

MINUTES

**MONTANA HOUSE OF REPRESENTATIVES
53rd LEGISLATURE - REGULAR SESSION**

COMMITTEE ON TAXATION

Call to Order: By **CHAIRMAN BOB GILBERT**, on February 5, 1993, at 8:15 a.m.

ROLL CALL

Members Present:

Rep. Bob Gilbert, Chairman (R)
Rep. Mike Foster, Vice Chairman (R)
Rep. Dan Harrington, Minority Vice Chairman (D)
Rep. Shiell Anderson (R)
Rep. John Bohlinger (R)
Rep. Ed Dolezal (D)
Rep. Jerry Driscoll (D)
Rep. Jim Elliott (D)
Rep. Gary Feland (R)
Rep. Marian Hanson (R)
Rep. Hal Harper (D)
Rep. Chase Hibbard (R)
Rep. Vern Keller (R)
Rep. Ed McCaffree (D)
Rep. Bea McCarthy (D)
Rep. Tom Nelson (R)
Rep. Scott Orr (R)
Rep. Bob Raney (D)
Rep. Bob Ream (D)
Rep. Rolph Tunby (R)

Members Excused: None

Members Absent: None

Staff Present: Lee Heiman, Legislative Council
Jill Rohyans, Committee Secretary

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

Committee Business Summary:

Hearing: HB 353, HB 325, HB 402
Executive Action: HB 353 Table, HB 402 Do Pass,
HB 154 Do Not Pass As Amended, HB 196 Do Pass As
Amended, HJR 3 Do Pass As Amended, HB 322 No Final
Action, SB 138 Be Concurred In, HB 363 Do Pass

HEARING ON HOUSE BILL 353

Opening Statement by Sponsor:

REP. DAVE WANZENRIED, HD 7, Kalispell, said Legislative Council Attorney, David Niss, had informed him that there are three constitutional problems with the bill regarding school trust lands. He said he would prefer to have the Committee table the bill.

EXECUTIVE ACTION ON HOUSE BILL 353

Motion/Vote: REP. TOM NELSON MOVED HB 353 BE TABLED. Motion carried unanimously.

HEARING ON HOUSE BILL 325

Opening Statement by Sponsor:

REP. WILLIAM "RED" MENAHAN, HD 67, Anaconda, said HB 325 establishes a mechanism for taxation of superfund sites. He presented proposed amendments to the Committee EXHIBIT 1.

Proponents' Testimony:

Gene Vuckovich, First Vice President, Montana League of Cities and Towns, Executive Board Member of the Montana Association of Counties, and City/County Manager of Anaconda/Deer Lodge County, presented his testimony in support of the bill EXHIBIT 2.

Opponents' Testimony:

Dan White, ARCO, expressed opposition to the bill. He said he would like to review the proposed amendments and respond at a later date.

Russ Ritter, Montana Resources, said his organization opposes the bill. He said he prefers HB 801 from last session .

Gary Langley, Executive Director, Montana Mining Association, said his organization opposes the bill.

Questions From Committee Members and Responses:

REP. HARPER asked Mr. White why ARCO is opposed to the bill.

Mr. White said he had no specific instructions from ARCO regarding the bill. ARCO is currently in the middle of good faith negotiations with Montana and the Environmental Protection

Agency (EPA) regarding clean-up of superfund sites. He said passage of more legislation would interfere with those negotiations. He said he hopes to have more specific testimony from ARCO.

REP. RANEY asked **Mr. Vuckovich** if he had objections to including state superfund property in the amendments which address superfund sites.

Mr. Vuckovich replied he supports including all polluted property in the state in the legislation.

REP. DRISCOLL asked how the land is currently valued.

Mr. Vuckovich said land is valued from 82 cents to \$1500 an acre based on either Class 3 or Class 4 property. The average is \$142 an acre. Some sites, such as the old smelter hill in Anaconda, comprised of 300-600 acres, are valued at \$1200 an acre. The Anaconda, Warm Springs, and Opportunity ponds areas are valued at \$200 an acre. A large part of the 17,000 acres in the Anaconda/Deer Lodge area are valued at one dollar an acre. These figures are all based on taxable value. He said a clean-up incentive would be established by setting the average market value of industrial sites throughout the county as the taxable valuation of the land until the cleanup is accomplished.

Dave Nielson, Department of Revenue (DOR), presented proposed technical amendments to the bill. The amendments clarify the difference between determining market value for land and for improvements as explained in **EXHIBIT 3**. He noted the Department of Health and Environmental Sciences (DHES) will need rule-making authority to determine site boundaries.

REP. RANEY asked at what point boundaries are established in the superfund cleanup process.

Steve Pilcher, DHES, said the boundaries cannot be established until the remedial investigation is completed. He said it could take as long as one or two years in some cases.

A discussion of polluted property sites, determination methods, disputed and undisputed properties, and appeals procedures followed.

REP. DRISCOLL suggested an amendment that would state if any portion of a delineated parcel of land is polluted, the whole parcel would be considered polluted for tax purposes.

Mr. Nielson said that would be very helpful.

REP. TUNBY asked why incentives are needed. He said he understood the cleanup mandate is already in the law.

Mr. Vuckovich said the superfund cleanup law is the most complicated law in existence. He said they have been working on site determinations and cleanup in Anaconda for the last ten years. He said Mill Creek is an example. The property was closed off and everyone was moved out. The agricultural designation has been lost as well as the tax income to the county. The property has been dead in the water for years. These amendments would help free up the productive land and move the process along more rapidly.

Closing by Sponsor:

REP. MENAHAN said the mill in Deer Lodge County was worth \$24,000 ten years ago. Today it is worth \$8500. He said they have lost a great deal of their tax base to the cleanup restrictions. They are open to negotiation, but nothing is happening. This bill would go a long way to establishing a cooperative agreement that would enable the county to recoup some of its tax base while the cleanup continues.

HEARING ON HOUSE BILL 402

Opening Statement by Sponsor:

REP. BILL STRIZICH, HD 41, Great Falls, was unable to attend the hearing. The bill was presented by REP. JERRY DRISCOLL, HD 92, Billings, who said HB 402 "makes less bookkeeping".

Proponents' Testimony:

Cort Harrington, Montana County Treasurer's Association, said delinquent property taxes must be held on the books for ten years before they can be stricken from the county records. Experience has shown that if the personal property tax is not collected within two years, and there is no way to seize the property and sell it, the tax will never be collected. There is no reason to keep it on the books for ten years. HB 402 gives County Commissioners the discretion of striking the delinquent personal property taxes from the books after five years. The only exception would be if there were a bankruptcy proceeding which was staying the collection of taxes. The exception is included in the bill. He noted this bill applies to personal property taxes exclusively.

Opponents' Testimony: None

Questions From Committee Members and Responses: None

Closing by Sponsor: REP. DRISCOLL closed.

EXECUTIVE ACTION ON HOUSE BILL 402

Motion/Vote: REP. ELLIOTT MOVED HB 402 DO PASS. Motion carried unanimously.

EXECUTIVE ACTION ON HOUSE BILL 154

Motion: REP. HARPER MOVED HB 154 DO PASS.

Motion: REP. HARPER MOVED THE ADOPTION OF THE AMENDMENTS CONTAINED IN EXHIBIT 4.

Discussion: REP. HARPER said the amendments ensure that no information other than the specific information about the taxpayer is provided.

Vote: Motion to adopt the amendments carried unanimously.

Motion: REP. HARPER MOVED HB 154 DO PASS AS AMENDED.

Discussion: REP. ELLIOTT said he sees no reason for the bill since the information can be gotten through a court order.

REP. DRISCOLL said if you want to get a court order you have to pay a lawyer.

REP. HARRINGTON said if you win a case, you should not have to get a court order for the requested information.

REP. TUNBY said there was only one proponent at the hearing on the bill, while several people spoke in opposition.

REP. HARRINGTON said the bill endeavored to slow down the legal process somewhat to give the taxpayer easier access to the information.

Vote: Motion that HB 154 Do Pass As Amended failed 12 - 8 on a roll call vote.

Motion: REP. RANEY MOVED TO RECONSIDER ACTION ON HB 154.

Discussion: REP. RANEY said this is a bill that ensures taxpayers' rights. He said he did not understand why the Committee killed the bill except for the court order issue.

CHAIRMAN GILBERT said a motion to reconsider is a non-debatable motion.

REP. RANEY withdrew his reconsideration motion.

In answer to a question by **REP. HARPER, CHAIRMAN GILBERT** said the Do Pass As Amended motion failed. According to revised rules of the Legislature, the bill comes out of Committee with a Do Not Pass As Amended recommendation with the vote reversed.

Motion: **REP. BOHLINGER MOVED HB 154 BE TABLED.**

Following a discussion of procedural options, **REP. BOHLINGER** withdrew his motion to table the bill. HB 154 will be reported out of Committee with a Do Not Pass As Amended recommendation on a 12 - 8 vote.

EXECUTIVE ACTION ON HOUSE BILL 196

Motion: **REP. DRISCOLL MOVED HB 196 DO PASS.**

Motion: **REP. DRISCOLL MOVED ADOPTION OF THE AMENDMENTS CONTAINED IN EXHIBIT 5.**

Discussion: **REP. DRISCOLL** said the bill provides for property tax reimbursement to local governments. The amendments cap the dollar amount of reimbursement at 1993 levels.

Vote: Motion to adopt amendments carried unanimously.

Motion: **REP. DRISCOLL MOVED HB 196 DO PASS AS AMENDED.**

Discussion: **REP. RANEY** asked if the property would depreciate each year, and if so, why should the reimbursement remain the same.

REP. DRISCOLL said the property would be depreciating and currently the state is paying more than some property is worth. He pointed out the percentage has been cut from 12% to 9% so the increase under current law is eliminated.

REP. FOSTER said this issue was not well addressed in the special session and this seems to be a very workable solution.

REP. DRISCOLL asked **Ms. Rippingale, DOR**, how DOR feels about the bill with the amendments.

Ms. Rippingale said she did not have any strong objections to the amendments, but noted it is not the same housekeeping bill that was introduced. Due to the considerable changes, she felt it would be better if the bill did not say it was introduced "at the request of the Department of Revenue".

Motion/Vote: **REP. DRISCOLL MOVED TO REMOVE THE DEPARTMENT OF REVENUE FROM THE BILL.** Motion carried unanimously.

Vote: Motion that HB 196 Do Pass As Amended carried unanimously.

EXECUTIVE ACTION ON HOUSE JOINT RESOLUTION 3

Motion: REP. FOSTER MOVED HJR 3 DO PASS.

Motion: REP. FOSTER MOVED TO ADOPT THE AMENDMENTS AS CONTAINED IN EXHIBIT 6.

Discussion: CHAIRMAN GILBERT said Terry Johnson had said it is difficult to determine any trend at all in withholding income at this time. He asked Mr. Johnson to explain the amendments.

Terry Johnson, Chief Legislative Fiscal Analyst, said the amendments reflect changes in the "other revenue sources within state general fund" component of the revenue estimating bill. The Department of State Lands will be receiving a federal payment for fire reimbursements from last summer in the amount of \$441,000. The amendments reflect the revenue change in the adjusted totals.

Vote: Motion to adopt the proposed amendments carried unanimously.

Motion: REP. FOSTER MOVED HJR 3 DO PASS AS AMENDED.

Discussion: REP. McCAFFREE asked for an explanation of the decrease in coal tax credits on page 6.

Mr. Johnson said the credits are being phased-out due to action in a prior legislative session. The fiscal year 1993 credits are the last year any credits will be allowed.

REP. DRISCOLL asked about video gaming revenues.

Mr. Johnson said in fiscal year 1993 the surtax is influencing the amount of the collections. In addition, one-third of the tax goes to the general fund; two-thirds goes to local governments.

Vote: Motion that HJR 3 Do Pass As Amended carried with REP. ELLIOTT voting no.

EXECUTIVE ACTION ON HOUSE BILL 322

Motion: REP. FELAND MOVED HB 322 DO PASS.

Motion: REP. FELAND MOVED ADOPTION OF AMENDMENTS AS CONTAINED IN EXHIBIT 7.

Discussion: CHAIRMAN GILBERT said the Revenue Oversight Committee is not using West Texas Intermediate Crude as a base price anymore because Montana lags behind that price by about three months.

REP. FELAND said that is why the trigger price is set at \$28 a barrel. West Texas Intermediate Crude at \$25 equals Montana crude at \$28.

CHAIRMAN GILBERT said it bothers him that DOR is using West Texas when ROC decided several years ago to base the trigger on actual Montana price.

Both **Ms. Rippingale** and **Mr. Johnson** said the differential is appropriate and would reflect fairly accurately the actual Montana price.

Motion: **REP. DRISCOLL** MOVED TO SEGREGATE AMENDMENTS 2 AND 5 EXHIBIT 7. The motion to segregate does not require a vote.

Discussion: **REP. FELAND** said amendments 2 and 5 simply set the trigger price at \$28 for West Texas and \$25 for Montana. This sets the base at the level it has been in the past.

CHAIRMAN GILBERT asked if there was any discussion on amendments 1, 3, 4, 6, 7, 8.

REP. DRISCOLL asked why ROC had decided not to use the West Texas price for the benchmark.

CHAIRMAN GILBERT said ROC had based its crude oil revenue estimates on the West Texas price two sessions ago. The estimates proved to be too high because Montana runs behind the West Texas price. For the revenue estimating process to be as accurate as possible, ROC decided to use actual Montana price for the estimating basis and, last session, the estimate figures were very close to actual receipts. He said he is comfortable with using the \$28 -\$25 differential.

Vote: Motion to adopt amendments as contained in EXHIBIT 7 with amendments 2 and 5 segregated carried unanimously.

Motion: **REP. FELAND** MOVED THE ADOPTION OF AMENDMENTS 2 AND 5 EXHIBIT 7.

Discussion: **REP. RANEY** said he foresees a significant loss of revenue for the state in this bill. He said he would vote against the amendments because setting an arbitrary figure will make a great deal of difference in future biennium revenue collections.

REP. FELAND said stripper production is the determining factor and there is an extremely narrow profit margin left after local government severance taxes and resource indemnity trust fund taxes are taken out. The \$25 figure is not unrealistic. Exploration and new drilling comes from out-of-state companies. Rules that are set and unchanging will help attract those companies.

Vote: Motion to adopt amendments 2 and 5 carried with REP.s DRISCOLL, RANEY, HARRINGTON, and McCARTHY voting no.

Motion: REP. FELAND MOVED HB 322 DO PASS AS AMENDED.

Discussion: Discussion concerned the impact of the amendments on the fiscal note and severance tax figures and subsequent reduction in revenue to both the state and local governments.

Motion: REP. ELLIOTT made a substitute motion that HB 322 Do Not Pass As Amended.

Discussion: REP. FOSTER suggested holding further action on the bill in order for Mr. Johnson to present updated fiscal information to the Committee.

EXECUTIVE ACTION ON SENATE BILL 138

Motion: REP. ELLIOTT MOVED SB 138 BE CONCURRED IN.

Discussion: REP. McCAFFREE asked about the retroactive applicability provision in the bill.

Madelyn Quinlan, Office of Public Instruction (OPI), said the retroactive applicability date is appropriate because this is curative language. It clarifies a provision of HB 28 of a past legislative session, but does not change anything.

REP. McCAFFREE asked if that meant that the Legislature does not have to pay back money retroactively.

Ms. Quinlan replied that in all counties, with the exception of Phillips County, the LGST money has been distributed to the county equalization fund and the university levy. Nothing is being changed from current practice. In Phillips County, in FY 1991, the County Superintendent distributed money back to the school districts that OPI felt should have come back to the state, therefore, the six school districts in Phillips County are in the position of having to repay the state approximately \$600,000.

REP. DRISCOLL said the \$600,000 is subject to the lawsuit. If Phillips County wins the lawsuit, the other 12 counties that have joined the suit will ask for equal treatment and the state will owe \$9 million. If this is passed retroactively, then the counties cannot come back to the state for the \$9 million.

REP. HARPER said the question is what was the intent of the legislature. Does the court determine the intent or does the Legislature set its own intent. He said he had to vote for the bill.

Vote: Motion that SB 138 Be Concurred In carried with REP. McCAFFREE voting no.

EXECUTIVE ACTION ON HOUSE BILL 363

Motion: REP. FOSTER MOVED HOUSE BILL 363 DO PASS.

Discussion: The Committee members agreed they did not like the bill any better this session than they did last session. However, not to pass it for another two years would cost the state \$3 million.

Vote: Motion that HB 363 Do Pass carried unanimously.

ADJOURNMENT

Adjournment: The meeting was adjourned at 11:20 a.m.



REP. BOB GILBERT, CHAIRMAN



JILL ROHYANS, Secretary

BG/jdr

HOUSE OF REPRESENTATIVES

TAXATION

COMMITTEE

ROLL CALL

DATE

2/5/93

NAME	PRESENT	ABSENT	EXCUSED
REP. GILBERT, CHAIRMAN	✓		
REP. FOSTER	✓		
REP. HARRINGTON	✓		
REP. ANDERSON	✓		
REP. BOHLINGER	✓		
REP. DOLEZAL	✓		
REP. DRISCOLL	✓		
REP. ELLIOTT	✓		
REP. FELAND	✓		
REP. HANSON	✓		
REP. HARPER	✓		
REP. HIBBARD	✓ 9:35 a.m.		
REP. KELLER	✓		
REP. McCAFFREE	✓		
REP. McCARTHY	✓		
REP. NELSON	✓		
REP. ORR	✓		
REP. RANEY	✓		
REP. REAM	✓		
REP. TUNBY	✓		

HOUSE STANDING COMMITTEE REPORT

February 5, 1993

Page 1 of 1

Mr. Speaker: We, the committee on Taxation report that House Bill 402 (first reading copy -- white) do pass.

Signed: _____

Bob Gilbert

Bob Gilbert, Chair

HOUSE STANDING COMMITTEE REPORT

February 5, 1993

Page 1 of 1

Mr. Speaker: We, the committee on Taxation report that House Bill 154 (first reading copy -- white) do not pass as amended .

Signed: Bob Gilbert
Bob Gilbert, Chair

And, that such amendments read:

1. Page 2, line 18.

Following: "tax;"

Insert: "or"

2. Page 2, line 19.

Following: "employer"

Insert: "about the taxpayer"

3. Page 2, lines 21 through 23.

Strike: "; or" on line 21 through "employer" on line 21

Insert: ". However, the department shall ensure that no
information other than information about that taxpayer is
provided to the taxpayer."

-END-

Committee Vote:
Yes 1, No 2.

2913013C.Npf

HOUSE STANDING COMMITTEE REPORT

February 5, 1993

Page 1 of 3

Mr. Speaker: We, the committee on Taxation report that House Bill 196 (first reading copy -- white) do pass as amended.

Signed: Bob Gilbert
Bob Gilbert, Chair

And, that such amendments read:

1. Title, line 3.

Strike: "BY REQUEST OF THE DEPARTMENT OF REVENUE"

2. Title, lines 5 through 7.

Strike: "REVISING" on line 5 through "REDUCTIONS" on line 7.

Insert: "CAPPING THE AMOUNT OF REIMBURSEMENT PAID TO ELIGIBLE TAXING JURISDICTIONS FOR TAXABLE YEARS 1993 AND THEREAFTER TO THE SAME AMOUNT PAID IN FISCAL YEAR 1993, BUT ALLOWING CERTAIN ADJUSTMENTS BECAUSE OF DISSOLVED AND COMBINED TAXING JURISDICTIONS"

3. Page 1, line 17.

Strike: "(1)"

4. Page 2, lines 9 through 12.

Strike: subsection (1) in its entirety

Renumber: subsequent subsections

5. Page 2, line 13.

Strike: "(a)"

6. Page 2, lines 15 and 16.

Strike: "The" on line 15

Insert: "Prior to September 1, 1990, the department's agent in the county shall supply the following information to the"

Strike: "shall" on line 15 through "lost" on line 16

Strike: "within" on line 16

Insert: "for"

7. Page 2, line 17.

Following: "÷"

Insert: ":",

Committee Vote:

29141000.425

8. Page 3, lines 1 and 2.

Strike: "due to the reduction in"

Insert: "(a) the number of mills levied in the jurisdiction for taxable year 1989;
(b) the number of mills levied in the jurisdiction for taxable year 1990;
(c) the total taxable valuation for taxable years 1989 and 1990, reported separately for each year, of all personal property not secured by real property; and
(d) the total taxable valuation for taxable years 1989 and 1990, reported separately for each year, of all"

Following: "property" on line 2

Insert: "secured by real property."

9. Page 3, lines 3 through 18.

Strike: lines 3 through 18 in their entirety

10. Page 3, line 25.

Following: "r".

Insert: "After receipt of the information from its agent, the department shall calculate the amount of revenue lost to each taxing jurisdiction, using current year mill levies, due to the annual reduction in personal property tax rates set forth in 15-6-138, and any reduction in taxes based upon recalculation of the effective tax rate for property in 15-6-145."

11. Page 4, line 2.

Following: "(4)"

Insert: "(a)"

12. Page 4, line 5.

Strike: "(2)"

Insert: "(1)"

13. Page 4.

Following: line 13

Insert: "(b) For taxable year 1993 and for each taxable year thereafter, the department shall remit to the county treasurer of each county the same amount remitted to the county treasurer for the fiscal year 1993, as adjusted by the result of dissolved or combined taxing jurisdictions, as provided for in subsection (8). Fifty percent of the amount must be remitted on or before November 30 and the remaining 50% on or before May 31."

14. Page 4, line 22.

Strike: "(8)"

Insert: "(7)"

February 5, 1993
Page 3 of 3

15. Page 5, line 23.
Strike: "(8)(b)"
Insert: "(7)(b)"

-END-

HOUSE STANDING COMMITTEE REPORT

February 5, 1993

Page 1 of 1

Mr. Speaker: We, the committee on Taxation report that House Joint Resolution 3 (first reading copy -- white) do pass as amended.

Signed: _____

Bob Gilbert

Bob Gilbert, Chair

And, that such amendments read:

1. Page 3, line 1.
Strike: "\$523,400,000"
Insert: "\$523,841,000"

2. Page 9, line 20.
Strike: "21.083"
Insert: "21.524"

3. Page 9, line 22.
Strike: "\$523.400"
Insert: "\$523.841"

4. Page 11, line 14.
Strike: "\$924.084"
Insert: "\$924.525"

-END-

HOUSE STANDING COMMITTEE REPORT

February 5, 1993

Page 1 of 1

Mr. Speaker: We, the committee on Taxation report that Senate Bill 138 (third reading copy -- blue) be concurred in .

Signed: _____

Bob Gilbert

Bob Gilbert, Chair

Carried by: Rep. Elliott

Committee Vote:

Yes *19* No *1*

2913038C.tif

HOUSE STANDING COMMITTEE REPORT

February 5, 1993

Page 1 of 1

Mr. Speaker: We, the committee on Taxation report that House Bill 363 (first reading copy -- white) do pass.

Signed: Bob Gilbert
Bob Gilbert, Chair

Committee Vote:

Yes ☐ No ☐

291247SC.Hdb

HOUSE OF REPRESENTATIVES

TAXATION

COMMITTEE

ROLL CALL VOTE

DATE 2/5 BILL NO. 154 NUMBER

MOTION: by Rep. Harper that HB 154
Do Pass As Amended

Vote Reversed DO NOT PASS AS

AMEND.

NAME	AYE	NO
REP. FOSTER		✓
REP. HARRINGTON	✓	
REP. ANDERSON		✓
REP. BOHLINGER		✓
REP. DOLEZAL	✓	
REP. DRISCOLL	✓	
REP. ELLIOTT		✓
REP. FELAND		✓
REP. HANSON		✓
REP. HARPER	✓	
REP. HIBBARD		✓
REP. KELLER		✓
REP. McCAFFREE	✓	
REP. MCCARTHY	✓	
REP. NELSON		✓
REP. ORR		✓
REP. RANEY	✓	
REP. REAM	✓	
REP. TUNBY		✓
REP. GILBERT		✓

Amendments to House Bill No. 325
First Reading Copy

Requested by Rep. McCarthy
For the Committee on Taxation

Prepared by Lee Heiman
February 5, 1993

1. Title, lines 4 and 5.
Strike: "POLLUTED PROPERTY"
Insert: "SUPERFUND SITE"
2. Title, line 6.
Title, line 7.
Strike: "POLLUTED PROPERTY"
Insert: "SUPERFUND SITES"
3. Page 1, line 16.
Page 3, line 4.
Strike: "polluted property"
Insert: "superfund sites"
4. Page 1, line 18 through page 2, line 6.
Strike: ":" on page 1, line 18 through "States" on page 2, line 6
Insert: "the market value superfund site land would have if it
had been reclaimed"
5. Page 2, lines 11 and 12.
Strike: "\"polluted property\""
Insert: "\"superfund site\""
6. Page 2, line 17.
Page 2, line 22.
Page 3, line 2.
Page 3, line 15.
Strike: "polluted property"
Insert: "a superfund site"
7. Page 3, line 6.
Following: "The"
Insert: "market"
8. Page 3, lines 6 through 9.
Strike: "polluted" on line 6 through "may" on line 9
Insert: "a superfund site must"
9. Page 3, lines 10 through 13.
Strike: "square" on line 10 through "kind" on line 13
Insert: "estimating the value of the land after reclamation,
using common reclamation techniques employed by the
construction, mining, wood products, or agricultural
industries"
10. Page 11, lines 4 through 17.

Strike: lines 4 through 17 in their entirety
Renumber: subsequent subsections

11. Page 12.

Following: line 20

Insert: "(p) The term "superfund site" means land or improvements that are listed as a national priority list site as defined in the federal Comprehensive, Environmental Response, Compensation, and Liability Act of 1980, as amended, except lands that are part of an active agricultural operation and qualify as agricultural land under 15-7-202."

12. Page 13, line 25.

Strike: "polluted property"

Insert: "superfund sites"

Amendment changes all references to "polluted property" to "superfund site" and defines "superfund" site using subsection (iii) of definition of "polluted property" plus an exclusion for agricultural operations. Moves the definition to keep the definition section in alphabetical order.

ANACONDA-DEER LODGE COUNTY

Courthouse - 800 South Main

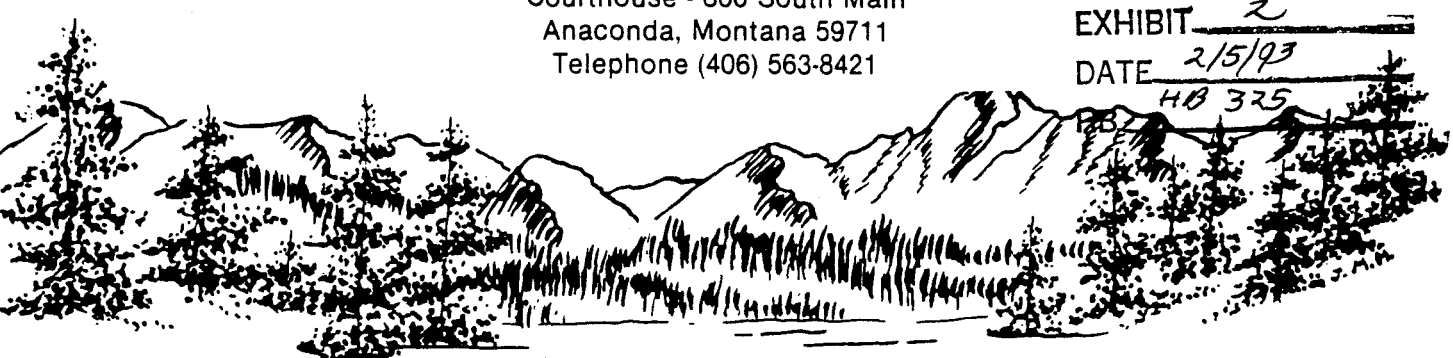
Anaconda, Montana 59711

Telephone (406) 563-8421

EXHIBIT 2

DATE 2/5/93

HB 325



Testimony on H.B. #325, presented by Gene Vuckovich, City/County Manager of Anaconda/Deer Lodge County before the House Taxation Committee.

Chairman Gilbert and Committee Members, for the record, I am Gene Vuckovich, 1st Vice President of the League of Cities and Towns, Member of the Executive Board of the Montana Association of Counties and I am the City/County Manager of Anaconda/Deer Lodge County.

This legislation was proposed by Anaconda/Deer Lodge County and endorsed by the Montana Association of Counties at their Annual Convention.

This proposed legislation is vital, not only to Anaconda/Deer Lodge County, but to all counties in Montana where property has been rendered environmentally unsound or nonproductive due to pollution from mining, smelting, refining or other human activities.

This legislation is not meant to be vindictive legislation with regard to the property owners, but rather to provide an incentive to property owners to make the polluted property environmentally sound and productive once more.

As an example of some of the decimation of land in Montana by past industrial pollution, Anaconda/Deer Lodge County has in excess of six thousand (6,000) acres of identified polluted land within its borders that make up part of the largest superfund site in the country as listed on the National Priorities List by the Federal Government.

There are many extenuating problems associated with polluted properties that result in problems not only for local governments, but also in private sector development such as difficulty in obtaining financing for proposed development because of lender liability judgments. As you are aware, without financing for development, local economies can stagnate.

Montana is projecting itself as an environmentally sound area to visit and live in. This legislation would provide incentive to property owners to restore polluted land to productive, environmentally sound property once more. I urge your support of H.B. #325.

Amendments to House Bill 325
First Reading Copy

EXHIBIT 3
DATE 2/5/93
HB 325

Prepared by Department of Revenue
1/28/93

1. Page 3, line 6.
Following: "polluted"
Strike: "property"
Insert: "land"

2. Page 3, line 7.
Following: "other"
Insert: "land used for"

3. Page 3, line 8.
Following: "industrial"
Strike: "property"
Insert: "purposes"

4. Page 3, line 12.
Following: "depreciation"
Insert: "or obsolescence"

5. Page 11, line 5.
Following: "that"
Insert: "the department of health and environmental sciences has determined meets all of the following criteria"

REASON FOR AMENDMENT: This amendment clarifies the difference between determining market value for land and for improvements. Under this amendment, polluted land value is an amount not less than the average value for commercial and industrial land or \$100 per acre, whichever is greater. The amendment clarifies the prohibition against using obsolescence, external or functional, as an adjustment to replacement cost in valuing polluted improvements. This amendment makes the department of health and environmental sciences responsible for determining if land or improvements are "polluted property" for the purposes of this bill.

EXHIBIT 4
DATE 2/5/93
HB HO 154

Amendments to House Bill No. 154
First Reading Copy

Requested by DOR
For the Committee on Taxation

Prepared by Lee Heiman
February 4, 1993

1. Page 2, line 18.

Following: "tax;"

Insert: "or"

2. Page 2, line 19.

Following: "employer"

Insert: "about the taxpayer"

3. Page 2, lines 21 through 23.

Strike: "; or" on line 21 through "employer" on line 21

Insert: ". However, the department shall ensure that no
information other than information about that taxpayer is
provided to the taxpayer."

Amendments to House Bill No. 196
First Reading Copy

Requested by Dept. of Revenue
For the Committee on Taxation

Prepared by:
Bruce McGinnis, DOR
Lee Heiman, Legislative Council
January 20, 1993

1. Title, line 3.
Strike: "BY REQUEST OF THE DEPARTMENT OF REVENUE"
2. Title, lines 5 through 7.
Strike: "REVISING" on line 5 through "REDUCTIONS" on line 7
Insert: "CAPPING THE AMOUNT OF REIMBURSEMENT PAID TO ELIGIBLE
TAXING JURISDICTIONS FOR TAXABLE YEARS 1993 AND THEREAFTER
TO THE SAME AMOUNT PAID IN FISCAL YEAR 1993, BUT ALLOWING
CERTAIN ADJUSTMENTS BECAUSE OF DISSOLVED AND COMBINED TAXING
JURISDICTIONS"
3. Page 1, line 17.
Strike: "(1)"
4. Page 2, lines 9 through 12.
Strike: subsection (1) in its entirety
Renumber: subsequent subsections
5. Page 2, lines 15 and 16.
Strike: "The" on line 15
Insert: "Prior to September 1, 1990, the department's agent in
the county shall supply the following information to the"
Strike: "shall" on line 15 through "lost" on line 16
Strike: "within" on line 16
Insert: "for"
6. Page 2, line 13.
Strike: "(a)"
7. Page 2, line 17.
Following: "÷"
Insert: ":"
8. Page 3, lines 1 and 2.
Strike: "due to the reduction in"
Insert: "(a) the number of mills levied in the jurisdiction for
taxable year 1989;
(b) the number of mills levied in the jurisdiction for
taxable year 1990;
(c) the total taxable valuation for taxable years 1989
and 1990, reported separately for each year, of all personal
property not secured by real property; and
(d) the total taxable valuation for taxable years 1989

and 1990, reported separately for each year, of all"
Following: "~~property~~" on line 2
Insert: "secured by real property."

9. Page 3, lines 3 through 18.
Strike: lines 3 through 18 in their entirety

10. Page 3, line 25.
Following: "-"
Insert: "After receipt of the information from its agent, the department shall calculate the amount of revenue lost to each taxing jurisdiction, using current year mill levies, due to the annual reduction in personal property tax rates set forth in 15-6-138, and any reduction in taxes based upon recalculation of the effective tax rate for property in 15-6-145."

11. Page 4, line 2.
Following: "(4)"
Insert: "(a)"

12. Page 4, line 5.
Strike: "(2)"
Insert: "(1)"

13. Page 4.
Following: line 13
Insert: "(b) For taxable year 1993 and for each taxable year thereafter, the department shall remit to the county treasurer of each county the same amount remitted to the county treasurer for the fiscal year 1993, as adjusted by the result of dissolved or combined taxing jurisdictions, as provided for in subsection (8). Fifty percent of the amount must be remitted on or before November 30 and the remaining 50% on or before May 31."

14. Page 4, line 22.
Strike: "(8)"
Insert: "(7)"

15. Page 5, line 23.
Strike: "(8) (b)"
Insert: "(7) (b)"

EXHIBIT 6
DATE 2/5/93
HJR 3

Amendments to House Joint Resolution No. 3
First Reading Copy

Requested by Rep. Gilbert
For the Committee on Taxation

Prepared by Terry W. Johnson
February 4, 1993

1. Page 3, line 1.
Strike: "\$523,400,000"
Insert: "\$523,841,000"

2. Page 9, line 20.
Strike: "21.083"
Insert: "21.524"

3. Page 9, line 22.
Strike: "\$523.400"
Insert: "\$523.841"

4. Page 11, line 14.
Strike: "\$924.084"
Insert: "\$924.525"

{Office of Legislative Fiscal Analyst

444-2986}

Amendments to House Bill No. 322
First Reading Copy

Requested by Dept. of Revenue
For the Committee on Taxation

Prepared by Lee Heiman
February 2, 1993

1. Title, line 6.

Strike: "OF"

Insert: "FOR WEST TEXAS INTERMEDIATE CRUDE"

Strike: "RECEIVED"

Insert: "AS REPORTED BY THE WALL STREET JOURNAL"

Following: "DURING"

Strike: "A"

Insert: "THE PRECEDING"

2. Title, line 7.

Strike: "\$25"

Insert: "\$28"

3. Page 9, line 22.

Strike: "received"

Insert: "for west Texas intermediate crude oil as reported by the
Wall Street Journal"

Strike: "a"

Insert: "the preceding calendar"

4. Page 9, lines 22 and 23.

Strike: "from" on line 22 through "state" on line 23

5. Page 9, line 24.

Strike: "\$25"

Insert: "\$28"

6. Page 9, line 25.

Following: "by"

Insert: "the department following the end of each calendar
quarter by"

7. Page 10, lines 1 through 5.

Strike: "gross" on line 1 through "occurs" on line 5

Insert: "of the daily prices for west Texas intermediate crude
oil reported by the Wall Street Journal during the preceding
calendar quarter by the total number of days that price was
reported in the Wall Street Journal during that calendar
quarter"

Technical -- to correct error:

8. Page 9, line 20.

Strike: "(1)(d)"

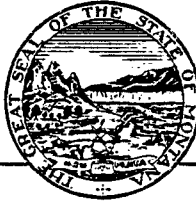
State of Montana

Marc Racicot, Governor

EXHIBIT

DATE 2-5-93

Informational



Department of Revenue

Mick Robinson, Director

Natural Resource and Corporation Tax Division

DATE: February 4, 1993

TO: Representative Gilbert, Chairman
House Taxation Committee

FROM: Mick Robinson *Mick*
Director

SUBJECT: Oil Stripper Production In Montana

Below is the information requested by Representative Elliott during the hearing on HB 322.

Q: How much oil stripper production did the "major" oil companies have in Montana?

A:	<u>Company</u>	<u>Stripper Barrels</u>	<u>Total Barrels</u>	<u>Percent Stripper</u>
	Shell	14,882	6,271,665	.237%
	Exxon	18,154	865,889	2.097%
	Amoco	19,743	696,996	2.833%
	Cenex	50,431	483,706	10.426%
	ANR	41,372	585,975	7.060%
	Texaco	76,314	585,975	14.801%
	Pennzoil	0	509,420	.000%
	Unocal	426,321	480,754	88.678%
	Conoco	0	383,476	.000%
	Meridian	16,936	383,458	1.902%
	Oryx	0	468,258	4.417%
	Chevron	2,223	460,376	.483%
	Totals	666,376	12,105,560	5.505%

Above information based upon 1990 production year. These 12 companies produce more than 60% of the oil in Montana.

Q: How much stripper production was there when the stripper incentive was in the law, and how much did it increase or decrease when the incentive terminated?

A: The Department has no way to determine how much stripper production would have qualified for the stripper incentive prior to the enactment of the law. This information was not

reported to us, nor did we have any reason to request it. However, below is information on the amount of stripper production reported over the last five years. The percent exempt column is the amount of production from stripper wells that did not exceed 5 barrels per day. Under the old law the first five barrels per were exempt.

<u>Fiscal Year</u>	<u>Percent Stripper</u>	<u>Percent Exempt</u>
1988	8.52%	84.15%
1989	8.23%	89.57%
1990	10.61%	84.68%
1991	14.75%	N/A
1992	15.83%	N/A

The figures for fiscal years 1988, 1989 and 1990 are taken from state severance tax reports. These are the years the stripper incentive for the state severance tax was in effect for. The percentages for fiscal years 1991 and 1992 are taken from the local government severance reports. The local government severance tax has a reduced tax rate for stripper oil that is still in effect. However, the local government severance tax does not include any production for wells drilled after July 1, 1985. Wells drilled after July 1, 1985 are reported as net proceeds and the reduced stripper rate does not.

State of Montana

Marc Racicot, Governor

DATE 2-5-93

Informational



Department of Revenue

Mick Robinson, Director

Room 455, Sam W. Mitchell Building

Helena, Montana 59620

February 3, 1993

MEMO

To: House Taxation Committee

From: Mick Robinson *Mick*
Director

Subject: Taxes paid by Agricultural Industry

In response to an initial request for information regarding the agricultural industry within Montana, we provided aggregate taxable income figures for C-Corporation, S-Corporations and Individuals. Your committee had a follow-up question regarding total taxes paid by those businesses. There are some limitations in providing exact information regarding total taxes paid.

For C-Corporations, the actual tax paid figure is presented below. For S-Corporations, the income earned by those corporations flows through to the individual shareholders and is reported on their individual returns. Since the individual income tax database does not capture income from S-Corporations separately, we cannot determine exactly what tax was paid at the individual level on that income. However, we can determine the amount of tax that would have been paid those S-Corporations had they elected to file as a C-Corporation. That amount is presented below.

Finally, with regard to individual taxpayers, we are providing a total tax paid amount for those individuals reporting farm income on their return. Even though the aggregate farm income for 26,651 individuals is a loss of \$1,755,638 their combined tax paid is significant. We have attached a printout showing a breakdown of farm income by income bracket. As you can see, many taxpayers show a negative farm income while at the same time show a positive Montana taxable income.

Tax liabilities:

C-Corporations	\$ 3,733,797
S-Corporations	\$ 2,269,814
Individuals	\$27,334,689

HAGI BRACKET	HT ADJUSTED GROSS INCOME	FARM INCOME	NO RETURNS	JOINT RETURNS	SEPARATE RETURNS	MONTANA TAXABLE INCOME	HT TAX LIABILITY
< OR = 0	127,723,997-	45,424,098-	2,559	1,748	121	0	0
1,000- 1,999	247,289	2,116,934-	468	227	38	52,690	1,062
2,000- 2,999	970,050	1,047,097-	634	259	61	196,107	3,970
3,000- 3,999	1,641,081	837,086-	656	261	111	395,755	8,447
4,000- 4,999	2,547,980	1,279,138-	726	285	166	724,523	16,042
5,000- 5,999	3,489,887	835,728-	772	285	236	1,135,167	27,025
6,000- 6,999	4,354,840	1,200,736-	788	289	263	1,479,902	37,028
7,000- 7,999	5,281,024	627,240-	813	291	302	1,797,877	47,760
8,000- 8,999	6,971,824	1,404,704-	766	289	293	2,137,986	60,286
9,000- 9,999	7,556,765	1,102,240-	820	308	344	2,583,547	75,173
10,000- 10,999	8,745,249	113,934-	796	271	367	3,167,474	96,605
11,000- 11,999	8,580,302	275,944-	833	276	397	3,834,989	121,538
12,000- 12,999	9,932,511	458,159	747	259	359	3,814,356	124,541
13,000- 13,999	9,188,697	221,235-	795	300	382	4,722,661	161,014
14,000- 14,999	10,371,541	1,082,307	601	228	328	4,583,390	161,710
15,000- 15,999	11,076,802	861,025	715	252	350	5,221,760	191,463
16,000- 16,999	11,287,637	1,336,711-	715	230	377	5,789,093	218,474
17,000- 17,999	11,137,451	1,297,699	684	243	330	6,139,835	239,846
18,000- 18,999	10,167,749	435,352	636	213	318	6,355,236	258,956
19,000- 19,999	10,354,354	695,823	550	190	271	5,651,910	233,959
20,000- 20,999	10,851,108	1,470,575	531	179	287	5,989,068	256,553
21,000- 21,999	11,235,979	1,439,413	529	171	271	6,402,289	282,115
22,000- 22,999	11,447,589	1,054,970	523	172	279	6,855,374	312,279
23,000- 23,999	10,799,847	1,254,793	509	156	285	7,014,631	325,833
24,000- 24,999	10,872,207	47,363-	460	169	236	6,554,257	310,261
25,000- 25,999	10,196,410	1,621,418	444	147	246	6,650,297	323,044
26,000- 26,999	10,064,061	1,221,563	400	138	212	6,451,514	322,967
27,000- 27,999	9,476,028	1,430,075	380	123	204	6,247,228	316,291
28,000- 28,999	9,811,056	1,536,571	345	112	185	5,938,844	306,826
29,000- 29,999	9,356,196	1,773,135	344	105	193	6,304,657	335,832
30,000- 30,999	9,791,743	1,543,058	317	99	168	5,961,672	321,636
31,000- 31,999	9,000,419	1,390,056	321	96	184	6,278,484	345,332
32,000- 32,999	9,946,033	491,609	286	95	154	5,807,054	324,770
33,000- 33,999	8,606,359	642,946	306	105	153	6,462,225	367,998
34,000- 34,999	8,144,927	1,107,830	236	67	134	5,457,678	312,109
35,000- 35,999	7,492,181	800,621	211	66	121	5,422,925	319,646
36,000- 36,999	7,512,876	1,107,830	211	55	121	5,023,391	299,954
37,000- 37,999	8,016,871	1,372,773	206	55	130	4,927,842	296,955
38,000- 38,999	7,381,393	664,986	214	67	122	5,300,137	323,761
39,000- 39,999	6,992,703	1,457,347	192	60	110	4,920,693	304,654
40,000- 40,999	56,558,497	1,065,484	177	46	102	4,741,546	299,237
50,000- 59,999	34,963,468	6,915,214	1,271	427	685	38,308,157	2,541,986
60,000- 69,999	24,107,224	6,144,430	643	181	373	23,990,657	1,729,843
70,000- 79,999	15,708,609	3,904,900	374	116	199	16,666,820	1,275,242
80,000- 89,999	14,161,912	2,530,172	211	75	115	10,793,483	864,200
90,000- 99,999	10,942,182	2,639,824	118	45	97	9,644,784	797,388
100,000- 109,999	9,514,936	2,513,343	115	37	61	7,485,042	638,364
110,000- 119,999	6,639,543	437,156	91	27	50	6,623,706	582,696
120,000-	147,751,575	239,802	58	21	28	4,413,547	392,699
TOTALS	519,248,910	1,158,855	378	123	196	94,875,139	9,819,319
		1,755,638-	26,651	10,071	11,141	397,284,399	27,334,689

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