

**MINUTES**

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

**COMMITTEE ON TAXATION**

**Call to Order:** By Senator Mike Halligan, Chairman, on April 15, 1991, at 1:15 p.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 second meeting of April 15.

**EXECUTIVE ACTION ON HJR 24**

**Amendments, Discussion, and Votes:**

Jeff Martin presented amendments (Exhibit #1) which correct the amount assumed for collection of income tax audits. The amendment does not affect the estimates.

Senator Towe moved the amendments as per Exhibit #1.

The motion CARRIED unanimously.

Senator Van Valkenburg moved the amendments as per Exhibit #2. The amendments conform the income tax distribution to SB 17 provisions. SB 17 earmarked a certain percentage of income tax collections for the foundation program. The amendments do not

change the revenue estimates.

The motion CARRIED unanimously.

Senator Gage said the Montana Oil Prices (as estimated in the resolution, page 4, line 22) are off based on production of a million barrels. He said oil prices are currently near \$17 per barrel. He said further that we would be fortunate to average \$18 per barrel in 1992 and even in 1993.

The committee agreed that the prices might be off somewhat from the current price, but felt the difference would be worked out in a conference committee if the House is concerned about the discrepancy in prices reflected in the resolution.

Senators Brown and Thayer both expressed concern with the high price of oil reflected in the bill. They felt the prices should be adjusted.

Senator Towe replied it is necessary to get the bill out of committee today in order to meet the deadline for transmittal. He said no one from the Legislative Fiscal Analyst or the Office of Budget and Program Planning has come in and requested a revision of the figures.

#### Recommendation and Vote:

Senator Van Valkenburg moved HJR 24 Be Concurred In As Amended.

The motion CARRIED with Senators Gage and Thayer voting no.

#### EXECUTIVE ACTION ON HOUSE BILL 795

#### Amendments, Discussion, and Votes:

Senator Towe moved to adopt the Harper amendments (Exhibit #3). He noted the amendments remove the 3/4 vote. He said amendment #10 is the most significant and reduces the bonding authority back to \$150 million which is current law. That, in effect, eliminates the 3\4 vote because there is no further tapping of the trust fund. The projects would have to come back for a 3\4 vote in the next biennium.

The motion CARRIED unanimously.

Senator Harp moved to adopt amendments to reinsert the stricken language on page 7, lines 9 - 13 and the Bachini amendments (Exhibit #4).

Senator Eck asked if the criteria for grants and/or low interest loans takes into consideration the capacity of local governments to finance the projects.

Senator Towe said that is covered in the bill.

Senator Van Valkenburg noted nothing will be done until 1994 even if the amendments are adopted.

The motion was divided. The motion to amend page 7, lines 9 - 13 CARRIED on a roll call vote.

The motion to adopt the Bachini amendments was withdrawn.

Recommendation and Vote:

Senator Towe moved HB 795 Be Concurred In As Amended.

The motion CARRIED with Senator Gage voting no.

ADJOURNMENT

Adjournment At: 1:50 p.m.

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

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

MH/jdr

ROLL CALL

SENATE TAXATION COMMITTEE

DATE 4/15 1:15 pm

52<sup>nd</sup> LEGISLATIVE SESSION

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

Each day attach to minutes.

Amendments to House Joint Resolution No.  
Third Reading Copy

For the Committee on Taxation

Prepared by Jeff Martin

April 15, 1991

1. Page 4, line 19.

Strike: "\$9.428"

Insert: "\$10.786"

Strike: "\$8.930"

Insert: "\$11.266"

Strike: "\$9.431"

Insert: "\$11.767"

Strike: "\$9.954"

Insert: "\$12.290"

2. Page 8, line 3.

Strike: "1.197000"

Insert: "1.298000"

## Amendment to HJR 24

Page 7, line 7

Strike:	\$305.411000	\$323.470000
Insert:	\$181.720000	\$192.465000

Page 7, line 8

Strike:	\$53.645000	\$52.879000
Insert:	\$32.723000	\$32.256000

Page 8, line 21

Strike:	\$0	\$0
Insert:	\$97.121000	\$102.863000

Page 8, line 22

Strike:	\$0	\$0
Insert:	\$9.326000	\$9.193000

This amendment makes HJR 24 consistent with SB 17, which has passed both houses. SB 17 allocates 59.5% of individual income tax to the general fund and 31.8% to the school foundation program. It also allocates 61% of corporation license tax to the general fund and 28.5% to the foundation program. The remaining percentages are allocated to debt service.

Amendments to House Bill No. 795  
Corrected Second Reading Copy

Requested by Representative Harper  
For the Committee of the Whole

Prepared by Greg Petesch  
April 2, 1991

1. Title, line 10.

Following: line 9

Insert: "CREATING A SPECIAL REVENUE ACCOUNT FOR INTEREST EARNED ON THE COAL SEVERANCE TAX INFRASTRUCTURE FUND; MAKING INTEREST IN THE SPECIAL REVENUE ACCOUNT AVAILABLE FOR SUBSIDIES TO LOCAL INFRASTRUCTURE PROJECTS;"

Following: "AUTHORIZING"

Strike: "THE CREATION OF A STATE DEBT THROUGH"

2. Page 1, line 23.

Insert: " STATEMENT OF INTENT

A statement of intent is required for this bill because [section 1] delegates rulemaking authority to the department of commerce to administer the Montana Community Infrastructure Act. This bill is intended to provide local governments with two cost-effective alternative methods of financing infrastructure projects that enhance the quality of life and protect the health, safety, and welfare of Montana's citizens and that support long-term, stable economic growth and job creation by keeping Montana competitive with nearby states by providing for the public infrastructure necessary for economic growth."

3. Page 1, line 25.

Following: line 24

Insert: "

NEW SECTION. Section 1. Montana Community Infrastructure Act -- powers and duties of department. (1) This section and [sections 7 through 11] may be cited as the "Montana Community Infrastructure Act".

(2) The Montana Community Infrastructure Act must be administered by the department of commerce. The department shall adopt rules to administer [sections 7 through 11]. The rules must include but not be limited to establishing criteria and procedures for:

- (a) determining the eligibility of local government entities for the community infrastructure program;
- (b) determining the eligibility of specific projects;
- (c) ensuring that local governments fund their infrastructure projects by local debt when possible;
- (d) determining the amount of principal and interest payments available for infrastructure projects funded through loans from the coal severance tax bond fund program; and
- (e) determining the amount of interest subsidy available

for local infrastructure projects funded by bonds issued pursuant to Title 17, chapter 5, part 16."

Renumber: subsequent sections

4. Page 2, line 25.

Following: "fund"

Insert: "necessary to meet the obligations provided for in [section 9(3)]"

5. Page 3, line 1.

Following: "."

Insert: "Any remaining interest must be deposited in the coal severance tax infrastructure fund until the fund generates at least \$10 million in interest annually."

6. Page 3, line 2.

Following: "available"

Insert: "from the special revenue account"

7. Page 3, line 4.

Following: "AND"

Insert: "interest payments on"

8. Page 4, line 4.

Strike: "6"

Insert: "7"

Strike: "10"

Insert: "11"

9. Page 5, line 1.

Strike: "6"

Insert: "7"

Strike: "10"

Insert: "11"

10. Page 5, line 18.

Strike: "\$450"

Insert: "\$250"

11. Page 7, lines 1 and 2.

Strike: "6"

Insert: "7"

Strike: "10"

Insert: "11"

12. Page 7, line 18.

Strike: "7(1)"

Insert: "8(1)"

13. Page 7, line 23.

Following: "governor"

Insert: ", prioritized pursuant to subsection (2)"

Following: "."

Insert: "The governor shall review the projects recommended by the department of commerce under this section and the



projects recommended by the department of natural resources and conservation under Title 85, chapter 1, part 6, and shall submit a list of recommended projects to the legislature."

14. Page 7, line 25.

Strike: "BY"

Insert: "be"

15. Page 8, line 2.

Following: "1"

Insert: "A local government entity infrastructure project may not be funded through the issuance of coal severance tax bonds unless the local government entity cannot fund the project through bonds issued pursuant to Title 17, chapter 5, part 16."

16. Page 8, line 12.

Strike: "6"

Insert: "7"

Strike: "10"

Insert: "11"

17. Page 9, line 10.

Strike: "6"

Insert: "7"

Strike: "10"

Insert: "11"

18. Page 9, line 18.

Strike: "6"

Insert: "7"

Strike: "10"

Insert: "11"

19. Page 23, line 10.

Strike: "7"

Insert: "8"

20. Page 23, lines 11 through 15.

Strike: section 13 in its entirety

Renumber: subsequent section

Amendments to House Bill No. 795  
Third Reading Copy

Requested by Representative Bachini  
For the Committee on Taxation

Prepared by Greg Petesch  
April 9, 1991

1. Title, line 15.

Following: ";"

Insert: "PROVIDING FOR GRANTS FROM THE COAL SEVERANCE TAX  
INFRASTRUCTURE FUND FOR PUBLIC BUILDINGS;"

2. Page 3, line 7.

Following: line 6

Insert: "(4) The state treasurer shall transfer money from the coal severance tax infrastructure fund to the department in the amount authorized by the legislature to carry out each grant for a public building project as provided in [section 7(3)]. The funding for the grant must be approved by a three-fourths vote of each house of the legislature."

3. Page 7, line 9.

Strike: "OR"

4. Page 7, line 14.

Following: "BRIDGES" on line 14

Insert: "; or

(e) public buildings, as defined in 37-65-102.

(3) A local government, referred to in subsection (1), or state government, including the university system, may apply for a grant for a public building project as provided in subsection (2)(e)"

5. Page 10, line 12.

Following: line 11

Insert: "NEW SECTION. Section 12. State building projects. (1)

The department of administration shall assess the current use and condition of state buildings and develop a plan for the improvement and construction of public buildings for state government, including the university system. The plan must emphasize capital improvement and the expansion of existing buildings and must be designed to provide for the longest and best use of existing buildings. The construction of new buildings must receive a lower priority than improvement of existing buildings.

(2) The plan must identify improvement or expansion projects on a project-by-project basis and must include the estimated cost of each project. The department shall prioritize the projects according to the buildings most in need of improvement or expansion. A list of the projects proposed for funding must be presented to each regular

Ex #4

session of the legislature, and funding must be approved by a three-fourths vote of each house of the legislature.

(3) The state treasurer shall transfer money from the coal severance tax infrastructure fund to the department of administration to carry out each project in the amount authorized by the legislature."

Renumber: subsequent sections

ROLL CALL VOTE

SENATE COMMITTEE ON TAXATION

Date 9/19/91 HB Bill No. 795 Time 1:43 pm

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 Robinson  
Secretary

Sen. Mike Halligan  
Chairman

Motion: by Senator Harp to reinsert  
stricken language on page 7, lines  
9-13.

SENATE STANDING COMMITTEE REPORT

Page 1 of 1  
April 15, 1991

MR. PRESIDENT:

We, your committee on Taxation having had under consideration House Joint Resolution No. 24 (third reading copy -- blue), respectfully report that House Joint Resolution No. 24 be amended and as so amended be concurred in:

1. Page 4, line 19.

Strike: "\$9.428"

Insert: "\$10.786"

Strike: "\$8.930"

Insert: "\$11.266"

Strike: "\$9.431"

Insert: "\$11.767"

Strike: "\$9.954"

Insert: "\$12.290"

2. Page 7, line 7.

Strike: "\$305.411000"

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Insert: "\$192.465000"

3. Page 7, line 8.

Strike: "53.645000"

Insert: "32.723000"

Strike: "52.879000"

Insert: "32.256000"

4. Page 8, line 3.

Strike: "1.197000"

Insert: "1.298000"

5. Page 8, line 21.

Strike: the first "\$0.000000"

Insert: "\$97.121000"

Strike: the second "\$0.000000"

Insert: "\$102.863000"

6. Page 8, line 22.

Strike: the first "0.000000"

Insert: "9.326000"

Strike: the second "0.000000"

Insert: "9.193000"

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

Mike Halligan, Chairman

*4-15-91*  
And. Coord.

*SP 4-15 2:15*  
Sec. of Senate

MR. PRESIDENT:

We, your committee on Taxation having had under consideration House Bill No. 795 (third reading copy -- blue), respectfully report that House Bill No. 795 be amended and as so amended be concurred in:

1. Title, line 10.

Following: line 9

Insert: "CREATING A SPECIAL REVENUE ACCOUNT FOR INTEREST EARNED ON THE COAL SEVERANCE TAX INFRASTRUCTURE FUND; MAKING INTEREST IN THE SPECIAL REVENUE ACCOUNT AVAILABLE FOR SUBSIDIES TO LOCAL INFRASTRUCTURE PROJECTS;"

Following: "AUTHORIZING"

Strike: "THE CREATION OF A STATE DEBT THROUGH"

2. Page 1, line 23.

Insert: " STATEMENT OF INTENT

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Renumber: subsequent sections

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Insert: "Any remaining interest must be deposited in the coal  
severance tax infrastructure fund until the fund generates  
at least \$10 million in interest annually."

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10. Page 5, line 18.

Strike: "\$450"

Insert: "\$250"

11. Page 7, lines 1 and 2.

Strike: "6"

Insert: "7"

Strike: "10"

Insert: "11"

12. Page 7, line 9.

Strike: "OR"

13. Page 7, line 15.

Following: "BRIDGES" on line 14

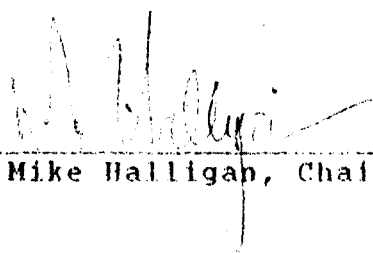
Insert: "(e) transportation systems"

(f) telecommunications and other high technology  
systems for education; or

(g) other public works projects the department of  
commerce determines to be in the public interest

22. Page 23, lines 11 through 15.  
Strike: section 13 in its entirety  
Renumber: subsequent section

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

  
Mike Halligan, Chairman

*JM 4-15-91*  
\_\_\_\_\_  
Amd. Coord.

*SB 4-15 3:15*  
\_\_\_\_\_  
Sec. of Senate