

MINUTES

MONTANA SENATE 52nd LEGISLATURE - REGULAR SESSION

COMMITTEE ON TAXATION

Call to Order: By Senator Mike Halligan, Chairman, on March 12, 1991, at 8:00 a.m.

ROLL CALL

Members Present:

Mike Halligan, Chairman (D)
Dorothy Eck, Vice Chairman (D)
Robert Brown (R)
Steve Doherty (D)
Delwyn Gage (R)
John Harp (R)
Francis Koehnke (D)
Gene Thayer (R)
Thomas Towe (D)
Van Valkenburg (D)
Bill Yellowtail (D)

Members Excused: None

Staff Present: Jeff Martin (Legislative Council).

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

Announcements/Discussion: None

HEARING ON HOUSE BILL 262

Presentation and Opening Statement by Sponsor:

Rep. Harrington, District 68, sponsor, said the bill affects approximately 4 counties in terms of loss of taxable value resulting from reducing the tax rate on personal property in HB 20 during the 1989 special session. The bill affects salaries of elected people, the number of mills that can be levied, and the overall level of indebtedness associated with issuing bonds. There is an artificial reduction in the bill that needs to be mitigated.

Proponents' Testimony:

Gordon Morris, Montana Association of Counties, presented the committee a compilation of 1991 county valuations (Exhibit #1). When HB 20 was passed, there were 29 sections stricken which are being reinserted in this bill. All the counties in the state are being affected in some manner by the reductions which resulted from HB 20. This bill would add 6% of the taxable valuation to the certified value on each year as of January 1 to determine the value that would be used for county classification purposes.

Opponents' Testimony:

There were no opponents.

Questions From Committee Members:

Senator Doherty asked about retroactivity.

Mr. Morris said the bill is retroactive and, as result, the mills and salaries would be adjusted.

Senator Gage asked if the bill applied only to classification.

Mr. Morris said yes, it will determine classification only. The taxes will vary per classification, however, under provisions of Il05, taxes cannot be increased.

Senator Gage asked about gaming revenues.

Mr. Morris said gaming revenues are reported for county general fund purposes as non-tax revenue.

Closing by Sponsor:

Rep. Harrington closed saying this is a fairness issue. The legislature made a mistake and the legislature needs to take care of it.

EXECUTIVE ACTION ON HOUSE BILL 262

Recommendation and Vote:

Senator Gage moved HB 262 Be Concurred In.

The motion CARRIED unanimously with Senator Van Valkenburg absent.

HEARING ON HOUSE BILL 137

Presentation and Opening Statement by Sponsor:

Rep. Harrington, District 68, said the bill simply conforms the reappraisal of agricultural land to the current revaluation cycle. The amendments are effective in 1991.

Proponents' Testimony:

Denis Adams, Director, Department of Revenue, said agricultural land was overlooked when the cycle was extended for two years. This bill simply brings agricultural land into the same reappraisal cycle as other land.

Opponents' Testimony:

There were no opponents.

Questions From Committee Members:

Senator Doherty asked if grazing leases are taxed.

Mr. Adams replied the value of the lease is not taxed, however, the ownership of the land is taxed.

Closing by Sponsor:

Rep. Harrington closed.

EXECUTIVE ACTION ON HOUSE BILL 137

Recommendation and Vote:

Senator Gage moved HB 137 Be Concurred In.

The motion CARRIED unanimously with Senator Van Valkenburg absent.

EXECUTIVE ACTION ON HOUSE BILL 32

Recommendation and Vote:

Jeff Martin noted the bill would have to have a coordinating instruction if it is not tabled as there is another bill active in the process which addresses the same concerns.

Senator Thayer moved to Table HB 32.

The motion CARRIED unanimously with Senator Van Valkenburg absent.

EXECUTIVE ACTION ON SENATE BILL 218

Recommendation and Vote:

Senator Towe moved to Table SB 218.

The motion CARRIED unanimously with Senator Van Valkenburg absent.

EXECUTIVE ACTION ON SENATE BILL 124

Recommendation and Vote:

Senator Towe moved to Table SB 124.

The motion CARRIED with Senator Thayer voting no.

EXECUTIVE ACTION ON SENATE BILL 341

Amendments, Discussion, and Votes:

Jeff Martin presented proposed amendments which parallel language in the IRS code (Exhibit #2).

Senator Gage explained the amendments allow you to claim on your Montana taxes any credits allowed on the federal return which Montana does not allow if you have to reduce your expense or base.

Senator Towe moved to adopt the amendments and included in his motion an amendment to page 5, line 11, striking "reduced" and inserting "not allowed".

The amendments CARRIED unanimously with Senators Van Valkenburg, Brown, Halligan, and Doherty absent presenting bills in other committees.

Recommendation and Vote:

Senator Gage moved SB 341 Do Pass As Amended.

The motion CARRIED with Senators Van Valkenburg, Brown, Halligan, and Doherty absent presenting bills in other committees.

EXECUTIVE ACTION ON SENATE BILL 359

Discussion:

Senator Gage said he has asked to have the following provisions inserted in the Governor's bill which addresses credits for physicians who practice in Montana. He said these provisions should be inserted in this bill also. The credits would be extended by requiring full repayment of the credit if the physician leaves the state in the 4th year, \$10,000 repayment if he/she leaves in the 3rd year, \$5000 repayment if they leave in the 6th year, and no repayment if they stay through the 7th years. Senator Gage said it occurred to him to see if the same provisions should apply to the WAMI program. The committee deferred action on the bill in order for Senator Gage to research other legislation.

EXECUTIVE ACTION ON SENATE BILL 416

Recommendation and Vote:

Senator Harp moved SB 416 Do Not Pass. He said there are already private sector incentives for geothermal devices. He felt those people who can afford heat pumps really do not need the credit.

The motion CARRIED on a roll call vote.

EXECUTIVE ACTION ON SENATE BILL 428Amendments, Discussion, and Votes:

Senator Gage presented proposed amendments as prepared by the Department of Revenue (Exhibit #3). He noted there are appropriation amendments in these which the committee cannot act on. Neither the state or the tribe is preempted by the other or forfeiting their taxing authority under the first amendment provisions. The second amendment says if a tribe enacts and identical gas tax, only one tax will be collected.

Senator Gage moved to adopt amendments #1 and #3. In amendment #3, New Section 2 is stricken. New Section 3 (3) needs a clerical amendment - inserting "by the" following "dispersed". Sub (4) is stricken. New Section 4 is stricken. Amendment #4 stands as written. (See attached Exhibit #3).

The motion CARRIED with Senator Harp voting no.

Further action is will be held as both Senator Harp and Senator Yellowtail have requested information which may be pertinent to final consideration.

EXECUTIVE ACTION ON SENATE BILL 55Discussion:

Senator Thayer said he felt it is time to discuss the Big Sky Dividend bill

Senator Van Valkenburg said Senator Crippen realized there would have to be a compromise between the administration's position and the Democratic view before any definitive action can take place. He said no contact has been made so far, but the House is trying to devise an infrastructure program which may get the ball rolling.

EXECUTIVE ACTION ON SENATE BILL 384Motion:

Senator Gage moved SB 384 Do Not Pass.

Senator Towe said he did not want to kill this bill if there is no other vehicle to help vo-techs this session. He said the current level of taxation and appropriation should be determined to some degree before final action is taken.

Senator Towe made a substitute motion to Table SB 384. The motion failed on a roll call vote.

Senator Gage's Do Not Pass motion failed on a roll call vote.

ADJOURNMENT

Adjournment At: 9:30 a.m.



SENATOR MIKE HALLIGAN, Chairman



JILL D. ROHYANS, Secretary

MH/jdr

ROLL CALL

SENATE TAXATION COMMITTEE

DATE 3/12/91

52nd LEGISLATIVE SESSION

NAME	PRESENT	ABSENT	EXCUSED
SEN. HALLIGAN	X		
SEN. ECK	X		
SEN. BROWN	X		
SEN. DOHERTY	X		
SEN. GAGE	X		
SEN. HARP	X		
SEN. KOEHNKE	X		
SEN. THAYER	X		
SEN. TOWE	X		
SEN. VAN VALKENBURG	X		
SEN. YELLOWTAIL	X		

Each day attach to minutes.

3/12/91

DATE _____
Taxation

~~HB 962~~ HB 962 HB 137

[illegible]

(Please leave prepared statement with Secretary)

TOTAL TAXABLE VALUATION

MCA 7-1-2111 & 15-23-703

FY 1991 COUNTY CLASSIFICATION

COUNTY	POPULATION	FY 91 CERTIFIED COUNTY TAXABLE VALUE	MOTOR VEHICLES 3/4 TON OR LESS	MOTOR VEHICLES 3/4 TO 1 TON	NEW & INTERIM PRODUCTION	EXEMPT PRODUCTION	EXEMPT COAL PRODUCTION	CLASSIFICATION TOTAL TAXABLE VALUATION	COUNTY CLASS	HB262 6% ADDITION	TOTAL TAXABLE VALUATION WITH 6%	IMPACTED COUNTIES
BEAVERHEAD	8,300	14,031,726	1,317,400	45,000	0	0	0	15,394,126	4	841,904	16,236,030	
BIG HORN	10,900	26,933,905	1,430,997	146,583	0	519,745	62,668,430	91,699,660	1B	1,616,034	93,315,694	
BLAINE	7,000	13,579,048	753,626	41,656	2,800,370	10,222,620	0	27,397,320	3	814,743	28,212,063	
BROADWATER	3,500	12,139,242	501,877	0	0	0	0	12,641,119	5	728,355	13,369,474	
CARBON	8,300	16,425,419	1,276,596	60,805	92,777	6,824,168	0	24,679,765	3	985,525	25,665,290	
CARTER	1,600	5,524,468	551,781	18,959	0	60,859	0	6,156,067	6	331,468	6,487,535	
CASCADE	78,200	89,344,476	7,598,391	0	0	0	0	96,942,867	1A	5,360,669	102,303,536	
CHOUTEAU	5,800	24,799,050	1,341,399	52,887	805,831	50,452	0	27,049,619	3	1,487,943	28,537,562	
CUSTER	12,700	14,890,004	2,372,788	51,703	127,310	0	0	17,441,805	4	893,400	18,335,205	
DANIELS	2,600	6,434,211	700,970	18,086	0	0	0	7,153,267	6	386,053	7,539,320	
DAWSON	10,100	18,599,233	2,033,643	64,543	769,163	2,845,660	0	24,312,242	3	1,115,954	25,428,196	
DEER LODGE	10,000	8,626,724	1,072,167	0	0	0	0	9,698,891	6	517,603	10,216,494	5
FALLON	3,300	13,485,984	675,014	43,691	6,623,686	51,945,715	0	72,774,090	1B	809,159	73,583,249	
FERGUS	12,100	20,367,788	2,767,555	392,601	40,838	19,438	0	23,588,220	3	1,222,067	24,810,287	
FLATHEAD	58,600	91,383,217	6,724,006	0	0	0	0	98,107,223	1A	5,482,993	103,590,216	
GALLATIN	48,500	71,638,526	7,641,526	0	0	0	0	79,280,052	1A	4,298,312	83,578,364	
GARFIELD	1,600	5,256,904	508,948	52,247	416,875	190,383	0	6,425,357	6	315,414	6,740,771	
GLACIER	11,100	17,561,413	1,179,134	63,811	13,090,363	36,970	1,458,890	33,390,581	2	1,053,685	34,444,266	
GOLDEN VALLEY	1,100	5,162,097	207,151	12,178	86,745	0	0	5,468,171	6	309,726	5,777,897	
GRANITE	2,600	7,350,757	558,783	82,673	0	0	0	7,992,213	6	441,045	8,433,258	
HILL	17,600	29,688,033	2,445,452	117,207	1,928,475	6,405,805	0	40,584,972	2	1,781,282	42,366,254	
JEFFERSON	8,300	22,181,663	3,162,139	1,601,793	0	0	0	26,945,595	3	1,330,900	28,276,495	
JUDITH BASIN	2,500	8,785,812	575,303	34,721	0	0	0	9,395,836	6	527,149	9,922,985	
LAKE	21,100	28,696,505	1,890,654	86,311	0	0	0	30,673,470	2	1,721,790	32,395,260	
LEWIS & CLARK	47,000	64,699,497	5,215,975	0	0	0	0	69,915,472	1A	3,881,970	73,797,442	
LIBERTY	2,300	9,434,565	502,627	0	51,702	413,628	0	10,402,522	5	566,074	10,968,596	
LINCOLN	18,700	32,350,004	686,787	111,293	0	0	0	33,148,084	2	1,941,000	35,089,084	
MADISON	5,600	19,036,425	974,096	0	0	0	0	20,010,521	3	1,142,185	21,152,706	
MCCONE	2,500	7,801,878	269,811	41,031	421,333	0	0	8,514,053	6	468,113	8,982,166	
MEAGHER	2,000	8,031,683	299,352	0	0	0	0	8,331,035	6	481,901	8,812,936	
MINERAL	3,400	8,007,332	322,797	21,969	0	0	0	8,352,098	6	480,440	8,832,538	
MISSOULA	78,300	112,420,000	13,505,312	0	0	0	0	125,925,312	1A	6,745,200	132,670,512	
MUSSELSHELL	4,300	6,781,983	662,961	41,761	6,234,428	34,860	69,408	13,825,401	5	406,919	14,232,320	
PARK	12,300	21,193,408	1,531,909	0	0	0	0	22,725,317	3	1,271,604	23,996,921	
PETROLEUM	600	1,748,015	144,789	0	36,047	1,010	0	1,929,861	7	104,881	2,034,742	
PHILLIPS	5,400	23,541,070	688,233	0	26,885	10,745,603	0	35,001,791	2	1,412,464	36,414,255	
PONDERA	6,700	14,633,586	927,119	62,875	146,565	3,016,090	0	18,786,235	4	878,015	19,664,250	
POWDER RIVER	2,200	6,035,110	548,308	66,609	0	7,298,761	0	13,948,788	5	362,107	14,310,895	
POWELL	6,800	12,499,949	801,537	1,029	0	0	0	13,302,515	5	749,997	14,052,512	
PRAIRIE	1,600	4,254,663	457,558	0	0	612,787	0	5,325,008	6	255,280	5,580,288	
RAVALLI	25,700	29,741,864	2,691,154	0	0	0	0	32,433,018	2	1,784,512	34,217,530	
RICHLAND	11,800	22,165,995	3,739,641	114,020	29,825,827	1,187,476	946,307	57,979,266	1B	1,329,960	59,309,226	
ROOSEVELT	11,100	25,740,528	1,172,540	78,019	15,682,170	39,327	0	42,712,584	2	1,544,432	44,257,016	
ROSEBUD	12,200	178,512,891	1,413,163	66,274	13,583	0	48,171,556	228,177,467	1B	10,710,773	238,888,240	
SANDERS	8,600	23,974,778	575,751	35,388	0	0	0	24,585,917	3	1,438,487	26,024,404	
SHERIDAN	5,200	12,440,431	329,721	3,393	1,187,392	22,460,857	0	36,421,794	2	746,426	37,168,220	
SILVER BOW	33,200	47,273,558	6,326,642	0	0	0	0	53,600,200	1A	2,836,413	56,436,613	
STILLWATER	6,300	18,077,368	860,595	67,627	447,818	8,578	0	19,461,786	4	1,084,642	20,546,428	3
SWEET GRASS	3,200	7,718,376	529,762	31,976	0	0	0	8,280,114	6	463,103	8,743,217	
TETON	6,100	15,170,161	1,112,768	60,762	0	1,199,539	0	17,543,230	4	910,210	18,453,440	
TOOLE	5,100	17,569,146	834,333	48,773	12,455,311	745,705	0	31,853,268	2	1,054,149	32,707,417	
TREASURE	900	4,928,969	234,928	14,791	0	0	0	5,178,688	6	295,738	5,474,426	
VALLEY	8,400	25,682,934	1,587,519	30,721	3,484,154	0	1,785,309	32,570,637	2	1,540,976	34,111,613	
WHEATLAND	2,200	7,550,864	134,832	12,051	0	0	0	7,697,747	6	453,052	8,150,799	
WIBAUX	1,300	4,179,377	561,233	15,469	452,173	9,624,925	0	14,833,177	5	250,763	15,083,940	4
YELLOWSTONE	116,400	183,593,025	11,507,821	1,747,537	0	0	0	196,848,383	1A	11,015,581	207,863,964	
TOTAL	804,800	\$1,549,675,638	\$110,418,674	\$5,660,823	\$97,247,821	\$136,510,961	\$115,099,900	\$2,014,613,817		\$92,980,538	\$2,107,594,355	
FY 90 TOTAL	809,500	1,907,045,478	106,384,294	N/A	N/A	N/A	N/A	2,013,429,772				
% CHANGE	-0.6%	-23.1%	3.7%	100.0%	100.0%	100.0%	100.0%	0.1%				

SENATE TATION
EXHIBIT NO. 1
DATE 3/15/91
BILL NO. HB 362

Amendments to Senate Bill No. 341
First Reading Copy

Requested by Sen. Gage
For the Committee on Taxation

Prepared by Jeff Martin
February 20, 1991

1. Title, line 5.

Following: "INCOME"

Insert: "OR CORPORATE NET INCOME"

2. Title, line 8.

Strike: the first "AND"

Following: "15-30-117,"

Insert: "AND 15-31-114,"

3. Page 8, line 10.

Following: line 9

Insert: "Section 3. Section 15-31-114, MCA, is amended to read:

"15-31-114. Deductions allowed in computing income. In computing the net income, the following deductions shall be allowed from the gross income received by such corporation within the year from all sources:

(1) All the ordinary and necessary expenses paid or incurred during the taxable year in the maintenance and operation of its business and properties, including reasonable allowance for salaries for personal services actually rendered, subject to the limitation hereinafter contained, rentals or other payments required to be made as a condition to the continued use or possession of property to which the corporation has not taken or is not taking title or in which it has no equity. No deduction shall be allowed for salaries paid upon which the recipient thereof has not paid Montana state income tax; provided, however, that where domestic corporations are taxed on income derived from without the state, salaries of officers paid in connection with securing such income shall be deductible.

(2) Beginning after December 31, 1988, there is allowed a deduction for the amount that a deduction was not allowed for federal purposes because a federal tax credit was elected under the Internal Revenue Code of 1986 but for which there was no similar state tax credit. The deduction must be made in the year the deduction was used to compute the credit.

~~(2)~~(3) (a) All losses actually sustained and charged off within the year and not compensated by insurance or otherwise, including a reasonable allowance for the wear and tear and obsolescence of property used in the trade or business, such allowance to be determined according to the provisions of section 167 of the Internal Revenue Code in effect with respect to the taxable year. All elections for depreciation shall be the same as the elections made for federal income tax purposes. No deduction shall be allowed for any amount paid out for any buildings, permanent improvements, or betterments made to increase the value of any property or estate, and no deduction shall be made for any

amount of expense of restoring property or making good the exhaustion thereof for which an allowance is or has been made. No depreciation or amortization deduction shall be allowed on a title plant as defined in 33-25-105(15).

(b) There shall be allowed as a deduction for the taxable period a net operating loss deduction determined according to the provisions of 15-31-119.

~~(3)~~(4) In the case of mines, other natural deposits, oil and gas wells, and timber, a reasonable allowance for depletion and for depreciation of improvements; such reasonable allowance to be determined according to the provisions of the Internal Revenue Code in effect for the taxable year. All elections made under the Internal Revenue Code with respect to capitalizing or expensing exploration and development costs and intangible drilling expenses for corporation license tax purposes shall be the same as the elections made for federal income tax purposes.

~~(4)~~(5) The amount of interest paid within the year on its indebtedness incurred in the operation of the business from which its income is derived; but no interest shall be allowed as a deduction if paid on an indebtedness created for the purchase, maintenance, or improvement of property or for the conduct of business unless the income from such property or business would be taxable under this part.

~~(5)~~(6) (a) Taxes paid within the year, except the following:

(i) Taxes imposed by this part.

(ii) Taxes assessed against local benefits of a kind tending to increase the value of the property assessed.

(iii) Taxes on or according to or measured by net income or profits imposed by authority of the government of the United States.

(iv) Taxes imposed by any other state or country upon or measured by net income or profits.

(b) Taxes deductible under this part shall be construed to include taxes imposed by any county, school district, or municipality of this state.

~~(6)~~(7) That portion of an energy-related investment allowed as a deduction under 15-32-103.

~~(7)~~(8) (a) Except as provided in subsection (b), charitable contributions and gifts that qualify for deduction under section 170 of the Internal Revenue Code, as amended.

(b) The public service commission shall not allow in the rate base of a regulated corporation the inclusion of contributions made under this subsection.

~~(8)~~(9) In lieu of the deduction allowed under subsection ~~(7)~~(8), the taxpayer may deduct the fair market value, not to exceed 30% of the taxpayer's net income, of a computer or other sophisticated technological equipment or apparatus intended for use with the computer donated to an elementary, secondary, or accredited postsecondary school located in Montana if:

(a) the contribution is made no later than 5 years after the manufacture of the donated property is substantially completed;

(b) the property is not transferred by the donee in exchange for money, other property, or services; and

(c) the taxpayer receives a written statement from the donee in which the donee agrees to accept the property and representing that the use and disposition of the property will be in accordance with the provisions of (b) of this subsection ~~(8)~~(9)."

Renumber: subsequent sections

AMENDMENT TO SENATE BILL 428
first reading copy (white)

Department of Revenue

SENATE TAXATION

EXHIBIT NO. 3
DATE 3/12/91
BILL NO. SB 428

The purpose of the proposed amendments is to make it clear that the State of Montana is not preempted from applying its taxes on motor fuels on Indian Reservations. It also makes it clear that the distributors subject to the tribal tax will only pay one tax at the exact same level as they on gasoline which is not subject to the tribal tax.

The purpose of the bill is to allow two sovereign nations to apply their tax in such a way that the citizens are not subject to dual taxation and to share the revenue collected. The result of both the tribal government and the state government applying their respective taxes will be the collection of the same level of tax on the reservation as off the reservation and the sharing of the revenues on an equitable basis relating to the services provided to citizens on the reservation.

The amendments also set up a special revenue accounts so that the Department can spend 5% of the money collected for administration of the tax and disperse the money to the tribes

1. Page 1, line 13

Following: "governments."

Insert: "(1) In order to prevent the possibility of dual taxation of motor fuels purchased by Montana citizens and businesses on Indian reservations, the Department of Revenue and an Indian Tribe may enter into a cooperative agreement. The agreement shall provide that under the conditions specified in this section, the tribe and the state will cooperate to collect only one tax which is at the same level as the tax outside the boundaries of the reservation and share the revenues as provided in this section. The agreement must provide that neither the state or the tribe is forfeiting any legal rights to apply their respective taxes by entering into an agreement except as specifically set forth in the agreement.

Renumber: subsequent subsections

2. Page 1, lines 19 and 20

Strike: lines 19 and 20 in their entirety

Insert: "is not required to pay both the state and the tribal tax but only one tax to the state which is equal to the tax paid on gasoline which is not subject to a tribal tax.

3. Page 2.

Following: line 15

Insert: "NEW SECTION. Section 2. Special revenue account. (1) There is created a special revenue account to be called the tribal motor fuel tax administration account.

(2) All administrative fees collected under [section 1(3)]

shall be deposited by the department into the tribal motor fuel tax administration account.

(3) The money in the tribal motor fuel tax administration account may be expended by the department to administer the tax.

(4) The appropriation made in subsection (3) is a statutory appropriation as provided in 17-7-502.

NEW SECTION. Section 3. Special revenue account. (1) There is created a special revenue account to be called the tribal motor fuel tax account.

(2) All fees collected under [section 1] except the administrative fee deducted under [section 1(3)] shall be deposited by the department into the tribal motor fuel tax account.

(3) ~~by the~~ The money in the tribal motor fuel tax account may be dispersed ~~department~~ to administer the tribes on a quarterly basis.

~~(4) The appropriation made in subsection (3) is a statutory appropriation as provided in 17-7-502.~~

Section 4. 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 authorities 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 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; 15-70-101; 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; 19-10-506; 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; and section 13, House Bill No. 861, Laws of 1985; [section 2]; and [section 3].

(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."

Renumber: subsequent sections.

4. Page 2.

Following: line 19

Insert: "NEW SECTION. Section 6. Coordination instruction. If Senate Bill No. 164 is passed and approved and transfers to the department of transportation the duty to collect taxes on special fuels, then any reference to the department of revenue in [this act] is changed to the department of transportation."

Renumber: subsequent sections

ROLL CALL VOTE

SENATE COMMITTEE ON TAXATION

Date 3/17/91 Senate Bill No. 384 Time _____

NAME	YES	NO
SEN. HALLIGAN	X	
SEN. BROWN		
SEN. ECK		X
SEN. GAGE		X
SEN. VAN VALKENBURG		X
SEN. HARP	X	
SEN. YELLOWTAIL		X
SEN. THAYER		X
SEN. TOWE	X	
SEN. KOEHNKE	X	
SEN. DOHERTY		

Bill D. Cahyans
Secretary

Senator Mike Halligan
Chairman

Motion: by Senator Doherty to Pass SB 384

ROLL CALL VOTE

SENATE COMMITTEE ON TAXATION

Date 3/17/91 Senate Bill No. 416 Time _____

NAME	YES	NO
SEN. HALLIGAN	X	
SEN. BROWN		X
SEN. ECK		X
SEN. GAGE	X	
SEN. VAN VALKENBURG	X	
SEN. HARP	X	
SEN. YELLOWTAIL	X	
SEN. THAYER	X	
SEN. TOWE		X
SEN. KOEHNKE		X
SEN. DOHERTY		

Bill Robinson
Secretary

Senator Mike Halligan
Chairman

Motion: By Senator Halligan that SB 416
do not pass

ROLL CALL VOTE

SENATE COMMITTEE ON TAXATION

Date 3/12/91 Senate Bill No. 384 Time

NAME	YES	NO
SEN. HALLIGAN		X
SEN. BROWN		X
SEN. ECK		X
SEN. GAGE	X	
SEN. VAN VALKENBURG		X
SEN. HARP		X
SEN. YELLOWTAIL		X
SEN. THAYER	X	
SEN. TOWE		X
SEN. KOEHNKE	X	
SEN. DOHERTY		

Gill D. Bryans
Secretary

Senator Mike Halligan
Chairman

Motion: by Senator Gage that SB 384
Do not Pass

Failed

SENATE STANDING COMMITTEE REPORT

Page 1 of 1
March 12, 1991

MR. PRESIDENT:

We, your committee on Taxation having had under consideration House Bill No. 262 (third reading copy -- blue), respectfully report that House Bill No. 262 be concurred in.

Signed: _____


Mike Halligan, Chairman

LE 3/12/91
Amd. Coord.

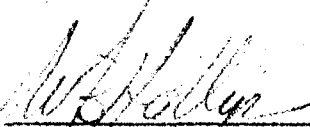
JB 3/12 11:20
Sec. of Senate

SENATE STANDING COMMITTEE REPORT

Page 1 of 1
March 12, 1991

MR. PRESIDENT:

We, your committee on Taxation having had under consideration House Bill No. 137 (third reading copy -- blue), respectfully report that House Bill No. 137 be concurred in.

Signed: 

Mike Halligan, Chairman

LB 3/12/91
Amd. Coord.

SB 3/12
Sec. of Senate

11:20

SENATE STANDING COMMITTEE REPORT

Page 1 of 3
March 13, 1991

MR. PRESIDENT:

We, your committee on Taxation having had under consideration Senate Bill No. 341 (first reading copy -- white), respectfully report that Senate Bill No. 341 be amended and as so amended do pass:

1. Title, line 5.

Following: "INCOME"

Insert: "OR CORPORATE NET INCOME"

2. Title, line 7.

Following: "15-30-111"

Insert: ", "

3. Title, line 8.

Strike: the first "AND"

Following: "15-30-117,"

Insert: "AND 15-31-114,"

4. Page 5, line 11.

Strike: "reduced"

Insert: "not allowed"

5. Page 8.

Following: line 9

Insert: "Section 3. Section 15-31-114, MCA, is amended to read:

"15-31-114. Deductions allowed in computing income. In computing the net income, the following deductions shall be allowed from the gross income received by such corporation within the year from all sources:

(1) All the ordinary and necessary expenses paid or incurred during the taxable year in the maintenance and operation of its business and properties, including reasonable allowance for salaries for personal services actually rendered, subject to the limitation hereinafter contained, rentals or other payments required to be made as a condition to the continued use or possession of property to which the corporation has not taken or is not taking title or in which it has no equity. No deduction shall be allowed for salaries paid upon which the recipient thereof has not paid Montana state income tax; provided, however, that where domestic corporations are taxed on income derived from without the state, salaries of officers paid in connection with securing such income shall be deductible.

(2) Beginning after December 31, 1988, there is allowed a deduction for the amount for which a deduction was not allowed for federal purposes because a federal tax credit was elected under the Internal Revenue Code of 1986 and for which there was no similar state tax credit. The deduction must be made in the

year the deduction was used to compute the credit.

~~(2)~~(3). (a) All losses actually sustained and charged off within the year and not compensated by insurance or otherwise, including a reasonable allowance for the wear and tear and obsolescence of property used in the trade or business, such allowance to be determined according to the provisions of section 167 of the Internal Revenue Code in effect with respect to the taxable year. All elections for depreciation shall be the same as the elections made for federal income tax purposes. No deduction shall be allowed for any amount paid out for any buildings, permanent improvements, or betterments made to increase the value of any property or estate, and no deduction shall be made for any amount of expense of restoring property or making good the exhaustion thereof for which an allowance is or has been made. No depreciation or amortization deduction shall be allowed on a title plant as defined in 33-25-105(15). *

(b) There shall be allowed as a deduction for the taxable period a net operating loss deduction determined according to the provisions of 15-31-119.

~~(3)~~(4). In the case of mines, other natural deposits, oil and gas wells, and timber, a reasonable allowance for depletion and for depreciation of improvements; such reasonable allowance to be determined according to the provisions of the Internal Revenue Code in effect for the taxable year. All elections made under the Internal Revenue Code with respect to capitalizing or expensing exploration and development costs and intangible drilling expenses for corporation license tax purposes shall be the same as the elections made for federal income tax purposes.

~~(4)~~(5). The amount of interest paid within the year on its indebtedness incurred in the operation of the business from which its income is derived; but no interest shall be allowed as a deduction if paid on an indebtedness created for the purchase, maintenance, or improvement of property or for the conduct of business unless the income from such property or business would be taxable under this part.

~~(5)~~(6). (a) Taxes paid within the year, except the following:

- (i) Taxes imposed by this part.
 - (ii) Taxes assessed against local benefits of a kind tending to increase the value of the property assessed.
 - (iii) Taxes on or according to or measured by net income or profits imposed by authority of the government of the United States.
 - (iv) Taxes imposed by any other state or country upon or measured by net income or profits.
- (b) Taxes deductible under this part shall be construed to include taxes imposed by any county, school district, or municipality of this state.

~~(6)~~(7) That portion of an energy-related investment allowed as a deduction under 15-32-103.

~~(7)~~(8) (a) Except as provided in subsection (b), charitable contributions and gifts that qualify for deduction under section 170 of the Internal Revenue Code, as amended.

(b) The public service commission shall not allow in the rate base of a regulated corporation the inclusion of contributions made under this subsection.

~~(8)~~(9) In lieu of the deduction allowed under subsection ~~(7)~~(8), the taxpayer may deduct the fair market value, not to exceed 30% of the taxpayer's net income, of a computer or other sophisticated technological equipment or apparatus intended for use with the computer donated to an elementary, secondary, or accredited postsecondary school located in Montana if:

(a) the contribution is made no later than 5 years after the manufacture of the donated property is substantially completed;

(b) the property is not transferred by the donee in exchange for money, other property, or services; and

(c) the taxpayer receives a written statement from the donee in which the donee agrees to accept the property and representing that the use and disposition of the property will be in accordance with the provisions of (b) of this subsection

~~(8)~~(9). ""

Renumber: subsequent sections

Signed: _____


Mike Halligan, Chairman

B 3/13/91
Amd. Coord.

SB 3-13-91 1:20
Sec. of Senate

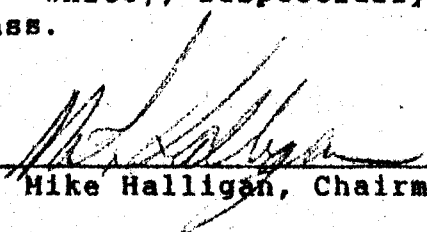
SENATE STANDING COMMITTEE REPORT

Page 1 of 1
March 12, 1991

MR. PRESIDENT:

We, your committee on Taxation having had under consideration Senate Bill No. 416 (first reading copy -- white), respectfully report that Senate Bill No. 416 do not pass.

Signed: _____


Mike Halligan, Chairman

LB 3/12/91
Amd. Coord.

JB 3/12 11:20
Sec. of Senate