

MINUTES OF THE MEETING  
TAXATION COMMITTEE  
HOUSE OF REPRESENTATIVES  
50TH LEGISLATIVE SESSION

April 9, 1987

The meeting of the Taxation Committee was called to order by Chairman Ramirez on April 7, 1987, at 8 a.m., in Room 312B of the State Capitol.

ROLL CALL: All members were present, except Reps. Harp and Schye, who were excused. Also present was Greg Petesch, Director of Legal Services, Legislative Council.

DISPOSITION OF SENATE BILL NO. 22: Rep. Ream made a motion that SB 22 BE CONCURRED IN AS AMENDED. The motion CARRIED unanimously. Rep. Harp was asked the carry the bill.

DISPOSITION OF SENATE BILL NO. 228: Rep. Keenan made a motion that SB 228 BE CONCURRED IN.

Greg Petesch advised that Sen. Van Valkenburg had an amendment to change the date on page 4, line 15, from 1990 to 1989. He commented the remainder of the amendments would change the effective and applicability dates.

Rep. Keenan made a motion to approve Sen. Van Valkenburg's amendments. The motion CARRIED unanimously.

Rep. Gilbert asked for an explanation of line 18 on page 2 of the bill. Greg Petesch said the bill splits education and local impact accounts into separate accounts, at a \$17.5 million impact, and would provide 20 percent to education. He explained it allows the coal board to award funds they don't need over the coming biennium.

Rep. Gilbert stated he was concerned with the loss of highway funding. Greg Petesch advised that highway funding is addressed on page 2, lines 2-5.

Chairman Ramirez stated an amendment is necessary to show that 6 percent would continue to be deposited until June 30, 1987.

Rep. Sands advised that amendment #7, states sections 2, 8, and 14 are effective on July 1, 1987, and should cover the situation.

Rep. Patterson stated the bill makes a major change to the coal trust, as only the principal deposited will go to the trust.

Chairman Ramirez asked how the bill would affect the water bond program. Greg Petesch replied that, currently, 15 percent of the interest is reinvested into the permanent fund, and water bonds are reinvested before they go to the trust fund. He stated it is his understanding that 15 percent was for an interim study to prevent erosion of the corpus.

Rep. Asay said he had a problem with taking dollars for criminal investigation of drug traffic, and that he had an amendment to leave 1 percent of the funds for this program. He commented it would involve about \$800,000 for the biennium.

Rep. Raney asked Gary Carroll, if the Coal Board had enough money to run the drug operation in five counties. Mr. Carroll replied the only funding comes from the Coal Board right now, and that \$300,000 is needed to fund the program each year.

Rep. Asay made a motion to change line 14, on page 2 to 4 percent and to take \$600,000 from the general fund and leave it in the coal impact fund for investigation of drug trafficking.

Murdo Campbell commented that if the money is available, he would have to consider that task force along with other requests, so it should be spelled out, if that is the intent of the Committee.

Rep. Ellison commented that if the money is set aside without being earmarked, he believed the Coal Board would be bound to consider all requests for funding.

Rep. Keenan said she believes it is poor public policy to throw intentions into the minutes, rather than making them a part of the bill.

Rep. Sands stated it is not a new program, and the local impact account goes down from \$5 million to \$983,000 annually.

Rep. Asay stated the 4 percent allocation for the task force does not need to be specified in the bill. Rep. Sands replied he didn't believe it appropriate to earmark a special program in the statute, and that he would object to the motion.

Rep. Raney said he feared that what Rep. Keenan alluded to was true, and that the Committee needs to find out what rock bottom is from Gary Carroll. Mr. Carroll replied he has five agents right now, but does not want to take the responsibility of operating with less than four agents, and

about \$60,000 less in funding. He said the counties still have to come up with a 20 percent match, which has been approved in the Appropriations budget process.

Chairman Ramirez asked if one-half of 1 percent would provide adequate funding, because it would raise about \$401,000. Murdo Campbell advised that 3.3 percent is 1.25 percent of the 50 percent allocated, and that it could be reduced to 2.64 percent.

Terry Johnson, OBPP, said the fiscal note is based on Revenue Estimating Advisory Council figures, as well as those of the Revenue Estimating Subcommittee. He explained that those figures are \$55 million in FY88 and \$60-61 million in FY89, which is a large difference. He added that 1 percent on half of the allocation would raise \$55,000.

Chairman Ramirez asked if the Committee would then need to set aside seven-tenths of 1 percent to raise \$200,000. Mr. Johnson replied that would be correct, and said it seems the Committee should not make a decision that this issue is a lower priority, which could be taken out later on in the process.

Rep. Williams said he didn't believe the Committee should put its intent in the minutes, concerning task force funding.

Rep. Asay withdrew his earlier motion and made a motion that the Committee approve seven-tenths of 1 percent for the task force. The motion CARRIED with all members voting aye, except Rep. Keenan, who voted no.

Rep. Asay made a motion that SB 228 BE CONCURRED IN AS AMENDED. The motion CARRIED, with all members voting aye except Rep. Keenan, who voted no. Rep. Asay agreed to carry the bill.

DISPOSITION OF SENATE BILL NO. 162: Rep. Williams made a motion that SB 162 BE CONCURRED IN, and said this is the only bill which attempts to address the situation of delinquent taxes, that has met with the approval of most of the county treasurers and assessors.

The motion made by Rep. Williams CARRIED unanimously.

DISPOSITION OF SENATE BILL NO. 74: Rep. Sands made a motion that SB 74 BE CONCURRED IN.

Rep. Ream attempted to explain the differences in the fiscal notes between SB 74 and HB 904. He said the bill would cost \$1.956 million with no exemptions, and \$5.2 million on the

original version of HB 904 with a \$3,600 exemption. He explained that state returns make up about \$800,000, if state employees are given a 100 percent exemption.

Chairman Ramirez said he was concerned about passing the bill with no amendments and that a tax increase would be necessary to compensate for the bill. He said the Committee would be digging a \$2 million dollar deeper hole, and that while he agreed the issue is one of fairness, it may back the Legislature into a corner it may not want to be in.

Rep. Sands stated he supported the bill as HB 904 applies the \$3,600 exemption to a different tax structure, and he anticipates the fiscal impact of SB 74 to be similar.

Chairman Ramirez commented it would be in the Code, if HB 904 passes, and that the Committee needs to know where it will get the money if HB 904 doesn't pass.

Rep. Ream advised he had an amendment to combine the \$3,600 exemption from retirement income to prevent double dipping, and that Sen. Mazurek said it was not his intent to give two \$3,600 exemptions (Exhibit #2).

Rep. Sands asked if the amendment would prevent a federal, and then a state employee, from excluding \$3,600 of private or federal retirement income. Rep. Ream replied the amendment doesn't pertain to state income at all, and that he doesn't believe it is advisable to do so. He commented that if the state portion were capped at \$3,600, it would be unfair to state employees.

Rep. Harrington advised that teachers and state employees get a \$3,600 exemption, as their retirement is already taxed, and that the retirees reach a point of their own contribution, it appears that HB 904, would start to tax them right away.

Rep. Sands made a substitute motion to allow one exemption for federal retirement or private retirement, unless the retiree is receiving state retirement income.

Chairman Ramirez asked if the language shouldn't state that, if the amount of the public pension is less than \$3,600, the exemption would be allowed up to that amount, from another pension. He commented that SB 74 doesn't deal with public employee pensions, while HB 904 does.

Rep. Sands agreed to change his motion to include the language proposed by Chairman Ramirez, and to include Rep. Ream's amendment. The motion CARRIED unanimously.

TAXATION COMMITTEE

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Rep. Sands made a motion that SB 74 BE CONCURRED IN AS AMENDED. The motion CARRIED unanimously.

DISPOSITION OF SENATE BILL NO. 55: Rep. Sands reported that the Subcommittee believes SB 55 should be tabled, as they didn't believe it appropriate to give unincorporated areas the power to tax, and did believe it would be alright to allow an existing resort tax to remain, as long as the population limit were stricken from the bill. He recommended that, if the Committee wanted to pass the bill out, they insert "substantial" portion ,instead of "major" portion, and added that the Subcommittee disagreed with this language.

Rep. Ellison commented he would have a problem with changing the intent of the bill.

Rep. Sands made a motion that SB 55 be TABLED. The motion CARRIED with all members voting aye, except Rep. Raney, who voted no.

ADJOURNMENT: Chairman Ramirez advised the Committee would meet April 10 at 8 a.m. to discuss the four remaining bills.

There being no further business before the Committee, the meeting was adjourned at 10 a.m.

  
Representative Jack Ramirez,  
Chairman

DAILY ROLL CALL

HOUSE TAXATION COMMITTEE

50th LEGISLATIVE SESSION -- 1987

Date Apr 9, 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

APRIL 9

19 37

Mr. Speaker: We, the committee on HOUSE TAXATION

report SENATE BILL NO. 22

do pass  
 do not pass

be concurred in  
 be not concurred in

as amended  
 statement of intent attached

As amended as follows:

Representative Jack Ramirez, Chairman

1. Page 4, line 15  
Following: "its"  
Strike: "unds"  
Insert: "capital base"
2. Page 4, lines 16 and 17  
Following: "if" on line 16  
Strike: remainder of line 16 through "to" on line 17  
Insert: "there is a substantial likelihood that such investment will"
3. Page 7, line 25  
Strike: "certified"  
Insert: "qualified"
4. Page 3, line 7  
Strike: "certified"  
Insert: "qualified"
5. Page 3, line 14  
Strike: "certified"  
Insert: "qualified"

## STANDING COMMITTEE REPORT

APRIL 3 19 87

Mr. Speaker: We, the committee on HOUSE TAXATIONreport SENATE BILL NO. 74

do pass  
 do not pass

be concurred in  
 be not concurred in

as amended  
 statement of intent attached

Be amended as follows:

Representative Jack Ramirez, Chairman

1. Page 2, line 15  
Following: "benefits"  
Insert: ", not in excess of \$3,600,"  
Following: "received"  
Insert: ": (i)"
2. Page 2, line 16  
Following: "Act"  
Strike: "or"  
Insert: "; (ii) under"
3. Page 2, line 17  
Following: "Montana"  
Strike: "not in excess of \$3,600"  
Following: " ;"  
Insert: "or"
4. Page 2, lines 18 and 19  
Strike: line 18 in its entirety through "received" on  
line 19  
Insert: "(iii)"  
Renumber: subsequent subsections
5. Page 6, line 7  
Following: line 6  
Insert: "(8) A person receiving benefits described in  
(2)(d) through (2)(f) may not exclude benefits  
described in (2)(c) from adjusted gross income unless  
the benefits received under (2)(d) through (2)(f) are  
less than \$3,600, in which case the person may combine  
benefits to exclude up to a total of \$3,600 from  
adjusted gross income."
6. Page 8, line 15  
Following: "benefits"  
Insert: ", not in excess of \$3,600"  
Following: "received"  
Insert: ":(i)"



7. Page 8, line 16  
Following: "retirement"  
Strike: "or"  
Insert: "; (ii) as"  
Following: "retirement"  
Strike: "as a public employee of"  
Insert: "from public employment in"
  
8. Page 8, line 17  
Following: "Montana"  
Strike: "not in excess of \$3,600"  
Following: ";"  
Insert: "or (iii) as an annuity, pension, or endowment  
under private or corporate retirement plans  
or systems;"
  
9. Page 9, lines 8 through 11  
Following: "19-9-1005" on line 8  
Strike: remainder of line 8 through "systems" on line 11
  
10. Page 10, line 13  
Following: line 12  
Insert: "(6) A trust or estate excluding benefits under  
(2) (i) through (2) (k) may not exclude benefits  
described in (2) (h) from net income unless the benefits  
received under (2) (i) through (2) (k) are less  
than \$3,600, in which case the trust or  
estate may combine benefits to exclude up to  
a total of \$3,600 from net income."

\h\SB74.wp



Representative Jack Ramirez,

# STANDING COMMITTEE REPORT

APRIL 9 19 87

Mr. Speaker: We, the committee on HOUSE TAXATION

report SENATE BILL NO. 152


- do pass
- do not pass

- be concurred in
- be not concurred in

- as amended
- statement of intent attached

Representative Jack Ramirez Chairman

CARRIED BY REP. WILLIAMS

  
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# STANDING COMMITTEE REPORT

Page 1 of 2

APRIL 9

19 97

Mr. Speaker: We, the committee on HOUSE TAXATION

report SENATE BILL NO. 228

do pass  
 do not pass

be concurred in  
 be not concurred in

is amended  
 statement of intent attached

Be amended as follows:

Representative Jack Ramirez, Chairman

1. Title, line 12.

Following: line 11

Insert: "AN"

Following: "APPLICABILITY"

Strike: "DATES"

Insert: "DATE"

Following: "AND"

Strike: "AN IMMEDIATE"

Following: "EFFECTIVE"

Strike: "DATE"

Insert: "DATES"

2. Page 1, line 16.

Following: "taxes."

Insert: "Severance taxes collected under this chapter must be allocated according to the provisions in effect on the date the tax is due under 15-35-104."

3. Page 2, line 14.

Strike: "3.33"

Insert: "43"

4. Page 4, line 15.

Following: "1983"

Strike: "1990"

Insert: "1989"

5. Page 15, line 2.

Following: "the"

Strike: "The"

Insert: "Beginning July 1, 1989, the"

6. Page 16, lines 13 through 16.

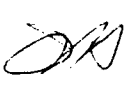
Following: "Applicability." on line 13

Strike: subsection 1 in its entirety

7. Page 16, line 17.

Following: line 16

Strike: "(2)"

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3. Page 16, lines 19 through 21.

Following: "date." on line 19

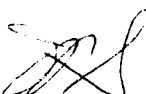
Strike: remainder of line 19 through "LATER" on line 21

Insert: "(1) Sections 2, 8, 14, and this section are effective on passage and approval.

(2) All other sections are effective July 1, 1987"

Amendments, SB 228

7099e/C:JEANNE\WP:jj



.....REPRESENTATIVE JACK RAHIRE,.....  
Chairman.

Amendments to SB 74, Third Reading (blue)

#2  
4-9-87  
SB 74

1. Page 2, line 15  
Following: "benefits"  
Insert: ", not in excess of \$3,600,"  
Following: "received"  
Insert: ": (i)"
2. Page 2, line 16  
Following: "Act"  
Strike: "or"  
Insert: "; (ii) under"
3. Page 2, line 17  
Following: "Montana"  
Strike: "not in excess of \$3,600"  
Following: ";"  
Insert: "or"
4. Page 2, lines 18 and 19  
Strike: line 18 in its entirety through "received" on  
line 19  
Insert: "(iii)"  
ReNUMBER: subsequent subsections
5. Page 8, line 15  
Following: "benefits"  
Insert: ", not in excess of \$3,600"  
Following: "received"  
Insert: ": (i)"
6. Page 8, line 16  
Following: "retirement"  
Strike: "or"  
Insert: "; (ii) as"  
Following: "retirement"  
Strike: "as a public employee of"  
Insert: "from public employment in"
7. Page 8, line 17  
Following: "Montana"  
Strike: "not in excess of \$3,600"  
Following: ";"  
Insert: "or (iii) as an annuity, pension, or endowment  
under private or corporate retirement plans  
or systems;"
8. Page 9, lines 8 through 11  
Following: "19-9-1005" on line 8  
Strike: remainder of line 8 through "systems" on line 11

EX-2  
R.W.  
4-9-87