

MINUTES

**MONTANA SENATE
53rd LEGISLATURE - REGULAR SESSION**

COMMITTEE ON TAXATION

Call to Order: By Chairman Mike Halligan, on March 22, 1993, at 9:35 a.m.

ROLL CALL

Members Present:

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

Members Excused: None.

Members Absent: None.

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

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

Committee Business Summary:

Hearing: None.

Executive Action: SB 378, SB 396, SB 427

EXECUTIVE ACTION ON SB 396

MOTION/VOTE:

Senator Harp moved SB 396 DO PASS (641036SC.San). The motion CARRIED UNANIMOUSLY on oral vote.

EXECUTIVE ACTION ON SB 427DISCUSSION:

Senator Gage asked if the SID in Missoula was municipality-wide. His concern would be for those SIDs that are not municipality-wide, that may cover just a small part of a city, and if SB 427 would allow those SID millages to go city-wide, so that those who were not previously paying on the SID would start paying on it in the event of a default in the SID Revolving Fund. Jeff Martin, Legislative Staff member, said the key phrase regarding SID Revolving Funds is on Page 8, Line 18. Unless there is a situation where the Revolving Fund isn't a county-wide levy, then Senator Gage's concern would be well-taken, but Mr. Martin said he understands all Revolving Funds are used to support certain SIDs within a county or certain taxing jurisdiction.

Senator Halligan said in the Missoula situation, the City had been levying over 129 mills in 1986 when the taxes were frozen under I-105. As part of that, there was an SID Revolving Fund of 5 or 6 mills. Since then, they have reduced the Revolving Fund mills, but they kept the over-all mills the same. The SID mills were dropped into the General Fund, as long as they didn't go over the cap. Two Attorneys General felt they could not give an accurate opinion on this situation. Senator Gage's concern is legitimate in that if there was an SID for a particular area and it was not in the Revolving Fund portion being levied county-wide or city-wide, if they allowed that millage to go into General Fund, it would be levied on all the taxpayers, whereas the SID would be just levied on part of the taxpayers. Senator Halligan said the question is, are all revolving funds that existed in 1986 levied on all the city, or all the county, taxpayers.

Senator Gage said his understanding, from a bill in the Local Government Committee, is that revolving fund levies are levied county-wide, but he is not positive on this. Senator Gage will check on this.

No further executive action was taken on SB 427.

EXECUTIVE ACTION ON SB 378DISCUSSION:

Senator Grosfield said he has gone through his bill and eliminated a vast majority of the sections that specifically de-earmark accounts, and amended a few others. He has agreed to eliminate all accounts that people have specifically asked him to eliminate. OPI has talked to him about two or three accounts they felt it would be good to get rid of, and others have talked to him about putting some other accounts into the bill. For

example, some educational people have asked to put the lottery into the bill. He has not yet done that because he wanted to get the consensus of this Committee before pursuing it. Senator Grosfield said there are some areas he has not eliminated from the bill, for instance, a number of fines. Many permit fees were eliminated. He has not done anything regarding the coal tax school equalization part of the bill.

Senator Towe said he was concerned about the fines and fees because in many instances, the fines and fees that were set up were done for a specific purpose and specific reason.

Senator Grosfield said fines are so unpredictable and you never know how much money you are going to end up with for any given purpose, and it makes him nervous to have a department depend on some kind of fine structure to figure their budget because they may be aggressive in areas where fines go to them and may not be aggressive in areas where fines do not go to them. He said he feels it is appropriate if fines would go into the General Fund, however, he would take fines out of the bill if it is a big problem to the Committee.

Senator Towe said he would like to table the bill and if Senator Grosfield can come up with enough support from everybody, he can take it off the table.

MOTION:

Senator Towe moved SB 378 BE TABLED.

DISCUSSION:

Senator Grosfield said the policy question is very important, and is one the Committee needs to look at. Over the next few weeks, a number of House bills with earmarked funds will be coming to the Senate for approval. This is basically a piece-meal approach. SB 378 is a coordinated approach to look at all of earmarking, keeping in mind that Montana earmarks 72% of all revenue versus the national average of 23%. Senator Grosfield believes the earmarking issue should not be avoided for another two years. He would like to see the bill go ahead.


Senator Towe said he thinks earmarking needs to be studied. He believes a problem in introducing a comprehensive bill like this it is so complex. He would like to see a similar bill another session, only limiting the bill to the items just discussed.

VOTE:

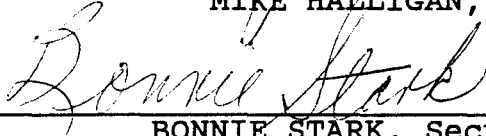
The motion to TABLE SB 378 CARRIED on oral vote with Senators Grosfield, Stang, Gage, and Harp voting "NO".

ADJOURNMENT

Adjournment: The meeting adjourned at 10:00 a.m.



MIKE HALLIGAN, Chair



BONNIE STARK, Secretary

MH/bjs

ROLL CALL

SENATE COMMITTEE TAXATION

DATE 3-22-93

[illegible]

FC8

Attach to each day's minutes



SENATE STANDING COMMITTEE REPORT

Page 1 of 1
March 22, 1993

MR. PRESIDENT:

We, your committee on Taxation having had under consideration Senate Bill No. 396 (first reading copy -- white), respectfully report that Senate Bill No. 396 do pass.

Signed: 
Senator Mike Halligan, Chair

 Amd. Coord.
 Sec. of Senate

641036SC.San