

MINUTES

MONTANA SENATE 52nd LEGISLATURE - REGULAR SESSION

COMMITTEE ON TAXATION

Call to Order: By Senator Mike Halligan, on April 1, 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 359

Amendments, Discussion, and Votes:

Senator Harp moved to amend the bill limiting the exemption to doctors who have been Wiche-Wami students (Exhibit #1).

Senator Thayer objected to the amendment saying only about half the Wiche-Wami students return to the state to practice. Doctors are recruited from other states and the exemption should be open for them also. The need for doctors is so critical in rural areas of the state that limitations should not be imposed.

Senator Towe asked if this would limit the number of doctors the state could attract.

Senator Eck felt the number would drop from seven to two if the limitations are imposed.

The motion to amend CARRIED with Senators Yellowtail, Thayer, Doherty, and Gage voting no.

Jeff Martin reviewed the amendments adopted by the committee at the March 28th meeting (Exhibit #2).

Senator Thayer moved to strike amendments #2 and #7.

The motion CARRIED with Senator Van Valkenburg voting no.

Recommendation and Vote:

Senator Eck moved SB 359 Do Pass As Amended.

The motion CARRIED unanimously.

EXECUTIVE ACTION ON SENATE BILL 428

Amendments, Discussion, and Votes:

Jeff Martin presented proposed amendments from Senator Nathe which would make the agreement on motor fuels taxation between the state and Indian tribes identical to that of the cooperative agreements on oil and gas taxation. The amendments would prevent double taxation and also allow negotiations for the allocation of the gas tax revenue. An administration account for the Department of Revenue and a motor fuels tax account for distribution of revenue to the tribes are established through the amendments.

Senator Yellowtail moved adoption of the amendments.

The motion CARRIED.

Recommendation and Vote:

Senator Towe moved SB 428 Do Pass As Amended.

Senator Harp said he felt it is poor policy to cut up the pie and distribute it to the reservations while other entities are still contributing taxes overall. The highway program should be one of state rather than regional interest. The reservations always want tax help with such things as cigarettes, alcohol, gasoline, he noted. He felt they need to do their share of road maintenance on their own reservations.

Senator Towe, speaking in favor of the bill, said tribes have authority granted by the courts to do the very thing the amendments grant. There will be double taxation if the state does not adopt the agreements which will be even worse for the highway system. There are many other interlocal agreements with the reservations, especially in the social service area. This is just an extension of those interlocal agreements.

The motion to pass SB 428 CARRIED with Senators Thayer and Harp voting no.

EXECUTIVE ACTION ON SENATE BILL 464

Amendments, Discussion, and Votes:

Jeff Martin presented proposed amendments (Exhibit #4) which would change the applicability date for oil and gas produced to apply immediately after the date when the agreement is reached.

Senator Gage moved the amendment. He said he felt there could be a fiscal impact both to the state and counties with this amendment.

Senator Towe said this extends the impact of the bill from all new production to all production now on line.

The motion CARRIED with Senator Halligan voting no.

Recommendation and Vote:

Senator Gage moved SB 464 Do Pass As Amended.

Denis Adams said the DOR position is minerals owned by the trust or individual Indians are exempt. The state receives the tax on all other minerals. The tribes, however, wanted the exemption to apply to all the land.

The motion to pass CARRIED.

EXECUTIVE ACTION ON SENATE BILL 463

Amendments, Discussion, and Votes:

Senator Towe moved to amend the bill on page 6, line 13, by striking "stated" and inserting "state".

The motion CARRIED.

Recommendation and Vote:

Senator Eck moved SB 463 Do Pass As Amended.

Senator Harp reminded the committee that Mr. Burr said this bill is not a proper response to 1105. Senator Harp felt that if the surcharge is going to be enacted, it should go to the general fund rather than to local governments. He said the local option bill gives local governments the power to impose their own surcharge.

Senator Yellowtail felt the bill was an appropriate measure which allows local governments to begin move away from their dependence on property taxes.

The motion that SB 463 Do Pass As Amended FAILED on a roll call vote (attached).

Senator Harp moved SB 463 Do Not Pass As Amended. The motion CARRIED with the roll call vote reversed from the previous Do Pass motion.

EXECUTIVE ACTION ON SENATE BILL 460Amendments, Discussion, and Votes:

Senator Van Valkenburg presented his amendments to the bill (Exhibit #6). The amendments would reduce the rates on commercial real property down to 4.8% with some property moveable property such as ore haulers left at the 9% level. Furniture and fixtures are left in and drop from 9% to 6%.

Greg Groepper, OPI, said the bill creates a 5% commercial property class.

Senator Van Valkenburg said his amendments leave construction equipment at 9%. Class 8 property is split into 4.8%, 6%, and 9% levels. Income producing commercial land and buildings are taxed at 4.8% and non-producing at 3.8%.

Recommendation and Vote:

Senator Brown moved SB 446 be Tabled.

The motion CARRIED with Senators Van Valkenburg, Doherty, Koehnke, and Halligan voting no.

HEARING ON HOUSE BILL 901Presentation and Opening Statement by Sponsor:

Representative Bardanouve, District 16, said the bill results from a LFA report to the Finance Committee (Exhibits #7 and #8). He said it is a damning report on the Montana Capital Company Act which has been sadly misused. The capital company activity has not been under any agency's direct supervision and has amounted to nothing more than legalized robbery. The bill would make the Department of Revenue the supervisory agency and clearly defines how the money is to be used and regulated.

Proponents' Testimony:

Andy Poole, Deputy Director, Department of Revenue, read from Exhibit #9 regarding the original implementing language of the capital company legislation. The original \$1 credit for each \$4 of investment did not work well and was changed by the legislature to a \$2 credit for each \$4. He said \$6.2 in tax credits have been allocated to date. He said HB 901 cleans up the problems with the process quoting examples of misuse of the statute from Exhibit #8.

HB 901 has several main components. First, tax credits cannot be used to buy an existing business. They can be used to expand existing businesses or purchase companies located outside Montana and bring them into the state. Tax credits cannot be used where other financing is available. Tax credits can be taken back and returned to the investor if they are never used. There is a provision for DOR to review the investment process and qualify the investment before it is made.

Bob Pancich, Board of Investments, administrators of the Capital Company Act, expressed support for the bill.

Forrest Boles, President, Montana Chamber of Commerce, said the Chamber was involved in developing the original legislation in 1983 and in the changes in 1985. He said is a good piece of legislation that addresses the remaining problems in the capital company act.

Jon Marchi, Montana Private Capital Network, expressed support for the bill.

Evan Barrett, Butte Local Development Corporation, and Director of the Southwest Development Corporation, expressed support for the bill. He said the bill puts a stop to the self serving deals that have been made in the past. It is comprehensive and gives some teeth to the statute even though the tax credits are all allocated.

Opponents' Testimony:

Jack Manning, attorney with Dorsey and Whitney, said the bill is seriously flawed, creates bad policy, is unfair, and in some of the provisions, unconstitutional. He said the bill has been around for eight years and most of the abuse has already happened. He said the legislature should not displace money that could be used for financing. There is a need for equity capital which is cheaper than high cost financing. It was his opinion that the provision which would not allow recapture of the tax credit is unconstitutional. He said he would present amendments that addressed his concerns to the committee and Mr. Poole in the next few days.

Questions From Committee Members:

Senator Towe asked how much money the bill would affect.

Mr. Poole said there is \$3 million left out of a total of \$8 million.

Senator Towe asked about the recapture provision.

Mr. Poole replied the recapture provision is out. They only want to recapture if the investor receives principal money back from the capital company.

Closing by Sponsor:

Representative Bardanouve closed by saying it is unfair to tar all capital companies with a big brush. Some of them are very good and conscientious - some were not. He feared a big loophole could appear down the road when and if more money is appropriated to the capital company account. He is not interested in neutralizing the bill as he felt it is essential to help small businesses and companies to get a foothold.

HEARING ON HOUSE BILL 386Presentation and Opening Statement by Sponsor:

Representative Schye, District 18, said this is an important bill which is a result of the Montana Historic Sites and State Parks Futures Commission. The bill was originally a one cent gas tax bill for park roads and access roads to the state park system. The bill has been amended to 1/4 cent and will bring in

about \$1.4 million per year. He said tourism is a major industry in the state, but without decent roads, there is no sense in promoting the parks. Many are in need of major repair such as the road to Lewis and Clark Caverns and the road to Makoshika State Park which is not an all weather road.

Proponents' Testimony:

Janet Ellis, Montana Audubon and the State Parks Futures Commission, presented her testimony in support of the bill (Exhibit #10).

Alan Newell, President, Historical Research Associates, presented his testimony in support of the bill (Exhibit #11).

Marcella Sherfy, Montana State Historic Preservation Officer, presented her testimony in support of the bill (Exhibit #12).

Opponents' Testimony:

Bill Salsbury, Department of Highways, opposed the bill because adding park road maintenance is a new responsibility for the Department. He said they already have the authority to maintain access roads. He said he was not clear on the federal and county responsibility for roads within the parks. The Highway Department is facing over \$1 billion in needs in Montana already priorities have to be set. There is also a declining balance in the highway account.

Questions From Committee Members:

Senator Van Valkenburg asked if the Department of Fish, Wildlife, and Parks supports the bill.

K. L. Cool, Director, replied the Department has not taken a position on the bill.

Senator Eck asked if there was a plan developed for maintenance and repair.

Rep. Schye said priority lists of the projects have been drafted.

Closing by Sponsor:

Rep. Schye stressed the importance of the bill. The 1/4 cent is a new source of revenue and does not take away any revenue from the Highway Department. It also gives the Department of Fish, Wildlife, and Parks the ability to contract

with the Department of Highways for portions of the work. Three to four million people visit the parks in the state yearly, he said. The bill is one of the keys to the maintenance puzzle for access roads. The counties are in need of help also, he pointed out.

EXECUTIVE ACTION ON SENATE BILL 353

Amendments, Discussion, and Votes:

Jeff Martin said the bill needs a coordinating instruction added to coordinate with HB 764, the two cent cigarette tax for the veteran's home.

Senator Van Valkenburg moved to amend the bill with the coordinating instruction.

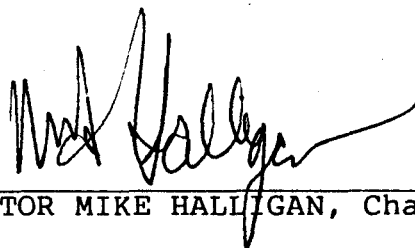
The motion CARRIED.

Recommendation and Vote:

Senator Van Valkenburg moved SB 353 Do Pass As Amended.

ADJOURNMENT

Adjournment At: 10:30 A.M.



SENATOR MIKE HALLIGAN, Chairman



JILL D. ROHYANS, Secretary

MH/jdr

ROLL CALL

SENATE TAXATION COMMITTEE

DATE 4/1/91

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.

DATE April 1, 1991

COMMITTEE ON

VISITORS' REGISTER

[illegible]

(Please leave prepared statement with Secretary)

Amendments to Senate Bill No. 359
First Reading Copy

Requested by Senator Eck
For the Committee on Taxation

Prepared by Jeff Martin
March 28, 1991

1. Page 2, line 7.

Following: "physician"

Insert: "who was supported by the state pursuant to an interstate compact for a professional education program in the fields of medicine or osteopathic medicine, as those terms are defined by the compact, and"

Amendments to Senate Bill No. 359
First Reading Copy

For the Committee on Taxation

Prepared by Jeff Martin
March 28, 1991

1. Title, line 9.

Following: "DATE"

Insert: ", "

Strike: "AND"

2. Title, line 10.

Following: "DATE"

Insert: ", AND A TERMINATION DATE"

3. Page 2, line 5.

Strike: the second "50"

Insert: "30"

4. Page 2, line 11.

Following: "commences."

Insert: "To qualify for the credit provided in this section, the physician shall maintain his practice for at least 9 months of the taxable year in which the credit is claimed."

5. Page 2, line 13.

Following: "limitations"

Insert: "-- repayment"

6. Page 2.

Following: line 24

Insert: "(3) If a physician ceases to practice in the rural area within 3 years following the taxable year in which the credit is allowed, the physician shall repay to the state the amount of the credit claimed for that taxable year."

7. Page 3.

Following: line 11

Insert: "NEW SECTION. Section 6. Termination. [This act] terminates January 1, 1993."

Amendments to Senate Bill No. 428
First Reading Copy

Requested by Senator Nathe
For the Committee on Taxation

Prepared by Jeff Martin
March 28, 1991

1. Title, lines 7 and 8.

Strike: "PROVIDING" on line 7 through "TAX;" on line 8

2. Title, line 8.

Following: "FOR"

Insert: "THE COLLECTION AND"

3. Page 1, line 12.

Strike: "Allocation"

Insert: "Cooperative agreement -- allocation"

4. 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 must provide that under conditions specified in this section, the state and the tribe will cooperate to collect only one tax that is at the same level as the tax outside the boundaries of the reservation and will share the revenue as provided in this section. The agreement must provide that the state and the tribe are not 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

5. Page 1, lines 19 and 20.

Strike: lines 19 and 20 in their entirety

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

6. Page 1, line 21 through page 2, line 11.

Strike: subsection (2) in its entirety

Renumber: subsequent subsection

7. Page 2, line 13.

Following: "(2)"

Insert: "and the amounts necessary for refunds"

8. Page 2.

Following: line 15

Insert: "NEW SECTION. Section 2. Tribal motor fuel

administration account. (1) There is a special revenue account called the tribal motor fuel administration account.

(2) The administrative expenses and refund amounts deducted by the department of revenue under [section 1(3)] must be deposited in the tribal motor fuels tax administration account.

(3) The tribal motor fuel tax administration account may be expended by the department only for the purposes of administering the motor fuels tax and providing refunds under [section 1].

NEW SECTION. Section 3. Tribal motor fuels tax account. (1) There is a special revenue account called the tribal motor fuels tax account.

(2) The tax collected under [section 1], except the administrative expenses and refund amounts deducted under [section 1(3)], must be deposited in the tribal motor fuels tax account.

(3) The money in the motor fuels tax account must be disbursed to the tribe, as provided for in the agreement entered into pursuant to [section 1], on a quarterly basis."

Renumber: subsequent sections

9. Page 2.

Following: line 19

Insert: "NEW SECTION. Section 5. Coordination instruction. If Senate Bill No. 164 is passed and approved and if it includes a section that provides for the transfer of motor fuels tax functions to the department of transportation, then any reference to the department of revenue in [this act] is changed to the department of transportation."

Renumber: subsequent sections

SENATE TAXATION

EXHIBIT NO. 4

DATE 4/1/91

BILL NO. SB 464

Amendments to Senate Bill No. 464
First Reading Copy

Requested by Senator Yellowtail
For the Committee on Taxation

Prepared by Jeff Martin
March 28, 1991

1. Page 6, line 11.
Strike: "production from"
Strike: "wells drilled"
Insert: "produced"

ROLL CALL VOTE

SENATE COMMITTEE ON TAXATION

Date 4/1/91 SB Bill No. 463 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		x

Bill Rhymer
Secretary

Sen. Mike Halligan
Chairman

Motion: by Senator Eck that
SB 463 do pass as amended

Amendments to Senate Bill No. 460
First Reading Copy

Requested by Senator Van Valkenburg
For the Committee on Taxation
March 29, 1991

1. Page 1. Line 5.
Following: "PROPERTY;"
Strike: "REDUCING THE TAX RATE ON CLASS EIGHT PROPERTY TO 6 PERCENT"
Insert: "CREATING A NEW CLASS OF PROPERTY FOR STATIONARY COMMERCIAL PERSONAL PROPERTY; REDUCING THE TAX RATE ON STATIONARY COMMERCIAL PERSONAL PROPERTY TO 6 PERCENT"
2. Page 1. Line 10.
Following: "TO"
Strike: "5.07"
Insert: "4.8"
3. Page 2.
Strike: Line 7 through Line 9.
4. Page 3.
Strike: Line 19 through Line 21.
5. Page 4. Line 11.
Following: "all"
Insert: "self-propelled"
Following: "machinery"
Strike: ", fixtures, equipment, tools"
Insert: ";
6. Page 4.
Strike: Line 12 through line 13.
7. Page 4. Line 14.
Following: "all"
Insert: "self-propelled"
Following: "machinery"
Strike: ", fixture, equipment, tools"
Insert: ";
8. Page 4.
Strike: Line 15 through line 16.
9. Page 4.
Strike: Line 20 through line 22.
10. Page 4. Line 23.
Strike: "(f)"
Insert: "(e)"
11. Page 4. Line 25.

Strike: "(g)"
Insert: "(f)"

12. Page 5.
Strike: Line 1 through line 8.

13. Page 5. Line 9.
Strike: "(m)"
Insert: "(g)"

14. Page 5. Lines 10 and 11.
Strike: "(n)" on line 10 through ";" on line 11.

15. Page 5. Line 12.
Following: "(e)"
Strike: "(p)"
Insert: "(h)"

16. Pages 5 and 6.
Strike: Line 20 on page 5 through line 11 on page 6.

17. Page 6. Line 12.
Following: "Class"
Strike: "class"
Insert: "Class"
Following: "9%"
Strike: "6"
Insert: "9"

18. Page 6.
Strike: Line 14 through line 16. Page 9, line 2.
Following: "15-6-144,"
Strike: "and"

19. Page 9. Line 2.
Following: "[section 6]"
Insert: ", and [section 7]"

20. Page 10.
Following line 2.
Insert: "(c) all golf courses, including land and improvements actually and necessarily used for that purpose, that consist of at least 9 holes and not less than 3,000 lineal yards."

21. Page 10. Line 3.
Following: "(2)"
Insert: "(a)"

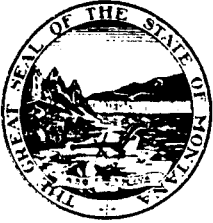
22. Page 10. Line 3.
Following: "15-24-1402"
Strike: "or"
Insert: ", "

23. Page 10. Line 3.
Following: "15-24-1501,"
Insert: "or subsection 2(b),"
24. Page 10. Line 4.
Following: "at"
Strike: "5.07"
Insert: "4.8"
25. Page 10.
Following line 5.
Insert: "(b) Property described in subsection (1)(c) is taxed at one-half the taxable percentage rate established in subsection (2)(a).
NEW SECTION. Section 7. Class twenty-two property --- description --- taxable percentage. (1) Class twenty-two property includes:
(a) all mining machinery except that specifically included in another class, fixtures, equipment, tools that are not exempt under 15-6-201(1)(r), and supplies except those included in class five;
(b) all manufacturing machinery except that specifically included in another class, fixtures, equipment, tools that are not exempt under 15-6-201(1)(r), and supplies except those included in class five;
(c) all goods and equipment intended for rent or lease, except goods and equipment specifically included in another class;
(d) furniture, fixtures, and equipment, except that specifically included in another class, used in commercial establishments as defined in this section;
(e) x-ray and medical and dental equipment;
(f) citizens' band radios and mobile telephones;
(g) radio and television broadcasting and transmitting equipment;
(h) cable television systems;
(i) theater projectors and sound equipment; and
(j) value-added property.
(2) "Commercial establishment" includes any hotel; motel; office; petroleum marketing station; or service, wholesale, retail, or food-handling business.
(3) The term "value-added property" means but is not limited to property that is used for the mechanical or chemical transformation of materials or substances into products in the manner defined as manufacturing in the 1987 Standard Industrial Classification Manual prepared by the United States office of management and budget. The property must be used for the:
(a) processing of Montana raw materials, such as minerals, ore, agricultural products, and forestry products; or
(b) processing semi-finished products produced in Montana that are used as a raw material in further manufacturing.

(4) (a) Except as provided in subsection 4(b), class twenty-two is taxed at 6% of its market value.

(b) Value-added property or property described in this section that is added to an industry after July 1, 1991 and is used in a value-added process is taxed at 5% of its market value."

Renumber subsequent sections.



TERESA OLCOTT COHEA
LEGISLATIVE FISCAL ANALYST

STATE OF MONTANA
Office of the Legislative Fiscal Analyst

STATE CAPITOL
HELENA, MONTANA 59620
406/444-2986

EXHIBIT ~~STATE~~ TAXATION

EXHIBIT NO. 7

DATE 4/1/91

FILE NO. 80 90

October 10, 1990

TO: Legislative Finance Committee

FROM: Teresa Olcott Cohea *T=*
Legislative Fiscal Analyst

SUBJECT: Updated Information on Montana Capital Companies

The staff report on Montana's Capital Company Act, presented at the Legislative Finance Committee's August meeting, was based on capital company activity through June 30, 1990. The following memo provides updated information.

Quarterly Reports

As of September 30, 1990, \$6.02 million in capital company credits have been authorized for investors who invested \$12.67 million in qualified capital companies. In turn, these capital companies have placed \$2.44 million in qualified investments in Montana.

The amount of qualified investments actually decreased during the last quarter, since one capital company submitted a revised report, withdrawing its \$214,000 investment in a gas station/convenience store as a qualified investment. The additional investments made during this quarter have been:

TABLE 1
Qualified Investments in FY91 (First Quarter)

Type of Company	Investment	Associated Jobs
Software Development	\$ 200	0
Moving/Storage	\$10,000	0
Mining Equipment	\$30,000	1

During the quarter, investors placed an additional \$345,000 in one capital company, claiming \$172,500 in capital company credits.

As a result of the Committee's report and discussion, the Board of Investments voted at its August meeting to deny capital companies any extensions of deadlines for claiming tax credits and to freeze the reservation or allocation of any new tax credits. Since this policy went into effect, one capital company forfeited \$500,000 in reserved tax credits and was decertified for failure to reach minimum capitalization by its anniversary date. Another capital company forfeited \$387,593 in reserved tax credits. The Board has "frozen" this \$887,593 in forfeited tax credits, not reallocating them to capital companies that are on the waiting list for credits. A final capital company has until November 19, 1990, to claim the \$1 million in tax credits it has reserved. If this company does not receive sufficient capital from investors by that date to claim these reserved credits, the unused portion will be forfeited to the Board's "frozen" pool.

If these credits are unclaimed on June 30, 1991, they lapse under current law, reducing the cost of this program from \$7.91 million to \$6.02 million.

Securities Violation

Two capital companies are currently on the Board of Investments' waiting list to become certified and available for tax credits. One of these companies was recently cited by the Securities Department, State Auditor's Office, for violating Montana's Securities Act. The department issued a "cease and desist" order against the company on August 23, 1990.

Examinations by the Financial Division

Within the last two months, the Financial Division has completed annual examinations for two capital companies and has issued a preliminary examination report for a third capital company.

In its examination of one of these capital companies, Financial Division staff found that the company's two investments to date appeared to meet the statutory requirements for qualification and that it had met its first "benchmark" requirement. However, the examiner noted:

The prospect that (the capital company) will notably help the local economy is remote. Some new jobs will be created, but mainly existing businesses will be kept going....there will be little or no new business created through (the capital company).

In both cases, the capital company had purchased a 100 percent ownership in existing, profitable businesses. Employment levels in these companies grew only slightly after the capital company's \$400,000 investment: by 5 employees in one business and 1.5 employees in the other business.

In its second examination, the Financial Division staff found that another capital company:

...is working to provide capital for risky and new ventures in compliance with the spirit of the [Montana Capital Company] Act...Most loans would probably not have been made by a bank, and there is evidence that some had been turned down by banks. The loans are risky and speculative in most cases. It appears that if the borrowers succeed in business, new jobs will be created.

However, the staff noted that "major problems noted at the examination were lack of adequate documentation and not using proper forms for a

financial enterprise." It found that "some loans were granted [for which] the borrower had never signed a note." In other cases, no documentation for personal guarantees on loans existed. The company had no standard forms for evaluating loan requests or for executing the loans. The examining staff suggested several changes in these procedures and documentation, which the capital company agreed to undertake. Financial Division staff noted at the end of the examination: "it is anticipated that documentation problems should be corrected shortly and will not be a problem in the future."

The examination concluded that two of the ten investments made by this capital company did not appear to be qualified. It questioned a \$65,000 investment "because it had nothing to do with business development or jobs, and there really is not enough information to make a good judgement about the situation." A \$5,000 investment did not appear qualified because it created no jobs and had little documentation. The examination also noted one "potential abuse" of the credits: an individual invested \$20,000 in the capital company on December 29, 1989, and received a \$20,000 loan from the capital company on the same day.

Inadequate documentation continues to be a problem in the preliminary examination of the third capital company. The staff reported that the capital company's documentation is so poor that it is "impossible to verify the purpose of the investment, any potential sources of repayment, or determine the financial condition of the entities receiving investments." It concluded that based on the available information, none of the company's reported investments were qualified.

The preliminary audit further found that: "some of the company's present investments are held in violation of...the [Montana Capital Company] Act." Section 90-8-303(2), MCA, says:

...a member of the investment committee of a Montana capital company who has an interest in a venture that comes before the committee for a vote shall disclose such interest and abstain from voting on the investment in the venture.

The examination found that the capital company has only one stockholder, who made the decision to invest in companies in which he had substantial ownership interest. The examination found in another case, the capital company had invested more than 25 percent of its capital base in a single company, in violation of Section 90-8-104, MCA.

Lastly, the examination concluded that the capital company's "investment policies and procedures are informal at best...In some cases, [promissory] notes are not obtained at all. There is no documentation available regarding the uses of the funds being invested, no source of repayment is identified, nor is any financial information presented."

The examination made five recommendations to the capital company to improve its operations. The Financial Division is seeking further information from the capital company prior to issuing a final examination report.

The three capital companies examined have invested \$1,141,560 in Montana's economy. The examinations reported 46.5 additional jobs that appear to have resulted from these investments, based on information presented by the capital companies.

THE MONTANA CAPITAL COMPANY ACT

A Report Prepared for the
Legislative Finance Committee
by



Teresa Olcott Cohea

Legislative Fiscal Analyst

August 3, 1990

90-8-103. Purpose. (1) The purpose of this chapter is to promote the development of the human resources and the diversification of the economy of Montana. The venture capital generated by this chapter must be used to encourage and assist the strengthening of the economy through loans, equity investments, and other business transactions for purposes of developing new small business and industry in Montana, rehabilitating existing small business and industry, and stimulating and assisting in the expansion of small business activities that promote and maintain the economic stability of the state by providing maximum opportunities for employment of Montanans and improving the standard of living of the people of Montana.

(2) This chapter is aimed at:

(a) increasing the availability of development capital in order to encourage and assist in the creation, development, and expansion of small businesses based in Montana;

(b) aiding those businesses to which risk and equity financing are not readily or fully available through traditional sources, including those owned and operated by women and minorities;

(c) developing, preserving, diversifying, expanding, and strengthening the agricultural, industrial, and business base of Montana's economy, particularly for those small businesses utilizing the state's technical, managerial, and research resources in domestic and international markets; and

(d) providing the residents of Montana with greater opportunities to invest and participate in the economic development and potential of the state.

History: En. Sec. 3, Ch. 554, L. 1983.

SENATE JOURNAL

EXHIBIT NO. 9

DATE 4/1/91

BILL NO. HB 901



NORTHERN ROCKIES BUSINESS REVIEW

September 1990

Flathead Valley Edition

\$1.50 per copy



For a quick explanation of the problems with
Montana's Capital Company Act, turn to Page 16

Gini Ogler

IN THIS ISSUE: What's Upstairs Kalispell? Lee Carothers Says Goodbye. Montana Capital Companies Act—Big Mistake? Produce Markets in the Flathead. Olson On the Phone.

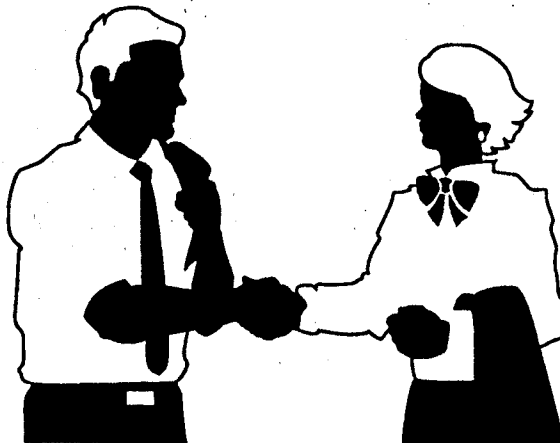
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Montana Audubon Legislative Fund

SENATE J. SECTION 10
EXHIBIT NO. 10
DATE 4/1/91
BILL NO. ~~SB~~ 901

Testimony on HB 386
Senate Taxation Committee
April 1, 1991

Mr. Chairman and Members of the Committee,

My name is Janet Ellis and I'm here today representing the Montana Audubon Legislative Fund. The Audubon Fund is composed of nine Chapters of the National Audubon Society and represents 2,500 members throughout the state.

I am here to support HB 386, the quarter cent gas tax to improve park roads. I have outlined the reasons for my support below.

General Park Information

- 60 parks
- visitation: 2.9 million
- Nonresident expenditures adjacent to parks: \$44.9 million
- tourism benefits from parks: \$16.5 million labor income, 1,500 jobs

Road Information

- Internal park roads: 135 mile roads within parks.
- Connecting roads:
 - connect parks to major highways.
 - are used more than "normal" county roads because they lead to a state resource, a state park.
 - are used heavily by users of state parks, as well as by county residents - so it makes sense to help counties maintain these roads.
 - funds for connecting roads would be matched with private, county or federal funds.
- park roads are probably the most complained about aspect of state parks.
- approximately \$28 million of park road-connecting road improvements were identified by a 1988 study done of parks.

How work would get done: Currently work is contracted with county road departments or the Department of Highways. The parks division does not have the necessary expertise or appropriate equipment to do road maintenance on its own.

Source of Funding for HB 386

- This bill will neither raise nor lower current gas tax rates.
- On July 1, 1991, 1/4 cent will become available from the petroleum storage tank cleanup fee (75-11-314). (current petroleum storage tank cleanup fee drops from 1 cent to 0.75 cents).

- (2) There is deposited in the fund:
- (a) all revenue from the petroleum storage tank cleanup fee as provided in 75-11-314;
 - (b) money received by the board in the form of gifts, grants, reimbursements, or appropriations, from any source, intended to be used for the purposes of this fund;
 - (c) money appropriated or advanced to the fund by the legislature; and
 - (d) all interest earned on money in the fund.
- (3) The fund may be used only:
- (a) to administer this part, including payment of board and department expenses associated with administration;
 - (b) to reimburse owners and operators for eligible costs caused by release from a petroleum storage tank and approved by the board; and
 - (c) for repayment of any advance made under subsection (4), plus interest earned on the advance.
- (4) (a) The legislature may appropriate to the fund repayable advances as necessary to carry out the purposes of this part. The outstanding total of repayable advances may not exceed the amount the board estimates will be received by the fund from the petroleum storage tank cleanup fee during the next 24 months.
- (b) Advances to the fund must be repaid and interest earned on advances must be paid to the general fund when determined appropriate by the board. However, all advances to the fund plus the interest earned must be repaid on or before December 31, 1995.
- History: En. Sec. 6, Ch. 528, L. 1989.

Compiler's Comments

Effective Date: Section 16, Ch. 528, L. 1989, provided that this section is effective July 1, 1989.

75-11-314. Petroleum storage tank cleanup fee — collection penalties — warrant for distraint — statute of limitations. (1) Except as provided in subsection (4), every distributor shall pay to the department of revenue a petroleum storage tank cleanup fee for each gallon of gasoline distributed by him within the state and upon which the fee has not been paid by any other distributor. The fee must equal:

- (a) 1 cent for each gallon of gasoline distributed from July 1, 1989 through June 30, 1991; and
 - (b) 0.75 cent for each gallon of gasoline distributed after July 1, 1991.
- (2) Gasoline exported or sold for export out of the state may not be included in the measure of a distributor's fee.
- (3) Alcohol that is blended with gasoline to be sold as gasoline is subject to the fee provided in subsection (1).
- (4) A fee may not be imposed or collected beginning on the first day of the first month in the first calendar quarter after the unobligated balance of the fund equals or exceeds \$8 million. Whenever the unobligated fund balance is less than \$4 million, the department of revenue shall, within 30 days, notify distributors by mail that the fee is reinstated beginning on the first day of the first month that begins no less than 30 days after the date of the notice. Once reinstated, the fee must be imposed and collected until the unobligated fund balance again equals or exceeds \$8 million.

- (5) The department of revenue shall collect the fee in the same manner as the basic gasoline license tax under Title 15, chapter 70, part 2. The provisions of 15-70-103, 15-70-111, 15-70-202, 15-70-205, 15-70-206, 15-70-208 through 15-70-212, 15-70-221(2), and 15-70-232 apply to the fee. The provisions of 15-70-203, 15-70-204, 15-70-207, 15-70-221(1), and 15-70-222 through 15-70-224 do not apply to the fee.
- History: En. Sec. 7, Ch. 528, L. 1989.

Compiler's Comments

Effective Date: Section 16, Ch. 528, L. 1989, provided that this section is effective July 1, 1989.

75-11-315 through 75-11-317 reserved.

75-11-318. Powers and duties of board. (1) The board shall administer the petroleum tank release cleanup fund in accordance with the provisions of this part, including the payment of reimbursement to owners and operators.

- (2) The board shall determine whether to approve reimbursement of eligible costs under the provisions of 75-11-309(2), shall obligate money from the fund for approved costs, and shall act on requests for the guarantee of payments through the procedures and criteria provided in 75-11-309.

(3) The board may conduct meetings, hold hearings, undertake legal action, and conduct other business as may be necessary to administer its responsibilities under this part. The board shall meet at least quarterly for the purpose of reviewing and approving claims for reimbursement from the fund and conducting other business as necessary.

(4) The board may hire staff, and the department shall provide staff support to the board as the department determines it is able. The board shall use the fund to pay its staff expenses and to pay for department staff utilized for the review or preparation of corrective action plans and for the oversight of corrective action undertaken by owners and operators for the purposes of this part.

- (5) The board shall adopt rules to administer this part, including:

- (a) rules governing submission of claims by owners or operators to the department and board;
- (b) procedures for determining owners or operators who are eligible for reimbursement and determining the validity of claims;
- (c) procedures for the review and approval of corrective action plans;
- (d) procedures for conducting board meetings, hearings, and other business necessary for the implementation of this part; and
- (e) other rules necessary for the administration of this part.

History: En. Sec. 9, Ch. 528, L. 1989.

Compiler's Comments

Effective Date: Section 16, Ch. 528, L. 1989, provided that this section is effective April 13, 1989.

75-11-319. Rulemaking authority — department and department of revenue. (1) The department may adopt rules necessary to administer its

STATEMENT IN SUPPORT OF H.B. 386 AND H.B. 550

APRIL 1, 1991

My name is Alan Newell. I serve as president of a private consulting firm, Historical Research Associates, Inc., which has its principal offices in Missoula. During the past two years, I have been a member of the Montana Historic Sites Study Commission. That Commission was charged with the responsibility of assessing the state of historic and archaeological parks in Montana and with assisting The State Park Futures Committee in developing a plan for improving state parks.

The findings of the Montana Historic Sites Study Commission are summarized in our report *Reckoning With Time*. In brief those findings acknowledge the rich heritage that blesses our state, as well as the sad condition of that legacy. The Commission found that there were many non-budgetary items that need to be addressed by Montana's administrative officials. But it also found that without a substantial infusion of capital monies over a period of years, Montana will never realize the cultural and economic benefits of its state parks.

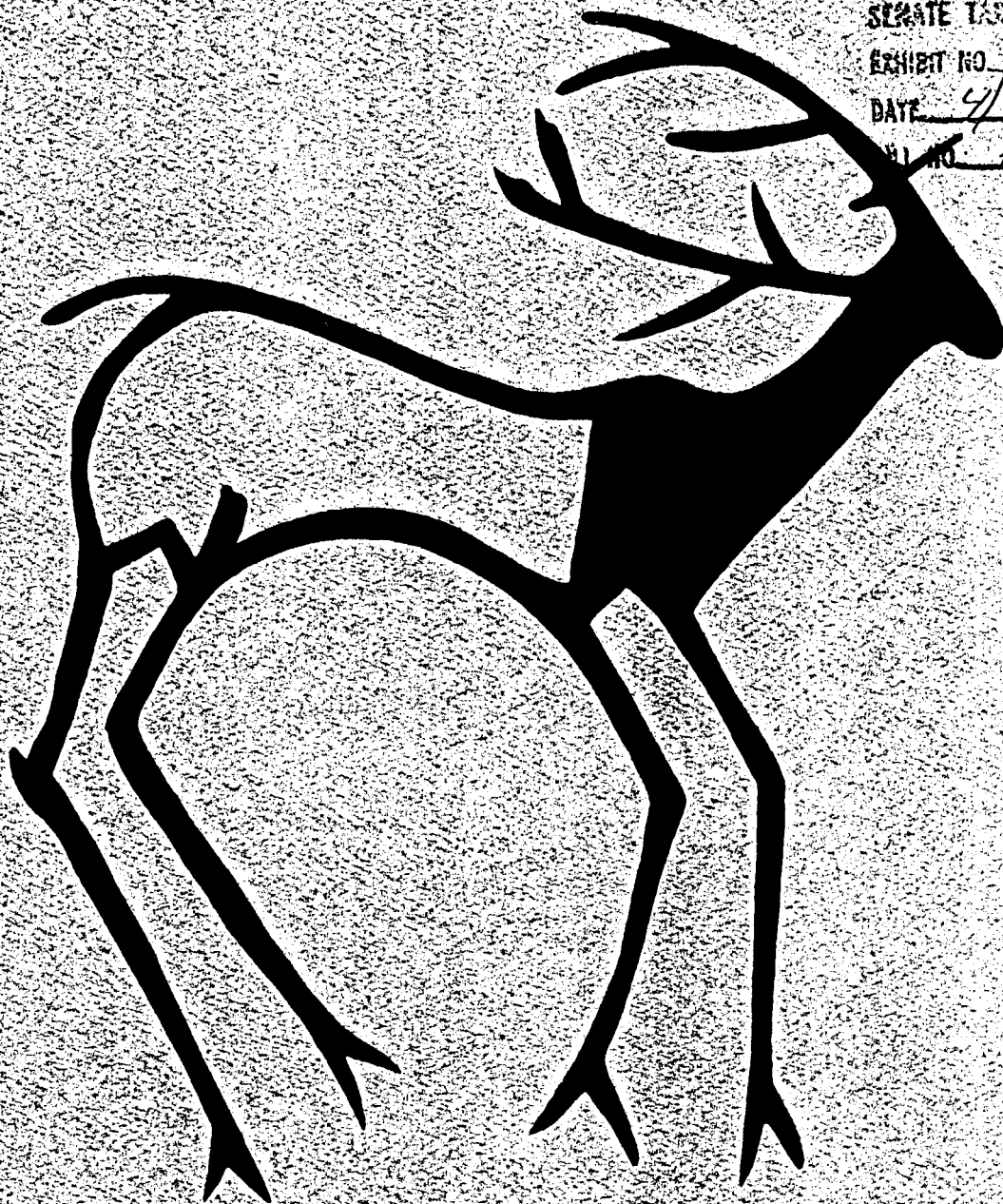
H.B. 386 and H.B. 550 are two key elements of a comprehensive plan to put our state parks on a solid financial footing. H.B. 386 is estimated to generate roughly \$1 million dollars annually, which would be used to improve roads leading to and within state parks. As most Montanans know, the maintenance of good roads in our vast state are a primary responsibility of government. This is no less

true for our state parks. Visitors to our parks, especially those from out of state, will only be encouraged to explore Montana if they can be assured of a safe and well-maintained road system.

H.B. 550 similarly offers an appropriate means of supporting Montana parks. The \$480,000 that this tax is expected to yield annually can be used to fund capital improvements. Only with the investment of new monies in our state parks, can we expect to see longterm growth in tourism and, at the same time preserve our cultural and natural heritage.

I agreed to serve on the Montana Historic Sites Study Commission because of the importance of preserving our historic parks and the value that I know Montanans place on these resources. The meetings conducted by The State Park Futures Committee around the state clearly demonstrate that Montanans recognize the place of parks in our economic future and support increased state funding. I urge the committees' inclusion of these two measures in the overall funding package for state parks.

Alan S. Newell
Suite 504
Glacier Building
111 N. Higgins
Missoula, MT



11
SENATE TASSON

EXHIBIT NO. 11

DATE

4/1/91

FILE NO.

H8901

RECKONING WITH TIME

*Findings of the
1990 Montana Historic Sites
Study Commission*

THERE'S NO COMPARISON: A Look at Ulm Pishkun and Head-Smashed-In

Ulm Pishkun State Park

The Resource: Ulm Pishkun is a bluff with drops of 30 feet or more, running more than a mile in length, used for over 5,000 years for Native American buffalo gathering, killing, and processing. The property is listed in the National Register of Historic Places. Portions of the buffalo bone beds were mined for the fertilizer during World War II. The site has continued to sustain loss through vandalism.

Ownership: Less than 1/4 of the site is owned by the State of Montana and administered as a park by the Department of Fish, Wildlife and Parks, Parks Division. Major portions of the site are in private ownership. The state is now working on a land trade among 3 private owners and 2 state agencies.

Development: Interpretive panels, fencing for the state-owned property, gravel parking for 10 cars, picnic tables, and latrines. No signing to the site from the interstate; Parks has placed signs on secondary roads off the interstate.

Hours: Gates are open from April 15th to October 15th.

Staffing: No on-site staff. Administered by Region 4, Parks Division, Regional Fish, Wildlife and Parks office in Great Falls. Local support groups provide assistance to Parks in several areas.

Interpretation: Periodically provided by local volunteers only; a brochure on the site was printed by Great Falls groups.

Major Capital Improvements: None

Visitation: There is no accurate way to count visitors, but Region 4 staff estimate about 2,000 visitors each year.

Head-Smashed-In Interpretive Centre

The Resource: A buffalo gathering, killing, and processing area used over 6,000 years from prehistoric times until historic times by Native Americans. The cliff structure used in the jump stands about 30 feet high and again runs for the better part of a mile. This property is a UNESCO World Heritage Site. The site is substantially undisturbed.

Ownership: The site is predominantly owned by the province of Alberta and administered by the Alberta Department of Culture and Multi-culturalism.

Development: The site was the object of over 10 years archaeological research and construction of a major Interpretive Centre. The Centre is built up the cliff over a portion of the jump site. It contains an 80-seat theater, five levels of exhibits, a cafeteria, and a gift shop. The Centre is supported by an 80-car permanent parking lot, an auxiliary lot for 150 cars, shuttle bus service to parking lots, and more than a mile of interpretive trails. Signing to the site can be seen on major Canadian routes #2 and #3.

Hours: The Centre is open year-around. Winter hours are 9:00 a.m. to 5:00 p.m. Summer hours are 9:00 a.m. to 8:00 p.m.

Staffing: Permanent winter staffing runs about 15 to 20 people, including maintenance employees. Summer staffing is about 70 people, including archaeologists continuing to work at the site and analyze materials found. All guides must speak Blackfoot.

Interpretation: The Centre offers a wide range of interpretive exhibits, a 10-minute introductory film, self-guided outside trails, and guides. Portions of the archaeological labs are visible to the public as is other archaeological work in progress.

Major Capital Improvements: The Centre represents a \$10 million dollar investment by the Province.

Visitation: 135,000 each of the last two years. The Centre just passed the half million visitation point since it opened in 1987.

Economic Impacts: Each staff position at Head-Smashed-In generates 1.6 private sector jobs. \$3.1 million dollars are pumped annually into the Fort McLeod economy.

SENATE TAXATION

EXHIBIT NO. 12

DATE 5/1/91

FILE 11/1/91



State Historic Preservation Office

Montana Historical Society

Mailing Address: 225 North Roberts • Helena, MT 59620-9990

Office Address: 102 Broadway • Helena, MT • (406) 444-7715

TESTIMONY IN SUPPORT OF HOUSE BILLS 386

Senate Taxation Committee

April 1, 1991

Mr. Chairman, Members of the Committee. I am Marcella Sherfy. I am Montana's State Historic Preservation Officer working within the Montana Historical Society.

The Montana Historical Society is in strong support of House Bill 386--one of several revenue measures introduced this session to provide stable, adequate funding for our Park System. In a nutshell, the Society finds the historical sites in state ownership at desperate risk and, at the same time, just around the corner from being one of our dramatic assets. We must, it seems to us, invest in our parks so that they will survive and provide the economic and educational return we seek for ourselves, as well as visitors.

The Society tries to help all Montanans who own significant historic and prehistoric sites understand and find appropriate ways to preserve those sites. In that mission, we work with private home owners, school districts, businesspeople, federal agencies---and with our own Montana state agencies. This particular year--based on 1989 legislative direction--the Society staffed the Historic Sites Study Commission. The Commission was created to assess the needs of historic parks in the state park system and make recommendations to this legislature on places such as Bannack, Pictograph Cave, and Ulm Pishkun.

So--based on what we know from our everyday work and from our participation in the Historic Sites Study Commission's work, we are in enthusiastic, strong support of the concerted effort being made this year to provide our Montana State Park System with an adequate funding base. Parks desperately need funds that can stabilize endangered historic buildings, protect archeological sites from ongoing vandalism, maintain buildings adequately once deterioration is slowed, provide a workable level of services and facilities, and begin systematic interpretation. So long as Montana fails to be a good steward of its own state historic parks, we set a dreadful example for local historical societies, private property owners, and even federal agencies who also care for wonderful resources. Perhaps most important, a state park system in desperation denies our dream of enticing visitors to Montana to enjoy our fascinating heritage.

I hang on tight to this wonderful magazine advertisement that appeared several years ago on Alaska: THE YUKON IS RICHER IN HISTORY THAN IT EVER WAS IN GOLD. That is, we think, more true of Montana than it is of Alaska. But our treasure of historic parks--in this Treasure State--has value only if we are willing to invest in professional care and interpretation of parks. Otherwise, we have only romantic, but remote, disintegrating, confusing remnants.

We urge your thorough, thoughtful consideration of this and other park revenue measures that you may have the opportunity to consider.

SENATE STANDING COMMITTEE REPORT

Page 1 of 1
April 1, 1991

MR. PRESIDENT:

We, your committee on Taxation having had under consideration Senate Bill No. 359 (first reading copy -- white), respectfully report that Senate Bill No. 359 be amended and as so amended do pass:

1. Title, lines 6 and 7.

Strike: "A" on line 6 through "PHYSICIAN" on line 7

Insert: "CERTAIN PHYSICIANS"

2. Title, line 7.

Strike: "COMMENCES"

Insert: "COMMENCE"

3. Title, line 8.

Following: "YEARS;"

Insert: "PROVIDING FOR REPAYMENT OF THE CREDIT;"

4. Page 2, line 5.

Strike: the second "50"

Insert: "30"

5. Page 2, line 7.

Following: "physician"

Insert: "who was supported by the state pursuant to an interstate compact for a professional education program in the fields of medicine or osteopathic medicine, as those terms are defined by the compact, and"

6. Page 2, line 11.

Following: "commences."

Insert: "To qualify for the credit provided in this section, the physician shall maintain his practice for at least 9 months of the taxable year in which the credit is claimed."

7. Page 2, line 13.

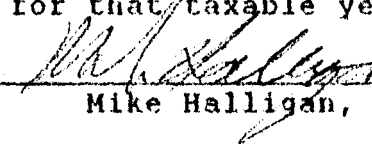
Following: "limitations"

Insert: "-- repayment"

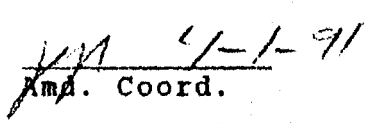
8. Page 2.

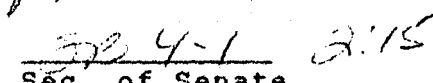
Following: line 24

Insert: "(3) If a physician ceases to practice in the rural area within 3 years following the taxable year in which the credit is allowed, the physician shall repay to the state the amount of the credit claimed for that taxable year."

Signed: 

Mike Halligan, Chairman

 4-1-91
Amd. Coord.

 4-1 2:15
Sec. of Senate

SENATE STANDING COMMITTEE REPORT

Page 1 of 2
April 1, 1991

MR. PRESIDENT:

We, your committee on Taxation having had under consideration Senate Bill No. 428 (first reading copy -- white), respectfully report that Senate Bill No. 428 be amended and as so amended do pass:

1. Title, lines 7 and 8.

Strike: "PROVIDING" on line 7 through "TAX;" on line 8

2. Title, line 8.

Following: "FOR"

Insert: "THE COLLECTION AND"

3. Page 1, line 12.

Strike: "Allocation"

Insert: "Cooperative agreement -- allocation"

4. 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 must provide that under conditions specified in this section, the state and the tribe will cooperate to collect only one tax that is at the same level as the tax outside the boundaries of the reservation and will share the revenue as provided in this section. The agreement must provide that the state and the tribe are not 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

5. Page 1, lines 19 and 20.

Strike: lines 19 and 20 in their entirety

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

6. Page 1, line 21 through page 2, line 11.

Strike: subsection (2) in its entirety

Renumber: subsequent subsection

7. Page 2, line 13.

Following: "(2)"

Insert: "and the amounts necessary for refunds"

8. Page 2.

Following: line 15

Insert: "NEW SECTION. Section 2. Tribal motor fuel administration account. (1) There is a special revenue account called the tribal motor fuel administration account.

(2) The administrative expenses and refund amounts deducted by the department of revenue under [section 1(3)] must be deposited in the tribal motor fuels tax administration account.

(3) The tribal motor fuel tax administration account may be expended by the department only for the purposes of administering the motor fuels tax and providing refunds under [section 1].

NEW SECTION. Section 3. Tribal motor fuels tax account. (1) There is a special revenue account called the tribal motor fuels tax account.

(2) The tax collected under [section 1], except the administrative expenses and refund amounts deducted under [section 1(3)], must be deposited in the tribal motor fuels tax account.

(3) The money in the motor fuels tax account must be disbursed to the tribe, as provided for in the agreement entered into pursuant to [section 1], on a quarterly basis."

Renumber: subsequent sections

9. Page 2.

Following: line 19

Insert: "NEW SECTION. Section 5. Coordination instruction. If Senate Bill No. 164 is passed and approved and if it includes a section that provides for the transfer of motor fuels tax functions to the department of transportation, then any reference to the department of revenue in [this act] is changed to the department of transportation."

Renumber: subsequent sections

Signed: _____

Mike Halligan, Chairman

41-91
Amd. Coord.

EP 41-1 12:45
Sec. of Senate

9. Page 6.

Following: line 8

Insert: "NEW SECTION. Section 3. Coordination instruction. If House Bill No. 764 is passed and approved and if it includes an allocation of 2 cents of the cigarette sales tax to the long-range building program fund for state veterans' nursing homes, the percentage allocation to the long-range building program fund in the capital projects fund is changed from 18.01% to 19.59% and the percentage allocation to the long-range building program fund for state veterans' nursing homes is changed from 11.10% to 9.52%."

Renumber: subsequent sections

10. Page 6, lines 9 through 11.


Strike: "If" on line 9 through "1993." on 11

Insert: "[This act] is effective July 1, 1991."

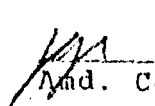
NEW SECTION. Section 5. Applicability. [This act] applies to cigarettes and other tobacco products sold and delivered to customers after June 30, 1991."

11. Page 8, line 12 through 24.

Strike: section 8 in its entirety

Signed: 

Mike Halligan, Chairman

 4-1-91
And. Coord.

EP 4-1 12:45
Sec. of Senate

9. Page 6.

Following: line 8

Insert: "NEW SECTION. Section 3. Coordination instruction. If House Bill No. 764 is passed and approved and if it includes an allocation of 2 cents of the cigarette sales tax to the long-range building program fund for state veterans' nursing homes, the percentage allocation to the long-range building program fund in the capital projects fund is changed from 18.01% to 19.59% and the percentage allocation to the long-range building program fund for state veterans' nursing homes is changed from 11.10% to 9.52%."

Renumber: subsequent sections

10. Page 6, lines 9 through 11.

Strike: "If" on line 9 through "1993." on 11

Insert: "[This act] is effective July 1, 1991."

NEW SECTION. Section 5. Applicability. [This act] applies to cigarettes and other tobacco products sold and delivered to customers after June 30, 1991."

11. Page 8, lines 12 through 24.

Strike: Section 8 in its entirety

Signed: _____

Mike Halligan, Chairman

41-91
And. Coord.

SP 4-1 12:45
Sec. of Senate

SENATE STANDING COMMITTEE REPORT

Page 1 of 2
April 1, 1991

MR. PRESIDENT:

We, your committee on Taxation having had under consideration Senate Bill No. 353 (first reading copy -- white), respectfully report that Senate Bill No. 353 be amended and as so amended do pass:

1. Title, lines 6 through 11.

Strike: "GUARANTEEING" on line 6 through "MONTANA;" on line 11

2. Title, line 11.

Strike: ", "

Insert: "AND"

3. Title, line 12.

Strike: "16-11-119,"

Following: "16-11-202"

Strike: ", 16-11-206, AND 17-5-408"

4. Title, line 13.

Following: "DATE"

Insert: "AND AN APPLICABILITY DATE"

5. Page 1, line 22.

Strike: "43"

Insert: "21"

6. Page 2, lines 1 through 18.

Strike: section 2 in its entirety

Renumber: subsequent sections

7. Page 3, line 15.

Strike: "25%"

Insert: "14.58%"

8. Page 3, line 20 through page 6, line 8.

Strike: sections 4 through 6 in their entirety

Renumber: subsequent sections

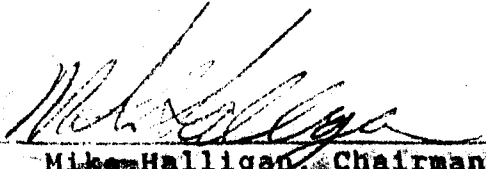
SENATE STANDING COMMITTEE REPORT

Page 1 of 1
April 1, 1991

MR. PRESIDENT:

We, your committee on Taxation having had under consideration Senate Bill No. 463 (first reading copy -- white), respectfully report that Senate Bill No. 463 be amended and as so amended do not pass:

1. Page 6, line 13.
Strike: "stated"
Insert: "state"

Signed: 

Mike Halligan, Chairman

191 4-1-91
And. Coord.

SB 4-1 12:45
Sec. of Senate

SENATE STANDING COMMITTEE REPORT

Page 1 of 1
April 1, 1991

MR. PRESIDENT:

We, your committee on Taxation having had under consideration Senate Bill No. 464 (first reading copy -- white), respectfully report that Senate Bill No. 464 be amended and as so amended do pass:

1. Page 6, line 11.

Strike: "production from"

Strike: "wells drilled"

Insert: "produced"

Signed: _____

Mike Halligan, Chairman

4-1-91
And. Coord.

SB 4-1 12:45
Sec. of Senate