

MINUTES

MONTANA SENATE  
51st LEGISLATURE - REGULAR SESSION

COMMITTEE ON TAXATION

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

ROLL CALL

Members Present: Senator Brown, Senator Hager, Senator  
Norman, Senator Eck, Senator Halligan, Senator Bishop,  
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 408

Presentation and Opening Statement by Sponsor:

Senator Van Valkenburg, District 30, sponsor, said the bill provides for a general reform of income tax and was requested by former Governor Ted Schwinden. He said the bill is very similar to the income tax portions of SB 307 of the 1987 session. He said the bill is primarily an effort to deal with the economic future of Montana by lowering income tax rates and simplifying income tax provisions and procedures. It is easier to compute and fairer and more equitable in its application. The bill lowers the top marginal rate from 11% to 8%. Taking into account the existing surtax the rate actually drops from 12.1% to 8%. The effective rate is even lower and the bill is designed to be revenue neutral.

Senator Van Valkenburg said the fiscal note indicates there is a negative impact which, he indicated, came about due to miscommunication regarding the fact that 40% exclusion on capital gains related to installment sales preceding the 1987 session would have an approximate \$2.6 million negative impact. He indicated

he would be presenting an amendment to correct that as well as the store license decrease of \$270,000 which would bring the bill back to the revenue neutral position. He indicated the PERS provision is the most controversial part of the bill and an amendment will be offered to remove it from the bill also. The amendment will restore the current provisions relating to retirement income to the status of current law (Exhibit #1). Senator Van Valkenburg presented information to the committee which explains the provisions of the bill (Exhibits #2 and #3). He pointed out a significant change from current law is that the bill would require that a individual married filing jointly on the federal tax form would be required to do the same under Montana tax law. The bill is based primarily on using federal adjusted gross income as the tax base with some adjustments. That enables the rates to be lowered and simplifies income tax in general.

The bill has provisions regarding limitations on the deductibility of federal income tax. The limit for married filing jointly is \$3300 and the limit for others is \$1650. The amendment changes those figures to \$2700 and \$1350 respectively. The bill retains the full indexing provisions of current law.

Senator Van Valkenburg presented charts prepared by the Department of Revenue which provide a comparison between the effects of this bill and current law (Exhibit #4). He said the main effect of the bill is to bring back some progressivity to income tax at the upper level of incomes in Montana. It provides real benefits to 80% of the taxpayers of the state. It is fairly neutral to the group at the 80th and 90th decile. The people in the 90th decile will end up paying a little more tax. The average increase for the taxpayer in that category will be about \$500.

Senator Van Valkenburg asked the committee to consider the bill on its merits as it is proposed to be amended. He said the bill establishes true income tax reform and if it is necessary to raise revenue to meet budget needs this bill provides the vehicle and the means with which to accomplish it.

List of Testifying Proponents and What Group They Represent:

Don Reed, Montana Alliance for Progressive Policy  
Greg Groepper, Office of Public Instruction  
Jean Roll, Bozeman  
Dennis Hemmer, Montana Retired Teachers Association  
Leo Berry, Retired Public Employees Association  
Tom Biledeaux, Montana Education Association

List of Testifying Opponents and What Group They Represent:

Dennis Burr, Montana Taxpayers Association  
Ken Nordtvedt, Director, Department of Revenue  
Representative John Phillips, District 33  
Tom Harrison, Montana Society of CPAs  
Buck Boles, President, Montana Chamber of Commerce  
Mike Holland, Legislative Chairman, Montana Association  
of CPAs  
Leslie Harris, Montana State Retiree

Testimony:

Don Reed, Montana Alliance for Progressive Policy, presented his testimony in support of the bill (Exhibit #5). He said this is a good bill which broadens the tax base and lowers tax rates.

Greg Groepper, Office of Public Instruction, said the bill is a step in the right direction. With the amendments, it does positive things for tax reform and he urged support of the bill.

Jean Roll, a taxpayer from Bozeman, presented her testimony in support of the bill (Exhibit #6).

Dennis Hemmer, Montana Retired Teachers Association, said his organization supports the amendment regarding the retirement provisions. He said it ensures the intent of the 1937 legislation is maintained.

Leo Berry, Retired Public Employees Association, said with the amendments attached, they take no position on the bill. However, they do not oppose it and do support the intent and objective. He said there were very sound reasons why PERS was not taxed in the beginning and still are and it is the obligation of the state to see that those provisions are still upheld.

Tom Biledeaux, Montana Education Association, said with the amendments they would not oppose the bill as it becomes revenue neutral.

Senator Van Valkenburg presented a handout regarding the nuisance tax repealers in the bill which he had overlooked in this original presentation (Exhibit #7). The store license tax, rural electric and telephone cooperative tax, sleeping car tax, express company license tax and certificate of good standing fee are all repealed in the bill.

Opponents:

Dennis Burr, Montana Taxpayers Association, said he figured his last year taxes through the provisions of this bill and his taxes would increase by 60% if it were implemented. To be revenue neutral there must be a relatively small tax decrease on the lower income earners in the state. And there has to be a large increase on the upper end. He felt the bill would do a little bit for low income earners and it will cause great harm to higher income earners. It becomes ironic that this is being used to spur economic development when the high income people who could help the economic situation are staying away because of the high marginal rate. You do not encourage them to come in by lowering the rate and increasing their taxes.

Ken Nordtvedt, Director, Department of Revenue, expressed the opposition of the administration to the bill. They do, however, support the elimination of the nuisance taxes. The loss of the deductibility of the federal income tax in the bill totally nullifies the reduction of the top marginal rates in the bill. The effect of the deductibility being denied is to put a tax on tax. Increasing the standard deductions and perhaps the exemptions for lower level taxpayers are positive aspects of the bill. The administration is fundamentally opposed to taxing state pensions as it would be breaking an implicitly understood agreement with tens of thousands retired public employees of the state as well of those who are currently working for the state. There is a major tax shift in the two working person household with the married filing jointly provision which would put a large tax increase on that large segment of the population.

Representative John Phillips, District 33, said he represents active duty military. Currently, they are exempt but this bill repeals that exemption. He asked if a serviceman or woman is on a three year tour of duty in Europe or other foreign location should he have to pay taxes in Montana because he is a Montana resident. He felt taxes should not have to be paid if no services are being received. He said this would enable the state to pick up a little revenue, but he could see no reason to tax those people who are defending their country. He said many retirees are making more than the average GI.

Tom Harrison, Montana Society of CPAs, presented his testimony in opposition to the bill (Exhibit #8)

Buck Boles, President, Montana Chamber of Commerce, expressed support for the previous testimony and said in the past few years there have been many economic development experts in the state reviewing our tax and economic base. They have all recommended that we reduce our marginal rate as it is the personal income tax level on the kind of people that we want to attract to the state that is keeping them away.

Mike Holland, Montana Society of CPA's, expressed support for the previous testimony and urged the committee to give the bill a negative recommendation.

Leslie Harris, a Montana state retiree, presented his testimony in opposition to the bill (Exhibit #9).

Questions from Committee Members:

There was a general discussion about progressivity in taxation which was not related to the bill.

Closing by Sponsor:

Senator Van Valkenburg responded to the testimony of Representative Phillips by pointing out on page 16, lines 22 and 23, the full deduction of active duty military personnel salary.

Senator Van Valkenburg said he recognizes the bill has some tax consequences to those with incomes over \$40,000. He said he falls into that category and he is glad to pay his fair share of taxes in the state in relationship to everyone else. He said his career in the legislature has been in the appropriations arena and he felt that all the legislators assigned to that

area of responsibility try to give top dollar return for the people's investment in the state in terms of their taxes. He said there is a revenue problem right now which cannot be resolved solely by income tax reform. He commented that if the committee listens solely to the complaints of the people in the upper 10th decile who may be adversely affected by this bill it will very seriously jeopardize the other avenues of tax reform in the state that form an entire array of taxes that support the necessary services that everyone demands. In the end, fairness will bring Montanans together rather than divide them.

#### EXECUTIVE SESSION

#### DISPOSITION OF SENATE BILL 451

#### Discussion:

Steve Bender, Deputy Director, Department of Revenue, presented the estimates of the county impacts of SB451 (Exhibit #10). He also presented the proposed amendments to SB 451 (Exhibit #11). He said the amendments strip the statutory appropriation provision from the bill. The bill had been written for Representative Ramirez but was introduced in the Senate, therefore the appropriation language had to be removed. He said the rest of the amendments are simply clean-up changes in the bill. Personal property is exempted out of Class 7. Real property in Class 7 is left at 8%. All the amendments on page 2 are the dollar per dollar reimbursement amendments. He explained that in the bill local governments are required to certify their revenue loss for a base year. That certification is done in May. However, the payment is going back to the local governments prior to that certification for fiscal year 1990 revenue. Amendment #10 says the DOR will calculate the amount of revenue lost for this one installment based on information the assessors provide so the May payment can be made. DOR will calculate the loss, reimburse the local government 30% of the estimated loss to compensate for the taxes they lose that they ordinarily would receive from unsecured personal property. It is just a technical point which corrects the dollar per dollar provision. He further explained that certain personal property taxes are paid at a different time than personal property taxes are normally paid (November and May). If there is not sufficient real property to secure the personal property tax payment,

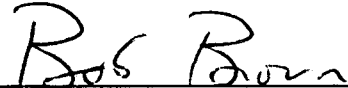
the entire year's payment is due as soon as the tax notice is received (March or April). 30% of the personal property taxes levied for a given tax year fall into this category and the revenue is received in the spring. The base year calculation for this is an entire tax year, however, they expect 30% of that personal property tax revenue will be received in the prior fiscal year. The amendments attempt to keep the cash flow to local governments the same as it would be under current law.

Amendments and Votes: None

Recommendation and Vote: None

ADJOURNMENT

Adjournment At: 8:00 a.m.



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SENATOR BOB BROWN, Chairman

BB/jdr

MIN308.jdr

ROLL CALL

TAXATION

COMMITTEE

51st LEGISLATIVE SESSION -- 1989

Date 3/8/89

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.



Amendments to Senate Bill No. 408  
First Reading CopyRequested by Senator Van Valkenburg  
For the Committee on TaxationPrepared by Jeff Martin  
March 7, 1989

1. Page 15, line 19.

Strike: "\$3,300"

Insert: "\$2,700"

2. Page 15, line 21.

Strike: "\$1,650"

Insert: "\$1,350"

3. Page 16, lines 14 through 16.

Following: "received"

Strike: remainder of lines 14 through 16 in their entirety

Insert: ":

(i) under the Federal Employees' Retirement Act;

(ii) under the public employee retirement laws of a state other than Montana; or"

(iii) as an annuity, pension, or endowment under any private or corporate retirement plan or system;

(h) all benefits paid under the teachers' retirement law which are specified as exempt from taxation by 19-4-706;

(i) all benefits paid under The Public Employees' Retirement System Act which are specified as exempt from taxation by 19-3-105;

(j) all benefits paid under the highway patrol retirement law which are specified as exempt from taxation by 19-6-705;

(k) all benefits paid under 19-11-602, 19-11-604, and 19-11-605 to retired and disabled firefighters, their surviving spouses and orphans or specified as exempt from taxation by 19-13-1003;

(l) all benefits paid under the municipal police officers' retirement system that are specified as exempt from taxation by 19-9-1005;

(m) all benefits paid under an optional retirement program that are specified as exempt from taxation by 19-21-212;

Renumber: subsequent subsections

4. Page 30, lines 20 and 21.

Following: "received" on line 20

Strike: remainder of line 20 and 21 in their entirety

Insert: ":

5. Page 31.

Following: line 10

Insert: "(i) as federal employees' retirement;

(ii) as retirement from public employment in a state other than Montana; or

(iii) as an annuity, pension, or endowment under private or

SENATE TAXATION

EXHIBIT NO. 1  
DATE 3/8/89  
BILL NO. SB408

corporate retirement plans or systems;

(b) all benefits paid under the Montana teacher's retirement system that are specified as exempt from taxation by 19-4-706;

(c) all benefits paid under the Montana Public Employees' Retirement System Act that are specified as exempt from taxation by 19-3-105;

(d) all benefits paid under the Montana highway patrolmen's retirement system that are specified as exempt from taxation by 19-6-705;"

6. Page 31, line 11.

Strike: "(b)"

" Insert: "(e)"

7. Page 31, line 17.

Insert: "(f) all benefits paid under 19-11-602, 19-11-604, and 19-11-605 to retired and disabled firemen or their surviving spouses or children;

(g) all benefits paid under the municipal police officers' retirement system that are specified as exempt from taxation by 19-9-1005."

SENATE TAXATION

EXHIBIT NO. 2

DATE 3/18/84

BILL NO. SB 408

### Overview of Income Tax Rate Reduction Proposal

<u>Provision</u>	<u>Current Law</u>	<u>Proposed Law</u>
<b>Standard Deduction</b> (1988 Levels)	20% of MAGI up to \$2,140 for singles, and \$4,280 for joints and heads of households.	\$3,000 for singles, \$5,000 for joints, and \$4,400 for heads of households. Blind and elderly taxpayers are allowed an additional deduction of \$750.
<b>Personal Exemption</b> (1988 Levels)	\$1,140 per dependent with an additional exemption allowed the elderly and blind.	\$1,950 per dependent. No additional exemptions for blind and elderly.
<b>Changes in Income Subject to Tax</b>	All state retirement is exempt. Other forms are allowed an exclusion of up to \$3,600.	<del>All retirement income subject to \$3,600 exclusion limit.</del> No <del>other</del> changes from current law.
<b>Changes in Itemized Deductions</b>	Unlimited deduction of federal taxes paid.	Federal tax deduction is limited to <del>\$1,650</del> <sup>\$1,350</sup> for singles and <del>\$3,300</del> <sup>\$2,700</sup> for joint taxpayers.
<b>Changes in Tax Rates</b>	Rates vary from 2% to 11% (2.2% - 12.1% with surtax).	Rate are 3, 5 and 8%. Separate tables are provided for different filers.
<b>Indexation</b>	State law indexes the standard deduction maxima, the personal exemption and the tax table.	Federal law indexes the standard deduction and the personal exemption. Provisions provide for continued indexation of the tax table.

SENATE TAXATION

EXHIBIT NO. 3

DATE 3/8/89

BILL NO. SB 408

## Lower Top Individual Income Tax Rate

The amount of income tax paid by the average Montanan is not high compared to the tax bill paid in other states. The state income taxes we pay are about equal to what the average American pays.

Our top marginal rate, however, is the highest in the nation. It makes our income tax appear to be far out of line with other states. We should make appearances fit reality by lowering our top marginal rate from 11% to 8%, sending a positive signal to those interested in investing in our state.

Reduction of the tax rate would not compromise tax fairness. Tax exemptions for retirees would be equalized. It is neither fair nor sensible to single out certain retirees for preferential treatment. The deduction of federal income taxes should be limited to help ensure that all households contribute according to their ability to pay.

Federal taxable income would be used as the starting point of our tax to simplify reporting and payment.

### Key Elements of the Proposal

Broaden and simplify our personal income. Most taxpayers would be able to file a simple, single page form instead of the numerous forms required under current law. Federal taxable income would be the starting point for calculating state taxes and the top marginal rate would be reduced from 11 percent (12.1 percent with the surtax) to 8 percent.

Recognize important differences in ability to pay among various households. Separate tax tables are provided for single, married and head of household taxpayers. A married tax table reduces the impact of eliminating the married separate filing option.

Make tax exemptions for retirees uniform. The \$3,600 exemption for federal and private retirees is extended to apply to state retirees. The elderly interest exclusion is retained.

Limit the deduction for federal income taxes. Single taxpayers would be allowed to deduct up to \$1,350 in federal income taxes; married couples could deduct up to \$2,700. A sizeable majority of taxpayers (72%) would be unaffected by this change. The remainder would be limited in the amount deducted but would benefit by the lower tax rate.

# EFFECTIVE TAX RATES

Current Law to Proposed Law (After Adjusting for Federal Offset)

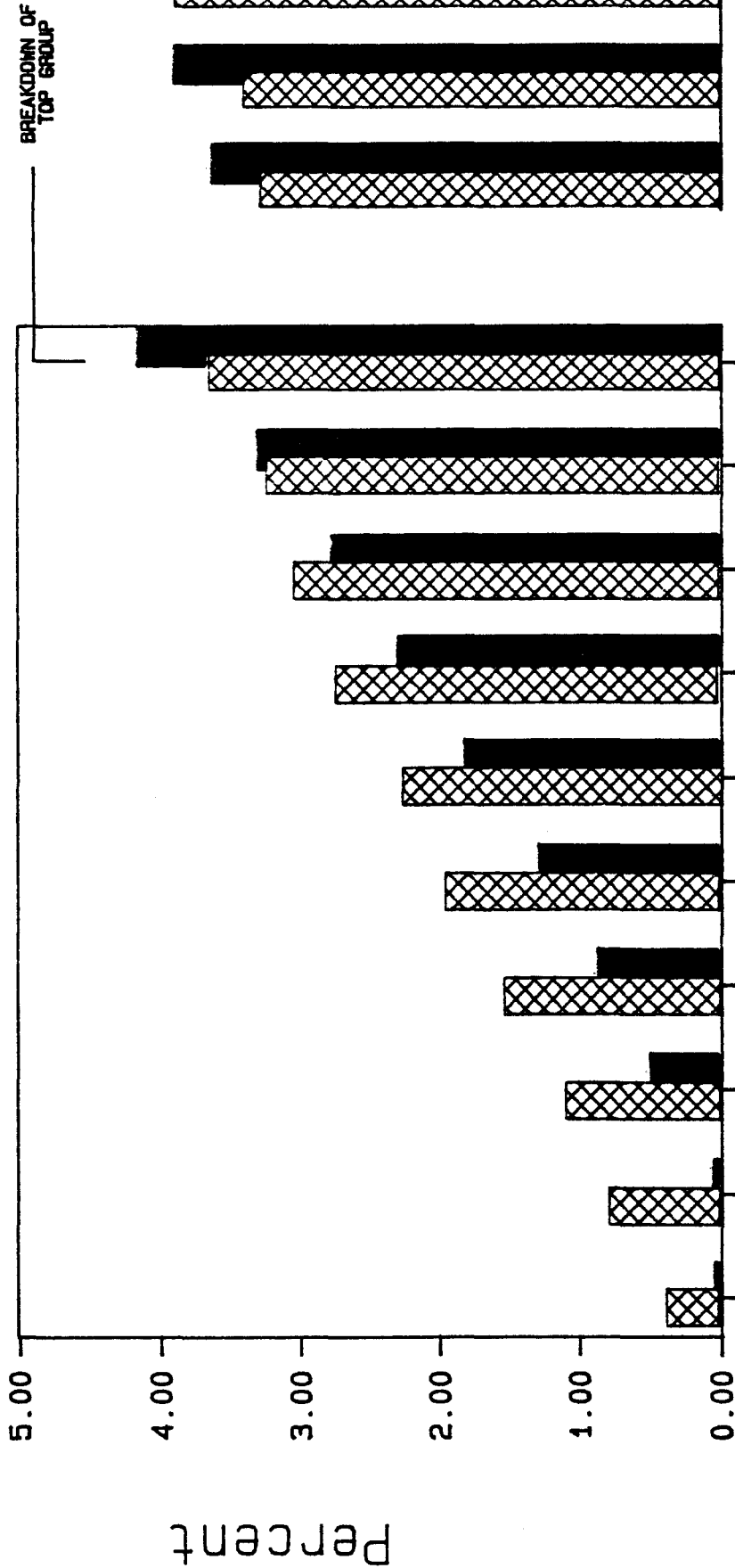


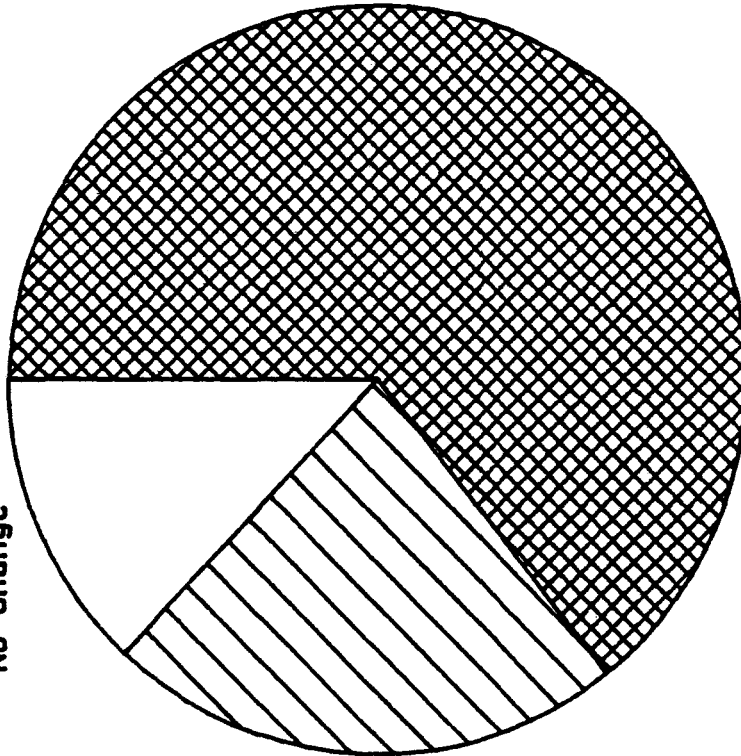
EXHIBIT NO. 4 p.1  
 DATE 3/8/87  
 BILL NO. SA 408

CURRENT 0.38%  
 PROPOSED 0.02%  
 CHANGE -0.36%

# % WHO CHANGE -- STATE INCOME TAX

Current Law to Proposed Law

13.0%  
No Change



22.7%  
Pay More

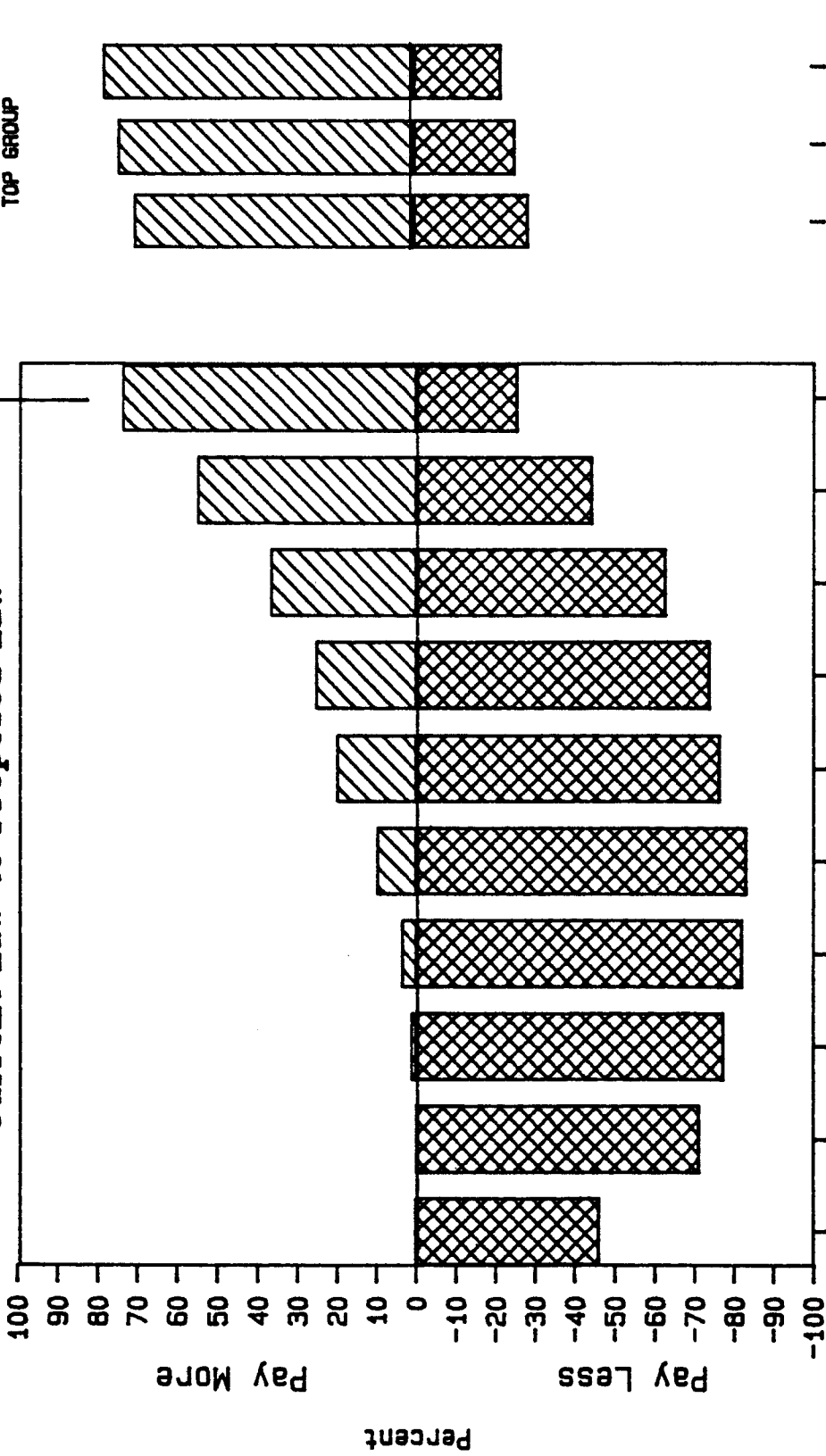
64.3%  
Pay Less

SENATE TAXATION  
EXHIBIT NO. 4 p.2  
DATE 3/8/59  
BILL NO. SB 408

# % WHO CHANGE -- STATE INCOME TAX

Current Law to Proposed Law

BREAKDOWN OF  
TOP GROUP



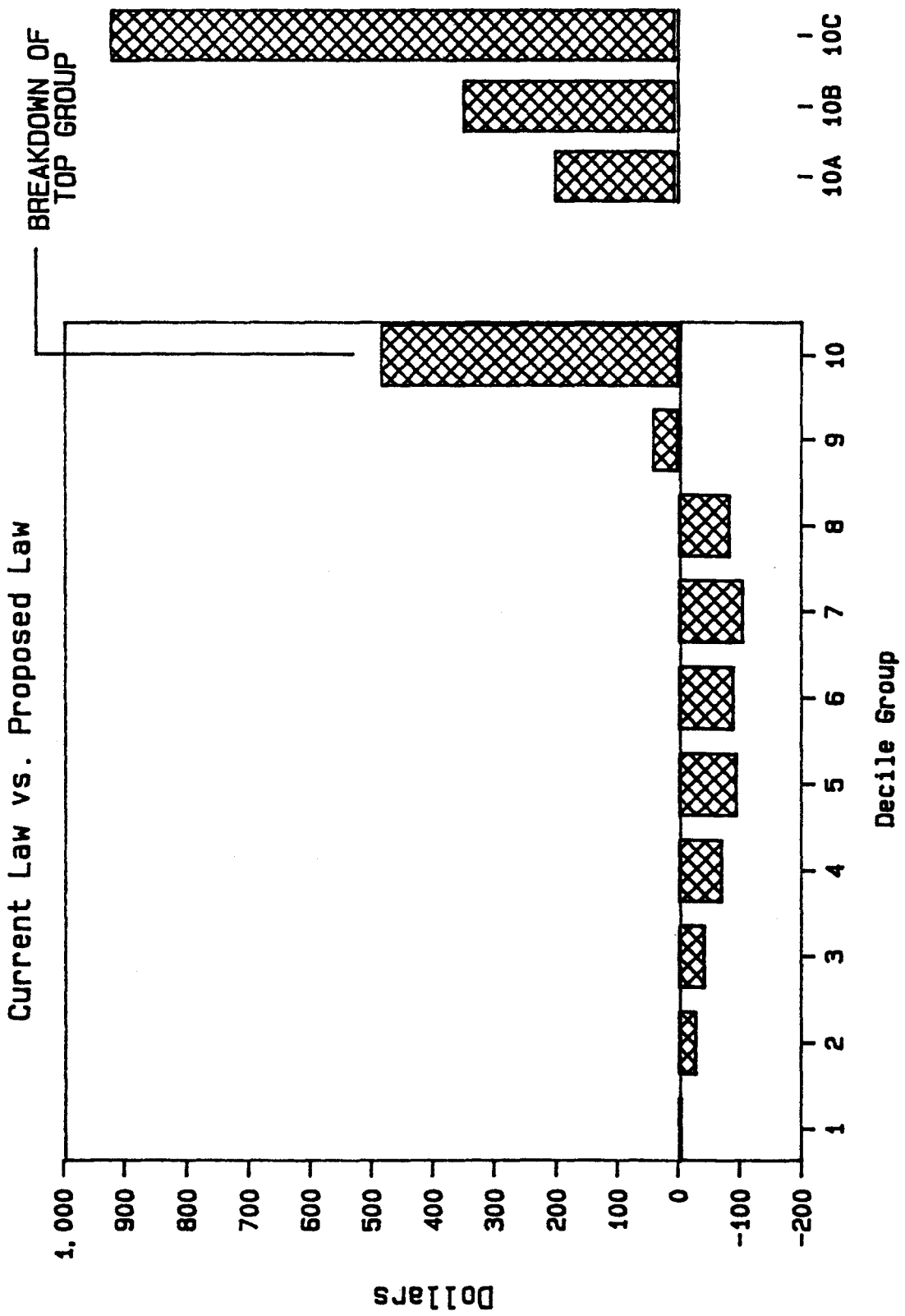
SENATE TAXATION

EXHIBIT NO. 4 p 3

DATE 3/5/89

BILL NO. SB 408

# \$ CHANGE IN AVERAGE STATE TAX LIABILITY

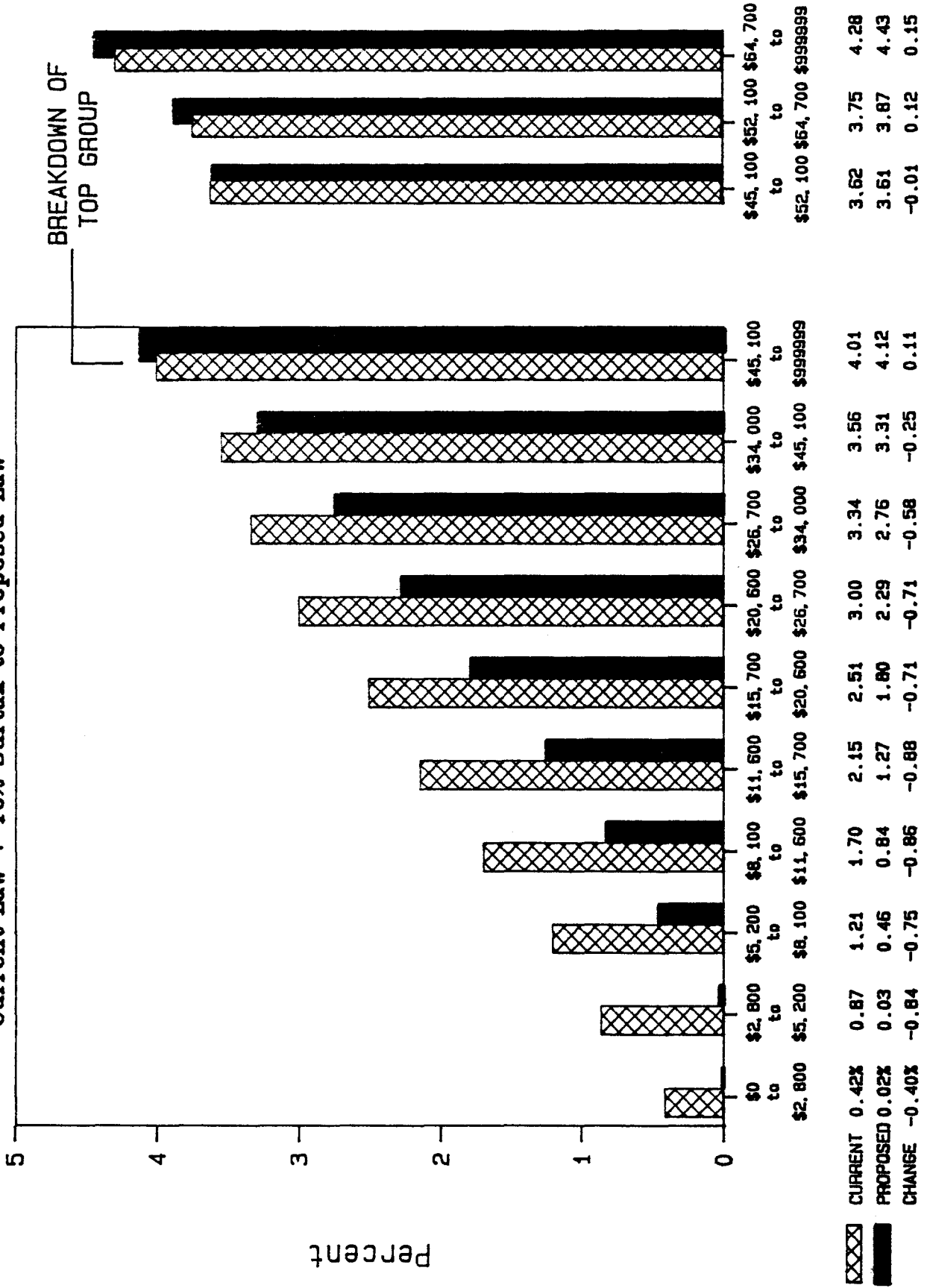




# EFFECTIVE TAX RATES

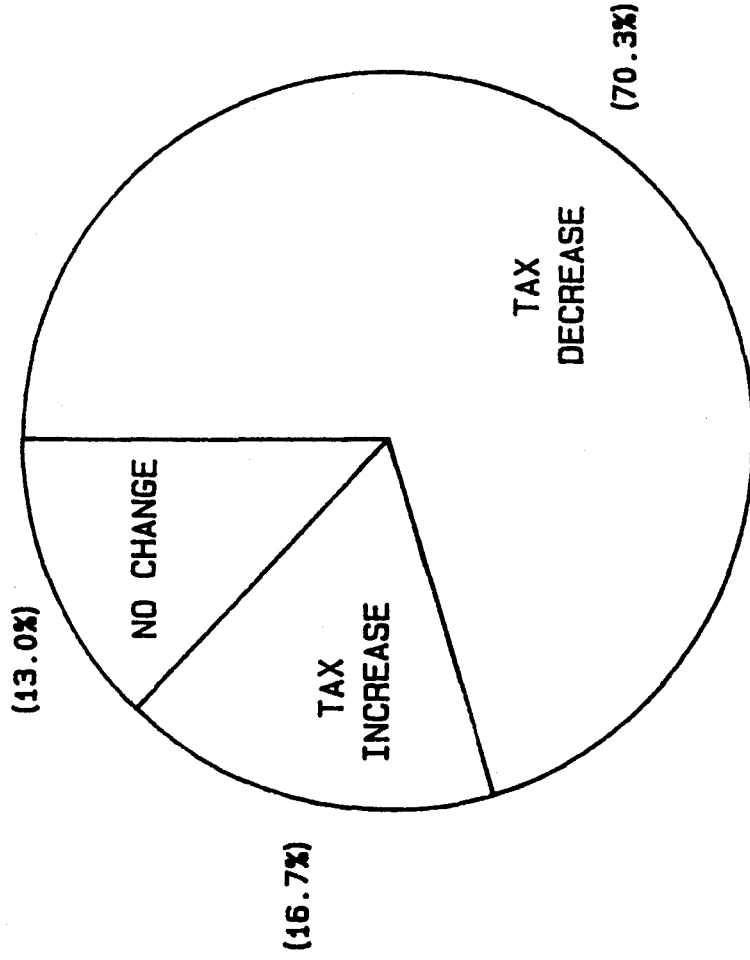
(After Adjusting for Federal Offset)

Current Law + 10% Surtax to Proposed Law



# % WHO CHANGE -- STATE INCOME TAX

Current Law+10% Surtax to Proposed Law



SENATE TAXATION

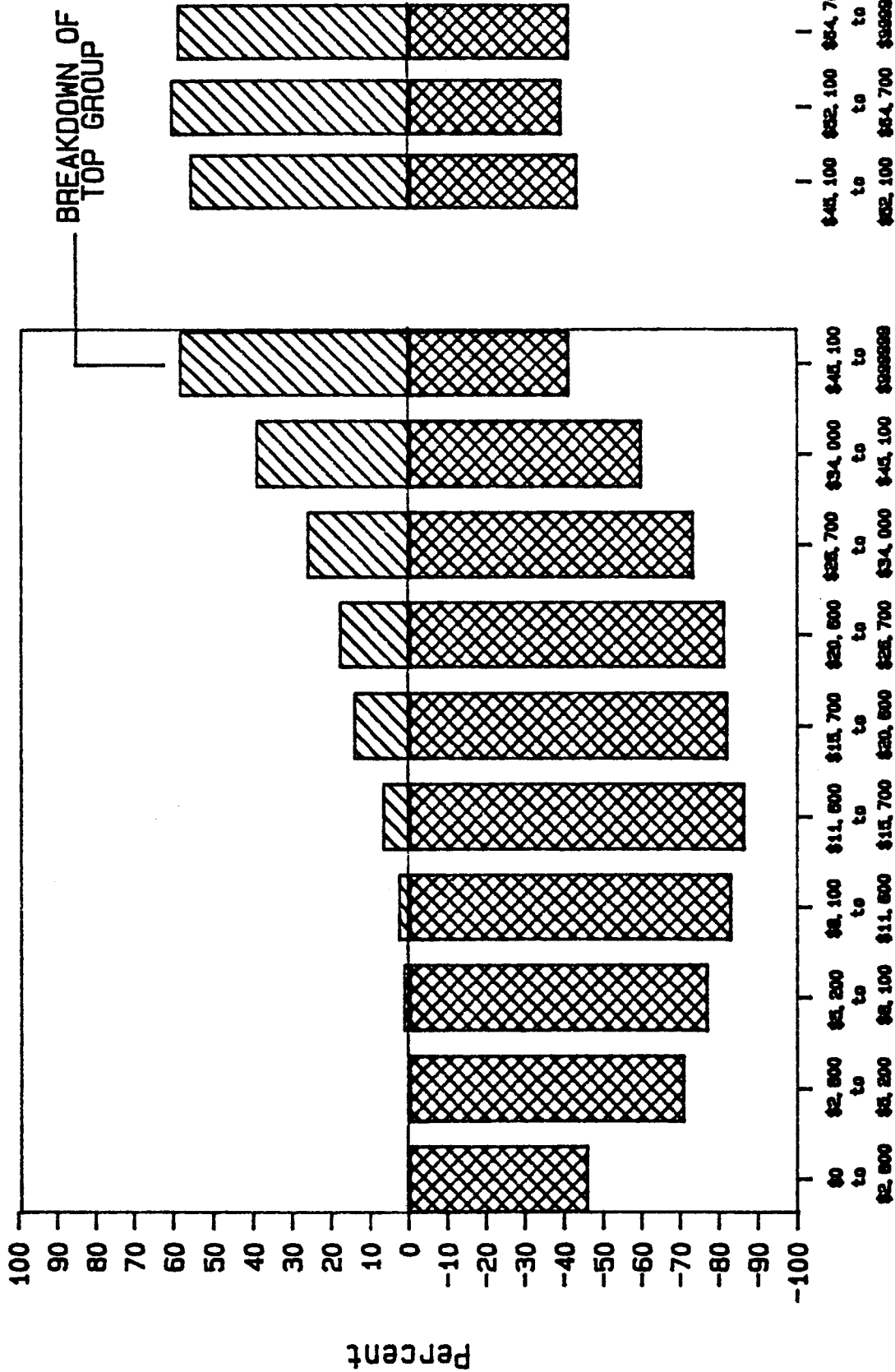
EXHIBIT NO. 4 p. 6

DATE 3/5/89

BILL NO. SB 418

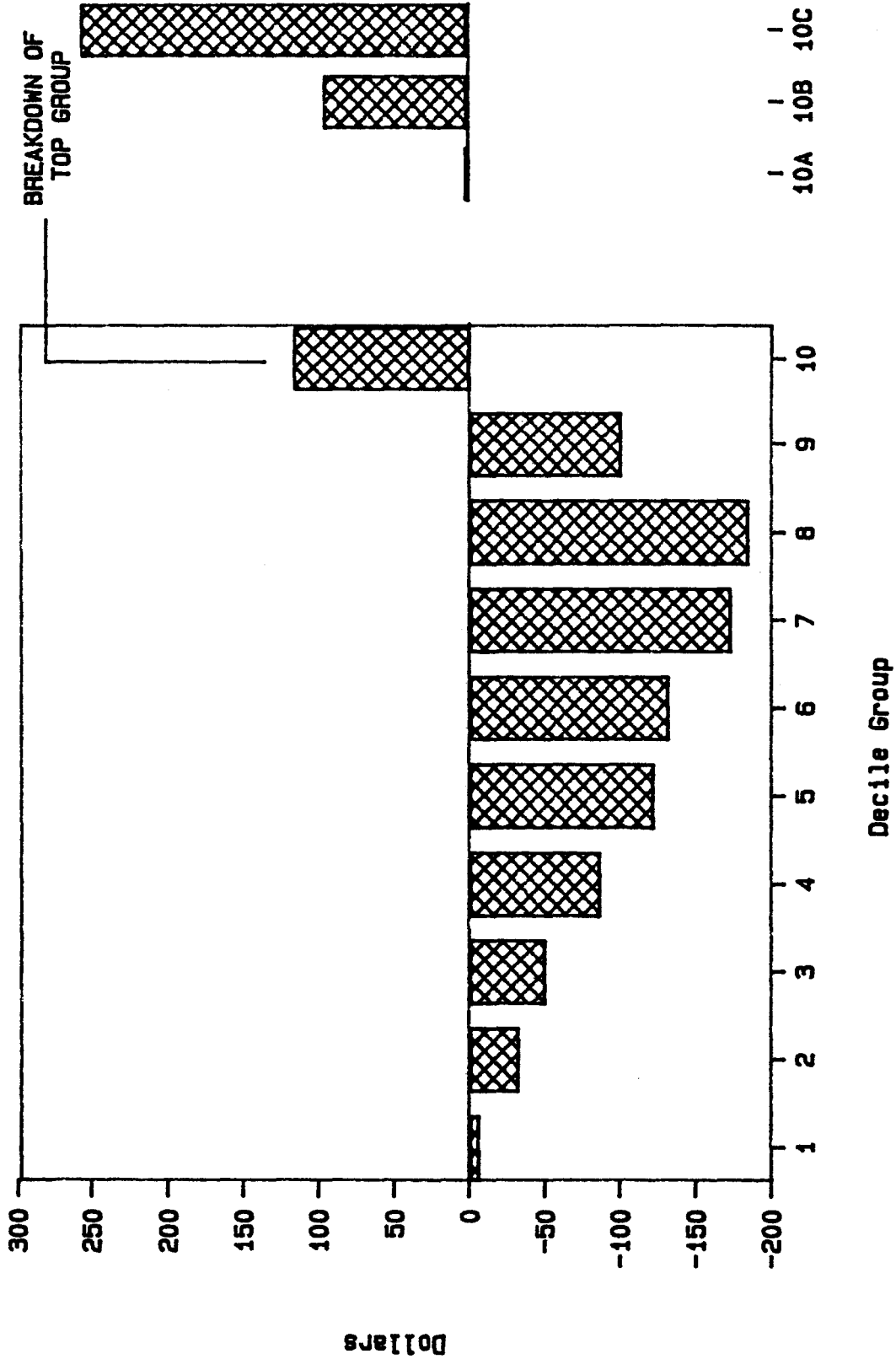
# % WHO CHANGE -- STATE INCOME TAX

Current Law+10% Surtax to Proposed Law



# \$ CHANGE IN AVERAGE STATE TAX LIABILITY

CL + 10% Surtax vs. Proposed Law



# The Montana Alliance for Progressive Policy

P.O. Box 961 Helena, MT 59624 (406) 443-7283



SENATE TAXATION

EXHIBIT NO. 5 p1

DATE 3/8/89

BILL NO. SB 408

## SB 408: Individual Income Tax Reform

Mr. Chairman and members of the committee, for the record my name is Don Reed and I'm here on behalf of the Montana Alliance for Progressive Policy in support of SB 408.

I hope we can all agree on one point: our individual income tax system is unfair and in need of reform. Years of special interest tax breaks have left a tax system which is complex, confusing and unfair. That's the basis of our support for SB 408.

Our income tax system has been attacked as having among the highest marginal rates in the nation. This bill corrects that. Our income tax system has also been criticized as being riddled with loopholes. This bill corrects that.

We support the general approach used in SB 408. We'd describe that approach as closing loopholes, broadening the base, and lowering rates.

My testimony deals with general comments about the income tax, capping the deduction of federal income taxes, the rate structure, and revenue.

### Montana's Income Tax

Of all Montana taxes, the individual income tax best reflects the principle of taxation based on ability to pay. As income increases, so too does the portion of income paid. That means the income tax is generally progressive.

Several factors, however, reduce the progressivity of the income tax. The most important of these factors are deductions which primarily benefit those at the top end of the income scale. This leads to a situation where -- as a 1986 study by the Department of Revenue found:

- \* 14% of Montana households earning more than \$120,000 a year paid no Montana income tax;
- \* 20% of all households earning more than \$120,000 a year paid less than \$1,000 in state income taxes; and,
- \* 26% of households earning more than \$100,000 a year filing joint returns, paid no state income tax.

Obviously, this is not fair.  
Education      Senior Citizens      Women      Conservation      Labor      Low Income

Many have criticized the income tax as being too high. Clearly that perception flows from the top marginal rate. That is the evidence most often cited. But if you stand back from the rhetoric, you find that the Montana income tax is not high. According to the Montana Taxpayers Association, for FY 1987, Montana's income tax collections per capita were \$240.64, ranking the state 30th of the fifty states and \$125 dollars below the national average. If you examine income tax collections per \$1,000 of personal income, Montana ranks 26th and is also well below the national average. Clearly, the collections of income tax are not high, but the combination of a narrow base and high marginal rates lend the wrong impression. This bill corrects that problem by broadening the base and lowering the rates.

#### Capping the Deduction of Federal Taxes

In the previous two legislatures, we have supported closing this loophole. It clearly benefits most those who have a large ability to pay. As you can see from the attached chart, the lion's share of benefit of this loophole goes to those at the very top end of the income scale. The average deduction for those making over \$120,000 annually was \$4,077, 19 times greater than the \$216 tax saving for those earning \$20,000.

We believe that a majority of the increased revenue from this provision of the bill will be paid by those in the top 10% of taxpayers by income. Capping this deduction enables the lowering of the rates and makes the income tax more progressive over a fully range of incomes.

#### Rate Structure

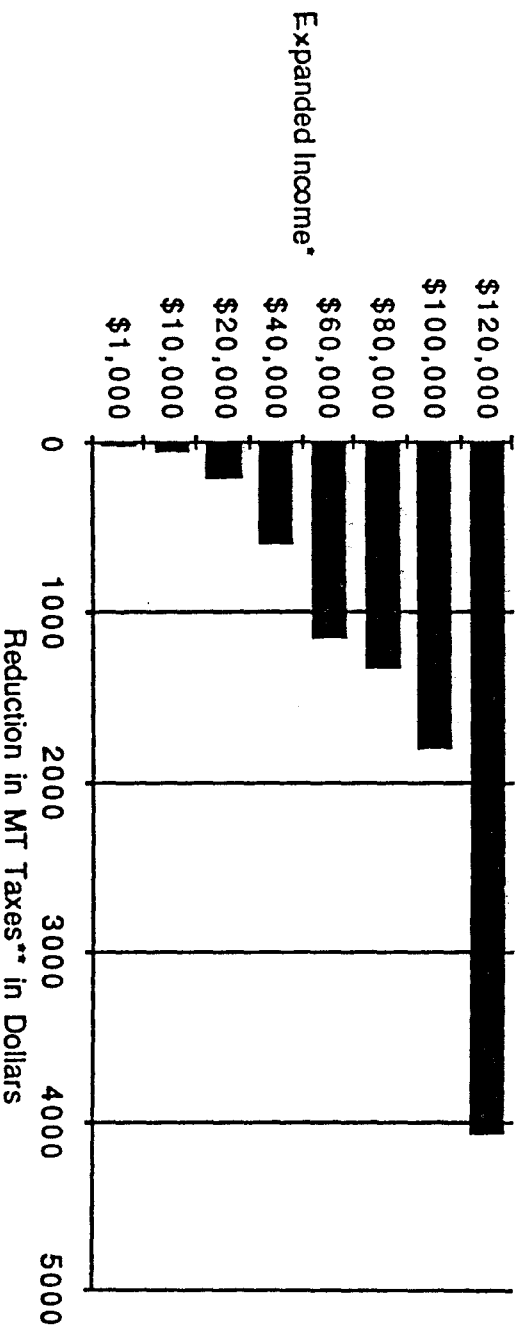
The existing rate structure stops being progressive after \$50,000 in taxable income. This bill lowers that point considerably. This is a necessary consequence of lowering the rates this far. If the legislature decides to raise additional revenue from the income tax, additional rates could be added to this bill.

#### Revenue

Although not everyone is ready to seriously consider the topic, this bill could also be a vehicle for raising additional revenue. For example, with rates of 5-7-9% instead of 3-5-8%, the additional revenue would be close to \$40 million per year.

In summary, SB 408 presents the legislature with an opportunity to address the two most common criticisms of the individual income tax by broadening the tax base and lowering the marginal rates. The bill also represents an option to raise additional revenue from the income tax when the time comes for such decisions.

### Distribution of Tax Savings Among Taxpayers Deducting Federal Income Taxes For Montana Tax Purposes, 1983



Source: Montana Department of Revenue

\* Expanded income is less than gross income but is as close as Dept. of Revenue could come using Montana tax returns.

\*\* The tax reductions listed are averages for taxpayers in each expanded income bracket.

SENATE TAXATION

REPORT NO. 50  
3/8/89  
 BILL NO. SB 418

STATE INDIVIDUAL INCOME TAX RATES

State/Region	Minimum Rate	Maximum Rate	Max on Income Over	Fed. Tax Deductible
<b>New England</b>				
Connecticut	*			
Maine	1.0	10.0	\$25,000	No
Massachusetts	5% earned inc.; 10% on int., div., K gains			No
New Hampshire	8% on int. & div.*			No
Rhode Island	22.86% of modified fed. inc. tax liability			No
Vermont	25.0% of fed. inc. tax			No
<b>Midwest</b>				
Delaware	3.2	7.7	\$40,000	P
Dist. of Col.	6.0	9.5	\$20,000	No
Maryland	2.0	5.0	\$3,000	No
New Jersey	2.0	3.5	\$50,000	No
New York	3.0	8.375	Over \$34,000	No
Pennsylvania	2.1% of specified classes of income			No
<b>Great Lakes</b>				
Illinois	2.5% of taxable net inc.			No
Indiana	3.4% of AGI			No
Michigan	4.6% of taxable income			No
Ohio	0.743	6.9	\$100,000	No
Wisconsin	4.9	6.93	\$20,001 and over	No
<b>Plains</b>				
Iowa	0.4	9.88	\$45,000	Yes
Kansas	4.05	5.3*	Over \$35,000	No
Minnesota	4.0	9.0	Over \$21,000	No
Missouri	1.50	5.0	Over \$9,000	Yes
Nebraska	2.0	5.9	Over \$5,000	No
North Dakota	2.6	12.0	Over \$20,000	Yes
South Dakota	-- No Individual Income Tax --			--
<b>Southeast</b>				
Alabama	2.0	5.0	Over \$6,000	Yes
Arkansas	1.0	7.0	\$25,000 or over	No
Florida	-- No Individual Income Tax --			--
Georgia	1.0	6.0	Over \$10,000	No
Kentucky	2.0	5.0	\$8,000 and over	P
Louisiana	2.0	6.0	Over \$50,000	Yes
Mississippi	3.0	5.0	Over \$10,000	No
North Carolina	3.0	7.0	Over \$10,000	No
South Carolina	3.0	7.0	Over \$10,000	No
Tennessee	6% on int. & dividends			No
Virginia	2.0	5.75	Over \$15,000	No
West Virginia	3.0	4.5	Over \$25,000	No
<b>Southwest</b>				
Arizona	2.0	% less \$248 \$7098.01 and over		Yes
New Mexico	1.8	8.5	Over \$41,600	No
Oklahoma	0.5	6.0	Over \$15,000	P
Texas	-- No Individual Income Tax --			--
<b>Rocky Mountain</b>				
Colorado	5% of fed. taxable inc.			No
Idaho	2.0	9.2	Over \$20,000	No
Montana	2.0	11% less \$1,373	\$48,101 and over	Yes
Utah	2.25	7.75	Over \$7,500	No
Wyoming	-- No Individual Income Tax --			--
<b>Far West</b>				
Alaska	-- No Individual Income Tax --			--
California	1.0	9.3	Over \$23,950	No
Hawaii	2.25	10.0	Over \$40,400	No
Nevada	-- No Individual Income Tax --			--
Oregon	5.0	9.0	Over \$5,000	P
Washington	-- No Individual Income Tax --			--

P : state allows partial deduction of federal income taxes.

Connecticut: Only capital gains and dividend and interest income are taxed. A 7% tax is imposed on all net gains from the sale or exchange of capital assets. The rate on dividends and interest income ranges from 1% on a minimum of \$54,000 to 12% on income over \$100,000.

Kansas: First \$35,000 taxed at 4.05 percent rate; excess over \$35,000 taxed at 5.30 percent rate.

New Hampshire: Limited to interest and dividends.

Current as of May, 1988.

Compiled by the Utah State Tax Commission from Commerce Clearing House, State Tax Guide.



Jean Roll, 721 South 6 Avenue, Bozeman, MT 59715, 406-587-1767.  
March 8, 1989, remarks concerning SB408.

My comments pertain to the sections of the bill which would revise Montana's individual income tax system.

Such simplification would be advantageous to every taxpayer. It would greatly reduce the effort required to prepare and file Montana returns. For example, it is generally better for my husband and me to file a joint federal return but separate Montana ones. This involves a lot of refiguring and filling out many more forms--our 1987 federal return was 15 pages, the Montana one was 24. I think many taxpayers would share my pleasure in being rid of this substantial amount of work. For those who are concerned about accountants losing business, one I spoke with said his firm would not be hurt by this change, that they would be sufficiently busy without doing State returns.

A few of us who have had returns examined by the Montana Department of Revenue would be very glad to see the removal of most of their potential auditing duties. Our experience with this adversarial process has been stressful, frustrating, more expensive than capitulating

and paying the disputed amount, and is not something to which taxpayers should be subjected.

We taxpayers already support duplicate systems, since MDOR and IRS personnel audit the same items even though they share information. With a simplified Montana income tax, we should be able to save all Montanans a substantial amount of money by reducing the income tax bureaucracy to nearly nothing. It might, however, be good to include a statement making it clear that MDOR's examination of returns is not to include derivation of the beginning figure (federal taxable income), that adjustments in that figure are to be made only if there are changes resulting from an IRS audit.

Although this hearing is for SB408, I probably will not be able to return to Helena for Friday's hearing on SB 459 and would like to state now that in some respects I prefer its income tax simplification provisions. However, either bill would be a great improvement over the present system.

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#7

SENATE TAXATION

EXHIBIT NO. 7

DATE 3/8/89

BILL NO. SB 408

## Repeal Nuisance Taxes

Montana businesses contribute significantly to the state's ability to provide public services. While paperwork associated with the tax structure is never welcome, it is often necessary to assure accountability of tax dollars. What is not acceptable is paperwork associated with taxes that yield little, if any, revenue. Taxes that serve to harass businesses make our state less attractive and drive up the costs of doing business and government.

We propose to eliminate several "nuisance taxes". Included are

1. The store license tax;
2. The rural electric and telephone cooperative tax;
3. The sleeping car tax;
4. The express company license tax; and the
5. Certificate of good standing fee.

Approximately 15,000 businesses pay over \$300,000 annually due to these taxes.

The proposal retains, but modifies, two additional taxes or fees: the camper decal fee and the tramway tax. These taxes are modified to eliminate the Department's role in their collection. The camper decal fee is retained to help ensure tax compliance. County treasurers would be responsible for the collection of the fee.

The tramway tax/fee is retained to provide funding for tramway safety inspections. However, the proposal eliminates the reporting requirements of tramway operators. They will no longer be required to report their gross receipts to the Department. Rather, a flat fee would be levied by the Department of Administration for inspections.

The proposal repeals the \$1.00 fee that is required to be collected by the Corporation Tax Division for certificates of good standing. This fee is no longer cost effective.

**MONTANA SOCIETY OF CPA'S  
TESTIMONY**

**SB408 - INCOME TAX REFORM**

While we applaud the effort the bill makes to reduce the top rate from 11% to 8%, and the beginnings of tax simplification embodied in the bill, we believe the cost is far too great for us to support it.

We support the concept of separate tax rates for married couples filing jointly, provided there is not a hidden tax increase coupled with the new rates. The bill also includes several of the minor reforms we have proposed in SB339.

Our overriding concern, however, is with the attempt to cap the federal tax deduction.

Let us dispel the myths about the federal tax deduction:

- (1) No one, over a 2-year period, eliminates their Montana tax liability by virtue of the federal tax deduction "loophole".

Since federal tax is at most only 28% of federal taxable income, and the (other) differences between federal and Montana taxable income are infrequent and insignificant, the Montana tax revenue lost due to the federal tax deduction cannot exceed 11% of 28%, or 3% of taxable income.

There are timing differences, where a taxpayer has overpaid federal taxes in one year, thereby eliminating or significantly reducing the Montana tax liability, but that taxpayer is subsequently taxed on the federal refund in the following year.

- (2) The rich are not the only ones who pay a large federal tax; farmers or businessmen who sell out, or who are forced out by creditors, workers who withdraw their entire pension fund in one year, and other taxpayers who have a large windfall in one year all fall into the category of benefiting from a large federal tax deduction. Elimination of the federal tax deduction - the maximum deduction is almost meaningless to these taxpayers - will mean the difference between being able to payoff creditors, or being able to afford retirement.
- (3) The cap proposed in the bill does not extract money from just the wealthy. The proposed cap represents the federal tax for a single person with a taxable income of less than \$11,000, or a married couple with a taxable income of less than \$20,000.

SENATE TAXATION

EXHIBIT NO. 8 p2

DATE 3/5/89

BILL NO. SB 418

**40,000 Montanans paid more than 50% of the income taxes collected by the State for 1987. The trend indicates that those same taxpayers will pay an even greater share in 1988.**

**We all know taxpayers who have established residence in another state to avoid Montana's income tax. Are we going to continue to drive the wealthy and their money out of Montana?**

**If your answer is yes, and you enact the popular cap on the federal tax deduction, this may well be another "one-time-only" shot of revenue.**

## SENATE TAXATION

EXHIBIT NO. 9DATE 3/8/89BILL NO. SB 408

March 7, 1989

Mr. Chairman and Senators:

RE: Senate Bill 408; specifically section 15 (pages 28 and 29) (2) which deals with allowable deductions when computing net income on state income tax returns.

Under current law (Page 31, lines 2 through 10) all benefits paid under 1. Montana Teachers Retirement System, 2 Montana Public Employees Retirement System, and 3. Montana Highway Patrolmens Retirement System are exempt from taxation.

Senate Bill 408 would allow as deductions all benefits not in excess of \$3600 received as a pension under a retirement plan (Page 30, lines 19, 20, 21). Therefore all pensions received over \$3600 per year would be taxable.

The Fiscal Note attached to this bill states \$0 revenue impact in F.Y. 1990 and 2.6 million less income in F.Y. 1991. I submit to you that this is not a true statement as it would apply to state retirees. To demonstrate, I will use my 1988 income tax return as an example. In 1988 my taxable income was \$4261 and total tax (not including surtax) was \$127. Under the proposed S.B. 408 tax tables on page 11, (lines 3-8) and taxing my state retirement income, my tax for 1988 would have increased to \$1240.12. This is over 1000% increase in my state income tax. It is apparent that the state of Montana retirees are going to suffer and pick up the difference that others may save. This is a gross injustice to the thousands of retirees who dedicated their entire careers to this State.

Many of us retired early to allow others to advance. You legislators wanted, and still encourage, this, so that state work forces could be reduced. We cannot afford S.B. 408. It will mean over 10% of our retirement income will return to the State.

The exemption granted to state retirees many years ago was a reward to subsidize them for the low retirement income, lack of adequate cost of living increases, no State contributions to hospital insurance for retirees.

I please and respectfully request that this bill be amended to retain lines 2 through 10, page 31.

Leslie S. Harris, Jr.  
Leslie S. Harris, Jr.

# State of Montana

Stan Stephens, Governor

10  
SENATE TAXATION

EXHIBIT NO. 10

DATE 3/8/89

BILL NO. SB 451



Department of Revenue

Ken Nordtvedt, Director

Room 455, Sam W. Mitchell Building

Helena, Montana 59620

March 2, 1989

## MEMORANDUM

TO: Members of Senate Taxation Committee

FROM: Steve Bender, Acting Deputy Director

RE: County Impacts of SB 451

As promised, attached are estimates of the county impacts of SB 451 by tax year. These estimates, converted to a receipt basis, were used to set the reimbursement levels for local governments.

County	1990 Taxes			1990 Taxes			1991 Taxes			1991 Taxes		
	Levied by State	Levied by County	Levied by Schools	Levied by Cities and Towns	Levied by State	Levied by County	Levied by Schools	Levied by Cities and Towns	Levied by State	Levied by County	Levied by Schools	Levied by Cities and Towns
Beaverhead	(31,296)	(48,754)	(84,401)	(7,482)	(54,360)	(84,684)	(146,601)	(12,94)	(231,973)	(182,895)	(138,073)	(12,26)
Big Horn	(118,144)	(93,149)	(70,321)	(6,852)	(21,994)	(30,004)	(38,652)	(10,38)	(21,923)	(41,985)	(57,460)	(10,38)
Blaine	(20,183)	(21,923)	(30,275)	(2,565)	(42,253)	(47,514)	(79,262)	(4,48)	(34,607)	(41,046)	(58,102)	(4,48)
Broadwater	(18,032)	(21,388)	(30,275)	(6,665)	(12,815)	(14,741)	(27,037)	(12,38)	(42,253)	(47,514)	(79,262)	(12,38)
Carbon	(25,608)	(28,797)	(48,039)	(1,247)	(171,520)	(297,032)	(638,443)	(2,00)	(16,034)	(27,037)	(32,506)	(2,00)
Cartier	(8,741)	(14,741)	(12,815)	(88,477)	(85,500)	(136,700)	(194,223)	(176,80)	(17,394)	(25,341)	(17,899)	(176,80)
Cascade	(92,554)	(160,281)	(344,511)	(19,994)	(15,500)	(828)	(44,482)	(12,19)	(171,520)	(297,032)	(638,443)	(12,19)
Chouteau	(44,976)	(71,909)	(102,169)	(6,768)	(34,455)	(63,492)	(172,777)	(37,36)	(85,500)	(136,700)	(194,223)	(37,36)
Custer	(18,350)	(33,814)	(92,016)	(3,812)	(29,889)	(62,069)	(108,909)	(6,30)	(34,455)	(63,492)	(172,777)	(6,30)
Daniels	(15,967)	(33,157)	(58,180)	(15,500)	(52,573)	(79,096)	(170,472)	(27,58)	(3,812)	(62,069)	(108,909)	(27,58)
Dawson	(29,244)	(43,998)	(94,827)	(15,500)	(828)	(39,949)	(44,482)	(17,899)	(52,573)	(79,096)	(170,472)	(17,899)
Deer Lodge	(6,642)	(21,539)	(23,983)	(4,328)	(12,319)	(39,949)	(44,482)	(132,165)	(12,319)	(39,949)	(44,482)	(132,165)
Fallon	(45,213)	(15,415)	(32,301)	(14,820)	(81,632)	(27,632)	(58,320)	(7,78)	(81,632)	(27,632)	(58,320)	(7,78)
Fergus	(32,384)	(47,274)	(112,750)	(14,820)	(60,459)	(88,272)	(210,532)	(26,24)	(60,459)	(88,272)	(210,532)	(26,24)
Flathead	(108,004)	(213,141)	(345,502)	(82,374)	(196,474)	(387,732)	(628,513)	(151,12)	(196,474)	(387,732)	(628,513)	(151,12)
Gallatin	(98,890)	(132,649)	(299,162)	(87,376)	(182,545)	(244,860)	(552,232)	(158,00)	(182,545)	(244,860)	(552,232)	(158,00)
Garfield	(9,347)	(13,618)	(9,599)	(599)	(17,394)	(25,341)	(17,899)	(1,06)	(9,599)	(17,394)	(25,341)	(1,06)
Glacier	(33,406)	(41,686)	(72,078)	(10,173)	(61,255)	(76,437)	(132,165)	(16,85)	(61,255)	(76,437)	(132,165)	(16,85)
Golden Valley	(4,067)	(4,404)	(8,275)	(369)	(7,437)	(8,052)	(15,131)	(56)	(7,437)	(8,052)	(15,131)	(56)
Granite	(8,052)	(14,598)	(22,993)	(1,434)	(15,340)	(27,810)	(43,802)	(2,44)	(15,340)	(27,810)	(43,802)	(2,44)
Hill	(50,178)	(69,935)	(141,500)	(21,108)	(93,063)	(129,706)	(262,436)	(36,55)	(93,063)	(129,706)	(262,436)	(36,55)
Jefferson	(44,768)	(49,578)	(122,721)	(2,205)	(88,343)	(97,835)	(242,172)	(3,93)	(88,343)	(97,835)	(242,172)	(3,93)
Judith Basin	(9,493)	(16,622)	(20,352)	(403)	(18,270)	(31,991)	(77)	(39,169)	(18,270)	(31,991)	(77)	(39,169)
Lake	(27,876)	(43,317)	(56,419)	(13,900)	(50,109)	(77,865)	(101,416)	(24,06)	(50,109)	(77,865)	(101,416)	(24,06)
Lewis & Clark	(67,538)	(111,862)	(265,512)	(73,807)	(122,714)	(203,249)	(482,424)	(138,71)	(122,714)	(203,249)	(482,424)	(138,71)
Liberty	(17,990)	(19,518)	(27,763)	(1,294)	(34,036)	(36,926)	(52,526)	(2,28)	(34,036)	(36,926)	(52,526)	(2,28)
Lincoln	(76,192)	(62,791)	(238,539)	(8,529)	(148,080)	(122,035)	(463,602)	(15,18)	(148,080)	(122,035)	(463,602)	(15,18)
Madison	(31,198)	(40,203)	(65,817)	(3,199)	(59,108)	(76,168)	(124,698)	(5,58)	(59,108)	(76,168)	(124,698)	(5,58)
McCone	(19,645)	(39,529)	(39,684)	(2,752)	(36,957)	(74,363)	(74,655)	(4,82)	(36,957)	(74,363)	(74,655)	(4,82)
Meagher	(8,101)	(11,292)	(9,865)	(1,576)	(15,385)	(21,446)	(18,734)	(2,80)	(15,385)	(21,446)	(18,734)	(2,80)
Mineral	(10,390)	(17,699)	(36,681)	(1,746)	(20,070)	(34,189)	(70,855)	(3,12)	(20,070)	(34,189)	(70,855)	(3,12)
Missoula	(228,293)	(441,411)	(769,399)	(153,702)	(437,181)	(845,302)	(1,473,398)	(280,13)	(437,181)	(845,302)	(1,473,398)	(280,13)
Musselshell	(19,154)	(20,476)	(16,497)	(2,770)	(30,388)	(32,485)	(26,171)	(4,34)	(30,388)	(32,485)	(26,171)	(4,34)
Park	(21,184)	(27,556)	(50,390)	(16,431)	(37,314)	(48,538)	(88,758)	(28,06)	(37,314)	(48,538)	(88,758)	(28,06)
Petroleum	(2,501)	(1,066)	(5,447)	(71)	(4,802)	(2,048)	(10,461)	(12)	(4,802)	(2,048)	(10,461)	(12)
Phillips	(35,050)	(29,105)	(44,984)	(5,716)	(64,820)	(53,826)	(83,193)	(9,68)	(64,820)	(53,826)	(83,193)	(9,68)
Pondera	(29,298)	(50,943)	(62,277)	(8,718)	(55,149)	(95,894)	(117,229)	(15,10)	(55,149)	(95,894)	(117,229)	(15,10)
Powder River	(18,687)	(12,631)	(19,508)	(1,452)	(35,931)	(24,286)	(37,510)	(2,57)	(35,931)	(24,286)	(37,510)	(2,57)
Powell	(14,181)	(22,536)	(47,727)	(4,807)	(25,397)	(40,361)	(85,474)	(7,28)	(25,397)	(40,361)	(85,474)	(7,28)
Prairie	(6,903)	(14,401)	(10,656)	(1,944)	(13,028)	(27,178)	(20,110)	(3,26)	(13,028)	(27,178)	(20,110)	(3,26)
Ravalli	(32,460)	(48,174)	(65,740)	(13,644)	(57,738)	(85,690)	(116,936)	(24,47)	(57,738)	(85,690)	(116,936)	(24,47)
Richland	(76,987)	(55,235)	(82,400)	(10,400)	(148,384)	(106,458)	(158,815)	(28,39)	(148,384)	(106,458)	(158,815)	(28,39)
Roosevelt	(41,426)	(35,886)	(66,126)	(7,128)	(74,995)	(64,966)	(119,711)	(18,37)	(74,995)	(64,966)	(119,711)	(18,37)
Rosebud	(87,501)	(13,576)	(53,409)	(4,371)	(171,720)	(26,634)	(104,814)	(77,66)	(171,720)	(26,634)	(104,814)	(77,66)
Sanders	(15,603)	(18,692)	(28,798)	(7,211)	(28,724)	(34,413)	(53,016)	(12,35)	(28,724)	(34,413)	(53,016)	(12,35)
Sheridan	(50,903)	(28,785)	(67,683)	(6,634)	(96,498)	(54,569)	(128,309)	(20,30)	(96,498)	(54,569)	(128,309)	(20,30)
Silver Bow	(45,824)	(108,809)	(219,343)	(223)	(86,450)	(205,288)	(413,832)	(111,554)	(86,450)	(205,288)	(413,832)	(111,554)
Stillwater	(28,703)	(41,827)	(62,446)	(6,395)	(52,222)	(76,101)	(113,615)	(34,05)	(52,222)	(76,101)	(113,615)	(34,05)
Sweet Grass	(8,387)	(14,520)	(21,849)	(2,784)	(14,864)	(25,733)	(38,722)	(14,05)	(14,864)	(25,733)	(38,722)	(14,05)
Teton	(28,624)	(50,070)	(64,206)	(5,117)	(53,271)	(93,182)	(119,491)	(14,30)	(53,271)	(93,182)	(119,491)	(14,30)
Toole	(44,407)	(38,869)	(55,964)	(8,409)	(83,255)	(72,873)	(104,923)	(14,33)	(83,255)	(72,873)	(104,923)	(14,33)
Treasure	(4,807)	(7,494)	(10,138)	(1,017)	(8,853)	(13,800)	(18,669)	(1,554)	(8,853)	(13,800)	(18,669)	(1,554)
Valley	(32,290)	(37,545)	(83,958)	(13,635)	(59,763)	(69,489)	(155,390)	(23,278)	(59,763)	(69,489)	(155,390)	(23,278)
Wheatland	(5,808)	(9,552)	(11,196)	(1,233)	(10,806)	(17,773)	(20,830)	(2,375)	(10,806)	(17,773)	(20,830)	(2,375)
Wibaux	(13,710)	(11,898)	(7,799)	(1,280)	(26,459)	(22,962)	(15,050)	(897,543)	(26,459)	(22,962)	(15,050)	(897,543)
Yellowstone	(329,335)	(504,851)	(881,612)	(222,272)	(610,616)	(936,038)	(1,634,588)	(97,543)	(610,616)	(936,038)	(1,634,588)	(97,543)
State Total	(2,354,496)	(3,204,483)	(5,728,624)	(1,005,672)	(4,401,444)	(5,971,488)	(10,682,773)	(1,622,773)	(4,401,444)	(5,971,488)	(10,682,773)	(1,622,773)

DATE 3/8/89 P2  
 BILL NO 50451  
 EXHIBIT NO 10



County	1992 Taxes			1993 Taxes			1993 Taxes		
	Totals Levied by State	Levied by County	Levied by Schools	Levied by State	Levied by County	Levied by Schools	Levied by Cities and Towns	Levied by Schools and Towns	
Beaverhead	(77,424)	(120,614)	(208,802)	(100,487)	(156,544)	(271,003)	(23,877)	(271,003)	
Big Horn	(345,822)	(272,641)	(205,825)	(459,631)	(362,387)	(273,577)	(23,096)	(273,577)	
Blaine	(57,102)	(62,046)	(84,916)	(75,591)	(82,108)	(112,372)	(18,900)	(112,372)	
Broadwater	(51,181)	(60,705)	(85,929)	(67,755)	(80,363)	(113,756)	(8,311)	(113,756)	
Carbon	(58,897)	(66,230)	(110,485)	(75,541)	(84,947)	(141,709)	(3,511)	(141,709)	
Carter	(23,326)	(39,334)	(34,197)	(30,618)	(51,630)	(44,887)	(9,511)	(44,887)	
Cascade	(250,486)	(433,782)	(932,375)	(329,451)	(570,532)	(1,226,308)	(353,444)	(1,226,308)	
Chouteau	(126,024)	(201,490)	(286,277)	(166,548)	(266,280)	(378,332)	(23,005)	(378,332)	
Custer	(50,561)	(93,170)	(253,539)	(66,666)	(122,848)	(334,301)	(72,111)	(334,301)	
Daniels	(43,810)	(90,980)	(159,638)	(57,732)	(119,891)	(210,367)	(11,300)	(210,367)	
Dawson	(75,901)	(114,194)	(246,117)	(99,230)	(149,293)	(321,763)	(51,766)	(321,763)	
Deer Lodge	(118,050)	(58,358)	(64,980)	(23,674)	(76,767)	(85,479)	(2,895)	(85,479)	
Fallon	(88,553)	(129,271)	(308,314)	(116,638)	(170,269)	(406,096)	(14,668)	(406,096)	
Fergus	(284,944)	(562,323)	(911,525)	(373,414)	(736,913)	(1,194,536)	(49,081)	(1,194,536)	
Flathead	(266,199)	(357,072)	(805,302)	(349,853)	(469,283)	(1,058,373)	(299,271)	(1,058,373)	
Gallatin	(89,104)	(111,188)	(192,252)	(33,490)	(48,791)	(34,462)	(2,000)	(34,462)	
Glacier	(10,806)	(11,700)	(21,986)	(14,176)	(15,349)	(252,339)	(30,211)	(252,339)	
Golden Valley	(22,627)	(41,021)	(64,611)	(29,914)	(54,233)	(85,420)	(4,455)	(85,420)	
Granite	(135,949)	(189,478)	(383,372)	(178,834)	(249,249)	(504,308)	(67,451)	(504,308)	
Hill	(131,918)	(146,093)	(361,624)	(175,493)	(194,350)	(481,076)	(7,399)	(481,076)	
Jefferson	(27,047)	(47,360)	(57,987)	(35,825)	(62,729)	(76,805)	(1,511)	(76,805)	
Judith Basin	(72,341)	(112,412)	(146,412)	(94,574)	(146,960)	(191,409)	(44,400)	(191,409)	
Lake	(177,890)	(294,635)	(699,336)	(233,066)	(386,021)	(916,248)	(268,553)	(916,248)	
Lewis & Clark	(50,081)	(54,333)	(77,288)	(66,127)	(71,741)	(102,050)	(4,271)	(102,050)	
Liberty	(219,967)	(181,279)	(688,664)	(291,855)	(240,523)	(913,727)	(28,484)	(913,727)	
Lincoln	(87,018)	(112,134)	(183,579)	(114,929)	(148,100)	(242,460)	(10,344)	(242,460)	
Madison	(54,269)	(109,197)	(109,626)	(71,581)	(144,032)	(144,597)	(8,971)	(144,597)	
Meagher	(22,669)	(31,599)	(27,604)	(29,953)	(41,752)	(36,474)	(5,266)	(36,474)	
Mineral	(29,749)	(50,679)	(105,029)	(39,429)	(67,169)	(139,203)	(5,871)	(139,203)	
Missoula	(646,069)	(1,249,192)	(2,177,398)	(854,956)	(1,553,083)	(2,881,397)	(533,000)	(2,881,397)	
Missoula	(41,621)	(44,493)	(35,846)	(52,854)	(56,554)	(45,521)	(7,500)	(45,521)	
Musselshell	(53,445)	(69,520)	(127,127)	(69,575)	(90,502)	(165,496)	(51,333)	(165,496)	
Park	(7,103)	(3,029)	(15,474)	(9,405)	(4,011)	(20,487)	(21)	(20,487)	
Petroleum	(94,591)	(78,548)	(121,401)	(124,361)	(103,269)	(159,610)	(17,622)	(159,610)	
Phillips	(81,000)	(140,844)	(172,180)	(106,851)	(185,794)	(227,131)	(27,871)	(227,131)	
Pondera	(36,175)	(35,942)	(55,512)	(47,597)	(73,514)	(73,514)	(4,822)	(73,514)	
Powder River	(36,612)	(58,185)	(123,222)	(47,828)	(76,009)	(160,969)	(12,244)	(160,969)	
Powell	(19,153)	(39,955)	(29,564)	(25,278)	(52,732)	(39,018)	(5,911)	(39,018)	
Prairie	(83,017)	(123,206)	(168,131)	(108,295)	(160,722)	(219,327)	(46,144)	(219,327)	
Ravalli	(219,780)	(157,681)	(235,230)	(291,176)	(208,904)	(311,645)	(34,373)	(311,645)	
Richland	(108,564)	(94,046)	(173,296)	(142,133)	(123,126)	(226,881)	(24,366)	(226,881)	
Roosevelt	(255,939)	(39,691)	(156,219)	(340,158)	(52,751)	(207,625)	(13,398)	(207,625)	
Sanders	(41,846)	(50,133)	(77,235)	(54,967)	(65,853)	(101,453)	(22,177)	(101,453)	
Sheridan	(142,093)	(80,352)	(188,935)	(187,689)	(106,136)	(249,561)	(20,400)	(249,561)	
Silver Bow	(127,086)	(301,767)	(608,321)	(167,717)	(398,246)	(802,810)	(22,095)	(802,810)	
Stillwater	(75,741)	(110,374)	(164,784)	(99,261)	(144,648)	(215,953)	(18,514)	(215,953)	
Sweet Grass	(21,341)	(36,946)	(55,595)	(27,818)	(48,158)	(72,467)	(2,857)	(72,467)	
Teton	(77,917)	(136,294)	(174,775)	(102,564)	(179,406)	(230,060)	(21,814)	(230,060)	
Toole	(122,104)	(106,877)	(153,882)	(160,952)	(140,880)	(202,841)	(27,377)	(202,841)	
Treasure	(12,899)	(20,107)	(27,201)	(16,944)	(26,413)	(35,732)	(2,622)	(35,732)	
Valley	(87,236)	(101,433)	(226,822)	(114,709)	(133,377)	(298,254)	(42,566)	(298,254)	
Wheatland	(15,804)	(25,993)	(30,465)	(20,802)	(34,213)	(40,099)	(13,741)	(40,099)	
Wibaux	(39,207)	(34,026)	(22,302)	(51,956)	(45,089)	(29,554)	(4,566)	(29,554)	
Yellowstone	(891,897)	(1,367,226)	(2,387,564)	(1,173,179)	(1,798,414)	(3,140,540)	(748,000)	(3,140,540)	
State Total	(6,448,393)	(8,738,492)	(15,636,594)	(8,495,341)	(11,505,496)	(20,590,579)	(3,456,971)	(20,590,579)	

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County	Total 90 - 93 Levied by (51 Mills)	Total 90 - 93 Levied by County	Total 90 - 93 Levied by Schools	Total 90 - 93 Levied by Cities and Towns
Beaverhead	(263,566)	(410,595)	(710,808)	(62,721)
Big Horn	(1,155,550)	(911,072)	(687,794)	(59,898)
Blaine	(191,548)	(208,062)	(284,752)	(50,061)
Broadwater	(171,575)	(203,502)	(288,060)	(21,765)
Carbon	(202,299)	(227,487)	(379,495)	(60,950)
Carter	(78,719)	(132,742)	(115,405)	(9,519)
Cascade	(844,010)	(1,461,628)	(3,141,637)	(883,853)
Chouteau	(423,048)	(676,379)	(961,002)	(59,644)
Custer	(170,032)	(313,325)	(852,633)	(184,215)
Daniels	(147,398)	(306,097)	(537,094)	(30,230)
Dawson	(256,948)	(386,581)	(833,179)	(134,533)
Deer Lodge	(60,632)	(196,613)	(218,925)	(7,443)
Fallon	(399,364)	(136,160)	(285,316)	(38,021)
Fergus	(298,044)	(435,086)	(1,037,693)	(127,801)
Flathead	(962,836)	(1,900,110)	(3,080,077)	(741,991)
Gallatin	(897,487)	(1,203,864)	(2,715,069)	(773,298)
Garfield	(85,674)	(124,815)	(88,159)	(5,203)
Glacier	(300,718)	(375,249)	(648,834)	(80,771)
Golden Valley	(36,485)	(39,504)	(74,234)	(2,658)
Granite	(75,933)	(137,662)	(216,827)	(11,772)
Hill	(458,023)	(638,368)	(1,291,616)	(177,134)
Jefferson	(440,522)	(487,856)	(1,207,593)	(19,190)
Judith Basin	(90,635)	(158,701)	(194,313)	(3,844)
Lake	(244,899)	(380,555)	(495,656)	(116,610)
Lewis & Clark	(601,209)	(995,767)	(2,363,521)	(684,673)
Liberty	(168,234)	(182,518)	(259,627)	(11,135)
Lincoln	(736,095)	(606,629)	(2,304,532)	(74,019)
Madison	(292,253)	(376,605)	(616,555)	(27,080)
McCone	(182,451)	(367,121)	(368,562)	(23,453)
Meagher	(76,108)	(106,089)	(92,677)	(13,688)
Mineral	(99,638)	(169,737)	(351,769)	(15,239)
Missoula	(2,166,498)	(4,188,988)	(7,301,592)	(1,373,411)
Musselshell	(144,017)	(153,957)	(124,035)	(20,547)
Park	(181,518)	(236,115)	(431,771)	(135,529)
Petroleum	(23,810)	(10,154)	(51,869)	(580)
Phillips	(318,822)	(264,748)	(409,188)	(46,689)
Pondera	(272,296)	(473,475)	(578,816)	(73,187)
Powder River	(178,210)	(120,456)	(186,044)	(12,556)
Powell	(124,018)	(197,091)	(417,392)	(34,108)
Prairie	(64,363)	(134,267)	(99,347)	(15,723)
Ravalli	(281,510)	(417,793)	(570,134)	(119,571)
Richland	(736,327)	(528,278)	(788,089)	(89,558)
Roosevelt	(367,118)	(318,025)	(586,015)	(62,981)
Rosebud	(855,318)	(132,641)	(522,067)	(36,668)
Sanders	(141,139)	(169,090)	(260,502)	(59,369)
Sheridan	(477,183)	(269,842)	(634,488)	(54,878)
Silver Bow	(427,082)	(1,014,110)	(2,044,306)	(1,974)
Stillwater	(255,926)	(372,950)	(556,797)	(56,907)
Sweet Grass	(72,412)	(125,357)	(188,634)	(22,661)
Teton	(262,375)	(458,951)	(588,532)	(42,387)
Toole	(410,718)	(359,499)	(517,610)	(71,560)
Treasure	(43,504)	(67,814)	(91,741)	(7,292)
Valley	(293,998)	(341,845)	(764,424)	(112,398)
Wheatland	(53,220)	(87,531)	(102,591)	(9,946)
Wibaux	(131,331)	(113,975)	(74,705)	(11,691)
Yellowstone	(3,005,027)	(4,606,529)	(8,044,304)	(1,940,712)
State Total	(21,699,674)	(29,419,959)	(52,638,406)	(8,925,295)

Amendments to Senate Bill No. 451  
Introduced (white) Reading Copy

March 6, 1989

1. Title, line 7.  
Strike: "SEVEN"  
Insert: "EIGHT"
2. Title, line 8.  
Following: "SIXTEEN;"  
Insert: "EXEMPTING CERTAIN PROPERTY FROM TAXATION;"
3. Title, lines 14 through 17.  
Following: "RATES;" on line 14  
Strike: remainder of line 14 through "RATES;" on line 17
4. Title, line 23.  
Strike: "17-7-502,"
5. Title, line 24.  
Strike: "20-9-343,"
6. Page 29, lines 13 through 19.  
Following: "~~value~~" on line 13  
Strike: remainder of line 13 through "thereafter" on line 19  
Insert: "8% of its market value"
7. Page 40, line 23.  
Strike: section 33 in its entirety  
ReNUMBER: subsequent sections
8. Page 52, line 3.  
Strike: section 40 in its entirety  
ReNUMBER: subsequent sections
9. Page 63, line 24.  
Strike: "45"  
Insert: "43"
10. Page 64.  
Following: line 5  
Insert: "(3) For fiscal year 1990, the department shall remit to the county treasurer in each county on or before May 31, 1990, 30% of the reimbursement amount provided as follows. The department shall estimate the reduction in revenue based on tax year 1989 taxable valuations and mill levies provided to the department by county assessors. The estimates must be based on the difference in the classification rates for tax years 1989 and 1990."  
ReNUMBER: subsequent subsections

## SENATE TAXATION

EXHIBIT NO. 11 p2  
DATE 3/8/89  
BILL NO. SB451

11. Page 64, line 8  
Strike: "80%"  
Insert: "130%"

12. Page 64, line 12.  
Strike: "15%"  
Insert: "65%"

13. Page 64, line 15.  
Strike: "15%"  
Insert: "65%"

14. Page 64, line 19.  
Strike: "130%"  
Insert: "210%"

15. Page 64, line 23.  
Strike: "65%"  
Insert: "105%"

16. Page 65, line 1.  
Strike: "65%"  
Insert: "105%"

17. Page 65, line 5.  
Strike: "230%"  
Insert: "300%"

18. Page 65, line 9.  
Strike: "115%"  
Insert: "150%"

19. Page 65, line 12.  
Strike: "115%"  
Insert: "150%"

20. Page 65, line 16.  
Strike: "330%"  
Insert: "360%"

21. Page 65, line 20.  
Strike: "165%"  
Insert: "180%"

22. Page 65, line 23.  
Strike: "165%"  
Insert: "180%"

23. Page 65, line 25 through page 66, line 10.  
Strike: subsection (7) in its entirety  
Re-number: subsequent subsections

24. Page 66, line 11.  
Strike: "1994"  
Insert: "1993"

SENATE TAXATION

EXHIBIT NO. 11 p3  
DATE 3/8/89  
BILL NO. SB 451

25. Page 66, line 14.  
Strike: "(7)(a) and (7)(b)"  
Insert: "(6)(a) and (6)(b)"
26. Page 66, line 16.  
Strike: "(3) through (8)"  
Insert: "(4) through (7)"
27. Page 66, line 20.  
Strike: section 47 in its entirety  
Renumber: subsequent sections
28. Page 67, line 22.  
Strike: section 48 in its entirety  
Renumber: subsequent sections
29. Page 68, lines 20 and 22.  
Strike: "45"  
Insert: "43"
30. Page 69, line 2.  
Strike: "45"  
Insert: "43"
31. Page 70, lines 6 and 7  
Following: "32," on line 6  
Strike: "34, 35, 41 through 44, 51, 52"  
Insert: "33, 34, 39 through 42, 47, 48"
32. Page 70, line 10.  
Strike: subsection (2) in its entirety  
Renumber: subsequent subsections
33. Page 70, line 12.  
Strike "36 and 38"  
Insert: "35 and 37"
34. Page 70, line 15.  
Strike: "36 and 38"  
Insert: "35 and 37"
35. Page 70, lines 16 and 19.  
Strike: "37 and 39"  
Insert: "36 and 38"
36. Page 70, line 20.  
Strike: "49(2)"  
Insert: "45(2)"
37. Page 70, line 22.  
Strike: "45, 49(1), and 50"  
Insert: "43, 45(1), and 46"

