

MINUTES

MONTANA SENATE 53rd LEGISLATURE - REGULAR SESSION

COMMITTEE ON TAXATION

Call to Order: By Chairman Mike Halligan, on March 24, 1993, at 8:00 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: SB 428, SB 431, SB 433
Executive Action: SB 305, SB 374, SB 428, SB 431

HEARING ON SB 428

Opening Statement by Sponsor:

Senator Gary Aklestad, Senate District #6, presented SB 428, which is an act providing that lottery proceeds in excess of \$5,000 are subject to state withholding tax. Senator Aklestad said the Federal government collects their tax on winnings up front at the time of the winnings. The State of Montana does not do that, and does not collect until up to 18 months after the time of the lottery winnings. The State has always determined that those lottery winnings are taxable; however, SB 428 will allow Montana to collect winnings up front so there will be no

dispute later when the individual files his income taxes. Senator Aklestad said SB 428 allows for a 10% withholding tax on the winnings.

Proponents' Testimony:

None.

Opponents' Testimony:

None.

Informational Testimony:

None.

Questions From Committee Members and Responses:

Senator Van Valkenburg questioned Jeff Miller, Department of Revenue (DOR), about the effective date of July 1, 1993, and the retroactive applicability date. Mr. Miller said the DOR interprets that to be that any payouts occurring after July 1, 1993, would be subject to this withholding, notwithstanding when the winning occurred. For instance, if someone has a substantial payout on an annual basis from a winning ticket purchased a year or ago, after July 1, 1993, those winnings would be subject to this proposal. This will be retroactive to the beginning of Montana's lottery.

Senator Van Valkenburg asked if a person is a Montana resident at the time they win the lottery, but then moves to another state, are all future payouts considered Montana income. Mr. Miller said, "yes". The DOR takes the position those winnings would be Montana source income.

Senator Van Valkenburg commented on Senator Aklestad's suggestion this Committee might want to change the amount of withholding, in Section 2, Page 1, from 10%. The Senator asked Mr. Miller if he knows why the 10% figure was inserted in SB 428. Mr. Miller said the 10% was chosen as a round number; it may tend to over withhold, but it is a workable number. The Federal government is currently withholding at 28%, recently increased from 20%. Mr. Miller said this 10% figure could be adjusted if it becomes necessary.

In response to questions by Senator Towe, Mr. Miller said Montana is presently not withholding any tax at the time the winnings are paid. The Lottery Commission reports any payouts greater than \$600 to the DOR on Form 1099G. The DOR then cross-matches to make sure those people are filing returns. However, 20%-25% are not filing returns. The DOR makes contact with them to remind them their winnings are taxable Montana income, and so far, they have been successful in securing those returns. However, in some instances, it is 18 months or more after the

winning has occurred, that DOR collects the taxes. At the present time, there is no mechanism for DOR to require the Lottery Commission to withhold the tax. DOR would register the Lottery Commission as a "employer" under a temporary ID, and they would make a no-warrant transfer to the DOR on any amounts they withhold. The Lottery Commission has not suggested that this would create any problems.

Senator Grosfield questioned if the deduction and withholding mechanism is timely. Mr. Miller said the existing law allows the mechanism for transferring the tax on winnings. The Lottery Commission would be registered as a withholding agent and would transmit the money to the DOR on a quarterly basis.

Senator Harp asked a hypothetical question, if he won a million dollar jackpot, and immediately moved to another state, how would the DOR collect the tax from him. Mr. Miller said this situation has not yet transpired, however, presently 25% of the winners are non-residents. It has always been the DOR's position that winnings are Montana-source income. In the event of large multi-state lottery winnings, an annuity would be purchased in the name of the Montana Lottery Commission and any annual maturity and payout would come to the Montana Lottery Commission and the check would be issued by them; the check is not issued by the central multi-state source.

Senator Gage asked about the language on Line 12, Page 1, as it relates to a ticket being purchased and given to another person. Mr. Miller said the owner of the ticket would be considered the winner and the one responsible for the tax on the Montana-source income.

Senator Towe asked if an amendment should be drafted to state that any lottery ticket purchased in Montana shall be Montana-source income. Mr. Miller said he is concerned about amending the statute for fear that a change would indicate a new condition, even though Montana has always determined this would be Montana-source income. In the event a Montana resident went to North Dakota and bought a winning lottery ticket, Montana would tax those winnings, but would allow a credit to the extent that a person paid a source-income tax in the other state.

Senator Halligan asked how lottery co-ops are handled. Mr. Miller said a winner, whether an individual person or a co-op, must present Federal identification in order to redeem the ticket; if an individual, they must present a Social Security number, if a corporation, they must have a Federal ID number.

Closing by Sponsor:

Senator Aklestad said SB 428 will reduce the paper work for the DOR, it will allow for collection of taxes at the time of the winnings, and would alleviate the fears that Montana could lose some tax revenue on lottery winnings.

HEARING ON SB 431Opening Statement by Sponsor:

Senator Gary Aklestad, Senate District #6, presented SB 431, which is a bill dealing with LP gas, better known as propane, and compressed natural gas. Under the existing law, LP gas has a 14-cent Federal tax, State permit and no gas tax; compressed natural gas has no Federal tax and 7 cents State tax with no permits. SB 431 will place 14 cents Federal tax, and 12 cents State tax on LP gas for vehicles up to 12,000 pounds, and compressed gas will pay no Federal tax, 10 cents State tax, and no permit fee. There is a state-wide problem where out-of-staters traveling through Montana fill their propane tanks, but don't pay taxes. Presently, at the time the propane is purchased, the purchaser's license number is taken, which is sent in to the Department of Transportation (DOT). The DOT sends the tax information to the purchaser and most of these people just ignore the information. SB 431 will reduce the paper work for the DOT and make it more convenient for them to collect the existing tax. Vehicles of more than 12,000 GVW will still be able to apply for the permit allowed by statute. Vehicles of 12,000 GVW or less would be taxed at the pump, similar to gasoline purchases at this time, and the tax is calculated at 60% of the present tax on gasoline. Senator Aklestad said SB 431 will encourage clean-burning fuel.

Proponents' Testimony:

Chris Bowers, representing Northern Energy Propane Company, spoke in support of SB 431, with the exception of Page 5, Line 12, with regard to the 12,000 GVW. He is proposing an amendment to read, "with the exception of fleet operators with a fleet being two or more vehicles". Mr. Bowers said fleet operators who run their vehicles on propane dispense fuel into their own vehicles themselves. These people would be required to monitor how much fuel they put into a vehicle under 12,000 GVW and pay a tax on that. They would also have to be licensed or bonded as a dispenser operator, and would be purchasing a permit, all of which would be cumbersome to them. Some marketers who do have their own dispensing stations to fill their own vehicles would have to equip their stations with meters so they could monitor the amount of fuel going into a vehicle under 12,000 GVW. This could cost over \$3,000 per installation to have an approved license meter installed.

Jack Brown spoke as a representative of Suburban Petrolane and Montana-Wyoming LP Gas Association. Mr. Brown concurs with the remarks of Mr. Bowers, and added that the dealers welcome the fact that they will be allowed to sell the permits at their locations, the point of sale, and will be able to monitor much more closely. He sees this as an added incentive.

Steve Visocan said the Montana Petroleum Marketers Association supports this legislation.

Dave Galt, Administration of the Motor Carrier Services Division, Department of Transportation, said the DOT supports SB 431, primarily because it solves three problems: (1) People who have propane-powered vehicles and who don't drive a lot of miles would only be required to pay the tax on what amount of gas they purchase. (2) There are a lot of tourists who have LPG vehicles. When the DOT finds these people don't have a permit, they send the people a letter, and it causes a lot of distress on the tourists' part that they have to pay an additional \$20 to travel through Montana. With the fuel tax being collected at the pump, the tax would be handled like the gas tax in any other state they travel through. (3) With the 12,000 GVW exemption, people under that weight would be required to pay the tax at the pump; they would not be allowed to get a certificate. The DOT thinks this is wise because primarily the enforcement of LPG tax is done at the weigh stations. Vehicles under 10,000 pounds don't go into the weigh stations. If the DOT knows the tax is collected at the pump, the weigh station wouldn't have to be concerned about whether the smaller vehicles have an added tax-paid certificate.

Opponents' Testimony:

None.

Informational Testimony:

None.

Questions From Committee Members and Responses:

In response to questions by Senator Towe, Senator Aklestad said SB 431 coincides with existing statutes regarding bonding and other fuel tax permits, etc.

Mr. Galt, in answer to Senator Towe's questions, said Sections 15-71-101 through 105 are the LPG requirements in present Montana statute and were put into SB 431 to allow motor carrier service officers the ability to enforce all requirements for taxing purposes.

Senator Grosfield asked about the language in Section 3 regarding appointing licensing agents. Bill Salisbury, DOT, said the DOT doesn't have anything currently on their books regarding collecting taxes from licensed agents, and this language is patterned after the Fish and Game licensing rules. These licensing agents would not be paid.

Senator Towe asked how the distinction would be made between gas used for vehicles and gas used for barbecue units. Senator Aklestad said the dealer will keep separate records and no tax

will be charged on the gas used for purposes other than for vehicle fuel. Mr. Bowers said this is broken down separately on sales tickets now and will just continue.

Senator Towe asked by this tax wasn't placed at 20 cents to coincide with the other fuel tax. Senator Aklestad said this is an effort to encourage clean-burning fuels in the State, as the Federal government is now encouraging the use of such fuels.

Closing by Sponsor:

Senator Aklestad said SB 431 will eliminate some of the paper work for the DOT and it will allow taxes to be collected where they are presently not being collected. He asked that the bill not be amended in any way which would discourage the usage of the clean-burning fuels in the state of Montana.

HEARING ON SB 433

Opening Statement by Sponsor:

Senator Gary Aklestad, Senate District #6, presented SB 433, which is an act requiring that parcels of land totaling 20 acres or more must produce agricultural income equal to at least 20 percent of its assessed value, based on productive capacity, in order to be classified as agricultural land for tax purposes. Senator Aklestad's purpose in introducing this bill is to help alleviate the problems of a drain on the tax base in almost every county. The agricultural land is being sold for non-agricultural purposes, and the counties are losing their agricultural tax base. SB 433 addresses 20 acres and larger parcels of land. Under the current statutes, the means test to qualify as agricultural land on parcels under 20 acres requires that \$1500 income from the property be derived from agricultural products. Under SB 433, a property could qualify with less than \$1500 income derived from the land. For land totalling 20 acres or more, an amount at least equal to 20% of the assessed value of the land, based upon its productive capacity, is the eligibility requirement under SB 433. Senator Aklestad said SB 433 is structured to coincide with the new calculations under SB 168, the new ag tax bill. Senator Aklestad said a typical irrigated 20 acre parcel requires \$1500 income under the current tax structure; under SB 433, the income requirement would be \$1,387. For a 20 acre parcel of non-irrigated farm land under the current tax structure, \$1500 income is required; under SB 433, \$920.00 is the means test.

Senator Aklestad presented Exhibit No. 1 to these minutes, which are amendments to this bill. For the individuals who have a parcel of land they are be using for retirement purposes, and they don't want to raise cattle or crops in order to qualify for agricultural purposes, this amendment will limit their market value to not exceed seven times the productive capacity value of the classified agricultural use of the property.

Senator Aklestad encouraged this committee to add a statement of intent to SB 433, which would consider leaving some latitude to the County Assessor's judgment, so that each year the landowner would not have to take all his receipts into the Assessor's office to prove agricultural use of the property. Senator Aklestad said existing statutes have similar language to what he believes is necessary in SB 433. The landowner could sign a certificate stating that he markets at least 20% of the assessed land value, based on productivity.

Proponents' Testimony:

John Bloomquist, representing the Montana Stockgrowers Association, spoke in support of SB 433. Mr. Bloomquist said other bills in the House are designed to address the problems of taxing tracts of 20 acres, or more. He has some concerns with the 20% assessment figure because there could be problems if an extended drop in the agricultural market occurred. Mr. Bloomquist asked the committee to look at all the bills being presented in this Legislature and try to come up with a workable means test to determine agricultural land classification.

Ted Doney, Montana Dairyman's Association, concurred in the remarks made by Mr. Bloomquist, and added that the dairyman would like to study the affect of the 20%.

Opponents' Testimony:

None.

Informational Testimony:

None.

Questions From Committee Members and Responses:

Senator Towe asked if the \$1500 income test is too much for land in excess of 20 acres. Senator Aklestad said the intent of the bill was to restore some of the tax base that counties are losing because some land is being taken out of agricultural production. Cattle are being taken off the land, so there is no tax being paid on them, there is no tax being paid on machinery and equipment, and tax is lost from crops no longer being produced. He tried to come up with a figure that would not detrimentally affect the landowners, while still contributing to the tax base of the county. He added the crop rotation language in the bill because so much of the farm ground is under a crop rotation program and that land would drop out automatically if the language is not included in the bill.

Senator Grosfield asked if SB 433 could be amended to state "at least \$1500 or 20%, whichever is greater", to Page 2, Line 4. Senator Aklestad said he would have no problem with such an amendment.

Senator Yellowtail asked which lands would be affected by this bill, and if land where conservation easements exist would be included. Senator Aklestad said this bill is referring to all lands above 20 acres that were classified as agricultural lands raising products in the past and now are not raising agricultural products on the lands, where the county is losing its tax base. He doesn't think land where conservation easements exist would be involved.

Senator Yellowtail asked what would be the affect on property that is purchased for big game habitat. Senator Aklestad said they only pay a portion of it, and he believes they would fall under SB 433, as it is written now. The same drain is still there to the county tax rolls.

Senator Yellowtail asked about the out-of-state residents who buy Montana ranches for pleasure purposes. Senator Aklestad said as long as they meet the test, they will qualify as agricultural land for tax purposes.

Senator Eck asked Randy Wilke, Property Assessment Division, DOR, how the Department currently appraises these properties. Mr. Wilke said the current law specifically states that if there are 20 or more acres, they automatically get agricultural land classification. The land is valued on its productive capacity. If a parcel is less than 20 acres, and the landowner is unable to demonstrate marketable income, the land is assessed at its market value with what other area acreages are selling for, which is normally higher than its productive capacity, and taxed as Class 4 property, as opposed to Class 3.

Senator Eck said there was a time when the \$1500 income test applied to all agricultural land, and asked if there was a different method of assessing the land at that time. Mr. Wilke said that in 1985 the state reworked the taxing system for greenbelt lands, and the acreage requirement was put on in a 1986 Special Session. A number of safeguards were put into law in those years which currently exist to protect landowners who may have had production failure or held up selling a product for a market advantage, etc. Their Department contacts the landowner and asks them to demonstrate proof of agricultural production of \$1500 and the legitimate people were taxed Class 3 and the other people fall out and are taxed as Class 4.

In response to questions by Senator Brown, Senator Aklestad said his incentive is not necessarily to get the machinery and equipment back on tax rolls, but it is to try and maintain the level of tax revenue those counties had prior to the agricultural income status being taken off the land.

Closing by Sponsor:

Senator Aklestad said he has tried to be sensitive to the circumstances surrounding these lands and landowners, and that is why he has presented the amendment placing a cap. However, he is also sensitive to the counties where they continue to lose tax base due to agricultural land being used for other purposes.

EXECUTIVE SESSION ON SB 428**DISCUSSION:**

Senator Van Valkenburg asked Jeff Miller, DOR, why this bill is to be effective on passage and approval instead of July 1, 1993. Mr. Miller said the effective date is not important. Jeff Martin, Legislative Council Staff person, said the withholding would apply only to payments received after the effective date of the act.

MOTION:

Senator Towe moved for adoption of the amendments to SB 428, prepared by Jeff Martin, dated March 24, 1993. (sb042801.ajm)

DISCUSSION:

Senator Towe said the purpose of this amendment is to make it clear that anyone, including an out-of-state resident, who buys a winning ticket in Montana, owes Montana income tax on those winnings. The winning ticket income is Montana income for tax purposes.

VOTE:

The motion to AMEND SB 428 CARRIED UNANIMOUSLY on oral vote. (661654SC.San)

MOTION/VOTE:

Senator Van Valkenburg moved to insert an immediate effective date into SB 428, instead of the July 1, 1993, effective date. The motion CARRIED UNANIMOUSLY on oral vote. (661654SC.San)

MOTION:

Senator Towe moved SB 428 DO PASS AS AMENDED.

DISCUSSION:

Senator Gage asked about the Canadian lottery or other lottery tickets purchased by mail, or in person. Senator Towe said SB 428 would only affect lottery tickets purchased in Montana.

VOTE:

The motion CARRIED UNANIMOUSLY on oral vote. (661654SC.San)

EXECUTIVE ACTION ON SB 431**MOTION/VOTE:**

Senator Towe moved for adoption of the amendments to SB 431, prepared by Jeff Martin, dated March 24, 1993. (sb043101.ajm)
The motion CARRIED UNANIMOUSLY on oral vote. (661657SC.San)

MOTION:

Senator Towe moved to amend SB 431 on Page 14, Line 4, to strike "60" and insert "70"; and on Page 14, Line 7, to strike "50" and insert "70".

DISCUSSION:

Senator Towe said the purpose of this amendment is to try to make up the net loss of \$14,000 in the first year of the biennium, and \$12,900 in the second year of the biennium, as shown on the fiscal note.

Senator Harp said he is against the motion, particularly because the compressed natural gas and liquified LPG industry is just getting started in Montana and needs to be encouraged. He thinks these amendments would be punitive.

Senator Towe said he thinks the small amount of money involved here, \$25,000 state-wide, does not fall into the category of being punitive, and without the amendment the state would be losing revenue. He doesn't think that is the intent of the author of the bill.

VOTE:

The motion FAILED 8-3 on Roll Call Vote (#1).

MOTION/VOTE:

Senator Brown moved SB 431 DO PASS AS AMENDED. The motion CARRIED UNANIMOUSLY on oral vote. (661657SC.San)

EXECUTIVE ACTION ON SB 374**DISCUSSION:**

Jeff Martin explained the amendments proposed by Senator Halligan, dated March 22, 1993. (sb037403.ajm) These amendments would strike the new language in the bill and increase the amount

of the tax incentive from \$1.5 million to \$3 million. There is also a termination date of July 1, 1995.

Senator Halligan explained that no one entity could exceed \$3 million in tax credits for the next two years, which would limit the fiscal impact.

Senator Grosfield asked about the amendments previously placed on SB 374. Mr. Martin responded these were technical amendments and are included on Exhibit No. 2.

MOTION/VOTE:

Senator Halligan moved for adoption of the amendments to SB 374. (sb037403) The motion CARRIED UNANIMOUSLY on oral vote. (661652SC.San)

MOTION:

Senator Eck moved SB 374 DO PASS AS AMENDED.

DISCUSSION:

Senator Doherty said he would like to discuss the 1995 termination date with Tom Harrison; he thinks it should be 1997 for a better window of opportunity.

Senator Yellowtail said the whole point of this bill is to assure the plant's lending institution that this incentive would be there; if only one year of assurance is offered, that would not account for much.

Senator Eck withdrew her motion.

MOTION:

Senator Doherty moved to amend the termination date to 1997.

DISCUSSION:

Senator Towe said by extending this date, the Great Falls ethanol business could make application to receive \$4.5 million, and he is not in favor of this.

VOTE:

The motion CARRIED on oral vote with Senators Towe, Brown, Halligan, and Harp voting "NO".

MOTION/VOTE:

Senator Eck moved that SB 374 DO PASS AS AMENDED. The motion CARRIED UNANIMOUSLY on oral vote. (661652SC.San)

EXECUTIVE ACTION ON SB 305DISCUSSION:

Senator Eck said this bill came through the Public Health Committee and was adopted. She said all of the major health groups worked through these past two years and have recommended that prevention be stressed. All of those groups recommended that Medicaid be expanded for pregnant women and children and most of them supported the MIAMI program. Senator Eck also worked on the committee for children and families, and everyone is faced with the situation that unless the Legislature puts money into prevention, the budget for handling problems that develop because there was no prevention is going to continue to grow. There are good indications that putting money into good pre-natal care saves money because the number of high-cost births is declining. The 4% of high-cost births is eating up more than half of the Medicaid dollars that go for paying for births. A budget has been drafted showing the prevention programs that have the promise of not only saving lives and saving health problems, but also saving dollars. That list amounts to probably more than will be received from an 18-cent increase in cigarette tax, as proposed in SB 305, but the 18 cents will go a long way towards taking care of those problems.

MOTION:

Senator Towe moved SB 305 DO PASS.

DISCUSSION:

Senator Towe said he also serves on the Public Health Committee and feels this bill doesn't go far enough in raising the cigarette tax; other states are gradually going to over 50 cents per pack. He said increasing the tax has a bigger impact than anything else that can be done in keeping young people from taking up the cigarette habit, because they don't have the money for purchasing cigarettes as adults do.

Senator Van Valkenburg commented that he does not think it is appropriate for revenue from this bill to be earmarked. He thinks the money should be put into the General Fund and let the appropriations process determine the proper use of the money.

Senator Harp said the funds created by SB 305 would be split, with 50% going to the long-range building fund, and 50% going to the special earmarked account. He asked if the Legislature would be liberalizing the requirements for the Federal poverty threshold by expanding benefits in this bill if it passes.

Senator Halligan responded that under this bill, none of that would be done.

Senator Klampe responded that the 50/50 split Senator Harp was referring to is the revenue collected from the tax on tobacco, not cigarettes.

Senator Eck explained that pregnant women and children are now eligible for Medicaid up to 133% of poverty; 185% is what the Federal government allows and what most states have adopted. A lot of these women are not getting pre-natal care; some have insurance but most do not, and a lot of hospitals and doctors are forgiving the expense incurred by the people who do not pay.

Senator Gage said his concern is that there will be a decrease in the amount of revenue going into the long-range building fund and he thinks there will be a dramatic decrease in smoking if this bill passes. Consequently, the long-range building fund will get considerably less money.

Senator Gage said his understanding that only one subject can be addressed in a bill, and if expanding Medicaid is brought into it, there would be more than one subject in SB 305. Senator Van Valkenburg said this would not be the case, and it is related to the increase in the sales tax on cigarettes and other tobacco products, and earmarking the use of those funds to expand Medicaid eligibility.

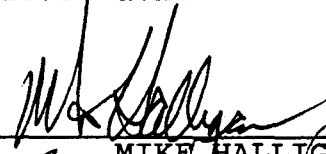
Senator Eck asked for an explanation of the long-range building program funding as it relates to SB 305. Jeff Miller, DOR, said the percentage of revenue to the long-range building fund has fallen in half in this bill; however, the tax would double the present revenue. When the fiscal note was prepared, there was concern that the drop in consumption because of the increase in price was going to end up shorting the long-range building fund. The changes in the distribution formula are intended to mitigate the off-set, and the intent of the bill is to hold harmless the funding levels for the long-range building projects and capital expenditures.

Jeff Martin said this Committee passed out HB 283 dealing with the negotiated agreements with Indian Tribes on the taxation of cigarettes. He has received a conflict notice between HB 283 and HB 609, amending Section 16-11-147 in both bills, relating to the Department of Justice law enforcement proceedings. He will prepare a floor amendment. Senator Towe said he will look at the amendment and present it on the floor, if it is needed.

The motion on SB 305 was extinguished with the motion to adjourn.

ADJOURNMENT

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



MIKE HALLIGAN, Chair



BONNIE STARK, Secretary

MH/bjs

ROLL CALL

SENATE COMMITTEE

TAXATION

DATE 3-24-93

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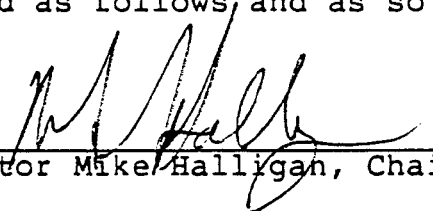
Attach to each day's minutes

SENATE STANDING COMMITTEE REPORT

Page 1 of 1
March 24, 1993

MR. PRESIDENT:

We, your committee on Taxation having had under consideration Senate Bill No. 428 (first reading copy -- white), respectfully report that Senate Bill No. 428 be amended as follows, and as so amended do pass.

Signed: 

Senator Mike Halligan, Chair

That such amendments read:

1. Title, line 6.

Following: "AN"

Insert: "IMMEDIATE"

2. Page 1, line 12.

Strike: "has paid for"

Insert: "redeems"

3. Page 1, line 13.

Following: "prize"

Insert: "on a ticket or chance purchased in Montana"

4. Page 1, line 14.

Following: "income"

Insert: ", notwithstanding the residence of the person or entity
that redeems the ticket"


5. Page 2, line 20.

Strike: "July 1, 1993,"

Insert: "on passage and approval"

-END-

 Amd. Coord.

 Sec. of Senate


661654SC.San

SENATE STANDING COMMITTEE REPORT

Page 1 of 1
March 24, 1993

MR. PRESIDENT:

We, your committee on Taxation having had under consideration Senate Bill No. 431 (first reading copy -- white), respectfully report that Senate Bill No. 431 be amended as follows and as so amended do pass.

Signed: 

Senator Mike Halligan, Chair

That such amendments read:

1. Page 5, line 11.

Following: "operators"

Insert: ", including owners or operators of motor vehicle fleets consisting of two or more vehicles used in the same business,"

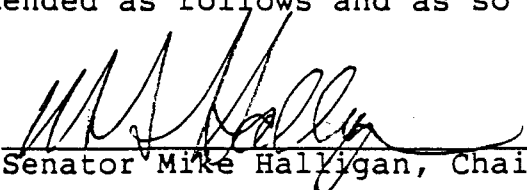
-END-

SENATE STANDING COMMITTEE REPORT

Page 1 of 2
March 24, 1993

MR. PRESIDENT:

We, your committee on Taxation having had under consideration Senate Bill No. 374 (first reading copy -- white), respectfully report that Senate Bill No. 374 be amended as follows and as so amended do pass.

Signed: 
Senator Mike Halligan, Chair

That such amendments read:

1. Title, line 4.

Strike: "ALLOWING ADDITIONAL"

Insert: "INCREASING THE"

2. Title, line 5.

Strike: "INCENTIVES"

Insert: "INCENTIVE"

3. Title, lines 5 through 7.

Strike: "BY" on line 5 through "PRODUCTION" on line 7

Strike: "AND" on line 7

4. Title, line 8.

Following: "MCA"

Insert: "; AND PROVIDING A TERMINATION DATE"

5. Page 1, line 24.

Following: "ethyl"

Insert: "tertiary"

6. Page 2, line 15.

Following: "not"

Insert: "not"

7. Page 2, line 16.

Strike: "of \$1.5"

Insert: "that exceed \$3"


8. Page 2, lines 18 through 24.

Strike: "Alcohol" on line 18 through "." on line 24

9. Page 3, lines 9, 11, and 13.

Strike: "gasohol"

Insert: "alcohol"


Amd. Coord.
Sec. of Senate

661652SC.San

10. Page 4, line 8.
Following: "or"
Insert: "reserved or"

11. Page 4, lines 11 through 14.
Strike: "The" on line 11 through "." on line 14

12. Page 4.
Following: line 16
Insert: "NEW SECTION. Section 2. Termination. [This act]
terminates July 1, 1997."

-END-

ROLL CALL VOTE #1

SENATE COMMITTEE

TAXATION

BILL NO.

LB 431

DATE _____

2-24-92

TIME

8:02

A.M.

P.M.

NAME _____

YES

NO

[illegible]

By me, Clerk

SECRETARY

Mike Holleran

CHAIR

MOTION: *Carroll* *ad*

Amendments to Senate Bill No. 433
First Reading Copy

Requested by Senator Aklestad
For the Committee on Taxation

Prepared by Lee Heiman
March 23, 1993

1. Title, line 8.

Following: "PURPOSES;"

Insert: "TAXING PARCELS OF NONAGRICULTURAL LAND OF 20 ACRES OR
MORE AT A VALUE NOT TO EXCEED SEVEN TIMES THE RATE OF THE
LAND'S CLASSIFIED PRODUCTIVITY VALUE;"

2. Title, line 9.

Strike: "SECTION"

Insert: "SECTIONS 15-6-133 AND"

3. Page 4.

Following: line 4

Insert: "Section 2. Section 15-6-133, MCA, is amended to read:

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

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

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

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

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

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

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

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

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

(4) Prior to July 1, 1986, the department of revenue shall

Amendments to Senate Bill No. 428
First Reading Copy

For the Committee on Taxation

Prepared by Jeff Martin
March 24, 1993

1. Title, line 6.
Following: "AN"
Insert: "IMMEDIATE"
2. Page 1, line 12.
Strike: "has paid for"
Insert: "redeems"
3. Page 1, line 13.
Following: "prize"
Insert: "on a ticket or chance purchased in Montana"
4. Page 1, line 14.
Following: "income"
Insert: ", notwithstanding the residence of the person or entity
that redeems the ticket"
5. Page 2, line 20.
Strike: "July 1, 1993,"
Insert: "on passage and approval"

Amendments to Senate Bill No. 431
First Reading Copy

For the Committee on Taxation

Prepared by Jeff Martin
March 24, 1993

1. Page 5, line 11.

Following: "operators"

Insert: ", including owners or operators of motor vehicle fleets
consisting of two or more vehicles used in the same
business,"

Amendments to Senate Bill No. 374
First Reading Copy

For the Committee on Taxation

Prepared by Jeff Martin
March 24, 1993

1. Title, line 4.
Strike: "ALLOWING ADDITIONAL"
Insert: "INCREASING THE"
2. Title, line 5.
Strike: "INCENTIVES"
Insert: "INCENTIVE"
3. Title, lines 5 through 7.
Strike: "BY" on line 5 through "PRODUCTION" on line 7
Strike: "AND" on line 7
4. Title, line 8.
Following: "MCA"
Insert: "; AND PROVIDING A TERMINATION DATE"
5. Page 1, line 24.
Following: "ethyl"
Insert: "tertiary"
6. Page 2, line 15.
Following: "~~net~~"
Insert: "not"
7. Page 2, line 16.
Strike: "of \$1.5"
Insert: "that exceed \$3"
8. Page 2, lines 18 through 24.
Strike: "Alcohol" on line 18 through "." on line 24
9. Page 3, lines 9, 11, and 13.
Strike: "gasohol"
Insert: "alcohol"
10. Page 4, line 8.
Following: "~~or~~"
Insert: "reserved or"
11. Page 4, lines 11 through 14.
Strike: "The" on line 11 through "." on line 14
12. Page 4.
Following: line 16
Insert: "NEW SECTION. Section 2. Termination. [This act]
terminates July 1, 1997."

DATE 3-24-93

SENATE COMMITTEE ON Taxation

BILLS BEING HEARD TODAY: SB 428, 431, 433

Name	Representing	Bill No.	Check One	
			Support	Oppose
Bill Salisbury	MOT	SB431	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Steve Visser	Montana Petroleum Mkt	SB431	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Jack Brown	Suburban Petroleum			
	MT-Wy P.G. Assoc	SB431	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Daryl South	Montana Propane	SB431	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Jack Mulvaney	Western Fuel	SB431	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Chris Bowers	Northern Energy	SB431	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Jack Cook	" "	SB431	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Gary South	Northern Energy	SB431	<input checked="" type="checkbox"/>	<input type="checkbox"/>
George Krause	Northern Energy	SB431	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Dw. Beaver	Northern Energy	SB431	<input checked="" type="checkbox"/>	<input type="checkbox"/>

VISITOR REGISTER

PLEASE LEAVE PREPARED STATEMENT WITH COMMITTEE SECRETARY