderson, Montana Taxpayers Association, and attached as Exhibit B, which indicated that all purpose levy moneys were diverted to administration and the like, and there was no money for streets.

Senator Crippen remarked that that is not the case in Billings. Gas tax moneys have to be used for streets, roads and alleys.

A roll call vote was taken on Senator Crippen's amendments (submitted on March 10), subject to the amendments submitted by Mr. Nichols. The motion passed 8-5. (Exhibit C)

Senator Mazurek moved that HB 16 BE CONCURRED IN AS AMENDED. The motion was seconded. A roll call vote was taken and the motion passed 11-2. Senator Crippen will carry the bill on the floor. (Exhibit D)

Mr. Nichols remarked that the collection of receipts, etc., on diesel would be no problem; they would get the taxes collected.

DISPOSITION OF HOUSE BILL 492: Senator Elliott said class ten property has seven categories in its definition. It is taxed at 16%, the highest rate in the state of Montana. We should consider adjusting to fairly equitable rates in the future rather than continuing with rates going from 2% to 16%. Senator Severson agreed with him.

Senator Towe mentioned that HJR 31 requests a study of the tax classification system. Some railroads, airlines, and others are challenging the Department of Revenue on certain taxable valuations.

Trailers under and up to 18,000 lbs. will be class eight, and over 18,000 lbs. will be class ten. We are basically changing the definition of a light trailer.

Senator Towe moved that HB 492 BE CONCURRED IN. The motion was seconded and passed unanimously. Senator Severson will carry the bill on the floor.

CONSIDERATION OF HOUSE BILL 702: Senator Towe moved that HB 702 BE CONCURRED IN AS AMENDED.

Senator Elliott thought this was just trading dollars and short-changing local governments in the process. Most of the organizations are receiving tax support from SRS or other state agencies and those funds are used to pay the local property taxes. Then the burden is shifted back onto the property owner. Senator Towe felt we would be shortening the organizations' budgets which are going to be under pretty severe restrictions anyway. They are not paying taxes on these properties now. By not passing HB 702, we will be adding an item to their budgets that they didn't have before.

Senator Mazurek said HB 702 will deal with motor vehicles and personal property rather than real property.


Senator Elliott asked if it was the intent of the sponsor of HB 702 to have the bill apply to automobiles. The committee reviewed testimony from the hearing regarding the use of automobiles owned by the organizations. Senator Mazurek called Gregg Groepper during the meeting, and Mr. Groepper said HB 702 specifies what types of organizations and what types of property are exempt. Vehicles may not be used exclusively for educational purposes and therefore would not be exempt from taxation.

Senator Elliott thought we could say "principally" instead of "exclusively" on page 3, line 14.

Senator Turnage made a substitute motion that HB 702 BE NOT CONCURRED IN AS AMENDED. He felt the Department of Revenue should amend their rules to solve this problem, not the legislature changing the statutes. After some discussion, Senator Turnage withdrew his motion but reserved the right to bring up this matter on the floor of the Senate.

Senator Lynch requested that we postpone action on HB 702 until Tuesday, March 15, when the committee would have more time to take executive action on bills.

The meeting adjourned at 9 a.m.

  
Chairman

ROLL CALL

SENATE TAXATION

COMMITTEE

48th LEGISLATIVE SESSION -- 1983

Date 3/12/83

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	✓ 9:00		
SENATOR NORMAN	✓ 8:25		
SENATOR TOWE	✓		
SENATOR MAZUREK	✓		

AMENDMENTS TO HOUSE BILL NO. 16

March 11, 1983

Third Reading Copy - Color Blue

Page 1 of 2

1. Title, line 8  
Strike: "July"  
Insert: "May"
2. Title, line 9  
Following: "February"  
Strike: "15"  
Insert: "1"
3. Page 2, line 5  
Strike: "July"  
Insert: "May"
4. Page 2, line 6  
Following: "February,"  
Strike: "15"  
Insert: "1"
5. Page 2, line 8  
Following: "Effective"  
Strike: "July"  
Insert: "May"
6. Page 2, line 9  
Following: "February"  
Strike: "15"  
Insert: "1"
7. Page 2, line 19  
Following: "From"  
Strike: "July"  
Insert: "May"
8. Page 2, line 20  
Following: "February"  
Strike: "15"  
Insert: "1"
9. Page 3, line 18  
Following: "From"  
Strike: "July"  
Insert: "May"

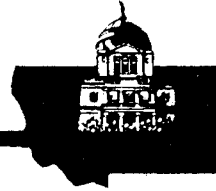
10. Page 3, line 19  
Following: "February"  
Strike: "15"  
Insert: "1"

11. Page 7, line 18  
Following: "on"  
Strike: "July"  
Insert: "May"

SENATE TAXATION COMMITTEE  
EXHIBIT B  
MARCH 12, 1983  
HB 16

CONRAD F. LUNDRÉN  
CHAIRMAN, BOARD OF DIRECTORS  
S. KEITH ANDERSON, PRESIDENT

# MONTANA TAXPAYERS ASSOCIATION



P O BOX 4909

1706 NINTH AVE

HELENA, MONTANA 59601

406/442-2130

Re: House Bill 16

If the amendment to increase the gas tax for cities is accepted it will be necessary to amend the bill to maintain present expenditures for streets and alleys in the city budget. If this is not accomplished it will be possible for cities to use the new revenue and then divert existing revenue for streets to other purposes. This is essentially what happened when cities went from multiple levies to the all purpose 65 mill levy. They were not forced to spend the full amount for streets when the individual levy was imposed. After multiple levies were used the revenue was diverted to administration and the like, and streets were shorted.

Keith Anderson

ROLL CALL VOTE

SENATE COMMITTEE TAXATION

Date Mar 12 1983 House Bill No. 16 Time 8:29am

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	A.	
SENATOR NORMAN	✓	
SENATOR TOWE	✓	
SENATOR MAZUREK	✓	

Secretary: Barbara J. Effing  
 Motion:

Chairman: Pat M. Goodover

*moved Crippens amdmts to HB16,  
 subject to Norris Nichol's amdmts.*

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



SENATE TAXATION COMMITTEE  
 EXHIBIT D  
 MARCH 12, 1983  
 HB 16

ROLL CALL VOTE

SENATE COMMITTEE TAXATION

Date Mar 12 1983 House Bill No. 16 Time 8:31

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	A	
SENATOR NORMAN	✓	
SENATOR TOWE	✓	
SENATOR MAZUREK	✓	

Secretary: Barbara J. Effing  
 Motion:

Chairman: Pat M. Goodover

Mazurek moved bill BCF as amended.

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

STANDING COMMITTEE REPORT

March 12 19 83

MR. PRESIDENT

We, your committee on taxation

having had under consideration House Bill No. 492

Dozier (Severson)

Respectfully report as follows: That House Bill No. 492

third reading copy

BE CONCURRED IN

XXXXXX

Pat M. Goodover

Chairman.

J.C.