#### MINUTES

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

## COMMITTEE ON TAXATION

Call to Order: By CHAIRMAN BOB GILBERT, on March 19, 1993, at 7:00 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. Ed Dolezal (D)

Rep. Jerry Driscoll (D)

Rep. Jim Elliott (D)

Rep. Gary Feland (R)

Rep. Marian Hanson (R)

Rep. Hal Harper (D)

Rep. Chase Hibbard (R)

Rep. Vern Keller (R)

Rep. Ed McCaffree (D)

Rep. Bea McCarthy (D)

Rep. Tom Nelson (R)

Rep. Scott Orr (R)

Rep. Bob Raney (D)

Rep. Bob Ream (D)

Rep. Rolph Tunby (R)

Members Excused: None

Members Absent: None

Staff Present: Lee Heiman, Legislative Council

Jill Rohyans, Committee Secretary

Louise Sullivan, Transcriber

Please Note: These are summary minutes. Testimony and

discussion are paraphrased and condensed.

## Committee Business Summary:

Hearing: None

HB 671 Do Pass As Amended Executive Action:

HB 388 Do Pass As Amended

#### CHAIRMAN GILBERT RELINQUISHED THE CHAIR TO VICE CHAIRMAN FOSTER

NOTE: ALTHOUGH THE FOLLOWING MINUTES ARE NOT RECORDED VERBATIM, DUE TO THE IMPORTANCE OF HB 671, THEY HAVE BEEN ONLY MINIMALLY PARAPHRASED AND CONDENSED.

## EXECUTIVE ACTION ON HB 671

Motion: REP. GILBERT MOVED HB 671 DO PASS.

<u>Discussion</u>: **REP. GILBERT** said amendments were drafted in order to address as many of the proponents and opponents concerns as possible. He asked **REP. ELLIOTT** to discuss the amendments.

REP. ELLIOTT The Department of Revenue (DOR) and the Governor's Office proposed the amendments contained in EXHIBIT 1. He said the primary change makes the deduction to the income tax a percentage of Montana's adjusted gross income with a minimum and a maximum amount for a standard deduction. The amendments also phase out the standard deduction and exemption on incomes above \$150,000 with the phase-out complete at \$200,000. Above \$200,000 there are no deductions or exemptions. The amendments repeal the 7% surtax on corporate and individual income taxes. The amended rate of 7.3% would raise approximately \$60 million in revenue for the biennium. He pointed out this is \$60 million in revenue and not a \$60 million increase to the Montana taxpayer.

The second set of amendments addresses the corporate license tax. **EXHIBIT 2** The third set of amendments adjusts the tax rate to account for changes in the federal adjusted gross income. **EXHIBIT 3** 

Mick Robinson, Director, Department of Revenue (DOR), said the amendments adjust the rate for the flat tax proposal to a rate of 7.3% for tax years 1993 and 1994 and 7.4% for tax year 1995. With those rates and the deduction amounts the bill will raise approximately \$60 million for the biennium. He explained the maximum and minimum standard deductions. The standard deduction flows between the minimum and maximum at a rate of 40% of Montana's adjusted gross income. The standard deductions and personal exemptions phase out over the adjusted income level of \$150,000 to \$200,000.

Motion: REP. ELLIOTT moved adoption of the amendments dated March 18, 1993, marked as EXHIBIT 1.

REP. ELLIOTT said the basic reason for the amendments dealing with the minimum and maximum deductions was to address the Governor's concern that too many low-income individuals were entirely dropped off the tax rolls. By using the minimum deduction, the extremely low-income individual was protected. With that amendment approximately 20,000 more people are brought back in to the income tax fold. The top end amendment to phase

out the deduction and exemption was felt to be a matter of fairness and progressivity in taxation. Overall, the bill has been designed to protect the low and middle income Montana citizen from an undue burden of taxation, and these amendments help with that process. He said too often Montana has relied on low and middle income citizens to bail the state out of a fiscal dilemma.

#### Discussion:

REP. RANEY asked about the rate level for the minimum standard deduction. REP. ELLIOTT replied a single is \$2,000, head-of-household is \$3,000, and for married filing jointly it is \$4,000. A married household that has a minimum \$4,000 deduction and two exemptions of \$3,500 each, would begin paying tax at \$11,000. A single would have a minimum deduction of \$2,000 and a \$3,500 exemption and would begin paying tax at \$5,500.

REP. FELAND asked what poverty level is in Montana. REP. McCARTHY said she thought it was \$13,000. REP. FELAND said his concern is that the exemptions are high enough to exempt poverty level individuals. REP. ELLIOTT said some people at poverty level would be paying taxes with these amendments. He said there is a provision for a two-earner household which is 10% of the lesser of the incomes up to \$3,000.

<u>Vote</u>: Motion to adopt amendments as per **EXHIBIT 1** carried unanimously.

Motion: REP. ELLIOTT moved adoption of the amendments dated March 17, 1993, and marked as EXHIBIT 2.

REP. ELLIOTT said these are technical amendments submitted by DOR, some of which will be superseded by the amendments previously adopted. Amendment #2 deals with the inflation factor for indexing; #5 clarifies the taxation of non-residents; #6 and #7 make the indexing of standard deductions consistent with the indexing of the personal exemptions, and #8 provides for the one time tax credit for the sale of a business, trade or profession. This is the phase-out provision so anyone who makes a net sale up to \$1 million gets the tax credit against federal income tax paid. At \$3 million there is no tax credit.

VICE CHAIRMAN FOSTER asked if the EXHIBIT 1 amendments take precedence if any of these amendments are duplicative. REP. ELLIOTT said that was his understanding. Director Robinson replied affirmatively. REP. REAM assumed only amendments #2 and 5 through 8 of the March 17, 1993 amendments were needed. Dave Woodgerd, Legal Counsel, DOR, said the first set of amendments include a change in rate for corporate license tax so some of these amendments would have to be included.

Motion/Vote: REP. REAM moved a substitute motion to exclude amendments #1, 3, 4 and 9 from the previous motion. Motion carried unanimously.

REP. RANEY asked if 15 years referred to being a Montana resident for 15 years or owning the business for 15 years. REP. ELLIOTT said it refers to 15 years of owning the business but the individual must be a Montana resident at the time of sale in order to claim the tax credit.

REP. RANEY asked for an explanation of amendment #5 clarifying the non-resident taxpayer. Mr. Woodgerd said the purpose of #5 is to delete language that is no longer needed because of the flat rate. The amendment puts the income from non-residents in the higher bracket by including all their income and then allowing the deductions. There is only one bracket but they still prorate the standard deduction.

**REP. REAM** asked **Jeff Miller, DOR,** about the low income earner. **Mr. Miller** said DOR would still be prorating their standard deduction and their personal exemption based on the ratio of Montana income so the smaller earning non-resident who has income in the state would get a fraction of the standard deduction and a fraction of their exemption and would be taxed at the same flat rate.

<u>Vote</u>: Motion to adopt **EXHIBIT 2** amendments carried unanimously.

<u>Motion</u>: REP. ELLIOTT moved the amendments on page 7, following line 15, dated March 18, 1993. EXHIBIT 3. He asked DOR to explain the amendments.

Director Robinson, said on page 7 of the bill there was language allowing DOR to adopt rules for adjusting the tax rate if there was a change in the federal adjusted gross income. He said there needed to be some clarification of DOR's role in making that adjustment. He said that adjustment needed to be formula-based. He said Option A provides a mathematical formula for making the adjustments. DOR is trying to determine the tax increase what has resulted from the change in the federal adjusted gross income, based on the 1993 data collected from taxpayers. on that change in (b)(ii) DOR would make an adjustment to the tax rate in increments of .1%. That .1% equals the \$5 million in (b)(iii). This would put in place a mathematical formula that would adjust the tax rate by increments of .1% based on the changes in the federal adjusted gross income. 1993 data would be accumulated during tax year 1994 and the adjustment would be made for tax year 1995.

Director Robinson said Option B (EXHIBIT 3A) tries to make that same adjustment by bringing it back to the Legislature 20 days prior to the regular session and having that information available for the Legislature to adjust.

VICE CHAIRMAN FOSTER asked REP. ELLIOTT which option he was moving in his motion. REP. ELLIOTT said he had a preferred method but it may not be what REP. GILBERT prefers. He said because of the 1986 Federal Tax Reform Act which expanded the definition of income in the U.S., many states with high federal adjusted gross income saw major windfalls in their tax collections in the years following 1986. He said REP. GILBERT did not want that to happen again and he agreed. If the amendments are necessary to achieve bipartisanship of the bill then he would support one of the options.

REP. GILBERT said he did not want the windfall situation to ever happen again and that was the reason for the amendments. He said his choice was Option A. DOR runs the formula, does the compilation, and it adjusts automatically. Under provisions of Option B, DOR determines what the impact will be, they come to the Legislature every two years, and the legislature makes the decision as to what should be done. The tax policy has already been determined in the bill, Option A simply defines how it is done. It is very vital to the bill and important to the continued bipartisan cooperation represented by the bill.

REP. REAM agreed to vote for Option A with one proviso. He believed DOR should go before the Revenue Oversight Committee (ROC) before adopting this mechanism and said perhaps this language should be inserted into the bill. The ROC is a bipartisan committee with Legislative authority. Because this impacts the revenue collections, he believed it would be appropriate.

REP. GILBERT pointed out that ROC has not been given the authority to direct DOR and he would rather not do so. However, he said he agreed there should be a proviso that the DOR come before ROC and apprise them of what they intend to do. ROC could then make recommendations to DOR as has been done in the past. He did not believe the ROC should have the authority to insist that DOR do it one way or another.

REP. REAM asked if language could be inserted stating that DOR must review the adjustments with ROC before adoption. REP. ELLIOTT said only a couple of states have a flat rate and in one of those states DOR makes the determination every year. In another state, the Legislature makes the determination. He said he preferred the Legislature do it in Montana. He said if it was amenable to REP. GILBERT he would move Option B, and if that failed he would move Option A. REP. GILBERT said he was agreeable, provided Option A contained the language suggested by REP. REAM.

Motion: REP. ELLIOTT amended his previous motion to move adoption of Option B, marked as EXHIBIT 3a. He said this is the mechanism that would allow the DOR to recommend a rate to the Legislature with the Legislature then setting the rate.

#### Discussion:

REP. GILBERT reiterated his concern about the micro-management by the Legislature. He said this was a mechanical process.

<u>Vote</u>: Motion to adopt Option B, **EXHIBIT 3a**, failed 13-7 on a roll call vote.

Motion: REP. ELLIOTT moved adoption of Option A. EXHIBIT 3

#### Discussion:

REP. REAM said a period should be inserted after 0.1% and delete the rest of the sentence in (b)(ii) because the 0.1% wouldn't always equal \$4.5 million. Mr. Woodgerd said the intent of the language was that the DOR would make a .1% adjustment for every \$4.5 million and believed they needed that language.

REP. REAM said that was only true for this tax year. Director Robinson agreed with REP. REAM and was not concerned with removing that language.

REP. ELLIOTT said if the base changes, .1% would vary, it would not always be \$4.5 million. If the base doubled, it would be \$9 million, or if the base shrunk, it would be \$2.25 million. He concurred with REP. REAM.

**REP. HANSON** asked if the 7.5% needs to be left in place if the 7.3% flat tax amendment passed. **REP. GILBERT** said it did because of the surcharge. The rates needed to be adjusted the rates for the first two years in order to adjust for the surcharge. The rate then would go to 7.5% which was the agreed number.

REP. DRISCOLL asked for clarification of the rates. REP. GILBERT replied the rate would be 7.3 for calendar years '93 and '94 and 7.5 for calendar '95.

**Director Robinson** said there was an error in (2)(a) of Option A. It should be 7.4% rather than 7.5%.

<u>Motion</u>: REP. ELLIOTT amended his motion to adopt Option A to include REP. REAM'S ROC language, insert "." following 0.1% and strike the remainder of the sentence. The amendment will also include the change from 7.5% to 7.4% in (2)(a).

<u>Vote</u>: Motion to adopt the Option A amendments carried unanimously.

REP. ELLIOTT asked if any change in the \$4.5 million in (b)(iii) was required. Director Robinson said the amount didn't need to be changed but suggested the word "equals" should be replaced with "exceeds".

<u>Motion/Vote</u>: REP. ELLIOTT moved adoption of the amendment as amended in (b)(iii) by striking "equals" and inserting "exceeds". Motion carried unanimously.

Motion: REP. GILBERT MOVED HB 671 DO PASS AS AMENDED.

#### Discussion:

Mr. Robinson said the rate would be 7.3% in CY 93 and 94, and then 7.4% in CY 95.

REP. McCAFFREE said he didn't understand how the rate can be reduced and the surcharge repealed. REP. GILBERT said in the first year the flat rate raises over \$87 million. That would take care of what the state would have received from the surcharge. He said the intent was to raise only \$60 million for the biennium. The 7.5% would raise more than \$60 million so the rate was backed down.

REP. McCARTHY asked if there had been a fiscal note prepared with these figures. REP. GILBERT said there had not because there had been nine changes in the formulas over the last 10 days.

REP. RANEY asked if there was a deadline that mandated the bill had to be passed right now. REP. GILBERT responded it had to be out of Committee because of the transmittal date which the Speaker stated would be the 67th day.

A lengthy discussion followed with REPS. REAM and HARPER expressing their concern that executive action was being taken on the bill without the needed information and a fiscal note. They believed the public was also being shut out of the process by the deadline being moved up four days. REP. GILBERT replied that his instructions were to take executive action this date. He said he had no objection to meeting again to try and obtain more information, and would ask the Speaker to hold it from the floor until the very end. He said the Speaker intended to put HB 2 and the tax package together to send to the Senate as a package.

REP. RANEY said there was also a tabled bill in Committee for \$2 million to fund the Water Quality Bureau. He said if that bill is left on the table, HB 671 would have to generate another \$2 million or the Committee would have to prepare an amendment to HB 2 to eliminate the Water Quality Bureau.

VICE CHAIRMAN FOSTER requested that the committee stay with the business of getting HB 671 out of committee.

**REP. HARRINGTON** said he understood the frustration of the Committee members and asked if the final vote could be delayed for a couple of days to resolve some of these questions.

REP. ELLIOTT said Director Robinson believed they could have full spreadsheets for the Committee later this morning. He said he was a little bewildered by the members' reluctance to vote on the bill at this time but due to the tenuous nature of the negotiations he agreed it might be better to delay the vote. He said it was not his intention to make people angry or upset.

REP. RANEY asked what was being done about the Water Quality Bureau.

REP. REAM said at the hearing on HB 671 he had specifically requested spreadsheets and graphs showing what the bill does. He said it was important to have that information for a bill like this.

VICE CHAIRMAN FOSTER stated the Committee would be at ease for a few minutes to allow REP. GILBERT and SPEAKER MERCER to discuss the situation.

#### CHAIRMAN GILBERT REASSUMED THE CHAIR.

CHAIRMAN GILBERT said SPEAKER MERCER would speak to the Committee for a few moments and the Committee would then recess until noon. He asked DOR to have the spreadsheets and graphs available at that time.

SPEAKER MERCER said he had been informed there was concern with the schedule regarding the revenue bills. He said essentially, the goal this session was to try to balance the budget instead of playing games and spending money they didn't have. The only way to do that is to try to have the revenue completed at the same time as taxation. He said it does place a burden on the Taxation Committee to accomplish that, but he wanted to have those bills on the floor at the same time. DOR has said they could have the requested information for the committee today, and the extra effort on the part of the Committee would greatly benefit the state and the budget would be balanced. SPEAKER MERCER apologized to the Committee for causing any problems but said the same situation occurred with the Appropriations Committee. He said he wanted more time for the full House to consider these bills at the same time.

#### THE TAXATION COMMITTEE RECESSED AT 8:30 A.M.

#### THE COMMITTEE RESUMED EXECUTIVE ACTION AT 12:25 P.M.

CHAIRMAN GILBERT asked Director Robinson to explain the spreadsheets and graphs.

Director Robinson turned the explanation over to Larry Finch.

Larry Finch, Manager of the Research Office, DOR, said the exhibit was their standard package of information for income tax proposals. He stated the long form provided information for each filer-type and explained each of the columns on each page.

EXHIBIT 4 He reviewed the information contained in the graphs.

EXHIBIT 4a

#### Discussion:

**REP. DOLEZAL** asked **Mr. Finch** if he had figures regarding the changes in the corporate license tax. **Mr. Finch** said DOR had not prepared any in detail, but from some runs done previously it looked like it would increase approximately \$5 to \$5.4 million over the biennium.

#### CHAIRMAN GILBERT RELINOUISHED THE CHAIR TO VICE CHAIRMAN FOSTER

VICE CHAIRMAN FOSTER stated that there being no further discussion, the Committee would revert back to REP. GILBERT'S motion that HB 671 do pass as amended.

- REP. GILBERT said he hoped the information supplied by DOR had answered the questions brought up in the morning session. He said he had requested a fiscal note but it would take a few days.
- REP. REAM asked Mr. Heiman to explain #30 on the Combined Amendments Adopted by Committee. EXHIBIT 5 Mr. Heiman said #30 referred to the unitary tax which was unamended in the original bill. REP. GILBERT said when they changed the C corporations tax rate they neglected the unitary tax. As it had always been higher than the C corporations they felt it only fair to raise the unitary tax correspondingly. He said it would amount to an additional \$160,000.
- REP. DOLEZAL expressed his appreciation to the Chairman for requesting the delay, the information from DOR and the fiscal note. He said he would vote for the bill to get it out of Committee because of the great amount of work involved and because he did not want it to die in Committee.
- REPS. REAM and McCARTHY agreed with REP. DOLEZAL and also thanked Mr. Finch and DOR for their cooperation.

<u>Vote</u>: Motion that HB 671 Do Pass As Amended carried 19-1 on a roll call vote with **REP. DRISCOLL** voting no.

#### EXECUTIVE ACTION ON HB 388

Motion: REP. GILBERT MOVED THAT HB 388 BE TAKEN FROM THE TABLE.

#### Discussion:

REP. GILBERT said that REP. RANEY wished to have his name removed as a sponsor and the proper way to do that would be on Order of Business #9 on the floor. REP. GILBERT said he would then put his name on the bill and carry the bill. He said if this isn't done, there would be negative results. Because funding is tied up in the special revenue account and the money isn't in HB 2, the Committee would have to amend the money into HB 2 or eliminate the Water Quality Bureau if the Water Quality Bureau is not funded with HB 388.

Vote: Motion to take HB 388 from the table carried unanimously.

Motion: REP. GILBERT MOVED HB 388 DO PASS AS AMENDED.

#### Discussion:

REP. RANEY said the bill had not yet been amended; his amendments had been amended. It was at that point he said he was no longer interested in carrying the bill, because he didn't think they had been assured there was enough money in the bill, as now amended, to fund the Water Quality Bureau.

Motion: REP. GILBERT moved the remainder of REP. RANEY'S amendments.

VICE CHAIRMAN FOSTER stated the Committee had segregated the portion to do with annual fees out of REP. RANEY'S amendments. The motion to amend the amendments passed, and at that point the bill was tabled. He explained that REP. GILBERT'S motion moves the remainder of the RANEY amendments.

#### Discussion:

REP. REAM discussed the draft copy of the bill containing REP. RANEY'S amendments and the changes in the fees. EXHIBIT 6

REP. GILBERT explained the changes in the fees on the top of page 4 of the draft copy. He said the publicly owned treatment works would be \$2,500 in the second column, industrial storm and groundwater systems would be \$2,500, industrial cooling water systems \$500, industrial systems with toxic substances \$2,500 and general permits \$2,500. Under nondegradation review, domestic sewage treatment would be \$2,500, industrial \$5,000, and subdivisions were left alone.

- **REP. REAM** asked **REP. RANEY** if the most contentious portion was the industrial being reduced from \$10,000 to \$5,000. **REP. RANEY** said he disagreed with the amendments overall. His intention was to make sure there was enough money.
- REP. McCARTHY asked how the amendments would impact the fiscal note. REP. RANEY stated in order for the pollution portion of the Water Quality Bureau to be properly funded, the bill provided for rulemaking by DHES that would have to be approved by the Board. Under his amendments they would have the unlimited authority to write rules for fees. Under REP. FOSTER'S amendments, DHES thinks they can still write rules to raise enough money to match what is requested in the fiscal note. If they can't, then they are underfunded.
- REP. McCARTHY said she was concerned with monitoring the water at Superfund sites. She wanted to be sure that there would be continual monitoring. REP. RANEY said if there are discharges from the Superfund site, they would be monitored. He said Dan Fraser of DHES could answer that.
- Dan Fraser said the funds would be used for the state's Water Permit Discharge Program, both ground and surface water. He said they had some permits in Superfund areas and oversight is provided for those areas, in addition to that by the Water Quality Bureau, by the Solid Waste Bureau and the EPA.
- **REP. REAM** asked where the majority of the fees would come from. **Mr. Fraser** said according to their estimates, roughly \$350,000 of the \$770,000 per year would be raised on annual fees assessed industrial dischargers. The \$10,000 is a fee that would be applied to a nondegradation review for an industrial discharger. They estimated that \$5,000 would be enough to do that review.
- REP. DOLEZAL asked if they were voting on the gray bill as amended by REP. RANEY. VICE CHAIRMAN FOSTER said the vote would be on the bill as amended and the amendments as amended.
- REP. RANEY stated he would be voting against the bill. The amendments were amended to a point where he didn't like them.
- <u>Vote</u>: Motion to adopt the amendments carried 19-1 with REP. RANEY voting no.
- REP. GILBERT said Mr. Heiman had pointed out a technical amendment which was explained at the bottom of the first fiscal note.

<u>Motion/Vote</u>: REP. GILBERT moved adoption of the technical amendment as explained by Mr. Heiman. Motion carried unanimously.

Motion/Vote: REP. GILBERT MOVED HB 388 DO PASS AS AMENDED.
Motion carried 18-2 with REPS. ORR and FELAND voting no.

#### ADJOURNMENT

Adjournment: The meeting adjourned at 1:15 p.m.

JILL ROHYANS, Secretary

The minutes were written by Louise Sullivan and proofed for content by Jill Rohyans.

MF/jdr/ls

## HOUSE OF REPRESENTATIVES

TAXATION	COMMITTEE	
	,	

ROLL CALL

DATE 3/19/93

NAME	PRESENT	ABSENT	EXCUSED
REP. GILBERT, CHAIRMAN	<b>✓</b>		
REP. FOSTER	/		
REP. HARRINGTON	/		
REP. ANDERSON	/		
REP. BOHLINGER	<b>✓</b>		
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	- V	· · · · · · · · · · · · · · · · · · ·	
REP. TUNBY	/		

### HOUSE STANDING COMMITTEE REPORT

March 19, 1993 Page 1 of 5

Mr. Speaker: We, the committee on Taxation report that House Bill 671 (first reading copy -- white) do pass as amended .

## And, that such amendments read:

1. Title, line 21.

Strike: the first "AND" Following: "15-30-160," Insert: "AND 15-30-199,"

2. Page 3, line 20.

Strike: "1994" Insert: "1993"

3. Page 6, line 12. Following: "15-30-103."

Insert: "(Temporary for tax years 1993 and 1994)"
Strike: "-- adjustment"

Strike: "(1)"

4. Page 6, line 13.

Strike: "Subject to subsection (2), there"

Insert: "There"

5. Page 6, line 14.

Strike: "on or"

6. Page 6, line 18.

Strike: "7.5%" Insert: "7.3%"

7. Page 7, line 16.

Strike: "(2)"

8. Page 7, line 22 through page 8, line 2.

Strike: subsection (2) in its entirety

9. Page 8.

Following: line 2

Insert: "Section 3. Section 15-30-103, MCA, is amended to read:

Committee Vote:

Yes //, No /.

622022SC.Hss

- "15-30-103. Rate of tax -- adjustment. (1) There shall be Subject to subsection (2), there is levied, collected, and paid for each taxable year commencing on or after December 31, 1968 1994, upon the taxable income of every taxpayer individual subject to this tax, after making allowance for exemptions and deductions as hereinafter provided, a tax at the rate of 7.4% of the individual's taxable income on the following brackets of taxable income as adjusted under subsection (2) at the following rates:
- (a) on the first \$1,000 of taxable income or any part thereof, 28;
- (b) on the next \$1,000 of taxable income or any part thereof, 3%;
- (c) on the next \$2,000 of taxable income or any part thereof, 48;
- (d) on the next \$2,000 of taxable income or any part thereof, 5%;
- (c) on the next \$2,000 of taxable income or any part thereof, 6%;
- (f) on the next \$2,000 of taxable income or any part thereof, 78;
- (g) on the next \$4,000 of taxable income or any part thereof, 8%;
- (h) on the next \$6,000 of taxable income or any part thereof, 9%;
- (i) on the next \$15,000 of taxable income or any part thereof, 10%;
- (j) on any taxable income in excess of \$35,000 or any part thereof, 11%.
- (2) By November 1 of each year, the department shall multiply the bracket amount contained in subsection (1) by the inflation factor for that taxable year and round the cumulative brackets to the nearest \$100. The resulting adjusted brackets are effective for that taxable year and shall be used as the basis for imposition of the tax in subsection (1) of this section (a) The department shall, pursuant to subsection (2) (b), adjust the tax rate provided in subsection (1) to reflect changes in federal adjusted gross income. The adjustment must maintain a rate that produces revenue that does not exceed 7.4% of taxable income based upon the definition of federal adjusted gross income as provided in 26 U.S.C. 62 on January 1, 1993. Prior to adopting a change in rate, the department shall present the proposed change to the revenue oversight committee for review by the committee.
- (b) (i) For purposes of subsection (2) (a), for tax year 1994 and each tax year thereafter, the department shall in the succeeding year determine the change in the amount of revenue collected resulting from changes made by the United

States congress to federal adjusted gross income, as defined by the Internal Revenue Code, effective for that year.

(ii) Based on the determination in subsection (2) (b) (i), the tax rate for the tax year following the determination must be adjusted in increments of 0.1%.

(iii) A change in the rate may not be made unless the

amount of change exceeds \$4.5 million.""

Renumber: subsequent sections

10. Page 8, lines 9 through 14.

Strike: "After" on line 9 through "Montana." on line 14

11. Page 17, line 6.
Following: "(6)"

Insert: "(a) The exemptions provided for in this section are reduced by 10% for every \$5,000 of federal adjusted gross income in excess of \$150,000. (b) "

12. Page 17, line 7.

Strike: "1992" Insert: "1993"

13. Page 19, line 4.

Strike: "(2)(d)" Insert: "(2)(e)"

14. Page 19, line 5.

Following: line 4

Insert: 40% of Montana adjusted gross income, but not less than \$2,000 or more than"

15. Page 19, line 8.

t Following: "is"

Insert: "40% of Montana adjusted gross income, but not less than \$4,000 or more than"

16. Page 19, line 12.

Following: line 11

Insert: "40% of Montana adjusted gross income, but not less than \$3,000 or more than"

17. Page 19, line 17.

Following: "is"

Insert: "40% of Montana adjusted gross income, but not less than \$2,000 or more than"

18. Page 19.

Following: line 17

Insert: "(e) The standard deductions provided for in this subsection (2) are reduced by 10% for every \$5,000 of federal adjusted gross income in excess of \$150,000." 19. Page 19, line 25. Strike: "1994" Insert: "1993" 20. Page 21, line 2. Following: "rate of" Strike: "\$1" Insert: "1%" 21. Page 21, line 3. Strike: "\$2" Insert: "\$20,000" 22. Page 29, line 1. Following: "(Temporary" Insert: "for tax year 1993" 23. Page 29, line 5. Strike: "6 3/4%" Insert: "7.08%" 24. Page 29, line 7. Strike: "7 1/4%" Insert: "7.57%" 25. Page 29, line 15. Following: "is" Insert: ": (a)" Strike: "7% of all" Insert: "7.33% of the first \$500,000 of" Following: "period" Insert: "; and (b) 7.82% of all net income in excess of \$500,000 for the taxable period" 26. Page 29, line 18. Strike: "\$50" Insert: "\$100"

27. Page 29, line 19 through page 30, line 1. Strike: subsections (4) and (5) in their entirety

28. Page 30, line 2.

Strike: "on receipt of taxes" 29. Page 30, line 3. Strike: "1993" Insert: "1994 and thereafter" 30. Page 30, line 16. Following: "is" Insert: ": (a)" Strike: "all" Insert: "the first \$500,000 of" Following: "period" Insert: "; and (b) 7.5% of all net income in excess of \$500,000 for the taxable period" 31. Page 30, lines 20 through 24. Strike: subsection (4) in its entirety 32. Page 36, lines 8 and 10. Strike: "8" Insert: "9" 33. Page 37, line 1. Strike: "and" Following: "15-30-160," Insert: "and 15-30-199," 34. Page 37, line 4. Following: "applicability." Insert: "(1)" Strike: "[This" Insert: "Except as provided in subsection (2), [this" 35. Page 37. Following: line 6 Insert: "(2)(a) [Section 2] is effective on passage and approval and applies retroactively, within the meaning of 1-2-109, to the tax years beginning after December 31, 1992. (b) [Section 3] is effective on passage and approval and applies to tax years beginning after December 31, 1994. NEW SECTION. Section 25. Termination. [Section 2] terminates December 31, 1994."

in game

#### HOUSE STANDING COMMITTEE REPORT

March 20, 1993 Page 1 of 4

Mr. Speaker: We, the committee on <u>Taxation</u> report that <u>House</u>

<u>Bill 388</u> (first reading copy -- white) <u>do pass as amended</u>.

Signed:

Sob Gilbert, Chair

## And, that such amendments read:

1. Title, line 12.

Following: ";"

Insert: "AMENDING SECTION 69-7-111, MCA;"

2. Page 4.

Following: line 3

Insert: "The board shall consider the following fee structures as prima facie indicators of appropriate fee assessments, except that the fees should be increased every 3 years after October 1, 1993, by the percentage, if any, by which the producer price index, published by the United States bureau of labor statistics for the most recent calendar year, exceeds the producer price index for calendar year 1993.

product pri	Application fee	Annual fee
Publicly owned treatment works	\$250 \$1,000	\$250 \$2,500
Industrial storm and ground water systems	\$1000	\$1,000 \$2,500
Industrial cooling water systems	\$500	\$200 \$500
Industrial systems with toxic substances	\$2,500 \$ 5,000	\$2,500
General permits	\$200 \$500	\$250 \$2,500

## Nondegradation review:

(1) Domestic sewage

treatment \$2,500

(2) Industrial \$2,500 -- \$5,000

(3) Subdivision \$120 -- \$200 per lot

Committee Vote: Yes \_\_\_\_, No \_\_\_\_.

631128SC.Hpf

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. 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% fee 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 of up to 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 means to justify lower annual fees."

3. Page 5, line 11.
Following: ";"
Insert: "and"

4. Page 5, lines 12 through 21. Strike: subsections (f) through (i) in their entirety Renumber: subsequent subsection

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.
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: "potential" on line 6 through "the" on line 8
- 8. Page 6, lines 9 though 12.

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

9. Page 6, line 12. Following: "fee"

1 Con 1 2 79 1 19

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 cover costs
 associated with the fees prescribed in this section for a
 public sewer system without the hearing required in 69-7111."

15. Page 8, line 11.

Strike: "There"

Insert: "All fees collected under [section 1]"

16. Page 8, lines 12 through 15. Strike: ":" on line 12 through "1]" on line 15

17. 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 [section 1] and 75-6-108, 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 be published in a newspaper as provided in 7-1-4127.

E CONTRACTOR

- (3) (a) The notice shall 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 be mailed first class, postage prepaid, to the Montana consumer counsel.""
  Renumber: subsequent sections

## HOUSE OF REPRESENTATIVES

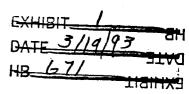
		TAXATION	COMMITTEE
		ROLL CALL VOTE	
DATE	3/19/93	BILL NO. <u>HB 67/</u>	NUMBER
MOTION:	ly	Rep. Elliott	to adopt
a	10 Tion	b amendment	t, #3a
,			

NAME	AYE	NO
REP. FOSTER	•	V
REP. HARRINGTON		
REP. ANDERSON		V
REP. BOHLINGER	-	V
REP. DOLEZAL		
REP. DRISCOLL	V	
REP. ELLIOTT	V	
REP. FELAND		V
REP. HANSON	-	V
REP. HARPER		V
REP. HIBBARD		V
REP, KELLER		V
REP. McCAFFREE		•
REP. McCARTHY	V	
REP. NELSON		V
REP. ORR		V
REP. RANEY	V	
REP. REAM		V
REP. TUNBY		$\nu$
REP. GILBERT		$\checkmark$

## HOUSE OF REPRESENTATIVES

		TAXA	TION		COMMITTEE	
		ROLL	CALL V	OTE		
DATE	3/19/93	_ BILL NO.	HB E	671	NUMBER	
MOTION:	lus	Rep.	Sil	hert	that	HB 671
	A) D	Papp	as	An	resided	
					<del></del>	· ·

	İ
	<u> </u>
	/
/	
/	
V	
V	
/	
/	
//	



## AMENDMENTS HB 671

## INTRODUCED VERSION

# PREPARED BY DEPARTMENT OF REVENUE March 18, 1993

The purpose of amendments 1, 2, 3, 6, and 7 is to change the tax rate, repeal the surtax and raise approximately \$60 million for the biennium.

The purpose of amendment 4 is to reduce the \$3,500 income exemptions by 10% for every \$5,000 between \$150,000 and \$200,000 of federal adjusted gross income.

The purpose of amendment 5 is to make the standard deduction a percentage of Montana adjusted gross income within certain limits and to reduce the standard deduction in the same manner as the exemptions.

1. Title, line 21

Following: "15-30-159,"

Strike: "AND"

Following: "15-30-160," Insert: "AND 15-30-199,"

2. Page 6, line 12

Following: "15-30-103."

Insert: "(Temporary for tax years 1993 and 1994)"

line 13

Strike: "Subject to subsection (2), there"

Insert: "There"

line 14

Following: "year commencing"

Strike "on or"

line 18

Following: "at the rate of"

Strike: "7.5%" Insert: "7.3%"

3. Page 7,

Following: line 15

Insert: "Section 3. Section 15-30-103, MCA, is amended to read:

"15-30-103. Rate of tax — adjustment. (1) There shall be Subject to subsection (2), there is levied, collected, and paid for each taxable year commencing on or after December 31, 1968 1994, upon the taxable income of every taxpayer individual subject to

this tax, after making allowance for exemptions and deductions as hereinafter provided, a tax at the rate of 7.4% of the individual's taxable income on the following brackets of taxable income as adjusted under subsection (2) at the following rates:

- (a) on the first \$1,000 of taxable income or any part thereof, 2%;
- (b) on the next \$1,000 of taxable income or any part thereof,
- (c) on the next \$2,000 of taxable income or any part thereof,
- (d) on the next \$2,000 of taxable income or any part thereof,
- (e) on the next \$2,000 of taxable income or any part thereof,
- (f) on the next \$2,000 of taxable income or any part thereof,
- (g) on the next \$4,000 of taxable income or any part thereof,
- (h) on the next \$6,000 of taxable income or any part thereof,
- (i) on the next \$15,000 of taxable income or any part thereof, 10%;
- (j) on any taxable income in excess of \$35,000 or any part thereof, 11%.
- (2) By November 1 of each year, the department shall multiply the bracket amount contained in subsection (1) by the inflation factor for that taxable year and round the cumulative brackets to the nearest \$100. The resulting adjusted brackets are effective for that taxable year and shall be used as the basis for imposition of the tax in subsection (1) of this section The department may adopt rules for adjusting the tax rate provided in subsection (1) to reflect changes in federal adjusted gross income. The rules must adjust the tax rate to maintain a rate that does not exceed 7.5% of an individual's taxable income, as determined for the tax year beginning January 1, 1994."

Renumber: Subsequent sections

4. Page 17, line 6 Following: "(6)"

Insert: "(a) The exemptions provided for in this section are reduced by 10% for every \$5,000 of federal adjusted gross income in excess of \$150,000.

5. Page 19, line 4
Following: "(2)"
Strike: "(d)"
Insert: "(e)"

line 5

Following: line 4 Strike: "\$5,000"

Insert: "40% of Montana adjusted gross income, but not less

than \$2,000 or more than \$5,000"

line 8

Following: "is" Strike: "\$10,000"

Insert: "40% of Montana adjusted gross income, but not less

than \$4,000 or more than \$10,000"

line 12

Following: line ll

Strike: "7,500"

Insert: "40% of Montana adjusted gross income, but not less

than \$3,000 or more than \$7,500"

line 17

Following: "is" Strike: "\$5,000"

Insert: "40% of Montana adjusted gross income, but not less

than \$2,000 or more than \$5,000"

line 18

Following: line 17

Insert: "(e) The standard deductions provided for in this subsection are reduced by 10% for every \$5,000 of federal adjusted gross income in excess of \$150,000.

6. Page 37, line 1

Following: "15-30-159,"

Strike: "and"

Following: "15-30-160," Insert: "and 15-30-199"

7. Page 37, line 4

Following: "applicability"

Insert: (1) Except as provided in subsection (2)

line 6

Following: line 6

Insert: "(2)(a) Section 2 is effective on passage and approval and applies retroactively, within the meaning of 1-2-109, to the tax year beginning after December 31, 1992, and the section shall terminate on December 31, 1993.

(b) Section 3 is effective on passage and approval and applies

to tax years beginning after December 31, 1993."

EXHIBIT 2 DATE 3/11/93 HB 67/

## AMENDMENTS HB 671

## INTRODUCED VERSION

# PREPARED BY THE DEPARTMENT OF REVENUE March 17, 1993

The purpose of amendments 1, 3, 4, 9, 10, 11, 12, 13, 14, and 15 is to repeal the surtax on the individual income tax and corporation license tax and to replace the revenue.

The purpose of amendment 2 is to make 1993 the base year from which to measure the inflation factor for indexing.

The purpose of amendment 5 is to clarify the taxation of non-residents.

The purpose of amendments 6 and 7 is to make the indexing of standard deductions consistent with the indexing of the personal exemptions.

The purpose of amendment 8 is to provide that the one time tax credit for sale of a business, trade or profession is reduced by 1% for every \$20,000 of gain received by the taxpayer in excess of \$1 million.

1. Title, line 21

Following: "15-30-159,"

Strike: "AND"

Following: "15-30-160," Insert: "AND 15-30-199,"

2. Page 3, line 20

Following: "for June, 1900"

Strike: "1994" Insert: "1993"

3. Page 6, line 12

Following: "15-30-103."

Insert: "(Temporary for tax year 1993)"

line 13

Strike: "Subject to subsection (2), there"

Insert: "There"

line 14

Following: "and paid for"

Strike: "each" Insert: "the"

Following: "year commencing"

Strike "on or"

line 18

Following: "at the rate of"

Strike: "7.5%"

Insert: "7.4%"

Page 7, line 16

Strike: Subsection (2) in its entirety

4. Page 7,

Following: line 15

Insert: "Section 3. Section 15-30-103, MCA, is amended to read:

- "15-30-103. Rate of tax adjustment. (1) There shall be Subject to subsection (2), there is levied, collected, and paid for each taxable year commencing on or after December 31, 1968 1993, upon the taxable income of every taxpayer individual subject to this tax, after making allowance for exemptions and deductions as hereinafter provided, a tax at the rate of 7.5% of the individual's taxable income on the following brackets of taxable income as adjusted under subsection (2) at the following rates:
- (a) on the first \$1,000 of taxable income or any part thereof, 2%;
- (b) on the next \$1,000 of taxable income or any part thereof,
- (c) on the next \$2,000 of taxable income or any part thereof,
- (d) on the next \$2,000 of taxable income or any part thereof, 5%;
- (e) on the next \$2,000 of taxable income or any part thereof,
- (f) on the next \$2,000 of taxable income or any part thereof,
- (g) on the next \$4,000 of taxable income or any part thereof,
- (h) on the next \$6,000 of taxable income or any part thereof, 9%;
- (i) on the next \$15,000 of taxable income or any part thereof, 10%;
- (j) on any taxable income in excess of \$35,000 or any part thereof, 11%.
- the bracket amount contained in subsection (1) by the inflation factor for that taxable year and round the cumulative brackets to the nearest \$100. The resulting adjusted brackets are effective for that taxable year and shall be used as the basis for imposition of the tax in subsection (1) of this section The department may adopt rules for adjusting the tax rate provided in subsection (1) to reflect changes in federal adjusted gross income. The rules must adjust the tax rate to maintain a rate that does not exceed 7.5% of an individual's taxable income, as determined for the tax year beginning January 1, 1994."

Renumber: Subsequent sections

5. Page 8, lines 9 through 14 Following: "taxable income." on line 9

line 19

Strike: Subsections (4) and (5) in their entirety.

Page 30, line 2 11.

Following: "(Effective"

Strike: "on receipt of taxes"

line 3

Strike: "1993"

Insert: "1994 and thereafter"

12. Page 30, line 14 Following: "(2)"

Insert: "(a)"

line 16

Following: "is 7% of"

Strike: "all"

Insert: "the first \$500,000 of" Following: "the taxable period"

Strike "."

Insert: "; and (b) 7.5% of all net income in excess of \$500,000 for the taxable period."

13. Page 30, line 20 Strike: Subsection (4) in its entirety.

Page 37, line 1 14.

Following: "15-30-159,"

Strike: "and"

Following: "15-30-160," Insert: "and 15-30-199"

15. Page 37, line 4

Following: "applicability"

Insert: (1) Except as provided in subsection (2)

line 6

Following: line 6

Insert: (2)(a) Section 2 is effective on passage and approval and applies retroactively, within the meaning of 1-2-109, to the tax year beginning after December 31, 1992, and the section shall terminate on December 31, 1993.

(b) Section 3 is effective on passage and approval and applies to tax years beginning after December 31, 1993.

Strike: The remainder of line 9 and lines 10 though 14 in their entirety.

- 6. Page 17, line 7 Strike: "1992," Insert: "1993,"
- 7. Page 19, line 25
  Following: "31,"
  Strike: "1994"
  Insert: "1993"
- 8. Page 21, line 2
   Following: "at the rate of"
   Strike: "\$1"
   Insert: "1%"

Line 3
Following: "every"
Strike: "\$2"
Insert: "\$20,000"

- 9. Page 29 line 1
   Following: "(Temporary"
   Insert: "for tax year 1993"
- 10. Page 29, line 5
  Following: "(a)"
  Strike: "6 3/4%"
  Insert: "7.08%"

line 7
Following: "(b)"
Strike: "7 1/4%"
Insert: "7.57%"

line 13
Following: "(2)"
Insert: "(a)"

line 15
Following: "is"
Strike "7% of all"
Insert: "7.33% of the first \$500,000 of"
Following: "the taxable period"
Strike "."

Insert: "; and (b) 7.82% of all net income in excess of \$500,000 for the taxable period."

line 18 Strike: "\$50" Insert: "\$100"

## Amendments to House Bill No. 671 First Reading Copy

Requested by DOR For the Committee on Taxation

> Prepared by Lee Heiman March 18, 1993

Informational

1. Title, line 21.

Strike: the first "AND" Following: "15-30-160," Insert: "AND 15-30-199,"

2. Page 3, line 20.

Strike: "1994" Insert: "1993"

3. Page 6, line 12. Following: "15-30-103."

Insert: "(Temporary for tax years 1993 and 1994)"

Strike: "-- adjustment"

Strike: "(1)"

4. Page 6, line 13.

Strike: "Subject to subsection (2), there"

Insert: "There"

5. Page 6, line 14.

Strike: "on or"

6. Page 6, line 18.

Strike: "7.5%" Insert: "7.3%"

7. Page 7, line 16.
Strike: "(2)"

8. Page 7, line 22 through page 8, line 2.

Strike: subsection (2) in its entirety

9. Page 8.

Following: line 2

Insert: "Section 3. Section 15-30-103, MCA, is amended to read: "15-30-103. Rate of tax -- adjustment. (1) There shall be Subject to subsection (2), there is levied, collected, and paid for each taxable year commencing on or after December 31, <del>1968</del> 1994, upon the taxable income of every taxpayer individual subject to this tax, after making allowance for exemptions and deductions as hereinafter provided, a tax at the rate of 7.4% of the individual's taxable income on the following brackets of taxable income as adjusted under subsection (2) at the following rates:

- (a) on the first \$1,000 of taxable income or any part thereof, 2%;
- (b) on the next \$1,000 of taxable income or any part thereof, 3%;
- (c) on the next \$2,000 of taxable income or any part thereof, 4%;
- (d) on the next \$2,000 of taxable income or any part thereof, 5%;
- (e) on the next \$2,000 of taxable income or any part thereof, 6%;
- (f) on the next \$2,000 of taxable income or any part thereof, 7%;
- (g) on the next \$4,000 of taxable income or any part thereof, 8%;
- (h) on the next \$6,000 of taxable income or any part thereof, 9%;
- (i) on the next \$15,000 of taxable income or any part thereof, 10%;
- (j) on any taxable income in excess of \$35,000 or any part thereof, 11%.
- By November 1 of each year, the department shall multiply the bracket amount contained in subsection (1) by the inflation factor for that taxable year and round the cumulative brackets to the nearest \$100. The resulting adjusted brackets are effective for that taxable year and shall be used as the basis for imposition of the tax in subsection (1) of this section (a) The department shall, pursuant to subsection (2)(b), adjust the tax rate provided in subsection (1) to reflect changes in federal adjusted gross income. The adjustment must maintain a rate that produces revenue that does not exceed 7.4% of taxable income based upon the definition of federal adjusted gross income as provided in 26 U.S.C. 62 on January 1, 1993. Prior to adopting a change in rate, the department shall present the proposed change to the revenue oversight committee for review by the committee.
- (b) (i) For purposes of subsection (2) (a), for tax year 1994 and each tax year thereafter, the department shall in the succeeding year determine the change in the amount of revenue collected resulting from changes made by the United States congress to federal adjusted gross income, as defined by the Internal Revenue Code, effective for that year.
- (ii) Based on the determination in subsection (2)(b)(i), the tax rate for the tax year following the determination must be adjusted in increments of 0.1%.
- (iii) A change in the rate may not be made unless the amount of change exceeds \$4.5 million.""

Renumber: subsequent sections

10. Page 8, lines 9 through 14. Strike: "After" on line 9 through "Montana." on line 14

11. Page 17, line 6.

Following: "(6)"

Insert: "(a) The exemptions provided for in this section are

reduced by 10% for every \$5,000 of federal adjusted gross income in excess of \$150,000.

(b) "

12. Page 17, line 7.

Strike: "1992" Insert: "1993"

13. Page 19, line 4.

Strike: "(2)(d)" Insert: "(2)(e)"

14. Page 19, line 5.

Following: line 4

Insert: "40% of Montana adjusted gross income, but not less than
\$2,000 or more than"

15. Page 19, line 8.

Following: "is"

Insert: "40% of Montana adjusted gross income, but not less than
\$4,000 or more than"

16. Page 19, line 12.

Following: line 11

Insert: "40% of Montana adjusted gross income, but not less than
\$3,000 or more than"

17. Page 19, line 17.

Following: "is"

Insert: "40% of Montana adjusted gross income, but not less than
\$2,000 or more than"

18. Page 19.

Following: line 17

Insert: "(e) The standard deductions provided for in this
 subsection (2) are reduced by 10% for every \$5,000 of
 federal adjusted gross income in excess of \$150,000."

19. Page 19, line 25.

Strike: "1994" Insert: "1993"

20. Page 21, line 2.

Following: "rate of"

Strike: "\$1" Insert: "1%"

21. Page 21, line 3.

Strike: "\$2"

Insert: "\$20,000"

22. Page 29, line 1.
Following: "(Temporary"
Insert: "for tax year 1993"

```
23. Page 29, line 5.
Strike: "6 3/4%"
Insert: "7.08%"
24. Page 29, line 7.
Strike: "7 1/4%"
Insert: "7.57%"
25. Page 29, line 15.
Following: "is"
Insert: ":
     (a) "
Strike: "7% of all"
Insert: "7.33% of the first $500,000 of"
Following: "period"
Insert: "; and
           (b) 7.82% of all net income in excess of $500,000 for
     the taxable period"
26. Page 29, line 18.
Strike: "$50"
Insert: "$100"
27. Page 29, line 19 through page 30, line 1.
Strike: subsections (4) and (5) in their entirety
28. Page 30, line 2.
Strike: "on receipt of taxes"
29. Page 30, line 3.
Strike: "1993"
Insert: "1994 and thereafter"
30. Page 30, line 16.
Following: "is"
Insert: ":
     (a)"
Strike: "all"
Insert: "the first $500,000 of"
Following: "period"
Insert: "; and
          (b) 7.5% of all net income in excess of $500,000 for
     the taxable period"
31. Page 30, lines 20 through 24.
Strike: subsection (4) in its entirety
32. Page 36, lines 8 and 10.
Strike: "8"
Insert: "9"
33. Page 37, line 1.
Strike: "and"
Following: "15-30-160,"
Insert: "and 15-30-199,"
```

34. Page 37, line 4.

Following: "applicability."

Insert: "(1)"
Strike: "[This"

Insert: "Except as provided in subsection (2), [this"

35. Page 37.

Following: line 6

Insert: "(2)(a) [Section 2] is effective on passage and approval and applies retroactively, within the meaning of 1-2-109, to the tax years beginning after December 31, 1992.

(b) [Section 3] is effective on passage and approval and applies to tax years beginning after December 31, 1994.

NEW SECTION. Section 25. Termination. [Section 2] terminates December 31, 1994."

EXHIBIT <u>3</u>

DATE <u>3/19/93</u>

HB <u>67/</u>

### AMENDMENTS HB 671 INTRODUCED VERSION PREPARED BY THE DEPARTMENT OF REVENUE March 18, 1993

### OPTION A

The purpose of amendment #l is to clarify the requirement the department must adjust the tax rate to account for changes in federal adjusted gross income. The amendment provides the necessary guidelines to avoid problems which may result from an unconstitutional delegation of authority.

1. Page 7,

Following: line 15

Strike: Subsection (2) in its entirety.

Insert: "(2)(a) The department must pursuant to subsection (b) adjust the tax rate provided in subsection (1) to reflect changes in federal adjusted gross income. The adjustment must maintain a rate that produces revenue that does not exceed 7.4% of taxable income based upon the definition of federal adjusted gross income as provided in 26 U.S.C. section 62 on January 1, 1993.

(b)(i) For purposes of subsection (a) for tax year 1993 and every tax year thereafter, the department shall in the succeeding year, determine the change in the amount of revenue collected resulting from changes to federal adjusted gross income, as defined by the internal revenue code effective for that year, made by the United States Congress.

(ii) Based on the determination in subsection (i) the tax rate for the tax year following the determination must be adjusted in increments of 0.1%. for each increment of change equaling \$4.5 million.

(iii) No change in the rate shall be made unless the amount of change equals \$4.5 million."

efceeds add lev. Asserceght længuage

exhibit 3a Pate 3/19/93 HB 37/

### AMENDMENTS HB 671 INTRODUCED VERSION PREPARED BY THE DEPARTMENT OF REVENUE March 18, 1993

### OPTION B

The purpose of amendment #1 is to require the department to report to the legislature at each regular session the effect any changes in federal adjusted gross income had on revenue collection for the previous tax years for which the department has complete data, and recommend to the legislature the adjustment necessary to the tax rate as result of those changes.

1. Page 7,

Following: line 15

Strike: Subsection (2) in its entirety.

Insert: "(2) At least 20 days before each regular session of the legislature the department must transmit to the legislature a report which describes the effect of any changes made by the United States Congress to the definition of federal adjusted gross income, as provided in 26 U. S. C. section 62 on January 1, 1993 since the last regular session of the legislature. The report must also contain the department's recommendation of the adjustment required to maintain revenue collections at the amount which would have collected under the January 1, 1993, definition of federal adjusted gross income. The department shall only be required to report on any tax year for which all of the relevant data is available.

82	_			50.70% 33	115.852	42.814	49.638	104.769	158.817	272.185.889	326,827,674	255.956.270	301,165,557	8,319,533,014	313.224	TOTAL	<del>t</del>
1.484	29.16% 31.55%	4.13% 4.85%			ю	딸	12	8,991	1,312	76,162,428	103,128,536	64,914,249	87,805,851	1.571,780,205	10.327	Ŕ	
Я			86.52%		8	*	55	8,839	1,322	29,240,614	37,322,623	24,281,253	30,827,143	702.702.414	10,216	őB	
A 5					3.8	 		8.548	1.080	24.003.201	29 982 603	20.334.987	25.190.709	610.569.511	10.603	<b>9</b>	
			2 200	14.819	8	100		76.378	4614	129 406 243	170 433 767	109 530 489	143 823 703	2.885.052.130	31 146	6	
,				100		9 8		70.00		PL. 3CF 33	7 3 3 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5	40 805 763	55 25 101	450 453 997	31 346	0 (	
. ~	6.49% 7.45%		4CCU4	36.148.51	2.138	ę ę		16.748	1	26,901,192	24,334,070	35.877.875	38 517 346	1115 837 074		<b>&gt;</b> 0 ~	
				30.34 %	0.000	1,076		11.000	100	10,700,070	700, 100, 101	120.026.01	10,000,700	000,710,000	21.00	10	
			36.24%	50 500 34	11,344			10,720	10,386	0.204./22	6,361,967	10.051.816	10,172,001	000,073,432	37.500	nu	
				168.76% 18	14,590	3.314		1 2	21,582	4.311.234	4,158,174	5.825.453	5,857,429	369.274.730	31,386		
		1.15% 0.56%	<u> </u>	73.71%	17.498	7.452	7.938	324	23.166	1.576,916	1.680.129	2,951,959	2.952,750	253,979,388	31,428		
•					27,702	8			72.194	101,972	101,972	1,173,220	1,173,220	142,008.876	30,942	. 10	
	0.05% 0.00%			28.72%	31,590	17,820		0	9,072			164,224	164,724	52,974,162	31,590	, _	
Avg. Liability	Proposi	Current Law Proposed Law		Gamers Lipeers	1	Į	Change	osens	Gainers	Fed Offset	į	ed. Offset	ie.	ncome	Households	Decile Group	Dec
Change in		_			Proposed	Current		Number of Number of	Number o	Tax After		Tex After		Q B	Number of		
Dollar	Percent of Total State Liability			Percentage of	Liability	No Tax Liability	8.	Current to Proposed	Curren	Law	Proposed Law	Law.	Сипеп	1	da da	Decile Group	
	_		33.45%	50.70% 33	115.852	42,814	49.638	104 769	158.817	272,185,889	326,827,673	255.956.271	301,165,555	8,319,533,014	313.224	TOTALS	7
3,064					ю	lã.		2,282	243	40,791,006	56,622,319	35,224,031	48,882,946	725,647,268	2.526	& Above	150,000
:: <i>:</i>				116.67% 83	0.	ν.	0	305	9	2,549,350	3,399,640	2.208.194	2,943,886	52,931,376	366	150,000	140.000
			1	16.99%				27.6	38	34/6//5	4,061,436	2,947,001	200,002	(6,534,589 (6,534,589	213	130,000	12000
. هو				114.77% 8		. 2	. 20	65	: ::	3,975,030	5,319,440	3,337,961	4,462,671	87,782,390	765	120,000	110,000
			<u>-</u>		0	1	5	893	147	4,962,937	6.563,020	4,187,388	5,516,416	109,524,438	1,045	110,000	0000
						on e	on o	1.375	<b>1</b>	6.734.960	8,689,131	5,620,890	7,216,387	149,339,708	1,579		90,000
			5.04	13.75	<b>.</b>	» с	ט פכ	7,500	3 5	9 711 001	11 919 920	7 507 036	9 788 614	743 952 442	1.862	8 8	6.000
	2.72% 3.01%				0		_	2.167	¥.	7,697,278	9,843,880	6 458 406	8,192,697	182,095,246	2.516	75.000	70,000
					ŧ	 1		3,008	153	9.671,325	12,437,126	8.032,187	10,265,345	236,497,873	3,508	70,000	65,000
				14.77% 8	0	0		-	765	12,964,681	16,393,617	10,874,804	13,681,746	322,605,008	5.178	65.000	8008
			79.35%		8	2 :	<b>8</b> 8		1239	13.839.011	17 252 168	11.696.520	14 444 387	357 685 907	6145	8 9 9 9 9 9	55,000
	7.10% 7.37%	3.47% 3.87%		28.57% 6.	202	ង នី		7,969	3,302	21,195,216	24,088,754	618,666'81	21,385,542	548,067,225	11,559	5 S	5 65
				35.87% 6	242	292		1	5,154	22,592,797	24,984,225	20.565,122	22,467,884	609,335,472	14.368	45.000	40,000
				43.68% 5	202	i i			6,940	20.517.639	22,595,581	19,649,943	21,311.526	594,872,990	15,890	40,000	35,000 -
			1	50,56% 4	516	434	1	1	9,338	18.043,918	19,769,351	18.168,662	19,507,246	598,717.404	18 468	35.000	30.000
			38.94%	57.02% 34	2272	75	922	8.878	13.000	16,191,890	17,089,951	17.452.590	18.125.786	624 388 966	22,800		25,000
				50.00	6.50	i i			15.767	12 548 927	13044985	15 116 773	95.170.687	593 473 538	26.376		300
			Ī	5/.17% 3		1.046			1,487	3.591,062	3.780,910	4,573,788	4,634,040	222.094.204	13.088	1	16,000
				59.55% 3	5,452	1,126			8,370	3,153,540	3,195,393	3 986,730	4.018,768	210,896,380	14.056	16,000	14,000
(47)			33.61%	54.79% 3	5,796	1,616			7.828	2,409,011	2,436,004	3,086,178	3,106,182	185,140,662	14,286		12,000 -
				77.20%	8,062	1.818			12,414	1,692,510	1,713,600	2.608,598	2.620.894	177,124,148	16.080	12,000	10,000
				80.87%	10,368	3.240		ឆ្នាំ	15,066	1,264,489	1,267,702	2,113,860	2,114,651	168,044,544	18,630	0.00	3E
				- 1	9.558	4.88	5.022	į,	11.826	558.496	558.496	1243 131	1243 131	118 538 918	17 010	800	8 8
				71 930	3	5	512		13 28	77 250	7	707.73	700 733	01 888 585	1 1 1 1	38	38
	0.01% 0.00%	0.08%	200%		20.088	5 10 10	5348		7 2	<b>.</b>		19.232	257.61	23,447,880	20.088	2,00	3 0
AVC. LIBOURY	710000	- Individual		10			CHARLE	10001	Centrelle	ou. Chiest	Į.	( )	je	in Course	CONDITION		1000
Change in		Uter Pederal Offset)		,	Proposed	Current	200	Mumber o	Number	ax Aner		ax Aller	•	Dia	Number of		_
Dollar	Percent of Total State Liability	Effective Tax Rates	] ]	Percentage of	Liability		ed Law	Current to Proposed	Curre	Proposed Law	Proposer	Current Law	Current	1	ket	income Bracket	П
																	2
Serial se		Calendar Year 1993	endar Y	;	holds	House	 <u>}</u>	bosa	ax Pro	come T	ative inc	House Tax Alternative Income Tax Proposal All Households	Jouse T	•			r. K

## House Tax Alternative Income Tax Proposal - Single Filers - Calendar Year 1993

	36	2.91%	45.63% 31.74%	59.118	24.065	29,518	41,386	59,505	57,272,853	64,776,782	49,687,735	55,198,881	1.709,696,275	130,409	TOTAL
	4.95%			ю	lë.	ю	773	E	6,998,156	9.410.755	5,895,089	7,892,702	141,262,429	885	100 100 100 100 100 100 100 100 100 100
3.84%	5.23%					0	580	20	2,171,994	2,664,569	1,742,326	2,122,184	41,560,755	8	108
	4.71%			0.	. 1	0 .	Y 6	67	1.654.726	2.110.016	1,292,482	1,635,863	35,132,424	614	ē i
	4 075		248 00 500	٠,	8		3 2	8 1	10 824 876	185 340	8 979 807	11 650 749	217 955 808	200	5
	200		201020 00000	, 1	÷ §	, 1	300,	2 2	267,670	7 2 4 7 2 4	0,000	020,000,7	101 000 000	24.6	
15.78% 17.50%	.64	3.62%	9.36% 89.84%		3 6	8	7.374	3 8	10,453,787	11,335,167	8,148,283	8,707.915	225,101,886	6.208	
	3.89%		10.69% 83.93%	888	646	88	9,440	1.202	9.251,085	9.568.257	7,730,956	7.912.995	237,635,104	11,248	
	3.12%		20.70% 76.20%		12	2	9.880	2.684	6,516,361	6,660,308	5.805.873	5,889,262	208.607.518	12,966	
	348		158.33% 32.69%	_	1,010	1,530	5,568	9,934	3,671,055	3,713,286	4,003,244	4,031,514	199,893,664	17.032	
	1.06%		84.75% 1.69%		2.430	2.592	324	16.200	1.634.639	1.537.852	2,383,827	2.384.619	154,126,800	19.116	
	2,60.0				4,374	4,860	0	19,116	101,972	101,972	1,054,536	1.054.536	108,910,980	23,976	
	%00.0	0.33%	30.99% 0.00%	27,702	14,580	19,116	0	8.586	0	0	152,881	152,881	46,280,322	27,702	
Current Law Proposed Law		Current Law Proposed Law	Gainers Losers	1	1	Change	Losers	Gainers	Fed Offset	la <sub>x</sub>	Fed Officer		псотъе	Households	Decile Group
Percent of Total State Liability	J	Effective Tax Rates (After Festeral Offset)	Percentage of	Proposed	No Tax Liability	NO.	o Proposed	Current to Proposed Law Number of No	Proposed Law	Proposed	Current Law	Current I	Ē	D	Decile Group
100.00% 100.00%	3.35%	2.91%	45.63% 31.74%	59,118	24,065	29.518	41,386	59.505	57,272,853	64,776,784	49.687.734	55,198,881	1,709,696,275	130,409	TOTALS
	3,80%	407.5	19.2276 93.7076	IC	ľò	įc	1	K	718-070	016 807	3,409,13/	4,034,004	100.002	100	o ADOVE
	5.37%	4.23%		, ,	3 1	, .	3 31		204,399	339.279	208,294	268,986	4.920.355	i is	150,000
	4.95%	4.06%		. 0	, 1		1		321,351	424,078	263,622	347.702	6.485.579	48	140,000
	4.95%	4.15%	5.56% 94.44%	0	0	0	51 :	ω.	333,885	447,692	279.997	373,318	6.744,153	ድ	130.000
0.53% 0.56%	4 23 %	4.10	12.77% 87.23%	0 0			<b>.</b> 8	n v	259 358	672.624 673.624	395,827	295 071	5 373 871	4 9 1 7 1	110,000
	5.18%	4.17%	7.56% 92 44%		2		150	9	585,710	744.216	471.921	592,312	11,312,956	119	100,000
	4.64%	3.82%	18.57% 81.43%			0	171	3	828.561	1,077,954	682,535	875,857	17,874,522	210	90,000
l	5.36%	4.42%	7.69% 92.31%	0	0	0	88		431,181	537,957	355,394	439.894	8.038.073	Ŕ	80.000
	8	3.81%	3.59% 96,41%	0		0	<b>5</b>	<b>o</b>	613.650	782,752	464,179	588.696	12 185 033	167	75.000
	5418	4.500	3.47% 96.53%	0 0			<b>1</b> 6 19	7 0	737 913	892.012	570,062	742 990	13.627.910	20 20	70,000
	1.80%	3.89%	8.52% 91.48%			0	322	8	950,055	1,246,956	787,216	987.665	20.225.517	352	60.000
	5.15%	4.24%	13.36% 86.64%		, <b>5</b>	. 0	, g	97	1,958,405	2,342,050	1,610,610	1,912,916	38,020,259	726	55,000
	5.01%	3.87%	3.87% 96.13%	0	0	0	745	8	1,835,271	2.227.887	1.419.867	1.710.021	36,656,444	775	50.000
	4.99%	3.85%	11.94% 88.06%	L	0		1.298	176	3,123,273	3.688,837	2.408.172	2.787.470	62,590,352	1,474	45,000
6.72% 7.55%	150%	354%	9.08% 84.24%	នីន	Ē.	នីទី	202	8 8	4.108.571	4,889,363	3,171,756	3,710,592	89,719,982	2.424	40.00
	4.67%	3.65%	10.26% 88.61%		2	8	5.18	8	7.473.119	8.002.588	5,845,482	6.170,345	159,936,414	5.846	30.08
	4.16%	3.45%	8.13% 86.72%	324	ŧ	3	7,600	800	8,181,099	8,477,421	6.781.203	6,950,163	196,727,380	8.764	25.000
	3.59%	3.04%	11.48% 83.91%	ž	242	242	400	502	3,554,294	3,669,660	3,007,029	3,072,463	98,986,964	5.244	20.000
	3.31%	2.84%	14.51% 80.61%	Ŕ	242	242	8	70	2,780,759	2.852.483	2,379,144	2,420,400	83,895,316	4.962	18,000
	274%	2.61%	28.89% 68.55%	g i	ġ :	8	4 280	2	2.564.668	2.597.800	2 435 491	2.455.735	93.453.242	6244	16.000
3 73% 2 70%	7 12/78	2169	29.81% 67.07%	1252	8	20 S	1 503	2213	2052000	2023757	2042 798	2 060 635	95 580 430	7 420	1,17
	2	1.70%		8 27	810	8 8 7	. 7	1 1	1,239,076	1.242.289	1,582,066	1,582.857	93.268.584	10.368	10,000
1.93% 0.84%	0.70%	1.38%		3,726	1,782	Ē	ឆ្នាំ	8,910	541,533	541.633	1,066,233	1,066,233	77,302,836	11.016	8.00
	0.07%	1,00%	1	12 474	2.916	3.078	0	11,502	52.860	52.860	721,663	721.663	72.053.388	14.580	6.000
	0.00%	0.63%		17,658	2,754	3.402	0	14,256	•	0	329,613	329,613	52,053,030	17.658	.000 000
2,00%			2.73% 0.00%	17.820	13,122	17.334	0	<b>4</b> 8	0	0	13,435	13,435	21,031,326	17,820	2,000
Current Law Proposed Law Avg Liability	13	Current Law Proposed Law	Gainers Losens	N.	W	Change	DECT	Gamers	Fed. Offset	i d	Fed. Offices		moome	Households	moome Bracket
Change in	_	(After Federal Offset)		pesocor	Current Proposed	8	milber of	Number of Number of No	Tax After		Tax After			Number of	Number of
		A	- Contraction of	Anteres			T TOTAL OF	Consta	Law	TODOSOU.	THE STREET	CURRENT		MEL	orig and

Company   Comp		_	254%	2.91%	1.47% 15.80%	9.332 17	2.511	2.553	3.167	14.329	9,292,385	10,694,644	10.623.358	11.856,375	365,574,091	20,049	TOTAL	Ħ.
Color:   Property   Color:			5.08%	4.72%		10	<u>;                                    </u>	ļω.	15	ĸ	1,669,164	2,335,117	1,550,955	2,162,422	32.851.714	179	18	<b>د</b> ما
Company   Comp			3.90%	3.07%	-	0	0 (	0	<b>15</b>	5	268,088	344,121	210.922	268,699	6.870.550	នី	8	_
Color:   Direction   Total   Direction			4.87%	4.45%		3 3	<b>5</b> -4	<b>5</b> 6	3 8	3 5	2,179,932	290,094	771 470	2,692,251	5 004 465	<b>9</b> 7	Ŗē	
		] -	4.19%	3.78%	2.33% 77.67%	0	0	,	46	ĸ	1,141,548	1.421.561	1,030.688	1.275.703	27 232 174	600	9	
Comp.   Procedure   Tax   Communication   Co			4.29%	424%	3.06% 46.94%	0	0	0	8	572	1,666,588	1,811,680	1,645,277	1.768.859	38,845,610	1,078	6	
			3.14%	3.28%	0.78% 33.23%	- 1	<b>i</b> ĝ	162	900	1.646	2,320,844	2,441,151	2,427,491	2,529,998	73,967,816	2,708	7	
			2.17%	2.55%	9.64% 24.22%		ស៊ី ៖	ទី ខ	<b>S</b>	1 1 1	1207.868	1,263,706	1 422 125	1 462 892	55.766.824	2 5 6	on t	
Common Francisco   Total   Common   Tax Alternative   Income   I			1248	2 289			b đ	8 8	<b>3</b> 8	7 2	871 806 671 806	137,230	1140 300	157506	50000	3 13/4	л .	
			2007	2,00%	1	_	400	8	3 -	780.7	10.003	10,003	201,403	261,453	24,746,204	3.078		
			9	6,000	-		ŝ	8				;	22.32	675.75	20/4 430	1.78	) N	
			200%	0.12%			1.134	<u> </u>		នីនី			2.824	2,824	2,389,824	1,296	,	
Common   Proposal   - Head of Household Calendar Year 1993	Avg. Lie		12.75	Current Law Propos	Samers Losens		1	Change	Losers	Gamers	Fed Offset	ia.	Fed Offset		income	Households	Group	<b>Dec</b>
House Tax Alternative Income Tax Proposal - Head of Household Calendar Year 1993   Francisca   Fr	CP	Cont. Or 1 can course Caronity	<u>ا</u> .	(After Federal O		posed		8	tumber of	Number of	Tax After	- Tupueou	Tax Atter	Company		Number of	Section Of the	
Control Enclief   Tall	2			Para Till B			F 7.								V .		arilla Car	
Color:   Fracient		$\ $																
Proposed   Francisco   Franc			2.54%	2.91%		33	2.511	2,553	3.167	14.329	9.292,382	10,694,645	10.623.359	11.856,373	365.574.091	20,049	ÆS	5
Common   Exercise   Incommon			5.35%	5.08%	in.	10	ю	ю	4	l:	1,053,419	1.500,428	999,453	1.419.446	19,676,499	<b>5</b> 2	& Above	000
Color: Bracket   Nouver of   Tau			4.87%	4.16%		00	0.0	0.0	70	٠.,.	56,242	74,274	48,040	63,713	1.155,294	œ ĉ	150,000	8 8
Committee   Proposal   Proposal			4.35%	3.90%		313	0		. 00		65,002	90.381	56.271	80.912	1.495.032	12	130.00	8
Color: Bracket   Notwer of   Table   Notwer of			4.64%	3.05%		0 9	0 (	0	Ľ:	2	84,505	118,588	70,242	98,859	1,822,921	5 6	120,000	110.000
Common   Process   Proce			1000	4 189		-	9		* 5	w -	86 571	121 120	78.47	100 570	1 875 767	18	11000	
Content   December   Processed   Law   Process			1,99%	4,71%		0	, _	5 N	3 24	- 6	160,194	202,735	151,209	167,408	3,208,712	: 6	8 8	80,00
Commet Biraclet   Commet Day		4.58%	3.58%	8.33% 91.67%	0	. 0	. 0	: :		43.496	58,562	33,247	46,166	929,519	12	80,000	75,000	
Comment   Fracket   Comment   Fracket   Comment   Fracket   Frac			5.11%	4.75%	7.27% 72.73%	0	0	0	<b>5</b>	6	81.323	100,712	75.492	92.176	1.590,275	r :	75,000	000
Column   Francist			430%	3.48%	8.57% 91.43%	o c	0 0	0.0	មក	ω ς	100,680	132,894	81.577	107.300	2.343.941	ዙ é	70,000	65,000
Common Byracket   Fractor   Fracto		l	4.97%	4.56%	3.33% 66.67%	0	0		8	15	126.917	154,864	116.538	139,510	2,553,240	45	80.000 000	5.000
County   Bracket   Total   County   Frozend Law   Frozen			4.17%	3,74%	5.46% 84.54%	0	0	0	z	15	213,765	271,344	191,597	242,041	5,121,065	97	55,000	50,000 -
Common   Bracket			4.26%	3.90%	1.69% 68.31%	0	0	0	Ŕ	8	570,101	713,676	521,554	648,797	13.372.342	284	50.000	8
Course   Bracket     Course   Law     Proposed   Law			435%	3.95%		0 0	0 (	_ •	2 8	œ {	602.924	708.163	546,773	634,774	13,850,897	g (	45.00	8
Common   Bracket   Comment   Double   Francisco   Comment   Double   Francisco   Comment   Double   Francisco   Comment   Double   Francisco   Comment   Double   Comment   Comment   Proposed   Law   Comment   Proposed   No   Comment   No   No   No   No   No   No   No   N	_		390%	3,95%	526% 44.74%	0			374		1.035,649	1,100,155	1,047,969	1,104,291	26.523.750	3 5	35,000	30,000
Comment   Double   Fractive     Comment   Law   Fractive   Tax African   Tax African			3.11%	3.23%	7.87% 32.96%	<b>1</b> 5	ź	Ŕ	582	1.022	1.491,644	1,559,007	1,550,798	1,805,144	47,950,898	1,766	30,000	25.000 -
Come Bracket     Comed Law   Proposed Law   Number of No   1,142,262   Cast   1,62,502   Cast   1,62			2.39%	2.72%	8.80% 24.57%	-	នឹ .	ន៍	8	1,680	1,301,272	1,358,344	1,480,382	1,526,784	54.447.344	2,442	25,000	8
Colore   Bracket     Colore   Law     Colore   Law     Colore   Law     Colore   Law   Colore   Colo			1	2.25%			0		28	200	271.001	281 598	SEP POE	451.048	17 549 520	3	20,000	3 8
House Tax Alternative Income Tax Proposal Head of Household Calendar Year 1993   House Tax Alternative Income Tax Proposad Law   No Tax Lability   Percentage of No Related Income   Tax Alars   No Tax Lability   Percentage of No Related Income   Percentage of No			K250	2.02%		3 8 2 2		<b>S</b> e	<b>3</b> 8	3 2	174,021	176,501	381,108	386,026	18,585,280	1,280	6.00	1.00
House Tax Alternative Income Tax Proposal Head of Household Calendar Year 1993   Fedding Tax Rates   Number of Number			0.92%	2.05%	-	280	8	8	8	8	130,925	130,925	293.015	293.015	14,259,800	1,080	14,000	12,000
Come Bracket   House Tax Alternative Income Tax Proposal Head of Household Calendar Year 1993   Proposed Law   Propose			0.17%	1.47%		1_	8	8	8	1.888	36.320	36,320	323.164	323.164	21,936,924	1,968		10,000
House Tax Alternative Income Tax Proposal Head of Household Calendar Year 1993   Cale	-		6,00%	1.28%			និ	នឹ	0	2,106	•	•	263,259	263,259	20,604,132	2,268		8.000 -
House Tax Alternative Income Tax Proposal Head of Household Calendar Year 1993			0.15%	%96.0	- 1	_1.	324	324	0	1,296	16,863	16,863	105,603	105,603	10.967,724	, <b>62</b> 0	1	8
House Tax Alternative Income Tax Proposal Head of Household Calendar Year 1993    Come Bracket   Total   Come Tax Alternative   Come Tax Proposal Law   Come Tax Lability   Come Tax			8	0.41%			<b>8</b>	32.		972		<b>.</b>	26 323	26.323	6445.855	28 2	600	8
House Tax Alternative Income Tax Proposal Head of Household Calendar Year 1993  Bracket Current Law Proceed Law Current to Proceed Law No. Tax Liability Percentage of After Federal Office)  Total Tax After Tax After Tax After Number of No. Current Proposed Law Law Law Document Law Proceed Law Procee		•	0.00	0.00%	_	2 2	486	8 2			0 0		3	2 824	1.142.262	810	2,000	, ,
House Tax Alternative Income Tax Proposal Head of Household Calendar Year 1993  Bracket Current Law Proposed Law Current to Proposed Law No Tax Liability Percentage of Office Tax Rates Percent of Total State Liability Current Total State Liability Current Proposed (After Federal Office)	200			South Meditions	Common Lines		,	Adding	, "	Commission	Teu Cross	ļ.			HEADING	Consensor	DINCKE	in the second
House Tax Alternative Income Tax Proposal Head of Household Calendar Year 1993    Comment Law   Comment to Proposed Law   No Tax Libability   Percentage of   Effective Tax Rates   Percent of Total State Labbility	Chang			(After Federal C	<u>}</u>	posed	Current Pr	8		Number of	Tax After	i	ax After	<b>!</b>	Total	Number of		
Head of Household Calendar Year 1993	D	ment of Total State Liability	]	Effective Tax Ra	Percentage of	1	No Tax Las		to Propose	Current	Wei	Proposed	W	Durrent I	1	Cket	соше Вта	
Load of Household - Calendar Year 1993			1990	idai idai	1	Sellor	1 7 7			7	IIIE I AA	TAG IIICO	Altellia	ist iax	20			
19-201-03			000	, do		,	)     				} 		A	1				

# House Tax Alternative Income Tax Proposal - Married Filing Joint - Calendar Year 1993

1.146	28.45% 35.70%						:										,		1
1 233				-		-		li	k										ļ
*		28.		4.30%	% 71.75%			- -	ಚ	1.585	5	16.066,187	22.230.474	14.275.142	19,711,125	332,043,866	2 209		ਲੋਂ :
1		D -		1 700			s t	1.5	<b>5</b> 0	1 00	7.5	5 277 520	5 821 717	\$ 050 SAD	5.77.706	130 875 541	8 9		i 6
	45.22% 55.04%	. 6	1.45%	4.09%		39 23%	3 8	3 8		3.584	2,361	25.493.255	34,275,712	23.436,707	31,332,039	572,530,140	6,019		2 5
(152		16		3.85%	% 28.01%	166.275	1	434		1,910	4.519	10,942,803	12.282.095	11.992.266	13,324,197	311.444.611	6.819		6
7235		15		3.48%			142	206		1.724	6,440	8,204,018	8,890,864	10,112,300	10.816.572	290,772,926	8.186		09
(235		9		2.57%		74.72%	1,594	546		1.764	6,952	4,377,086	4,583,412	6.561.512	6,771,010	255,753,306	9,304		7
246			0.76%	1,92%			4.506	722		8	8.404	1,604,084	1,663,392	4.042.284	4,118,130	210,348,708	9.845		on
(136				1.129			7.618	1,892		280	8.126	482.373	496,930	1.881.283	1.900.707	168 180 954	10.418		υ'n
ê			İ	0.799	- 1	75.87%	7.206	1.736	1,900	8	6,226	82,541	85,093	764,567	767,919	96,853,986	8.206		4
2		-		0.35%			8,262	4,374	4,536	0	3.726	0		234.904	234,904	67.407.552	8.262		ω
อ				0.07%			4,374	3,240	3,402		972	•	0	14.436	14,436	20,244,330	4.374		2
็อ		_ p		0.209	%00.00%		1,944	1,782	1.782	•	ฮี	0	0	5,797	5,797	2,858,328	1,944		_
And Liabley	Law Proposed Law	Current Law	Law Proposed Law	Current La	Gamers Losers	Game	Į		Change	Sieson	Gamers	Fed Offiset	Tex	Ted Office		moome	Households		Decile Group
Change in			ederal Offset)	(After )			Current Proposed	Current		Number of	Number of Number of	Tax After		Tex After		10 <u>10</u>	Number of		
Dollar	Percent of Total State Liability	Percent o	clive Tax Rates	Effectiv	Perpentage of	Perce	Liability	No Tax	ed Law	Current to Proposed	Current	W.	Proposed Law		Current La	1		Decile Group	D D
					- 1 1	1:													
9	100.00% 100.00%	8	2.56%	2.96%	* 13.82%	65.26%	36.270	15.017	15.348	10.142	47.888	51 186 159	62 277 499	59.046.056	69.285.714	1 996 394 841	72.378	S	TOTALS
2.822	5.32% 19.77%			4.52%		13 14%	10		<u>-</u>	521	179	8,728,536	12.313.417	7,526,600	10.617.410	166,573,104	8	& Above	8
583	1.22% 1.45%		4.76%	4.489	8 66.67%	33.33%			•	ድ	R S	660,773	903.664	622,677	847,701	13.894,934	96	150,000	40.000
700		T		4 169		35.78			0	28	36	665.473	200	612 072	028 798	14 705 403	100	140 000	8
743				4.039		29.44	, 0	- 2		126	ន	932.393	1 296,479	20.40	1.182.117	20,687.042	180	120,000	88
418				4.259	% 59.91%	38.335	0	-	4	136	87	1,078,433	1,444,943	1,009,939	1,350,073	23,773,286	227	110,000	8
3		_		3,98%	× 69.00%	30.099	0	w	ω	227	98	1,325,782	1.742,761	1,235,732	1,613,944	31,049,157	329	100,000	8
		_		3.85%	67.90%	31.44%		2	w	311	í	1.655.788	2.199.749	1.490.150	1.973.180	38,660,560	458	90.000	ğ
in the second		Ī		3879		2			3	272	100	114 053	1 470 754	1041.021	1 335 001	26 539 873	E	8 20	75.000
				456	200.0	130.19%	, ŧ			3 6	į į	1,000,124	2,420,348	1./14.00	2.2.24,120	38 081 403	ì	3,00	300
1				1.00	7 4 6 6 7 7	20.00	à c		3 6	3 5	3 8	200.302.3	1,50 2.0	214061	100.140.7	37.404.77	, i	8.5	\$ 8
i i		Ī	1	3./45		20.00				y S	200	2.300.033	2,562,214	2.432.139	3.014.626	169 770 99	1.133	60,000	8
B				4.075	40.09%	_		3 .			516	2,816,482	3,415,817	2.864,879	3,445,752	71,450,209	1,367	55,000	8
22				4.029	% 24.61%	67.78	28	ឆ្ន	Ē	595	1.639	4,078,519	4.558,709	4,605,539	5,090,411	114.576.618	2.418	50,000	8
E1)				3.639	% 27.31%	167 23%	242	272		1.030	2.536	5,302,030	5.820.690	5,804,137	6,320,551	160,011,478	3.772	45.000	40,000
การ				3.739	% 23.83%			•		98	3.072	4,784,975	5,205,735	5,657,048	6.071,257	151,787,576	4,062	40.000	35,000 -
(23)				3.119			186	206		1,202	3.954	3,985,366	4,235,733	5,196,881	5,458,615	166.941,352	5,156	35,000	30,000 -
23				2.499	١.	_	1,190	546		1.212	5.178	3,113,569	3,269,165	4,725,250	4,883,913	190,040,060	6.978	30,000	8
2	5.55% 2.54%		0.84%	2.099			3.122	8	<b>U</b>	7	6.00	1.521.935	1.582.189	3,769,137	3.849.464	180,188,854	8.002	25.000	2000
100		Ī		1 400	ı	25 078	2 2	5 3			3 707	200,000	307 115	000,300	1065 705	71 050 004	376	30,000	
				1 2 2	7768		3 20	7 00		ŝŧ	3.0	300.30	340,060	72.2.1	140,092	70.20.50	3,000	8 8	3 6
8				28.7			3.418	190		; E	3.208	74,981	78,187	474,752	478,191	774.940	4218	14,000	12,000
3		]		0.675	١.	n	3,502		1.010	8	2,692	11.262	11,262	275.699	275,699	41.247.504	3,742	12.000	10,000
ê				0.443		_	5,346	2,106	2,106		3,240		0	212,277	212.277	48,723,768	5,346	10.000	800
(74		-		0.209			4.050	2.592	2.754	0	1,296	0	0	55.778	55,776	28,115,586	4,050	8,000	- 000
ລ	0.01% 0.00%		% D.00%	0.049	% 0.00%	15.38%	2,106	1.782	1,782	0	324	0	0	4.139	4.139	10.836.504	2,106	6,000	8
ล				0.079		_	2.430	1.944	2,106	0	324	0	0	6,006	6.006	8,143,092	2.430	4.000	ğ
<b>T</b>			% 0.00%	0.529	% 0.00%	12.50%	1,296	1,134	1.134		ខឹ	0	0	5,797	5,797	1,120,554	1,296	2.000	•
Avg. Liability	It law Proposed Law	Current Law	t Law Proposed Law	Current La	STE LOSETS	Genera	W	Law.	Change	DSens	Gamers	Fed, Offset	Iax	Fed. Offset		поотне	Households		noome Bracket
Change in			(After Federal Ofiset)	(Aner	· j.		Proposed	Current	ž	Number of	Number of No	Tax After		Tax After		Total	umber of	Number of	
Dollar	Percent of Total State Liability	Percent o	re Tax Rates	Effectiv	Percentage of	) : 	No Tax Liability	No Tex	ed Law	to Propos	Current		Proposed	***	Current Li		23	me Brack	Inco

	픙
	House Ta
	е —
	æ
	À
	Ë
	ativ
	è
l	e income T
	ă
	е -1
	ax Proposa
	70
	ğ
	sal
	1
	har
	ax Alternative Income Tax Proposal - Married Filin
l	T
ŀ	Ë
	ling S
	gg
	Tat
	Φ.
	င်
	ale
	nda
	7
	eparate — Calendar Year 1993
	198
l	ũ

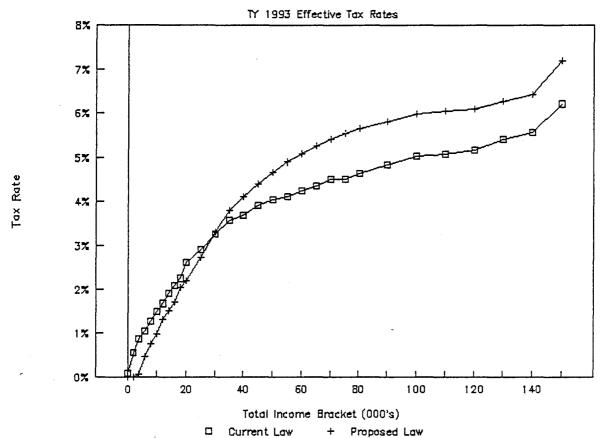
House Tax Alternative Income Tax Proposal — Married Filing Separate — Calendar Year   International   Intern	00 00%		3.64%	2228		11.122	ij	1719	50.074	37.095	154 434 493	129,078,749	136,599,121	164.824.587	(247,867,807		TOTAL	
Description   Front    57%		4.83%	4.03%	7.88% 92.00%	10	ω	100	6 490	556	51,428,922	69,152,189	43,193,063	\$8,039,601	065.622.196	1-0	রি		
House   First   Firs	3		4.31%	1.32%	7.40% 92.48%	0	,,	40	7.036	ă	21.522.903	27,492,222	17,369,035	22,058,553	522,395,568		108	
House Face   F	8.03		3.90%	3.17%	10.78% 88.47%		0	8	7.073	2	17,956,356	22,358,967	14,518,478	18.050.507	460,821,889		Ē	
	94%		4.43%	3.67%	8.74% 90.92%		th	77	20,599	1,981	90,908,181	119,003,378	75,180,576	98,148,661	049,839,653		10	
District   Total   T	34.9		3.72%	3.20%	22.92% 76.14%	***	1	200	16,207	4.880	37.205,096	12235210	31,946,567	25,941,817	999,152,868		ø	
Discont Britists   Total	3		3.03%	2.89%	41.25% 57.42%		o	ij	9.516	6.836	18,074,108	19,327,287	17227 932	18,230,791	596,657,484		œ	
	16%		1,84%	2.36%	74.54% 24.16%		0	8	2,712	8.366	5.749,475	5.974,341	7,363.52B	7,567,312	311,845,306		-	
	8		1.01%	1.90%	90.58% 9.42%		8		720	6.920	1,667,334	1.698.947	3.129.662	3.175.748	164.960.280		6	
	31%		0.74%	1.58%	90.01% 5.83%		120	200	280	4.32.4	584.483	591,614	1,224,358	1,233,406	78,736,080		•	
	77		0.65%	1.19%	78.15% 1.44%		526	6	8	2,168	220,403	222,559	400,082	400,436	33,750,480			
	1		2	4.650	800.07% 0.00%	'-	ğ	k.		9	25,413	25,413	71.775	71.775	7.700.832	27.6	3	
				į,	200.00%	_	ء أ						91,519	616.10	3.//8.136	3		
	Ş		200	0.19%	25,00% 0,00%		324		• •	ž		, ,	2,72	2.722	445.688	£	,	
		Carolina Car	Wood Care	Contain Fast	Callinois Manoris			No.		Cally	Ciaci	1	S. CARRE		a de la constante de la consta	TOV SOM COLOR	action Circuit	je-
		Comment of the Comment	Gran Creater)	(2007)			3	8		Number on	E BIX Aller		N N		DES	Number of		·.
Informe Bracker   Total   Cornet Levi   Proceed Levi   Levi   Cornet Levi   Proceed Levi   Levi   Cornet Levi   Proceed Levi   Levi   Cornet Levi   Proceed Levi   Levi   Cornet Levi   Proceed Levi   Levi   Cornet Levi   Proceed Levi   Levi   Cornet Levi   Proceed Levi   Levi   Cornet Levi   Proceed Levi   Levi   Cornet Levi   Proceed Levi   Levi   Cornet Levi   Proceed Levi   Levi   Cornet Levi   Proceed Levi   Levi   Cornet Levi   Proceed Levi   Levi   Cornet Levi   Proceed Levi   Levi   Levi   Cornet Levi   Proceed Levi   Levi   Levi   Cornet Levi   Proceed Levi   Levi   Levi   Cornet Levi   Proceed Levi   Levi   Levi   Cornet Levi   Proceed Levi   Levi   Levi   Cornet Levi   Levi   Levi   Cornet Levi   Levi	J.	Percent of Total State List		Effective Ta	Percentage of		No Tax List		18	Сштелі	Ž.	Proposed		Current L	!	ģ	Decile Gro	
Decomp Bracket   Locate   Property   Locate																		
	80%		3.64%	9.23	41.50% 56.02%	ij	ij	2.218	50,074	37.095	154,434,490	189.078,751	136,599,121	164.824.585	247,867,807		₽	
	25%		521%	4.48%	6.82% 93.12%		ęъз	1	1.503	i	27,185,638	37,523,965	3 408,840	32,314,026	141.00		•	1500
Discont Birolet   Total   To	10%	•	4.76%	4.03%	10.96% 89.04%		o	0	203	ß	1.567.936	2.082,422	1 329 182	1, 765, 487	32,960,793		•	1400
	24%		4.59%	3.88%	9.57% 90.43%	,	0	0	255	;	1.746.606	2,348,808	1.476.681	1.985.764	38.016.619	١	1	130
	3		4.50%	3.72%	10.95% 89.05%		0 0	0 -	<b>%</b>	љ. В.	2,312,395	3.069.210	1,911,573	7.538.844	51,377,755		٠.	120.0
Discourt Bracket   Local Parish	,		A 3 4 5 8 5 8 5 8 5 8 5 8 5 8 5 8 5 8 5 8 5	200	O ORF ROARS		<b>.</b>	<b>.</b>	2	3 8	775	3 555 730	2.103,175	2007.576	10 808 076 0 10 806 07		٠.	5 5
	1		1017	3000	מרב מי ביוני	. 1 .	,		1,010	3	100.100	0.077,002	200,200	4,500,449	100,014,413	l	I.	
	2			2000	7.00.70		, .	، د		3 €	0.300,430	0,40	2.02.11	801.767.0	010070,101		•	3 8
			42/%	1.30%	0.00% 94.79%		٠.	) K			4,625,4//	FREELEG	3,641,018	4.649,060	108,445,027		•	70
	Ş		4.13%	2.39%	9.29% 90.50%	,	0	2	1,745	179	5.758.209	7.370.254	4.725.584	6.005.049	138.338.535	l	ľ	70.
Income Bracks   Number of   Total   Tax   Proposed Law   Propose	75%		4.06%	3,27%	7.11% 92.70%		+3	On	2.361	5	6,970,409	8.985.871	5.615,598	7.190,928	171,813,921		•	8
	57%		4.00%	3.23%	6.81% 92.81%		0	ភ	3.679	270	9.865,471	12,419,924	7,980,087	9.984.286	246.882,446		•	60
Income Bracket   Cameri Law   Cameri Law   Proceed Law   Cameri Law   Cameri Law   Cameri Law   Cameri Law   Cameri Law   Cameri Law   Cameri Law   Cameri Law   Cameri Law   Cameri Law   Cameri Law   Cameri Law   Cameri Law   Cameri La	23		3.91%	3.16%	13.15% 86.20%		0	ន	3.979	607	10.355.407	12,868,135	8,360,627	10.302.586	264.879.659		ľ	7.55
	818		3.69%	3.17%	18.81% 80.56%		и	6	5,732	1.338	13,792,205	16.653.810	11,818,340	14,125,964	373.344.077		•	56
	7		3.84%	2.25%	19.09% 79.62%		D	Ď	6,435	5	14.712.325	16,588,482	12.452.860	13,936,313	363,461,521		1	Ġ
	81%		3.64%	2.16%	26.77% 72.22%		ដ	88	6.350	2.354	13.564.570	14,766,536	11,796,041	12,725,089	372,882,750		•	è
	2		17	2,98%	37.85% 61.15%	_	0	8	5,360	3,318	10,607,601	11,369,205	9.825.967	10,435,278	229 531,74		•	35
	82%		2,61%	2.72%	53.03% 45.68%		0	110	3.880	1.50	7221,978	7,610,186	7,546,870	7,571,380	276,978,352		'	3
Income Bracket   Total   Tax Alternative Income Tax Proposal Married Filing Separate Calendar Year 1993   Income Bracket   Total   Tax Alternative Income Tax Proposad Law   No Tax Labinv   Percentage of Income I	25%		1.52%	2.35%	75.52% 23.19%		0	8	1.90	6,200	4,113,557	4,259,191	5,331,061	5 466 384	226.481.594		•	25.0
	3		2,887.0	1,90%	88.27% 11.17%	_	0	8	800	6320	1,534,621	1.627.042	3.086.052	3.144.271	162,109,960		•	200
House   Tax Alternative   Income   Tax Proposal	7		0.77%	1.48%	94.65% 3.57%		ŧ	8	80	2,122	CCR 92E	331,495	627,837	633,736	42,340,536	2.242		181
House Tax Alternative Income Tax Proposal Married Filing Separate Calendar Year 1993	6		2,000	1.72%	87.93% 6.90%	'	à	ž	ź	2.040	337,969	343,808	680,179	686,223	39,491,600	2.320		161
House Tax Alternative Income Tax Proposal Married Filing Separate Calendar Year 1993	12		0.79%	151%	91,50% 6,38%	_	8	ð	120	ij	224,012	225.007	427,919	428,914	28,338,904	1,867		ž
House   Tax Alternative   Income   Tax Proposal Married   Filing   Separate Calendar   Year 1993	28		0.74%	1,34%	92.35% 2.55%	_	å	8	ŧ	1,448	151,064	153,130	274,113	274,342	20,425,490	1,568	•	12
House Tax Alternative Income Tax Proposal Married Filing Separate Calendar Year 1993	2		0.52%	0.95%		-	486	486	0	720	822.69	69,429	125.970	126.094	13,324,990	1,206		101
House Tax Alternative Income Tax Proposal Married Filing Separate Calendar Year 1993	21%		0.47%	ě			ฮี	24	0	ž.	25,413	25,413	56,257	56.257	5,448,060	£	_	2
House Tax Alternative Income Tax Proposal Married Filing Separate Calendar Year 1993	8		\$00.0	0.69%				0		324	0	0	15.518	15.518	2.252,772	ŭ	•	5
House Tax Alternative Income Tax Proposal Married Filing Separate Calendar Year 1993    Income Bracker   Current Law   Proposed Law   Current Deposed Law   Current Law Proposed Law   Current Law   Current Law Proposed Law   Current Law Proposed Law   Current Law   Current Law Proposed Law   Current Law   Current Law Proposed Law   Current Law	8		0.00%	1.52%			0		0	496		0	38,607	38.607	2.533.032	486	•	
House Tax Alternative Income Tax Proposal Married Filing Separate Calendar Year 1993    Income Bracket   Total   Current Law   Proposed Law   No Tax Liability   Percentage of Carried   Proposed Law   No Tax Liability   Percentage of Carried	8		0.00%	0.63%			ñ	24	0	486	0	0	16,033	16.033	2,538,054	810	•	2
House Tax Alternative Income Tax Proposal Married Filing Separate Calendar Year 1993  Lincome Bracket Committee Committe	8		200%	2,00%			ã	Ñ	0		0	0	-	0	153.738	Ŕ	2,000	
House Tax Alternative Income Tax Proposal Married Filing Separate Calendar Year 1993  Income Bracket Current to Proceed Law Number of Total Tax After Proceed Law Number of Total Tax After Proceed Number of Total Current Tax After Number of Number of Total Current Proposed (After Fearal Chief)	¥	Current Law Proposed	mposed Law	Current Law F	100	1		Change	1	Gamers	Fed Offiser	ia'	Fed Offiser		income.	Households	zome Bracket	5
House Tax Alternative Income Tax Proposal Married Filing Separate Calendar Year 1993  Income Bracket Current Law Proposad Law Current to Proposad Law No Tax Liability Percentage of Effective Tax Raise	-		Chargo Large	(After Fede		DOSed	Current Pr	3	Number of	Number of	Tax Atter		Tax After		ō.	Number of		
House Tax Alternative Income Tax Proposal Married Filing Separate	Ville	Percent of Total State La	ex Rates	Effective Ta	Percentage of	ARIX	No Tex Lie	¥	to Proposed	Current	d Law	Proposes	94	Current	I.	cket	income Bra	
Senarate			600			1				1000	2		1000	1 42				71
			1002	アカイライ	1	0001	ב ב ב	7.0	2	7	19 Tay E		Itomati.	20 Tay 1	E			

EXHIBIT 4a

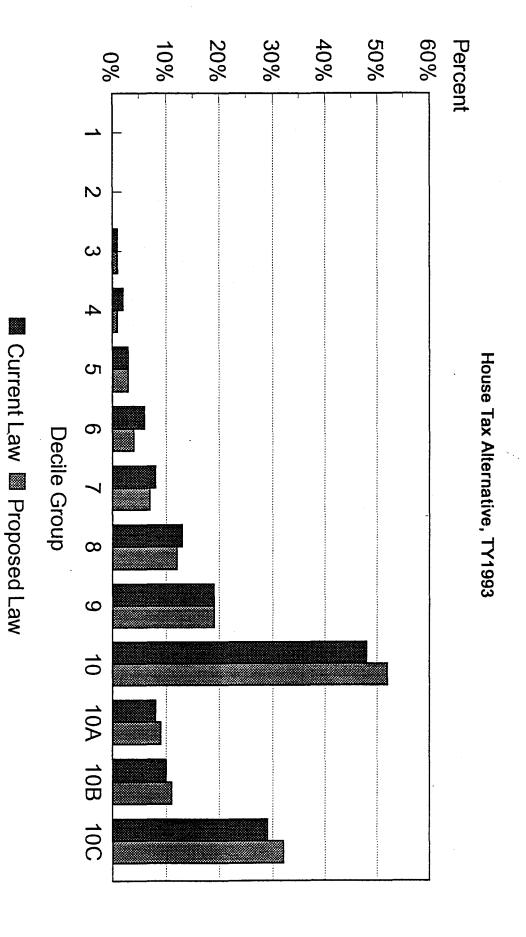
DATE 3/18/13

HB 67/

### HOUSE TAX ALTERNATIVE TAX PROPOSAL



# Percent of Total Tax Liability Paid



### Impact of HB671 with Proposed Amendments on Biennial Income Tax Revenue Assumes 1993 Surtax is Repealed

Surtax Revenue Loss:

14,179,418

HB671, Propose	d Amendments		
Tax Year	1993	1994	1995
Tax Rate	7.30%	7.30%	7.40%
CL Tax	301,165,557	318,451,181	335,064,103
PL Tax	331,304,764	348,902,687	373,077,139
Change	25,662,116	25,736,605	38,013,036
All Filers	26,945,221	27,023,435	39,913,688
Biennial Increase	e in Income Tax:		59,746,082

			FXHIBH	# 4H
			DATE	3-19-9
Impact of HB671 with Proposed Amendments on	Biennial Income	Tax Revenue	UAIE	110 171
			3	3-19-9: HB-671
A. CURRENT LAW - HJR3.	1992	1993	1994	1995
		1000		
Tax Year Liability, Before Surtax	287,948,629	301,689,753	318,945,476	337,375,284
Surtax Rate	2.30%			0.00%
Surtax Amount	6,622,818	14,179,418	0	0
Total Tax Year Liability	294,571,447	315,869,171	318,945,476	337,375,284
First Van Brown Before Adjustice		004.040.404	010 017 015	000 400 000
Fiscal Year Revenue, Before Adjustments		294,819,191	310,317,615	328,160,380
Surtax Adjustment		13,712,528	7,089,709	44 500 000
Other Adjustments		43,407,000	11,536,000	11,536,000
Total Fiscal Year Revenue		351,938,719	328,943,324	339,696,380
			,	,,
Allocation to:				
- General Fund		221,017,515		202,119,346
<ul> <li>School Equalization</li> </ul>		100,302,535	104,603,977	108,023,449
- Long-Range Building, Debt Service		30,618,669	28,618,069	29,553,585
Total Biennium Individual Income Tax	٦		Г	668,639,704
Total Bernium individual income Tax	J		L	000,039,704
•				
			٠.,	
B. HB671, INTRODUCED, REPEAL SURTAX	1992	1993	1994	1995
Tax Year Liability, Before Surtax	287,948,629	301,689,753	318,945,476	337,375,284
Increase in Liability Due to HB671	0	26,945,221	27,023,435	39,913,688
Surtax Rate	2.30%	0.00%	0.00%	0.00%
Surtax Amount	6,622,818	0	0	0
Total Tax Year Liability	294,571,447	328,634,974	345,968,911	377,288,972
Fiscal Year Revenue, Before Adjustments		294,819,191	350,774,553	361,628,942
Surtax Adjustment		13,712,528	(7,089,710)	
Others Advisors and		10,107,000	14.500.000	44 500 000

Allocation to:

43,407,000

351,938,719

11,536,000

355,220,843

11,536,000

373,164,942

Other Adjustments

Total Fiscal Year Revenue

 - General Fund
 221,017,516
 211,356,402
 222,033,140

 - School Equalization
 100,302,535
 112,960,228
 118,666,451

- Long-Range Building, Debt Service 30,618,669 30,904,213 32,465,350

Total Biennium Individual Income Tax

728,385,785

Increase Over Biennium

59,746,081

EXHIBIT 5

DATE 9/19/23

HB 67/

### Amendments to House Bill No. 671 First Reading Copy

For the Committee on Taxation

Prepared by Lee Heiman March 19, 1993

Combined Amendments Adopted by Committee, 8 a.m., March 19, 1993

1. Title, line 21.
Strike: the first "AND"
Following: "15-30-160,"
Insert: "AND 15-30-199,"

2. Page 3, line 20.

Strike: "1994" Insert: "1993"

3. Page 6, line 12. Following: "15-30-103."

Insert: "(Temporary for tax years 1993 and 1994)"

Strike: "-- adjustment"

Strike: "(1)"

4. Page 6, line 13.

Strike: "Subject to subsection (2), there"

Insert: "There"

5. Page 6, line 14.

Strike: "on or"

6. Page 6, line 18.

Strike: "7.5%" Insert: "7.3%"

7. Page 7, line 16.

Strike: "(2)"

8. Page 7, line 22 through page 8, line 2. Strike: subsection (2) in its entirety

9. Page 8.

Following: line 2

Insert: "Section 3. Section 15-30-103, MCA, is amended to read:

"15-30-103. Rate of tax -- adjustment. (1) There shall
be Subject to subsection (2), there is levied, collected,
and paid for each taxable year commencing on or after
December 31, 1968 1994, upon the taxable income of every
taxpayer individual subject to this tax, after making
allowance for exemptions and deductions as hereinafter
provided, a tax at the rate of 7.4% of the individual's
taxable income on the following brackets of taxable income
as adjusted under subsection (2) at the following rates:

(a) on the first \$1,000 of taxable income or any part

thereof, 2%;

- (b) on the next \$1,000 of taxable income or any part thereof, 3%;
- (c) on the next \$2,000 of taxable income or any part thereof, 4%;
- (d) on the next \$2,000 of taxable income or any part thereof. 5%:
- (e) on the next \$2,000 of taxable income or any part thereof, 6%;
- (f) on the next \$2,000 of taxable income or any part thereof, 7%;
- (g) on the next \$4,000 of taxable income or any part thereof, 8%;
- (h) on the next \$6,000 of taxable income or any part thereof, 9%;
- (i) on the next \$15,000 of taxable income or any part thereof, 10%;
- (j) on any taxable income in excess of \$35,000 or any part thereof, 11%.
- (2) By November 1 of each year, the department shall multiply the bracket amount contained in subsection (1) by the inflation factor for that taxable year and round the cumulative brackets to the nearest \$100. The resulting adjusted brackets are effective for that taxable year and shall be used as the basis for imposition of the tax in subsection (1) of this section (a) The department shall, pursuant to subsection (2) (b), adjust the tax rate provided in subsection (1) to reflect changes in federal adjusted gross income. The adjustment must maintain a rate that produces revenue that does not exceed 7.4% of taxable income based upon the definition of federal adjusted gross income as provided in 26 U.S.C. 62 on January 1, 1993. Prior to adopting a change in rate, the department shall present the proposed change to the revenue oversight committee for review by the committee.
- (b) (i) For purposes of subsection (2) (a), for tax year 1994 and each tax year thereafter, the department shall in the succeeding year determine the change in the amount of revenue collected resulting from changes made by the United States congress to federal adjusted gross income, as defined by the Internal Revenue Code, effective for that year.
- (ii) Based on the determination in subsection (2)(b)(i), the tax rate for the tax year following the determination must be adjusted in increments of 0.1%.
- (iii) A change in the rate may not be made unless the amount of change exceeds \$4.5 million.""

Renumber: subsequent sections

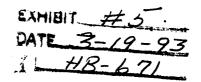
10. Page 8, lines 9 through 14.
Strike: "After" on line 9 through "Mo

Strike: "After" on line 9 through "Montana." on line 14

11. Page 17, line 6.

Following: "(6)"

Insert: "(a) The exemptions provided for in this section are reduced by 10% for every \$5,000 of federal adjusted gross



income in excess of \$150,000.
 (b) "

12. Page 17, line 7.

Strike: "1992" Insert: "1993"

13. Page 19, line 4.

Strike: "(2)(d)" Insert: "(2)(e)"

14. Page 19, line 5.

Following: line 4

Insert: "40% of Montana adjusted gross income, but not less than
\$2,000 or more than"

15. Page 19, line 8.

Following: "is"

Insert: "40% of Montana adjusted gross income, but not less than
\$4,000 or more than"

16. Page 19, line 12.

Following: line 11

Insert: "40% of Montana adjusted gross income, but not less than
 \$3,000 or more than"

17. Page 19, line 17.

Following: "is"

Insert: "40% of Montana adjusted gross income, but not less than
\$2,000 or more than"

18. Page 19.

Following: line 17

Insert: "(e) The standard deductions provided for in this
 subsection (2) are reduced by 10% for every \$5,000 of
 federal adjusted gross income in excess of \$150,000."

19. Page 19, line 25.

Strike: "1994" Insert: "1993"

20. Page 21, line 2.

Following: "rate of"

Strike: "\$1" Insert: "1%"

21. Page 21, line 3.

Strike: "\$2"

Insert: "\$20,000"

22. Page 29, line 1.

Following: "(Temporary"

Insert: "for tax year 1993"

```
23. Page 29, line 5.
Strike: "6 3/4%"
Insert: "7.08%"
24. Page 29, line 7.
Strike: "7 1/4%"
Insert: "7.57%"
25. Page 29, line 15.
Following: "is"
Insert: ":
     (a)"
Strike: "7% of all"
Insert: "7.33% of the first $500,000 of"
Following: "period"
Insert: "; and
           (b) 7.82% of all net income in excess of $500,000 for
     the taxable period"
26. Page 29, line 18.
Strike: "$50"
Insert: "$100"
27. Page 29, line 19 through page 30, line 1.
Strike: subsections (4) and (5) in their entirety
28. Page 30, line 2.
Strike: "on receipt of taxes"
29. Page 30, line 3.
Strike: "1993"
Insert: "1994 and thereafter"
30. Page 30, line 16.
Following: "is"
Insert: ":
     (a)"
Strike: "all"
Insert: "the first $500,000 of"
Following: "period"
Insert: "; and
          (b) 7.5% of all net income in excess of $500,000 for
     the taxable period"
31. Page 30, lines 20 through 24.
Strike: subsection (4) in its entirety
32. Page 36, lines 8 and 10.
Strike: "8"
Insert: "9"
33. Page 37, line 1.
Strike: "and"
Following: "15-30-160,"
```

Insert: "and 15-30-199,"

DATE 3-19-93.

34. Page 37, line 4.

Following: "applicability."

Insert: "(1)"
Strike: "[This"

Insert: "Except as provided in subsection (2), [this"

35. Page 37.

Following: line 6

Insert: "(2)(a) [Section 2] is effective on passage and approval and applies retroactively, within the meaning of 1-2-109, to the tax years beginning after December 31, 1992.

(b) [Section 3] is effective on passage and approval and applies to tax years beginning after December 31, 1994. NEW SECTION. Section 25. Termination. [Section 2] terminates December 31, 1994."

EXHIBIT 6

DATE 3/19/93

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

DATE 3-19-93 HB 388

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.

appliment

· ·	Application fee	Y Annual fee*
Publicly owned treatment works	\$250 - \$1,000	\$250 - \$3,000
Industrial storm and groundwater systems	\$1,000	2,500 \$1,000 - <del>\$3,000</del>
<u>Industrial Cooling</u> water systems	\$500	500 \$200 - \$1,000
Industrial systems with toxic substances	\$2,500 - \$5,000 ·	2,500 \$2,000 - \$3,000
General permits	\$200 - \$500	\$250 \$3,000

### Nondegradation review:

<u>a.</u>	<u>Domestic sewaqe</u>	4/29 <b>0</b>
_	treatment	<u>\$3,000</u> 5,000
b.	Industrial	\$2,500 - \$ <del>10,000</del>
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

DATE 3-19-93 HB 388

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 <u>discharge permit</u> 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 rages, 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

DATE 3-19-93 4 HB-388

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 <u>5</u>. 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.

### Amendments to House Bill No. 388 First Reading Copy

### For the Committee on Taxation

Prepared by Lee Heiman March 19, 1993 Information

1. Title, line 12.

Following: ";"

Insert: "AMENDING SECTION 69-7-111, MCA;"

### 2. Page 4.

Following: line 3

Insert: "The board shall consider the following fee structures as prima facie indicators of appropriate fee assessments, except that the fees should be increased every 3 years after October 1, 1993, by the percentage, if any, by which the producer price index, published by the United States bureau of labor statistics for the most recent calendar year, exceeds the producer price index for calendar year 1993.

	Application fee	Annual fee
Publicly owned treatment works	\$250 \$1,000	\$250 \$2,500
Industrial storm and ground water systems	\$1000	\$1,000 \$2,500
Industrial cooling water systems	\$500	\$200 \$500
Industrial systems with toxic substances	\$2,500 \$ 5,000	\$2,500
General permits	\$200 \$500	\$250 \$2,500

### Nondegradation review:

(1) Domestic sewage

treatment \$2,500

(2) Industrial \$2,500 -- \$5,000

(3) Subdivision \$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. 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% fee 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 of up to 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 means to justify lower annual fees."

3. Page 5, line 11. Following: ";"
Insert: "and"

4. Page 5, lines 12 through 21.

Strike: subsections (f) through (i) in their entirety

Renumber: subsequent subsection

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.

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: "potential" on line 6 through "the" on line 8

8. Page 6, lines 9 though 12.

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 cover costs
 associated with the fees prescribed in this section for a
 public sewer system without the hearing required in 69-7111."

15. Page 8, line 11.

Strike: "There"

Insert: "All fees collected under [section 1]"

16. Page 8, lines 12 through 15.

Strike: ":" on line 12 through "1] " on line 15

17. Page 8.

Following: line 18

- (1) Except as provided in [section 1] and 75-6-108, 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 be published in a

newspaper as provided in 7-1-4127.

- (3) (a) The notice shall 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 be mailed first

class, postage prepaid, to the Montana consumer counsel."" Renumber: subsequent sections

### MONTANA DEPARTMENT OF HEALTH AND ENVIRONMENTAL SCIENCES'

### TESTIMONY ON HB 388

### **ISSUES OF CONCERN:**

- PRIMACY FOR MONTANA POLLUTANT DISCHARGE ELIMINATION SYSTEM (MPDES) PERMIT PROGRAM
- IMPLEMENTATION OF THE MONTANA WATER QUALITY ACT'S NONDEGRADATION POLICY
- ENVIRONMENTALLY RESPONSIBLE GROWTH AND DEVELOPMENT
- PROTECTION OF MONTANA'S SURFACE AND GROUND WATER
- ALTERNATIVES

### I. PRIMACY FOR THE MPDES PERMIT PROGRAM

- A. MONTANA'S WATER QUALITY ACT REQUIRES ALL WHO DISCHARGE WASTES TO STATE WATERS (GROUND WATER OR SURFACE WATER)
  TO HAVE A PERMIT FROM THE DEPARTMENT OF HEALTH AND ENVIRONMENTAL SCIENCES.
  - 1. THE MONTANA GROUND WATER POLLUTION CONTROL SYSTEM (MGWPCS)

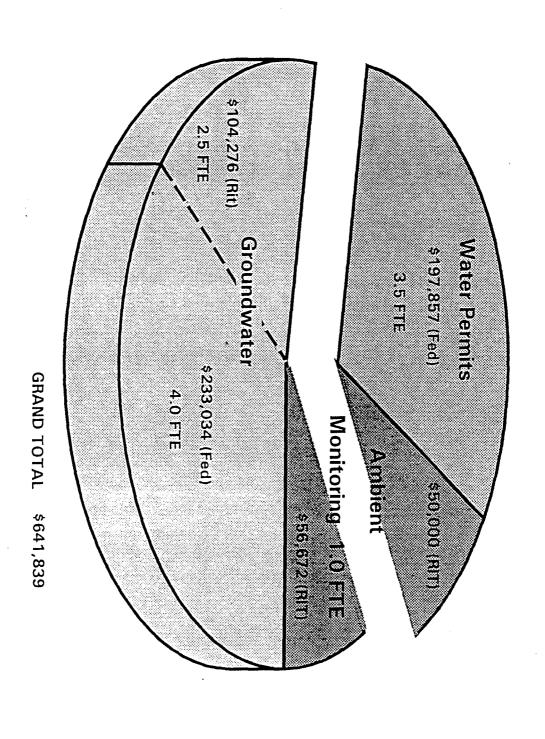
THIS IS A PROGRAM DESIGNED TO CONTROL DISCHARGES OF WASTES TO MONTANA'S AQUIFERS THEREBY PROTECTING THE QUALITY OF GROUND WATER FOR EXISTING AND POTENTIAL USES.

2. THE MONTANA POLLUTANT DISCHARGE ELIMINATION SYSTEM (MPDES)

THIS PROGRAM IS DESIGNED TO CONTROL DISCHARGES OF WASTES TO STATE SURFACE WATERS. IT IS PATTERNED AFTER THE FEDERAL (NPDES) CLEAN WATER ACT PROGRAM.

(SEE FY92 FUNDING)

## FY92 FUNDING



- II. IMPLEMENTATION OF THE MONTANA WATER QUALITY ACT'S NONDEGRADATION POLICY
  - A. REQUIRED BY THE MONTANA CONSTITUTION'S ARTICLE IX, SECTION 1 (3); "The legislature shall provide adequate remedies for the protection of the environmental life support system from degradation-----"

This policy is essentially intended to ensure existing high quality waters are maintained for future generations of Montanans. It allows limited degradation to occur when justified and subject to strict conditions designed to protect water quality.

B. THE WATER QUALITY ACT HAS A NONDEGRADATION POLICY WHICH WILL PROBABLY BE MODIFIED DURING THE LEGISLATIVE SESSION.
THE DHES WILL BE REQUIRED TO IMPLEMENT THIS NONDEGRADATION POLICY.

### III. ENVIRONMENTALLY RESPONSIBLE GROWTH AND DEVELOPMENT

- A. SUBDIVISIONS OF LAND
- B. METAL MINES
- C. COAL MINES
- D. GROWTH OF CITIES AND TOWNS

### IV. PROTECTION OF MONTANA'S SURFACE AND GROUND WATERS

THE WATER QUALITY ACT REQUIRES THE DEPARTMENT TO PROVIDE A COMPREHENSIVE WATER POLLUTION CONTROL PROGRAM. THE DEPARTMENT AND THE ADMINISTRATION HAVE DETERMINED THAT THE ONLY FEASIBLE WAY TO ENSURE THE EXISTENCE OF THIS PROGRAM IS THROUGH THE ASSESSMENT OF FEES ON THOSE WHO WOULD DISCHARGE WASTES TO STATE WATERS.

### V. ALTERNATIVES

- A. NO AUTHORIZATION FOR THE DEPARTMENT TO ASSESS FEES FOR NONDEGRADATION AUTHORIZATIONS OR PERMITS TO DISCHARGE WASTES.
  - LOSS OF PRIMACY FOR THE MPDES PROGRAM.
  - LOSS OF THE STATE'S ONLY LONG-TERM AMBIENT WATER QUALITY MONITORING PROGRAM.
  - POTENTIAL LIABILITY EXPOSURE BECAUSE OF THE INABILITY TO PROCESS PERMITS AND/OR NONDEGRADATION AUTHORIZATIONS AS REQUIRED BY LAW.

- CAN DEVELOPMENT OCCUR????
- DEGRADATION OF STATE WATERS.

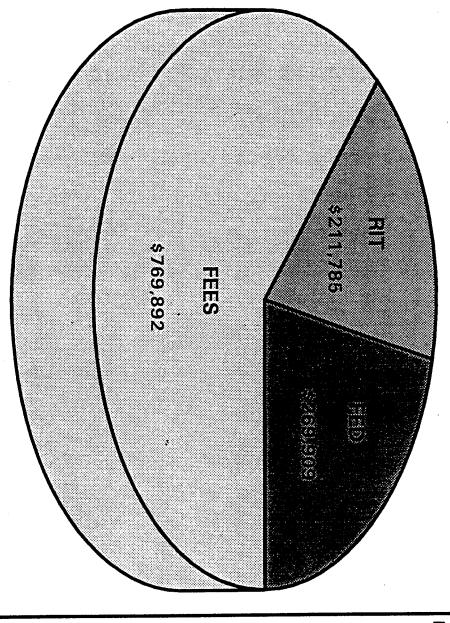
### (SEE FY92 FUNDING)

### B. AUTHORIZATION FOR FEES PROVIDED.

- RETENTION OF PRIMACY.
- MAINTENANCE OF MINIMAL AMBIENT WATER QUALITY MONITORING PROGRAM.
- RESPONSIBLE DEVELOPMENT CAN OCCUR.
- WATER QUALITY WILL BE PROTECTED, MAINTAINED & IMPROVED AS REQUIRED BY THE WQA.

(SEE FY94 FUNDING)

### **FY94 FUNDING**



Ambient Monitoring* 50,000 Groundwater* 41,000 Water Permits* 260,422 Surface Water 135,000 Permits/Compliance Groundwater UIC 65,000 TOTAL FEES \$769,892 \$351,422*(CURRENT LEVEL)  FED TOTAL FED \$269,909  RIT  Ambient Monitoring 56,473 Groundwater 155,312	 \$211,785	TOTAL RIT
mbient Monitoring* oundwater* ater Permits* urface Water Permits roundwater Permits/Compliance roundwater UIC TOTAL FEES 1,422*(CURRENT LEV TOUNDWATER TOTAL FEES	 56,473 155,312	Ambient Monitoring Groundwater
mbient Monitoring* oundwater* later Permits* race Water Permits roundwater Permits/Compliance roundwater UIC TOTAL FEES 1,422*(CURRENT LEV 1,7422*(CURRENT LEV 1,7422*		RIT
mbient Monitoring* oundwater* ater Permits* urface Water Permits roundwater Permits/Compliance roundwater UIC TOTAL FEES 1,422*(CURRENT LE)	 \$269,909	TOTAL FED
mbient Monitoring* oundwater* 'ater Permits* urface Water Permits roundwater Permits/Compliance roundwater UIC TOTAL FEES 1,422*(CURRENT LEV	 269,909	Groundwater
mbient Monitoring* oundwater* later Permits* urface Water Permits oundwater Permits/Compliance roundwater UIC TOTAL FEES 1,422*(CURRENT LE)		FED
mbient Monitoring* oundwater* later Permits* urface Water Permits oundwater Permits/Compliance roundwater UIC TOTAL FEES	 EVEL)	\$351,422*(CURRENT LI
mbient Monitoring* oundwater* ater Permits* urface Water Permits roundwater Permits/Compliance roundwater UIC	 \$769,892	TOTAL FEES
mbient Monitoring* oundwater* ater Permits* urface Water Permits roundwater		Groundwater UIC
mbient Monitoring* oundwater* 'ater Permits* urface Water Permits		Groundwater  Permits/Compliance
mbient Monitoring* oundwater* ater Permits* 2	 135,000	Surface Water Permits
mbient Monitoring* oundwater*	260,422	Water Permits*
mbient Monitoring*	 41,000	Groundwater*
ES	50,000	Ambient Monitoring*
		FEES

**GRAND TOTAL** 

\$1,251,586

### House Bill 388

Opposition Testimony of Stillwater Mining Company

House Natural Resources Committee

Mr. Chair, ladies and gentlemen of the committee, my name is Ward Shanahan, a Helena attorney, representing Stillwater Mining in opposition to House Bill 388.

There are three specific problems with this bill. First, HB 388 grants too much discretion to the Department of Health and Environmental Sciences to establish the fees to be assessed for water permitting. If general fund appropriations are needed, as the bill's title seems to indicate, the Legislature should determine the amount of money needed and the fees to be assessed. If these fees are truly related to water quality permitting and the actual costs have increased, the Department should have no difficulty justifying to the Legislature the necessity for these increases.

Second, the real purpose of the bill is to fund the Department, and not to merely recovery the documented costs for operation of the pollutant discharge elimination system. The industry in general and Stillwater Mining in particular is not opposed to the payment of permit fees during the period when a project is in the development phase. But it should be shown that the payment of such fees is related to the swift completion of the permitting process. However, the purposes for the fees proposed in Section 1, parts (1)(c) through (1)(j), (page 5 of the Introduced bill) go far beyond the purview of the permitting process, and include things that are clearly general fund items.

Third, under Section 1, part (2)(b), (page 6 of the Intro. Bill) the Department of Health introduces a new concept which would not allow it to assess a fee according to the potential harm to state waters. This is a clear departure from the concept of recovery of permitting costs, and in effect creates a process of "determining environmental damages in advance". This will establish a whole new legal dispute that could drag the permittee through the courts for years as various fears and apprehensions are raised about the long term effect of the project. These issues are already a part of the E.I.S. process and have no proper place in a cost recovery fee system. Department general fund costs should be funded through the state by its citizens, not by industry.

If fees are assessed against Industry according to the potential harm to the waters of the state, then a correlation should be made to some actual or demonstrable harm that cannot be controlled. This

bill (in Section 2 page 6) introduces a concept of a fee for "concentration of process materials or wastes placed in an impoundment or other containment facility". In other words, the industry is to be fined for having met its obligation to protect state waters by building an impoundment facility. If this is lawful then a fee can be assessed against any dam owner or operator for "the chance" that the dam may break at some future time. If this is truly a fee provision then only point source discharges should be assessed, and the assessment should be based on what is actually being discharged at the present time.

summary: HB 388 is not a fee bill, it is a penalty bill and it's also an attempt to fund the department's general fund costs by the use of a charge determined solely by the department in accordance with its' own view of its needs. In its' present form it's a "blank check". For these reasons, we respectfully request that this bill be given a "DO NOT PASS".

Ward A. Shanahan 33 South Last Chance Gulch Helena, Montana Tel: (406) 442-8560