

MINUTES

MONTANA HOUSE OF REPRESENTATIVES 52nd LEGISLATURE - REGULAR SESSION

COMMITTEE ON TAXATION

Call to Order: By DAN HARRINGTON, CHAIR, on March 26, 1991, at 7:00 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.

Announcements/Discussion: CHAIR HARRINGTON said that the Taxation Committee would meet at 8:00 a.m., Wednesday, March 27, 1991, to take Executive Action.

EXECUTIVE ACTION ON HB 781

Motion: REP. COHEN MOVED HB 781 DO PASS.

Motion: REP. COHEN moved to amend HB 781. EXHIBIT 1

Discussion:

REP. COHEN said that Department came in with many amendments to HB 781. They then came to the Property Tax Subcommittee and corrected them. HB 781 authorizes DHES to adopt rules for the collection of fees on the issuance of permits for air quality.

REP. McCAFFREE asked if the amendments needed to be split. REP. COHEN said that this does not contain any of the proposed amendments from REP. KIMBERLEY. They are only from the subcommittee. REP. FOSTER asked if the amendments were from the DOR. Lee Heiman, Legislative Council, said that they were the DOR's amendments and some of the provisions from the substitute bill that was proposed during the hearing. REP. ELLIOTT asked what do the amendments do. Mr. Heiman said the amendments put into place a framework to implement the new clean air act amendments over the course of the next three years. They allow a fee system and rulemaking system to be set up so that the state meets federal primacy. REP. HOFFMAN asked what is done in splitting the effective date. Mr. Heiman said the committee thought that they should go for July 1 for an effective date for rulemaking to be effective not later than July 1. This was done with the graybill in front of us. When he was putting the amendments from the graybill into the amendments, that didn't work right. In conjunction with DOR, October 1 was picked as the effective date with rulemaking allowed ahead of time by no earlier than October 1 for all of the bill except the major provision #11. This becomes effective in November 1992 which is the probable date of the federal. This is why he made the handwritten note on the front. REP. COHEN said for clarification to the committee that this would insure that the DOR wouldn't put a fee in place before the rules were in place. He stated that if the EPA takes primacy on this, they will be looking at a \$25 a ton emission rate. That is their recommendation.

REP. FOSTER said that from his note, the Montana Hospital Association was worried about infectious wastes. He asked what came of that. REP. COHEN said they never came to any subcommittee meetings and it was never discussed. He said that a number of hospitals do have incinerators.

REP. NELSON said that one of the opponents felt that there should be an amendment as far as the fees are concerned for the actual amount of pollutant, in the sense, that many industries pollute below the allowable level. REP. COHEN said that the EPA regulations and guidelines are pretty specific. Their recommendation is that if states are going to assume primacy that they should charge per ton of emissions.

Vote: Motion to amend HB 781 carried unanimously.

Motion: REP. COHEN moved to further amend HB 781. That the Department fee shall be based on the actual emissions of

regulated pollutants from a source, or if actual emissions are not reasonably ascertainable by the allowable emissions attributable to a source as determined by the Department.

Discussion:

REP. HOFFMAN asked if that amendment had been gone over in the subcommittee. REP. COHEN said no, that is was recommended to them at the first subcommittee meeting and was not mentioned again until he was reminded of it later. From reading the EPA guidelines, this is exactly what we are suppose to be doing. Some people came in and wanted the committee to cap it so that after a certain number of tons of emissions, they wouldn't have to pay for the additional emissions. REP. HOFFMAN asked if that isn't already covered under the rulemaking authority of the Department. REP. FAGG asked Jeff Chaffee, DHES, to comment on the amendment. Mr. Chaffee said that the bill from the Department did not address actual allowable emissions because we don't know what the EPA is going to require in terms of whether we have to base the fees on the actual emission from the source during that year or the allowable emissions under law. We would try to address that through the rulemaking process.

Vote: Motion on REP. COHEN'S amendment failed 9 to 12 on a roll call vote. EXHIBIT 2

Motion: REP. O'KEEFE moved REP. KIMBERLEY'S amendments.

Discussion:

Lee Heiman, Legislative Council, said the first amendment provides a fee assessment for departmental air quality activities in geographical areas. It inserts on Page 5, Line 19 (sub 6), "in addition to the fee required under Subsection 5, the Board may order the assessment of additional fees required to fund specific activity to the Department that are directed at particular geographic area and include emissions or ambient monitoring, modeling analysis, or demonstrations or emission inventory for tracking. Additional assessments may be levied only on those sources that are within or believed by the Department to be impacting the geographical area and whose emissions are the type within the focus of the activities to be funded. Before the Board can require the assessments, it must first determine after opportunity for hearing that the activities to be funded are necessary for the administration or implementation of this Chapter and assessments apportioned the required portion in an equitable manner".

REP. O'KEEFE said the amendment does five things: (1) gives the state authority to carry out special geographic studies to address the nonattainment problems in Montana, (2) gives state authority to carry out the studies for purposes of committing new industry in nonattainment areas, (3) gives state authority to charge only the sources responsible for the pollution in the area

for the cost of the study, (4) gives state authority to conduct special studies to bolster the Departments case against polluters violating the law, and (5) it assures the state authority to move ahead with special studies for enforcement should EPA extend the deadline for compliance with the Federal Clean Air Act.

Vote: Motion on the REP. KIMBERLEY'S amendments failed 9 to 12 on a roll call vote. EXHIBIT 3

Motion/Vote: CHAIR HARRINGTON MADE A SUBSTITUTE MOTION THAT HB 781 DO PASS AS AMENDED. Motion carried 20 to 1 with REP. ELLIOTT voting no.

EXECUTIVE ACTION ON HB 147

Motion: REP. COHEN MOVED HB 147 MOVED HB 147 DO PASS.

Motion: REP. COHEN moved to amend HB 147. EXHIBIT 4

Discussion:

REP. COHEN said HB 147 addresses the realty transfer tax. The amendments determine how to determine what value the realty transfer tax would set on. It will be set on the assessed value of the property. This means if it is timber or agriculture land it is going to be against its productive value not its market value. The amendments also change this into a local option tax so it would be up to each county to decide whether they have need for this additional money for their planning boards.

Vote: Motion to amend HB 147 carried 20 to 1 with REP. ELLIOTT voting no.

Motion/Vote: REP. COHEN MADE A SUBSTITUTE MOTION THAT HB 147 DO PASS AS AMENDED. Motion carried 11 to 10 on a roll call vote. EXHIBIT 5

EXECUTIVE ACTION ON HB 340

Motion: REP. REAM MOVED HB 340 DO PASS.

Motion: REP. COHEN moved to amend HB 340. EXHIBIT 6

Discussion:

REP. COHEN said that HB 340 is for the productivity study for forest land. We must get this bill to Appropriations. The amendments removed the recommendation of the Revenue Oversight to go down to 5 acres with timber land, and we kept it at 15 acres; they raise the rate for the temporary class that we would be putting timber in; they adjust the date--rather than having the temporary class expiring in two year, we will go for 2 1/2 years; there is a contingent termination date that says if this money gets appropriated and the Department does not move forward with

the productivity study, this temporary class will terminate. The reason for this is because six years we passed a temporary class for timber and appropriated \$197,000 so that the DOR could begin the productivity studies. A year later no productivity study had been done and we put the money back in the general fund.

REP. REAM said that he would not go along with the amendments. He stated that somebody who has 14 acres rather than 15 acres don't pay twice as much, five times as much, or 100 times more; they pay 200 times more than the person who has 15 acres. He thinks that is a terrible inequity. REP. COHEN said that what REP. REAM is concerned about is not that the person who has 15 acres is paying his fair share, but that the person who has 16 acres is not paying his fair share. He will be offering a reclassification bill to address the problem.

Vote: Motion to amend HB 340 carried 16 to 4 on a roll call vote. EXHIBIT 7

Motion/Vote: CHAIR HARRINGTON MADE A SUBSTITUTE MOTION THAT HB 340 DO PASS AS AMENDED. Motion carried 19 to 2 with REPS. HOFFMAN and M. HANSON voting no.

EXECUTIVE ACTION ON HB 753

Motion: REP. COHEN MOVED HB 753 DO PASS.

Motion: REP. COHEN moved to amend HB 753. EXHIBIT 8

Discussion:

REP. COHEN said one of the concerns the Property Tax Subcommittee has was when we have these various proposals for economic development for business incubators. They were concerned about not just having an exemption from county taxes but concerned about the school taxes as well. Now, you don't apply to the county for the exemption but the DOR. If the DOR grants it, then you can go to the county which has the final say as to whether you get it or not.

REP. ELLIOTT asked Mr. Heiman what entities are exempt from property taxation. Mr. Heiman said most governmental entities, club houses, irrigation districts, churches, community service buildings, disabled or deceased residences, down-hole oil and gas wells and many more.

Vote: Motion to amend HB 753 carried 18 to 3 on a roll call vote. EXHIBIT 9

Motion/Vote: CHAIR HARRINGTON MADE A SUBSTITUTE MOTION THAT HB 753 DO PASS AS AMENDED. Motion carried 17 to 4 with REPS. WANZENRIED, RANEY, ELLIOTT, and STANG voting no.

EXECUTIVE ACTION ON HB 787

Motion: REP. COHEN MOVED HB 787 DO PASS.

Motion: REP. COHEN moved to amend HB 787. EXHIBIT 10

Discussion:

REP. COHEN said HB 787 would extend the property tax exemption for industrial park property. The amendments would do basically the same thing that was done to HB 753. Lee Heiman said amendments #3 and #4 are different. This is the type of property that the industrial park may try to get rid of by selling to a developer. In that case, the person they sell it to has to pay the property taxes even if they sell it on January 2. This coordinates this bill to HB 757.

Vote: Motion to amend HB 787 carried 19 to 2 with REPS. RANEY and ELLIOTT voting no.

Motion/Vote: CHAIR HARRINGTON MADE A SUBSTITUTE MOTION THAT HB 787 DO PASS AS AMENDED. Motion carried 18 to 3 with REPS. WANZENRIED, ELLIOTT, and RANEY voting no.

EXECUTIVE ACTION ON HB 914

Motion: REP. COHEN MOVED HB 914 DO PASS.

Motion: REP. COHEN moved to amend HB 914. EXHIBIT 11

Discussion:

REP. COHEN said that HB 914 was introduced by REP. S. RICE to give property tax exemptions for local economic development corporations. They are basically the same as the previous amendments.

Vote: Motion to amend HB 914 carried 18 to 3 with REP. WANZENRIED, ELLIOTT, and RANEY voting no.

Motion/Vote: CHAIR HARRINGTON MADE A SUBSTITUTE MOTION THAT HB 914 DO PASS AS AMENDED. Motion carried 16 to 5 with REPS. HOFFMAN, M. HANSON, WANZENRIED, RANEY, and ELLIOTT voting no.

EXECUTIVE ACTION ON HB 886

Motion: REP. COHEN MOVED HB 886 DO PASS.

Motion: REP. COHEN moved to amend HB 886. EXHIBIT 12

Discussion:

REP. COHEN said HB 886 was introduced by REP. LEE and it amends

the homeowner exemption for aging and heads-of-households. The fiscal note shows a \$1.5 million positive impact on the general fund would not take place because the deadline for this exemption is March 1. This is not a loss to the general fund but money to the general fund. The amendments stricken the retroactive applicability date.

REP. RANEY said that he doesn't understand how you can give everyone a break and give \$1.5 million to the general fund at the same time. Lee Heiman said there are three classification in the bill. They were all different in the way the bill was introduced. It now provides that they all include the five acres, net business incomes and losses in determining the income qualifications, and they all consider the head-of-household in the same income category as a married couple. CHAIR HARRINGTON said that REP. COHEN said that it would make a positive impact to the general fund. He asked Mr. Heiman if the amendments make it positive. REP. COHEN said that he made a mistake. It would be a negative impact.

REP. FOSTER said that it would be a positive impact to the general fund. He asked Ken Morrison, DOR, said that it would be a positive impact to the general fund because the bill would exempt property that is currently taxed. Property owned by elderly person that can claim the credit on the state income tax return of up to \$400. Once the property is exempt at the local level, they can't claim the credit any longer and that frees up the money. REP. ELLIOTT said that makes it so the local folks get socked and the state gets the money.

Motion/Vote: REP. ELLIOTT MADE A SUBSTITUTE MOTION THAT HB 886 BE TABLED. Motion carried 17 to 4 with REPS. THOMAS, FAGG, FOSTER, and NELSON voting no.

EXECUTIVE ACTION ON HB 869

Motion: REP. DOLEZAL MOVED HB 869 DO PASS.

Motion: REP. DOLEZAL moved to amend HB 869. EXHIBIT 13

Discussion:

REP. DOLEZAL said that HB 869 was REP. SIMPKIN'S bill to address the needs of some of the sod farmers. There were lengthy discussions in the subcommittee, and we found that there were many questions about the size of the size of the sod farms and other types of horticultural projects. We were concern that by passing HB 869 in its original form that it might include all greenhouses and nurseries that are now being taxed a commercial rate. We decided to amend HB 869 to be 10 contiguous acres or above. REP. O'KEEFE said that HB 869 was also amended so say that property upon which sod, ornamental, nursery, or horticultural crops are raised, grown, or produced must consist

of at least 10 contiguous acres before the property is eligible to be classified as agricultural land.

Vote: Motion to amend HB 869 carried unanimously.

Motion/Vote: REP. O'KEEFE moved to further amend HB 869. On Page 1, Line 21, strike "commercial purposes" and insert "for wholesale sale to retail outlets". The subcommittee didn't want them considered agricultural if they had five acres of trees growing outside their spot like State Nursery. We wanted an outfit like the one in Plains that is growing for wholesale sale to other retail nurseries. Motion failed on a voice vote.

Motion/Vote: CHAIR HARRINGTON MADE A SUBSTITUTE MOTION THAT HB 869 DO PASS AS AMENDED. Motion carried 16 to 5 with REPS. RANEY, COHEN, REAM, O'KEEFE, and SCHYE.

EXECUTIVE ACTION ON HB 452

Motion: REP. THOMAS MOVED HB 452 DO PASS.

Motion: REP. THOMAS moved to amend HB 452. EXHIBIT 14

Discussion:

Lee Heiman, Legislative Council, said the amendment that was passed out is a substitute bill to strike everything below the enacting clause and from Sub 6 basically insert a new bill. This bill provides that only an expanding that uses a Montana raw material or semi-processed material and hires qualifying employees gets a break on their tax rate on personal property.

REP. COHEN said that if the committee remembers that the testimony stated that there were tremendous loopholes in the bill where a mining company could end up hiring a couple of employees and having them just sit somewhere. They would get a big tax break if the bought a big chunk of equipment.

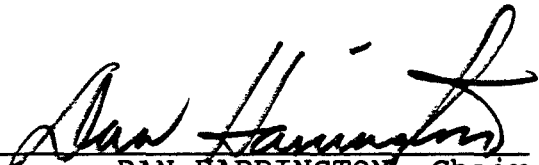
REP. REAM asked if the local governing body have to grant a complete exemption or can they grant a partial exemption. REP. THOMAS said that the state would make the recommendation first, then the local government would say yes or no.

Vote: Motion to amend HB 452 carried unanimously.

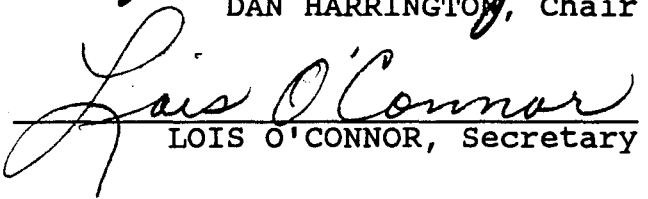
Motion/Vote: CHAIR HARRINGTON MADE A SUBSTITUTE MOTION THAT HB 452 DO PASS AS AMENDED. Motion carried 15 to 6 on a roll call vote. EXHIBIT 15

ADJOURNMENT

Adjournment: 8:30 a.m.



DAN HARRINGTON, Chair



LOIS O'CONNOR, Secretary

DH/lo

HOUSE OF REPRESENTATIVES

TAXATION COMMITTEE

ROLL CALL

DATE

3/26/91

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	P (.)		
REP. RUSSELL FAGG	✓		
REP. MIKE FOSTER	✓		
REP. BOB GILBERT	P (.)		
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	X (.)		
REP. DAVE WANZENRIED	✓		

12:30
3-27-91
JDP

HOUSE STANDING COMMITTEE REPORT

March 27, 1991

Page 1 of 5

Mr. Speaker: We, the committee on Taxation report that House Bill 781 (first reading copy -- white) do pass as amended.

Signed: _____
Dan Harrington, Chairman

And, that such amendments read:

1. Title, line 13.

Strike: "IMMEDIATE"

2. Page 1, line 22.

Following: "with the"

Insert: "development and"

3. Page 1, line 23.

Strike: "all"

Insert: "an"

Strike: "permits"

Insert: "permitting program"

4. Page 2, line 3.

Following: "permits"

Insert: "and permitting activities"

5. Page 2, line 5.

Strike: "to"

Insert: ". This may result in fees for"

Following: "sources"

Insert: "according to the type or amount of emissions or the type of source"

6. Page 2, lines 6 and 7.

Strike: "permit implementation and enforcement"

Insert: "the development and administration of a permitting program"

7. Page 2, line 10.

Following: "appropriate."

Insert: "The board's rules defining the fee structure to be used by the department shall ensure that the fees charged will not collect, in the aggregate, more than is authorized and appropriated by the legislature to the department for the development and administration of the permitting program."

8. Page 2, line 15.

Strike: "and not otherwise exempted"

Following: "permit"

Insert: ", including those sources that are "grandfathered" under current air quality regulations. Reasonable exemptions from this requirement may be approved by the board and implemented based upon the size or nature of the source or its emissions"

9. Page 2, lines 16 through 21.

Strike: "This" on line 16 through "renewal." on line 21

10. Page 2.

Following: line 21

Insert: "For sources of air contaminants that are subject to Title V of the federal Clean Air Act, 42 U.S.C. 7401, et seq., as amended, the board may provide for the expiration and renewal of permits issued to those sources, as necessary to meet the requirements of Title V. To provide for the orderly transition to Title V permits for both current permitholders and grandfathered sources, the board shall establish a transition schedule. The transition schedule may not specify dates for obtaining Title V permits that are earlier than the times contained in the Act."

11. Page 4, lines 4 through 8.

Strike: "A" on line 4 through "1991." on line 8

Insert: "For all sources of air contaminants that are subject to the provisions of Title V of the federal Clean Air Act, 42 U.S.C. 7401, et seq., as amended, the provisions of this section apply in addition to the other applicable provisions of this chapter.

(a) The board shall by rule require that permits issued to sources described in subsection (2) be of limited duration, but it may not limit the duration of the permits beyond that required by the federal Clean Air Act, 42 U.S.C. 7401, et seq., as amended.

(b) The board shall by rule provide for the renewal of permits issued to the sources.

(c) The board shall by rule establish a transition schedule for air quality permits held by sources of air contaminants subject to the provisions of subsection (2). The transition schedule must specify dates for the expiration of the permits, absent an application for renewal by the source. The transition schedule may not specify expiration dates that are earlier in time than those required by Title V of the federal Clean Air Act, 42 U.S.C. 7401, et seq., as amended. The transition schedule established by the board also applies to existing sources of

air contaminants that are subject to the provisions of Title V of the federal Clean Air Act, 42 U.S.C. 7401, et seq., as amended, and that do not hold an air quality permit from the department as of November 2, 1992."

12. Page 4, lines 9 and 10.

Following: "construction"

Insert: ", "

Strike: "begins, not later than 120 days before"

Following: "installation"

Insert: ", "

13. Page 4, line 11.

Following: "begins"

Strike: ", ""

14. Page 5, lines 3 through 7.

Strike: subsection (4) in its entirety

Renumber: subsequent subsections

15. Page 5, line 11.

Following: "cover"

Insert: "the reasonable costs, both direct and indirect, of developing and administering the permitting requirements in this chapter, including the reasonable costs of"

16. Page 5, line 12.

Strike: "the reasonable costs of"

17. Page 5, line 13.

Strike: "and"

18. Page 5, line 14.

Strike: "the reasonable costs of"

19. Page 5.

Following: line 19

Insert: "(c) emissions and ambient monitoring;
(d) preparing generally applicable regulations or guidance;
(e) modeling, analysis, and demonstrations; and
(f) preparing inventories and tracking emissions."

20. Page 5, line 24.

Strike: "(5) (b)"

Insert: "(4)"

21. Page 5.

Following: line 24

Insert: "(6) For any existing source of air contaminants that is

subject to Title V of the federal Clean Air Act, 42 U.S.C. 7401, et seq., as amended, and that is not required to hold an air quality permit from the department as of October 1, 1991, the board may, as a condition of continued operation, require by rule that the owner or operator of the source pay the annual fee provided for in subsection (4). Nothing in this subsection may be construed as allowing the department to charge any source of air contaminants more than one annual fee that is designed to cover the costs identified in subsection (4)."

Renumber: subsequent subsections

22. Page 6, line 3.

Following: "for"

Insert: "the development and"

Strike: "75-2-215 and this section"

Insert: "the permitting requirements in this chapter"

23. Page 6.

Following: line 3

Insert: "(8) (a) The department shall give written notice of the amount of the fee to be assessed and the basis for the department's fee assessment under this section to the owner or operator of the air contaminant source. The owner or operator may appeal the department's fee assessment to the board within 20 days after receipt of the written notice.

(b) An appeal must be based upon the allegation that the fee assessment is erroneous or excessive. An appeal may not be based only on the amount of the fee schedule adopted by the board.

(c) If any part of the fee assessment is not appealed, it must be paid to the department upon receipt of the notice in subsection (8) (a).

(d) The contested case provisions of the Montana Administrative Procedure Act provided for in Title 2, chapter 4, apply to any hearing before the board under this subsection (8)."

Renumber: subsequent subsections

24. Page 6, line 16.

Strike: "(10)"

Insert: "(11)"

25. Page 7, line 4.

Strike: "(11)"

Insert: "(12)"

26. Page 7, line 15.

Strike: "(11)"

Insert: "(12)"

27. Page 8, line 9.

Strike: "(6)"

Insert: "(5)"

28. Page 8, line 13.

Strike: "this act"

Insert: "those subsections"

29. Page 8, line 14.

Strike: "Subsection 3"

Insert: "Subsections (2), (3), and (6)"

Strike: "applies"

Insert: "apply"

30. Page 8, line 16.

Strike: "that section"

Insert: "those subsections"

Strike: "currently"

31. Page 8, line 18.

Following: "chapter 2"

Insert: ", as of the [effective dates of those subsections]"

32. Page 8, line 19.

Following: "date"

Insert: "-- rulemaking authority"

33. Page 8, lines 19 and 20.

Strike: "[This act] is effective on passage and approval"

Insert: "(1) [Section 1, subsections (1), and (3) through (15) of section 2, section 3, and this section] are effective on October 1, 1991, but the department may proceed with the rulemaking process under Title 2, chapter 4, prior to that date. The effective date of any rule adopted to implement those parts of [this act] may be effective no earlier than October 1, 1991.

(2) [Subsection (2) of section 2] is effective on November 1, 1992, but the department may proceed with the rulemaking process under Title 2, chapter 4, prior to that date. The effective date of any rule adopted to implement those parts of [this act] may be effective no earlier than November 1, 1992."

HOUSE STANDING COMMITTEE REPORT

March 27, 1991

Page 1 of 3

Mr. Speaker: We, the committee on Taxation report that House Bill 147 (first reading copy -- white) do pass as amended .

Signed: _____
Dan Harrington, Chairman

And, that such amendments read:

1. Title, line 4.

Strike: "IMPOSING A"

Insert: "ALLOWING A LOCAL OPTION"

2. Title, line 6.

Following: " , "

Insert: "AND"

3. Title, line 7.

Following: "15-7-303,"

Insert: "AND"

Strike: "15-7-306,"

4. Title, line 8.

Strike: "15-7- 307, AND 15-7-310,"

5. Title, lines 8 and 9.

Strike: " , REPEALING SECTION 15-7-311, MCA, AND PROVIDING AN
EFFECTIVE DATE"

6. Page 1, line 17.

Strike: "impose a"

Insert: "allow a local option"

7. Page 2.

Following: line 1

Insert: "(1) "Assessed value" means the value that is determined for tax assessment purposes and that is shown on the records of the county assessor at the time of the transfer, even though it may be subsequently adjusted. If no value is available from the assessor, the assessed value for this tax is an amount equal to "value", as defined in subsection (6)."

Renumber: subsequent subsections

8. Page 2, line 16 through page 3, line 3.

Strike: ":" on page 2, line 16 through "conditions." on page 3,
line 3
Insert: "the amount of the full actual consideration paid or to
be paid for the property, including the amount of any lien
or liens."

9. Page 3, line 13.

Strike: "8]"

Insert: "6]"

10. Page 4, line 1 through page 6, line 15.

Strike: sections 5 through 9 in their entirety

Insert: "Section 5. Section 15-7-310, MCA, is amended to read:

"15-7-310. Penalty Violation. A person convicted of
violating any provision of this part shall be fined not to
exceed \$500 or be imprisoned in the county jail for any term
not to exceed 6 months, or both who knowingly claims an
exemption under 15-7-307 or [section 9] that he does not
believe to be true commits the offense of unsworn
falsification to authorities under 45-7-203."

NEW SECTION. Section 6. Imposition of local option
transfer tax. A county or incorporated municipality may
impose a local transfer tax on all transfers of interest in
real property, except those exempted in [section 9].

NEW SECTION. Section 7. Amount of tax -- lien. The
transfer tax is imposed upon the transfer at the rate of \$1
for each \$1,000 of assessed value or fraction thereof as
certified by the county assessor as of the date of the
transfer of title. The transferee is liable for the tax and
shall either pay the tax or apply for an exemption. The tax
is a lien against the transferred property and may be
collected and enforced in the same manner as other tax liens
on real property are enforced, including the imposition of
penalties and interest.

NEW SECTION. Section 8. Adoption of ordinance --
hearing -- procedures. (1) The governing body of a county
or an incorporated municipality may impose the local option
transfer tax by ordinance. The adoption, amendment, and
repeal of the ordinance must be conducted pursuant to Title
7, chapter 5, part 1, after a public hearing on the action
is conducted in which notice of the hearing is given as
provided in 7-1-4128.

(2) The ordinance must establish procedures necessary
to administer the tax, including refunds, delinquency
collections, exemptions, and filing of notice of lien.

NEW SECTION. Section 9. Exemptions from tax --
application under oath. (1) The following are exempt from
the transfer tax:

- (a) an instrument recorded prior to December 31, 1991;
 - (b) a transfer made solely to provide or release security for a debt or obligation;
 - (c) a transfer to the United States of America, the state, or any instrumentality, agency, or subdivision of the state;
 - (d) an instrument that, without added consideration, confirms, corrects, modifies, or supplements a previously recorded instrument;
 - (e) a transfer made pursuant to a court decree of partition;
 - (f) a transfer made pursuant to a merger, consolidation, or other reorganization of a corporation, partnership, or other business entity;
 - (g) a transfer by a subsidiary corporation to its parent without actual consideration or in sole consideration of the cancellation or surrender of subsidiary stock;
 - (h) a transfer of a decedent's estate when the recipient of the property is the surviving spouse, child, or lineal descendant of the decedent;
 - (i) an instrument that, in effect, transfers the property to the same party or parties; and
 - (j) a sale for delinquent taxes, delinquent assessments, or a bankruptcy action.
- (2) The transferee may apply for an exemption from the tax by submitting, under oath, a written application to the county clerk on a form to be provided by the governing body. The clerk shall grant the exemption after being satisfied on the basis of the application that the transfer is exempt under the provisions of subsection (1)."

11. Page 6, line 17.

Strike: "section 9"

Insert: "sections 6 through 9"

12. Page 7, lines 8 and 9.

Strike: section 11 in its entirety

Renumber: subsequent sections

13. Page 7, line 11.

Strike: "8"

Insert: "6"

14. Page 7, line 14.

Strike: "8"

Insert: "6"

15. Page 7, lines 15 and 16.

Strike: section 13 in its entirety

12:35
3-27-91
JDB

HOUSE STANDING COMMITTEE REPORT

March 27, 1991

Page 1 of 2

Mr. Speaker: We, the committee on Taxation report that House Bill 340 (first reading copy -- white) do pass as amended.

Signed: _____
Dan Harrington, Chairman

And, that such amendments read:

1. Title, line 8.

Strike: "5"

Insert: "15"

2. Page 4, line 22.

Strike: "5"

Insert: "15"

3. Page 10, line 9.

Strike: "3.84%"

Insert: "4%"

4. Page 13, line 2.

Strike: "3.84%/B"

Insert: "4%/B"

5. Page 22, line 7.

Strike: "1990"

Insert: "1994"

6. Page 25, line 7.

Strike: "December 31"

Insert: "June 30"

7. Page 27, line 15.

Following: "Termination"

Insert: "-- contingent termination"

Following: "."

Insert: "(1) Unless terminated earlier pursuant to subsection
(2),"

Strike: "Section"

Insert: "section"

8. Page 27, line 16.

Strike: "January 1, 1994"

Insert: "July 1, 1993"

9. Page 27.

Following: line 16

Insert: "(2) [Section 6 and section 10(6)(d)] terminate on April 1, 1992, unless prior to that time, the director of revenue certifies to the revenue oversight committee that the department of revenue has begun the forest lands valuation process set forth in [section 3], including having entered into a contract with the university of Montana for the provision of information and data. Upon receipt of the certification, the chairman of the revenue oversight committee shall provide a copy of the document to the secretary of state."

Grazing Lands

10. Title, lines 15 through 17.

Strike: "PROVIDING" on line 15 through "VALUE;" on line 17

11. Page 13, lines 20 through 24.

Strike: subsection (5) in its entirety

12:35
3-27-91
JDR

HOUSE STANDING COMMITTEE REPORT

March 27, 1991

Page 1 of 1

Mr. Speaker: We, the committee on Taxation report that House Bill 753 (first reading copy -- white) do pass as amended .

Signed: _____
Dan Harrington, Chairman

And, that such amendments read:

1. Title, line 6.

Following: "PROPERTY"

Insert: "DETERMINED BY THE DEPARTMENT OF REVENUE TO QUALIFY FOR EXEMPTION"

2. Page 1, line 17.

Following: line 16

Insert: "(2) If the department of revenue makes an initial determination that the business incubator qualifies for the property tax exemption, it shall publish notice of and hold a public hearing to determine whether the property should be exempt from taxation.

(3)(a) For a taxpayer to receive the tax exemption described in subsection (1), the governing body of the affected incorporated city or town or consolidated government, following the public hearing provided for in subsection (2), shall give due notice, as defined in 76-15-103, and hold a public hearing. The governing body may approve or disapprove the tax exemption provided for in subsection (1). If approved, the governing body must do so by a separate resolution for each business incubator in its respective jurisdiction. The governing body may not grant approval for the business incubator until all of the applicant's taxes have been paid in full. Taxes paid under protest do not preclude approval.

(b) The resolution provided for in subsection (3)(a) must include the application submitted to the department by the taxpayer seeking the exemption.

(c) Upon receipt of approval of the governing body of the affected taxing jurisdiction, the assessor shall make the assessment change for the tax exemption provided for in this section."

Renumber: subsequent subsections

12.35
3-27-91
JDB

HOUSE STANDING COMMITTEE REPORT

March 27, 1991

Page 1 of 2

Mr. Speaker: We, the committee on Taxation report that House Bill 787 (first reading copy -- white) do pass as amended .

Signed: _____
Dan Harrington, Chairman

And, that such amendments read:

1. Title, line 6.

Following: "PROPERTY"

Insert: "DETERMINED BY THE DEPARTMENT OF REVENUE TO QUALIFY FOR EXEMPTION"

2. Page 1, line 17.

Following: line 16

Insert: "(2) If the department of revenue makes an initial determination that the industrial park qualifies for the property tax exemption, it shall publish notice of and hold a public hearing to determine whether the property should be exempt from taxation.

(3)(a) For a taxpayer to receive the tax exemption described in subsection (1), the governing body of the affected incorporated city or town or consolidated government, following the public hearing provided for in subsection (2), shall give due notice, as defined in 76-15-103, and hold a public hearing. The governing body may approve or disapprove the tax exemption provided for in subsection (1). If approved, the governing body must do so by a separate resolution for each industrial park in its respective jurisdiction. The governing body may not grant approval for the industrial park until all of the applicant's taxes have been paid in full. Taxes paid under protest do not preclude approval.

(b) The resolution provided for in subsection (3)(a) must include the application submitted to the department by the taxpayer seeking the exemption.

(c) Upon receipt of approval of the governing body of the affected taxing jurisdiction, the assessor shall ~~make~~ the assessment change for the tax exemption provided for in this section."

Renumber: subsequent subsections

3. Page 3, line 1.

Following: "."

Insert: "[Upon termination of the exemption, the property must be assessed as provided in [section 1 of House Bill No. 757].]"

4. Page 3.

Following: line 1

Insert: "NEW SECTION. Section 2. Coordination instruction. If House Bill No. 757 is not passed and approved, the bracketed sentence in 15-24-1902(4) amended in section 1 is void."

Renumber: subsequent section

12:35
3-27-91
JDP

HOUSE STANDING COMMITTEE REPORT

March 27, 1991

Page 1 of 2

Mr. Speaker: We, the committee on Taxation report that House Bill 914 (first reading copy -- white) do pass as amended .

Signed: _____
Dan Harrington, Chairman

And, that such amendments read:

1. Page 1, line 22.

Following: line 21

Insert: "(2) If the department of revenue makes an initial determination that the building and land qualifies for the property tax exemption, it shall publish notice of and hold a public hearing to determine whether the property should be exempt from taxation.

(3)(a) For a taxpayer to receive the tax exemption described in subsection (1), the governing body of the affected incorporated city or town, county, or consolidated government, following the public hearing provided for in subsection (2), shall give due notice, as defined in 76-15-103, and hold a public hearing. The governing body may approve or disapprove the tax exemption provided for in subsection (1). If approved, the governing body must do so by a separate resolution. The governing body may not grant approval for the building and land until all of the applicant's taxes have been paid in full. Taxes paid under protest do not preclude approval.

(b) The resolution provided for in subsection (3)(a) must include the application submitted to the department by the taxpayer seeking the exemption.

(c) Upon receipt of approval of the governing body of the affected taxing jurisdiction, the assessor shall make the assessment change for the tax exemption provided for in this section."

Renumber: subsequent subsection

2. Page 3, line 10.

Following: "."

Insert: "[Upon termination of the exemption, the property must be assessed as provided in [section 1 of House Bill No. 757].]"

March 27, 1991
Page 2 of 2

3. Page 3, line 15.

Insert: "NEW SECTION. Section 4. Coordination instruction. If
House Bill No. 757 is not passed and approved, the bracketed
sentence in [section 2(4) of this act] is void."

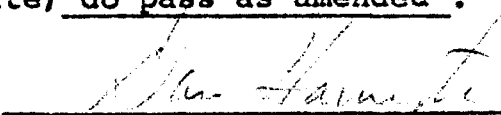
8.30
3-28-91
JDP

HOUSE STANDING COMMITTEE REPORT

March 27, 1991

Page 1 of 1

Mr. Speaker: We, the committee on Taxation report that House Bill 869 (first reading copy -- white) do pass as amended.

Signed: 
Dan Harrington, Chairman

And, that such amendments read:

1. Title, line 6.

Following: "CROPS"

Insert: "RAISED ON PROPERTY THAT CONSISTS OF AT LEAST 10
CONTIGUOUS ACRES"

2. Page 6, line 11.

Strike: "Contiguous"

Insert: "Except as provided in subsection (8), contiguous"

3. Page 7, line 23.

Following: line 22

Insert: "(8) Property upon which sod, ornamental, nursery, or horticultural crops are raised, grown, or produced must consist of at least 10 contiguous acres before the property is eligible to be classified as agricultural land."

HOUSE STANDING COMMITTEE REPORT

March 27, 1991

Page 1 of 5

Mr. Speaker: We, the committee on Taxation report that House Bill 452 (first reading copy -- white) do pass as amended.

Signed: _____
Dan Harrington, Chairman

And, that such amendments read:

1. Title, lines 4 and 5.

Strike: " 5-YEAR PROPERTY TAX EXEMPTION"

Insert: "7-YEAR TAXABLE VALUE DECREASE"

2. Title, line 5.

Strike: "PROPERTY"

Insert: "MACHINERY AND EQUIPMENT"

Strike: "NEW AND"

3. Title, lines 9 and 10.

Strike: "PROVIDING" on line 9 through "MCA;" on line 10

4. Title, line 10.

Strike: "A DELAYED"

Insert: "AN IMMEDIATE"

5. Title, line 11.

Following: "DATE"

Insert: "AND AN APPLICABILITY DATE"

6. Page 1, line 19 through page 2, line 8.

Strike: "(1)" on page 1, line 19 through "exemption." on page 2, line 8.

Insert: "(1) guidelines for information that must be contained in the application for taxable value decrease;

(2) the forms to be used by a firm to apply for the taxable value decrease and to report employment associated with the use of qualifying property;

(3) the procedures to ensure that a taxpayer receiving a taxable value decrease under this bill does not receive any other property tax reduction for qualifying property;

(4) the definition of terms and establishment of procedures that are appropriate for the efficient administration of the taxable value decrease;

(5) procedures for the annual recomputation of numbers of existing employees and numbers of new employees;

(6) criteria the department intends to use to safeguard the faithful reporting of existing and new employees to deter taxpayers from using temporary measures or other artifices to deflate the number of existing employees or inflate the number of new employees contrary to the spirit of the program; and

(7) procedures for the department to review the specific responsibilities of each new employee to ensure that the employee is a qualifying employee."

7. Page 2, line 11 through page 11, line 3.

Strike: everything following the enacting clause

Insert: "NEW SECTION. Section 1. Purpose. The purpose of

[sections 1 through 5] is to encourage value-added manufacturing in Montana by providing a taxable value decrease for a 7-year period for qualifying personal property of expanding industries that process Montana raw materials or use Montana semifinished products in manufacturing.

NEW SECTION. Section 2. Definitions. Unless the context requires otherwise, in [sections 1 through 5], the following definitions apply:

(1) "Expansion" means that after January 1, 1992, the industry has added qualifying property within the jurisdiction either in the first tax year in which the taxable value decrease provided for in [section 3] is to be received or in the preceding tax year. Expansion does not include property that:

(a) has qualified for the tax exemption under 15-24-1402; or

(b) will create an adverse impact on existing state, county, or municipal services.

(2) "Industry" is a firm that engages in the mechanical or chemical transformation of materials or substances into new products in the manner defined as manufacturing in the 1987 Standard Industrial Classification Manual prepared by the United States office of management and budget and that engages in the:

(a) processing of Montana raw materials such as minerals, ore, oil, gas, coal, agricultural products, and forestry products; or

(b) processing of semifinished products produced in Montana that are used by the industry as a raw material in further manufacturing.

(3) "Qualifying employee" means a person:

(a) whose job was created as a result of expansion; and

(b) whose position pays not less than three-quarters of the amount of the average wage as determined by the

quarterly statistical report published by the department of labor and industry.

(4) "Qualifying property" means machinery and equipment that results in the hiring of qualifying employees used for the manufacture or processing of products described in subsection (2).

NEW SECTION. Section 3. Expanding industry taxable value decrease -- application -- approval -- reports. (1) After January 1, 1992, an existing industry with qualifying property that represents an expansion of the industry is entitled to receive a decrease in the tax rate for class eight property if the property results in the hiring of full-time qualifying employees for each year in which the taxable value decrease is in effect.

(2) A person, firm, or other group seeking to qualify its property for the taxable value decrease under subsection (1) shall apply to the department of revenue on a form provided by the department. The application must include:

(a) the description of the personal property that may qualify for the taxable value decrease;

(b) the date on which the qualifying property is intended to be operational;

(c) the rate of pay and number of existing employees and new employees to be used in the operation of the qualifying property;

(d) a statement that the new employees are in addition to the existing workforce of the industry and the specific responsibilities of each new employee; and

(e) a statement that all the applicant's taxes are paid in full.

(3) The department shall make an initial determination as to whether the industry qualifies for the taxable value decrease.

(4) (a) If the department determines that the property qualifies for a taxable value decrease, the governing body of the affected county or the incorporated city or town shall give due notice as defined in 76-15-103 and hold a public hearing. The governing body may either approve or disapprove the grant of taxable value decrease. The governing body may not grant approval for the project until all of the applicant's taxes have been paid in full. Taxes paid under protest do not preclude approval.

(b) The resolution provided for in subsection (4) (a) must include the document that grants approval of the application that was submitted to the department by the taxpayer seeking the taxable value decrease.

(5) The tax reduction described in subsection (1) applies to:

(a) the number of mills levied and assessed for local

high school district and elementary school district purposes:

(b) the number of mills levied and assessed by the governing body approving the benefit over which the governing body has sole discretion; and

(c) statewide levies.

(6) The number of new employees used by the department to calculate the taxable value decrease in subsection (7), must be determined by the wages paid to qualifying employees. A qualifying employee paid the amount of the average wage as determined by the quarterly statistical report published by the department of labor and industry is considered one new employee. Qualifying employees are considered equivalent new employees if they are paid three-quarters of the average wage or more. The qualifying employee is the equivalent of a new employee in the same fraction that his wages are to the average wage, but a qualifying employee may not be considered more than two new employees.

(7) Qualifying property is entitled to a decrease in the taxable rate of class eight property based upon a percentage difference between a possible low rate of 3% and a high rate of the existing class eight property tax rate. The reduced taxable value rate is determined by calculating the inverse of the number of equivalent new employees divided by the number of existing employees and multiplying the product of that calculation by the decimal equivalent of the tax rate for class eight property.

(b) For each year that the taxable value decrease is in effect, the taxpayer shall report by March 1 to the department on forms prescribed by the department the wages of and the number of qualifying employees that are used in the operation of the qualifying property for which the taxable value decrease was granted.

NEW SECTION. Section 4. Exclusion from other property tax reductions or exemptions. If a taxable value decrease is taken pursuant to [sections 1 through 5], other property tax reductions or exemptions, including but not limited to those provided in 15-6-135, 15-24-1402, and 15-24-1501, are not allowed for the qualifying property.

NEW SECTION. Section 5. Rules. The department of revenue shall prescribe rules necessary to carry out the purposes of [sections 1 through 5].

NEW SECTION. Section 6. Codification instruction. [Sections 1 through 5] are intended to be codified as an integral part of Title 15, chapter 24, and the provisions of Title 15, chapter 24, apply to [sections 1 through 5].

NEW SECTION. Section 5. Effective date -- applicability. [This act] is effective on passage and approval and applies to tax years beginning after December

March 27, 1991
Page 5 of 5

31, 1991."

Amendments to House Bill No. 781
First Reading Copy

Requested by Property Tax Subcommittee
For the Committee on Taxation

Prepared by Lee Heiman
March 22, 1991

1. Title, line 13.
Strike: "IMMEDIATE"

2. Page 1, line 22.
Following: "with the"
Insert: "development and"

3. Page 1, line 23.
Strike: "all"
Insert: "an"
Strike: "permits"
Insert: "permitting program"

4. Page 2, line 3.
Following: "permits"
Insert: "and permitting activities"

5. Page 2, line 5.
Strike: "to"
Insert: ". This may result in fees for"
Following: "sources"
Insert: "according to the type or amount of emissions or the type of source"

6. Page 2, lines 6 and 7.
Strike: "permit implementation and enforcement"
Insert: "the development and administration of a permitting program"

7. Page 2, line 10.
Following: "appropriate."
Insert: "The board's rules defining the fee structure to be used by the department shall ensure that the fees charged will not collect, in the aggregate, more than is authorized and appropriated by the legislature to the department for the development and administration of the permitting program."

8. Page 2, line 15.
Strike: "and not otherwise exempted"
Following: "permit"
Insert: ", including those sources that are "grandfathered" under current air quality regulations. Reasonable exemptions from this requirement may be approved by the board and implemented based upon the size or nature of the source or its emissions"

*note: Split effective dates
with rulemaking authority
Most- Oct 1, 1991 instead of
July 1.
Sub (2) - Amd 11 - Nov. 1,
1992.*

9. Page 2, lines 16 through 21.

Strike: "This" on line 16 through "renewal." on line 21

10. Page 2.

Following: line 21

Insert: "For sources of air contaminants that are subject to Title V of the federal Clean Air Act, 42 U.S.C. 7401, et seq., as amended, the board may provide for the expiration and renewal of permits issued to those sources, as necessary to meet the requirements of Title V. To provide for the orderly transition to Title V permits for both current permitholders and grandfathered sources, the board shall establish a transition schedule. The transition schedule may not specify dates for obtaining Title V permits that are earlier than the times contained in the Act."

11. Page 4, lines 4 through 8.

Strike: "A" on line 4 through "1991." on line 8

Insert: "For all sources of air contaminants that are subject to the provisions of Title V of the federal Clean Air Act, 42 U.S.C. 7401, et seq., as amended, the provisions of this section apply in addition to the other applicable provisions of this chapter.

(a) The board shall by rule require that permits issued to sources described in subsection (2) be of limited duration, but it may not limit the duration of the permits beyond that required by the federal Clean Air Act, 42 U.S.C. 7401, et seq., as amended.

(b) The board shall by rule provide for the renewal of permits issued to the sources.

(c) The board shall by rule establish a transition schedule for air quality permits held by sources of air contaminants subject to the provisions of subsection (2). The transition schedule must specify dates for the expiration of the permits, absent an application for renewal by the source. The transition schedule may not specify expiration dates that are earlier in time than those required by Title V of the federal Clean Air Act, 42 U.S.C. 7401, et seq., as amended. The transition schedule established by the board also applies to existing sources of air contaminants that are subject to the provisions of Title V of the federal Clean Air Act, 42 U.S.C. 7401, et seq., as amended, and that do not hold an air quality permit from the department as of November 2, 1992."

12. Page 4, lines 9 and 10.

Following: "construction"

Insert: ", "

Strike: "begins, not later than 120 days before"

13. Page 4, line 11.

Following: "installation"

Insert: ", "

Strike: "1"

14. Page 5, lines 3 through 7.

Strike: subsection (4) in its entirety

Renumber: subsequent subsections

15. Page 5, line 11.

Following: "cover"

Insert: "the reasonable costs, both direct and indirect, of developing and administering the permitting requirements in this chapter, including the reasonable costs of"

16. Page 5, line 12.

Strike: "the reasonable costs of"

17. Page 5, line 13.

Strike: "and"

18. Page 5, line 14.

Strike: "the reasonable costs of"

19. Page 5.

Following: line 19

Insert: "(c) emissions and ambient monitoring;
(d) preparing generally applicable regulations or guidance;
(e) modeling, analysis, and demonstrations; and
(f) preparing inventories and tracking emissions."

20. Page 5, line 24.

Strike: "(5)(b)"

Insert: "(4)"

21. Page 5.

Following: line 24

Insert: "(6) For any existing source of air contaminants that is subject to Title V of the federal Clean Air Act, 42 U.S.C. 7401, et seq., as amended, and that is not required to hold an air quality permit from the department as of October 1, 1991, the board may, as a condition of continued operation, require by rule that the owner or operator of the source pay the annual fee provided for in subsection (4). Nothing in this subsection may be construed as allowing the department to charge any source of air contaminants more than one annual fee that is designed to cover the costs identified in subsection (4)."

Renumber: subsequent subsections

22. Page 6, line 3.

Following: "for"

Insert: "the development and"

Strike: "75-2-215 and this section"

Insert: "the permitting requirements in this chapter"

23. Page 6.

Following: line 3

Insert: "(8)(a) The department shall give written notice of the amount of the fee to be assessed and the basis for the

department's fee assessment under this section to the owner or operator of the air contaminant source. The owner or operator may appeal the department's fee assessment to the board within 20 days after receipt of the written notice.

(b) An appeal must be based upon the allegation that the fee assessment is erroneous or excessive. An appeal may not be based only on the amount of the fee schedule adopted by the board.

(c) If any part of the fee assessment is not appealed, it must be paid to the department upon receipt of the notice in subsection (8)(a).

(d) The contested case provisions of the Montana Administrative Procedure Act provided for in Title 2, chapter 4, apply to any hearing before the board under this subsection (8)."

Renumber: subsequent subsections

24. Page 6, line 16.

Strike: "(10)"

Insert: "(11)"

25. Page 7, line 4.

Strike: "(11)"

Insert: "(12)"

26. Page 7, line 15.

Strike: "(11)"

Insert: "(12)"

27. Page 8, line 9.

Strike: "(6)"

Insert: "(5)"

28. Page 8, line 13.

Strike: "this act"

Insert: "those subsections"

29. Page 8, line 14.

Strike: "Subsection 3"

Insert: "Subsections (2), (3), and (6)"

Strike: "applies"

Insert: "apply"

30. Page 8, line 16.

Strike: "that section"

Insert: "those subsections"

Strike: "currently"

31. Page 8, line 18.

Following: "chapter 2"

Insert: ", as of the [effective dates of those subsections]"

32. Page 8, line 19.

Following: "date"

Insert: "-- rulemaking authority"

33. Page 8, lines 19 and 20.

Strike: "[This act] is effective on passage and approval"

Insert: "(1) [Section 1, subsections (1), and (3) through (15) of section 2, section 3, and this section] are effective on October 1, 1991, but the department may proceed with the rulemaking process under Title 2, chapter 4, prior to that date. The effective date of any rule adopted to implement those parts of [this act] may be effective no earlier than October 1, 1991.

(2) [Subsection (2) of section 2] is effective on November 1, 1992, but the department may proceed with the rulemaking process under Title 2, chapter 4, prior to that date. The effective date of any rule adopted to implement those parts of [this act] may be effective no earlier than November 1, 1992."

EXHIBIT 2
DATE 3-26-91
HB 781

HOUSE OF REPRESENTATIVES

TAXATION COMMITTEE

ROLL CALL VOTE

DATE 3/26 BILL NO. 781 NUMBER 1
MOTION: Cohen A 2

NAME	AYE	NO
REP. BEN COHEN, 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. BOB REAM, VICE-CHAIRMAN	✓	
REP. TED SCHYE	✓	
REP. BARRY "SPOOK" STANG		✓
REP. FRED THOMAS		✓
REP. DAVE WANZENRIED	✓	
REP. DAN HARRINGTON, CHAIRMAN		✓
TOTAL		

9 (15.40) 12

9.12

EXHIBIT 3
DATE 3-26-91
HB. 781

HOUSE OF REPRESENTATIVES

TAXATION COMMITTEE

ROLL CALL VOTE

DATE 3/26 BILL NO. 781 NUMBER 2
MOTION: Kumbe's A' = A³ synodes.

NAME	AYE	NO
REP. BEN COHEN, VICE-CHAIRMAN	✓	
REP. ED DOLEZAL	✓	
REP. JIM ELLIOTT		✓
REP. ORVAL ELLISON	P	✓
REP. RUSSELL FAGG		✓
REP. MIKE FOSTER		✓
REP. BOB GILBERT	P	✓
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. BOB REAM, VICE-CHAIRMAN	✓	
REP. TED SCHYE	✓	
REP. BARRY "SPOOK" STANG	✓	
REP. FRED THOMAS		✓
REP. DAVE WANZENRIED		✓
REP. DAN HARRINGTON, CHAIRMAN	✓	
TOTAL		

9:12

24.48

Amendments to House Bill No. 147
First Reading Copy

Requested by DOR
For the Committee on Taxation

Prepared by Lee Heiman
February 13, 1991

1. Title, line 4.

Strike: "IMPOSING A"

Insert: "ALLOWING A LOCAL OPTION"

2. Title, line 6.

Following: ";

Insert: "AND"

3. Title, line 7.

Following: "15-7-303,"

Insert: "AND"

Strike: "15-7-306,"

4. Title, line 8.

Strike: "15-7- 307, AND 15-7-310,"

5. Title, lines 8 and 9.

Strike: "; REPEALING SECTION 15-7-311, MCA; AND PROVIDING AN
EFFECTIVE DATE"

6. Page 1, line 17.

Strike: "impose a"

Insert: "allow a local option"

7. Page 2.

Following: line 1

Insert: "(1) "Assessed value" means the value that is determined
for tax assessment purposes and that is shown on the records
of the county assessor at the time of the transfer, even
though it may be subsequently adjusted. If no value is
available from the assessor, the assessed value for this tax
is an amount equal to "value", as defined in subsection
(6)."

Renumber: subsequent subsections

8. Page 2, line 16 through page 3, line 3.

Strike: "i" on page 2, line 16 through "conditions." on page 3,
line 3

Insert: "the amount of the full actual consideration paid or to
be paid for the property, including the amount of any lien
or liens."

9. Page 3, line 13.

Strike: "8]"

Insert: "6]"

10. Page 4, line 1 through page 6, line 15.

Strike: sections 5 through 9 in their entirety

Insert: "Section 5. Section 15-7-310, MCA, is amended to read:

"15-7-310. **Penalty Violation.** A person convicted of violating any provision of this part shall be fined not to exceed \$500 or be imprisoned in the county jail for any term not to exceed 6 months, or both who knowingly claims an exemption under 15-7-307 or [section 9] that he does not believe to be true commits the offense of unsworn falsification to authorities under 45-7-203."

NEW SECTION. Section 6. Imposition of local option transfer tax. A county or incorporated municipality may impose a local transfer tax on all transfers of interest in real property, except those exempted in [section 9].

NEW SECTION. Section 7. Amount of tax -- lien. The transfer tax is imposed upon the transfer at the rate of \$1 for each \$1,000 of assessed value or fraction thereof as certified by the county assessor as of the date of the transfer of title. The transferee is liable for the tax and shall either pay the tax or apply for an exemption. The tax is a lien against the transferred property and may be collected and enforced in the same manner as other tax liens on real property are enforced, including the imposition of penalties and interest.

NEW SECTION. Section 8. Adoption of ordinance -- hearing -- procedures. (1) The governing body of a county or an incorporated municipality may impose the local option transfer tax by ordinance. The adoption, amendment, and repeal of the ordinance must be conducted pursuant to Title 7, chapter 5, part 1, after a public hearing on the action is conducted in which notice of the hearing is given as provided in 7-1-4128.

(2) The ordinance must establish procedures necessary to administer the tax, including refunds, delinquency collections, exemptions, and filing of notice of lien.

NEW SECTION. Section 9. Exemptions from tax -- application under oath. (1) The following are exempt from the transfer tax:

(a) an instrument recorded prior to December 31, 1991;

(b) a transfer made solely to provide or release security for a debt or obligation;

(c) a transfer to the United States of America, the state, or any instrumentality, agency, or subdivision of the state;

(d) an instrument that, without added consideration, confirms, corrects, modifies, or supplements a previously recorded instrument;

(e) a transfer made pursuant to a court decree of partition;

(f) a transfer made pursuant to a merger, consolidation, or other reorganization of a corporation, partnership, or other business entity;

(g) a transfer by a subsidiary corporation to its parent without actual consideration or in sole consideration of the cancellation or surrender of subsidiary stock;

(h) a transfer of a decedent's estate when the recipient of the property is the surviving spouse, child, or lineal descendant of the decedent;

(i) an instrument that, in effect, transfers the property to the same party or parties; and

(j) a sale for delinquent taxes, delinquent assessments, or a bankruptcy action.

(2) The transferee may apply for an exemption from the tax by submitting, under oath, a written application to the county clerk on a form to be provided by the governing body. The clerk shall grant the exemption after being satisfied on the basis of the application that the transfer is exempt under the provisions of subsection (1)."

11. Page 6, line 17.

Strike: "section 9"

Insert: "sections 6 through 9"

12. Page 7, lines 8 and 9.

Strike: section 11 in its entirety

Renumber: subsequent sections

13. Page 7, line 11.

Strike: "8"

Insert: "6"

14. Page 7, line 14.

Strike: "8"

Insert: "6"

15. Page 7, lines 15 and 16.

Strike: section 13 in its entirety

HOUSE OF REPRESENTATIVES

TAXATION COMMITTEE

ROLL CALL VOTE

DATE 3/26 BILL NO. 147 NUMBER _____

MOTION: _____

PP/A.

NAME	AYE	NO
REP. BEN COHEN, VICE-CHAIRMAN	✓	
REP. ED DOLEZAL	✓	
REP. JIM ELLIOTT		✓
REP. ORVAL ELLISON <i>P</i>		✓
REP. RUSSELL FAGG		✓
REP. MIKE FOSTER		✓
REP. BOB GILBERT <i>Challenged P</i>		✓
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. BOB REAM, VICE-CHAIRMAN	✓	
REP. TED SCHYE	✓	
REP. BARRY "SPOOK" STANG	✓	
REP. FRED THOMAS		✓
REP. DAVE WANZENRIED		✓
REP. DAN HARRINGTON, CHAIRMAN	✓	
TOTAL		

*31.06**PP/A.**11:10*

Amendments to House Bill No. 340
First Reading Copy

Requested by Property Tax Subcommittee
For the Committee on Taxation

Prepared by Lee Heiman
March 26, 1991

1. Title, line 8.

Strike: "5"

Insert: "15"

2. Page 4, line 22.

Strike: "5"

Insert: "15"

3. Page 10, line 9.

Strike: "3.84%"

Insert: "4%"

4. Page 13, line 2.

Strike: "3.84%/B"

Insert: "4%/B"

5. Page 22, line 7.

Strike: "1990"

Insert: "1994"

6. Page 25, line 7.

Strike: "December 31"

Insert: "June 30"

7. Page 27, line 15.

Following: "Termination"

Insert: "-- contingent termination"

Following: "."

Insert: "(1) Unless terminated earlier pursuant to subsection
(2),"

Strike: "Section"

Insert: "section"

8. Page 27, line 16.

Strike: "January 1, 1994"

Insert: "July 1, 1993"

9. Page 27.

Following: line 16

Insert: "(2) [Section 6 and section 10(6)(d)] terminate on April
1, 1992, unless prior to that time, the director of revenue
certifies to the revenue oversight committee that the
department of revenue has begun the forest lands valuation
process set forth in [section 3], including having entered
into a contract with the university of Montana for the
provision of information and data. Upon receipt of the

certification, the chairman of the revenue oversight committee shall provide a copy of the document to the secretary of state."

Grazing Lands

10. Title, lines 15 through 17.

Strike: "PROVIDING" on line 15 through "VALUE;" on line 17

11. Page 13, lines 20 through 24.

Strike: subsection (5) in its entirety

EXHIBIT 7
 DATE 3-26-91
 HB 340

HOUSE OF REPRESENTATIVES

TAXATION COMMITTEE

ROLL CALL VOTE

DATE 3/24 BILL NO. 340 NUMBER 1

MOTION: Supra ad Cohen's A⁽¹⁾ & A⁽²⁾

NAME	AYE	NO
REP. BEN COHEN, VICE-CHAIRMAN	✓	
REP. ED DOLEZAL	✓	
REP. JIM ELLIOTT	✓	
REP. ORVAL ELLISON	p	
REP. RUSSELL FAGG	✓	
REP. MIKE FOSTER	✓	
REP. BOB GILBERT	p	
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. BOB REAM, VICE-CHAIRMAN		✓
REP. TED SCHYE		✓
REP. BARRY "SPOOK" STANG	✓	
REP. FRED THOMAS		✓
REP. DAVE WANZENRIED	✓	
REP. DAN HARRINGTON, CHAIRMAN	✓	
TOTAL		

16 : 4

passed.

Amendments to House Bill No. 753
First Reading Copy

For the Committee on Taxation

Prepared by Greg Petesch
March 21, 1991

1. Title, line 6.

Following: "PROPERTY"

Insert: "DETERMINED BY THE DEPARTMENT OF REVENUE TO QUALIFY FOR
EXEMPTION"

2. Page 1, line 17.

Following: line 16

Insert: "(2) If the department of revenue makes an initial determination that the business incubator qualifies for the property tax exemption, it shall publish notice of and hold a public hearing to determine whether the property should be exempt from taxation.

(3)(a) For a taxpayer to receive the tax exemption described in subsection (1), the governing body of the affected incorporated city or town or consolidated government, following the public hearing provided for in subsection (2), shall give due notice, as defined in 76-15-103, and hold a public hearing. The governing body may approve or disapprove the tax exemption provided for in subsection (1). If approved, the governing body must do so by a separate resolution for each business incubator in its respective jurisdiction. The governing body may not grant approval for the business incubator until all of the applicant's taxes have been paid in full. Taxes paid under protest do not preclude approval.

(b) The resolution provided for in subsection (3)(a) must include the application submitted to the department by the taxpayer seeking the exemption.

(c) Upon receipt of approval of the governing body of the affected taxing jurisdiction, the assessor shall make the assessment change for the tax exemption provided for in this section."

Renumber: subsequent subsections

EXHIBIT 9
DATE 3-26-91
HB 753

HOUSE OF REPRESENTATIVES

TAXATION COMMITTEE

ROLL CALL VOTE

DATE 3/24 BILL NO. 753 NUMBER 1

MOTION: _____

? A

NAME	AYE	NO
REP. BEN COHEN, 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. BOB REAM, VICE-CHAIRMAN	✓	
REP. TED SCHYE	✓	
REP. BARRY "SPOOK" STANG	✓	
REP. FRED THOMAS	✓	
REP. DAVE WANZENRIED	✓	
REP. DAN HARRINGTON, CHAIRMAN	✓	
TOTAL		

15.59-2

18:3

Amendments to House Bill No. 787
First Reading Copy

For the Committee on Taxation

Prepared by Greg Petesch
and Lee Heiman
March 25, 1991

1. Title, line 6.

Following: "PROPERTY"

Insert: "DETERMINED BY THE DEPARTMENT OF REVENUE TO QUALIFY FOR
EXEMPTION"

2. Page 1, line 17.

Following: line 16

Insert: "(2) If the department of revenue makes an initial
determination that the industrial park qualifies for the
property tax exemption, it shall publish notice of and hold
a public hearing to determine whether the property should be
exempt from taxation.

(3)(a) For a taxpayer to receive the tax exemption
described in subsection (1), the governing body of the
affected incorporated city or town or consolidated
government, following the public hearing provided for in
subsection (2), shall give due notice, as defined in 76-15-
103, and hold a public hearing. The governing body may
approve or disapprove the tax exemption provided for in
subsection (1). If approved, the governing body must do so
by a separate resolution for each industrial park in its
respective jurisdiction. The governing body may not grant
approval for the industrial park until all of the
applicant's taxes have been paid in full. Taxes paid under
protest do not preclude approval.

(b) The resolution provided for in subsection (3)(a)
must include the application submitted to the department by
the taxpayer seeking the exemption.

(c) Upon receipt of approval of the governing body of
the affected taxing jurisdiction, the assessor shall make
the assessment change for the tax exemption provided for in
this section."

Renumber: subsequent subsections

3. Page 3, line 1.

Following: "."

Insert: "[Upon termination of the exemption, the property must be
assessed as provided in [section 1 of House Bill No. 757].]"

4. Page 3.

Following: line 1

Insert: "NEW SECTION. Section 2. Coordination instruction. If
House Bill No. 757 is not passed and approved, the bracketed
sentence in 15-24-1902(4) amended in section 1 is void."

Renumber: subsequent section

Amendments to House Bill No. 914
First Reading Copy

For the Committee on Taxation

Prepared by Greg Petesch
March 21, 1991

1. Page 1, line 22.

Following: line 21

Insert: "(2) If the department of revenue makes an initial determination that the building and land qualifies for the property tax exemption, it shall publish notice of and hold a public hearing to determine whether the property should be exempt from taxation.

(3)(a) For a taxpayer to receive the tax exemption described in subsection (1), the governing body of the affected incorporated city or town, county, or consolidated government, following the public hearing provided for in subsection (2), shall give due notice, as defined in 76-15-103, and hold a public hearing. The governing body may approve or disapprove the tax exemption provided for in subsection (1). If approved, the governing body must do so by a separate resolution. The governing body may not grant approval for the building and land until all of the applicant's taxes have been paid in full. Taxes paid under protest do not preclude approval.

(b) The resolution provided for in subsection (3)(a) must include the application submitted to the department by the taxpayer seeking the exemption.

(c) Upon receipt of approval of the governing body of the affected taxing jurisdiction, the assessor shall make the assessment change for the tax exemption provided for in this section."

Renumber: subsequent subsection

2. Page 3, line 10.

Following: "."

Insert: "[Upon termination of the exemption, the property must be assessed as provided in [section 1 of House Bill No. 757].]"

3. Page 3, line 15.

Insert: "NEW SECTION. Section 4. Coordination instruction. If House Bill No. 757 is not passed and approved, the bracketed sentence in [section 2(4) of this act] is void."

Amendments to House Bill No. 886
First Reading Copy

Requested by Property Tax Subcommittee
For the Committee on Taxation

Prepared by Lee Heiman
March 26, 1991

1. Title, line 8.
Following: "COUPLE;"
Insert: "PROVIDING THAT A PERSON'S INCOME LEVEL INCLUDES NET
BUSINESS INCOME AND LOSSES; PROVIDING THAT CLASS TWELVE
PROPERTY INCLUDES NOT MORE THAN 5 APPURTENANT ACRES;"
2. Title, line 12.
Strike: "RETROACTIVE"
Insert: "DELAYED"
3. Page 6, line 19.
Following: "sources"
Insert: "and net business income and losses,"
4. Page 6, line 20.
Following: "types"
Strike: "is"
Insert: ", are"
5. Page 9, line 10.
Following: "of"
Insert: "and appurtenant land not exceeding 5 acres belonging to"
6. Page 9, line 11.
Following: "sources"
Insert: "and net business income and losses,"
7. Page 9, line 12.
Following: "types"
Strike: "is"
Insert: ", are"
8. Page 13, line 25.
Strike: "or head of household"
9. Page 14, line 1.
Following: "couple"
Insert: "or head of household"
10. Page 15, line 5.
Strike: "retroactive"
11. Page 15, lines 7 and 8.
Strike: "retroactively, within the meaning of 1-2-109,"
Strike: "1990" on line 8
Insert: "1991"

Amendments to House Bill No. 869
First Reading Copy

Requested by Rep. Dolezal
For the Committee on Taxation

Prepared by Lee Heiman
March 25, 1991

1. Title, line 6.

Following: "CROPS"

Insert: "RAISED ON PROPERTY THAT CONSISTS OF AT LEAST 10
CONTIGUOUS ACRES"

2. Page 6, line 11.

Strike: "Contiguous"

Insert: "Except as provided in subsection (8), contiguous"

3. Page 7, line 21.

Following: "."

Insert: "(8) Property upon which sod, ornamental, nursery, or
horticultural crops are raised, grown, or produced must
consist of at least 10 contiguous acres before the property
is eligible to be classified as agricultural land."

Amendments to House Bill No. 452
First Reading Copy

Requested by Property Tax Subcommittee
For the Committee on Taxation

Prepared by Lee Heiman
March 22, 1991

1. Title, lines 4 and 5.
Strike: " 5-YEAR PROPERTY TAX EXEMPTION"
Insert: "7-YEAR TAXABLE VALUE DECREASE"
2. Title, line 5.
Strike: "PROPERTY"
Insert: "MACHINERY AND EQUIPMENT"
Strike: "NEW AND"
3. Title, lines 9 and 10.
Strike: "PROVIDING" on line 9 through "MCA;" on line 10
4. Title, line 10.
Strike: "A DELAYED"
Insert: "AN IMMEDIATE"
5. Title, line 11.
Following: "DATE"
Insert: "AND AN APPLICABILITY DATE"
6. Page 1, line 19 through page 2, line 8.
Strike: "(1)" on page 1, line 19 through "exemption." on page 2,
line 8.
Insert: "(1) guidelines for information that must be contained
in the application for taxable value decrease;
(2) the forms to be used by a firm to apply for the
taxable value decrease and to report employment associated
with the use of qualifying property;
(3) the procedures to ensure that a taxpayer receiving
a taxable value decrease under this bill does not receive
any other property tax reduction for qualifying property;
(4) the definition of terms and establishment of
procedures that are appropriate for the efficient
administration of the taxable value decrease;
(5) procedures for the annual recomputation of numbers
of existing employees and numbers of new employees;
(6) criteria the department intends to use to safeguard
the faithful reporting of existing and new employees to
deter taxpayers from using temporary measures or other
artifices to deflate the number of existing employees or
inflate the number of new employees contrary to the spirit
of the program; and
(7) procedures for the department to review the
specific responsibilities of each new employee to ensure
that the employee is a qualifying employee."

7. Page 2, line 11 through page 11, line 3.

Strike: everything following the enacting clause

Insert: "NEW SECTION. Section 1. **Purpose.** The purpose of [sections 1 through 5] is to encourage value-added manufacturing in Montana by providing a taxable value decrease for a 7-year period for qualifying personal property of expanding industries that process Montana raw materials or use Montana semifinished products in manufacturing.

NEW SECTION. Section 2. **Definitions.** Unless the context requires otherwise, in [sections 1 through 5], the following definitions apply:

(1) "Expansion" means that after January 1, 1992, the industry has added qualifying property within the jurisdiction either in the first tax year in which the taxable value decrease provided for in [section 3] is to be received or in the preceding tax year. Expansion does not include property that:

(a) has qualified for the tax exemption under 15-24-1402; or

(b) will create an adverse impact on existing state, county, or municipal services.

(2) "Industry" is a firm that engages in the mechanical or chemical transformation of materials or substances into new products in the manner defined as manufacturing in the 1987 Standard Industrial Classification Manual prepared by the United States office of management and budget and that engages in the:

(a) processing of Montana raw materials such as minerals, ore, oil, gas, coal, agricultural products, and forestry products; or

(b) processing of semifinished products produced in Montana that are used by the industry as a raw material in further manufacturing.

(3) "Qualifying employee" means a person:

(a) whose job was created as a result of expansion; and

(b) whose position pays not less than three-quarters of the amount of the average wage as determined by the quarterly statistical report published by the department of labor and industry.

(4) "Qualifying property" means machinery and equipment that results in the hiring of qualifying employees used for the manufacture or processing of products described in subsection (2).

NEW SECTION. Section 3. **Expanding industry taxable value decrease -- application -- approval -- reports.** (1) After January 1, 1992, an existing industry with qualifying property that represents an expansion of the industry is entitled to receive a decrease in the tax rate for class eight property if the property results in the hiring of full-time qualifying employees for each year in which the taxable value decrease is in effect.

(2) A person, firm, or other group seeking to qualify its property for the taxable value decrease under subsection

(1) shall apply to the department of revenue on a form provided by the department. The application must include:

(a) the description of the personal property that may qualify for the taxable value decrease;

(b) the date on which the qualifying property is intended to be operational;

(c) the rate of pay and number of existing employees and new employees to be used in the operation of the qualifying property;

(d) a statement that the new employees are in addition to the existing workforce of the industry and the specific responsibilities of each new employee; and

(e) a statement that all the applicant's taxes are paid in full.

(3) The department shall make an initial determination as to whether the industry qualifies for the taxable value decrease.

(4) (a) If the department determines that the property qualifies for a taxable value decrease, the governing body of the affected county or the incorporated city or town shall give due notice as defined in 76-15-103 and hold a public hearing. The governing body may either approve or disapprove the grant of taxable value decrease. The governing body may not grant approval for the project until all of the applicant's taxes have been paid in full. Taxes paid under protest do not preclude approval.

(b) The resolution provided for in subsection (4)(a) must include the document that grants approval of the application that was submitted to the department by the taxpayer seeking the taxable value decrease.

(5) The tax reduction described in subsection (1) applies to:

(a) the number of mills levied and assessed for local high school district and elementary school district purposes:

(b) the number of mills levied and assessed by the governing body approving the benefit over which the governing body has sole discretion; and

(c) statewide levies.

(6) The number of new employees used by the department to calculate the taxable value decrease in subsection (7), must be determined by the wages paid to qualifying employees. A qualifying employee paid the amount of the average wage as determined by the quarterly statistical report published by the department of labor and industry is considered one new employee. Qualifying employees are considered equivalent new employees if they are paid three-quarters of the average wage or more. The qualifying employee is the equivalent of a new employee in the same fraction that his wages are to the average wage, but a qualifying employee may not be considered more than two new employees.

(7) Qualifying property is entitled to a decrease in the taxable rate of class eight property based upon a percentage difference between a possible low rate of 3% and a high rate of the existing class eight property tax rate.

X/B.
052

The reduced taxable value rate is determined by calculating the inverse of the number of equivalent new employees divided by the number of existing employees and multiplying the product of that calculation by the decimal equivalent of the tax rate for class eight property.

(b) For each year that the taxable value decrease is in effect, the taxpayer shall report by March 1 to the department on forms prescribed by the department the wages of and the number of qualifying employees that are used in the operation of the qualifying property for which the taxable value decrease was granted.

NEW SECTION. Section 4. **Exclusion from other property tax reductions or exemptions.** If a taxable value decrease is taken pursuant to [sections 1 through 5], other property tax reductions or exemptions, including but not limited to those provided in 15-6-135, 15-24-1402, and 15-24-1501, are not allowed for the qualifying property.

NEW SECTION. Section 5. **Rules.** The department of revenue shall prescribe rules necessary to carry out the purposes of [sections 1 through 5].

NEW SECTION. Section 6. **Codification instruction.** [Sections 1 through 5] are intended to be codified as an integral part of Title 15, chapter 24, and the provisions of Title 15, chapter 24, apply to [sections 1 through 5].

NEW SECTION. Section 5. **Effective date -- applicability.** [This act] is effective on passage and approval and applies to tax years beginning after December 31, 1991."

EXHIBIT 15
DATE 3-26-91
HB 452

HOUSE OF REPRESENTATIVES

TAXATION COMMITTEE

ROLL CALL VOTE

DATE 3/26 BILL NO. 452 NUMBER 1

MOTION: DO/A

NAME	AYE	NO
REP. BEN COHEN, VICE-CHAIRMAN	✓	
REP. ED DOLEZAL	✓	
REP. JIM ELLIOTT		✓
REP. ORVAL ELLISON	P ✓	
REP. RUSSELL FAGG	✓	
REP. MIKE FOSTER	✓	
REP. BOB GILBERT	P ✓	
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. BOB REAM, VICE-CHAIRMAN		✓
REP. TED SCHYE		✓
REP. BARRY "SPOOK" STANG	✓	
REP. FRED THOMAS	✓	
REP. DAVE WANZENRIED		✓
REP. DAN HARRINGTON, CHAIRMAN	✓	
TOTAL		

4.47-3.

: 6