

MINUTES

MONTANA SENATE 53rd LEGISLATURE - REGULAR SESSION

COMMITTEE ON TAXATION

Call to Order: By Chairman Mike Halligan, on January 15, 1993,
at 8:09 a.m.

ROLL CALL

Members Present:

Sen. Mike Halligan, Chair (D)
Sen. Dorothy Eck, Vice Chair (D)
Sen. Bob Brown (R)
Sen. Steve Doherty (D)
Sen. Delwyn Gage (R)
Sen. Lorents Grosfield (R)
Sen. Spook Stang (D)
Sen. Tom Towe (D)
Sen. Fred Van Valkenburg (D)
Sen. Bill Yellowtail (D)

Members Excused: Sen. John Harp

Members Absent: None

Staff Present: Jeff Martin, Legislative Council
Bonnie Stark, Committee Secretary

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

Committee Business Summary:

Hearing: SB 47, SB 126, SB 127
Executive Action: SB 126, SB 127
Discussion On: SJR 7

HEARING ON SB 127

Opening Statement by Sponsor:

Senator Barry "Spook" Stang, representing Senate District #26, presented Senate Bill 127. This bill requires a petroleum dealer who is not licensed by the Department of Transportation under Title 15, Chapter 70 or 71, M.C.A., to file quarterly reports on fuel received and sold during the quarter, and provides for an effective date upon passage and approval.

Senator Stang reported the Montana Department of Transportation is required to refund taxes collected on fuel consumed by enrolled Tribal members on the individual's Reservation. Several Tribes have requested refunds to enrolled members and in order to be reimbursed for actual amounts due, it is necessary for an unlicensed gasoline dealer to report its actual sales to the Department of Transportation. Without an audit capability, the Department is forced into giving an automatic refund when, after audit, a reduced, or no, refund is appropriate.

Proponents' Testimony:

Bill Salisbury, Administrator, Administration Division of the Montana Department of Transportation, appeared and presented his written testimony in support of Senate Bill 127, which is attached to these minutes as Exhibit No. 1. Mr. Salisbury explained that the Department of Transportation cannot make the refunds to the Tribal members due to lack of reporting information. As a result, the Tribal Government has asked the Department to collect the data from independent petroleum dealers on Tribal lands so these refunds can be made.

Mr. Salisbury presented amendments to Senate Bill 127 which make it permissive for the Department of Transportation to obtain the data. Amendments to Senate Bill 127 are attached to these minutes as Exhibit No. 2. The amendments allow the Department the flexibility to audit petroleum dealers only when it is necessary.

Opponents' Testimony:

None.

Informational Testimony:

None.

Questions From Committee Members and Responses:

Senator Towe declared that he is counsel for the Crow Tribe and has negotiated a Fuel Users Agreement with the Crow Tribe.

Closing by Sponsor:

Senator Stang closed by saying he believes passage of this bill would give the Department of Transportation the tool needed in its negotiations with the Tribes. He suggested if the committee wanted to leave the penalty provision in the bill, it could change "shall" to "may" which would allow the Department of Transportation to use its discretion in enforcing the law.

HEARING ON SB 126Opening Statement by Sponsor:

Senator Barry "Spook" Stang, representing Senate District #26, presented Senate Bill 126. This bill limits the time period in which a request for a refund or credit can be made for special fuel taxes or for a temporary permit fee, amends Section 15-70-329, M.C.A., and provides an applicability date to taxes and permit fees paid on or after October 1, 1993. This bill would require that a request for refund or credit be made within three years from the date of the payment for which a refund or credit is claimed. This would alleviate the problem of someone applying for refund of a payment made several years earlier, when Department of Transportation records are no longer available.

Proponents' Testimony:

Bill Salisbury, Administrator, Administration Division of the Montana Department of Transportation, stated this bill would allow the Department to keep the audit provisions in line with refund requests.

Opponents' Testimony:

None.

Informational Testimony:

None.

Questions From Committee Members and Responses:

None.

Closing by Sponsor:

Senator Stang did not offer any additional closing comments.

EXECUTIVE ACTION ON SB 126Motion:

Senator Eck moved a Do Pass recommendation on SB 126.

Amendment:

Senator Gage amended the motion by inserting the word "a" between the words "receive" and "refund" on line 15.

Vote:

Motion carried, as amended.

EXECUTIVE ACTION ON SB 127**Motion:**

Senator Towe moved a Do Pass recommendation with the amendments listed on the attached "Amendments to Senate Bill No. 127 First Reading Copy".

Vote:

Motion carried, as amended.

HEARING ON SB 47**Opening Statement by Sponsor:**

Senator Cecil Weeding, representing Senate District #14, presented Senate Bill 47, and "Amendments to Senate Bill No. 47, First Reading Copy", which is attached to these minutes as Exhibit No. 3. This bill, as amended, would extend a \$2,500.00 per year tax credit against individual income to primary care physician assistants-certified, nurse practitioners, nurse midwives, and certified registered nurse anesthetists who commence practice in a rural area. It would allow the tax credit for each year of practice in a rural area, provides an immediate effective date, and a retroactive applicability date to tax years beginning after December 31, 1992.

This bill also provides a new section defining active practices, health care practitioner, primary care, and rural area. The definition for rural area is a health professional shortage area as designated by the United States Public Health Service, Office of Shortage Designations.

Senator Weeding said the \$2,500.00 figure is a tax credit and not an income tax deduction. The purpose of this bill is to encourage and maintain health care in the deficient areas, and the tax credit is to remain as long as the area remains a declared health professional shortage area. Studies indicate there are 35 or more counties still needing primary health care professionals.

Proponents' Testimony:

Jim Reid, representing the Montana Academy of Physicians Assistants, appeared and emphasized specific differences in this bill as opposed to that of the physician credit bill. He said that at the time an area should lose the designation of a health professional shortage area (rural area by U.S. Public Health Service standards), the tax credit could no longer be extended to the health care providers. He urged passage of this bill as amended.

Barbara Booher, Executive Director of the Montana Nurses Association, appeared as representative of the approximately 1400 registered nurses in the state, to encourage passage of this bill as amended. She believes this bill would encourage recruitment and retention of health care providers in under-served areas. At present, 42 nurse specialists (28 nurse practitioners, 10 certified nurse anesthetists, and 4 certified nurse midwives), are currently serving in health-provider shortage areas, with an average salary of \$35,000.00 and \$45,000.00 per year. Ms. Bouher estimates approximately 30 to 35 of the current practitioners would be eligible for the tax incentive as proposed by Senate Bill 47.

Diane Wickham, Executive Director of the Montana State Board of Nursing, spoke in favor of this bill as amended. Ms. Wickham said nurse specialists have prescriptive authority, provide high quality primary care, and are independent health care practitioners who are able to provide primary care in areas without physicians.

Paulette Kohman, Executive Director of the Montana Council of Maternal and Child Health, encouraged passage of this bill as amended. Ms. Kohman presented a written testimony in support of Senate Bill 47, attached to these minutes as Exhibit No. 4.

Randy Spear, Past President of the Montana Academy of Physicians Assistants, encouraged support of Senate Bill 47 as amended. Mr. Spear said there are currently about 60 physician assistants in the state, 30 of them within health provider shortage areas. Fourteen of these physician assistants are sole community providers, and in four or five counties, the physician assistants are the only health care providers in the entire county. Annual salaries average from \$40,000.00 to \$50,000.00. Mr. Spear suggested changing the amendments in Senate Bill 47, by substituting "non-physician provider" for "health care practitioner", and in Section 6 (3), change "family practice medical" to "health care", which would standardize the language at the National and state level.

Opponents' Testimony:

None.

Informational Testimony:

None.

Questions From Committee Members and Responses:

Upon questioning by Senator Gage and Senator Eck, Diane Wickham stated that most nurse practitioners have a Master's Degree in their specialty, and by mid-1995, all nurse specialists will be required to have a Master's Degree. Ms. Wickham also

said there is an additional licensure required for nurse practitioners above the Registered Nurse licensing.

Senator Towe and Senator Doherty expressed concerns of several committee members about future requests to expand the tax credit to dentists, physical therapists, chiropractors, naturopaths, acupuncturists and other health-related areas, or teachers, grocers, and others. Senator Weeding replied that this was a concern of the bill supporters and this bill was narrowed to physician assistants-certified who are primary care providers. Jim Reid replied this bill is limited to primary care and basic medical services that are needed to maintain people in good health, monitor medical conditions, and to initially evaluate, assess and stabilize people before transferring to higher level care, if needed.

Closing by Sponsor:

Senator Weeding closed by saying the intent of the bill with amendments is to entice new practitioners into the state which would generate additional incomes in the long run.

DISCUSSION ON SJR 7

Senator Gage reported talking to Governor Racicot regarding SJR 7 calling for an Interim Study Committee to study privatization of state liquor stores, and the Governor said it was agreeable with his office to go ahead with the appointment of an Interim Study Committee, however, his office does not have the personnel to staff such a study and would request that the council provide the staff. Senator Gage has requested a list from Mark Staples of the people who were included in the previous study commissioned by Governor Stephens.

Senator Eck asked if non-legislative persons could serve on an Interim Study Committee. Legislative Council Staff member Jeff Martin said the Resolution could specify non-legislative members to serve on the Interim Study Committee, however, there is no way these non-legislative members could be compensated for participating on that committee.

Senator Halligan said that since the makeup of the former Governor's study commission seemed to work, this committee could write the Governor requesting the former commission be re-instated. Further discussion will be held in executive session.

AGRICULTURAL VALUATIONS


Mick Robinson, Director of the Montana Department of Revenue, introduced Randy Wilke, Bureau Chief of the Appraisal/Assessment Division of the Property Assessment Division, Department of Revenue. Mr. Wilke briefed the committee on agricultural valuations. Attached to these minutes as Exhibit

No. 5, is a Report of the Department of Revenue Agricultural Land Advisory Committee. Attached as Exhibit No. 6 is an Agricultural Land Taxation in Montana Summary.


ADJOURNMENT

Adjournment:

The meeting adjourned at 10:00 a.m.



Mike Halligan, Chair



Bonnie Stark, Secretary

MH/bjs

ROLL CALL

SENATE COMMITTEE TAXATION

DATE 1-15-93

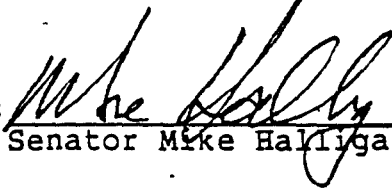
NAME	PRESENT	ABSENT	EXCUSED
Sen. Halligan, Chair	✓		
Sen. Eck, Vice Chair	✓		
Sen. Brown	✓		
Sen. Doherty	✓		
Sen. Gage	✓		
Sen. Grosfield	✓		
Sen. Harp			✓
Sen. Stang	✓		
Sen. Towe	✓		
Sen. Van Valkenburg	✓		
Sen. Yellowtail	✓		

SENATE STANDING COMMITTEE REPORT

Page 1 of 1
January 15, 1993

MR. PRESIDENT:

We, your committee on Taxation having had under consideration Senate Bill No. 126 (first reading copy -- white), respectfully report that Senate Bill No. 126 be amended as follows and as so amended do pass.

Signed: 

Senator Mike Halligan, Chair

That such amendments read:

1. Page 1, line 15.
Following: "receive"
Insert: "a"


-END-

SENATE STANDING COMMITTEE REPORT

Page 1 of 1
January 15, 1993

MR. PRESIDENT:

We, your committee on Taxation having had under consideration Senate Bill No. 127 (first reading copy -- white), respectfully report that Senate Bill No. 127 be amended as follows and as so amended do pass.

Signed: 

Senator Mike Halligan, Chair

That such amendments read:

1. Title, line 5.

Strike: "REQUIRING"

Insert: "ALLOWING THE DEPARTMENT OF TRANSPORTATION TO REQUIRE"

2. Title, lines 6 and 7.

Strike: "OF" on line 6 through "TRANSPORTATION" on line 7

3. Page 1, lines 13 and 14.

Strike: "Within" on line 13 through "quarter," on line 14

Insert: "The department of transportation may require"

4. Page 1, line 15.

Strike: "of transportation"

5. Page 1, line 16.

Strike: "shall"

Insert: "to"

Following: "file"

Insert: ", within 30 days of the end of a quarter,"

6. Page 1, line 23.

Strike: "to a consumer"

7. Page 1, line 25.

Following: "(CNG)"

Insert: "to a consumer"

-END-

Date: January 15, 1993

SENATE BILL 127

SUBMITTED BY: WILLIAM SALISBURY, ADMINISTRATOR
ADMINISTRATION DIVISION
MONTANA DEPARTMENT OF TRANSPORTATION

"AN ACT ALLOWING THE DEPARTMENT OF TRANSPORTATION TO REQUEST AN UNLICENSED PETROLEUM DEALER WHO IS NOT LICENSED UNDER TITLE 15, CHAPTER 70 OR 71, MCA, TO FILE QUARTERLY REPORTS ON FUEL RECEIVED AND SOLD DURING THE QUARTER".

Allows the Montana Department of Transportation to request all unlicensed petroleum dealers to report all petroleum sales to the Montana Department of Transportation in compliance with signed tribal governments cooperative agreement as provided in 15-70-234 and to aid in determining petroleum products destination and usage. Effective January 1, 1994.

The Montana Department of Transportation appears before this committee to offer our support for Senate Bill 126.

In 1992 the Montana Department of Transportation signed Tribal Government Cooperative Agreements with four reservations, as provided in 15-70-234, MCA. These agreements require the Montana Department of Transportation to refund taxes collected on fuel consumed by enrolled tribal members on the individual's reservation. This distribution currently is based on an average per capita usage. Several reservations have requested a refund for a percentage of fuel sold on the reservation to enrolled members. In order to reimburse the Tribal Government for actual amounts due, it is necessary for every unlicensed gasoline dealer to report its actual sales to the Montana Department of Transportation. Non-discrimination clauses require Senate Bill 126 to affect the entire State of Montana.

The individual reports by unlicensed gasoline dealers will also aid in determining gasoline distribution and usage within the state.

The Montana Department of Transportation urges this committee to give this proposal a do-pass recommendation.

SENATE TAXATION

EXHIBIT NO. 2

DATE 1-15-93

BILL NO. 127

January 15, 1992

Subject: Amendments to Senate Bill 127

Submitted by: William Salisbury, Administrator
Administration Division
Montana Department of Transportation

Montana Department of Transportation amendments to Senate Bill 126 are as follows:

(1) AMEND TITLE

1. P.1, line 5

after act, insert:
"allowing the department
of transportation to
request an unlicensed"

2. P.1, line 65

strike: "requiring a"

(2) INSERT AND STRIKE

1. P.1, line 13

strike: "penalty"
after (1), insert: "The
department of
transportation may
require"

2. P.1, line 16

strike: "shall"
Insert: "to"

3. P.2, line 5

strike: lines 5 through 8

Amendments to Senate Bill No. 47
First Reading Copy

Requested by Senator Weeding
For the Committee on Taxation

Prepared by Jeff Martin
January 14, 1993

1. Title, line 4.

Strike: "EXTENDING THE \$5,000"

Insert: "PROVIDING A \$2,500"

2. Title, line 5.

Following: "CERTAIN"

Insert: "PRIMARY CARE"

3. Title, line 6.

Following: "ASSISTANTS-CERTIFIED"

Insert: ", NURSE PRACTITIONERS, NURSE MIDWIVES, AND CERTIFIED
REGISTERED NURSE ANESTHETISTS"

4. Title, line 7.

Strike: "4 SUCCESSIVE YEARS"

Insert: "EACH YEAR OF PRACTICE IN A RURAL AREA"

5. Title, lines 8 through 9.

Strike: "PROVIDING" on line 8 through "MCA;" on line 9

6. Pages 1 through 3.

Strike: everything following the enacting clause

Insert: "NEW SECTION. Section 1. Credit for health care
practitioners practicing in a rural area -- definitions. For
the purposes of [sections 1 through 3] the following
definitions apply:

(1) "Actively practices" means providing full-time primary
health care by a health practitioner to the general public
including recipients of medical assistance under title 53.

(2) "Health care practitioner" means a physician assistant-
certified, a nurse practitioner, a nurse midwife, or a certified
registered nurse anesthetist.

(3) "Primary care" means the provision of family practice
medical services to patients of all ages.

(4) "Rural area" means a health professional shortage area
designated by the United States public health service, office of
shortage designations.

NEW SECTION. Section 2. Tax credit for health care
practitioner practicing in rural area. A health care practitioner
who actively practices primary care in a rural area in Montana is
entitled to a credit against taxes imposed by 15-30-103 in an
amount of \$2,500 a year for each year in which the health care
practitioner maintains a full-time practice for at least 9 months
of the taxable year for which the credit is claimed.

NEW SECTION. Section 3. Credit for health care practitioner
in a rural area -- limitations. (1) Except as provided in

subsection (2), the tax credit authorized in [section 2] is to be deducted from the taxpayer's income tax liability beginning in the taxable year in which the health care practitioner commences practice in a rural area or, for a health care practitioner in practice in a rural area on [the effective date of this act] for the current taxable year.

(2) (a) A tax credit authorized in [section 2] may not be claimed as a carryback or carryforward and may not be refunded if there is no tax liability.

(b) A tax credit authorized in [section 2] may not be used for any taxable year in which the health care practitioner ceases to practice or does not actively practice in a rural area.

NEW SECTION. Section 4. Codification instruction. [Sections 1 through 3] are intended to be codified as an integral part of Title 15, chapter 30, part 1, and the provisions of Title 15, chapter 30, part 1, apply to [sections 1 through 3].

NEW SECTION. Section 5. Effective date -- retroactive applicability. [This act] is effective on passage and approval and applies retroactively, within the meaning of 1-2-109, to tax years beginning after December 31, 1992."

Montana Council for Maternal and Child Health

54 N. Last Chance Gulch • Helena, MT 59601 • 443-1674

Testimony before the Senate Taxation Committee
In Support of SB 47
January 15, 1993

The Montana Council for Maternal and Child Health supports the extension of tax credits as incentives to mid-level practitioners in medically underserved areas of Montana, with the amendment to include nurse practitioners along with physician assistants. Montana's rural areas are increasingly reliant on both categories of primary and specialty providers, as physician supplies diminish.

If Montana is to achieve universal access to health care in the future, mid-level practitioners will assume an even larger role, as a greater number of people become eligible for health care services they now do without.

Certified Nurse-Midwives, in particular, have made significant inroads to the problem of access to obstetrical care in Montana, a particular concern of the Montana Council for Maternal and Child Health. At the Elizabeth Seton Clinic at St. Vincent's Hospital and Health Care Center, hundreds of low income women have received excellent prenatal care and delivery services, reducing the number of emergency room births and improving the outcomes of births in the Billings area substantially.

We urge you to support SB 47, as amended.



Paulette Kohman
Executive Director

REPORT
OF THE
DEPARTMENT OF REVENUE
AGRICULTURAL LAND ADVISORY COMMITTEE



RECOMMENDATIONS ON AGRICULTURAL
LAND VALUATION IN MONTANA

AGRICULTURAL LAND TAXATION IN MONTANA

Bill No. Briefing by
Dept. of Revenue

SUMMARY

* Approximately 51½ million privately owned acres are classified as agricultural land in Montana.

* In 1992, the tax on agricultural land was over \$ 40.5 million.

* Agricultural land taxation consists of 2 parts:

1. Classification -

The determination of production or yield for each acre of taxable agricultural land.

2. Valuation -

The determination of agricultural land valuation schedules. The application of those valuation schedules to each acre of taxable agricultural land.

* The criteria for classifying property as agricultural are:

1. Parcels of land 20 acres or more under one ownership are taxed as agricultural land.
2. Parcels of land less than 20 acres under one ownership are taxed as agricultural land if they produce \$1,500 in annual gross income from the raising of livestock, poultry, field crops, fruit, and other animal vegetable matter for food or fiber.
3. Land is not valued as agricultural if it is subdivided with stated restrictions prohibiting its use for agricultural purposes.

* The formula for valuation of agricultural land is: $V = I / R$

V is the value of each type of agricultural land,

I is the net income of each type of agricultural land,

R is the capitalization rate. That rate converts the net income estimate into an estimate of productive value.

* Issues of Concern:

1. Proposed agricultural land valuation schedules
 - Options - Make no changes to current law
 - Freeze existing schedules
 - Adopt new valuation schedules
 - (i) Water Costs

The original is stored at the Historical Society at 225 North Roberts Street, Helena, MT 59620-1201. The phone number is 444-2694.

DATE 1-15-93

SENATE COMMITTEE ON Taxation

BILLS BEING HEARD TODAY: SB47, 126, 127

Name	Representing	Bill No.	Check One	
			Support	Oppose

Dianne Wickham	Board of Nursing	47	✓	
Bill Salisbury	Dept of Trans.	SB26120	✓	
Cindy Andees	Dept of TRANS	1364127	✓	
Tom Ebzery	St. Vincent Hospital	47	✓	
Barb Boothe	Mt. Nurses Assoc	SB47	✓	
Randy Spear	M A P A	SB47	✓	
James Reid	M A P A	SB47	✓	
Paulette Kohman	Mt Council Mat Ch Hth	SB47	✓	
Jim Ahrens	Mt Hospital Assn.	SB47	✓	

VISITOR REGISTER

PLEASE LEAVE PREPARED STATEMENT WITH COMMITTEE SECRETARY

Amendments to Senate Bill No. 127
First Reading Copy

For the Committee on Taxation

Prepared by Jeff Martin
January 15, 1993

1. Title, line 5.

Strike: "REQUIRING"

Insert: "ALLOWING THE DEPARTMENT OF TRANSPORTATION TO REQUIRE"

2. Title, lines 6 and 7.

Strike: "OF" on line 6 through "TRANSPORTATION" on line 7

3. Page 1, lines 13 and 14.

Strike: "Within" on line 13 through "quarter," on line 14

Insert: "The department of transportation may require that"

4. Page 1, line 15.

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