

MINUTES OF THE MEETING  
HOUSE TAXATION COMMITTEE  
50TH LEGISLATIVE SESSION

February 6, 1987

The meeting of the Taxation Committee was called to order by Chairman Jack Ramirez on February 6, 1987 at 8:00 a.m. in Room 312-B of the State Capitol.

ROLL CALL: All members were present. Also present was Dave Boyer, committee researcher. Bills to be heard were HB 216, HB 315, HB 285, HB 494, HB 513.

HOUSE BILL 216

Rep. Fritz Daily, House District 69 Butte, sponsored HB 216. He explained the bill is an act establishing a mechanism for appropriation for education support of a portion of coal severance tax proceeds and of the portion of the permanent trust earnings allocated to the permanent trust; amends 17-5-703, 17-5-704, and 20-9-343; MCA; and provides an immediate effective date. Rep. Daily said HB 216 would take new money going into the permanent coal tax trust fund and will use it to provide additional funding for education support in Montana for the 1988-89 biennium. It is intended to provide funding for the university system, community colleges, votech centers, foundation program, special education, adult education. He said his intention was to bring the level of funding for all of these educational areas up to the appropriations in July of 1987. The reason for the permanent coal tax money is to provide for the people in the future generations. He said this was a method to fund education in Montana. (Exhibit #1)

PROPOSERS - None.

OPPOSERS

Eric Feaver, President of the Montana Education Association, said HB 216 is one of many proposals before this legislature that would suggest there was a pot of money available. He said this would be moving money from one pocket to another and would be an improper solution.

Jamie Zink, representing Associated Students of Montana University, spoke in opposition to HB 216. She pointed out the architectural students that were leaving the state to find a better future. She urged the committee to adopt a long-term funding that would be good for the people and the universities.

QUESTIONS FROM THE COMMITTEE - None.

Rep. Fritz Daily closed saying the problems faced in this state were also a national economic condition.

HOUSE BILL 513

Rep. Fritz Daily, House District 69 Butte, sponsored HB 513. He said the bill was an act providing that certain proceeds received from the settlement of disputed taxes from the mines net proceeds tax and the metal mines gross proceeds tax do not constitute the payment of delinquent taxes or money arising from the taxation of property; authorizing such proceeds allocated to school building funds or used to secure bonds for local government facilities; and providing an applicability date and an immediate effective date. He said that in February 1986 the Butte Silver-Bow school district received a disputed tax settlement from the Atlantic Richfield Corporation for nonpayment of taxes. The school district requested an opinion as to how they could spend those taxes from the Montana Attorney General. The opinion stated that the proceeds from the settlement must be allocated to each taxing jurisdiction within the county. He explained that HB 513 would allow the local government the option to use this money for economic development purposes. He discussed the uses of the money by Butte-Silver Bow.

PROPONENTS

Don Peoples, from Butte, testified in support of the bill. He distributed handouts including the attorney general's opinion, the payment schedule on the tax settlement, and other revenue background (Exhibits #2, #3, and #4).

Bruce Murr, representing Montana School Board Association, testified in support of HB 515. He said it was necessary to allow the local school board to do long-range planning with flexibility.

Alec Hanson, representing the Montana League of Cities and Towns, spoke in support of HB 515. He said they support flexibility for local governments in the use of funds.

OPPONENTS - None.

QUESTIONS FROM THE COMMITTEE

Rep. Ramirez asked if this was for a particular settlement, could a termination date be used.

Rep. Sands asked about the distribution of money in the various funds.

Rep. Daily said the way the money had to be distributed now was proportionate in the various funds.

Rep. Raney asked if this was taking money out of the education building fund to use for economic development. Rep. Daily said this was asking for the option. He said the Butte school district, in his opinion, would not be able to use that money for the high school, but to provide educational services. He said Butte Silver-Bow local government would probably use the money for economic development. Don Peoples discussed the money distribution.

Rep. Williams said since there was concern about the bill being amended to apply only to the situation in Butte, would there be objections to applying it for one year, 1993. Rep. Daily said there was no problem.

Rep. Daily closed. He said this bill would provide some options.

#### HOUSE BILLS 285, 315, 494

Chairman Ramirez explained that these three bills would be introduced by their sponsors together to save time.

Rep. Dorothy Cody, House District 20 Wolf Point, Poplar, introduced HB 285. She explained that the bill would eliminate the ad valorem tax levied on livestock and sets in place per capita tax for the enforcement of the livestock laws. She pointed out that she had received mail from livestock owners who did not know until the legislation came up that they were paying up to 75 mils extra on their taxes for the purposes of enforcement. She said the bill corrects an unfair and unjust tax on a group of citizens. She discussed the lean times and poor prices received for products. She said they were competing in a market with high imports from foreign countries yet are continued being taxed when they least can afford it.

Rep. Robert Hoffman, House District 74, presented HB 315. He said the bill would repeal the average inventory basis of assessment of livestock and to require the assessment of livestock as of March 1 of each year. He proposed an amendment to the bill (Exhibit #5). He pointed out the amount of work for the assessors to calculate the average number of livestock. He discussed the hidden mechanisms of local county government, the variety of processing methods, and the cost to government just to process one calculation.

Rep. John Patterson, House District 97 Yellowstone County, introduced HB 494. He said the bill deals with exempting from property taxation swine less than 6 months of age and

all other livestock less than 20 months of age. He said the bill would correct a problem in his area. He mentioned the feedlot in Ballantine that went broke. He said the property is now in the possession of the Federal Farm Home Administration. He said the problem is the property leaves the tax rolls. He mentioned the problem of surplus grains. He said rather than shipping grain overseas or putting in government warehouses, grain should be supplied to the livestock industry for feed. He mentioned the closed packing plants. He said this was a disadvantage to the Montana livestock industry because they have to ship their cattle out-of-state.

Chairman Ramirez mentioned that proponents or opponents could testify for any of the three bills.

#### PROPOSERS

Fred Johnson, from Augusta and chairman of the taxation committee of the Montana Stockgrowers Association, spoke in support HB 285 and the alternative HB 494. He said both bills represent the economic condition of the livestock industry. He pointed out that last year agriculture in the state lost \$232 million. He said that the agriculture business has to borrow money to pay property taxes which increases their debt. He said HB 285 would have a major effect and would be appropriate for business. He pointed out the difficulty of attracting business into Montana with the tax put on the cattle when they come into the state. He said the industry needs relief.

Bob Gilbert, representing the Montana Woolgrowers Association, supported HB 285 and HB 494. He said he also supports Rep. Hoffman's bill, HB 315. The assessors have concerns about the average inventory method of taxation.

Robert Watterman, representing Montana Stockgrowers Association, spoke in support of HB 285 and HB 494. He said HB 285 was designed to view livestock as any other inventory of businesses.

George Post discussed the livestock business. He said there was a discriminatory tax placed on livestock. He spoke in favor of HB 285. He said that costs needed to be cut and do away with the tax upon livestock and other farm products. He discussed his herd of 300 head and the tax bill of 38 percent. The mil levy for the last five years in Ravalli County have risen 82.6 percent.

Claribel Bonine, representing WIFE, testified in support of HB 285. She said the inventory on all small businesses should be taxed less. Taxing the inventory on livestock is

taxing the inventory of farm agriculture. She said that HB 315 would eliminate some of the book problems.

Stuart Doggett, representing the Montana Chamber of Commerce, spoke in support of HB 285 and HB 494. He said the Chamber has many businesses that depend on the economic health of the agricultural community. He agreed that this was an issue of fairness. He said the bills would help reform the state's tax structure.

Fred Boedecker, representing the Montana Forward Coalition, spoke in support of HB 285 and HB 494.

Marvin Barber, representing the Montana Assessors, spoke in favor of HB 315. (Exhibit #6)

Terry Murphy, representing the Montana Farmers Union, spoke in support of HB 494. He pointed out that business inventory should be taxed on the same basis as agricultural inventory.

Carol Mosher, speaking for the Montana Cattlemen, testified in support of HB 285 and HB 494. She said they were especially in favor of HB 285. She said the inventory tax is unfair according to the other standards of the state. She said they were opposed to HB 315. She said the agricultural business should be allowed to keep their numbers running since they vary. She said good cattle ranchers know how many cattle they have.

Norm Haaland, president of the Montana cattle feeders and owner operator of a cattle feedlot, spoke in favor of HB 285. He said there was a very unfair way of taxing inventory. He pointed out that the neighboring states did not have any cattle taxes. He was also in favor of HB 494.

Steven Page, a rancher in Glasgow operating a ranch in Phillips County, spoke in support of HB 285 to eliminate the livestock inventory tax in order to be more competitive. He said the livestock business in Montana was going downhill and could not afford to pay this tax.

Henry Wischenfelder, owner of Yellowstone Breeders of Montana, spoke in support of HB 285.

Leroy Gabel, farmer from Yellowstone valley, spoke in support of HB 285 and HB 494 to put the cattle industry in a better situation.

Rep. Dean Switzer, representative of House District 28, spoke in support of HB 285. He said the FHA was the lender of last resort of hard luck farmers and one significant

benefit to agriculture would be a reduction of property taxes.

#### OPPONENTS

Gordon Morris, with the Montana Association of Counties, discussed the three bills. He said the Montana Association of Counties is supportive of substantial property tax relief and at the same time insure local governments full dollar replacement of lost revenue.

Eric Feaver, MEA, spoke in opposition to the bills. He said if the bills passed then public education would suffer through lack of funds. He said the reform of property taxes is necessary but should be equitable. He said that public education was the primary consumer of property tax in the state. He said revenue would have to be replaced if these bills passed.

Jamie Zink, representing Montana Associated Students, spoke in opposition to the bills.

Fred Johnson, Montana Stockgrowers, spoke in opposition to HB 315 which would repeal the use of the averaging inventory method. He discussed the history of averaging inventory. He discussed the problem of moving cattle to a different feedlot in another county and having them taxed twice under the proposed bill.

Rep. Ellison spoke in opposition to HB 285. He said the bill would not correct the tax system.

Greg Groepper, from the Department of Revenue, said the department was neither for or against the bill but offered technical information. He mentioned HB 284 going through the Department of Livestock. He said that HB 315 should have the date changed from March 1 to January 1. He pointed out that January 1 was the base assessment date for all other forms of personal property and would allow consistency. HB 494 should consider the effective date. He said that local government relied on the revenue that would be coming in on these forms of personal property. He said they had built their budgets predicated on receiving that money.

#### QUESTIONS FROM THE COMMITTEE - None.

Rep. Cody closed on HB 284. She pointed out that when one county exported more cattle than were on the tax rolls there would be a question as to how good of job that would be. She offered an amendment which addresses the special livestock mil levy. She said the board should be able to support predatory and animal health control. Also the

imports from Canada are 30 percent discount on the money which effects livestock people. She said the livestock industry does not have any control over the forces of the weather or the prices. A retail store can set the price of their own product and this is not fair.

Rep. Hoffman closed on HB 315. He said that stockgrowers don't like it and assessors can't police it. He said if there is a question about the number of livestock turned in they can't go out in the field and take a count. He said that because of the average inventory method of assessment, commissioners are required, under budgeting periods, to set up a reserve fund to accommodate these adjustments. He said the commissioners are put in a bind since they have no basis on which to do this. He pointed out the March 1 assessment date for livestock was because of the financial situation that most stockgrowers are in when they report their income taxes and set up their financial programs. Traditionally they have held a part of their livestock over into the next year before marketing that stock. In a cow/calf operation they hold the light calves in the fall to get more weight on them then after the first of the year they get rid of those calves also. He said the date moving to January 1 would help the Department of Revenue administration but the issue is to consider what the livestock people want. He pointed out that livestock is the only property that are treated special. They have their own assessment base.

Rep. Patterson closed on HB 494. He commented on the request by the Department of Revenue on changing the date. He said he opposed that because the form is not returned to the county assessor's office until the first of March or the fifteenth. The county commissioners do not set their budgets or their spending level until July 1.

#### EXECUTIVE SESSION

##### HOUSE BILL 213

Rep. Ellison moved to Table HB 213 which is the tax on the sale of soft drinks. He mentioned that Rep. Compton, the sponsor, wanted this tabled. The motion carried unanimously. (Exhibit #7)

##### HOUSE BILL 245

Rep. Williams moved to Table HB 245. The motion carried unanimously.

##### HOUSE BILL 216

Rep. Williams moved DO NOT PASS. The motion carried unanimously.

HOUSE BILL 260

Rep. Harp moved to Table HB 260. The motion carried unanimously.

HOUSE BILL 315

Rep. Hoffman moved to DO PASS HB 315. Rep. Williams moved a substitute motion to DO NOT PASS HB 315. He said that the history showed the program worked and the testimony from the livestock people reveals that they are happy with it. He said it was the county assessors that have trouble with it in their system of handling the assessments.

Rep. Gilbert said it was important to mention that section 2 deals with moving cattle from county to county so the taxes are prorated not double taxed.

Rep. Patterson mentioned the burden on the assessors office shuffling paper work. He said it was important to keep doing it the same way so counties did not have a problem dividing it with other counties.

Rep. Ellison pointed out that the county line ran through the middle of his place. He said he could maneuver the numbers and the assessors could not determine which side of the fence his cattle were on. He said he was against the bill.

Rep. Hoffman discussed the taxation of migratory livestock which was different law and method of which livestock were assessed. He said that HB 315 deals with a method in which livestock are assessed. He pointed out the signatures on the bill from the Montana Stockgrowers Association. He said the bill should be acted on even if the other two livestock bills do not pass.

A roll call vote was taken on Rep. Williams' do not pass motion. The motion failed 6-10. Rep. Patterson made a substitute motion to Table HB 315. The motion failed.

Rep. Patterson moved the amendments. The motion carried unanimously. The question was called on Rep. Hoffman's motion of DO PASS AS AMENDED HB 315 in a roll call vote. The motion carried 9-7.

HOUSE BILL 288



Chairman Ramirez noted that this was Rep. Pistoria's bill denoting 5 percent of the coal tax to local government.

Rep. Harrington moved to Table the bill. The motion passed unanimously.

HOUSE BILL 289

Rep. Hanson moved to Table the bill. The motion carried unanimously.

HOUSE BILL 387

Rep. Keenan moved DO PASS HB 387. She moved an amendment to delete the public hearing part of the bill. She said the Department doesn't supply hearings in any other area. The motion carried unanimously.

Rep. Ramirez asked Rep. Keenan on page 2, line 22-25, whether the Department would be asking for more people to do the work. Rep. Ramirez moved to amend the bill and strike 22-25, and renumber subsequent subsections.

Rep. Ellison spoke in favor of the amendment. Rep. Keenan said she would prefer to leave it in. She pointed out the example of a tax break for a solar program and the fact that it was not working. Rep. Raney pointed out that the bill only had the Department outlining the available data necessary to determine the effectiveness.

Rep. Sands spoke against the amendment. He said we do not need more information compiled without an analysis.

The question was called on the amendment. The motion failed with Reps. Asay, Ramirez, Gilbert, Ellison voted Yes.

The motion do pass as amended carried with Reps. Asay and Gilbert voting NO.

HOUSE BILL 513

Rep. Harp mentioned that Terry Johnson of the Office of Budget and Program Planning had pointed out the fiscal impact from the settlement. Rep. Ramirez said the termination date would have to be amended. Rep. Williams said to apply that just to 1993.

ADJOURNMENT:

The meeting was adjourned at 12:10 a.m.

Taxation  
February 6, 1987  
Page 10

  
REP. JACK RAMIREZ, Chairman

## DAILY ROLL CALL

## HOUSE TAXATION COMMITTEE

50th LEGISLATIVE SESSION -- 1987

Date Feb. 6, 1987

NAME	PRESENT	ABSENT	EXCUSED
REP. RAMIREZ	✓		
REP. ASAY	✓		
REP. ELLISON	✓		
REP. GILBERT	✓		
REP. HANSON	✓		
REP. HARP	✓		
REP. HARRINGTON	✓		
REP. HOFFMAN	✓		
REP. KEENAN	✓		
REP. KOEHNKE	✓		
REP. PATTERSON	✓		
REP. RANEY	✓		
REP. REAM	✓		
REP. SANDS	✓		
REP. SCHYE	✓		
REP. WILLIAMS	✓		

# STANDING COMMITTEE REPORT

February 6 19 87

Mr. Speaker: We, the committee on HOUSE TAXATION

report HOUSE BILL 216

☐ do pass  
☒ do not pass

☐ be concurred in  
☐ be not concurred in

☐ as amended  
☐ statement of intent attached

REP. JACK RAMIREZ

Chairman

*JRS*

1st

reading copy ( White )  
color

# STANDING COMMITTEE REPORT

February 6

19 87

Mr. Speaker: We, the committee on House Taxation

report House Bill 315

☒ do pass  
☐ do not pass

☐ be concurred in  
☐ be not concurred in

☒ as amended  
☐ statement of intent attached

Representative Jack Ramirez, Chairman

1. Page 2, line 6.

Following: "the"

Insert: "(1)"

2. Page 2.

Following: Line 10

Insert: "(2) The livestock number being fed in pens or feed lots may be computed by adding the numbers of livestock 9 months of age or over that were fed on the last day of each month since the last assessment date and dividing the total number by 12."

7037c/L:JEA\WP:jj

# STANDING COMMITTEE REPORT

February 6 1987

Mr. Speaker: We, the committee on House Taxation

report House Bill 387

☒ do pass  
☐ do not pass

☐ be concurred in  
☐ be not concurred in

☒ as amended  
☐ statement of intent attached

Representative Jack Ramirez, Chairman

1. Title, lines 6 and 7.

Following: "REPORT" on line 6

Strike: "AND TO HOLD A PUBLIC HEARING ON THE PROPOSED CONTENTS  
OF THE BIENNIAL REPORT"

2. Page 3.

Strike line 13 through "hearing." on line 24

7037b/L:JEA\WP:jj

# ROLL CALL VOTE

HOUSE TAXATION

COMMITTEE

DATE Feb 6, 1977 BILL NO. HB 315

NAME	ABSTAIN	AYE	NAY
RAMIREZ, REP. JACK			✓
ASAY, REP. TOM			✓
ELLISON, REP. ORVAL		✓	
GILBERT, REP. BOB		✓	
HANSON, REP. MARION		✓	
HARP, REP. JOHN		✓	
HARRINGTON, REP. DAN		✓	
HOFFMAN, REP. ROBERT		✓	
KENNAN, REP. NANCY			✓
KOEHNKE, REP. FRANCIS			✓
PATTERSON, REP. JOHN			✓
RANEY, REP. BOB			✓
REAM, REP. BOB		✓	
SANDS, REP. JACK		✓	
SCHYE, REP. TED		✓	
WILLIAMS, REP. MEL			✓
TALLY		9	7

Joann Banschbach  
Secretary

Rep. Jack Ramirez  
Chairman

Motion: Do Pass As Amended - Motion carries

# ROLL CALL VOTE

HOUSE TAXATION

COMMITTEE

DATE Feb. 6, 1997 BILL NO. HB 315

NAME	ABSTAIN	AYE	NAY
RAMIREZ, REP. JACK		✓	
ASAY, REP. TOM		✓	
ELLISON, REP. ORVAL			✓
GILBERT, REP. BOB			✓
HANSON, REP. MARION			✓
HARP, REP. JOHN			✓
HARRINGTON, REP. DAN			✓
HOFFMAN, REP. ROBERT			✓
KENNAN, REP. NANCY		✓	
KOEHNKE, REP. FRANCIS		✓	
PATTERSON, REP. JOHN			✓
RANEY, REP. BOB		✓	
REAM, REP. BOB			✓
SANDS, REP. JACK			✓
SCHYE, REP. TED			✓
WILLIAMS, REP. MEL		✓	
TALLY		6	10

Joann Banschbach  
Secretary

Rep. Jack Ramirez  
Chairman

Motion: Rep. Williams substitute motion to  
Do Not Pass - Motion fails



# ROLL CALL VOTE

HOUSE TAXATION

COMMITTEE

DATE Feb 6, 1987 BILL NO. HB 315

NAME	ABSTAIN	AYE	NAY
RAMIREZ, REP. JACK			✓
ASAY, REP. TOM			✓
ELLISON, REP. ORVAL		✓	
GILBERT, REP. BOB		✓	
HANSON, REP. MARION		✓	
HARP, REP. JOHN		✓	
HARRINGTON, REP. DAN		✓	
HOFFMAN, REP. ROBERT		✓	
KENNAN, REP. NANCY			✓
KOEHNKE, REP. FRANCIS			✓
PATTERSON, REP. JOHN			✓
RANEY, REP. BOB			✓
REAM, REP. BOB		✓	
SANDS, REP. JACK		✓	
SCHYE, REP. TED		✓	
WILLIAMS, REP. MEL			✓
TALLY		9	7

Joann Banschbach  
Secretary

Rep. Jack Ramirez  
Chairman

Motion: Hoffman - Do Pass A Amended

# ROLL CALL VOTE

HOUSE TAXATION

COMMITTEE

DATE Feb 6, 1987 BILL NO. HB 315

NAME	ABSTAIN	AYE	NAY
RAMIREZ, REP. JACK		✓	
ASAY, REP. TOM		✓	
ELLISON, REP. ORVAL			✓
GILBERT, REP. BOB			✓
HANSON, REP. MARION			✓
HARP, REP. JOHN			✓
HARRINGTON, REP. DAN			✓
HOFFMAN, REP. ROBERT			✓
KENNAN, REP. NANCY		✓	
KOEHNKE, REP. FRANCIS		✓	
PATTERSON, REP. JOHN			✓
RANEY, REP. BOB		✓	
REAM, REP. BOB			✓
SANDS, REP. JACK			✓
SCHYE, REP. TED			✓
WILLIAMS, REP. MEL		✓	
TALLY		6	10

Joann Banschbach  
Secretary

Rep. Jack Ramirez  
Chairman

Motion: Wms - Do Not Pass

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_



## STATE OF MONTANA

Office of the Legislative Fiscal Analyst

STATE CAPITOL  
HELENA, MONTANA 59620  
406/444-2988

January 27, 1987

#1  
DATE 2-6-87  
HB 216JUDY RIPPINGALE  
LEGISLATIVE FISCAL ANALYSTRepresentative Fred "Fritz" Daily  
Seat #62  
Montana House of Representatives

Dear Representative Daily:

In response to your request, Table 1 compares the original appropriation for fiscal 1987 with LFA current level for fiscal 1988 and fiscal 1989 for educational programs that provide direct services to students.

Table 1  
Comparison of Original Appropriated Level for Fiscal 1987  
to LFA Current Level for Fiscal 1988 and 1989

Program	Orig Approp	Current Level	Current Level	- - - - Difference - - - -	
	Fiscal 1987	Fiscal 1988	Fiscal 1989	FY87 to FY88	FY87 to FY89
University-6 Units	\$116,625,918	\$108,357,123	\$108,994,712	\$ (8,268,795)	\$ (7,631,206)
Vo-Tech Centers	8,709,831	8,485,448	8,438,882	(224,383)	(270,949)
Community Colleges	3,218,412	3,135,791	3,130,518	(82,621)	(87,894)
School Deaf & Blind	3,168,493	2,860,037	2,835,134	(308,456)	(333,359)
Secondary Vo-Ed	500,000	450,000	450,000	(50,000)	(50,000)
Gifted & Talented	100,000	95,000	95,000	(5,000)	(5,000)
Adult Basic Ed	155,962	147,523	147,523	(8,439)	(8,439)
Foundation Program	296,940,000	285,360,000	286,843,000	(11,580,000)	(10,097,000)
Special Education	29,201,733	27,761,646	27,761,646	(1,440,087)	(1,440,087)
<b>TOTAL</b>	<b>\$458,620,349</b>	<b>\$436,652,568</b>	<b>\$438,696,415</b>	<b>\$(21,967,781)</b>	<b>\$(19,923,934)</b>
<b>Ed coal trust int.</b>					
Adult basic ed	\$ 155,962	\$ 147,523	\$ 147,523		
Vo-tech centers	1,000,000	795,637	856,904		
School foundation	7,440,000	6,366,000	6,780,000		
<b>Subtotal Coal</b>	<b>\$ 8,595,962</b>	<b>\$ 7,309,160</b>	<b>\$ 7,784,427</b>		
<b>Non-coal tax funds</b>	<b>450,024,387</b>	<b>429,343,408</b>	<b>430,911,988</b>		
<b>TOTAL FUNDING</b>	<b>\$458,620,349</b>	<b>\$436,652,568</b>	<b>\$438,696,415</b>		

The LFA current level is above the fiscal 1987 appropriation level by \$22 million in fiscal 1988 and \$20 million in fiscal 1989. To bring those programs up to the original fiscal 1987 level for fiscal 1988 and 1989 you would have to add \$42 million for the biennium.

STATE  
OF  
MONTANA

ATTORNEY GENERAL  
MIKE GREELY

JUSTICE BUILDING, 215 N. SANDERS, HELENA, MONTANA 59620  
TELEPHONE (406) 444-2026

DATE 2-6-87

HB 513

RECEIVED JUN 17 1986

VOLUME NO. 41

OPINION NO. 67

COUNTIES - Budget allocation of proceeds from settlement of mines net and gross proceeds taxes;

MINES AND MINING - County budget allocation of proceeds from settlement of mines net and gross proceeds taxes;

SCHOOL DISTRICTS - Lawful use of proceeds from county settlement of mines net and gross proceeds taxes;

TAXATION AND REVENUE - County budget allocation of proceeds from settlement of mines net and gross proceeds taxes;

MONTANA CODE ANNOTATED - Sections 7-6-2318(1), 15-8-601, 15-16-102, 15-23-106, 15-23-107, 15-23-501, 15-23-803, 15-23-804, 15-23-806, 20-9-502, 20-9-503, 20-9-508.

HELD: 1. Proceeds under the February 1986 Atlantic Richfield Company settlement agreement payable to Butte-Silver Bow County must be allocated to each taxing jurisdiction within the county proportionally to the mill levies of all such jurisdictions' funds in effect during the fiscal year when such proceeds are contractually required to be paid.

2. Proceeds under the February 1986 Atlantic Richfield Company settlement agreement may be allocated in proper portion to any appropriately established building reserve fund of school districts within Butte-Silver Bow County. Such proceeds may not be allocated to any building fund of those school districts.

16 June 1986

Robert M. McCarthy  
Butte-Silver Bow County Attorney  
Butte-Silver Bow County Courthouse  
Butte MT 59701

Dear Mr. McCarthy:

You have requested my opinion concerning several questions which I have rephrased as follows:

1. How should payments to Butte-Silver Bow County under a settlement agreement compromising alleged tax obligations under the mines net proceeds and metal mines gross proceeds taxes be allocated for county budget purposes?
2. To the extent portions of such payments are properly apportioned to school district funds within Butte-Silver Bow County, under what conditions may they be allocated to a particular school district's building reserve fund or its building fund?

Your questions arise as a result of a February 1986 settlement between the Montana Department of Revenue, Butte-Silver Bow County, Anaconda-Deer Lodge County, and the Atlantic Richfield Company resolving a controversy over revised assessments affecting (1) the metalliferous mines license tax, §§ 15-37-101 to 117, MCA; (2) the resource indemnity trust tax, §§ 15-38-101 to 112, MCA; (3) the mines net proceeds tax, §§ 15-23-501 to 523, MCA; and (4) the metal mines gross proceeds tax, §§ 15-23-801 to 807, MCA. Butte-Silver Bow County receives revenue only under the last two taxes whose amounts are calculated in the same manner as personal property taxes, i.e., they are based upon application of a mill levy against a taxable assessed value. See §§ 15-23-106(1)(d), 15-23-501, 15-23-803, 15-23-806, MCA. The revised assessments as to those taxes were made in accordance with section 15-8-601, MCA.

Under section 15-8-601(1), MCA, the Department of Revenue is authorized to make revised assessments of taxable property which has escaped or been omitted from taxation or has been erroneously assessed. The Department thereafter issues a revised assessment to

16 June 1986

county officials for the involved tax year. §§ 15-8-601(5), 15-23-107, MCA. Appropriate revisions must then be entered into the county's assessment roll book, and the treasurer issues a tax notice for any additional amounts which, when collected, will be allocated to the various taxing jurisdictions within the county in the same proportion as such taxes would have been distributed had they been timely paid. However, an aggrieved taxpayer as to centrally assessed taxes, such as the mines net and gross proceeds taxes, may institute proceedings before the state tax appeal board to challenge the revised assessment. § 15-8-601(3)(c), MCA. Atlantic Richfield initiated such an action, and the Department determined that issuance of the revised assessment to Butte-Silver Bow County should be delayed until its validity was established. Thus, in this matter no modifications were made in the County's roll book to reflect the revised assessments.

The subsequent settlement agreement with Atlantic Richfield established a payment procedure independent of the statutory scheme. It provided that \$12,245,000 will be paid to Butte-Silver Bow County over a seven-year period, with the first annual payment due on the third to the last business day of June 1987. The payments in succeeding years must also be tendered by such day. Butte-Silver Bow County and Atlantic Richfield have the right to modify the time and amount of payments without consent of the other parties if the latter's payments will be unaffected. Should a required payment not be made by the last day of June, a 10 percent penalty and interest at 1 percent per month will be assessed. In return for such payments Atlantic Richfield received, inter alia, a full and complete liability release from the disputed taxes for all years to the date of settlement.

While the settlement proceeds are clearly derivative of alleged tax obligations, the agreement's provisions governing payment operate independently of relevant statutory provisions. Most importantly, (1) there are no entries in Butte-Silver Bow County's assessment book reflecting the disputed valuations; (2) the proceeds are not apportioned to previous tax years in which the Department's revised assessment determined taxes were owing; (3) the payment schedule differs from that applicable to mines net and gross proceeds taxes with respect to time of payment (§§ 15-16-102, 15-23-501, 15-23-804, MCA); (4) the agreement's penalty and interest provisions differ from relevant statutory provisions (§ 15-16-102, MCA); and (5) the County and

Atlantic Richfield are given the discretion to modify the time and amount of payments. The settlement proceeds cannot, therefore, be characterized as payment of delinquent taxes which must be apportioned to earlier tax years on the basis of then-applicable mill levies.

Montana statutes are silent with respect to the proper allocation within the county budget of income like the present settlement proceeds. Nonetheless, because Butte-Silver Bow County's portion of the settlement derives from alleged liability under the mines net and gross proceeds taxes, such amounts should logically be allocated among the various county taxing jurisdictions proportionately on the basis of mill levies for the fiscal year during which they are payable under the agreement or any subsequent amendment thereto. This result comports with the County's presumed intent in resolving the disputed tax claims, which was to benefit each taxing jurisdiction through an expeditious and certain settlement.

Although the settlement proceeds must be allocated among Butte-Silver Bow County's taxing jurisdictions proportionally to their mill levies, such amounts clearly do not arise from "the taxation of property" for the purpose of calculating projected fund cash flow under section 7-6-2318(1), MCA. The term "taxation of property" has obvious reference to those revenues deriving from the property tax collection procedure specified under sections 15-16-101 to 704, MCA, and cannot be construed to include the settlement proceeds. Precise calculation of the amounts which should be allocated to the various taxing jurisdictions from the proceeds will, therefore, be difficult since the determination of the mill levies themselves should precede fixing the settlement proceeds' proper allocation. Nonetheless, reference to mill levies in the previous fiscal year and reasoned judgments as to the relative effect of the proposed budget on those levies should permit a substantially accurate approximation of the projected fund cash flow from the settlement proceeds.

Your second question is largely answered by the above analysis. School finance procedures are extremely detailed and specify the manner in which building reserve funds and building funds may be created and financed. Section 20-9-502, MCA, permits creation of a building reserve fund, which is financed through annual mill levies, and requires elector approval of the fund's establishment. Under section 20-9-503, MCA, trustees

must include within the school district's budget the levy so authorized. Building funds are, in contrast, financed principally through issuance and sale of school bonds and may not be financed through additional mill levies. See § 20-9-508, MCA. Consequently, proceeds from the settlement agreement may accrue to the benefit of a properly authorized building reserve fund but may not be placed into a building fund.

THEREFORE, IT IS MY OPINION:

1. Proceeds under the February 1986 Atlantic Richfield Company settlement agreement payable to Butte-Silver Bow County must be allocated to each taxing jurisdiction within the county proportionally to the mill levies of all such jurisdictions' funds in effect during the fiscal year when such proceeds are contractually required to be paid.
2. Proceeds under the February 1986 Atlantic Richfield Company settlement agreement may be allocated in proper portion to any appropriately established building reserve fund of school districts within Butte-Silver Bow County. Such proceeds may not be allocated to any building fund of those school districts.

Very truly yours,



MIKE GREELY  
Attorney General



COMPARISON OF THE ORIGINAL APPROPRIATED LEVEL FOR FISCAL 1987 TO EXECUTIVE FOR FISCAL 1988 AND 1989.

DATE 2-6-87  
HB 513

PROGRAM:	ORIG APPROP	EXECUTIVE	EXECUTIVE	DIFFERENCE		Ex. Bud.
	FISCAL 1987	FISCAL 1988	FISCAL 1989	FY87 TO FY88	FY87 TO FY89	PAGE #
MA-6 UNITS	\$116,625,918	\$107,849,157 <sup>P.S-67</sup>	\$107,921,648 <sup>P.S-67</sup>	\$8,776,761	\$8,704,270	P. S-67
TECH CENTERS	8,709,831	7,727,223	7,669,605	982,608	1,040,226	P. S-32
COMMUNITY COLLEGES	3,218,412	3,119,852	3,093,392	99,560	125,020	
DEVELOP & BUND	3,168,493	2,946,449	2,913,039	222,044	255,454	P. S-93
SECONDARY VO- <sup>ED</sup>	500,000	400,000	400,000	100,000	100,000	
TALENTED	100,000	95,000	95,000	5,000	5,000	
BASIC ED.	155,962	156,258	156,258	296	296	
ANDERSON PROGRAM	246,949,000	242,958,000	251,559,000	53,982,000	45,381,000	
EDUCATION	29,201,733	27,761,646	27,661,646	1,440,087	1,440,087	
TOTAL	\$458,620,349	\$393,013,585	\$401,569,588	\$65,607,356	\$57,051,353	
COAL TRUST INT.						
ADULT BASIC ED.	\$ 155,962	\$ 156,258	\$ 156,258			
TECH CENTERS	1,000,000	776,742	784,742			
SCHOOL FOUNDATION	7,440,000	13,215,000	12,002,000			
TOTAL COAL	\$8,595,962	\$14,148,000	\$12,943,000			
NON-COAL TAX FUNDS	459,024,387	378,865,585	388,626,588			
TOTAL FUNDING	\$458,620,349	\$393,013,585	\$401,569,588			

EXHIBIT

DATE 2-6-87

HB 513

## 1986-87 ALLOCATION OF ACM SETTLEMENT

Settlement Proceeds  
Due 6/30/87..... \$2,000,000

STATE:	MILLAGE =====	REVENUE =====
State Assumption	12.00	54,286
University	6.00	27,143
Total State	18.00	\$81,430

## SCHOOL DISTRICT:

Elementary General	127.62	577,335
High School General	67.93	307,306
High School Transportation	3.17	14,341
High School Retirement	14.55	65,822
Net Employee Retirement	32.65	147,704
Elementary Transportation	9.97	45,103
Bus	2.38	10,767
Tuition	0.05	226
Debt Service	13.64	61,705
Adult Education	1.19	5,383
Comprehensive Insurance	4.34	19,634
Vo-Tech	1.50	6,786
Total School District	278.99	\$1,262,113

## BUTTE-SILVER BOW:

General	69.40	313,956
Port Authority	1.00	4,524
Bridge	3.96	17,914
Weed Control	0.91	4,117
District Courts	15.41	69,713
Civic Center	2.51	11,355
Transit System	1.36	6,152
Senior Citizens	1.73	7,826
Airport	0.96	4,343
Developmentally Disabled	0.32	1,448
Damages and Judgements	2.46	11,129
Comprehensive Insurance	2.78	12,576
Fire	36.91	166,976
Road	4.95	22,393
Mile High Soil Conservation	0.45	2,036
Total Butte-Silver Bow	145.11	\$656,458

TOTAL JURISDICTION	442.10	\$2,000,000
--------------------	--------	-------------

DATE MARCH 1985  
BOOK 1R NAME Joe Anyon  
PAGE 20 ADDRESS \_\_\_\_\_ RT. 2 BOX 1  
LINE \_\_\_\_\_ CITY Big Timber STATE MT ZIP 57014  
J.D. 1 COUNTY, 19 85

ASSESSMENT NUMBER         
EXHIBIT 45  
DATE 2-6-87  
HB 315

	AVERAGE NO. HEAD REPORTED PREVIOUS YEAR	AVERAGE NO. HEAD REPORTED CURRENT YEAR	NO. HEAD FOR ADJUSTMENT PLUS MINUS		PREVIOUS YEAR MARKET VALUE PER HEAD	MARKET VALUE TO BE ADJUSTED PLUS	MARKET VALUE TO BE ADJUSTED MINUS
ATTLE							
TOCK AND GRADE							
BULLS 9 MONTHS AND OLDER 5312	<u>4</u>	<u>3</u>	<u>1</u>		<u>650</u>		<u>650</u>
ATTLE MONTHS - 20 MONTHS 5314	<u>11</u>	<u>8</u>	<u>3</u>		<u>223</u>		<u>669</u>
ATTLE 21 MONTHS - 32 MONTHS 5315	<u>12</u>	<u>12</u>			<u>289</u>		<u>0</u>
CATTLE MONTHS AND OLDER 5316	<u>25</u>	<u>70</u>	<u>5</u>		<u>323</u>		<u>1615</u>
AIRY CATTLE MONTHS AND OLDER 5317							
STEERS 33 MONTHS AND OLDER 5318							
UREBRED							
JLLS MONTHS AND OLDER 5352							
CATTLE 9 MONTHS - 20 MONTHS 5354							
ATTLE MONTHS - 32 MONTHS 5355							
ATTLE MONTHS AND OLDER 5356							
TOTAL CATTLE	<u>102</u>	<u>93</u>	<u>9</u>				
ORSES							
ORSES, MULES, DONKEYS & ASSES 9 - 24 MONTHS AND ALL SHETLAND PONIES 5102							
STALLIONS MONTHS AND OLDER 5103							
LE HORSES & BROOD MARES MONTHS AND OLDER 5105							
WORK & PACK HORSES & MULES 25 MONTHS AND OLDER 5107							
SHOW, RACE AND ROPING HORSES 3 MONTHS AND OLDER 5108							
TOTAL HORSES							
SHEEP							
REGISTERED BUCKS MONTHS AND OLDER 5502							
OCK BUCKS MONTHS AND OLDER 5503							
SHEEP 9 MONTHS - 70 MONTHS 5504							
EEP MONTHS AND OLDER 5506							
TOTAL SHEEP							
TOTALS							

TOTAL ADJUSTED MARKET VALUE \$ 2934  
TOTAL ADJUSTED TAXABLE VALUE \$ 117  
PREVIOUS YEAR'S MILL LEVY 210 X 117 (TAXABLE VALUE) = \$ 24,58  
PREVIOUS YEAR'S LIVESTOCK LEVY 80 X 117 (TAXABLE VALUE) = \$ 9,36  
PREVIOUS YEAR'S BOUNTY LIVESTOCK X (TAXABLE VALUE) = \$  
PREVIOUS YEAR'S BOUNTY SHEEP X (TAXABLE VALUE) = \$  
BEEF MARKETING AND RESEARCH ACT \$.25 A HEAD (FOR ADDITIONAL ASSESSMENTS ONLY) \$ 2.25

TOTAL TAX DUE \$  
TOTAL REFUND DUE \$ 37.19

\* TO RECEIVE A BEEF MARKETING AND RESEARCH ACT REFUND - APPLY TO LIVESTOCK DEPT. WITHIN 30 DAYS.

3.47 difference

DATE March 1986 ASSESSMENT NUMBER   
 BOOK 1R NAME Joe anyone  
 PAGE 21 ADDRESS \_\_\_\_\_ RT. 2 BOX 1  
 LINE \_\_\_\_\_ CITY Big Timber STATE mt ZIP 59014  
 S.D. 1 Sweet Grass COUNTY, 19 86

	AVERAGE NO. HEAD REPORTED PREVIOUS YEAR	AVERAGE NO. HEAD REPORTED CURRENT YEAR	NO. HEAD FOR ADJUSTMENT		PREVIOUS YEAR MARKET VALUE PER HEAD	MARKET VALUE TO BE ADJUSTED PLUS	MARKET VALUE TO BE ADJUSTED MINUS
			PLUS	MINUS			
CATTLE							
STOCK AND GRADE							
BULLS 9 MONTHS AND OLDER 5312	3	4	1		650	650	
CATTLE 9 MONTHS - 20 MONTHS 5314	10	15	5		225	1125	
CATTLE 21 MONTHS - 32 MONTHS 5315	9	5		4	280		1120
CATTLE 33 MONTHS AND OLDER 5316	70	76	6		325	1950	
DAIRY CATTLE 21 MONTHS AND OLDER 5317							
STEERS 33 MONTHS AND OLDER 5318							
PUREBRED							
BULLS 9 MONTHS AND OLDER 5352							
CATTLE 9 MONTHS - 20 MONTHS 5354							
CATTLE 21 MONTHS - 32 MONTHS 5355							
CATTLE 33 MONTHS AND OLDER 5356							
TOTAL CATTLE	92	100	12	4		3725	1120
HORSES							
HORSES, MULES, DONKEYS & ASSES 9 - 24 MONTHS AND ALL SHETLAND PONIES 5102							
STALLIONS 25 MONTHS AND OLDER 5103							
SADDLE HORSES & BROOD MARES 25 MONTHS AND OLDER 5105							
WORK & PACK HORSES & MULES 25 MONTHS AND OLDER 5107							
SHOW, RACE AND ROPING HORSES 25 MONTHS AND OLDER 5108							
TOTAL HORSES							
SHEEP							
REGISTERED BUCKS 9 MONTHS AND OLDER 5502							
STOCK BUCKS 9 MONTHS AND OLDER 5503							
SHEEP 9 MONTHS - 70 MONTHS 5504							
SHEEP 71 MONTHS AND OLDER 5506							
TOTAL SHEEP							
TOTALS							

TOTAL ADJUSTED MARKET VALUE \$ 2605  
 TOTAL ADJUSTED TAXABLE VALUE \$ 104  
 PREVIOUS YEAR'S MILL LEVY 225 X 104 (TAXABLE VALUE) = \$ 23.40  
 PREVIOUS YEAR'S LIVESTOCK LEVY 80 X 104 (TAXABLE VALUE) = \$ 8.32  
 PREVIOUS YEAR'S BOUNTY LIVESTOCK X (TAXABLE VALUE) = \$ \_\_\_\_\_  
 PREVIOUS YEAR'S BOUNTY SHEEP X (TAXABLE VALUE) = \$ \_\_\_\_\_  
 BEEF MARKETING AND RESEARCH ACT \$.25 A HEAD (FOR ADDITIONAL ASSESSMENTS ONLY) \$ 2.00

TOTAL TAX DUE \$ 33.72

TOTAL REFUND DUE \$ \_\_\_\_\_

\* TO RECEIVE A BEEF MARKETING AND RESEARCH ACT REFUND - APPLY TO LIVESTOCK DEPT. WITHIN 30 DAYS.

# **SCHEDULE A — ASSESSMENT OF LIVESTOCK**

## **ASSESSMENT OF LIVESTOCK** (Defined as cattle, sheep, horses, mules, swine, goats and asses.)

Owners of these animals will report on Schedule A of this form the number of head of each kind which are more than nine months of age and are owned by him or in his control.

If reporting cattle, sheep, horses, mules and asses for the first time, you have the option of listing the average number of head in each category for the previous 12 month period or the total number of livestock as of March 1st. Once a taxpayer elects the March 1st method of assessment, he must use that date for each year thereafter.

CHECK March 1st ☐  
 ONE Average Inventory ☐

HORSES & MULES	JAN. 31	FEB. 28	MAR. 31	APR. 30	MAY 31	JUNE 30	JULY 31	AUG. 31	SEPT. 30	OCT. 31	NOV. 30	DEC. 31	TOTAL NO.	NUMBER ON MAR. 1	Assessor's Use Only	
															MARKET VALUE	TAXABLE VALUE
Horses and Mules 9 mos. - 24 mos. and all Shetland Ponies, Donkeys & Burros														5102		
Stallions 25 mos. and older														5103		
Saddle Horses and Brood Mares—25 mos. and older														5105		
Work and Pack Horses, Riding and Pack Mules 25 mos. and older														5107		
Show, Race, Roping Horses 25 mos. and older														5108		
<b>Total All Horses and Mules</b>																

STOCK AND GRADE	JAN. 31	FEB. 28	MAR. 31	APR. 30	MAY 31	JUNE 30	JULY 31	AUG. 31	SEPT. 30	OCT. 31	NOV. 30	DEC. 31	TOTAL NO.	NUMBER ON MAR. 1	Assessor's Use Only	
															MARKET VALUE	TAXABLE VALUE
BULLS 9 mos. and older														5312		
CATTLE 9 mos. - 20 mos.														5314		
CATTLE 21 mos. - 32 mos.														5315		
CATTLE 33 mos. and older														5316		
STEERS 33 mos. and older														5317		
DAIRY CATTLE 21 mos. and older														5318		
<b>Total Stock and Grade</b>																

PUREBRED	JAN. 31	FEB. 28	MAR. 31	APR. 30	MAY 31	JUNE 30	JULY 31	AUG. 31	SEPT. 30	OCT. 31	NOV. 30	DEC. 31	TOTAL NO.	NUMBER ON MAR. 1	Assessor's Use Only	
															MARKET VALUE	TAXABLE VALUE
BULLS 9 mos. and older														5352		
CATTLE 9 mos. - 20 mos.														5354		
CATTLE 21 mos. - 32 mos.														5355		
CATTLE 33 mos. and older														5356		
<b>Total Purebred</b>																
<b>Total All Cattle</b>																

GOATS	No. on Hand Jan. 1	Assessor's Use Only	
		MARKET VALUE	TAXABLE VALUE
BUCKS		5402	
DOES		5403	
<b>Total All Goats</b>			

SWINE	No. on Hand Jan. 1	Assessor's Use Only	
		MARKET VALUE	TAXABLE VALUE
BOARS		5701	
BROOD SOWS		5703	
MARKET HOGS 3 mos. - 6 mos.		5705	
<b>Total All Swine</b>			

**TOTAL VALUE ALL LIVESTOCK** (Subject to the Livestock Levy)

MARKET VALUE	TAXABLE VALUE

2-6-87  
315

MR. CHAIRMAN, MEMBERS OF THE COMMITTEE.

FOR THE RECORD, MY NAME IS MARVIN BARBER, I REPRESENT THE MONTANA ASSESSORS.

This bill is one the assessors are very much in favor of giving their attention, and are asking the same of you. They have requested this legislation in the past sessions. We support HB 315 for the following reasons:

1. A very small percentage of cattle ranchers are using the average inventory method of reporting their livestock.

2. Many of the ranchers reporting with this method are showing about the same numbers, as they would have on a March first inventory.

3. The average procedure is time consuming and isn't any more effective. More time is spent working up these assessments than any other type of property.

4. There isn't any way that the assessor can verify the livestock numbers, as they are numbers from the past years tally. All other personal property has an assessment date and is valued at that time.

WE ASK FOR A DO PASS FOR HB 315.

Thank you,  
*Marvin Barber*  
Marvin Barber

DATE 7-16-87  
HB 285

Amendment  
H.B. 285

Page 9

Line 4	Omit	"Less than 100% or"
Line 6	Omit	"1986 taxable year"
	Insert	"The average of previous three years"

AMENDMENT - HB 315

Page 1, Line 14 -  
after assessment. (1)

Page 2, Line 10 -  
after year." (2) the livestock number being fed  
in pens or feed lots may be computed by adding the  
numbers of livestock nine months of age or over that  
were fed the last day of each month since the last  
assessment date and dividing the total number by  
twelve.



HOUSE BILL 494

EX-111  
DATE 2-6-87  
HB 494

Page 1

line 25

Following: "...January 1."

Insert: "(2) livestock between the ages of 9 to 20 months  
are not exempt from taxation for the support of the  
Department of Livestock".

Page 2

line 1

Interline: "{2}"

Insert: "(3)"

We the undersigned OPPOSE House Bill #213, an excise tax on all soft drinks.

House Bill #213 calls for a excise tax on all soft drinks in the amount of 30¢ per gallon on pre-mixed products and \$1.80 per gallon on post-mix products. This computes out at 68¢ per case of 12 oz cans, \$1.50 per pre-mix tank and \$9.00 per post-mix tank.

A tax of this nature would have an adverse effect on the soft drink industry in Montana.

- |                           |                             |
|---------------------------|-----------------------------|
| 1. <u>Jim Jankela</u>     | 19. <u>Carol Salvi</u>      |
| 2. <u>Lyndon Goodrich</u> | 20. <u>Bonnie Zjurko</u>    |
| 3. <u>Janet Bulx</u>      | 21. <u>Robert Gregory</u>   |
| 4. <u>Brad Baker</u>      | 22. <u>Steve Beaumont</u>   |
| 5. <u>Stephen Fisher</u>  | 23. <u>Michael R. Mace</u>  |
| 6. <u>Kenneth Lee</u>     | 24. <u>Michael J. Smith</u> |
| 7. <u>MX Vance</u>        | 25. <u>Gary L. Williams</u> |
| 8. <u>Ed Kunkel</u>       | 26. <u>Clayton T. Smith</u> |
| 9. <u>Peggy Bryant</u>    | 27. <u>Mike Brown</u>       |
| 10. <u>Tom Hopper</u>     | 28. <u>Bob Martin</u>       |
| 11. <u>Phil Owens</u>     | 29. <u>Mark S. Sauer</u>    |
| 12. <u>Robert A. Gish</u> | 30. <u>Don Williams</u>     |
| 13. <u>Brian Moss</u>     | 31. <u>Ed H. Hagen</u>      |
| 14. <u>Joan Spiller</u>   | 32. <u>Jim Casney</u>       |
| 15. <u>Jim V. D.</u>      | 33. <u>Don H. H.</u>        |
| 16. <u>Sam Charentier</u> | 34. <u>Bob McLesney</u>     |
| 17. <u>Phil Linderman</u> | 35. <u>Bret Kites</u>       |
| 18. <u>Shirley McNeil</u> | 36. <u>Don Blackman</u>     |

We the undersigned OPPOSE House Bill #213, an excise tax on all soft drinks.

House Bill #213 calls for a excise tax on all soft drinks in the amount of 30¢ per gallon on pre-mixed products and \$1.80 per gallon on post-mix products. This computes out at 68¢ per case of 12 oz cans, \$1.50 per pre-mix tank and \$9.00 per post-mix tank.

A tax of this nature would have an adverse effect on the soft drink industry in Montana.

1. Dr. Charles Scott 19. \_\_\_\_\_
2. \_\_\_\_\_ 20. \_\_\_\_\_
3. James S. Montanari 21. \_\_\_\_\_
4. Bessie K. Carney 22. \_\_\_\_\_
5. Jean E. Jorick 23. \_\_\_\_\_
6. Larry E. Ems 24. \_\_\_\_\_
7. Brad W. Wren 25. \_\_\_\_\_
8. Janice Swanson 26. \_\_\_\_\_
9. Tom Hixler 27. \_\_\_\_\_
10. Donna Alcott 28. \_\_\_\_\_
11. Gordy Lania 29. \_\_\_\_\_
12. Carla Wood 30. \_\_\_\_\_
13. John K. K. K. 31. \_\_\_\_\_
14. Earl Evers 32. \_\_\_\_\_
15. Ray Anderson 33. \_\_\_\_\_
16. Patricia Lunt 34. \_\_\_\_\_
17. \_\_\_\_\_ 35. \_\_\_\_\_
18. \_\_\_\_\_ 36. \_\_\_\_\_

We the undersigned OPPOSE House Bill #213, an excise tax on all soft drinks.

House Bill #213 calls for a excise tax on all soft drinks in the amount of 30¢ per gallon on pre-mixed products and \$1.80 per gallon on post-mix products. This computes out at 68¢ per case of 12 oz cans, \$1.50 per pre-mix tank and \$9.00 per post-mix tank.

A tax of this nature would have an adverse effect on the soft drink industry in Montana.

- |                              |                                       |
|------------------------------|---------------------------------------|
| 1. <u>John Roach</u>         | 19. <u>John E. Wolf</u> <u>Eagles</u> |
| 2. <u>Al C. Cull</u>         | 20. <u>Tom Barclay</u>                |
| 3. <u>Thomas M. Conners</u>  | 21. <u>John Toner</u>                 |
| 4. <u>Tommy Bygones</u>      | 22. <u>Dick Zelen</u>                 |
| 5. <u>Alfred S. Kline</u>    | 23. _____                             |
| 6. <u>Phillip Horvath</u>    | 24. _____                             |
| 7. <u>Robert Coleman</u>     | 25. _____                             |
| 8. <u>Larry Schott</u>       | 26. _____                             |
| 9. <u>Norman A. Ackerman</u> | 27. _____                             |
| 10. <u>Ernest Noel</u>       | 28. _____                             |
| 11. <u>Marvin Vace</u>       | 29. _____                             |
| 12. <u>Sue Fulbright</u>     | 30. _____                             |
| 13. <u>Gene D. Davis</u>     | 31. _____                             |
| 14. <u>Mary Lee</u>          | 32. _____                             |
| 15. <u>Dorothy J. J.</u>     | 33. _____                             |
| 16. <u>Ed Hassink</u>        | 34. _____                             |
| 17. <u>Gene Zwick</u>        | 35. _____                             |
| 18. <u>William Strickley</u> | 36. _____                             |

# MONTANA STOCKGROWERS ASSOCIATION, INC.

P. O. BOX 1679 — 420 NO. CALIFORNIA ST. — PHONE (406) 442-3420 — HELENA, MONTANA 59624

## OFFICERS:

JACK EIDEL  
WM. J. BROWN, JR.  
JAMES COURTNEY  
JEROME W. JACK  
KIM ENKERUD

GREAT FALLS  
SAND SPRINGS  
ALZADA  
HELENA  
HELENA

PRESIDENT  
FIRST VICE PRESIDENT  
SECOND VICE PRESIDENT  
EXECUTIVE VICE PRESIDENT  
NATURAL RESOURCES COORDINATOR



## EXECUTIVE COMMITTEE:

CLARENCE BLUNT  
BILL CHRISTENSEN  
M.E. EDDLEMAN  
JOE ETCHART  
WM. T. HARRER

REGINA  
HOT SPRINGS  
WOBEN  
GLASGOW  
FORT BENTON  
JOHN L. HOLDEN  
EARL HOGREN  
GRANT  
DAVID VOLOSETH

VALIER  
JOLIET  
HARRISON  
BUSBY  
MARTINDALE

January 23, 1987


The Honorable Jack Ramirez  
Chairman, Legislative Taxation Committee  
Capitol Station  
Helena, Montana 59620

Dear Jack,

Due to the fact that I, as well as many of the leaders of the Montana cattle industry, will be in attendance in Reno at the National Cattlemen's Association convention next week, I would appreciate it if you could insure that no committee hearings will be held on House Bill 285 by Cody relating to livestock taxation or House ~~Bill 315~~ repealing the average inventory assessment law. Both of these measures are of great interest to our organization and we would appreciate you giving us this slight delay. Any time after the first of February would be fine.

Thanks for your cooperation.

Sincerely yours,

  
Mons L. Teigen  
Lobbyist

MLT:ejr

EXHIBIT \_\_\_\_\_  
DATE 2-6-87  
NO. 285

WITNESS STATEMENT

NAME John Asay BILL NO. HB 285  
ADDRESS 1109 N. 26<sup>th</sup> ST DATE 2/6/87  
WHOM DO YOU REPRESENT? MT. Cattle Feeders Assoc.  
SUPPORT ✓ OPPOSE \_\_\_\_\_ AMEND \_\_\_\_\_

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments: The Montana Cattle Feeders Association support this bill because:

- the inventory tax has been removed from other inventory
- the inventory tax on livestock contributes to exportation of Montana cattle to other states for feeding.
- No state bordering Montana imposes a tax on livestock inventory.
- Retaining cattle in Montana for finishing is a source of a considerable increase in the economic activity in the State of Montana.

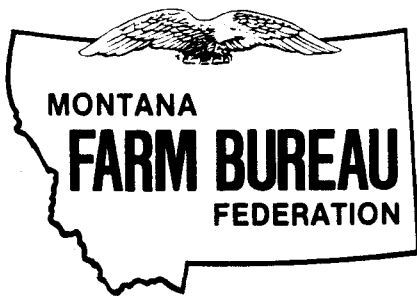
WITNESS STATEMENT

NAME John Asay BILL NO. HR 494  
 ADDRESS 1109 N. 26<sup>th</sup> ST - Billings MT - DATE 2/6/87  
 WHOM DO YOU REPRESENT? Montana Cattle Feeders Assn / Cattle and Feedlot  
 SUPPORT ✓ OPPOSE \_\_\_\_\_ AMEND \_\_\_\_\_

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

- The tax on livestock in Montana discourages feeding in Montana and contributes to the feeding of Montana-owned cattle in other states which have no tax on livestock.
- For every 500,000 calves retained in Montana for fattening, the potential increase in value, in a period of six to eight months, would approximate \$175,000,000.
- Many jobs and other related economic values could be calculated to accrue this increase in value-added within the State, using Montana produced commodities and labor.
- Elimination of the livestock tax will, <sup>help</sup> Montana feedlots to retain Montana cattle within the State and help improve the economy of the State.



P.O. Box 6400  
~~502 South 19th~~

Bozeman, Montana 59715

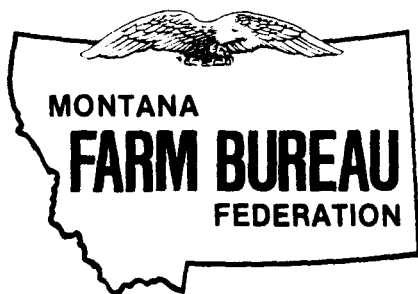
Phone (406) 587-3153 HB \_\_\_\_\_

TESTIMONY BY: Alan Eck  
BILL # HB-285 DATE 2/6/87  
SUPPORT XXXX OPPOSE \_\_\_\_\_

Mr. Chairman and members of the committee, for the record my name is Alan Eck. I'm a staff member for the Montana Farm Bureau. We would like to go on record as supporting HB-285. We feel that it treats livestock producers like other businesses with regards to their business inventory. The Farm Bureau would appreciate a "do pass" recommendation on HB-285,

SIGNED: Alan Eck





P.O. Box 6400  
~~502 South 19th~~

Bozeman, Montana 59715

Phone (406) 587-3153

TESTIMONY BY: Alan Eck

BILL # HB-494 DATE 2/5/87

SUPPORT XXX OPPOSE

Mr. Chairman and members of the committee, for the record my name is Alan Eck. I'm testifying on behalf of the Montana Farm Bureau. We believe HB-494 is a better approach to livestock taxation than is now being used. It may encourage more cattle producers to keep their calves in Montana and feed them out, which would increase the local market for Montana grain. The Farm Bureau would support a "do pass" recommendation on HB494.

SIGNED: Alan Eck

# Taxation

BILL NO. 4B 216

DATE 2/6/87

SPONSOR Rep. "Free" Daily

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

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

## VISITORS' REGISTER

COMMITTEE

BILL NO.

FD 285

DATE

2/6/87

SPONSOR

Rep. Cody

NAME (please print)	REPRESENTING	SUPPORT	OPPOSE
Stephen Voth	Montana's Horsemen + moka	✓	
George Wright	MSA	✓	
William Hays	MT. Cattlemen's Assn.	✓	
William Haysland	MT Cattlemen's Assn.	✓	
Tommy Faye	Page Whitten Landfills	✓	
Carol Mashek	MT. Cattlemen's Assn.	X	
George Miller			
Jack Eddel	MSGA	X	
Eric G. Christen	MSGA	X	
Tom Hurdle	HS-IC STUDENTS HHSU		X
Henry Washburn	Cattle Feeders	X	
Mons Tiedon	MT Stockgrowers	X	
Henry Habel		✓	
Les Graham	Dept. of Livestock		
Kenneth Nantz	Livestock owners	✓	
John Ruse	MSGA	✓	
Ed J. Davey	MT. Dairymen's Assn.	✓	
Ron Watson	MSGA	✓	
<del>Tommy Christen</del>	<del>MT. Cattlemen's Assn.</del>	<del>✓</del>	

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

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

## VISITORS' REGISTER

House Location COMMITTEEBILL NO. H. B. 285DATE 2-6-87SPONSOR Cody

NAME (please print)	RESIDENCE	SUPPORT	OPPOSE
Bob Stephens	Mt. Grain Growers	✓	
Alan Eck	MT. Farm Bureau	✓	
Eric Feam	MTA		✓
BRETT A BOEDECKER	Mt. Howard	✓	
MATTHEW THIEL	ASS. STUDENTS		X
Gordon Moring	MTA Co		X
Franklin Goodfield	Big Timber	✓	
Stuart Duggitt	MT Chamber of Commerce	✓	
Bob Gilbert	MT Woodgrowers	✓	
Michael Mathison	Assoc. Students of U of M		✓
Loren Goodfield	Big Timber	✓	
Ginger DeLoek WIFE	Joselyn	✓	
Cheryl K. Blich	Maia	✓	
<del>Robert J. Howell</del>			
Jim Joren	Phila.	✓	
Bill Kimpf	Trotter	✓	

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

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

## VISITORS' REGISTER

COMMITTEE

BILL NO.

HB 315

DATE

2/6/87

SPONSOR

Rep. Hoffman

NAME (please print)	REPRESENTING	SUPPORT	OPPOSE
Marvin Barber	Mt. Assessors Assoc	✓	
Carol Mashek	Mt. Battle Women		X
John Asay	Mt. Battle Feeders Assoc		X
Henry Habel	Smelter		X
Steve X. Ege	Ege White		X
Henry W. Wengfelder	Battle Feeders		X
Jack Eide	MSGA		✓
Fred A. Johnston	MSGA		✓
Merv Taylor	Stockgrowers		✓
Henry H. H. H.	Landowners		✓
Chas. Rice	MSGA		✓
Paul Wettersman	MSGA		✓
Bob Stephens	Mt. Grain Growers		✓
Bob Gilbert	Mt. Woodgrowers	✓	
Clara Coleman			
Gordon Munn	MH Co		
Bill K. K.	Tractor		✓

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

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

## VISITORS' REGISTER

Taxation

COMMITTEE

BILL NO.

HB 513

DATE

February 6, 1987

SPONSOR

Rep. Fritz Daily

NAME (please print)	RESIDENCE	SUPPORT	OPPOSE
Bruce W. Moore	Kelena - MSBA	X	
Alce Hansen	MLCT	X	
Don Peoples	Bull.	X	

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

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

## VISITORS' REGISTER

Tuition

COMMITTEE

BILL NO.

HB 494

DATE

2/6/87

SPONSOR

Rep. Patterson

NAME (please print)	REPRESENTING	SUPPORT	OPPOSE
John Asay	MT Cattle Feeders Assn.	-	
Norm Nealand	MT Cattle Feeders		
Steve Egan	Boys Union	✓	
Jack Enkel	MSGA	✓	
Dr. G. Johnston	MSGA	✓	
JOHN HUBAK	Assoc. Students MSU		X
Henry Wachenfeldt	Cattle Feeders	X	
Merv Tesson	MT Stockgrowers	✓	
Kenny Smith	Landowners & Feeders	✓	
Herb Hahel		L	
Les Graham	Dept of Livestock		
Greg Rice	MT Stockgrowers	L	
MATTHEW THIEL	ASS. SENIORS U of M		X
Ted J. Dorsey	MT. Dairymen's Assn.	L	
Terry <del>Conley</del> Murphy	MT Farmers U	✓	
Ron Withman	MSGA	✓	
Bob Stephens	MT. Grain Growers	✓	
Alan Eck	MT Farm Bureau	X	
Eddie Flann	NEA		✓
Bob Hebert	MTA	✓	

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

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

# VISITORS' REGISTER

## House Location

COMMITTEE

BILL NO. HB 494

DATE 2-6-87

SPONSOR Patterson

[illegible]

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

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.