

**MINUTES**

**MONTANA SENATE  
52nd LEGISLATURE - REGULAR SESSION**

**COMMITTEE ON TAXATION**

**Call to Order:** By Senator Mike Halligan, Chairman, on April 15, 1991, at 9:00 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:** This is the first meeting of April 15.

**EXECUTIVE ACTION ON HOUSE BILL 701**

**Motion:**

Jeff Martin said the bill needs to be reconsidered to insert coordinating instructions with HB 795. He said if HB 795 is the priority bill, the amendments which were put on HB 701 previously are no longer needed.

Senator Towe moved to reconsider action on HB 701.

The motion CARRIED.

Amendments, Discussion, and Votes:

Senator Towe moved to strip the previously adopted amendments to the bill and to adopt the amendments as per Exhibit #1. This has the effect of establishing HB 795 as the high priority bill.

The motion CARRIED with Senator Harp voting no.

Recommendation and Vote:

Senator Towe moved that HB 701 Be Concurred In As Amended with the coordinating amendments to HB 795.

The motion CARRIED.

EXECUTIVE ACTION ON HOUSE BILL 996Amendments, Discussion, and Votes:

Jeff Martin presented the proposed amendments Exhibit #2). The amendments provide a tax credit for taxes paid on retirement income in SB 226. An expanded definition of retirement income is also included in the amendments. The House adopted these same amendments and inserted them in 15-31-101, MCA.

Denis Adams, Director, Department of Revenue, said the retirement income definitions clarify the by statute what DOR does administratively. He said the definitions are not clear and have caused many disputes and appeals to the State Tax Appeals Board. He noted the bracketed amount (b), amendment #3, would be the amount designated in SB 226, either \$3600 or the amount specified in the final agreement on the bill.

Senator Van Valkenburg moved the adoption of the amendments as per Exhibit #2.

The motion CARRIED.

Recommendation and Vote:

Senator Van Valkenburg moved HB 795 Be Concurred in As Amended. He said the bill presents an historic opportunity for Montanans to substantially reform the state income tax system in a manner that provides a certain increase in equity in payment of taxes. There are definite changes and some uncertainty, but it is major tax reform which will benefit almost all of the taxpayers in the state.

Senator Harp said the bill shifts a \$75 million tax burden onto the upper level 10% of the taxpayers who already pay 56% of the taxes collected. He said the losers are not just the upper income taxpayers, but also the elderly and the retirement segment of the tax paying public. Deductions are lost. There is a \$6 million increase in taxes for those people who do not have retirement program. The interest exclusion is wiped out for the elderly.

Senator Towe referred to Exhibit #3, a comparison chart based on a percentage of federal liability. He said there are increases and decreases throughout the schedule. This bill is fairer, it raises the threshold from \$4000 to \$7000 for payment of taxes, and the returns are greatly simplified.

Senator Gage said the bill guarantees that the taxpayer will have to recalculate his federal taxes in order to arrive at his state tax.

Senator Thayer expressed concern that single households will be adversely affected.

Senator Halligan said it is a pro-family bill with child care tax credits built into it.

Senator Van Valkenburg said the federal tax system is more equitable than our current Montana tax system. He said the bill is an attempt to make the Montana tax system fairer and more understandable to the taxpayers.

The motion that HB 795 be concurred in as amended CARRIED on a roll call vote (attached).

#### EXECUTIVE ACTION ON HOUSE BILL 1007

#### Amendments, Discussion, and Vote:

Senator Van Valkenburg moved to adopt proposed amendments to the bill (Exhibit #4).

Senator Halligan allowed proponents and opponents to testify concerning the amendments.

#### Proponents:

Madelyn Quinlan, Office of Public Instruction, supported the amendments as providing the funding source for HB 982. She said OPI would support anything that would provide a 2% increase for the foundation program.

Eric Feaver, Montana Education Association, expressed support for the amendments.

Bruce Moerer, Montana School Boards Association, said this is the last chance for school funding. He said he sees the amendments as a continuation of the existing surtax.

Jess Long, School Administrators of Montana, said his organization supports the continuation of the 5% surcharge.

Opponents:

There were no opponents.

Questions by the Committee Members:

Senator Thayer asked Ms. Quinlan if it was true that the surtax expired last December.

Ms. Quinlan replied the surtax expired December 31, 1990.

Senator Thayer said this bill is a new tax rather than a continuation.

Senator Brown said the surtax is reimposed and there is no expiration date in the bill. In effect, this bill imposes a permanent 5% increase in the income tax.

Senator Van Valkenburg pointed out Senator Brown carried a 5% surtax bill for the university system. He said Montana needs money for schools and continuation of the surtax is the only way to provide that funding.

The motion to amend HB 1007 CARRIED on a roll call vote (attached).

Recommendation and Vote:

Senator Van Valkenburg moved HB 1007 Be Concurred In As Amended.

Senator Harp it is time to deal with priorities. Under the pay plan \$41 million has been spent over and above current level. House Bill 2 contains \$58 million more than current level spending including supplementals. In the Governor's pay plan, spending is \$28 million above current level and his budget is \$34 million above current level. The difference in spending is \$37 million and this bill would raise taxes by \$36 million. He said if priorities were different, both "things" could be accomplished without raising taxes.

Senator Van Valkenburg said the Governor established the priorities at the time he released the budget. He did not adequately fund education and provided only minimal help for the university system. Education has to be a high priority in Montana.

Senator Doherty said the issue of priorities has to be grounded in reality. He said he is very concerned about the present and future of institutions of higher learning in the state and the apparent unwillingness of the state to properly fund them. This is the vehicle which can fund the university system and concerned people have to reach an agreement without worrying about "making points" to provide the desperately needed funding.

Senator Towe said without this bill there will be a property tax increase in every district in the state as schools attempt to fund their increasing education costs. He felt that a vote against this bill is a vote for higher property taxes.

Senator Gage said the same people are affected whether it is by an income tax increase or a property tax increase. At least with the property tax the people are maintaining some local control.

Senator Van Valkenburg closed on his motion by saying this issue has been discussed since the Governor released his budget. The bottom line is that the foundation program must be increased to meet the educational funding needs of the schools in the state. He said this bill is the vehicle which will show the commitment of the committee members and the legislature to adequate education funding.

The motion that HB 1007 Be Concurred In As Amended CARRIED on a roll call vote (attached).

ADJOURNMENT

Adjournment At: 10:10 a.m.

  
\_\_\_\_\_  
SENATOR MIKE HALLIGAN, Chairman

  
\_\_\_\_\_  
JILL D. ROHYANS, Secretary

ROLL CALL

SENATE TAXATION COMMITTEE

DATE 4/12/91 9:00 am

72<sup>nd</sup> 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.

Amendments to House Bill No. 701  
Third Reading Copy

For the Committee on Taxation

Prepared by Jeff Martin  
April 12, 1991

1. Page 9.

Following: line 3

Insert: "NEW SECTION. Section 13. Coordination instruction. If House Bill No. 795 is passed and approved, then the clean coal technology demonstration fund created in 17-5-703(1)(b) of [this act] becomes 17-5-703(1)(c) and the code commissioner shall change references to the coal severance tax bond fund in [section 3(3) of this act] and [section 4(1) of this act] to the coal severance tax infrastructure fund."

Renumber: subsequent section

Amendments to House Bill No. 996  
Third Reading Copy

For the Committee on Taxation

Prepared by Greg Petesch  
April 11, 1991

1. Page 48, lines 21 and 22.

Following: "CHAPTER" on line 21

Strike: remainder of line 21 through "TAXPAYER" on line 22

2. Page 48, line 23.

Following: "(2)"

Insert: "(a)"

Following: "SECTION"

Insert: "for taxpayers whose filing status is single, married  
filing separately, or head of household"

3. Page 48, line 25.

Following: "INCOME."

Insert: "The amount of the credit may not exceed [4.5% of the  
amount of the exemption provided for in Senate Bill No.  
226].

(b) The amount of the credit for taxpayers filing jointly  
is 4.5% of the first [\$ ] of qualified retirement income earned  
by each person."

4. Page 49, lines 3 through 9.

Following: "(A)" on line 3

Strike: remainder of line 3 through "SYSTEM" on line 9

Insert: "systematic payments of a definitely determinable amount  
from a qualified pension plan, as that term is used in  
section 401 of the Internal Revenue Code, or systematic  
payments received as the result of contributions made to a  
qualified pension plan that are paid to the recipient or to  
the recipient's beneficiary upon the cessation of  
employment;

(b) payments received as the result of past service  
and cessation of employment in the uniformed services of the  
United States;

(c) lump-sum distributions from pension or profit-  
sharing plans to the extent that the distributions are included  
in federal adjusted gross income;

(d) distributions from individual retirement, deferred  
compensation, and self-employed retirement plans recognized under  
sections 401 through 408 of the Internal Revenue Code, to the  
extent that the distributions are not considered to be premature  
distributions for federal income tax purposes; or

(e) amounts after cessation of regular employment  
received from fully matured, privately purchased annuity  
contracts"



HB 996

SENATE JOURNAL

EXHIBIT NO. 3

DATE 4/15/91

BILL NO. HB 996

PERCENTAGE OF FEDERAL TAX LIABILITY

Total Income Bracket	Tax Increase greater than \$10	No. of Households	Average Tax Increase	Tax Decrease greater than \$10	No. of Households	Average Tax Decrease
\$ 0 - \$ 1,999		156	16.40		0	0
\$ 2,000 - \$ 3,999		156	74.61		0	0
\$ 4,000 - \$ 5,999		0	0	14,976	26.28	
\$ 6,000 - \$ 7,999		468	62.85	14,040	58.63	
\$ 8,000 - \$ 9,999		2,340	104.69	14,352	53.27	
\$ 10,000 - \$ 11,999		3,302	137.62	11,388	44.93	
\$ 12,000 - \$ 13,999		2,232	116.91	7,598	84.82	
\$ 14,000 - \$ 15,999		4,030	131.93	9,588	84.47	
\$ 16,000 - \$ 17,999		4,178	189.41	10,230	140.30	
\$ 18,000 - \$ 19,999		4,068	186.67	7,220	113.79	
\$ 20,000 - \$ 24,999		7,154	242.68	7,182	139.40	
\$ 25,000 - \$ 29,999		5,780	354.68	16,340	169.60	
\$ 30,000 - \$ 34,999		5,124	308.46	13,686	222.13	
\$ 35,000 - \$ 39,999		5,552	480.53	12,396	300.14	
\$ 40,000 - \$ 44,999		3,528	672.96	10,140	348.61	
\$ 45,000 - \$ 49,999		3,077	845.13	8,680	398.47	
\$ 50,000 - \$ 54,999		2,468	701.97	6,810	436.33	
\$ 55,000 - \$ 59,999		2,691	593.89	4,620	509.74	
\$ 60,000 - \$ 64,999		2,096	828.57	2,610	458.37	
\$ 65,000 - \$ 69,999		1,657	990.76	1,550	512.00	
\$ 70,000 - \$ 74,999		1,212	861.09	845	580.91	
\$ 75,000 - \$ 79,999		805	1036.90	560	593.03	
\$ 80,000 - \$ 89,999		1,178	1071.80	419	607.24	
\$ 90,000 - \$ 99,999		877	1481.21	573	723.95	
\$100,000 - \$109,999		548	1401.73	394	739.63	
\$110,000 - \$119,999		415	1988.57	215	866.15	
\$120,000 +		2,514	5945.56	179	960.17	
<b>Totals</b>		<b>67,606</b>	<b>647.36</b>	<b>177,128</b>	<b>190.43</b>	

Thomas E. Towe  
12 April, 1991

ROLL CALL VOTE

SENATE COMMITTEE ON TAXATION

Date 4/15 11:15 Bill No. 996 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	

Jim Ryan  
Secretary

Sen. Mike Halligan  
Chairman

Motion: by Senator Van Valkenburg  
that HB 996 be concurred  
in as amended

SENATE TAXATION  
EXHIBIT NO. 4  
DATE 4/15/91  
BILL NO. HB 1007

Amendments to House Bill No. 1007  
Third Reading Copy

Requested by Senator Van Valkenburg  
For the Committee on Taxation

Prepared by Dave Bohyer  
April 15, 1991

- 1. Title, line 8.  
Following: "FOR"  
Insert: "ELEMENTARY, SECONDARY, AND"
- 2. Title, line 9.  
Following: "TO"  
Insert: "THE SCHOOL FOUNDATION PROGRAM"
- 3. Title, line 10.  
Strike: "SECTION"  
Insert: "SECTIONS 15-1-501,"  
Following: "15-31-121"  
Insert: "AND 20-9-343"
- 4. Page 1, line 17.  
Strike: "2%"  
Insert: "5%"
- 5. Page 1, line 19.  
Strike: "The"  
Insert: "Of the"  
Following: "section"  
Insert: ", 40%"
- 6. Page 1, line 20.  
Following: "fund"  
Insert: "and 60% must be deposited in the state special revenue fund for state equalization aid as described in 20-9-343"
- 7. Page 1, line 25.  
Strike: "6.885%"  
Insert: "6 3/4%"
- 8. Page 2, line 7.  
Strike: "7.14%"  
Insert: "7%"
- 9. Page 2, lines 15 through 18.  
Following: "~~state.~~"  
Strike: the remainder of line 15 through "fund." on line 18  
Insert: "After the amount of tax liability has been computed under subsections (1) through (3), each corporation subject to taxation under this part shall add, as a surtax for tax year 1988, 4% of the tax liability, and the amount so

derived is the amount due the state.

(5)(a) After the amount of tax liability has been computed under subsections (1) through (3), each corporation subject to taxation under this part shall add, as a surtax, 5% of the tax liability, and the amount so derived is the amount due the state.

(b) Of the amount of revenue collected from the surtax imposed under subsection (5)(a), 40% must be deposited in the state general fund and 60% must be deposited in the state special revenue fund for state equalization aid as described in 20-9-343."

10. Page 2.

Following: line 18

Insert: "Section 3. Section 15-1-501, MCA, is amended to read:

"15-1-501. Disposition of money from certain designated license and other taxes. (1) The state treasurer shall deposit to the credit of the state general fund all money received by him from the collection of:

(a) fees from driver's licenses, motorcycle endorsements, and duplicate driver's licenses as provided in 61-5-121;

(b) electrical energy producer's license taxes under chapter 51;

(c) severance taxes allocated to the general fund under chapter 36;

(d) liquor license taxes under Title 16;

(e) telephone company license taxes under chapter 53; and

(f) inheritance and estate taxes under Title 72, chapter 16.

(2) All (a) Except as provided in [section 1] and subsections (2)(b) and (2)(c), all money received from the collection of income taxes under chapter 30 of this title must be deposited as follows:

~~(a) 57% in fiscal year 1990 and 50% in fiscal year 1991, to the credit of the state general fund;~~

~~(b) 9.8% in fiscal year 1990 and 8.7% in fiscal year 1991, to the credit of the debt service account for long-range building program bonds as described in 17-5-408; and~~

~~(c) 33.2% in fiscal year 1990 and 41.3% in fiscal year 1991, to the credit of the state special revenue fund for state equalization aid to the public schools of Montana as described in 20-9-343~~ 40% of all money received from the surtax imposed by [section 1] must be deposited to the state general fund; and

(c) 60% of all money received from the surtax imposed by [section 1] must be deposited to the state special revenue fund for state equalization aid as described in 20-9-343.

(3) All Except as provided in 15-31-121(5) and subsections (3)(b) and (3)(c), all money received from the collection of corporation license and income taxes under chapter 31 of this title, except as provided in 15-31-702, must be deposited as follows:

~~(a) 64% in fiscal year 1990 and 61% in fiscal year 1991, to the credit of the state general fund;~~  
~~(b) 11% in fiscal year 1990 and 10.5% in fiscal year 1991, to the credit of the debt service account for long-range building program bonds as described in 17-5-408; and~~  
~~(c) 25% in fiscal year 1990 and 28.5% in fiscal year 1991, to the credit of the state special revenue fund for state equalization aid to the public schools of Montana as described in 20-9-343~~ 40% of all money received from the surtax imposed by 15-31-121(5) must be deposited to the state general fund; and

(c) 60% of all money received from the surtax imposed by 15-31-121(5) must be deposited to the state special revenue fund for state equalization aid as described in 20-9-343.

(4) The state treasurer shall also deposit to the credit of the state general fund all money received by him from the collection of license taxes, fees, and all net revenues and receipts from all other sources under the operation of the Montana Alcoholic Beverage Code.

(5) After the distribution provided for in 15-36-112, the remainder of the oil severance tax collections must be deposited in the general fund.

**Section 4.** Section 20-9-343, MCA, is amended to read:

**"20-9-343. Definition of and revenue for state equalization aid.** (1) As used in this title, the term "state equalization aid" means the money deposited in the state special revenue fund as required in this section plus any legislative appropriation of money from other sources for distribution to the public schools for the purposes of payment of guaranteed tax base aid and equalization of the foundation program.

(2) The superintendent of public instruction may spend funds appropriated for state equalization aid as required for guaranteed tax base aid and foundation program purposes throughout the biennium.

(3) The following must be paid into the state special revenue fund for state equalization aid to public schools of the state:

(a) money received from the collection of income taxes under chapter 30 of Title 15, including 60% of the surtax imposed by [section 1], as provided by 15-1-501;

(b) except as provided in 15-31-702, money received from the collection of corporation license and income taxes under chapter 31 of Title 15, including 60% of the surtax imposed by 15-31-121(5), as provided by 15-1-501;

(c) money allocated to state equalization from the collection of the severance tax on coal;

(d) money received from the treasurer of the United States as the state's shares of oil, gas, and other mineral royalties under the federal Mineral Lands Leasing Act, as amended;

(e) interest and income money described in 20-9-341 and 20-9-342;

E1 #4

(f) money received from the state equalization aid levy under 20-9-360;

(g) income from the lottery, as provided in 23-5-1027;

(h) the surplus revenues collected by the counties for foundation program support according to 20-9-331 and 20-9-333;

(i) investment income earned by investing money in the state equalization aid account in the state special revenue fund; and

(j) 15% of the income and earnings of all coal severance tax funds as provided in 17-5-704(2).

(4) The superintendent of public instruction shall request the board of investments to invest the money in the state equalization aid account to maximize investment earnings to the account.

(5) Any surplus revenue in the state equalization aid account in the second year of a biennium may be used to reduce any appropriation required for the next succeeding biennium.""

Renumber: subsequent sections

11. Page 4, line 23.

Following: "1"

Strike: "and 2"

Insert: "through 4"

ROLL CALL VOTE

SENATE COMMITTEE ON TAXATION

Date 4/15 HB Bill No. 1007 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 Rhyan  
Secretary

Sen. Mike Halligan  
Chairman

Motion: by Sen. Van Valkenburg that  
HB 1007 be amended by 46

ROLL CALL VOTE

SENATE COMMITTEE ON TAXATION

Date 4/19 HB Bill No. 1007 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	

Zill Robinson  
Secretary

Sen. Mike Halligan  
Chairman

Motion: by Sen. Van Valkenburg  
that HB 1007 be considered  
as amended



SENATE STANDING COMMITTEE REPORT

Page 1 of 1  
April 15, 1991

MR. PRESIDENT:

We, your committee on Taxation having had under consideration House Bill No. 701 (third reading copy -- blue), respectfully report that House Bill No. 701 be amended and as so amended be concurred in:

1. Page 9.

Following: line 3

Insert: "NEW SECTION. Section 13. Coordination instruction. If House Bill No. 795 is passed and approved, then the clean coal technology demonstration fund created in 17-5-703(1)(b) of [this act] becomes 17-5-703(1)(c) and the code commissioner shall change references to the coal severance tax bond fund in [section 3(3) of this act] and [section 4(1) of this act] to the coal severance tax infrastructure fund."

Renumber: subsequent section

Signed: \_\_\_\_\_

Mike Halligan, Chairman

*JMA* 4-15-91  
Ad. Coord.

*SP* 4-15  
Sec. of Senate

MR. PRESIDENT:

We, your committee on Taxation having had under consideration House Bill No. 996 (third reading copy -- blue), report that House Bill No. 996 be amended and as so amended be concurred in:

1. Page 48, lines 21 and 22.

Following: "CHAPTER" on line 21

Strike: remainder of line 21 through "TAXPAYER" on line 22

2. Page 48, line 23.

Following: "(2)"

Insert: "(a)"

Following: "SECTION"

Insert: "for taxpayers whose filing status is single, married filing separately, or head of household"

3. Page 48, line 25.

Following: "INCOME."

Insert: "The amount of the credit may not exceed [4.5% of the amount of the exemption provided for in Senate Bill No. 226].

(b) The amount of the credit for taxpayers filing jointly is 4.5% of the first [\$ ] of qualified retirement income earned by each person."

4. Page 49, lines 3 through 9.

Following: "(A)" on line 3

Strike: remainder of line 3 through "SYSTEM" on line 9

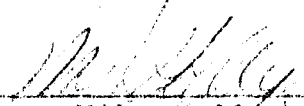
Insert: "systematic payments of a definitely determinable amount from a qualified pension plan, as that term is used in section 401 of the Internal Revenue Code, or systematic payments received as the result of contributions made to a qualified pension plan that are paid to the recipient or to the recipient's beneficiary upon the cessation of employment;

(b) payments received as the result of past service and cessation of employment in the uniformed services of the United States;

(c) lump-sum distributions from pension or profit-sharing plans to the extent that the distributions are included in federal adjusted gross income;

(d) distributions from individual retirement, deferred compensation, and self-employed retirement plans recognized under sections 401 through 408 of the Internal Revenue Code, to the extent that the distributions are not considered to be premature distributions for federal income tax purposes; or

(e) amounts after cessation of regular employment received from fully matured, privately purchased annuity contracts"

Signed: 

Mike Halligan, Chairman

Sec. of Sen.

SENATE STANDING COMMITTEE REPORT

Page 1 of 4  
April 15, 1991

MR. PRESIDENT:

We, your committee on Taxation having had under consideration House Bill No. 1007 (third reading copy -- blue), respectfully report that House Bill No. 1007 be amended and as so amended be concurred in:

1. Title, line 8.

Following: "FOR"

Insert: "ELEMENTARY, SECONDARY, AND"

2. Title, line 9.

Following: "TO"

Insert: "THE SCHOOL FOUNDATION PROGRAM AND"

3. Title, line 10.

Strike: "SECTION"

Insert: "SECTIONS 15-1-501,"

Following: "15-31-121"

Insert: ", AND 20-9-343"

4. Page 1, line 17.

Strike: "2%"

Insert: "5%"

5. Page 1, line 19.

Strike: "The"

Insert: "Of the"

Following: "section"

Insert: ", 40%"

6. Page 1, line 20.

Following: "fund"

Insert: "and 60% must be deposited in the state special revenue fund for state equalization aid as described in 20-9-343"

7. Page 1, line 25.

Strike: "6.885%"

Insert: "6 3/4%"

8. Page 2, line 7.

Strike: "7.14%"

Insert: "7%"

9. Page 2, lines 15 through 18.

Following: "~~state~~" on line 15

Strike: the remainder of line 15 through "fund." on line 18

Insert: "After the amount of tax liability has been computed under subsections (1) through (3), each corporation subject to taxation under this part shall add, as a surtax for tax year 1988, 4% of the tax liability, and the amount so derived is the amount due the state.

(5)(a) After the amount of tax liability has been computed under subsections (1) through (3), each corporation

subject to taxation under this part shall add, as a surtax, 5% of the tax liability, and the amount so derived is the amount due the state.

(b) Of the amount of revenue collected from the surtax imposed under subsection (5)(a), 40% must be deposited in the state general fund and 60% must be deposited in the state special revenue fund for state equalization aid as described in 20-9-343."

10. Page 2.

Following: line 18

Insert: "Section 3. Section 15-1-501, MCA, is amended to read:

"15-1-501. Disposition of money from certain designated license and other taxes. (1) The state treasurer shall deposit to the credit of the state general fund all money received by him from the collection of:

(a) fees from driver's licenses, motorcycle endorsements, and duplicate driver's licenses as provided in 61-5-121;

(b) electrical energy producer's license taxes under chapter 51;

(c) severance taxes allocated to the general fund under chapter 36;

(d) liquor license taxes under Title 16;

(e) telephone company license taxes under chapter 53;

and

(f) inheritance and estate taxes under Title 72, chapter 16.

(2) ~~All Except as provided in [section 1] and subsections (2)(a) and (2)(b) of this section, all money received from the collection of income taxes under chapter 30 of this title must be deposited as follows:~~

~~(a) 57% in fiscal year 1990 and 50% in fiscal year 1991, to the credit of the state general fund;~~

~~(b) 9.8% in fiscal year 1990 and 8.7% in fiscal year 1991, to the credit of the debt service account for long-range building program bonds as described in 17-5-408; and~~

~~(c) 33.2% in fiscal year 1990 and 41.3% in fiscal year 1991, to the credit of the state special revenue fund for state equalization aid to the public schools of Montana as described in 20-9-343~~ (a) 40% of all money received from the surtax imposed by [section 1] must be deposited to the state general fund; and

(b) 60% of all money received from the surtax imposed by [section 1] must be deposited to the state special revenue fund for state equalization aid as described in 20-9-343.

(3) ~~All Except as provided in 15-31-121(5) and~~

subsections (3)(a) and (3)(b) of this section, all money received from the collection of corporation license and income taxes under chapter 31 of this title, except as provided in 15-31-702, must be deposited as follows:

~~(a) 64% in fiscal year 1990 and 61% in fiscal year 1991, to the credit of the state general fund;~~

~~(b) 11% in fiscal year 1990 and 10.5% in fiscal year 1991, to the credit of the debt service account for long-range building program bonds as described in 17-5-408; and~~

~~(c) 25% in fiscal year 1990 and 28.5% in fiscal year 1991, to the credit of the state special revenue fund for state equalization aid to the public schools of Montana as described in 20-9-343~~ (a) 40% of all money received from the surtax imposed by 15-31-121(5) must be deposited to the state general fund; and

(b) 60% of all money received from the surtax imposed by 15-31-121(5) must be deposited to the state special revenue fund for state equalization aid as described in 20-9-343.

(4) The state treasurer shall also deposit to the credit of the state general fund all money received by him from the collection of license taxes, fees, and all net revenues and receipts from all other sources under the operation of the Montana Alcoholic Beverage Code.

(5) After the distribution provided for in 15-36-112, the remainder of the oil severance tax collections must be deposited in the general fund."

Section 4. Section 20-9-343, MCA, is amended to read:

"20-9-343. Definition of and revenue for state equalization aid. (1) As used in this title, the term "state equalization aid" means the money deposited in the state special revenue fund as required in this section plus any legislative appropriation of money from other sources for distribution to the public schools for the purposes of payment of guaranteed tax base aid and equalization of the foundation program.

(2) The superintendent of public instruction may spend funds appropriated for state equalization aid as required for guaranteed tax base aid and foundation program purposes throughout the biennium.

(3) The following must be paid into the state special revenue fund for state equalization aid to public schools of the state:

(a) money received from the collection of income taxes under chapter 30 of Title 15, including 60% of the surtax imposed by [section 1], as provided by 15-1-501;

(b) except as provided in 15-31-702, money received

from the collection of corporation license and income taxes under chapter 31 of Title 15, including 60% of the Surtax imposed by 15-31-121(5), as provided by 15-1-501;

(c) money allocated to state equalization from the collection of the severance tax on coal;

(d) money received from the treasurer of the United States as the state's shares of oil, gas, and other mineral royalties under the federal Mineral Lands Leasing Act, as amended;

(e) interest and income money described in 20-9-341 and 20-9-342;

(f) money received from the state equalization aid levy under 20-9-360;

(g) income from the lottery, as provided in 23-5-1027;

(h) the surplus revenues collected by the counties for foundation program support according to 20-9-331 and 20-9-333;

(i) investment income earned by investing money in the state equalization aid account in the state special revenue fund; and

(j) 15% of the income and earnings of all coal severance tax funds as provided in 17-5-704(2).

(4) The superintendent of public instruction shall request the board of investments to invest the money in the state equalization aid account to maximize investment earnings to the account.

(5) Any surplus revenue in the state equalization aid account in the second year of a biennium may be used to reduce any appropriation required for the next succeeding biennium."

Renumber: subsequent sections

11. Page 4, line 23.

Following: "1"

Strike: "and 2"

Insert: "through 4"

Signed: \_\_\_\_\_

Mike Halligan, Chairman

*373 4-15-91*  
Amd. Coord.

*373 4-15 11:45*  
Sec. of Senate