

MINUTES OF THE MEETING
TAXATION COMMITTEE
HOUSE OF REPRESENTATIVES
SPECIAL SESSION I

June 28, 1985

The second meeting of the House Taxation Committee was called to order in room 317 by Chairman Gerry Devlin at 10:30 a.m.

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

Chairman Devlin announced that if all those witnesses, who testified last night at the joint meeting, wished to have their testimony recorded into today's minutes, just indicate that this is what they wish to do and that testimony will be included in the minutes of this meeting and the same testimony does not have to be repeated at this meeting.

CONSIDERATION OF HOUSE BILL 2: Representative Williams, District 85, informed the committee that he was a member of the Revenue Oversight Committee and that this bill merely corrects an oversight that was made in the regular session. He referred to the new language in subsection 2 and section 2, which added an effective date with a retroactive clause.

PROPOSERS: Gordon Morris, representing the Montana Association of Counties, wished his testimony from last night's hearing to go on record for this hearing. See Exhibit 1.

Gloria Paladichuk, representing the Montana Association of County Treasurers, testified that the county treasurers are now in the process of determining what the non-tax revenue will be, which includes the flat fees. She explained that if the non-tax revenue is insufficient, the remainder will have to be raised by mill levies. She contended that if this error in the law is not rectified, it will mean an increase in taxes on real estate and personal property. She advised that some of the treasurers had been polled regarding the date of July 1, and they felt that there would not be a problem if they had to go back and try to raise the additional tax if some people had come in before the passage of this bill.

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Alec Hansen, representing the Montana League of Cities and Towns, requested that his testimony of the previous night be recorded. He had indicated that this proposal is a simple and quick solution that goes directly after the problem, which was in Senate Bill 142, in that it will reinstate the inflationary adjustment without disturbing other local government programs or requiring a general fund appropriation. He contended that the repeal of the inflationary adjustment was a mistake, it had never been before a committee nor was it debated by those who had been affected.

Chip Erdman, representing the Montana School Board Association, stated that he would like his comments of the previous night recorded. He had informed the committee that he felt that this bill addresses an honest mistake in a straight forward manner; that Butte-Silver-Bow would lose approximately \$50,000.00 in money, for which they had already budgeted; and if this is not rectified, they will have to ask for an increased mill levy. He stated that, due to the current economy in the state of Montana, most districts have already cut their programs and staff to bring the mill levy down to an acceptable level. He urged passage of this bill.

Owen Nelson, representing the Montana Education Association, stated his support for this bill and advised that they also supported Senate Bill 142. He urged the committee to support the recommendation of the Revenue Oversight Committee.

There were no further proponents.

OPPONENTS: Representative Pistoria, House District 36, Great Falls, stated that it was a lot of baloney to say that Great Falls will loose \$162,000.00 if this bill does not pass. He contended that they have a reserve of \$14,166,391.65, and he will be voting against making any changes and any increase in taxes. He distributed Exhibits 2 and 3 to the committee.

Larry Tobiason, representing the Montana Automobile Association, expressed his desire to have the testimony from the previous night's meeting entered in the minutes. He had stated that they feel that additional funding is needed for the counties, cities, towns and schools, but they believe that there is a better way to fund them than with these bills.

Dean Mansfield, representing the Montana Automobile Dealers' Association, stated that they were opposed to this mechanism of funding and would like to support another bill.

There were no further opponents.

QUESTIONS ON HOUSE BILL 2: Representative Asay noted that it was stated that a mistake was made and that they (the legislators) were here to rectify that mistake and reinsert the inflator and he asked if that was really the mistake that was made and was the intent to stop the inflation factor from continuing past this year. He said, as he understood, the intent was to stop that automatic increase beyond this point. Representative Williams replied that he thought that the legislative intent was not to remove the implicit price deflator as it existed in the original legislation that was passed in 1981 - that that was continued and the only thing that was suppose to be removed by Representative Gilbert's amendment was the inflator not to be applied to the funds going to the district courts.

Representative Asay asked if they were not stopping the inflation from continuing beyond this year. Representative Gilbert responded that he was strongly opposed to any inflators on taxes or fees and he could not understand how the state of Montana should have an inflator on taxes, when people do not have an inflator on their income and he felt that now there is a \$9.5 million saving for the taxpayer in the state of Montana. He said that he thought he explained the amendment quite clearly in that he wanted to do away with the inflator. He thought it was a mistake to put the inflator in in 1981.

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Representative Switzer asked Representative Williams how they first became aware that there was no error and how they determined that this was an error rather than legislative intent. Representative Williams replied that when they started to put this in the codes, they felt there was an error and they pointed it out to the Revenue Oversight Committee. He explained that as the bill was finally passed the Gilbert amendment was only to apply to the court fees; they researched this and found that this was not the intent of the legislature and that is the reason they asked for the special session.

There were no further questions.

Representative Williams closed and the hearing on this bill was closed.

CONSIDERATION OF HOUSE BILL 3: Representative Marks, House District 75, stated that the main difference between these two bills is the impact it will have on the motoring public. He stated that he would be agreeable to striking the section of the bill that deals with the \$2 million that would go to the cities and counties and he hoped that the committee would strongly consider putting the prorata section in the bill. He distributed to the committee a comparison of House Bill 2 and House Bill 3. See Exhibit 4. He also recommended that the committee adopt an amendment that would take out the inflator and instead put into the statutes what the fees would be. He explained the handouts to the committee and remarked that this would give the taxpayer a little break and would keep the pain from getting worse.

PROPOSERS: Larry Tobiason, President of the Montana Automobile Association, desired his testimony from the previous night to be entered in the minutes. He stated that the motorist is the most taxed segment of people; motorist costs are going up in every category and this bill will give them some tax relief. He felt that this is not a time to raise taxes especially when there is no need to.

Janelle Fallon, representing the Montana Chamber of Commerce, offered testimony in support of this bill. See Exhibit 5.

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Dean Mansfield, representing the Montana Automobile Dealers' Association, testified in the previous hearing that they did oppose SB 142 and HB 170 on the grounds that it was a selective tax on automobile owners and an erosion of the flat fee system. He said that they feel that this bill will protect the flat fee system and fund the programs through the general fund.

Representative Mercer, House District 50, stated that he had a proposed amendment, which was identical to the one Senator Mazurek offered and which would transfer the administration from the Supreme Court over to the Department of Commerce.

Dennis Burr, representing the Montana Taxpayers' Association, emphasized the three things they would like to see, i.e. (1) to use Representative Mark's method of using general fund money to provide for local government; (2) to remove the inflation factor from all the vehicle fees and specify the dollar amounts; and (3) accept the amendment concerning the administration of district court funds being removed from the Supreme Court to the Department of Commerce.

There were no further proponents.

OPPONENTS: Alec Hanson, representing the Montana League of Cities and Towns, showed the committee a list of all the cities and counties in the state of Montana and the amount of money that they are suppose to receive under the program on the 30th of June; and he declared that this money has been budgeted; those people are counting on that money and it has been integrated into their mill levies. He said that to take that money away is to steal those checks right out of the mail box. He indicated that the proposal that Representative Marks has presented to this committee would leave that money alone and this bill looks much better to them than it did last night.

Gordon Morris, representing the Montana Association of Counties, stated that he would like to concur in Mr. Hanson's remarks.

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Chip Erdman, representing the Montana School Board Association, stated in his testimony last night that they had some concerns with this bill and they do not feel that it is appropriate at this time. He noted that this would repeal House Bill 870 and Senate Bill 142 and does some mischief to 175. He contended that there are some significant changes and the ramifications of this bill are not known. He testified further that their main objection to this bill was mainly the prorata provision that would allow a decrease in the funds for local government. He explained that the way it is set up now, the fees that local government receive are the equal amount of the motor vehicle ad valorem taxes they would have received and that was the major source of their funding and when the fee system was introduced, it was the understanding that local governments could continue to rely on that. He advised that this takes out that relationship to what the motor vehicle fees would have been and leaves it up to individual legislative appropriations.

There were no further opponents.

QUESTIONS ON HOUSE BILL 3: Representative Ellison declared that the people affected by this were warned when they went to the fee system from ad valorem, when they tied their horses to the oil severance tax that they were running the risk that when oil production went down or if the price of oil went down that their money would be gone and now the same people are coming in here now saying that we (the legislature) guaranteed them all this money and they were warned repeatedly. He asked if they recall this.

Mr. Hansen responded that it was his recollection that the proposal to tie the fee system to the oil severance tax did not come from the League of Cities and Towns and he did not know if it came from the counties, but he thought that that proposal came from the administration. He explained that the first year that it was done, the transfer was made from the oil tax through the general fund as an appropriation back to the cities and the second time, the block grant program was set up and it was recognized that if there was a shortfall in the amount of oil taxes, then the loss to each county would be reimbursed and this was in the law and did not say "may", but said "shall". He contended that the method of doing that will be before the legislature now and it will be before the legislature again. He emphasized that they really have to do something about the motor vehicle reimbursement program.

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Representative Keenan noted that on page 2 of the hand-out that it noted that House Bill 3 would continue the application of the PCE inflator adjustment on a calendar year basis, but, as she understood this, he was going to a straight-fee-system basis and that would be the Sands amendment.

Representative Marks replied that that was correct and that the magnitude of impact on the vehicle would be the same as if the inflator had stayed in for this biennium so those figures are just restated in the law. He advised that if the legislature, in a subsequent session, wanted to revise that, then they could do that with a change in the law. He noted that on page 6 of the handout shows the fiscal impact of House Bill 3 if you eliminate the encumbrance of the \$2 million.

Representative Keenan asked if they were talking about a \$7.4 million tax reduction.

Representative Marks responded that he thought it would be around \$6 million - Mr. Hunter indicated in the fiscal note that \$4.5 million (whatever it was in the bill) would be sufficient to fund the block grant program. He advised that you have to put the amount of shortfall of \$2 million and that would be about \$6.5 million, but Mr. Hunter thought that \$4.5 million might be a little high by about \$.5 million, so he feels that it might be about \$6 million.

David Hunter, from the Office of Budget and Program Planning, replied that the \$7.4 million figure is the correct figure in terms of impact and on the second page of the fiscal note, it shows \$28,400 ending fund balance compared to the \$21,000. He explained that basically what Representative Marks' bill does in its current form is that the bill repeals the vehicle fees that would be used for the district court and that costs the state government \$5.28 million in revenue that they would not receive and his bill appropriates \$4.4 million of general fund appropriations, which also reduces the general fund appropriation, so there is a cost of about \$9.6 million total. He continued that because the block grant was given all taxing jurisdictions, which includes the 45 mills for the foundation program and the 6 mills for

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the university system, they get some of that money back as general fund revenue, which makes the net impact \$7.4 million. He continued that if you took Representative Sand's amendment, which would disburse the general services block grant to \$2 million and added an additional \$2 million general fund appropriation, you would have a net cost to the general fund of \$9.4 million.

Representative Keenan said that as she calculates this out, as they left the regular session, there was an ending fund balance somewhere around \$30 million.

Representative Marks clarified that this includes \$12 million of GAAP money.

Representative Keenan asked if this is to be reverted back to the foundation program and Representative Marks responded that it would take an action to do this - it would revert to the general fund in fiscal year 1987 unless the legislature does something otherwise and he predicts that they will in the 1987 session - it will probably go to the foundation program.

Representative Keenan asked if they take the \$9 million figure - general appropriations - take the \$12 million out of that as they have had some intent for that - then you are down to about \$21 million and if you take another \$9 million from that, you are way down below the \$10 million mark as an ending fund balance, and looking at the drought situation with the forest fire in Missoula (\$86,000.) and the danger of additional forest fires, how does he propose to take care of some of the problems that might come up with \$9 million left as a surplus.

Representative Marks replied that there is nobody more concerned about the drought than he is right now, but he feels that there is a misunderstanding about the GAAP money as all during the session, when they were working to come up with a balanced budget, they talked about having a \$15 million ending fund balance at the end of 1987 and this was their target and they were not

talking about any GAAP money. He continued that they discovered the GAAP money and were able to get their hands on \$27 million, if they wanted it; and of that money \$15 million was put into the foundation program and the general fund lessened its obligation by the same amount. He explained that the same thing is happening here and he maintains that there will still be approximately \$20 million ending fund balance, if they fund House Bill 3 with general fund moneys. He said that part of that GAAP money is still part of the balance and will be unless the legislature does otherwise and he predicted that they would do otherwise - he thought they would take it and appropriate it probably to the foundation program. He continued that it would then mean that there would be \$12 million less of general fund money that would have been taken had the GAAP money not been there. He concluded that he feels that they are still over the \$15 million that they thought they had; and, for all purposes, it is general fund money and it will have a general fund impact.

Mr. Hunter responded that he thought Representative Marks is correct but with one important exception. He explained that the governor's office recommended a \$16 million ending fund balance in their original budget and they continue to maintain that that is an adequate general fund balance. He said that the critical thing that was done with the GAAP money is that this legislature took one-time revenue and a one-time transfer of \$15 million and used it for the foundation program and they built a base of expenditures that are going to require funding in the next session. He informed the committee that his understanding is that the \$12 million that was left there was to help the 1987 session fund that on-going base of expenditures - if they spend that money now, then you make your task more difficult in the 1987 session, because you have used all of the \$27 million of GAAP money in expenditures and you do not have that money and you do have a 4 and 4 foundation program, which was over the governor's recommendation, which is an ongoing base of expenditures that has to be funded in the next session.

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Representative Iverson asked if the fact is that they will end up with a balance of around \$18 million and Mr. Hunter replied that that was correct.

Representative Raney indicated that they did not raise any new source of revenue to fund school districts this time - they used the GAAP money and they realized that two years from now, they would probably be in the same bind and they decided that they should save half the GAAP money and use it two years from now, and if they don't do that and continue to appropriate it, they will have a \$12 million shortfall in the next session.

Representative Marks replied that you can't count the money twice - there would be \$18 to \$19 million left and if part of it is GAAP, it does not make any difference and it will be used to fulfill their obligations. He indicated that he was concerned about how much money was left to cover everything, but the question whether it is GAAP money or general fund money doesn't make any difference to him, because it is all the same money.

Representative Iverson stated that this is right, but they are looking at a tax increase to cover this - either now or later - and it just seems to make all the sense in the world to not institute a tax increase and not extract more money from the public until you need to.

Representative Sands asked if the pro rata provision is not in and if enough money to fund the program is not available, what would Mr. Erdman propose should be done. Mr. Erdman replied that the appropriation should be made up from the general fund to fully fund the revenue that would be lost to the counties.

Representative Sands questioned if this bill requires that, as the bill is now without the Marks amendment.

Mr. Erdman responded that the way he sees the bill with the pro rata amendment is just the money that is raised from the severance tax without any additional appropriation from the general fund and that would be distributed pro rata.

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Representative Sands asked if he sees the bill creating an obligation to provide funds from the general fund if there is not enough from the vehicle fees to fund the block grant program, without the amendment.

Mr. Erdman answered that he believes that that is the status of the law right now and he believes that this bill would change that.

Representative Marks clarified that he thought there was a real serious question as to what the law is right now and that some people feel differently about that; and, in the event of a short fall there could be a number of options - the people who were short could sue the state, if they chose to; the legislature could supply a supplemental; or they could pro rate it. He thought that they should make a definition and pro rate it as they are building in an obligation for future legislatures if they don't. He concluded that he thought it would be fair; oil money is not very predictable; vehicle money is predictable; and they could count on it.

Mr. Hunter advised that he thought that Representative Marks is correct - if a vehicle fee account is short on June 30, of next year, then they will have to make a decision to either pro rate that money out to the taxing jurisdictions or we will have to make a decision to come in for a supplemental in the 1987 session. He explained that if the law is left as it is, they think they will be \$1.5 million short and if the intent is to fully fund it, that will mean there will be a \$1.5 million supplemental that the 1987 session will have to consider and he thought that certainly the likelihood of a suit to treat that program as if there is a legal obligation to provide that money is there.

There were no further questions.

Representative Marks said that he thought the pro rata clause is very important and he thought that in fairness to the taxpayers, it is important to pass this bill instead of the others.

The hearing on this bill was closed.

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DISPOSITION OF HOUSE BILL 2: Representative Williams asked that no action be taken on this bill at this time, as the same bill is in the Senate and is in the process and, if it passes the Senate and comes to the House, they will be able to take some action on that later.

Chairman Devlin stated that, with no objection, they would pass action on this bill for this meeting.

DISPOSITION ON HOUSE BILL 3: Representative Gilbert moved that this bill DO PASS.

Representative Sands handed out copies of proposed amendments. See Exhibit 6. He explained that this amendment does (1) on page 3, takes away that part of the bill, which takes the \$2 million that was scheduled to go to local governments on the 1st of July and reverts it to the general fund, so that \$2 million would go to local government as scheduled; (2) takes out the inflator provision in the bill and replaces it with a flat fee, but the fee set for 1986 and 1987 are exactly the fees projected to be raised by the inflator for those years. and the current fiscal impact would be none - subsequent legislators would have to decide whether they are to raise that fee or not. He commented that he thought this was addressing an issue of significant tax policy - whether they build into the tax code an automatic inflator or whether they provide that any increases in these taxes should have to be addressed by the legislature. (3) This also appropriates \$1.5 million.

Representative Harrington said that he thought they were going right back to where they were before and they did not know what the consequences down the road is going to be and he thought it was irresponsible.

Representative Asay stated that he did not think that an automatic inflator clause should be built into taxes and it is something that the legislature should stand up to and vote for or against as they wish.

Representative Keenan asked Representative Marks if he would be agreeable to changing his amendment to raise the \$82 to \$95 and the \$47 to \$55 to pick up the \$2 million that is coming out of the general fund.

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Representative Marks responded that he was not in favor or raising the fees any more than were under the law as if they had not met in 1985. He advised that he felt that there should be a 1985 column in there also and that would indicate what would happen the last six months of the year.

There was further discussion and Representative Sands moved the adoption of amendments 1 and 3. The motion carried unanimously. This motion also included a column for 1985.

There was some discussion as to whether there would be a fiscal impact using this schedule of fees, and Representative Switzer pointed out that this shows the need to put the fees down in black and white so everyone knows what the fees will be.

Representative Sands moved the adoption of amendment 2. A roll call vote was taken and the motion carried with a vote of 12 ayes and 8 nos. See Roll Call Vote.


Representative Harp moved the adoption of the amendment proposed by Representative Mercer, which transfers the administration from the Supreme Court to the Department of Commerce. The motion carried unanimously. See Exhibit 7.


Representative Harrington moved that this bill be TABLED. A tied vote of 10 to 10 was recorded. See Roll Call Vote.

Representative Gilbert moved that the bill DO PASS AS AMENDED. The recorded vote showed a tie of 10 ayes and 10 noes. See Roll Call Vote.

Chairman Devlin announced that the bill will go to the floor of the House WITHOUT RECOMMENDATION.

ADJOURNMENT: There being no further business, the meeting adjourned at 12:10 p.m.


GERRY DEVLIN, Chairman


Alice Omang, Secretary

ROLL CALL - HOUSE
TAXATION COMMITTEE

June 27, 1985

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

STANDING COMMITTEE REPORT

.....**JUNE 28**..... 19**85**.....

MR. **CHAIRMAN**.....

We, your committee on **TAXATION**.....

having had under consideration **HOUSE**..... Bill No. **3**.....

SECOND reading copy (**WHITE**)
color

Respectfully report as follows: That.....**HOUSE**..... Bill No.....**3**.....
be amended as follows:

1. Title, lines 7 and 8.

Strike: "PROVIDING FOR THE CARRYOVER OF FUNDS IN THE
LOCAL GOVERNMENT BLOCK GRANT ACCOUNT"

Insert: "CHANGING THE LIGHT VEHICLE LICENSING FEE BY
ELIMINATING THE INFLATOR PROVISION AND SETTING FORTH IN THE
SCHEDULE OF FEES THE AMOUNTS THAT WOULD HAVE BEEN CHARGED UNDER
SUCH INFLATOR"

2. Title, line 11.

Following: "ACCOUNT;"

Insert: "TRANSFERRING THE ADMINISTRATION OF STATE FUNDING
FOR DISTRICT COURTS FROM THE SUPREME COURT TO THE DEPARTMENT OF
COMMERCE; APPROPRIATING TO THE DEPARTMENT OF COMMERCE FUNDING
FOR THE STATE FUNDING OF DISTRICT COURTS; DELETING THE FUNDING
FROM THE SUPREME COURT BUDGET;"

3. Title, line 12.

DO PASS

Following: "SECTIONS"

Strikes: "7-6-389"

Insert: "61-3-533"

Following: "MCA"

Insert: ", AND SECTIONS 1 THROUGH 5, 10, 15, AND 16 OF CHAPTER 680, LAWS OF 1985"

4. Page 1, line 16, through line 17 of page 2.

Strike: Section 1 in its entirety

Insert: "Section 1. Section 61-3-533, MCA, is amended to read:

"61-3-533. Schedule of fees for automobiles and light trucks. (1) Except as provided in subsection (3) (2), the following schedule, based on vehicle age and weight, is used to determine the fee imposed by 61-3-533, with July 1 as the effective date for 1985 and January 1 as the effective date for 1986 and 1987:

Vehicle Age	Weight 2,250 pounds or less				More than 2,250 pounds			
	1985	1986	1987		1985	1986	1987	
Less than or equal to 4 years	\$80	\$82	\$70	\$86	\$102	\$106	\$90	\$111
More than 4 years and less than 8 years	46	47	48	49	57	59	50	61
8 years old and over	11	12	10	12	17	18	15	18

(2)---(1)---The fee for a light vehicle is determined by:
(i)---multiplying the appropriate dollar amount from the table in subsection (1) by the ratio of the PCE for the second quarter of the year prior to the year of licensing to the PCE for the second quarter of 1981; and
(ii)---rounding the product thus obtained to the nearest whole dollar amount.

(h)---"PCE" means the implicit price deflator for personal consumption expenditures as published quarterly in the Survey of Current Business by the bureau of economic analysis of the United States department of commerce.

(3) (2) The light vehicle license fee for disabled veterans qualifying under the provisions of 10-2-301 through 10-2-304 is \$5."

5. Page 4, line 11.

Following: line 10

Insert: "Section 3. Section 1, Chapter 680, Laws of 1985, is amended to read:

"Section 1. State assumption of certain district court expenses. (1) Effective July 1, 1985, the state shall, to

Chairman.

the extent that money is appropriated, fund the following district court expenses in criminal cases only:

- (a) salaries of court reporters;
- (b) transcripts of proceedings;
- (c) witness fees and necessary expenses;
- (d) juror fees;
- (e) indigent defense; and
- (f) psychiatric examinations.

(2) ~~The supreme-court-administrator, under the direction of the--supreme--court--and department of commerce, in consultation with the district judges for each judicial district, shall include within the supreme--court's department's biennial budget request to the legislature a request for funding the expenses listed in subsection (1).~~

(3) If money appropriated for the expenses listed in subsection (1) is insufficient to fully fund those expenses, the county is responsible for payment of the balance. If no money is appropriated, the county is responsible for payment of all expenses."

Section 4. Section 2, Chapter 680, Laws of 1985, is amended to read:

"Section 2. Fiscal administration for payment of court expenses. The supreme-court-administrator department of commerce shall:

(1) establish procedures for disbursement of funds for payment of district court expenses listed in [section 1], including prorating of those funds if they are insufficient to cover all expenses listed in [section 1];

(2) ~~in--consultation--with--the--department--of--commerce,~~ develop a uniform accounting system for use by the counties in reporting court expenses at a detailed level for budgeting and auditing purposes; and

(3) provide for annual auditing of district court expenses to assure normal operations and consistency in reporting of expenditures."

Section 5. Section 3, Chapter 680, Laws of 1985, is amended to read:

"Section 3. Reimbursement for juror and witness fees. According to procedures established by the supreme--court administrator department of commerce under [section 2(1)], each clerk of district court shall submit to the supreme court--administrator department a detailed statement containing a list of witnesses and jurors for criminal cases only and the amount of per diem and mileage paid to each by the county. Upon receipt and verification of the statement, the administrator department shall promptly reimburse the designated county for the cost of witness and juror fees on a full or prorated basis in accordance with [section 2]. The county shall deposit the amount reimbursed in its general fund unless the

county has a district court fund. If the county has a district court fund, the amount reimbursed must be deposited in such fund."

Section 6. Section 4, Chapter 680, Laws of 1985, is amended to read:

"Section 4. Section 3-5-602, MCA, is amended to read:

"3-5-602. Salary and expenses -- apportionment. (1) Each reporter is entitled to receive a base annual salary of not less than \$16,000 or more than \$23,000 and no other compensation except as provided in 3-5-604. The salary shall be set by the judge for whom the reporter works. The salary is payable in monthly installments out of the general funds of the counties comprising the district for which the reporter is appointed and out of an appropriation made to the supreme-court department of commerce as provided in subsection (2).

(2) ~~The supreme-court-administrator department of commerce~~ shall determine the total number of civil and criminal actions commenced in the preceding year in the district court or courts in the judicial district for which a reporter is appointed. The state shall pay its portion of the reporter's salary based on the proportion of the total number of criminal actions commenced in the district court or courts in the district and the amount appropriated for that purpose. Each county shall pay its portion of the remainder of the salary based on its proportion of the total number of civil and criminal actions commenced in the district courts in the district. The judge or judges of the district shall, on January 1 of each year or as soon thereafter as possible, apportion the amount of the salary to be paid by each county in his or their district on the basis prescribed in this subsection. The portion of the salary payable by a county is a district court expense within the meaning of 7-6-2351, 7-6-2352, and 7-6-2353.

(3) In judicial districts comprising more than one county, the reporter is allowed, in addition to the salary and fees provided for in subsection (1), his actual and necessary travel expenses, as defined and provided in 2-18-501 through 2-18-503, when he goes on official business to a county of his judicial district other than the county in which he resides, from the time he leaves his place of residence until he returns thereto. The expenses shall be apportioned and payable in the same way as the salary."

Section 7. Section 5, Chapter 680, Laws of 1985, is amended to read:

"Section 5. Section 3-5-604, MCA, is amended to read:

"3-5-604. Transcript of proceedings. (1) Each reporter must furnish, upon request, with all reasonable diligence, to a party or his attorney in a case in which he has attended the trial or hearing a transcript from his stenographic notes

of the testimony and proceedings of the trial or hearing or a part thereof, upon payment by the person requiring the same of \$2 per page for the original transcript, 50 cents per page for the first copy, 25 cents per page for each additional copy.

(2) If the county attorney, attorney general, or judge requires a transcript in a criminal case, the reporter is entitled to his fees therefor, but he must furnish it. Upon furnishing it, he shall receive a certificate for the sum to which he is entitled. The reporter shall submit the certificate to the supreme-court-administrator--who department of commerce which, in accordance with [section 2], is responsible for the prompt payment of all or a portion of the amount due the reporter. If the supreme-court-administrator department, in accordance with [section 2], pays none or only a portion of the amount due, the county shall pay the balance upon receipt of a statement from the reporter.

(3) If the judge requires a copy in a civil case to assist him in rendering a decision, the reporter must furnish the same without charge therefor. In civil cases, all transcripts required by the county shall be furnished, and only the reporter's actual costs of preparation may be paid by the county.

(4) If it appears to the judge that a defendant in a criminal case is unable to pay for a transcript, it shall be furnished to him and paid for by the state in the manner provided in subsection (2) to the extent funds are available. The county shall pay the remainder as required in [section 1]."

Section 8. Section 10, Chapter 680, Laws of 1985, is amended to read:

"Section 10. Section 46-8-201, MCA, is amended to read:

"46-8-201. Remuneration of appointed counsel. (1) Whenever in a criminal proceeding an attorney represents or defends any person by order of the court on the ground that the person is financially unable to employ counsel, the attorney shall be paid for his services such sum as a district court or justice of the state supreme court certifies to be a reasonable compensation therefor and shall be reimbursed for reasonable costs incurred in the criminal proceeding.

(2) The expense of implementing subsection (1) is chargeable as provided in [section 1] to the county in which the proceeding arose, the office-of-supreme-court-administrator department of commerce, or both, except that:

(a) in proceedings solely involving the violation of a city ordinance or state statute prosecuted in a municipal or city court, the expense is chargeable to the city or town in which the proceeding arose; and

(b) when there has been an arrest by agents of the department of fish, wildlife, and parks or agents of the department of justice, the expense must be borne by the state agency causing the arrest."

Section 9. Section 15, Chapter 680, Laws of 1985, is amended to read:

"Section 15. Section 46-15-104, MCA, is amended to read:

"46-15-104. Expenses of witness. (1) When a person attends before a magistrate, grand jury, or court as a witness in a criminal case upon a subpoena or in pursuance of an undertaking, the judge, at his discretion, by a written order may direct the clerk of the court to draw his warrant upon the county treasurer in favor of such witness for a reasonable sum, to be specified in the order, for the necessary expenses of the witness.

(2) According to procedures established by the ~~supreme--court--administrator~~ department of commerce under [section 2(1)], the clerk of district court shall submit to the ~~supreme-court-administrator~~ department a detailed statement containing a list of witnesses and the amount of expenses paid to each by the county. Upon receipt and verification of the statement, the ~~administrator~~ department shall promptly reimburse the designated county for all or a portion of the cost of witness expenses. The county shall deposit the amount reimbursed in its general fund unless the county has a district court fund. If the county has a district court fund, the amount reimbursed must be deposited in such fund."

Section 10. Section 16, Chapter 680, Laws of 1985, is amended to read:

"Section 16. Section 46-18-235, MCA, is amended to read:

"46-18-235. Disposition of money collected as fines and costs. The money collected by a court as a result of the imposition of fines or assessment of costs under the provisions of 46-18-231 and 46-18-232 shall be paid to the county general fund of the county in which the court is held, except that:

(1) if the costs assessed include any district court expense listed in [section 11], the money collected from assessment of these costs must be paid to the ~~supreme--court--administrator~~ department of commerce for deposit into the state general fund to the extent the expenses were paid by the state; and

(2) if the fine was imposed for a violation of Title 45, chapter 9, the court may order the money paid into the drug forfeiture fund maintained under 44-12-206 for the law enforcement agency which made the arrest from which the conviction and fine arose."

Section 11. Appropriation transfer. The general fund appropriation to the Supreme Court for state funding of certain District Court operations contained in Item No. 4 of the Judiciary budget as contained in House Bill 560, L. 1985, is transferred to the Department of Commerce. In accordance with such transfer, the spending authority of the Supreme Court is

19
reduced \$3,170,633 for fiscal year 1986 and \$3,152,873 in fiscal
year 1987, and there is appropriated to the Department of
Commerce from the general fund \$3,170,633 for fiscal year 1986
and \$3,152,873 in fiscal year 197 for certain District Court
operations."

Renumber: subsequent sections

6. Page 5, line 6.

Following: "and"

Strike: "4"

Insert: "13"

7. Page 5, line 8.

Following: "and"

Strike: "4"

Insert: "13"

8. Page 5, line 10.

Following: "(b)"

Strike: "Section"

Insert: "Sections"

Following: "3"

Insert: "through 13"

9. Page 4, line 13.

Strike: "\$4,420,874"

Insert: "\$5,934,801"

PC3/HR3.002 (Haiman)

AND AS AMENDED

NO RECOMMENDATION

Bill No. 413

ROLL CALL VOTE
HOUSE TAXATION COMMITTEE

Date: 6/28/54

NAME	AYE	NO	ABSTAIN
DEVLIN, GERRY, CHRM.	✓		
WILLIAMS, MEL, V-CHRM.		✓	
ABRAMS, HUGH	✓		
ASAY, TOM	✓		
COHEN, BEN		✓	
ELLISON, ORVAL	✓		
GILBERT, BOB	✓		
HANSON, MARIAN	✓		
HARP, JOHN	✓		
HARRINGTON, DAN		✓	
IVERSON, DENNIS	✓		
KEENAN, NANCY		✓	
KOEHNKE, FRANCIS	✓		
PATTERSON, JOHN	✓		
RANEY, BOB		✓	
REAM, BOB		✓	
SANDS, JACK	✓		
SCHYE, TED		✓	
SWITZER, DEAN	✓		
ZABROCKI, CARL		✓	

Motion:

Adoption of H.R. 413 - Land encroachment

Bill No. HB-3

ROLL CALL VOTE
HOUSE TAXATION COMMITTEE

Date: June 24, 1960

Table

NAME	AYE	NO	ABSTAIN
DEVLIN, GERRY, CHRM.		✓	
WILLIAMS, MEL, V-CHRM.	✓		
ABRAMS, HUGH	✓		
ASAY, TOM		✓	
COHEN, BEN	✓		
ELLISON, ORVAL		✓	
GILBERT, BOB		✓	
HANSON, MARIAN		✓	
HARP, JOHN		✓	
HARRINGTON, DAN	✓		
IVERSON, DENNIS		✓	
KEENAN, NANCY	✓		
KOEHNKE, FRANCIS	✓		
PATTERSON, JOHN		✓	
RANEY, BOB	✓		
REAM, BOB	✓		
SANDS, JACK		✓	
SCHYE, TED	✓		
SWITZER, DEAN		✓	
ZABROCKI, CARL	✓		

12-15

Motion: *To Pass*

Bill No. 4B-3

ROLL CALL VOTE
HOUSE TAXATION COMMITTEE

Date: June 11, 1953

NAME	AYE	NO	ABSTAIN
DEVLIN, GERRY, CHRM.	✓		
WILLIAMS, MEL, V-CHRM.		✓	
ABRAMS, HUGH		✓	
ASAY, TOM	✓		
COHEN, BEN		✓	
ELLISON, ORVAL			
GILBERT, BOB	✓		
HANSON, MARIAN	✓		
HARP, JOHN	✓		
HARRINGTON, DAN		✓	
IVERSON, DENNIS	✓		
KEENAN, NANCY		✓	
KOEHNKE, FRANCIS		✓	
PATTERSON, JOHN	✓		
RANEY, BOB		✓	
REAM, BOB		✓	
SANDS, JACK	✓		
SCHYE, TED			
SWITZER, DEAN	✓		
ZABROCKI, CARL			

Motion:

**MONTANA
ASSOCIATION OF
COUNTIES**

June 27, 1985

Exhibit 1
HB-2
6/28/85
Gordon Morris
1802 11th Avenue
Helena, Montana 59601
(406) 442-5209

Dear Legislators:

In response to Representative Marks' letter of June 25, 1985 I feel the following points need to be made. He has raised several issues relative to his proposal to fund District Courts and Motor Vehicle State Reimbursement from the General Fund and by stopping distribution of the General Services Block Grant monies. I would like to comment on these issues:

1. Representative Marks has indicated that the legislature should consider repealing SB 142 as passed by the 49th Legislature. I wish to point out that SB 142 is linked to SB 25, the District Court Funding bill and if SB 142 were to be repealed it would negate or repeal SB 25. Before any action on SB 142 is taken relative to its possible repeal this issue would have to be explored and SB 25 in all likelihood amended so as to not be tied directly to the passage of SB 142.

2. The proposed repeal of HB 870 must be weighed in light of projected revenue. It should be noted that HB 870 provides revenue to the General Purpose portion of the local government block grant program, and for all intents and purposes under provisions set forth in HB 500, there will be no General Services Block Grant in the coming biennium due to the cap that was placed on it.

3. Representative Marks further proposes amending Section 7-6-309(4) of the Montana Code Annotated to stop distribution June 30 of approximately \$2 million into the Block Grant Account. It should be noted that the \$2 million is an allocation to the General Services portion of the Block Grant and as such has been anticipated by municipalities and counties throughout the state based upon correspondence from the Community Development Division of the Department of Commerce in June of 1984. In that correspondence it was pointed out that "in the coming fiscal period, FY 85, there will only be one General Services payment, June 30, 1985. There has been some confusion the past few months concerning in which fiscal year this revenue should be accounted. Recent discussions with the Montana Association of Counties and the League of Cities and Towns has resulted in agreement that the June 30, 1985 payment should be counted as revenue for FY 85." In this correspondence, local governments were advised to anticipate approximately \$1.987 million of non-tax revenue.

Legislators
June 27, 1985
Page 2

This action was necessitated by virtue of the need to anticipate the revenue in the actual fiscal year in which it would be received, June 30, 1985, i.e. FY 85.

As a consequence, the proposal to amend Section 7-6-309(4), MCA, to stop distribution of the approximate \$2 million of FY 1985 surplus would have the resulting effect of leaving local jurisdictions with a \$2 million shortfall in their FY '85 budget that would have to be made up by increased levies in FY '86.

In making these points I would hope that the legislature would act expeditiously on SB 142 and restore the inflation factor as identified as our best solution. It may be acceptable to repeal HB 870; however, I think I would speak in opposition to any effort to repeal SB 142 because of its link to SB 25, and further, would have to protest any diversion of the \$2 million "supposed" surplus in the block grant account. These are new issues unrelated to the error in SB 142, perhaps beyond the limited scope of this special session.

Sincerely,



GORDON MORRIS
Executive Director

GM/mrp

Recd - Tues - April 2, 1985

Paul G. Pistoria

Exhibit 2
HB-2
6/28/85

Cash Balances Taken from Cascade County Treasurer's Records (All Funds)

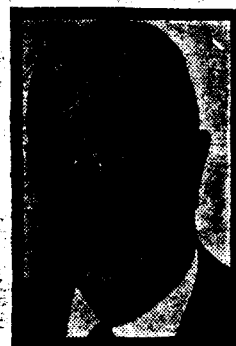
	<u>IC</u>	<u>Elem. 1</u>
APRIL, 1984	\$7,367,013.82	\$5,593,421.86
MAY, 1984	6,716,734.25	4,664,105.06
JUNE, 1984	6,958,951.53	5,085,748.37
JULY, 1984	4,682,930.29	4,766,328.81
AUGUST, 1984	4,562,423.78	4,561,308.63
SEPTEMBER, 1984	6,881,865.34	4,765,743.93
OCTOBER, 1984	5,871,500.36	2,923,244.82
NOVEMBER, 1984	5,449,412.78	2,870,782.48
DECEMBER, 1984	6,159,050.50	4,518,696.95
Additional information as 4/1/85:		
JANUARY 1985	8,186,777.87	5,979,613.78
FEBRUARY 1985	7,213,857.91	4,361,670.08

Total Balance
Mt. Falls School
District
Jan, 1985

\$ 8,186,777.87
5,979,613.78
\$ 14,166,391.65

Exhibit 3
HB-2
6/28/85

PLEASE, LISTEN TO ME. I AM NOT ALWAYS WRONG!



PAUL G. PISTORIA

I hope the citizens of Great Falls have NOT forgotten the criticism I have made of the Great Falls School Administration on the Hill for the past several years, under the rule of superintendent Harold Wenaas and some of the School Board Members.

FINALLY, it all came out in the open in 1984, when Mr. Wenaas retired. It proves that I was right and no one has challenged me since.

Our new school superintendent found out that we were left with a \$5,400,000 short fall in taxes and it caused us to pay a 31% increase in School Taxes.

You remember in March, 1984, when I suggested to Mr. Wenaas, Mr. Lamb and the School Board Members that they use the \$900,000 from the reserve fund to build the new CMR HIGH SCHOOL SHOP instead of us VOTING for a 1 mill levy each year for 3 years. In fact, the shop could have been built by now without any increase in taxes. They ridiculed me that it was NOT possible with only \$4,500,000 in the Reserve Fund and later they admitted to me they had \$6,000,000 in the Reserve Fund.

NOW HEAR THIS . . . since then I found out and, have it in my possession, that in April 1984 they had a TOTAL of \$12,960,435.68 in the Reserve Fund. Of this amount, \$7,367,013.82 was reserved for secondary education and \$5,593,421.86 for Elementary education. We were never told the TRUTH and that I was always wrong.

If they had taken the \$5,400,000 short fall from the Reserve it would have left \$7,560,435.68 in the Reserve Fund, which is more than enough.

We would NOT have had to pay the 31% increase in our taxes in 1984. That money belongs to the taxpayers.

THIS IS NOT THE END OF THIS ISSUE BY ME!

We must completely get RID of the CLICK (POLITICS) in our school system and not run by certain outside individuals as in the past, especially as in 1984.

NOW, on Tuesday, April 2, 1985 we have the opportunity to completely do the job.

I would APPRECIATE YOUR SUPPORT FOR DARLENE MEDDOCK on Tuesday, April 2, 1985.

Let's NOT let it happen again on this April 2, 1985. THANK YOU.

Sincerely yours,

Paul G. Pistoria

Pol. Ad. Paid for by Paul Pistoria,
2421 Central Ave., Great Falls, Mont. 59401

Paul G. Pistoria
State Representative

3



STATE OF MONTANA

Office of the Legislative Fiscal Analyst

STATE CAPITOL
HELENA, MONTANA 59620
406/449-2986

Exhibit 4
HB-3
6/28/85
Rep. Marks

JUDY RIPPINGALE
LEGISLATIVE FISCAL ANALYST

June 28, 1985

TO: Representative Bob Marks
House Republican Leader

FROM: Curt Nichols
Deputy Fiscal Analyst

SUBJECT: Comparison of House Bill 2 and House Bill 3

Table 1 below compares the fees that would be effective under House Bill 2 and 3. The table also lists the currently effective fees and those that would be in effect July 1, 1985 without special session action.

Table 1
Vehicle Fee Rate Comparisons

	- - - - Under 2850 Lbs - - - -			- - - - Over 2850 Lbs - - - -		
	<u>0-4 Yrs</u>	<u>5-7 Yrs</u>	<u>Over 8 Yrs</u>	<u>0-4 Yrs</u>	<u>5-7 Yrs</u>	<u>Over 8 Yrs</u>
<u>Currently effective</u> <u>thru 6/30/85</u>	\$80.00	\$46.00	\$11.00	\$102.00	\$57.00	\$17.00
<u>1985 Regular Session</u>						
7/1/85 - 6/30/87	83.00	48.00	14.00	104.50	59.00	19.50
<u>HB 2</u>						
7/1/85 - 12/31/85	93.00	54.00	15.00	116.50	66.00	21.50
1/1/86 - 12/31/86	95.00	55.00	16.00	120.50	68.00	22.50
1/1/87 - 6/30/87	99.00	57.00	16.00	125.50	70.00	22.50
<u>HB 3</u>						
7/1/85 - 12/31/85	80.00	46.00	11.00	102.00	57.00	17.00
1/1/86 - 12/31/86	82.00	47.00	12.00	106.00	59.00	18.00
1/1/87 - 6/30/87	86.00	49.00	12.00	111.00	61.00	18.00



Exhibit 5
HB-3
6/29/85
Janette Fallon

MONTANA CHAMBER OF COMMERCE

P. O. BOX 1730

HELENA, MONTANA 59624

PHONE 442-2405

TESTIMONY IN SUPPORT OF REP. BOB MARKS'S PROPOSAL SPECIAL SESSION JUNE 27, 1985

We applaud Rep. Marks for his plan to address local government funding problems without raising motor vehicle fees.

As we were compelled continually to say during the regular session, Montana does not need any tax increased. Even though we are talking about an increase that was planned, if you "fix" the motor vehicle fees, we believe you should take advantage of this opportunity not to increase a tax.

More evidence has mounted since the 90th day that Montana should not raise taxes. The Bureau of Business and Economic Research at the University of Montana has reported that economic recovery is slower than expected in Montana. That is certainly what we hear from small business owners on Main Street throughout the state. Those of you who are small business owners are not alone if you have not been taking in much money this spring. The problems of agriculture will make the slowness of economic recovery even worse.

Also since you were last here, the Alexander Grant study of Manufacturing Climates in the 48 contiguous states has been released. This study, by a major accounting firm, is one of the most respected tools for comparing economic climates among states. Montana's rank of 34, down from 20 for 1983, is not outstanding. Particular attention should be paid to the taxation factor. Montana ranks 44th in state and local taxes per \$1000 of personal income. This is not a one-time aberration; Montana has consistently ranked 44th, 45th or 46th in this important factor throughout this decade.

You have met to consider raising one small tax and you have the opportunity not to do so. We respectfully urge you to take that opportunity.

6

The difference in fees for House Bills 2 and 3 are entirely due to the repeal of Senate Bill 142 and House Bill 870 of the 49th Legislature regular session. The Legislative Council informs me that both House Bill 2 and House Bill 3 would continue the application of the PCE inflator adjustment on a calendar year basis. Senate Bill 142 had stricken the inflator effective July 1, 1985. Table 2 shows the fee difference between House Bill 2 and House Bill 3 during the 1987 biennium.

Table 2
Fee Rate Differences House Bill 2 versus House Bill 3

- - - Fee Class - - -		Amount HB 2 greater than HB 3 fees		
<u>Weight</u>	<u>Age</u>	<u>7/1/85 to</u> <u>12/31/85</u>	<u>1/1/86 to</u> <u>12/31/86</u>	<u>1/1/87 to</u> <u>6/30/87</u>
under 2850	0-4	\$13.00	\$13.00	\$13.00
	5-7	8.00	8.00	8.00
	over 8	4.00	4.00	4.00
over 2850	0-4	14.50	14.50	14.50
	5-7	9.00	9.00	9.00
	over 8	4.50	4.50	4.50

PRORATION CLAUSE

House Bill 3 includes a proration clause applying to the general purpose block grant. The general purpose block grant provides replacement funds for revenues lost upon implementation of the vehicle fee system. This proration clause means that any shortfall in funds to make the payments calculated under 61-3-536, MCA for the general purpose block grant will be met with a pro-rata reduction in the grants. We assume without this clause a supplemental appropriation would be requested of the 1987 legislature for such shortfall. We estimate the shortfall at \$2,186,000 in the 1987 biennium. The fiscal note on House Bill 3 indicates the shortfall would be \$1,512,000.

ROLL FORWARD

House Bill 3 includes a provision to 'roll forward' the balance in the block grant from fiscal 1985 to the 1987 biennium. This 'roll forward' takes funds that would have been distributed to cities and counties as general services block grants on June 30, 1985 and applies them toward the general purpose block grant in the 1987 biennium. The effect of this varies based upon how a shortfall in general purpose block grant is to be handled. If you assume, as I have, a shortfall in the general purpose block grant will be met with a supplemental appropriation the 'roll forward' reduces the supplemental appropriation. If you assume a shortfall in the general purpose block grant will be met with a pro-rata reduction of grants the 'roll forward' shares with all local taxing jurisdictions, the funds that would have been received only by cities and counties.

IMPACT ON GOVERNMENTAL UNITS

Table 3 compares the fiscal impact of House Bills 2 and 3 on the different governmental units. The allocation of impacts are based upon the percentages used in the fiscal notes prepared by the Office of Budget and Program Planning.

The effect of reinstatement of the vehicle fee is shown as an increase of \$8,519,000. This is lower than the \$9.5 million loss shown earlier as \$8,519,000 reflects fee adjustment based on calendar years beginning January 1. The \$9.5 million was based upon adjustments based on fiscal years beginning July 1.

Table 3
Fiscal Impacts of House Bill 2 and House Bill 3

	Roll Forward	SB 142 Repeal	HB 870 Repeal & Replacement w/ Gen. Fund	Proration	Reinstate PCE Inflator	Total
<u>House Bill 2</u>						
State Direct ¹					\$ -0-	\$ -0-
State Indirect ²					1,915,923	1,915,923
Cities					660,222	660,222
Counties					1,829,881	1,829,881
School Districts					3,615,464	3,615,464
Other					<u>497,510</u>	<u>497,510</u>
Total					<u>\$8,519,000</u>	<u>\$8,519,000</u>
<u>House Bill 3</u>						
State Direct ¹	\$2,007,921	\$(5,285,954)	\$(4,421,149)	\$178,079	\$ -0-	\$(7,521,103)
State Indirect ²	-0-	-0-	-0-	(40,050)	1,915,923	1,875,873
Cities	(1,104,357)	-0-	-0-	(13,801)	660,222	(457,936)
Counties	(903,564)	-0-	-0-	(38,251)	1,829,881	888,066
School Districts	-0-	-0-	-0-	(75,577)	3,615,464	3,539,887
Other	-0-	-0-	-0-	(10,400)	<u>497,510</u>	<u>487,110</u>
Total	<u>\$ -0-</u>	<u>\$(5,285,954)</u>	<u>\$(4,421,149)</u>	<u>\$ -0-</u>	<u>\$8,519,000</u>	<u>N/A</u>

¹ Appropriation increase or general fund revenue decrease
² Through foundation program and university levy

Table 3 indicates the net general fund cost of House Bill 3 would be \$5,645,230. The 'roll forward' is shown as benefiting the state as the underlying assumption was that in absence of special session, any shortfall in the general purpose block grant would be made up through a supplemental appropriation. If that assumption were changed to one of proration of any shortfall, this effect would be modified as shown in Table 4. This indicates the net general fund cost would be \$7,339,599.

Table 4
Fiscal Impacts of House Bill 2 and House Bill 3
Assuming Proration is Current Policy

	<u>Roll Forward</u>	<u>SB 142 Repeal</u>	<u>HB 870 Repeal & Replacement w/ Gen. Fund</u>	<u>Reinstate PCE Inflator</u>	<u>Total</u>
<u>House Bill 2</u>					
State Direct ¹				\$ -0-	\$ -0-
State Indirect ²				1,915,923	1,915,923
Cities				660,222	660,222
Counties				1,829,881	1,829,881
School Districts				3,615,464	3,615,464
Other				<u>497,510</u>	<u>497,510</u>
Total				<u>\$8,519,000</u>	<u>\$8,519,000</u>
<u>House Bill 3</u>					
State Direct ¹	\$ -0-	\$(5,285,954)	\$(4,421,149)	\$ -0-	\$(9,707,103)
State Indirect ²	451,581	-0-	-0-	1,915,923	2,367,504
Cities	(948,743)	-0-	-0-	660,222	(288,521)
Counties	(472,263)	-0-	-0-	1,829,881	1,357,618
School Districts	852,162	-0-	-0-	3,615,464	4,467,626
Other	<u>117,263</u>	<u>-0-</u>	<u>-0-</u>	<u>497,510</u>	<u>614,773</u>
Total	<u>\$ -0-</u>	<u>\$(5,285,954)</u>	<u>\$(4,421,149)</u>	<u>\$8,519,000</u>	<u>N/A</u>

¹Appropriation increase or general fund revenue decrease
²Through foundation program and university levy

Table 5 compares House Bill 2 and House Bill 3 if the 'roll forward' provisions were dropped from House Bill 3. With the proration clause retained, this means that while cities and counties receive the June 30, 1985 distribtuion of \$2,007,921, all taxing jurisdiction would share in the shortfall in the 1987 biennium.

Table 5
Fiscal Impacts of House Bill 2 and House Bill 3
with Elimination of 'Roll Forward' from House Bill 3

	<u>SB 142</u> <u>Repeal</u>	<u>HB 870 Repeal</u> <u>& Replacement</u> <u>w/ Gen. Fund</u>	<u>Proration</u>	<u>Reinstate</u> <u>PCE</u> <u>Inflator</u>	<u>Total</u>
<u>House Bill 2</u>					
State Direct ¹				\$ -0-	\$ -0-
State Indirect ²				1,915,923	1,915,923
Cities				660,222	660,222
Counties				1,829,881	1,829,881
School Districts				3,615,464	3,615,464
Other				<u>497,510</u>	<u>497,510</u>
Total				<u>\$8,519,000</u>	<u>\$8,519,000</u>
<u>House Bill 3</u>					
State Direct ¹	\$ (5,285,954)	\$ (4,421,149)	\$ 2,186,000	\$ -0-	\$ (7,521,103)
State Indirect ²	-0-	-0-	(491,632)	1,915,923	1,424,291
Cities	-0-	-0-	(169,415)	660,222	490,807
Counties	-0-	-0-	(469,553)	1,829,881	1,360,328
School Districts	-0-	-0-	(927,738)	3,615,464	2,687,726
Other	<u>-0-</u>	<u>-0-</u>	<u>(127,662)</u>	<u>497,510</u>	<u>369,848</u>
Total	<u>\$ (5,285,954)</u>	<u>\$ (4,421,149)</u>	<u>\$ -0-</u>	<u>\$8,519,000</u>	<u>N/A</u>

¹Appropriation increase or general fund revenue decrease
²Through foundation program and university levy

Exhibit 6
HB3
6/28/85
Rep. Sands

PROPOSED AMENDMENTS TO HOUSE BILL NO. 3 - Introduced Copy
Requested by Rep. Sands

Amend House Bill No. 3.

1. Title, lines 7 and 8.

Strike: "PROVIDING FOR THE CARRYOVER OF FUNDS IN THE
LOCAL

GOVERNMENT BLOCK GRANT ACCOUNT"

Insert: "CHANGING THE LIGHT VEHICLE LICENSING FEES BY
ELIMINATING THE INFLATOR PROVISION AND SETTING FORTH
IN THE SCHEDULE OF FEES THE AMOUNTS THAT WOULD HAVE
BEEN CHARGED UNDER SUCH INFLATOR"

2. Title, line 12.

Following: "SECTIONS"

Strike: "7-6-309"

Insert: "61-3-533"

3. Page 1, line 16, through line 17 of page 2.

Strike: Section 1 in its entirety

Insert: "Section 1. Section 61-3-533, MCA, is amended to
read:

"61-3-533. Schedule of fees for automobiles and
light trucks. (1) Except as provided in subsection
(2), the following schedule, based on vehicle age
and weight, is used to determine the fee imposed by
61-3-532, with January 1 as effective date for the year
indicated:

Vehicle Age	Weight					
	2,850 pounds or less		More than 2,850 pounds			
	1986	1987	1986	1987	1986	1987
Less than or equal to 4 years	\$82	\$70	\$86		\$106	\$90
More than 4 years and less than 8 years	47	40	49		59	50
8 years old and over	12	10	12		18	15

(2) -- (a) -- The fee for a light vehicle is determined
by:

(i) -- multiplying -- the -- appropriate -- dollar -- amount
from -- the -- table -- in -- subsection -- (1) -- by -- the -- ratio
of the PCE for the second quarter of the year prior to
the year of licensing to the PCE for the second quarter
of 1981; -- and

(ii) -- rounding -- the -- product -- thus -- obtained -- to -- the
nearest whole dollar amount.

(b) -- "PCE" means the implicit price deflator for
personal consumption expenditures as published
quarterly in the Survey of Current Business by the
bureau of economic analysis of the United States
department of commerce.

(3) (2) The light vehicle license fee for disabled
veterans qualifying under the provisions of 10-2-301
through 10-2-304 is \$5."

4. Page 4, line 13.
Strike: "\$4,420,874"
Insert: "\$5,934,801"

5. Page 4, lines 15 through 18.
Following: "61-3-536."
Strike: "For" on line 15 through "sources." on line 18

PC3/HB3.001,pg2 (Heiman)

Exhibit 7
HB 3
6/28/85
Rep. Mercer

PROPOSED AMENDMENTS TO HOUSE BILL NO. 3

1. Title, line 11.

Following: "ACCOUNT;"

Insert: "TRANSFERRING THE ADMINISTRATION OF STATE FUNDING FOR DISTRICT COURTS FROM THE SUPREME COURT TO THE DEPARTMENT OF COMMERCE; APPROPRIATING TO THE DEPARTMENT OF COMMERCE FUNDING FOR THE STATE FUNDING OF DISTRICT COURTS; DELETING THE FUNDING FROM THE SUPREME COURT BUDGET;"

2. Title, line 12.

Following: "MCA"

Insert: ",SECTIONS 1 THROUGH 5, 10, 15, AND 16 OF CHAPTER 680, LAWS OF 1985"

3. Page 4, line 11.

Following: line 10

Insert: "Section 3. Section 1, Chapter 680, Laws of 1985, is amended to read:

"Section 1. State assumption of certain district court expenses. (1) Effective July 1, 1985, the state shall, to the extent that money is appropriated, fund the following district court expenses in criminal cases only:

- (a) salaries of court reporters;
- (b) transcripts of proceedings;
- (c) witness fees and necessary expenses;
- (d) juror fees;
- (e) indigent defense; and
- (f) psychiatric examinations.

(2) ~~The supreme-court-administrator, under the direction of the--supreme--court-and~~ department of commerce, in consultation with the district judges for each judicial district, shall include within the ~~supreme--court's~~ department's biennial budget request to the legislature a request for funding the expenses listed in subsection (1).

(3) If money appropriated for the expenses listed in subsection (1) is insufficient to fully fund those expenses, the county is responsible for payment of the balance. If no money is appropriated, the county is responsible for payment of all expenses."

Section 4. Section 2, Chapter 680, Laws of 1985, is amended to read:

"Section 2. Fiscal administration for payment of court expenses. The ~~supreme-court-administrator~~ department of commerce shall:

(1) establish procedures for disbursement of funds for payment of district court expenses listed in [section 1], including prorating of those funds if they are insufficient to cover all expenses listed in [section 1];

(2) ~~in--consultation--with-the-department-of commerce,~~ develop a uniform accounting system for use by the counties in reporting court expenses at a detailed level for budgeting and auditing purposes; and

(3) provide for annual auditing of district court expenses to assure normal operations and consistency in reporting of expenditures."

Section 5. Section 3, Chapter 680, Laws of 1985, is amended to read:

"Section 3. Reimbursement for juror and witness fees. According to procedures established by the ~~supreme--court--administrator~~ department of commerce under [section 2(1)], each clerk of district court shall submit to the ~~supreme--court--administrator~~ department a detailed statement containing a list of witnesses and jurors for criminal cases only and the amount of per diem and mileage paid to each by the county. Upon receipt and verification of the statement, the ~~administrator~~ department shall promptly reimburse the designated county for the cost of witness and juror fees on a full or prorated basis in accordance with [section 2]. The county shall deposit the amount reimbursed in its general fund unless the county has a district court fund. If the county has a district court fund, the amount reimbursed must be deposited in such fund."

Section 6. Section 4, Chapter 680, Laws of 1985, is amended to read:

"Section 4. Section 3-5-602, MCA, is amended to read:

"3-5-602. Salary and expenses -- apportionment. (1) Each reporter is entitled to receive a base annual salary of not less than \$16,000 or more than \$23,000 and no other compensation except as provided in 3-5-604. The salary shall be set by the judge for whom the reporter works. The salary is payable in monthly installments out of the general funds of the counties comprising the district for which the reporter is appointed and out of an appropriation made to the ~~supreme-court~~ department of commerce as provided in subsection (2).

(2) The ~~supreme-court-administrator~~ department of commerce shall determine the total number of civil and criminal actions commenced in the preceding year in the district court or courts in the judicial district for which a reporter is appointed. The state shall pay its portion of the reporter's salary based on the proportion of the total number of criminal actions commenced in the district court or courts in the district and the amount appropriated for that purpose. Each county shall pay its portion of the remainder of the salary based on its proportion of the total number of civil and criminal actions commenced in

the district courts in the district. The judge or judges of the district shall, on January 1 of each year or as soon thereafter as possible, apportion the amount of the salary to be paid by each county in his or their district on the basis prescribed in this subsection. The portion of the salary payable by a county is a district court expense within the meaning of 7-6-2351, 7-6-2352, and 7-6-2511.

(3) In judicial districts comprising more than one county, the reporter is allowed, in addition to the salary and fees provided for in subsection (1), his actual and necessary travel expenses, as defined and provided in 2-18-501 through 2-18-503, when he goes on official business to a county of his judicial district other than the county in which he resides, from the time he leaves his place of residence until he returns thereto. The expenses shall be apportioned and payable in the same way as the salary."

Section 7. Section 5, Chapter 680, Laws of 1985, is amended to read:

"Section 5. Section 3-5-604, MCA, is amended to read:

"3-5-604. Transcript of proceedings. (1) Each reporter must furnish, upon request, with all reasonable diligence, to a party or his attorney in a case in which he has attended the trial or hearing a transcript from his stenographic notes of the testimony and proceedings of the trial or hearing or a part thereof, upon payment by the person requiring the same of \$2 per page for the original transcript, 50 cents per page for the first copy, 25 cents per page for each additional copy.

(2) If the county attorney, attorney general, or judge requires a transcript in a criminal case, the reporter is entitled to his fees therefor, but he must furnish it. Upon furnishing it, he shall receive a certificate for the sum to which he is entitled. The reporter shall submit the certificate to the ~~supreme court--administrator--who~~ department of commerce which, in accordance with [section 2], is responsible for the prompt payment of all or a portion of the amount due the reporter. If the ~~supreme-court-administrator~~ department, in accordance with [section 2], pays none or only a portion of the amount due, the county shall pay the balance upon receipt of a statement from the reporter.

(3) If the judge requires a copy in a civil case to assist him in rendering a decision, the reporter must furnish the same without charge therefor. In civil cases, all transcripts required by the county shall be furnished, and only the reporter's actual costs of preparation may be paid by the county.

(4) If it appears to the judge that a defendant in a criminal case is unable to pay for a transcript, it

shall be furnished to him and paid for by the state in the manner provided in subsection (2) to the extent funds are available. The county shall pay the remainder as required in [section 1]."

Section 8. Section 10, Chapter 680, Laws of 1985, is amended to read:

"Section 10. Section 46-8-201, MCA, is amended to read:

"46-8-201. Remuneration of appointed counsel. (1) Whenever in a criminal proceeding an attorney represents or defends any person by order of the court on the ground that the person is financially unable to employ counsel, the attorney shall be paid for his services such sum as a district court or justice of the state supreme court certifies to be a reasonable compensation therefor and shall be reimbursed for reasonable costs incurred in the criminal proceeding.

(2) The expense of implementing subsection (1) is chargeable as provided in [section 1] to the county in which the proceeding arose, the ~~office-of-supreme court-administrator~~ department of commerce, or both, except that:

(a) in proceedings solely involving the violation of a city ordinance or state statute prosecuted in a municipal or city court, the expense is chargeable to the city or town in which the proceeding arose; and

(b) when there has been an arrest by agents of the department of fish, wildlife, and parks or agents of the department of justice, the expense must be borne by the state agency causing the arrest."

Section 9. Section 15, Chapter 680, Laws of 1985, is amended to read:

"Section 15. Section 46-15-104, MCA, is amended to read:

"46-15-104. Expenses of witness. (1) When a person attends before a magistrate, grand jury, or court as a witness in a criminal case upon a subpoena or in pursuance of an undertaking, the judge, at his discretion, by a written order may direct the clerk of the court to draw his warrant upon the county treasurer in favor of such witness for a reasonable sum, to be specified in the order, for the necessary expenses of the witness.

(2) According to procedures established by the ~~supreme---court---administrator~~ department of commerce under [section 2(1)], the clerk of district court shall submit to the ~~supreme-court-administrator~~ department a detailed statement containing a list of witnesses and the amount of expenses paid to each by the county. Upon receipt and verification of the statement, the ~~administrator~~ department shall promptly reimburse the designated county for all or a portion of the cost

of witness expenses. The county shall deposit the amount reimbursed in its general fund unless the county has a district court fund. If the county has a district court fund, the amount reimbursed must be deposited in such fund.""

Section 10. Section 16, Chapter 680, Laws of 1985, is amended to read:

"Section 16. Section 46-18-235, MCA, is amended to read:

"46-18-235. Disposition of money collected as fines and costs. The money collected by a court as a result of the imposition of fines or assessment of costs under the provisions of 46-18-231 and 46-18-232 shall be paid to the county general fund of the county in which the court is held, except that:

(1) if the costs assessed include any district court expense listed in [section 1], the money collected from assessment of these costs must be paid to the ~~supreme-court-administrator~~ department of commerce for deposit into the state general fund to the extent the expenses were paid by the state; and

(2) if the fine was imposed for a violation of Title 45, chapter 9, the court may order the money paid into the drug forfeiture fund maintained under 44-12-206 for the law enforcement agency which made the arrest from which the conviction and fine arose.""

Section 11. Appropriation transfer. The general fund appropriation to the Supreme Court for state funding of certain District Court operations contained in item No. 4 of the Judiciary budget as contained in House Bill 500, L. 1985, is transferred to the Department of Commerce. In accordance with such transfer, the spending authority of the Supreme Court is reduced \$3,170,633 for fiscal year 1986 and \$3,152,873 in fiscal year 1987, and there is appropriated to the Department of Commerce from the general fund \$3,170,633 for fiscal year 1986 and \$3,152,873 in fiscal year 1987 for certain District Court operations."

Renumber: subsequent sections

4. Page 5, line 6.

Following: "and"

Strike: "4"

Insert: "13"

5. Page 5, line 8.

Following: "and"

Strike: "4"

Insert: "13"

6. Page 5, line 10.

Following: "(b)"

Strike: "Section"
Insert: "Sections"
Following: "3"
Insert: "through 12"

PC3/HB3.002 (Heiman)

CHAMBERLAIN DICK

WITNESS STATEMENT

BILL NO. HOUSE BILL 3

Date: June 27, 1985

SPONSOR: REPRESENTATIVE MARKS

Name: George P. Miller

Representing: Butte Community College

I oppose this Bill on the grounds of security

economic & job training programs by the Butte Community College were rejected by PIC-Rep Councils. I further state that there are no jobs out in the economic sector, no job training programs.

① I am currently on General Assistance & would like you to use this money for training for jobs.

Also I would like you to, if the G.A. (August 1, 1985) is successful to fund that program.

If there aren't any jobs I further would like you to use these monies to fund General Assistance.

- Attached is the letter proposal to PIC-Rep, which was rejected.

Butte Community Union Statement to CEP Private Industry Council, June 20, 1985

Background

In enacting legislation to cut able-bodied Montanans under age 50 from general assistance, the legislature offered a small consolation. Joint Resolution 54 indicates legislative intent that those being cut from G.A. should receive assistance under the Jobs Training Partnership Act (JTPA).

To date, these programs have not served people receiving general assistance very well. Last year, only 6% of JTPA program enrollees were G.A. recipients.

The Butte Community Union asked the State Labor Department and the CEP Private Industry Council in April to consider a proposal to target these programs to meet the employment and training needs of the state's neediest citizens, primarily those to be cut off G.A. The CEP PIC responded by appointing a committee to study the issue, and BCU was invited to participate in that study.

Now that committee has come up with some recommendations to the PIC. BCU does support the committee's recommendations, even though we feel they don't go far enough. The recommendations represent a step in the right direction. One recommendation would raise the goal for G.A. recipients as a percentage of the total population served from 2% to 60%. (The G.A. category has been redefined to include ex-G.A. recipients and all those with incomes less than 40% of the poverty level.) This change would make the very poor a top priority, yet leave a substantial number of positions open to those with somewhat higher incomes.

The second change recommended by the committee is equally important. It would increase from 20% to almost 50% the proportion of funds to be used for services, needs-based payments, and work experience. This is critical to the very poor, since it would allow them to receive enough money to live on while they are enrolled in work experience training and job search activities.

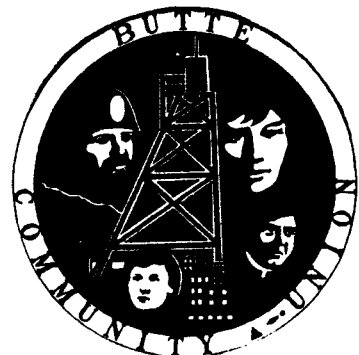
The committee did not recommend any reduction in the amount of money spent on staff rather than directly on program enrollees. BCU has noted that almost half of the money in adult training programs in both CEP and the Balance of State (BOS) are spent on staff. In the absence of any recommendation to re-direct these funds into direct payments to enrollees, BCU proposes an evaluation of the effectiveness of Job Service staff in finding jobs for the very low income. And we urge that Job Service staff funded under both JTPA and Wagner-Peyser be directed to focus job placement efforts on the very low income.

Many BCU members are in Helena today, attending the court hearing on a lawsuit seeking to stop the G.A. cuts. Whether or not that action is successful, we believe changes such as those proposed by the committee are necessary. BCU thanks this council for listening to our concerns.

James R. Ruse

Butte Community Union
PO Box 724
Butte MT 59703

782-0670



MINUTES OF THE MEETING
TAXATION COMMITTEE
HOUSE OF REPRESENTATIVES
SPECIAL SESSION I

June 28, 1985

The third meeting of the House Taxation Committee was called to order in room 317 of the state capitol at 4:20 p.m. by Chairman Gerry Devlin.

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

CONSIDERATION OF SENATE BILL 1: Senator Hager, Senate District 48 - Billings Heights, stated that, as of last night, this bill was identical to House Bill 2; and it was heard in last night's session. He explained that this bill reinserts the inflation computation into the motor vehicle fee system and provides that the inflation factor does not apply to the district court fee. He continued that section 2 of the bill clarifies language that was adopted during the regular session; and sections 3 through 10 were amended into the bill during the Senate Taxation Committee meeting. He advised that these sections change all references to the Supreme Court to the Department of Commerce; and this is for the purpose of administering these district court fees. He concluded that section 11 is the funding; section 12 merely specifies that the bill is effective July 1, 1985 and terminates July 1, 1987; and a retroactive clause is included in the event this bill is not signed by the governor before the first of July.

Chairman Devlin announced that anyone who testified on this bill at last night's session could indicate that their testimony be recorded in the official minutes for this date.

PROPOSERS: Alec Hansen, representing the Montana League of Cities and Towns, testified previously that this is a simple and quick solution that goes directly after the problem that is in Senate Bill 142; it will reinstate the inflationary adjustment and provide that it applies only to the base fees. He continued that passage of this bill

Taxation Committee
June 28, 1985
Page Two

would rectify the \$9.4 million mistake without disturbing local government programs or requiring a general fund appropriation. Repealing the inflationary adjustment, he contended, was never heard before a committee nor was it debated by those who are most affected. He declared that the intent of the legislature was obvious; there is no logical or legitimate reason that these bills should not stand and the solution has been recommended by the Revenue Oversight Committee, reviewed by everyone and it will do the job.

Don Peoples, Chief Executive of Butte-Silver-Bow and also representing the Montana Urban Coalition, stated that it was critical that this problem be addressed and the necessary steps taken to correct this error. He advised that they are beginning to see the effects of the loss of federal revenue; how difficult the budget process has been; and there is a real crisis in local governments in the state of Montana. He asked the committee to act quickly as the Revenue Oversight Committee has presented a simple solution to this problem.

Gordon Morris, representing the Montana Association of Counties, testified that they support this bill as amended. See Exhibit 1.

Gloria Paladichuk, President of the Montana Association of County Treasurers, requested that her testimony of the previous night be reflected in these minutes. She had advised that the county treasurers are now in the process of determining non-tax revenue, which includes the flat fees; and if this error is not rectified, it will mean an increase in taxes on all Montana real estate and personal property. She advised that some of the treasurers have been polled regarding the July 1st date and they do not believe that there will be a problem if they have to go back and try to raise the additional revenue if some people have come in and paid their taxes before the passage of this bill.

She further testified that she had heard the fact that this does not affect taxes and she wanted to remind the legislators that they had a class action lawsuit in 1982,

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Page Three

because local government did not anticipate the motor vehicle flat fee as other non-tax revenue and the 1983 legislature passed a law that required them to refigure all the mill levies so they are just asking to be entitled to the non-tax revenue of the motor vehicle flat fees.

Representative Williams, House District 85, Laurel, rose in support of this bill, saying that this is a duplicate of House Bill 2 and he urged the committee's concurrence in this bill.

There were no further proponents.

OPPONENTS: Representative Marks, House District 75, stated that he opposed this bill because they (the legislators) had an opportunity to pass a better bill. He offered some proposed amendments - (1) if there were a shortfall, the funds would be distributed on a pro rata basis to the local governments; and (2) rather than having an escalator, change this to showing the fee itself so that the next legislature can come in and determine if they want to change that.

There were no further opponents.

QUESTIONS ON SENATE BILL 1: Chairman Devlin asked how are the county officials going to go back, under the retroactive clause, and pick up the extra amount due if a person has previously bought his license plate.

Senator Hager responded that they have the records of whom has bought their licenses and they will just send out a letter notifying them that they owe an additional \$10.00 or whatever.

Chairman Devlin asked if they thought there might be a better way to address this; to which Senator Hager replied that he had not had any treasurers ask him about it and they are responsible for collecting it.

Chairman Devlin questioned if there would not be quite a few who are going to fall through the cracks.

Taxation Committee
June 28, 1985
Page Four

Ms. Paladichuk replied that it is going to be difficult, because you are going to give them a registration with a due date and then you are asking them to come in to pay more. She indicated that they would attempt to go back and require them to pay an additional fee and she did not know what they could do, if they refused to.

Chairman Devlin asked what are these people at the county level going to do if this is the case.

Senator Hager responded that the only reason the retro-active clause was in there was in case they did not get their business done in one day.

Representative Williams clarified that if the original bill had gone through like it was suppose to have been, it would have gone into effect on July 1, and the same thing could have happened if these people did come in and apply for their license before that time, there would be the same problem and he did not see where it makes any difference. He concluded that it did not sound like it was a very significant problem.

There were no further questions.

Senator Hager closed and the hearing on this bill was closed.

EXECUTIVE SESSION:

DISPOSITION OF SENATE BILL 1: Representative Asay moved to amend the bill on page 3, line 2 by inserting a new section that in the case of a shortfall, the funds would be distributed on a pro rata basis to the counties.

Representative Cohen said that if there were a shortfall instead of the state meeting its obligations to our communities and our school districts and if we are just going to give them less money, he is opposed to this.

Representative Asay responded that this would not necessarily be made up from the general fund - it would be up to the legislature - it could be supplemental or it could be handled in this manner as well.

Taxation Committee
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Page Five

Representative Keenan asked if they intended to pro rata block grants or pro rata district court expenses.

Representative Asay answered that the block grant is what is intended. Representative Keenan noted that there is already a cap on the block grant.

Representative Asay clarified that they are saying that if there is a shortfall, this should be pro rated.

Representative Williams indicated that the appropriation is already capped and if there is a shortfall, he sees nothing wrong with them coming in and asking the legislature for more.

Representative Sands explained that he thought it was real important to have that pro rata language in - even though there is a cap there, nothing is said about what will happen if there is a shortfall. He continued that Mr. Erdman implied that if it did not meet the full funding levels projected, that they would sue the state of Montana to get it. He distributed to the committee a copy of the proposed amendments, which were for House Bill 2, but this bill is virtually the same bill. See Exhibit 2.

Representative Asay stated that the government is not entitled to 100% of their needs at all times and they need to realize some of the difficulties that are being faced and he did not feel that they would help the economic situation one bit, if they just fund all the money every department asks for.

Representative Williams commented that in going from the ad valorem tax to the fee system, the legislature felt that they were obligated to fund local government near the level at which the ad valorem tax was providing funds. He thought they still have the obligation even though the severance tax has gone down and if there is a shortfall, they should have the right to come to the legislature and ask for additional funding. For this reason, he concluded, he opposed the amendment.

Taxation Committee
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Representative Sands asked Representative Williams if he would prefer that the local governments come to the legislature and ask for additional funds if there is a shortfall or whether they go to court and sue the state of Montana.

Representative Williams acknowledged that they have the right to go to court anytime they want to, but he hoped that they would come to the legislature first.

Representative Sands explained that that is what this amendment does - it says that they do not have a right of action in court if there is a shortfall - it is pro rata reduced, unless they come to the legislature and make an appeal to provide more money.

Representative Keenan moved that Senate Bill 1 DO PASS.

A vote was taken on the adoption of the amendment and it failed with a 10 to 10 vote. See Roll Call Vote.

Representative Sands distributed a proposed amendment, which had been prepared for House Bill 2, but is basically the same idea for Senate Bill 1. See Exhibit 2. He explained that it was his intention to put the vehicle fees right in the statute; to eliminate the price inflator formula; and for this year and next year, to put the same fees in the statute that would have been there if the price inflator formula were used. He advised that, after that time, if there were going to be any increase in fees, that they will not come automatically, but will come only through an act of the legislature. He said that this addresses an important matter of tax policy, i.e., should they have increases occur automatically or whether tax increases should only be done by an act of the legislature. He commented that this would make the vehicle fees consistent with the income tax.

Representative Raney said that this same amendment lost in the Senate by a vote of 19 to 28 and he felt it was futility to pass this over to the Senate and stick around for three or four more hours.

Taxation Committee
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Page Seven

Chairman Devlin stated that he thought the place for this is in the legislature; these escalator clauses have been in effect for some time and it will have to be done now or some time down the road; and he would hope that it would start now.

Representative Williams commented that he agreed that the legislature should make that decision, but this special session was not called to make that decision - it was called to put the escalator back in.

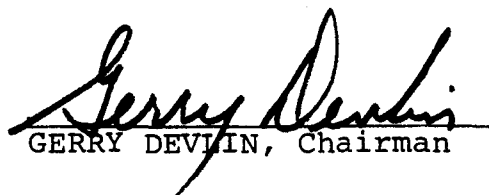
A roll call vote was taken on the adoption of the amendment and it failed on a 10 to 10 vote. See Roll Call Vote.

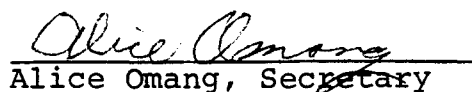
Representative Iverson declared that, since they have not been able to pass anything that is reasonable, they should kill this bill. He indicated that he represents a bunch of people who have had to borrow money to pay their taxes, have to borrow money to buy their license plates, and are borrowing to eat. He stated that this is entirely inappropriate, particularly when they have money in the general fund to go back to these people for this. He exclaimed that it was unconscionable to do what they are considering doing and he asked everyone to vote against this bill.

Representative Williams stated that he thought it was their responsibility to do exactly what they are doing and Senate Bill 1 does exactly what they intended to do in the regular session; and he urged everybody to support this bill.

A vote was taken on the DO PASS motion. There were 11 voting aye and 9 voting no. See Roll Call Vote.

ADJOURNMENT: There being no further business, the meeting was adjourned at 4:55 p.m.


GERRY DEVLIN, Chairman


Alice Omang, Secretary

ROLL CALL - HOUSE
TAXATION COMMITTEE

June 27, 1985

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

STANDING COMMITTEE REPORT

June 28

1985

MR. **SPEAKER:**

We, your committee on **TAXATION**

having had under consideration **SENATE** Bill No. **1**

Third reading copy (**Blue**)
color

Respectfully report as follows: That **SENATE** Bill No. **1**

BE CONCURRED IN

XXXXXX
DO PASS

Bill No. SP-1

ROLL CALL VOTE
HOUSE TAXATION COMMITTEE

Date: 6/24/57

Asay

NAME	AYE	NO	ABSTAIN
DEVLIN, GERRY, CHRM.	✓		
WILLIAMS, MEL, V-CHRM.		✓	
ABRAMS, HUGH		✓	
ASAY, TOM	✓		
COHEN, BEN		✓	
ELLISON, ORVAL	✓		
GILBERT, BOB	✓		
HANSON, MARIAN	✓		
HARP, JOHN	✓		
HARRINGTON, DAN		✓	
IVERSON, DENNIS	✓		
KEENAN, NANCY		✓	
KOEHNKE, FRANCIS		✓	
PATTERSON, JOHN	✓		
RANEY, BOB		✓	
REAM, BOB		✓	
SANDS, JACK	✓		
SCHYE, TED		✓	
SWITZER, DEAN	✓		
ZABROCKI, CARL		✓	

10 10

Motion:

Rep. Asay's motion - pro rate

Bill No. 36-1

ROLL CALL VOTE
HOUSE TAXATION COMMITTEE

Date: 1/26/21

NAME	AYE	NO	ABSTAIN
DEVLIN, GERRY, CHRM.	✓		
WILLIAMS, MEL, V-CHRM.		✓	
ABRAMS, HUGH		✓	
ASAY, TOM	✓		
COHEN, BEN		✓	
ELLISON, ORVAL	✓		
GILBERT, BOB	✓		
HANSON, MARIAN	✓		
HARP, JOHN	✓		
HARRINGTON, DAN		✓	
IVERSON, DENNIS	✓		
KEENAN, NANCY		✓	
KOEHNKE, FRANCIS		✓	
PATTERSON, JOHN	✓		
RANEY, BOB		✓	
REAM, BOB		✓	
SANDS, JACK	✓		
SCHYE, TED		✓	
SWITZER, DEAN	✓		
ZABROCKI, CARL			

Motion:

*Rep. Sands move to wait
for a vote*

Bill No. SB-1

ROLL CALL VOTE
HOUSE TAXATION COMMITTEE

Date: 6/28/55

NAME	AYE	NO	ABSTAIN
DEVLIN, GERRY, CHRM.		✓	
WILLIAMS, MEL, V-CHRM.	✓		
ABRAMS, HUGH	✓		
ASAY, TOM		✓	
COHEN, BEN	✓		
ELLISON, ORVAL		✓	
GILBERT, BOB		✓	
HANSON, MARIAN		✓	
HARP, JOHN	✓		
HARRINGTON, DAN	✓		
IVERSON, DENNIS		✓	
KEENAN, NANCY	✓		
KOEHNKE, FRANCIS	✓		
PATTERSON, JOHN		✓	
RANEY, BOB	✓		
REAM, BOB	✓		
SANDS, JACK		✓	
SCHYE, TED	✓		
SWITZER, DEAN		✓	
ZABROCKI, CARL	✓		

11 9

Motion:

Lo. Price

Exhibit 2
SB-1
6/28/85
Rep. ~~Sands~~ Asay

PROPOSED AMENDMENTS

House Bill No. 2 Introduced (White) Copy

1. Title, line 8.

Following: "1985"

Insert: ", AND SECTION 61-3-536, MCA"

2. Page 2.

Following: line 22

Insert: "Section 2. Section 61-3-536, MCA, is amended to read:

"61-3-536. State aid for local government. (1) Each county treasurer shall compute:

(a) the total amount received during the period from January 1, 1981, to December 31, 1981, for property taxes on automobiles and trucks having a rated capacity of three-quarters of a ton or less, denoted CT;

(b) the total amount that would have been received during the same period if the license fee system had been in effect, denoted CF; and

(c) the number of light vehicles registered in the county on December 31, 1981, denoted NC.

(2) The three quantities, CT, CF, and NC, shall be certified to the department of revenue by February 1, 1982. The department shall compute for each county a quantity called county revenue loss, denoted CRL, and county loss per vehicle, denoted CLV, and defined as follows:

(a) CRL = larger of:

(i) 0; or


(ii) CT - CF;

(b) CLV = CRL/NC.

(3) In order to be eligible for reimbursement payment, a light vehicle must be such that it would have been subject to ad valorem tax if it had been registered prior to January 1, 1982.

(4) Prior to February 1 of year denoted Y, the county treasurer shall determine and certify to the department the number of eligible light vehicles registered in the county on December 31 of the prior year, denoted NC(Y). Prior to March 1 of year Y, the department of revenue shall transmit to the department of commerce the amount of CLV x NC(Y) for each county.

(5) On March 1 of year Y, the department of commerce shall transmit to each county treasurer a warrant in the amount of CLV x NC(Y) or its pro rata share of such amount if funds in the local government block grant account are insufficient to make full payment to each county.

 *Sander*

(6) Upon receipt of the payment provided for in subsection (5), the county treasurer shall credit the payment to a motor vehicle suspense fund and, at some time between March 15 and March 30, shall distribute to the taxing jurisdictions as provided in 61-3-509."

Renumber: subsequent sections

(Bohyer) /hb3/ROC85

EX 7.117 2
SB-1
6/28/85
Rep. Sands

PROPOSED AMENDMENTS
House Bill No. 2 Introduced (White) Copy

1. Title.

Following: "AN ACT" on line 4

Strike: "REINSERTING"

Insert: "ELIMINATING"

2. Title, line 5.

Following: "COMPUTATION"

Strike: "INTO"

Insert: "FROM"

3. Title, lines 6 and 7.

Following: "SYSTEM;" on line 6

Strike: the remainder of line 6 through "FEE;" on line 7

Insert: "REVISING THE LIGHT VEHICLE LICENSE FEE;"

4. Page 1, line 16.

Strike: "(3)"

Insert: "(2)"

5. Page 1, line 17.

Following: "following"

Strike: "schedule"

Insert: "schedules"

Following: "weight,"

Strike: "is"

Insert: "are"

6. Page 1.

Following: line 18

Insert: "(a) for the period beginning July 1, 1985, and
ending December 31, 1985:"

7. Page 1, line 25.

Strike: "\$70"

Insert: "\$82"

Strike: "\$90"

Insert: "\$106"

8. Page 2, line 4.

Strike: "40"

Insert: "47"

Strike: "50"

Insert: "59"

9. Page 2, line 6.

Strike: "10"

Insert: "12"

Strike: "15"

Insert: "18"

Donna
G

10. Page 2.

Following: line 6

Insert: "(b) beginning January 1, 1986:

Vehicle Age	2,850 Pounds or less	District Court Fee	Weight More Than 2,850 Pounds	District Court Fee
Less than or equal to 4 years	\$86	\$7	\$111	\$7
More than 4 years and less than 8 years	49	5	61	5
8 years old and over	12	2.50	18	2.50"

11. Page 2.

Strike: lines 7 through 18 in their entirety

Renumber: subsequent subsection

12. Page 3.

Following: "1987." on line 9

Strike: the remainder of line 9 through line 11

(Bohyer)/hb3/ROC85