MINUTES

MONTANA SENATE
52nd LEGISLATURE - REGULAR SESSION

COMMITTEE ON TAXATION

Call to Order: By Senator Mike Halligan, Chairman, on March 27, 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

EXECUTIVE ACTION ON SENATE BILL 446

Recommendation and Vote:

The vote on Senate Bill 446 was held open for Senator Koehnke. The motion to Table by Senator Harp failed with Senator Koehnke voting no joining Senators Gage, Halligan, Van Valkenburg and Doherty who had voted no on the motion at the March 26 meeting. Further action on the bill is delayed until April 1.

EXECUTIVE ACTION ON SENATE BILL 458

Recommendation and Vote:

Senator Towe moved to Table SB 458.

Senator Thayer said he hoped the committee would consider getting out of the liquor business.

Senator Van Valkenburg made a substitute motion that SB 458 Do Not Pass. He said the proposal is seriously flawed. It anticipates raising liquor prices 30% to 40% in order to raise as much revenue as previously generated.

The motion CARRIED on a roll call vote (attached).

EXECUTIVE ACTION ON SENATE BILL 466

Discussion:

Senator Halligan said he wanted to get an idea of the committee members' intentions regarding SB 466. Both Senator Gage and Doherty indicated they have amendments to propose.

Senator Towe said he is concerned that the amendments will strip the bill entirely. He felt is better not to pass it if all the amendments are going to be added.

Senator Halligan said the bill was crafted by a coalition of interested and diverse parties and he was concerned that the coalition would be "blown" if the fuel sensitive amendments and others addressing the MCS standards and fuel incentives are passed.

Senator Harp asked if Senator Koehnke's ethanol bill will still be active if this bill is defeated.

Senator Koehnke replied it should still be alive.

Senator Halligan said the sponsor, Senator Rea, indicated if the bill passes as introduced he wants it killed. The committee delayed further action on the bill until Senator Gage's proposed amendments can be reviewed.

EXECUTIVE ACTION ON HOUSE BILL 513

Amendments, Discussion, and Votes:

Jeff Martin presented proposed amendments (Exhibit #1) from the sponsor which are designed to answer Senator Thayer's question regarding duplicate taxes and the refund from the county treasurer being retroactive back ten years. The amendments would direct the refund of duplicate taxes paid in error back to 1981 and overpayment of net and gross proceeds to be refunded back to the taxable year beginning in 1986.

Senator Towe felt the permissive language "may" should be stricken regarding taxes illegally collected and "shall" inserted in lieu.

Senator Towe moved to adopt all the amendments with the exception of amendment #2.

The motion CARRIED.

Recommendation and Vote:

Senator Thayer moved HB 513 Be Concurred In As Amended.

The motion CARRIED unanimously.

EXECUTIVE ACTION ON HOUSE BILL 591

Recommendation and Vote:

Senator Harp moved HB 591 Be Concurred In.

The motion CARRIED unanimously.

HEARING ON HOUSE BILL 757

Presentation and Opening Statement by Sponsor:

Representative Kadas, District 55, sponsor, said if tax exempt property is purchased under current law no taxes are paid until the beginning of the next tax year. The bill directs that taxes must be paid from the time ownership is taken. It prorates taxes for the year in which the purchase was made. He presented proposed amendments drafted by the Department of Revenue which would direct the taxes be collected in the same time period as they are currently collected - in November and May (Exhibit #2).

Proponents' Testimony:

There were no proponents.

Opponents' Testimony:

There were no opponents.

Questions From Committee Members:

There were no questions.

Closing by Sponsor:

Representative Kadas closed.

EXECUTIVE ACTION ON HOUSE BILL 757

Amendments, Discussion, and Votes:

Senator Van Valkenburg moved to amend the bill on page 2, lines 3 and 12, and inserting the appropriate title amendments as per the attached standing committee report. He also would amend the bill by striking Section 3.

The motion CARRIED unanimously.

Recommendation and Vote:

Senator Van Valkenburg moved HB 757 Be Concurred In As Amended.

The motion CARRIED unanimously.

HEARING ON HOUSE BILL 543

Presentation and Opening Statement by Sponsor:

Representative Darko, District 2, said the bill clarifies the existing law for employer provided day care. Champion, International Mill has instituted an employer owned and operated day care program for its employees. She presented pictures of the employee fitness center that Champion has installed for the employees (Exhibit #3). The day care center will provide a much needed service for the employees as well as benefits for the corporation in less absenteeism and better work production. The bill establishes a tax credit of 20 percent for the employer provided day care center. This would serve as a model project for the state and nation.

Proponents' Testimony:

Dixie Martin, a member of the task force at Champion, said this is an expensive service for the corporation to initiate and maintain. She urged the committee to give favorable consideration to the credit.

Chloe Adamson, a Champion employee for 25 years, said there is a crying need for day care in the community and the absenteeism problem exists because of the lack of child care services. She asked the committee to support the bill.

Gordon Sanders, Champion, said this is a needed service which will benefit the employees, the employer, and the community.

Kate Cholewa, Montana Women's Lobby, said the bill is a good measure and supports individuals and families.

Opponents' Testimony:

There were no opponents.

Questions From Committee Members:

Senator Thayer asked what the cost of the tax credit would be.

Senator Halligan replied there is no fiscal note due to the minimum impact the bill would have.

Rep. Darko said the amount of the credit depends on the capital investment.

Senator Towe asked if this is free service to employees.

Rep. Darko said the payment is deducted from pre-tax dollars from the employee's paycheck. The rate is lower than that in the community.

Closing by Sponsor:

Rep. Darko closed by urging the committee to support the bill. She said it may be hard to advocate a tax credit for a large corporation, however, Champion is committed to an enhanced work environment for its employees and to establishing a pilot program for the state. She said the bill would encourage other such badly needed programs.

EXECUTIVE ACTION ON HOUSE BILL 543

Recommendation and Vote:

Senator Eck moved HB 543 Be Concurred In.

The motion CARRIED unanimously.

HEARING ON SENATE BILL 467

Presentation and Opening Statement by Sponsor:

Senator Towe, District 46, said the bill is the Economic Development and Tax Reform Act of 1991. He presented his testimony as contained in Exhibits #4 and #5. He presented a model simplified tax form which would be used if the bill is adopted (Exhibit #6). He noted the tax rate is tied to the federal liability as noted in Exhibit #7.

Senator Towe presented a comparison of advantages and disadvantages of Rep. Ream's proposal and SB 467 (Exhibit #8). He reviewed a comparison of business inventory taxes across the United States (Exhibit #9). Senator Towe continued his presentation by submitting a table re fiscal impacts of repealing local government severance taxes and gross proceeds, (Exhibit #10), a comparison of oil taxes in Montana, (Exhibit #11), a comparison of tax rates on new oil production for several states under current law, (Exhibit #12), and a review of taxation of securities (Exhibit #13).

Senator Towe noted minerals in place are taxed at the same rate as HB 910 (see Exhibit #14 for comparisons with other states). He noted only 20% - 30% of the taxpayers are affected by the bill, no main street businesses are affected, and the proceeds will be $3 to $4 million per year. Railroads and airlines will be included in the net and gross proceeds formula which should bring in approximately $20 million. The bill clearly complies with the spirit of I105 and repeals it as it accomplishes fully comprehensive tax reform.

Proponents' Testimony:

Samantha Sanchez, Montana Alliance for Progressive Policy, presented her testimony in support of the bill (Exhibit #15).

<u>Opponents' Testimony:</u>

Dennis Burr, Montana Taxpayers Association, said many features of this bill appear in other legislation. He objected to the state income tax becoming a percentage of the federal income tax based on the difficulty of the state to react to federal rate changes with a legislature that only meets three months every two years. He objected to the separation of personal and residential property into two separate classes and the reimposition of net and gross proceeds on oil and gas. He said they are opposed to the taxation of intangibles, the taxation of business inventory, the taxation of minerals in place, and the repeal of I105.

George Bennett, Montana Banker's Association, said the bill is a rehash of tax concepts that have been repealed or rejected by previous legislative sessions. He expressed particular objection to the taxation of intangibles. He said the bill does not go far enough if the intent is to tax everything in sight. He noted taxation of securities should include tax on income or sale of securities and the income flow if they are to be taxed at all. The bill is extremely unfair in many areas and seriously flawed. He urged the committee to give the bill a do not pass recommendation.

Rex Manuel, Cenex Corporation refinery in Laurel, said the refinery is owned by farmers, ranchers, and patrons of Cenex. He said there is hardly anything in the bill he can support. He noted there is approximately $7.5 million worth of oil in the Cenex pipeline from Glendive to Laurel and the taxes on that oil alone would cost farmers and ranchers over $2 million. He said the business inventory and equipment taxes would be devastating to the agriculture and oil and gas industries in the state.

Forrest Boles, President, Montana Chamber of Commerce, objected to the repeal of the inventory tax and the taxation of intangibles. He said the bill is a travesty to economic development. The reduction in the personal property tax is a good feature but the benefits are taken away by other tax provisions in the bill. He said if the bill is passed, businesses and corporations in the state would be hurt, not helped.

John Fitzpatrick, Pegasus Gold, expressed strong opposition to the taxation of minerals in place.

Chuck Stearns, City Manager and Clerk of Missoula, presented his testimony in opposition to the bill (Exhibit #16).

Steve Turkewicz, Montana Auto Dealers Association, said the bill affects his organization dramatically. He urged the committee to kill the bill.

John Alke, Montana Dakota Utilities, opposed the bill on the basis of the massive negative impact it would have on MDU and the rate payers. He said the business inventory tax would increase by $50 million for an annual cost increase to MDU in excess of $500,000 which would be passed on to the consumer. He said $350 million worth of minerals in place would generate $4 million per year. The annual increased costs of the tax increases in the bill would be over $1.5 million.

Jerry Croft, Northern Montana Oil and Gas Association, said the members of his organization are predominantly stripper well operators. The bill does not simplify taxation at all, in his estimation. The fairness issue does not apply when oil wells are taxed at 16%.

Charles Brookes, Montana Retail Association, presented testimony in opposition to the bill (Exhibit #17).

Gene Huntington, Montana Retired Teachers Association, said the bill repeals retired teachers' pension exemptions. They should be made whole in the bill and the retirement benefits related to their employment should be honored.

Shelly Laine, Director of Administrative Services, City of Helena, expressed opposition to the bill. She said the Helena City Council voted against the proposal to tie Montana income tax to a percentage of the federal income tax.

Due to time constraints, Chairman Halligan asked the remaining opponents to identify themselves for the record. They were:

Bradley Johnson, Montana Lumber Yards
Jim Mockler, Montana Coal Council
John Lahr, Montana Power (Exhibit #18)
Lorraine Gillis, Montana Farm Bureau
Janelle Fallon, Montana Petroleum Association

Questions From Committee Members:

There were no questions.

Closing by Sponsor:

Senator Towe closed by briefly reviewing the provisions of the bill and noting the revenue neutrality issue as presented in the testimony of Samantha Sanchez (Exhibit #15).

ADJOURNMENT

Adjournment At: 10:00 a.m.

SENATOR MIKE HALLIGAN, Chairman

JILL D. ROHYANS, Secretary

MH/jdr

ROLL CALL

SENATE TAXATION COMMITTEE

DATE 3/27/91

52nd LEGISLATIVE SESSION

NAME	PRESENT	ABSENT	EXCUSED
SEN. HALLIGAN	X		
SEN. ECK	X		
SEN. BROWN	X 9:10am		
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.

DATE 3/27/91

COMMITTEE ON Taxation

HB543 HB 757

VISITORS' REGISTER SB 467

NAME	REPRESENTING	BILL #	Check One Support	Oppose
Rex Manuel	GENEX	SB467		✓
Shelly Laine	City of Helena	SB467		✓
Chuck Stearns	City of Missoula	SB467		✓
George T. Bennett	MONT. BANKERS ASSN	SB467		X
Doug Abelin	N. M. Oil & Gas	SB467		X
Theodore E Teague	Teague Geological Inc	SB 467		✓
Samantha Sanchez	MAPP	SB467	✓	
Jerry Croft	Croft Petroleum Co	SB467		✓
Lorraine Gillies	MT Farm Bureau	SB467		✓
WARD SHANAHAN	CHEVRON	SB 467		✓
Jim Mockler	MT Coal Council	SB467		✓
Richard Miller	MT State Lib. Comm	SB 467		
Gene Huntington	Retired Teachers	SB467		✓
Charles R. Brooks	MT Retail Association	SB 467		✓
H.A. Buck Boles	MT Chamber	SB 467		✓
Dennis Burr	MT Taxpayers Assoc	SB467		✓
Tom Ebzery	Nerco	SB467		✓
Gordon Morris	MACo	SB467		—
Kate Cholewa	MT Womens Lobby	HB 543	✓	
Dixie Marchant	Champion Int Lobby	H 543	✓	
Cary Adamson	Champion Int. Lobby	# 543	✓	
Riley Johnson	Lumber Y Mills NFIB/MT. BROADCASTERS	# 467		✓
John Fitzpatrick	Pegasus Gold Corp	# 467		✓
Jim Peterson	MSGA	# 467		✓
Susan Brooke	MSGA	"		✓
Steve Turkiewicz	MT AUTO Dealers Assn	467		✓

(Please leave prepared statement with Secretary)

DATE 3/27/91

COMMITTEE ON Taxation

HB 543 HB 757
SB 467

VISITORS' REGISTER

NAME	REPRESENTING	BILL #	Check One Support	Check One Oppose
Janelle Fallan	Mt Petroleum	467		X
[illegible]	Richland Co. Comm	467		X
CAROL MOSHER	MT. CATTLEWOMEN	467		X
Tom Ryan	Helena R[illegible]		✓	
Jock Anderson	Mt. Savings + Loan Inst			

(Please leave prepared statement with Secretary)

ROLL CALL VOTE

SENATE COMMITTEE ON TAXATION

Date 3/27/91 SB Bill No. 458 Time ____

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

Secretary ____ Chairman ____

Motion: by Senator Van Valkenburg that SB 458 do not pass

Senate Taxation 1
EXHIBIT NO. 1
DATE 3/27/91
BILL NO. HB 513

Amendments to House Bill No. 513
Third Reading Copy

Requested by Representative Simpkins
For the Committee on Taxation

Prepared by Jeff Martin
March 22, 1991

1. Page 3, line 18.
Strike: "subsection (5)"
Insert: "subsections (6) and (7)"

2. Page 3, line 19.
Strike: "shall"
Insert: "may"

3. Page 3, line 20.
Strike: "or for any duplicate taxes paid"

4. Page 3, lines 22 and 23.
Strike: "or" on line 22 through "paid" on line 23

5. Page 5, line 1.
Following: "IMPROVEMENTS"
Insert: "or for any duplicate taxes paid"

6. Page 5, line 25.
Following: "APPLICABILITY."
Insert: "(1)"

7. Page 6, line 1.
Following: "AND"
Insert: ", except as provided in subsections (2) and (3),"

8. Page 6.
Following: line 2
Insert: "(2) [Section 1(6)] applies retroactively, within the meaning of 1-2-109, to taxes erroneously paid and any duplicate taxes paid beginning with the 1981 tax year.
(3) [Section 1(7)] applies retroactively, within the mean of 1-2-109, to an overpayment of net or gross proceeds taxes beginning with the 1986 tax year."

SENATE TAXATION
EXHIBIT NO. 2
DATE 3/27/91
BILL NO. HB 757

Amendments to House Bill 757
3rd Reading Copy

Prepared by Department of Revenue
(3/26/91)

1. Page 3, line 20.
Following: "15-16-802,"
Insert: "and"

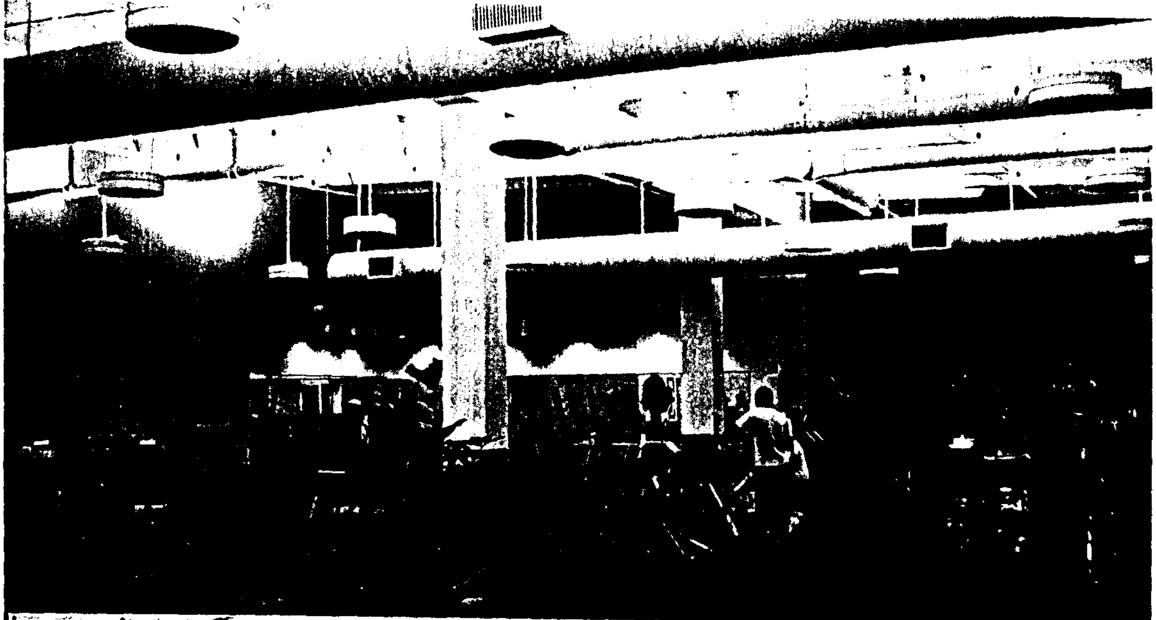
2. Page 3, line 21.
Following: line 20
Strike: "and [section 1]"

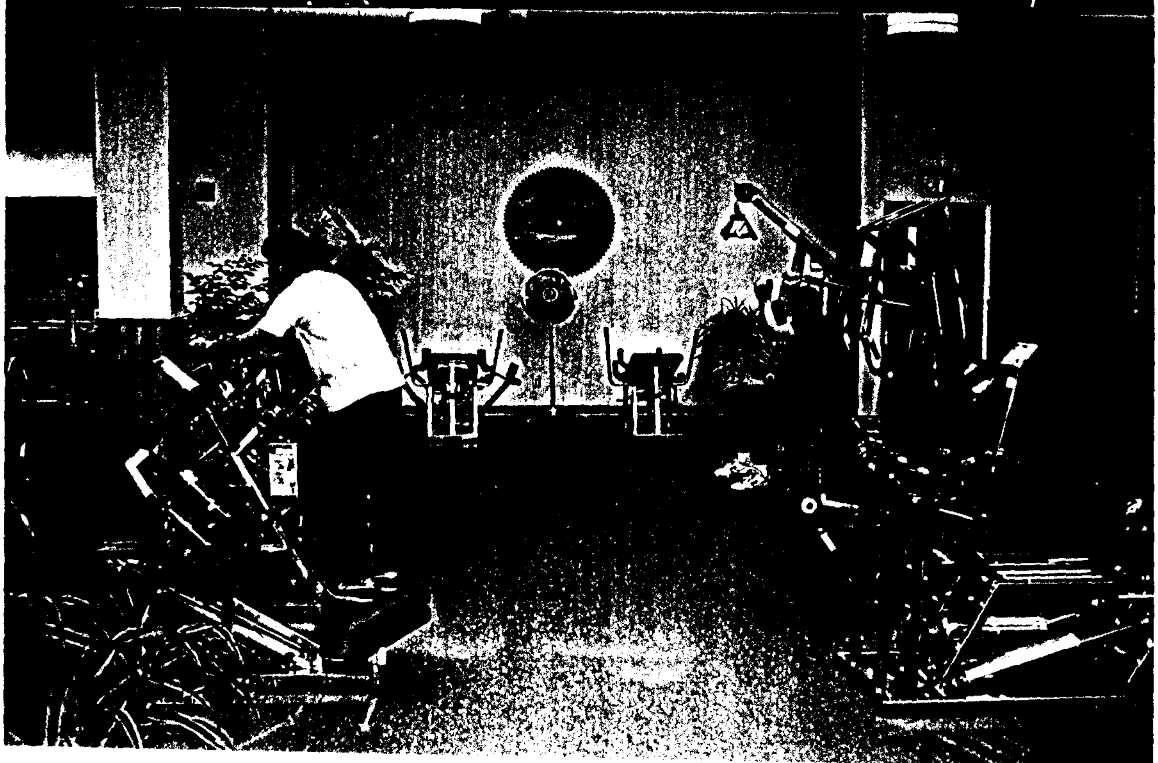
3. Page 5, line 14.
Following: line 13
Insert: "and"
Following: "15-16-803,"
Strike: "and [section 1],"

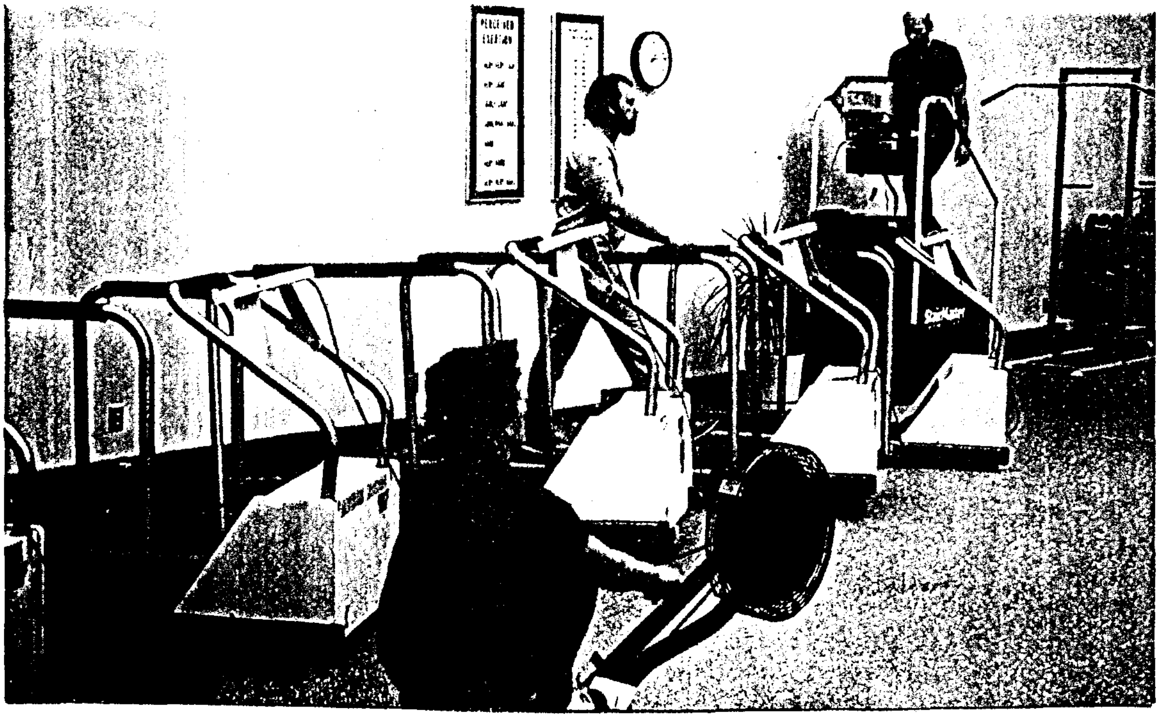
Reason for Amendment:

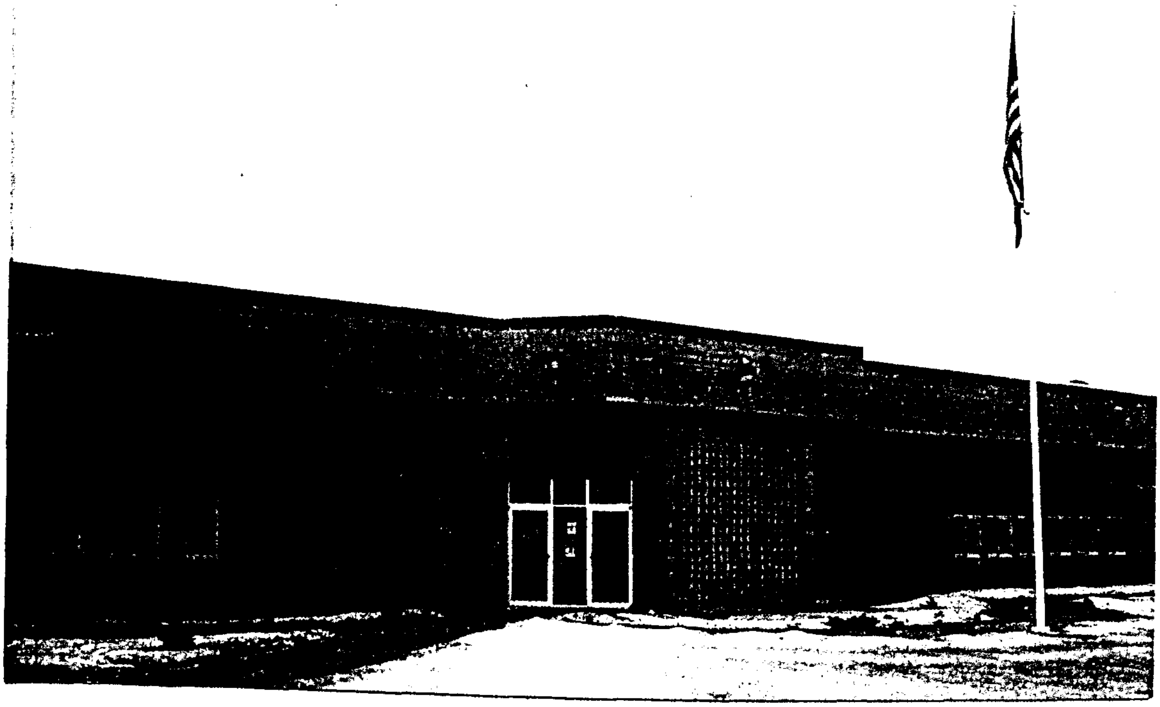
This amendment would provide a due date for the payment of the tax and establish a date from which penalty and interest is determined. By this amendment the prorated tax would be payable in two installments the same as other real property taxes, with the first payment due the later of November 30 or 30 days after the postmark on the notice. The second installment would be due the following May 31.

Ex #3
3-27-91
H.B 543

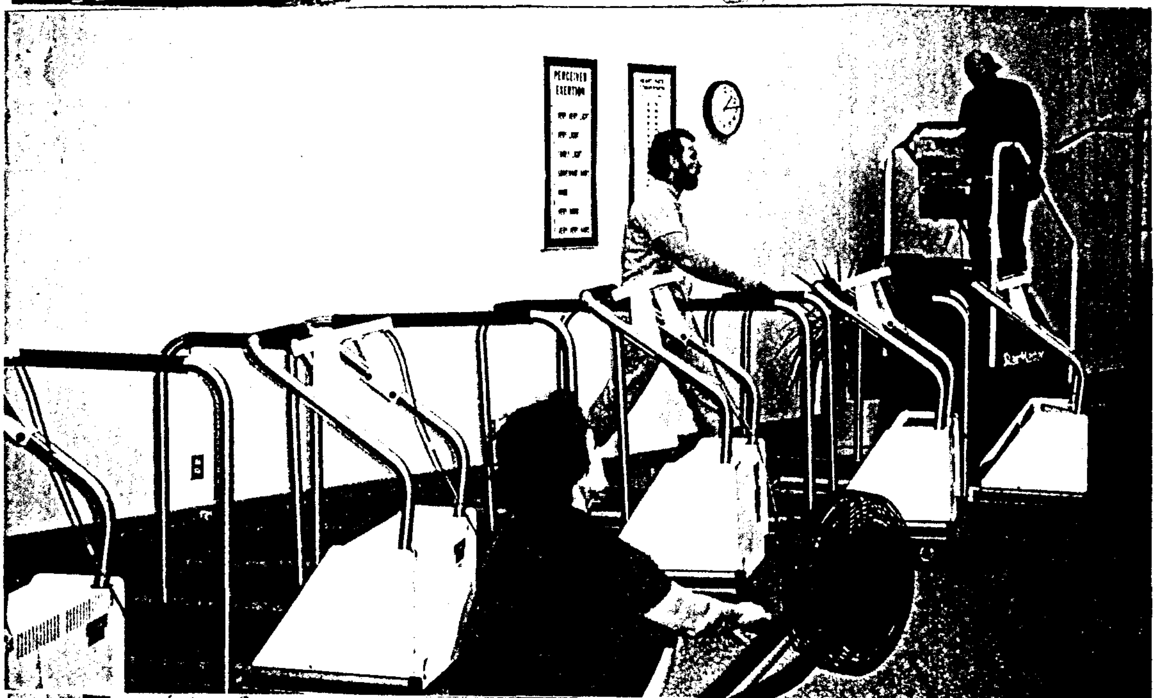





PERCEIVED EXERTION



Senate Tax
Exhibit #
3-27-91
HB 543



THE ECONOMIC DEVELOPMENT AND TAX REFORM ACT OF 1991

Comprehensive Tax Reform

Many people have said Montana needs a comprehensive Tax Reform Act. Several things should be included in such an act.

First, a comprehensive tax reform act should have property tax relief for most taxpayers, particularly for homeowners.

Second, it should have some tax relief that will help small businesses, thereby encouraging economic development and job growth. Often such relief is more for perception but if the competitive position of Montana businesses can be improved when compared to other states, it is very desirable.

Third, it should simplify the tax structure.

Fourth, it should not substantially affect revenue collections. If more money must be raised, it should not be raised from low and middle income taxpayers and should not adversely affect Montana's business climate.

The Senate Bill I am introducing does all of these things - and more. Because it is comprehensive, it qualifies for repeal of the freeze established by I-105.

Fairness is Required in Property Taxes

The courts have told us that we must equalize our tax expenditure for education. House Bill 28 of the 1990 summer special session attempted to do this. However, HB 28 caused property taxes to rise throughout Montana.

If we are stuck with property taxes as the principle means of financing education, we must look to the property tax base. Is it fair.

The answer is no. We have systemically removed property from the property tax base over the last 20 years to such an extent that we now have little included in the base except homes, agricultural property, commercial real estate, and some business equipment.

In effect, the Tax Reform Act restores to the property tax base most of the property that was taken out over the last 20 years but it also exempts the first $1 million in most categories of property.

Property Returned to the Base

Since oil, gas, and coal was specifically exempted from HB 28 (that equalized education expenditures and caused nearly everyone else's taxes to go up), the flat tax is repealed and the net and gross proceeds are reinstated as existed before June of 1990 subject to the same mill levy as all other taxpayers. This would not affect new oil from wells drilled after 1985. This will raise $35.8 million in the biennium.

In addition, intangibles and business inventory would be reinstated with a $1 million exemption. Minerals in the ground would be placed on the tax rolls (they should share the cost of education and government just like all other real estate) with a $1 million exemption and the value of all liquor and gambling licenses would be included in the tax base. Finally, railroad property should pay the average of all other commercial property.

Nearly All Property at the Same Rate

All non farm property, except utility property and certain property already given a special status, would be assessed at 4.5% of fair market value. This will greatly simplify the 20 separate classes of property that currently exist.

Business Equipment Reduced to 4.5%

It also will reduce business equipment taxes in half - from 9% to 4.5%. This is the one tax which is way out of line in comparison with other states.

The First $4100 of Each Home is Exempt

It will increase the assessed value of homes slightly - from 3.86% to 4.5%. However, the first $4100 of everyone's home would be totally exempt.

Income Tax Reform

Finally, it would reform the income tax by adopting a greatly simplified system of paying a percentage of the federal income tax liability. This will greatly simplify the income tax system in Montana and reduce the need for a number of employees in the Department of Revenu. This will also automatically build into the income tax system a much fairer income tax for the low and middle income taxpayers while eliminating the high upper bracket rates.

Thomas E. Towe
March 9, 1991

Exhibit "H"

The Billings Gazette Sunday, July 1, 1990

SENATE TAXATION
EXHIBIT NO. 5
DATE 3/27/91
BILL NO. SB 462

Corporate tax cuts have hurt Montana

'Resource economy' staggers on

Guest columnist

Tom Towe

Gaylord Nelson, former U.S. senator from Wisconsin, recently stated, "Natural resources are our capital. We are spending our capital and thinking we are getting rich, when we are not. We are getting poorer."

Montana is a resource state. Its nickname is the Treasure State. At the turn of the century we had vast deposits of gold, silver and copper. We mined and mined and thought we were getting rich. Now most of it is gone — the richest hill on earth (Butte) is now a gigantic reclamation problem. And we are poorer.

Typically states and countries rich in natural resources are exploited by foreigners. They are colonies which exist primarily to be exploited by someone else. Once the minerals are gone, the colonists (foreign exploiters) move on to some other conquests. The wealth does not stay in the colony but is shipped "back home" to the mother country.

That is exactly what happened in Montana. The fabulous wealth that enhanced the fortunes of the Hearsts, the Rockefellers and the Rothchilds did not stay in Montana.

Not even Montana's own copper kings (Marcus Daly and William Clark) left their fortunes to benefit Montana. Although they endowed the Los Angles Symphony Orchestra, they built the library at Stanford University, they built the law school at the University of Virginia, and Clark's art collection became the nucleus of the well known Corcoran Art Gallery in Washington, D.C., the only thing of a comparable nature I can find they left to Montana is the $25,000 William Clark gave to build a theater inside the walls of the old state prison.

And we are poorer.

There is another aspect of a colonial economy that is devastating in Montana. Colonial economies tend to be susceptible to booms and busts. While ore is plentiful and the price is good, the boom is very large indeed. When the cycle moves into the inevitable bust, the impact is just as great.

Thus, Montana in the 1970s was booming. Fueled by sky-rocketing oil prices and newly discovered coal markets, Montana experienced an economic growth averaging 20 to 30 percent per year while the rest of the nation was growing at only 13.7 percent a year.

Then came the bust of the 1980's. Montana's economy crept along at a snail's pace — only 2 percent a year for the entire decade while the rest of the nation kept up a healthy 9 percent a year increase.

The worst part is that we were victims of this boom and bust economy. Nothing we could do in Montana could prevent the economic down turn. We don't like to admit that we can not control our own destiny, however, and we fell victim to the false promise of prosperity by granting tax relief.

The reasoning was simple; give business — particularly the large natural resource companies — a break by reducing their taxes and prosperity will be just around the corner. Jobs will magically reappear and we will return to the good times of the 1970's. We gave away more than half a billion dollars that way since 1981. Our annual tax base has been reduced by $128 million a year — over twice the projected deficit of the next biennium even under the most pessimistic projections. At least $70 million per year in tax relief has been given to the coal, oil, gas and mining industries just since 1987.

Tax relief at the top simply does not trickle down into jobs at the bottom of the corporate structures. We gave $20.8 million a year tax relief to the energy companies during the 1989 special session on education equalization ($4.9 million was recaptured during the 1990 special session leaving a net loss of nearly $16 million a year) and oil production is worse now than it ever has been.

By reducing the coal tax in half in the 1987 session, $38 million was taken out of the tax base (the full impact will not be felt until 1991 because of the phase-in). Yet in the 15 months since the reduction took affect, we have actually lost jobs in the coal mines — 1,142 to 1,100 jobs.

Jobs are controlled by the economy, not by taxes. We can't change the down turn in the economy. Neither can we change the up turn in the economy the next time a boom comes.

The Corporation for Enterprise Development, a national economic research organization, said the same thing in their recent report advising us what Montana can do if we really want to have an impact on building jobs in Montana. (It is to the credit of the Montana AFL-CIO that sponsored the study that members went to one of these economic think tanks which continually gives Montana such low marks on our "business climate." The Montana AFL-CIO said, in effect, if you think we have such a poor business climate, what do you think we should do about it.)

The Corporation for Enterprise Development concluded:

- The simple truth is that Montana is running out of money, in large part as the result of tax breaks and revisions that have cost the state nearly half a billion dollars — or more — since 1981.
- These and other very costly business tax cuts were conceived to promote economic development. Yet there is no evidence that they have had any positive effect.

In other words, we have got to stop giving away our tax base in the name of economic development. It does not work. And furthermore, we are broke.

There are many more effective ways of encouraging economic development and more jobs. Nothing, however, will give us a quick fix.

Tax relief for the natural resource exploitation companies not only does not work, but it makes our colonial economy even more colonial. Not only do we become poorer because of the exploitation of our natural resources, but we lose the tax they should produce as well. We are destined to remain a colonial state with the strings pulled by persons outside our state until we learn this lesson.

Exhibit "C"

FORM 2 — Montana Individual Income Tax Return — 1990

OR FISCAL year beginning ________ 1990 and ending ________ 19____

SENATE TAXATION
EXHIBIT NO. 6
DATE 3/27/91
BILL NO. SB 967

LAST NAME	First Name & Initial	Your Social Security No.	Occupation
Spouse's Last Name (if different)	Spouse's First Name & Initial	Spouse's Social Security No.	Occupation
MAILING ADDRESS		City State	Zip Code

Filing Check One: 1 Single; 2 Married filing joint return; 3 Married and both filing separate returns on this form; 4 Married and both filing separate returns on separate forms; 5 Married filing separate return and spouse is not filing; 6 Head of Household see instructions

Residency Check One: 1 Resident Full Year; 2 Nonresident Full Year; 3 Resident Part Year | Give date of change | State moved to: | State moved from:

1. Enter federal tax from federal return line 54 or Montana form 1M, line 8 — 1.

2. FICA taxes (federal lines 48 and 51)
3. Earned Income credit (federal line 57)
4. Tax adjustments (add lines 2 and 3)

5. Adjusted federal tax (subtract line 4 from line 1) — 5.
6. Montana tax (multiply line 5 by .32) — 6.
7. For each of the programs below you and your spouse each may contribute $5, 10, 20 or any amount. Enter totals in boxes. Add to line 6. — 7.

Nongame Wildlife Program	Child Abuse Prevention	Agriculture in Schools	Total contribution

8. Montana tax credits (line 8, Montana form 1C)
9. Montana tax withheld (attach W-2's)
10. Total tax reduction

11. Total Tax Due (subtract line 10 from line 7) — 11.

Exhibit 'B'

Tie to Federal Tax Liability
Tax Base: FTI-INTEXSB+LOCGOVI

ALL FILERS: INCOME BRACKET	NO. OF HSHLDS.	CL 1989 TAX LIABILITY	PL 1989 TAX LIABILITY	CL TAX RATE	PL TAX RATE
0	21,684	22,308	5,391	0.09%	0.02%
2	21,840	353,652	369,199	0.55%	0.57%
4	19,968	812,760	192,292	0.82%	0.19%
6	21,528	1,563,588	1,014,317	1.04%	0.67%
8	16,848	1,882,764	1,758,409	1.24%	1.16%
10	16,926	2,252,284	2,263,794	1.21%	1.21%
12	14,318	3,067,332	2,900,121	1.65%	1.56%
14	15,796	4,028,432	4,047,193	1.70%	1.71%
16	12,086	3,632,132	3,999,726	1.76%	1.94%
18	12,086	4,542,372	4,846,764	1.98%	2.11%
20	24,330	12,864,316	13,194,839	2.36%	2.42%
25	20,278	14,875,898	15,412,205	2.67%	2.77%
30	18,136	17,641,080	17,233,273	2.99%	2.92%
35	16,152	18,353,506	18,916,767	3.03%	3.13%
40	12,408	17,285,960	17,382,655	3.28%	3.30%
45	10,070	15,965,914	16,604,851	3.34%	3.47%
50	7,178	13,644,537	13,775,512	3.63%	3.67%
55	5,436	11,783,890	12,563,844	3.78%	4.03%
60	3,676	8,908,564	9,965,788	3.88%	4.34%
65	2,538	6,571,808	7,713,857	3.85%	4.51%
70	1,790	5,398,656	6,148,917	4.16%	4.74%
75	1,236	4,134,159	4,688,416	4.32%	4.90%
80	1,755	6,575,023	7,431,738	4.43%	5.01%
90	1,279	5,574,202	6,511,477	4.61%	5.38%
100	921	3,854,307	4,462,072	4.81%	5.57%
110	598	3,410,917	4,046,440	4.96%	5.89%
120	3,059	58,858,764	65,955,196	6.35%	7.12%
TOTAL	303,920	247,859,125	263,405,053	3.31%	3.51%

Exhibit "E"

SENATE TAXATION
EXHIBIT NO. 9
DATE 3/27/91
BILL NO. SB 417

Note on Ream Proposal : % Federal Tax Liability

Description: The Ream proposal would repeal the current Montana income tax system and replace it with a system under which taxpayers would calculate their state tax obligation as a percent of their federal tax liability. Federal tax credits for the the elderly and for dependent care expenses would replace the Montana deductions. In addition, the earned income credit would relieve the tax burden of low income families with dependents and the alternative minimum tax would raise $1 -$3 million from high income people who are not otherwise taxed.

Advantages:

1. Simplicity : The majority (89%) of Montana's 420,000 tax returns would now be 11 lines long instead of 63 lines long.

. At most, 30,000 filers would have to use the income tax adjustment form on the back.

. Approximately 16,500 filers would use the Montana credit form on the back.

. Part-year residents would have to use a separate form to apportion their income.

. A **system based on federal taxable income** would not be very different from the current tax form. The starting point would be federal taxable income, adjustment would be made and then a progressive rate applied. Federal credits would then be reported, totalled and a percentage of the credits would be allowed against Montana tax liability. Then, Montana tax credits would be totalled and allowed in full against Montana tax liablity, so there would be three separate tax calculations rather than one.

2. Progressivity: The Montana tax system would become more progressive by using the higher tax threshhold of federal law to remove most poverty level earners from the tax rolls, and slightly higher rates on higher income people .

. The **federal tax threshhold** for a single person is **$5300** (personal exemption of 2050 and 3250 of standard deduction). The poverty level is $6280, and while that earner would pay $47 of tax under the proposal, it is still better than the $104 under current law.

. Current Montana law uses a sliding scale standard deduction so that the poorer you are the lower your deduction - the opposite of what is needed. The personal exemption is $1260. The result is that the **Montana threshhold** is as low as **$2000.**

. In 1989 there were **111,000 returns showing less than $5,000** income. Some of these are high income individual with a lot of deductions, but most are genuine low income people who would be removed from the tax rolls. These are unproductive and unfair tax returns.

. For **married individuals**, the federal exemptions would be $4100 and the standard deduction is $5450, so the **threshhold is $9550.** Current **Montana threshhold** would be $2520 + 20% of MAGI, or about **$3500**

. The federal threshhold for a **head of household** is **$8850.** The **Montana threshhold** now is **$3500.**

. The higher personal exemption means that as family size increase, the threshhold increases faster than current law, so large families will have slightly larger tax reductions than smaller families.

Tax threshhold summary:

	Proposal	Current law
Single	$5300	$2000
Married	$9550	$3500
HOH	$8850	$3500

Taxpayers who would benefit:

-filers who now itemize would have their reporting burden considerably shortened

- low income individuals

- working parents, especially single parent head of households (higher child/dependent care allowance under federal law than current Montana deduction which is almost useless, higher standard deduction for HOH, lower rate schedule for HOH under the federal tables, earned income credit for low income HOH)

-low income elderly (higher threshhold, elderly credit is targetted on low income while current Montana deductions are largely enjoyed by middle and high income taxpayers)

"Business Property taxes — Exhibit F

SENATE TAXATION
EXHIBIT NO. F
DATE 3/27/91
BILL NO. SB 46

$100 000 worth of equipment

%		
.13	Alabama	
3	Alaska	- no state tax
.25	Arizona	- cannot exceed $1.00 per $100. (25% FMV)
1	Idaho	- no state tax - cannot exceed 1% FMV.
.67	Indiana	- State limit to 1 cent per $100; local $2.00/100 33 1/3% FMV.
.15	Kentucky	15 cents per $100 FMV
2.5	Mass.	Cannot exceed 2 1/2 % FMV.
.75	Mich.	no state tax Cannot exceed 15 mills / $1. 50% FMV.
.65	N.J.	$1.30/100 - 50% FMV.
1	Wash	cannot exceed 1% FMV.
1.6	N.D.	only oil + gas mach + equip. 50% FMV; 10% assessed = taxable × 322.72 mills
.9	West V.	limit $1.50 OR 2.00/100 - 60% FMV.
.5	Delaware	no state - cannot exceed $.50/$100
1.27	Nebraska	no state - limit $3.64/100 - 35% FMV.
	N.M.	limits: $11.85 per 1000 - county .50 " school 33 1/3% FMV 7.65 " general 20.00
.525	Oklahoma	Cannot exceed 15 mills / $1 35% FMV.
.89	Utah	Trend up + dep. to $56000 × 1.6% (avg. levy)
.77	Wyo	Avg. mill levy = 66.709 × 11.5% FMV.
1.75	Nevada	State + local not to exceed 5¢ per $1 assessed 35% FMV

Avg: 1.6.

New Jersey only state that calls the tax "Business Personal Property"

$1.6\% \div .350(\text{mills}) = 4.57\%$

Exhibit F

SENATE TAXATION
EXHIBIT NO. 11 9
DATE 3/27/91
BILL NO. SB 467

Current Law

TABLE 1
Fiscal Impact
Repeal Local Government Severance Tax and Gross Proceeds
(In Millions)

	Fiscal 1992	Fiscal 1993	Biennium
Oil	$28.910	$30.252	$ 59.162
Gas	7.754	7.541	15.295
Coal	12.901	12.689	25.590
Total	$49.565	$50.482	$100.047

Proposed Law

TABLE 3
Estimated Net and Gross Proceed Taxes
(In Millions)

	Tax Fiscal 1992	Tax Fiscal 1993	Tax Biennium 1992-93	40 Mills Fiscal 1992	40 Mills Fiscal 1993	40 Mills Biennium 1992-93
Oil	$32.802	$34.324	$ 67.126	$ 6.817	$ 7.133	$13.950
Gas	8.585	8.350	16.935	1.732	1.684	3.416
Coal	12.680	12.472	25.152	4.644	4.568	9.212
Total	$54.067	$55.146	$109.213	$13.193	$13.385	$26.578

Revenue Impact of Net and Gross Proceeds
(without the 40 mills)

	OIL		GAS		COAL
Table 3	$67.126	Table 3	$16.935	Table 3	$25.152
Table 1	59.162	Table 1	15.295	Table 1	25.590
	$ 7.964		$ 1.640		($ .438)

	TOTAL
Table 3	$109.213
Table 1	100.047
	$ 9.166

EXHIBIT 11 10

SENATE TAXATION
EXHIBIT NO. 11
DATE 3/27/91
BILL NO. SB 467

OIL TAXES IN MONTANA - A COMPARISON

HOUSE BILL 892

	1992	1993	
CURRENT TAX:			
Oil Severance Tax	$1.08	$1.06	per barrel
Local Government Sev. Tax	1.68	1.83	
Total	$2.76	$2.89	per barrel
As a percentage of the price	13.4%	13.4%	
TAX UNDER HB 892:			
Oil Severance Tax	$1.08	$1.06	per barrel
Net Proceeds	1.907	2.077	
40 mills	.40	.44	
Total	$3.387	$3.577	per barrel
As a percentage of the price	15.68%	16.85%	
TAX IN NEIGHBORING STATES:			
North Dakota	11.5%	(9% for wells after April 28, 1987)	
Wyoming	12.5%		
TAX IN MONTANA - NEW OIL:			
Montana new oil	$1.08	$1.06	per barrel
Flat Tax (1985 act)	1.51	1.49	
Total	$2.59	$2.55	per barrel
As a percentage of the price	12%	12%	

NOTE: The above figures are State wide averages. Local prices and mill levies will vary. The numbers are arrived at by dividing the total projected tax (from the revenue estimating resolution - HJR 24) into the total estimated production (from HJR 24). Due to conversion from calendar year to fiscal year, the dollar amounts may not exactly match the percentages.

Thomas E. Towe
March 22, 1991

Exhibit "I" 11

SENATE TAXATION
EXHIBIT NO. 12
DATE 3/27/91
BILL NO. SB 447

TAX RATES ON NEW OIL PRODUCTION CURRENT LAW FOR SEVERAL STATES
(assuming a price of $25/barrel)

	STATE	LOCAL[1]	MISC.	TOTAL
Alaska *	12.25%	0.00%	0.216%	12.47%
Kansas *	8.00%[2]	9.20%	0.054%	17.25%
Louisiana *	12.50%	0.00%	0.000%	12.50%
Michigan *	6.60%	0.00%	0.580%	7.18%
Mississippi	6.00%	0.00%	0.080%	6.08%
Montana *	5.00%	7.00%	0.700%	12.70%
New Mexico *	6.90%	0.91%	0.180%	7.99%
North Dakota	9.00%	0.00%	0.000%	9.00%
Oklahoma *	7.00%	0.00%	0.085%	7.09%
Texas *	4.60%	1.25%	0.750%	6.60%
Utah *	4.00%[3]	NA	0.200%	NA
Wyoming *	6.00%	6.50%	0.040%	12.54%

* Those states marked with an asterisk have a personal property tax on oil and gas wellhead equipment.

1. For states other than Montana, this is the effective tax rate based on mills.
2. There are property tax credits of 3.67 percent and 1 percent which partially offset severance tax liabilities.
3. Beginning July 1, 1991, the first $13 of the gross value of a barrel of oil will be taxed at 3 percent and the remainder at 5 percent. The first $1.50 of the gross value of gas will be taxed at 3 percent and the remainder at 5 percent.

Exhibit 3
12

SENATE TAXATION
EXHIBIT NO. 13
DATE 3/27/91
BILL NO. SB 467

TAXATION OF SECURITIES

Taxation of securities on a state level can either be a property tax, the most prevalent, or as an income tax. The difficulty in taxing intangibles on a state level used to be the inaccuracy of reporting and relying on peoples' honesty to report their holdings. Now, intangibles can be easily tracked and taxed on a state level by sharing information with the Internal Revenue Service, who keeps a record of every transaction by Social Security Number, as all of these transactions must be reported to the IRS on Form D.

Alabama Securities are subject to the annual general property tax. Securities include the stocks and bonds of foreign corporations, and the bonds of governmental bodies other than the U.S. and Alabama.

The property tax is paid if the "securities tax", which is paid only once for each item, is not paid. The securities tax is $0.25 for each $100 of par value or principal amount. Shares in domestic corporations are taxed to the issuing corporation, not the shareholder.

Revenue from registration of securities:
FY1985 - $420,938
FY1986 - $314,077
FY1987 - $751,964

Florida Individuals, partnerships, and in-state corporations must file returns. Intangibles taxed include: all stocks or shares of incorporated or unincorporated companies, business trusts, and mutual funds; all notes, bonds, and other obligations for payment of money; all condominium and cooperative apartment leases or recreational facilities, land leases, and leases of commonly used facilities.

The rate of the tax is $0.10 per $100 market value listed at year end closing prices. Corporations, financial institutions, and stock brokers must file lists of security holders by April 15 of each year.

Revenue: FY1986 - $311,988,065
FY1987 - $380,839,542
FY1988 - $366,965,399

Georgia Georgia has a very comprehensive system of intangible personal property tax. Securities covered include: corporate stocks and notes, other monies, notes, bonds, accounts, and other secured and unsecured credits; restricted foreign intangibles, patents, copyrights, and franchises; and all shares of banks and banking associations.

There is a general rate of $0.10 per $1000; but rates vary from $0.10 to $1.00 on bonds, debentures, and stocks; and to $3.00 on long-term real estate notes.

Individual shareholders report to Georgia Revenue Commissioner by April 15 of each year.

Revenue:	FY1985	FY1986	FY1987
Intangible Property Tax	$83,557	$100,725	$127,045
Other Intangibles, Recording Fees	$248,750	$295,120	$458,726

Indiana Indiana has a limited tax on intangibles in that most intangible property is exempt. Also, the current intangibles tax is due to be phased out by the year 1996.

Kentucky Kentucky taxes accounts receivables, notes, bonds, credits, nondomestic bank deposits and other intangibles, mostly arising from out-of-state businesses and are taxed at $0.15 per $1000 value. Out-of-state bank deposits are taxed at $0.25 per $100.

Money in hand, shares of stock, notes, bonds, brokers' margin accounts, and other accounts and credits, except those arising from out-of-state business are taxed at $0.25 per $100; Bank deposits at .001%; savings and loan shares at $1.00 per $1000; rights or interests in retirement plans and credit union savings accounts at $0.01 per $1000; brokers' accounts receivable and cooperative bank capital stocks are taxed at $0.10 per $100 of fair cash value. Bank shares are taxed at $0.95 per $100.

Corporations send a list of stock and bond holders to the Revenue Cabinet by February 15 of each year.

Revenue: FY1986 - $38,782,250
FY1987 - $46,106,451
FY1988 - $55,099,760

As of January 1, 1988 intangible assessments totaled $32.48 million, disaggregated as follows:

Bank Shares	$ 2,409,002,849
Annuities	166,936,045
Affiliated Co. Stock	15,067,915,385
Other	14,836,454,536

Michigan Income producing intangibles are taxed at a rate of 3.5% of income, but not less than 0.1% of face or par value; non-income producing intangibles are taxed at 0.1% of face or par value. Cash, money, bank deposits, S&L or B%L shares are taxed at $0.20 per $1000.

Corporations doing business in the state must report or file stockholder lists before March 1 of each year on Dept. of Revenue request.

Revenue: FY1986 - $60,309,000
FY1987 - $68,903,000
FY1988 - $78,592,000

North Carolina Residents and domestic corporations are taxed on intangibles, whether they are in-state or out-of-state. Nonresidents, including foreign corporations, have taxable situs if intangibles are used or acquired in-state.

The tax is $0.25 per $100 of accounts receivable less accounts payable, corporate shares, investment trusts, evidence of debt. Tax is $0.10 per $100 of funds on deposit with insurers. Shareholders report and pay the state by April 15 of each year. Taxable corporations also file annual reports on April 15 of each year naming registered, resident stocks and bonds holders as of December 31 of each year.

Intangibles tax is collected by the state and transferred to counties. Valuation date is December 31 of each year. Brokerage firms provide the bulk of information, but income tax returns are also used to cross check dividend and interest income. The Secretary of State may maintain a list of brokerage firms authorized to do business in the state.

FY1986	Total $66,059,168	Stocks $40,604,276	Bonds $12,438,856
FY1987	Total $76,091,071	Stocks $47,884,040	Bonds $13,117,860
FY1988	Total $78,412,615	Stocks $50,661,649	Bonds $12,765,805

Connecticut Connecticut has the most comprehensive intangibles tax in the country. In essence, the intangibles tax in Connecticut replaces the income tax as a source of revenue. Connecticut has two categories of taxation, one for capital gains and one for interest and dividends. The tax on capital gains is a flat tax of 7% on all capital gains and is reported as of December 31 of each year. The tax on interest and dividends is done on a sliding scale. Beginning at a gross income level of $54,000, a 1% tax is levied on interest and dividend earnings. A sliding scale is used to tax interest and dividends, based on gross income over $54,000, up to a top rate of 14% on gross income over $220,000.

Revenues: FY1988 - $386,259,617
FY1989 - $508,690,433

The Montana Department of Revenue estimated, in 1985, that there is approximately $16 billion worth of Stocks, bonds, and other intangible assets in Montana. The revenue from a proposal is estimated based on a broad-based tax of intangibles and would be administered as a property tax. The alternative would be to cut income taxes to a minimum and institute an intangibles tax as an income tax.

SENATE TAXATION
EXHIBIT NO. 14
DATE 3/27/91
BILL NO. SB 167

18 states - All surrounding states and Coal states
16 of them Tax Minerals in Place.

Minerals In Place Taxes

Alaska No	exempts all natural resouces in place from 6/90 to 7/1/92 from municipal taxation.
Alabama Yes	mineral rights are self assessed @ $5.00 per acre.
Arizona Yes	A special provision for taxing all patented and unpatented producing mines or were producing during any of 3 preceding years. Non producing taxed like any other realty. 11.5% is statewide average for all property including minerals. FMV based on capitalised net income approach or comparative sales.
Colorado Yes	Non producing severed mineral interest assessed at 29% FMV Tax is 1/10th of 1% of assessed value. Appraisers use estimated ore reserves to include in determining capitalized net income; CNI assessed at 30%.
Florida Yes	mineral rights which have been sold or otherwise transferred or acquired by reservation are treated as interest in realty subject to taxation separate and apart from fee or ownership of the fee or other interest in the fee.
Idaho Yes	Tax mines and mining claims at the price paid to the U.S. unless used for other than mining. Non patented mining claims are exempt. Tax cannot exceed 1% of FMV.
Illinois Yes	Any realty on which there is coal is valued at 33 1/2 % fair cash value; coal at 33 1/2% of its reserve economic value.
Indiana Yes	Separate rules for mineral or quarry rights. True cash value; coal @ $60 per acre. Tax rate is 1%; incorporated 2%; unincorporated 1.25%.

Kansas Yes	Mineral lease hold interests assessed at 30% FMV.
Kentucky Yes	State taxes only; unmined coal and interests therein at FMV; tax at 1/10th of 1 cent per $100.
Minnesota Yes	Mineral interests owned separately from surface rights are taxed @ 25 cents per acre; no additional value will be assessed for unmined mineral value except for iron ore or talconite.
New Mexico Yes	Mineral property assessed separately for realty
North Dakota Yes	Coal and other minerals owned separately from overlying lands are taxed separately to owner of mineral rights. Minerals in place are exempt if they will be subject to a severance tax.
Ohio Yes	The market value of minerals in place is based on sales of similar properties; or leases and physical characteristics if there are no sales. 35%fmv. Tax rate (in 1976) 4.39%
Pennsylvania Yes	There are separate rules for mineral lands in each county. In Greene County mineral rights have no market value until they are sold to a coal operator.
Tennessee Yes	The actual value is based on the discounted value of recoverable reserves. 40% FMV. Tax rate average 3.5%
West Virginia Yes	Mining interests are assessed to the owner at 60% FMV
Wyoming No	The property is assessed at the market value of the previous year's output. State 0.6%; county 6.3%.

Mr. Chairman and Members of the Committee

I am Samantha Sanchez and I represent the Montana Alliance for Progressive Policy

We rise to support Senator Towe's omnibus tax bill. It is a comprehensive piece of legislation and represents the type of broad reform necessary to restore fairness and a broad tax base. It returns property exempted from the tax base by past legislatures and levels the tax rates. These are important steps and should be looked at carefully in revising the property tax system.

Years of carving out special treatment for one group or another has left Montana with an amazingly complex system and a widespread public sense of dissatisfaction and unfairness. As a result The tax process has been brought to a standstill by public initiatives demanding reform. It is time the legislature responded and Senator Towe has drafted a bill which will be the basis for the debate on every part of the Montana tax system.

The income tax provisions represent a similar step forward

You will hear at length from those who wish to protect their tax advantages,

from a system with a variety of loopholes and tax favors to one in

but you won't hear from

which all income is treated more fairly. **The bill would, in one step,**

income the vast majority of taxpayers

repeal $120 mllion in income **tax favors created over the years, tax favors**

who fund those advantages

that cost us dearly in lost revenue but really accomplish no public

by paying higher taxes.

purpose. They don't educate our children or encourage enterprise.

They just lose money. This bill gives that 120 million back to those who have been paying for them

And special tax favors create disparities that are simply unfair.

Over the years.

The income tax provision, in order to be revenue neutral, is now 29.1% and the House sponsors have changed the percentage

Ream Tax Reform Proposal 3/26/91

The **Ream** proposal (HB 996) would repeal the current Montana income tax system and replace it with a **revenue-neutral** flat percent of federal taxes, **lowering the top marginal rate from 11.55% to 9.6%**, which is an important response to those who claim we have the highest marginal rates in the country (maximum effective rate is 4.56%) and simplifying taxes for everyone.

First

The bill would leave existing Montana tax credits intact but would **repeal all deductions** that are unique to Montana and not part of the federal deduction system. As a result of increasing the tax base, 83% of Montanans, especially those at or below median income, would have a **lower effective tax rate** or the same as present law.

Structurally, the bill has 2 major advantages.

Simplicity : Completing a Montana tax return will be a 60-second task once the taxpayer has calculated federal tax. Between 85 and 90% of Montana taxpayers will use a postcard size form and most will simply enter their federal taxes, multiply by 29.1% (x.291), and then enter their Montana taxes on the bottom line.

Approximately 11% of Montana filers will have to make adjustments to income (exempt bonds, military pay, reservation income) or claim tax credits which will require the use of one of the supplementary forms on the back of the model form.

Equity: The same rate applies to everybody and all income is taxed. If everybody pays their share, we can have lower effective tax rates. Adopting the federal definition of income and tax will produce a fairer distribution of Montana taxes because there will be **fewer loopholes** and special interest provisions. Those who use loopholes now will see their taxes increase and those who don't will have tax cuts. Montana will improve its tax system in one step without having to attack each provision separately and appearing to penalize any one segment of Montana taxpayers.

and you will hear from those who have gotten tax favors in the past. But, as the federal gov't did in 1986, broadening the base can lower taxes for the rest of us.

Impact: The tax burden will be slightly **more progressive** than the current Montana tax system, for two reasons:

<u>A. The tax threshhold is higher.</u> The federal standard deduction and personal exemptions -- $5300 for single individuals and $9550 for married couples--means that the first dollar taxed is closer to the poverty level than current Montana tax law, which has a $2000/$3500 threshhold. People who work and still live in poverty will get a better break from the government than they do now. The DOR estimates that 20,000 to 30,000 poverty level wage earners would be removed from the tax rolls.

<u>B. Taxes overall are slightly more progressive</u>. The top effective rate, for the wealthiest 3%, is increased from 4.78% to 5.34%. Most taxpayers will have lower effective rates than they do now and and the top 10% will have increases.

<u>C. Retirees:</u> The federal tax includes all retirement income because it was excluded when it was earned to allow workers to save more, so retirees would lose their $3600

exemptions (the average exemption is actually much less). However, the federal tax threshhold for the elderly is $3000 higher than Montana's so **much retirement income is not actually taxed.**

The present tax threshhold of $4,000 will be increased to $7,000. In addition, social security, which averages $7032 per year in Montana is also not taxed, for **total untaxed income of more than $14,000 for each senior.**

More importantly, nearly 40% of retirees do not have qualified pension income and have been discriminated against by the current law exemption. These seniors, who have saved for retirement through savings accounts or building their businesses, will gain substantially from the higher threshhold and the tax treatment of seniors will be uniformly fair.

have never gotten equal treatment— all the gain from the sale of their business is taxed all but $800 of the interest on savings is exempt. Why should some get 800, some get 3600 and others get zero.

Retirees who do not have untaxed social security or railroad retirement (federal retirees, for example) will find that the first $10,000 of their income ($16,000 for married couples) is not taxed, which is actually higher than their pre-Davis exemption of $8,000 ($12,000 for married couples). **Even without exemptions, the higher threshholds actually exempt more than pre-Davis law for low and middle income federal retirees.**

This bill assumes that state retirees will be made whole through an increase in their pensions now being considered in a variety of proposals.

D. Whose taxes change: On average, 60% of Montanans will have small tax cuts and those in the top 10% will have tax increases.

However, in any given income category, some people will gain and some will lose because of the change in the definition of income that removes loopholes. As a result, there is no single break-even point for all individuals.

The Department of Revenue analysis below shows the details broken down by deciles (note that the lowest decile always has people who actually have higher income than they appear to because of business deductions):

All Households

Decile	Income	% with tx Decrease	% with tx Increase	Effective rates Current	Effective rates Proposed	$ change in ave. taxes
1	$0 - 2,800	18.7%	0.0%	0.28%	0.00%	-4.23
2	2,800 - 5,700	70.7	0.5	0.82	0.05	-32.62
3	5,700 - 8,700	64.6	11.1	1.16	0.80	-25.75
4	8,700 - 12,400	66.7	19.4	1.43	1.31	-11.97
5	12,400 - 16,500	65.0	25.5	1.96	1.77	-26.91
6	16,500 - 21,900	60.8	33.7	2.24	2.24	3.06
7	21,900 - 28,800	70.9	28.3	2.90	2.59	-75.14
8	28,800 - 37,300	69.2	27.5	3.19	2.86	-114.08
9	37,300 - 49,500	71.8	25.7	3.33	3.11	-106.73
10	49,500+	50.5	48.2	4.24	4.56	372.46

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FINANCE AND DEBT MANAGEMENT
BUDGET AND ANALYSIS
ACCOUNTING
CITY CLERK
CITY BILLING
RISK MANAGEMENT
GRANT ADMINISTRATION

EXHIBIT 16
DATE 3/27/91
BILL NO. SB 467

CITY OF MISSOULA
CHUCK STEARNS TESTIMONY ON SENATE BILL 467
March 27, 1991

The City of Missoula opposes SB467 as it is written, but recognizes the efforts that Senator Towe is making to eliminate I-105 and we appreciate those efforts. While SB467 would result in a significant revenue increase for the City of Missoula, estimated on the back side of this sheet as $367,000, we feel that the short term gain might result in the long term consequences of another property tax initiative.

As the chart on the reverse shows, the bill would raise significant new revenue, but in doing so it would:

1. Raise the rates of residential property taxes and raise the taxes of most residential property owners; and,
2. Shift the imposition of the property taxes in Missoula from commercial property to residential property owners. The current commercial - residential proportion of 54%-46% would go to a proportion of 52.5%-47.5%.
3. Would tax municipal bonds as securities, thus eliminating the long standing exemption from taxation that allows Montana state and local governments to sell more bonds to buyers, especially Montana buyers, at lower costs.

The last time we studied police and fire calls in Missoula, of the discernable calls that could be identified as commercial or residential, commercial properties generated 54% of the police calls and 35%-40% of the fire calls. Numbers of calls is not a good indication for resources tied up in a particular response, but it is the best available. Obviously, a fire at a commercial structure is almost always more dangerous than a residential fire and we respond with two fire engines to all commercial calls.

Thus, because of the frequency and higher severity of commercial emergency calls coupled with police and fire making up more than 50% of our property tax uses, we do not favor narrowing the margin of the imposition of property taxes between commercial and residential property.

Also, we do not think it is wise to raise residential rates and taxes. As the bottom three lines on the reverse show, the major tax increase, or $282,500 of the total $367,316 increase (77%) would be on residential property taxpayers. We feel that such an tax increase would raise the chances of another property tax initiative.

For these reasons, we would encourage the Senate Taxation Committee to revise SB467 to address the concerns discussed here. We agree with Senator Towe that something needs to be done, but SB467 as written is not a long term solution.

EFFECT OF PROPERTY ' LEGISLATION ON THE CITY OF MISSOULA — SENATE BIL' 57

PREPARED: 03/26/91 MILL LEVY = 0.12976 or 129.76 ds

CLASS CODE	CATEGORY	PROPERTY TAX CLASS	1990 MISSOULA MARKET VALUE	CURRENT TAX PERCENTAGE	CURRENT CITY TAXES	PROPOSED TAX PERCENTAGE	PROPOSED CITY TAXES	TAX GAIN/(LOSS)
1101	TILLABLE IRRIGATED AGRIC. LAND	3	$8,616	30.000%	$335.43	30.000%	$335.43	$0.00
1401	TILLABLE NON-IRRIGATED AG. LAND	3	$314	30.000%	$12.20	30.000%	$12.20	$0.00
1601	GRAZING AGRICULTURAL LAND	3	$6,238	30.000%	$242.78	30.000%	$242.78	$0.00
1801	WILD HAY AGRICULTURAL LAND	3	$1,888	30.000%	$73.44	30.000%	$73.44	$0.00
1901	TIMBER	13	$475	3.840%	$2.34	3.840%	$2.34	$0.00
2001	1 ACRE FARMSTEAD	14	$58,000	3.088%	$232.40	3.088%	$232.40	$0.00
2101	TRACT LAND	4	$10,768,355	3.860%	$53,935.91	4.500%	$62,878.58	$8,942.67
2107	COMMERCIAL TRACT LAND	4	$12,356,400	3.860%	$61,889.94	4.500%	$72,151.49	$10,261.55
2130	LOW INCOME LAND/TRACTS/LOTS - 0%	4	$0	0.000%	$0.00	0.000%	$0.00	$0.00
2131	LOW INCOME LAND/TRACTS/LOTS - 10%	4	$0	0.386%	$0.00	0.450%	$0.00	$0.00
2132	LOW INCOME LAND/TRACTS/LOTS - 20%	4	$71,100	0.772%	$71.24	0.900%	$83.05	$11.81
2133	LOW INCOME LAND/TRACTS/LOTS - 30%	4	$226,600	1.158%	$340.49	1.350%	$396.94	$56.45
2134	LOW INCOME LAND/TRACTS/LOTS - 40%	4	$471,400	1.544%	$944.39	1.800%	$1,101.01	$156.62
2135	LOW INCOME LAND/TRACTS/LOTS - 50%	4	$762,750	1.930%	$1,910.20	2.250%	$2,226.94	$316.74
2136	LOW INCOME LAND/TRACTS/LOTS - 60%	4	$840,600	2.316%	$2,526.17	2.700%	$2,945.03	$418.86
2137	LOW INCOME LAND/TRACTS/LOTS - 70%	4	$815,000	2.702%	$2,857.44	3.150%	$3,331.33	$473.89
2138	LOW INCOME LAND/TRACTS/LOTS - 80%	4	$685,500	3.088%	$2,746.76	3.600%	$3,202.22	$455.46
2139	LOW INCOME LAND/TRACTS/LOTS - 90%	4	$930,200	3.474%	$4,193.19	4.050%	$4,888.45	$695.26
2140	100% DISABLED VETERAN LAND	4	$385,400	0.000%	$0.00	0.000%	$0.00	$0.00
2150	EXEMPT RES./SUBURBAN LAND	4	$28,730	0.000%	$0.00	0.000%	$0.00	$0.00
2201	RESIDENTIAL CITY/TOWN LOTS	4	$210,002,987	3.860%	$1,051,849.48	4.500%	$1,226,249.39	$174,399.91
2207	COMMERCIAL CITY/TOWN LOTS	4	$139,048,610	3.860%	$696,457.73	4.500%	$811,932.59	$115,474.86
2311	GOLF COURSES	4	$12,900	1.930%	$32.31	2.250%	$37.63	$5.32
2611	INDUSTRIAL LAND	4	$1,356,200	3.860%	$6,792.81	4.500%	$7,919.12	$1,126.31
3110	IMPROVEMENTS ON AG/TIMBER LAND	14	$82,100	3.088%	$328.94	4.500%	$479.46	$150.52
3135	LOW INCOME IMPROV. ON LOTS - 0%	4	$0	0.000%	$0.00	0.000%	$0.00	$0.00
3136	LOW INCOME IMPROV. ON LOTS - 10%	4	$0	0.386%	$0.00	0.450%	$0.00	$0.00
3137	LOW INCOME IMPROV. ON LOTS - 20%	4	$119,000	0.772%	$119.25	0.900%	$138.97	$19.72
3138	LOW INCOME IMPROV. ON LOTS - 30%	4	$199,700	1.158%	$300.13	1.350%	$349.83	$49.70
3139	LOW INCOME IMPROV. ON LOTS - 40%	4	$571,900	1.544%	$1,145.78	1.800%	$1,335.75	$189.97
3140	LOW INCOME IMPROV. ON LOTS - 50%	4	$947,625	1.930%	$2,373.18	2.250%	$2,766.74	$393.56
3141	LOW INCOME IMPROV. ON LOTS - 60%	4	$1,037,700	2.316%	$3,118.52	2.700%	$3,635.62	$517.10
3142	LOW INCOME IMPROV. ON LOTS - 70%	4	$1,127,950	2.702%	$3,954.70	3.150%	$4,610.37	$655.67
3143	LOW INCOME IMPROV. ON LOTS - 80%	4	$897,490	3.088%	$3,596.17	3.600%	$4,192.55	$596.38
3144	LOW INCOME IMPROV. ON LOTS - 90%	4	$1,297,750	3.474%	$5,850.10	4.050%	$6,820.06	$969.96
3145	100% DISABLED VETERAN IMPROVE.	4	$704,700	0.000%	$0.00	0.000%	$0.00	$0.00
3150	EXEMPT IMPROVEMENTS	4	$255,356	0.000%	$0.00	0.000%	$0.00	$0.00
3301	IMPROVEMENTS ON TRACT LAND	4	$19,443,194	3.860%	$97,385.79	4.500%	$113,532.73	$16,146.94
3307	IMPROVEMENTS ON COMM. TRACT LAND	4	$27,364,850	3.860%	$137,063.28	4.500%	$159,788.80	$22,725.52
3501	IMPROVE. ON RESID. CITY/TOWN LOTS	4	$378,084,160	3.860%	$1,893,723.80	4.500%	$1,965,907.73 *	$72,183.93
3507	IMPROVE. ON COMM. CITY/TOWN LOTS	4	$291,104,265	3.860%	$1,458,064.46	4.500%	$1,699,816.03	$241,751.57
3607	COMMERCIAL IMPROVEMENTS ON R.O.W.	4	$24,800	3.860%	$124.18	4.500%	$144.81	$20.63
3671	GOLF COURSE IMPROVEMENTS	4	$30,200	1.930%	$75.65	2.250%	$88.24	$12.59
3808	SECOND YEAR NEW INDUSTRY IMPROVEMENTS	4	$2,485,200	1.930%	$6,226.40	2.250%	$7,258.77	$1,032.37
3817	FULLY TAXED INDUSTRIAL IMPROVE.	4	$9,246,700	3.860%	$46,314.33	4.500%	$53,993.40	$7,679.07
3901	REMODELED IMPROVEMENTS - 1ST YEAR	4	$44,100	0.772%	$44.12	0.900%	$51.51	$7.39
3902	REMODELED IMPROVEMENTS - 2ND YEAR	4	$132,800	1.544%	$266.01	1.800%	$310.13	$44.12
4211	TRUCKS, 1 TON & 1.5 TON (BACK TAXES)	9	$1,800	13.000%	$30.36	13.000%	$30.36	$0.00
4231	TRUCKS OVER 1.5 TONS (BACK TAXES)	10	$5,125	11.000%	$73.18	11.000%	$73.18	$0.00
4232	TRUCKS OVER 1.5 TONS	8	$1,193,292	9.000%	$13,935.70	4.500%	$6,967.85	($6,967.85)
4235	L.A. CO-OP TRUCKS OVER 1.5 TONS	5	$75,650	3.000%	$294.56	3.000%	$294.56	$0.00
4301	BUSES	8	$3,000	9.000%	$35.04	4.500%	$17.52	($17.52)
4515	L.A. CO-OP TRAILERS < 18,000 GVW	5	$31,355	3.000%	$122.10	3.000%	$122.10	$0.00
4531	TRAILERS 18,000 LBS+ (BACK TAXES)	8	$15,459	11.000%	$220.59	4.500%	$90.31	($130.28)
4532	TRAILERS 18,000 LBS GVW & UNDER	8	$581,471	9.000%	$6,790.60	4.500%	$3,395.30	($3,395.30)
	ALL LIVESTOCK	6	$40,200	4.000%	$208.65	4.500%	$234.74	$26.09
6100	FAIL TO REPORT PERS PROPERTY		$427,126	9.000%	$4,988.10	4.500%	$2,494.12	($2,493.98)
6111	AGRICULTURAL IMPLEMENTS & MACH.	8	$8,071	9.000%	$94.21	4.500%	$47.10	($47.11)
6201	PERSONAL PROPERTY - MOBILE HOMES	12	$5,731,682	3.860%	$28,708.49	4.500%	$33,468.48	$4,759.99
6235	LOW INCOME MOBILE HOMES - 0%	12	$0	0.000%	$0.00	0.000%	$0.00	$0.00
6236	LOW INCOME MOBILE HOMES - 10%	12	$0	0.386%	$0.00	0.450%	$0.00	$0.00
6237	LOW INCOME MOBILE HOMES - 20%	12	$2,595	0.772%	$2.60	0.900%	$2.98	$0.38
6238	LOW INCOME MOBILE HOMES - 30%	12	$19,360	1.158%	$29.07	1.350%	$33.87	$4.80
6239	LOW INCOME MOBILE HOMES - 40%	12	$28,518	1.544%	$57.09	1.800%	$66.57	$9.48
6240	LOW INCOME MOBILE HOMES - 50%	12	$42,199	1.930%	$105.62	2.250%	$123.14	$17.52
6241	LOW INCOME MOBILE HOMES - 60%	12	$28,233	2.316%	$84.86	2.700%	$98.88	$14.02
6242	LOW INCOME MOBILE HOMES - 70%	12	$31,816	2.702%	$111.59	3.150%	$130.02	$18.43
6243	LOW INCOME MOBILE HOMES - 80%	12	$23,366	3.088%	$93.69	3.600%	$109.13	$15.44
6244	LOW INCOME MOBILE HOMES - 90%	12	$8,151	3.474%	$36.72	4.050%	$42.82	$6.10
6245	100% DISABLED VETERAN MOBILE HOMES	12	$40,922	0.000%	$0.00	0.000%	$0.00	$0.00
6311	COMMERCIAL FURNITURE & FIXTURES	8	$38,178,317	9.000%	$445,861.72	4.500%	$222,930.79	($222,930.93)
6401	FIRST YEAR EXPANDING/NEW INDSUSTRY	4	$615,953	4.500%	$3,596.69	2.250%	$1,798.34	($1,798.35)
6402	2ND YEAR EXPANDING/NEW INDSUSTRY	4	$1,414,268	4.500%	$8,258.19	2.250%	$4,129.09	($4,129.10)
6403	3RD YEAR EXPANDING/NEW INDSUSTRY	4	$168,193	4.500%	$982.15	2.250%	$491.01	($491.14)
6510	NON-HAND TOOLS & EQUIPMENT	8	$2,346,454	9.000%	$27,402.85	4.500%	$13,701.36	($13,701.49)
6511	HEAVY EQUIPMENT	8	$2,094,098	9.000%	$24,455.74	4.500%	$12,227.80	($12,227.94)
6512	HAND HELD TOOLS & SHOP EQUIPMENT	8	$3,232	9.000%	$37.76	4.500%	$18.82	($18.94)
6514	MANUFACTURING MACHINERY & TOOLS	8	$5,544,862	9.000%	$64,755.17	4.500%	$32,377.59	($32,377.58)
6519	SUPPLIES & MATERIALS	8	$863,752	9.000%	$10,087.28	4.500%	$5,043.64	($5,043.64)
6535	L.A. UTILITY HEAVY EQUIP. ON TRUCKS	8	$133,551	9.000%	$1,559.72	4.500%	$779.86	($779.86)
6554	L.A. RTA/REA COOP PERSONAL PROP.	5	$79,192	3.000%	$308.31	3.000%	$308.31	$0.00
6816	RESEARCH/DEVELOPMENT PERSONAL PROP	5	$146,580	3.000%	$570.55	3.000%	$570.55	$0.00
6831	CABLE TELEVISION SYSTEMS	8	$688,829	9.000%	$8,044.47	4.500%	$4,022.17	($4,022.30)
6832	THEATRE PROJECTORS & SOUND EQUIP.	8	$152,146	9.000%	$1,776.80	4.500%	$888.47	($888.33)
6833	RADIO & TV TRANSMITTING EQUIP.	8	$750,562	9.000%	$8,765.42	4.500%	$4,382.64	($4,382.78)
6834	CITIZEN BAND RADIOS/MOBILE PHONES	8	$2,257	9.000%	$26.34	4.500%	$13.24	($13.10)
6836	LEASED/RENTED EQUIP. < $5,000	6	$594,565	4.000%	$3,086.08	4.500%	$3,471.73	$385.65
6837	LEASED/RENTED EQUIP. NOT ELSEWHERE	8	$4,579	9.000%	$53.46	4.500%	$26.73	($26.73)
8315	C.A. GAS/ELECTRIC CO. MILEAGE	11	$72,850	12.000%	$1,134.36	12.000%	$1,134.36	$0.00
8316	C.A. GAS/ELECTRIC CO. SITUS	11	$2,592,635	12.000%	$40,370.41	12.000%	$40,370.41	$0.00
8319	C.A. GAS/ELECTRIC PERSONAL PROP.	11	$10,368,649	12.000%	$161,455.31	12.000%	$161,455.31	$0.00
8332	RURAL ELEC/TELEPHONE COOP SITUS	5	$1,222,460	3.000%	$4,758.82	3.000%	$4,758.82	$0.00
8333	RURAL ELEC/TELE. COOP PERS. PROP.	5	$2,945,332	3.000%	$11,465.59	3.000%	$11,465.59	$0.00
8513	C.A. RAILROAD COMPANY MILEAGE	15	INCLUDED BELOW	7.490%	$0.00	7.490%	$0.00	$0.00
8514	C.A. RAILROAD COMPANY SITUS	15	$3,499,880	7.490%	$34,015.42	7.490%	$34,015.42	$0.00
8519	C.A. TELECOMMUNICATION CO. MILES	11	$13,414,954	12.000%	$208,886.87	12.000%	$208,886.87	$0.00
8520	C.A. TELECOMMUNICATION CO. SITUS	11	$2,570,845	12.000%	$40,031.09	12.000%	$40,031.09	$0.00
8526	C.A. RAILROAD CO. PERSONAL PROP.	15	INCLUDED ABOVE	7.490%	$0.00	7.490%	$0.00	$0.00
8529	C.A. TELECOMM. CO. PERSONAL PROP.	11	$11,110,286	12.000%	$173,000.44	12.000%	$173,000.44	$0.00
	SUB-TOTAL OF RATE CHANGE EFFECTS		$1,223,959,671		$6,888,291.27		$7,255,607.34	$367,316.07

RESIDENTIAL RATE -	4.50%	RESIDENTIAL PROPERTY	$3,162,172.42	45.9%	$3,444,669.18	47.5%
COMMERCIAL RATE -	4.50%	COMMERCIAL PROPERTY	$3,724,588.46	54.1%	$3,809,278.27	52.5%
		AGRICULTURAL/OTHER	$1,530.39	0.0%	$1,659.89	0.0%
		TOTALS	$6,888,291.27	100.0%	$7,255,607.34	100.0%

* Because detailed records on number of properties per class were unavailable from the Assessor's office for the City, all of the $4,100 exemption was put in this class.

PERCENT OF TAX PAID BY TOP 50 CORPORATE TAXPAYERS

FY 89 - 41.85%   FY 90 - 49.65%

TOP 50 CORPORATE TAXPAYERS BY INDUSTRIAL CLASSIFICATION, FY 1990

Oil and Gas	9
Financials	6
Transportation & Utilities	7
Mining	6
Retail Sales	20
Manufacturing	2
	50

Senate Taxation
EXHIBIT NO. 17
DATE 3/27/91
BILL NO. SB 467

16

PERSONAL PROPERTY TAXATION

NO PERSONAL PROPERTY TAXES

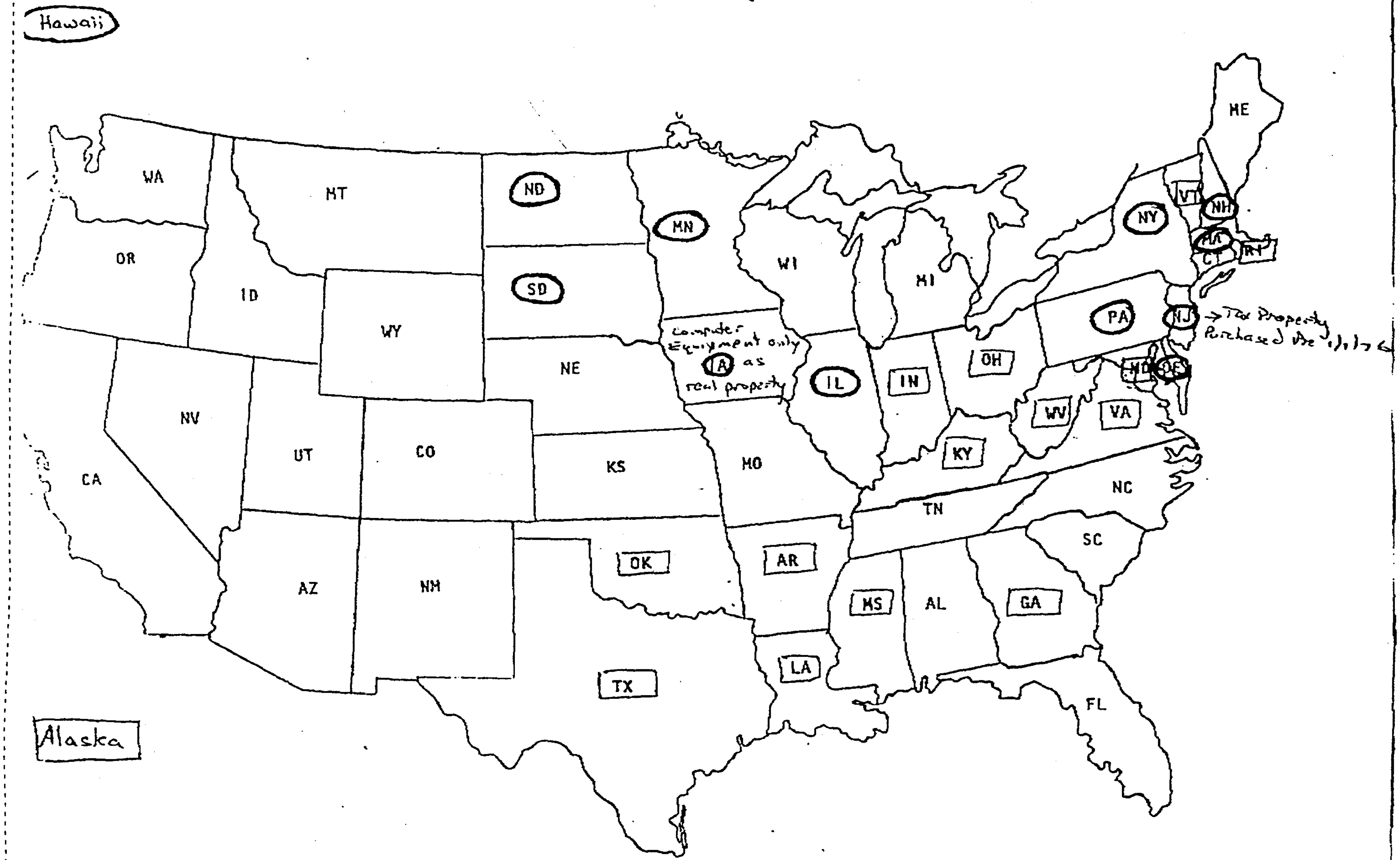
1. DELAWARE
2. HAWAII
3. ILLINOIS
4. IOWA - computer equipment only as real property
5. MASSACHUSETTS
6. MINNESOTA
7. NEW HAMPSHIRE
8. NEW JERSEY - tax property purchased before 1-1-76
9. NEW YORK
10. NORTH DAKOTA
11. PENNSYLVANIA
12. SOUTH DAKOTA

TAX INVENTORY

1. ALASKA
2. ARKANSAS
3. GEORGIA
4. INDIANA
5. KENTUCKY
6. LOUISIANA
7. MARYLAND
8. MISSISSIPPI
9. OHIO
10. OKLAHOMA
11. RHODE ISLAND
12. TEXAS
13. VERMONT
14. VIRGINIA
15. WEST VIRGINIA

** ALL OTHER STATES TAX FURNITURE AND FIXTURES **

Personal Property Taxation



- No personal property taxes (12)
- Tax inventory (15)

All other states - tax furniture & fixtures.

SENATE TAXATION
EXHIBIT NO. 18
DATE 3/27/91
BILL NO. SB 416

MONTANA POWER COMPANY

Exhibit # 18
3/27/91
DATE
BILL NO. SB 416

THE MONTANA POWER COMPANY UTILITY DIVISION
TAXES PAID TO THE STATE OF MONTANA

	1990	1989
PROPERTY TAX	$ 35,500,000	$ 30,100,000
CORPORATION LICENSE TAX	6,100,000	5,000,000
ELECTRIC ENERGY PRODUCERS TAX	1,800,000	2,000,000
SEVERANCE TAX	1,500,000	1,000,000
PUBLIC SERVICE COMMISSION, CONSUMER COUNSEL AND OTHER	1,700,000	1,900,000
TOTAL MONTANA TAXES	$ 46,600,000	$ 40,000,000

ENTECH ©

ENTECH, INC. AND SUBSIDIARIES
TAXES PAID TO THE STATE OF MONTANA

	1990	1989
SEVERANCE TAX	$ 18,200,000	$ 17,000,000
GROSS PROCEEDS TAX	5,000,000	3,000,000
CORPORATION LICENSE TAX	2,600,000	2,600,000
PROPERTY TAX	1,200,000	1,000,000
OTHER	700,000	1,000,000
TOTAL MONTANA TAXES	$ 27,700,000	$ 24,600,000

SENATE STANDING COMMITTEE REPORT

March 27, 1991

MR. PRESIDENT:
We, your committee on Taxation having had under consideration House Bill No. 757 (third reading copy -- blue), respectfully report that House Bill No. 757 be amended and as so amended be concurred in:

1. Title, lines 7.
Strike: "SECTIONS"
Insert: "SECTION"

2. Title, line 8.
Strike: "AND 15-16-102"

3. Page 2, line 3.
Strike: "state"
Insert: "department of revenue"

4. Page 2, line 12.
Following: "payable"
Insert: "as provided in 15-16-102"

5. Page 3, line 18 through page 7, line 2.
Strike: section 3 in its entirety
Renumber: subsequent sections

Signed: ______________________
Mike Halligan, Chairman

______ 3-27-91
Amd. Coord.

______ 3-27 2:15
Sec. of Senate

661404SC.Sji

SENATE STANDING COMMITTEE REPORT

March 27, 1991

MR. PRESIDENT:
We, your committee on Taxation having had under consideration House Bill No. 513 (third reading copy -- blue), respectfully report that House Bill No. 513 be amended and as so amended be concurred in:

1. Title, line 14.
Strike: "A"
Strike: "DATE"
Insert: "DATES"

2. Page 1, line 20.
Strike: "MAY BE"
Insert: "is"

3. Page 3, line 18.
Strike: "subsection (5)"
Insert: "subsections (6) and (7)"

4. Page 5, line 1.
Following: "IMPROVEMENTS"
Insert: "or for any duplicate taxes paid"

5. Page 5, line 25.
Following: "APPLICABILITY."
Insert: "(1)"

6. Page 6, line 1.
Following: "AND"
Insert: ", except as provided in subsections (2) and (3),"

7. Page 6.
Following: line 2
Insert: "(2) [Section 1(6)] applies retroactively, within the meaning of 1-2-109, to taxes erroneously paid and any duplicate taxes paid beginning with the 1981 tax year.
(3) [Section 1(7)] applies retroactively, within the mean of 1-2-109, to an overpayment of net or gross proceeds taxes beginning with the 1986 tax year."

Signed: ______________________
Mike Halligan, Chairman

[illegible] 3-27-91
Amd. Coord.

3-27 12:30
Sec. of Senate

661207SC.Sjj

SENATE STANDING COMMITTEE REPORT

March 27, 1991

MR. PRESIDENT:
We, your committee on Taxation having had under consideration House Bill No. 591 (third reading copy -- blue), respectfully report that House Bill No. 591 be concurred in.

Signed: ________________
Mike Halligan, Chairman

3-27-91
Amd. Coord.

3/27/91 9:30
Sec. of Senate

661211SC.Sji

SENATE STANDING COMMITTEE REPORT

March 27, 1991

MR. PRESIDENT:

We, your committee on Taxation having had under consideration House Bill No. 543 (third reading copy -- blue), respectfully report that House Bill No. 543 be concurred in.

Signed: ______________________
Mike Halligan, Chairman

3-27-91
Amd. Coord.

3/27/91 1:50
Sec. of Senate

661213SC.Sji

SENATE STANDING COMMITTEE REPORT

March 27, 1991

MR. PRESIDENT:

We, your committee on Taxation having had under consideration Senate Bill No. 458 (first reading copy -- white), respectfully report that Senate Bill No. 458 do not pass.

Signed: ______________________
Mike Halligan, Chairman

3-27-91
Amd. Coord.

3-27
Sec. of Senate

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