

MINUTES OF THE MEETING  
TAXATION COMMITTEE  
MONTANA STATE SENATE

January 25, 1985

The fourteenth meeting of the Taxation Committee was called to order by Chairman Thomas E. Towe at 8:06 am in Room 413-415 of the Capitol Building.

ROLL CALL: With Senator McCallum and Senator Halligan excused all other members of the committee were present.

CONSIDERATION OF SB 34: Senator Bob Brown, Senate District 2, was recognized as sponsor of the bill. He assumed the role of sponsor on behalf of Senator Norman. He said the change in the current law occurred on page six of the bill which allowed a business entity other than a person or corporation to apply for and hold a liquor license.

PROPONENTS

Mr. Howard Hefflefinger of the Department of Revenue explained that the bill would allow partnerships to hold liquor licenses. He said the Department had dealt with a case in which the members of the partnership were corporations. In this instance the corporations involved had more than 10 percent foreign ownership which would have precluded the corporations from holding a liquor license under 16-4-401. However, because of the pressure of a law suit and the ambiguity of the law the license was granted. He said the amendments would help the Department face that situation in the future. Mr. Hefflefinger presented amendments to the committee that would correct the numbering in the bill.

OPPONENTS

None were heard.

Questions from the committee were called for.

Senator Towe asked if a partnership applied again how it would be handled. Mr. Hefflefinger stated that if the partners were individuals, that the individual criteria would apply. He said that if they were corporations, the Department would still proceed uncertainly in the absence of clear statutory definitions. Senator Towe commented on the difficulty of numerous limited partners.

(Senator Halligan rejoined the committee at 8:20 am.)

Senator Brown closed on SB 34 without comment.

CONSIDERATION OF SB 35: Senator Bob Brown, again carrying the bill for President Norman was recognized. He said this bill defined beer and wine subwarehouses and established a fee for their licensing. Senator Brown presented written testimony supporting the bill from Roger Tippy, executive secretary of the Montana Beer and Wine Wholesalers' Association (Exhibit 1).

PROPOSERS

Mr. Howard Hefflefinger of the Department of Revenue said that there are eleven such subwarehouses in the state and that the bill will simply codify existing practice.

OPPOSERS

None were heard.

Questions from the committee were called for.

Senator Hager asked if the subwarehouse had to be located in the state. Mr. Hefflefinger answered that both the primary business and the subwarehouse must be in state as required by 16-4-103 and 16-4-108.

Senator Lybeck inquired about problems the state had with illicit product. Mr. Hefflefinger said that problem was minimal in Montana.

Senator Hirsch asked about the difference between a storage depot and a subwarehouse. Mr. Hefflefinger explained that the storage depot allowed in-state storage for out-of-state brewers.

Senator Brown closed without comment.

CONSIDERATION OF SB 36: Senator Bob Brown also carried this bill on behalf of President Norman. The bill simply strikes reference to a "club license" which is outdated language.

PROPOSERS

Mr. Hefflefinger said that this is simply a housekeeping bill and that the language has persisted long after any need or use.

OPPOSERS

None were heard.

There were no questions from the committee.

MOTION: Senator Mazurek moved that SB 36 do pass. The motion carried unanimously.

MOTION: Senator Goodover moved that SB 35 do pass. The motion carried unanimously.

FURTHER CONSIDERATION OF SB 34: Senator Mazurek felt the bill may need clarification of definitions and consideration was passed.

Vice Chairman Mazurek assumed the chair for consideration of SB 156.

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CONSIDERATION OF SB 156: Senator Towe said that SB 156 was supplemental to SB 4. SB 4 deals with impacts of decline, and establishes a fund to be used for that purpose in coal impacted areas. SB 156 deals only with the definition of designated counties and also leaves the status quo amount of 50 percent to be spent in designated counties, while SB 4 would change that to 25 percent.

SB 156, in short, leaves the larger amount and expands the definition of "designated". SB 4, in short, leaves the definition of "designated" and decrease the amount. SB 156 increases designation to include areas where a coal mine mines a million tons or a major facility siting plant processing a million tons is to be located. Each local government entity within 50 miles of these would be designated. If a town were so designated its county would be eligible. Senator Towe explained that this would allow those areas to plan for and anticipate the impact rather than having to prove an impact to receive the funding.

#### PROPOSERS

Pat Wilson, representing Montco/Thermal Energy said that their project in Rosebud County is a perfect example because it is within five miles of Powder River County and many of the workers would live in Broadus rather than Ashland. Under current language Powder River County would have to wait three years before they could receive impact funding.

#### OPPOSERS

None were heard.

Questions from the committee were called for.

Senator Hager asked if they could build a 50-mile road and qualify. Senator Towe answered that no coal board dollars could be used for road building.

Senator Neuman asked if a plant that burned Wyoming coal would qualify. The committee discussed whether impact funding should be used only for "Montana-mined coal" as the bill currently stated. Senator Towe said the original intent had been to help all coal impacted areas, but that it was not intended to apply to oil and gas.

Senator Eck asked if project impact must be demonstrated to receive the funds. Senator Towe answered that the Coal Board would make that determination.

Senator Goodover asked about the one-million ton threshold and Senator Towe explained that was to preclude very small mines from claiming impact.

Senator Goodover asked if there was any conflict between SB 4 and SB 156. Ms. Wilson answered no, but that she preferred the designation definition in SB 156.

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The committee discussed further the "within 50 miles" provision and clarified how the bill defined that. Senator Towe explained that the impacted local government entity must be 50 miles from the mine or facility, not just 50 miles from another impacted local entity.

Senator Mazurek asked if this bill was adopted by the Coal Tax Oversight Committee. Senator Towe said, no; that a number of proposals were brought by the Coal Board to the committee, but they felt this approach was too complex. Senator Severson asked if SB 4 was adopted by the Coal Tax Oversight Committee. Senator Towe said, yes.

Senator Goodover asked if SB 156 would also have an accruing fund. Senator Towe said, no; it was important that the committee understand that the impact of decline was a separate matter and that SB 4 was needed regardless of SB 156.

Senator Towe closed without further comment.

FURTHER CONSIDERATION OF SB 41: Senator Halligan began the discussion of amendments to the bill. The committee felt that the Department amendments were the most precise.

MOTION: Senator Halligan moved that the amendments to SB 41 which are reflected in the Standing Committee Report attached here. The motion carried unanimously.

Senator Eck noted that her record showed the bill previously amended.

MOTION: Senator Eck moved that any previous action of the committee on SB 41 be reconsidered to conform with today's action on the bill. The motion carried unanimously.

MOTION: Senator Halligan moved that SB 41 do pass as amended.

FURTHER CONSIDERATION OF SB 99: Senator Mazurek questioned the one-year provision, suggesting that it should be at least two. Senator Halligan said that in his experience with county government, one would be sufficient. Senator Goodover said that Cascade County used only one year now.

Senator Lybeck asked about the junk vehicle fee. Mr. Lear said that the Department of Revenue had satisfied the committee that all fees were included in the bill.

Senator Towe directed the attention of the committee to the amendments prepared by Mr. Lear. Mr. Lear said that 15-8-202 appeared to be the source of authority to go back 10 years and charge. Mr. Greg Groepper of the Department of Revenue clarified for the committee that if mobile homes are licensed for down-the-road travel they would come under SB 99, if not they would be covered by a different

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section of the law. He said that legislative intent on the issue was clear and would be followed by the Department.

MOTION: Senator Halligan moved to adopt the amendments presented in Exhibit 2. The motion carried unanimously.

Senator Halligan then discussed further amendments to make applicability immediate on passage and approval. Senator Mazurek asked how this would affect those who have already paid. Mr. Groepper said that the Department could refund those amounts.

MOTION: Senator Halligan moved that the bill apply to all registrations after December 31, 1984. The motion carried unanimously. Mr. Lear was directed to draft the amendments appropriately and they are reflected in the standing committee report on SB 99 attached here.

MOTION: Senator Mazurek moved that the limit on back taxes and fees in SB 99 be extended from one to two years.

Senator Hager opposed the amendment saying that the local government people had supported the one-year limit. The committee discussed the amount of the minimum fees paid. Some felt it was too low to discourage abuse and that two years would be more appropriate. Senator Hirsch said that it would provide less incentive to keep a vehicle licensed.

The question was called. With Senators Brown, Eck, Lybeck, Mazurek, Neuman and Towe voting yes; Senators Goodover, Hager, Halligan, Hirsch and Severson voting no; and Senator McCallum excused, the motion carried.

MOTION: Senator Halligan moved that SB 99 as amended do pass. With Senator Goodover voting no, the motion carried.

#### FURTHER CONSIDERATION OF SB 34:

MOTION: Senator Hirsch moved the Department of Revenue amendments to SB 34 (Exhibit 3). The motion carried unanimously.

MOTION: Senator Mazurek moved that SB 34 do pass as amended. The motion carried unanimously.

CONSIDERATION OF SB 52 and SB 53: It was the committee understanding that SB 52 had originally been a Tavern Owners Association bill and they only recently walked away from the bill.

Senator Mazurek asked Mr. Lear to take the changes from SB 52 other than the quota and meld the two together for committee consideration.

Senator Eck asked that the 600-foot fule be clarified.

MOTION: Senator Halligan moved that the language on making the 600-foot rule applicable be stricken from the bill; i.e. that subsection D be stricken in its entirety and that the title of

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the bill be changed appropriately. The motion carried unanimously.

Senator Eck said that perhaps the issue of quotas should not be deleted from the bill. She said that what was needed was a low cost license for the low volume establishment.

The committee further discussed the melding of the two bills into one.

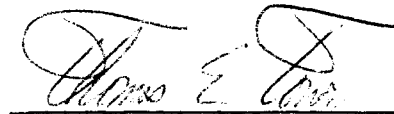
MOTION: Senator Goodover moved that SB 53 be tabled.

Mr. Dan Bucks of the Department of Revenue was recognized and said that SB 53 dealt with nonlicencees and that the issue needed to be addressed.

Senator Goodover withdrew the motion that SB 53 be tabled.

Senator Towe directed committee researcher Mr. Lear to work with the bills, preparing amendments for committee votes on any substantive matters, and recognizing the proposed Department of Health amendments.

The meeting was adjourned at 10 am.

  
\_\_\_\_\_  
Chairman

# ROLL CALL

## SENATE TAXATION COMMITTEE

49th Legislative Session -- 1985

Date January 25

Location -- Room 413-415

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Name	Present	Absent	Excused
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Senator Brown	✓		
Senator Eck	✓		
Senator Goodover	✓		
Senator Hager	✓		
Senator Halligan			✓
Senator Hirsch	✓		
Senator Lybeck	✓		
Senator Mazurek	✓		
Senator McCallum			✓
Senator Neuman	✓		
Senator Severson	✓		
Senator Towe			





Mont. Beer & Wine Wholesalers' Assn.  
P. O. Box 124, Helena, Mont.

Senate Taxation Committee  
Sen. Tom Towe, Ch.

The beer and wine wholesalers association has reviewed the text of  
SB 35 and has no objections to the bill as introduced.

Dated Jan. 25, 1984

By:

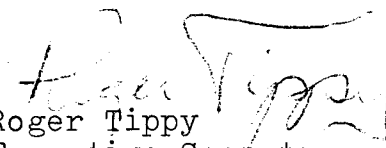
  
Roger Tippy  
Executive Secretary

EXHIBIT 1 -- SB 35  
Senate Taxation Committee  
January 25, 1985

1. Title, line 8.  
Following: line 7  
Strike: "SECTION"  
Insert: "SECTIONS 15-8-202 AND"

2. Page 3.  
Following: line 16  
Insert: "Section 2. Section 15-8-202, MCA, is amended to read:  
"15-8-202. Motor vehicle assessment. (1) ~~(a)~~ The department or its agent must, in each year, ascertain and assess all motor vehicles other than automobiles, trucks having a rated capacity of three-quarters of a ton or less, motor homes, travel trailers, or mobile homes in each county subject to taxation as of January 1 or as of the anniversary registration date of those vehicles subject to 61-3-313 through 61-3-316 and 61-3-501. The assessment for all motor vehicles will be made using the market value as of January 1 of the year of assessment of the vehicle as contained in the most recent volume of the Mountain States Edition of the National Automobile Dealers Association Official Used Car Guide. The motor vehicles shall be assessed in each year to the persons by whom owned or claimed or in whose possession or control they were at midnight of January 1 or the anniversary registration date thereof, whichever is applicable.  
~~(b)~~ (2) No tax may be assessed against motor vehicles subject to taxation that constitute inventory of motor vehicle dealers as of January 1. These vehicles and all other motor vehicles subject to taxation brought into the state subsequent to January 1 as motor vehicle dealers' inventories shall be assessed to their respective purchasers as of the dates the vehicles are registered by the purchasers.  
~~(c)~~ (3) "Purchasers" includes dealers who apply for registration or reregistration of motor vehicles, except as otherwise provided by 61-3-502.  
~~(d)~~ (4) Goods, wares, and merchandise of motor vehicle dealers, other than new motor vehicles and new mobile homes, shall be assessed at market value as of January 1.  
~~(2)-In-all-cases-where-taxes-or-a-fee-in-lieu-of-tax-were required-to-be-paid,-the-applicant-for-registration-or reregistration-of-a-motor-vehicle,other-than-a-mobile-home,-is not-relieved-of-the-duty-of-paying-taxes-or-the-fee-in-lieu-of tax-if-the-taxes-or-fees-have-not-been-paid-by-a-prior-applicant or-owner."~~

Senate Bill No. 34, introduced bill should be amended as follows:

1. Page 4, Line 18  
Strike: "(2)"  
Insert: "(3)"
2. Page 4, Line 21  
Strike: "(2)"  
Insert: "(3)"
3. Page 6, Line 9  
Strike: "(2)"  
Insert: "(4)"
4. Page 6, Line 12  
Strike: "(2)"  
Insert: "(4)"

EXHIBIT 3 -- SB 34  
Senate Taxation Committee  
January 25, 1985

# STANDING COMMITTEE REPORT

January 25,

1985

MR. PRESIDENT

We, your committee on Taxation

having had under consideration Senate Bill No. 34

first reading copy ( white )  
color

## ALCOHOLIC BEVERAGE LICENSING CRITERIA FOR BUSINESS ENTITIES.

Respectfully report as follows: That Senate Bill No. 34

be amended as follows:

1. Page 4, line 18.

Following: line 17

Strike: "(2)"

Insert: "(3)"

2. Page 4, line 21.

Following: line 20

Strike: "(2)"

Insert: "(3)"

3. Page 6, line 9.

Following: line 8

Strike: "(2)"

Insert: "(4)"

4. Page 6, line 12.

Following: line 11

Strike: "(2)"

Insert: "(4)"

## AND AS AMENDED

DO PASS

~~DO NOT PASS~~

Thomas E. Towe,

Chairman.

# STANDING COMMITTEE REPORT

January 25, 1935

MR. PRESIDENT

We, your committee on Taxation

having had under consideration Senate Bill No. 35

first reading copy ( white )  
color

**DEFINING SUBWAREHOUSE FOR BEER AND WINE WHOLESALERS; ANNUAL LICENSE FEE.**

Respectfully report as follows: That Senate Bill No. 35

DO PASS

~~DO NOT PASS~~

Thomas E. Towe,

Chairman.

# STANDING COMMITTEE REPORT

January 25, 1935

MR. PRESIDENT

We, your committee on **Taxation**

having had under consideration **Senate Bill** No. **36**

**First** reading copy ( **white** )  
color

**DELETING ALCOHOLIC BEVERAGE CLUB LICENSE REFERENCE.**

Respectfully report as follows: That **Senate Bill** No. **36**

DO PASS

~~DO NOT PASS~~

Thomas E. Love,

Chairman.

# STANDING COMMITTEE REPORT

Page 1 of 2

January 25, 1985

MR. PRESIDENT

We, your committee on Taxation

having had under consideration Senate Bill No. 41

first reading copy ( white )  
color

## EXCLUDING TRUST FUND INTEREST FROM IN-STATE INVESTMENT FUND

Respectfully report as follows: That Senate Bill No. 41

be amended as follows:

1. Title, line 8:

Following: "THAT"

Insert: "A PORTION OF"

Strike: "MAY NOT"

2. Title, line 10.

Following: "MCA"

Insert: "; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE AND AN APPLICABILITY DATE"

3. Page 1, line 18.

Strike: ", except funds deposited pursuant to 17-5-704(2),"

Insert: "and 15% of the annual income and earnings on the Montana in-state investment fund appropriated to the coal severance tax permanent fund by 17-5-704(2)"

4. Page 2, line 5.

Following: "consists of"

Insert: ":(1)"

5. Page 2, lines 7 and 8.

Strike: ", except funds deposited pursuant to 17-5-704(2), and"

Insert: ":(2)"

~~SECRET~~

~~CONFIDENTIAL~~

Senator Tom Towe,

Chairman.

January 25, 1985

6. Page 2, line 10.

Following: "fund"

Insert: "; and

(3) 15% of the annual income and earnings on the Montana in-state investment fund appropriated to the coal tax severance tax permanent fund by 17-5-704(2)"

7. Page 2.

Following: line 10

Insert: "NEW SECTION. Section 3. Effective date--applicability. This act is effective on passage and approval and applies retroactively, within the meaning of 1-2-109, to appropriations on and after July 1, 1983."

AND AS AMENDED

DO PASS

Thomas E Towe, Chairman



# STANDING COMMITTEE REPORT

Page 1 of 3

January 25, 1985

MR. PRESIDENT

We, your committee on Taxation

having had under consideration Senate Bill No. 99

first reading copy ( white )  
color

**LIMIT BACK TAXES AND FEES ON MOTOR VEHICLES TO 1 YEAR.**

Respectfully report as follows: That Senate Bill No. 99

**be amended as follows:**

1. Title, line 5.

Following: line 4

Insert: "TWO"

Following: "IMMEDIATELY"

Strike: "PREVIOUS YEAR"

Insert: "PRECEDING YEARS"

2. Title, line 8.

Following: line 7

Strike: "SECTION"

Insert: "SECTIONS 15-8-202 AND"

Following: "AN"

Insert: "IMMEDIATE EFFECTIVE DATE AND AN"

3. Page 2, line 20.

Following: line 19

Insert: "two"

Following: "immediately"

Strike: "previous year"

Insert: "preceding years"

4. Page 2, line 24.

Following: "the"

Insert: "two"

Following: "immediately"

Strike: "previous year"

Insert: "preceding years"

~~XXXXXX~~

~~XXXXXXXXXX~~

(continued)

Chairman.

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5. Page 3, line 8.

Following: "(b) the"

Insert: "two"

Following: "immediately"Strike: "previous year"

Insert: "preceding years"

6. Page 3.

Following: line 16

Insert: "Section 2. Section 15-8-202, MCA, is amended to read:  
 "15-8-202. Motor vehicle assessment. (1) ~~(a)~~ The department or its agent must, in each year, ascertain and assess all motor vehicles other than automobiles, trucks having a rated capacity of three-quarters of a ton or less, motor homes, travel trailers, or mobile homes in each county subject to taxation as of January 1 or as of the anniversary registration date of those vehicles subject to 61-3-313 through 61-3-316 and 61-3-501. The assessment for all motor vehicles will be made using the market value as of January 1 of the year of assessment of the vehicle as contained in the most recent volume of the Mountain States Edition of the National Automobile Dealers Association Official Used Car Guide. The motor vehicles shall be assessed in each year to the persons by whom owned or claimed or in whose possession or control they were at midnight of January 1 or the anniversary registration date thereof, whichever is applicable.

~~(b)~~ (2) No tax may be assessed against motor vehicles subject to taxation that constitute inventory of motor vehicle dealers as of January 1. These vehicles and all other motor vehicles subject to taxation brought into the state subsequent to January 1 as motor vehicle dealers' inventories shall be assessed to their respective purchasers as of the dates the vehicles are registered by the purchasers.

~~(c)~~ (3) "Purchasers" includes dealers who apply for registration or reregistration of motor vehicles, except as otherwise provided by 61-3-502.

~~(d)~~ (4) Goods, wares, and merchandise of motor vehicle dealers, other than new motor vehicles and new mobile homes, shall be assessed at market value as of January 1.

~~(2)-In-all-cases-where-taxes-or-a-fee-in-lieu-of-tax-were required-to-be-paid-the-applicant-for-registration-or-reregistration of-a-motor-vehicle, other-than-a-mobile-home, is-not-relieved-of-the duty-of-paying-taxes-or-the-fee-in-lieu-of-tax-if-the-taxes-or-fees have-not-been-paid-by-a-prior-applicant-or-owner."~~

Renumber: Subsequent section

7. Page 3, line 17.

Following: "2."

Strike: "Applicability"

Insert: "Effective date--applicability"

Following: "act"

Insert: "is effective on passage and approval and"

(continued)

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19 85

8. Page 3, line 18.

Following: "applies"

Insert: "retroactively, within the meaning of 1-2-109,"

Following: "registered"

Strikes: "on"

Following: "or"

Insert: "reregistered"

Following: "after"

Strikes: "January 1, 1986"

Insert: "December 31, 1984"

AND AS AMENDED

DO PASS

.....  
TONE

# ROLL CALL VOTE

## SENATE TAXATION COMMITTEE 48th Legislative Session -- 1985

Time 9:40 am Date January 25 Room 413-415

Motion: Mazurek amendments to SB99  
changing the limit from one to two  
years

Name	Yes	No	Excused
Senator Brown	✓		
Senator Eck	✓		
Senator Goodover		✓	
Senator Hager		✓	
Senator Halligan		✓	
Senator Hirsch		✓	
Senator Lybeck	✓		
Senator Mazurek	✓		
Senator McCallum			✓
Senator Neuman	✓	✓	
Senator Severson			
Senator Towe	✓		