

MINUTES OF THE MEETING
TAXATION COMMITTEE
MONTANA STATE
HOUSE OF REPRESENTATIVES

February 20, 1985

The thirtieth meeting of the Taxation Committee was called to order in room 312-1 of the capitol building by Chairman Gerry Devlin at 7:36 a.m.

ROLL CALL: All members were present as was David Bohyer, Researcher for the Legislative Council, and Alice Omang, secretary.

CONSIDERATION OF HOUSE BILL 374: Representative Waldron, Missoula, stated that this bill raises the tax on beer and wine and allocates the revenue to provide funds for the alcoholism prevention and treatment programs. He indicated that it was earmarked revenue and part goes to the counties and cities and part to the Department of Institutions and ends up going to local-county programs. He explained that there was a similar bill before the committee - HB 651 by Representative Winslow and it did not make any difference to him which of the two bills they go with as long as they are able to make up the shortfall that the local alcohol programs are going to experience, if there is not some sort of revenue increase. He noted that there has been a shift in consumption from hard liquor to wine and beer, and they are not as dynamic a source of income as hard liquor is. He said there is more public awareness and they are getting more people into the program so they are seeing a drop in revenue and an increase in utilization. He continued there has also been some drop in consumption but still 10% of the users of alcohol consume somewhere between 50% and 60% of the total alcohol consumed. He indicated there was also a significant need for programs that are designed for adolescents and for outpatient treatment.

PROPONENTS: Jack Pollari, Director of the District II Program of Alcohol and Drug Abuse in Glendive, informed the committee that this was a five-county program and they are definitely in favor of this bill and they see it to be a very crucial bill for their funding. He gave some history of his own involvement with alcohol and how he became active in the alcohol program. He testified that a large percentage of their financing comes from liquor taxes and this funding has decreased by 8.6% and this amounts to around \$400,000.00 less money available to them.

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Ann Scott, Great Falls, said that she was the administrator of a private treatment center in Great Falls and they are getting a lot of people who are coming into treatment who have no means to pay and they generally have to find some other program under which they can be treated. She said that she was amazed by the incredible social and economic impact that alcoholism has in this state and that most people are not aware of what this means in terms of high health costs, lost productivity, and the costs of crimes that are committed under the influence of alcohol or drugs and she felt that these programs are really important because they are getting to the heart of the problem.

Mons Summer, the Assistant Director of the Rimrock Foundation in Billings, advised that what they were really asking for was some assistance in making up for declining revenues and one of the reasons that she is not supporting new services is because she did not feel that they could afford them at this time, but they must have continuation of their basic services.

Steve Shumate, Director of Recovery Foundation in Missoula, which is an outpatient treatment center, indicated that from a study of young people of the ages of 7 to 12, they found that there was a great deal of alcohol abuse at this age and it was about 17% above the national average in Missoula. He stated that they have had about one month's waiting list for adults and, if they cannot address the issue at that time, they are gone and the opportunity has been missed.

Richard Roddy, a concerned citizen and also serving on the Board of Directors for the Chemical Dependency Clinic, stated that in this program just last month they alone saw over 200 clients. He informed the committee that his father died of alcoholism, his mother is incapacitated at this time due to alcoholism and he felt grateful to be here today as he suffers from this disease also. He indicated that one in ten people in this nation suffer from the disease of alcoholism and three more people are directly affected by this.

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Representative Waldron noted that George Allen from the Montana Retail Association wanted to inform the committee that the association felt that a user tax was an appropriate means to fund this program.

There were no further proponents.

OPPONENTS: Roger Tippy, representing the Montana Beer and Wine Wholesalers, gave testimony in opposition to this bill. See Exhibit 1.

Phil Strobe, representing the Montana Taverns Association, stated that the tavern industry is not the great prosperous business that they once were and in the last six months sales are down about 8½%. He also questioned if this bill would be constitutional.

Steve Browning, representing Anheuser-Busch Company, reported that the taxes in the surrounding states were California - \$1.24, Colorado - \$2.48, Nebraska - \$4.34, North Dakota - \$2.48 and Washington - \$2.78 and Montana is at \$4.00 and would be raised to \$6.00 and they would oppose this.

There were no further opponents.

QUESTIONS ON HOUSE BILL 374: Representative Asay asked about the fiscal note.

Representative Waldron responded that part of it is with the distribution formula set out in the law as part of it goes to the cities and part of it goes to the counties and the rest to the institutions to be allocated on a 85/15 formula - 85% is allocated on the basis of population and 15% is allocated on the basis of land area and the money they are trying to get at is the money that flows through the institutions to these local programs. He indicated that Bob Anderson could expand on that.

Representative Asay noted that they were looking at a short fall of something less than \$1 million.

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Representative Waldron responded that they were looking at a total short fall of about \$800,000.00 over the biennium at the current level and he indicated that these alcohol programs have not received an increase in the last three years.

Representative Asay questioned if the tax is going to generate considerably more money than is needed to meet their needs.

Representative Waldron answered that they have to take in account inflation and these programs have not had an inflationary increase.

Representative Cohen asked what the total cost of the program was.

Bob Anderson from the Department of Institutions replied that if they are looking at all the appropriations, they are looking at \$3.5 million in earmarked accounts and there is a balance of about \$1.4 million going out to cities and counties under this formula. He noted that they also receive some block grant money of about \$900,000.

Representative Koehnke asked about treatment for all ages.

Mr. Anderson replied that one of the problems is with awareness and in Missoula, they go into the schools, they get these young people in for treatment, but the funds just are not available to provide the treatment.

Representative Koehnke asked if he knew anything about MTI and how successful it was.

Jack Barsch (?) answered that his wife had worked with the Montana Teenage Institute and part of what they are attempting to do is to educate young people within the school system to set as goals no chemical use and they are talking to their peer group to encourage them not to use chemicals and this has helped in that they are also recognizing more kids with problems and they are getting more into treatment.

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Representative Gilbert asked if there were any other taxes in the state that are taxed with an inflationary factor.

Representative Waldron responded that liquor is one that he is aware of.

Representative Gilbert noted that this bill, if it passes, will cost \$4½ million per the biennium and the other bill is talking almost \$9 million and this would take about \$9½ million out of the economy of the business sector.

Representative Waldron replied that you can use that argument for anything and particularly federal taxes.

Representative Gilbert asked if they could have increased the percentage out of the general fund to go to this program.

Representative Waldron answered that they could reallocate this within the bill but he would ask them not to lower the amount that the general fund is getting already.

There were no further questions.

Representative Waldron stated that the local programs are scrutinized on a program-by-program basis by the Department of Institutions and the appropriations committee has the authority to look at those figures also. He urged the committee to either adopt this bill or HB 651.

The hearing on this bill was closed.

EXECUTIVE SESSION

DISPOSITION OF HOUSE BILL 704: Representative Devlin indicated that the committee had put some amendments on yesterday, changing this to the first Monday, and he passed out copies of additional amendments. See Exhibit 2.

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Representative Hanson moved to change the amendment to show that it was also the "first" Monday. The motion carried unanimously.

Representative Asay moved the adoption of the amendments submitted by Chairman Devlin. He explained these amendments.

The motion carried unanimously.

Representative Asay moved that this bill DO PASS AS AMENDED. The motion carried unanimously.

Disposition of House Bill 607: Representative Keenan asked if it was the intention of the chairman to take this bill to the floor of the house at this time as it was a revenue bill and did not need to be out before transmittal.

Chairman Devlin answered that it was his intention to send it out of here.

Representative Harrington stated that he signed this bill, but he did not think that it should go out on the floor right now before transmittal - this is a revenue bill and it does not have to go out and that this would take another two or three hours on the floor and he felt that it was not good policy to do this.

Chairman Devlin replied that there was a question of whether this was a revenue bill or not and it does not reduce existing revenue and some other things have to happen before it would change any kind of revenues.

Representative Gilbert said that the way the bill is written, we are maintaining the basic assumption level and no matter what happens, they always have the same revenue that they have coming in now and it cannot reduce revenue.

Representative Keenan stated that whether or not it reduces revenue in this biennium or two bienniums, they should look at the definition of revenue - it either enhances revenue or decreases revenue and revenue is revenue and it does not matter if it is now or two years

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down the road or ten years down the road, it falls under the definition of revenue and she felt that this deserves a lot of debate and that they would be remiss in throwing it out on the floor when the house cannot give it the kind of hours they need. She continued that he was just clogging up the system, they are not going to give it a fair hearing and she did not understand what the motive is.

Chairman Devlin responded that he had great faith in the debate on the house floor.

Representative Iverson stated that this is not necessarily a revenue bill and he thought that if anyone here could make that judgment without talking to the president of the senate, they don't know what they are talking about unless he knew that they were going to accept it over there. He commented that just because the committee says it is a revenue bill that they have to take it.

Representative Ream said that he thought a revenue bill was a bill that affects taxes collected.

Dave Bohyer explained that a revenue bill is a bill that will increase or decrease tax collections and he is sure that is how the rule reads.

Representative Sands asked if that is revenue for the current biennium.

Dave Bohyer responded that the rule simply states that the bill will increase or decrease tax collections and that is the entirety of the rule.

Representative Koehnke said that he talked to Representative Ramirez yesterday and he (Ramirez) indicated that he was going to the rules committee to get the same rule they had two years ago and that was that every bill that came through here would be treated as revenue.

Chairman Devlin replied that he was not informed of this and looking at it, there was some things that have

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to happen before it can ever change any kind of tax and the existing tax that is there now is not changed unless someone takes advantage of the window of opportunity,

Representative Keenan asked if this has been discussed with leadership.

Chairman Devlin replied that he was sure it had been discussed and he had told almost everyone for the last week that they are going to take executive action on this today - he told the press and everybody else that wanted to know.

Representative Keenan asked if there was an agreement between the leadership that this bill would be held until after transmittal.

Chairman Devlin answered, "Not to my knowledge - I have never heard any agreement between the two."

Representative Keenan asked if they could be at ease and request that Representative Marks and Representative Vincent address that.

Chairman Devlin responded that in the order of business of committee work, we should do our committee work.

Representative Ellison said that if you are going to discuss this, you better get the president of the senate in here, as he is the boy who is going to decide if he is going to take it or not. He commented that if they remember in the past, they have lost some.

Representative Raney stated that this may be the biggest bill that comes before the legislature and he couldn't agree more than with what Nancy is saying and to try and put this on the board when they are going to do forty, fifty, sixty bills a day is not just good politics and he thought that they should be able to hear this in its fullest, at leisure and not pressured by the leadership or the chairman of the day to see how fast they can get through the bill.

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Chairman Devlin asked if he believed that it would take more floor time than the one bill they had yesterday.

Representative Raney responded that he didn't think so as it is not as full of emotion as that bill but it does impose a tremendous amount of numbers, facts and figures that have not been disclosed so there is a tremendous amount of information to be put out.

Representative Switzer said that he thought that they should go on with this bill, get it on the floor and move it to the top of the board and take all the time that is necessary.

Representative Cohen said that Representative Harrington indicated that he had signed on this bill and if this bill is going out of here, he is going to vote against it.

Chairman Devlin replied that that is his prerogative and just because he signed on the bill, it doesn't mean he has to support it.

Representative Ream said that if you follow the argument that this does not increase or decrease taxes, then there is no need for the bill; and he thought it was truly a revenue bill.

Representative Iverson repeated that no matter what this committee believes, it is up to the president of the senate.

Representative Keenan stated that she felt they should stand at ease and go get the president of the senate.

Representative Harp said that if they do act on this bill today, the chairman does not have to send it out, he could hold on to it for a couple days and ask the leadership to give us direction and in that way, at least we would be further along in the process.

Chairman Devlin replied that he was not sure what the rule is or how much time he has, but he has held onto one or two this year and done it the next day.

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Representative Harrington stated that he talked to the sponsor and he indicated that this was definitely a revenue bill and this was just two days ago and he finds it hard to see that this has changed.

Chairman Devlin answered that rather than taking the chance that this be accepted or not, he felt that it was too important of a bill to take this chance as to whether the senate is going to take it or not.

Representative Iverson indicated that they were just wasting a bunch of time and if the committee acted on it today, it would not get on the floor until Friday.

Chairman Devlin said that they would consider the bill today.

Representative Williams moved adoption of the governor's amendments. See Exhibit 3.

Terry Cohea, Executive Assistant to the Governor, explained that amendment 1 would clarify that the credit is 1/3 of the tax paid and the other two amendments make clear that the information that is filed with the department is open to public view, but coal contracts are open to public view only upon order by the governor.

There was considerable discussion over whether this information should be made available to the legislature or the revenue oversight committee.

The motion carried unanimously.

Representative Williams moved the bill as amended.

Representative Hanson passed out some additional amendments. See Exhibit 4. She moved DO PASS.

Representative Asay made a substitute motion to DO NOT PASS.

Representative Hanson explained that 1/3 of this tax credit would go to the new purchaser, 1/6 to the existing purchaser on a pro rata basis on prior year production and 1/2 to the state and this does not cost the state a dime and it is an insurance policy to keep the existing purchasers here and foster new growth.

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Representative Raney asked if this isn't a 50% rebate on the tax instead of 1/3.

Representative Hanson replied that she did not understand it that way.

There was considerable discussion on the amendment and a vote was taken and the DO NOT PASS motion on the amendment passed with Representative Switzer, Representative Gilbert, Representative Devlin and Representative Hanson voting no.

Representative Asay distributed and moved to adopt the amendment shown in Exhibit 5.

Representative Zabrocki asked who proposed this amendment.

Representative Asay replied that the source was from the existing coal companies who had existing contracts.

Representative Williams said that this is the amendment that was proposed by the coal industry and it still takes the emphasis away from the main purpose of the governor's bill and that is to increase coal production in Montana.

Representative Asay said that the intent here was to encourage new production and extension of existing contracts.

Chairman Devlin asked if this would let new contracts that are signed on during the window of opportunity run on for the life of the contract.

Representative Asay said for the life of the contract - ten or fifteen years - whatever it is - it would be what the conditions are at the time of signing.

Representative Gilbert said that the bill is only a crack of opportunity and with this amendment, it truly makes it a window of opportunity.

Representative Williams made a substitiue motion to DO NOT PASS on this amendment as the governor's office has made it quite clear, they do not want this amendment.

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A roll call vote was taken on the DO NOT PASS motion and the motion failed with 9 voting yes and 11 voting no. See roll call vote.

Chairman Devlin said the vote would be reversed on a DO PASS.

Representative Williams withdrew his motion to DO PASS AS AMENDED and asked that they take no action on the bill at this time at all.

Representative Keenan said that in the spirit of a window of opportunity, the opportunity has now become a barn door and she moved to TABLE this bill.

A vote was taken on the motion to TABLE and it failed on a vote of 7 yes and 12 no votes. See roll call vote.

Representative Gilbert moved DO PASS AS AMENDED.

Representative Williams stated that he thought they should do some thorough investigating as to whether they are in the scope of the bill with the title and he did not think they wanted to send something to the floor with this kind of amendment and it is questionable as to whether the title is legitimate or can even be adapted to the amendment.

Representative Gilbert moved to amend the bill as per Exhibit 6. He explained that this is to allow coal companies to negotiate a coal contract knowing whether or not that contract falls under the window of opportunity. He stated that it would not do much good to negotiate that coal contract in good faith thinking it was under the window of opportunity and get the contract written up and signed and find that all of a sudden they were not eligible.

The motion carried with Representative Williams, Representative Schye, Representative Keenan, Representative Zabrocki, Representative Ream and Representative Raney voting no.

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Page Thirteen

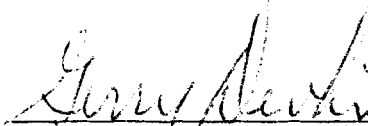
Representative Switzer questioned the title and explained that the amendments offered by Representative Asay did specifically address the life of the contract, which indicates a time and he thought it was well within the scope of the bill.


Representative Iverson moved to amend the title to conform with the amendment.

There was considerable discussion and a vote was taken. The motion passed with Representatives Cohen, Representative Harrington, Representative Keenan, Representative Schye, Representative Ream, Representative Raney and Representative Williams voting no.

A vote was taken on the DO PASS AS AMENDED motion. The motion carried with 12 voting yes and 8 voting no. See roll call vote.

ADJOURNMENT: There being no further business, the meeting adjourned at 9:54 a.m.


GERRY DEVLIN, Chairman


Alice Omang, Secretary

(

DATE February 20, 1985 BILL NO. HB 607 TIME

Chairman Gerry Devlin

[illegible]

ROLL CALL VOTE

HOUSE COMMITTEE TAXATION

DATE February 20, 1985 BILL NO. HB 607 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		✓

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Alice O'neal
Secretary Alice O'neal

Chairman Gerry Devlin

Motion: TO TABLE

ROLL CALL VOTE

HOUSE COMMITTEE TAXATION

DATE February 20, 1985 BILL NO. HB 607 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		✓

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Secretary Alice Omang

Chairman Gerry Devlin

Motion: DO NOT PASS

STANDING COMMITTEE REPORT

Page 1 of 2.

.....February 20,..... 1985.....

MR.SPEAKER:.....

We, your committee onTAXATION.....

having had under considerationHOUSE..... Bill No. 607.....

first reading copy (white)
colorPRODUCTION INCENTIVE TAX CREDIT TO
COAL SEVERANCE TAX

Respectfully report as follows: ThatHOUSE..... Bill No. 607.....

be amended as follows:

1. Page 2, line 9.

Following: "(2)"

Insert: "(a)"

2. Page 2, line 11.

Strike: "(a)"

Insert: "(i)"

3. Page 2, line 14.

Strike: "(b)"

Insert: "(ii)"

XXXXXX

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HB 607

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4. Page 2.

Following: line 21

Insert: "(b) For purposes of calculating incremental production after July 1, 1987, for coal purchases under subsection (2)(a), the purchaser's base consumption level must be decreased if and at the time that any purchaser's sales agreement expires according to the terms of the agreement in effect on January 1, 1985. The base consumption level must be decreased by that quantity of coal included in the base consumption level that resulted from purchases under the expired agreement.

5. Page 6, line 23.

Following: "purchaser"

Insert: "and multiplying the total by 33 1/3%"

6. Page 9.

Following: line 16

Insert: "(4) The department shall, at the request of any coal mine operator, make a formal determination of eligibility of the new production incentive tax credit within 90 days of the request.

7. Page 9, line 18.

Following: "information"

Strike: "confidential."

Insert: "open to public inspection -- certain exceptions.

(1) All information filed with the department in accordance with [section 5] is public record and open to public inspection, except the coal sales agreements specified in [section 5](2)(a) and (2)(b).

(2) "

8. Page 9, lines 19 through 23.

Following: "15-2-201," on line 19

Strike: "the returns", lines 20 through 22 in their entirety, and "department," on line 23

Insert: "coal sales agreements specified in [section 5](2)(a) and (2)(b)"

AND AS AMENDED

DO PASS

DAILY ROLL CALL

HOUSE TAXATION

COMMITTEE

49th LEGISLATIVE SESSION -- 1985

Date February 20, 1985

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			
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		

Glendive **Forward** Of Montana

Exhibit 8-2
HB 607
2/14/85
Biedecker

HOUSE BILL 607

Dear Mr. Chairman:

Glendive Forward wishes to be a proponent to House Bill 607 with reservation because of the following:

1) It was our understanding and we assumed that the Governor's incentive was to create three (3) things:

A) Preserve current revenue expectations under existing coal contracts until expiration date.

B) Provide an incentive to revitalize Montana's coal industry by providing a tax credit on new coal and it is our understanding that the new coal could come under either existing contracts as well as new contracts.

C) Our understanding that this tax incentive would have equal application to existing producers as well as new entrants in the coal market.

Our reading of the proposed bill would indicate that the following would result:

1) That the state of Montana would preserve its coal tax revenues for the life of existing contracts unless subsequent legislatures were to modify Montana's coal tax structures.

2) That the bill as drafted does not provide an incentive for long-term commitment to existing or new coal producers.

The basis for this statement is predicated on the definition of base consumption level. The bill requires that utilities purchasing new coal from Montana will require them to extend

existing contracts which expire in the early 1990's. The effect of this provision would be to negate the tax credit on new coal. Therefore, our reasoning indicates that a utility presently purchasing coal from Montana would contract for new coal for a period less than the termination date of their existing contract. It is our understanding that purchasers of Montana coal under existing contracts would prefer to maintain their options and flexibility for the purchases of coal upon the termination of existing contracts.

3) The bill induces short-term commitment and takes away the incentive for long-term coal commitment. We, at Glendive Forward, feel that this legislation favors existing producers and provides no inducement for the financing and capital formation necessary to promote new development in eastern Montana. Glendive Forward is interested in expansion of the coal industry and particularly are interested in seeing other counties participate in the economic benefits. Long-term contracts are the catalyst for economic expansion.

Governor Schwinden intends that all interested parties in Montana's coal industry be on par with one another.

Potential new coal development would effect Powder River, Custer, and Big Horn Counties to begin with.

A dramatic benefit of mine development in those counties would result in the maintenance of Burlington Northern's roundhouse and potential expansion of this facility in Glendive. Glendive Forward and the Glendive Chamber of Commerce have been very active in the past year and a half in attempting to secure this facility in Glendive. The problem we face is the 200 mile maintenance

such, there is no incentive for long-term commitments which is the intent of the bill.

Utilities are now selecting new plant sites and planning for expansion for the early 1990's, and some will be making coal choices during the 2 1/2 year "window of opportunity" period. Utilities must have assurances of a predictable long-term coal supply and will require that the tax relief for the new supply be completely independent of current tonnage levels before committing new requirements. Any new contract must be guaranteed of the lower tax rate for the entire term regardless of what happens to existing agreements. The absence of such guarantees will turn utilities to other competitive sources that offer such assurances.

Short-term opportunities for lower cost coal will not attract significant tonnage increases. This incentive legislation does not totally address the intended purpose and will leave the impression that such tax credits do not change the competitiveness of Montana coal. This would not serve the intended

purpose or be indicative of the actions necessary to maintain and enlarge the coal industry.

The only assured tax revenue to the State is from existing contracts that begin terminating in the early 1990's. Beyond that is pure speculation for there is little or no assurance at this time of extended terms for all present commitments. Without a true incentive for new production from new and existing mines during the window period, we firmly believe that competitive forces will cause many utilities to change coal sources to the detriment of Montana. Then it will be too late for legislation to save a weakened and diminishing coal industry.

Therefore, I urge consideration and adoption of an amendment to HB 607 that will incorporate such assurance for all new purchases made during the window period. The base consumption level as defined in the House bill must reflect this assurance. Such a change will then reflect the true purpose of this incentive legislation and not affect the presently committed coal production and resulting tax revenue to be gained.

Equally important for new mine developers and utilities is

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February 10

1935

19.....

SPEAKER:

MR.

TAXATION

We, your committee on

HOUSE

704

having had under consideration Bill No.

FIRST

WHITE

..... reading copy (.....)
color

EXCLUDE PROTESTED PROPERTY VALUATION FOR COUNTY AND SCHOOL LEVIES

HOUSE

704

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

BE AMENDED AS FOLLOWS:

1. Page 1, line 10.
Following: "7-6-2021"
Insert: ", 15-10-2021,"

2. Page 2, line 6.
Following: "as the"
Strike: "second"
Insert: "first"

3. Page 3, line 11.
Following: "as the"
Strike: "second"
Insert: "first"

DO PASS

CONTINUED

February 20, 1985

4. Page 3, following line 22.

Insert: "Section 3. Section 15-10-202, MCA, is amended to read:

"15-10-202. Certification of taxable values and millage rates. At the time that the assessment roll is prepared and published, the department of revenue shall certify to each taxing authority the taxable value within the jurisdiction of the taxing authority. The department shall also send to each taxing authority a written statement of its best estimate of the total assessed value of all new construction and improvements not included on the previous assessment roll and the value of deletions from the previous assessment roll. Exclusive of such new construction, improvements and deletions, and the taxable value of property which was protested under the provisions of 15-8-113 through 15-8-115 and which remains under protest on the first Monday in August of the current year, the department shall certify to each taxing authority a millage rate which will provide the same ad valorem revenue for each taxing authority as was levied during the prior year. For the purpose of calculating the certified millage, the department shall use 95% of the taxable value appearing on the roll, exclusive of properties appearing for the first time on the assessment roll."

Remember: subsequent section.

AND AS AMENDED
DO PASS

STANDING COMMITTEE REPORT Page 1 of 2

February 20

1935

SPEAKER:

MR.

TAXATION

We, your committee on

HOUSE

704

having had under consideration Bill No.

FIRST

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EXCLUDE PROTESTED PROPERTY VALUATION FOR COUNTY AND SCHOOL LEVIES

HOUSE

704

Respectfully report as follows: That Bill No.

BE AMENDED AS FOLLOWS:

1. Page 1, line 10.
Following: "7-6-2301"
Insert: ", 15-10-202,"

2. Page 2, line 6.
Following: "on the"
Strike: "second"
Insert: "first"

3. Page 3, line 11.
Following: "on the"
Strike: "second"
Insert: "first"

DO PASS

CONTINUED

February 20..... 1985.....

4. Page 3, following line 22.

Insert: "Section 3. Section 15-10-202, MCA, is amended to read:

"15-10-202. Certification of taxable values and millage rates. At the time that the assessment roll is prepared and published, the department of revenue shall certify to each taxing authority the taxable value within the jurisdiction of the taxing authority. The department shall also send to each taxing authority a written statement of its best estimate of the total assessed value of all new construction and improvements not included on the previous assessment roll and the value of deletions from the previous assessment roll. Exclusive of such new construction, improvements and deletions, and the taxable value of property which was protested under the provisions of 15-8-113 through 15-8-115 and which remains under protest on the first Monday in August of the current year, the department shall certify to each taxing authority a millage rate which will provide the same ad valorem revenue for each taxing authority as was levied during the prior year. For the purpose of calculating the certified millage, the department shall use 95% of the taxable value appearing on the roll, exclusive of properties appearing for the first time on the assessment roll."

Remember: subsequent section.

AND AS AMENDED
DO PASS

STANDING COMMITTEE REPORT Page 1 of 2

February 20

35

19.....

SPEAKER:

MR.

TAXATION

We, your committee on

HOUSE

having had under consideration Bill No. 704

FIRST

WHITE

..... reading copy (.....)
color

EXCLUDE PROTESTED PROPERTY VALUATION FOR COUNTY AND SCHOOL LEVIES

HOUSE

Respectfully report as follows: That Bill No. 704

BE AMENDED AS FOLLOWS:

1. Page 1, line 10.
Following: "7-6-2321"
Insert: ", 15-10-202,"

2. Page 2, line 6.
Following: "on the"
Strike: "second"
Insert: "first"

3. Page 3, line 11.
Following: "on the"
Strike: "second"
Insert: "first"

DO PASS

CONTINUED

February 10, 1985

4. Page 3, following line 22.

Insert: "Section 3. Section 15-10-202, MCA, is amended to read:

"15-10-202. Certification of taxable values and millage rates. At the time that the assessment roll is prepared and published, the department of revenue shall certify to each taxing authority the taxable value within the jurisdiction of the taxing authority. The department shall also send to each taxing authority a written statement of its best estimate of the total assessed value of all new construction and improvements not included on the previous assessment roll and the value of deletions from the previous assessment roll. Exclusive of such new construction, improvements and deletions, and the taxable value of property which was protested under the provisions of 15-8-113 through 15-8-115 and which remains under protest on the first Monday in August of the current year, the department shall certify to each taxing authority a millage rate which will provide the same ad valorem revenue for each taxing authority as was levied during the prior year. For the purpose of calculating the certified millage, the department shall use 95% of the taxable value appearing on the roll, exclusive of properties appearing for the first time on the assessment roll."

Re-number: subsequent section.

AND AS AMENDED
DO PASS

ROLL CALL VOTE

HOUSE COMMITTEE TAXATION

DATE _____ BILL NO. 607 TIME _____

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

12-8

Secretary Alice Omang

Chairman Gerry Devlin

Motion: _____

BEFORE THE TAXATION COMMITTEE
MONTANA HOUSE OF REPRESENTATIVES

Exhibit 1
HB 374
2/19/85
Tippy, Roger

House Bill 374 by Waldron)
Increase Beer and Wine Taxes)
For Alcoholism Treatment)

TESTIMONY IN OPPOSITION --
MONTANA BEER & WINE
WHOLESALE ASSOCIATION

I am Roger Tippy of Helena, representing the beer and wine wholesalers of Montana in opposition to HB374. Last week I gave you figures on declining sales of beer and need not repeat them here. Suffice it to say the proponents of this bill bear a heavy burden: to persuade you that because the population as a whole is drinking less beer and liquor, those who do consume more moderately should get a new tax because a minority drinks too much.

REVENUE FAR EXCEEDS CURRENT-LEVEL BUDGETS

The treatment program proponents of this bill operate about 30 independent organizations around the state. Assuming only for the sake of argument Montana needs that many separately administered programs, the Department of Institutions has presented figures to the Institutions Appropriations subcommittee showing need for an additional \$409,000 for the biennium to maintain current level funding of all these programs. The subcommittee has also taken about \$180,000 out of the earmarked revenue for increased funding for Galen and the state crime lab. Add the inflation allowance in the Governor's budget and the bottom line is, the 30 programs need another \$300,000 a year to maintain current levels. So why do the proponents want \$2 million a year? You are struggling to maintain current-level funding for most programs and this one wants a huge increase.

TREATMENT PROGRAMS: EXCESS OVERHEAD

Why is it necessary to deliver these needed services through 30 or 31 separate organizations scattered all over the state? The regional mental health centers, by contrast, are operated by just five nonprofit corporations. Institutions Director Carroll South asked the providers to justify their resistance to regional consolidation several years ago. They could not justify it but they asserted that things had to stay the way they were. So maintaining current levels of "service" means maintaining 31 executive directors, reporting to 31 boards of directors, using 31 copying machines, and perhaps that many computers. Each may be operating under great austerity, but there are just too many organizations. The only way they'll ever consolidate to efficient levels is when they have no financial choice but to do so.

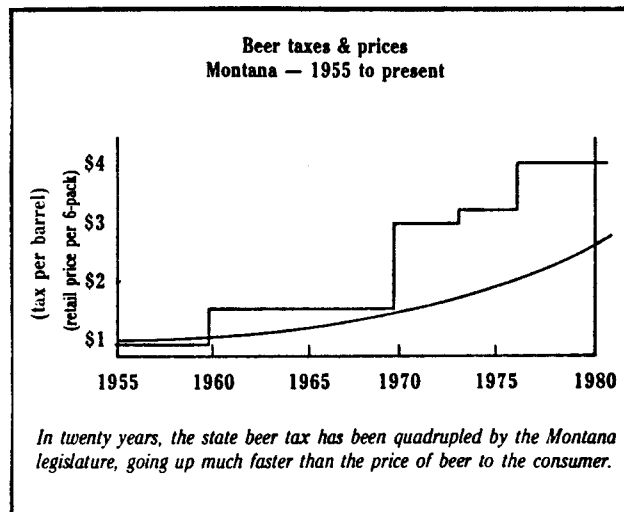
INFLATION FACTOR UNFAIR

We also object to those portions of the bill which would automatically increase the beer and wine taxes each year to tag along with inflation. This goes against the tax indexing philosophy which the people of Montana endorsed by initiative several years ago. It goes against the state's policy for the major excise taxes, e. g. gasoline at 15 cents a gallon or cigarettes at 16 cents a pack. If either of those

taxes go up this session it will be by a bill passing through this committee, not by virtue of some federal government statistics. Further, it ties the tax rate on one or two commodities to broad averages which may reflect events totally outside those industries. A lot of late-70's inflation happened because of the Ayatollah Khomeini--would you want to give the Ayatollah the power to raise Montana's beer tax? In fact, while beer prices have gone up more in recent years, their rate of increase was only 82% of the consumer price index increase from 1977 to 1984.

The proponents will doubtless have pointed to the general inflation rate since 1977 and 1979 and what the beer and wine taxes would be if they tracked that rate. This takes a very selective slice out of history and ignores longer trends. As the chart shows, the legislature has been quite capable of adjusting the beer tax to keep pace with the price of beer.

DATED: February 20, 1985.



Amendment supported by D.O.R.

Amendment to HB 704

(1) Page 1, line 10

Following: "7-6-2321"

Insert: ", 15-10-202"

(2) Page 3

Following: Line 22

Insert: "Section 3. Section 15-10-202, MCA, is amended to read: 15-10-202. Certification of taxable values and millage rates. At the time that the assessment roll is prepared and published, the department of revenue shall certify to each taxing authority the taxable value within the jurisdiction of the taxing authority. The department shall also send to each taxing authority a written statement of its best estimate of the total assessed value of all new construction and improvements not included on the previous assessment roll and the value of deletions from the previous assessment roll. Exclusive of such new construction, improvements, ~~and~~ deletions, and the taxable value of property which was protested under the provisions of 15-8-113 through 15-8-115 and which remains under protest on the second Monday in August of the current year the department shall certify that each taxing authority a millage rate which will provide the same ad valorem revenue for each taxing authority as was levied during the prior year. For the purpose of calculating the certified millage, the department shall use 95% of the taxable value appearing on the roll, exclusive of properties appearing for the first time on the assessment roll."

Renumber: subsequent sections

Exhibit 3
HB 607
2/14/85
Teresa Cochran

AMENDMENTS TO HOUSE BILL 706

1. Page 6, Line 23

Following: "purchaser" "
Insert: "and multiplying the total by 33-1/3%"

2. Page 9, Line 18

Following: "information"
Strike: "confidential"
Insert: "open to public inspection -- certain exceptions.
All the information filed with the department in
accordance with [section 5] is public record and
open to public inspection, except the coal sales
agreements as specified in (2)(a) and (b) of [Section
5].

3. Page 9, Line 19 through 23

Following: "15-2-201,"
Strike: "the returns", lines 20 - 22 in their entirety,
and "department," in line 23
Insert: "coal sales agreements specified in [section 5] (2)(a)
and (b)"

HB 607

Page 2, after line 21, insert the following new paragraph:

(c) For purposes of calculating incremental production after July 1, 1987, for coal purchases under 2(a) and 2(b) above, the purchaser's base consumption level shall be decreased if and as purchaser's sales agreement(s) expire according to the term of those agreement(s) in effect as of January 1, 1985. The base consumption level shall be decreased by that quantity of coal included in the base consumption level which resulted from purchases under the expired agreement.

Page 9, after line 16, insert the following:

(4) The department shall at the request of any coal mine operator make a formal determination of eligibility of the new production incentive tax credit within 90 days of said request.

607
~~700~~

AMENDMENTS TO HOUSE BILL

1. Page 6, Line 23

Following: "purchaser" "
Insert: "and multiplying the total by 33-1/3%"

2. Page 9, Line 18

Following: "information"
Strike: "confidential"
Insert: "open to public inspection -- certain exceptions.
All the information filed with the department in
accordance with [section 5] is public record and
open to public inspection, except the coal sales
agreements as specified in (2)(a) and (b) of [Section
5]."

3. Page 9, Line 19 through 23

Following: "15-2-201,"
Strike: "the returns", lines 20 - 22 in their entirety,
and "department," in line 23
Insert: "coal sales agreements specified in [section 5] (2)(a)
and (b)"

Exh. 6, + 4

HB 607

2/20/85

Rep. Hanson

NERCO Mining Company Amendment to HB 607

Page 6, line 8, insert:

"(3) Of the remaining $66 \frac{2}{3}$ per cent of the tax imposed under 15-35-103 on incremental production eligible for the tax credit under (1) and (2) above, $16 \frac{2}{3}$ per cent will be eligible as a tax credit to coal mine operators producing coal as of December 31, 1984, on a pro rata basis, beginning on January 1, 1985. Such coal tax credit shall in turn be refunded to the coal purchaser."

Renumber (3) and (4).

~~(4)~~

Hanson

(4)

Exhibit 5
HB 607
2/20/85
Asay

Amendment #1

Page 2, after line 21, insert the following new paragraph:

(c) For purposes of calculating incremental production after July 1, 1987, for coal purchases under 2(a) and 2(b) above, the purchaser's base consumption level shall be decreased if and as purchaser's sales agreement(s) expire according to the term of those agreement(s) in effect as of January 1, 1985. The base consumption level shall be decreased by that quantity of coal included in the base consumption level which resulted from purchases under the expired agreement.

~~17-1-85~~
9

Exhibit 6
HB 607
2/20/85
Rep. Gilbert

Amendment #2

Page 9, after line 16, insert the following:

(4) The department shall at the request of any coal mine operator make a formal determination of eligibility of the new production incentive tax credit within 90 days of said request.



® **minnesota power** / 30 west superior street / duluth, minnesota 55802 / telephone 218-722-2641

Charles M. Reichert - vice president, administration

February 18, 1985

Gerry Devlin
Chairman, House Taxation Committee
Montana House of Representatives
Capitol Station
Helena, Montana 59620

Dear Mr. Devlin:

Minnesota Power is in favor of an amendment to House Bill No. 607 which would reduce severance tax on all tonnage of coal presently being mined or short of that, reduce severance tax on all tonnage of coal contracted for or contractual extensions of present contracts after January 1, 1985.

Minnesota Power is currently seeking new coal sources for approximately one million tons of coal. We are also looking ahead for coal sources in 1983 when our current coal contract in Montana expires.

The above amendments would help favor Montana coal for our short range needs of an additional 1,000,000 tons and also our long range needs after 1993 of 4,000,000 tons.

Yours very truly,



C. M. Reichert

CMR:pjh

cc: The Honorable Ted Schwinden
Governor of Montana

VISITORS' REGISTER

TAXATION

COMMITTEE

BILL NO. HOUSE BILL 374

DATE February 20, 1985

SPONSOR REPRESENTATIVE WALDRON

NAME (please print)	RESIDENCE	SUPPORT	OPPOSE
Jack Pollani - District E Alcohol & Drug	Glendive	X	
Mike Ripper - Alcohol Services of Gallatin Co	Bozeman	X	
DENNIS MAERZKEIN Recovery Resources	Thompson Falls, Idaho	x	
Steve Shumate Recovery Foundation	Missoula	x	
Alto Kovach - Hill-Top Recovery	Harre	X	
John Brink - Wilderness Treatment	Marion Mt.	X	
Robert R. Rydell - Butte Alcohol & Drug Program	Butte, MT	X	
Robert Comp - BASC	Helena, mt	X	
Mona Sumner	Billings	X	
Richard Roddy	Bigfork FVCC	X	
D. Chavira-Haym	Billings	X	
Jo Korte	B. Helena B+C	✓	
Dudley J. John	Helena	✓	
Don Brunelle	Glasgow	✓	
Nancy Stamm	Helena	✓	
Dirk Wildroy	B.A.S.C. - Helena	✓	
Bob Durkee	MTA - HELENA		✓
Phil STROPE	MTA HELENA		✓
Steve Browning	Helena, MT		✓

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

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

VISITORS' REGISTER

Taxation

COMMITTEE

BILL NO. 374

DATE 2/20/85

SPONSOR Waldron

[illegible]

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

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.