

MINUTES OF THE MEETING
TAXATION COMMITTEE
MONTANA STATE SENATE

March 24, 1983

The fifty-third 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, with some of the members being excused later in the meeting to present bills in the House.

CONSIDERATION OF HOUSE BILL 870: Representative Jay Fabrega, House District 44, sponsored the bill. See the attached explanation of HB 870, Mineral Property Tax Base Sharing, Exhibit A.

PROPONENTS

Jim Richard, representing Stillwater County, commended his county commissioners for getting behind this concept. He submitted amendments, attached as Exhibit B. The purposes of the proposed amendments are (a) to protect the county from a potential situation of "reverse fiscal disparity"; (b) to protect the mineral developer from an excessive increase in taxation; and (c) to continue to allocate some new taxable valuation to municipalities. The allocation of taxable valuation among school districts as proposed by HB 870 is not affected by these amendments. The amendments affect only that taxable valuation to be shared between counties and municipalities. At least eighty percent of the taxable valuation is reserved for distribution among affected counties. Up to twenty percent of the taxable valuation may be distributed among affected municipalities. The basis for the distribution formula continues to be the place of residence of the mineral development employee.

Mr. Richard stated that HB 870 operates in conjunction with HB 718 from the 1981 session, which would continue to operate and try to equalize. Municipalities will benefit the most; school districts which provide education but which do not have mining would benefit. Counties would lose some and other school districts would gain some.

Andy Epple, Sweetgrass County Commissioner, felt HB 870 was equitable and he hoped that it would pass. They were concerned that the bill as drafted might create disparity--if 100% of mineral development has 100% of its people living in the city, then does the city get all the taxable valuation and the county gets none? The 20% limit is reasonable.

Les Darling, representing Stillwater PGM Resources, supported the bill with the amendments, saying that they accomplish what the board is trying to achieve.

Mark Ledbetter, Northern Plains Resource Council, felt this would work well.

Carol Ferguson, a staff member of the Hard-Rock Mining Impact Board, stated the board's support for the bill.

OPPONENTS

There were no opponents to HB 870.

Questions from the committee were called for.

Senator Gage asked Jim Richard how he knew 20% to the affected municipalities was fair. Mr. Richard said interested persons suggested 20% because companies felt they could live with that. Ward Shanahan noted that that does not affect school district distribution.

Senator Gage, addressing Mr. Richard, said he indicates the total number of students. Mr. Richard stated that that was the total number of students intended to be enrolled, not residing within a jurisdiction.

Mr. Shanahan noted that the purpose of the exemption was to take the subject property out of the confines of the present taxing jurisdiction.

Senator Elliott questioned how this would affect bond issues. Mr. Shanahan indicated that HB 718 from the 1981 session has bonding provisions in it. There will be some students moving from one place to another and at some time, front end impacts disappear.

Senator Elliott asked Mr. Richard if there were three cities in one area, would they share the 20%, and Mr. Richard replied yes, they would.

Senator Eck said it is intended to include them in the taxable base which would make them eligible for a higher amount of bonds. You may not have students at the time you start on capital expenditures.

Senator Turnage felt the property should not be exempted from the usual method of taxation but rather should be transferred. Senator Towe agreed with Senator Turnage. If you go this way, Senator Turnage said, taxpayers will go to court and claim they are exempt.

Mr. Shanahan suggested the following amendment be adopted:

Page 4, line 15.

Following: "levies"

Insert: "and is taxable as provided in [section 4]"

Mr. Shanahan explained that we are trying to do the same thing as when federal agencies come in and offer money to be spread around. If you take out "exempt," every mosquito district will be after us for taxes.

Senator Turnage asked Gregg Groepper, administrator of the Property Assessment Division of the Department of Revenue, if in administering the statute, they were going to promulgate rules. He wondered if there was any operation that would come under this now. Mr. Groepper responded that maybe the Sunlight Mine would. Mr. Shanahan added that the Asarco mine in Lincoln County would not.

Senator Turnage asked if it was clear that this bill is prospective and not retroactive, and Mr. Groepper replied yes.

Representative Fabrega noted that the 80% would be divided as to how it affects more than one county. Senator Goodover pointed out that cities and municipalities are still part of the counties.

Senator Turnage moved that the amendments submitted by Jim Richard (Exhibit B) be adopted. The motion was seconded and passed unanimously.

Senator Eck moved that the amendment submitted by Ward Shanahan (re page 4, line 15) be adopted, but after some discussion, she withdrew her motion.

The committee will further discuss HB 870 and any amendments to it tomorrow.

CONSIDERATION OF HOUSE BILL 17: Senator Severson, chairman of the subcommittee appointed to study this bill, turned discussion of the committee's recommendations over to Senator Elliott. Senator Elliott said there was still disparity between vehicles run on diesel. The subcommittee thought a two-fee range for diesel, like \$70 for over 2,850 lbs. and \$50 for 2,850 lbs. and under, should be established. We will leave the propane and natural gas sections alone. A shortcoming of the bill is in allowing dealers to sell diesel to tourists. Senator Elliott stated that further work may need to be done on this two years from now.

Senator Goodover, who was also on the subcommittee, said they also discussed the price on the pumps. When you have a decal, the price on the pump should be the price without the tax. Those without a decal would have the tax added to the pump price.

Senator Mazurek thought that would make it too easy to cheat. The service station would sell the diesel without the paperwork. Senator Goodover reminded him that they do have bonds.

Norris Nichols, Motor Fuel Tax Division of the Department of Revenue, said Texas has a system like this for light cars. If

you have a sticker, you don't pay the tax. Here, the dealer would have to report to the Department and remit to the Department the tax we have assessed. Periodic audits would take care of part of the problem, but how do you control this at the pump, he wondered.

Senator Severson, who was opposed to the amendments suggested by the subcommittee, said he was not a "fee" person. Propane is not taxed, so it is easy to take this method and apply it to propane, but it is difficult to apply to diesel because it has a tax applied at the pump. Diesel consumers are really in the minority. Changing the price on the pump and taking the tax off will foul things up. Senator Severson presented a comparison of equivalent taxes per gallon on diesel with \$50 and \$80 fees. See Exhibit C.

Senator Severson talked with a propane dealer in Hamilton last night, he said. They now collect a federal tax when they sell propane to a driver. The dealer indicated it would be no problem to collect a state tax on it since they already collect a federal tax on the propane. That is fairer to everybody. A set fee could be established for propane, but diesel should be covered by another method.

Senator Towe agreed with Senator Severson. Suppose a traveling salesman puts in 80,000 miles a year, he said. He pays 3 cents a gallon. Under HB 16, he would pay 17 cents a gallon, so he is getting a 14-cent-a-gallon break under this bill, or \$343 a year. The people who will use this system are those who drive a lot.

Senator Goodover suggested dying gas for off-highway use. Senator Severson said that that would take separate storage and separate handling and would cost at least 2 cents more.

Senator Severson stated that he was dedicated to the personal property tax system in Montana. Let's don't do something that will spread this farther apart, he said. Let's treat taxpayers equitably.

Senator Towe said HB 17 would exempt users from the tax assessed under HB 16.

Senator Elliott moved that amendments be adopted (and he said he would have them drawn up for the committee to look at) which would: (1) create a two-tiered system for diesel permits, \$50 for vehicles 2,850 lbs. and under, and \$70 for over 2,850 lbs., and (2) allow dealers to sell to those with foreign license plates (not a new procedure for the dealer). He pointed out that this was the position recommended by the Joint Subcommittee on Highways. The motion died for lack of a second.

Senator McCallum asked if the decal would be purchased at the time a license is renewed. Senator Goodover remarked that the county treasurer would have to be aware of whether or not a vehicle uses diesel.

Senator Turnage thought there was no penalty in the bill, but Senator Elliott referred him to line 8 on page 3 (section 1(5) of the bill).

Senator Severson moved to delete diesel from the bill and to amend the bill further to require that propane dealers charge a tax in the same manner in which they are charging today. Propane is now 72 cents a gallon without the tax. Add 9 cents tax and you have 81 cents a gallon. Gas at the pump is 96 cents. The incentive to switch to propane is not there any more. Today, there is a lot of cost to owning a diesel engine over a gas engine. Economics will never catch up with the cost. That is noticeable now with the resale of diesel cars and trucks.

Senator Elliott commented that you get about 80% combustion with propane and only about 70% with gasoline.

Mr. Nichols stated that regarding Senator Severson's amendments, you will collect the LPG tax at the pump. The dealer has to be treated the same way as other dealers. We want bond provisions here as in the diesel act. Monthly reporting and taxing should be included in the amendment as well. Senator Severson agreed that that could be included in his motion. The motion was seconded and a roll call vote was taken on Senator Severson's motion. The motion passed 8-5. Senator Severson asked Mr. Nichols to work with him to put the amendments in proper form. The roll call vote sheet is attached to these minutes as Exhibit D.

Senator Turnage moved that HB 17 BE CONCURRED IN AS AMENDED, and then withdrew his motion.

Senator Turnage moved that HB 17 be laid upon the table. The motion was seconded and a roll call vote was taken. The motion passed 12-1. The roll call vote sheet is attached to these minutes as Exhibit E.

RECONSIDERATION OF HOUSE BILL 742: Senator Crippen moved that HB 742 be taken from the table for the purpose of reconsideration. The motion was seconded and passed, with Senators Gage, Goodover, and Brown voting no.

Senator Crippen then moved the following amendments:

Page 2, lines 16-17.

Strike: "or combined area frontage"

Page 2, line 25 through page 3, line 5.

Strike: subsection (b) in its entirety

Questions arose concerning the use of "shall" versus "may." Senator Crippen withdrew his motion.

Senator Crippen then moved to strike section 2 from the bill in its entirety. The motion was seconded and passed unanimously.

Senator Crippen moved that a new section be inserted amending 7-12-4305, MCA. That section and the amendment thereto (re protest) are set forth on Exhibit F attached hereto. The motion was seconded and passed unanimously.

Senator Elliott moved that a new section be inserted amending 7-12-4301, MCA. That section and the amendment thereto (re street lighting costs) are set forth on Exhibit F attached hereto.

Senator Eck moved that the title be amended to conform to the foregoing amendments. The motion was seconded and passed unanimously.

Senator Crippen moved that HB 742 BE CONCURRED IN AS AMENDED. The motion was seconded and passed unanimously.

CONSIDERATION OF HOUSE BILL 446: Senator Towe submitted proposed amendments, attached as Exhibit G, which contain a loan provision that will allow the hard-rock mining board to borrow money for impacts from the local impact and education trust fund account if the prospect of being paid back within 10 years is good (amendment #3). The tax is already in the bill on pages 6 and 7 (amending 15-37-103, MCA). He pointed out that as the tax increases, the percentage rate of the tax on the metal also increases (see amendment #4). That would pay for the impact, he said. Any company paying voluntarily for impact would get 150% credit against the tax (amendment #4, new section, section 9). That encourages voluntary contribution against the impact. Senator Towe said he presented that to the interim study in January, and it was not accepted. Since that time, there has been an increase in price, so most of the computations are not valid. The arguments are more valid now.

Senator Lynch then indicated that he had talked with Senator Towe and also with the sponsor of the bill. The sponsor does not want the amendments. Senator Lynch thought the loan part made sense, but he didn't like the sliding scale.

Senator Towe moved that amendment #3 on Exhibit G (loan provisions) be adopted. The motion was seconded.

Senator Elliott said it is conceivable that the loans would not be repaid. He would rather see a program in place and working without the amendments, and then if it is necessary to amend this in two years, we can do that.

Senator Crippen supported the amendment.

Senator McCallum wanted to know why no interest would be charged. Senator Towe explained that these would be intergovernmental loans.

A roll call vote was taken on Senator Towe's motion to amend. The motion failed on a tie vote of 6-6. The roll call vote sheet is attached to these minutes as Exhibit H.

The meeting adjourned at 10 a.m.

Chairman

ROLL CALL

SENATE TAXATION

COMMITTEE

48th LEGISLATIVE SESSION -- 1983

Date 3/24 /8

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	✓ 8:20		
SENATOR MAZUREK	✓		Excused after game

DATE March 24, 1983

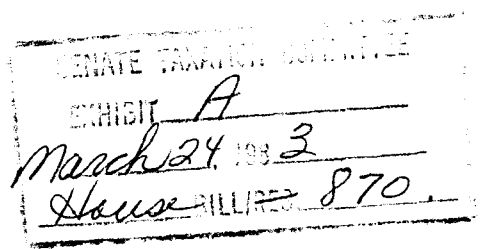
COMMITTEE ON

VISITORS' REGISTER

NAME	REPRESENTING	BILL #	Check One	
			Support	Oppose
Jim Nichols	STILLWATER County	HB 870	✓	
A. C. Epple	Sweet Grass Comm	HB 870	✓	
John Rami	Not auto dealers as to			
Heidi Thompson	Revenue			
Dan Lunde	Revenue			
Mr. L. B. Baker	NPRC	HB 870	✓	
Barbara L.	Montana Federation of	HB 870	✓	
Patricia L.	mt Federation of	HB 870		
Wendy Tranter	STILLWATER PGM	HB 870	✓	
(Linda Tranter)	STILLWATER PGM	HB 870	✓	

(Please leave prepared statement with Secretariat)

Draft 2-16-83



EXPLANATION OF HOUSE BILL 870
MINERAL PROPERTY TAX BASE SHARING

BACKGROUND

Often a revenue disparity occurs where a new mineral development is located in one jurisdiction but at least part of the resulting increased population resides (and creates the need for increased public services) in other jurisdictions. The other jurisdictions providing services to the development-generated population do not realize tax benefits from the mineral development to off-set the added costs of providing services.

Typically, a county receives the added taxable valuation of a mineral development but part of the new population often lives, and receives services, in the municipality; also, the development may pay taxes to the elementary (or high school) school district in which it is located but a portion of the mining employees' children attend school in another district.

The 1981 Legislative session enacted HB 718 to address this and other fiscal problems resulting from large-scale mineral development. Mining companies are required to provide financing for net capital and operating costs incurred by units of local government. In jurisdictions where the mineral development is located and therefore pays property taxes the company can provide "front end" financing through tax prepayments and recoup those payments through future tax repayments when the mineral development's taxable valuation increases. In jurisdictions that must provide additional services to mining-related populations but do not contain the development and therefore will receive no tax benefits the company must offset the net costs of services by providing "grants," which the company is not able to recover through tax repayments.

APPROACH OF HB 870

Under HB 870 part of the taxable valuation of the mineral development would be distributed from the "fortunate" jurisdictions (O.K., you think of a better term) to the "unfortunate" jurisdictions providing services to development-related in-migrating residents.

HB 870 would involve three categories of local government: (1) units of general local government (counties and municipalities), (2) elementary school districts and (3) high school districts. Within each of these categories the taxable valuation of the mineral development would be shared among the jurisdictions according to the percent of its employees residing within each county and municipality, or the percentage of its employees' children attending school within each district.

BENEFITS; FORFEITS

House Bill 870 would benefit the "unfortunate" jurisdictions because they would receive a portion of the mineral development's taxable valuation. That added tax base would provide at least some revenues to help meet the costs incurred from serving mine-related immigrants.

Mining companies would benefit because they would have the opportunity to make tax prepayments to provide the required "up-front" financing through tax prepayments and regain the financing through future tax repayments.

Under HB 870 counties would almost always give up part of the new tax base. One "fortunate" elementary and one high school district likely would give up a portion of their new taxable valuation.

PREMISES

1. HB 870 does not attempt to achieve true equalization between mining-related revenues and mining-related costs among affected jurisdictions. In fact, true equalization has been sacrificed to achieve a simple technique which feasibly can be administered. HB 870 does, however, make significant strides toward more equitable distribution of the new taxable valuation.

Revenue shortfalls incurred by a jurisdiction still would be met under the hard-rock impact plan.

2. The mineral-related taxable valuation which is available for assessment of mill levies will be no greater than under the current taxation system.

ASSUMPTIONS

1. The increased costs of public services is proportional to the increased number of in-migrating persons (or students).

2. The number of in-migrating mine employees and the locations of their residences are proportional to the number and location of the total in-migrating population.

3. The distribution of in-migrating mine employees' students is proportional to the distribution of all in-migrating students.

FEATURES OF HB 870

1. The process is triggered by the approval of a hard-rock impact plan.

2. Each year the mining company conducts a survey of its employees to determine (1) in which jurisdiction they reside, and (2) how many of the employees' children attend each of the elementary and high schools within the impact area. The percentages derived from the survey determine the allocation of the mineral development's taxable valuation among the jurisdictions within each of three separate categories— (a) units of general local government, (b) elementary school districts and (c) high school districts.

3. No state or local agency makes any judgments; the company's employee survey determines the allocation percentages. The state Department of Revenue is involved only in its statutory role of assessing property.

4. The taxable valuation of the mining property would continue to be subject to all statewide levies and the 40 mill basic county levy for the elementary and high school foundation programs.

5. Under HB 870 the actual total tax liability of a mineral developer may be greater or less than under the current method, depending on the mill levies of the various units of local government. In the case of units of general local government, municipal mill levies are usually higher than county levies, and HB 870 would share part of the taxable value with a municipality having a higher mill levy. However, the opportunity to recoup tax repayments would be an overriding benefit for industry under HB 870.

COMPARISON: HB 870 AND CURRENT METHOD

The attached tables show how taxation under HB 870 would compare with the current method. Projected data from an actual pending permit application for a proposed platinum mine in Stillwater County is presented. The mineral development and the affected jurisdictions in Stillwater County represent an ideal situation for examining HB 870 in practice.

The tables assume that the peak year of production and employment for the platinum mine is added to the 1983 circumstances in the Stillwater jurisdictions. The proposed mine would be located in Stillwater County, the Nye Elementary School District and the Absarokee High School District. Other impacted jurisdictions include the Town of Columbus, Absarokee and Columbus Elementary School Districts and Columbus High School District.

Table 1 shows the units of general local government and how HB 870 would distribute part of the \$3,500,000 taxable valuation of the mineral development to the Town of Columbus (lines 21 through 25). The \$234,675 that the company would pay under HB 870 is higher than the \$220,500 it would pay under the current system (lines 15 through 18) because Columbus has a higher mill

levy than Stillwater County. The total taxes that would be paid under HB 870 to elementary and high school districts (Tables 2 and 3, respectively) are higher than under the current system because the "unfortunate" school districts happen to have higher mill levies than the Nye elementary and Absarokee high school districts.

Lines 28 through 31 show an attempt to adjust the mill levies because the large mineral taxable valuation would add significantly to each jurisdiction's tax base. An assumption was made in adjusting the mill levies downward that the tax supported expenditures per capita remained the same. Under this assumption the added taxable valuation exceeded the added costs for services and mill levies were decreased, thus the mineral development's tax liability was decreased.

TABLE 1: UNITS OF GENERAL GOV'T

	A	B	C	D	
		STILLWATER CO	COLUMBUS	GENERAL GOV'TS	TOTAL:
1					
2					
3	Current Popul.(Enrollment)	5600	1500		5600
4	Taxable Valuation	14000000	1450000		14000000
5	Budget	1500000	300000		1800000
6	Budget/Capita (Student)	268	200		253
7	Mill Levy	.063	.09		.153
8	Tax Supported Expendi.	882000	130500		1012500
9	TaxSupp.Expen/cap	158	87		181
10	Added Employment	120	21		141
11	Added Popul.(Enroll.)	550	120		670
12	% Added Employ.(Enroll.)	.85	.15		100
13	Total New Pop (Enroll)	6150	1620		6270
14					
15	UNDER CURRENT TAX.METHOD				
16	Tax.Val.:Mineral Dev.	3500000	0		3500000
17	Mill Levy [current]	.063	.090		.153
18	TAXES:Mineral Dev.	220500	0		220500
19					
20					
21	HB 870 TAXBASE SHARING				
22	% Added Employ.(Enroll.)	.85	.15		1
23	Tax.Val.:Mineral Dev.	2975000	525000		3500000
24	Mill Levy	.063	.090		.153
25	TAXES:Mining Dev.	187425	47250		234675
26					
27	HB 870: ADJUSTED				
28	Total New TaxSuppExpen	968625	140940		1109565
29	Total New Tax.Val.	16975000	1975000		17500000
30	Mill Levy[Adjusted]	.057	.071		
31	TAXES:MinDev[adjusted]	169759	37465		207224

TABLE 2: ELEMENTARY SCHOOL DISTRICTS

	E	F	G	H	I
	Enrollm.	Nye Elem.	Alsarokee Elem.	Columbus Elem.	Total Elem.
1					
2					
3	Population(Enrollment)	10	180	300	490
4	Taxable Valuation	560000	2100000	3700000	6360000
5	Budget	20000	350000	530000	900000
6	Budget/Capita (Student)	2000	1944	1767	1837
7	Mill Levy	.022	.032	.033	.087
8	Tax Supported Expendi.	12320	67200	122100	201620
9	TaxSupp.Expen/cap	1232	373	407	411
10					
11	Added Popul. (Enroll.)	1	55	9	65
12	% Added Pop.(Enroll.)	.01	.85	.14	1
13	Total New Pop (Enroll)	11	235	309	555
14					
15	CURRENT TAXATION				
16	Tax.Val.:Mineral Dev.	3500000	0	0	3500000
17	Mill Levy [current]	.022	.032	.033	.087
18	TAXES:Mineral Dev.	77000	0	0	77000
19					
20					
21	(1)PROPOSED BASE SHARING				
22	% Added Pop.(Enroll.)	.01	.85	.14	1
23	Tax.Val.:Mineral Dev.	35000	2975000	490000	3500000
24	Mill Levy	.022	.032	.033	.087
25	TAXES:Mining Dev.	770	95200	16170	112140
26					
27					
28	Total New TaxSuppExpen	13552	87655	125763	
29	Total New Tax.Val.	595000	5075000	4190000	9860000
30	Mill Levy[Adjusted]	.023	.017	.03	0
31	TAXES:MinDev[adjusted]	797	51384	14707	66889

TABLE 3: HIGH SCHOOL DISTRICTS / TOTAL

	J	K	L	M	N	TOTAL
		Absarokee H.S.	Columbus H.S.	Total H.S.		
1						
2						
3	Population(Enrollment)	100	160	260		
4	Taxable Valuation	3600000	3700000	7300000		
5	Budget	321000	400000	721000		
6	Budget/Capita (Student)	3210	2500	2773		
7	Mill Levy	.025	.024	.049		
8	Tax Supported Expendi.	90000	88800	178800		
9	TaxSupp.Expen/cap	900	555	688		
10						
11	Added Popul. (Enroll.)	25	15	40		
12	% Added Pop.(Enroll.)	.625	.375	1		
13	Total New Pop (Enroll)	125	175	300		
14						
15	CURRENT TAXATION					
16	Tax.Val.:Mineral Dev.	3500000	0	3500000		
17	Mill Levy [current]	.025	.024	.049		
18	TAXES:Mineral Dev.	87500	0	87500		385000
19						
20						
21	(1) PROPOSED BASE SHARING					
22	% Added Pop.(Enroll.)	.625	.375	1		
23	Tax.Val.:Mineral Dev.	2187500	1312500	3500000		
24	Mill Levy	.025	.024	.049		
25	TAXES:Mining Dev.	54688	31500	86188		433003
26						
27						
28	Total New TaxSuppExpen	112500	97125			
29	Total New Tax.Val.	5787500	5012500	10800000		
30	Mill Levy[Adjusted]	.019	.019	0		
31	TAXES:MinDev[adjusted]	42522	25432	67953		342066

SENATE TAXATION COMMITTEE

EXHIBIT B

MARCH 24, 1983

HB 870

John Beaudry, Stillwater County
Jim Richard, Stillwater County
Andy Epple, Sweet Grass County
Carol Ferguson, Department of Commerce

NAME Les Darling, Stillwater PGM Resources

BILL NO. HB 870

ADDRESS _____

DATE 03/23/83

WHOM DO YOU REPRESENT _____ (See Above)

SUPPORT _____ OPPOSE _____ AMEND _____ XXX _____

1. Page 3, line 24
Following: "county"
Strike: "city"
Insert: "municipality"
2. Page 5, line 4 through 12
Strike: "Subsection (1) in its entirety"
Insert: "(1) The total taxable valuation of the mineral development must be allocated between affected counties and affected municipalities according to the following formula based on the place of residence of mineral development employees:

(a) A portion, not to exceed 20%, to affected municipalities, based on that percentage of the total number of mineral development employees which reside within municipal boundaries. The taxable valuation allocated to affected municipalities must be distributed to each municipality according to its percentage of the total number of mineral development employees who reside within municipal boundaries. That portion of the taxable valuation distributed to a municipality pursuant to this section is subject to the same county mill levy as other taxable properties located in the municipality.

(b) The remaining portion of the taxable valuation must be distributed to each affected county according to its percentage of the total number of mineral development employees that reside within the county.
3. Page 6, line 6
Following: "affected"
Strike: "city"
Insert: "municipality"

March 24 198 *2*

BILL/RES

Mileage per yr.	Type of car.	Gals. per yr.	Fee	Equiv. per ga	tax Fee	Equiv. Tax per gal.
12000	Pickup 602 engine	800	\$80	10¢	\$50	6.25¢
12000	Pickup 602 engine	600	\$80	13.3¢	\$50	8.3¢
12000	5.7 diesel Old (etc.)	400	\$80	20¢	\$50	12.5¢
12000	<i>Volks</i> Dasher	300	\$80	26¢	\$50	16.6¢
12000	Volks. Rabbit	240	\$80	33.3¢	\$50	20.8¢
12000	Volks Rabbit	200	\$80	40¢	\$50	25¢

MR. CHAIRMAN AND MEMBERS OF THE COMMITTEE. YOU ALL KNOW THAT I DO NOT FAVOR FEES AS A FORM OF TAXATION. THIS CHART DEMONSTRATES VERY DRAMATICALLY WHY I TAKE THIS POSITION. I BELIEVE WE SHOULD AMEND THIS BILL TO COVER ONLY THE PROPANE PORTION AND AMEND TO REQUIRE THE PROPANE DEALER COLLECT THE STATE TAX AS THEY ARE NOW COLLECTING THE FEDERAL TAX. THE DIESEL PORTION SHOULD BE COVERED IN SOME OTHER METHOD AND I'M NOT SURE JUST HOW.

ELMER SEVERSON
SENATOR
DISTRICT NO. 46

ROLL CALL VOTE

SENATE COMMITTEE TAXATION

SENATE TAXATION COMMITTEE
EXHIBIT D
March 24 1983
House BILL NO. 17

Date 4 Mar. 24, 1983 House Bill No. 17 Time 9:30

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

Secretary: Barbara J. Effing
Motion:

Chairman: Pat M. Goodover

Seversons motion re HB 17 amended

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

ROLL CALL VOTE

SENATE JOURNAL VOL. 17
 EXHIBIT E
March 24 1983
House BILL NO. 17

SENATE COMMITTEE TAXATION

Date Mar 24, 1983 House Bill No. 17 Time 9:34

NAME	YES	NO
SENATOR GOODOVER, CHAIRMAN	✓	
SENATOR MCCALLUM, VICE CHAIRMAN	✓	
SENATOR BROWN	✓	
SENATOR CRIPPEN	✓	
SENATOR ELLIOTT	✓	
SENATOR GAGE	✓	
SENATOR TURNAGE	✓	
SENATOR SEVERSON	✓	
SENATOR HAGER	A	
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 to lay on the table

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

March 24 1983House BILL/RES- 742

Amend HB 742, Third Reading Copy

1. Title, line 6.

Following: "PROPERTY"

Strike: "OR ACCORDING TO A COMBINED AREA-FRONTAGE METHOD"

Insert: "; PROVIDING THAT PROTEST BE WEIGHTED ACCORDING TO THE AMOUNT TO BE ASSESSED AGAINST THE PROPERTY; REQUIRING THE CITY OR TOWN TO PAY 25% OF THE COST OF THE LIGHTING SYSTEM ON ARTERIAL STREETS"

Following: "SECTIONS"

Insert: "7-12-4301, 7-12-4305, AND"

Following: "7-12-4323"

Strike: "AND 7-12-4324"

2. Page 2, line 16 through page 3, line 11.

Following: line 15

Strike: Section 2 in its entirety

Insert: "Section 2. Section 7-12-4301, MCA, is amended to read:

"7-12-4301. Special improvement districts for lighting streets authorized. (1) The council of any city or town is authorized to:

(a) create special improvement districts embracing any street or streets or public highway therein or portions thereof and property adjacent thereto or property which may be declared by said council to be benefited by the improvement to be made for the purpose of lighting such street or streets or public highway;

(b) require that all or any portion of the cost of installing and maintaining such lighting system be paid by the owners of the property embraced within the boundaries of such districts, except that the city or town must pay at least 25% of the cost of installing and maintaining such lighting system located on arterial streets; and

(c) assess and collect such portion of such cost by special assessment against said property.

(2) The governing body may create special lighting districts on any street or streets or public highway for the purpose of lighting them and assess the costs for installation and maintenance to property abutting thereto and collect the costs by special assessment against the property."

Section 3. Section 7-12-4305, MCA, is amended to read:

"7-12-4305. Consideration of protest. (1) At the next regular meeting of the city council after the expiration of the time within which said protests may be made, the city council shall proceed to hear and pass upon all protests so made, and its decision shall be final and conclusive. When the protest is against the proposed work and the cost thereof is to be assessed upon property embraced within the boundaries of the district and if the city council finds that such protest is made by the owners of a majority of the property embraced within the district to be assessed for the proposed work, no further proceedings shall be taken for a

period of 6 months from the date when said protest was received by the city clerk of said city council.

(2) In determining the sufficiency of protest, each protest shall be weighted in proportion to the amount of the assessment to be levied against the lot or parcel with respect to which it is made.

~~{2}~~ (3) In determining whether or not sufficient protest has been filed in a proposed district to prevent further proceedings therein, property owned by a county, city, or town shall be considered the same as other property in the district.

~~{3}~~ (4) The city council may adjourn said hearing from time to time."

Renumber: subsequent sections

March 24, 1983House BILL/RES. 446

PROPOSED AMENDMENTS TO HB 446

1. Title, line 7.

Following: "ACT"

Insert: "TO GENERALLY REVISE THE RATES OF THE METALLIFEROUS MINES LICENSE TAX;"

2. Title, line 11.

Following: "TAX;"

Insert: "PROVIDING BORROWING PROVISIONS FOR THE HARD-ROCK MINING BOARD;"

3. Page 3, line 25.

Following: line 24

Insert: "NEW SECTION. Section 4. Loans to hard-rock mining impact trust account from local impact and education trust fund account. (1) Except as provided in subsection (3), the board may borrow funds from the local impact and education trust fund account provided in 90-6-202 for the purpose of assisting local government units in meeting the financial impact of large-scale mineral development if the taxes paid into the hard-rock mining impact trust account during the next 10 years can reasonable be expected to be sufficient to repay the loan.

(2) Unless otherwise provided by the legislature, loans made under the provisions of subsection (1) must be repaid to the local impact and education trust account from the revenues collected under [section 1] within 10 years. No interest may be charged for the loan.

(3) No more than \$1 million may be borrowed under this section during any biennium without approval from the legislature."

Renumber: subsequent sections

4. Page 7, line 6 and 7.

Following: "~~1.438%~~"

Strike: the remainder of line 6 and 7 in their entirety

Insert: "computed in accordance with [section 8]"

NEW SECTION. Section 8. Tax rate computation when gross value exceeds \$1 million. (1) The tax rate on the increment of the gross value of product over \$1 million is 1.5% plus 0.25% for each 10% that the average daily price of a metal or mineral product recomputed each year exceeds the base price.

(2) The base price of a metal or mineral product used in the computation of the tax rate is 130% of the average daily price of each metal or mineral product during the 24 month period immediately preceeding [the effective date of this act].

(3) For the purpose of this section the method for determining the price of the metal or mineral product shall be established by rule adopted by the department of revenue from a quotation readily available to the public, preferably from a New York market.

NEW SECTION. Section 9. Credits. There is allowed a credit against the tax imposed by [section 7] equal to 150% of all money contributed toward services, facilities, and other normal governmental expenses incurred by local governments prior to the opening of a mine or the commencement of production. Before the credit is allowed, the contribution must be approved by the hard-rock mining impact board as being made for the type of expenses described in this section."

5. Page 9, line 1.

Following: "2"

Strike: "and"

Insert: ", "

Following: "3"

Insert: ", and 4"

6. Page 9, line 6.

Following: "2"

Strike: "and"

Insert: ", "

Following: "3"

Insert: ", and 4"

7. Page 9, line 22.

Following: "(1)"

Strike: "Section 1 is"

Insert: "Sections 1, 8, and 9 are"

8. Page 9, line 24.

Following: "to"

Strike: "section 1"

Insert: "sections 1, 8, and 9"

9. Page 9, line 25.

Following: "2"

Strike: "and"

Insert: ", "

Following: "3"

Insert: ", and 4"

10. Page 10, line 3.

Following: "2"

Strike: "and"

Insert: ", "

Following: "3"

Insert: ", and 4"

ROLL CALL VOTE

SENATE TAXATION COMMITTEE
 EXHIBIT H
March 24, 1983
House BILL NO. 446

SENATE COMMITTEE TAXATION

Date March 24 1983 House Bill No. 446 Time 9:56

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

Secretary: Barbara J. Effing
 Motion:

Chairman: Pat M. Goodover

Towe's amendment to HB 446. (item 3)

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

STANDING COMMITTEE REPORT

March 24 19 83

MR. PRESIDENT

We, your committee on taxation

having had under consideration House Bill No. 742

O'Connell (Crippen)

Respectfully report as follows: That House Bill No. 742

Third Reading Copy, be amended as follows:

1. Title, line 6.

Following: "PROPERTY"

Strike: "OR ACCORDING TO A COMBINED AREA-FRONTAGE METHOD"

Insert: "; PROVIDING THAT PROTEST BE WRIGHTED ACCORDING TO THE
AMOUNT TO BE ASSESSED AGAINST THE PROPERTY; REQUIRING THE CITY
OR TOWN TO PAY 25% OF THE COST OF THE LIGHTING SYSTEM ON
ARTERIAL STREETS"

2. Title, line 7.

Following: "SECTIONS"

Insert: "7-12-4301, 7-12-4305, AND"

Following: "7-12-4323"

Strike: "AND"

3. Title, line 8.

Strike: "7-12-4324"

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(Continued on page 2)

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March 24

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4. Page 2, line 16 through page 3, line 11.

Following: line 15

Strike: Section 2 in its entirety

Insert: "Section 2. Section 7-12-4301, MCA, is amended to read:

"7-12-4301. Special improvement districts for lighting streets authorized. (1) The council of any city or town is authorized to:

(a) create special improvement districts embracing any street or streets or public highway therein or portions thereof and property adjacent thereto or property which may be declared by said council to be benefited by the improvement to be made for the purpose of lighting such street or streets or public highway;

(b) require that all or any portion of the cost of installing and maintaining such lighting system be paid by the owners of the property embraced within the boundaries of such districts, except that the city or town must pay at least 25% of the cost of installing and maintaining such lighting system located on arterial streets; and

(c) assess and collect such portion of such cost by special assessment against said property.

(2) The governing body may create special lighting districts on any street or streets or public highway for the purpose of lighting them and assess the costs for installation and maintenance to property abutting thereto and collect the costs by special assessment against the property."

Section 3. Section 7-12-4305, MCA, is amended to read:

"7-12-4305. Consideration of protest. (1) At the next regular meeting of the city council after the expiration of the time within which said protests may be made, the city council shall proceed to hear and pass upon all protests so made, and its decision shall be final and conclusive. When the protest is against the proposed work and the cost thereof is to be assessed upon property embraced within the boundaries of the district and if the city council finds that such protest is made by the owners of a majority of the property embraced within the district to be assessed for the proposed work, no further proceedings shall be taken for a period of 6 months from the date when said protest was received by the city clerk of said city council.

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~~(2)~~ (3) In determining whether or not sufficient protest has been filed in a proposed district to prevent further

(Continued on page 3)

y/c

March 24 19 83

proceedings therein, property owned by a county, city, or town shall be considered the same as other property in the district.

~~(3)~~ (4) The city council may adjourn said hearing from time to time."

Renumber: subsequent sections

And, as so amended

BE CONCURRED IN