

MINUTES OF THE MEETING
TAXATION COMMITTEE
MONTANA STATE SENATE

February 21, 1987

The twenty-ninth meeting of the Senate Taxation Committee was called to order at 8:00 A.M. on February 21, 1987 by Chairman George McCallum in Room 413/415 of the Capitol Building.

ROLL CALL: All committee members were present with the exception of Senator Hager.

CONSIDERATION OF SB 346: Senator Abrams, Senate District 12, presented this bill to the committee. The reason he introduced this bill is because in visiting with a distributor from his area, he told him that a customer of his owed him \$2800 and he had to shut off his credit but the customer could still put in for a refund with the state. He does not think that is fair. His written explanation of the bill is attached as Exhibit 1.

PROPOSERS: Steve Visocan, Vice President of Western Petroleum Marketers, gave testimony in support of this bill. They have a problem where a purchaser will purchase fuel from them, fail to pay for the fuel and then obtain a refund from the state for the Montana tax paid on such fuel. All this bill includes is the ability for us to not have to pay for that tax money that we are not going to receive.

OPPONENTS: None.

Norris Nichols, Administrator, Motor Fuels Division, gave technical comments concerning the bill. He said they will be caught in the middle between the dealer and purchaser and right now they do not have the staff to do what the bill requires. Our concern is to get the gasoline refund back to the person who applied as quickly as possible. He would like to see the bill amended to provide that the purchaser will keep a copy of the invoice and the dealer will keep the original copy until the account is settled. He said the federal government is not addressing this at all and wondered about getting the federal tax back.

QUESTIONS FROM THE COMMITTEE: Senator Lybeck asked Norris Nichols what would happen if he charged his gasoline, received the copy of the invoice and filed for his refund with the copy of the invoice.

Norris Nichols said when the bill is paid the dealer will give the purchaser the original invoice to present for a refund. The bill says that the dealer has to stamp that he has received payment. We would have to have his signature on the invoice somewhere that he has received payment.

Senator Eck asked Mr. Visocan how much of a loss he was talking about.

Mr. Visocan said he had no idea as to the amount that might be involved.

Senator Lybeck said he understands the amendments suggested by Mr. Nichols but he wonders if there couldn't be a simpler, better way of doing this.

Norris Nichols said he would be glad to work with Senator Lybeck and Jim Lear to work something out.

Senator Abrams closed.

CONSIDERATION OF SB 378: Senator Smith, Senate District 10, presented this bill to the committee. He said the only change in the bill is on page 2, line 4, changing the word "different" to "higher". He said if lower is good, what is wrong with higher. He said this will give a better definition of the value of the property.

PROPOSERS: None.

OPPOSERS: None.

Greg Groepper, Administrator, Property Assessment Division, gave technical comments concerning the bill. He said the language change in the bill does not do anything different than what we are doing now to find market value.

QUESTIONS FROM THE COMMITTEE: Senator Eck asked Senator Smith if in light of what Greg Groepper has said, does that make any difference to his reason for having the bill.

Senator Smith said if they may not adopt a lower rate then a higher rate should also apply.

Senator Eck said this wasn't to have them use this year's values rather than 1982.

Senator Smith said not really.

Senator Smith closed.

DISPOSITION OF SB 378: Senator Crippen would move that SB 378 DO PASS.

Senator Eck said this is just paper, it will not do anything.

Senator Crippen's motion carried with Senator Neuman and Senator Eck opposed, Senator Hager was absent.

DISPOSITION OF SB 346: Senator Halligan made a motion that SB 346 BE TABLED. The motion carried with Senator Eck and Senator Crippen opposed, Senator Hager was absent.

DISPOSITION OF SB 30: Senator Brown made a motion that SB 30 DO PASS.

Senator Crippen said this is a constitutional amendment and it has to go to the floor one way or another. It doesn't matter how you vote, the bill will go down on the Senate floor.

Senator Mazurek disagreed as you send a different message to the floor if it is a DO PASS or an adverse.

Senator Eck made a substitute motion that SB 30 DO NOT PASS. The motion carried with Senators Crippen, Brown and McCallum opposed. Senator Hager was absent.

DISPOSITION OF SB 36: Senator Mazurek said he would prefer to see the appointing done by the Governor. He asked Senator Smith if he had considered changing the bill.

Senator Smith said that is one of the suggestions that were made. He would work with him on that or maybe they should amend the bill on the floor due to the time factors.

Jim Lear said he could amend the bill to provide that the equalization commission shall be appointed by the Governor. He asked Senator Smith if he wanted anything other than that.

Senator Smith said he would like the appointments to be approved by the Senate.

Senator Lybeck wonders what we are really addressing in this bill. The only proponents that testified for this bill, other than county officials, was Ed McHugh from Helena.

Senator Eck said so far as what would be appropriate constitutional language, she would make a motion to amend the bill to provide that the Governor would do the appointing, subject to confirmation by the Senate. Senator Eck's motion carried.

Senator Brown made a motion that SB 36 DO PASS AS AMENDED.

Senator Eck made a substitute motion that SB 36 DO NOT PASS AS AMENDED.

Senator Smith said he thought there were some things read into this that aren't there. All this will do is present this to the voters. He said it will be before the public regardless, whether by referendum or initiative.

Senator Eck's motion carried 6-5. See attached roll call vote sheet.

CONSIDERATION OF A COMMITTEE BILL: Senator Lybeck would move that the committee consider a committee bill which will address the fee system provided for propane powered vehicles, which was set when gasoline had a tax of 7 3/4 cents per gallon. Now the gasoline tax is 20 cents per gallon and he feels it may be appropriate to consider raising the fee system in relation to the tax levied per gallon of gasoline.

Senator McCallum asked if he would want to bring the fee up from \$50 to \$150.

Senator Lybeck said he would want to put it in direct relation with the same basis as the 20 cent gasoline tax.

Senator Lybeck's motion carried 9-2 to allow the necessary votes for a committee bill.

DISPOSITION OF SB 183: Senator Brown said Jim Lear has some amendments, which if the bill is amended according to the amendments, the bill needs to be passed prior to the transmittal date.

Senator Eck would move the amendments presented by Jim Lear. The motion carried. The amendments are attached as Exhibit 2.

Senator Brown said now there is a question whether the bill is revenue or not.

Senator Regan has that same concern. She thinks this is an important bill and she does not want it to get caught if it is determined that it is not a revenue bill. She would encourage the committee to pass the bill and let the House Taxation Committee sit on the bill for a while and decide what else it is going to do.

Senator Eck would move that SB 183 DO PASS AS AMENDED.

Senate Taxation
February 21, 1987
Page Five

Senator Crippen said as he remembered the bill, it would take lottery money and put it into teachers retirement.

Senator Regan said that already has been done. The lottery bill has earmarked those funds.

Senator Crippen said you are averaging retirement out from the counties and some counties will get a reduction.


Senator Regan said she presented a list when the bill was heard. She said originally this was an equalized program and then it was given to the individual counties and it resulted in this. Every county will pay 8.9% with this bill and that is where the equalization takes place.

Senator Crippen asked how she would address I-105.

Senator Regan said her understanding of I-105 is that if we have given sufficient property tax relief, then the freeze, per se, no longer exists. She believes property tax relief will be addressed.

Senator Eck's motion that SB 183 DO PASS AS AMENDED carried with the committee.

ADJOURNMENT: The meeting adjourned at 9:25 A.M.


SENATOR GEORGE McCALLUM, Chairman

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ROLL CALL

TAXATION

COMMITTEE

50th LEGISLATIVE SESSION -- 1987

Date 2-21-87

NAME	PRESENT	ABSENT	EXCUSED
SENATOR CRIPPEN	✓		
SENATOR NEUMAN	✓		
SENATOR SEVERSON	✓		
SENATOR LYBECK	✓		
SENATOR HAGER			✓
SENATOR MAZUREK	✓		
SENATOR ECK	✓		
SENATOR BROWN	✓		
SENATOR HIRSCH	✓		
SENATOR BISHOP	✓		
SENATOR HALLIGAN, VICE CHAIRMAN	✓		
SENATOR McCALLUM, CHAIRMAN	✓		

Each day attach to minutes.

Senate Bill 346

Introduced by: Abrams , Giacometto

pg. 2 sub(3) Any distributor licensed to sell gasoline on which a refund may be claimed shall be allowed a credit or refund equal to the refundable portion of tax paid on gasoline delivered to a purchaser who fails to make full payment within six months of the date of the invoice.

(4) No person who purchases gasoline from a licensed distributor may be allowed a refund previously refunded under ^{sub}section(3) but shall be allowed a credit to his account for the gasoline. pg.3 sub(3) states that a bulk delivery invoice issued by a dealer which does not evidence that the invoice amount is fully paid is not valid for refund purposes of the purchaser.

sub(4) states that a licensed distributor who files for a refund shall state on the application for refund that the purchaser failed to fully pay the invoice amount within six months of the invoice date.

SENATE TAXATION
EXHIBIT NO. 1
DATE 2-21-87
BILL NO. SB.346

Amend Senate Bill No. 183, Introduced Copy

1. Title, line 11.

Strike: "17-7-502,"

Following: "20-3-106"

Strike: ", "

2. Page 2, line 4.

Following: "account" where it first occurs

Insert: "--authorization to appropriate"

3. Page 2, lines 7 and 8.

Following: "The" on line 7

Insert: "legislature may appropriate the"

Following: "account" on line 7

Strike: "is statutorily appropriated, as provided in
17-7-502,"

4. Page 4, line 19 through line 13, page 7.

Strike: section 5 in its entirety

Renumber: subsequent sections

SENATE TAXATION

EXHIBIT NO. 2

DATE 2-21-87

BILL NO. SB 183

ROLL CALL VOTE

SENATE COMMITTEE TAXATION

Date February 21, 1987 Bill No. SB 36 Time 8:45 A.M.

NAME	YES	NO
SENATOR CRIPPEN		✓
SENATOR NEUMAN	✓	
SENATOR SEVERSON		✓
SENATOR LYBECK	✓	
SENATOR HAGER	<i>absent</i>	
SENATOR MAZUREK	✓	
SENATOR ECK	✓	
SENATOR BROWN		✓
SENATOR HIRSCH	✓	
SENATOR BISHOP		✓
SENATOR HALLIGAN, VICE CHAIRMAN	✓	
SENATOR McCALLUM, CHAIRMAN		✓

Aggie Hamilton
Secretary

Senator George McCallum
Chairman

Motion: Senator Eck's motion that SB 36 DO NOT PASS AS AMENDED.
Motion carried 6-5.

ROLL CALL VOTE

SENATE COMMITTEE TAXATION

Date February 21, 1987 Committee Bill No. Bill Time 9:08 A.M.

NAME	YES	NO
SENATOR CRIPPEN	✓	
SENATOR NEUMAN	✓	
SENATOR SEVERSON		✓
SENATOR LYBECK	✓	
SENATOR HAGER	<i>Absent</i>	
SENATOR MAZUREK	✓	
SENATOR ECK	✓	
SENATOR BROWN	✓	
SENATOR HIRSCH	✓	
SENATOR BISHOP		✓
SENATOR HALLIGAN, VICE CHAIRMAN	✓	
SENATOR McCALLUM, CHAIRMAN	✓	

Aggie Hamilton
Secretary

Senator George McCallum
Chairman

Motion: Senator Lybeck's motion to consider a committee bill
dealing with the fee system on propane powered vehicles.

Motion carried 9-2.

STANDING COMMITTEE REPORT

February 21 19 37

MR. PRESIDENT

We, your committee on **SENATE TAXATION**

having had under consideration **SENATE BILL** No. **378**

first reading copy (white)
color

CLARIFYING THE STANDARD OF VALUE USED IN ASSESSING CERTAIN PROPERTY

Respectfully report as follows: That **SENATE BILL** No. **378**

DO PASS

~~DO NOT PASS~~

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SENATOR GEORGE McCALLUM, Chairman.

STANDING COMMITTEE REPORT

February 21, 1987

MR. PRESIDENT

We, your committee on SENATE TAXATION

having had under consideration SENATE BILL No. 30

first reading copy (white)
color

RETURN PROPERTY TAX APPRAISAL AND ASSESSMENT TO COUNTY

Respectfully report as follows: That SENATE BILL No. 30

~~DO NOT PASS~~

DO NOT PASS

SENATOR GEORGE McCALLUM, Chairman.

STANDING COMMITTEE REPORT

February 21, 1987

MR. PRESIDENT

We, your committee on SENATE TAXATION

having had under consideration SENATE BILL No. 133

first reading copy (white)
color

PROVIDE RETIREMENT EQUALIZATION AID TO COUNTIES FOR SCHOOL DISTRICTS

Respectfully report as follows: That SENATE BILL No. 133

be amended as follows:

1. Title, line 11.
Strike: "17-7-502,"
Following: "20-3-106"
Strike: ", "
2. Page 2, line 4.
Following: "account" where it first occurs
Insert: "--authorization to appropriate"
3. Page 2, lines 7 and 8.
Following: "The" on line 7
Insert: "legislature may appropriate the"
Following: "account" on line 7
Strike: "is statutorily appropriated, as provided in 17-7-502,"
4. Page 4, line 19 through line 13, page 7.
Strike: section 5 in its entirety
Re-number: subsequent sections

AND AS AMENDED

DO PASS

~~DO NOT PASS~~
~~XXXXXXXXXX~~

SENATOR GEORGE McCALLUM, Chairman.

STANDING COMMITTEE REPORT

February 21, 1937

MR. PRESIDENT

We, your committee on SENATE TAXATION

having had under consideration SENATE BILL No. 36

first reading copy (white)
color

RETURN PROPERTY TAX ADMINISTRATION TO COUNTIES UNDER STATE COMMISSION

Respectfully report as follows: That SENATE BILL No. 36

be amended as follows:

1. Page 2, line 4.

Following: "appointed"

Insert: "by the governor, subject to confirmation by the
Senate,"

2. Page 2, lines 5 through 13.

Following: "1" on line 5

Strike: remainder of line 5 through end of line 13

AND AS AMENDED

DO NOT PASS

DO NOT PASS

SENATOR GEORGE McCALLUM, Chairman.