

MINUTES OF THE MEETING
TAXATION COMMITTEE
MONTANA STATE SENATE

June 20, 1986
Second Meeting

The fourth meeting of the Senate Taxation Committee was called to order by Chairman Thomas E. Towe at 11:43 am, Friday, in Room 413-415 of the State Capitol.

ROLL CALL: All members of the committee were present.

FURTHER CONSIDERATION OF SB 16: Chairman Towe distributed to the committee Exhibit 1 which delineates in pie graph form the distribution of coal tax dollars.

Senator Towe also pointed out that it was not clear whether the committee intended that interest and principle be paid back to the trust, or whether it was to be principle only.

Exhibit 2 containing amendments was then brought before the committee. It was pointed out to the committee that amendments 2 and 3 on this exhibit had already been adopted at the first meeting of the day.

Chairman Towe then recognized Mr. Bob Pancich, Administrator of the Economic Development Board. He noted that the 25 percent coming into instate investments was taken out after everything else had been handled. He felt that future water bond issues could be jeopardized as the stream of income change could negatively signal the bond market.

Senator Brown said that statute would insure bonds would be serviced. Senator Mazurek said that this bill isn't meant to cut programs or look at their efficacy. Senator McCallum said that they should be examined. Senator Towe noted that this program had preserved 826 jobs and created 432 new jobs in the state. Senator Goodover said that the new projects were competing with existing businesses. Senator Mazurek said that he may favor taking the money from the coal trust as it came in, but that he did not want to impact these other programs. Senator McCallum said that this source would just have to be dried up for awhile. Senator Mazurek said that if that were the case, it should be done up front. Senator McCallum said the problem is that the Legislature is too kind hearted, trying to give everybody everything they want.

MOTION: Senator Brown moved to amend SB 16 by adding amendments 1 and 4 of Exhibit 2 to those already adopted (amendments 2 and 3).

Committee staff then explained that the phrase "unreserved cash balance" should be substituted for "amount remaining" in the fourth amendment and Senator Brown incorporated that correction into his motion.

Taxation Committee
June 20, 1986 (Second Meeting)
page two

Senator Hager said that he would vote against the amendment as it directs another Legislature what to do.

Senator Eck noted that without the amendment the bill would be substantially the same as one already killed in the House.

Question was called. Senators Brown, Eck, Hirsch, Lybeck, McCallum, Neuman, Severson and Towe voted yes. Senators Halligan, Hager, Goodover and Mazurek voted no. The motion carried.

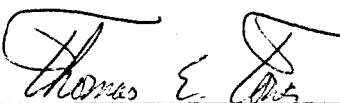
Committee staff Jim Lear was then recognized to discuss that the bill could be subject to challenge as an appropriations bill. He said that a similar bill had been introduced into the House because it was determined that it was an appropriation and could not come to the Senate. He said that both constitutional and joint rule language supported this as an appropriations measure.

Senator Eck noted that the water bonding bill was introduced in the Senate and sent to Senate Agriculture. Senator Towe said no had objected to that.

MOTION: Senator McCallum moved that SB 16 as amended be rereferred to the Rules committee.

The motion carried unanimously.

Chairman Towe adjourned the meeting at 12:05 pm.



Chairman

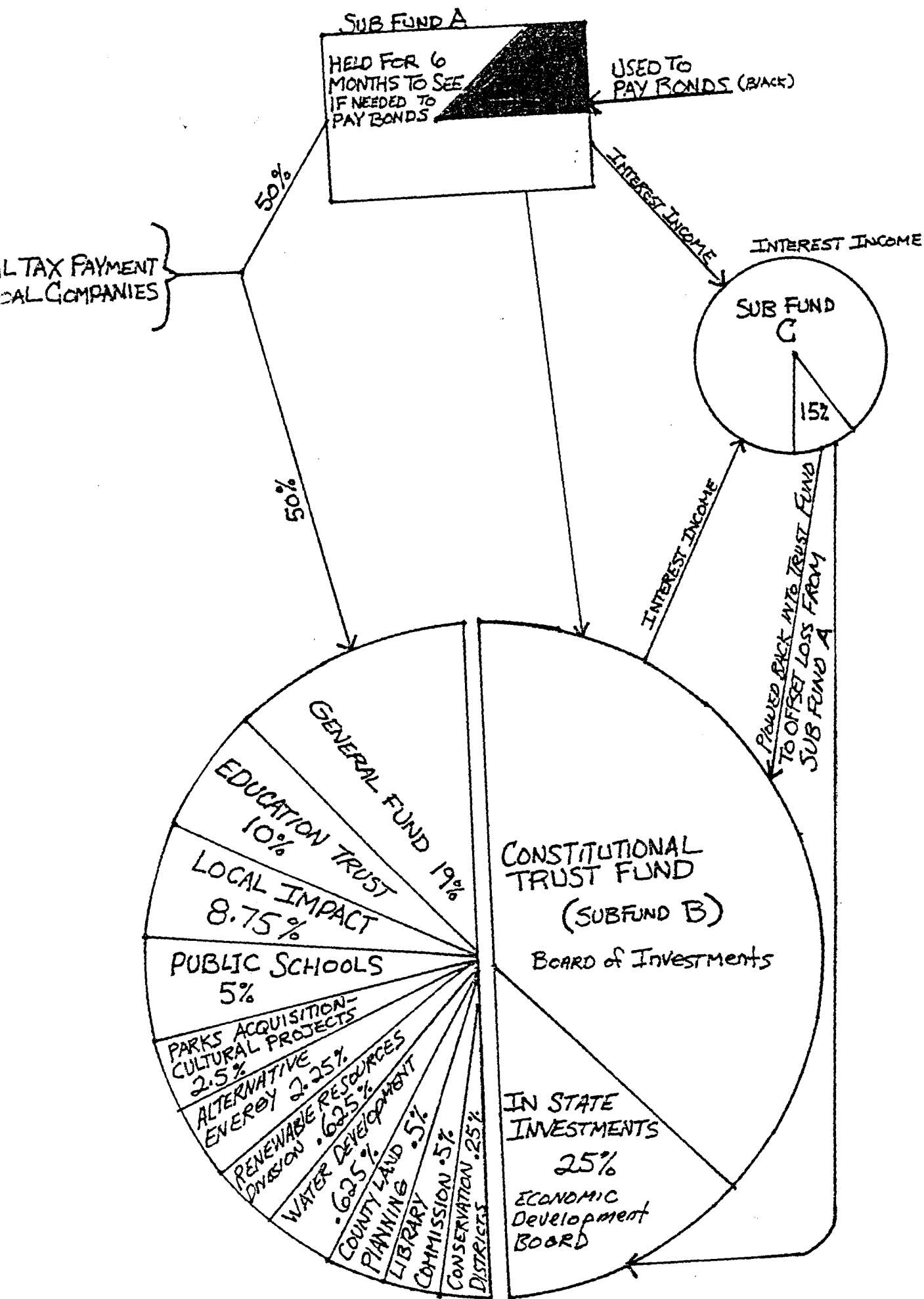
Senate Taxation Committee

ROLL CALL VOTE

Date 20 June 86
Bill No. second meeting
Motion: _____

Attendance

	YES	NO
Senator Brown	✓	
Senator Eck	✓	
Senator Goodover	✓	
Senator Hager	✓	
Senator Halligan	✓	
Senator Hirsch	✓	
Senator Lybeck	✓	
Senator McCallum	✓	
Senator Neuman	✓	
Senator Severson	✓	
Senator Mazurek	✓	
Chairman Towe	✓	



amend SB 16, introduced copy

1. Title, lines 6 and 7.

Following: "FOR"

Strike: "RETRANSFER UNDER CERTAIN CONDITIONS"

Insert: "TRANSFER OF THE GENERAL FUND BALANCE TO THE COAL SEVERANCE TAX PERMANENT FUND EACH FISCAL YEAR UNTIL REPAYED"

2. Page 1, lines 15 through 17.

Following: "Transfer."

Strike: "Subject to the provisions of 17-5-703(2) relating to principal and interest payments on bonds, there"

Insert: "There"

3. Page 1, line 20.

Following: "Constitution"

Insert: "less amounts that may be required under 17-5-703(2) to pay principal and interest payments on bonds if the money flowing into the trust is insufficient to make the \$39,000,000 transfer and pay principal and interest on bonds."

4. Page 1, line 21 through line 4, page 2.

Following: "Section 2."

Strike: text of section 2 in its entirety

Insert: "General fund balance transfer to coal severance tax permanent fund. The ~~amount remaining~~ in the general fund at the end of each fiscal year shall be transferred to the coal severance tax permanent fund in 17-5-703(b) established under Article IX, section 5, of the Montana Constitution until the total amount so transferred equals the amount transferred to the general fund from the coal severance tax bond fund pursuant to [section 1]."

Unreserved cash balance