

MINUTES

MONTANA SENATE  
51st LEGISLATURE - REGULAR SESSION

COMMITTEE ON TAXATION

Call to Order: By Senator Bob Brown, Chairman, on February 14, 1989, at 8:00 a.m.

ROLL CALL

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

Members Excused: None

Members Absent: None

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

Announcements/Discussion: None

HEARING ON HOUSE JOINT RESOLUTION 8

Presentation and Opening Statement by Sponsor:

Representative Dave Brown, District 72, sponsor, said the resolution expresses the opposition of the Montana legislature to federal excise tax increases on beer, wine, cigarettes, gasoline and distilled spirits. He said the total taxes on these products in this state is approximately \$125 million. If the federal government keeps increasing taxes on these products we will reach the point of diminishing returns and begin putting businesses out of business and the state will have to begin to lower taxes to protect those businesses.

List of Testifying Proponents and What Group they Represent:

Jim Manion, Executive Vice President, AAA, Montana Highway Users  
Marie Durkee, Montana Tavern Association

List of Testifying Opponents and What Group They Represent:

None

Testimony:

Jim Manion, AAA, Montana Highway Users, said he is against balancing the budget at the gas pump. He said a Newsweek poll indicated 77% of the American people are against any increase in the gas tax. He felt tourism and the highway system would be hurt if the gas tax were increased.

Marie Durkee, Montana Tavern Association, said she agreed with Mr. Manion's testimony. She felt if the gas tax were to be increased it would result in bootlegging and lower tax revenue. She said passage of this resolution would send a strong message to Senator Baucus that the people of Montana are concerned and do not want any excise tax increases.

Questions From Committee Members:

Senator Norman asked if other states are expressing opposition also.

Representative Brown said other states are expressing their disapproval and lobbyists are making a concerted effort nationwide to oppose any increases.

Closing by Sponsor:

Representative Brown closed and suggested Senator Lynch would carry the resolution on the floor.

## HEARING ON SENATE BILL 361

Presentation and Opening Statement by Sponsor:

Senator Rasmussen, District 22, sponsor, said the bill provides a five year exemption from corporate income taxes for new businesses locating in Montana. The bill originated from a discussion Senator Rasmussen had with a local lady who is working in a high technology industry. She wants to come back to Montana, as do so many in her position, but there are no opportunities for jobs in her field of expertise in the state. Senator Rasmussen said businesses are looking at transportation status, labor force, building costs, wage scale, and tax incentives. The companies look at the whole area of quality of life - recreation, health care, clean air, educational opportunities. Senator Rasmussen pointed out we can hold our own in the quality of

life area in this state, but we do need to improve the business and tax climate to make it more attractive to new businesses. He pointed out in trade journals, Montana is ranked anywhere from 46th to the very bottom in economic attractiveness.

Senator Rasmussen said the heart of the bill is in Section 6, page 7, where a new manufacturing corporation is exempt from taxation and the criteria for exemption is listed. That criteria consists of 90% of the direct labor force must be comprised of Montana residents, 25% of the indirect labor force must be Montana residents, and the corporation must actively operate in the state for ten years. If they do not, they are liable for all the back taxes that have been exempted. Senator Rasmussen suggested a provision could be added to the bill which would specify that the company would have to be manufacturing something that no other company in the state is producing.

List of Testifying Proponents and What Group they Represent:

Don Ingels, Montana Chamber of Commerce

List of Testifying Opponents and What Group They Represent:

None

Testimony:

Don Ingels, Montana Chamber of Commerce, said the Chamber is as interested in getting rid of disincentives to new businesses wishing to locate in state and they are in establishing new incentives. He urged support of the bill.

Questions From Committee Members:

Senator Eck expressed a concern about giving an incentive tax break to a new business which would be in direct competition with an established business in the state that receives no break.

Closing by Sponsor:

Senator Rasmussen closed and asked the committee to seriously consider the bill as a first step to creating an inviting business climate for the state of Montana.

EXECUTIVE SESSION

DISPOSITION OF HOUSE JOINT RESOLUTION 8

Discussion: None

Amendments and Votes: None

Recommendation and Vote:

Senator Eck MOVED HJR 8 BE CONCURRED IN. The motion CARRIED unanimously.

DISPOSITION OF SENATE BILL 257

Discussion:

Senator Gage said this is technically a user fee as the fuel is used to propel vehicles over the highways.

Amendments and Votes: None

Recommendation and Vote:

Senator Halligan MOVED SB 257 DO PASS. The motion CARRIED with Senator Mazurek voting no and Senator Gage absent during the vote.

DISPOSITION OF SENATE BILL 253

Discussion: None

Amendments and Votes:

Senator Halligan MOVED to adopt amendments #1, 3, 4, 5 as shown on Exhibit #1. The motion CARRIED unanimously.

Senator Norman MOVED to strike the effective date (amendments #2 and 5 - Exhibit #1). The motion CARRIED unanimously.

Recommendation and Vote:

Senator Halligan MOVED SB 253 DO PASS AS AMENDED. The motion CARRIED with Senator Hager voting no.

## HEARING ON SENATE BILL 368

Presentation and Opening Statement by Sponsor:

Senator Keating, District 44, sponsor, said the bill is a request for a continuation of a tax exemption on certain portions of stripper well production. Instead of a 5% tax on production, a 3% severance tax of the oil in excess of 5 barrels a day and less than 10 barrels a day is imposed. The exemption of 2% of the tax will sunset April 1, 1989, unless this bill is passed and signed by the Governor. It is merely a two year extension of a 2% of the tax on the oil between 5 and 10 barrels a day. Senator Keating said a stripper well is one that produces 10 barrels a day or less. Under 15-36-121 MCA, the first 5 barrels are exempt from taxation altogether. There is also a caveat in that the exemption in 15-36-121 and the exemption in this bill would both terminate by executive order when West Texas intermediate crude has reached \$30 a barrel as reported in the Wall Street Journal. Senator Keating pointed out what little drilling there is in the state and what little share of the total exploration dollar that the drillers get is mostly expended by the local operators who continue to try to find new reserves and keep oil production volumes as high as possible. The risk money comes from the profits and returns on what production there is. As little as it may seem, the 2% break is an important economic margin to the locally based Montana operators.

List of Testifying Proponents and What Group they Represent:

Doug Abelin, Montana Oil and Gas Association  
Jerome Anderson, Montana Oil Producers  
Joseph Montalban, President and CEO, MSR Exploration ,  
Ltd.  
William W. Ballard, Balcron Oil Co., Billings  
Senator Del Gage, District 5

List of Testifying Opponents and What Group They Represent:

Ann Prunaski, Montana Alliance for Progressive Policy

Testimony:

Doug Abelin, Montana Oil and Gas Association, submitted testimony in support of the bill (Exhibit #2). He said although the field is declining, volume is up and the incentives are needed to stay in business and be competitive.

Jerome Anderson, Montana Oil Producers, expressed support for the bill.

Joseph Montalban, MSR Exploration, Ltd., said his is one of the largest stripper well companies in Montana and is listed on the American Stock Exchange. He said there are 4500 wells of all kinds in Montana; 76% of the wells in Montana are stripper wells. He said the bill is not so much a tax relief measure as it is a help to producers by extending the life of the small producing wells 1 to 3 barrels a day. With 300 wells producing less than 5 barrels a day, the severance tax saved him over \$200,000 which he used to drill 10 new wells.

William W. Ballard, Balcron Oil Company, Billings, submitted his testimony in support of the bill (Exhibit #3).

Senator Gage, District 5, said the bill is not so much about drilling and exploration as it is the extension of the life of the wells now in production. He said although the largest share of the wells in the state are stripper wells, only 9% to 10% of the production comes from those wells. However, over 60% of the activity in drilling and exploration is happening in the stripper areas. He pointed out if these wells are not in operation, the net and gross proceeds taxes that are due on those wells won't be paid and that will directly affect local school funding and local government funding.

Senator Gage said a 50 barrel well that produces 365 days a year at \$16.25 a barrel would yield about \$296,000. A 7% tax on oil would be a little over \$20,000, on gas a little over \$35,000. To get the same amount of revenue from other sources such as three year old stock cows that are valued at \$343 each, taxed at 4%, 200 mills would bring in \$2.74 per animal. At that rate it would take 7576 stock cows to equal the oil tax revenue. Based on gas it would 12,988 cows. It would take over 90,000 acres of grazing land to raise the same tax

revenue as oil; based on gas it would take 154,000 acres. Senator Gage felt this bill is a good sound approach to raising revenue and bolstering the tax base at the same time.

Testimony by Opponents:

Ann Prunaski, Montana Alliance for Progressive Policy, said the Alliance feels it is questionable economics to try to compete with international oil and gas pricing. They also feel there are many tax breaks already available to the oil and gas companies that are not extended to other industries such as depletion allowance, lowered severance tax, and deduction of start up costs

Questions from Committee Members:

Senator Crippen asked how many stripper wells would close if no action is taken on the bill.

Mr. Ballard replied there are approximately 4000 strippers in the state presently in the 10 barrel a day range. He felt there would be at least 20% to 25% abandoned in the first year.

Senator Crippen asked Ann Prunaski for more rationale regarding her previous statement.

Miss Prunaski said this bill is inappropriate in that it further erodes the tax base and helps an industry that is not competitive. The industry already has various and substantial tax breaks and exemptions now and they do not need any more.

Closing by Sponsor:

Senator Keating closed by saying the oil industry has paid over \$100 million in taxes into the state and the counties of Montana. This bill does not exempt oil production totally from taxation. They are still paying net proceeds tax on every barrel of oil, the resource indemnity trust tax on every barrel of oil, a .2% conservation tax, among other taxes and fees which go to support the state, the education community and local governments. The resource indemnity trust alone generates \$14 million in interest income a year. Senator Keating said the industry is struggling at this

point, but they are still making their contribution to Montana. The jobs are above average in pay, but they are dangerous and uncomfortable a great deal of the time. These jobs and jobs of those people employed in related and support businesses generate a great deal of income and, as a result, income tax. One third of the revenue of the state is income tax. This bill does not affect revenues one way or the other, it will just maintain the status quo. But it will make it possible for more wells to keep operating and for production to continue. He asked the committee to give serious consideration to the passage of the bill.

## ADJOURNMENT

Adjournment At: 10:00 a.m.

  
\_\_\_\_\_  
SENATOR BOB BROWN, Chairman

BB/jdr

MIN214.jdr



ROLL CALL

TAXATION

COMMITTEE

50<sup>th</sup> LEGISLATIVE SESSION -- 1989

Date 2/14/89

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NAME	PRESENT	ABSENT	EXCUSED
SENATOR BROWN	X		
SENATOR BISHOP	X		
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	X		

Each day attach to minutes.

SENATE STANDING COMMITTEE REPORT

February 15, 1989

MR. PRESIDENT:

We, your committee on Taxation, having had under consideration HJR 8 (third reading copy -- blue), respectfully report that HJR 8 be concurred in.

Sponsor: Brown, D. (Lynch)

BE CONCURRED IN

Signed: Bob Brown  
Bob Brown, Chairman

41. 0. 189  
2/15/89  
12: 8: 11

SENATE STANDING COMMITTEE REPORT

February 14, 1989

MR. PRESIDENT:

We, your committee on Taxation, having had under consideration SB 257 (first reading copy -- white), respectfully report that SB 257 do pass.

DO PASS

Signed: \_\_\_\_\_

*Bob Brown*

Bob Brown, Chairman

*SMB  
2/14/89  
11:55 P.M.*

## SENATE STANDING COMMITTEE REPORT

February 14, 1989

MR. PRESIDENT:

We, your committee on Taxation, having had under consideration SB 253 (first reading copy -- white), respectfully report that SB 253 be amended and as so amended do pass:

1. Title, line 5.

Following: "SCHOOLS;"

Insert: "AND"

2. Title, line 6.

Following: "HCA"

Strike: ";" through "DATE"

3. Page 1, line 11.

Strike: "(2)"

Insert: "(3)"

4. Page 2, line 5.

Following: "and"

Insert: ", as provided in subsection (2),"

5. Page 2.

Following: line 7

Insert: "(2) The exemption from the tax on special fuel for private schools, as provided in subsection (1), applies only to school buses used for the transportation of pupils for school-related purposes."

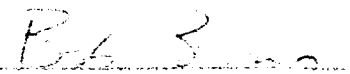
Renumber: subsequent subsection

6. Page 2, lines 15 and 16

Strike: section 3 in its entirety

AND AS AMENDED DO PASS

Signed: \_\_\_\_\_

  
 Bob Brown, Chairman

SMB  
 2/14/89  
 1:55 P.M.

REPORT ON WELL NUMBERS & BARREL VOLUMES, with local figures in glacier county for discussion only.

LEVY NO. 2  
DATE 2/14/89  
BILL NO. SB 368

Montana Oil and Gas Association felt it would be helpful to show what has happened in Montana in well counts and produced barrels in the last few years. Then we used our local levy levels to demonstrate the decline and its affect to Montana.

1985 producing well average was	4,583.	4,583
Daily average of barrels produced.	81,570.	81,570
There were 205 Oil Wells drilled.		205
There 98 Gas wells drilled.		98
There were 330 Dry holes drilled.		330
There were 633 total wells drilled.		633

1985 average Gas wells producing were	2,470
Total gas produced was	41,501,970 MCF
Daily average was	113,704 MCF

These figures do not figure in condensates or Associated gas at all/

1986 producing well average was	4,449
Daily average of barrels produced	74,198
There were 134 Oil wells drilled	134
There were 93 gas wells drilled	93
There were 218 dry holes drilled	218
There were 415 total. holes drilled	415

1986 average wells producing were	2,227
Total gas produced was	36,296,443 MCF
Daily average was	99,442 MCF

1987 producing well average was	4,385
Daily average of barrels produced	68,778
There were 54 Oil wells drilled	54
There were 63 gas wells drilled	63
There were 94 dry holes drilled	94
There were 211 total holes drilled	211

1987 average gas wells producing was	2,341
Total gas produced was	36,556,084MCF
Daily average was	100,154MCF

1988 First 3 quarters average Oil wells	64,438
Daily average barrels produced	64,682
There were 85 oil wells drilled 1st 3 quarters	85
There were 54 gas wells drilled 1st 3 quarters	54
There were 110 dry holes drilled 1st 3 quarters	110
There were 249 total holes drilled 1st 3 quarters	249

1988 average gas wells producing 1st 3 quarters	2,417
Total gas produced 1st 3 quarters	27,313364MCF
Daily average was	100,048MCF

1985 posted price with local adjustment was \$23.00.	
using that figure, $81,570 \times 23.00 \times .30\% =$	\$575,000.00
1988 posted price of Nov.22, adjusted was \$12.50	
using these figures, $64,682 \times 12.50 \times .30\% =$	<u>\$242,537.50</u>

Using Glacier County tax base, Here!s the loss	\$332,511.00
per day from 1985, base per day income. on oil.	

If you look at the 1987 well counts to the 1st 3 quarters of 1988 you can see that the incentives that you people gave us did make a difference in the activities in Montana. But because we have lost the majority of the big producers, and the little ones can not overcome the production drop, we still are ~~losing~~ <sup>losing</sup> volume produced faster than we can drill and replace volume losses.

So it is necessary for you to consider all the proposals before you this session to try to turn this around.

Doug Abelin

*Doug Abelin*

Lobbyist for

Montana Oil and Gas Association.

*There was a 24% increase in wells drilled from 1987 to 1988; + I feel the incentives caused it!*

cont. adjustment "until price  
come around"

2) public schools & services



BALCRON  
OIL COMPANY

P.O. Box 21017  
1801 Lewis Avenue Building  
Billings, MT 59104  
(406) 259-7860

SENATE SESSION  
EXHIBIT NO. 3 PS 1  
DATE 2/14/89  
BILL NO. SB 368

February 13, 1989

Senate Taxation Committee  
State Capital  
Helena, Montana

RE: Senate Bill 368

Dear Committee Members:

Stripper wells are an important part of Montana's oil and gas industry; approximately 64% of this state's producing wells fall into this classification. The 1987 legislature provided significant tax relief for these low productive, high cost wells due to the devastating drop in oil prices and the need to keep this significant part of our net proceeds and income tax base providing revenue.

Tax relief for wells producing between 5 and 10 barrels per day is due to sunset on March 31, 1989 unless SB368 is passed. It is important that the lower tax rate be continued for two more years because the world price situation is as unstable now as it was in 1987 and we must do everything possible to keep stripper wells producing.

Many Montana producers have their entire livelihood tied to stripper production and they will remain in economic jeopardy as long as oil is less than \$20 per barrel. The accompanying table and graph are based on Balcron Oil Company wells in the eastern half of the state. These illustrations vividly show the relationship between production costs, producing rates and profitability. Note that in general the lower the productivity (barrels per day), the higher the costs per barrel. In other words, as productivity declines over the life of a well, costs stay the same and costs per barrel go up. The graph shows that at \$15 per barrel, wells making less than 15 barrels per day are losing money. A well making 7 barrels per day (Well A on graph) breaks even at \$19.70 per barrel, a price which has not existed since 1985.

Balcron believes that oil prices will improve in the decade ahead, and for that reason we are attempting to keep our stripper wells producing so that the reserves in these wells will not be lost. It is to the state's advantage also to preserve these reserves as they represent millions of dollars in future revenue to the state



EXHIBIT NO. 3 pg 2DATE 2/14/89BILL NO. SB 368

Senate Taxation Committee  
Senate Bill 368  
February 13, 1989  
Page Two

in both production and income taxes. As a producer we are researching ways of cutting costs and Senate Bill 368 will help in this respect. I urge you to pass this bill and join us in this effort to save a significant asset.

*W. W. Ballard*

W.W. Ballard  
President  
Balcron Oil Company

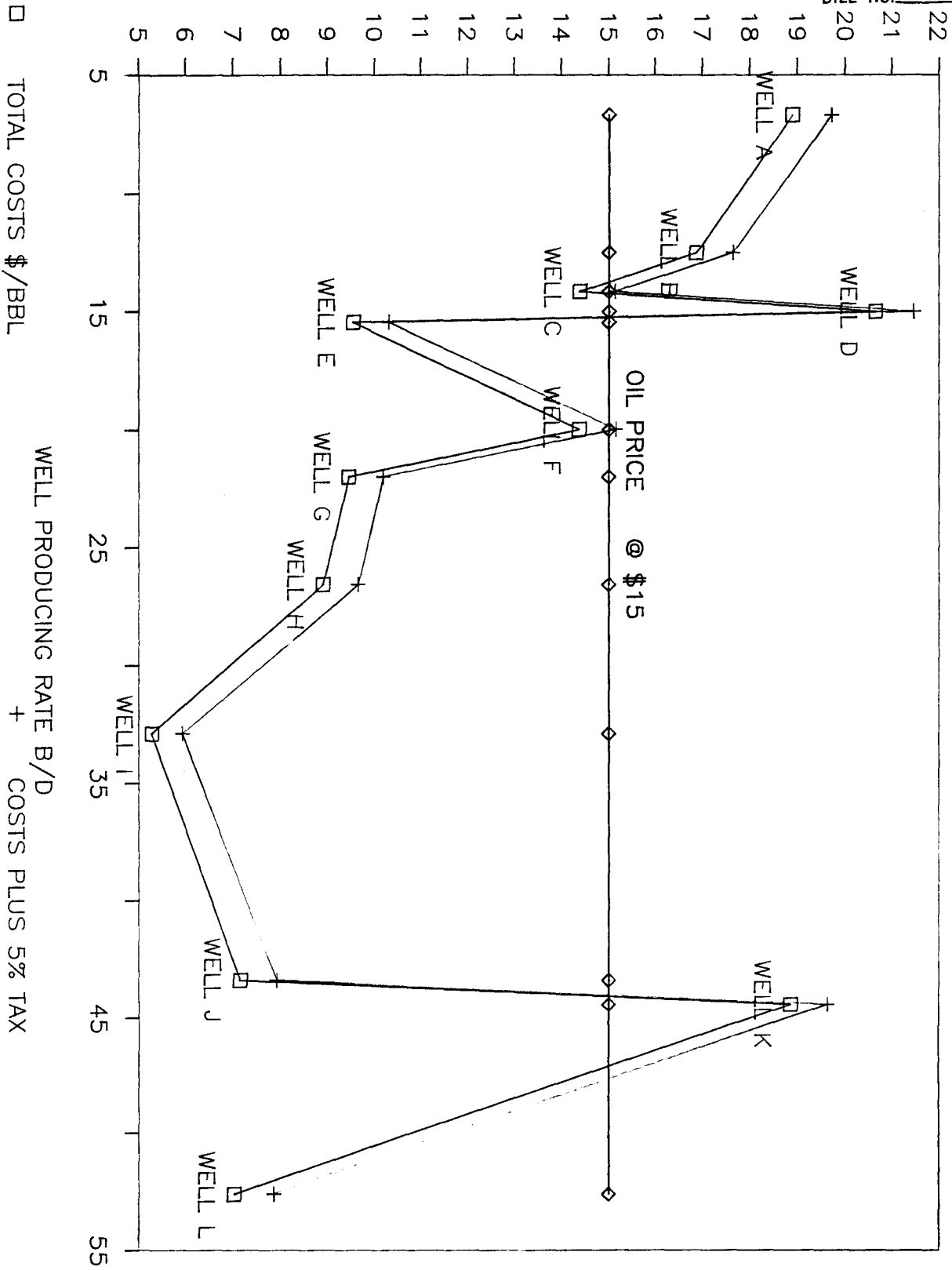
WWB/pp  
Attachments

9 ps 3  
2/14/89  
SB-368

MONTANA PROPERTIES OPERATING COSTS

WELL	EXHIBIT NO.	DATE	PROPERTY	COUNTY	1988		1988		1988		1988		1988		88 TOTAL
					AVG RATE OIL B/D	OIL PRICE \$/BBL	ROYALTY \$/BBL	OPERATING COST \$/BBL	TOTAL CST \$/BBL	SX SEVERANCE CST \$/BBL	TAX \$/BBL				
WELL A	BROWN 2-12			YELLOWSTONE	7	\$16.27	\$2.44	\$16.45	\$18.89	\$0.81				\$19.70	
WELL B	BNRR 1-29			RICHLAND	13	\$15.20	\$2.28	\$14.59	\$16.87	\$0.76				\$17.63	
WELL C	DAHL #1			SHERIDAN	14	\$14.58	\$2.19	\$12.21	\$14.40	\$0.73				\$15.13	
WELL D	FT GILBERT 8			RICHLAND	15	\$16.09	\$2.41	\$18.24	\$20.65	\$0.80				\$21.46	
WELL E	FT GILBERT 4			RICHLAND	15	\$15.35	\$2.30	\$7.25	\$9.55	\$0.77				\$10.32	
WELL F	FT GILBERT 7			RICHLAND	20	\$15.20	\$2.28	\$12.10	\$14.38	\$0.76				\$15.14	
WELL G	FT GILBERT 1			RICHLAND	22	\$14.89	\$2.23	\$7.22	\$9.46	\$0.74				\$10.20	
WELL H	FT GILBERT 3			RICHLAND	27	\$14.83	\$2.22	\$8.68	\$8.91	\$0.74				\$9.65	
WELL I	SANDVICK 1-11			VALLEY	33	\$12.98	\$1.95	\$3.34	\$5.28	\$0.65				\$5.93	
WELL J	GUENTHER 1-8			SHERIDAN	43	\$15.11	\$2.27	\$4.89	\$7.16	\$0.76				\$7.92	
WELL K	FT GILBERT 5			RICHLAND	44	\$15.33	\$2.30	\$16.55	\$18.85	\$0.77				\$19.62	
WELL L	GUENTHER 2-8			SHERIDAN	53	\$16.58	\$2.49	\$4.54	\$7.03	\$0.83				\$7.86	

MONTANA OIL WELLS  
1988 WELL COSTS PER BARREL



SENATE TAXATION



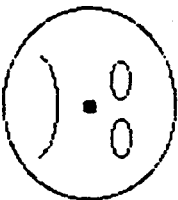
As of February 10, 1989  
NANCY KEENAN OPI SCHOOL IMPACT REPORT



Host Impact  
2-14-85

Heard	Bill #	Title	State funds for Schools			Local Schools			Total Education Impact		
			FY90	FY91	FY91	FY90	FY91	FY91	FY90	FY91	FY91
1/12	SB1 <sup>1</sup>	Private coal royalty to be saved as federal and state (In Committee) (Transmitted to House)	(61,000)	(61,000)	-0-	-0-	(61,000)	(61,000)			
1/5	SB17	Property tax less on old cars (Passed Senate; in House 1/11)	(33,000)	(33,000)	(59,000)	(59,000)	(92,000)	(92,000)			
1/9	SB50	Refund property tax if proprietor moves out of state (Tabled 1/11)		no fiscal information			no fiscal information				
1/16	SB90	Repeals an unconstitutional bill (Passed out of Committee 1/16) (Transmitted to House 1/20)		no fiscal information			no fiscal information				
1/19	SB97	Exempting certain class 14 property and additions or expansions to class 14 & 4 (In Committee)	(224,000)	(454,000)	(470,000)	(950,000)	(694,000)	(1,404,000)			
1/24	SB118	Revise property tax protest laws (Passed out of Committee)		no fiscal information			no fiscal information				
1/25	SB137	Election to forego carryback of NOL's of corporations (Committee Report--do pass) (Transmitted to House)		no fiscal information			no fiscal information				
1/25	SB184 <sup>2</sup>	Eliminate tax on livestock and agricultural products (Passed out of Committee)	(1,030,000)	(992,000)	(1,689,000)	(1,627,000)	(2,719,000)	(2,619,000)			
2/1	SB220	Discount for payment of entire property tax bill in November (Amended and passed out of Committee)	(2,746,000)	(2,770,000)	(6,896,000)	(6,896,000)	(9,642,000)	(9,666,000)			
2/2	SB230	Allow property taxes to be paid in monthly installments (In Committee)		no fiscal note			no fiscal note				
2/2	SB282	Credit for employer payment of employee dependent care assistance (In Senate - 2nd reading 2/9)	-0-	(826,000)	-0-	-0-	-0-	(826,000)			
2/9	SB339	Individual income tax changes and tax changes for subchapter 5 corporations (In Committee)		no fiscal note			no fiscal note				

SENATE TAXATION



As of February 10, 1989  
NANCY KEENAN OPI SCHOOL IMPACT REPORT



<u>Heard</u>	<u>Bill #</u>	<u>Title</u>	<u>State Funds for Schools</u>		<u>Local Schools</u>		<u>Total Education Impact</u>	
			<u>FY90</u>	<u>FY91</u>	<u>FY90</u>	<u>FY91</u>	<u>FY90</u>	<u>FY91</u>
2/1	HB4	Lowers tax for some coal	(6,000)	(14,000)			(6,000)	(14,000)
		TOTAL	(4,100,000)	(5,150,000)	(9,114,000)	(9,532,000)	(13,214,000)	(14,682,000)

<sup>1</sup>(Approximately 3.8% of coal tax royalties go to foundation program)  
<sup>2</sup>(Due to retroactive date, local school district revenues will be reduced by \$552,000 in FY 89)

\* at 1.9m/mill  
\* at 2.3m/1% general income tax charge

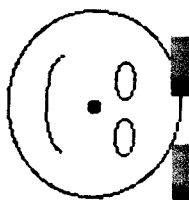
\*An additional \*An additional  
6.9547 mills 7.7274 mills  
necessary to necessary to  
offset this offset this  
loss or 5.75% loss or 6.33%  
income tax income tax  
surcharge surcharge

School Impact  
2-14-89

SENATE TAXATION



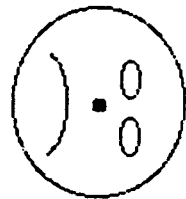
As of February 10, 1989  
NANCY KEENAN DPI SCHOOL IMPACT REPORT



	Heard	Bill #	Title	State Funds for Schools		Local Schools		Total Education Impact	
				FY90	FY91	FY90	FY91	FY90	FY91
	1/11	SB2	Clears up 105 interpretation (In Committee)			7,689,000		7,689,000	7,689,000
	1/10	SB65	Similar to SB2 (In Committee)			7,689,000		7,689,000	7,689,000
		TOTAL:		-0-	-0-	15,378,000	15,378,000	15,378,000	15,378,000

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HOUSE TAXATION

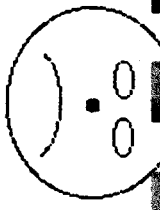


As of February 10, 1989  
NANCY KEENAN OPI SCHOOL IMPACT REPORT

School Impact  
2-14-89

	Bill #	Title	State Funds for Schools		Local Schools		Total Education Impact	
			FY90	FY91	FY90	FY91	FY90	FY91
1/12	HB41	Lower tax for some coal (Will act on 1/18) (Transmitted to Senate)	(6,000)	(14,000)	-0-	-0-	(6,000)	(14,000)
1/10	HB10	Oil tax cuts education trust fund (Tabled 1/11)		no fiscal note			no fiscal note	
1/4	HB15	Exempt motorboats 5 HP or less (Tabled 1/12)	(9,000)	(9,000)	(14,000)	(14,000)	(23,000)	(23,000)
1/4	HB30	Changing tax on "old vehicles" (Being held)		no fiscal information			no fiscal information	
1/11	HB35	Change personal property assessment tax on livestock, "coal & oil hauling trucks," etc. (Still in Committee)	(31,000)	(31,000)	(62,000)	(62,000)	(93,000)	(93,000)
1/13	HB90	Exempt trucks, etc. from property tax (Amended for recreational & comm.) (Passed out of Committee 1/17) (Referred to S Agriculture)	(16,000)	(16,000)	(28,000)	(28,000)	(44,000)	(44,000)
1/17	HB95	Exempt lottery prizes from state income tax (Adverse Committee Report)	(27,000)	(108,000)	-0-	-0-	(27,000)	(108,000)
1/24	HB181	Method to appropriate coal tax proceeds to public school trust fund (In Committee)		no fiscal note			no fiscal note	
1/31	HB208	Prepayment of property taxes by hard-rock mine exploration developers. (In Committee)		no fiscal note			no fiscal note	
1/26	HB280	Revising definition of "income" to increase property tax relief (In Committee)	(141,000)	(286,000)	(243,000)	(598,000)	(384,000)	(884,000)
2/2	HB293	Credit for household and dependent care based on I.R.C. (In Committee)	(690,000)	(724,000)	-0-	-0-	(690,000)	(724,000)
2/2	HB451	Standard deduction in addition to deduction for house and dependent care. (In Committee)	(50,000)	(50,000)	-0-	-0-	(50,000)	(50,000)

HOUSE TAXATION



As of February 10, 1989  
NANCY KEENAN OPI SCHOOL IMPACT REPORT



	Bill #	Title	State Funds for Schools		Local Schools		Total Education Impact	
			FY90	FY91	FY90	FY91	FY90	FY91
2/7	HB4152	Exempt hand-held tools, etc., from property taxation (In Committee)	(223,000)	(223,000)	(609,000)	(609,000)	(832,000)	(832,000)
2/1	SB17	Property tax less on old cars (In Committee)	(33,000)	(33,000)	(59,000)	(59,000)	(92,000)	(92,000)
TOTAL			(1,226,000)	(1,494,000)	(1,015,000)	(1,370,000)	(2,241,000)	(2,864,000)

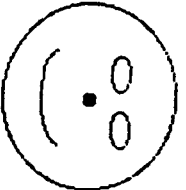
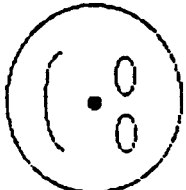
\*An additional 1.1795 mills necessary to offset this loss or .97% income tax surcharge.

\*An additional 1.5074 mills necessary to offset this loss or 1.25% income tax surcharge.

1 (87,096) in 92; (44,916) in 93  
2 Retroactive date reduces FY89 state funds for schools by 223,000 and local school district revenue by 608,000.

\* at 1.9m/mill  
at 2.3m/1% general income tax charge





HOUSE TAXATION

As of February 10, 1989  
NANCY KEENAN OPI SCHOOL IMPACT REPORT

	Bill #	Title	State Funds for Schools		Local Schools		Total Education Impact	
			FY90	FY91	FY90	FY91	FY90	FY91
1/12	HB55	Estimation of unclaimed property assessments (transmitted to Senate)		no fiscal information				no fiscal information
1/20	HB125	Revise property tax freeze-inflation, mandated costs, voted charge (In Committee)	5,533,000	11,537,000	11,804,000	24,612,000	17,337,000	36,149,000
2/3	HB2361	Amending constitution to dedicate 7.5% of coal severance tax to public school fund (In Committee)	-0-	-0-	-0-	-0-	-0-	-0-
2/3	HB435	Allow county electors to remove tax freeze for taxing units in county. (In Committee)		no fiscal note				no fiscal note
2/9	HB494	Raising smokeless tobacco tax to aid school foundation program	724,000	809,000	-0-	-0-	724,000	809,000
TOTAL:			6,257,000	12,346,000	11,804,000	24,612,000	18,061,000	36,958,000

<sup>1</sup>In FY92, the foundation program would receive 95% of the interest earned on the investment of the dedicated amount.

School Impact  
2-14-89

# Taxation

## VISITORS' REGISTER

NAME	REPRESENTING	BILL #	Check One	
			Support	Oppo
Maurice E. Durkee	MT Tavern Assn	HJR-8	✓	
Deegee Abe Lin	MONTANA OIL + GAS ASSOC.	SB-368	✓	
Jim MANION	AAA & MT Highway Users	HJR 8	✓	
JOSEPH V. MONTALBAN	MSR EXPLORATION LTD	SB368	✓	
Patrick M. Montalban	MSR Exploration Ltd	SB368	✓	
SELDEN S. FRISIBEL	SELIE	SB 364	✓	
DAVE Brown	Sponsor House Dist. #72	HJR-8	✓	
Don Ingets	MT Chamber of Commerce	361	✓	
Roger Tippy	MT Beer & Wine Wholesalers	HJR 8	✓	
Ann Prunski	MAPP	361 365		✓
Riley Johnson	NFIB	SB 361	X	
W.W. Ballard	Balcron	SB 368	X	
Camille Jalla-	M + Petroleum	SB 368	✓	