

MINUTES

MONTANA SENATE  
51st LEGISLATURE - REGULAR SESSION

COMMITTEE ON TAXATION

Call to Order: By Senator Bob Brown, Chairman, on April 19, 1989, at 9:00 a.m.

ROLL CALL

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

Members Excused: None

Members Absent: Senator Harp

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

Announcements/Discussion: None

HEARING ON HOUSE JOINT RESOLUTION 45

Presentation and Opening Statement by Sponsor:

Representative Wallin, District 78, sponsor, said the resolution requests an interim study of the Montana motor vehicle and license fee system. He said car licensing has been discussed and changed so much that a study is needed to bring some coordination to the whole system. Currently, all the mill levies are different and you would pay a different amount of tax on your car in any given district in the state. In 1981 a flat fee system was passed which established fees based on the age and the weight of the car. However, problems developed in the oil rich counties and there was not a good return to the counties on their license fees under the block grant system. In the 1987 session, Senator Ed Smith introduced a bill to go back to the ad valorem system based on a 2% of the value of the car statewide. This system worked well with one exception. The NADA

car guide book only went back seven years and so cars older than that listing were being assessed as collectors items and were assessed at levels higher than new cars. Several bills have been passed this session to deal with some of the problems. However, the licensing system still needs a streamlining and the resolution provides for a study which would include surveying surrounding western states to see how they deal with licensing. License fees cost motorists in Montana close to \$40 million. The effect of the ad valorem system passed last session was to drop fees by \$16 million. Representative Wallin stressed it is time to take a long look at developing a system that is fair, easy to administer, and easy and comfortable for the public to use.

List of Testifying Proponents and What Group they Represent:

Tom Harrison, Montana Automobile Dealers Association  
Dennis Burr, Montana Taxpayers Association

List of Testifying Opponents and What Group They Represent:

None

Testimony:

Tom Harrison, MADA, said the consuming public has a great interest in this legislation. The Legacy Legislature had legislation of this nature as their second priority. He told of his own frustration in licensing his car and urged the committee to give serious consideration to the bill.

Dennis Burr, Montana Taxpayers Association, expressed support for the bill.

Questions From Committee Members:

None

Closing by Sponsor:

Representative Wallin closed.

DISPOSITION OF HOUSE JOINT RESOLUTION 45

Discussion:

None

Amendments and Votes:

None

Recommendation and Vote:

Senator Severson MOVED HJR 45 Be Concurred In. The motion CARRIED unanimously. Senator Severson will carry the resolution on the floor.

EXECUTIVE SESSION

DISPOSITION OF HOUSE JOINT RESOLUTION 13

Discussion:

Representative Ream, sponsor, said the metal mines tax and the freight line tax are collected once a year in March and those figures are in and can be provided to the committee for inclusion in the resolution if that is their wish. He pointed out natural gas production and revenues have been running higher than had been originally estimated in the resolution and those figures are also available at this time.

Senator Mazurek said it is his understanding that oil prices are up and he wondered if the current increases are consistent with what is reflected in the resolution in terms of well head price.

Judy Waldron, Legislative Fiscal Analyst's Office, said the the resolution reflects \$15, the current price is \$17. She said this is a temporary increase and does not need to be changed in the resolution.

Senator Eck asked about the metal mines tax and the freight lines earnings.

Judy Waldron said collections through March on the metal mines tax \$4,203,00. The freight line tax \$1,126,000

ROLL CALL

TAXATION

COMMITTEE

51st LEGISLATIVE SESSION -- 1989

Date 4/19/89

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

Each day attach to minutes.

SENATE STANDING COMMITTEE REPORT

April 19, 1939


MR. PRESIDENT:

We, your committee on Taxation, having had under consideration HJR 45 (third reading copy - blue), respectfully report that HJR 45 be concurred in.

Sponsor: Wallin (Hazard)

BE CONCURRED IN

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

  
Bob Brown, Chairman

**SENATE STANDING COMMITTEE REPORT**

April 19, 1989

**MR. PRESIDENT:**

We, your committee on Taxation, having had under consideration HJR 45 (third reading copy -- blue), respectfully report that HJR 45 be concurred in.

Sponsor: Wallin (Hazurek)

**BE CONCURRED IN**

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

*Bob Brown*

Bob Brown, Chairman

SENATE STANDING COMMITTEE REPORT BILL NO. HJR 13

April 19, 1989

MR. PRESIDENT:

We, your committee on Taxation, having had under consideration HJR 13 (third reading copy -- blue), respectfully report that HJR 13 be amended and as so amended be concurred in:

Sponsor: Ream (Harp)

1. Page 2, line 6.  
 Strike: "\$402,470,000"  
 Insert: "\$402,691,000"  
 Strike: "\$390,016,000"  
 Insert: "\$390,086,000"  
 Strike: "\$405,866,000"  
 Insert: "\$405,858,000"

2. Page 9, line 19.  
 Strike: "4.242000"  
 Insert: "4.203000"

3. Page 10, line 2.		
Strike: " <u>1.100000</u> "	<u>1.000000</u>	<u>1.100000</u> "
Insert: " <u>1.418000</u> "	<u>1.073000</u>	<u>1.092000</u> "

4. Page 10, line 4.  
 Strike: "1.184000"  
 Insert: "1.126000"

5. Page 10, line 10.		
Strike: " <u>\$402.470000</u> "	<u>\$390.016000</u>	<u>\$405.866000</u> "
Insert: " <u>\$402.691000</u> "	<u>\$390.086000</u>	<u>\$405.858000</u> "

AND AS AMENDED BE CONCURRED IN

Signed: Bob Brown  
 Bob Brown, Chairman

ROLL CALL VOTE

COMMITTEE TAXATION  
REPORT NO. 2  
DATE 4/19/89  
BILL NO. HB 293

SENATE COMMITTEE TAXATION

Date 4/19/89 Yancey Bill No. 293 Time \_\_\_\_\_

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

Jill Robyane  
Secretary

SENATOR BOB BROWN  
Chairman

Motion: by Senator Crrippen that HB 293 be tabled.

Carried



actual collection. Both collections are a bit lower than the estimates projected in the resolution. The natural gas is higher at \$1,121,000.

Terry Johnson recommended a revised figure for 1989 to \$1,418,000 for natural gas based on his revised assumptions and more current collection figures from the Department of Revenue. He also recommended revising the 1990 to \$1,073,000 and 1991 to \$1,092,000.

Amendments and Votes:

Senator Eck MOVED to amend the bill as per Mr. Johnson's recommendations as reflected in the standing committee report (Exhibit #1). The motion CARRIED unanimously.

Recommendation and Vote:

Senator Mazurek MOVED HJR 13 Be Concurred In As Amended. The motion CARRIED unanimously with Senator Norman absent.

DISPOSITION OF HOUSE BILL 293

Discussion: None

Amendments and Votes:

Senator Eck MOVED to amend the bill with a delayed effective date of December 31, 1990. The intent of the amendment is for the bill to become effective in the next biennium as opposed to this biennium.

Senator Brown expressed concern about the time available to get this through both Houses and to the Governor.

Senator Crippen said he felt we should wait until next session to enact the legislation. Since HB 293 will not be effective until the next biennium if the amended effective date passes, the committee will be better able to determine what the financial status is at that time.

Senator Brown pointed out the bill has been amended to a \$250,000 level from over \$3 million. One of the main provisions of the bill is to provide incentives and they are practically nonexistent at this level. Now we are going to amend it so that it is not effective until next biennium. He felt this is mostly an exercise in futility given those amendments.

Senator Eck felt the groups that have been working on this legislation have put in a great deal of quality time and effort and deserve to have some legislation as a result of their trouble. She said in the instance of this legislation, something is better than nothing.

Senator Gage agreed with Senator Brown and Senator Crippen and said we must address the serious problem of equalization at some point before the next session which give us a much clearer idea where we are financially for the next biennium. He also felt no action should be taken until the next session.

Recommendation and Vote:

Senator Crippen made a SUBSTITUTE MOTION TO TABLE HB 293.  
The motion CARRIED on a roll call vote (Exhibit #2).

ADJOURNMENT

Adjournment At: 10:00 a.m.

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

BB/jdr

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