

MINUTES

MONTANA HOUSE OF REPRESENTATIVES 53rd LEGISLATURE - REGULAR SESSION

COMMITTEE ON TAXATION

Call to Order: By **CHAIRMAN BOB GILBERT**, on March 18, 1993, at 8:00 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: Rep. Tunby excused from 8:00 a.m - 10:00 a.m.

Members Absent: None

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

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

Committee Business Summary:

Hearing: None
Executive Action: HB 388 Tabled, HB 664 Tabled, HB 670 Do
Pass As Amended, HB 680 Do Pass As
Amended, SB 370 Be Concurred In As
Amended, SB 412 Be Concurred In, HB 17
Do Pass As Amended, HB 70 Do Pass As

Amended, HB 322 Do Pass As Amended, HB 651 Do Pass As Amended, HB 608 Do Pass As Amended, HB 669 Do Pass, HB 649 No Final Action, HB 643 Do Pass As Amended, HB 334 Tabled, HB 447 Tabled, HB 219 Tabled, HB 639 Do Pass As Amended, HB 333 Do Pass As Amended, HB 591 Do Pass As Amended

EXECUTIVE ACTION ON HOUSE BILL 388

Motion: REP. RANEY MOVED HB 388 DO PASS.

Discussion: REP. RANEY said this bill is part of HB 2 and would provide fee based funding for the Water Quality Bureau. If Montana does not have an adequately funded Water Quality Bureau, the Environmental Protection Agency (EPA) will take over. The water related industries had a great many problems with the bill so extensive amendments have been worked out with all the interested parties. The fees have been set at a level adequate to fund the Bureau and have been capped at that level. Public participation studies have been removed from the bill.

Motion: REP. RANEY moved to amend HB 388 as per the attached amendments EXHIBIT 1 & 1A.

Discussion: REP. FOSTER asked why the fees were raised.

Dan Fraser, Department of Health (DHES), said the fees were increased in order to meet the spending authority specified in HB 2. DHES believes they can fund the Water Quality Bureau with the lower fees; however, REP. RANEY increased the fees and capped them in order to give the Bureau the ability to raise fees by rule, Board process, and budget amendments should the estimates prove to be too low.

REP. FOSTER asked if the bill includes funding for new FTE'S.

Mr. Fraser said it would fund 6.5 a FTE in the Water Quality Bureau and 1.5 FTE's in support services. The increased FTES have not been included in HB 2, but will be amended into HB 2 if the funding authority is passed in HB 388.

Motion: REP. FOSTER made a substitute to amend the bill back to the original fee level of \$2500 and \$500.

Discussion:

REP. RANEY stated he would take his name off the bill and REP. FOSTER could carry the bill.

CHAIRMAN GILBERT explained the changes in fee levels as proposed

by REP. FOSTER'S amendment. He asked REP. RANEY about the numbers on the lower end. REP. RANEY said the numbers that were discussed and agreed to by industry are the numbers in the grey bill. EXHIBIT 1a

REP. FOSTER asked that his amendment be expanded to include the numbers shown in the original bill.

REP. HARPER said these fees and funding of departments like this work both ways. On one hand industry benefits because of speed and security in the permitting process, and the public benefits because of the health and safety. The monitoring would be a key part of the bill. REP. HARPER said he opposed the amendments and agreed with REP. RANEY.

REP. FOSTER said apparently there had been an agreement with the people that were going to be paying this and they were amenable to the high fees. That agreement has not been adhered to with these numbers and he said he believed the Committee should adopt the original fees.

REP. RANEY said he increased the fees in the bill in order to adequately fund the program.

Vote: Motion to adopt REP. FOSTER'S amendments carried 11-9 on a roll call vote.

Motion/Vote: REP. FOSTER MOVED THAT HB 388 BE TABLED. Motion to table carried 11-9 on a roll call vote.

EXECUTIVE ACTION ON HB 664

Motion/Vote: REP. HARPER MOVED THAT HB 664 BE TABLED. Motion carried unanimously.

EXECUTIVE ACTION ON HB 670

Motion: REP. NELSON MOVED HB 670 DO PASS.

REP. GILBERT said the proposed amendment would take care of the concerns of the State Fund, and REPS. DRISCOLL'S AND HIBBARD'S concerns in regard to workers' compensation.

Motion: REP. DRISCOLL moved adoption of the amendments EXHIBIT 2.

REP. DRISCOLL said that the amendments specify that contributions to the workers' compensation health insurance account must be identified and used for that purpose.

Discussion:

REP. HIBBARD said the amendment would clean up the workers' compensation portion of the bill.

Vote: Motion to adopt amendments as per **EXHIBIT 2** carried unanimously.

Mr. Heiman distributed amendments proposed by the sponsor, **REP. BOHARSKI. EXHIBIT 3**

REP. DRISCOLL said in almost all cases, the federal adjusted gross is higher than state adjusted gross, therefore, less people would qualify for this if federal adjusted gross was used. That would make a difference in how much could be excluded. He said the first two amendments are not technical. They will drop some people and they won't be able to use this.

REP. FOSTER asked if **REP. BOHARSKI** could explain these amendments. **REP. BOHARSKI** said **REP. DRISCOLL** had made a good point. He said his reason for saying the amendments were technical was because there was neither federal adjusted gross income nor Montana adjusted gross income in the bill. The other amendments clarify the language on deductibility. The total taxes are not paid all in the same year. These amendments take into account the prorated portion of the federal tax. He said he understood it was possible to pay federal taxes in a different year than Montana taxes on the same income. They should all be attributable to the same tax year.

Robert Turner, Department of Revenue (DOR), said they want to relate the ratio back to the year that the federal tax is assessed.

Mr. Turner explained amendment #2. The reason the federal adjusted gross was inserted was because this deduction would be from federal adjusted gross income. If Montana adjusted gross income was included in the bill an equation would be needed to determine the deduction because that amount would be included in the Montana adjusted gross income. It would be easier to calculate the deduction based on the federal figure.

Mr. Turner said it was not the intent of DOR to deny any people from taking this deduction or contributing to the account.

Mr. Turner said unemployment is 100% deductible and there is a phase-out for the income level.

REP. DRISCOLL said if federal adjusted gross is used, more people are going to be phased out. If Montana adjusted gross is used, more people will qualify for this particular adjustment to income. He couldn't think of a single instance where the federal adjusted gross would be smaller than the state adjusted gross.

Mr. Turner said about 80% of the people don't have any adjustment to their Montana adjusted gross income. The federal adjusted gross income is the same as their Montana adjusted gross income. The other 20% do have a higher Montana adjusted gross income because of federal refunds that have to be reported and bond interest.

Motion: REP. DRISCOLL moved to segregate amendments #1 and #2 and amend them by striking "federal" and inserting "Montana". EXHIBIT 3

Discussion:

REP. FOSTER said he was willing to support REP. DRISCOLL'S amendments.

Vote: Motion to segregate and amend amendments #1 and #2 carried. (EXHIBIT 3)

CHAIRMAN GILBERT stated the original motion before the Committee was to adopt amendments #3 through #7. EXHIBIT 3

Vote: Motion carried unanimously.

Motion/Vote: REP. FOSTER MOVED HB 670 DO PASS AS AMENDED. Motion carried with REPS. ELLIOTT and McCAFFREE voting no.

EXECUTIVE ACTION ON HB 680

Motion: REP. REAM MOVED HB 680 DO PASS.

Discussion:

REP. REAM said the only objection in the hearing was that the utilities wanted more time to look at the bill.

REP. FOSTER was concerned that the bill may be premature. He said other bills have been introduced that address utilities' power sources, power supply and conservation. The bill may not be necessary. He said his other concern was the incentive and the effect the bill would have on loans of this type. He thought it may have the opposite effect because the tax credit allows the utility to write off the total amount for that year. The utilities will earn a return if it is in the rate base. The ratepayers would be paying for it instead of taxpayers.

REP. REAM said the fiscal note indicated a \$500,000 impact.

Motion: REP. REAM moved to amend the effective date to January 1, 1995.

Mr. Heiman said if the date was moved to January 1, 1995, it would be the first day of the 1995 session. He said he would prefer to make it July 1, 1995, following the session. **REP. REAM** agreed with **Mr. Heiman's** suggestion.

Motion/Vote: **REP. REAM** moved to amend his previous motion to an effective date of July 1, 1995. There would be no fiscal impact this biennium. Motion carried unanimously.

Motion/Vote: **REP. REAM** MOVED HB 680 DO PASS AS AMENDED.

REP. DOLEZAL said he had asked Mike Pichette of Montana Power Company to submit data on the tax credit. **EXHIBIT 4**

Vote: Motion that HB 680 DO PASS AS AMENDED carried unanimously.

EXECUTIVE ACTION ON SB 370

Motion: **REP. NELSON** MOVED SB 370 BE CONCURRED IN.

Motion/Vote: **REP. NELSON** moved to amend the termination date on page 4, line 5, by striking "December 31, 1994" and inserting "July 1, 1995". This would make the termination date effective following adjournment of the 1995 session.

Discussion:

REP. HARPER said Section 2 gives local governments the ability to cancel or suspend local property taxes. **Mr. Heiman** said Section 2 is just the procedure to go through to effect the cancellation rather than a particular type of cancellation of property taxes. A local government cannot unilaterally cancel property taxes. They can only cancel property taxes in certain circumstances.

REP. HARPER said the bill, as written, gives local governments the authority, if they determine that federal or state law imposed a duty other than tax assessments, to cancel any resultant property taxes. **Mr. Heiman** said it would only be state or local property taxes, not federal.

REP. HARPER said the bill did a lot more than just address one problem. It gives local governments the power to cancel state property taxes if they determine the statutory obligation is attached to the property in any way. **Mr. Heiman** replied that was correct.

REP. DRISCOLL said local governments can only cancel delinquent property taxes if a new buyer reopens the business, keeps it for at least two years, and has employees. In that case, the property taxes are suspended. If they stay in operation for three years, then the taxes are waived.

REP. HIBBARD stated he did not have a problem with the bill and felt it was specific enough that it wouldn't open up a lot of tax holidays. He said it had a fairly narrow definition.

Motion/Vote: REP. NELSON MOVED SB 370 BE CONCURRED IN AS AMENDED. Motion carried unanimously.

EXECUTIVE ACTION ON SB 412

Motion/Vote: REP. FELAND MOVED SB 412 BE CONCURRED IN. Motion carried 18-1 with REP. McCAFFREE voting no.

EXECUTIVE ACTION ON HB 17

Motion: REP. REAM MOVED HB 17 DO PASS.

CHAIRMAN GILBERT said there was some concern with the open-end fees as opposed to current law. He presented proposed amendments on page 3, line 3, which insert the language, "The fees adopted by the department shall be commensurate with the budget authority as approved by the Legislature." The intent is to make sure the fees are not raised beyond specific needs.

REP. HARPER said the fees should be based on what is necessary to carry out the duties.

REP. DRISCOLL said the way the bill is written, money is deposited in a special revenue account. The Appropriation Committee's authority is needed to spend any of it. The amendment just clarifies the legislative intent.

Motion/Vote: REP. FOSTER moved adoption of the amendment on page 3, line 3. Motion carried unanimously.

Motion/Vote: REP. REAM MOVED HB 17 DO PASS AS AMENDED. Motion carried 16-3 with REPS. FOSTER, ORR and FELAND voting no.

EXECUTIVE ACTION ON HB 70

Motion: REP. McCARTHY MOVED HB 70 DO PASS.

CHAIRMAN GILBERT proposed the same amendment as was just adopted for HB 17, page 3, line 4.

Motion/Vote: REP. McCARTHY moved adoption of the amendment on page 3, line 3. Motion to amend carried unanimously.

Motion/Vote: REP. McCARTHY MOVED HB 70 DO PASS AS AMENDED. Motion carried 16-3 with REPS. FOSTER, FELAND and ORR voting no.

CHAIRMAN GILBERT RELINQUISHED THE CHAIR TO VICE CHAIRMAN FOSTER

EXECUTIVE ACTION ON HB 322

Motion: REP. FELAND MOVED HB 322 DO PASS.

Motion: REP. FELAND moved adoption of the amendments as per EXHIBIT 5

Discussion:

REP. FELAND discussed the amendments which would exempt the first three barrels of production a day. This would reduce the fiscal note impact from \$1.6 million to \$400,000. It would take care of the people at the very bottom who would still have to qualify for the 10 barrels a day exemption.

REP. ELLIOTT asked what it would do to the Mineral Fund Impact. REP. FELAND said it would be \$398,000 the first year and \$402,000 the second year. In order to qualify for the exemption, the well has to produce 10 barrels a day. The first three barrels a day, then, would be exempted.

Vote: Motion to amend carried unanimously.

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

Discussion:

REP. HARPER said in the amended form HB 322 would cost the state approximately \$1 million. He asked if the Committee planned to raise \$1 million elsewhere. He said the oil business gets a break every session. REP. FELAND said they were not given a break last session. Under the provisions of HB 28 passed last session, the oil business pays 5% in local government severance taxes (LGST), that they did not previously have to pay. All HB 322 does is exempt the 5%. It would exempt the first three barrels on the price of oil under \$25. The other seven barrels would be taxed at the normal rate.

REP. HARPER asked if the wells could be turned down to only produce three barrels a day. REP. FELAND said that is figured on a field average or a lease average. He said he was trying to take care of people who only make 3/4 barrel a day and that are being taxed 5% LGST. That 5% makes up 45% of the tax base in his county and Glacier, Pondera and Liberty Counties. The well production could be adjusted downward but it is not feasible.

Vote: Motion that HB 322 DO PASS AS AMENDED carried unanimously. REP. FELAND abstained from voting because of a conflict of interest.

EXECUTIVE ACTION ON HB 651

Motion: REP. GILBERT MOVED HB 651 DO PASS.

Discussion: REP. DRISCOLL proposed to amend the bill on page 9, line 18 by deleting "20.75" and inserting "20". Mr. Heiman suggested since the amendment wasn't substantive, the complete section could be stricken.

Motion: REP. DRISCOLL moved to strike Section 3 in its entirety.

Discussion: REP. GILBERT opposed the amendment. He said the bill was the result of a study done at Montana State University (MSU). It has several important elements and the funding source is one of the elements that makes the whole process work. It changes the GVW fee rates on vehicles, raises the agricultural exemptions from the current 16% to 35% and changes the logging exemption, etc. He said it switched the property tax assessed on trailers on the road to the truck itself. It shifts some of the cost so the cost on the truck is not exorbitant.

REP. RANEY said the industry should pay its own way rather than assessing the taxpayers another .75 cent gasoline tax

REP. GILBERT said the industry is actually paying more than their share and the individual automobiles are paying less.

REP. RANEY said the MSU report was biased and he didn't accept the study.

REP. HARPER asked if the fiscal note was correct in stating this would save the trucking industry approximately \$6.5 million, with the main cost made up by an increase in the gas tax of \$4.4 million.

Dave Galt said the fiscal note indicates savings of approximately \$4 million for the trucking industry. The money transferred to the gasoline tax would generate approximately \$4.4. The intention is to cut the GVW fees by 25%.

REP. HANSON asked how agricultural trucks would be affected. Mr. Galt said the agricultural tax would increase from 16% to 35%. However, the whole fee structure was changed and a standard 26,000 pound truck would see an increased \$10 per year.

Vote: Motion to strike Section 3 failed 8-12 per the attached standing committee report.

Motion: REP. GILBERT moved adoption of the amendments. Mr. Galt explained the amendments exempt the \$5 fee on mobile homes being transported into the state and shift the fee to the power unit of the vehicle hauling the mobile homes.

Vote: Motion to amend carried with REP. DRISCOLL voting no.

Motion: REP. GILBERT MOVED HB 651 DO PASS AS AMENDED.

Discussion:

REP. GILBERT said the reason for the bill was to equalize the rates across the state and to allow the state to transfer the property tax from the trailers to the trucks.

REP. RANEY said the portion of the bill referred to by REP. GILBERT is fine, but the bill is giving the industry a \$4 million tax cut and putting it on the taxpayers.

REP. FELAND asked REP. GILBERT what the bill would do to fixed loads. REP. GILBERT said it had no effect on them.

REP. REAM asked if the bill would still be needed if the fuel tax passes in the Senate. REP. GILBERT replied it would still be needed.

In answer to a question by REP. HARPER, Mr. Galt said the proposed Senate gas tax would be seven cents. REP. HARPER asked if HB 651 would be .75 cents over and above the seven cents. Mr. Galt replied that was correct.

REP. McCAFFREE expressed concern about the \$1.6 million counties will lose if the \$5 mobile home fee is dropped.

Mr. Galt said there will be a replacement 45 mill levy on all trucks over 26,000 pounds which will replace the lost revenue.

Vote: Motion that HB 651 DO PASS AS AMENDED carried 11-9 on a roll call vote.

EXECUTIVE ACTION ON HB 608

Motion: REP. HANSON MOVED HB 608 DO PASS.

Motion: REP. GILBERT moved the proposed amendments as per EXHIBIT 6. The amendments attempt to answer the concerns raised on the floor of the House before the bill was referred to the Taxation Committee.

REP. GILBERT reviewed EXHIBIT 6, noting the projects listed on page 5. Projects #30-49 would not be funded.

Mark Simonich, Director of Department of Natural Resources (DNRC), said the purpose of the amendments is to reduce the amount of money being diverted before it gets into the Resource Indemnity Trust (RIT). The 30% diversion would occur for two years; at the end of the two-year period it would automatically

escalate to 40%, with a 3 and 1 split. As a result of reducing to 30% there will be \$1,050,000 available for grants in the water development program and projects through #29 on the **Exhibit 6** list will be funded. If the bill does not pass, only projects 1-7 will be funded.

REP. RANEY asked how much money flows into the RIT, how much interest is generated, and how much is going to grants and loans over the biennium.

Jon Tubbs, DNRC, said the total anticipated collections for the biennium total \$9 million. Groundwater assessment takes 14.1% of that money (\$1 million). Without HB 608, \$4 million would be deposited into the trust each year. If 40% is diverted for grants and loans, \$3.6 million would go to RITT over the biennium.

REP. BROWN said the 30% amendments would eliminate funding of some projects with the revenue reverting to the trust, and thereby reaching the \$100 million cap sooner. He said the 30% sunsets in two years and the diversion reverts to 40% on the original 3-1 split.

REP. ELLIOTT said the objection to some of the projects funded by the RITT is that they have little to do with the gas, oil, or coal industry. This funding has been ongoing for 11 years. Because some members of the Legislature are tired of funding those projects, the 30% amendments would simply eliminate programs that have had considerable time, effort, and money invested in them for travel, hearings, engineering studies, and raising matching funds.

REP. McCAFFREE asked if the projects are prioritized by anyone.

Mr. Tubbs said DNRC set the priorities which are then submitted to the Governor. He reviews the priorities, makes the changes he prefers, and sends them on to the Legislature and the Appropriations Committee.

REP. RANEY said the amendments do not change the flow of the RITT revenue to the general fund, which is the objection that was raised on the floor.

REP. GILBERT said **REP. RANEY** is right to a point. This is taking money from a trust, the same as taking money from the coal trust which has been defeated three times this legislative session. He said this is an effort at a compromise between **DNRC**, **REP. BROWN**, and himself. These amendments do not wipe anyone out completely; everyone gets some help. Business as usual does not exist any longer.

REP. DRISCOLL said these amendments do not divert interest monies, they divert proceeds that should go into the trust. He said HB 608 amounts to trust fund robbing.

Motion: REP. HARPER MOVED TO STRIKE SECTION 1 IN ITS ENTIRETY.

Discussion:

REP. HARPER said eliminating Section 1 would cancel the diversion that would be diverted from the RITT. It would take money from the general fund, but it would break the cycle of robbing trust funds. He said the general fund monies would be eliminated, but the grants and loans would continue to be funded and would be placed above agency appropriations.

REP. REAM asked **Karen Fagg, former Director, DNRC,** to respond.

Ms. Fagg said the effect of striking Section 1 would eliminate \$3.6 million of RITT diverted proceeds which would eliminate all but \$700,000 of grant money, provided HB 2 is not amended.

Mr. Tubbs said \$3.6 million is eliminated by striking Section 1. If the rest of the bill passes intact, Section 2 guarantees \$4 million for grants. The agency would be short the \$3.6 million they would receive from the general fund.

REP. RANEY said this is the proper thing to do. Tax policy stays in place, RIT money goes into the trust, and the Appropriations Committee will have find \$3.6 million more for the general fund or cut \$3.6 in expenditures of general government.

REP. GILBERT said given the support the DNRC has given the Gilbert/Brown amendments, he would support the Harper amendment.

Vote: Motion to strike Section 1 in its entirety passed 11-9 on a roll call vote.

REP. GILBERT WITHDREW HIS PROPOSED 30% AMENDMENTS.

Motion: REP. HARPER MOVED HB 608 DO PASS AS AMENDED.

Discussion:

REP. DRISCOLL expressed concern that by reducing the funding for the agency this session, a greater deficit will be looming for next session.

REP. FELAND said he did not care if any of the projects were funded. He said they could apply to the federal government for grant money.

REP. RANEY said the next Legislature is not being obligated because the agency will have to come in again and apply for the grant money.

REP. DRISCOLL replied that language on page 3 said there will be \$3 million available for next biennium. He said it will have to come from the general fund or the RITT.

REP. RANEY said the grant money will be available again next session from the interest just as it always has been.

Vote: Motion that HB 608 Do Pass As Amended CARRIED 18-2 with REP. DRISCOLL and REP. HANSON voting no.

CHAIRMAN GILBERT REASSUMED THE CHAIR.

EXECUTIVE ACTION ON HB 669

Motion: REP. HANSON MOVED HB 669 DO PASS.

Discussion:

REP. RANEY said there was compelling testimony from the opponents of the bill. If taxes are too high, the operators will ask for expanded gambling. The state should not be feeding off the gambling industry.

REP. BOHLINGER said he does not like the bill. He has seen financial statements and tax returns of people in the casino business, as well as bankers who hold notes on casinos. It is his observation that there is little room for them to absorb an increased tax. He said the bill should go to the floor for full debate since it was offered as part of the "99 -99" tax package.

Motion: REP. MCCARTHY MOVED HB 669 DO NOT PASS. She said the operators slim profit margin leaves them no room to absorb more tax increases.

Discussion:

REP. NELSON said there is a great deal of tax policy in the bill and it should be subject to full debate on the floor of the House.

REP. HARPER felt the bill should be killed in Committee if it is going to be killed.

REP. FOSTER said the bill presents a balanced approach to taxation of gambling. All segments of society must help with the budget crunch, and the gaming operators are no different. He said he felt the bill addresses the small and large operators differently and fairly.

REP. HARRINGTON said the bill does not help anyone.

REP. DRISCOLL said this is a compounding tax that would be added to casino fees, property taxes, compounded on the liquor tax, permits, federal taxes, added to the 15% of gross receipts, license fees, and machine rentals.

REP. KELLER said he has no qualms about taxing the gaming industry, but he is concerned that higher taxes will result in expansion of gambling.

Vote: Motion that HB 669 Do Not Pass failed 12 - 8 on a roll call vote.

Motion/Vote: REP. HANSON MOVED HB 669 DO PASS. Motion carried on a reverse vote from the Do Not Pass motion.

EXECUTIVE ACTION ON HOUSE BILL 649

Discussion:

SEN. CHRISTIAENS said another welfare reform bill, HB 427 by REP. COBB, is being considered. He urged the Committee to withhold final action on HB 649 until it can be determined if the two bills can be blended together. HB 427 will cost \$10 million and it looks as though the 8 mill statewide levy in HB 649 can be dropped to 6 mills which would raise approximately \$13 million. As a result, the counties would see a tax reduction. He urged the Committee to amend the bill to reduce the millage to 6 mills statewide and address the I-105 concerns. He said the bill should be held pending action on HB 427.

REP. HARPER said he would prefer to defer action on the bill until work on HB 427 proceeds a little further.

CHAIRMAN GILBERT agreed, reminding the Committee of the transmittal deadline which is fast approaching.

VICE CHAIRMAN FOSTER ASSUMED THE CHAIR.

EXECUTIVE ACTION ON HOUSE BILL 643

Motion: REP. GILBERT MOVED HB 643 DO PASS.

Motion: REP. GILBERT MOVED TO ADOPT THE AMENDMENTS AS PER EXHIBIT 7.

Discussion:

REP. GILBERT reviewed materials comparing taxation of Class Three property at a higher rate with Class Four property taxed at a lower rate EXHIBITS 7A AND 7B. The amendments reflect taxation of nonagricultural land between 20 and 160 acres at seven times the rate of grazing land. He emphasized this is nonagricultural land. It is taxed at seven times the grazing fee rate in order to tie it to agricultural tax movement and keep it from being taxed at market value. This would keep people from being taxed

off their land due rising land prices in Montana. It also maintains the historical resistance to separating private and commercial land for taxation purposes. This is rural land and there are many more similarities than differences between the agricultural and non-agricultural lands. Proof rests with the County Assessors at the direction of the Department of Revenue. An additional qualifier, the \$1500 production factor, remains valid in statute.

REP. GILBERT said the bill raises \$1.4 million based on 50% of the 20-160 acre land parcels being deemed nonagricultural. He said it would probably prove to be higher than 50% when the final figures are compiled. He said everyone is going to see a tax increase one way or another this session. Property taxes have not been touched; however, this adjustment is overdue and it is a fairness issue.

In answer to a question by **REP. DRISCOLL, Jeff Morrison, DOR**, said the \$1500 test still applies to parcels of land under 20 acres. It is not included in this bill affecting parcels of 20-160 acres. The determination would be made by the County Assessor at the direction of DOR.

REP. RANEY said this is a continuation of bad tax policy. He said this is nonproductive land still being taxed on a production value base. It should be Class Four property and classified as either residential or recreational property.

REP. REAM said there is a philosophical difference between Class Three and Class Four property. He noted the proposed amendments are based on the second sheet of **EXHIBIT 7a** with the small change from eight to seven times the grazing value. Seven times the grazing value equates to \$2.45 an acre. If the property is classified in Class Four it will be based on market value.

REP. HIBBARD was concerned that there be a dollar test included in the Assessor determination. He was uncomfortable with the vague language.

REP. GILBERT asked if he would be more comfortable if the \$1500 dollar test were included in the 20-160 acre provisions.

REP. HIBBARD thought that would tighten things up and be an improvement.

Mr. Morrison, DOR, agreed there is the possibility of disagreements arising over determinations as the bill is written.

REP. GILBERT asked **Mr. Heiman** to draft a proposed amendment to address the concerns raised by **REP. HIBBARD** and **Mr. Morrison**.

THE COMMITTEE RECESSED FOR FLOOR SESSION AND RECONVENED AT 3:25 p.m.

REP. GILBERT submitted a proposed amendment which would include the \$1500 productivity test in the qualifier section **EXHIBIT 8**.

Motion: REP. GILBERT MOVED ADOPTION OF THE AMENDMENT AS PER **EXHIBIT 8**.

Discussion:

Mr. Morrison said DOR approved the amendments. They would give the Assessor the flexibility to make the decision without the dollar test, or in cases that are more difficult to determine, the dollar qualifier could be used as a determining factor.

REP. GILBERT pointed out that under current law acreage over 20 acres is automatically eligible for agricultural exclusion. These amendments make it necessary to apply for the exclusion and meet the test in order to qualify for the lower rates on parcels of land from 20-160 acres.

REP. RANEY said he felt there needed to be some progressivity built into the bill. He said someone with 150 acres could lease the land for grazing and meet the \$1500 test, while another person who owned 21 acres would have to get out and work the land to meet the \$1500 test. He said it appears to him that people who can afford to buy a lot of land are still not going to have to pay taxes on it.

REP. GILBERT said the tax has been raised 700% which seems pretty progressive to him. He wants to make the bill reasonable and logical and keep the tax rate at a level that keep people from being driven off their land. He said he agrees there should be a test, but it should be flexible and not punitive.

Vote: Motion to amend as per **EXHIBIT 8** carried 19-1 with REP. HARPER voting no.

Discussion:

REP. RANEY said this bill is a vehicle for changing all the greenbelt legislation. He asked for REP. SWANSON, sponsor of another greenbelt bill, to give her opinion on the bill and the amendments.

REP. GILBERT said REP. SWANSON's testimony would be philosophical. Committee procedure allows only testimony only on technical aspects of bills during executive session.

REP. GILBERT asked REP. HARPER if he wanted to rescind the previously adopted amendment.

REP. HARPER said he would. He said he would also like to review any fiscal impact resulting from the adoption of the proposed amendments.

VICE CHAIRMAN FOSTER asked Mr. Morrison if the amendment (EXHIBIT 8) makes DOR's job clearer and easier or not.

Mr. Morrison replied a means test is a help. After discussing the amendment with Mr. Heiman, he is not certain that it clarifies things as much as he had hoped.

VICE CHAIRMAN FOSTER said the fiscal information REP. HARPER wanted is contained in the information on Page 2, EXHIBIT 7a.

Motion/Vote: REP. GILBERT MOVED TO RESCIND THE PREVIOUSLY ADOPTED AMENDMENT AS CONTAINED IN EXHIBIT 8. Motion carried unanimously.

Motion/Vote: REP. GILBERT MOVED TO ADOPT THE AMENDMENTS AS PER EXHIBIT 7. Motion carried unanimously.

Motion/Vote: REP. GILBERT MOVED HB 643 DO PASS AS AMENDED. Motion carried unanimously.

CHAIRMAN GILBERT REASSUMED THE CHAIR.

EXECUTIVE ACTION ON HOUSE BILL 334

Motion/Vote: REP. REAM MOVED HB 334 BE TABLED. Motion to table carried unanimously.

EXECUTIVE ACTION ON HOUSE BILL 447

Motion/Vote: REP. FOSTER MOVED HB 447 BE TABLED. Motion carried 16-4 with REP. HARPER, DOLEZAL, RANEY, AND REAM voting no.

EXECUTIVE ACTION ON HOUSE BILL 219

Motion: REP. HARPER MOVED HB 219 BE TABLED. Motion carried 19-1 with REP. RANEY voting no.

EXECUTIVE ACTION ON HOUSE BILL 639

Motion: REP. HARPER MOVED HB 639 BE TAKEN FROM THE TABLE.

Discussion:

REP. HARPER presented proposed amendments to the Committee EXHIBIT 9. He said the amendments take out the statewide levy and establish an economic development program in the Department of Commerce contingent upon available money. He said the only

long term solution to Montana's economic woes is well planned economic development. This bill provides a tool and means to reach that goal.

REP. FOSTER opposed the motion because **SEN. ECK'S** economic development bill has already passed. He said he would work to defeat both bills if this bill comes out of Committee.

REP. DOLEZAL said the bill should be kept alive in case there is some money left after the session has ended. If there is no money, nothing will happen and the program will not be developed.

REP. BOHLINGER said that any kind of economic development expands the tax base and eases the tax burden for everyone. He said he supports the motion.

Vote: Motion to take HB 639 from the table carried 11-9 on a roll call vote.

Motion/Vote: **REP. MCCARTHY** MOVED TO ADOPT THE AMENDMENTS AS PER EXHIBIT 9. Motion carried 19-1 with **CHAIRMAN GILBERT** VOTING NO.

Vote: **REP. HARPER** MOVED HB 639 DO PASS AS AMENDED. Motion carried 12-8 on a roll call vote.

EXECUTIVE ACTION ON HOUSE BILL 333

Motion: **REP. FOSTER** MOVED HB 333 DO PASS.

Discussion:

Dr. Peter Blouke, Director, Social and Rehabilitation Services (SRS), presented a revised fiscal note and proposed amendments to the Committee EXHIBIT 10. The amendments create a special revenue account for the deposit of nursing facility utilization fees. These funds recapture the revenue previously set aside for the general fund. All the nursing home bed tax fees would then be available for matching federal funds.

Motion/Vote: **REP. FOSTER** MOVED THE ADOPTION OF THE AMENDMENTS AS PER EXHIBIT 10. Motion carried unanimously.

Motion/Vote: **REP. FOSTER** MOVED HB 333 DO PASS AS AMENDED. Motion carried unanimously.

EXECUTIVE ACTION ON HOUSE BILL 591

Motion: **REP. HANSON** MOVED HB 591 DO PASS.

Motion: **REP. FOSTER** MOVED ADOPTION OF THE AMENDMENTS AS PER

EXHIBIT 11.**Discussion:**

REP. FOSTER said these amendments change the proposed bed tax level from 4% to 5%. He noted this bill is a key component of the "99-99" solution. He said the general fund will receive \$3.8 million a biennium and local governments will share \$1 million in revenue annually.

REP. RANEY asked if the local governments share is earmarked or just for general usage.

REP. FOSTER said it goes to the local governments general funds. There is a distribution formula in the bill based on census data.

REP. RANEY asked why the tourist industry has been selected to fund the general fund.

REP. FOSTER replied there has been no other bill put forward in bipartisan discussions that address the "99-99" solution.

REP. RANEY said he can accept that for the 1% increase. He questioned the local government diversion portion and how that decision was made.

CHAIRMAN GILBERT said the current tourist tax all goes to the tourist promotion program. Local areas are impacted by the increased tourism trade. Local governments are hard pressed to find money to maintain and cope with the impact on services caused by tourists. If there is any relief to be had for local governments, this bill seems to be the best solution.

REP. RANEY asked if the Governor and the industry support the use of the funds for local governments.

CHAIRMAN GILBERT said the industry did not seem to be particularly happy at the hearing on the bill. He said he wants to spread the tax burden as broadly as possible, especially when there is \$99 million to be raised through those taxes.

REP. RANEY said he would oppose the amendments because they do not broaden the tax base. He noted the income tax bill is a much broader based tax.

REP. REAM asked how much the Travel Promotion Bureau would hurt by the amendments.

Matthew Kohn, Travel Promotion Bureau, Department of Commerce, said the tourism regions would lose \$202,000. He noted the university system stands to lose \$22,000 and the Historical Society would lose \$9,000.

Vote: Motion to adopt the amendments as per **EXHIBIT 11** carried 17-3 with **REP. RANEY, DOLEZAL, and REAM** voting no.

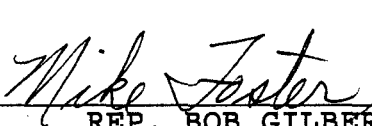
Mr. Heiman said a technical amendment is needed to correct a drafting error in the distribution mechanism.

Motion/Vote: **REP. REAM MOVED TO AMEND THE BILL AS PER MR. HEIMAN'S SUGGESTION.** Motion carried unanimously.

Motion/Vote: **REP. HANSON MOVED HB 591 DO PASS AS AMENDED.** Motion carried 13-7 on a roll call vote.

ADJOURNMENT

Adjournment: The meeting adjourned at 6:15 p.m.



REP, BOB GILBERT, CHAIRMAN



JILL ROHYANS, Secretary

These minutes were written by Louise Sullivan, edited and proofread for content by Jill Rohyans.

BG/jdr/ls

HOUSE OF REPRESENTATIVES

TAXATION

COMMITTEE

ROLL CALL

DATE

3/12/83

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	✓		
REP. KELLER	✓		
REP. McCAFFREE	✓		
REP. McCARTHY	✓		
REP. NELSON	✓		
REP. ORR	✓		
REP. RANEY	✓		
REP. REAM	✓		
REP. TUNBY	✓		✓ until 12:00

HOUSE STANDING COMMITTEE REPORT

March 19, 1993

Page 1 of 1

Mr. Speaker: We, the committee on Taxation report that House Bill 670 (first reading copy -- white) do pass as amended.

Signed: Bob Gilbert
Bob Gilbert, Chair

And, that such amendments read:

1. Page 4, line 13.

Following: "."

Insert: "Any amount contributed to an account that is intended to be used for workers' compensation purposes must be identified for that purpose at the time it is contributed to the account."

2. Page 4, line 16.

Following: "to the"

Insert: "Montana"

3. Page 4, line 17.

Strike: "Adjusted"

Insert: "Montana adjusted"

4. Page 12, line 23.

Following: "(2)"

Insert: "a portion of"

5. Page 13, line 1.

Following: "income"

Insert: "for the same tax year"

6. Page 23, lines 11 through 13.

Strike: "the amount" on line 11 through "[section 3]," on line 13

Insert: "insurance coverage of"

7. Page 23, line 15.

Strike: ",",

8. Page 23, line 17.

Following: "account"

Insert: ", established in accordance with [section 3],"

Committee Vote:

Yes 17, No 2.

621311SC.Hss

HOUSE STANDING COMMITTEE REPORT

March 19, 1993

Page 1 of 1

Mr. Speaker: We, the committee on Taxation report that House Bill 680 (first reading copy -- white) do pass as amended .

Signed: _____

Bob Gilbert

Bob Gilbert, Chair

And, that such amendments read:

1. Page 1, line 17.
Strike: "pre-1994"
Following: "loans"
Insert: "made prior to July 1, 1995"

2. Page 2, line 12.
Strike: "January"
Insert: "July"
Strike: "1994"
Insert: "1995"

3. Page 5, line 20.
Strike: "January"
Insert: "July"
Strike: "1994"
Insert: "1995"

Committee Vote:
Yes 9, No ____.

621220SC.Hss

HOUSE STANDING COMMITTEE REPORT

March 19, 1993

Page 1 of 1

Mr. Speaker: We, the committee on Taxation report that Senate Bill 370 (third reading copy -- blue) be concurred in as amended.

Signed: Bob Gilbert

Bob Gilbert, Chair

And, that such amendments read:

Carried by: Rep. Nelson

1. Page 4, line 5.

Strike: "DECEMBER 31, 1994"

Insert: "July 1, 1995"

Committee Vote:
Yes 11, No 1.

622025SC.Hss

HOUSE STANDING COMMITTEE REPORT

March 18, 1993

Page 1 of 1

Mr. Speaker: We, the committee on Taxation report that Senate Bill 412 (third reading copy -- blue) be concurred in.

Signed: Bob Gilbert

Bob Gilbert, Chair

Carried by: Rep. Feland

Committee Vote:
Yes , No .

611603SC.Hss

HOUSE STANDING COMMITTEE REPORT

March 20, 1993

Page 1 of 1

Mr. Speaker: We, the committee on Taxation report that House Bill 17 (second reading copy -- yellow) do pass as amended .

Signed: Bob Gilbert
Bob Gilbert, Chair

And, that such amendments read:

1. Title, line 8.

Following: "FUND;"

Insert: "CHANGING THE LICENSE EXPIRATION DATE TO APRIL 1 FROM
DECEMBER 31;"

2. Page 3, line 4.

Strike: "December 31"

Insert: "April 1"

3. Page 3, line 6.

Strike: "March"

Insert: "June"

4. Page 3, lines 15 and 16.

Page 3, line 20.

Strike: "December 31 of that year"

Insert: "April 1"

Committee Vote:

Yes 11, No 3.

630747SC.Hss

HOUSE STANDING COMMITTEE REPORT

March 19, 1993

Page 1 of 1

Mr. Speaker: We, the committee on Taxation report that House Bill 70 (second reading copy -- yellow) do pass as amended.

Signed: _____

Bob Gilbert
Bob Gilbert, Chair

And, that such amendments read:

1. Page 3, line 4.

Following: "fees"

Insert: "commensurate with budget authority approved by the legislature"

Committee Vote:
Yes 16, No 3.

622037SC.Hss

HOUSE STANDING COMMITTEE REPORT

March 19, 1993

Page 1 of 1

Mr. Speaker: We, the committee on Taxation report that House Bill 322 (first reading copy -- white) do pass as amended.

Signed: _____

Bob Gilbert, Chair

And, that such amendments read:

1. Title, line 4.

Following: "EXEMPTING"

Insert: "THE FIRST THREE BARRELS A DAY OF"

2. Title, lines 5 through 7.

Strike: "IF" on line 5 through "\$25" on line 7

3. Page 2, line 5.

Following: "in"

Insert: "15-36-121 and in"

4. Page 2, line 6.

Following: "(1)(d)"

Insert: "of this section"

5. Page 4, line 18.

Strike: "except as provided in 15-36-121,"

6. Page 9, line 18.

Strike: "All"

Insert: "The first 3 barrels a day of"

7. Page 9, line 19.

Strike: "is"

Insert: "are"

8. Page 9, line 20.

Strike: "(1)(d)"

9. Page 9, line 21 through page 10, line 5.

Strike: "," on page 9, line 21 through "occurs" on page 10, line 5.

Committee Vote:

Yes 15, No 7.

621300SC.Hss

HOUSE STANDING COMMITTEE REPORT

March 20, 1993

Page 1 of 2

Mr. Speaker: We, the committee on Taxation report that House Bill 651 (first reading copy -- white) do pass as amended.

Signed: Bob Gilbert

Bob Gilbert, Chair

And, that such amendments read:

1. Title, line 15.

Following: "CLASS;"

Insert: "REVISING TRANSIT FEES;"

2. Title, line 19.

Following: "61-3-521,"

Insert: "61-4-301, 61-4-302,"

3. Page 7, line 22.

Following: "more."

Insert: "For purposes of this subsection (v), the terms "trailer" and "semitrailer" mean a vehicle with or without motive power that is:

(i) designed and used only for carrying property;

(ii) designed and used to be drawn by a motor vehicle;

and

(iii) either constructed so that no part of its weight rests upon the towing vehicle or constructed so that some part of its weight and the weight of its load rests upon or is carried by another vehicle."

4. Page 33.

Following: line 3

Insert: "Section 15. Section 61-4-301, MCA, is amended to read:

"61-4-301. Permit and transit plates for new vehicles being transported by driveaway or towaway methods -- used mobile homes. (1)(a) A person, firm, partnership, or corporation, regularly and lawfully engaged in the transportation of new vehicles over the highways of this state from manufacturing or assembly points to agents of manufacturers and dealers in this state or in other states, territories, or foreign countries or provinces by the driveaway or towaway methods, where the vehicles being driven, towed, or transported by the saddle-mount, towbar or full-mount methods, or a lawful combination of these

Committee Vote:

Yes 11 No 7

630743SC.Hss

methods, will be transported over the highways of the state but once, may annually apply to the department of justice for a permit to use the highways of this state and shall pay, upon filing the application, a fee of \$100. Upon processing of the application, that department shall issue an annual permit to the applicant.

(b) A person moving used mobile homes from a point outside the state to a point inside the state may apply to the department for the permit authorized pursuant to subsection (1) (a).

(2) The permitholder may also apply to the department of justice for a sufficient number of distinctive transit plates or devices showing the permit number for identification of the vehicles being transported by the permitholder, and the plates or devices may be used on a vehicle being driven, towed, or transported by and under the control of the permitholder. That department shall collect the additional sum of \$1 for each pair of transit plates or devices applied for and issued.

(3) The department of justice shall retain the permit and plate fees to defray costs of administering 61-4-301 through 61-4-308.

(4) The permit and transit plates or devices expire on December 31 of each year."

Section 16. Section 61-4-302, MCA, is amended to read:

"61-4-302. One-trip fee in addition to permit and plate fees payable quarterly -- exception. (1) In addition to the permit and plate fees, a permit holder shall pay to the department of justice a one-trip fee of \$5 per driven vehicle. The fee shall be paid within 15 days after the end of the calendar quarter upon forms recommended or supplied by that department.

(2) A person moving new or used mobile homes is not subject to the one-trip fee required by subsection (1)."

Renumber: subsequent sections

HOUSE STANDING COMMITTEE REPORT

March 19, 1993

Page 1 of 1

Mr. Speaker: We, the committee on Taxation report that House Bill 608 (second reading copy -- yellow) do pass as amended.

Signed: Bob Gilbert

Bob Gilbert, Chair

And, that such amendments read:

1. Title, lines 7 and 8.

Strike: "ALLOCATING A PORTION OF THE RESOURCE INDEMNITY TAX PROCEEDS;"

2. Title, line 19.

Strike: "15-38-106,"

3. Title, line 25.

Strike: "90-2-1104,"

4. Page 3, lines 15 and 16.

Strike: "the rural economic revitalization program,"

5. Page 4, lines 2 through 6.

Strike: "Resource" on line 2 through "agencies." on line 6.

6. Page 4, line 9 through page 6, line 18.

Strike: section 1 in its entirety

Renumber: subsequent sections

7. Page 26, line 6.

Strike: "section"

8. Page 54, lines 7 through 25.

Strike: section 32 in its entirety

Renumber: subsequent sections

9. Page 65, line 5.

Strike: ", 2,"

Strike: "4"

Insert: "3"

Strike: "35"

Insert: "33"

10. Page 65, line 7.

Strike: "3"

Insert: "2"

Committee Vote:

Yes , No .

621255SC.Hss

HOUSE STANDING COMMITTEE REPORT

March 18, 1993

Page 1 of 1

Mr. Speaker: We, the committee on Taxation report that House Bill 669 (first reading copy -- white) do pass .

Signed: Bob Gilbert
Bob Gilbert, Chair

Committee Vote:
Yes 15, No 0.

611605SC.Hss

HOUSE STANDING COMMITTEE REPORT

March 19, 1993

Page 1 of 5

Mr. Speaker: We, the committee on Taxation report that House Bill 643 (first reading copy -- white) do pass as amended.

Signed: Bob Gilbert

Bob Gilbert, Chair

And, that such amendments read:

1. Title, line 4.

Following: "THAT"

Insert: "PARCELS OF"

Following: "LAND"

Insert: "LESS THAN 160 ACRES"

2. Title, lines 7 and 8.

Following: "PURPOSES;" on line 7

Insert: "TAXING PARCELS OF NONAGRICULTURAL LAND OF 20 ACRES OR MORE BUT LESS THAN 160 ACRES AT SEVEN TIMES THE RATE FOR GRAZING LAND; PROVIDING FOR APPROPRIATIONS;"

Strike: "SECTION"

Insert: "SECTIONS 15-6-133, 15-6-144,"

Following: "15-7-202,"

Insert: "AND 17-7-502,"

Strike: "A" on line 7 through "DATE" on line 8

Insert: "EFFECTIVE DATES"

3. Page 1.

Following: line 10

Insert: "Section 1. Section 15-6-133, MCA, is amended to read:

"15-6-133. Class three property -- description -- taxable percentage. (1) Class three property includes:

(a) agricultural land as defined in 15-7-202;

(b) nonproductive patented mining claims outside the limits of an incorporated city or town held by an owner for the ultimate purpose of developing the mineral interests on the property. For the purposes of this subsection (1)(b), the following provisions apply:

(i) The claim may not include any property that is used for residential purposes, recreational purposes as described in 70-16-301, or commercial purposes as defined in 15-1-101 or any property the surface of which is being used for other than mining purposes or has a separate and independent value for such other purposes.

Committee Vote:

Yes 11, No 1.

621306SC.Hss

(ii) Improvements to the property that would not disqualify the parcel are taxed as otherwise provided in this title, including that portion of the land upon which such improvements are located and that is reasonably required for the use of the improvements.

(iii) Nonproductive patented mining claim property must be valued as if the land were devoted to agricultural grazing use.

(c) parcels of land of 20 acres or more but less than 160 acres under one ownership that are not eligible for valuation, assessment, and taxation as agricultural land under 15-7-202(2). The land may not be devoted to a commercial or industrial purpose.

(2) Class three property is taxed at the taxable percentage rate "P" of its productive capacity.

(3) Until July 1, 1986, the taxable percentage rate "P" for class three property is 30%.

(4) Prior to July 1, 1986, the department of revenue shall determine the taxable percentage rate "P" applicable to class three property for the revaluation cycle beginning January 1, 1986, as follows:

(a) The director of the department of revenue shall certify to the governor before July 1, 1986, the percentage by which the appraised value of all property in the state classified under class three as of January 1, 1986, has increased due to the revaluation conducted under 15-7-111. This figure is the "certified statewide percentage increase".

(b) The taxable value of property in class three is determined as a function of the certified statewide percentage increase in accordance with the table shown below.

(c) This table limits the statewide increase in taxable valuation resulting from reappraisal to 0%. In calculating the percentage increase, the department may not consider agricultural use changes during calendar year 1985.

(d) The taxable percentage must be calculated by interpolation to coincide with the nearest whole number certified statewide percentage increase from the following table:

Certified Statewide Percentage Increase	Class Three Taxable Percentage "P"
0	30.00
10	27.27
20	25.00
30	23.08
40	21.43
50	20.00

(5) After July 1, 1986, no adjustment may be made by the department to the taxable percentage rate "P" until a revaluation has been made as provided in 15-7-111.

(6) The land described in subsection (1)(c) is valued at the productive capacity value of grazing land, at a production

level set by the department, and the taxable value is computed by multiplying the value by seven times the taxable rate for agricultural land."

Section 2. Section 15-6-144, MCA, is amended to read:

"15-6-144. Class eleven property -- description -- taxable percentage. (1) Class eleven property includes all improvements on land that is eligible for valuation, assessment, and taxation as agricultural land under 15-7-202~~(2)~~ (3). Class eleven property includes 1 acre of real property beneath the agricultural improvements. The 1 acre shall be valued at market value.

(2) Class eleven property is taxed at 80% of the taxable percentage applicable to class four property."

Renumber: subsequent sections

4. Page 1, line 13.

Strike: "20"

Insert: "160"

5. Page 1, line 17.

Following: "use"

Insert: "none of the parcels is devoted to a commercial or industrial use.

(2) Contiguous parcels of land of 20 acres or more but less than 160 acres are eligible for valuation, assessment, and taxation as agricultural land if"

Renumber: subsequent subsections

6. Page 1, line 24.

Strike: "(8)"

Insert: "(9)"

7. Page 2, line 11.

Strike: "(2)(a)"

Insert: "(3)(a)"

8. Page 2, line 17

Strike: "and (2)"

Insert: "through (3)"

9. Page 3, line 14.

Strike: "(2)(a)"

Insert: "(2), (3)(a),"

10. Page 3, line 15.

Strike: "(2)(b)"

Insert: "(3)(b)"

11. Page 3.

Following: line 20

Insert: "Section 4. Section 17-7-502, MCA, is amended to read:

"17-7-502. Statutory appropriations -- definition --
requisites for validity. (1) A statutory appropriation is an
appropriation made by permanent law that authorizes spending by a
state agency without the need for a biennial legislative
appropriation or budget amendment.

(2) Except as provided in subsection (4), to be effective,
a statutory appropriation must comply with both of the following
provisions:

(a) The law containing the statutory authority must be
listed in subsection (3).

(b) The law or portion of the law making a statutory
appropriation must specifically state that a statutory
appropriation is made as provided in this section.

(3) The following laws are the only laws containing
statutory appropriations: 2-9-202; 2-17-105; 2-18-812; 10-3-203;
10-3-312; 10-3-314; 10-4-301; 13-37-304; 15-1-111; [section 6];
15-23-706; 15-25-123; 15-31-702; 15-36-112; 15-37-117; 15-65-121;
15-70-101; 16-1-404; 16-1-410; 16-1-411; 17-3-212; 17-5-404; 17-
5-424; 17-5-704; 17-5-804; 17-6-409; 17-7-304; 19-5-404; 19-6-
709; 19-8-504; 19-9-702; 19-9-1007; 19-10-205; 19-10-305; 19-10-
506; 19-11-512; 19-11-513; 19-11-606; 19-12-301; 19-13-604; 19-
15-101; 20-4-109; 20-6-406; 20-8-111; 20-9-361; 20-26-1503; 22-3-
811; 23-5-136; 23-5-306; 23-5-409; 23-5-610; 23-5-612; 23-5-631;
23-7-301; 23-7-402; 27-12-206; 37-43-204; 37-51-501; 39-71-2504;
44-12-206; 44-13-102; 53-6-150; 53-24-206; 61-5-121; 67-3-205;
75-1-1101; 75-5-507; 75-5-1108; 75-11-313; 76-12-123; 77-1-808;
80-2-103; 80-11-310; 82-11-136; 82-11-161; 85-1-220; 90-3-301;
90-4-215; 90-6-331; 90-7-220; and 90-9-306.

(4) There is a statutory appropriation to pay the
principal, interest, premiums, and costs of issuing, paying, and
securing all bonds, notes, or other obligations, as due, that
have been authorized and issued pursuant to the laws of Montana.
Agencies that have entered into agreements authorized by the laws
of Montana to pay the state treasurer, for deposit in accordance
with 17-2-101 through 17-2-107, as determined by the state
treasurer, an amount sufficient to pay the principal and interest
as due on the bonds or notes have statutory appropriation
authority for the payments. (In subsection (3): pursuant to sec.
7, Ch. 567, L. 1991, the inclusion of 19-6-709 terminates upon
death of last recipient eligible for supplemental benefit; and
pursuant to sec. 18, Ch. 748, L. 1991, the inclusion of 22-3-811
terminates June 30, 1993.)"

NEW SECTION. Section 5. Appropriation. There is
appropriated to the department of revenue \$111,000 from the
general fund for the fiscal year ending June 30, 1994, for the
administration of 15-6-133 and 15-7-202, as amended by [this
act].

NEW SECTION. Section 6. Statutory appropriation. There is

statutorily appropriated, as provided in 17-7-502, \$90,000 from the general fund each year for the administration of 15-6-133 and 15-7-202, as amended by [this act]."

Renumber: subsequent section

12. Page 3, line 21.

Strike: "date"

Insert: "dates"

13. Page 3, lines 22 and 23.

Strike: "[This act] is"

Insert: "(1) [Section 5 and this section] are"

Strike: "January"

Insert: "July"

Strike: "1994,"

Insert: "1993."

(2) [Sections 4 and 6] are effective July 1, 1994.

(3) [Sections 1 through 3] are effective July 1, 1994,"

14. Page 3, line 23.

Strike: "applies"

Insert: "apply"

HOUSE STANDING COMMITTEE REPORT

March 20, 1993

Page 1 of 2

Mr. Speaker: We, the committee on Taxation report that House Bill 639 (first reading copy -- white) do pass as amended .

Signed: Bob Gilbert
Bob Gilbert, Chair

And, that such amendments read:

1. Title, line 5.

Strike: "LEGISLATURE TO LEVY A STATEWIDE PROPERTY TAX"

Insert: "DEPARTMENT OF COMMERCE TO ESTABLISH A PROGRAM"

2. Title, line 6.

Following: second "FUNDS"

Insert: "CONTINGENT UPON THE AVAILABILITY OF STATE MATCHING MONEY"

3. Title, line 8.

Strike: "AMENDING SECTION 15-10-412, MCA;"

4. Page 1, line 12.

Strike: "Tax levy"

Insert: "State matching funds program"

5. Page 1, line 14.

Strike: "from levy"

6. Page 1, line 23 through page 2, line 5.

Strike: "legislature" on page 1, line 23, through "disbursed" on line 5, page 2.

Insert: "department shall create a program to provide state funds to match local economic development funds and to fund the certified communities program. The provision of state matching funds is contingent upon specific appropriations to the department for that purpose. The department shall distribute the funds"

7. Page 2, line 16.

Strike: "\$1.50"

8. Page 3, line 17 through page 10, line 11.

Strike: section 2 in its entirety

Renumber: subsequent section

Committee Vote:

Yes 17 No 7

630751SC.Hss

March 20, 1993
Page 2 of 2

9. Page 10, lines 12 and 13.

Strike: " -- distribution of proceeds. (1)"

Insert: "."

10. Page 10, lines 15 and 16.

Strike: subsection (2) in its entirety

HOUSE STANDING COMMITTEE REPORT

March 19, 1993

Page 1 of 2

Mr. Speaker: We, the committee on Taxation report that House Bill 333 (first reading copy -- white) do pass as amended.

Signed: Bob Gilbert
Bob Gilbert, Chair

And, that such amendments read:

1. Title, line 11.

Following: ";

Insert: "CREATING A STATE SPECIAL REVENUE ACCOUNT; DEPOSITING THE FEE IN THE ACCOUNT; APPROPRIATING FUNDS FOR THE 1995 BIENNIUM;"

2. Title, line 11.

Strike: "AND"

Insert: ";

Following: "15-60-102,"

Insert: "AND 15-60-210,"

3. Page 3, line 11.

Strike: "\$2.85"

Insert: "\$2"

4. Page 3, line 12.

Strike: "\$3.65"

Insert: "\$2.80"

5. Page 3, line 13.

Following: "thereafter."

Insert: "The fees must collected must be deposited in the nursing facility state special revenue account established in 15-60-210.

Section 3. Section 15-60-210, MCA, is amended to read:
"15-60-210. Disposition of fee -- nursing facility account. (1) All proceeds from the collection of utilization fees, including penalties and interest, must be deposited in the state general fund nursing facility state special revenue account established in subsection (2)
(2) There is a nursing facility account in the state special revenue fund. The purpose of the account is to provide a continuing source of revenue for nursing facility reimbursements as appropriated by the legislature."

Committee Vote:
Yes , No .

621303SC.Hss

NEW SECTION. Section 4. Appropriations. The following money is appropriated from the account established in [section 3] and from federal matching funds to the department of social and rehabilitation services to fund medicaid payments to nursing facilities:

Fiscal Year 1994

State Special Revenue	\$ 4,656,028
Federal	11,410,321

Total	\$16,066,349
-------	--------------

Fiscal Year 1995

State Special Revenue	\$ 6,552,848
Federal	15,660,196

Total	\$22,213,044"
-------	---------------

Renumber: subsequent sections

-END-

HOUSE STANDING COMMITTEE REPORT

March 20, 1993

Page 1 of 2

Mr. Speaker: We, the committee on Taxation report that House Bill 591 (first reading copy -- white) do pass as amended .

Signed: Bob Gilbert
Bob Gilbert, Chair

And, that such amendments read:

1. Title, line 5.

Strike: "7"

Insert: "5"

2. Title, line 6.

Strike: "DISTRIBUTED"

Insert: "DEPOSITED IN THE GENERAL FUND; DIVERTING A PORTION OF
THE PROCEEDS FROM THE LODGING FACILITY USE TAX"

3. Title, line 7.

Strike: "ON BOTH A PER CAPITA BASIS AND"

4. Page 1, line 18.

Strike: "7%"

Insert: "5%"

5. Page 2, line 16.

Strike: "7%"

Insert: "5%"

6. Page 3, line 6.

Strike: "0.57%"

Insert: "0.8%"

7. Page 3, line 9.

Strike: "1.43%"

Insert: "2%"

8. Page 3, line 13.

Strike: "41.4%"

Insert: "64% to the credit of the department of commerce for
distribution as follows:

(A) 75%"

Committee Vote:

Yes __, No __.

631130SC.Hpf

9. Page 3, line 17.

Strike: "(iv) (A)"

Insert: "(B)"

10. Page 3, line 18.

Strike: "(2) (c) (iv) (B)"

Insert: "(2) (c) (iii) (C)"

Strike: "13.8%"

Insert: "25%"

11. Page 3, line 22.

Strike: "(B)"

Insert: "(C)"

Strike: "13.8%"

Insert: "25%"

12. Page 4, line 4.

Strike: "and"

13. Page 4, line 5.

Strike: "(v)"

Insert: "(iv)"

Strike: "42.8%"

Insert: "12.7%"

14. Page 4, lines 6 through 15.

Following: "towns" on line 6

Strike: remainder of line 6 through "revenue" on line 15

15. Page 4, line 23.

Following: line 22

Insert: "(v) 20.5% to the state general fund."

16. Page 4, line 24.

Page 5, line 21

Strike: "(2) (c) (iv)"

Insert: "(2) (c) (iii) (C)"

-END-

HOUSE OF REPRESENTATIVES

TAXATION

COMMITTEE

ROLL CALL VOTE

DATE 3/18/93 BILL NO. HB 388 NUMBER _____

MOTION: by Rep. Foster to adopt original
file as drafted in HB 388

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. TINBY	✓	
REP. GILBERT	✓	

HOUSE OF REPRESENTATIVES

TAXATION

COMMITTEE

ROLL CALL VOTE

DATE 3/18/93 BILL NO. HB 388 NUMBER _____

MOTION: My Rep. Foster that HB 388
Be Tabled

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	✓	

HOUSE OF REPRESENTATIVES

TAXATION

COMMITTEE

ROLL CALL VOTE

DATE 3/18/93 BILL NO. HB 322 NUMBER

MOTION: by Rep. Feland That HB 322
Do Pass As Amended

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. TINBY	✓	
REP. GILBERT		✓

CONFLICT
NO VO

HOUSE OF REPRESENTATIVES

TAXATION

COMMITTEE

ROLL CALL VOTE

DATE 3/18/93 BILL NO. HB 651 NUMBER

MOTION: amends HB 651

by Russell reduce
20.75¢ to 20¢

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		✓

HOUSE OF REPRESENTATIVES

TAXATION

COMMITTEE

ROLL CALL VOTE

DATE 3/12/93 BILL NO. HB 651 NUMBER _____

MOTION: by Rep. Elliott that HB 651
do pass as amended

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	✓	

HOUSE OF REPRESENTATIVES

TAXATION

COMMITTEE

ROLL CALL VOTE

DATE 3/18/93 BILL NO. HB 608 NUMBER _____

MOTION: Strike Sec. 1 - Harper

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	✓	

HOUSE OF REPRESENTATIVES

TAXATION

COMMITTEE

ROLL CALL VOTE

DATE 3/18/93 BILL NO. HB 608 NUMBER _____

MOTION: by Rep. Harper That HB 608
Do Pass As Amended

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	✓	

HOUSE OF REPRESENTATIVES

TAXATION

COMMITTEE

ROLL CALL VOTE

DATE 3/18/93 BILL NO. HO 669 NUMBER _____

MOTION: McCarthy DNP

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		✓

HOUSE OF REPRESENTATIVES

TAXATION

COMMITTEE

ROLL CALL VOTE

DATE 3/18/13 BILL NO. HO 639 NUMBER

MOTION: Harper take from the table

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		✓

HOUSE OF REPRESENTATIVES

TAXATION

COMMITTEE

ROLL CALL VOTE

DATE 3/18/93 BILL NO. 639 NUMBER

MOTION: by Rep. Harper that HB 639
Do Pass As Amended

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

HOUSE OF REPRESENTATIVES

TAXATION

COMMITTEE

ROLL CALL VOTE

DATE 3/18/93 BILL NO. HB 591 NUMBER _____

MOTION: by Rep. Hanson that HB 591
Do Pass As Amended

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

Rep. Raney's Proposed Amendments to House Bill No. 388
Introduced Bill Copy
March 15, 1993

Presented by
Rep. Bob Raney

1. Statement of Intent, page 4

Following: line 3

Insert: "The Board of Health and Environmental Sciences shall consider the following fee structures as prima facie indicators of appropriate fee assessments, except that the fees should be increased every three years after the date of enactment by the percentage, if any, by which the Producer Price Index published by the United States Bureau of Labor Statistics for the most recent full calendar year exceeds the Producer Price Index for calendar year 1993.

	<u>Application fee</u>	<u>Annual fee*</u>
Publicly owned treatment works	\$250 - \$1,000	\$250 - \$3,000
Industrial storm and groundwater systems	\$1,000	\$1,000 - \$3,000
Industrial Cooling water systems	\$500	\$200 - \$1,000
Industrial systems with toxic substances	\$2,500 - \$5,000	\$2,500 - \$3,000
General permits	\$200 - \$500	\$250 - \$3,000
Nondegradation review:		
a. Domestic sewage treatment	\$3,000	
b. Industrial	\$2,500 - \$10,000	
c. Subdivisions	\$120 - \$200 per lot	

* The annual fee is to be assessed for each million gallons of waste discharged per day on a yearly average, and is specific to each discharge at a facility. However, the lower values are minimum fees regardless of the amount of waste discharged. For either the application fee or annual fee for storm water discharges, a facility may not be charged for more than the five storm water discharge points that yield the highest fees.

The Legislature also intends that a facility that consistently discharges effluent at less than or equal to one-half of its permit limit concentration, using the previous year's discharge data, is entitled to a 25% reduction in its annual fee. Further, any facility that consistently discharges effluent at levels between 50 and 100% of its permit limit concentration is entitled to a proportionate fee reduction between 0 and 25%. For a permit with multiple parameter limits, the annual average of the percentage of use of each parameter limit should be used to determine an overall percentage. A new permittee is not eligible for fee reduction in its first year of operation, and dilution is not intended as a way to justify lower annual fees."

2. Page 5, line 11

Following: ";"

Insert: "and"

3. Page 5, lines 12 through 21

Strike: lines 12 through 21 in their entirety

Renumber: subsequent subsection

4. Page 5, line 22

Strike: "(j)"

Insert: "(f)"

5. Page 6, line 3

Strike: "is sufficient to cover"

Insert: "recovers to the extent permitted by this subsection (2)"

6. Page 6, line 4

Following: "applications"

Strike: "; and"

Insert: ". This fee may not be less than \$250 or more than \$5,000 per discharge point for an application addressed under subsection (1), except that an application with multiple storm water discharge points may be assessed a lower fee for those points according to board rule."

7. Page 6, lines 6 through 8

Strike: line 6 through "the" on line 8

8. Page 6, lines 9 through 12

Following: "waters"

Strike: "or" on line 9 through "chapter" on line 12

9. Page 6, line 12

Following: "fee"

Insert: "may not be less than \$250, and may not be more than \$3,000 per million gallons discharged per day on an annual average for any activity under permit or authorization, as described in subsection (1), except that a permit or authorization with multiple storm water discharge points may be assessed a lower fee for those points according to board rule. To the extent permitted under this limitation, the annual fee"

10. Page 6, line 24

Following: "quality"

Insert: "discharge permit"

11. Page 7, line 2

Strike: "in a timely manner"

Insert: "within 90 days after the date established by rule for fee payment"

12. Page 7, line 4

Strike: "50%"

Insert: "20%"

13. Page 7, line 12

Strike: "state"

Following: "fund"

Insert: "type"

14. Page 8

Following: line 9

Insert: "(10) A municipality may raise rates to recover costs associated with the fees prescribed in this section for a public sewer system without the hearing required in 69-7-111."

15. Page 8, line 12

Strike: "state"

Following: "fund"

Insert: "type"

16. Page 8

Following: line 18

Insert: "Section 3. Section 69-7-111, MCA, is amended to read:

"69-7-111. Municipal rate hearing required--notice. (1) Except as provided in 75-6-108 and [section 1], if the governing body of a municipality considers it advisable to regulate, establish, or change rates, charges, or classifications imposed on its customers, it shall order a hearing to be held before it at a time and place specified.

(2) Notice of the hearing ~~shall~~ must be published in a newspaper as provided in 7-1-4127.

(3) (a) The notice ~~shall~~ must be published three times with at least 6 days separating each publication. The first publication may be no more than 28 days prior to the hearing, and the last publication may be no less than 3 days prior to the hearing.

(b) The notice must also be mailed at least 7 days and not more than 30 days prior to the hearing to persons served by the utility. The notice must be mailed within the prescribed time period. This notice must contain an estimate of the amount the customer's average bill will increase.

(4) The published notice must contain:

(a) the date, time, and place of the hearing;

(b) a brief statement of the proposed action; and

(c) the address and telephone number of a person who may be contacted for further information regarding the hearing.

(5) Notice of all hearings ~~shall~~ must be mailed first class, postage prepaid, to the Montana consumer counsel."

Renumber: subsequent sections

EXHIBIT 14

DATE 3/15/93

HB 388

**** CAUTION ** This is an unofficial Bill Draft developed to show amendments proposed by Rep. Bob Raney to the Introduced Bill Copy.**

HOUSE BILL NO. 388

INTRODUCED BY Rep. Raney

BY REQUEST OF THE DEPARTMENT
OF HEALTH AND ENVIRONMENTAL SCIENCES

A BILL FOR AN ACT ENTITLED: "AN ACT AUTHORIZING THE DEPARTMENT OF HEALTH AND ENVIRONMENTAL SCIENCES TO COLLECT FEES TO OFFSET WATER QUALITY PROGRAM COSTS FOR ISSUING PERMITS AND MONITORING ACTIVITY; REQUIRING THE DEPARTMENT TO PROVIDE NOTICE OF THE FEE ASSESSMENT; PROVIDING AN APPEAL PROCEDURE FOR RESOLUTION OF FEE DISPUTES; PROVIDING FOR THE DISPOSITION OF FEES; AND PROVIDING AN APPLICABILITY DATE."

WHEREAS, section 402 of the Federal Water Pollution Control Act provides that states may be authorized by the U.S. Environmental Protection Agency to administer the national pollutant discharge elimination system wastewater discharge permit program; and

WHEREAS, the Montana Department of Health and Environmental Sciences administers all water quality permit programs in Montana through an agreement with the U.S. Environmental Protection Agency under section 402 of the Federal Water Pollution Control Act; and

WHEREAS, the Department of Health and Environmental Sciences' water quality permit programs are inextricably linked to its other water pollution control and ambient water quality monitoring programs; and

WHEREAS, both the citizens and businesses of the State of Montana benefit from implementation of these programs by the Department of Health and Environmental Sciences; and

WHEREAS, federal grants for Montana's water quality programs

are currently inadequate and are being further reduced, and Montana's general fund is stressed by competing government programs; and

WHEREAS, if the Department of Health and Environmental Sciences fails to obtain authorization, the national pollutant discharge elimination system program will be administered within Montana by the U.S. Environmental Protection Agency; and

WHEREAS, the persons who discharge or may discharge wastes to Montana's water resources and who are required to obtain a water quality permit should pay a fair share to ensure protection of Montana's water resources; and

WHEREAS, the annual fee system may be an incentive to the regulated community to design activities that reduce the amount of pollutants discharged to state waters or otherwise lower the potential for harm to state waters.

THEREFORE, the Legislature of the State of Montana finds that it is appropriate to authorize the development of permit fee systems to support Montana's comprehensive water pollution control program.

STATEMENT OF INTENT

A statement of intent is required for this bill because it authorizes the board of health and environmental sciences to adopt rules regarding fees to be assessed to applicants for or holders of certain permits or licenses. The intent of this bill is to allow the department of health and environmental sciences to charge for

its services in administering its comprehensive water permitting program. These services include both the permitting function and followup monitoring and enforcement programs to ensure that activities are complying with the terms and conditions of the permit. In addition, the legislature anticipates that fees will be assessed to applicants or permittees under other statutory authorities for which an exclusion from a water quality permit requirement is provided by rule.

The board shall attempt to develop a structured fee system that can be clearly applied to all activities addressed under this bill and that results in revenue that approximates the department's documented cost of implementing its comprehensive water quality permit program. The permit review fee system must be based on an average assessment of the department's direct and indirect cost of reviewing permit applications, including the cost of support services, inservice training, and correspondence. The annual fee system may involve fees that are prescribed by category according to the criteria in [section 1(2)(b)].

The Board of Health and Environmental Sciences shall consider the following fee structures as prima facie indicators of appropriate fee assessments, except that the fees should be increased every three years after the date of enactment by the percentage, if any, by which the Producer Price Index published by the United States Bureau of Labor Statistics for the most recent full calendar year exceeds the Producer Price Index for calendar year 1993.

	<u>Application fee</u>	<u>Annual fee*</u>
<u>Publicly owned treatment works</u>	<u>\$250 - \$1,000</u>	<u>\$250 - \$3,000</u>
<u>Industrial storm and groundwater systems</u>	<u>\$1,000</u>	<u>\$1,000 - \$3,000</u>
<u>Industrial Cooling water systems</u>	<u>\$500</u>	<u>\$200 - \$1,000</u>
<u>Industrial systems with toxic substances</u>	<u>\$2,500 - \$5,000</u>	<u>\$2,000 - \$3,000</u>
<u>General permits</u>	<u>\$200 - \$500</u>	<u>\$250 - \$3,000</u>
<u>Nondegradation review:</u>		
<u>a. Domestic sewage treatment</u>	<u>\$3,000</u>	
<u>b. Industrial</u>	<u>\$2,500 - \$10,000</u>	
<u>c. Subdivisions</u>	<u>\$120 - \$200 per lot</u>	

* The annual fee is to be assessed for each million gallons of waste discharged per day on a yearly average, and is specific to each discharge at a facility. However, the lower values are minimum fees regardless of the amount of waste discharged. For either the application fee or annual fee for storm water discharges, a facility may not be charged for more than the five storm water discharge points that yield the highest fees.

The Legislature also intends that a facility that consistently discharges effluent at less than or equal to one-half of its permit limit concentration, using the previous year's discharge data, is entitled to a 25% reduction in its annual fee. Further, any facility that consistently discharges effluent at levels between 50 and 100% of its permit limit concentration is entitled to a proportionate fee reduction between 0 and 25%. For a permit with multiple parameter limits, the annual average of the percentage of use of each parameter limit should be used to determine an overall percentage. A new permittee is not eligible for fee reduction in

its first year of operation, and dilution is not intended as a way to justify lower annual fees.

Further, the board's rules should provide a mechanism for coordinating collection of fees for the review and monitoring of projects and activities authorized by [section 1] with any other fees that are collected by other state agencies for the review and monitoring of those projects and activities. The fees collected by the department may not duplicate the fees collected by another state agency for services in reviewing permit, certificate, and license applications and in conducting monitoring.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

NEW SECTION. Section A. Fees authorized for recovery -- process -- rulemaking. (1) The board shall by rule prescribe fees to be assessed by the department that are sufficient to cover the board's and department's documented costs, both direct and indirect, of:

(a) reviewing and acting upon an application for a permit, permit modification, permit renewal, certificate, license, or other authorization required by rule under 75-5-201 or 75-5-401;

(b) reviewing and acting upon a petition for a degradation allowance under 75-5-303;

(c) reviewing and acting upon an application for a permit, certificate, license, or other authorization for which an exclusion is provided by rule from the permitting requirements established under 75-5-401;

(d) enforcing the terms and conditions of a permit or

authorization identified in subsections (1)(a) through (1)(c). If the permit or authorization is not issued, the department shall return this portion of any application fee to the applicant.

(e) conducting compliance inspections and monitoring effluent and ambient water quality; and

~~(f) conducting modeling, analyses, and demonstrations in areas that include but are not limited to the determination of total maximum daily loads and waste load allocation;~~

~~(g) identifying and monitoring impaired waters;~~

~~(h) preparing and maintaining public information systems on effluent limitation, discharges, compliance, and ambient water quality;~~

~~(i) providing water quality training and education programs for the department or public; and~~

~~(j)~~ (f) preparing water quality rules or guidance documents.

(2) The rules promulgated by the board under this section must include:

(a) a fee on all applications for permits or authorizations, as identified in subsections (1)(a) through (1)(c), that ~~is sufficient to cover~~ recovers to the extent permitted by this subsection (2) the department's cost of reviewing and acting upon the applications; ~~and~~. This fee may not be less than \$250 or more than \$5,000 per discharge point for an application addressed under subsection (1), except that an application with multiple storm water discharge points may be assessed a lower fee for those points according to board rule.

(b) an annual fee to be assessed according to the ~~potential~~

~~for harm to state waters by the activity under permit or authorization. The annual fee must take into consideration the volume and concentration of waste discharged into state waters or the volume and concentration of process materials or wastes placed in an impoundment or other containment facility subject to the permit requirements of this chapter. The annual fee may not be less than \$250, or more than \$3,000 per million gallons discharged per day on an annual average for any activity under permit or authorization, as described in subsection (1), except that a permit or authorization with multiple storm water discharge points may be assessed a lower fee for those points according to board rule. To the extent permitted under this limitation, the annual fee must be sufficient to pay the department's estimated cost of conducting all tasks described under subsection (1) after subtracting:~~

- (i) the fees collected under subsection (2)(a);
- (ii) state general fund appropriations for functions administered under this chapter; and
- (iii) federal grants for functions administered under this chapter.

(3) For purposes of subsection (2), the department's estimated cost of conducting the tasks described under subsection (1) is the amount authorized by the legislature for the department's water quality discharge permit programs.

(4) If the applicant or holder fails to pay a fee assessed under this section or rules adopted under this section ~~in a timely manner~~ within 90 days after the date established by rule for fee payment, the department may:

(a) impose an additional assessment consisting of not more than ~~50%~~ (20%) of the fee plus interest on the required fee computed at the rate established under 15-31-510(3); or

(b) suspend the permit or exclusion. The department may lift the suspension at any time up to 1 year after the suspension occurs if the holder has paid all outstanding fees, including all penalties, assessments, and interest imposed under subsection (4)(a).

(5) Fees collected pursuant to this section must be deposited in an account in the ~~state~~ special revenue fund type pursuant to [section 2].

(6) The department shall give written notice to each person assessed a fee under this section of the amount of fee that is assessed and the basis for the department's calculation of the fee. This notice must be issued at least 30 days prior to the due date for payment of the assessment.

(7) A holder of or an applicant for a permit, certificate, or license may appeal the department's fee assessment to the board within 20 days after receiving written notice of the department's fee determination under subsection (6). The appeal to the board must include a written statement detailing the reasons that the permitholder or applicant considers the department's fee assessment to be erroneous or excessive.

(8) If part of the department's fee assessment is not in dispute in an appeal filed under subsection (7), the undisputed portion of the fee must be paid to the department upon written request of the department.

(9) The contested case provisions of the Montana Administrative Procedure Act, provided for in Title 2, chapter 4, part 6, apply to a hearing before the board under this section.

(10) A municipality may raise rates to recover costs associated with the fees prescribed in this section for a public sewer system without the hearing required in 69-7-111.

NEW SECTION. Section 2. Deposition of water quality permit fees. (1) There must be credited to an account in the state special revenue fund type:

(a) all legislative and federal appropriations to the department for administration of this chapter; and

(b) all fees collected under [section 1].

(2) Money in the account may be used only to pay the department's cost in implementing the functions described in [section 1(1)].

Section 3. Section 69-7-111, MCA, is amended to read:

"69-7-111. **Municipal rate hearing required--notice.** (1) Except as provided in 75-6-108 and [section 1], if the governing body of a municipality considers it advisable to regulate, establish, or change rates, charges, or classifications imposed on its customers, it shall order a hearing to be held before it at a time and place specified.

(2) Notice of the hearing ~~shall~~ must be published in a newspaper as provided in 7-1-4127.

(3) (a) The notice ~~shall~~ must be published three times with at least 6 days separating each publication. The first publication may be no more than 28 days prior to the hearing, and the last

publication may be no less than 3 days prior to the hearing.

(b) The notice must also be mailed at least 7 days and not more than 30 days prior to the hearing to persons served by the utility. The notice must be mailed within the prescribed time period. This notice must contain an estimate of the amount the customer's average bill will increase.

(4) The published notice must contain:

(a) the date, time, and place of the hearing;

(b) a brief statement of the proposed action; and

(c) the address and telephone number of a person who may be contacted for further information regarding the hearing.

(5) Notice of all hearings ~~shall~~ must be mailed first class, postage prepaid, to the Montana consumer counsel."

NEW SECTION. Section 3 4. Codification instruction. [Sections 1 and 2] are intended to be codified as an integral part of Title 75, chapter 5, part 5, and the provisions of Title 75, chapter 5, part 5, apply to [sections 1 and 2].

NEW SECTION. Section 4 5. Applicability. (1) [Section 1(1)] applies to all applications or petitions filed on or after October 1, 1993, and to all current and future holders of permits, licenses, or other authorizations described in [section 1(1)].

(2) The board of health and environmental sciences may commence rulemaking prior to October 1, 1993.

-End-

EXHIBIT 2

DATE 3/18/93

HB 670

Amendments to House Bill No. 670
First Reading Copy

Requested by Representative Driscoll
For the Committee on Taxation

Prepared by Greg Petesch
March 15, 1993

1. Page 4, line 13.

Following: "."

Insert: "Any amount contributed to an account that is intended to
be used for workers' compensation purposes must be
identified for that purpose at the time it is contributed to
the account."

Amendments to House Bill No. 670
First Reading Copy

Requested by Rep. Boharski
For the Committee on Taxation

Prepared by David S. Niss
March 11, 1993

1. Page 4, line 16.

Following: "to the"

Insert: "federal"

2. Page 4, line 17.

Strike: "Adjusted"

Insert: "Federal adjusted"

3. Page 12, line 23.

Following: "(2)"

Insert: "a portion of"

4. Page 13, line 1.

Following: "income"

Insert: "for the same tax year"

5. Page 23, lines 11 through 13.

Strike: "the amount" on line 11 through "[section 3]," on line 13

Insert: "insurance coverage of"

6. Page 23, line 15.

Strike: ", "

7. Page 23, line 17.

Following: "account"

Insert: ", established in accordance with [section 3],"

3.17.93 Rep. Dolezal.

Since 1978 MPC has performed over 31,000 energy audits for customers, resulting in the issuance of 12,000 zero-interest loans (2400 electric customers, 9600 gas)

- benefit to MPC by acquiring these conservation resources instead of some other resource:

→ [ROUGH ESTIMATE] ←

- \$5000/electric customer

$$2400 \times \$5000 = \$12,000,000$$

- \$1000/natural gas customer

$$9600 \times 1000 = \$9,600,000$$

(these benefits accrue over the life of the investment, not annually)

Nicole Pichotte

449-4130

Amendments to House Bill No. 322
First Reading Copy

EXHIBIT ~~4~~ 5
DATE 3/18/93
HB 322

Requested by Rep. Feland
For the Committee on Taxation

Prepared by Lee Heiman
February 12, 1993

1. Title, line 4.
Following: "EXEMPTING"
Insert: "THE FIRST THREE BARRELS A DAY OF"
2. Title, lines 5 through 7.
Strike: "IF" on line 5 through "\$25" on line 7
3. Page 9, line 18.
Strike: "All"
Insert: "The first 3 barrels a day of"
4. Page 9, line 19.
Strike: "is"
Insert: "are"
5. Page 9, line 21 through page 10, line 5.
Strike: "L" on page 9, line 21 through "occurs" on page 10, line 5.

Technical Amendment:

6. Page 2, line 5.
Following: "in"
Insert: "15-36-121 and in"
7. Page 2, line 6.
Following: "(1)(d)"
Insert: "of this section"
8. Page 4, line 18.
Strike: "except as provided in 15-36-121,"
9. Page 9, line 20.
Strike: "(1)(d)"

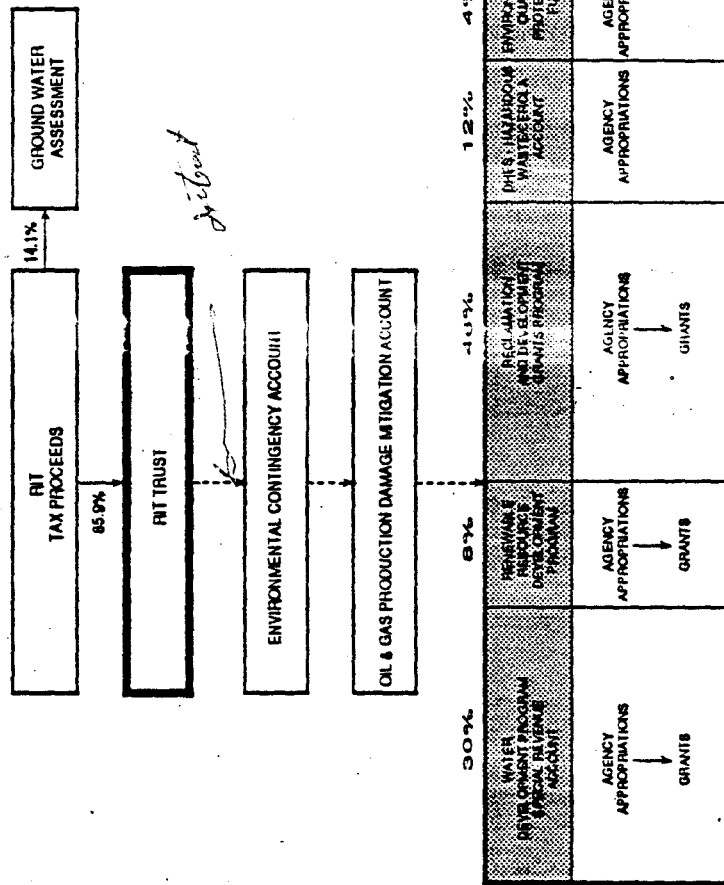
HOUSE BILL NO. 608

March 15, 1993

- **The RIT's original intent was to provide funding for reclamation projects, to protect and enhance the natural resources of the state, and to support projects that benefit the economy of the state. HB 608 elevates the RIT grant programs above agency appropriations. By giving priority to the grant programs the legislature is preserving the original intent of the RIT.**
- **The legislature must decide either to fund these grant programs or not. Without HB 608 agency appropriations will leave only \$727,852 for grants. Session after session the agency appropriations have taken larger and larger shares of these revenues. The time has come to either fund viable grant programs that assists local governments throughout the state or to only fund agencies.**
- **RIT will continue to fund natural resource agencies. With or without HB 608, House Bill No. 2 provides \$20,838,545 of RIT revenue for agency appropriations. These RIT revenues fund programs and projects in DNRC, DSL, DHES, Water Courts, EQC, State Library, the Reserved Water Rights Compact Commission, and the Montana Salinity Control Association.**
- **The grant programs invest money in local projects and provide needed matching funds. For example, the 1991 legislature provided a \$300,000 grant to design the WASTEC center located in Silver-Bow County. This has led to a \$14 million investment from the U.S. Department of Energy and the EPA. \$400,000 in grant funds were awarded to irrigation districts along the Milk River. Over a million dollars in local match was raised for these projects. In the next biennium grants, a \$300,000 grant to fund the DHES non-point pollution control program along with 9 reclamation grants, provide the required state match. The federal cost share would be as high as \$2.6 million for pollution prevention, if these grants are funded. There are no other programs that can provide this match to leverage these federal dollars.**
- **The grants programs fund needed improvements and provide one of the only sources of funds to reclaim lands that have been impacted by mining and mineral development. Grants this biennium provide funding to:**
 - Plug 29 abandoned oil wells that are listed as the highest priority by the Board of Oil and Gas
 - Reclaim 2 placer mines on two streams that provide important habitat for fisheries. One protects the only remaining west slope cutthroat population in the Big Belt mountains. The other reclaims a tributary to the Big Blackfoot and would restore needed spawning beds.
 - Provide funding for eight small rural water and wastewater systems. These small systems have an very difficult time affording the EPA mandated system improvements without assistance.

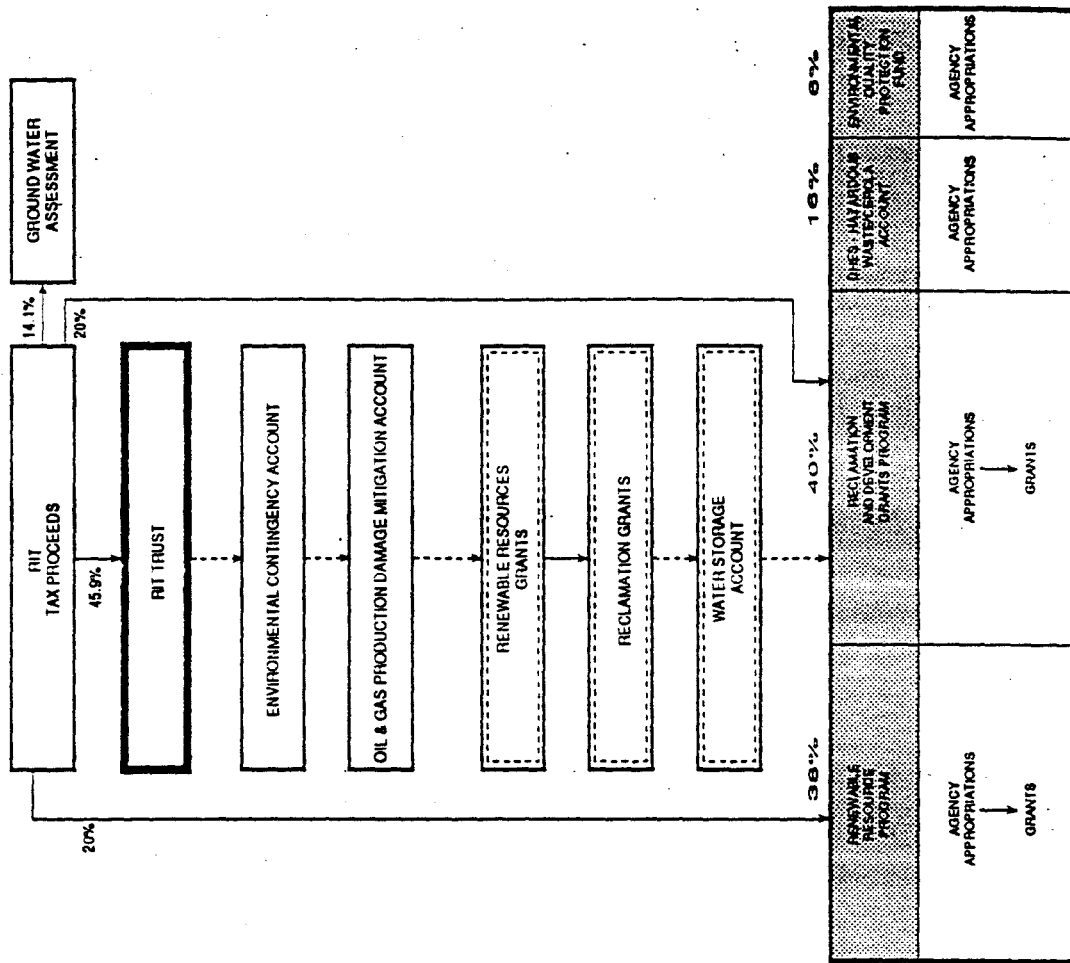
CURRENT LAW

15-38-106, 15-38-202



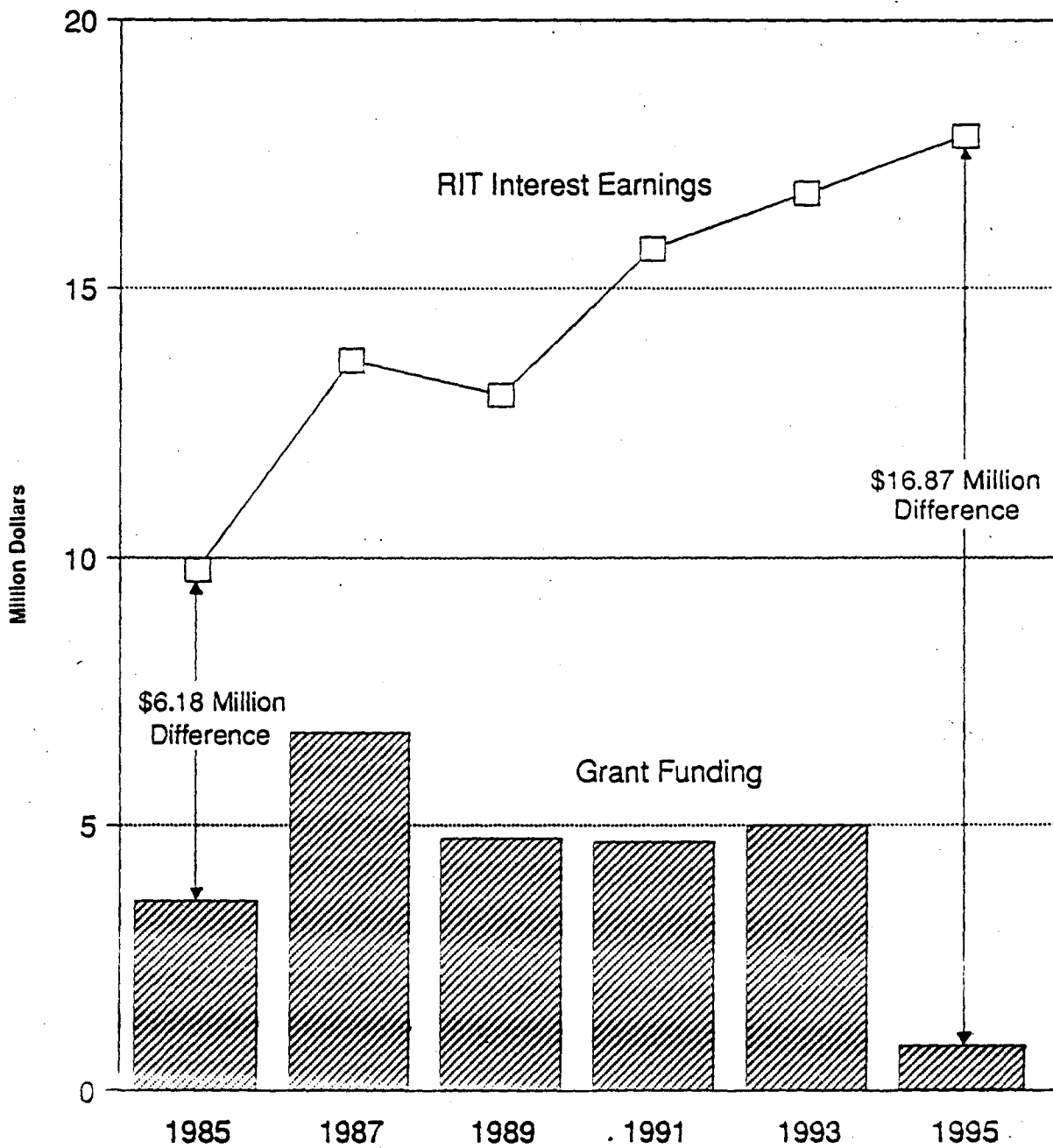
HB 608

AS AMENDED



Funding for RIT Grants DNRC

EXHIBIT #6
DATE 3-18-93
3 HB-608



Based on June 30, 1992 Cash Flow Sheets and March 15, 1993 Income Estimates

HOUSE BILL NO. 608 -- OVERVIEW
with amendments

Section 1: (page 4, line 8 through page 6, line 17)

This section allocates RIT proceeds to the Renewable Resource State Special Account (20%) and Reclamation and Development (20%). These funds mitigate the impact of funding grants first (10%) and provide for general fund replacement (30%).

Section 2: (page 6, line 18 through page 9, line 13)

This section allocates the RIT interest for minimum grant funding for the FY 94/95 biennium. The minimum grant funding levels are \$1.6 million for renewable resources, \$2.4 million for reclamation and development, and \$400,000 for water storage.

Section 3: (page 9, line 14 through page 12, line 12)

This section allocates the RIT interest for minimum grant funding for the FY 96/97 biennium and into the future. The minimum grant funding levels are \$2 million for renewable resources, \$3 million for reclamation and development, and \$500,000 for water storage.

Sections 4 through 31 (page 12, line 13 through 52, line 7)

These sections combine the water development and renewable resource development programs. These programs have been administered as one for the past 3 bienniums. These sections simply combine the programs statutorily. The type of applicants and the type of projects that were eligible for these grants under existing statute are not changed when the programs are combined.

RECLAMATION AND DEVELOPMENT GRANTS

Fiscal Years 1994-95

Applicant	Project Name	Recommended Funding	Comm. Action	Cumulative Over/(Under) Recommended	Comm. Over/(Under) Recommended
1 Board of Oil & Gas Conservation	Kevin-Sunburst Plugging & Reclamation	\$299,000	\$299,000	\$299,000	\$0
2 Board of Oil & Gas Conservation	Cat Creek Plugging & Reclamation	214,810	214,810	513,810	
3 Governor/Lt. Governor's Office	The Montana Office of Public Policy	127,667	127,667	641,477	
4 Town of Walkerville	Walkerville Reclamation Project	75,569	50,000	691,477	(25,56)
5 Dept. of State Lands	Well Assessment & Abandonment	211,800	0	691,477	(211,80)
6 Broadwater Conservation Dist.	Whites Gulch Placer Mine Reclamation	296,300	296,300	987,777	
7 Toole County	North Toole County Oil Field Rec. 25,000	298,284	273,284	1,261,061	(25,00)
8 Dept. of Fish, Wildlife, & Parks	Elk Creek Placer Mined Channel Reconstr.	72,850	72,850	1,333,911	
9 Town of Columbus	Waste Stream Reduction	41,172	41,172	1,375,083	
10 Montana Salinity Control Assoc.	Soil & Water Nonpoint Source controlling on H&Z	172,250	172,250	1,547,333	
11 Carbon Cons. District	RC&D's Affecting Change	300,000	300,000	1,847,333	
12 DHES	Nonpoint Source Pollution Control	300,000	300,000	2,147,333	
13 Bureau of Mines & Geology	Acid-mine drainage prevention in March	148,623	148,623	2,295,956	
14 Jefferson Valley Cons. District	Crystal Mine Remediation Tech.	150,000	0	2,295,956	(150,00)
15 Deer Lodge Valley Cons. District	Developing Acid/Heavy Metal-Tolerant Cultivars	137,700	120,000	2,415,956	(17,70)
16 Glacier County Cons. District	Comprehensive Evaluation of Groundwater Cont.	214,059	150,000	2,565,956	(64,00)
17 Valley County	Fort Pack Reservoir	300,000	100,000	2,685,956	(200,00)
18 DNRC	Arsenic Transport & Mobility	50,000	50,000	2,715,956	
19 Ravalli County	A Lake for Better Water Quality	300,000	300,000	3,015,956	
20 Butte-Silver Bow	Mitigation of Mining/Smelling damage	150,000	150,000	3,165,956	
21 Town of Hot Springs	Canas Therapy Center	150,000	150,000	3,315,956	
TOTAL					(\$694,1

EXHIBIT #6
DATE 3-18-93
HB-608

Copy for planning

Applicant	Project Name	DNRC		Comm. Action	Cumulative	Comm.	
		Recommended Funding	Over/(Under) Recommended			Over/(Under) Recommended	Loans
1 Malle Irrigation Dist.	Water use efficiently improvements	\$50,000	\$50,000	\$50,000	\$50,000	\$0	\$50,000
2 Richland County	Dam evaluation and design	60,300	60,300	60,300	110,300	\$0	\$0
3 DNRC - Water Resources Div	Characteristics of extreme precip.	100,000	100,000	100,000	210,300	\$0	\$0
4 Town of Ryegate	Water system improvement	33,750	50,000	50,000	260,300	\$16,250	150,000
5 Yellowstone County	Yellowstone River project	100,000	50,000	50,000	310,300	(\$50,000)	\$0
6 Stockell/Cascade Water & Sewer	Sewer system	50,000	50,000	0	310,300	(\$50,000)	\$0
7 MSU, Water Course	Innovative water resource education	94,900	94,900	0	310,300	(\$94,900)	\$0
8 Butte - Silver Bow Local Govt.	Municipal compost production	50,000	50,000	50,000	360,300	\$0	49,884
9 Darby School Dist. #9	School park project	25,300	25,300	0	360,300	(\$25,300)	\$0
10 State Lands	Reforestation projects on state lands	21,974	60,000	60,000	420,300	\$38,026	\$0
11 Huntley Water & Sewer Dist.	Water system rehabilitation	50,000	50,000	50,000	470,300	\$0	50,000
12 Ruby Valley Cons. District	Upper Ruby riparian area improvements	100,000	100,000	100,000	570,300	\$0	\$0
13 Butte - Silver Bow Local Govt.	Blacktail Creek restoration project	100,000	100,000	0	570,300	(\$100,000)	\$0
14 MT Bureau of Mines & Geology	Groundwater protection/education	94,184	94,184	0	570,300	(\$94,184)	\$0
15 Town of Winnell	Sewer reconstruction	50,000	50,000	50,000	620,300	\$0	50,000
16 Fort Peck Rural Water Dist.	Water engineering study	40,000	40,000	40,000	660,300	\$0	\$0
17 Town of Dutton	Water system improvement	50,000	50,000	0	660,300	(\$50,000)	\$0
18 Petroleum County	Crooked Creek recreation center	50,000	50,000	0	660,300	(\$50,000)	\$0
19 East Glacier Water & Sewer Dist.	Mt. Baldy diversion structure	25,905	25,905	25,905	686,205	\$0	76,537
20 Town of Nashua	Water storage system improvements	50,000	50,000	50,000	736,205	(\$50,000)	\$0
21 Carbon County	Water system improvements	34,217	34,217	34,217	770,422	\$0	100,000
22 Chinook Div. Irrigation Assoc.	Repair of Lohman Dam	36,173	36,173	36,173	806,595	\$0	65,783
23 Chinook Div. Irrigation Assoc.	Irrigation water measuring devices	100,000	100,000	0	806,595	\$0	63,827
24 Liberty County Cons. Dist.	Sweetgrass Hills groundwater eval.	4,725	4,725	4,725	811,320	(\$100,000)	\$0
25 Custer County	County recycling project	15,000	15,000	36,000	847,320	\$0	\$0
26 Town of Circle	Water quality improvement project	99,000	99,000	99,000	946,320	\$21,000	\$0
27 Eastern Sanders Cons. Dist.	Accelerate soil survey on forestlands	35,494	35,494	0	946,320	\$0	\$0
28 MT Institute of Tourism	Study of the impact of tourism	100,000	100,000	0	946,320	(\$35,494)	\$0
29 Town of Hot Springs	Camas Therapy Center	50,000	50,000	50,000	996,320	(\$100,000)	\$0
30 Glasgow Irrigation Dist.	Installation headgate measuring devices	50,000	50,000	50,000	1,046,320	\$0	50,000
31 Hager County Water & Sewer Dist.	Sewage and collection treatment facilities	100,000	100,000	100,000	1,146,320	\$0	50,000
32 Valley County	Fort Peck breakwater	99,812	99,812	0	1,046,320	(\$100,000)	\$0
33 Mile High Conservation Dist.	Radon assessment of Montana's aquifers	88,340	88,340	70,672	1,264,310	(\$99,812)	\$0
34 DNRC - Water Resources	Flathead Valley Coop. Groundwater Study	85,000	85,000	75,000	1,339,310	\$0	\$0
35 Missoula Urban Transp. Dist.	Alternative fuels initiative	56,185	56,185	100,000	1,439,310	(\$56,185)	\$0
36 Little Beaver Cons. Dist.	Water reservations implementation	47,318	47,318	47,318	1,486,628	\$0	\$0
37 Ravalli County	Groundwater vulnerability	251,000	251,000	70,672	1,264,310	(\$17,668)	\$0
38 Yellowstone County	Rural water system development	31,740	31,740	75,000	1,339,310	(\$10,000)	\$0
39 MSU	Guide to Montana water law	50,000	50,000	0	1,339,310	(\$31,740)	\$0
40 Hill County	Salinity control project	7,000	7,000	50,000	1,389,310	\$0	50,000
41 Roosevelt County Cons. Dist.	Recreational enhancement of Missouri River	50,000	50,000	7,000	1,396,310	\$0	\$0
42 Fort Shaw Irrigation Dist.	"A" System diversion	31,569	31,569	31,569	1,427,879	(\$50,000)	\$0
43 Dodson Irrigation Dist.	Water use efficiency improvements	50,000	50,000	0	1,427,879	\$0	31,328
44 Fort Shaw Irrigation Dist.	Rehabilitation & betterment study	44,500	44,500	44,500	1,472,379	(\$50,000)	\$0
45 Flathead Joint Board of Control	Fish friendly irrigation	13,921	13,921	0	1,472,379	\$0	54,500
46 Whitefish County Water & Sewer	Protection of Swift Creek pilot project					(\$13,921)	\$0
TOTAL		\$2,626,307	\$1,472,379			(\$1,153,928)	

Handwritten: 335,959.16

Handwritten: 14,608 Falls

Handwritten: 14,608 Falls

Handwritten: 14,608 Falls

ASSUMES HB 608 DOES NOT PASS

RIT PROCEEDS PROJECTIONS:

	RIT Proceeds	To RIT Trust	Ending Trust Balance
FY 93	5,012,489	5,012,489	87,502,387
FY 94	4,563,683	3,920,204	91,422,591
FY 95	4,654,850	3,998,516	95,421,107

EXHIBIT #6
DATE 3-18-93
HB-608

RIT TRUST INTEREST EARNINGS PROJECTION

	FY94	FY95	TOTAL
	8,724,950	9,102,853	17,827,803

TOTAL 1995 BIENNIUM ALLOCATION OF RIT INTEREST EARNINGS

17,827,803

FIRST TIER DISTRIBUTION

Environmental Contingency Account	\$175,000	
Oil and Gas Production Damage Mitigation Account	\$50,000	
TOTAL FIRST TIER BIENNIAL APPROPRIATIONS		225,000
AMOUNT AVAILABLE FOR FURTHER DISTRIBUTION		17,602,803

Distribution of Remaining Interest Earnings

Second Tier Distribution to Five Accounts

Account	Water Development	Renewable Resources	Reclamation & Development	Hazardous Waste/ CERCLA	Environmental Quality Protection	TOTAL
Percent of RIT Interest	30%	8%	46%	12%	4%	100%
Beginning Balance	\$390,367	\$0	\$0	\$1,169,906	\$915,135	\$2,975,408
Revenues						
RIT Interest	\$5,280,841	\$1,408,224	\$8,097,289	\$2,112,336	\$704,112	\$17,602,802
Coal Tax	391,053	391,053				782,106
Loan Repayments	1,186,651	152,180				1,338,831
NR Damage Repayment						0
Interest (STIP)				100,000	110,000	210,000
Administrative Fees	10,000					10,000
State Owned Proj. Rev.	538,604					538,604
Total Funds Available	\$8,297,516	\$1,951,457	\$8,097,289	\$3,382,242	\$1,729,247	\$23,457,751
Appropriation						
Bond Debt Service	\$1,400,373	\$433,900	\$0	\$0	\$0	\$1,834,273
DNRC Centralized Services Division	443,411	713,708	311,576			1,468,695
DNRC CARD	661,332	427,253	996,475			2,085,060
DNRC Water Resources Division	1,943,544		2,724,302			4,667,846
Reserved Water Rights Compact Comm	326,747		674,341			1,001,088
DNRC State Water Projects	1,785,000					1,785,000
State Project Ownership Transfer	125,088					125,088
Missouri River Reservation	273,051					273,051
Montana Salinity Control Association			200,000			200,000
DSL Reclamation Div			2,534,319			2,534,319
DSL Central Management			63,592			63,592
DH&ES Environmental Division				2,295,218	1,040,262	3,335,480
Water Courts	1,046,712					1,046,712
State Library		207,470	183,615			391,085
Environmental Quality Council			27,256			27,256
Northern Montana College						
Pay Plan						
Total Appropriations	\$8,005,258	\$1,782,331	\$7,715,476	\$2,295,218	\$1,040,262	\$20,338,545
Projected Available for Grants	\$219,194	\$169,126	\$381,813			\$770,133
Projected Available for Water Storage	\$73,065	\$42,282				\$115,347
Projected Biennium Ending Balance	\$0	\$0	\$0	\$1,087,024	\$688,985	\$1,776,009

ASSUMES HB 608 DOES PASS

RIT PROCEEDS PROJECTIONS			Ending
	RIT Proceeds	To RIT Trust	Trust Balance
FY 93	5,012,489	5,012,489	87,502,387
FY 94	4,563,683	2,094,730	89,597,117
FY 94	4,854,850	2,136,576	91,733,694

RIT TRUST INTEREST EARNINGS PROJECTIONS	FY94	FY95	TOTAL
	8,715,992	8,940,752	17,656,744

TOTAL 1995 BIENNIUM ALLOCATION OF RIT INTEREST EARNINGS **17,656,744**

FIRST TIER* DISTRIBUTION		
Environmental Contingency Account	175,000	
Oil & Gas Production Damage Mitigation Account	50,000	
Renewable Resource Grant & Loan Program	1,600,000	
Reclamation & Development Grants	2,400,000	
Water Storage Account	400,000	
TOTAL FIRST TIER BIENNIAL APPROPRIATIONS	4,625,000	

AMOUNT AVAILABLE FOR FURTHER DISTRIBUTION **13,031,744**

Distribution of Remaining Interest Earnings
"SECOND TIER" DISTRIBUTION TO FOUR ACCOUNTS

Account	Renewable Resource	Reclamation & Development	Hazardous Waste/ CERCLA	Environmental Quality Protection	TOTAL
Percent of RITT Interest	38%	40%	16%	6%	100%

Beginning Balance	\$890,367	\$0	\$1,169,908	\$915,135	\$2,975,408
--------------------------	------------------	------------	--------------------	------------------	--------------------

Revenues					
RIT Interest	\$4,952,063	\$5,212,598	\$2,085,079	\$781,905	\$13,031,745
RIT Tax Proceeds	1,843,707	1,843,707			\$3,687,414
Coal Tax	782,106				782,106
Loan Repayments	1,338,831				1,338,831
NR Damage Repayment					0
Interest (STIP)			100,000	110,000	210,000
Administrative Fees	10,000				10,000
State Owned Proj. Rev.	538,604				538,604

Total Funds Available	\$10,355,878	\$7,056,405	\$3,354,985	\$1,807,040	\$22,574,108
------------------------------	---------------------	--------------------	--------------------	--------------------	---------------------

Appropriation					
Bond Debt Service	\$1,834,273	\$0	\$0	\$0	\$1,834,273
DNRC Centralized Services Division	1,157,119	311,576			1,468,695
DNRC CARD	1,088,585	996,475			2,085,060
DNRC Water Resources Division	1,943,544	2,724,302			4,667,846
Reserved Water Rights Compact Comm	326,747	674,341			1,001,088
DNRC State Water Projects	1,785,000				1,785,000
State Project Ownership Transfer	125,088				125,088
Missouri River Reservation	273,051				273,051
Montana Salinity Control Association		200,000			200,000
DSL Reclamation Div		2,534,319			2,534,319
DSL Central Management		63,592			63,592
DH&ES Environmental Division			2,295,218	1,040,262	3,335,480
Water Courts	1,046,712				1,046,712
State Library	207,470	183,615			391,085
Environmental Quality Council		27,256			27,256
Northern Montana College					
Pay Plan					

Total Appropriations	\$9,787,589	\$7,715,476	\$2,295,218	\$1,040,262	\$20,838,545
-----------------------------	--------------------	--------------------	--------------------	--------------------	---------------------

Projected Biennium Ending Balance	\$568,089	(\$659,071)	\$1,059,767	\$766,778	\$1,735,563
--	------------------	--------------------	--------------------	------------------	--------------------

Amendments to House Bill No. 608
Second Reading Copy

For the Committee on Taxation

Prepared by Lee Heiman
March 18, 1993

1. Title, lines 7 and 8.

Strike: "ALLOCATING A PORTION OF THE RESOURCE INDEMNITY TAX
PROCEEDS;"

2. Title, line 19.

Strike: "15-38-106,"

3. Title, line 25.

Strike: "90-2-1104,"

4. Page 3, lines 15 and 16.

Strike: "the rural economic revitalization program,"

5. Page 4, lines 2 through 6.

Strike: "Resource" on line 2 through "agencies." on line 6

6. Page 4, line 9 through page 6, line 18.

Strike: section 1 in its entirety

Renumber: subsequent sections

7. Page 26, line 6.

Strike: "section"

8. Page 54, lines 7 through 25.

Strike: section 32 in its entirety

Renumber: subsequent sections

9. Page 65, line 5.

Strike: ", 2, "

Strike: "4"

Insert: "3"

Strike: "35"

Insert: "33"

10. Page 65, line 7.

Strike: "3"

Insert: "2"

Amendments to House Bill No. 643
First Reading Copy

EXHIBIT 7
DATE 3/18/93
HB 643

For the Committee on Taxation

Prepared by Dave Nielson, DOR
Lee Heiman, Legislative Council
March 15, 1993

1. Title, line 4.

Following: "THAT"

Insert: "PARCELS OF"

Following: "LAND"

Insert: "LESS THAN 160 ACRES"

2. Title, lines 7 and 8.

Following: "PURPOSES;" on line 7

Insert: "TAXING PARCELS OF NONAGRICULTURAL LAND OF 20 ACRES OR
MORE BUT LESS THAN 160 ACRES AT SEVEN TIMES THE RATE FOR
GRAZING LAND; PROVIDING FOR APPROPRIATIONS;"

Strike: "SECTION"

Insert: "SECTIONS 15-6-133, 15-6-144,"

Following: "15-7-202,"

Insert: "AND 17-7-502,"

Strike: "A" on line 7 through "DATE" on line 8

Insert: "EFFECTIVE DATES"

3. Page 1.

Following: line 10

Insert: "Section 1. Section 15-6-133, MCA, is amended to read:

"15-6-133. Class three property -- description -- taxable
percentage. (1) Class three property includes:

(a) agricultural land as defined in 15-7-202;

(b) nonproductive patented mining claims outside the limits
of an incorporated city or town held by an owner for the ultimate
purpose of developing the mineral interests on the property. For
the purposes of this subsection (1)(b), the following provisions
apply:

(i) The claim may not include any property that is used for
residential purposes, recreational purposes as described in 70-
16-301, or commercial purposes as defined in 15-1-101 or any
property the surface of which is being used for other than mining
purposes or has a separate and independent value for such other
purposes.

(ii) Improvements to the property that would not disqualify
the parcel are taxed as otherwise provided in this title,
including that portion of the land upon which such improvements
are located and that is reasonably required for the use of the
improvements.

(iii) Nonproductive patented mining claim property must be
valued as if the land were devoted to agricultural grazing use.

(c) parcels of land of 20 acres or more but less than 160
acres under one ownership that are not eligible for valuation,
assessment, and taxation as agricultural land under 15-7-202(2).
The land may not be devoted to a commercial or industrial

purpose.

(2) Class three property is taxed at the taxable percentage rate "P" of its productive capacity.

(3) Until July 1, 1986, the taxable percentage rate "P" for class three property is 30%.

(4) Prior to July 1, 1986, the department of revenue shall determine the taxable percentage rate "P" applicable to class three property for the revaluation cycle beginning January 1, 1986, as follows:

(a) The director of the department of revenue shall certify to the governor before July 1, 1986, the percentage by which the appraised value of all property in the state classified under class three as of January 1, 1986, has increased due to the revaluation conducted under 15-7-111. This figure is the "certified statewide percentage increase".

(b) The taxable value of property in class three is determined as a function of the certified statewide percentage increase in accordance with the table shown below.

(c) This table limits the statewide increase in taxable valuation resulting from reappraisal to 0%. In calculating the percentage increase, the department may not consider agricultural use changes during calendar year 1985.

(d) The taxable percentage must be calculated by interpolation to coincide with the nearest whole number certified statewide percentage increase from the following table:

Certified Statewide Percentage Increase	Class Three Taxable Percentage "P"
0	30.00
10	27.27
20	25.00
30	23.08
40	21.43
50	20.00

(5) After July 1, 1986, no adjustment may be made by the department to the taxable percentage rate "P" until a revaluation has been made as provided in 15-7-111.

(6) The land described in subsection (1)(c) is valued at the productive capacity value of grazing land, at a production level set by the department, and the taxable value is computed by multiplying the value by seven times the taxable rate for agricultural land."

Section 2. Section 15-6-144, MCA, is amended to read:

"15-6-144. Class eleven property -- description -- taxable percentage. (1) Class eleven property includes all improvements on land that is eligible for valuation, assessment, and taxation as agricultural land under 15-7-202~~(2)~~(3). Class eleven property includes 1 acre of real property beneath the agricultural improvements. The 1 acre shall be valued at market value.

(2) Class eleven property is taxed at 80% of the taxable percentage applicable to class four property."

Renumber: subsequent sections

4. Page 1, line 13.

Strike: "20"

Insert: "160"

5. Page 1, line 17.

Following: "use"

Insert: "none of the parcels is devoted to a commercial or industrial use."

(2) Contiguous parcels of land of 20 acres or more but less than 160 acres are eligible for valuation, assessment, and taxation as agricultural land if"

Renumber: subsequent subsections

6. Page 1, line 24.

Strike: "(8)"

Insert: "(9)"

7. Page 2, line 11.

Strike: "(2)(a)"

Insert: "(3)(a)"

8. Page 2, line 17

Strike: "and (2)"

Insert: "through (3)"

9. Page 3, line 14.

Strike: "(2)(a)"

Insert: "(2), (3)(a),"

10. Page 3, line 15.

Strike: "(2)(b)"

Insert: "(3)(b)"

11. Page 3.

Following: line 20

Insert: "Section 4. Section 17-7-502, MCA, is amended to read:

"17-7-502. Statutory appropriations -- definition --
requisites for validity. (1) A statutory appropriation is an appropriation made by permanent law that authorizes spending by a state agency without the need for a biennial legislative appropriation or budget amendment.

(2) Except as provided in subsection (4), to be effective, a statutory appropriation must comply with both of the following provisions:

(a) The law containing the statutory authority must be listed in subsection (3).

(b) The law or portion of the law making a statutory appropriation must specifically state that a statutory appropriation is made as provided in this section.

(3) The following laws are the only laws containing statutory appropriations: 2-9-202; 2-17-105; 2-18-812; 10-3-203; 10-3-312; 10-3-314; 10-4-301; 13-37-304; 15-1-111; [section 6]; 15-23-706; 15-25-123; 15-31-702; 15-36-112; 15-37-117; 15-65-121; 15-70-101; 16-1-404; 16-1-410; 16-1-411; 17-3-212; 17-5-404; 17-5-424; 17-5-704; 17-5-804; 17-6-409; 17-7-304; 19-5-404; 19-6-709; 19-8-504; 19-9-702; 19-9-1007; 19-10-205; 19-10-305; 19-10-506; 19-11-512; 19-11-513; 19-11-606; 19-12-301; 19-13-604; 19-15-101; 20-4-109; 20-6-406; 20-8-111; 20-9-361; 20-26-1503; 22-3-811; 23-5-136; 23-5-306; 23-5-409; 23-5-610; 23-5-612; 23-5-631;

23-7-301; 23-7-402; 27-12-206; 37-43-204; 37-51-501; 39-71-2504;
44-12-206; 44-13-102; 53-6-150; 53-24-206; 61-5-121; 67-3-205;
75-1-1101; 75-5-507; 75-5-1108; 75-11-313; 76-12-123; 77-1-808;
80-2-103; 80-11-310; 82-11-136; 82-11-161; 85-1-220; 90-3-301;
90-4-215; 90-6-331; 90-7-220; and 90-9-306.

(4) There is a statutory appropriation to pay the principal, interest, premiums, and costs of issuing, paying, and securing all bonds, notes, or other obligations, as due, that have been authorized and issued pursuant to the laws of Montana. Agencies that have entered into agreements authorized by the laws of Montana to pay the state treasurer, for deposit in accordance with 17-2-101 through 17-2-107, as determined by the state treasurer, an amount sufficient to pay the principal and interest as due on the bonds or notes have statutory appropriation authority for the payments. (In subsection (3): pursuant to sec. 7, Ch. 567, L. 1991, the inclusion of 19-6-709 terminates upon death of last recipient eligible for supplemental benefit; and pursuant to sec. 18, Ch. 748, L. 1991, the inclusion of 22-3-811 terminates June 30, 1993.)"

NEW SECTION. Section 5. Appropriation. There is appropriated to the department of revenue \$111,000 from the general fund for the fiscal year ending June 30, 1994, for the administration of 15-6-133 and 15-7-202, as amended by [this act].

NEW SECTION. Section 6. Statutory appropriation. There is statutorily appropriated, as provided in 17-7-502, \$90,000 from the general fund each year for the administration of 15-6-133 and 15-7-202, as amended by [this act]."

Renumber: subsequent section

12. Page 3, line 21.

Strike: "date"

Insert: "dates"

13. Page 3, lines 22 and 23.

Strike: "[This act] is"

Insert: "(1) [Section 5 and this section] are"

Strike: "January"

Insert: "July"

Strike: "1994,"

Insert: "1993."

(2) [Sections 4 and 6] are effective July 1, 1994.

(3) [Sections 1 through 3] are effective July 1, 1994,"

14. Page 3, line 23.

Strike: "applies"

Insert: "apply"

Green Belt - Comparison of Two Options

EXHIBIT

7a

DATE

3/18/93

HB

623

Option 1: Remain in Class Three at a Higher Tax Rate.

Option 2: Move to Class Four with a Reduced Tax Rate.

Parameters:

Impacted parcels are those parcels 20 to 80 acres.

50% reclassification rate.

Average tax per acre on grazing land (class 3) is \$0.35.

Option 1: Remain in Class Three at a Higher Tax Rate.

	Increase in Property Tax Revenue	
	8 Times Grazing (\$2.80 tax per acre)	10 Times Grazing (\$3.50 tax per acre)
Ag Land Parcels	460,000	670,000
Forest Land Parcels - Timber Land Portion	130,000	210,000
Ag Land Portion	60,000	80,000
TOTAL	650,000	960,000

Option 2: Move to Class Four with a Higher Tax Rate.

	Increase in Property Tax Revenue	
	1/5 the Class 4 Rate (0.772% tax rate)	Fixed Rate (0.700% tax rate)
Ag Land Parcels	750,000	650,000
Forest Land Parcels - Timber Land Portion	380,000	340,000
Ag Land Portion	130,000	120,000
TOTAL	1,260,000	1,110,000

Green Belt - Comparison of Two Options

Option 1: Remain in Class Three at a Higher Tax Rate.

Option 2: Move to Class Four with a Reduced Tax Rate.

Parameters:

Impacted parcels are those parcels 20 to 160 acres.

50% reclassification rate.

Average tax per acre on grazing land (class 3) is \$0.35.

Option 1: Remain in Class Three at a Higher Tax Rate.

	Increase in Property Tax Revenue	
	8 Times Grazing (\$2.80 tax per acre)	10 Times Grazing (\$3.50 tax per acre)
Ag Land Parcels	1,130,000	1,660,000
Forest Land Parcels - Timber Land Portion	245,000	330,000
Ag Land Portion	90,000	130,000
TOTAL	1,465,000	2,120,000

Option 2: Move to Class Four with a Higher Tax Rate.

	Increase in Property Tax Revenue	
	1/5 the Class 4 Rate (0.772% tax rate)	Fixed Rate (0.700% tax rate)
Ag Land Parcels	1,500,000	1,270,000
Forest Land Parcels - Timber Land Portion	600,000	540,000
Ag Land Portion	200,000	180,000
TOTAL	2,300,000	1,990,000

Market Value (per acre)	Tax Rate (per acre)	Taxable Value (per acre)	Mills (per acre)	Tax Liability (per acre)
\$500	0.772%	\$3.86	280.00	\$1.08
\$600	0.772%	\$4.63	280.00	\$1.30
\$700	0.772%	\$5.40	280.00	\$1.51
\$800	0.772%	\$6.18	280.00	\$1.73
\$900	0.772%	\$6.95	280.00	\$1.95
\$1,000	0.772%	\$7.72	280.00	\$2.16
\$1,100	0.772%	\$8.49	280.00	\$2.38
\$1,200	0.772%	\$9.26	280.00	\$2.59
\$1,300	0.772%	\$10.04	280.00	\$2.81
\$1,400	0.772%	\$10.81	280.00	\$3.03
\$1,500	0.772%	\$11.58	280.00	\$3.24
\$1,600	0.772%	\$12.35	280.00	\$3.46
\$1,700	0.772%	\$13.12	280.00	\$3.67
\$1,800	0.772%	\$13.90	280.00	\$3.89
\$1,900	0.772%	\$14.67	280.00	\$4.11
\$2,000	0.772%	\$15.44	280.00	\$4.32
\$2,500	0.772%	\$19.30	280.00	\$5.40
\$3,000	0.772%	\$23.16	280.00	\$6.48
\$3,500	0.772%	\$27.02	280.00	\$7.57
\$4,000	0.772%	\$30.88	280.00	\$8.65
\$4,500	0.772%	\$34.74	280.00	\$9.73
\$5,000	0.772%	\$38.60	280.00	\$10.81
\$5,500	0.772%	\$42.46	280.00	\$11.89
\$6,000	0.772%	\$46.32	280.00	\$12.97
\$6,500	0.772%	\$50.18	280.00	\$14.05
\$7,000	0.772%	\$54.04	280.00	\$15.13
\$7,500	0.772%	\$57.90	280.00	\$16.21
\$8,000	0.772%	\$61.76	280.00	\$17.29
\$8,500	0.772%	\$65.62	280.00	\$18.37
\$9,000	0.772%	\$69.48	280.00	\$19.45
\$9,500	0.772%	\$73.34	280.00	\$20.54
\$10,000	0.772%	\$77.20	280.00	\$21.62
\$11,000	0.772%	\$84.92	280.00	\$23.78
\$12,000	0.772%	\$92.64	280.00	\$25.94
\$13,000	0.772%	\$100.36	280.00	\$28.10
\$14,000	0.772%	\$108.08	280.00	\$30.26
\$15,000	0.772%	\$115.80	280.00	\$32.42
\$16,000	0.772%	\$123.52	280.00	\$34.59
\$17,000	0.772%	\$131.24	280.00	\$36.75
\$18,000	0.772%	\$138.96	280.00	\$38.91
\$19,000	0.772%	\$146.68	280.00	\$41.07
\$20,000	0.772%	\$154.40	280.00	\$43.23
\$21,000	0.772%	\$162.12	280.00	\$45.39
\$22,000	0.772%	\$169.84	280.00	\$47.56
\$23,000	0.772%	\$177.56	280.00	\$49.72
\$24,000	0.772%	\$185.28	280.00	\$51.88
\$25,000	0.772%	\$193.00	280.00	\$54.04
\$26,000	0.772%	\$200.72	280.00	\$56.20
\$27,000	0.772%	\$208.44	280.00	\$58.36
\$28,000	0.772%	\$216.16	280.00	\$60.52
\$29,000	0.772%	\$223.88	280.00	\$62.69
\$30,000	0.772%	\$231.60	280.00	\$64.85

EXHIBIT #7A
DATE 3-18-93
HB-643

TAX COMPARISON
TURNER ENTERPRISES PROPERTY

EXHIBIT 76 / 16
DATE 3/18/93
643

A Comparison of the Last Year of Taxes Paid by the Previous Owners
Versus the 1992 Taxes Paid by Turner Enterprises - 3/10/93

BROADWATER COUNTY: TOTAL ACREAGE = 6,447 ACRES

<u>PROPERTY TYPE</u>	<u>PREVIOUS OWNERS 1987 TAXES PAID</u>	<u>TURNER ENTERPRISES 1992 TAXES PAID</u>
REAL (Carr) (W.I. Forest prod.)	\$ 142.62 746.74	\$ 143.16 914.47*
PERSONAL	<u>0.00</u>	<u>0.00</u>
TOTAL	\$ 889.36	\$ 1,057.63

* The increase here is largely due to a 1991/92 assessment of \$0.10 per timber acre for implementation of the 1991 "Forest Lands Tax Act"

MADISON COUNTY: TOTAL ACREAGE = 71,236.75 ACRES

<u>PROPERTY TYPE</u>	<u>PREVIOUS OWNERS 1989 TAXES PAID</u>	<u>TURNER ENTERPRISES 1992 TAXES PAID*</u>
REAL (Shelton)	\$30,722.25	\$40,182.86
PERSONAL	4,914.38	9,924.90
LIVESTOCK	<u>1,093.20</u>	<u>4,428.00</u>
TOTAL	\$36,729.83	\$54,535.76

* The increase here is largely due to an increase in the mill levy. The 1989 mill levy was 222.32 and the 1992 mill levy was 290.78

GALLATIN COUNTY: TOTAL ACREAGE = 40,757.57 ACRES

<u>PROPERTY TYPE</u>	<u>PREVIOUS OWNERS 1988 TAXES PAID</u>	<u>TURNER ENTERPRISES 1992 TAXES PAID</u>
REAL (Shelton)	\$27,006.83	\$41,831.39*
PERSONAL	<u>9,192.71</u>	<u>5,068.72</u>
TOTAL	\$36,199.54	\$46,900.11

*The increase here is largely due to an increase in improvement value, including a new house.

NOTE: Livestock per capita taxes are paid in Madison County only.

The different years shown for the Previous Owners are the last years the properties were in the previous owners' names. Turner Enterprises then acquired the property.

Amendments to House Bill No. 643
First Reading Copy

EXHIBIT 8
DATE 3/18/93
HB 643

For the Committee on Taxation

Prepared by Lee Heiman
March 18, 1993

1. Page 1, line 19.

Strike: "1"

Insert: ": (a)"

2. Page 1, line 23.

Following: "land"

Insert: ";

(b) land is considered agricultural if the land produces and the owner or owner's agent, employee, or lessee markets not less than \$1,500 in annual gross income from the raising of agricultural products"

Amendments to House Bill No. 639
First Reading Copy

EXHIBIT 9
DATE 3/16/93
HB 639

Requested by Rep. Driscoll
For the Committee on Taxation

Prepared by Lee Heiman
March 18, 1993

1. Title, line 5.

Strike: "LEGISLATURE TO LEVY A STATEWIDE PROPERTY TAX"

Insert: "DEPARTMENT OF COMMERCE TO ESTABLISH A PROGRAM"

2. Title, line 6.

Following: second "FUNDS"

Insert: "CONTINGENT UPON THE AVAILABILITY OF STATE MATCHING
MONEY"

3. Title, line 8.

Strike: "AMENDING SECTION 15-10-412, MCA;"

4. Page 1, line 12.

Strike: "Tax levy"

Insert: "State matching funds program"

5. Page 1, line 14.

Strike: "from levy"

6. Page 1, line 23 through page 2, line 5.

Strike: "legislature" on page 1, line 23, through "disbursed" on
line 5, page 2.

Insert: "department shall create a program to provide state funds
to match local economic development funds and to fund the
certified communities program. The provision of state
matching funds is contingent upon specific appropriations to
the department for that purpose. The department shall
distribute the funds"

7. Page 2, line 16.

Strike: "\$1.50"

8. Page 3, line 17 through page 10, line 11.

Strike: section 2 in its entirety

Renumber: subsequent section

9. Page 10, lines 12 and 13.

Strike: " -- distribution of proceeds. (1)"

Insert: "."

10. Page 10, lines 15 and 16.

Strike: subsection (2) in its entirety

STATE OF MONTANA - FISCAL NOTE
Form BD-15

10
3/18/95
333
in compliance with a written request, there is hereby submitted a Fiscal Note for HB0333, Second Reading.

DESCRIPTION OF PROPOSED LEGISLATION:

Broad based nursing home utilization fee.

EXHIBIT
DATE
HB

ASSUMPTIONS:

1. Occupancy of all nursing homes is 91%.
2. Total bed days will be 2,328,014 in FY94 and 2,340,303 in FY95.
 - a) Medicaid bed fee days total 1,400,091 in FY94 and 1,414,248 in FY95.
 - b) Department of Corrections and Human Services fee days will be 94,969 in both years.
 - c) Bed days paid for by a 3rd party (not Medicaid) total 120,083 in FY94 and 114,406 in FY95.
 - d) Days paid by private individuals total 712,871 in FY94 and 716,680 in FY95.
3. Current bed day fee is \$2.00 per day for beds not paid for by individuals.
4. The bed day fee will be \$2.00 in FY94 and \$2.80 in FY95.
5. All payments for bed taxes made by the Department of Corrections and Human Services are from the general fund because the federal reimbursement at the Veteran's Home is capped.
6. Federal funding for Medicaid is 71.02% in FY94 and 70.5% in FY95.

The Current Medicaid Benefits - Nursing Homes reflects the Executive Budget Recommendation.

DAVID LEWIS, BUDGET DIRECTOR DATE
Office of Budget and Program Planning

JOHN COBB, PRIMARY SPONSOR DATE
Fiscal Note for HB0333, Second Reading

FISCAL IMPACT:

	FY '94			FY '95		
	Current Law	Proposed Law	Difference	Current Law	Proposed Law	Difference
Expenditures:						
Medicaid Benefits - NH	\$72,923,000	\$84,636,599	\$11,713,599	\$73,652,000	\$ 91,566,570	\$17,914,570
Medicaid Fed Match for DCHS	11,921,000	11,921,000	0	11,921,000	11,921,000	0
DCHS General Fund	4,864,413	4,864,413	0	4,988,220	5,051,566	63,346
Total Expenditures	\$89,708,413	\$101,422,012	\$11,713,599	\$90,561,220	\$108,539,136	\$17,977,916

Funding:

General Fund - SRS NH	21,133,085	19,871,658	(1,261,427)	21,727,340	20,459,290	(1,268,050)
General Fund - DCHS	4,864,413	4,864,413	0	4,988,220	5,051,566	63,346
State Special Revenue to SRS	0	4,656,028	4,656,028	0	6,552,848	6,552,848
Federal Fund - SRS NH	51,789,915	60,108,913	8,318,998	51,924,660	64,554,432	12,629,772
Federal Fund - SRS to DCHS	11,921,000	11,921,000	0	11,921,000	11,921,000	0
Total Funding	\$89,708,413	\$101,422,012	\$11,713,599	\$90,561,220	\$108,539,136	\$17,977,916

Revenues:

To General Fund	\$ 1,968,859	\$ 0	\$(1,968,859)	\$ 1,979,196	\$ 0	\$(1,979,196)
To State Special Revenue	0	4,656,028	4,656,028	0	6,552,848	6,552,848

Net Impact:

To General Fund \$ (707,432) \$ (774,492)

TECHNICAL NOTES:

1. If all fees thus collected are deposited to the Nursing Home Fee Account and no provision is made to transfer appropriated funds from the Nursing Home Fee Account to the General Fund, then in the 1994/95 biennium the ending fund balance in the General Fund will be diminished by \$1,968,859 in FY94 and \$1,979,196 in FY95; these amounts were included as General Fund revenue estimates in the Executive Budget.

2. The \$2.00 fee for FY94 and \$2.80 for FY95 will make it possible to increase Medicaid average nursing home rates from the Executive Budget levels as follows: from \$51.51 to \$58.75/day in FY94 and from \$51.51 to \$63.04/day in FY95.

No additional General Fund is required above the General Fund amounts included in the Executive Budget to accomplish these raises in nursing facility rates for SRS; DCHS FY95 will require an increase of \$63,346.

3. If HB333 is passed, the HB2 appropriation for nursing homes should be adjusted by:

- General Fund reduction of \$1,261,427 in FY94 and \$1,268,050 in FY95.
- Federal fund reduction of \$3,091,323 in FY94 and \$3,030,424 in FY95.
- HB333 appropriates the state special revenue and federal funds necessary for the implementation of the bill.

Fiscal Note Prepared By: Norm Rostocki
Phone Number: 444-4540
Agency: 6901 - Department of SRS

Amendment to House Bill #333
(RE: Nursing Facility Utilization Fee)
Introduced Copy

EXHIBIT #10
DATE 3-18-93
HB-333

1. Page 1, line 11.
Following: ";"
Insert: "CREATING A STATE SPECIAL REVENUE ACCOUNT; DEPOSIT-
ING THE FEE TO THE ACCOUNT; APPROPRIATING FUNDS FOR THE 1995
BIENNIUM"
2. Page 3, line 11.
Following: line 10
Strike: "\$2.85"
Insert: "\$2.00"
3. Page 3, line 12.
Following: "\$2"
Strike: "\$3.65"
Insert: "\$2.80"
4. Page 3, line 13.
Following: "."
Insert: "The fees collected must be deposited to the nursing
facility state special revenue account."
5. Page 3, line 14.
Following: line 13
Insert: "NEW SECTION. **Section 3. Nursing facility account.**
There is a nursing facility account in the state special
revenue fund. All fees collected under 15-60-102 must be
deposited to this account. The purpose of the account is to
provide a continuing source of revenue for nursing facility
reimbursement as appropriated by the legislature.
6. Page 3, line 14.
Following: line 13
Insert: "NEW SECTION. **Section 4. Appropriations.** The
following money is appropriated from the account established
in [section 3] and federal matching funds to the department of
social and rehabilitation services to fund medicaid rates to
nursing facilities:

Fiscal Year 1994

State Special Revenue	\$ 4,656,028
Federal	11,410,321
Total	\$16,066,349

Fiscal Year 1995

State Special Revenue	\$ 6,552,848
Federal Funds	15,660,196
Total Funds	\$22,213,044"

Renummer: subsequent sections

Amendments to House Bill No. 333
First Reading Copy

For the Committee on Taxation

Prepared by Lee Heiman
March 19, 1993

1. Title, line 11.

Following: " ; "

Insert: "CREATING A STATE SPECIAL REVENUE ACCOUNT; DEPOSITING THE
FEE IN THE ACCOUNT; APPROPRIATING FUNDS FOR THE 1995
BIENNIUM; "

2. Title, line 11.

Strike: "AND"

Insert: " , "

Following: "15-60-102, "

Insert: "AND 15-60-210, "

3. Page 3, line 11.

Strike: "\$2.85"

Insert: "\$2"

4. Page 3, line 12.

Strike: "\$3.65"

Insert: "\$2.80"

5. Page 3, line 13.

Following: "thereafter."

Insert: "The fees must collected must be deposited in the nursing
facility state special revenue account established in 15-60-
210.

Section 3. Section 15-60-210, MCA, is amended to read:
"15-60-210. Disposition of fee -- nursing facility
account. (1) All proceeds from the collection of
utilization fees, including penalties and interest, must be
deposited in the ~~state general fund~~ nursing facility state
special revenue account established in subsection (2)

(2) There is a nursing facility account in the state
special revenue fund. The purpose of the account is to
provide a continuing source of revenue for nursing facility
reimbursements as appropriated by the legislature."

NEW SECTION. Section 4. Appropriations. The
following money is appropriated from the account established
in [section 3] and from federal matching funds to the
department of social and rehabilitation services to fund
medicaid payments to nursing facilities:

Fiscal Year 1994

State Special Revenue	\$ 4,656,028
Federal	11,410,321

Total	\$16,066,349
-------	--------------

Fiscal Year 1995

State Special Revenue
Federal

\$ 6,552,848
15,660,196

Total

\$22,213,044"

Renumber: subsequent sections

Amendments to House Bill No. 591
First Reading Copy

EXHIBIT 11
DATE 3/18/93
HB 591

For the Committee on Taxation

Prepared by Greg Petesch
March 13, 1993

1. Title, line 5.

Strike: "7"

Insert: "5"

2. Title, line 6.

Strike: "DISTRIBUTED"

Insert: "DEPOSITED IN THE GENERAL FUND; DIVERTING A PORTION OF
THE PROCEEDS FROM THE LODGING FACILITY USE TAX"

3. Title, line 7.

Strike: "BOTH A PER CAPITA BASIS AND"

4. Page 1, line 18.

Strike: "7%"

Insert: "5%"

5. Page 2, line 16.

Strike: "7%"

Insert: "5%"

6. Page 3, line 6.

Strike: "0.57%"

Insert: "0.8%"

7. Page 3, line 9.

Strike: "1.43%"

Insert: "2%"

8. Page 3, line 13.

Strike: "41.4%"

Insert: "48%"

9. Page 3, lines 18 and 22.

Strike: "13.8%"

Insert: "16%"

10. Page 4, line 4.

Strike: "and"

11. Page 4, line 5.

Strike: "42.8%"

Insert: "12.7%"

12. Page 4, lines 6 through 15.

Following: "towns" on line 6

Strike: remainder of line 6 through "." on line 15

13. Page 4, line 23.

Following: line 22

Insert: "(vi) 20.5% to the state general fund."

HOUSE OF REPRESENTATIVES
VISITOR REGISTER

AVATION COMMITTEE BILL NO. _____

DATE 3/18/93 SPONSOR(S) _____

PLEASE PRINT

PLEASE PRINT

PLEASE PRINT

NAME AND ADDRESS	REPRESENTING	SUPPORT	OPPOSE
Nancy Marsall	MTA		669
Roselee Bullock	Tr. County Tavern		669
Chester Bullock	Silver Saddle Bar Cafe		669
MIKE CETRARO	VILLAGE INN PIZZA Pizzeria		669
Jack Barnes	PROSPECTOR CASINO		669
DICK BARNES	PROSPECTOR CASINO II		669
DON LAINE	AZ		669
David Johnson	AZ		669
YVONNE K. JOHNSON	YACHT BASIN MARINA		669
ORVILLE G. JOHNSON	" " "		669
R DON FERRITER	GRUBESTAKE BAR REST		669
AL HINTZ BOULDER	WINDSOR BAR		669

PLEASE LEAVE PREPARED TESTIMONY WITH SECRETARY. WITNESS STATEMENT FORMS ARE AVAILABLE IF YOU CARE TO SUBMIT WRITTEN TESTIMONY.