

MINUTES

MONTANA SENATE
51st LEGISLATURE - REGULAR SESSION

COMMITTEE ON TAXATION

Call to Order: By Senator Bob Brown, on February 10, 1989,
at 8:00 a.m.

ROLL CALL

Members Present: Chairman Brown, Vice Chairman Hager,
Senator Bishop, Senator Crippen, Senator Eck, Senator
Gage, Senator Halligan, Senator Harp, Senator Mazurek,
Senator Norman, Senator Severson, Senator Walker.

Members Excused: None

Members Absent: None

Staff Present: Jeff Martin, Legislative Council Researcher,
Jill Rohyans, Committee Secretary.

Announcements/Discussion: None

HEARING ON SENATE BILL 351

Presentation and Opening Statement by Sponsor: Senator
Williams, District 15, sponsor of the bill, said it
generally revises the Montana Capital Company Act. He
further explained the bill by reading the first two
paragraphs of attached Exhibit 1.

List of Testifying Proponents and What Group they Represent:

Mike Parker, Great Falls Capital Corporation
Robert Pancich, Montana Board of Investments

List of Testifying Opponents and What Group They Represent:

Ken Nordtvedt, Director, Department of Revenue

Testimony:

Mike Parker, Great Falls Capital Corporation, presented his
testimony to the committee (Exhibit 1) and presented
proposed minor technical amendments to the title.
(Exhibit 2).

Robert Pancich, representing the Montana Board of

Investments and Manager of the Montana Capital Company Act, presented a list of Montana Capital Companies and the Montana Capital company quarterly report to the committee (Exhibits 3 and 4). He said he concurs with the amendments which clarify investments in Montana. He said there is no intent to require the removal of the requirement for investment in Montana. He said it may seem confusing, citing language in the bill: Title, lines 13 and 14 and on page 11, line 12 and line 16. However, new language on page 8, section 5, and definitions of qualified investments on pages 2 and 3 clarify the situation regarding investments outside of Montana versus Montana business. He referred the committee to the comparison figures in Exhibit 4.

There were no further proponents.

Opponents

Ken Nordtvedt, Director, Department of Revenue, expressed several concerns with the bill. He said he did not oppose the bill in general, but rather opposed the fundamental issue of extension of the capital corporations. The analysis of the Department of Revenue was that it would remove the requirement for in-state investments by striking "Montana" on page 11. It allows for the sale of debentures from the in-state investment fund and removes the requirement for in-state investment of the retained earnings, which seems to be a move away from the intent of the original massive tax credits granted under this program. There was also concern about what is being granted in terms of voluntary decertification. Mr. Nordtvedt said his concerns arise from the possibility of moving the investments away from the initial purpose of stimulating venture capital in the state.

Questions From Committee Members: Senator Mazurek asked Mr. Parker to respond to Mr. Nordtvedt's comments.

Mr. Parker said it is possible now to make investments out of state. The requirement is that the investment results in economic benefit for the state of Montana. The definition of what is a qualified investment precedes the language on page 11, and striking the language merely returns the bill to compliance with the original definition.

Senator Mazurek said the term "Montana business" is a specifically defined term and by striking "Montana", you are not referring back to a specifically defined term. He wondered how critical that was.

Mr. Parker said it is covered in the language on page 3, lines 24 through line 2 on page 4.

Senator Norman expressed concern about where retained earnings can be invested.

Mr. Parker replied the original legislation did not provide for reinvestment of retained earnings. It was added late last session. Requiring retained earnings to be reinvested traps them within the business and makes it difficult to pay dividends and extremely difficult to liquidate a partnership or corporation.

Senator Crippen said the basic reason for this is to stimulate business. If earnings are retained within the company and are not reinvested, how are you going to stimulate the economy.

Mr. Nordtvedt said the issue is not whether retained earnings can be reinvested, but rather that they are reinvested in Montana as opposed to out-of-state.

Senator Crippen felt an out-of-state investment provision is crucial to attracting new business to and investment in Montana. If companies are not allowed that privilege, they will not be attracted to locate here or invest in Montana corporations who are so restricted.

Closing by Sponsor: There being no further discussion, Senator Williams closed.

HEARING ON HOUSE BILL 371

Presentation and Opening Statement by Sponsor:

Representative Pavlovich, District 70, sponsor, said the bill increases the redemption period on certain properties from 18 to 24 months and provides a July 1, 1989 effective date.

List of Testifying Proponents and What Group they Represent:

Martha McGee, Lewis and Clark County Treasurer
The Revenue Oversight Committee

List of Testifying Opponents and What Group They Represent:

None

Testimony:

Martha McGee, Lewis and Clark County Treasurer, said the bill was introduced at the request of the Montana County Treasurer's Association. The bill is an effort to clean up procedures in tracking redemption periods. The 18 month period provision does not fit well with the regular redemption period increments of 12 or 36 months.

The Revenue Oversight Committee also recommended these changes as a result of part of their review of Archaic statutes. Tracking on an 18 month period is very cumbersome and for administrative purposes, the 24 month period would be very helpful.

There were no further proponents.

Questions From Committee Members: Senator Norman asked if eliminating the July effective date would hurt anything (making the bill effective October 1).

Senator Mazurek asked if July 1, wasn't the trigger date for preparation of tax sale lists.

Mrs. McGee said it is the date when the liens are filed so a tax sale can be held in 36 months.

There was no further discussion.

Closing by Sponsor: Representative Pavlovich closed saying he had no problem with changing the effective date if the committee so desired.

EXECUTIVE ACTION ON SENATE BILL 290

Discussion:

Don Chance, Montana Building Industries Association, presented proposed amendments to the committee. (Exhibit 5). He said they had been developed with the Montana League of Cities and Towns. He said the amendments restore the bill to its original form with a 12% cap before you have to go to the Public Service Commission. It inserts a new subsection, which applies the 12% cap to new systems development fees.

Senator Mazurek said the letter says nothing about systems development fees.

Senator Harp asked if the Public Service Commission knows anything about this.

Mr. Chance said the Public Service Commission had been contacted extensively. The Legislative Council had also reviewed the bill and the title and said the amendments are within the scope of the bill.

Senator Halligan feels this is a local control issue and should be handled locally.

Amendments and Votes:

Senator Harp MOVED to adopt the amendments as per the attached Exhibit #5. The motion CARRIED with Senator Halligan and Senator Norman voting no.

Recommendation and Vote:

Senator Eck moved to have a new hearing on the bill as the amendments are in effect creating a new bill.

Senator Gage felt the bill is now a revenue bill as it has the potential to increase or decrease revenue.

Senator Harp said the House should be consulted for a ruling as to whether it is a revenue bill or not.

Senator Norman said the local people couldn't resolve the problem so they brought it to the legislature to solve. They couldn't agree on what the bill does when they got here, tried to fix it and expect us to okay it without ever really knowing what it does with these amendments. He felt there should be a hearing on the new bill.

Senator Gage said both Senate and House Taxation and Appropriation Committees are preparing a list of bills that might be doubtful in terms of the revenue definition. They will probably be declared revenue bills under a rule suspension as we have done in previous sessions. He agreed with Senator Norman's comments.

Senator Mazurek says the bill addresses one thing, water rates, and yet all the testimony was from builders here complaining about systems development fees.

Senator Crippen asked to have the bill prepared incorporating the amendments so the committee can really see what it does. Then a determination can be made as to a further hearing.

EXECUTIVE ACTION ON SENATE BILL 341

Discussion:

Senator Harp presented his proposed amendments to the committee. (Exhibit 6). Senator Harp said the Revenue Oversight Committee does a good job with its own staff and the Legislative Council does a good job. The amendments he presented keep things the way they are presently. He felt the House should amend the bill in the House Taxation Committee if they want to change it. Senator Harp moved the amendments.

Senator Mazurek compared Senator Harp's amendments to Representative Peck's amendments. (Exhibit 7). He said the Peck amendments add a subsection 6 to the fiscal analyst's duties, which says "assist the Revenue Oversight Committee". The Harp amendments strike subsection 2, which says the fiscal analyst can estimate revenue from existing and proposed taxes. He expressed concern about elimination of that provision.

Senator Harp said it bothers him to have the appropriations and revenue handled by only one office. He felt the revenue people should be controlling some part of it.

Senator Norman said regardless of what the Legislative Finance Committee needs, the Revenue Oversight Committee is the official estimator for the legislature.

Senator Eck said she has complained for four years that we are too thin in revenue personnel. This session it is critical. She felt the committee has to rely on the fiscal analyst's office at this point because they are all there is. However, she felt it was necessary to begin work on developing a revenue staff that has the same capabilities or else make it very clear that the fiscal analyst's responsibility is a joint responsibility to both revenue and appropriations.

Senator Gage expressed some frustration with the budget office doing all the budget and revenue projections and the fiscal analyst's office duplicating the efforts. The end result is the legislature looks at two different sets of figures and comes up with a third. He said it makes no sense and the taxpayers are paying the bill.

Senator Harp agreed with the previous comments and withdrew

his motion.

Senator Norman said his understanding of the Peck amendment would entail having the Legislative Fiscal Analyst assign someone to the Revenue Oversight Committee who clearly is under the supervision and control of the chairman of the Revenue Oversight Committee.

Senator Crippen said he felt subsection 6 should stay in the bill, because there is specific statutory authority to the LFA to assist the Revenue Oversight Committee. The Statement of Intent needs to be amended in the 4th line from "will" to "may". Also, strike "any required" and insert "additional". He said he made the amendments to avoid a turf battle between the Legislative Council staff and the Fiscal Analyst staff with the Revenue Oversight Committee in the middle.

He wants it to be clear that the Revenue Oversight Committee keep their staff from Legislative Council as a interim committee with revenue estimating duties. However, it is spelled out that the committee may rely on the Legislative Fiscal Analyst and by statute, they must assist. They would serve at the pleasure of the committee only.

Amendments and Votes:

Senator Eck moved to adopt the Peck amendments with Senator Crippen's proposed changes.

Senator Mazurek said in this bill we specifically make it the responsibility of the Revenue Oversight Committee to estimate the revenue for legislative appropriation. But in the middle of the Statement of Intent we say, by law, the Legislative Fiscal Analyst is responsible for estimating revenue from existing and proposed taxes. Nowhere in the Statement of Intent is the original purpose of the bill even mentioned, therefore, it becomes inconsistent.

Senator Crippen said the amendments should be adopted and then the Statement of Intent can be changed.

Senator Brown said what we are trying to establish is that the Revenue Oversight Committee has the legal authority and function of estimating revenue during the interim. Any staff that works for the committee would be answerable to the committee only.

Senator Eck withdrew her motion to amend.

Senator Harp MOVED to amend the bill according to the Peck amendments and to adopt the Harp Statement of Intent. The motion CARRIED unanimously.

Recommendation and Vote:

Senator Crippen MOVED Senate Bill 341 DO PASS AS AMENDED. The motion CARRIED unanimously.

EXECUTIVE ACTION ON SENATE BILL 287

Discussion: None

Amendments and Votes:

Senator Mazurek moved to amend the bill on page 2 by striking subsection 2, all of section 3, and conform the title at line 11. The motion CARRIED unanimously.

Recommendation and Vote:

Senator Mazurek moved Senate Bill 287 do pass as amended. The motion CARRIED unanimously.

EXECUTIVE ACTION ON SENATE BILL 308

Discussion: None

Amendments and Votes:

Senator Gage MOVED to amend the bill as per the attached Standing Committee Report. (Exhibit 8). The motion CARRIED unanimously.

Recommendation and Vote:

Senator Gage MOVED Senate Bill 308 DO PASS AS AMENDED. The motion CARRIED unanimously.

EXECUTIVE ACTION ON SENATE BILL 253

Discussion: The members of the committee asked Jeff Martin to review the bill and define clearly the application to private school buses and diesel fuel.

EXECUTIVE ACTION ON SENATE BILL 301

Discussion: None

Amendments and Votes: None

Recommendation and Vote:

Senator Harp moved to Table the bill. The motion CARRIED unanimously.

EXECUTIVE ACTION ON SENATE BILL 287

Discussion:

Senator Halligan MOVED to reconsider action of Senate Bill 287. The motion CARRIED unanimously.

Senator Mazurek said there is a technical correction that needs to be made in the exemption to I-105 in Section 2, line 19, which would exempt it from the application of Senate Bill 71.

Amendments and Votes:

Senator Mazurek MOVED to amend the bill as per the amendments on the attached Standing Committee Report. (Exhibit 9). The motion CARRIED unanimously.

Recommendation and Vote:

Senator Halligan MOVED Senate Bill 287 DO PASS AS AMENDED. The motion CARRIED unanimously.

FURTHER EXECUTIVE ACTION

Senator Gage presented proposals for two committee bills. The first deals with the possibility of Montana Power open access. If open access becomes a reality, local gas companies may go to Canada for their highly subsidized gas and run it through the open access pipe lines. In that case, Montana gas producers would have no market for their product at all. The Senate Joint Resolution to the Public Service Commission should indicate the legislature's concern about that possibility and ask the Public Service Commission to give preference to Montana producers for part of the open access facility. It also should include a measure to Montana congressman that before the free trade provisions are in effect, consideration must be given to equalization of subsidized gas between the free trade nations.

Senator Eck MOVED to have a committee Senate Joint Resolution drafted. The motion CARRIED unanimously.

The second proposal for a bill addresses the forgiveness of delinquent net proceeds taxes. Senator Gage felt it did not fit within the scope of Representative Driscoll's House Bill 58, which deals with forgiveness of delinquent property taxes on commercial property. He said there are many properties around the state with net proceeds delinquencies in excess of the value of the property. A method of dealing with the delinquencies needs to be established in order to get the properties sold and back into production.

Senator Gage MOVED the committee request a Senate Bill be drafted to address the net proceeds tax situation in the same manner as Senate Bill 58. The motion CARRIED unanimously.

ADJOURNMENT

Adjournment At: 10:00 a.m.



SENATOR BOB BROWN, Chairman

BB/jdr

min210.sr

ROLL CALL

TAXATION

COMMITTEE

50~~st~~ LEGISLATIVE SESSION -- 1989

Date 2/10/89

| NAME | PRESENT | ABSENT | EXCUSED |
|------------------|---------|--------|---------|
| SENATOR BROWN | X | | |
| SENATOR BISHOP | | | |
| SENATOR CRIPPEN | X | | |
| SENATOR ECK | X | | |
| SENATOR GAGE | X | | |
| SENATOR HAGER | X | | |
| SENATOR HALLIGAN | X | | |
| SENATOR HARP | X | | |
| SENATOR MAZUREK | X | | |
| SENATOR NORMAN | X | | |
| SENATOR SEVERSON | X | | |
| SENATOR WALKER | | | |
| | | | |
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| | | | |
| | | | |

Each day attach to minutes.

SENATE STANDING COMMITTEE REPORT

MR. PRESIDENT:

We, your committee on Taxation, having had under consideration SB 341 (first reading copy -- white), respectfully report that SB 341 be amended and as so amended do pass:

1. Title, line 13.
Strike: "SECTION"
Insert: "SECTIONS 5-12-302 AND"

2. Page 1, line 15.
Insert: " Statement of Intent

A statement of intent is not required for this bill but is included to clarify the staffing arrangements anticipated under this bill.

As a matter of practice, the legislative council has provided staff to support the work of the tax committees of the legislature in session and in the interim. As such, council staff have supported the revenue oversight committee since its creation. It is the intent of the legislature that, in carrying out its revenue estimating duties under this bill, the revenue oversight committee will rely upon the staffs of the legislative council, the office of the legislative fiscal analyst, the legislative auditor, the department of revenue, and any other agency that has information regarding any of the tax or revenue bases of the state. Legislative agencies shall cooperate in providing support to the committee.

3. Page 1.
Following: line 16

Insert: "Section 1. Section 5-12-302, BCS, is amended to read:
"5-12-302. Fiscal analyst's duties. The legislative fiscal analyst shall:

(1) provide for fiscal analysis of state government and accumulate, compile, analyze, and furnish such information bearing upon the financial matters of the state that is relevant to issues of policy and questions of statewide importance, including but not limited to investigation and study of the possibilities of effecting economy and efficiency in state government;

(2) estimate revenue from existing and proposed taxes;

(3) analyze the executive budget and budget requests of selected state agencies and institutions, including proposals for the construction of capital improvements;

(4) make the reports and recommendations he deems desirable to the legislature and make reports and recommendations as requested by the legislative finance committee and the legislature; and

EST. NO. _____
DATE 2/10/89
BILL NO. SB 341

SENATE COMMITTEE ON TAXATION, SB 341
page 2 of 2

(5) assist committees of the legislature and individual legislators in compiling and analyzing financial information; and

(6) assist the revenue oversight committee in performing its revenue estimating duties under [section 2(5)]."

Renumber: subsequent sections

AND AS SO AMENDED,
DO PASS

Signed: Bob Brown
Bob Brown, Chairman

Statement of Intent adopted.

W.C.
2/11/89
10:10
h.

MONTANA CAPITAL COMPANY ACT
BRIEF SYNOPSIS

In order to promote the concentration of money in venture and development capital funds, the 1985 and 1987 legislatures passed the Montana Capital Company Act which provided for investment tax credits, originally at a rate of 25% and later at a rate of 50% for investors in such funds. The law limits credits to \$150,000 per taxpayer and \$1,500,000 to a fund and requires that a minimum of \$200,000 be raised in order to be certified as a Montana Capital Company. Credits may be used to offset a taxpayers Montana state income tax liability.

The act requires that Capital Company funds be invested in qualified investments : (e.g. manufacturing, transportation, tourism, production & processing of: ag products, mining, timber, fisheries or research & development relative to any of the above. Additionally, any business is a qualified investment if half its revenues come from outside Montana or if half its revenues result from the sale of Montana made products. The act further requires that funds raised pursuant to the Act be 30% invested within 3 years, 50% invested within 4 years and 70% invested within 5 years of the company's certification date.

SB 351 - AN ACT TO AMEND THE MONTANA CAPITAL COMPANY ACT
SUMMARY OF PROVISIONS

CAPITAL COMPANY DEBENTURES

Authorizes but does not obligate the Board of Investments to purchase Mt Capital Company Debentures. Obligates Mt Capital Companies to make qualified investments with debenture proceeds. Clears existing ambiguities.

RETAINED EARNINGS

Current law requires qualified re-investment of Capital Company earnings in perpetuity thus restricting the payment of dividends and precluding liquidation of a Capital Company. This change permits conventional use of retained earnings.

TIME FOR CERTIFICATION

Brings law into conformity with current Board of Investments practice.

CARRY BACK AND CARRY FORWARD OF UNUSED TAX CREDITS

Corrects erroneous Internal Revenue Code reference and codifies, in principle, the I.R.C. carry over provisions.

INVESTMENTS BY TRUSTS AND ESTATES

Broadens the realm of potential Mt Capital Company Investors.

TIME SCHEDULE

Some Mt Capital Companies are and will be funded by multiple 'rounds' of financing, each perhaps years apart. Current law aggregates all 'rounds' for the purpose of determining the 3,4,5 year/30,50,70% investment requirements. This provision allows separate 3,4 & 5 year investment requirements for each round of financing.

EXTENSION TO THE SCHEDULE

Provides for Department of Revenue discretion in the assessment of penalties in cases where reasonable cause for failure to invest on time is evident.

RESTRICTIONS ON THE USE OF FUNDS

Removes extraneous language from existing investment limit provisions.

AUTOMATIC AND VOLUNTARY DECERTIFICATION

New sections provide for automatic decertification in the event a penalty for failure to invest on time is assessed and for voluntary decertification by application to the Department of Revenue by a Capital Company.

DEFINITION OF BOARD

Transfers Mt Capital Company Act administrative responsibility from the Board of Investments to the Mt Science & Technology Alliance.

Amendments to Senate Bill No. 351
Introduced Copy

Requested by Senator Williams

Prepared by Dave Cogley
February 8, 1989

1. Title, line 4.

Strike: "TO GENERALLY REVISE"

Insert: "AMENDING"

2. Title, line 5.

Strike: "PROVIDING FOR THE SALE OF"

Insert: "CLARIFYING THE AUTHORITY TO SELL"

3. Title, lines 13 and 14.

Strike: "REMOVING THE REQUIREMENT FOR INVESTMENT IN A MONTANA
BUSINESS"

Insert: "CLARIFYING RESTRICTIONS ON THE USE OF CAPITAL COMPANY
FUNDS"

MONTANA CAPITAL COMPANIES

Certified and Qualified

Steve Brown
Development Corp. of Montana
P.O. Box 916
Helena, Montana 59624
406/442-3850

Mike Parker
Great Falls Capital Corp.
8 Third Street North
Great Falls, Montana 59401
406/761-7978

Robert G. Mullendore
First Montana Capital Corp.
310 West Spruce
Missoula, Montana 59802
406/721-8300

Conrad Stroebe
Treasure State Capital Ltd. Part.
P.O. Box 194
Billings, Montana 59103
406/248-5678

Evan Barrett
Southwest MT Development Corp.
305 West Mercury
Butte, Montana 59701
406/723-4349

James H. Koessler
KBK Venture Capital Co. of MT
2722 Third Avenue North
Billings, Montana 59101
406/252-4101

Pat Rice
The Glacier Springs Company
1501 Third Street N.W.
Great Falls, Montana 59404
406/727-7500

Thomas P. Kenneally
Montana Progress Capital Ltd.
600 South Main Street
Butte, Montana 59701
406/782-9121

Certified

R.D. "Pete" Bloomer
CVM Montana Venture Fund I, Ltd.
2995 Wilderness Place
Boulder, Colorado 80301
303/440-4055

Bruce Ennis
ECM Alpha Limited Partnership
2720 Third Avenue North
Billings, Montana 59101
406/259-4650

Montana Capital Company
 Quarterly Report
 As of 01/31/1989

EXHIBIT 1.0

DATE 3/10/89

BILL NO. 440 351

| Applicatn | Date Certified | Date Complete | Date Qualified | Total Tax Credit Reserved | Capital Eligible for 25% Tax Cr | Capital Eligible for 50% Tax Cr | Total \$ Raised with Tax Credits Authorized | Tax Credits Available | Balance of Tax Credits Expires | Dollars Invested in Montana | % TC \$ Invested in MT |
|--------------------------------|----------------|---------------|----------------|---------------------------|---------------------------------|---------------------------------|---|-----------------------|--------------------------------|-----------------------------|------------------------|
| Montana Venture Fund I 011 | 05/18/1988 | 05/26/1988 | | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | 06/24/1989 | \$ 0 | 0% |
| Alpha Limited Partners 013 | 06/06/1988 | 06/24/1988 | | \$ 500,000 | \$ 0 | \$ 0 | \$ 0 | \$ 500,000 | 06/24/1989 | \$ 0 | 0% |
| Development Corporation of 001 | 01/12/1984 | 02/02/1984 | 03/30/1984 | \$ 184,075 | \$ 736,300 | \$ 0 | \$ 736,300 | \$ 184,075 | | \$ 421,194 | 57% |
| Great Falls Capital Corpor 008 | 12/18/1985 | 01/31/1986 | 10/31/1986 | \$ 818,000 | \$ 510,000 | \$ 1,381,000 | \$ 1,891,000 | \$ 818,000 | | \$ 0 | 0% |
| First Montana Capital Corp 006 | 06/23/1987 | 11/30/1984 | 08/28/1987 | \$ 150,000 | \$ 0 | \$ 200,000 | \$ 200,000 | \$ 50,000 | 12/04/1989 | \$ 64,000 | 32% |
| Leasure State Capital Lim 012 | 05/25/1988 | 05/26/1988 | 08/25/1988 | \$ 500,000 | \$ 0 | \$ 405,051 | \$ 405,051 | \$ 202,525 | 06/30/1989 | \$ 109,000 | 26% |
| Northwest Montana Developm 010 | 11/25/1987 | 12/18/1987 | 12/16/1988 | \$ 505,425 | \$ 0 | \$ 283,040 | \$ 283,040 | \$ 115,758 | 06/24/1989 | \$ 0 | 0% |
| Glacier Springs Compan 014 | 06/17/1988 | 07/28/1988 | 01/27/1989 | \$ 650,000 | \$ 0 | \$ 581,191 | \$ 581,191 | \$ 0 | 12/04/1989 | \$ 0 | 0% |
| K Venture Capital Compan 015 | 07/05/1988 | 07/28/1988 | 01/27/1989 | \$ 105,000 | \$ 0 | \$ 210,000 | \$ 210,000 | \$ 0 | 12/04/1989 | \$ 0 | 0% |
| Montana Progress Capital I 016 | 12/04/1988 | 12/16/1988 | 01/27/1989 | \$ 1,500,000 | \$ 0 | \$ 3,000,000 | \$ 3,000,000 | \$ 1,500,000 | 12/16/1989 | \$ 0 | 0% |

 \$ 4,912,500

 \$ 4,912,500

 \$ 4,912,500
 (4,912,500)

 \$ 0

total Tax Credits Authorized
 total Tax Credits Reserved

total Credits Available for Allocation to MCC's

Amendments to Senate Bill No. 290
First Reading Copy

For the Committee on Taxation

Prepared by Jeff Martin
February 8, 1989

1. Title, lines 5 through 8.
Following: "MUNICIPAL"
Strike: "UTILITY" on line 5 through "INCREASES" on line 8
Insert: "UTILITIES BY IMPOSING A 12 PERCENT LIMIT ON THE ANNUAL INCREASE OF SYSTEM DEVELOPMENT FEES OR COMPARABLE FEES"
2. Page 1, lines 13 through 23.
Strike: Strike section 1 in its entirety
Re-number: subsequent sections
3. Page 2, line 1.
Following: "limitation."
Insert: "(1)"
4. Page 2, lines 8 and 9.
Following: "yield"
Strike: "an increase" on line 8 through "fees" on line 9
5. Page 2, line 9.
Following: "~~12%~~"
Insert: "a 12%"
6. Page 2, line 10.
Following: "~~increase in total annual revenues~~"
Insert: "increase in total annual revenues"
Strike: "the inflation factor"
7. Page 2, line 15.
Strike: "and"
8. Page 2, line 16.
Strike: "individual customer rate increases"
9. Page 2.
Following: line 17
Insert: "(2) System development fees or comparable fees may not be increased more than 12% annually or be initially imposed by a city of the first or second class except as provided in 69-7-102. System development fees or comparable fees must be utilized for capital facility development and may not be utilized for operational expenses."
10. Page 2, lines 21 and 22.
Following: "revenues"
Strike: "or" on line 21 through "fees" on line 22
11. Page 2, line 22.

Following: "~~12%~~"

Insert: "12%"

Strike: "the"

12. Page 2, line 23.

Strike: "inflation factor"

Following: "year"

Insert: "or if a municipal utility in a city of the first or second class proposes the imposition of a system development fee or comparable fee or an increase in existing system development fees or comparable fees in excess of 12% annually"

Amend

SENATE TAXATION
EXHIBIT NO. 6 pg 1
DATE 2/10/89
BILL NO. SB 341

Amendments to Senate Bill No. 341
First Reading Copy

February 8, 1989

1. Title, line 13.
Following: "AMENDING"
Strike: "SECTION"
Strike: "SECTIONS 5-12-302 AND"

2. Page 1, line 16.
Following: the enacting clause
Insert: "Section 1. Section -12-302, MCA, is amended to read:
"5-12-302. Fiscal analyst's duties. The legislative fiscal analyst shall:
(1) provide for fiscal analysis of state government and accumulate, compile, analyze, and furnish such information bearing upon the financial matters of the state that is relevant to issues of policy and questions of statewide importance, including but not limited to investigation and study of the possibilities of effecting economy and efficiency in state government;
~~(2) estimate revenue from existing and proposed taxes;~~
~~(3)~~(2) analyze the executive budget and budget requests of selected state agencies and institutions, including proposals for the construction of capital improvements;
(4)(3) make the reports and recommendations he deems desirable to the legislature and make reports and recommendations as requested by the legislative finance committee and the legislature; and
(5)(4) assist committees of the legislature and individual legislators in compiling and analyzing financial information."

Amendments to Senate Bill No. 341
First Reading Copy

February 8, 1989

1. Page 1, line 15.

Insert: " Statement of Intent

A statement of intent is not required for this bill but is included to clarify the staffing arrangements anticipated under this bill.

As a matter of practice, the Legislative Council has provided staff to support the work of the tax committees of the Legislature in session and in the interim. As such, Council staff have supported the Revenue Oversight Committee since its creation. It is the intent of the Legislature that, in carrying out its revenue estimating duties under this bill, the Revenue Oversight Committee will rely upon the staffs of the Legislative Council, the Office of the Legislative Fiscal Analyst, the Legislative Auditor, the Department of Revenue, and any other agency that has information regarding any of the tax or revenue bases of the state. Legislative agencies shall cooperate in providing support to the Committee."

Amendments to Senate Bill No. 341
First Reading Copy

February 8, 1989

1. Title, line 13.

Strike: "SECTION"

Insert: "SECTIONS 5-12-302 AND"

2. Page 1, line 16.

Following: line 16

Insert: "Section 1. Section -12-302, MCA, is amended to read:

"5-12-302. Fiscal analyst's duties. The legislative fiscal analyst shall:

(1) provide for fiscal analysis of state government and accumulate, compile, analyze, and furnish such information bearing upon the financial matters of the state that is relevant to issues of policy and questions of statewide importance, including but not limited to investigation and study of the possibilities of effecting economy and efficiency in state government;

(2) estimate revenue from existing and proposed taxes;

(3) analyze the executive budget and budget requests of selected state agencies and institutions, including proposals for the construction of capital improvements;

(4) make the reports and recommendations he deems desirable to the legislature and make reports and recommendations as requested by the legislative finance committee and the legislature; and

(5) assist committees of the legislature and individual legislators in compiling and analyzing financial information; and

(6) assist the revenue oversight committee in performing its revenue estimating duties under [section 2(5)]."

Renumber: subsequent sections

Amendments to Senate Bill No. 341
First Reading Copy

February 8, 1989

1. Page 1, line 15.

Insert: " Statement of Intent

A statement of intent is not required for this bill but is included to clarify the staffing arrangements anticipated under this bill.

As a matter of practice, the Legislative Council has provided staff to support the work of the tax committees of the Legislature in session and in the interim. As such, Council staff have supported the Revenue Oversight Committee since its creation. By law, the Legislative Fiscal Analyst is responsible for estimating revenue from existing and proposed taxes. It is the intent of the Legislature that, in carrying out its revenue estimating duties under this bill, the Revenue Oversight Committee will rely upon the Legislative Fiscal Analyst for staff support. Legislative agencies shall cooperate in the provision of adequate support for the committee."

#8
2/10/89
BILL NO. SB 308

SENATE STANDING COMMITTEE REPORT

February 11, 1989

MR. PRESIDENT:

We, your committee on Taxation, having had under consideration SB 308 (first reading copy -- white), respectfully report that SB 308 be amended and as so amended do pass:

- 1. Page 3, line 19.
- Following: "(k)"
- Strike: "2 1/4"
- Insert: "2 1/2"
- Following: "thereafter"
- Strike: "4 1/2"
- Insert: "4"

AND AS AMENDED DO PASS

Signed: Bob Brown
Bob Brown, Chairman

J.C.
3/13/89
10:14
SCRSB308 211

DATE 2/10/89

BILL NO. SB 287

SENATE STANDING COMMITTEE REPORT

February 11, 1989

MR. PRESIDENT:

We, your committee on Taxation, having had under consideration SB 287 (first reading copy -- white), respectfully report that SB 287 be amended and as so amended do pass:

- 1. Title, line 11.
Strike: "PROVIDING A STATUTORY APPROPRIATION;"
- 2. Title, line 12.
Strike: "17-7-502,"
- 3. Page 2, line 19.
Following: "(1)"
Insert: "or in 15-10-411"
- 4. Page 3, line 9 through page 5 line 2.
Strike: section 3 in its entirety
Re-number: subsequent sections

AND AS AMENDED DO PASS

Signed: Bob Bloom
Bob Bloom, Chairman

Handwritten notes:
y/c.
2-11-89
10:00

TAXATION

DATE 2/10/89

COMMITTEE ON ~~ACQUISITION, INVESTMENT, AND LIQUIDATION~~

VISITORS' REGISTER

| NAME | REPRESENTING | BILL # | Check One | |
|------------------|-----------------------|--------|-----------|--------|
| | | | Support | Oppose |
| MIKE PARKER | COTFALLS CAPITAL CORP | SB 351 | X | |
| Robert M. Panich | Board of Investment | SB 351 | X | |
| CAL CUMIN | YELLOWSTONE 10 | SB 351 | X | |
| Mike Mathew | Yellowstone Co. Com. | SB 351 | X | |
| Dwight Mackay | " " " | SB 351 | X | |
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(Please leave prepared statement with Secretary)