

MINUTES OF THE MEETING  
TAXATION COMMITTEE  
MONTANA STATE  
HOUSE OF REPRESENTATIVES

January 31, 1985

The meeting of the Taxation Committee was called to order in room 312-1 of the state capitol at 8:08 a.m. by Chairman Gerry Devlin.

ROLL CALL: All members were present with the exception of Representative Abrams. Also present were Dave Bohyer, Researcher for the Legislative Council and Alice Omang, secretary.

CONSIDERATION OF HOUSE BILL NO. 368: Representative Paul Pistoria, District 36, Great Falls, appeared before the committee as sponsor of House Bill No. 368. He said that this bill is to take 5% of the coal trust fund before it goes into the permanent trust fund to help local government. He said that this bill is a constitutional amendment and would have to be put on the ballot and voted on in 1986. He said that the reason he is introducing this bill is because the league of cities and towns and urban coalition are all in need of funding for local and county government. He said that this would be a way to help them without increasing taxes or taking money out of the general fund. He said that he felt this issue was something that should go to the vote of the people. He said that the 5% would only be for ten years. Representative Pistoria handed out a copy of the revenue estimates and allocations from the coal severance tax to all committee members. (See Exhibit No. 1) He then explained these allocations to the committee.

PROPOSERS: Alec Hanson, representing the Montana League of Cities and Towns, said he agrees with Representative Pistoria about the fact that this legislature must consider some very serious financial questions. He said he felt that Representative Pistoria had composed a method of providing some additional revenues for Montana municipal and county governments, without impacting the general fund, and without aggravating the difficult budget decisions that the legislature already has to make. He said that the only problem he saw with Representative Pistoria's proposal is that it is going to take quite a

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bit of time. He said that he would like to propose to the committee that the financial problems of local government are immediate and serious. He said he felt that this legislation has a lot of merit.

Marie Mc Alear, Commissioner from Madison County and legislative chair for the Association of Counties, appeared before the committee in support of House Bill No. 368. She said that they support the effort of finding sources of income for local governments, other than from property tax.

There were no further proponents to House Bill No. 368.

OPPONENTS: Verner Bertelsen from Ovando, Montana, representing himself, appeared before the committee in opposition of House Bill No. 368. He said that he felt it did not make sense to invade the coal trust fund. He said that there were several bills this session attempting to do this in various ways. He said that last year the permanent trust provided \$22,000,000 worth of interest. He said that by the 1990's it will earn over \$100,000,000 of interest during the biennium, but it will absolutely go down the drain if it begins to be invaded. He said that he is very interested in local government, but he said he felt the answers had to be found on some different basis. He said he felt this legislation was not fiscally sound and was not taking care of the future or present.

Margaret MacDonald, representing the Northern Plains Resource Council, said that they represent about 1500 farm and ranch families, many of them from the coal areas in eastern Montana. She said that they oppose this bill, and she feels that this is one of the most critical issues that this committee will be facing. She urged the committee to give this legislation very serious consideration.

Don Reed, representing the Montana Environmental Information Center, appeared before the committee in opposition to House Bill No. 368. He said that the problems of local government are very real, and money from the trust fund is an option to look at, but he felt the real question is when does the future start. He said that when the trust fund begins to be invaded, it does not supply interest income for the general fund and other earmarked purposes.

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There were no further opponents.

QUESTIONS ON HOUSE BILL NO. 368: Representative Sands asked Representative Pistoria if the 50% in the trust would be reduced to 45%. Representative Sands then asked Representative Pistoria if this would be done on a permanent basis. Representative Pistoria said that it would be done for ten years. Representative Sands asked if after ten years, it would go back to 50%. Representative Pistoria said that was correct. Representative Sands then wanted to know if they would need a constitutional amendment to do this. Representative Pistoria said that they would need 3/4 of the vote of the House to put it on the ballot.

Representative Patterson said that this would be a referendum, and if this measure would happen to fail, would there be enough people in the 56 counties to go through the initiative process and bring this before the people in November of 1986. Representative Pistoria said that if it does pass the House and the Senate, then it goes to the vote of the people. He said then if it passes by the people by majority vote, then it becomes law. He said that wherever he goes, the people seem to want to vote on it.

Representative Raney asked Representative Pistoria why he picked this particular need to come out of the trust fund, when there are other areas such as school systems and the infrastructure that need additional funding. Representative Pistoria said that local governments have been in trouble for six or seven years and they need help.

Representative Ream said that he had some concern about the wording of the statement that would go on the ballot. He said that they would not be informing the public about the portion of the coal tax that is coming out of the portion that would normally go into the permanent trust fund. He then asked Representative Pistoria if he would have any objections to inserting such wording into the bill. Representative Pistoria said that he would leave it up to this committee. Representative Pistoria said that the next bill that is coming up, House Bill No. 369, will state how this funding would be used.

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Representative Switzer asked Representative Pistoria if he felt the coal severance tax was the same as the oil severance tax. Representative Pistoria felt they were about the same except that the Legislature can do anything they want with the oil severance tax without going to the vote of the people.

Representative Harp said that they had a bill before the legislature last session for highway funding and he wanted to know what affect that would have on top of this bill. Mr. Oppedahl, representing the Governor's office said that they are working on the fiscal note. He said that the fiscal note will show the 5% or about \$5,600,000. He said that the impact will show what happens when this \$5,600,000 does not go into the permanent fund, and will be allocated to local government. The other portion that would be affected would be 25% of the allocations into the instate investment program. He said that the impact there would be somewhere around 25% of the 5.6 million, so about 1.4 million would not be used in the instate investment program. He said that the highway program that comes out of the other 50% will not lose anything.

There were no further questions from the committee, so Chairman Devlin asked Representative Pistoria to close. In closing, Representative Pistoria said that the I95 program to "Build Montana" is permanent. He said that he feels the program he is proposing is just as important and is only for ten years. He said that he would like to get this bill on the floor of the Legislature.

CONSIDERATION OF HOUSE BILL NO. 369: Representative Paul Pistoria, District 36, Great Falls, appeared before the committee as sponsor of House Bill No. 369. He said that this bill specifies how the money would be distributed if House Bill No. 368 passes. He said that this bill is necessary because it goes under the local government grant program. He said that 7-6-302 is the law in the book which establishes such a program.

There were no proponents or no opponents.

QUESTIONS ON HOUSE BILL NO. 369: Representative Sands asked if this would also be changed after a ten-year period. Representative Pistoria said that it would

too, change back after the ten-year period.

Representative Williams asked Representative Pistoria why he chose it for a ten year period. Representative Pistoria said that he feels that it should not be permanent, and due to economic conditions, he felt a ten year period would be sufficient. He said that in ten years our economic condition should be better and there will, hopefully, be other ways in which to fund local government. Representative Williams then asked Representative Pistoria if he ever felt this could be removed, after it had once been funneled into local government in order to prevent an increase in property tax. Representative Pistoria said he felt it could be removed after the ten year period, because he said he hoped our economy would then be in better condition.

Representative Switzer asked Representative Pistoria if he thought the Governor's window of opportunity on the coal severance tax might stimulate production enough to where this might produce a lot more revenue than anticipated. Representative Pistoria said that was something that he could not answer.

There being no further questions from the committee, Chairman Devlin asked Representative Pistoria to close. The hearing was closed on House Bill No. 369.

EXECUTIVE SESSION:

HOUSE BILL NO. 105: Representative Devlin distributed a copy of a letter he received concerning House Bill No. 105. (See Exhibit No. 3) He said that there had been some questions during the hearing about the funding that had been asked for from the tax appeal board. Chairman Devlin explained the funding to the committee. He also explained some of the amendments that the sponsor of the bill had suggested. Representative Raney made a motion to adopt the amendments. Some discussion followed on the amendments. The researcher then read the amendments to the committee. They are as follows: page one, line 5, title, replace "90" with "180"; page one, line 5, title, strike "providing a penalty of withholding of payment for services until appeals are decided:" page two, line 23, strike "90" and insert "180"; page two, line 24, stike "90" and insert "180"; page two, line 25, beginning with "If any appeal" strike that through line

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9 on page 3; page 5, line 7, strike "90" and insert "180"; page 5, line 8, strike "90" and insert "180"; and on page 5, line 11, strike "if" through the end of the bill. Question was called on the amendments and the motion carried unanimously. Representative Sands then said that he would like to make a motion to amend "to provide the action of mandamus to enforce this provision can be exercised only by parties involved." He said that this amendment would preclude that problem that is envisioned. Representative Williams said that he agreed with Representative Sands that this is a definite concern. Representative Williams then suggested that the committee delay action on this bill until the researcher can draft the amendment. The committee agreed upon this delay.

HOUSE BILL NO. 122: Representative Switzer moved that House Bill No. 122 DO PASS. Committee discussion followed. Representative Harp asked if they should have the amendment they had for House Bill No. 26 concerning the 51 mills. Researcher Dave Bohyer said he felt it would be a wise move. Representative Harp then moved the amendment and to have Mr. Bohyer put it in the right section. Question was called on the amendment and it carried unanimously.

Representative Raney said that when the communities vote the resolutions, they vote on each project. He said that was another amendment they had made to House Bill No. 26. Representative Raney then made a motion to adopt that amendment. Question was called and the motion passed unanimously.

Representative Ream then made a motion to change the effective date to December 31, 1985. Representative Raney seconded the motion. Representative Switzer made a substitute motion to amend it to December 31, 1984. Committee discussion followed. Representative Switzer said if it was amended to 1984, it could include projects that were started this year. Mr. Bohyer said that if you make the amendment to make this applicable to this tax year 1985, then you also need an immediate effective date. Representative Switzer said that he would like that language added on to his amendment, so it would have an immediate effective date. Mr. Bohyer said the amendment would read: line 24, page 3, change "July 1, 1985 to December 31, 1984"; and then add a new section five which would be an effective date, that effective date being on passage and approval and would apply that to that year. Question was called on the amendment. The

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motion passed with the dissenting votes of Representatives Raney, Ream, Keenan, and Cohen. Committee discussion followed on the bill as amended. Representative Williams then said that the committee had overlooked something that they did to the other bill. He said that on lines 10 and 11, page 2, where they have stricken " a construction permit is issued....". He said that it must be put back into the bill, according to the present statutes. He made a motion to adopt that amendment. Question was called on the amendment. The motion carried with the dissenting votes of Representatives Switzer and Asay.

Representative Zabrocki said that he thought he had made a motion on this bill the other day stating that before they could get any tax breaks they would have to have all their previous taxes paid in full. Representative Devlin said that he would think the jurisdiction allowing this to happen would take into consideration the fact that all taxes were paid in full. Representative Zabrocki then moved the amendment. Question was called on the amendment proposed by Representative Zabrocki. The motion carried with the dissenting votes of Representatives Switzer and Sands.

Committee discussion on the bill as amended followed. Representative Williams then moved that the committee insert an amendment into the bill allowing the decisions to be put up to a vote to the residents of the taxing district. Representative Asay said he felt that a public hearing could accomplish the same things that Representative Williams was talking about. Representative Switzer then asked Representative Williams if his motion would say "may" or "shall". Representative Williams said that he felt it would have to be mandatory. Representative Ellison then asked Representative Williams if he would consider amending his amendment to put a cap on it to say "any project over a certain amount of dollars would have to be put to a vote." He said that the reason he was asking this, is that there are some small companies in his area who could not afford the delay in time that many big business could. Representative Williams said that he felt it was a good point. After further committee discussion, Representative Williams withdrew his motion. Representative Williams then made another motion for an amendment to state that the public hearing should be in accordance with the requirements of the administrative procedures act for public hearings.

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Question was called on the amendment and the motion carried unanimously. Representative Sands then stated that he would like the researcher to check to see if the administrative procedures act applied to county government. He said he felt that this amendment should be added only if the act does not already apply to county government.

Representative Ream then moved the following amendment: page 2, line 17, strike "10th" and insert "5th"; page 2, line 10, strike "5" and "s" in the word "years". He said that his reason is that now they are talking about the improvements or any modernized processes in industries. He said that he believes there should be this change because technology is changing more frequently than every 10 years. Committee discussion followed on this amendment. The researcher said that the discussion is relevant to a point that the Department of Revenue made when this bill was heard. He referred the committee to page 3, lines 4 through 7. Question was called on the amendment. The motion failed 12-7. (See roll call vote)

Researcher Dave Bohyer explained a suggested amendment on page 3, line 5, insert "modernized processes" after "improvements." It would then read the same as page 1, lines 17 and 18. Question was called on the amendment. The motion to adopt the amendment carried with the dissenting votes of Representatives Ream, Asay, Keenan, and Zabrocki.

Question was called on the bill as amended. Representative Ellison made a DO PASS AS AMENDED motion on House Bill No. 122. The motion carried 14-5. (See roll call vote)

HOUSE BILL NO. 229: Representative Hanson made a motion that House Bill No. 229 DO NOT PASS. Representative Asay made a substitute motion of DO PASS for the purpose of amendments. Discussion concerning an amendment followed. Representative Asay made a motion to amend page 2, line 1, following "March" strike "31" and insert "1". Question was called on the amendment. The motion carried unanimously. Discussion on the DO PASS AS AMENDED motion by Representative Asay followed. The motion failed. They then reverted back to the original DO NOT PASS motion and the vote was reversed.



HOUSE BILL NO. 319: Representative Raney made a motion that House Bill No. 319 DO NOT PASS. Representative Switzer made a substitute motion that House Bill No. 319 DO PASS. Discussion followed on the substitute motion. Representative Asay moved to amend the effective date from October 1, 1985 to July 1, 1987. Question was called on the amendment. The motion carried with the dissenting votes of Representatives Switzer, Gilbert, Williams, Sands, Cohen, Zabrocki, and Harrington.

Representative Patterson made a motion to change from 2% to 1% wherever noted in the bill. Representative Ream said that he supported the motion and discussed with the committee some figures concerning this percentage change. Further committee discussion followed on this amendment. Representative Devlin then offered a substitute amendment that would keep the 2% on the first 9¢ and strike "an amount equal to the tax imposed by 15-70-204," lines 20 and 21. Question was called. The motion to adopt Representative Devlin's substitute amendment carried 11-8. (See roll call vote)

Representative Switzer then moved that House Bill No. 319 DO PASS AS AMENDED. Question was called, the motion failed 11-8. (See roll call vote) Without objection, they reversed the vote--DO NOT PASS AS AMENDED.


HOUSE BILL NO. 368: Representative Williams moved that House Bill No. 368 DO NOT PASS. Representative Sands made a motion that House Bill No. 368 DO PASS, so that he could amend it. Representative Williams said that he wanted to make it DO NOT PASS AS AMENDED. Representative Sands wanted to amend the bill so that the 45% would return to 50% after ten years, page 1, line 22. (July 1, 1997) Question was called on Representative Sands amendment. The motion carried unanimously. Representative Ream made a motion to amend page 2, lines 15 and 17, strike "portion" and insert "5%". Committee discussion followed. Representative Ream then withdrew his amendment motion. Question was then called on Representative Williams DO NOT PASS AS AMENDED motion. The motion carried with the dissenting votes of Representatives Switzer, Hanson, Harp, Iverson, Ellison, and Devlin.

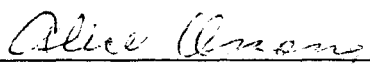
HOUSE BILL NO. 369: Representative Williams moved that House Bill No. 369 DO NOT PASS. Representative Sands moved the same amendments from the previous bill. Ques-

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tion was called on the amendment. The motion carried unanimously. Representative Williams then made a motion of DO NOT PASS AS AMENDED. The motion carried with the dissenting votes of Representatives Hanson, Switzer, Ellison, Iverson, Harp, and Devlin.

ADJOURNMENT: There being no further business before the committee, the meeting was adjourned at 10:52 a.m.

  
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GERRY DEVLIN, Chairman

  
\_\_\_\_\_  
Alice Omang, Secretary

## DAILY ROLL CALL

HOUSE TAXATION

COMMITTEE

49th LEGISLATIVE SESSION -- 1985

Date \_\_\_\_\_

NAME	PRESENT	ABSENT	EXCUSED
DEVLIN, GERRY, Chrm.	X		
WILLIAMS, MEL, V. Chrm.	X		
ABRAMS, HUGH			X
ASAY, TOM	X		
COHEN, BEN	X		
ELLISON, ORVAL	X		
GILBERT, BOB	X		
HANSON, MARIAN	X		
HARRINGTON, DAN	X		
HARP, JOHN	X		
IVERSON, DENNIS	X		
KEENAN, NANCY	X		
KOEHNKE, FRANCIS	X		
PATTERSON, JOHN	X		
RANEY, BOB	X		
REAM, BOB	X		
SANDS, JACK	X		
SCHYE, TED	X		
SWITZER, DEAN	X		
ZABROCKI, CARL	X		

# STANDING COMMITTEE REPORT

January 31, 19 85

MR. **SPEAKER:**

We, your committee on **TAXATION**

having had under consideration **HOUSE** Bill No. **229**

**first** reading copy ( **white** )  
color

**AN ACT TO EXEMPT NINK UNDER 11 MONTHS OF AGE FROM TAXATION;**

Respectfully report as follows: That **HOUSE** Bill No. **229**

**Be amended as follows:**

1. Page 2, line 1.  
Following: "March"  
Strike: "31"  
Insert: "1"

**And as amended,**

~~DO PASS~~  
**Do Not Pass**

# STANDING COMMITTEE REPORT

January 31, 19 85

MR. SPEAKER:

We, your committee on TAXATION

having had under consideration House Bill No. 369

first reading copy ( white )  
color

AN ACT IMPLEMENTING THE CONSTITUTIONAL AMENDMENTS IN        BILL  
NO.       , WHICH AMENDMENTS REDUCE TO 45 PERCENT THE PORTION  
OF THE COAL SEVERANCE TAX ALLOCATED TO THE PERMANENT TRUST FUND  
AND DEDICATE 5 PERCENT TO LOCAL GOVERNMENTS;

Respectfully report as follows: That House Bill No. 369

be amended as follows:

1. Title, line 6.

Following: "AMENDMENTS"

Insert: "WOULD FOR A PERIOD OF 10 YEARS"

2. Page 1, line 21.

Following: "1987,"

Insert: "and through June 30, 1997,"

3. Page 1, line 23.

Following: "fund."

Insert: "After June 30, 1997, 50% of the coal severance tax  
collections shall be allocated to this trust fund."

AND AS AMENDED  
DO NOT PASS

XXXXXX

# STANDING COMMITTEE REPORT

January 31, 1985

MR. SPEAKER:

We, your committee on TAXATION

having had under consideration HOUSE Bill No. 363

first reading copy ( white )  
color

TO SUBMIT TO THE QUALIFIED ELECTORS OF MONTANA AMENDMENTS TO ARTICLE IX OF THE MONTANA CONSTITUTION TO REQUIRE THE LEGISLATURE TO DEDICATE AT LEAST 5 PERCENT OF THE COAL SEVERANCE TAX TO A LOCAL GOVERNMENT ACCOUNT AND TO REDUCE TO 45 PERCENT THE AMOUNT OF THE COAL SEVERANCE TAX REQUIRED TO BE DEDICATED TO THE TRUST FUND;

Respectfully report as follows: That HOUSE Bill No. 363  
be amended as follows:

1. Title, line 6.  
Following: "LEGISLATURE"  
Insert: "FOR A PERIOD OF 10 YEARS"

2. Page 1, line 21.  
Following: "1997,"  
Insert: "and through June 30, 1997,"

3. Page 1, line 23.  
Following: "Fund."  
Insert: "After June 30, 1997, at least fifty percent (50%)  
of the severance tax shall be dedicated to the trust  
fund."

AND AS AMENDED  
DO NOT PASS

~~DO PASS~~

# ROLL CALL VOTE

HOUSE COMMITTEE TAXATION

DATE 1-31-1985 BILL NO. 122 TIME \_\_\_\_\_

NAME	AYE	NAY
DEVLIN, GERRY, Chrm.		✓
WILLIAMS, MEL, V.Chrm.	✓	
ABRAMS, HUGH	—	
ASAY, TOM		✓
COHEN, BEN	✓	
ELLISON, ORVAL		✓
GILBERT, BOB		✓
HANSON, MARIAN		✓
HARRINGTON, DAN	✓	
HARP, JOHN		✓
IVERSON, DENNIS		✓
KEENAN, NANCY	✓	
KOEHNKE, FRANCIS		✓
PATTERSON, JOHN		✓
RANEY, BOB	✓	
REAM, BOB	✓	
SANDS, JACK		✓
SCHYE, TED	✓	
SWITZER, DEAN		✓
ZABROCKI, CARL		✓
	(7)	(12)

Secretary Alice Omang

Chairman Gerry Devlin

Motion: To Adopt Representative Ream's Amendments

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# ROLL CALL VOTE

HOUSE COMMITTEE TAXATION

DATE 1-31-1985 BILL NO. 122 TIME \_\_\_\_\_

NAME	AYE	NAY
DEVLIN, GERRY, Chrm.	✓	
WILLIAMS, MEL, V.Chrm.	✓	
ABRAMS, HUGH	✓	
ASAY, TOM	✓	
COHEN, BEN		✓
ELLISON, ORVAL	✓	
GILBERT, BOB	✓	
HANSON, MARIAN	✓	
HARRINGTON, DAN	✓	
HARP, JOHN	✓	
IVERSON, DENNIS	✓	
KEENAN, NANCY		✓
KOEHNKE, FRANCIS	✓	
PATTERSON, JOHN	✓	
RANEY, BOB		✓
REAM, BOB		✓
SANDS, JACK	✓	
SCHYE, TED		✓
SWITZER, DEAN	✓	
ZABROCKI, CARL	✓	
	(14)	(5)

Secretary Alice Omang

Chairman Gerry Devlin

Motion: Do Pass As Amended



# ROLL CALL VOTE

HOUSE COMMITTEE TAXATION

DATE 1-31-1985 BILL NO. 319 TIME \_\_\_\_\_

NAME	AYE	NAY
DEVLIN, GERRY, Chrm.	✓	
WILLIAMS, MEL, V.Chrm.		✓
ABRAMS, HUGH	—	
ASAY, TOM	✓	
COHEN, BEN		✓
ELLISON, ORVAL		✓
GILBERT, BOB	✓	
HANSON, MARIAN	✓	
HARRINGTON, DAN		✓
HARP, JOHN		✓
IVERSON, DENNIS	✓	
KEENAN, NANCY		✓
KOEHNKE, FRANCIS		✓
PATTERSON, JOHN	✓	
RANEY, BOB		✓
REAM, BOB		✓
SANDS, JACK	✓	
SCHYE, TED		✓
SWITZER, DEAN	✓	
ZABROCKI, CARL		✓

(8)

(11)

Secretary Alice Omang

Chairman Gerry Devlin

Motion: Do Pass As Amended

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# ROLL CALL VOTE

HOUSE COMMITTEE TAXATION

DATE 1-31-1985 BILL NO. 319 TIME \_\_\_\_\_

NAME	AYE	NAY
DEVLIN, GERRY, Chrm.	✓	
WILLIAMS, MEL, V.Chrm.		✓
ABRAMS, HUGH	—	
ASAY, TOM	✓	
COHEN, BEN		✓
ELLISON, ORVAL	✓	
GILBERT, BOB	✓	
HANSON, MARIAN	✓	
HARRINGTON, DAN		✓
HARP, JOHN	✓	
IVERSON, DENNIS	✓	
KEENAN, NANCY		✓
KOEHNKE, FRANCIS	✓	
PATTERSON, JOHN	✓	
RANEY, BOB		✓
REAM, BOB		✓
SANDS, JACK	✓	
SCHYE, TED		✓
SWITZER, DEAN	✓	
ZABROCKI, CARL		✓

(11)

(8)

Secretary Alice Omang

Chairman Gerry Devlin

Motion: To Adopt Representative Devlin's Amendments

OFFICE OF THE GOVERNOR  
BUDGET AND PROGRAM PLANNING

Exhibit 1  
HB 368  
1/31/85  
Pistoria



TED SCHWINDEN, GOVERNOR

STATE CAPITOL

STATE OF MONTANA

(406) 444-3616

Rec'd - Wed. Jan. 16, 1985

HELENA, MONTANA 59620

January 15, 1985

Representative Paul G. Pistoria  
House of Representatives  
State Capitol Station  
Helena, MT 59620

Dear Representative Pistoria:

Based on our revenue estimates and the current law governing allocations from the coal severance tax, each entity will receive the following funds in FY 85. The amounts shown for FY 82, FY 83 and FY 84 are actual collections.

<u>Entity</u>	<u>Actual FY 82</u>	<u>Actual FY 83</u>	<u>Actual FY 84</u>	<u>Estimated FY 85</u>	<u>Percent of Total</u>
General Fund	16,375,501	15,208,546	15,736,468	17,444,000	19.000
Pub. School Equaliz.	4,309,342	4,002,249	4,141,172	4,590,000	5.000
Co. Land Planning	430,934	400,225	414,117	459,000	.500
Local Impact	7,541,349	7,003,936	7,247,050	8,033,000	8.750
Conservation Districts	99,325	200,112	207,059	230,000	.250
State Library	430,934	400,225	414,117	459,000	.500
Alternative Energy	2,055,346	1,801,012	1,863,527	2,066,000	2.250
Renewable Resources	1,077,336	1,000,562	624,224	574,000	.625
Water Development	-0-	-0-	411,069	574,000	.625
Parks & Cultural Trust	2,154,671	2,001,125	2,070,565	2,295,000	2.500
Education Trust	8,618,685	8,004,498	8,282,343	9,181,000	10.000
Permanent Trust	43,093,423	40,022,491	41,411,716	45,905,000	50.000
Total	\$86,186,846	\$80,044,981	\$82,823,427	\$91,810,000	100.000

NOTE: As of December 31, 1984 there was \$194,293,719 in the Permanent Coal Trust Fund. The interest earnings are distributed 85% to the general fund and 15% to the permanent trust. There was an additional \$15,466,786 in the In-State Investment Fund as of December 31, 1984.

Please contact me if I can provide any further information.

Sincerely,

*Terry W. Johnson*

TERRY W. JOHNSON, BUREAU CHIEF  
D.P. Systems and Statistics Bureau

TJ1:U:ea



## New tax sources seen as tough fight

By SUE O'CONNELL  
Tribune Capitol Bureau

HELENA — The Montana League of Cities and Towns wants the Legislature to help local governments shake off "an excessive reliance on property taxes," the league's executive director said Tuesday.

But Alec Hansen conceded that the league's legislative priorities will be in for some rough going during the 1985 Legislature.

"We recognize that it's going to be a tough budget session," he said.

At the top of the group's list is a proposal to set aside for local governments 5 percent of the money raised through individual income taxes, with part of the funds used for property tax relief.

In addition, the league wants the Legislature to give municipalities the option of imposing their own income

taxes and hotel-motel taxes. It has also proposed a statewide hotel-motel tax of 10 percent.

The legislative package — which also includes changes in annexation and motor vehicle replacement laws — largely seeks to diversify the funding system for local governments, Hansen said.

See TAX SOURCES, 3-B

*TRIBUNE - Wed. Dec. 12, 1984 - Page A-8*  
**Reactions mixed over money measures**

Alec Hansen met mixed reactions Tuesday night as he presented the Montana League of Cities and Towns legislative proposals to local officials at the Civic Center.

Most of those present agreed with the League's goal to reduce pressure on property taxes by diversifying local revenues, but they did not agree on the best alternatives.

Democratic Rep. Paul Pistoria said he is drafting a bill that will allocate a portion of the interest on the state coal tax trust fund to fund local governments.

"I'm really going to go after that bill," Pistoria said. "This is one way we won't have to increase other taxes."

Pistoria said half the coal tax revenue is returned to the fund and half is earmarked for various funds. His proposal would take an additional five percent from the amount returned to the fund each year and use it for funding local governments. He figures it would raise up to \$3 million per year.

"The future is now, we need it now and it belongs to all the people of Montana," he said of the fund, which levies a 30 percent tax on coal mined in the state.

County Commissioner Pat Ryan, a Democrat, agreed with Pistoria.

"Five percent isn't going to break us," he said. "We're using those

moneys for one small section of Montana. Maybe we should have a say if it (trust fund) does belong to all of Montana."

Republican Gene Thayer, former mayor who now will represent state Senate District 19, said he supports the League of Cities and Towns' call for a portion of the state income tax to be allocated to local governments.

He said that no matter what plan the legislature adopts, it has to realize there is "absolutely too much reliance on local property taxes."

He said continually rising property taxes will force more business out of state and force more people out of their homes.

"People on fixed incomes can't afford boosts in property taxes," Thayer said. The real message the legislature has to understand is that under current statutes, the only option of raising revenue is to hike property taxes.

"That's the worst possible situation," he said. "Either way we go, we certainly have to understand that."

Others present at the meeting were city commissioners Ardi Aiken and Roger Anderson, Mayor Bob Worthington, City Manager Al Johnson, County Commissioner Dick Gasvoda, Rep. Jack Moore, Rep. Toni Bergene, Sen. B.F. "Chris" Christaens and Rep. Jesse O'Hara.



*The Big Sky Country*

Exhibit #3  
1-31-1985  
H.B.#105

## MONTANA HOUSE OF REPRESENTATIVES

**REPRESENTATIVE ROBERT L. MARKS**

REPUBLICAN HOUSE LEADER

HELENA ADDRESS:

CAPITOL STATION

HELENA, MONTANA 59620

HOME ADDRESS:

302 LUMP GULCH

CLANCY, MONTANA 59634

**COMMITTEES:**

LEGISLATIVE COUNCIL  
RULES

January 29, 1985

Rep. Gerry Devlin, Chairman  
House Taxation Committee  
Montana Legislature

Dear Gerry:

I would like to supply your committee with additional information concerning HB-105 which you heard on January 25. At that hearing, State Tax Appeal Board Chairman Robert Raundal stated that STAB had put in requests for additional funding for more staff in his office to meet the work overload they are currently experiencing.

I have been in contact with Doug Booker of the Governor's Budget Office and find that this is not the case. Mr. Raundal had made a request for 20% additional funds for the local tax appeal boards to meet increased demands due to the reappraisal cycle. He had not made any request for additional funds for more staff to enable the STAB to relieve the pressure due to the 34% cases.

I wanted to clarify this point before the committee.

Sincerely,

A handwritten signature in cursive script, appearing to read "Bob", written over the word "Sincerely,".

Robert L. Marks  
HB-105 Sponsor

WITNESS STATEMENT

Name Paul M. Ritoria Committee On Tamlin  
Address 22 Falls Date Jan. 31, 1985  
Representing Alto Rep Support H.B. 368 & 3  
Bill No. H.B. 368 & H.B. 369 Oppose \_\_\_\_\_  
Amend \_\_\_\_\_

AFTER TESTIFYING, PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

1.

2.

3.

4.

Itemize the main argument or points of your testimony. This will assist the committee secretary with her minutes.

## VISITORS' REGISTER

TAXATION

COMMITTEE

BILL NO. HOUSE BILL 369DATE January 30, 1985SPONSOR REPRESENTATIVE PISTORIA

NAME (please print)	RESIDENCE	SUPPORT	OPPOSE
<i>G Morris</i>	<i>WHLCo</i>		
<i>Reginald A. Donald</i>	<i>NPRC</i>		<input checked="" type="checkbox"/>

IF YOU CARE TO WRITE COMMENTS, ASK SECRETARY FOR WITNESS STATEMENT FORM.

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

## VISITORS' REGISTER

TAXATION

COMMITTEE

BILL NO. HOUSE BILL 368DATE January 30, 1985SPONSOR REPRESENTATIVE PISTORIA

NAME (please print)	RESIDENCE	SUPPORT	OPPOSE
<i>Terrence Bartolucci</i>	<i>Self</i>		✓
<i>Mike Young</i>			
<i>G. Morris</i>	<i>MACo</i>		
<i>Margaret Ann Donald</i>	<i>NPRC</i>		✓
<i>Art Wilson</i>	<i>Montco / Thermal Energy</i>		
<i>Don Reed</i>	<i>MEIC</i>		✓
<i>Joe Parker</i>	<i>State Treasurer</i>		

IF YOU CARE TO WRITE COMMENTS, ASK SECRETARY FOR WITNESS STATEMENT FOR

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.