

MINUTES

MONTANA HOUSE OF REPRESENTATIVES 52nd LEGISLATURE - REGULAR SESSION

COMMITTEE ON TAXATION

Call to Order: By DAN HARRINGTON, CHAIR, on January 29, 1991, at 9:00 a.m.

ROLL CALL

Members Present:

Dan Harrington, Chairman (D)
Bob Ream, Vice-Chairman (D)
Ben Cohen, Vice-Chair (D)
Ed Dolezal (D)
Jim Elliott (D)
Orval Ellison (R)
Russell Fagg (R)
Mike Foster (R)
Bob Gilbert (R)
Marian Hanson (R)
David Hoffman (R)
Jim Madison (D)
Ed McCaffree (D)
Bea McCarthy (D)
Tom Nelson (R)
Mark O'Keefe (D)
Bob Raney (D)
Ted Schye (D)
Barry "Spook" Stang (D)
Fred Thomas (R)
Dave Wanzenried (D)

Staff Present: Lee Heiman, Legislative Council
Lois O'Connor, Committee Secretary

Please Note: These are summary minutes. Testimony and discussion are paraphrased and condensed.

HEARING ON SB 61

An act clarifying the calculation of the Montana deduction allowed for a net operating loss deduction from a trade or business is limited to items related to Montana Income.

Presentation and Opening Statement by Sponsor:

SEN. CRIPPEN, Senate District 45, Billings, said SB 61 was submitted to the Revenue Oversight Committee during the interim. It deals with Montana's net operating loss. The net operating loss can be calculated only from items that are taxable in Montana. He explained the bill by example. If a person lives in

Idaho in 1989, and receives \$200,000 on the gain of securities during that year. Early in 1990, this individual moves to Montana and pays federal income tax on the \$200,000 that was received in Idaho. He has a loss when he files his 1990 Montana income tax because his federal income tax deduction has exceeded his Montana income. Under current law, the taxpayer can create a Montana tax operating loss carryforward because of the federal deduction. The carryforward can be used for future years. SB 61 will change that. Federal taxes credited to Montana income tax will be allowed to create a net operating loss. It has a retroactive applicability date of the taxable years beginning after December 31, 1990.

There was some concern in the Senate Taxation Committee about how it would affect the deduction and if it would be lost. They would not lose the deduction because the state from which they moved allowed the deduction. If they are going to take a Montana loss, the federal tax should be related to the income earned while a resident in Montana.

Proponents' Testimony:

Tom Harrison, Montana Society of CPAs, stood in support of SB 61.

Jeff Miller, DOR, said DOR had an incident occur that was like the example stated by SEN. CRIPPEN. DOR had a rule to address the situation. The taxpayer challenged the rule and the attorneys found out that the rule was ambiguous. We are hear to make the rule very explicit that the federal tax deduction allowed in calculating the Montana net operating loss has to be related to income that Montana has the ability to tax. This does not affect any existing deductibility of federal income tax from Montana residents. It only deal with this situation.

Opponents' Testimony: None

Questions From Committee Members: None

Closing by Sponsor:

SEN. CRIPPEN urged committee support.

HEARING ON HB 287

Presentation and Opening Statement by Sponsor:

REP. DARKO, House District 2, Libby, stated HB 287 separates the public safety funds in the county budgets from the General Fund. Public safety levies statewide make up 38% of the General Fund, and we spend \$40 million on law enforcement county wide throughout the state. It is the third largest expenditure for county governments. The General Fund are \$100 million statewide, roads are \$45 million statewide, and public safety is \$38 million. They want to use this as a cleaning process on how the

county levies are spent. It will compete with other funds out of the General Fund and draw attention to the cost of public safety concerns. It will raise no new taxes and cost no money.

She proposed an amendment. On Page 1, Line 14, strike "and to build"; on Line 15, after and, insert "to".

Proponents' Testimony:

Gordon Morris, Montana Association of Counties, stated HB 287 came to the committee by way of a resolution by MACO. The bill does not propose to increase property taxes. It proposes to take the single expenditure for public safety outside of the General Fund and have it stand alone as the other funds do. Public safety is the third largest expenditure made by counties.

EXHIBIT 1

Counties spent \$38.3 million dollars statewide in FY91 for public safety. The effect HB 287 would move the \$38 million from the General Fund and have it stand alone on the basis of a separate mill levy. This would come within the perimeter of I-105 and would not be a tax increase. The only way this could be increased is by the emergency election provisions in I-105. It gives the sheriff's department a stand alone basis for budgeting and accounting purposes. It was never the intention of the bill to use the levy to build detention facilities; this is the reason for the amendment.

Larry Fasbender, Cascade County, said the county supports the bill with the amendment. Problems are arising as far as public safety is concerned especially in regard to operation and maintenance of the jails not only on the county level but the state. The cost being incurred through building these facilities is increasing. Cascade County is proposing that this particular mill levy would be outside I-105. In Cascade County alone, the 25 mills that are levied only half is used to support public safety. They feel it necessary for additional funds to be found. He urged support of HB 287 with the proposed Cascade County amendments.

Tom Harrison, Montana Sheriff's and Peace Officer's Association, stated the sheriffs and peace officers are in favor of the bill; however, the problems arise when they need an emergency mill levy. As an example, he stated Lewis and Clark County needed an and passed a \$100,000 mill levy last year facing the same amount in this year. This money translates into a 30% reduction in retention costs including personnel if it were to not pass. The emergency levies can stand on their own. The detention problem is going to need more money and the Legislature must deal with the problem now or sometime in the near future.

Opponents' Testimony:

Donald Miller, citizen, stated I-105 was put in place to freeze taxes. Since then, state and county governments have been seeking ways and means to continue the rise in taxes. When are governments going to live within its means?

Questions From Committee Members:

REP. WANZENRIED stated if Flathead County were to remove these funds from the General Fund without capping the amount of money raised for the entire year, the General Fund could raise that amount, and asked Gordon Morris if this wouldn't represent a tax increase. Mr. Morris said no. Under I-105, regardless of the dollars that are levied, a county would have to levy for public safety and for the remaining portion of the General Fund if HB 287 were to not pass. REP. WANZENRIED asked what would be the advantage of separating the funds. Mr. Morris said the General Fund and the competition for the scarce funds is becoming increasingly difficult. It puts County Commissioners in a position where they have to make decisions between funding. This would eliminate this type of competition because these budgets will have to stand alone within the perimeters of I-105. The only way this levy could increase would be at the expense of other levies.

REP. HARRINGTON said if HB 287 were to pass, in Butte Silver Bow, public safety would get 3.21% more money and asked if this meant a decrease in another fund. Mr. Morris said yes. Butte-Silver Bow is currently levying 65 all purpose mills. They would have to fund the \$2.9 million for the sheriffs out of the aggregate mills.

REP. THOMAS asked what will the commissioners will do with the budget, will they disperse it within. Mr. Morris said the commissioners have authority over the budgets. They will go through on a line item by line item and approve the sheriff's budget as they do now.

REP. O'KEEFE asked in looking at the handout, would public safety in Lewis and Clark County get an additional 10.15%. Mr. Morris said no. If you are looking at Lewis and Clark County and the 10.15%, that represents the increase in expenditures authorized by the adopted budget between FY90 and FY91. REP. O'KEEFE said the committee respected I-105 and asked Don Miller if he thought the people had the right to vote as to whether they wanted better law enforcement. Mr. Miller said yes, but at the same time, it is being presented in the form of safety. Safety to many people has a different meaning. Government is coming into private lives on an increasing basis and the people are being taxed for it. When is government going to stay out of private lives? There is no language in HB 287 that states this will be put to a public vote. This is his objection. REP. HARRINGTON said HB 287 does

not raise taxes, so it does not have to go to vote of the people. If the amendments proposed by Cascade County are adopted, then it would have to go to the people.

REP. ELLISON asked if MACO supported the amendments. Mr. Morris said the Association has made an statement that the Association will not support any local option repeal authority for I-105 or any effort to drive additional holes in I-105; therefore, the Association opposes the amendments proposed by Cascade County.

REP. ELLISON asked if the separation of the public safety fund from the General Fund would make it easier for the counties to adopt an emergency mill levy. Mr. Morris said there would be a greater chance for the voters to add tax dollars to their property taxes specific to public safety services.

REP. GILBERT asked why the bill is needed if the County Commissioners have the authority now to increase the public safety fund by decreasing some other fund. Mr. Morris said the rationale for the bill is that the sheriff's department and the functions funded out of the department constitute a significant expenditure of county tax dollars to warrant having a separate levy for that purpose.

Closing by Sponsor:

REP. DARKO said we have a public demand to punish and detain people criminals. These are expenditures we cannot anticipate and pay for. With this demand from the people, they should be willing to pay for it. HB 287 focuses its attention on the demand for facilities on the local level. This is a tool for the local governments to draw attention of the increasing expense of law enforcement. She opposed the amendment offered by Cascade County.

HEARING ON HB 321

An act requiring that interest and penalties assessed and collected on certain taxes be deposited in the state General Fund.

Presentation and Opening Statement by Sponsor:

REP. REAM, House District 54, Missoula, stated there is a issue that needs to be addressed. When we collect revenues, we earmark that revenue for the different agencies. The issue is, if somebody is delinquent in paying their taxes, there are certain interest and penalties assessed. It cost the state money to assess the late fees, penalties, and audits. Should the interest and penalty money go to the state to pay for the costs or should they be prorated at the same rate the income tax is? HB 321 puts all interest and penalty money into the state General Fund.

The DOR has prepared some amendments are clarifying and technical. They do not change the intent of the bill. EXHIBIT 2

Proponents' Testimony: None

Opponents' Testimony: None

Questions From Committee Members:

REP. McCAFFREE asked where the revenues will be going. Jeff Miller, DOR, said 61% would go to the state General Fund, 11% would go to the debt service fund, and 25% goes to the special revenue fund for public schools. These are the corporate tax distributions. The income tax distribution for FY91 are 50% for the General Fund, 9.8% for the debt service fund, and 33% for the school fund. Under existing law this will change in the next tax year.

REP. FOSTER asked if the fiscal note is going to show the same percentages just presented. Mr. Miller said the fiscal note will show \$3.1 million is collected annually for interest and penalty payments which 1.8% goes into the General Fund, \$1 million into the foundation program, and .03% into the debt service.

REP. RANEY asked if all the money is going into the General Fund in the future, why is the bill needed. REP. REAM said he wasn't sure this will be the case in the future as there are bills introduced to earmark the percentages again. REP. RANEY asked why one FTE is required to do this. Jeff Miller, DOR, said the FTE is needed to change the program and this is one time only money. A programmer will have to devise the existing scheme of distribution in three major systems: the revenue control system, the department's system, and income tax processing system.

Closing by Sponsor:

REP. REAM said the bill deals with the policy area. HB 321 could be sat on depending on what happens in the committee this session. We have always had money earmarked to the foundation program and have added General Fund money to the top.

EXECUTIVE ACTION ON SB 61

Motion/Vote: REP. RANEY MOVED SB 61 BE CONCURRED IN. Motion carried unanimously.

Announcements:


CHAIR HARRINGTON sent HB 287 to the Property Tax Subcommittee and HB 321 to Income/Severance Tax Subcommittee.

ADJOURNMENT

Adjournment: 10:18 a.m.



DAN HARRINGTON, Chair



LOIS O'CONNOR, Secretary

DH/lo

HOUSE OF REPRESENTATIVES

TAXATION COMMITTEE

ROLL CALL

DATE

12/29/91

NAME	PRESENT	ABSENT	EXCUSED
REP. DAN HARRINGTON, CHAIRMAN	✓		
→ REP. BOB COHEN, VICE-CHAIRMAN	✓	✓	
→ REP. BOB REAM, VICE-CHAIRMAN	✓	✓	
REP. ED DOLEZAL	✓		
REP. JIM ELLIOTT	✓		
REP. ORVAL ELLISON	✓		
REP. RUSSELL FAGG	✓		
REP. MIKE FOSTER	✓		
REP. BOB GILBERT	✓		
REP. MARIAN HANSON	✓		
REP. DAVID HOFFMAN	✓		
REP. JIM MADISON	✓		
REP. ED MCCAFFREE	✓		
REP. BEA MCCARTHY	✓		
REP. TOM NELSON	✓		
REP. MARK O'KEEFE	✓		
REP. BOB RANEY	✓		
REP. TED SCHYE	✓		✓
REP. BARRY "SPOOK" STANG	✓	✓	
REP. FRED THOMAS	✓		
REP. DAVE WANZENRIED	✓		

HOUSE STANDING COMMITTEE REPORT

January 29, 1991

Page 1 of 1

Mr. Speaker: We, the committee on Taxation report that Senate Bill 61 (third reading copy -- blue) be concurred in .

Signed: _____
Dan Harrington, Chairman

Carried by: Rep.

Bob Roney

EXHIBIT

DATE 1-29-91

HB 287

FY 1991 COUNTY GENERAL FUND BUDGETS/1000

BUDGETED EXPENDITURES BY FUNCTION

COUNTY	GENERAL GOVERNMENTAL	PUBLIC SAFETY	PUBLIC WORKS	PUBLIC HEALTH	SOCIAL AND ECON. SERVICES	CULTURE AND RECREATION	MISCELLANEOUS AND OTHER	TOTAL BUDGETED EXPENDITURES	FY 1990 EXPENDITURES	PERCENT CHANGE
MUSSELSHELL	\$426,190	\$310,625	\$0	\$15,165	\$3,850	\$0	\$13,850	\$769,680	\$944,995	-22.78%
PARK	\$572,672	\$552,490	\$0	\$62,749	\$42,074	\$0	\$0	\$1,229,985	\$1,054,719	14.25%
PETROLEUM	\$152,300	\$34,300	\$1,300	\$5,400	\$3,800	\$4,000	\$15,500	\$216,600	\$208,855	3.58%
PHILLIPS	\$744,535	\$487,916	\$6,000	\$65,510	\$50,470	\$46,975	\$84,000	\$1,485,406	\$1,297,173	12.67%
PONDERA	\$690,763	\$373,000	\$0	\$77,014	\$5,000	\$1,200	\$200,684	\$1,347,661	\$1,175,724	12.76%
POWDER RIVER	\$570,434	\$279,470	\$173,141	\$96,321	\$78,970	\$87,120	\$17,074	\$1,302,530	\$1,238,405	4.92%
POWELL	\$545,834	\$333,756	\$0	\$16,343	\$6,600	\$4,000	\$9,000	\$915,533	\$883,144	3.54%
PRAIRIE	\$195,704	\$104,051	\$0	\$8,528	\$3,496	\$2,099	\$16,275	\$330,153	\$335,774	-1.70%
RAVALLI	\$1,038,479	\$900,725	\$0	\$168,889	\$20,160	\$2,000	\$185,431	\$2,315,684	\$2,207,646	4.67%
RICHLAND	\$1,083,465	\$592,684	\$0	\$117,216	\$4,500	\$5,508	\$64,698	\$1,868,071	\$1,863,933	0.22%
ROOSEVELT	\$989,854	\$1,035,351	\$0	\$96,209	\$9,000	\$0	\$95,000	\$2,225,414	\$2,222,389	0.14%
ROSEBUD	\$1,335,381	\$1,122,204	\$108,477	\$139,287	\$71,826	\$0	\$66,121	\$2,843,296	\$2,864,173	-0.73%
SANDERS	\$772,860	\$489,258	\$19,026	\$63,186	\$54,203	\$0	\$3,000	\$1,401,533	\$1,328,452	5.21%
SHERIDAN	\$764,838	\$449,750	\$18,000	\$34,872	\$59,213	\$72,600	\$5,000	\$1,404,273	\$1,397,120	0.51%
SILVER BOW	\$2,295,356	\$2,986,569	\$170,151	\$314,462	\$147,528	\$996,526	\$380,495	\$7,291,087	\$7,056,926	3.21%
STILLWATER	\$719,635	\$426,597	\$0	\$76,293	\$11,916	\$0	\$0	\$1,234,441	\$1,202,880	2.56%
SWEET GRASS	\$260,167	\$237,059	\$0	\$14,464	\$3,500	\$0	\$7,940	\$523,130	\$509,660	2.57%
TETON	\$477,594	\$342,281	\$0	\$63,402	\$4,400	\$0	\$103,707	\$991,384	\$861,746	13.08%
TOOLE	\$740,188	\$563,210	\$0	\$101,157	\$70,125	\$0	\$116,500	\$1,591,180	\$1,529,884	3.85%
TREASURE	\$234,669	\$81,313	\$12,075	\$9,651	\$2,000	\$13,150	\$7,030	\$359,888	\$312,648	13.13%
VALLEY	\$872,200	\$536,926	\$0	\$116,884	\$6,000	\$15,800	\$55,639	\$1,603,449	\$1,527,517	4.74%
WHEATLAND	\$236,719	\$176,090	\$0	\$3,500	\$5,300	\$0	\$10,000	\$431,609	\$411,856	4.58%
WIBAUX	\$498,264	\$166,427	\$7,900	\$35,365	\$2,000	\$24,720	\$525,524	\$1,260,200	\$1,317,796	-4.57%
YELLOWSTONE	\$3,941,112	\$4,162,543	\$208,006	\$47,737	\$0	\$0	\$525,550	\$8,884,948	\$8,461,602	4.76%
TOTAL	\$51,937,324	\$38,313,492	\$1,912,843	\$3,508,267	\$1,482,917	\$2,251,238	\$5,058,233	\$104,464,314	\$100,221,845	4.06%
% OF TOTAL	49.7%	36.7%	1.8%	3.4%	1.4%	2.2%	4.8%			
FY 90 TOTAL	\$50,072,882	\$35,908,101	\$2,330,531	\$3,587,363	\$1,537,632	\$2,243,755	\$4,541,581	\$100,221,845		
% CHANGE	3.6%	6.3%	-21.8%	-2.3%	-3.7%	0.3%	10.2%			4.1%

FY 1991 COUNTY GENERAL FUND BUDGETS/1000

BUDGETED EXPENDITURES BY FUNCTION

COUNTY	GENERAL GOVERNMENTAL	PUBLIC SAFETY	PUBLIC WORKS	PUBLIC HEALTH	SOCIAL AND ECON. SERVICES	CULTURE AND RECREATION	MISCELLANEOUS AND OTHER	TOTAL BUDGETED EXPENDITURES	FY 1990 EXPENDITURES	PERCENT CHANGE
BEAVERHEAD	\$868,471	\$477,665	\$0	\$30,769	\$8,600	\$0	\$0	\$1,385,505	\$1,357,206	ERR
BIG HORN	\$1,294,906	\$1,416,436	\$245,313	\$169,878	\$288,829	\$384,620	\$201,380	\$4,001,362	\$3,947,064	1.36%
BLAINE	\$753,860	\$376,060	\$0	\$94,418	\$5,000	\$18,900	\$0	\$1,248,238	\$1,246,133	0.17%
BROADWATER								\$0	\$655,268	ERR
CARBON	\$785,024	\$401,852	\$0	\$35,907	\$8,000	\$28,194	\$100,000	\$1,358,977	\$1,405,294	-3.41%
CARTER	\$402,050	\$98,300	\$0	\$14,214	\$4,500	\$0	\$0	\$519,064	\$492,450	5.13%
CASCADE	\$2,778,167	\$1,843,798	\$152,599	\$20,351	\$45,000	\$0	\$473,898	\$5,318,813	\$5,330,683	-0.22%
CHOUTEAU	\$617,300	\$494,791	\$0	\$85,850	\$3,000	\$0	\$106,000	\$1,306,941	\$1,233,571	5.61%
CLUSTER	\$709,553	\$343,514	\$0	\$136,565	\$10,000	\$0	\$0	\$1,199,632	\$1,131,755	5.66%
DANIELS	\$287,247	\$94,421	\$0	\$6,741	\$2,060	\$0	\$11,001	\$401,470	\$382,353	4.76%
DAWSON	\$708,505	\$309,341	\$85,370	\$216,600	\$39,200	\$23,250	\$2,850	\$1,385,116	\$1,340,834	3.20%
DEER LODGE	\$877,755	\$901,788	\$364,922	\$99,914	\$15,575	\$335,635	\$93,100	\$2,688,689	\$2,591,650	3.61%
FALLON	\$830,328	\$393,019	\$53,375	\$80,948	\$158,135	\$157,002	\$390,331	\$2,063,138	\$1,976,156	4.22%
FERGUS	\$711,193	\$509,632	\$0	\$101,673	\$8,000	\$0	\$16,500	\$1,346,998	\$1,227,987	8.84%
FLATHEAD	\$2,888,526	\$2,085,182	\$65,281	\$87,000	\$0	\$0	\$186,539	\$5,312,528	\$4,837,830	8.94%
GALLATIN	\$1,490,966	\$1,711,331	\$0	\$18,474	\$2,000	\$4,444	\$0	\$469,833	\$470,800	-0.21%
GARFIELD	\$347,720	\$95,195	\$0	\$80,922	\$49,392	\$700	\$136,180	\$2,033,860	\$1,592,723	21.69%
GLACIER	\$1,141,103	\$625,563	\$0	\$5,195	\$1,050	\$2,640	\$2,482	\$274,575	\$258,065	6.01%
GOLDEN VALLEY	\$193,856	\$69,352	\$0	\$8,040	\$0	\$0	\$0	\$576,801	\$492,293	14.65%
GRANITE	\$376,259	\$189,302	\$3,200	\$0	\$69,565	\$0	\$3,050	\$1,956,438	\$1,749,908	10.56%
HILL	\$1,223,638	\$654,005	\$0	\$6,180	\$5,000	\$0	\$24,249	\$1,435,033	\$1,364,636	4.91%
JEFFERSON	\$711,013	\$619,472	\$3,636	\$71,863	\$1,500	\$3,500	\$77,213	\$494,472	\$451,293	8.73%
JUDITH BASIN	\$276,294	\$116,650	\$5,200	\$14,115	\$10,000	\$0	\$20,700	\$1,929,789	\$1,850,146	4.13%
LAKE	\$1,152,950	\$741,830	\$0	\$4,309	\$0	\$0	\$469,013	\$4,025,828	\$3,617,228	10.15%
LEWIS & CLARK	\$1,668,620	\$1,873,988	\$14,207	\$0	\$36,619	\$1,685	\$7,400	\$602,871	\$569,495	5.54%
LIBERTY	\$326,803	\$227,854	\$0	\$2,510	\$0	\$0	\$0	\$2,509,871	\$2,499,178	0.43%
LINCOLN	\$1,086,083	\$1,206,975	\$10,500	\$206,313	\$38,136	\$0	\$120,900	\$1,423,345	\$1,332,234	6.40%
MADISON	\$485,828	\$513,226	\$0	\$65,255	\$2,500	\$0	\$8,451	\$365,463	\$583,602	1.66%
MCONE	\$123,818	\$123,818	\$14,835	\$58,714	\$1,800	\$0	\$0	\$377,140	\$377,140	-3.24%
MEAGHER	\$242,611	\$117,776	\$0	\$3,100	\$3,525	\$0	\$43,093	\$625,312	\$625,312	5.42%
MINERAL	\$356,344	\$225,367	\$0	\$32,845	\$0	\$0	\$4,850	\$8,494,736	\$7,996,760	5.86%
MISSOULA	\$5,612,963	\$2,706,394	\$170,529	\$0	\$0	\$0	\$0	\$0	\$0	\$0

AMENDMENTS
HB 321, AS INTRODUCED

EXHIBIT 2
DATE 1-29-91
HB 321

1. Title, line 6
Following: "FUND;"
Insert: "CLARIFYING THE ALLOCATION OF REFUNDS;"
2. Title, lines 7 through 8
Strike: "15-30-142, 15-30-179, 15-30-207, 15-30-321, 15-30-323, 15-31-503, 15-31-510, AND 15-31-543"
Insert: " 15-1-501, AND 15-31-702"
3. Page 1, line 12 through page 15, line 16
Strike: Sections 1 through 8 in their entirety
Insert: "Section 1. Section 15-1-501, MCA, is amended to read:
"15-1-501. (Effective July 1, 1990) Disposition of money from certain designated license and other taxes. (1) The state treasurer shall deposit to the credit of the state general fund all money received by him from the collection of:
(a) fees from driver's licenses, motorcycle endorsements, and duplicate driver's licenses as provided in 61-5-121;
(b) electrical energy producer's license taxes under chapter 51;
(c) severance taxes allocated to the general fund under chapter 36;
(d) liquor license taxes under Title 16;
(e) telephone company license taxes under chapter 53; and
(f) inheritance and estate taxes under Title 72, chapter 16.
(2) All money received from the collection of income taxes under chapter 30 of this title must be deposited as follows:
(a) 57% of the taxes in fiscal year 1990 and 50% of the taxes in fiscal year 1991, to the credit of the state general fund;
(b) 9.8% of the taxes in fiscal year 1990 and 8.7% of the taxes in fiscal year 1991, to the credit of the debt service account for long-range building program bonds as described in 17-5-408; and
(c) 33.2% of the taxes in fiscal year 1990 and 41.3% of the taxes in fiscal year 1991, to the credit of the state special revenue fund for state equalization aid to the public schools of Montana as described in 20-9-343-; and
(d) all interest and penalties to the credit of the state general fund.
(3) All money received from the collection of corporation license and income taxes under chapter 31 of this title, except as provided in 15-31-702, must be deposited as follows:
(a) 64% of the taxes in fiscal year 1990 and 61% of the taxes in fiscal year 1991, to the credit of the state general fund;
(b) 11% of the taxes in fiscal year 1990 and 10.5% of the taxes in fiscal year 1991, to the credit of the debt service account for long-range building program bonds as described in 17-5-408; and
(c) 25% of the taxes in fiscal year 1990 and 28.5% of the taxes in fiscal year 1991, to the credit of the state special

revenue fund for state equalization aid to the public schools of Montana as described in 20-9-343; and

(d) all interest and penalties to the credit of the state general fund.

(4) The state treasurer shall also deposit to the credit of the state general fund all money received by him from the collection of license taxes, fees, and all net revenues and receipts from all other sources under the operation of the Montana Alcoholic Beverage Code.

(5) After the distribution provided for in 15-36-112, the remainder of the oil severance tax collections must be deposited in the general fund.

(6) All refunds of taxes shall be attributed to the funds in which the taxes are deposited. All refunds of interest and penalties shall attributed to the funds in which the interest and penalties are deposited.

Section 2. "Section 15-31-702, MCA, is amended to read:

15-31-702. Distribution of corporation license taxes collected from banks or savings and loan associations. (1) All corporation license taxes, interest and penalties collected from banks and savings and loan associations shall be distributed in the following manner:

(a) 20% must be remitted to the state treasurer to be allocated as provided in 15-1-501(2); and

(b) 80% is statutorily appropriated, as provided in 17-7-502, for allocation to the various taxing jurisdictions within the county in which the bank or savings and loan association is located.

(2) The corporation license taxes, interest and penalties distributed under subsection (1)(b) shall be allocated to each taxing jurisdiction in the proportion that its mill levy for that fiscal year bears to the total mill levy of the taxing authorities of the district in which the bank or savings and loan association is located.

(3) "Taxing jurisdictions" means, for the purposes of this section, all taxing authorities within a county permitted under state law to levy mills against the taxable value of property in the taxing district in which the bank or savings and loan association is located.

(4) If a return filed by a bank or savings and loan association involves branches or offices in more than one taxing jurisdiction, the department of revenue shall provide a method by rule for equitable distribution among those taxing jurisdictions."

Renumber: subsequent section

4. Page 15, line 19
Following: "all"
Insert: "tax"

5. Page 15, line 20
Strike: "1991"
Insert: "1992"

-END-

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TAXATION

COMMITTEE

BILL NO. HB287

DATE 7/29/91

SPONSOR(S) Rep. DAKKO

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NAME AND ADDRESS	REPRESENTING	SUPPORT	OPPOSE
Larry Tashenda	Cascade County	✓	
Donald Miller			X
Gordon Morris	WACO	X	
Tom Hammon	Mont. Sheriff & Peace Officers ^{Assoc.}	X	
MARK LANGDOLF	AFSCME		

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NAME AND ADDRESS	REPRESENTING	SUPPORT	OPPOSE
Bob Turner	MT. Dept. of Revenue	X	
Jeff Miller	MT. DOR	✓	
Tom Harrison	MT. Society of CPAs	✓	

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