

MINUTES

MONTANA SENATE
51st LEGISLATURE - REGULAR SESSION

COMMITTEE ON TAXATION

Call to Order: By Senator Bob Brown, Chairman, on February 28, 1989, at 8:00 a.m.

ROLL CALL

Members Present: Senator Brown, Senator Hager, Senator Norman, Senator Eck, Senator Bishop, Senator Halligan, Senator Walker, Senator Harp, Senator Gage, 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 SENATE BILL 410

Presentation and Opening Statement by Sponsor:

Senator Harp, District 4, sponsor, said the bill was introduced at the request of the Department of Justice and increases the penalty for a speed limit violation from \$5 to \$10. It also provides for reallocation of the proceeds to various funds in the Department. The bill is based on the assumption that there will be 68,000 violations in FY 1989. This would reflect a 15% decrease in tickets (because of the increase in the fine) and would generate \$238,000 in additional revenue. He said the resentment against the federal government is not as strong as it was now that the speed limit has been increased. Senator Harp pointed out that it costs \$22 administratively to issue a \$5 ticket and the increased revenue would help alleviate that situation.

List of Testifying Proponents and What Group they Represent:

Mick Robinson, Administrator, Central Services, Department of Justice

List of Testifying Opponents and What Group They Represent:

None

Testimony:

Mick Robinson, Department of Justice, said the main reason for the bill is to increase the revenue flow supporting the activities of the Department. The original intent was to have the revenue flow into the motor vehicle fund which is in a deficit state at present. The Department has proposed that the motor vehicle fund be de-earmarked which is contained in a provision in HB 744. If that bill passes, the revenue would flow into the general fund. SB 411 also contains percentage changes in the flow of revenue into specific accounts which would have the effect of making the impact of the bill revenue neutral as it impacts those accounts. The other reason for the bill is in the cost analysis. It costs considerably more than \$5 to administer the ticket.

There were no Opponents.

Questions From Committee Members:

Senator Eck questioned why we are trying to pay \$22 costs with a \$10 fine.

Mr. Robinson said in past sessions attempts have been made to increase the fee to a higher level but those attempts have been rejected by the legislature.

Senator Gage asked Jeff Martin to check the citation on line 2, page 2, as he could not find reference to it.

Senator Brown asked why it costs \$22 to issue a ticket.

Mr. Robinson replied it is based on a number of factors such as officer time, gas consumption, vehicle time and depreciation, paper work, etc.

Closing by Sponsor: Senator Harp closed.

HEARING ON SENATE BILL 410

Presentation and Opening Statement by Sponsor:

Senator Beck, District 24, sponsor, said the bill clarifies the value at which gross proceeds and metal mines license taxes are levied. The bill gives some predictability to the mining industry as to their taxes. The proceeds from the mining taxes will go the general fund, local government, and school districts. The bill makes taxation of metal mines more uniform, modernizes the tax laws, conforms to recent changes in diversity in the metal mining industry. One of the major provisions is the establishment of a flat rate of 1.65% on the gross value of the metals produced. It removes metal mines from the resource indemnity trust tax but increases the rate the industry pays to the metal mines license tax to compensate for any loss in revenue. The resource indemnity trust fund and local governments would be included in the proceeds from the increase in the metal mines license tax. It would clarify the language in the metal mines license tax to stipulate that taxes are paid on receipts received from the sale of metals or concentrates containing metal. This provision would ensure that mines are taxed on the value of their saleable product and not on the theoretical assayed value of their ore body. It would also allocate collections from both the gross proceeds and the metal mines taxes to the states general fund, units of local government, the hard rock mining impact trust account, and the resource indemnity trust fund. In addition to receiving the gross proceeds tax that they currently collect, units of local government, counties and school districts will receive 10% of the collections from the metal mines license tax. This should give local governments in those areas where metal mines operate more income to spend on immediate local service needs than is presently available. In addition, the state general fund would receive 75% of the income instead of the 67% it currently gets. This is a very important bill for the mining industry. This industry is one of the major economic factors in the state. Senator Beck urged the committee to give the bill favorable consideration.

List of Testifying Proponents and What Group they Represent:

Gary Langley, Executive Director, Montana Mining Association

Dennis Burr, Montana Taxpayers Association
Joe Dewey, General Manager, Stillwater Mining Company
Ward Shanahan, Chevron
Ray Tilman, Montana Resources, Butte
Mark Blair, ASARCO
Don Jenkins, Golden Sunlight Mine, Whitehall
John Fitzpatrick, Pegasus Gold Corporation

List of Testifying Opponents and What Group They Represent:

Don Peoples, Chief Executive Officer, Butte Silverbow
John Beaudry, Stillwater County
Terri Minnow, Montana Federation of Teachers and
Montana Federation of State Employees
Don Hoffman, Department of Revenue

Testimony:

Gary Langley, Executive Director, Montana Mining Association, said the bill provides consistency in the state tax policy as it effects the metal mine industry. He said the industry has diversified in the last decade and the rules and regulations have grown in a topsy-turvy fashion. The metals industry price is set on the basis of the world market. There is a great need to define costs as much as possible and taxes are a part of those costs. He said consistency is a main factor which would allow mines to define their costs from a predictable tax base which, in turn, would encourage mining in Montana.

Dennis Burr, Montana Taxpayers Association, said he had done consultation work for the Mining Association prior to his association with the MTA. They wanted to simplify their tax system in a revenue neutral manner and that study is partly where this bill originated. The three taxes the bill deals with are gross proceeds, metal mines, and resource indemnity trust tax. In the past, there have been three different bases for the taxes, although the gross proceeds and metal mines are quite similar. The bill changes the base for gross proceeds and metal mines to gross receipts for selling products of the mines or gross value of products. Resource indemnity trust tax has always been more difficult because its a mine mouth tax. It means there has to be a dummy value set on the product as it comes out of the mine. The rules have been very difficult to interpret

on the RITT. This bill increases the metal mines tax and allocates part of the revenue to the RITT instead of imposing a RIT tax at all. According to his research, a rate of 1.5% on the metal mines tax applied to all metals without the sliding scale would produce sufficient revenue to cover what the metal mines tax previously raised. In addition, 9% of that revenue could be put in the RITT and there would be the same amount as had been previously raised on metals through the RIT tax. The industry has set the rate at 1.65% which they calculate to be revenue neutral. There are some other allocations but the main thrust of the bill is to establish a stable and easily determined base for each of the three taxes. It is essentially a revenue neutral method of straightening out this confusing tax problem.

Joe Dewey, General Manager, Stillwater Mining Company, said the bill streamlines the process, assures equitable administration of the process; it is predictable, and the miners are taxed on what they know they are receiving. The bill clarifies the differences between metal mines tax and the RITT and provides for annual versus quarterly reporting. He said currently they report quarterly and pay annually which adds to the work load for no good purpose. Mr. Dewey noted his company pays \$1 million in the combined three taxes currently. He urged the committee to support the bill.

Ward Shanahan, representing Chevron, said he is appearing for one purpose. He pointed out one problem in the bill on page 6, line 13, which is the provision for the penalty on quarterly reporting. The penalty has been raised from 2% to 10%. On page 9, line 6, the penalty has been raised from 8% to 10% for failure to pay the delinquent tax. Further, on page 13, line 11, the penalty has been raised to 10% from 2% in case of failure to file a statement. He said he thinks the statement and the annual statement are one and the same but there is not a clear delineation. He felt that instead of a 14% penalty there may now be penalties totalling 30%. He felt the bill should be amended to reflect a total 14% penalty - 2% each for the statements and 10% for failure to pay the tax.

Ray Tilman, Montana Resources, Butte, said the confusing state of the law at present has been a continuing

problem for the mining industry and has resulted in litigation for several companies. He said SB 410 will clarify the base and the tax laws. He also supported the revenue neutral concept for the counties.

Mark Blair, ASARCO, Inc. troy mine, showed the committee two ounces of silver in coin form and in concentrate form. It takes two gallons of concentrate to produce the two ounces of silver and the taxing of the concentrate is disproportionate to the yield. He expressed support for the bill as he feels it will clarify and simplify the reporting, it will increase revenue to Lincoln County, and it will allow the marketplace to determine the value of the concentrate.

Don Jenkins, Golden Sunlight Mine, expressed support for the bill as it provides clarification and consistency. He said the companies would pay the same amount of tax as in the past with no impact on local government.

John Fitzpatrick, Pegasus Gold Corporation, said they have mines in Silverbow, Jefferson and Phillips Counties. He said there is a gap between what is paid for a concentrate and what its theoretical metal value is. Part of the purpose of the bill is to establish the tax base upon the receipts received. The allocation formula under current law has 67% of the metal mines tax goes to the general fund and 33% goes to the hard rock mine impact account as a guard against mine closures in the future. That provision was put into law in 1983 in the wake of the Anaconda shut-down and the concern about impacts of that closure on the local communities involved. Between 1989 and 1991 the total metal mines receipts will total somewhere between \$16 and \$18 million. That will net \$5.5 to \$6 million to the trust account. Currently, there is a balance of \$1.7 million in that account. He felt that is a lot of money to be in a trust account and feared that if the balance is too big, the money will be used for general fund expenditures. Therefore, the allocation has been cut back to the level of the past -8%, which will give the account approximately \$500,000 a year.

Opponents:

Don Peoples, Chief Executive Officer, Butte-Silverbow, said he understands the concerns of the mining companies. However, he said the revenue neutral provisions made him nervous and, in fact, he projected a negative

impact on Butte-Silverbow of up to \$125,000 a year. He said supports the intent of the legislation but he wants to ensure there is no negative impact on schools and local governments. The companies, when they report the value of their product to the Department of Revenue, report it with various deductions. There is often a discrepancy between the figures reported and the determination by the Department of Revenue due to difficulties in interpretation of current law. However, if the DOR prevails and this bill passes in this form, Butte-Silverbow stands to be a loser. He submitted an amendment (Exhibit #2) which would clarify the process and further insure the revenue neutrality provision of the bill. He felt the rate would have to be raised to 1.75 to 1.77% to ensure the neutrality.

John Beaudry, County Administrator and Planning Director for Stillwater County, submitted a letter from the Board of County Commissioners in opposition to the bill (Exhibit #3). The opposition is based only on Section 8 of the bill and he submitted proposed amendments to address those concerns (Exhibit #4).

Terri Minnow, Montana Federation of Teachers and Montana Federation of State Employees, echoed the concerns expressed by Mr. Peoples. She urged adoption of the amendments to ensure the revenue neutrality of the bill.

Don Hoffman, Department of Revenue, submitted an amendment to the committee (Exhibit #5) which would clarify language with respect to people other than metal mines producers. The language at the end of page 10 includes oil and gas producers and the amendment would allow them to continue to file on a single form.

Questions From Committee Members:

Senator Gage felt some clarification is needed in new Section 12, sub (2), regarding filing of the indemnity trust return. He says it is ridiculous to have the metal mine people file the return if the money is already allocated from the license tax.

Don Hoffman responded agreed saying there does not need to be another report filed on the RITT and that should be addressed.

Senator Eck said the fiscal note does not indicate the bill is revenue neutral. She asked if anyone knew just what rate would truly make the bill revenue neutral.

Mr. Fitzpatrick said if you take the projected RITT collections and the projected metal mines tax and use the tax base proposed by the Department of Revenue, the base rate should be about 1.77% to 1.8%. At 1.65% there is a tax cut.

Senator Brown suggested Senator Beck get together with those people who suggested amendments to work a package which the committee can deal with in Executive Session.

Closing by Sponsor:

Senator Beck said predictability and stability is needed as was testified to during the hearing. It is very difficult for the companies to budget and plan for their taxes on a base that is constantly open to change and different interpretations. He said he is more than willing to work with the various groups on the amendments and would have no objection to raising the rate if that is what it takes to make the bill truly revenue neutral.

EXECUTIVE SESSION

DISPOSITION OF SENATE BILL 290

Discussion: None

Amendments and Votes: None

Recommendation and Vote:

Senator Harp MOVED that SB 290 be TABLED. The motion CARRIED with Senator Crippen voting no and Senators Mazurek, Severson, Walker and Eck absent.

DISPOSITION OF SENATE BILL 392

Discussion: Following motion to pass the bill (see Recommendation and Vote)

Amendments and Votes: None

Recommendation and Vote:

Senator Harp MOVED that SB 392 DO PASS.

Senator Gage said if we could convince that state people of necessity of simplifying things there would be no need for the bill. The problem does not lie in the movie producers not wanting to pay the taxes. Rather, it is the hassle they have to go through inventorying and valuing property that is leased and rented which causes the administrative nightmare for them and the local officials. He felt a flat fee would be a much smarter and easier way to approach the problem.

Senator Mazurek said he remembered discussion regarding prorating and wondered how that might impact the committee bill on prorating taxes.

Senator Harp WITHDREW THE MOTION. The committee will wait to take further action until the committee bill on prorating comes up from printing and can be reviewed.

DISPOSITION OF SENATE BILL 337

Discussion: None

Amendments and Votes: None

Recommendation and Vote:

Senator Crippen MOVED to TABLE SB 337.

Senator Eck made a substitute MOTION that SB 337 DO PASS.

Senator Mazurek expressed a concern about levying a tax on real estate transfers and allocating it only to control weeds and pay for economic development. He felt that is an all time poor effort at earmarking.

The motion FAILED with Senators Eck and Bishop voting Aye and Senators Harp and Hager absent.

Senator Crippen's motion to TABLE SB 337 CARRIED with Senators Harp and Hager absent.

DISPOSITION OF SENATE BILL 379

Discussion: None

Amendments and Votes: None

Recommendation and Vote:

Senator Severson MOVED SB 379 DO PASS. The motion FAILED on
a tie vote (Exhibit #6 - roll call vote).

ADJOURNMENT

Adjournment At: 10:00 a.m.



SENATOR BOB BROWN, Chairman

BB/jdr

MIN228.jdr

ROLL CALL

TAXATION

COMMITTEE

51ST LEGISLATIVE SESSION -- 1989

Date 2/28/89

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		

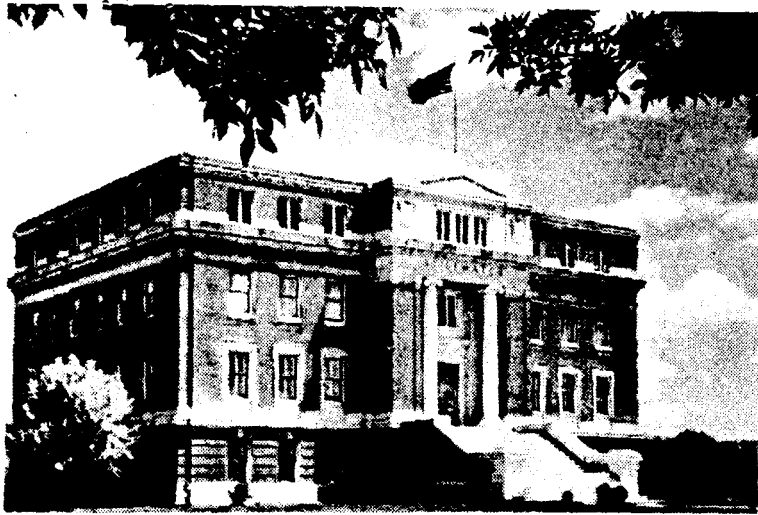
Each day attach to minutes.

THERE IS NO EXHIBIT #1 FOR THIS SET OF MINUTES.
SENATOR BECK WAS TO TURN IN WRITTEN TESTIMONY
WHICH WOULD HAVE BEEN EXHIBIT #1. HOWEVER, HE
DID NOT, HIS TESTIMONY IS WRITTEN IN THE MINUTES
UNDER "PRESENTATION AND OPENING STATEMENT BY
SPONSOR" UNDER THE HEARING ON SB 411.

EXHIBIT NO. 2DATE 2/38/1989BILL NO. SB 410SB 410
Proposed Amendments

1. Page 2
Following: line 16
Insert: (5) Receipts realized or receipts received means the gross value of metal production determined by multiplying the quantity produced by the quoted price for the metal produced and then subtracting basic treatment charges, contractual quantity deductions, price deductions, and impurity and moisture penalties. Deductions are not allowed either directly or indirectly as an offset to payments for the cost of transportation from the mine or mill to the smelter or refinery, demurrage, storage, interest, or any other miscellaneous cost relating to transporting the mineral product.

2. Page 2, line 24
Following: metals
Insert: as defined in 15-27-801 paragraph (5)



COUNTY OF STILLWATER
State Of Montana
Columbus, Montana

February 27, 1989

*Senator Bob Brown, Chairman
Senate Taxation Committee
State Capitol
Helena, Montana 59620*

Dear Senator Brown:

Senate Bill 410 would have the most significant long term financial impact on Stillwater County of any of the bills we have reviewed during this session. The change in definition of gross proceeds could affect our taxable valuation and annual revenue. The bill proposes to allocate 10% of the metalliferous mines license tax to the County, elementary school district and high school district. However, this allocation is made at the expense of the hard rock-mining impact trust account. The 8% increase allocated to the general fund of the state and the 7% allocated to the state resource indemnity trust fund are also made at the expense of the hard rock mining impact trust account. This bill would result in a multi-million dollar loss to Stillwater County's hard-rock mining impact trust account.

The Montana Legislature enacted legislation to establish the hard rock mining impact trust accounts in 1983 with a 1985 effective date. The reasons for the impact trust accounts were to stabilize mill levies, retire bonded indebtedness and fund economic development efforts in the event of a significant reduction in work force or mine closure. The 1983 Legislature used sound judgement when the hard rock mining impact trust accounts were established to minimize the impact from the boom and bust cycles in the mining industry and avoid the problems experienced by Butte and Anaconda in the past. The mining industry and local governments agreed to this approach only six years ago and have established a cooperative working relationship during this time.

Senate Bill 410 would result in a major loss of revenue to the hard rock mining impact trust accounts as indicated in the fiscal note. This loss of revenue would leave local governments vulnerable to the impacts of mine closures and the financial burden of these impacts would then fall on others. The proposed disposition of metalliferous mines license taxes in Section 8

Of this bill is short sighted, detracts from the public-private trust that was established in the 1981 and 1983 Hard Rock Mining Impact Legislation and will severely impact local governments.

We resent this attempt to leave Stillwater County and other local governments affected by mining to the same fate as Butte and Anaconda experienced with mine closures. We strongly encourage you to opposed SB 410 and fund the Hard Rock Mining Impact Trust accounts at their current levels.

*Sincerely,
Board of County Commissioners*

Earl R. Adams

Earl R. Adams, Chairman

Rick Young

Rick Young

Fred J. Weiler

Fred J. Weiler

cc: *Senator Tom Beck
Stillwater Mining Company
Senator Doc McLane
Representative Vern Keller*

Stillwater County

Proposed Amendment to Senate Bill 410

Section 8. Section 15-37-117, MCA, is amended to read:

"15-37-117. Disposition of metalliferous mines license taxes.

(1) Metalliferous mines license taxes collected under the provisions of this part are allocated as follows:

- (a) to the credit of the general fund of the state, 72% of total collections each year;
 - (b) to the state special revenue fund to the credit of the hard-rock mining impact trust account 15% of total collections each year;
 - (i) All interest earned on the hard rock mining impact trust account must be credited to the hard rock mining impact trust account.
 - (c) to the state resource indemnity trust fund, 7% of total collections each year;
 - (d) to the units of local government in which the mine is located, 6% of total collections each year, of which:
 - (i) 33 1/3% is allocated to the county;
 - (ii) 33 1/3% is allocated to the elementary school district in which the mine is located; and;
 - (iii) 33 1/3% is allocated to the high school district in which the mine is located.
- (2) The department shall return to the local units of government in which metals are produced the tax collections allocated under subsection. (1) (d).

SENATE TAXATION

EXHIBIT NO. 5

DATE 2/28/89

BILL NO. SB 410

PROPOSED AMENDMENT TO SENATE BILL 410

Purpose: To limit the filing date extension for the Resource Indemnity Trust Tax to metals producers who need the additional 30 days to obtain information from the smelters in order to file an accurate tax return. This is the same amendment that was proposed for SB 3 which was the department's bill to change from quarterly filing to annual and extend the due date for metals producers.

Amendments: 1. Page 11, line 1.
Following: "year"
Insert: "by metals producers and on or before the 60th day following the end of the calendar year by all other mineral producers including producers of oil and gas."

ROLL CALL VOTE

6
DATE 2/28/89
BILL NO. 54379

SENATE COMMITTEE TAXATION

Date 2/28/89 SB Bill No. 379 Time

NAME	YES	NO
SENATOR BROWN	X	
SENATOR BISHOP		X
SENATOR CRIPPEN	X	
SENATOR ECK		X
SENATOR GAGE	X	
SENATOR HAGER		
SENATOR HALLIGAN		X
SENATOR HARP		
SENATOR MAZUREK		X
SENATOR NORMAN		X
SENATOR SEVERSON	X	
SENATOR WALKER	X	

Bill Robinson
Secretary

SENATOR BOB BROWN
Chairman

Motion: by Senator Severson that SB 379
Be Passed

Failed

Heard	Bill #	Title	State Funds for Schools FY90	State Funds for Schools FY91	Local Schools FY90	Local Schools FY91	Total Education Impact FY90	Total Education Impact FY91
2/15	SB374	Property tax phase-in for improvements to real property or other improvements (Tabled 2/15)	-0-	(51,000)	-0-	(107,000)	-0-	(158,000)
2/15	SB379	Change classification of 1-ton trucks for motor vehicle taxation (In Committee)	(21,000)	(42,000)	(38,000)	(77,000)	(59,000)	(119,000)
2/15	SB380	Exclude social security number and tier 1 benefits from adjusted gross income in computing individual income tax (In Committee)	(757,000)	(757,000)	-0-	-0-	(757,000)	(757,000)
2/i6	SB392	Exempt certain motion picture property from property taxation (In Committee)	(2,000)	(2,000)	(3,000)	(3,000)	(5,000)	(5,000)
2/1	HB4 ³	Lowers tax for some coal (Returned to House)	(6,000)	(14,000)			(6,000)	(14,000)
		TOTAL	(5,023,000)	(6,145,000)	(9,155,000)	(9,719,000)	(14,178,000)	(15,864,000)

*An additional 7.4621 mills necessary to offset this loss or 6.16% income tax surcharge
*An additional 8.3495 mills necessary to offset this loss or 6.90% income tax surcharge

1 (Approximately 3.8% of coal tax royalties go to foundation program)
2 (Due to retroactive date, local school district revenues will be reduced by \$552,000 in FY 89)
3 (87.096 in 1992; (44.916) in 1993)

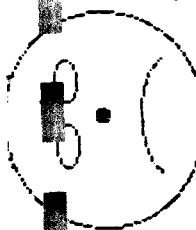
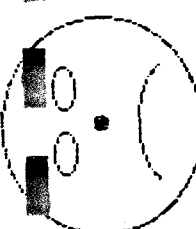
* at 1.9m/mill
at 2.3m/1% general income tax charge

SENATE TAXATION

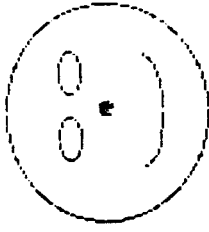
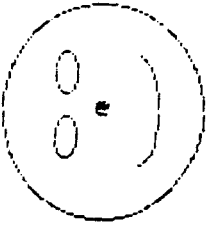
As of February 17, 1989
 NANCY KEENAN OPI SCHOOL IMPACT REPORT

Heard	Bill #	Title	State Funds for Schools		Local Schools		Total Education Impact	
			FY90	FY91	FY90	FY91	FY90	FY91
1/12	SB1 ¹	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	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	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 (Transmitted to House 2/10)		no fiscal information			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	no fiscal information
1/25	SB184 ²	Eliminate tax on livestock and agricultural products (Transmitted to House)	(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 (Indefinitely postponed)	(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	no fiscal note
2/2	SB282	Credit for employer payment of employee dependent care assistance (Transmitted to House)	-0-	(826,000)	-0-	-0-	-0-	(826,000)
2/9	SB339	Individual income tax changes and tax changes for subchapter 5 corporations (In Committee)	(143,000)	(143,000)	-0-	-0-	(143,000)	(143,000)

2-28-89



School Impact
2-28-89



SENATE TAXATION

As of February 17, 1989
NANCY KEENAN OPI 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 (Passed out of Committee 2/17)			7,689,000	7,689,000	7,689,000	7,689,000
2/11	HB55	Estimation of Unclaimed Property Assessments (Signed by Governor)		no fiscal informaton			no fiscal information	
1/10	SB65	Similar to SB2 (Passed out of Committee 2/17)			7,689,000	7,689,000	7,689,000	7,689,000
TOTAL:			-0-	-0-	15,378,000	15,378,000	15,378,000	15,378,000

HOUSE TAXATION

As of February 17, 1989
NANCY KEENAN OPI SCHOOL IMPACT REPORT

Heard	Bill #	Title	State Funds for Schools		Local Schools		Total Education Impact	
			FY90	FY91	FY90	FY91	FY90	FY91
2/7	HB451	Standard deduction in addition to deduction for house and dependent care (In Committee)	(50,000)	(50,000)	-0-	-0-	(50,000)	(50,000)
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

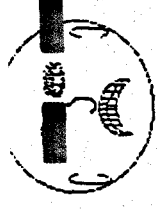
School Impact 2-23-89



As of February 17, 1989
NANCY KEENAN DPI SCHOOL IMPACT REPORT

HOUSE TAXATION

Heard	Bill #	Title	State Funds for Schools FY90	Local Schools FY91	Total Education Impact FY90	Impact FY91
1/12	HB41	Lowers tax for some coal (Will act on 1/18) (Returned to House)	(6,000)	-0-	(6,000)	(14,000)
1/10	HB10	Oil tax cuts education trust fund (Tabled 1/11)	no fiscal note	no fiscal note	no fiscal note	no fiscal note
1/4	HB15	Exempt motorboats 5 HP or less (Tabled 1/12)	(9,000)	(14,000)	(23,000)	(23,000)
1/4	HB30	Changing tax on "old vehicles" (Being held)	no fiscal information	no fiscal information	no fiscal information	no fiscal information
1/11	HB35	Change personal property assessment tax on livestock, "coal & oil hauling trucks," etc. (Referred to Senate Tax)	(31,000)	(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)	(28,000)	(44,000)	(44,000)
1/17	HB95	Exempt lottery prizes from state income tax (Adverse Committee Report)	(27,000)	-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	no fiscal note	no fiscal note
1/31	HB208	Prepayment of property taxes by hard-rock mine exploration developers. (Adverse committee report adopted)	no fiscal note	no fiscal note	no fiscal note	no fiscal note
1/26	HB280	Revising definition of "income" to increase property tax relief (In Committee)	(141,000)	(243,000)	(384,000)	(884,000)
2/2	HB293	Credit for household and dependent care based on I.R.C. (In Committee)	(690,000)	-0-	(690,000)	(724,000)
2/7	HB4152	Exempt hand-held tools, etc., from property taxation (In Committee)	(223,000)	(609,000)	(832,000)	(832,000)



School Impact
2-28-89



HOUSE TAXATION

As of February 17, 1989
NANCY KEENAN OPI SCHOOL IMPACT REPORT

Heard	Bill #	Title	State Funds for Schools FY90	State Funds for Schools FY91	Local Schools FY90	Local Schools FY91	Total Education Impact FY90	Total Education Impact FY91
1/12	HB55	Estimation of unclaimed property assessments (Signed by Governor)						
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	HB236 ¹	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)						
2/9	HB494	Raising smokeless tobacco tax to aid school foundation program (In Committee)	724,000	809,000	-0-	-0-	724,000	809,000
2/14	HB588	Revise fee in lieu tax on boats and include other motorized vessels (In Committee)						
TOTAL:			6,257,000	12,346,000	11,804,000	24,612,000	18,061,000	36,958,000

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

DATE 2/28/89

COMMITTEE ON Taxation

VISITORS' REGISTER

NAME	REPRESENTING	BILL #	Check One	
			Support	Oppo
WARD SHANNON	CHEURON	SB410	x	-
John Beaudry	Stillwater Co	SB410		X
Bert Adams	" "	"		"
Don Jenkins	Golden Sunli Mines, Inc.	"	x	
Ray Tolman	Montana Resources	SB410	X	
John Frey	Stillwater Mining Co	SB410	x	
John Fitzpatrick	Pogus Gold Corp Idaho	SB410	X	
Ted Dayer	ASARCO	SB410	X	
Mark Klein	ASARCO	SB410	X	
Dennis Burr	MONT TAXPAYERS ASSOC	SB410	X	
Jim Henderson	Small Bus. Adm. h			
Don Regala	Burthe Sulu Bar	SB10		X
Carol L. Ferguson	Hard-Rock Mining Board	SB410		

(Please leave prepared statement with Secretary)