

MINUTES

MONTANA HOUSE OF REPRESENTATIVES 52nd LEGISLATURE - REGULAR SESSION

COMMITTEE ON TAXATION

Call to Order: By **CHAIRMAN HARRINGTON**, on April 12, 1991, at
9:00 AM

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
Julia Tonkovich, Committee Secretary

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

DISCUSSION ON SB 115

Mr. Heiman explained the subcommittee amendments, which ensure that the local property tax is a uniformly levied property tax -- one could not choose to levy it on certain properties and not on others. Amendments 3-5 provide a statutory appropriation to the Department of Revenue (DOR) for the administrative fee collected in the administering of a local option income tax if one is imposed. **Exhibit 1**

Motion/Vote: REP. REAM moved to adopt the amendments. Motion carried unanimously.

Motion/Vote: REP. REAM MOVED SB 115 BE CONCURRED IN AS AMENDED. Motion failed 9 to 12. Exhibit 2

Motion/Vote: REP. MCCARTHY MOVED SB 115 BE TABLED. Motion carried 12 to 9. Exhibit 3

DISCUSSION ON SB 375

REP. COHEN said the property tax subcommittee recommended the bill be concurred in on a 5-3 vote.

REP. HARRINGTON said he had trouble passing a bill that was proposed by the assessors themselves. This bill was not proposed by the assessors.

REP. THOMAS said if the assessors are sent to school at all, they should be sent to an accredited judicial school in Reno, not a Department of Revenue-sponsored school in Helena.

REP. GILBERT said the reason the State Bar wants these assessors to attend DOR classes is so they will have a better understanding of DOR policies and procedures. The judges' school in Reno doesn't deal with Montana tax policies.

REP. HOFFMAN said he opposes the bill because there has not been a demonstrated problem with the assessors. Nearly every decision they have made so far has been approved by the State Supreme Court.

Motion/Vote: REP. THOMAS MOVED SB 375 BE TABLED. Motion carried 11 to 10. Exhibit 4

DISCUSSION ON SB 275

David Woodgerd, DOR, presented a fact sheet on the bill prepared by the Office of Legal Affairs. Exhibit 5

Motion/Vote: REP. THOMAS MOVED SB 275 BE CONCURRED IN. Motion carried 19 to 1 with REP. COHEN voting no.

DISCUSSION ON SB 94

REP. O'KEEFE explained the amendments, and presented a fact sheet concerning the water characterization program funding sources. Exhibits 6 and 7. The methods outlined in the amendments will bring approximately \$53,000 to fund the program.

REP. O'KEEFE said the bill is to sunset in two years. The Bureau of Mines will be able to begin the program with this amount of money, and over the next two years will define more exactly their funding requirements and submit a plan to the legislature.

REP. HOFFMAN asked what the current application filing fee is.

REP. O'KEEFE said the fee is determined by a sliding scale based on the amount of groundwater applied for. 0-25 acre/feet costs \$50, 25-99 acre/feet costs \$100, 100-500 acre/feet costs \$150, 500-1000 acre/feet costs \$200, and 1000 acre/feet and up costs \$250.

Motion: REP. ELLISON MOVED SB 94 BE CONCURRED IN AS AMENDED.

Motion: REP. HOFFMAN MADE A SUBSTITUTE MOTION TO ELIMINATE AMENDMENT 5, SECTION 11, SUBSECTION 2.

REP. HOFFMAN said agricultural users are already paying a \$150 fee based upon acre/feet; there is a 400 acre/foot average for a groundwater well designed for beneficial use. Additionally, this fee doesn't raise a substantial amount of money, in light of the other amendments.

REP. O'KEEFE said when the amendments were drafted, the objective was to assess all groundwater users for a two-year period to get the program running. The individual who comes in and appropriates 400 acre/feet of new groundwater may use that water for 100 years; this is only a one-time fee. It is a fair fee. The reluctance to charge agriculture is understandable; however, agriculture relies on groundwater as well. Further, those who would be charged the acre/foot fee are not only agricultural users, but also industrial users.

REP. HANSON asked whether applying the acre/foot fee for the next two years would make many people wait two years before drilling a well to avoid the fee. REP. O'KEEFE said it might.

REP. ELLISON said this program should have been started twenty years ago. The program, even if fully funded, will take twenty years to come fully into place. This funding mechanism is perhaps not the best one, but it will at least support a token attempt to get the monitoring program started. Other states have depleted and polluted their groundwater, and are seeing Montana as a potential source. The state cannot put this program off any longer.

REP. HOFFMAN said he agreed with REP. ELLISON; he is merely trying to avoid double taxation on agricultural users.

REP. O'KEEFE said there is no double taxation issue. This is a fee for the service of processing the applications, performing the investigations and the permitting processes that accompany water use. The more diversion there is, the higher the chances are of adversely affecting an existing water right. That is why the sliding fee scales were originally adopted. There is much technical and legal work that goes into protecting existing water rights. This is a one-time fee, or perhaps a one-time tax, but it is not double taxation. The two fees are being charged for two different services.

Vote: Motion failed 7 to 13. Exhibit 8.

Motion: REP. ELLISON moved to adopt the amendments. Motion carried 18 to 2, with REPS. HOFFMAN and THOMAS voting no.

Motion: REP. O'KEEFE moved to amend SB 94 to include a provision that the fees sunset in two years.

Vote: Motion carried 19 to 1 with REP. WANZENRIED voting no.

Motion/Vote: REP. ELLISON MOVED SB 94 BE CONCURRED IN AS AMENDED. Motion carried 16 to 4 with REPS. HOFFMAN, ELLIOTT, HANSON, and THOMAS voting no.

DISCUSSION ON SB 438

Motion/Vote: REP. THOMAS MOVED SB 438 BE CONCURRED IN. Motion carried unanimously.

DISCUSSION ON SB 341

REP. ELLIOTT spoke in opposition to the bill, saying it ties Montana to any tax credits the federal government gives, and allows the state to reduce its revenue slightly to do that. The federal tax credit is incentive enough for such things as job training programs. If one spends \$10,000 in a job training program or in buying equipment which already carries a federal tax incentive, the federal government will provide a rebate which is actually income, and reduces the cost. This bill allows a businessperson to take the cost plus the federal rebate and apply that as a deduction against Montana income. It is unnecessary, and not good taxation policy.

Motion: REP. ELLIOTT MOVED SB 341 BE NOT CONCURRED IN.

REP. REAM noted that the Income Tax Subcommittee recommended the bill on a 7 to 2 vote.

Motion: REP. THOMAS MADE A SUBSTITUTE MOTION to adopt the amendments.

Mr. Heiman explained the amendments. Amendments 1-3 change the applicability date; amendment 4 is a technical change to make the bill compatible with SB 61, which has already passed.

Vote: Motion carried unanimously.

Motion/Vote: REP. THOMAS MOVED SB 341 BE CONCURRED IN AS AMENDED. Motion failed 8 to 13. Exhibit 9

Motion/Vote: REP. WANZENRIED MOVED SB 341 BE TABLED. Motion carried 13 to 8. Exhibit 10

DISCUSSION ON SB 415

REP. RANEY spoke in opposition to the bill, saying he is against overdeveloping the parks. There are some people who want to use state parks, but want them to be like KOA Kampgrounds, with electricity, showers, and swimming pools. This puts state parks in competition with private enterprise.

Motion: REP. ELLIOTT moved to amend SB 415, deleting "only" from line 17.

REP. ELLIOTT said the bill was originally a Fish and Game bill, and was supported primarily by people who own recreational vehicles. The committee intended to delete certain language so that the bill no longer insists the money be used for showers and other facilities, but allows the parks their own discretion. This amendment will do that.

Vote: Motion carried 19 to 1 with REP. GILBERT voting no.

REP. ELLIOTT said it is common knowledge that the state parks need money and are not getting it. The Good Sams and other RV owners have volunteered to give \$3.50/year to the parks. There was no opposition in Fish and Game. The bill would raise \$140,000 for state parks, and deserves consideration.

REP. GILBERT said removing the word "only" would probably erase the Good Sams' endorsement of the bill. REP. ELLIOTT said the Good Sams had not objected to such an amendment when it was discussed in the Fish and Game committee.

REP. SCHYE said this was one of the bills dealt with by the Parks Futures Committee. The parks need to be available for everyone, not just for one group of people with one camping style. It is not necessary for every state park to have every amenity; however, some of them should have basic facilities available. Most of the other bills dealing with park funding are dead. There is nothing left, besides the funding provided in HB 2, for the state parks.

REP. RANEY said the bill was not designed with state parks in mind; it was designed to create overdeveloped parks.

Motion/Vote: REP. RANEY MOVED SB 415 BE TABLED. Motion failed 9 to 12. Exhibit 11

Motion/Vote: REP. RANEY moved to amend SB 415, striking all the language from "the" on line 16 through "parts" on page 2, line 18, and the language in the title saying that the money will be used for recreational vehicle services and facilities. Motion failed 3 to 18 with REPS. REAM, RANEY and O'KEEFE voting aye.

Motion/Vote: REP. THOMAS MOVED TO REVERSE VOTE ON SB 415. SB 415 BE CONCURRED IN AS AMENDED. Motion carried 12 to 9. Exhibit 12

REP. SCHYE said REP. DARKO will carry SB 415.

DISCUSSION ON SB 454

REP. HOFFMAN said HB 312, authorizing the county to levy an extra 1/2% motor vehicle increase for court funding, has passed the Senate Taxation committee, but requires that half of those funds go to cities and towns and the other half go to counties. It halves the funds that would go to district courts.

REP. O'KEEFE said there are 14 counties who cannot use the mechanism proposed by HB 312.

REP. GILBERT said the bill will erode I-105.

REP. COHEN spoke in opposition to the bill. Great Falls is currently levying approximately 411 mills. If a railroad worker in eastern Montana gets injured on the job and hires a Great Falls lawyer, the case will be heard in Great Falls district court, and Great Falls will have to pay for it. The bill does not provide equalization for district courts. It provides a band-aid solution without solving the basic problem.

REP. HOFFMAN said he agrees with REP. COHEN; conceptually, he does not approve the bill, but it is another vehicle to keep district courts alive in some counties.

REP. O'KEEFE said a band-aid solution is better than nothing, especially in counties like Great Falls. It is not the best solution, but all the other proposed solutions have been discarded.

Motion: REP. HARRINGTON moved to amend SB 454, adding a clause stating the counties could use the funding provided by either SB 454 or HB 312. **Exhibit 13**

REP. THOMAS said there is a popular misconception that the 14 counties now using the money proposed by SB 454 cannot change their policy. They can. Many of the counties have a guaranteed tax base that won't be affected. It might take another mill or two to get the guaranteed tax base back, but the counties will be able to make up the difference.

Motion/Vote: REP. MCCARTHY moved to adopt REP. HARRINGTON's amendment. Motion carried 17 to 5, with REPS. GILBERT, HANSON, RANEY, WANZENRIED, and FOSTER voting no.

Motion/Vote: REP. O'KEEFE MOVED SB 454 BE CONCURRED IN AS AMENDED. Motion carried 11 to 10. **Exhibit 14**

DISCUSSION ON SB 445

Motion/Vote: REP. MCCARTHY MOVED SB 445 BE CONCURRED IN AS AMENDED. Motion carried unanimously. Exhibit 15

DISCUSSION ON SB 411

REP. REAM said the Income Tax Subcommittee recommended tabling the bill on an 8 to 1 vote. The funds have been misused for the last four years, and the subcommittee did not feel it should support this action. In 1987, when the bed tax was imposed, the Governor's Office told the Historical Society it should continue the tours, but did not provide a funding source. The society began using their portion of the bed tax money to run the tours, which cost approximately \$20,000/year. Last fall, they requested that the tour program be included in the executive budget, and it was not. SEN. FRITZ had indicated he would make an appeal to the finance committee if the bill does not pass; if this fails, the program is up in the air, and the Governor will have to find the money.

REP. HOFFMAN asked for clarification of "misused." REP. REAM said the subcommittee decided the funds had been illegally used, since the tour program does not fit in with the definition of installation or maintenance of roadside historical signs.

REP. COHEN said the members of the tourism advisory council are beginning to realize they cannot continue to take a negative approach to all other tourism-related uses of the bed tax monies. As the money available expands, the council will need to be more open about potential tourism-related uses, or the entire fund will be put at risk.

REP. RANEY said since the tours take place in Helena, they should be paid using a Helena fund. If Helena's region wants to promote tourism in Helena by sponsoring tours of the Capitol, it should provide the funding. The state tourism fund should not be used to promote tourism specific to Helena only.

Motion/Vote: REP. THOMAS MOVED SB 411 BE TABLED. Motion carried 17 to 3, with REPS. FAGG, O'KEEFE, and SCHYE voting no.

DISCUSSION ON SB 416

Motion/Vote: REP. THOMAS moved to adopt Amendments 1-5. Motion carried unanimously.

REP. O'KEEFE spoke against the bill, saying it will cost the General Fund \$60,000/year for 5 years for a total cost of \$300,000; the General Fund cannot afford this.

Motion/Vote: REP. THOMAS MOVED SB 416 BE CONCURRED IN AS AMENDED. Motion carried 19 to 1 with REP. O'KEEFE voting no.

DISCUSSION ON SB 428

Motion/Vote: REP. THOMAS moved to adopt Amendment 1. Motion carried unanimously.

Motion: REP. STANG moved to amend SB 428, putting diesel fuels back into the bill. Taxes on diesel fuels can be collected up front, just as the regular gasoline taxes are collected.

REP. RANEY said this bill will make the state the tax collector for the tribes' fuel taxes; however, the tribes will not give the taxes back to the state to put in the reconstruction fund. The tribes can do whatever they like with the funds.

Judy Rippingale, DOR, said the state currently receives all funds from fuel taxes on the reservation. Expanding this bill to diesel fuel will allow the tribes to take more money back from the state. REP. STANG said that is the reason he wants diesel fuels included in the bill. If diesel fuels are included, more drivers will be inclined to oppose the movement of money from the reconstruction trust fund to the reservations.

REP. ELLISON asked whether the bill requires legislative approval of the negotiations. Ms. Rippingale said the bill as written does not require approval.

REP. REAM asked for clarification of the current collection process and how this bill would change it. Ms. Rippingale said currently, the fuel taxes collected at each Montana gas station are paid to the state. There is legal precedence that prohibits the state from collecting fuel taxes from tribal members who buy gasoline for use on the reservation. If negotiations do not take place, the tribes could sue, or they could open tribally-operated retail gas outlets which would not collect fuel taxes. The state will not be in a good position if it does not begin negotiating. This bill allows the state to implement its negotiations, and allows more legislative control.

REP. STANG asked if the tribes decide not to collect the tax, could the state withhold funds and stop building roads on the reservation? This would effectively tell the tribes that they must collect taxes if they want road construction. Bill Salisbury, Department of Highways, said the Highway Commission can choose the projects it builds. The commission might choose not to build a reservation road if fuel taxes are not collected on that reservation, but there are several other reasons why this decision might be made. The department's major concern is that the entire 20 cents of state tax will be negotiated away; there is no reason to believe the tribes will use it for road construction.

REP. HARRINGTON asked for clarification of the position of the Department of Highways. Mr. Salisbury said the department does

not oppose the intent of the legislation, but wants to make sure the committee realizes the potential consequences of losing the full 20 cents/gallon fuels tax currently collected on reservations.

REP. SCHYE said if negotiations do not take place, the state will lose the money anyway as the tribes will open their own retail fuel outlets and not collect taxes. **REP. REAM** said if this happens, people will drive to the reservations to buy gasoline at the cheaper price.

REP. STANG said there will be strong opposition to the bill if diesel fuels are included. However, if the bill passes, diesel fuel must be added eventually. When a future legislature tries to amend diesel fuel into the law, there will still be opposition. It should be dealt with now rather than later.

REP. THOMAS asked whether the state can negotiate with the tribes as far as how the monies collected will be used. **Ms. Rippingale** replied that the state's control over the negotiations depends on the parameters decided upon by the legislature. The department would like to see the agreement apply to enrolled tribal members only, and the monies be limited to correspond with the number of reservation road miles. Cities and counties would not lose their state allocation; the state fund would be depleted.

REP. REAM asked why diesel fuels were left out of the bill. **Ms. Rippingale** replied that DOR wanted to give away as little money as possible. These are the first negotiations of this type; the department wanted to put the least amount of money at risk as it could.

Vote: Motion failed 2 to 18 with **REPS. O'KEEFE** and **STANG** voting aye.

REP. DOLEZAL asked who will be responsible for negotiating with the reservations. **REP. STANG** said under this bill, the Department of Highways will be responsible.

REP. GILBERT said the negotiations will be similar to trying to negotiate on the sales price of a car after having signed the sales contract. The state would be better negotiating first, and passing legislation later.

REP. ELLISON said if the bill is going to be passed, it should be amended to ensure the negotiations are approved by the next legislature.

Motion/Vote: **REP. THOMAS MOVED SB 428 BE CONCURRED IN AS AMENDED.** Motion failed 8 to 13. **Exhibit 16**

Motion/Vote: **REP. MCCARTHY MOVED TO REVERSE VOTE ON SB 428.** **SB 428 TABLED.** **Exhibit 17**

Motion: REP. REAM moved to adopt a study resolution addressing the problem of taxation on Indian reservations, and authorizing the Revenue Oversight Committee to undertake the study. Mr. Heiman will draft the resolution.

REP. ELLIOTT noted that HB 1012 provides for a study by the Indian Affairs Committee to meet with the Tribal Chairmen's Council and the Coordinator for Indian Affairs to discuss all taxation matters relating to state and tribal issues. REP. REAM said Revenue Oversight should also study the matter.

Vote: Motion carried unanimously.

DISCUSSION ON SB 151

Motion/Vote: REP. MCCARTHY moved "ten hours per week" be struck from page 6, line 21. Motion carried 13 to 8. Exhibit 18

Motion/Vote: REP. HARRINGTON moved to amend SB 151 to provide that section 6(3)(c) be void if HB 693 is not passed and approved. Exhibit 19 Motion carried 17 to 4 with REPS. FAGG, STANG, NELSON, and HANSON voting no.

Motion/Vote: REP. O'KEEFE MOVED SB 151 BE CONCURRED IN AS AMENDED. Motion carried 11 to 9. Exhibit 20

DISCUSSION ON SB 460

REP. COHEN said SB 460 originally gave many breaks to large industrial groups and passed the cost of those breaks on to the commercial sector. The senators asked the Property Tax Subcommittee not to undertake any residential property tax reform in the bill, and the Republican members of the subcommittee objected to the separation of residential and commercial property. The bill was amended considerably. In its present form, SB 460 does nothing for homeowners, shifts the costs for businesspeople, and will not please anyone.

REP. DOLEZAL said the bill that addressed property tax reform was HB 1004. Several people tried to address property tax reform again in SB 460, which originally was designed to provide business tax relief only by splitting residential and commercial property into two classes. Although the bill was amended substantially, it did not address small businesses or homeowners in terms of property tax relief. Residential and business properties should not be placed in the same category. In the past few years, the property tax burden has begun to shift away from businesses towards residential property, and no effort has been made to address this. This bill does not address true property tax reform.

REP. THOMAS said the bill will increase property taxes on main-street businesses whose primary assets are in land and buildings. The block grant program will be manipulated to take money from

local governments that now have higher taxable value to compensate for the lowered taxable value; the result is a large shift in taxable values for local governments.

Motion/Vote: REP. COHEN MOVED SB 460 BE TABLED. Motion carried 17 to 4 with REPS. WANZENRIED, RANEY, ELLIOTT, and O'KEEFE voting no.

DISCUSSION ON SB 461

Motion: REP. REAM moved to amend SB 461, changing the date from 1993 to 1992. Numbers 2 and 4 of the subcommittee amendments make the bill consistent with the Senate amendments. On page 6, line 21, the date was changed from 1992 to 1993. Exhibit 21

REP. THOMAS asked what the effect of the date change would be. REP. REAM said if the date is set at 1993, there will only be one quarter of collections. If the date is set at 1992, the funds will be made available earlier.

REP. GILBERT spoke against the amendment. This is General Fund money, and the state will get it eventually. The money could conceivably all be spent on one-time expenditures, and the General Fund needs the money. Some of the one-time expenditures are laudable, but some are unnecessary. The legislature should add stability to the General Fund whenever possible.

REP. REAM said the funds collected by this bill could be used for the buildings proposed in the long-range building bill. The state could pay up front rather than indebt the people of the state for the next twenty years.

Vote: Motion carried 12 to 9 with REPS. GILBERT, FAGG, RANEY, NELSON, HOFFMAN, THOMAS, ELLISON, FOSTER and HANSON voting no.

Motion/Vote: REP. COHEN moved to adopt the DOR amendments. Motion carried 12 to 9 with REPS. GILBERT, FAGG, RANEY, NELSON, HOFFMAN, THOMAS, ELLISON, FOSTER and HANSON voting no.

REP. HOFFMAN said SEN. WATERMAN had indicated this bill would allow payment of due taxes, and that is not the case. This is a pre-payment of tax that will create \$40 million of one-time money to be used as a band-aid solution to fund expenditures passed by this legislature. The bill will create an increase in DOR personnel and equipment which is currently unnecessary. One of the reasons people come to Montana is because the tax system here is unique; there is no spring tax payment. Trying to align state tax policy with federal tax policy is not in Montana's best interests.

Motion/Vote: REP. REAM MOVED SB 461 BE CONCURRED IN AS AMENDED. Motion carried 13 to 8. Exhibit 22

DISCUSSION ON SB 359

REP. WANZENRIED explained the amendments, which provide consistency with **HB 974**. **Exhibit 23** The problem other states have with similar incentive legislation is not recruiting physicians to rural areas, but retaining them. The amendments allow a four year tax credit instead of the three year credit currently in the bill. The other amendments delete the language requiring that physicians be graduates of the WICHE/WAMI program in order to qualify. The Senate had concerns that a wealthy physician from another state would come to Montana and open a limited practice in order to get the tax credit. Since the bill is intended to attract physicians to rural areas, it should not matter whether the physician is wealthy or not, as long as he or she provides services to the community.

REP. NELSON explained the amendments further. Rural physicians are usually self-employed; they need to invest in equipment, and will have a high overhead. In order to owe \$5000 income tax, they will have to net at least \$60,000 per year, and with all the expenses incurred, this will be difficult to do the first few years. The incentive disappears if it will take three or four years for physicians to qualify for the tax break. The bill should be as loose as possible, and allowing a carry-forward/carry-back provision will give more incentive to physicians considering rural Montana.

Motion/Vote: **REP. WANZENRIED** moved to adopt amendments 2, 4 and 7. Motion carried unanimously.

Motion: **REP. WANZENRIED** moved to adopt amendments 1 and 3.

REP. FOSTER spoke in favor of the amendments. Expanding the pool of physicians eligible for this tax incentive will help rural communities immensely.

Vote: Motion carried unanimously.

Motion: **REP. FAGG** moved to amend SB 359. On page 3, line 2, strike "may not be claimed as a carry-back or carry-forward and." This leaves the refund provision intact.

Vote: Motion carried unanimously.

Motion/Vote: **REP. MCCARTHY** moved to amend SB 359, changing the 2 to a 3 on page 3, line 1. Motion carried unanimously.

Motion/Vote: **REP. SCHYE** moved to amend SB 359, changing the 50-bed limitation to 60. Motion carried unanimously.

Motion/Vote: **REP. O'KEEFE** MOVED SB 359 BE CONCURRED IN AS AMENDED. Motion carried unanimously.

DISCUSSION ON SB 436

REP. COHEN explained the bill, which reduces the number of property classes to 12. It does not make any significant rate changes, nor does it make any significant changes in statewide taxable value. Nonproductive mining claims had been placed in Class 4; they are now in Class 3 property.

Motion/Vote: REP. COHEN moved to adopt Amendments 1-7. Motion carried unanimously.

Mr. Heiman explained the remaining amendments, which provide that nonproductive property will be classified as Class 4 property.

Motion/Vote: REP. COHEN moved to adopt Amendments 8-18. Motion carried unanimously. **Exhibit 24**

REP. COHEN explained the DOR amendments, which allow single parents to qualify as "heads of households" for the low income property tax credit, and provides that net (not gross) business income be used for the property tax income computation. **Exhibit 25**

Motion/Vote: REP. COHEN moved to adopt the DOR amendments. Motion carried unanimously.

REP. COHEN explained an additional set of amendments. **Exhibit 26** Amendment 4 treats timberland the same way SB 69 treats agricultural land, stating that land cannot be classified as timberland for tax purposes if it does not produce timber for harvest.

REP. REAM spoke in opposition to the amendment. The value of timberland is not limited to the number of trees available for cutting; there are watershed and wildlife values as well. There should be an intermediate category.

REP. COHEN said SB 69, which stated that agricultural land cannot be classified as such if there are covenants prohibiting agricultural activities on the land, passed; this bill applies the same language to timberland.

REP. GILBERT said the amendments will move many property owners from a timberland classification to a commercial recreational classification, which means a substantial property tax increase.

REP. REAM said there is no sense in increasing someone's taxes from 50 cents/acre to \$500/acre, which is what this amendment will do.

Motion/Vote: REP. COHEN moved to adopt Amendment 4. Motion carried 13 to 8. **Exhibit 27**

REP. COHEN explained Amendment 5. Parcels of land just over 20

acres are presently qualifying for agricultural property tax rates although they are not being used for agricultural purposes. Currently, to qualify for agricultural classification, a property owner must show at least \$1500 income from land less than 20 acres. This bill does not change that. If a parcel of land is at least 20 but less than 40 acres, it must produce \$1500 income plus an additional \$25 per acre or fraction of an acre in excess of 20 acres. This means 40 acres of land must produce at least \$2000, 30 acres must produce \$1750, etc., in order to qualify for agricultural classification. The agricultural community found this figure acceptable. The bill also takes into consideration the possibility of drought or other unintentional harm being done to the property, stating that the previous year's income may be used in such cases. There are many private, residential estates with just over 20 acres of land that are not being used for agricultural purposes, yet are being taxed at the agricultural rate. This puts everyone with genuine agricultural classification at risk.

REP. THOMAS spoke in favor of the amendment. It may be a tax increase, but only for people who are not involved in agriculture and are still using that classification for tax purposes. This amendment gets rid of the artificiality of the law, and is a further purification of the greenbelt laws currently in statute.

REP. REAM said there are no greenbelt laws in Montana, and this is the problem. Land is either urban residential or agricultural.

REP. ELLISON said Montana needs a rural residential class of property. These estates should not be taxed at the agricultural rate, because the property is not being used for agricultural purposes. However, the property owners do not receive all the services they would if they lived in an urban residential area, and should not be taxed at the full residential rate.

REP. REAM agreed with **REP. ELLISON**. The Property Tax Subcommittee has made the assumption that anyone living on 21 acres is a wealthy, non-agricultural resident. In Missoula and Flathead Counties there are many loggers and millworkers who are low-income but have managed to buy a small piece of land. This will increase their taxes by 100-200 fold, and will hasten subdivisions because these people will have no alternative but to divide their land into smaller parcels and sell.

REP. GILBERT said this bill will raise hundreds of millions of dollars in increased property taxes, and increase some property owners' taxes by 500%. Many members of the committee got elected on the premise that they would not raise taxes, yet are saying nothing when faced with the issue.

REP. ELLIOTT said his neighbor is a widow who draws her water by hand and lives on 40 acres of property; he is not about to raise her property taxes.

REP. FOSTER said acreage does not always guarantee worth. Some property in eastern Montana cannot even be used as grazing land.

REP. COHEN said assumptions are being made about the market value of property that should not be made. Rural residential property of over 20 acres could easily be taxed at half the rate of all other residential property. This will give these property owners a break, but not as large a break as is given to agricultural land.

Motion: **REP. COHEN** moved to change the tax rate of parcels of land over 20 acres not being used for agricultural purposes to one-half the rate of Class 4 property.

REP. GILBERT spoke in opposition to the motion. The last day of the taxation committee hearings is not the right time to propose major changes to Montana's property tax laws. There is no data showing how much this will cost, or who it will affect.

REP. HOFFMAN spoke in favor of the original motion. There are many subdivisions just above 20 acres that were created to get around the original subdivision laws. Many constituents have complained about the tax rates on these property owners. \$1500-2000 is not that much, and will qualify these landowners for agricultural status.

REP. COHEN withdrew his motion.

Motion/Vote: **REP. COHEN** moved to adopt Amendment 5 as written. Motion carried 12 to 9. **Exhibit 28**

Motion: **REP. O'KEEFE** moved to amend SB 436 to provide that the property discussed in Amendment 5 (rural residential lots over 20 and less than 40 acres) be taxed at one-half the rate of property in the same class. This would include timberland as well as agricultural land.

REP. ELLISON said the committee is heading in the right direction by passing this amendment. Montana needs an intermediate property class.

Vote: Motion carried 15 to 6 with **REPS. GILBERT, STANG, FOSTER, HANSON, ELLIOTT** and **NELSON** voting no.

Motion/Vote: **REP. COHEN** MOVED SB 436 BE CONCURRED IN AS AMENDED. Motion carried 14 to 7. **Exhibit 29**

Motion/Vote: **REP. DOLEZAL** moved to adopt a resolution authorizing the Revenue Oversight Committee to study the property tax structure and come up with suggestions for reform. **Mr. Heiman** will draft resolution. Motion carried unanimously.

DISCUSSION ON SB 459

REP. GILBERT said the bill erodes I-105.

Motion/Vote: REP. ELLISON MOVED SB 459 BE TABLED. Motion carried 12 to 9. Exhibit 30

DISCUSSION ON SB 464

Motion/Vote: REP. STANG MOVED SB 464 BE TABLED. Motion carried 15 to 6 with REPS. REAM, FAGG, MADISON, ELLIOTT, SCHYE and COHEN voting no.

DISCUSSION ON SB 468

Motion: REP. O'KEEFE MOVED SB 468 BE CONCURRED IN. The bill is a clean-up and clarification bill necessary after SB 1 and HB 28.

REP. REAM said the bill received a unanimous recommendation in subcommittee.

Vote: Motion passed 19 to 2 with REPS. MCCAFFREE and COHEN voting no.

Motion/Vote: REP. ELLIOTT moved to reconsider SB 464. Motion failed 4 to 17.

DISCUSSION ON SB 435

REP. THOMAS said there did not seem to be much concern on either the sponsor's or the university system's part to pass the bill.

Motion/Vote: REP. REAM moved to adopt the amendments. Exhibit 31 Motion passed 20 to 1 with REP. GILBERT voting no.

Motion: REP. MCCARTHY moved to amend SB 435 to provide that the measure be voted on in the November election rather than in the primary. Prior campaigns, such as the six-mill levy campaign, have been very successful with the voters and private businesses have also been willing to fund the campaigns.

REP. ELLISON spoke in favor of the amendment.

Vote: Motion carried unanimously.

Motion/Vote: REP. THOMAS MOVED SB 435 BE TABLED. Motion failed 8 to 13. Exhibit 32

Motion/Vote: REP. REAM MOVED TO REVERSE VOTE ON SB 435. SB 435 BE CONCURRED IN AS AMENDED. Motion carried 13 to 8. Exhibit 33

DISCUSSION ON SB 318

REP. HOFFMAN explained the amendments, which drop the fee from \$3.50 to \$1.00. The fee will only apply to new recreational vehicles sold by an RV dealer. The bill is a good security measure and a good financing tool as well. Exhibit 34

Stuart Doggett, Montana Manufactured Housing and RV Dealers, explained the amendments further. The \$1 fee is currently being charged by DOR for decals which prove taxes have been paid on the vehicle.

REP. GILBERT opposed the amendment. The bill will tax insulated shells at the same rate it will tax campers, since it uses weight, not price, as a criteria.

Motion/Vote: REP. HOFFMAN moved to adopt the amendments. Motion carried 15 to 6. Exhibit 35

Motion/Vote: REP. HOFFMAN MOVED SB 318 BE CONCURRED IN AS AMENDED. Motion carried 15 to 6 with REPS. GILBERT, WANZENRIED, RANEY, MCCAFFREE, ELLIOTT and HANSON voting no.

DISCUSSION ON SB 159

Motion/Vote: REP. COHEN MOVED SB 159 BE TABLED. Motion carried unanimously.

DISCUSSION ON SB 390

REP. THOMAS explained the amendments, which state that fire is considered a natural disaster regardless of origin. A person who is convicted of arson, however, will not get the tax break.

Motion/Vote: REP. THOMAS MOVED SB 390 BE CONCURRED IN AS AMENDED. Motion carried unanimously.

DISCUSSION ON SB 412

REP. COHEN explained the amendments. According to the original draft of the bill, property values will change in 1991, 1992, and 1993. After that, they will be adjusted every three years. The Property Tax Subcommittee recommended on a split vote that the rates be frozen at the 1990 levels until the current cycle is completed. Exhibit 36 The rates will be adjusted in 1993, and then every three years after that. One cycle will be four years long to accommodate appeals. If the rates will not go up in the coming year, there is not the same pressure to have the rules completed before the bill is passed, thus the bill and the rules

will be made in accordance with the Montana Administrative Procedures Act.

REP. O'KEEFE spoke against the amendments. If the assessments are frozen for three years, homeowners will be hit with a large increase, and there will be many appeals. If the increases are not gradually phased in, city and county revenue is lost in those years for which the assessment values are frozen. Over the three years, close to \$1.2 million could be lost.

REP. THOMAS said the freeze also reduces the state's potential of winning in court. A gradual increase is the least aggressive approach.

REP. HARRINGTON spoke against the amendment. When HB 703 was passed, the biggest problem was waiting to reassess until after the bill was passed. The problem wasn't the bill, it was the period of time allowed to elapse before the bill was implemented. This amendment would cause a similar problem.

REP. COHEN said if the amendment fails, unless certain jurisdictions choose to lower their mill levies, the taxes on all residential property owners will increase. In other parts of the county, residential property taxes will stay the same and commercial property taxes will drop. In these counties, the mill levy will increase, if it isn't already at its cap. If this happens, the people who have had their assessment level frozen will still experience a tax increase. One of the reasons to have a three-year instead of a one-year cycle is to get rid of a constantly fluctuating tax. There will be protests either way, but if the taxes change every year, the state is likely to see more protests.

REP. DOLEZAL spoke against the amendment. His constituents live in area 2.2 of Great Falls, which is one of the areas this bill will impact significantly. The people in that area perceived a radical change in their property taxes, for whatever reason, and do not want more radical changes.

Motion/Vote: **REP. COHEN** moved to adopt the amendments to SB 412. Motion failed 6 to 15. **Exhibit 37**

Motion/Vote: **REP. COHEN** moved to adopt the coordination clause, which coordinates SB 412 with HB 340. Motion carried unanimously.

Motion/Vote: **REP. ELLISON MOVED SB 412 BE CONCURRED IN AS AMENDED.** Motion carried 19 to 2 with **REPS. COHEN** and **WANZENRIED** voting no.

5 Motion/Vote: REP. FAGG MOVED TO RECONSIDER ACTION ON SB 115.

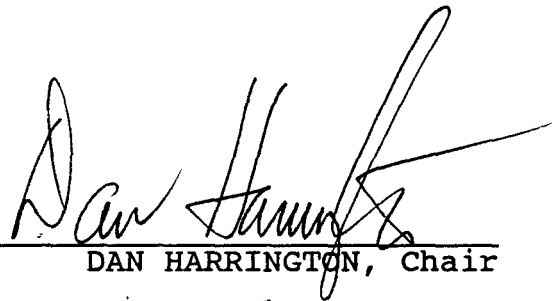
Motion carried 11 to 10. Exhibit 3g

Motion/Vote: REP. FAGG MOVED SB 115 BE CONCURRED IN AS AMENDED.

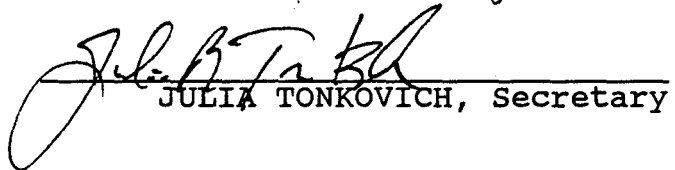
Motion carried 11 to 10. Exhibit 3g

ADJOURNMENT

Adjournment: 12:50 PM



DAN HARRINGTON, Chair



JULIA TONKOVICH, Secretary

DH/jmt

4:25
4-12-91
503

HOUSE STANDING COMMITTEE REPORT

April 12, 1991

Page 1 of 1

Mr. Speaker: We, the committee on Taxation report that Seante
Bill 275 (third reading copy -- blue) be concurred in .

Signed: _____
Dan Harrington, Chairman

Carried by: Rep. Fagg


4:23
4-12-91
J O R

HOUSE STANDING COMMITTEE REPORT

April 12, 1991

Page 1 of 6

Mr. Speaker: We, the committee on Taxation report that Senate Bill 94 (third reading copy -- blue) be concurred in as amended.

Signed: 
Dan Harrington, Chairman

Carried by: Rep. O'Keefe

And, that such amendments read:

1. Strike: all amendments adopted by the House Natural Resources Committee on March 12, 1991

2. Title, line 9.

Following: line 8

Insert: "INCREASING THE FILING FEE FOR NOTICE OF COMPLETION OF GROUND WATER DEVELOPMENT; INCREASING THE FILING FEE FOR PERMITS TO BENEFICIALLY USE GROUND WATER; DIRECTING THE BOARD OF WATER WELL CONTRACTORS TO AMEND RULE 36.21.415, ADMINISTRATIVE RULES OF MONTANA, TO INCREASE LICENSE FEES,"

3. Title, line 11.

Following: "PROGRAMS,"

Insert: "PROVIDING AN APPROPRIATION; AMENDING SECTIONS 37-43-303, 37-43-307, 85-2-302, AND 85-2-306;"

Following: "DATE"

Insert: "AND A TERMINATION DATE"

4. Page 4, lines 8 through 23.

Following: line 7

Strike: subsection (a) in its entirety

Insert: "(a) the portion of the application filing fee for a permit to beneficially use ground water, allocated pursuant to 85-2-302(2);

(b) the portion of the filing fee for processing notices of completion of ground water development, allocated pursuant to 85-2-306(5);

(c) the portion of the water well contractor, driller, and monitoring well constructor license fee, allocated pursuant to 37-43-303(2), and the portion of the license renewal fee, allocated pursuant to 37-43-307(1);

(d) the portion of public water supply system fees, allocated pursuant to [section 4 of Senate Bill No. 407];"
Renumber: subsequent subsections

5. Page 9, line 9.

Following: line 8

Insert: "Section 8. Section 37-43-303, MCA, is amended to read:

"37-43-303. Application -- fee. (1) Except as provided in 37-43-302(2), a person desiring to engage in the drilling, making, construction, alteration, or rehabilitation of one or more water or monitoring wells for underground water in this state shall first file an application with the department for a license. The application must set forth the applicant's qualifications, the equipment proposed to be used in the contracting, and other matters required by the board on forms adopted by the board.

(2) The department shall charge a fee prescribed by the board for filing an application. The application shall not be acted on until the fee has been paid. Fees collected under this section ~~shall~~ must be deposited in the state special revenue fund for the use of the board, except that \$25 of the fee collected from each applicant for a water well contractor license and \$15 of the fee collected from each applicant for a water well driller license or a monitoring well constructor license must be deposited in the ground water assessment account established in [section 4].

(3) An appropriate license shall be issued to an applicant if, in the opinion of the board, the applicant is qualified to conduct water well or monitoring well construction operations. In the granting of licenses, the board shall have due regard for the interest of this state in the protection of its underground waters."

Section 9. Section 37-43-307, MCA, is amended to read:

"37-43-307. Annual renewal -- fee -- revocation for nonrenewal. (1) The term for licenses issued under this chapter is from July 1 of each year through the following June 30. After the payment of the initial fee under 37-43-303, a licensee shall pay, before the first day of each license year, a renewal fee as prescribed by the board. Renewal fees collected under this section must be deposited in the state special revenue fund for the use of the board, except that \$25 of the fee collected from each renewal of a water well contractor license or a monitoring well constructor license and \$15 of the fee collection from each renewal of a water well driller license must be deposited in the ground water assessment account established in [section 4].

(2) If a licensee does not apply for renewal of his license before the first day of a license year and remit to the department the renewal fee, he shall have his license suspended by the board. If the license remains suspended for a period of

April 12, 1991

Page 3 of 6

more than 30 days after the first day of a license year, it shall be revoked by the board. However, the department, prior to this revocation, shall notify the licensee of the board's intention to revoke at least 10 days prior to the time set for action to be taken by the board on the license, by mailing notice to the licensee at the address appearing for the licensee in the records and files of the department. A license once revoked may not be reinstated unless it appears that an injustice has occurred indicating to the board that the licensee was not guilty of negligence or laches. If a person whose license has been revoked through his own fault desires to engage in the business of water well drilling or monitoring well construction in this state or contracting therefor, he must apply under 37-43-303. Notice of suspension shall be given a licensee when the suspension occurs."

NEW SECTION. Section 10. Board to amend rule. The board of water well contractors shall amend Rule 36.21.415, Administrative Rules of Montana, as follows:

"36.21.415 FEE SCHEDULE

(1) Application and examination		
(a) Contractors	\$250.00	\$275.00
(b) Drillers	150.00	<u>165.00</u>
(c) Monitoring well constructor	150.00	<u>165.00</u>
(2) Re-examination		
(a) Water well contractor	125.00	
(b) Water well driller	75.00	
(c) Monitoring well constructor	75.00	
(3) Renewal		
(a) Contractor	115.00	140.00
(b) Driller	75.00	<u>90.00</u>
(c) Monitoring well constructor	115.00	<u>140.00</u>
(4) Late renewal		
(in addition to renewal fee)	55.00	
will be charged for any license not renewed prior to July 10		
(5) Duplicate certificate and/or license	40.00	
(6) Change in contractor name and/or address	40.00	
(7) Change in responsible contractor (new driller license fee)	40.00	
(8) Copies of law and rules--per page	.20	
(drillers and contractors are exempt from fee)"		

Section 11. Section 85-2-302, MCA, is amended to read:

"85-2-302. Application for permit -- fee. (1) Except as otherwise provided in (1) through (3) of 85-2-306, a person may not appropriate water or commence construction of diversion, impoundment, withdrawal, or distribution works therefor except by applying for and receiving a permit from the department. The application shall be made on a form prescribed by the department.

The department shall make the forms available through its offices and the offices of the county clerk and recorders. The department shall return a defective application for correction or completion, together with the reasons for returning it. An application does not lose priority of filing because of defects if the application is corrected, completed, and refiled with the department within 30 days after its return to the applicant or within a further time as the department may allow. If an application is not corrected and completed within 30 days or within a further time as the department allows, up to 3 months, the priority date of the application shall be the date of refiling the application with the corrections with the department. An application not corrected within 3 months shall be terminated.

(2) In addition to the application filing fee prescribed by the board by rule pursuant to 85-2-113, a person applying for a permit under subsection (1) shall pay a fee of \$1 per acre-foot of ground water appropriated. The fees collected by the department under this subsection must be deposited in the ground water assessment account, established in [section 4], within the state special revenue fund."

Section 12. Section 85-2-306, MCA, is amended to read:

"85-2-306. Exceptions to permit requirements -- fee. (1) Ground water may be appropriated only by a person who has a possessory interest in the property where the water is to be put to beneficial use and exclusive property rights in the ground water development works or, if another person has rights in the ground water development works, the written consent of the person with those property rights. Outside the boundaries of a controlled ground water area, a permit is not required before appropriating ground water by means of a well or developed spring with a maximum appropriation of less than 100 gallons per minute, except that a combined appropriation from the same source from two or more wells or developed springs exceeding this limitation requires a permit. Within 60 days of completion of the well or developed spring and appropriation of the ground water for beneficial use, the appropriator shall file a notice of completion with the department on a form provided by the department at its offices and at the offices of the county clerk and recorders and pay a \$20 filing fee. Upon receipt of the notice, the department shall review the notice and may, before issuing a certificate of water right, return a defective notice for correction or completion, together with the reasons for returning it. A notice does not lose priority of filing because of defects if the notice is corrected, completed, and refiled with the department within 30 days or within a further time as the department may allow, not to exceed 6 months. If a notice is not corrected and completed within the time allowed, the priority date of appropriation shall be the date of refiling a correct and

complete notice with the department. A certificate of water right may not be issued until a correct and complete notice has been filed with the department. The original of the certificate shall be sent to the appropriator. The department shall keep a copy of the certificate in its office in Helena. The date of filing of the notice of completion is the date of priority of the right.

(2) An appropriator of ground water by means of a well or developed spring first put to beneficial use between January 1, 1962, and July 1, 1973, who did not file a notice of completion, as required by laws in force prior to April 14, 1981, with the county clerk and recorder shall file a notice of completion, as provided in subsection (1) of this section, with the department to perfect the water right. The filing of a claim of existing water right pursuant to 85-2-221 is sufficient notice of completion under this subsection. The priority date of the appropriation shall be the date of the filing of a notice as provided in subsection (1) of this section or the date of the filing of the claim of existing water right. An appropriation under this subsection is an existing right, and a permit is not required; however, the department shall acknowledge the receipt of a correct and complete filing of a notice of completion, except that for an appropriation of less than 100 gallons per minute, the department shall issue a certificate of water right. If a certificate is issued under this section, a certificate need not be issued under the adjudication proceedings provided for in 85-2-236.

(3) A permit is not required before constructing an impoundment or pit and appropriating water for use by livestock if the maximum capacity of the impoundment or pit is less than 15 acre-feet and the appropriation is less than 30 acre-feet per year and is from a source other than a perennial flowing stream and the impoundment or pit is to be constructed on and will be accessible to a parcel of land that is owned or under the control of the applicant and that is 40 acres or larger. As used in this subsection, a perennial flowing stream means a stream which historically has flowed continuously at all seasons of the year, during dry as well as wet years. However, within 60 days after constructing the impoundment or pit, the appropriator shall apply for a permit as prescribed by this part. Upon receipt of a correct and complete application for a stockwater provisional permit, the department shall then automatically issue a provisional permit. If the department determines after a hearing that the rights of other appropriators have been or will be adversely affected, it may revoke the permit or require the permittee to modify the impoundment or pit and may then make the permit subject to such terms, conditions, restrictions, or limitations it considers necessary to protect the rights of other appropriators.

(4) A person may also appropriate water without applying

for or prior to receiving a permit under rules adopted by the board under 85-2-113.

(5) The department shall deposit \$10 of each filing fee collected pursuant to subsection (1) in the ground water assessment account, established in [section 4], within the state special revenue fund."

NEW SECTION. Section 13. Appropriation. There is appropriated to the Montana bureau of mines and geology for the biennium ending June 30, 1993, all funds in the ground water assessment account, established in [section 4], in the state special revenue fund, for purposes of establishing a ground water monitoring program and a ground water characterization program." Renumber: subsequent sections

6. Page 9, lines 18 and 19.

Following: line 17

Strike: lines 18 and 19 in their entirety

Insert: "Senate Bill No. 407 is passed and approved and does not contain a provision that allocates a portion of public water supply system fees to the ground water assessment account, then [section 4(4)(d) of this act] is void."

7. Page 9, line 22.

Following: line 21

Insert: "NEW SECTION. Section 17. Termination. [Subsections (4)(a) through (4)(d) of section 4] and [sections 8 through 12 of this act] terminate July 1, 1993."

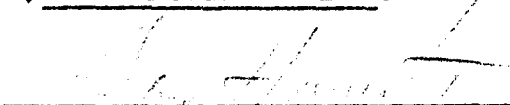
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JDR

HOUSE STANDING COMMITTEE REPORT

April 12, 1991

Page 1 of 1

Mr. Speaker: We, the committee on Taxation report that Senate Bill 438 (third reading copy -- blue) be concurred in.

Signed: 
Dan Harrington, Chairman

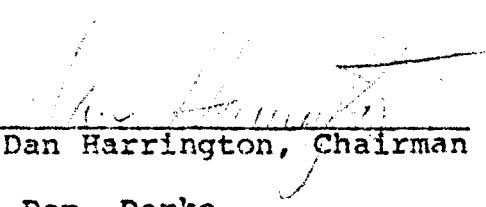
CARRIED BY: HARRINGTON

HOUSE STANDING COMMITTEE REPORT

4/25/91
4/25/91
12/21
April 12, 1991

Page 1 of 1

Mr. Speaker: We, the committee on Taxation report that Senate Bill 415 (third reading copy -- blue) be concurred in as amended.

Signed: 
Dan Harrington, Chairman

Carried by: Rep. Darko

And, that such amendments read:

1. Title, line 7.

Following: "PROCEEDS"

Insert: "MAY"

2. Page 2, line 17.

Strike: "only"

HOUSE STANDING COMMITTEE REPORT

4:30
4-12-91
TDR
April 12, 1991

Page 1 of 1

Mr. Speaker: We, the committee on Taxation report that Senate Bill 454 (third reading copy -- blue) be concurred in as amended.

Signed: 
Dan Harrington, Chairman

Carried by: Rep. Dolezal

And, that such amendments read:

1. Page 4, line 22.

Following: "expenses."

Insert: "[A county may not levy additional mills pursuant to this subsection if the county is receiving local option vehicle tax money under 61-3-537 for funding district court operations.]"

2. Page 21.

Following: line 18

Insert: "NEW SECTION. Section 4. Coordination instruction. If House Bill No. 312 is not passed and approved, then the bracketed language in [section 2(2) of this act] is void."

Renumber: subsequent section

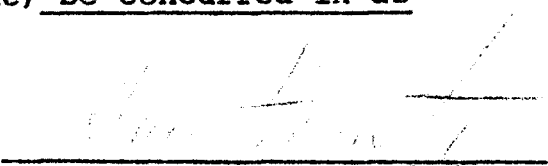
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HOUSE STANDING COMMITTEE REPORT

April 12, 1991

Page 1 of 1

Mr. Speaker: We, the committee on Taxation report that Senate Bill 445 (third reading copy -- blue) be concurred in as amended .

Signed: 
Dan Harrington, Chairman

Carried by: Rep. McCarthy

And, that such amendments read:

1. Page 5, line 12.

Following: "notice"

Insert: "referred to in subsection (4) (a) "

2. Page 6, line 16.

Following: "reasonable"

Insert: "not to exceed 90 days except by the mutual consent of both parties"

3. Page 6, line 25.

Following: "Procedure"

Insert: ", including additional time for mailing"

4. Page 7, lines 3 and 4.

Strike: "NOT TO EXCEED 90 DAYS EXCEPT BY THE MUTUAL CONSENT OF BOTH PARTIES,"

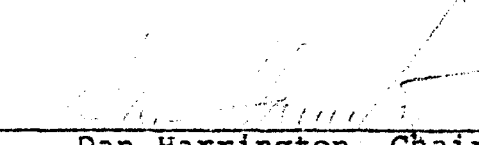
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4-12-91
JDR

HOUSE STANDING COMMITTEE REPORT

April 12, 1991

Page 1 of 1

Mr. Speaker: We, the committee on Taxation report that Senate Bill 416 (third reading copy -- blue) be concurred in as amended.

Signed: 
Dan Harrington, Chairman

Carried by: Rep. H.S. Hanson

And, that such amendments read:

1. Page 3, line 13.

Following: "~~703~~"

Insert: ", as provided in subsection (3),"

2. Page 3, line 15.

Strike: "\$400"

Insert: "\$250 per year for 4 years"

3. Page 3, line 17.

Following: "YEAR"

Insert: "in which the credit is claimed"

4. Page 4, line 4.

Following: "(3)"

Insert: "The tax credit allowed under this section is deductible from the taxpayer's income tax liability for the taxable year in which the installation costs were incurred and for the next 3 taxable years succeeding the taxable year in which the installation costs were incurred."

5. Page 4, lines 5 and 6.

Strike: ", AND" on line 5 through "INCURRED" on line 6

HOUSE STANDING COMMITTEE REPORT

435
4-12-91
JDB

April 12, 1991

Page 1 of 1

Mr. Speaker: We, the committee on Taxation report that Senate Bill 151 (third reading copy -- blue) be concurred in as amended.

Signed: [Signature]
Dan Harrington, Chairman

Carried by: Rep. HARRINGTON

And, that such amendments read:

1. Title, line 14.

Following: "FINANCE"

Insert: "THE COST OF COLLECTING THE TAX, TO FINANCE"

2. Title, line 18.

Following: "THRESHOLD"

Insert: ", AND TO FINANCE THE STATE GENERAL FUND COSTS OF IMPLEMENTING HOUSE BILL NO. 693"

3. Page 10

Following: line 4

Insert: "(c) If House Bill No. 693 is passed and approved, the department shall at the end of each fiscal year:
(i) calculate the state general fund operational costs and general fund revenue loss attributable to the implementation of House Bill No. 693; and
(ii) transfer from the account established in this section an amount equal to the general fund costs and revenue loss attributable to the implementation of House Bill No. 693 for that fiscal year."

4. Page 17, line 20.

Following: "INSTRUCTION."

Insert: "(1)"

5. Page 17

Following: line 25

Insert: "(2) If House Bill No. 693 is not passed and approved, then [section 6(3)(c) of this act] is void."

430
4-12-91
TDB

HOUSE STANDING COMMITTEE REPORT

April 12, 1991

Page 1 of 1

Mr. Speaker: We, the committee on Taxation report that Senate Bill 461 (third reading copy -- blue) be concurred in as amended.

Signed: *Dan Harrington*

Dan Harrington, Chairman

Carried by: Rep. Ream

And, that such amendments read:

1. Title, line 11.

Following: "QUARTER;"

Insert: "TO PROVIDE AN APPROPRIATION;"

2. Page 1, line 19.

Following: "additional amount"

Insert: "penalty"

3. Page 1, line 24.

Following: "15-30-202,"

Strike: "or"

4. Page 1, line 25.

Following: "section,"

Insert: "or through a combination of employer withholding and estimated tax,"

5. Page 5, line 15.

Following: "tax"

Insert: ", withholding tax, or a combination of both"

6. Page 6.

Following: line 19

Insert: "NEW SECTION. Section 3. Appropriation. There is appropriated from the general fund to the department of revenue \$215,023 for fiscal year 1992 and \$173,748 for fiscal year 1993 to implement the provisions of [this act]."

Renumber: subsequent section

7. Page 6, line 21.

Strike: "1993"

Insert: "1992"

HOUSE STANDING COMMITTEE REPORT

April 13, 1991

Page 1 of 1

Mr. Speaker: We, the committee on Taxation report that Senate Bill 359 (third reading copy -- blue) be concurred in as amended.

Signed: 
Dan Harrington, Chairman

Carried by: Rep. Foster

And, that such amendments read:

1. Title, line 7.
Strike: "CERTAIN"

2. Title, line 8.
Strike: "3"
Insert: "4"

3. Page 2, line 6.
Strike: "50"
Insert: "60"

4. Page 2, lines 8 through 12.
Strike: "WHO" on line 8 through "AND" on line 12

5. Page 2, line 14.
Strike: "3"
Insert: "4"

6. Page 3, line 1.
Strike: "2"
Insert: "3"

7. Page 3, lines 2 and 3.
Strike: "may not be claimed as a carryback or carryforward and"

8. Page 3, line 9.
Strike: "3"
Insert: "4"

Julia

HOUSE STANDING COMMITTEE REPORT

Corrected Copy

April 15, 1991

Page 1 of 8

Mr. Speaker: We, the committee on Taxation report that Senate Bill 436 (third reading copy -- blue) be concurred in as amended .

Signed: *Dan Harrington*
Dan Harrington, Chairman

Carried by: Rep. Cohen

And, that such amendments read:

(This report corrects the Taxation standing committee report dated April 12, 1991.)

1. Title, line 8.

Following: "PROPERTY;"

Insert: "CLARIFYING THE COMPUTATION OF INCOME FOR PURPOSES OF THE LOW-INCOME PROPERTY TAX CREDIT; PROVIDING THAT AN ELIGIBLE HEAD OF HOUSEHOLD MAY QUALIFY FOR THE LOW-INCOME PROPERTY TAX CREDIT; PROVIDING THAT RURAL RESIDENTIAL PROPERTY BETWEEN 20 AND 40 ACRES IN SIZE BE TAXED AT ONE-HALF THE RATE OF CLASS FOUR PROPERTY;"

2. Title, lines 9 and 10.

Following: "CLAIMS)" on line 9

Strike: ", "

Insert: "BY COMBINING IT WITH CLASS THREE PROPERTY, ELIMINATING"

Following: "ESTATE)" on line 10

Strike: ", "

3. Title, line 11.

Strike: "ALL"

Insert: "BOTH"

4. Title, line 18.

Following: "FACILITIES;"

Insert: "CHANGING THE CRITERIA FOR CLASSIFYING AGRICULTURAL LAND BY REQUIRING \$25 PER ACRE ANNUAL GROSS INCOME FROM AGRICULTURAL PRODUCTION FOR ACRES IN EXCESS OF 20 ACRES BUT LESS THAN 40 ACRES; CHANGING THE CRITERIA FOR CLASSIFYING TIMBERLAND TO PROHIBIT TIMBERLAND CLASSIFICATION IF THE PARCEL IS SUBDIVIDED LAND WITH RESTRICTIONS THAT EFFECTIVELY PROHIBIT TIMBER HARVESTING;"

5. Title, line 19.
Following: "15-1-111,"
Insert: "15-6-133,"
Following: "15-6-141,"
Insert: "15-6-143,"

6. Title, line 20.
Following: "15-6-145,"
Insert: "15-6-155, 15-7-202,"

7. Title, line 22.
Following: "15-6-153,"
Insert: "AND"

8. Title, lines 23 and 24.
Following: "PROVIDING" on line 23
Strike: "AN IMMEDIATE"

Strike: "DATE" on line 23
Insert: "DATES,"
Strike: "AND" on line 24
Following: "DATE"
Insert: ", AND A TERMINATION DATE"

9. Page 5.
Following: line 3.
Insert: "Section 3. Section 15-6-133, MCA, is amended to read:
"15-6-133. Class three property -- description -- taxable
percentage. (1) Class three property includes:
(a) agricultural land as defined in 15-7-202;
(b) nonproductive patented mining claims outside the limits
of an incorporated city or town held by an owner for the ultimate
purpose of developing the mineral interests on the property. For
the purposes of this subsection (1)(b), the following provisions
apply:
(i) The claim may not include any property that is used for
residential purposes, recreational purposes as described in 70-
16-301, or commercial purposes as defined in 15-1-101 or any
property the surface of which is being used for other than mining
purposes or has a separate and independent value for such other
purposes.
(ii) Improvements to the property that would not disqualify
the parcel are taxed as otherwise provided in this title,
including that portion of the land upon which such improvements
are located and that is reasonably required for the use of the
improvements.
(iii) Nonproductive patented mining claim property must be
valued as if the land were devoted to agricultural grazing use.
(2) Class three property is taxed at the taxable percentage

rate "P" of its productive capacity.

(3) Until July 1, 1986, the taxable percentage rate "P" for class three property is 30%.

(4) Prior to July 1, 1986, the department of revenue shall determine the taxable percentage rate "P" applicable to class three property for the revaluation cycle beginning January 1, 1986, as follows:

(a) The director of the department of revenue shall certify to the governor before July 1, 1986, the percentage by which the appraised value of all property in the state classified under class three as of January 1, 1986, has increased due to the revaluation conducted under 15-7-111. This figure is the "certified statewide percentage increase".

(b) The taxable value of property in class three is determined as a function of the certified statewide percentage increase in accordance with the table shown below.

(c) This table limits the statewide increase in taxable valuation resulting from reappraisal to 0%. In calculating the percentage increase, the department may not consider agricultural use changes during calendar year 1985.

(d) The taxable percentage must be calculated by interpolation to coincide with the nearest whole number certified statewide percentage increase from the following table:

Certified Statewide Percentage Increase	Class Three Taxable Percentage "P"
0	30.00
10	27.27
20	25.00
30	23.08
40	21.43
50	20.00

(5) After July 1, 1986, no adjustment may be made by the department to the taxable percentage rate "P" until a revaluation has been made as provided in 15-7-111."

Renumber: subsequent sections

10. Page 5, line 18.

Following: "including"

Insert: "net business income or loss and"

11. Page 5, line 20.

Following: "couple"

Insert: "or a head of household"

12. Page 5, line 24.

Strike: "."

Insert: ";

13. Page 5.

Following: line 24

Insert: "(e) contiguous parcels of residential land not within the limits of an incorporated city or town that are larger than 20 acres but less than 40 acres, together with all improvements, including any trailer or mobile home used as a residence;

(f) all real and personal property that:

(i) is integrally related in a single working unit;

(ii) is devoted exclusively to the processing of agricultural or timber products; and

(iii) (A) has not been in production for 12 consecutive months or has been acquired in an arm's-length transaction by an unrelated person, including an acquisition in a foreclosure sale or bankruptcy proceeding; or

(B) has been acquired in a foreclosure or bankruptcy proceeding by a person, as defined in 15-1-102, having no relationship to or interest in the property prior to the transaction."

14. Page 6.

Following: line 9

Under: "Married Couple" on line 9

Insert: "Head of Household"

15. Page 7, line 9.

Strike: "subsection"

Insert: "subsections"

Following: "(1)(d)"

Insert: "and (1)(e)"

16. Page 7.

Following: line 11

Insert: "(d)(i) In determining the market value of the property described in subsection (1)(e), the department shall reduce the assessed value by 25% a year for each year the plant continues to be out of production until the market value is reduced to salvage value.

(ii) Upon commencement of production or an acquisition described in subsection (1)(e)(iii)(B), property described in subsection (1)(e) must remain at the preceding year's valuation for the succeeding 12 months. Following the end of the 12-month period, the property may be considered new or expanding industry as provided in Title 15, chapter 24, part 14."

17. Page 10.

Following: line 24

Insert: "Section 7. Section 15-6-143, MCA, is amended to read:

"15-6-143. (Temporary) Class thirteen property -- description -- taxable percentage. (1) Class thirteen property includes all timberland.

(2) (a) Timberland is contiguous land exceeding 15 acres in one ownership that is capable of producing timber that can be harvested in commercial quantity.

(b) Land may not be classified or valued as timberland if it is subdivided into parcels of land larger than 15 acres for commercial or residential purposes and has stated restrictions effectively prohibiting the harvesting of timber.

(3) Class thirteen property is taxed at the ~~percentage rate "p"~~ 4% of the combined appraised value of the standing timber and grazing productivity of the property.

~~(4) For taxable years beginning January 1, 1986, and thereafter, the taxable percentage rate "p" applicable to class thirteen property is $30\%/B$, where B is the certified statewide percentage increase to be determined by the department of revenue as provided in subsection (5). The taxable percentage rate "p" shall be rounded downward to the nearest 0.01% and shall be calculated by the department before July 1, 1986.~~

~~(5) (a) Prior to July 1, 1986, the department shall determine the certified statewide percentage increase for class thirteen property using the formula $B = X/Y$, where:~~

~~(i) X is the appraised value, as of January 1, 1986, of all property in the state, excluding use changes occurring during the preceding year, classified under class thirteen as class thirteen is described in this section; and~~

~~(ii) Y is the appraised value, as of January 1, 1985, of all property in the state that, as of January 1, 1986, would be classified under class thirteen as class thirteen is described in this section.~~

~~(b) B shall be rounded downward to the nearest 0.0001%.~~

~~(6) After July 1, 1986, no adjustment may be made by the department to the taxable percentage rate "p" until a valuation has been made as provided in 15-7-111. (Terminates January 1, 1991 sec. 10, Ch. 681, L. 1985.)"~~

Renumber: subsequent sections

18. Page 13.

Following: line 11

Insert: "Section 10. Section 15-6-155, MCA, is amended to read:

"15-6-155. Application for classification as class twenty nonproductive property -- local government approval required. (1) A person applying for classification of property as class twenty nonproductive property under 15-6-

134(1)(e) shall make an application to the department of revenue on a form provided by the department without cost.

(2) The department may not grant an application for classification of property as ~~class twenty~~ nonproductive property unless the governing body of the affected county or incorporated city or town approves the application by resolution, following due notice as defined in 76-15-103 and a public hearing, for its respective jurisdiction.

(3) The resolution provided for in subsection (2) must specify the property that the taxing jurisdiction approves for classification as ~~class twenty~~ nonproductive property under 15-6-134(1)(e).

(4) The property valuation reduction ~~granted to class twenty property under 15-6-150~~ applies only to the number of mills levied and assessed for local high school district and elementary school district purposes and to the number of mills levied and assessed by an approving governing body over which it has sole discretion. In no case may the property valuation reduction ~~for class twenty property~~ apply to levies or assessments required under Title 15, chapter 10; 20-9-331; 20-9-333; or otherwise required under state law."

Section 11. Section 15-7-202, MCA, is amended to read:

"15-7-202. Eligibility of land for valuation as agricultural. (1) Contiguous parcels of land totaling ~~20~~ 40 acres or more under one ownership shall be eligible for valuation, assessment, and taxation as agricultural land each year that none of the parcels is devoted to a commercial or industrial use.

(2) Contiguous or noncontiguous parcels of land totaling less than ~~20~~ 40 acres under one ownership that are actively devoted to agricultural use shall be eligible for valuation, assessment, and taxation as herein provided each year the parcels meet any of the following qualifications:

(a) if the parcels are less than 20 acres, they must produce and the owner or the owner's agent, employee, or lessee markets not less than \$1,500 in annual gross income from the raising of livestock, poultry, field crops, fruit, and other animal and vegetable matter for food or fiber;

(b) if the parcels are 20 acres or larger and less than 40 acres, each parcel must produce the \$1,500 in annual gross income required in subsection (2)(a), plus an additional \$25 per acre or fraction of an acre that is in excess of 20 acres, in annual gross income from the sources specified in subsection (2)(a); or

(c) the parcels would have met the qualification set out in subsection (2)(a) or (2)(b) were it not for independent intervening causes of production failure beyond the control of the producer or marketing delay for economic

advantage, in which case proof of qualification in a prior year will suffice.

(3) Parcels that do not meet the qualifications set out in subsections (1) and (2) shall not be classified or valued as agricultural if they are part of a platted subdivision that is filed with the county clerk and recorder in compliance with the Montana Subdivision and Platting Act.

(4) Land shall not be classified or valued as agricultural if it is subdivided with stated restrictions prohibiting its use for agricultural purposes.

(5) The grazing on land by a horse or other animals kept as a hobby and not as a part of a bona fide agricultural enterprise shall not be considered a bona fide agricultural operation.

(6) If land has been valued, assessed, and taxed as agricultural land in any year, it shall continue to be so valued, assessed, and taxed until the department reclassifies the property. A reclassification does not mean revaluation pursuant to 15-7-111.

(7) For the purposes of this part, growing timber is not an agricultural use. (Subsection (7) terminates January 1, 1991--sec. 10, Ch. 681, L. 1985.)"

Renumber: subsequent sections

19. Page 23, line 8.
Following: "Repealer."
Insert: "(1)"

20. Page 23, line 9.
Following: "15-6-153,"
Insert: "and"

21. Page 23, line 10.
Strike: "and 15-6-155,"

22. Page 23.
Following: line 10
Insert: "(2) Section 15-6-155, MCA, is repealed."

23. Page 23.
Following: line 20
Insert: "NEW SECTION. Section 19. Termination. Subsections (1) (F) and (2) (d) of 15-6-134 terminate January 1, 1993."
Renumber: subsequent section

24. Page 23, lines 21 and 22.

Strike: "DATE" on line 21

Insert: "DATES"

Following: "APPLICABILITY." on line 22

Insert: "(1)"

Strike: "[This"

Insert: "Except as provided in subsection (2), [this"

25. Page 23.

Following: line 25

Insert: "(2) [Section 17(2)] is effective January 1, 1993."

HOUSE STANDING COMMITTEE REPORT

4:35
4-12-91
JDB
April 12, 1991

Page 1 of 1

Mr. Speaker: We, the committee on Taxation report that Senate Bill 468 (third reading copy -- blue) be concurred in .

Signed: 
Dan Harrington, Chairman

Carried by: Rep. M. HANSON

425
4-12-91
JDR

HOUSE STANDING COMMITTEE REPORT

April 12, 1991

Page 1 of 1

Mr. Speaker: We, the committee on Taxation report that Senate Bill 435 (third reading copy -- blue) be concurred in as amended .

Signed: _____

Dan Harrington, Chairman

Carried by: Rep. Kadas

And, that such amendments read:

1. Title, line 6.

Strike: "FOR THE SUPPORT OF THE MONTANA UNIVERSITY SYSTEM"

Insert: "TO IMPLEMENT THE RECOMMENDATION OF THE EDUCATION COMMISSION FOR THE NINETIES AND BEYOND THAT THE MONTANA UNIVERSITY SYSTEM BE FUNDED AT A LEVEL NO LESS THAN THAT OF ITS REGIONAL PEER COLLEGES AND UNIVERSITIES"

2. Page 2, line 23.

Following: "system."

Insert: "The appropriation is in addition to any other money that would otherwise be appropriated to the Montana university system. The funds must be used to implement the recommendation of the education commission for the nineties and beyond regarding peer funding for university system units."

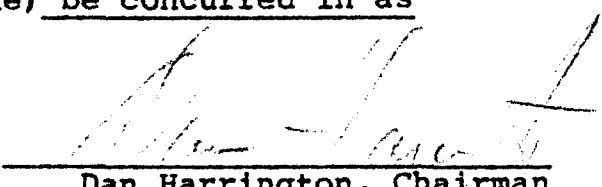
4:23
4-12-91
JDD

HOUSE STANDING COMMITTEE REPORT

April 12, 1991

Page 1 of 1

Mr. Speaker: We, the committee on Taxation report that Senate Bill 318 (third reading copy -- blue) be concurred in as amended.

Signed: 

Dan Harrington, Chairman

Carried by: Rep. Hoffman

And, that such amendments read:

1. Strike House Highways and Transportation Committee Amendments dated March 21, 1991, in their entirety.
2. Title, lines 8 and 9.
Strike: "INCREASING THE CAMPER DECAL FEE;"
3. Page 3, line 9.
Strike: "\$3.50"
Insert: "\$1"
4. Page 4, lines 9 through 12.
Strike: subsection (4) in its entirety
5. Page 5, line 3.
Strike: "or previously owned"
6. Page 6, line 5.
Strike: ":"
7. Page 6, line 6.
Strike: "(1)"
Following: "to a"
Insert: "newly manufactured"
Following: "sold"
Insert: "by a recreational vehicle dealer"
8. Page 6, lines 7 through 10.
Strike: "; and" on line 7 through "61-3-524" on line 10

4'23
4-12-91
JOP

HOUSE STANDING COMMITTEE REPORT

April 12, 1991

Page 1 of 2

Mr. Speaker: We, the committee on Taxation report that Senate Bill 390 (third reading copy -- blue) be concurred in as amended.

Signed: _____
Dan Harrington, Chairman

Carried by: Rep. Thomas

And, that such amendments read:

1. Title, line 6.

Following: "DISASTER;"

Insert: "DEFINING A FIRE CAUSED BY OTHER THAN THE TAXPAYER'S
ARSON TO BE A NATURAL DISASTER;"

Following: "TAXPAYER"

Insert: "UNDER PENALTY"

2. Title, line 7.

Following: "DESTROYED"

Insert: "PERSONAL"

3. Title, line 8.

Following: "PROVIDING THAT"

Insert: "PERSONAL"

Following: "DESTROYED"

Insert: "PERSONAL"

4. Page 2, line 19.

Strike: "PROPERTY"

Following: "TAXES"

Insert: "on personal property"

5. Page 2, line 21.

Following: "DESTROYED"

Insert: "personal"

6. Page 2, line 22.

Following: the first "THE"

Insert: "personal"

Following: the third "THE"

Insert: "personal"

7. Page 2, line 23.

Following: "DESTROYED"
Insert: "personal"

8. Page 2, line 25.

Following: "365."

Insert: "A taxpayer who fails to notify the department within 30 days from the date of the replacement of the personal property is subject to the penalty prescribed in 15-1-303."

9. Page 3, line 3.

Following: "wind."

Insert: "A fire is considered a natural disaster regardless of the origin of the fire. However, if the taxpayer is convicted of arson for burning the property, property taxes may not be adjusted. If they had already been adjusted prior to the conviction, the original amount must be collected."

4:25
4-12-91
JDR

HOUSE STANDING COMMITTEE REPORT

April 12, 1991

Page 1 of 1

Mr. Speaker: We, the committee on Taxation report that Senate Bill 412 (third reading copy -- blue) be concurred in as amended .

Signed: _____
Dan Harrington, Chairman

Carried by: Rep. Driscoll

And, that such amendments read:

1. Page 15, lines 24 and 25.

Strike: "the percentage rate "P""

Insert: "48"

2. Page 16, lines 2 through 25.

Strike: subsections (4) through (6) in their entirety

3. Page 35, line 24 through page 36, line 2.

Strike: "(1) through (5)"

Strike: "and the" on page 35, line 24 through "340" on page 36,
line 2

4:38
4-12-91
JDB

HOUSE STANDING COMMITTEE REPORT

April 12, 1991

Page 1 of 2

Mr. Speaker: We, the committee on Taxation report that Senate Bill 115 (third reading copy -- blue) be concurred in as amended.

Signed: *Dan Harrington*
Dan Harrington, Chairman

Carried by: Rep. *F. Allen*

And, that such amendments read:

1. Title, line 14.

Following: "MCA;"

Insert: "PROVIDING A STATUTORY APPROPRIATION;"

Strike: "SECTION"

Insert: "SECTIONS"

Following: "15-10-412"

Insert: "AND 17-7-502"

2. Page 3, line 13.

Following: "~~law~~"

Insert: "general"

3. Page 3, line 14.

Following: "PROPERTY"

Insert: "that are levied uniformly against all taxable property in its jurisdiction"

4. Page 8.

Following: line 20

Insert: "(4) The amount necessary to administer the tax is statutorily appropriated, as provided in 17-7-502, to the department."

5. Page 15.

Following: line 16

Section 9. Section 17-7-502, MCA, is amended to read:

"17-7-502. Statutory appropriations -- definition -- requisites for validity. (1) A statutory appropriation is an appropriation made by permanent law that authorizes spending by a state agency without the need for a biennial legislative appropriation or budget amendment.

(2) Except as provided in subsection (4), to be

effective, a statutory appropriation must comply with both of the following provisions:

(a) The law containing the statutory authority must be listed in subsection (3).

(b) The law or portion of the law making a statutory appropriation must specifically state that a statutory appropriation is made as provided in this section.

(3) The following laws are the only laws containing statutory appropriations: 2-9-202; 2-17-105; 2-18-812; 10-3-203; 10-3-312; 10-3-314; 10-4-301; 13-37-304; 15-1-111; 15-25-123; 15-31-702; 15-36-112; 15-37-117; 15-65-121; 15-70-101; 16-1-404; 16-1-410; 16-1-411; 17-3-212; 17-5-404; 17-5-424; 17-5-804; 19-8-504; 19-9-702; 19-9-1007; 19-10-205; 19-10-305; 19-10-506; 19-11-512; 19-11-513; 19-11-606; 19-12-301; 19-13-604; 20-6-406; 20-8-111; 20-9-361; 23-5-306; 23-5-409; 23-5-610; 23-5-612; 23-5-1016; 23-5-1027; 27-12-206; 37-51-501; 39-71-2504; 53-6-150; 53-24-206; 61-2-406; 61-5-121; 67-3-205; 75-1-1101; 75-5-1108; 75-11-313; 76-12-123; 80-2-103; 82-11-136; 82-11-161; 90-3-301; 90-4-215; 90-4-613; 90-6-331; 90-9-306; [section 7]; and section 13, House Bill No. 861, Laws of 1985.

(4) There is a statutory appropriation to pay the principal, interest, premiums, and costs of issuing, paying, and securing all bonds, notes, or other obligations, as due, that have been authorized and issued pursuant to the laws of Montana. Agencies that have entered into agreements authorized by the laws of Montana to pay the state treasurer, for deposit in accordance with 17-2-101 through 17-2-107, as determined by the state treasurer, an amount sufficient to pay the principal and interest as due on the bonds or notes have statutory appropriation authority for such payments. (In subsection (3), pursuant to sec. 10, Ch. 664, L. 1987, the inclusion of 39-71-2504 terminates June 30, 1991.)"

Renumber: subsequent section

HOUSE OF REPRESENTATIVES

TAXATION COMMITTEE

ROLL CALL

DATE

4/12/91

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

Amendments to Senate Bill No. 115
Third Reading Copy

From Subcommittees
For the Committee on Taxation

Prepared by Lee Heiman
April 4, 1991

1. Title, line 14.

Following: "MCA;"

Insert: "PROVIDING A STATUTORY APPROPRIATION;"

Strike: "SECTION"

Insert: "SECTIONS"

Following: "15-10-412"

Insert: "AND 17-7-502"

2. Page 3, line 13.

Following: "~~law~~"

Insert: "general"

3. Page 3, line 14.

Following: "PROPERTY"

Insert: "that are levied uniformly against all taxable property
in its jurisdiction"

4. Page 8.

Following: line 20

Insert: "(4) The amount necessary to administer the tax is
statutorily appropriated, as provided in 17-7-502, to the
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5. Page 15.

Following: line 16

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**"17-7-502. Statutory appropriations -- definition --
requisites for validity.** (1) A statutory appropriation is an
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by a state agency without the need for a biennial
legislative appropriation or budget amendment.

(2) Except as provided in subsection (4), to be
effective, a statutory appropriation must comply with both
of the following provisions:

(a) The law containing the statutory authority must be
listed in subsection (3).

(b) The law or portion of the law making a statutory
appropriation must specifically state that a statutory
appropriation is made as provided in this section.

(3) The following laws are the only laws containing
statutory appropriations: 2-9-202; 2-17-105; 2-18-812; 10-3-
203; 10-3-312; 10-3-314; 10-4-301; 13-37-304; 15-1-111; 15-
25-123; 15-31-702; 15-36-112; 15-37-117; 15-65-121; 15-70-
101; 16-1-404; 16-1-410; 16-1-411; 17-3-212; 17-5-404; 17-5-
424; 17-5-804; 19-8-504; 19-9-702; 19-9-1007; 19-10-205; 19-

10-305; 19-10-506; 19-11-512; 19-11-513; 19-11-606; 19-12-301; 19-13-604; 20-6-406; 20-8-111; 20-9-361; 23-5-306; 23-5-409; 23-5-610; 23-5-612; 23-5-1016; 23-5-1027; 27-12-206; 37-51-501; 39-71-2504; 53-6-150; 53-24-206; 61-2-406; 61-5-121; 67-3-205; 75-1-1101; 75-5-1108; 75-11-313; 76-12-123; 80-2-103; 82-11-136; 82-11-161; 90-3-301; 90-4-215; 90-4-613; 90-6-331; 90-9-306; [section 7]; and section 13, House Bill No. 861, Laws of 1985.

(4) There is a statutory appropriation to pay the principal, interest, premiums, and costs of issuing, paying, and securing all bonds, notes, or other obligations, as due, that have been authorized and issued pursuant to the laws of Montana. Agencies that have entered into agreements authorized by the laws of Montana to pay the state treasurer, for deposit in accordance with 17-2-101 through 17-2-107, as determined by the state treasurer, an amount sufficient to pay the principal and interest as due on the bonds or notes have statutory appropriation authority for such payments. (In subsection (3), pursuant to sec. 10, Ch. 664, L. 1987, the inclusion of 39-71-2504 terminates June 30, 1991.)""

Renumber: subsequent section

EXHIBIT 2
DATE 4/12/91
HB SB 115

HOUSE OF REPRESENTATIVES

TAXATION COMMITTEE

ROLL CALL VOTE

DATE 4/12 BILL NO. SB 115 NUMBER 1

MOTION: Be carried as needed

NAME	AYE	NO
REP. BEN COHEN, VICE-CHAIRMAN	X	
REP. ED DOLEZAL	X	
REP. JIM ELLIOTT		X
REP. ORVAL ELLISON		X
REP. RUSSELL FAGG	X	
REP. MIKE FOSTER		X
REP. BOB GILBERT		X
REP. MARIAN HANSON		X
REP. DAVID HOFFMAN		X
REP. JIM MADISON	X	
REP. ED MCCAFFREE		X
REP. BEA MCCARTHY		X
REP. TOM NELSON		X
REP. MARK O'KEEFE	X	
REP. BOB RANEY	X	
REP. BOB REAM, VICE-CHAIRMAN	X	
REP. TED SCHYE	X	
REP. BARRY "SPOOK" STANG		X
REP. FRED THOMAS		X
REP. DAVE WANZENRIED	X	
REP. DAN HARRINGTON, CHAIRMAN		X
TOTAL	9	12

EXHIBIT 3
DATE 4/12/91
HB SB 115

HOUSE OF REPRESENTATIVES

TAXATION COMMITTEE

ROLL CALL VOTE

DATE 4/12 BILL NO. SB 115 NUMBER 2
MOTION: Table

NAME	AYE	NO
REP. BEN COHEN, VICE-CHAIRMAN		X
REP. ED DOLEZAL		X
REP. JIM ELLIOTT	X	
REP. ORVAL ELLISON	X	
REP. RUSSELL FAGG		X
REP. MIKE FOSTER	X	
REP. BOB GILBERT	X	
REP. MARIAN HANSON	X	
REP. DAVID HOFFMAN	X	
REP. JIM MADISON		X
REP. ED MCCAFFREE	X	
REP. BEA MCCARTHY	X	
REP. TOM NELSON	X	
REP. MARK O'KEEFE		X
REP. BOB RANEY		X
REP. BOB REAM, VICE-CHAIRMAN		X
REP. TED SCHYE		X
REP. BARRY "SPOOK" STANG	X	
REP. FRED THOMAS	X	
REP. DAVE WANZENRIED		X
REP. DAN HARRINGTON, CHAIRMAN	X	
TOTAL	12	9

EXHIBIT 4
DATE 4/12/91
HB SB 375

HOUSE OF REPRESENTATIVES

TAXATION COMMITTEE

ROLL CALL VOTE

DATE 4/12/91 BILL NO. SB 375 NUMBER 1

MOTION: table

NAME	AYE	NO
REP. BEN COHEN, VICE-CHAIRMAN		X
REP. ED DOLEZAL	X	
REP. JIM ELLIOTT		X
REP. ORVAL ELLISON		X
REP. RUSSELL FAGG		X
REP. MIKE FOSTER	X	
REP. BOB GILBERT		X
REP. MARIAN HANSON	X	
REP. DAVID HOFFMAN	X	
REP. JIM MADISON	X	
REP. ED MCCAFFREE	X	
REP. BEA MCCARTHY	X	
REP. TOM NELSON		X
REP. MARK O'KEEFE		X
REP. BOB RANEY		X
REP. BOB REAM, VICE-CHAIRMAN	X	
REP. TED SCHYE		X
REP. BARRY "SPOOK" STANG	X	
REP. FRED THOMAS	X	
REP. DAVE WANZENRIED		X
REP. DAN HARRINGTON, CHAIRMAN	X	
TOTAL	11	10

State of Montana

Stan Stephens, Governor

EXHIBIT - 5

4/12/91

SB 275



Department of Revenue

Denis Adams, Director

Room 455, Sam W. Mitchell Building

Helena, Montana 59620

MEMORANDUM

TO: David Woodgerd, Chief Legal Counsel
Department of Revenue

FROM: Paul Van Tricht, Tax Counsel
Office of Legal Affairs

DATE: April 8, 1992

RE: Constitutional Relationship between Montana Coal
Retailer's License Tax, §§ 15-58-101 through 126, MCA,
and the Montana Coal Severance Tax, §§ 15-35-101 through
205, MCA.

QUESTION

Will repeal of the Coal Retailer's License Tax invalidate or render unconstitutional the Coal Severance Tax?

ANSWER

No.

DISCUSSION

The Coal Retailer's License Tax was enacted in 1921. It is a license tax which has remained essentially unchanged since that time. It contains no direct reference to the Montana Coal Severance Tax. The retailer pays the tax on both coal mined in Montana and coal imported into Montana. There is only one reported case which remotely relates to that tax, State ex rel. City of Butte v. Police Court, 65 Mont. 94, 210 P. 1059 (1922).

The Coal Severance Tax was enacted in 1975. It is a severance tax which contains no direct reference to the Coal Retailer's License Tax. The tax is a severance tax and is only on coal mined in Montana. Coal imported from outside Montana is not subject to the Coal Severance Tax.

There is only one reported case on the Coal Severance Tax, Commonwealth Edison Co. v. Montana, 189 Mont. 191, 615 P.2d 847 (1980). That decision of the Montana Supreme Court was appealed to the United States Supreme Court. The United States Supreme Court

David W. Woodgerd
Page 2
April 8, 1991

affirmed the constitutionality of the Montana Coal Severance Tax in Commonwealth Edison Company v. Montana, 453 U.S. 607 (1981).

Both the Montana and United States Supreme Courts discuss in great detail the constitutionality of the Montana Coal Severance Tax as it relates to the commerce clause of the United States Constitution, art. 1, § 8, cl. 3. However, there is no direct or indirect reference to the Coal Retailer's License Tax. A thorough reading of these two decisions shows that neither the United States Supreme Court nor the Montana Supreme Court believed that the constitutionality of the Coal Severance Tax was dependent upon the existence of the Montana Coal Retailer's Tax.

SUMMARY

Under current Montana law, coal imported into Montana is probably subject to a lower tax than coal mined in Montana. After repeal of the Coal Retailer's License Tax, the imported coal will be subject to an even lower total tax. Therefore, Montana will not be discriminating against the interstate commerce in coal.

/dgj

Amendments to Senate Bill No. 94
Third Reading Copy

EXHIBIT 6
DATE 4/12/91
HB SB94

Requested by Rep. O'Keefe
For the Committee on Taxation

Prepared by Gail Kuntz
April 8, 1991

1. Strike: all amendments adopted by the House Natural Resources Committee on March 12, 1991

2. Title, line 9.

Following: line 8

Insert: "INCREASING THE FILING FEE FOR NOTICE OF COMPLETION OF GROUND WATER DEVELOPMENT; INCREASING THE FILING FEE FOR PERMITS TO BENEFICIALLY USE GROUND WATER; DIRECTING THE BOARD OF WATER WELL CONTRACTORS TO AMEND RULE 36.21.415, ADMINISTRATIVE RULES OF MONTANA, TO INCREASE LICENSE FEES;"

3. Title, line 11.

Following: "PROGRAMS;"

Insert: "PROVIDING AN APPROPRIATION; AMENDING SECTIONS 37-43-303, 37-43-307, 85-2-302, AND 85-2-306;"

4. Page 4, lines 8 through 23.

Following: line 7

Strike: subsection (a) in its entirety

Insert: "(a) the portion of the application filing fee for a permit to beneficially use ground water, allocated pursuant to 85-2-302(2);

(b) the portion of the filing fee for processing notices of completion of ground water development, allocated pursuant to 85-2-306(5);

(c) the portion of the water well contractor, driller, and monitoring well constructor license fee, allocated pursuant to 37-43-303(2), and the portion of the license renewal fee, allocated pursuant to 37-43-307(1);

(d) the portion of public water supply system fees, allocated pursuant to [section 4 of Senate Bill No. 407];"

Renumber: subsequent subsections

5. Page 9, line 9.

Following: line 8

Insert: "Section 8. Section 37-43-303, MCA, is amended to read:

"37-43-303. Application -- fee. (1) Except as provided in 37-43-302(2), a person desiring to engage in the drilling, making, construction, alteration, or rehabilitation of one or more water or monitoring wells for underground water in this state shall first file an application with the department for a license. The application must set forth the applicant's qualifications, the equipment proposed to be used in the contracting, and other matters required by the board on forms adopted by the board.

(2) The department shall charge a fee prescribed by the board for filing an application. The application shall not be acted on until the fee has been paid. Fees collected under this section ~~shall~~ must be deposited in the state special revenue fund for the use of the board, except that \$25 of the fee collected from each applicant for a water well contractor license and \$15 of the fee collected from each applicant for a water well driller license or a monitoring well constructor license must be deposited in the ground water assessment account established in [section 4].

(3) An appropriate license shall be issued to an applicant if, in the opinion of the board, the applicant is qualified to conduct water well or monitoring well construction operations. In the granting of licenses, the board shall have due regard for the interest of this state in the protection of its underground waters."

Section 9. Section 37-43-307, MCA, is amended to read:

"37-43-307. Annual renewal -- fee -- revocation for nonrenewal. (1) The term for licenses issued under this chapter is from July 1 of each year through the following June 30. After the payment of the initial fee under 37-43-303, a licensee shall pay, before the first day of each license year, a renewal fee as prescribed by the board. Renewal fees collected under this section must be deposited in the state special revenue fund for the use of the board, except that \$25 of the fee collected from each renewal of a water well contractor license or a monitoring well constructor license and \$15 of the fee collection from each renewal of a water well driller license must be deposited in the ground water assessment account established in [section 4].

(2) If a licensee does not apply for renewal of his license before the first day of a license year and remit to the department the renewal fee, he shall have his license suspended by the board. If the license remains suspended for a period of more than 30 days after the first day of a license year, it shall be revoked by the board. However, the department, prior to this revocation, shall notify the licensee of the board's intention to revoke at least 10 days prior to the time set for action to be taken by the board on the license, by mailing notice to the licensee at the address appearing for the licensee in the records and files of the department. A license once revoked may not be reinstated unless it appears that an injustice has occurred indicating to the board that the licensee was not guilty of negligence or laches. If a person whose license has been revoked through his own fault desires to engage in the business of water well drilling or monitoring well construction in this state or contracting therefor, he must apply under 37-43-303. Notice of suspension shall be given a licensee when the suspension occurs."

NEW SECTION. Section 10. Board to amend rule. The board of water well contractors shall amend Rule 36.21.415, Administrative Rules of Montana, as follows:

"36.21.415 FEE SCHEDULE

(1) Application and examination

(a) Contractors

~~\$250.00~~ \$275.00

(b) Drillers

~~-150.00~~ 165.00

EXHIBIT 6
 DATE 4/12/91
 HB SB 94

(c) Monitoring well constructor	150.00	<u>165.00</u>
(2) Re-examination		
(a) Water well contractor	125.00	
(b) Water well driller	75.00	
(c) Monitoring well constructor	75.00	
(3) Renewal		
(a) Contractor	115.00	<u>140.00</u>
(b) Driller	75.00	<u>90.00</u>
(c) Monitoring well constructor	115.00	<u>140.00</u>
(4) Late renewal		
(in addition to renewal fee)	55.00	
will be charged for any license		
not renewed prior to July 10		
(5) Duplicate certificate and/or license	40.00	
(6) Change in contractor name and/or		
address	40.00	
(7) Change in responsible contractor	40.00	
(new driller license fee)		
(8) Copies of law and rules--per page	.20	
(drillers and contractors are exempt		
from fee)"		

Section 11. Section 85-2-302, MCA, is amended to read:

"85-2-302. Application for permit -- fee. (1) Except as otherwise provided in (1) through (3) of 85-2-306, a person may not appropriate water or commence construction of diversion, impoundment, withdrawal, or distribution works therefor except by applying for and receiving a permit from the department. The application shall be made on a form prescribed by the department. The department shall make the forms available through its offices and the offices of the county clerk and recorders. The department shall return a defective application for correction or completion, together with the reasons for returning it. An application does not lose priority of filing because of defects if the application is corrected, completed, and refiled with the department within 30 days after its return to the applicant or within a further time as the department may allow. If an application is not corrected and completed within 30 days or within a further time as the department allows, up to 3 months, the priority date of the application shall be the date of refileing the application with the corrections with the department. An application not corrected within 3 months shall be terminated.

(2) In addition to the application filing fee prescribed by the board by rule pursuant to 85-2-113, a person applying for a permit under subsection (1) shall pay a fee of \$1 per acre-foot of ground water appropriated. The fees collected by the department under this subsection must be deposited in the ground water assessment account, established in [section 4], within the state special revenue fund."

Section 12. Section 85-2-306, MCA, is amended to read:

"85-2-306. Exceptions to permit requirements -- fee. (1) Ground water may be appropriated only by a person who has a possessory interest in the property where the water is to be put to beneficial use and exclusive property rights in the ground

water development works or, if another person has rights in the ground water development works, the written consent of the person with those property rights. Outside the boundaries of a controlled ground water area, a permit is not required before appropriating ground water by means of a well or developed spring with a maximum appropriation of less than 100 gallons per minute, except that a combined appropriation from the same source from two or more wells or developed springs exceeding this limitation requires a permit. Within 60 days of completion of the well or developed spring and appropriation of the ground water for beneficial use, the appropriator shall file a notice of completion with the department on a form provided by the department at its offices and at the offices of the county clerk and recorders and pay a \$20 filing fee. Upon receipt of the notice, the department shall review the notice and may, before issuing a certificate of water right, return a defective notice for correction or completion, together with the reasons for returning it. A notice does not lose priority of filing because of defects if the notice is corrected, completed, and refiled with the department within 30 days or within a further time as the department may allow, not to exceed 6 months. If a notice is not corrected and completed within the time allowed, the priority date of appropriation shall be the date of refileing a correct and complete notice with the department. A certificate of water right may not be issued until a correct and complete notice has been filed with the department. The original of the certificate shall be sent to the appropriator. The department shall keep a copy of the certificate in its office in Helena. The date of filing of the notice of completion is the date of priority of the right.

(2) An appropriator of ground water by means of a well or developed spring first put to beneficial use between January 1, 1962, and July 1, 1973, who did not file a notice of completion, as required by laws in force prior to April 14, 1981, with the county clerk and recorder shall file a notice of completion, as provided in subsection (1) of this section, with the department to perfect the water right. The filing of a claim of existing water right pursuant to 85-2-221 is sufficient notice of completion under this subsection. The priority date of the appropriation shall be the date of the filing of a notice as provided in subsection (1) of this section or the date of the filing of the claim of existing water right. An appropriation under this subsection is an existing right, and a permit is not required; however, the department shall acknowledge the receipt of a correct and complete filing of a notice of completion, except that for an appropriation of less than 100 gallons per minute, the department shall issue a certificate of water right. If a certificate is issued under this section, a certificate need not be issued under the adjudication proceedings provided for in 85-2-236.

(3) A permit is not required before constructing an impoundment or pit and appropriating water for use by livestock if the maximum capacity of the impoundment or pit is less than 15 acre-feet and the appropriation is less than 30 acre-feet per year and is from a source other than a perennial flowing stream

EXHIBIT 6
DATE 4/12/91
HB SB 74

and the impoundment or pit is to be constructed on and will be accessible to a parcel of land that is owned or under the control of the applicant and that is 40 acres or larger. As used in this subsection, a perennial flowing stream means a stream which historically has flowed continuously at all seasons of the year, during dry as well as wet years. However, within 60 days after constructing the impoundment or pit, the appropriator shall apply for a permit as prescribed by this part. Upon receipt of a correct and complete application for a stockwater provisional permit, the department shall then automatically issue a provisional permit. If the department determines after a hearing that the rights of other appropriators have been or will be adversely affected, it may revoke the permit or require the permittee to modify the impoundment or pit and may then make the permit subject to such terms, conditions, restrictions, or limitations it considers necessary to protect the rights of other appropriators.

(4) A person may also appropriate water without applying for or prior to receiving a permit under rules adopted by the board under 85-2-113.

(5) The department shall deposit \$10 of each filing fee collected pursuant to subsection (1) in the ground water assessment account, established in [section 4], within the state special revenue fund."

NEW SECTION. Section 13. Appropriation. There is appropriated to the Montana bureau of mines and geology for the biennium ending June 30, 1993, all funds in the ground water assessment account, established in [section 4], in the state special revenue fund, for purposes of establishing a ground water monitoring program and a ground water characterization program."
Renumber: subsequent sections

6. Page 9, lines 18 and 19.

Following: line 17

Strike: lines 18 and 19 in their entirety

Insert: "Senate Bill No. 407 is passed and approved and does not contain a provision that allocates a portion of public water supply system fees to the ground water assessment account, then [section 4(4)(d) of this act] is void."

FACT SHEET

Funding for Ground Water Monitoring/Characterization Programs
Ground Water Development Fee Amendments to SB 94
April 10, 1991

-- The ground water programs would be supported by four types of ground water development fees: water well contractor license fee, filing fees for notices of completion of ground water development, permit fees to beneficially use ground water, and public water supply system fees

-- Water well contractors, drillers, and monitoring well constructors are licensed and the licenses must be renewed annually -- new license fees currently range from \$150 to \$250 and \$75 to \$115 for renewals -- the amendments increase the \$150 and \$250 fees to \$165 and \$275, respectively, and increase the \$75 and \$115 renewal fees to \$90 and \$140, respectively -- the total estimated revenue from these fee increases is \$9,323

-- Persons appropriating ground water by means of a well or developed spring at a maximum appropriation of 100 gallons per minute or less are currently required to file a notice of well completion with the DNRC and to pay a one-time \$10 filing fee -- the amendments increase this fee to \$20 -- an average of 2,221 new wells were completed each year during the period of 1984-1989 -- this fee increase is estimated to raise \$22,210 annually

-- Persons applying for a permit to beneficially use ground water would be charged a one-time \$1 per acre-foot fee in addition to the application filing fee currently collected by DNRC -- the volume of water cited in the application would be used to calculate the fee -- through rulemaking DNRC could provide for a refund if a well does not produce as expected -- based on permit records for the period of 1983-1989, this fee is estimated to raise \$20,835 annually -- the average volume of water appropriated per permit from 1983-1989 was 393.6 acre-feet

-- SB 407 generally revises the public water supply system statutes and authorizes the DHES to establish service connection fees -- there are approximately 2,100 public water supply systems in Montana and all but 98 rely on ground water -- amendments to SB 407 allocate \$45,000 of public water supply system fee revenue to the ground water information programs

-- the original funding proposal for the two ground water programs in HB 215 was \$666,000 per fiscal year from the resource indemnity trust tax -- amendments to HB 215 changed the revenue source to the metal mines license tax -- HB 215, as amended, was tabled by the House Taxation Committee -- the water development fee amendments to SB 94 provide approximately \$52,368 per fiscal year -- with the addition of \$45,000 in public water supply system fee revenue, the total estimated annual funding for the programs is \$97,368

EXHIBIT 8
DATE 4/12/91
HB SB 94

HOUSE OF REPRESENTATIVES

TAXATION COMMITTEE

ROLL CALL VOTE

DATE 4/12 BILL NO. SB 94 NUMBER 1

MOTION: eliminate sec. 11 acre/foot rule.

NAME	AYE	NO
REP. BEN COHEN, VICE-CHAIRMAN		X
REP. ED DOLEZAL		X
REP. JIM ELLIOTT	X	
REP. ORVAL ELLISON		X
REP. RUSSELL FAGG		X
REP. MIKE FOSTER	X	
REP. BOB GILBERT		X
REP. MARIAN HANSON	X	
REP. DAVID HOFFMAN	X	
REP. JIM MADISON	X	
REP. ED MCCAFFREE	X	
REP. BEA MCCARTHY		X
REP. TOM NELSON		X
REP. MARK O'KEEFE		X
REP. BOB RANEY		X
REP. BOB REAM, VICE-CHAIRMAN		X
REP. TED SCHYE		X
REP. BARRY "SPOOK" STANG		
REP. FRED THOMAS	X	
REP. DAVE WANZENRIED		X
REP. DAN HARRINGTON, CHAIRMAN		X
TOTAL	7	13

EXHIBIT 9
DATE 4/12/91
HB SB 341

HOUSE OF REPRESENTATIVES

TAXATION COMMITTEE

ROLL CALL VOTE

DATE 4/12 BILL NO. SB 341 NUMBER 1

MOTION: Be concurred in as amended

NAME	AYE	NO
REP. BEN COHEN, VICE-CHAIRMAN		X
REP. ED DOLEZAL		X
REP. JIM ELLIOTT		X
REP. ORVAL ELLISON	X	
REP. RUSSELL FAGG	X	
REP. MIKE FOSTER	X	
REP. BOB GILBERT	X	
REP. MARIAN HANSON	X	
REP. DAVID HOFFMAN	X	
REP. JIM MADISON		X
REP. ED MCCAFFREE		X
REP. BEA MCCARTHY		X
REP. TOM NELSON	X	
REP. MARK O'KEEFE		X
REP. BOB RANEY		X
REP. BOB REAM, VICE-CHAIRMAN		X
REP. TED SCHYE		X
REP. BARRY "SPOOK" STANG		X
REP. FRED THOMAS	X	
REP. DAVE WANZENRIED		X
REP. DAN HARRINGTON, CHAIRMAN		X
TOTAL	8	13

EXHIBIT 10
DATE 4/12/91
HB SB 341

HOUSE OF REPRESENTATIVES

TAXATION COMMITTEE

ROLL CALL VOTE

DATE 4/12 BILL NO. SB 341 NUMBER 2

MOTION: Table

NAME	AYE	NO
REP. BEN COHEN, VICE-CHAIRMAN	X	
REP. ED DOLEZAL	X	
REP. JIM ELLIOTT	X	
REP. ORVAL ELLISON		X
REP. RUSSELL FAGG		X
REP. MIKE FOSTER		X
REP. BOB GILBERT		X
REP. MARIAN HANSON		X
REP. DAVID HOFFMAN		X
REP. JIM MADISON	X	
REP. ED MCCAFFREE	X	
REP. BEA MCCARTHY	X	
REP. TOM NELSON		X
REP. MARK O'KEEFE	X	
REP. BOB RANEY	X	
REP. BOB REAM, VICE-CHAIRMAN	X	
REP. TED SCHYE	X	
REP. BARRY "SPOOK" STANG	X	
REP. FRED THOMAS		X
REP. DAVE WANZENRIED	X	
REP. DAN HARRINGTON, CHAIRMAN	X	
TOTAL	13	8

EXHIBIT 11
DATE 4/12/91
HB SB 415

HOUSE OF REPRESENTATIVES

TAXATION COMMITTEE

ROLL CALL VOTE

DATE 4/12 BILL NO. SB 415 NUMBER 1

MOTION: Table

NAME	AYE	NO
REP. BEN COHEN, VICE-CHAIRMAN		X
REP. ED DOLEZAL		X
REP. JIM ELLIOTT		X
REP. ORVAL ELLISON	X	
REP. RUSSELL FAGG	X	
REP. MIKE FOSTER		X
REP. BOB GILBERT	X	
REP. MARIAN HANSON	X	
REP. DAVID HOFFMAN	X	
REP. JIM MADISON		X
REP. ED MCCAFFREE		X
REP. BEA MCCARTHY		X
REP. TOM NELSON	X	
REP. MARK O'KEEFE		X
REP. BOB RANEY	X	
REP. BOB REAM, VICE-CHAIRMAN	X	
REP. TED SCHYE		X
REP. BARRY "SPOOK" STANG		X
REP. FRED THOMAS	X	
REP. DAVE WANZENRIED		X
REP. DAN HARRINGTON, CHAIRMAN		X
TOTAL	9	12

EXHIBIT 12

DATE _____

HB _____

HOUSE OF REPRESENTATIVES

TAXATION COMMITTEE

ROLL CALL VOTE

DATE 4/12 BILL NO. SB 415 NUMBER 2MOTION: Be concurred in as amended

NAME	AYE	NO
REP. BEN COHEN, VICE-CHAIRMAN	X	
REP. ED DOLEZAL	X	
REP. JIM ELLIOTT	X	
REP. ORVAL ELLISON		X
REP. RUSSELL FAGG		X
REP. MIKE FOSTER	X	
REP. BOB GILBERT		X
REP. MARIAN HANSON		X
REP. DAVID HOFFMAN		X
REP. JIM MADISON	X	
REP. ED MCCAFFREE	X	
REP. BEA MCCARTHY	X	
REP. TOM NELSON		X
REP. MARK O'KEEFE	X	
REP. BOB RANEY		X
REP. BOB REAM, VICE-CHAIRMAN		X
REP. TED SCHYE	X	
REP. BARRY "SPOOK" STANG	X	
REP. FRED THOMAS		X
REP. DAVE WANZENRIED	X	
REP. DAN HARRINGTON, CHAIRMAN	X	
TOTAL	12	9

Amendments to Senate Bill No. 454
Third Reading Copy

For the Committee on Taxation

Prepared by Lee Heiman
April 12, 1991

1. Page 4, line 22.

Following: "expenses."

Insert: "[A county may not levy additional mills pursuant to this subsection if the county is receiving local option vehicle tax money under 61-3-537 for funding district court operations.]"

2. Page 21.

Following: line 18

Insert: "NEW SECTION. Section 4. Coordination instruction. If House Bill No. 312 is not passed and approved, then the bracketed language in [section 2(2) of this act] is void."

Renumber: subsequent section

EXHIBIT 14
DATE 4/12/91
HB SB 454

HOUSE OF REPRESENTATIVES

TAXATION COMMITTEE

ROLL CALL VOTE

DATE 4/12 BILL NO. SB 454 NUMBER 1

MOTION: Be Concurred In As Amended

NAME	AYE	NO
REP. BEN COHEN, VICE-CHAIRMAN	X	
REP. ED DOLEZAL	X	
REP. JIM ELLIOTT		X
REP. ORVAL ELLISON		X
REP. RUSSELL FAGG	X	
REP. MIKE FOSTER		X
REP. BOB GILBERT		X
REP. MARIAN HANSON		X
REP. DAVID HOFFMAN	X	
REP. JIM MADISON	X	
REP. ED MCCAFFREE	X	
REP. BEA MCCARTHY	X	
REP. TOM NELSON		X
REP. MARK O'KEEFE	X	
REP. BOB RANEY		X
REP. BOB REAM, VICE-CHAIRMAN	X	
REP. TED SCHYE	X	
REP. BARRY "SPOOK" STANG		X
REP. FRED THOMAS		X
REP. DAVE WANZENRIED		X
REP. DAN HARRINGTON, CHAIRMAN	X	
TOTAL	11	10

EXHIBIT 15
DATE 4/12/91
HB SB 445

Amendments to Senate Bill No. 445
Third Reading Copy

For the Committee on Taxation

Prepared by Lee Heiman
April 10, 1991

1. Page 5, line 12.

Following: "notice"

Insert: "referred to in subsection (4)(a)"

2. Page 6, line 16.

Following: "reasonable"

Insert: "not to exceed 90 days except by the mutual consent of
both parties"

3. Page 6, line 25.

Following: "Procedure"

Insert: ", including additional time for mailing"

4. Page 7, lines 3 and 4.

Strike: "NOT TO EXCEED 90 DAYS EXCEPT BY THE MUTUAL CONSENT OF
BOTH PARTIES,"

Amendments to Senate Bill No. 416
Third Reading Copy

Requested by Senator Williams
For the Committee on Taxation

Prepared by Jeff Martin
April 4, 1991

1. Page 3, line 13.

Following: "~~70%~~"

Insert: ", as provided in subsection (3),"

2. Page 3, line 15.

Strike: "\$400"

Insert: "\$250 per year for 4 years"

3. Page 3, line 17.

Following: "YEAR"

Insert: "in which the credit is claimed"

4. Page 4, line 4.

Following: "(3)"

Insert: "The tax credit allowed under this section is deductible from the taxpayer's income tax liability for the taxable year in which the installation costs were incurred and for the next 3 taxable years succeeding the taxable year in which the installation costs were incurred."

5. Page 4, lines 5 and 6.

Strike: ", AND" on line 5 through "INCURRED" on line 6

EXHIBIT 16
DATE 4/12/91
HB SB 428

HOUSE OF REPRESENTATIVES

TAXATION COMMITTEE

ROLL CALL VOTE

DATE 4/12/91 BILL NO. SB 428 NUMBER 1

MOTION: Be concurred in

NAME	AYE	NO
REP. BEN COHEN, VICE-CHAIRMAN	X	
REP. ED DOLEZAL	X	
REP. JIM ELLIOTT	X	
REP. ORVAL ELLISON		X
REP. RUSSELL FAGG	X	
REP. MIKE FOSTER		X
REP. BOB GILBERT		X
REP. MARIAN HANSON	X	
REP. DAVID HOFFMAN		X
REP. JIM MADISON	X	
REP. ED MCCAFFREE		X
REP. BEA MCCARTHY		X
REP. TOM NELSON		X
REP. MARK O'KEEFE		X
REP. BOB RANEY		X
REP. BOB REAM, VICE-CHAIRMAN	X	
REP. TED SCHYE	X	
REP. BARRY "SPOOK" STANG		X
REP. FRED THOMAS		X
REP. DAVE WANZENRIED		X
REP. DAN HARRINGTON, CHAIRMAN		X
TOTAL	8	13

EXHIBIT ~~5~~ 16 A
DATE 4-12-91
HB 30 428

Amendments to Senate Bill No. 428
Third Reading Copy

Requested by DOR
For the Committee on Taxation

Prepared by Lee Heiman
April 10, 1991

1. Page 3, line 8.

Strike: "remaining amount"

Insert: "money as provided for in the agreement entered into
pursuant to subsection (1)"

EXHIBIT 17
DATE 4/12/91
HB SB 428

HOUSE OF REPRESENTATIVES

TAXATION COMMITTEE

ROLL CALL VOTE

DATE 4/12/91 BILL NO. SB 428 NUMBER 2
MOTION: table

NAME	AYE	NO
REP. BEN COHEN, VICE-CHAIRMAN		X
REP. ED DOLEZAL		X
REP. JIM ELLIOTT		X
REP. ORVAL ELLISON	X	
REP. RUSSELL FAGG		X
REP. MIKE FOSTER	X	
REP. BOB GILBERT	X	
REP. MARIAN HANSON		X
REP. DAVID HOFFMAN	X	
REP. JIM MADISON		X
REP. ED MCCAFFREE	X	
REP. BEA MCCARTHY	X	
REP. TOM NELSON	X	
REP. MARK O'KEEFE	X	
REP. BOB RANEY	X	
REP. BOB REAM, VICE-CHAIRMAN		X
REP. TED SCHYE		X
REP. BARRY "SPOOK" STANG	X	
REP. FRED THOMAS	X	
REP. DAVE WANZENRIED	X	
REP. DAN HARRINGTON, CHAIRMAN	X	
TOTAL	13	8

EXHIBIT 18
DATE 4/12/91
HB SB 151

HOUSE OF REPRESENTATIVES

TAXATION COMMITTEE

ROLL CALL VOTE

DATE 4/12/91 BILL NO. SB 151 NUMBER 1

MOTION: Strike to hr. and.

NAME	AYE	NO
REP. BEN COHEN, VICE-CHAIRMAN	X	
REP. ED DOLEZAL	X	
REP. JIM ELLIOTT	X	
REP. ORVAL ELLISON	X	
REP. RUSSELL FAGG		X
REP. MIKE FOSTER		X
REP. BOB GILBERT		X
REP. MARIAN HANSON		X
REP. DAVID HOFFMAN		X
REP. JIM MADISON	X	
REP. ED MCCAFFREE	X	
REP. BEA MCCARTHY	X	
REP. TOM NELSON		X
REP. MARK O'KEEFE	X	
REP. BOB RANEY	X	
REP. BOB REAM, VICE-CHAIRMAN	X	
REP. TED SCHYE	X	
REP. BARRY "SPOOK" STANG		X
REP. FRED THOMAS		X
REP. DAVE WANZENRIED	X	
REP. DAN HARRINGTON, CHAIRMAN	X	
TOTAL	13	8

Amendments to Senate Bill No. 151
Third Reading Copy

Requested by Senator Eck
For the House Committee on Taxation

Prepared by Carroll South
April 10, 1991

1. Title, line 14.

Following: "FINANCE"

Insert: "THE COST OF COLLECTING THE TAX, TO FINANCE"

2. Title, line 18.

Following: "THRESHOLD"

Insert: ", AND TO FINANCE THE STATE GENERAL FUND COSTS OF
IMPLEMENTING HOUSE BILL NO. 693"

3. Page 10

Following: line 4

Insert: "(c) If House Bill No. 693 is passed and approved, the
department shall at the end of each fiscal year:
(i) calculate the state general fund operational costs and
general fund revenue loss attributable to the implementation
of House Bill No. 693; and
(ii) transfer from the account established in this section
an amount equal to the general fund costs and revenue loss
attributable to the implementation of House Bill No. 693 for
that fiscal year."

4. Page 17, line 20.

Following: "INSTRUCTION."

Insert: "(1)"

5. Page 17

Following: line 25

Insert: "(2) If House Bill No. 693 is not passed and approved,
then [section 6(3)(c) of this act] is void.",

Purpose of amendment:

To permit utilization of revenues generated from the tax
imposed by this bill to pay for the state general fund costs of
implementing House Bill 693. (House Bill No. 693 is the executive
proposal to allow employers income tax credits for purchasing low
cost health insurance for their employees who are currently
uninsured.)

ex. 19

SB 151

4/12/91

cv\Q\1

Combined General Fund Impact
Senate Bill 151 and House Bill 693

Impact Type	FY92	FY93	Biennium
HOUSE BILL 693:			
Additional Operational Costs	\$56,930	\$33,120	\$90,050
Tax Credit Revenue Loss	\$137,000	\$274,000	\$411,000
House Bill 693 Total	\$193,930	\$307,120	\$501,050
SENATE BILL 151:			
Additional Operational Costs	\$365,298	\$415,892	\$781,190
Additional Medicaid Costs	\$727,166	\$1,134,251	\$1,861,417
Senate Bill 151 Total	\$1,092,464	\$1,550,143	\$2,642,607
Combined HB 693 and SB 151 Costs	\$1,286,394	\$1,857,263	\$3,143,657
Estimated SB 151 Revenue	\$1,436,500	\$2,873,000	\$4,309,500
SB 151 Revenue Over Expenditures*	\$150,106	\$1,015,737	\$1,165,843

* Revenue Assumptions:
(2/21/91 Fiscal Note)

Number of Uninsured Employees	68,000	
Yearly Hours Per Employee	1,690	
FTE Ratio	0.8125	
Number of Uninsured FTE	55,250	
Fiscal 1992*1*26		
Fiscal 1993*1*52	\$1,436,500	\$2,873,000
		\$4,309,500

EXHIBIT 20
DATE 4/12/91
HB SB 151

HOUSE OF REPRESENTATIVES

TAXATION COMMITTEE

ROLL CALL VOTE

DATE 4/12/91 BILL NO. SB 151 NUMBER 2
MOTION: Be concurred in as amended

NAME	AYE	NO
REP. BEN COHEN, VICE-CHAIRMAN	X	
REP. ED DOLEZAL	X	
REP. JIM ELLIOTT	X	
REP. ORVAL ELLISON		X
REP. RUSSELL FAGG		X
REP. MIKE FOSTER		X
REP. BOB GILBERT		X
REP. MARIAN HANSON		X
REP. DAVID HOFFMAN		X
REP. JIM MADISON	X	
REP. ED MCCAFFREE	X	
REP. BEA MCCARTHY	X	
REP. TOM NELSON		X
REP. MARK O'KEEFE	X	
REP. BOB RANEY		X
REP. BOB REAM, VICE-CHAIRMAN	X	
REP. TED SCHYE	X	
REP. BARRY "SPOOK" STANG		X
REP. FRED THOMAS		
REP. DAVE WANZENRIED	X	
REP. DAN HARRINGTON, CHAIRMAN	X	
TOTAL	11	9

EXHIBIT 21
DATE 4/12/91
HB SB 461

Amendments to Senate Bill No. 461
Third Reading Copy

Requested by DOR and Technical
For the Committee on Taxation

Prepared by Lee Heiman
April 10, 1991

1. Title, line 11.
Following: "QUARTER;"
Insert: "TO PROVIDE AN APPROPRIATION;"
2. Page 1, line 19.
~~Insert:~~ "additional amount"
Insert: "penalty"
3. Page 1, line 24.
Following: "15-30-202,"
Strike: "or"
4. Page 1, line 25.
Following: "section,"
Insert: "or through a combination of employer withholding and
estimated tax,"
5. Page 5, line 15.
Following: "tax"
Insert: ", withholding tax, or a combination of both"
6. Page 6.
Following: line 19
Insert: "NEW SECTION. Section 3. Appropriation. There is
appropriated from the general fund to the department of
revenue \$215,023 for fiscal year 1992 and \$173,748 for
fiscal year 1993 to implement the provisions of [this act]."
Renummer: subsequent section
7. Page 6, line 21.
Strike: "1993"
Insert: "1992"

EXHIBIT 22
DATE 4/12/91
HB SB 461

HOUSE OF REPRESENTATIVES

TAXATION COMMITTEE

ROLL CALL VOTE

DATE 4/12 BILL NO. SB 461 NUMBER 1

MOTION: Be concurred in as amended

NAME	AYE	NO
REP. BEN COHEN, VICE-CHAIRMAN	X	
REP. ED DOLEZAL	X	
REP. JIM ELLIOTT	X	
REP. ORVAL ELLISON		X
REP. RUSSELL FAGG		X
REP. MIKE FOSTER		X
REP. BOB GILBERT		X
REP. MARIAN HANSON		X
REP. DAVID HOFFMAN		X
REP. JIM MADISON	X	
REP. ED MCCAFFREE	X	
REP. BEA MCCARTHY	X	
REP. TOM NELSON		X
REP. MARK O'KEEFE	X	
REP. BOB RANEY	X	
REP. BOB REAM, VICE-CHAIRMAN	X	
REP. TED SCHYE	X	
REP. BARRY "SPOOK" STANG	X	
REP. FRED THOMAS		X
REP. DAVE WANZENRIED	X	
REP. DAN HARRINGTON, CHAIRMAN	X	
TOTAL	13	8

EXHIBIT 23
DATE 4/12/91
HB SB 359

Amendments to Senate Bill No. 359
Third Reading Copy

Requested by Rep. Wanzenried
For the Committee on Taxation

Prepared by Lee Heiman
April 11, 1991

1. Title, line 7.
Strike: "CERTAIN"

2. Title, line 8.
Strike: "3"
Insert: "4"

3. Page 2, lines 8 through 12.
Strike: "WHO" on line 9 through "AND" on line 12

4. Page 2, line 14.
Strike: "3"
Insert: "4"

5. Page 3, lines 2 through 4
Following: "(2)"

Strike: subsection (a) in its entirety

6. Page 2, line 5.
Strike: "(b)"

7. Page 3, line 9.
Strike: "3"
Insert: "4"

EXHIBIT 24
DATE 4/12/91
HB SB 436

Amendments to Senate Bill No. 436
Third Reading Copy

Requested by Property Tax Subcommittee
For the Committee on Taxation

Prepared by Lee Heiman
April 11, 1991

Nonproductive Mining Claims in Class Three and Nonproductive
Property in Class Four.

1. Title, lines 9 and 10.

Following: "CLAIMS)" on line 9

Strike: ", "

Insert: "BY COMBINING IT WITH CLASS THREE PROPERTY; ELIMINATING"

Following: "ESTATE)" on line 10

Strike: ", "

2. Title, line 11.

Strike: "ALL"

Insert: "BOTH"

3. Title, line 19.

Following: "15-1-111,"

Insert: "15-6-133,"

4. Title, line 20.

Following: "15-6-145,"

Insert: "15-6-155,"

5. Title, line 22.

Following: "15-6-153,"

Insert: "AND"

6. Title, lines 23 and 24.

Strike: "AND 15-6-155," on line 23

Strike: "DATE" on line 23

Insert: "DATES,"

Strike: "AND" on line 24

Following: "DATE"

Insert: ", AND A TERMINATION DATE"

7. Page 5.

Following: line 3.

Insert: "Section 3. Section 15-6-133, MCA, is amended to read:

**"15-6-133. Class three property -- description -- taxable
percentage. (1) Class three property includes:**

(a) agricultural land as defined in 15-7-202;

**(b) nonproductive patented mining claims outside the limits
of an incorporated city or town held by an owner for the ultimate
purpose of developing the mineral interests on the property. For
the purposes of this subsection (1)(b), the following provisions
apply:**

(i) The claim may not include any property that is used for

residential purposes, recreational purposes as described in 70-16-301, or commercial purposes as defined in 15-1-101 or any property the surface of which is being used for other than mining purposes or has a separate and independent value for such other purposes.

(ii) Improvements to the property that would not disqualify the parcel are taxed as otherwise provided in this title, including that portion of the land upon which such improvements are located and that is reasonably required for the use of the improvements.

(iii) Nonproductive patented mining claim property must be valued as if the land were devoted to agricultural grazing use.

(2) Class three property is taxed at the taxable percentage rate "P" of its productive capacity.

(3) Until July 1, 1986, the taxable percentage rate "P" for class three property is 30%.

(4) Prior to July 1, 1986, the department of revenue shall determine the taxable percentage rate "P" applicable to class three property for the revaluation cycle beginning January 1, 1986, as follows:

(a) The director of the department of revenue shall certify to the governor before July 1, 1986, the percentage by which the appraised value of all property in the state classified under class three as of January 1, 1986, has increased due to the revaluation conducted under 15-7-111. This figure is the "certified statewide percentage increase".

(b) The taxable value of property in class three is determined as a function of the certified statewide percentage increase in accordance with the table shown below.

(c) This table limits the statewide increase in taxable valuation resulting from reappraisal to 0%. In calculating the percentage increase, the department may not consider agricultural use changes during calendar year 1985.

(d) The taxable percentage must be calculated by interpolation to coincide with the nearest whole number certified statewide percentage increase from the following table:

Certified Statewide Percentage Increase	Class Three Taxable Percentage "P"
0	30.00
10	27.27
20	25.00
30	23.08
40	21.43
50	20.00

(5) After July 1, 1986, no adjustment may be made by the department to the taxable percentage rate "P" until a revaluation has been made as provided in 15-7-111."

Renumber: subsequent sections

8. Page 5, line 24.

Strike: "."

Insert: ";

9. Page 5.

Following: line 24

Insert: "(e) all real and personal property that:

- (i) is integrally related in a single working unit;
- (ii) is devoted exclusively to the processing of agricultural or timber products; and
- (iii) (A) has not been in production for 12 consecutive months or has been acquired in an arm's-length transaction by an unrelated person, including an acquisition in a foreclosure sale or bankruptcy proceeding; or
(B) has been acquired in a foreclosure or bankruptcy proceeding by a person, as defined in 15-1-102, having no relationship to or interest in the property prior to the transaction."

10. Page 7.

Following: line 11

Insert: "(d)(i) In determining the market value of the property described in subsection (1)(e), the department shall reduce the assessed value by 25% a year for each year the plant continues to be out of production until the market value is reduced to salvage value.

(ii) Upon commencement of production or an acquisition described in subsection (1)(e)(iii)(B), property described in (1)(e) must remain at the preceding year's valuation for the succeeding 12 months. Following the end of the 12-month period, the property may be considered new or expanding industry as provided in Title 15, chapter 24, part 14."

11. Page 13.

Following: line 11

Insert: "Section 9. Section 15-6-155, MCA, is amended to read:

"15-6-155. Application for classification as class twenty nonproductive property -- local government approval required. (1) A person applying for classification of property as ~~class twenty nonproductive property under 15-6-134(1)(e)~~ shall make an application to the department of revenue on a form provided by the department without cost.

(2) The department may not grant an application for classification of property as ~~class twenty nonproductive~~ property unless the governing body of the affected county or incorporated city or town approves the application by resolution, following due notice as defined in 76-15-103 and a public hearing, for its respective jurisdiction.

(3) The resolution provided for in subsection (2) must specify the property that the taxing jurisdiction approves for classification as ~~class twenty nonproductive~~ property under 15-6-134(1)(e).

(4) The property valuation reduction ~~granted to class twenty property under 15-6-150~~ applies only to the number of mills levied and assessed for local high school district and elementary school district purposes and to the number of mills levied and assessed by an approving governing body over which it has sole discretion. In no case may the property valuation reduction ~~for class twenty property~~ apply to levies or assessments required under Title 15, chapter

10; 20-9-331; 20-9-333; or otherwise required under state law.""

Renumber: subsequent sections

12. Page 23, line 8.
Following: "Repealer."
Insert: "(1)"

13. Page 23, line 9.
Following: "15-6-153,"
Insert: "and"

14. Page 23, line 10.
Strike: "and 15-6-155,"

15. Page 23.
Following: line 10
Insert: "(2) Section 15-6-155, MCA, is repealed."

16. Page 23.
Following: line 20
Insert: "NEW SECTION. Section 17. Termination. Subsections
(1)(e) and (2)(d) of 15-6-134 terminate January 1, 1993."
Renumber: subsequent section

17. Page 23, lines 21 and 22.
Strike: "DATE" on line 21
Insert: "DATES"
Following: "APPLICABILITY." on line 22
Insert: "(1)"
Strike: "[This"
Insert: "Except as provided in subsection (2), [this"

18. Page 23.
Following: line 25
Insert: "(2) [Section 15(2)] is effective January 1, 1993."

Amendments to Senate Bill 436
3d. Reading Copy

EXHIBIT 25
DATE 4/12/91
HB SB436

Prepared by the Department of Revenue
April 11, 1991

The department is proposing these amendments to clarify the income computation to qualify for the low income property tax credit. Also, the department's proposed amendments extends the credit to eligible heads of households.

1. Title, line 8.
Following: "PROPERTY;"
Insert: "CLARIFYING THE COMPUTATION OF INCOME FOR PURPOSES OF THE LOW INCOME PROPERTY TAX CREDIT; PROVIDING ELIGIBLE HEADS OF HOUSEHOLDS MAY QUALIFY FOR THE LOW INCOME PROPERTY TAX CREDIT"
2. Page 5, line 18.
Following: "including"
Insert: "net business income or loss and"
3. Page 5, line 20.
Following: "couple"
Insert: "or a head of household,"
4. Page 6, line 9.
Following "Married Couple"
Insert: "or Head of Household"

26
DATE 4/12/91
HB SB 436

Amendments to Senate Bill No. 436
Third Reading Copy

Requested by Property Tax Subcommittee
For the Committee on Taxation

Prepared by Lee Heiman
April 11, 1991

1. Title, line 18.

Following: "FACILITIES;"

Insert: "CHANGING THE CRITERIA FOR CLASSIFYING AGRICULTURAL LAND BY REQUIRING \$25 PER ACRE ANNUAL GROSS INCOME FROM AGRICULTURAL PRODUCTION FOR ACRES IN EXCESS OF 20 ACRES BUT LESS THAN 40 ACRES; CHANGING THE CRITERIA FOR CLASSIFYING TIMBERLAND TO PROHIBIT TIMBERLAND CLASSIFICATION IF THE PARCEL IS SUBDIVIDED LAND WITH RESTRICTIONS THAT EFFECTIVELY PROHIBIT TIMBER HARVESTING OR IF THE LAND HAS A RESIDENCE- AND HAS YEAR-ROUND ACCESS;"

2. Title, line 19.

Following: "15-6-141,"

Insert: "15-6-143,"

3. Title, line 20.

Following: "15-6-145,"

Insert: "15-7-202,"

4. Page 10.

Following: line 24

Insert: "Section 6. Section 15-6-143, MCA, is amended to read:

"15-6-143. (Temporary) Class thirteen property -- description -- taxable percentage. (1) Class thirteen property includes all timberland.

(2) (a) Timberland is contiguous land exceeding 15 acres in one ownership that is capable of producing timber that can be harvested in commercial quantity.

(b) Land may not be classified or valued as timberland if:

(i) it is subdivided into parcels of land larger than 15 acres for commercial or residential purposes and has stated restrictions effectively prohibiting the harvesting of timber; or

(ii) the land contains a residence with year-round access.

(3) Class thirteen property is taxed at the percentage rate "P" 4% of the combined appraised value of the standing timber and grazing productivity of the property.

(4) For taxable years beginning January 1, 1986, and thereafter, the taxable percentage rate "P" applicable to class thirteen property is 30%/B, where B is the certified statewide percentage increase to be determined by the department of revenue as provided in subsection (5). The taxable percentage rate "P" shall be rounded downward to the nearest 0.01% and shall be calculated by the department

~~before July 1, 1986.~~

~~(5) (a) Prior to July 1, 1986, the department shall determine the certified statewide percentage increase for class thirteen property using the formula $B = X/Y$, where:~~

~~(i) X is the appraised value, as of January 1, 1986, of all property in the state, excluding use changes occurring during the preceding year, classified under class thirteen as class thirteen is described in this section; and~~

~~(ii) Y is the appraised value, as of January 1, 1985, of all property in the state that, as of January 1, 1986, would be classified under class thirteen as class thirteen is described in this section.~~

~~(b) B shall be rounded downward to the nearest 0.0001%.~~

~~(6) After July 1, 1986, no adjustment may be made by the department to the taxable percentage rate "p" until a valuation has been made as provided in 15-7-111. (Terminates January 1, 1991 sec. 10, Ch. 681, L. 1985.)"~~

Renumber: subsequent sections

5. Page 13.

Following: line 11

Insert: "Section 10. Section 15-7-202, MCA, is amended to read:

"15-7-202. Eligibility of land for valuation as agricultural. (1) Contiguous parcels of land totaling ~~20~~ 40 acres or more under one ownership shall be eligible for valuation, assessment, and taxation as agricultural land each year that none of the parcels is devoted to a commercial or industrial use.

(2) Contiguous or noncontiguous parcels of land totaling less than ~~20~~ 40 acres under one ownership that are actively devoted to agricultural use shall be eligible for valuation, assessment, and taxation as herein provided each year the parcels meet any of the following qualifications:

(a) if the parcels are less than 20 acres, they must produce and the owner or the owner's agent, employee, or lessee markets not less than \$1,500 in annual gross income from the raising of livestock, poultry, field crops, fruit, and other animal and vegetable matter for food or fiber;

(b) if the parcels are 20 acres or larger and less than 40 acres, each parcel must produce the \$1,500 in annual gross income required in subsection (2)(a), plus an additional \$25 per acre or fraction of an acre that is in excess of 20 acres, in annual gross income from the sources specified in subsection (2)(a); or

~~(b)(c)~~ the parcels would have met the qualification set out in subsection (2)(a) or (2)(b) were it not for independent intervening causes of production failure beyond the control of the producer or marketing delay for economic advantage, in which case proof of qualification in a prior year will suffice.

(3) Parcels that do not meet the qualifications set out in subsections (1) and (2) shall not be classified or valued as agricultural if they are part of a platted subdivision that is filed with the county clerk and recorder

EXHIBIT 26
DATE 4/12/91
HB SB436

in compliance with the Montana Subdivision and Platting Act.

(4) Land shall not be classified or valued as agricultural if it is subdivided with stated restrictions prohibiting its use for agricultural purposes.

(5) The grazing on land by a horse or other animals kept as a hobby and not as a part of a bona fide agricultural enterprise shall not be considered a bona fide agricultural operation.

(6) If land has been valued, assessed, and taxed as agricultural land in any year, it shall continue to be so valued, assessed, and taxed until the department reclassifies the property. A reclassification does not mean revaluation pursuant to 15-7-111.

(7) For the purposes of this part, growing timber is not an agricultural use. (Subsection (7) terminates January 1, 1991--sec. 10, Ch. 681, L. 1985.)"

Renumber: subsequent sections

EXHIBIT 27
DATE 4/12/91
HB SB 436

HOUSE OF REPRESENTATIVES

TAXATION COMMITTEE

ROLL CALL VOTE

DATE 4/12 BILL NO. SB 436 NUMBER 1
MOTION: Adopt amendment #4

NAME	AYE	NO
REP. BEN COHEN, VICE-CHAIRMAN	X	
REP. ED DOLEZAL	X	
REP. JIM ELLIOTT		X
REP. ORVAL ELLISON	X	
REP. RUSSELL FAGG	X	
REP. MIKE FOSTER		X
REP. BOB GILBERT		X
REP. MARIAN HANSON		X
REP. DAVID HOFFMAN	X	
REP. JIM MADISON	X	
REP. ED MCCAFFREE	X	
REP. BEA MCCARTHY	X	
REP. TOM NELSON		X
REP. MARK O'KEEFE	X	
REP. BOB RANEY	X	
REP. BOB REAM, VICE-CHAIRMAN		X
REP. TED SCHYE		X
REP. BARRY "SPOOK" STANG		X
REP. FRED THOMAS	X	
REP. DAVE WANZENRIED	X	
REP. DAN HARRINGTON, CHAIRMAN	X	
TOTAL	13	8

EXHIBIT 28
DATE 4/12/91
HB SB 436

HOUSE OF REPRESENTATIVES

TAXATION COMMITTEE

ROLL CALL VOTE

DATE 4/12/91 BILL NO. SB 436 NUMBER 2

MOTION: ADOPT AMENDMENT #5

NAME	AYE	NO
REP. BEN COHEN, VICE-CHAIRMAN	X	
REP. ED DOLEZAL		X
REP. JIM ELLIOTT		X
REP. ORVAL ELLISON		X
REP. RUSSELL FAGG	X	
REP. MIKE FOSTER		X
REP. BOB GILBERT		X
REP. MARIAN HANSON		X
REP. DAVID HOFFMAN	X	
REP. JIM MADISON	X	
REP. ED MCCAFFREE	X	
REP. BEA MCCARTHY	X	
REP. TOM NELSON		X
REP. MARK O'KEEFE	X	
REP. BOB RANEY	X	
REP. BOB REAM, VICE-CHAIRMAN		X
REP. TED SCHYE	X	
REP. BARRY "SPOOK" STANG		X
REP. FRED THOMAS	X	
REP. DAVE WANZENRIED	X	
REP. DAN HARRINGTON, CHAIRMAN	X	
TOTAL	12	9

EXHIBIT 29
DATE 4/12/91
HB SB 436

HOUSE OF REPRESENTATIVES

TAXATION COMMITTEE

ROLL CALL VOTE

DATE 4/12/91 BILL NO. SB 436 NUMBER 3
MOTION: Be concurred in as amended.

NAME	AYE	NO
REP. BEN COHEN, VICE-CHAIRMAN	X	
REP. ED DOLEZAL	X	
REP. JIM ELLIOTT		X
REP. ORVAL ELLISON	X	
REP. RUSSELL FAGG	X	
REP. MIKE FOSTER		X
REP. BOB GILBERT		X
REP. MARIAN HANSON		X
REP. DAVID HOFFMAN	X	
REP. JIM MADISON	X	
REP. ED MCCAFFREE	X	
REP. BEA MCCARTHY	X	
REP. TOM NELSON		X
REP. MARK O'KEEFE	X	
REP. BOB RANEY	X	
REP. BOB REAM, VICE-CHAIRMAN		X
REP. TED SCHYE	X	
REP. BARRY "SPOOK" STANG		X
REP. FRED THOMAS	X	
REP. DAVE WANZENRIED	X	
REP. DAN HARRINGTON, CHAIRMAN	X	
TOTAL	14	7

EXHIBIT 36
DATE 4/12/91
HB SB 459

HOUSE OF REPRESENTATIVES

TAXATION COMMITTEE

ROLL CALL VOTE

DATE 4/12/91 BILL NO. SB 459 NUMBER 1

MOTION: TABLE

NAME	AYE	NO
REP. BEN COHEN, VICE-CHAIRMAN		X
REP. ED DOLEZAL	X	
REP. JIM ELLIOTT	X	
REP. ORVAL ELLISON	X	
REP. RUSSELL FAGG	X	
REP. MIKE FOSTER	X	
REP. BOB GILBERT	X	
REP. MARIAN HANSON	X	
REP. DAVID HOFFMAN	X	
REP. JIM MADISON		X
REP. ED MCCAFFREE	X	
REP. BEA MCCARTHY		X
REP. TOM NELSON	X	
REP. MARK O'KEEFE		X
REP. BOB RANEY		X
REP. BOB REAM, VICE-CHAIRMAN		X
REP. TED SCHYE		X
REP. BARRY "SPOOK" STANG		X
REP. FRED THOMAS	X	
REP. DAVE WANZENRIED	X	
REP. DAN HARRINGTON, CHAIRMAN		X
TOTAL	12	9

Exhibit 31 was not transmitted with the minutes.

EXHIBIT 32
DATE 4/12/91
HB SB 435

HOUSE OF REPRESENTATIVES

TAXATION COMMITTEE

ROLL CALL VOTE

DATE 4/12/91 BILL NO. SB 435 NUMBER 1
MOTION: Table

NAME	AYE	NO
REP. BEN COHEN, VICE-CHAIRMAN		X
REP. ED DOLEZAL		X
REP. JIM ELLIOTT	X	
REP. ORVAL ELLISON		X
REP. RUSSELL FAGG		X
REP. MIKE FOSTER	X	
REP. BOB GILBERT	X	
REP. MARIAN HANSON	X	
REP. DAVID HOFFMAN	X	
REP. JIM MADISON		X
REP. ED MCCAFFREE	X	
REP. BEA MCCARTHY		X
REP. TOM NELSON	X	
REP. MARK O'KEEFE		X
REP. BOB RANEY		X
REP. BOB REAM, VICE-CHAIRMAN		X
REP. TED SCHYE		X
REP. BARRY "SPOOK" STANG		X
REP. FRED THOMAS	X	
REP. DAVE WANZENRIED		X
REP. DAN HARRINGTON, CHAIRMAN		X
TOTAL	8	13

EXHIBIT 33
DATE 4/12/91
HB SB 435

HOUSE OF REPRESENTATIVES

TAXATION COMMITTEE

ROLL CALL VOTE

DATE 4/12/91 BILL NO. SB 435 NUMBER 2
MOTION: Be concurred in as amended.

NAME	AYE	NO
REP. BEN COHEN, VICE-CHAIRMAN	X	
REP. ED DOLEZAL	X	
REP. JIM ELLIOTT		X
REP. ORVAL ELLISON	X	
REP. RUSSELL FAGG	X	
REP. MIKE FOSTER		X
REP. BOB GILBERT		X
REP. MARIAN HANSON		X
REP. DAVID HOFFMAN		X
REP. JIM MADISON	X	
REP. ED MCCAFFREE		X
REP. BEA MCCARTHY	X	
REP. TOM NELSON		X
REP. MARK O'KEEFE	X	
REP. BOB RANEY	X	
REP. BOB REAM, VICE-CHAIRMAN	X	
REP. TED SCHYE	X	
REP. BARRY "SPOOK" STANG	X	
REP. FRED THOMAS		X
REP. DAVE WANZENRIED	X	
REP. DAN HARRINGTON, CHAIRMAN	X	
TOTAL	13	8

EXHIBIT 34
DATE 4/12/91
HB SB 318

AMENDMENTS TO SENATE BILL 318 THIRD READING (blue copy)
AND HOUSE HIGHWAYS COMMITTEE REPORT (green sheet)

Third Reading Blue Copy Amendments:

1. Page 3, line 9.

Following: "of"

Strike: "\$3.50"

Insert: "\$1.00"

2. Page 4, Strike lines 9 through 12

3. Page 5, line 3

Following: "new"

Strike: "or previously owned camper"

4. Page 6, line 5

Following: "act] "

Strike: ": (1) "

5. Page 6, line 6

Following: "a"

Insert: "newly manufactured"

6. Page 6, line 6

Following: "sold"

Insert: "by a recreational vehicle dealer"

7. Page 6, line 7

Following: "1991"

Strike: "; and " and lines 8 through 10 in their entirety

Insert: "."

House Highways Committee Amendments (green sheet)

1. Strike amendments 1 through 3 in their entirety.

EXHIBIT 35
DATE 4/12/91
HB SB 318

HOUSE OF REPRESENTATIVES

TAXATION COMMITTEE

ROLL CALL VOTE

DATE 4/12/91 BILL NO. SB 318 NUMBER 1

MOTION: ADOPT AMENDMENTS

NAME	AYE	NO
REP. BEN COHEN, VICE-CHAIRMAN	X	
REP. ED DOLEZAL	X	
REP. JIM ELLIOTT		X
REP. ORVAL ELLISON	X	
REP. RUSSELL FAGG	X	
REP. MIKE FOSTER	X	
REP. BOB GILBERT		X
REP. MARIAN HANSON	X	
REP. DAVID HOFFMAN	X	
REP. JIM MADISON	X	
REP. ED MCCAFFREE	X	
REP. BEA MCCARTHY	X	
REP. TOM NELSON		X
REP. MARK O'KEEFE		X
REP. BOB RANEY		X
REP. BOB REAM, VICE-CHAIRMAN	X	
REP. TED SCHYE	X	
REP. BARRY "SPOOK" STANG	X	
REP. FRED THOMAS	X	
REP. DAVE WANZENRIED		X
REP. DAN HARRINGTON, CHAIRMAN	X	
TOTAL	15	6

EXHIBIT 37
DATE 4/12/91
HB SB 412

HOUSE OF REPRESENTATIVES

TAXATION COMMITTEE

ROLL CALL VOTE

DATE 4/12/91 BILL NO. SB 412 NUMBER 1

MOTION: R. RECOMMEND AMENDMENTS.

NAME	AYE	NO
REP. BEN COHEN, VICE-CHAIRMAN	X	
REP. ED DOLEZAL		X
REP. JIM ELLIOTT		X
REP. ORVAL ELLISON		X
REP. RUSSELL FAGG	X	
REP. MIKE FOSTER		X
REP. BOB GILBERT	X	
REP. MARIAN HANSON		X
REP. DAVID HOFFMAN		X
REP. JIM MADISON	X	
REP. ED MCCAFFREE		X
REP. BEA MCCARTHY		X
REP. TOM NELSON		X
REP. MARK O'KEEFE		X
REP. BOB RANEY		X
REP. BOB REAM, VICE-CHAIRMAN		X
REP. TED SCHYE	✓	
REP. BARRY "SPOOK" STANG		X
REP. FRED THOMAS		X
REP. DAVE WANZENRIED	X	
REP. DAN HARRINGTON, CHAIRMAN		X
TOTAL	6	15

EXHIBIT 38
DATE 4/12/91
HB SB 115

HOUSE OF REPRESENTATIVES

TAXATION COMMITTEE

ROLL CALL VOTE

DATE 4/12/91 BILL NO. SB 115 NUMBER 2

MOTION: RECONSIDER / BE CONCURRED IN AS AMENDED

NAME	AYE	NO
REP. BEN COHEN, VICE-CHAIRMAN	X	
REP. ED DOLEZAL	X	
REP. JIM ELLIOTT		X
REP. ORVAL ELLISON		X
REP. RUSSELL FAGG	X	
REP. MIKE FOSTER		X
REP. BOB GILBERT		X
REP. MARIAN HANSON		X
REP. DAVID HOFFMAN	X	
REP. JIM MADISON	X	
REP. ED MCCAFFREE		X
REP. BEA MCCARTHY		X
REP. TOM NELSON	X	
REP. MARK O'KEEFE	X	
REP. BOB RANEY	X	
REP. BOB REAM, VICE-CHAIRMAN	X	
REP. TED SCHYE	X	
REP. BARRY "SPOOK" STANG		X
REP. FRED THOMAS		X
REP. DAVE WANZENRIED	X	
REP. DAN HARRINGTON, CHAIRMAN		X
TOTAL	11	10

Amendments to Senate Bill No. 412
Third Reading Copy

Requested by Property Tax Subcommittee
For the Committee on Taxation

Prepared by Lee Heiman
April 10, 1991

Freeze Values at 1990:

1. Title, lines 13 through 15.

Strike: "THAT" on line 13 through "REVIEW" on line 15

Insert: "FOR A FREEZE OF PROPERTY VALUES THROUGH 1992; TO
ELIMINATE SALES ASSESSMENT RATIO ADJUSTMENTS"

2. Page 4, line 13.

Strike: "(a)"

3. Page 5, line 17 through page 6, line 21.

Strike: subsections (b) through (d) and (7) in their entirety.

4. Page 7, line 9 through page 12, line 6.

Strike: subsections (2) through (8) in their entirety

Insert: "(2) The value of all taxable real property within the state for tax years 1991 and 1992 is the value of the property as shown on the assessment roll of the county in which the property was located as of July 9, 1990, except:
(a) for tax year 1991, if the result of the stratified sales assessment ratio study for residential property for tax year 1990 shows for any area an assessment level of less than 80%, then the department shall perform a reappraisal of the property in the area. The reappraisal must be performed using a computer-assisted mass appraisal system based on the market approach to value, using comparable sales of similar property. If insufficient sales are available for market modeling, then the department shall reappraise the property using the cost approach to value. The reappraised values must be based on 1989 market values.

(b) for tax year 1992, if the result of the stratified sales assessment ratio study for residential property sales from November 1989 to October 1990 shows for any area a coefficient of dispersion with respect to the value weighted mean ratio of more than 20.1%, the department shall perform a reappraisal of the residential property in the area. The reappraisal must be performed as provided in subsection (2)(a).

(3) A property owner may appeal the property values determined in subsection (2) as provided in 15-7-102."

5. Page 25, line 14.

Following: "~~(1)~~"

Insert: "(1)"

6. Page 25, line 16.

Following: "years"

Insert: "except as provided in subsection (2)"

7. Page 25.

Following: line 22

Insert: "(2) The reappraised values determined for the reappraisal cycle beginning January 1, 1993, must be placed on the tax rolls for tax year 1997 and are effective for that year. Thereafter, the reappraised values must be placed on the rolls and be effective every third year."

House Bill 340 Coordination:

8. Page 15, lines 24 and 25.

Strike: "the percentage rate "p""

Insert: "4%"

9. Page 16, lines 2 through 25.

Strike: subsections (4) through (6) in their entirety

10. Page 35, line 24 through page 36, line 2.

Strike: "(1) through (5)"

Strike: "and the" on page 35, line 24 through "340" on page 36, line 2