

MINUTES OF THE MEETING  
TAXATION COMMITTEE  
MONTANA STATE SENATE

March 27, 1987

The fifty-first meeting of the Senate Taxation Committee was called to order at 8:00 A.M. on March 27, 1987 by Chairman George McCallum in Room 413/415 of the Capitol Building.

ROLL CALL: All committee members were present.

CONSIDERATION OF HB 813: Representative Cohen, House District 3, presented this bill to the committee. This bill establishes a fee in lieu of tax for off-highway vehicles. People are out riding around on three-wheelers and four-wheelers and there is no registration or form of identification should they cause damage or need to be reported because they are trespassing.

PROPOSERS: None.

OPPOSERS: Jim Flynn, Department of Fish, Wildlife and Parks, gave testimony in opposition to this bill. In theory they are not opposed to this bill but they are concerned with the new and added responsibility that this legislation places on their agency. You will notice, the enforcement of this act is up to the department's enforcement personnel, sheriffs and their deputies, the Montana Highway Patrol and the police of each municipality. At the present time this is not a responsibility that we have. The additional responsibility they are being strapped with in this bill, should be looked at from a funding standpoint to assist with enforcement capabilities. He would request that they be deleted out of the enforcement responsibilities or some sort of revenues be forthcoming to perform that function.

QUESTIONS FROM THE COMMITTEE: Senator Severson said there certainly is a relationship between 3 and 4 wheelers and motor cycles. What are we doing now, splitting the classes up. He referred to the stricken language on page 1, line 15.

Representative Cohen said the reason three and four wheelers were separated out is because they are not used on the highways. If they were used on the highway they should be licensed and paying a tax. This is strictly for vehicles used off highways.

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Page Two

Senator Mazurek said off-highway, why is that used instead of off-road.

Representative Cohen said a lot of these vehicles are used on forest roads.

Senator Mazurek said how about county roads.

Representative Cohen said any public road they would have to be a licensed vehicle. This fee system is strictly meant for vehicles not used on roads and highways.

Senator Halligan said this is a new section and new language, why didn't you define "off-highway vehicles".

Representative Cohen said he has no objection to changing that language.

Jim Lear said Senator Halligan has a good point. There is some potential ambiguity in the definition of off-highway as the bill reads.

Representative Cohen would certainly appreciate it if the committee put an amendment in to clean up the language.

Senator Eck said to Jim Flynn, actually this would be the same kind of responsibility that you have for boats and snowmobiles.

Jim Flynn said yes, but for those laws there is a funding source for the Department.

Senator Eck said what happens on enforcement on three and four wheelers. Would that mean people would call you if they thought they were being used in the wrong place or irresponsibly.

Jim Flynn said we would have to check to see if they were properly registered and also respond to the calls that came in.

Senator Lybeck asked Jim Flynn how broad is your authority under these sections. Could you check something on private land.

Jim Flynn said if we feel there is a violation, we have the authority to go onto private land. He would assume this would be similar to a hunting violation, if we feel there is a violation on private land, we can go out and see if that has taken place.

Senator Eck said if we are going to monitor use of these vehicles, should we have laws that would apply as to what is legal and illegal.

Jim Flynn said there was a bill in the House that did not pass. This is a difficult subject and this is a very simplistic approach.

Senator Lybeck asked if he had checked out the possibility of double taxation in this bill. On his personal property list for his farm his three-wheelers are listed.

Representative Cohen said we are deleting them from the property tax, class 16 property, on page 5 of the bill.

Representative Cohen closed by stating if the committee feels additional funding is necessary for the Department of Fish, Wildlife and Parks to administer this program, he would suggest the fees be increased by \$2 to cover that.

DISPOSITION OF HB 583: Senator Mazurek made a motion that HB 583 BE CONCURRED IN AS AMENDED.

Senator Neuman asked if it was his intention to let the Department collect the tax without having rulemaking authority.

Senator Mazurek said he does not anticipate any problem with that, it has worked so far.

The motion carried with no opposition.

DISPOSITION OF HB 678: Senator Mazurek made a motion that HB 678 BE NOT CONCURRED IN. The motion carried with Senators Eck, Crippen and Brown opposed.

DISPOSITION OF HB 791: Senator Neuman made a motion that HB 791 BE CONCURRED IN. The motion carried.

DISPOSITION OF HB 387: Jim Lear explained that Senator Eck wanted the bill amended as follows: 1) to strike "public hearing" on page 1, lines 12 and 13; 2) strike "as provided in subsection (8)" on page 1, lines 19 and 20; and 3) insert "(8) Within 6 months after the beginning of each biennium, the department shall consult with the revenue oversight committee and incorporate recommendations by the committee as to information to be included in the report to be submitted to the next legislature."

Senator Eck would move the amendments.

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Senator Mazurek said we have never seen that before hand.

Senator Neuman said this is not the report but this is what is included in the report.

Senator Crippen said with that statement of intent, we are saying we want the revenue oversight to be the legislative interim committee that deals with this subject matter and they are the ones that do the study in conjunction with the Department of Revenue.

Senator Neuman asked if we could do this with a statement of intent. It doesn't seem to be something we need to write in the codes.

Senator Mazurek said wasn't the idea that they would get the information before they make the report and the final review would be with the revenue oversight committee.

Senator Eck said they would sit down in the beginning of the biennium and plan on what kind of work they were going to do.

Senator Crippen said so long as the intent is that the revenue oversight committee and the Department of Revenue understand that they are supposed to work out the format together and they do that, that is fine.

Senator Neuman would feel more comfortable with that.

Senator Eck withdrew the third amendment on her motion.

The motion carried unanimously.

Senator Crippen made a motion that HB 387 BE CONCURRED IN AS AMENDED.

Senator Hirsch said it is hard to argue against more information. We have the information by the way of fiscal notes, on a piecemeal basis, with regard to each tax break that we gave for whatever reason we had. He opposes the bill for those reasons.

The motion carried with Senators Hirsch and McCallum opposed.

DISPOSITION OF HB 102: Senator Lybeck made a motion that the long-haul trucks be assessed the additional 50 cent fee.

Jim Lear said the amendment would strike any weight limits in the bill.

The motion carried.

Jim Lear said if the committee wants to include motor-cycles, three and four wheelers, and quadricycles, to be included in paying this 50 cent fee, then sections 61-1-105, 61-1-106 and 61-1-133, need to be included in this bill.

Senator Lybeck would move those amendments. The motion carried with Senator Severson opposed.

Senator Hirsch made a motion that HB 102 BE CONCURRED IN AS AMENDED. The motion carried.

DISPOSITION OF HB 658: Senator Halligan made a motion that HB 658 BE CONCURRED IN. The motion carried with Senators Hirsch, Severson and Neuman opposed.

DISPOSITION OF HB 795: Senator Hirsch made a motion that HB 795 BE CONCURRED IN. The motion carried.

DISPOSITION OF HB 457: Senator Mazurek would like to see everything go to two years. It seems like people should have to pick-up more than one year in back taxes.

Senator Mazurek made a motion that we strike one year and insert two years. The motion failed 6-6, see attached roll call vote sheet.

Senator Mazurek made a motion that HB 457 BE NOT CONCURRED IN.

Senator Eck made a substitute motion that HB 457 BE CONCURRED IN. The motion carried with Senators Halligan, Hirsch, Neuman and Mazurek opposed.

DISPOSITION OF HB 409: Senator Halligan made a motion that HB 409 BE CONCURRED IN.

Senator Mazurek said this bill needs some coordination instruction.

Jim Lear said 15-30-121 would be amended in SB 307 and repealed in HB 842.

Senator Eck said if we wanted to do something with this we could make it a credit.

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Dan Bucks said in SB 307 we would have no further specific deduction for that. You would have a higher personal exemption for each dependent and a higher standard deduction. You would also have a federal credit for low income people. This more than compensates for expenses for child care.

Senator Eck said you would still have the situation of two wage earners with day care expenses and no exemption for that.

Senator Halligan said women are working for 60% of what a man makes and it doesn't pay them to work when they have to pay for day care. This might help to keep them in the work force. He thinks it would be appropriate to have the deduction apply no matter what happens in the other bills.

Senator Mazurek said Senator Halligan is correct. He worked with a group home and the girls that wanted to advance from the group home, found that it did not pay to go to work. They were better off getting food stamps and general assistance. If it would make a difference, he would not be opposed to Senator Halligan's suggestion, although, it is the first step in reinserting deductions.

Senator Hirsch made a substitute motion that we adopt the amendments presented on coordination instructions.

Senator Neuman said if you wanted to do something along the lines suggested by Senator Halligan, that could be done in HB 842 or SB 307.

Senator Crippen said this bill should pass with the coordination instructions. Then if SB 307 passes we can make a credit in that bill. We all understand we will give something.

Senator Hirsch's motion carried.

Senator Mazurek made a motion that HB 409 BE CONCURRED IN AS AMENDED. The motion carried with Senator Neuman opposed and Senators Eck and Hager absent at the time of this vote.

DISPOSITION OF HB 634: Senator Hager made a motion that HB 634 DO NOT PASS. The motion carried with Senator Hirsch opposed and Senator Eck absent.

FURTHER CONSIDERATION OF HB 666: Senator Crippen said under I-105 the bonding companies are concerned that they won't be able to sell the bonds because of the cap on property taxes. They are having problems trying to sell these bonds to finance the tax increment districts. He has some concern with pledging revenue from other areas involving the whole city.

Senator Mazurek does not know if it is healthy to pledge revenues from every place else for the increment district.

Senator Halligan asked if we could put language in this that would say this goes into effect only if I-105 is put in place.

Jim Lear said the only problem with that is identifying when exactly I-105 will go into place.

DISPOSITION OF HB 794: Senator Mazurek made a motion that HB 794 BE CONCURRED IN.

Senator McCallum said there are two hospitals in the state of Montana paying personal property taxes and one is in his district.

Senator Mazurek said they can become nonprofit.

Senator Lybeck said I think we have to refer back to Dr. Nelsor's testimony.

Senator Mazurek said if you're going to make those hospitals exempt you better let my doctor's office on Montana Avenue be exempt too. There is a logical distinction. If you will use your money for nonprofit purposes then we will give you the break. They are in business to make money.

The motion carried with Senators McCallum, Lybeck, Halligan and Brown opposed.

FURTHER CONSIDERATION OF HB 366: Senator Halligan made a motion that HB 366 BE TAKEN FROM THE TABLE. The motion failed with Senators Lybeck, Crippen and Halligan in support.

FURTHER CONSIDERATION OF HB 700: Senator Crippen made a motion that HB 700 BE CONCURRED IN.

Senator Mazurek said Mr. Bourke has proposed an amendment to this bill, attached as Exhibit 1, which he asked Mr. Bourke to explain.

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Mr. Bourke said "demonstrated ability to make" implies past history. All of the capital companies are really being founded now. The language "prospects for making" is more appropriate.

Senator Mazurek cannot see a problem with the language as it is in the bill. No one has a long history of demonstrated ability in this area. The language is too broad with "prospects for making", anyone who wants to could qualify.

Mr. Bourke said he is here on behalf of other capital companies. If the bill wants to allocate some funds to capital companies, then they should treat capital companies in terms of placing that money the same way capital companies are treating money. The capital companies are coming in with prospects for achieving something.

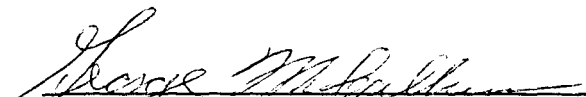
Senator Neuman said it might be better to take the bill and see how it works, rather than amend it and try to get it back through the House.

Senator Mazurek agrees with that. He asked if Mr. Bourke had talked with the sponsor and the Technology Board on these amendments.

Mr. Bourke said he had not on this particular item.

Senator Mazurek said maybe you should talk with them and see what they think.

ADJOURNMENT: The meeting adjourned at 10:00 A.M.

  
SENATOR GEORGE McCALLUM, Chairman

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ROLL CALL

TAXATION

COMMITTEE

50th LEGISLATIVE SESSION -- 1987

Date 3-27-87

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.



HB 700

PROPOSED AMENDMENT

Page 13, line 7

Following: "company's"

Strike: "demonstrated ability to make"

Insert: "prospects for making"

SENATE TAXATION

EXHIBIT NO. 1

DATE 3-27-87

BILL NO. H.B. 700

*h.w.k.*

ROLL CALL VOTE

SENATE COMMITTEE TAXATION

Date March 27, 1987 Bill No. HB 457 Time 9:05 AM

NAME	YES	NO
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		✓

Aggie Hamilton  
Secretary

Senator George McCallum  
Chairman

Motion: Senator Mazurek's motion to strike one year and insert two years. The motion failed 6-6.

# STANDING COMMITTEE REPORT

March 27

19 87

MR. PRESIDENT

We, your committee on..... SENATE TAXATION.....

having had under consideration..... HOUSE BILL..... No. 583

third reading copy ( blue )  
color

**DONALDSON (MAZUREK)**

**CONTINUE TO FUND PSC BY UTILITY FEES**

Respectfully report as follows: That..... HOUSE BILL..... No. 583

be amended as follows:

1. Title, lines 11 and 12.

Following: "DATE" on line 11

Strike: "AND A TERMINATION DATE"

2. Page 1, lines 17 and 18.

Following: "date" on line 17

Strike: "-- TERMINATION DATE"

3. Page 1, lines 19 and 20.

Following: "1997" on line 19

Strike: "THIS ACT TERMINATES JULY 1, 1989."

4. Page 5, lines 16 through 18.

Following: "69-1-223(2)(a)" on line 16

Strike: remainder of line 16 through "resale" on line 18

5. Page 6, line 10.

Following: "resale"

Insert: ", as calculated by the public service commission,"

6. Page 7, lines 11 through 13.

Following: "date" on line 11

Strike: "-- TERMINATION DATE"

Following: "approval." on line 12

Strike: "THIS ACT TERMINATES JULY 1, 1989."

AND AS AMENDED  
BE CONCURRED IN  
~~XXXXXX~~

~~XXXXXX~~

.....  
**SENATOR GEORGE McCALLUM,**

Chairman.

# STANDING COMMITTEE REPORT

March 27

19 37

MR. PRESIDENT

We, your committee on SENATE TAXATION

having had under consideration HOUSE BILL No. 678

third reading copy ( blue )  
color

**CONNELLY (MCCALLUM)**

**PENALTY FOR DELINQUENT PROPERTY TAXES BASED ON PERCENTAGE  
OF AMOUNT PAID**

Respectfully report as follows: That HOUSE BILL No. 678

BE NOT CONCURRED IN

DECEASE

CONCURRENCE

SENATOR GEORGE MCCALLUM, Chairman.

# STANDING COMMITTEE REPORT

March 27

1937

MR. PRESIDENT

SENATE TAXATION

We, your committee on

having had under consideration

HOUSE BILL

No. 791

third reading copy ( blue )  
color

STRIZICH (GAGE)

DANGEROUS DRUG TAX ACT

Respectfully report as follows: That

HOUSE BILL

No. 791

BE CONCURRED IN

EXPASS

DO NOT PASS

SENATOR GEORGE McCALLUM,

Chairman.

# STANDING COMMITTEE REPORT

March 27

1937

MR. PRESIDENT

We, your committee on SENATE TAXATION

having had under consideration HOUSE BILL No. 387

third reading copy ( blue )  
color

**KEENAN (ECK)**

## REQUIRING ADDITIONAL INFORMATION IN DEPT. OF REVENUE'S BIENNIAL REPORT

Respectfully report as follows: That HOUSE BILL No. 387

be amended as follows:

1. Page 1, lines 12 and 13.

Following: "contents" on line 12

Strike: "-- public hearing"

2. Page 1, lines 19 and 20.

Following: "measures" on line 19

Strike: "as provided in subsection (3)"

AND AS AMENDED

BE CONCURRED IN

DEPRAES

DEMOXRAES

.....  
SENATOR McCALLUM,

Chairman.



# STANDING COMMITTEE REPORT

March 27

19 37

MR. PRESIDENT

We, your committee on SENATE TAXATION

having had under consideration HOUSE BILL No. 102

third reading copy ( blue )  
color

**GRADY (STORY)**

**WEED CONTROL FEE ON MOTOR VEHICLES**

Respectfully report as follows: That HOUSE BILL No. 102

be amended as follows:

1. Title, lines 9 and 10.

Following: "OF" on line 9

Strike: "PASSENGER CARS AND TRUCKS UNDER 42,001 POUNDS GVW"

Insert: "ALL MOTOR VEHICLES SUBJECT TO REGISTRATION"

2. Page 2, lines 15 and 16.

Following: "each" on line 15

Strike: "passenger car and truck under 42,001 pounds GVW"

Insert: "motor vehicles subject to registration"

3. page 2.

Following: line 17

Insert: "(2) For purposes of this section, "motor vehicle" includes:

(a) "motor vehicle" as defined in 61-1-102;

(b) "motorcycle" as defined in 61-1-105;

(c) "motor-driven cycle" as defined in 61-1-106; and

(d) "quadricycle" as defined in 61-1-133."

Renumber: subsequent subsection

4. Page 4, line 2.

Following: "has"

Strike: "significantly"

5. Page 4, line 4.

Following: "source"

Insert: "with a levy in an amount not less than 1.6 mills or an equivalent amount from another source"

~~XXXXX~~ AND AS AMENDED  
~~DO PASS~~ BE CONCURRED IN

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

SENATOR GEORGE McCALLUM, Chairman.

# STANDING COMMITTEE REPORT

March 27 ..... 19. 27

MR. PRESIDENT

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

having had under consideration ..... **HOUSE BILL** ..... No. **553** .....

third reading copy ( blue )  
color

**MEMAHAN (HIMSL)**

**PROVIDE FEE IN LIEU OF TAX FOR MOTORBOATS AND SAILBOATS  
12 FEET OR LONGER**

**HOUSE BILL**

Respectfully report as follows: That ..... No. **553** .....

BE CONCURRED IN

~~DEPASS~~

~~CONCURRE~~

.....  
**SENATOR GEORGE McCALLUM,** Chairman.

# STANDING COMMITTEE REPORT

March 27

19 37

MR. PRESIDENT

We, your committee on SENATE TAXATION

having had under consideration HOUSE BILL No. 795

third reading copy ( blue )  
color

**GILBERT (HIRSCH)**

**INCORPORATES REGULATION OF CLASS II INJECTION WELLS IN  
THE OIL AND GAS LAWS**

Respectfully report as follows: That HOUSE BILL No. 795

BE CONCURRED IN

~~XXXXXXXXXX~~

~~XXXXXXXXXXXX~~

SENATOR GEORGE McCALLUM, Chairman.

# STANDING COMMITTEE REPORT

March 27

19 87

MR. PRESIDENT

We, your committee on SENATE TAXATION

having had under consideration HOUSE BILL No. 457

third reading copy ( blue )

color

**BROWN, J. (SEVERSON)**

**PAYMENT OF CURRENT AND PREVIOUS YEARS OR FEE PRIOR TO  
REGISTRATION**

Respectfully report as follows: That HOUSE BILL No. 457

BE CONCURRED IN

~~XXXXXXXXXX~~

~~XXXXXXXXXX~~

SENATOR GEORGE McCALLUM, Chairman.

# STANDING COMMITTEE REPORT

March 27

19 37

MR. PRESIDENT

We, your committee on SENATE TAXATION

having had under consideration HOUSE BILL No. 409

third reading copy ( blue )  
color

**MILLS (CRIPPEN)**

**REVISING THE CHILD AND DEPENDENT CARE DEDUCTION FOR  
MONTANA INCOME TAXES**

Respectfully report as follows: That HOUSE BILL No. 409

be amended as follows:

1. Page 5.

Following: line 13.

Insert: "NEW SECTION. Section 4. Coordination instruction.

If HB 342, SB 307, or any other bill repealing 15-30-121 is enacted, this act is void."

AND AS AMENDED

BE CONCURRED IN

~~DO PASS~~

~~DO NOT PASS~~

SENATOR GEORGE McCALLUM,

Chairman.

# STANDING COMMITTEE REPORT

March 27 19 37

MR. PRESIDENT

We, your committee on SENATE TAXATION

having had under consideration HOUSE BILL No. 634

third reading copy ( blue )  
color

**ELLISON (HAGER)**

**PROOF OF PERSONAL TAX PAYMENT FOR ISSUANCE OF  
SPECIAL MOBILE EQUIPMENT PLATE**

Respectfully report as follows: That HOUSE BILL No. 634

BE NOT CONCURRED IN

~~DO PASS~~

~~DO NOT PASS~~

SENATOR GEORGE MCCALLUM, Chairman.

# STANDING COMMITTEE REPORT

March 27

19 57

MR. PRESIDENT

We, your committee on REALTY TAXATION

having had under consideration HOUSE BILL No. 794

third reading copy ( blue )

COLOR

WILLIAMS, M. (NAZUREK)

PROPERTY TAX EXEMPTION FOR LICENSED, NONPROFIT HOSPITAL  
& OUTPATIENT CENTERS

Respectfully report as follows: That HOUSE BILL No. 794

BE COLLECTED IN

RECORDS

RECORDS

SENATOR GEORGE BOCALIAN, Chairman