

MINUTES

MONTANA HOUSE OF REPRESENTATIVES 52nd LEGISLATURE - REGULAR SESSION

COMMITTEE ON TAXATION

Call to Order: By DAN HARRINGTON, CHAIR, on February 6, 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 70

An act clarifying that the officer or employee of a corporation responsible for collecting and paying withholding tax who fail to collect and pay the tax is liable to the state for the tax including all penalties.

Presentation and Opening Statement by Sponsor:

SEN. GAGE, Senate District 5, Cut Bank, stated SB 70 said that everything of significance that was stricken from the bill has been put back in. The big change is Page 2, Line 3, the word

"willfully" has been stricken. It now states that the officer or employee of a corporation, who has the duty to collect withholding taxes, and fails to pay the withholdings, is liable to the state for the amounts withheld and the penalty and interest due. These are trust funds and they should be liable if the withholdings are not paid.

Proponents' Testimony:

Denis Adams, DOR, said the Department supports the bill so that it will conform with the IRS statute as far as determining who is liable for payment of withholding taxes, and if they are not paying, who they can go with. If an employee or officer of a corporation is identified as liable for the taxes, that DOR could also have this. The word "willfully" presented a problem in that sometimes a person may have taken the money, but they couldn't prove that they "willfully" tried to evade paying the withholding taxes. The state consistently runs between \$3 and \$5 million in delinquent withholding taxes, much of which they are unable to collect under current statute. SB 70 would help in the collection efforts of the state.

Opponents' Testimony: None

Questions From Committee Members:

REP. STANG said suppose you have a corporation that has three stockholders (A, B, and C). (A) does the payroll and withholding, (B) and (C) have access to the checkbook. He asked **Denis Adams** what would happen if (B) and (C) cleared out the account. Would (A) be the person stuck with the payment of the withholdings? **Mr. Adams** said if (B) and (C) caused the problem, they would be the people the Department would go after.

REP. McCAFFREE asked if this bill included local governments. **Mr. Adams** said this is designed for corporations. There is another law that deals with individuals.

REP. NELSON said on federal withholdings over a small amount has to be deposited monthly and asked if this was true with the state policy. **Mr. Adams** said only 75 to 80 of the states largest employers have to make accelerated payments. The rest of them make the payment within 30 days after the end of the quarter.

Closing by Sponsor:

SEN. GAGE urged the committee's support.

HEARING ON HB 441

An act allowing the holder of a perfected security interest in a mobile home or housetrailer to file a notice to gain priority over tax liens.

Presentation and Opening Statement by Sponsor:

REP. PAVLOVICH, House District 70, Butte, said HB 441 is a continuation of the bill he had in the session two years ago dealing with mobile homes. He provided written testimony.
EXHIBIT 1

Proponents' Testimony:

Roger Tippy, Attorney, MMH and RVA, stated he has been retained by MMH and RVA to file a certain lawsuit related to this subject matter.

He explained the lawsuit and how it pertains to the bill. In 1978 a mobile home dealer in Lewistown sold a new mobile home to a family living north of Winnett. The people began living in it and making the payments. In the meantime, the dealer sold the papers to GreenTree Acceptance Corporation located in Missoula. The people were making their payments to the Corporation. In 1982 or 1983, the people stopped paying the personal property taxes to Petroleum County. They were not under obligation to pay the taxes since the mobile home stayed put. The taxes went delinquent over seven years. GreenTree began missing payments and had to repossess the mobile home last summer. When they went to pick it up and get the moving declaration to take it down the highway, the Treasurer told them that they had to pay seven years of back taxes on the unit. They paid it under protest and filed a declaratory judgment to challenge the Treasurer's actions. **Mr. Tippy** gave written testimony as to his reasons for filing the suit. **EXHIBIT 2**

Don Cape Sr., Ponderosa Homes Inc., stated his biggest concern is that a young couple will buy a mobile home, get a tax notice in September which is due in November. In November, they do not get a notice that their taxes are late and they forget. It is the finance company who gives them a late payment notice. It goes into the next year and again, no one says anything. A few years have now passed, and they get a notice that they owe \$2,500 in taxes. They could have paid the taxes yearly. Now they have a large tax due, and they have no place to get the money. The mobile home then becomes a repossession. The couples credibility has been ruined, and they no longer have a home. Some counties do give notices but others don't.

His company is a dealership not a finance company. A big percentage of their papers are sold to the finance companies. They sell the contract with the guarantee that, if there is a repossession, they will pay the contract off and pick the mobile home up. We take the loss and try to resell it. We not only have the tax problem; they also have the repair problem. Once the mobile home is repossessed, they people who live in it don't care what it looks like anymore. We get no relief from taxes.

Gene Farrens, GreenTree Acceptance, stated GreenTree Acceptance is a national company for manufactured housing. They are left with the burden of paying the taxes when they are not collected by the county. The end result is a loss of money. They are more than willing to contact the consumer and work with the counties to get the taxes paid.

Opponents' Testimony:

Sharon Lincoln, Rosebud County Treasurer, gave the committee a scenario of what the County Treasurers do. Within 30 days after assessment, the treasurers send the first half tax notice. If the first half isn't paid by the time the second half notice is sent, they put a stamp on the second half notice which states the that their payments as of September 30 is so much money. Her problem with the bill is that the time frame is very short. Going through the process of notifying the lien holders is inflexible because it doesn't give the Treasurers much of an opportunity to work with the people to get their taxes paid.

The problem with lien holders is the way moving debts are handled. When a mobile home comes into her county, the moving declaration is filled out by the dealer. This information goes to the Appraiser not the Treasurer's office. She would like to see the DOR put all the necessary information on the assessment when the Treasurer's office receives them.

When she is ready to send passed due notices, she has to make a list and send it to the Registrar's office and tell them to do a search. There is a 13 digit serial number on mobile homes. DOR dropped that down to 6. She cannot do a research through the Registrar's Bureau on a six digit serial number. She doesn't have the flexibility to work with the people who are delinquent of their taxes.

Kevan Bryan, Yellowstone County Treasurer, stated the thought of a special interest gaining superior position to a taxing jurisdiction is a dangerous precedent and a poor tax policy. Their requirement is that a County Treasurer notify all parties with a perfected security interest in the property. This policy is vague in its timing and would be very costly.

He gave an example of what they face in Yellowstone County. In 1989 and 1990, they issued 4,800 mobile home statements. If we were to notify all secured lien holders at the time we send out the pass due notices, which are done 15 days after the first half would be due, we would have to research 1,700 titles to find who the lien holders are. We follow up in 30 days with a writ of execution to the sheriff. This is followed by a sheriff's letter. When all is done, we end up posting 20 mobile homes for sale. Before a sheriff's letter is issued, all lien holders on the Department of Justices system are contacted.

Some mobile homes are abandoned, vandalized, trashed, partially burned, or they disappear because someone has pulled it out without a moving permit. A sheriff's sale is no guarantee that they will get a willing buyer. There are bankruptcies, divorces, and estates they must deal with. Ninety days does not allow enough time for any of these contingencies.

The GreenTree Acceptance led County Treasurers to believe that they would work with them. All they ask is that GreenTree tell them who owns what so that the Treasurers don't have to search for 6,000 titles for mobiles every year. Counties cannot pick and choose whom they issue a tax statement to. Potential lien holders do have a choice to determine credibilities and to decide whether a loan is appropriate. The Treasurer's can not and must not be put in a position of debt collector or to spend tax dollars to help certain individuals contain their bad debt exposure.

Cort Harrington, County Treasurers Association, stated HB 441 deals with the collection of taxes on mobile homes that are not taxed as real property. The collection of those taxes is covered by Title 15, Chapter 24, Part 2. The first two sections of HB 441 deal with other personal property taxes and insert their application to mobile homes. Section 1 requires County Treasurers to give notice to lien holders when taxes have become delinquent. This is a burden on the County Treasurers because they do not have any indication in their office about who the lien holders are. It leads to work to identify the lien holders.

The bill give the owner a security interest in a mobile home priority over a tax lien. Nothing else has a priority over a tax lien. If a person has real property, the taxes are have priority over any mortgage. Personal property taxes have a prior lien on the real property. He urged the committee to not pass HB 441.

Questions From Committee Members:

REP. COHEN stated if he had a mortgage on his home, he is required by the mortgage holder to have an escrow. The purpose of the escrow is to cover his taxes and insurance. He doesn't receive interest on the escrow. The mortgage company is getting the money. He asked **Gene Farrens** if Greentree has considered establishing a escrow account for those clients. **Mr. Farrens** said he doesn't have an answer. He believes it has to do with the type of finance produced in that there is a difference between a contract and mortgage. **REP. COHEN** asked **Cort Harrington** if there were any purchases of mobile homes where the financier doesn't set up an escrow to pay the taxes. **Mr. Harrington** said he talked to the County Treasurer in Fergus County, and she indicated that there are banks in Lewistown that gives loans on mobile homes. They do have the escrow set up and they call every November and say we have three mobile homes, how are the taxes? If the taxes are not paid, they get paid very

quickly through the lending institution.

REP. THOMAS asked **Don Cape** to expand on **REP. COHEN'S** question. **Mr. Cape** said they work with the DOR. It is not a moving permit but a declaration of movement which tells the County Treasurer to give the lien holder list to the Assessor. The County Assessor keeps it in their file for a record. They have an address and the County Assessor can locate them. It asks to identify the lien holder. The Assessors have the name of the lien holder because it is automatically on the list. He talked with the banks about an escrow; and because it is not a real estate mortgage but a security agreement, there is some terminology in the federal law that they do not get into them. Some go into Title 2, these then become an escrow.

REP. STANG asked **Gene Farrens** why GreenTree want the Treasurers to do their job. **Mr. Farrens** said their position is that they are not asking anyone to do their jobs. They are asking the Treasurers to do their job which is to collect taxes. GreenTree's job is to collect payments on the loans. **REP. STANG** said GreenTree is the one who has the security on the property not the County, and he feels it is their job to collect the taxes. **Mr. Farren** said the difference is that you are trying to distinguish between real estate and personal property. A mobile home is personal property not real estate.

REP. REAM said HB 441 does different things and asked **Cort Harrington** if he opposed the whole bill or just parts of it. **Mr. Harrington** said there are parts that are all right. **REP. REAM** said GreenTree operates nation wide. The problem must come up in other states and asked how other states handle this. **Mr. Harrington** said he would get back to the committee with that information.

Closing by Sponsor:

REP. PAVLOVICH said it was May Jenkins from Yellowstone County that introduced the bill. She was the County Treasurer and thought it was her job to do this. It is the County Treasurer's job to collect the taxes. This bill tries to correct this. **REP. PAVLOVICH** introduced some amendments that would address the problems stated in the testimony. **EXHIBIT 3** first amendment would take care of the holder of a security interest in a mobile home or housetrailer. The second amendment will take care of the vehicle identification numbers that need to be furnished to the Treasurer.

HEARING ON HB 392

Presentation and Opening Statement by Sponsor:

REP. HOFFMAN, House District 74, Sheridan, stated HB 392 is a cost cutting measure. According to statute, tax appeal boards

are required to meet every third Monday in April of each year to hold their organizational meetings to hear taxpayer protests. Often time on the third Monday in April, the tax appeal boards do not have any hearing set to review, but statute requires that they meet. This legislation would eliminate the requirement that they meet on the third Monday of April in every year. It would require that they have their organizational meeting at the time when they first have their hearing meeting. It may be anytime. The result would be to eliminate costs of requiring that the meeting be held on the third Monday in April. We are not talking about much money. The tax appeal boards favored this measure. The amendments are to clarify language on Page 2.

Proponents' Testimony:

John McNaught, State Tax Appeals Board, said he pays the members of the Tax Appeals Board \$45 a session whether they work five minutes or all day long. The meeting in April is usually to elect a chairman which takes five minutes. The cost savings, in this case, would be \$7,560 (168 board members x \$45), plus mileage, and a secretary. It is a cost saving bill.

Opponents' Testimony: None

Questions From Committee Members: None

Closing by Sponsor:

REP. HOFFMAN urged the committee's support.

EXECUTIVE ACTION ON HB 392

Motion: **REP. M. HANSON** MOVED HB 392 DO PASS.

Motion: **REP. REAM** moved to amend HB 392. Motion carried unanimously. **EXHIBIT 4**

Discussion:

REP. STANG said as a former member of the Tax Appeal member, who was new, he saw the value of having the firsttime meeting. They don't just elect a chairman. They also learned the ins and outs of tax appeals and how they had to be filed. The \$7,500 cost is well outweighed by the learning experience.

REP. O'KEEFE said he was reading Section 2. After following the new language, it states "the Tax Appeal Board must meet the third Monday in April of each year". **REP. HOFFMAN** said that would be stricken under the amendments.

REP. HOFFMAN responded to **REP. STANG'S** concerns. He stated that there was no reason that a new member couldn't participate in the organizational hearing. All it does is eliminate the requirement that the meeting be held on the third Monday in April of each

year. It still requires an organizational hearing except that it will the day that they have a hearing set. REP. STANG said that an organizational meeting could be held at any time, but then you would have to have a meeting for the hearings the next day.

ACTION ON HB 392 WAS SUSPENDED UNTIL AFTER THE HEARING ON SB 26.

HEARING ON SB 26

An act to revise the authority of the board of investments to invest the permanent coal tax trust fund into the Montana economy.

Presentation and Opening Statement by Sponsor:

REP. MANNING, Senate District 18, Great Falls, provided written testimony. EXHIBIT 5

Proponents' Testimony:

F. H. "Buck" Boles, Montana Chamber of Commerce, stated the Chamber supported this bill in the Senate. SB 26 provided an incentive program for the small business.

Opponents' Testimony: None

Questions From Committee Members:

REP. COHEN asked if anyone has heard from the Board of Investments, and if not, he would direct his questions to SEN. MANNING. REP. COHEN said it was his understanding that the way the Montana capital company's legislation is written was used in a manner not conceived by the Legislature when we created that act. There has been a question about amending it and asked if SEN. MANNING was aware of the problems he was talking about. SEN. MANNING said the Supreme Court found out that there were problems and made some recommendations and suggestions. Those became the reasons for this bill and they will be corrected. REP. COHEN said SB 26 allows the Board of Investments to invest up to 25% of the coal tax trust fund into the Montana economy, and asked why doesn't "require" the Board of Investments to invest up to 25%. SEN. MANNING according to Dave Lewis, DOR, was that they were unable to get 25% of the coal trust fund invested. They tried but were not successful. There was an amendment in the Senate which would have "required" them to invest, but it was defeated soundly.

Referring to Number 5 of the fiscal note, REP. COHEN asked why the loan loss reserves were not returned to the trust instead of the General Fund. SEN. MANNING said Dave Lewis, DOR, could answer that but he was not present.

Closing by Sponsor:

SEN. MANNING said the passage of SB 26 could create jobs in Montana because the small business are always looking for tax incentives to create jobs. He urged the committee's support and asked that REP. M. HANSON carry the bill.

Announcements: CHAIR HARRINGTON said SB 26 would be referred to the Income/Severance Tax Subcommittee and HB 441 to the Property Tax Subcommittee.

EXECUTIVE ACTION ON SB 70

Motion/Vote: REP. STANG MOVED SB 70 BE CONCURRED IN. Motion carried unanimously.

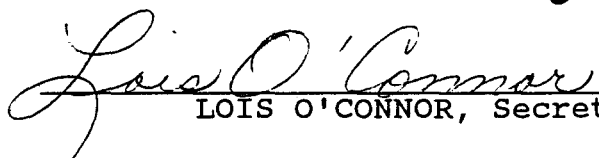
EXECUTIVE ACTION ON HB 392

Motion/Vote: REP. FAGG MADE A SUBSTITUTE MOTION THAT HB 392 DO PASS AS AMENDED. Motion carried 19 to 2 with REPS. STANG and ELLIOTT voting no.

ADJOURNMENT

Adjournment: 10:25 a.m.


DAN HARRINGTON, Chair


LOIS O'CONNOR, Secretary

DH/lo

HOUSE OF REPRESENTATIVES

TAXATION COMMITTEE

ROLL CALL

DATE 2/6/91

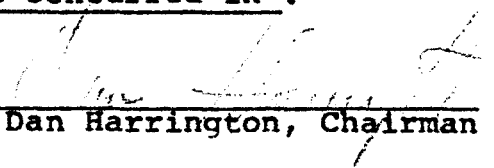
NAME	PRESENT	ABSENT	EXCUSED
REP. DAN HARRINGTON	✓		
REP. BEN COHEN, VICE-CHAIRMAN	✓		
REP. BOB REAM, VICE-CHAIRMAN	✓		
REP. ED DOLEZAL	✓		
REP. JIM ELLIOTT	✓	✗	
REP. ORVAL ELLISON	✓		
REP. RUSSELL FAGG	✓		
REP. MIKE FOSTER	✓		
REP. BOB GILBERT	✓	✗	
REP. MARIAN HANSON	✓		
REP. DAVID HOFFMAN	✓		
REP. JIM 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

February 6, 1991

Page 1 of 1

Mr. Speaker: We, the committee on Taxation report that Senate Bill 70 (third reading copy -- blue) be concurred in .

Signed: 
Dan Harrington, Chairman

Carried by: Rep. Stang

2-6-91
JDB

HOUSE STANDING COMMITTEE REPORT

February 6, 1991

Page 1 of 1

Mr. Speaker: We, the committee on Taxation report that House Bill 392 (first reading copy -- white) do pass as amended .

Signed: [Signature]
Dan Harrington, Chairman

And, that such amendments read:

1. Page 2, lines 7 through 10.

Strike: "The" on line 7 through "revenue." on line 10

2. Page 2, line 11.

Strike: "for that purpose"

Following: "to time"

Insert: "to hear protests concerning assessments made by the
department of revenue"

Introduction of HB 441
by
Representative Bob Pavlovich
House Taxation Committee 2/6/91

EXHIBIT 1
DATE 2-6-91
HB 441

OPENING

I am introducing HB 441 today at the request of the Montana Manufactured Housing and RV Association. The purpose of the bill is to address the problem of manufactured home dealers having to pay back taxes when a mobile home or housetrailer is unfortunately repossessed.

Section 1 amends the law on personal property tax collection. Under existing law, the treasurer is supposed to write down in their assessment book the fact that taxes on some items of personal property were not collected, and the reason why not. But the existing law stops there and does not say what should happen next. This bill remedies the problem and has the treasurer take steps to collect the tax within 90 days of writing this statement in the assessment book.

As described in Section 2, HB 441 also modifies existing law to say that the taxes someone owes on a mobile home or housetrailer are the individuals first debt priority. All this does is treat mobile homes the same as other types of real property are now treated.

Section 3 ties in to the treasurer's duty, under existing law, to report delinquent personal property taxes in the assessment book, and puts a time frame on this duty. This has a two-month grace period from the due date of the second payment. It also allows someone who needs to repossess and move a mobile home to get a moving declaration without paying many years of back taxes, which sometimes happens under existing law.

Section 4 clarifies that this moving declaration can be issued without paying back taxes unless the treasurer has notified the lender that taxes were getting delinquent.

Finally, Section 5 sets a 3-year limit on the length of time taxes can go delinquent and collected from the lender. There may be reasons why the county would let these taxes go more than 3 years once in a while--but that's as long as they usually carry real property in a delinquent status before taking it for back taxes.

PROPONENTS

Here to provide support and technical analysis of this bill is Roger Tippy.

1 14. Defendant Coffey, as treasurer, noted, or should have
2 noted, in the Petroleum County assessment book, each year the
3 taxes on the Sandmans' mobile home were not paid, the fact of
4 and reason for his failure to collect such taxes. This duty
5 is set forth in 15-16-115, MCA:

6
7 (1) On or before December 1 of each year,
8 the treasurer shall note on the assessment
9 book, opposite the name of each person from
10 whom taxes have been collected by him in
11 pursuance of the report of the assessor,
12 the amount of taxes received and the date
13 of receipt.

14 (2) If the taxes have not been collected,
15 the treasurer shall note in the assessment
16 book the reason why collection was not
17 made.

18 15. Defendant Coffey, acting as the agent of the
19 Department of Revenue (DOR) in Petroleum County, knew, or
20 should have known by looking in the assessment book, that the
21 personal property taxes were delinquent on the Sandman mobile
22 home after 1983. The agent of the DOR should have determined
23 whether the Sandmans possessed real property in Petroleum
24 County sufficient to secure the payment of the delinquent
25 taxes; upon discovering that the Sandmans did not possess
sufficient real property, the agent of the DOR notified, or
should have notified, the treasurer pursuant to 15-16-111 (1),
MCA:

It is the duty of the department of revenue

1 or its agent, upon discovery of any person-
2 al property in the county the taxes upon
3 which are not a lien upon real property
4 sufficient to secure the payment of such
5 taxes, to immediately and in any event not
6 more than 5 days thereafter make a report
7 to the treasurer, setting forth the nature,
8 kind, description, and character of such
9 property in such a definite manner that the
10 treasurer can identify the same, the amount
11 and assessed valuation of such property,
12 where the same is located, the amount of
13 taxes due thereon, and the name and address
14 of the owner, claimant, or other person in
15 possession of the same.

9 Defendant Coffey as treasurer must be charged with receiving
10 such notice from himself in his capacity as agent of the DOR
11 in Petroleum County.

12 16. Upon receiving notice of delinquent taxes on the
13 Sandman mobile home, defendant Coffey's duties as county
14 treasurer were as prescribed by 15-16-113 (1), MCA:

15
16 The county treasurer shall collect taxes on
17 all personal property and, in the case
18 provided in 15-16-111, shall immediately
19 upon receipt of the notice prescribed by
20 15-16-111 notify the person or persons
21 against whom the tax is assessed and any
22 person who has a properly perfected
23 security interest of record with the
24 department of justice that the amount of
25 the tax is due and payable at the county
treasurer's office. [emphasis added]

22 17. At no time between the first delinquency in 1983 and
23 the summer of 1990 did defendant Coffey, as treasurer, notify
24 plaintiff Green Tree, as holder of a properly perfected
25 security interest in the Sandmans' mobile home, on file with

Amend HB441, first reading bill

Section 2, page 6, line 8

following: line 7

insert: "(g) The holder of a security interest in a mobile home or housetrailer which interest has been perfected under article 9 of the uniform commercial code shall furnish the treasurer a photocopy of the instrument filed with the appropriate officer to perfect the interest in satisfaction of items (a) through (e) of this subsection."

Section 3, page 8, line 7

following: "due."

insert: "The owner shall furnish the treasurer the vehicle identification number of the mobile home or housetrailer with the first payment."

EXHIBIT 4
DATE 2-6-91
HB 392

Amendments to House Bill No. 392
First Reading Copy

Requested by Rep. Hoffman
For the Committee on Taxation

Prepared by Lee Heiman
February 5, 1991

1. Page 2, lines 7 through 10.
Strike: "The" on line 7 through "revenue." on line 10
2. Page 2, line 11.
Strike: "for that purpose"
Following: "to time"
Insert: "to hear protests concerning assessments made by the
department of revenue"

DEPARTMENT OF COMMERCE
BOARD OF INVESTMENTS

EXHIBIT
DATE 2-6-91
HB SB-26



STAN STEPHENS, GOVERNOR

CAPITOL STATION

STATE OF MONTANA

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SENATE BILL 26

Background:

Senate Bill 26 originated from discussions the Board of Investments had with the Legislative Audit Staff during the annual audit in the summer of 1989. The audit staff pointed out the need to revise the coal tax loan statutes to reflect:

- 1) the Supreme Court decision that found the Board's loan guarantee program unconstitutional,
- 2) the need to establish legislative authority to apply the job creation interest rate credit to all coal tax loans,
- 3) and the need to establish in statute a maximum size for coal tax loans.

As a result of these discussions, the Board approached the Coal Tax Oversight Subcommittee and initiated discussions concerning management of the loan program. These discussions with the subcommittee led to Senate Bill 26.

Discussion of Sections

Sections 1 through 4

These sections are amended only to reflect the elimination of the guarantee program found unconstitutional by the Supreme Court and to coordinate statutory references.

Sections 5 and 6

These sections eliminate the old In-State Investment Fund and recognize that the Board should endeavor to invest up to 25 percent of the total Permanent Trust Fund in the Montana economy. The effect of this change is to statutorily recognize what the Board established by policy. The statutory change will allow the Board to apply the reduced rate of interest to a larger number of loans. The current In-State Investment Fund totalled \$68 million as of June 30, 1991. This bill would have increased that to \$112 million as of June 30. The Board had \$44.5 million of commercial loans outstanding as of December 30, 1990. That amounted to \$37 million in the In-State Funds and \$8.5 in the rest of the Coal Trust Fund.

EX. J
2-6-91
SB 26

Sections 7 and 8

This eliminates the guarantee provisions found unconstitutional and revises the language of the sections to reflect the change in terminology proposed in the previous sections.

Section 9

This establishes the limit for a single loan at one percent of the total trust. This would limit a loan to \$4.6 million at the current time. Larger loans could be made if they were booked in other funds, but the reduced interest rate could only be applied to the amount booked in the Coal Trust Fund.

Section 10 through 16

These sections revise references to the In-State Fund in related statutes.

Section 17

This section provides statutory authority for the job credit interest rate reduction the Board has established. The intent of this program is to create jobs in Montana by allowing a .05 percent interest rate reduction for each qualifying new job created in the state. The maximum interest rate reduction is 2.50 percent.

Section 18

This is a new section suggested by the Coal Tax Oversight Subcommittee and designed to provide an incentive to lenders to originate small loans for sale to the Board. This provides the lender with an additional .5 percent service fee for loans smaller than .05 percent of the trust (currently about \$225,00). The Board is not normally offered loans of that size as most lenders would prefer to keep those in their own portfolio.

HOUSE OF REPRESENTATIVES
VISITOR'S REGISTER

Taxation COMMITTEE BILL NO. HB 441
DATE 2/6/91 SPONSOR(S) Rep. Paulsen

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NAME AND ADDRESS	REPRESENTING	SUPPORT	OPPOSE
Roger Tippy	MMH & RVA	X	
Don Cape La	Landmark Home Inc	X	
Gene FARREN	Green Tree Acceptance	X	
Bonnie Tippy	MMH & RVA	X	
Carl Harrington	County Treasurers Ass		X
Neva-Brya-	Yellowstone County Treas.		X
Stuart Daggett	Mt. Manufactured Housing RVA ASSOC.	X	
Sharon Linsen	Residual Co. Inc.		X

PLEASE LEAVE PREPARED TESTIMONY WITH SECRETARY. WITNESS STATEMENT FORMS
ARE AVAILABLE IF YOU CARE TO SUBMIT WRITTEN TESTIMONY.

**HOUSE OF REPRESENTATIVES
VISITOR'S REGISTER**

Taxation COMMITTEE BILL NO. HB 392
DATE 2/6/91 SPONSOR(S) Rep. Hoffman

PLEASE PRINT

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[illegible]

PLEASE LEAVE PREPARED TESTIMONY WITH SECRETARY. WITNESS STATEMENT FORMS ARE AVAILABLE IF YOU CARE TO SUBMIT WRITTEN TESTIMONY.

HOUSE OF REPRESENTATIVES

VISITOR'S REGISTER

TAXATION COMMITTEE BILL NO. SB 26

DATE 2/6/91 SPONSOR(S) SEN. MANNING

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[illegible]

PLEASE LEAVE PREPARED TESTIMONY WITH SECRETARY. WITNESS STATEMENT FORMS ARE AVAILABLE IF YOU CARE TO SUBMIT WRITTEN TESTIMONY.

HOUSE OF REPRESENTATIVES
VISITOR'S REGISTER

Taxation COMMITTEE BILL NO. SB 70
DATE 2/6/91 SPONSOR(S) Sen. Jage
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NAME AND ADDRESS	REPRESENTING	SUPPORT	OPPOSE
Dennis Adam	DOR		

PLEASE LEAVE PREPARED TESTIMONY WITH SECRETARY. WITNESS STATEMENT FORMS
ARE AVAILABLE IF YOU CARE TO SUBMIT WRITTEN TESTIMONY.