

## **MINUTES**

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

#### **COMMITTEE ON TAXATION**

**Call to Order:** By Chairman Mike Halligan, on April 2, 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)

**Members Excused:** Sen. Bill Yellowtail (D)

**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: HB 495, HB 505, HB 588, HB 645  
Executive Action: HB 167, HB 181, HB 193, HB 196, HB 303,  
HB 330, HB 350, HB 382, HB 402, HB 413, HB 436, HB 495,  
HB 505, HB 516, HB 519, HB 539, HB 555, HB 559, HB 588,  
HB 593, HB 645

#### **HEARING ON HB 495**

##### **Opening Statement by Sponsor:**

Rep. Jim Elliott, House District #51, presented HB 495, which is a bill to extend to restaurants who have a beer and wine license the ability to apply for an off-premises catering license from the Department of Revenue (DOR). This will bring these people in line with bars who currently have that license, and provides that only those establishments who are engaged primarily in the business of providing meals with table service may be able to apply for this endorsement.

**Proponents' Testimony:**

None.

**Opponents' Testimony:**

None.

**Informational Testimony:**

None.

**Questions From Committee Members and Responses:**

Senator Gage asked Rep. Elliott why HB 495 requires a \$35 fee to accompany the notice to the local law enforcement agency that has jurisdiction over the premises where the catered event is to be held. Rep. Elliott explained the \$35 fee is a fee that the tavern owners pay when they send their notice in to the DOR, and the fee is remitted to the local law enforcement agency. This language was put in by the House Committee to comport with the current law.

Senator Towe asked for explanation on the \$200 fee. Rep. Elliott said he introduced this bill primarily to allow fine food establishments to bring beer and wine to the events they are catering. Inasmuch as the primary purpose of their getting the catering endorsement was not to make money on the wine, but to provide a service to the customer, he felt a rate of \$25 was appropriate. This amount was amended up to \$175 in Committee, and amended up to \$200 on the House floor.

Senator Towe asked about the provision that the licensee who holds a catering endorsement may not cater an event in which the licensee is the sponsor. Rep. Elliott said this language is copied from present law, and means that a licensee cannot hold an event, for instance, at the fairgrounds, for his own benefit, and cater it himself. Gary Blewett, DOR, explained this provision for prohibiting the licensee from sponsoring their own event is to prohibit a licensee from expanding the number of premises they might have on their own. There needs to be an sponsor, independent of the licensee, for this catering license.

In response to further questions by Senator Towe, Mr. Blewett replied there is no limit to the number of events a licensee can cater in a year's time.

Senator Gage asked if the \$200 fee is the same as an all-beverage catering event; Mr. Blewett indicated this is correct.

**Closing by Sponsor:**

Rep. Elliott offered no further remarks in closing.

HEARING ON HB 505Opening Statement by Sponsor:

Rep. Vicki Cocchiarella, House District 59, presented HB 505, calling it a bill to allow an individual income tax deduction for employment-related expenses paid for child care at a licensed day-care home operated by the child's parent. Rep. Cocchiarella said this bill creates good economic development because there are situations in the state where if adequate child care is not provided, people cannot go to work. HB 505 will provide a child-care tax deduction for day-care providers who care for their own children under the age of six as part of their registered roster in a day-care situation.

Proponents' Testimony:

Exhibit No. 1 to these minutes is written testimony from Karolin Jappe Stanger in support of HB 505.

Debbie Charlick, of Child Care Providers, appeared in support of HB 505. She said this bill is long overdue. When she has figured her income taxes each year, she has not even made minimum wage. HB 505 will be an encouragement to herself and others who have needed this tax break on child care.

Janet Bush, Director of Child Care Resources in Missoula, spoke in support of HB 505. Ms. Bush said there is a phenomenal need for day care in Montana communities to allow parents to work; yet, there is a 59% annual turn-over rate of day-care providers. This is devastating to the development of children in their care, and parents lose work time in trying to find quality day-care. This is not only challenging to parents, but it has an impact on employers. Although the tax deduction in HB 505 would probably not affect a lot of people because of the income restrictions, it will be significant to the people it will affect. HB 505 recognizes day-care providers as people who work, and allows the providers to aspire to professional standards.

Carrie R. Leu, associated with Child Care Connections in Bozeman, spoke in support of HB 505 as not only representing day-care providers, but as a former child-care provider in her home. When a person cares for children in their home, their own children under the age of six are included in the total number of children they are registered to care for with the Department of Family Services. Their income is reduced because they can't take in other children. Ms. Leu also said that a child-care provider who is a single parent with children under school age, who feels she ought to stay home with her child during the child's formative years, will be allowed an opportunity to claim her own children as a tax deduction, and in essence, increase her income.

Kate Cholewa, Montana Women's Lobby, urged the Committee to support HB 505.

Virginia Knight, employed by Family Resources in Helena, echoed the comments expressed by both Janet Bush and Carrie Leu regarding their community's child-care, stating Helena is in a similar situation. Ms. Knight called HB 505 an important bill that will offer assistance to lower-income family day-care providers. Family Resources estimates that the average family provider earns \$7500 annually, before taxes, working a 55-hour week; this averages to \$2.73 per hour. She is probably caring for at least four or five children in an 11-hour day. Ms. Knight sees HB 505 as an opportunity for family providers to remain at home and offer a stable base for young children who need quality child care. She urged Committee support of HB 505.

Marjorie Boshaw, Child Care Resource & Referral Coordinator at Child Care Resources in Missoula, spoke in support of HB 505 as a representative of Missoula's Child Care Association. Ms. Boshaw said the job of being a child-care provider is very demanding, and it is important that they be viewed as professionals and be valued for the superior job all of them do.

Rep. Cocchiarella distributed Exhibit No. 2 to these minutes which explains the eligibility requirements and amount of allowable deductions.

**Opponents' Testimony:**

None.

**Informational Testimony:**

None.

**Questions From Committee Members and Responses:**

Senator Towe asked the bill's sponsor to explain how the tax credit is given. Rep. Cocchiarella said this would apply only to a taxpayer who itemizes deductions on their income tax, and applies only to a registered licensed child-care provider who is caring for her own children under the age of six in her day-care facility. Under present law, a child-care provider could send her child to another day-care facility and deduct that expense from her income tax, but cannot receive the deduction for the care she gives her own child in her licensed facility.

Senator Towe said he sees a problem in the case of a day-care provider who does not charge the same amount for each child in her care. Mick Robinson, Director of the DOR, said the dollar amount of the deemed expenditure that a day-care provider would use to compute the deduction is based on the amount equal to what she is receiving for the care given to other children. The DOR would accept the amount provided by the taxpayer, unless they have information to the contrary; there will not be a new form designed in order to apply this tax deduction.

Senator Van Valkenburg asked if HB 671, which will be heard in this Committee soon, will do away with itemized deductions, and SB 235 will do away with itemized deductions. Mr. Robinson said this is correct. Rep. Cocchiarella said that if either HB 671 or SB 235 becomes law, HB 505 will be moot; however, if either bill doesn't become law, this bill will be in place, if passed.

Senator Eck asked if itemized deductions will be allowed under Schedule "C". Mr. Robinson replied that this will have no impact on "C" at all, that those expenses would have to be out-of-pocket expenses they deduct in terms of their day-care business. These are not out-of-pocket expenses; they are deemed expenses.

Senator Gage said HB 505 refers to a "child of the same age", and asked the sponsor about a day-care provider who does not have a child the same age as the other children being cared for. Rep. Cocchiarella explained a same-age child means in the same age category as defined by law, which is children under the age of six.

Senator Towe asked how a day-care provider would fill out the forms regarding the requirement of "the same number of hours of care" provided to the provider's child as provided to another child in her care. Janet Bush said law prohibits registered day-care for 24-hours a day. Her understanding is that if a provider is providing care for other children six hours per day, she can count six hours per day as the time provided for her own child's day care.

Closing by Sponsor:

Rep. Cocchiarella said this issue is state-wide. The fiscal impact is minimal, and the deduction is a small step towards equity for people in a small business who are not able to receive a deduction other working people are able to receive. She urged the Committee to pass HB 505.

HEARING ON HB 588

Opening Statement by Sponsor:

Rep. Rolph Tunby, House District 24, presented HB 588, which is a bill allowing supervisors of a conservation district to levy, with voter approval, an annual special administrative assessment to cover costs and expenses of the District. The annual levy authorized by this bill may not exceed the difference between the amount raised by the annual mill levy authorized by law, and \$20,000.

**Proponents' Testimony:**

Mike Volesky, representing the Montana Association of Conservation Districts, spoke in support of HB 588, and presented Exhibit No. 3 to these minutes. The figures shown in the pages on this exhibit are 1991 figures. Mr. Volesky said grant funding to local conservation districts comes from a line item in the Department of Natural Resources and Conservation's (DNRC) budget. That total is approximately \$100,000 to dole out to 59 conservation districts; the average grant is around \$2400 per year. This is, basically, the only reliable source of funding to conservation districts at present. Mr. Volesky said the conservation districts who will use this levy up to \$20,000 will be the smaller districts; the larger districts, like Lewis & Clark, Yellowstone, and Gallatin, all generate more than \$20,000 through their mill levies.

Steve Schmitz, an employee of the Conservation Districts Bureau of DNRC, said he works day to day with conservation districts, giving guidance and direction in their operations. He appeared in support of HB 588, primarily from a work-load perspective. Mr. Schmitz said he can assure that the volunteer supervisors of the districts certainly put in their fair share of time and effort. There are at least 45 districts that have a budget currently of less than \$45,000. Mr. Schmitz said it is extremely difficult for each district to attempt to keep an office open and maintain an employee, which is the day-to-day presence in dealing with the public and the land users. The states and Federal government have mandated a number of programs to conservation districts to be carried out. Mr. Schmitz said conservation districts and their supervisors are typically quite conservative and from his perspective they are not interested in expanding government substantially, and he doesn't think they would be asking for SB 588 unless then needed it. He asked the Committee's support of this bill.

**Opponents' Testimony:**

None.

**Informational Testimony:**

None.

**Questions From Committee Members and Responses:**

Senator Gage said HB 588, Section 3, talks about 1 1/2 mills for maximum assessment on taxable value of real property. He asked if revenue from non-mill levies gets apportioned to that 1 1/2 mills. Mr. Schmitz said that to the best of his knowledge, they do not, but he cautions that he has not researched that issue directly. Director Robinson said he thought they did, but he would have to check on it for sure. Senator Gage then asked if those non-mill revenues would be counted against Section 1(B)

in determining the \$20,000 limitation. Mr. Schmitz said the DNRC's intent of the way HB 588 would work is if they were able to increase that assessment, it would be on real property only. Senator Gage said they would get a windfall then, in the event that they were not counting the non-mill levy, and, assuming the non-mill revenue raised an additional \$2,000, they could then get \$22,000. Mr. Schmitz said he doesn't think that is correct; the wording places a limit of \$20,000, and the County Commissioners would be instructed to establish the mill levy which could raise no more than the \$20,000 total revenue.

Senator Towe, trying to make the same question clearer, said it looks to him like the amount raised by the annual mill levy would cover any non-levied revenue. The non-levied revenue is measured by the mill levy, and if that is the case, then it would be the normal levy plus whatever non-levy revenue there is, then the question would be which is higher, \$20,000 or that number, and then they could go up to the \$20,000 from that number. Mr. Schmitz called on MACD to address that issue. Mr. Volesky explained that the bill is designed so that if a conservation district gets \$15,000 now in their mill levy, they can only generate \$5,000 more dollars, up to \$20,000. If their 1.5 mills takes them above the \$20,000, they can use that higher number.

Senator Towe asked Mr. Volesky about the large number of mills to bring some districts up to \$20,000, as shown on his chart included in Exhibit No. 3. Mr. Volesky explained some districts would require a lot of mills, and it is up to that conservation district to "sell" the amount of mills to the County Commissioners, and if the people in each district deem it important enough, they will vote it in. However, he doesn't really see that happening. In some of the districts where their current levy is low, and a large mill levy would need to be voted in, there is probably someone working part-time and others donating their time in order for the conservation district to survive.

Senator Eck asked Mr. Volesky if any of the districts have agreements whereby they share offices or share supervisors, etc. Mr. Volesky said there are some districts who combine their offices; in most cases, conservation districts share offices with SCS offices.

**Closing by Sponsor:**

Rep. Tunby said his county won't be affected by HB 588; their levy brings in enough revenue to have a very active conservation district that does a lot of good for their area. However, there are some districts that are working under a great handicap, and passage of this bill will help those districts.

HEARING ON HB 645Opening Statement by Sponsor:

Rep. Ted Schye, House District 18, presented HB 645, which is a bill that will raise the current 1-cent per gallon aviation gas tax by 2-cents a gallon. The 1-cent tax has been in place since 1947. HB 645 will exclude the passenger-carrying airlines and military jet fuel. The additional two cents will be used for administration of state aeronautics, with one cent going for loans for airport construction. This money would be used to leverage Federal money in a 10%-90% match. With I-105 constraints, many of the small-town airports are unable to raise the money needed to leverage Federal monies. After the fund for the loans reaches \$1 million, HB 645 directs that the aviation fuel tax would drop back to two cents. The FAA has moved out many of their flight-service stations in the state, and is in the process of moving more out. Money derived from the extra two-cent tax could be used to set up additional terminals to provide weather information, navigational facilities, non-directional beacons, and upkeep in smaller airports around the state.

Proponents' Testimony:

Ted Beck, a Montana pilot and former vice president of the Montana Pilots Association (MPA), spoke in support of HB 645. Mr. Beck said he helped write this bill, and has heard all of the pros and cons of the issue as a member of the taxation committee of the MPA. Mr. Beck presented Exhibit No. 4 to these minutes. He said the sources provided by the revenue from this taxation are properly managed and there is no waste, in his opinion. The revenue derived from this taxation will be adequate to fund the programs that are needed, but at the same time, the taxation is not excessive. Those who will be taxed use the resources provided, and feel a strong need for those services. He urges passage of SB 645 unamended.

Marilyn Lewis, President of the Aviation Organizations of Montana (AOM), spoke in support of HB 645. She presented Exhibit No. 5 to these minutes. The AOM members who use the small airports in the state feel strongly that improvements need to be made to those airports, and more weather stations should be installed. HB 645 will give them the leverage to get some Federal monies which are available.

Bob Lipscomb, President of the MPA, appeared in support of HB 645, and strongly urged the Committee to consider the bill as written. The aviation community is willing to pay their share to use airport facilities. The taxes they are willing to pay will give sorely needed funding for more weather reporting stations, and it is a safety problem without these reporting stations. Mr. Lipscomb said all surrounding states are presently paying more aviation fuel taxes than the amount proposed in HB 645. The next lowest tax collected in surrounding states is in South Dakota



where they charge 6-cents per gallon on aviation fuel, and 6-cents per gallon on jet fuel; Wyoming pays 5-cents tax across the board; North Dakota pays 8-cents tax across the board; Idaho pays 5.5 cents on aviation gas and 4.5 cents on jet.

Nora Bessler, MPA General Aviation, appeared as a proponent of the tax increase in HB 645. She called this tax a user fee, and she thinks the people of Montana are willing to support the smaller airports.

Ron Mercer, Past President of the Montana Airport Manager's Association and Chairman of the Montana Aeronautics Board, spoke in favor of HB 645, calling it a bill to help Montana aviation. The outside interests who do not want to participate in this cause him concern. Mr. Mercer said the Helena airport, after investing \$700,000 in an air cargo ramp, negotiated for 12 months with UPS regarding service of their 757s, and then UPS pulled their service out of Helena without even giving the airport a phone call or written notice; they learned of it from the pilots. That is the kind of commitment UPS has to Montana aviation, and this is an opportunity to make them pay something. Mr. Mercer said UPS doesn't pay an equal share to what the airlines pay. The airlines have a long-term commitment to the air carrier airports in the state, and provide a large sum of money annually to amortize debt retirement for airport facilities. The cargo operators do not offer that. Mr. Mercer asked the Committee to carefully look at the exceptions being asked to HB 645. HB 645 will enhance safety, medical services, etc., to the state, and particularly to the hundreds of smaller airports in the state. This is a system, and Montana needs to protect that system, and HB 645 will do that.

Jeff Morrison, Morrison Flying Service, said he is an aviation fuel retailer and wholesaler, air taxi operator, and is also an air cargo operator. In the past, they have opposed a similar bill to HB 645 for many different reasons, but he comes today in support of this bill. He thinks it is a bill that will benefit their business, particularly in the small communities. Mr. Morrison said HB 645 doesn't specifically exempt the 6 or 7 major air carrier airports in the state, he thinks the legislative intent should be that they be exempted and that they not participate in this loan program, primarily because the airlines are not going to participate in the payment of the tax. The small airports would be the primary beneficiaries and the amount of money raised will do much greater good than it would on larger airports who have many other ways of raising revenues.

Marina Little, Precision Design Group, appeared to voice her support for HB 645 because there are many people who travel via air around the state who use the small airports. She said it is going to make a big difference in landing at small airports, and the upkeep of the facilities will make flying safer and will help keep the small airports open.

Frank Bass, a private pilot who has flown the skies of Montana for the past 35 years, spoke in support of HB 645. He has used every small airport in the state and sees the need for improvements that can be made with the revenue from an increased aviation fuel tax.

Jim Lewis, representing the Montana Flying Farmers and Ranchers' Association (MFFRA), said they use the airplane extensively in their business. He has friends who make 2:00 a.m. emergency "blood runs", and it is very important that they have airports they can land at all hours of the day and night. The MFFRA does support HB 645.

Bill Sheets, President of the Association of Montana Aerial Applicators (AMAA), asked the Committee's support of HB 645. Of the 114 state airports, approximately 80% are regularly used by aerial applicators to support Montana's number one industry, agriculture. To insure the continued safe and efficient utilization of the airports, it is essential to all of the aviation interests in Montana that financial provisions for funding of maintenance and improvement programs be established without delay. HB 645 will provide that funding source.

Gerald Mobley, Vice President and Director of Operations for the Deaconess Air Ambulance Medical Service out of Billings, appeared to support HB 645. Mr. Mobley said they are in the business of saving people's lives. Some of the small airports in small communities in the state are extremely dangerous places to land. Some small communities can't raise the 10% funding required to get an airport that is desperately needed for that community. The medical airplanes mean a lot to communities who are losing their doctors and their hospitals, and if the medical airplanes can't land at the small airports, they cannot help these people.

Mike Ferguson, Administrator of the Aeronautics Division, Department of Transportation (DOT), appeared in support of HB 645, and presented an Airport Director and Aeronautical Chart to each of the Committee members. His Division provides a lot of services for the aviation community, and he agrees with everything said in this hearing regarding the conditions of the small airports in the state. Many small communities can't raise the necessary 10% match for the 90% Federal money that's available. The Aeronautics Division was forced to shut down the old-loan program because of lack of funding. It was a successful program in leveraging that money; a community could borrow the money at a low interest over a 10-year period and pay it back with a local mill levy. HB 645 will re-instate that program, and provide another program for grants for the communities and services. With the exception of Texas, Montana is the lowest state in the nation for aviation taxes. It is hard for the state to do business on one-cent per gallon tax. HB 645 will alleviate some of the expenditure responsibilities the Aeronautics Division has been trying to provide.

Roger White, a member of the Montana Pilot's Association, uses the smaller airports in the state all of the time. He would like to see HB 645 pass because it would help the agriculture businesses in the state. He said he agrees with all statements by the other proponents to the bill.

Loren Smith, Chairman of the fuel tax committee of the Montana Pilot's Association, said he supports HB 645. He said support of this bill came out of a survey of all pilots in the state, not just their MPA members. They received a very high response to the survey, and close to 87% said they would pay an additional tax. The 9-member Aeronautics Board will make decisions on where the funding will go from the revenue derived from the aviation fuel tax. He asked the Committee to pass HB 645 without amendments.

#### Opponents' Testimony:

Alan Hobbs, representing Montana Refining Company (MRC), a small refinery in Great Falls, said they oppose HB 645 because of the way it is worded. They definitely think a 2-cent increase is reasonable and fair, and a bargain. He distributed Exhibit No. 6 and Exhibit No. 7 to these minutes. The present one-cent aviation fuel tax is paid by everyone in the state using this fuel. In 1992, MRC paid \$150,000, or 36%, of the total aviation fuel sales tax in the state; this year, they are paying a little over \$10,000 per month, so far, and this is their quiet time. MRC feels the tax should be applied equally to all private and commercial users. Montana should be like the other states--tax fairly, but exempt the sales to the Federal government through the fuel supply center. MRC competes for jet fuel sales in airline businesses. The major airlines have their own equipment and tanks in the larger cities; they don't have to pay a fixed base operator a fee, and they buy as little fuel in Montana as they have to buy. Mr. Hobbs agreed the state needs safer skies, and improvements need to be made to airports, but with the airlines and the major users paying taxes similar to every other state.

John Ek, representing the Air Transport Association (ATA) as Director of State Government Affairs for the Western Region, spoke in opposition to HB 645. Exhibit No. 8 was distributed showing proposed amendments to HB 645 allowing ATA cargo members, Federal Express and UPS, to be eligible for a rebate on a portion of the fuels they buy. The portion they are looking at is the rebate on the larger planes that fly into Billings and Great Falls. UPS and Federal Express are willing to pay the tax on their smaller general aviation airplanes that fly into the small airports around the state.

Shawn Yadon, Regional Manager of Government Affairs for Federal Express Corporation, spoke in opposition to HB 645. He said Federal Express uses an air network in the state to provide over-night air express services to citizens of the state. They

operate one Boeing 727-200 aircraft in and out of Great Falls six days per week. At the present time, they also operate an additional 727 three days per week in and out of Great Falls. From Great Falls, they utilize seven smaller aircraft to distribute the air express packages across Montana. In its present form, HB 645 provides a full rebate program to scheduled passenger air carriers, allowing the carriers to recoup the 2-cents per gallon aviation fuel tax increase. Scheduled air cargo carriers are not included in the rebate program. Federal Express does not feel their air cargo carriers should be included in the fuel tax funding for small airports in the state when they do not use these smaller general airports. They provide funding for the Great Falls airport through payment of landing and other associated fees, and as Great Falls has a cash surplus, he doesn't think they will be one of the airports applying for funding through HB 645. He hopes the Committee will consider the amendment which will give the same rebate capability to the air cargo carriers as is given to the passenger carriers. This amendment would not allow their smaller aircraft to claim the rebate from the fuel tax increase. Therefore, their smaller aircraft flying into the smaller airports would be subject to the tax increase providing revenue to the loan fund. Federal Express spends approximately \$1.2 million a year on jet fuel in Great Falls for their large aircraft, at an average cost of \$.694 per gallon. Their average price for jet fuel in Memphis, Tennessee, is \$.67 per gallon. If their aircraft are not allowed to participate in the rebate program, jet fuel in Great Falls will be 9.4% more expensive than in the city where these flights originate. This type of disparity would force their fuels department to re-think fuel purchase decisions as they relate to Great Falls.

Bill Knox, representing United Parcel Service (UPS), appeared in opposition to HB 645 in its present form. UPS picks up and delivers 63,000 packages per day throughout the state of Montana, through the efforts of 850 employees working out of 15 facilities throughout the state. UPS feels HB 645 in its present form presents a threat to their competitive position in Montana. Selectively taxing only the air cargo carriers who provide regular service to all points in Montana, and exempting the passenger airlines, creates an unlevel playing field, according to Mr. Knox. In addition to passengers, the exempted passenger airlines also carry freight, and compete head-to-head with companies such as UPS and others. HB 645 will place upward pressure on rates for UPS and it could result in a loss of volume. At UPS, generally speaking, 70 packages equals one job, gained or lost. UPS is not opposed to paying fuel taxes that are administered equally and used to improve the existing infrastructure. Through the proposed amendment, UPS only seeks equal treatment for its regularly-scheduled cargo aircraft that flies into the Billings airport. They are already paying landing fees and other fees to support that operation. Mr. Knox urged support of the amendments to HB 645.

Informational Testimony:

None.

Questions From Committee Members and Responses:

Senator Harp asked Mr. Hobbs about his complaint that the air passenger carriers are not included in this bill. Mr. Hobbs said they are still paying the one-cent tax on fuel to the military, and to his knowledge, Montana is the only state that imposes that kind of a tax. They have found that the passenger-supported airlines have become more and more purchasers of fuel outside the state of Montana, and minimal fuel in Montana. They feel the increased tax will even more reduce the sale of fuel in Montana. Mr. Hobbs said if fuel tax for the air passenger planes were amended into HB 645, they would support the bill.

Senator Harp asked Mr. Ek for clarification of the amendment. Mr. Ek explained that they want part 121 aircraft excluded from HB 645. The Senator asked if they would support the bill if air passenger carriers were amended into the bill and they would be treated equally then. Mr. Ek said they would not support the bill in that instance. He represents passenger carriers and cargo carriers, and all of his membership is not included in the exemption and this is why he is here to oppose the bill.

Senator Gage asked Rep. Schye if all these cargo carriers are exempted, would it leave the proponents here today paying the whole load and would they support the bill then. Rep. Schye said that is correct. The way HB 645 is written now, it excludes the military from the 2-cent increase. It leaves the one-cent status quo. Rep. Schye still thinks the airlines should be included in the bill, but the airlines aren't on a profitable business right now; the air carriers, Federal Express and UPS, are still profitable in their businesses. If the air cargo companies are taken out, it would be like exempting trucks from the highway gas tax, according to Rep. Schye. The airlines still pay terminal rates in all of the airports, which the air cargo planes do not pay. In the beginning, the smaller airports will be the ones using the revenue from the increase in the tax, but as time goes on, the bigger airports will use the money as they have in the past. As with trucks who use the highways, their tax doesn't just go to the interstate; it goes to smaller highways, too. These air cargo planes go out to the smaller airports in the state, so Rep. Schye thinks they should contribute to the tax.

Senator Gage said the indication is that the money that goes into the loan or grant accounts can only be used for loans or grants, but there are people who can get rebates. Rep. Schye said the airlines are going to have to put in for the rebates on the taxes that are paid at the refineries. Mr. Hobbs said their refinery price to the airlines includes a separate line item for tax on their invoices, and they can make application for rebate.

Senator Doherty asked Rep. Schye if they know what the fiscal impact would be of the amendments proposed by Federal Express. Rep. Schye said Federal Express estimated \$1.2 million.

Senator Doherty asked Mr. Yadon if the Committee doesn't adopt the proposed amendments, would they stop buying aviation fuel in Great Falls. Mr. Yadon said that would not be a fair statement, but in talking to his fuels people in Memphis, there is no question that an increase in taxes, anywhere in the U.S., changes their equations. In response to the previous question on impact, it would be between \$30,000 and \$32,000 less from the revenue fund for Federal Express, if amendments are adopted, and there will be a slowing of revenue into the fund.

Senator Doherty asked what percentage of the cargo market is taken by commercial air carriers. Mr. Yadon said that is difficult to track because of the way air carriers process their freight; he knows there would be an impact, but he doesn't know how much.

Mr. Knox responded to the previous two questions, saying that, in talking to the UPS air operations division, they informed him that the capability of "tankering fuel" is a real possibility; whether they will or won't cut down on the amount of fuel they purchase in Montana is a decision to be made after an assessment is made on total costs, lift penalties, etc. It is based on what the bottom line looks like. If it is less expensive to fuel in another location and fly the route that they now fly, that is the business decision they will end up making. He said they don't have to buy fuel for the 757 that flies Denver, Billings, and Des Moines, a circle that flies daily, so they look at the cost of fuel, how that would equate out, and where the most efficient place to buy fuel would be. As far as the impact to UPS if this new fuel tax is imposed, it would be an additional \$20,000 annual tax to UPS; this would be if HB 645 passes without the amendment.

Senator Towe commented that Rep. Schye indicated the reason passenger airlines were not included in HB 645 was because they were afraid the bill would not pass, and asked Rep. Schye why they do not agree to exclude the part 121 aircraft for the same reason. Rep. Schye responded that the bigger airlines are only going into the larger airports. He would just as soon put the airlines in the bill, but they are marginal in profits; Federal Express and UPS are not going through the financial problems now and they use the smaller airports much more than passengers use them. When passengers come into Billings, for instance, most of them drive back home to Glasgow; they don't fly back into Glasgow. When Federal Express or UPS bring their big planes in, they get on a little airplane and UPS flies up to Wolf Point, and Federal Express flies into the surrounding small airports. They use the smaller airports; the airlines don't use them.

Senator Towe asked at what point the refunds are given. Rep. Schye intends that when the money goes into the loan account and grant account, the refund would have already been paid.

Senator Towe asked about the automatic shut-off with the million dollar loan and if the repayment of the loan is a part of the \$1 million account. Rep. Schye said the money for the million dollar account is counted from the day the first penny comes into the account. Loans made out of that amount, in the interim while it is building up, do not detract from it. The refunds will be going back into that fund, and the repayment of loans will go back into that same account, as well as all interest charged. The loan program will be on-going.

Closing by Sponsor:

Rep. Schye closed by saying the Montana Contractor's Association favored this bill at the House hearing, and he knows smaller airports are extremely important to that group. Federal Reserve Banks have airplanes for transporting checks to different areas daily. He said smaller airports are essential to air emergency services; the pilots of these emergency planes are risking their lives, as well as the lives of others, with the conditions they have to fly in and the landing strips they have to land on. More weather reporting stations are critical, as well as other improvements to many smaller airports and runways. These are the people who need good airports and they need good navigational equipment.

When talking of "tankering fuel", airlines, like everybody else, have to abide by IFR flight conditions and IFR rules; a plane can only tanker a certain amount of fuel. It costs them money to tanker fuel; if they have more fuel in that airplane, they are burning more fuel because of the weight. Rep. Schye does not see fuel tankering as a determining factor with the air cargo carriers because it costs money to haul fuel around.

In Montana, there is a billion dollars worth of general aviation aircraft. That is a lot of money put out and those people need decent airports to use. All airports are general aviation airports, unless it is a military airport. General aviation can fly into any airport, except military ones.

Rep. Schye asked for a Do Concur recommendation on HB 645.

EXECUTIVE ACTION ON HB 505

DISCUSSION:

Jeff Martin, Legislative Council Staff, said there is an incorrect statutory reference in HB 505 on Page 6, Line 5; "53-2-721" should read "52-2-721".

**MOTION/VOTE:**

Senator Gage moved HB 505 BE CONCURRED IN WITH A TECHNICAL CORRECTION TO 52-2-721. The motion CARRIED UNANIMOUSLY on oral vote. (741605SC.Sma) Senator Halligan will carry the bill on the Senate floor.

**EXECUTIVE ACTION ON HB 495****MOTION:**

Senator Gage moved HB 495 BE CONCURRED IN.

**DISCUSSION:**

Senator Gage asked for Committee consensus on the \$35 notice fee to the local law enforcement agency; he doesn't think it should be in there.

**SUBSTITUTE MOTION/VOTE:**

Senator Gage moved a substitute motion to strike the capital language on Lines 5 and 6, Page 2, of HB 495, and eliminate the \$35 fee. The motion CARRIED UNANIMOUSLY on oral vote.

**MOTION/VOTE:**

Senator Gage moved HB 495 BE CONCURRED IN AS AMENDED. The motion CARRIED UNANIMOUSLY on oral vote. (741604SC.Sma) Senator Gage will carry the bill on the Senate floor.

**EXECUTIVE ACTION ON HB 588****DISCUSSION:**

Senator Towe asked if Jeff Martin could take a look at the language on Page 2, Lines 2 and 3, to see if that includes the non-levy revenue. If the reference to the amount raised by the annual mill levy authorized under 76-15-515 does include non-levy revenue, the Committee won't need to do anything. If it does not, then he asks that Jeff prepare an amendment to be presented on the Senate floor.

**MOTION/VOTE:**

Senator Eck moved HB 588 BE CONCURRED IN with the proviso on Page 2, Lines 2 and 3. The motion CARRIED UNANIMOUSLY on oral vote. (741554SC.Sma) Senator Towe will carry the bill on the Senate floor.



EXECUTIVE ACTION ON HB 516DISCUSSION:

Senator Eck asked to reconsider previous action on HB 516 and the amendment passed by this Committee. She has talked to some people who run the milk inspection and dairy extension services program and they would rather not have the bill at all if the word "not" is not taken out of Line 17, Page 3. It will make a difference of approximately \$300,000 to the General Fund.

MOTION/VOTE:

Senator Eck moved to reconsider HB 516. (See minutes of April 1, 1993.) The motion CARRIED UNANIMOUSLY on oral vote.

MOTION:

Senator Eck moved to strike the amendment previously made to HB 588, on Page 3, Line 17, by striking the word, "not".

DISCUSSION:

Senator Gage spoke against the motion. He said there are check-offs on all sorts of agricultural products, and on the extractive industries. He thinks if this industry wants research done, they ought to be willing to provide the funding for it.

Senator Towe agrees with the theory of Senator Gage, but he calls attention to the fiscal note which shows \$70,000 goes into that kind of an account; \$300,000 goes into milk inspection and administration generally. He is not sure they should be asked to pay the \$300,000 as well for the cost of government inspections and services.

Senator Eck said she was told that the difference this would make to the average person who buys milk is 50 cents a year, and pointed out that most other products are not subject to price control.

Senator Gage said he is relatively certain that the other funds are built in for the wholesaler, jobber, and retailer, and are passed on to the consumer. There are a lot of industries in the state who cannot pass their tax costs on to the consumer.

VOTE:

The motion to strike the committee amendment from HB 516 CARRIED on oral vote with Senator Gage voting "NO".

DISCUSSION:

Jeff Martin said there is an incorrect reference in HB 516 on Page 1, Line 24, "81-23-2026" should read, "81-23-2028".

**MOTION/VOTE:**

Senator Eck moved that HB 516 BE CONCURRED IN WITH THE TECHNICAL CORRECTION. The motion CARRIED on oral vote with Senator Gage voting "NO". (741606SC.Sma)

**EXECUTIVE ACTION OF HB 350****DISCUSSION:**

Exhibit No. 9 was presented which are amendments to HB 350 requested by Senator Yellowtail.

**MOTION:**

Senator Harp moved for approval of the amendments presented by Senator Yellowtail, and asked to segregate amendment number 2.

**DISCUSSION:**

Senator Harp explained why he asked to segregate amendment number 2. He said Line 23, Page 1, of the bill addresses a 10% population increase; amendment number 2 would change that to 5%. Senator Harp believes the chief sponsor of the bill, Rep. Mason, has a problem with this amendment. For a period of a couple of years, 20% of the gross proceeds up to \$1.9 million can be used by local governments; after that 2-year period, July 1, 1995, it goes down to 10%. There is also language dealing with potential construction of a railroad and a new, existing, or expanding coal mine. This is the Tongue River railroad, and the amendments offered at this time would allow them to be eligible for coal impact grants. Senator Harp reminded the Committee that as this bill left the House, there is \$5.5 million in funding, but only \$1.9 million is being divided up now; the rest of the money is in the equation to balance the budget. There are some competing interests in this bill, said Senator Harp in explaining the amendments of Senator Yellowtail.

Jeff Martin said Page 2, (c), talks about local government units located within 50 miles of the impacted area. The amendments by Senator Yellowtail expand that to 100 miles, and the railroads aren't included within the 100 mile area. Michelle LeFurge, Montana Association of Oil and Gas Counties, said it is their understanding that the 50 miles (being amended to 100 miles) only applies to the reference in amendment number 3--that it would have to be a new or expanding line in order to be eligible. A lot of the impacts for new and expanding lines go beyond 50 miles in that part of the country.

Senator Towe asked Ms. LeFurge what she proposes; if the Committee needs to add the amendment as shown in amendment number 3. She agreed; the railroads need to have their own separate designation, according to Ms. LeFurge.

Senator Towe said he supports the motion, and calls attention to amendments numbered 6, 7, 8, and 10, which are the 20% rule that would come into effect on July 1, 1995. The funding in this biennium would not be affected, but it would affect the next biennium. If there is any development in the Roundup area, most likely this would take care of that particular situation. Senator Harp agreed.

Senator Towe asked if any of the other amendments, for instance the 100 mile amendment, would affect the fiscal note substantially. Hershel Robbins, Musselshell County, responded that it won't have any affect in this biennium.

Senator Eck said she is still confused about what is being done; it looks like the amendments will include a newly constructed railroad, but that could not be the Tongue River because it serves old mines. Ms. LeFurge said studies are currently being done to build a railroad that would service the mine in Rosebud County. That railroad is called the Tongue River Project, and would go through Powder River County, the idea being that it would allow for a more economical transport of the coal from the mine in Rosebud. Because it does go through Power River County, that county would qualify for impact primarily to service additional police forces that would be required during the construction.

Senator Eck said it seemed like the big argument against that railroad is that it would go through Montana but would primarily take coal from Wyoming. In other words, it would allow Wyoming coal to be more easily sold. Senator Towe said it would, in fact, hook up with Spring Creek and Decker, and allow that coal to be brought up, too. However, it is possible that some of the coal from Gillette would also be profitable through that route to go to Minneapolis, so there might be some Wyoming coal as well. That was one of the big arguments used against it. This Legislature is on record as opposing the railroad.

#### VOTE:

The motion to adopt all amendments on Exhibit No. 9, except amendment number 2, CARRIED on oral vote with Senator Doherty voting "NO". (hb035002.ajm)

#### DISCUSSION:

Senator Harp disagrees with Senator Yellowtail's amendment and would prefer to keep the 10% in the bill and not amend it to 5%. He asked if Rep. Mason could speak to this issue.

Rep. Gary Mason, House District #63, explained he would rather leave the designated areas at 10% population; 5% is too low a threshold and will take money from the designated areas.

Senator Towe commented in favor of the 5%. All of the language being amended was language he put into a bill in the early 1980s. The reason for the 10% at that time was because 50% of the money was going out without these limitations; now only 10% of the money goes out without these limitations. With the amendment just adopted, that would go up to 20% next biennium. He thinks that 5% in many of the rural areas is hard enough to reach to qualify; it is pretty hard to qualify with 10%. Dropping to 5% allows a few more areas to qualify for funding. He thinks this is a valid amendment, especially in taking away the discretionary 50% monies.

**MOTION:**

Senator Towe moved for adoption of amendment number 2 on Exhibit No. 9. (hb035002.ajm)

**DISCUSSION:**

Senator Harp opposed this motion. Ms. LeFurge said the counties in her association do sympathize 100% with what Senator Towe has said; however, with due respect to Rep. Mason and to Musselshell County, they do not want that particular division to jeopardize the passage of this bill. In the interest of everyone, they are willing to forego that change. The counties who will be affected by the 5% versus 10% issue are covered in the designation that would allot the 10%-20% issue. They feel that, while they are not happy with this fact, they do have access to the funds under that provision of the bill.

Senator Eck said the difference in 5% and 10% could mean a substantial amount to some towns which are so small, if one large family moved in, it would be covered.

Senator Towe withdrew his motion; amendment number 2 was not adopted.

Amendments requested by Senator Weeding were distributed, a copy of which are attached as Exhibit No. 10 to these minutes. Marvin Miller, Montana Department of Mines and Geology (MDMG), explained these amendments. Mr. Miller said over the past 15 years, he worked closely with Senator Nathe and others in the northeastern part of the state, in long-term evaluation of aquifer impacts and ground water changes relating to coal mines in Montana. The amendments being presented now would accomplish three things: (1) Recognize the important, long-term aquifer impact and ground water changes in relationship to coal mines in Montana; (2) Recognize the importance of looking at coal mines and coal-fired generators that are in adjacent provinces or states that could impact Montana; (3) Provide a mechanism to provide future funding to maintain this important aspect of ground water conditions and aquifer impacts.

Senator Gage asked Mr. Miller if he would feel any differently about the amendments if HB 608 was through the Legislature. Mr. Miller said they have gone through the water development programs to secure funding to look at monitoring and that aspect, and those programs were funded once through RIT accounts. They were discouraged from going back for more funding and it was indicated to them that RIT funds were for short-term projects and for one-time deals. They did not prepare a proposal again.

Senator Gage said that was the condition with regard to that fund at that time; Mr. Miller said it sounds like the funding may open up and that is a possibility of re-submitting the grants. However, Mr. Miller attended those committee meetings for round two and there still was no sympathy for any long-term projects.

Senator Towe asked Mr. Miller if his group has ever had a Coal Board grant, and, if so, what kind of a grant was it. Mr. Miller said they currently have a Coal Board grant to assist with the coal mines in Big Horn and Rosebud counties, and they have in the past funded those programs for aquifers. They recognize the importance of ground water in the Coal Board grants.

Senator Towe asked Hershel Robbins on what basis are aquifer and ground water impacts eligible for a grant under the Coal Board. Mr. Robbins replied that over the eight years he served on the Coal Board, the water monitoring came in under the non-designated portion, which was 50%. If he remembers correctly, grants have been approved by the Coal Board for a period of 8 years, and one was just approved in the Roundup area for \$50,000 for two years. Senator Towe asked if this is for an aquifer and ground water impact. Mr. Robbins replied, "Yes".

Senator Towe suggested to Mr. Miller that aquifer and ground water impacts aren't caused by more people moving into an area needing more services.

**MOTION:**

Senator Harp moved HB 350 BE CONCURRED IN AS AMENDED.

**DISCUSSION:**

Senator Halligan turned the chair over to Senator Eck, Vice Chair. He said if these amendments are not addressed in this Committee, they will be brought to the Senate floor.

**SUBSTITUTE MOTION:**

Senator Halligan moved for adoption of the amendments requested by Senator Weeding, as shown on Exhibit No. 10.  
(hb035003.ajm)

**DISCUSSION:**

Senator Gage asked where, in the body of the bill, does it indicate establishing priority designation. Jeff Martin responded that under Section 90-6-207, priorities for impact grants are discussed. These are just being included in the list.

**VOTE:**

The substitute motion for adoption of amendments 1-11 on Exhibit No. 10 CARRIED 4-2 on Roll Call Vote (#1).(hb035003.ajm)

**MOTION/VOTE:**

Senator Halligan moved HB 350 BE CONCURRED IN AS AMENDED. The motion CARRIED on oral vote with Senator Harp voting "NO". (761303SC.San) Senator Weeding will carry the bill on the Senate floor.

The chair was turned back over to Chairman Halligan.

**EXECUTIVE SESSION ON HB 196****DISCUSSION:**

Amendments 1-13, prepared by Greg Petesch, were distributed, with a copy attached to these minutes as Exhibit No. 11. Mr. Petesch, Legislative Council, said the amendments were prepared at the request of the Department of Revenue, and will return the bill to the form as introduced, because this is the methodology the DOR wanted to use to compute the reimbursement.

**MOTION/VOTE:**

Senator Harp moved HB 196 BE CONCURRED IN. The motion CARRIED on oral vote with Senator Stang voting "NO". (741555SC.Sma) Senator Gage will carry the bill on the Senate floor.

**EXECUTIVE SESSION ON HB 436****DISCUSSION:**

Senator Towe reported his conversation with Rex Manuel about the pollution control bill. Mr. Manuel said as far as the effective date is concerned, they still insist that they want the later effective date of 1994. They are not concerned that they may be losing some tax advantages with the later effective date because they feel their equipment will be on line and they will get the advantage for the full year this year anyway with their completed air equipment; they want the time to hassle with the Department regarding dividing up how much goes to air pollution

and how much is not air pollution equipment. However, Senator Towe thinks Mr. Manuel recognized that as a not very valid argument in this case, and there are a number of people who are most anxious to have that effective date right away. For all practical purposes, it clarifies the law and as soon as the law can be clarified, the state is better off.

**MOTION/VOTE:**

Senator Towe moved to change the effective date on HB 436 and re-instate the language in Section 2 that was stricken, and strike "1994". The motion CARRIED UNANIMOUSLY on oral vote.

**DISCUSSION:**

Exhibit No. 12 to these minutes is an amendment to HB 436 presented by Rep. Tom Nelson, sponsor of the bill.

**MOTION/VOTE:**

Senator Towe moved to adopt the amendment on Exhibit No. 12. The motion CARRIED UNANIMOUSLY on oral vote.

**MOTION/VOTE:**

Senator Towe moved HB 436 BE CONCURRED IN AS AMENDED. The motion CARRIED UNANIMOUSLY on oral vote. (761306SC.San) Senator Towe will carry the bill on the Senator floor.

**EXECUTIVE SESSION ON HB 303**

**DISCUSSION:**

Jeff Martin explained that Senator Van Valkenburg had proposed an amendment to Page 3, Lines 6 and 7, striking "or for protecting the natural environment", which was already adopted by this Committee in a previous meeting.

**MOTION/VOTE:**

Senator Doherty moved HB 303 BE CONCURRED IN AS AMENDED, with a title change. The motion CARRIED UNANIMOUSLY on oral vote. (741603SC.Sma) Senator Doherty will carry the bill on the Senate floor.

**EXECUTIVE SESSION ON HB 330**

**DISCUSSION:**

Exhibit No. 13 to these minutes, amendments requested by Senator Towe, were distributed and explained by him.

**MOTION/VOTE:**

Senator Towe moved for adoption of the amendments as shown on Exhibit No. 13. (hb033001.ajm) The motion CARRIED UNANIMOUSLY on oral vote.

**MOTION/VOTE:**

Senator Towe moved HB 330 BE CONCURRED IN AS AMENDED. The motion CARRIED UNANIMOUSLY on oral vote. (741623SC.Sma) Senator Gage will carry the bill on the Senate floor.

**EXECUTIVE SESSION ON HB 382****MOTION/VOTE:**

Senator Harp moved HB 382 BE CONCURRED IN. The motion CARRIED UNANIMOUSLY on oral vote. (741547SC.Sma) Senator Koehnke will carry the bill on the Senate floor.

**EXECUTIVE SESSION ON HB 402****DISCUSSION:**

Senator Towe said the problem with HB 402 is that the collection may still be possible after bankruptcy. He thinks the bill should read that it would not include any property on which it may be determined that collection remains unlikely or improbable, such as property in bankruptcy or liquidation.

Senator Halligan recalled that Cort Harrington had indicated that if every effort has been made to locate the individual, by the time five years rolls around, there is no chance of collecting this personal property tax.

Upon questioning, there appeared to be no other committee member who was interested in pursuing the language Senator Towe was speaking offering, and Senator Towe said he did not wish to make an amendment to that effect.

**MOTION/VOTE:**

Senator Gage moved HB 402 BE CONCURRED IN. The motion CARRIED UNANIMOUSLY on oral vote. (741551SC.Sma) Senator Eck will carry the bill on the Senate floor.



EXECUTIVE SESSION ON HB 413DISCUSSION:

Senator Towe suggested striking language after "in" in Line 23, Page 5 of HB 413, and insert, "an account in the State Special Revenue Fund to the credit of the Department". This will negate what was done in the House and put the money back into a Special Revenue Account.

MOTION:

Senator Towe moved adoption of the above amendment to HB 413.

DISCUSSION:

Senator Harp asked if Terry Johnson, Legislative Fiscal Analyst's office, could respond to this amendment. Mr. Johnson said by moving the revenue going into the State Special Revenue Account, there will have to be an adjustment to HB 2 so that the appropriation authority is coming out of the State Special Revenue Account versus the General Fund. The net effect will have no change on the General Fund revenue.

Senator Harp asked if the Public Service Commission wants this amendment, and was told "Yes".

VOTE:

The motion to adopt the amendment to HB 413 CARRIED UNANIMOUSLY on oral vote.

MOTION/VOTE:

Senator Stang moved HB 413 BE CONCURRED IN AS AMENDED. The motion CARRIED UNANIMOUSLY on oral vote. (761307SC.San) Senator Harp will carry the bill on the Senate floor.

EXECUTIVE ACTION ON HB 519DISCUSSION:

Senator Towe said he feels all of Section 2 of the bill is a statement of intent, and should be taken from the body of the bill and put into a statement of intent. Senator Halligan suggested it should stay in the statutory language.

Amendments requested by Rep. Beverly Barnhart had previously been distributed to this Committee, and were discussed. These amendments would increase the deduction allowed for purchase of recycled material from 5% to 10%.

**MOTION/VOTE:**

Senator Eck moved the amendments to HB 519 as presented by Rep. Beverly Barnhart. The motion CARRIED UNANIMOUSLY on oral vote.

**MOTION/VOTE:**

Senator Eck moved HB 519 BE CONCURRED IN AS AMENDED. The motion CARRIED UNANIMOUSLY on oral vote. (741600SC.Sma) Senator Halligan will carry the bill on the Senate floor.

**EXECUTIVE ACTION ON HB 593****DISCUSSION:**

Senator Gage said the only concern he has with HB 593 is it looks like a sneaky way of getting gambling machines into the Yellowstone Airport.

Senator Harp asked what "seasonal" means in this bill. Senator Eck responded that it is June 1st to October 1st.

Senator Stang thinks this would be a substantial expansion of the whole process at the Yellowstone Airport. He said the next time they come to the Legislature, they may decide they can keep the airport plowed out all winter, run planes year-round, and use the argument that since they have the seasonal license, they would like to have it forever. This would mean giving a license that the Legislature hasn't given to anybody else at any other airport in the state.

Senator Towe carried Senator Stang's argument further and said every other airport will be coming to the Legislature asking for a liquor license special to airports. He also said the beer and wine license requested in this bill is non-transferable and could be amended to read that it shall not include gambling.

**MOTION:**

Senator Eck moved HB 593 BE CONCURRED IN.

**SUBSTITUTE MOTION:**

Senator Stang moved to TABLE HB 593. This motion was withdrawn.

**SUBSTITUTE MOTION/VOTE:**

Senator Eck moved to add a "c" section that reads, "does not permit gambling activities otherwise allowed under Title 23, part 5". The motion CARRIED UNANIMOUSLY on oral vote.

**MOTION/VOTE:**

Senator Eck moved that HB 593 BE CONCURRED IN AS AMENDED. The motion CARRIED on oral vote with Senators Stang, Harp, and Gage voting "NO". (761426SC.San) Senator Swysgood will carry the bill on the Senate floor.

**EXECUTIVE ACTION ON HB 555****DISCUSSION:**

In response to questions by Committee members, Senator Towe explained District Court fees are split into several different accounts, some fees going to judges retirements, and some going to the Department of Family Services (DFS), and other accounts.

Senator Halligan said he is concerned about the \$2 fee the Department of Family Services will be required to pay for every certification, because every case filed must have certified copies and they do not have a budget to cover this expense. However, it was pointed out by Senator Towe that the concern of Senator Halligan was taken care of by the amendment placed on this bill in the Judiciary Committee.

Senator Gage asked about the increase in fees. Senator Towe said dissolution of marriage will be \$120; transferring a judgment from another court raises from \$1 to \$80, and a judgment filing fee is raised to \$45. Senator Grosfield said this applies only to judicial determination of birthdays, not every other judgment.

**MOTION/VOTE:**

Senator Towe moved HB 555 BE CONCURRED IN. The motion CARRIED on oral vote with Senators Stang and Gage voting "NO". (741552SC.Sma) Senator Lynch will carry the bill on the Senate floor.

**EXECUTIVE SESSION ON HB 193****DISCUSSION:**

Bill Stevens, Montana Food Distributors Association (MFDA), asked if the cap would be reduced from 10 cents to 7 cents. Senator Halligan explained the Ag Committee amended HB 193 so the funds will go back to the earmarked revenue account, and the fee will be reduced from 10 cents to 7 cents.

**MOTION:**

Senator Towe moved HB 193 BE CONCURRED IN AS AMENDED.

**DISCUSSION:**

Senator Grosfield said he discussed this bill with Greg Petesch and Mr. Petesch said the penalties will go to the Special Revenue Fund. The Senator asked Mr. Petesch to prepare amendments to read that the proceeds from a civil penalty must be deposited in the General Fund. These amendments requested by Senator Grosfield were presented as Exhibit No. 14 to these minutes.

Senator Towe withdrew his motion.

**MOTION/VOTE:**

Senator Grosfield moved to AMEND HB 193 as shown on Exhibit No. 14. (hb019301.agp) The motion CARRIED UNANIMOUSLY on oral vote.

**DISCUSSION:**

Senator Gage commented about no license fee being required for the people selling their produce at Farmers' Markets. He asked if HB 193 indicates that they will pay this fee. Senator Towe said there is a question about whether the cross-exemption applies, and it was determined the specific applies over the general, but that needs clarification.

Senator Stang said he didn't think HB 449 was as much of an exemption for the Farmers' Markets as it was for the inspection by the Health Department; it dealt with the sale of raw produce. He thinks it deals more with inspections than with fees. Currently, anybody who produces their own products, whether in the state or elsewhere, can set up a roadside fruit stand and they are not required to buy a license to sell that product.

Senator Gage said he was informed Farmers' Markets were exempt from licensing, but restricted to selling raw produce; they couldn't sell canned jam, canned food, or bottled honey.

Senator Towe said this is covered under Section 12 (c) in HB 193. He said if there is still some concern, the Committee could put in a coordinating instruction that if HB 449 passes, there shall be added a new (d) to Section 10 (4), exempting produce sold at a Farmers' Markets.

Senator Stang said as far as he is concerned, Farmers' Markets are already exempt. The question he asked as the bill went through the Ag Committee was if the retail sales applies to produce that is grown in the state. One reason for this bill is to increase the exemptions so the seed potato farmer who was brokering seed potatoes, but did grow all of what he sold, would be excluded. It does apply to all produce grown in Montana.

MOTION/VOTE:

Senator Towe moved to adopt an amendment to put in a coordinating instruction that if HB 449 passes, there shall be added a (d) to Section 10 (4), that says produce sold at a Farmers' Market. The motion CARRIED UNANIMOUSLY on oral vote.

MOTION/VOTE:

Senator Towe MOVED HB 193 BE CONCURRED IN AS AMENDED. The motion CARRIED on oral vote with Senator Stang and Senator Gage voting "NO". (741559SC.Sma) Senator Christiaens will carry the bill on the Senate floor.

EXECUTIVE ACTION OF HB 559

DISCUSSION:

Senators Towe and Halligan explained that instead of going to the Supreme Court, the Bar Examination fee will go to the State Bar who then reports to the Supreme Court.

MOTION/VOTE:

Senator Towe moved HB 559 BE CONCURRED IN. The motion CARRIED on oral vote with Senators Stang, Doherty and Grosfield voting "NO". (741553SC.Sma) Senator Halligan will carry the bill on the Senate floor.

EXECUTIVE ACTION OF HB 181

MOTION/VOTE:

Senator Grosfield moved to reconsider previous action on HB 181. The motion CARRIED UNANIMOUSLY on oral vote.

DISCUSSION:

Senator Grosfield submitted an amendment, Exhibit No. 15 to these minutes.

MOTION/VOTE:

Senator Grosfield moved to adopt the amendment to HB 181. The motion CARRIED UNANIMOUSLY on oral vote. (hb018101.agp)

MOTION/VOTE:

Senator Grosfield moved HB 181 BE CONCURRED IN AS AMENDED. The motion CARRIED on oral vote with Senators Gage and Stang voting "NO". (741557SC.Sma) Senator Eck will carry the bill on the Senate floor.

EXECUTIVE ACTION OF HB 167MOTION/VOTE:

Senator Towe moved to reconsider previous action on HB 167. The motion CARRIED UNANIMOUSLY on oral vote.

DISCUSSION:

Senator Grosfield presented an amendment to HB 167, Exhibit No. 16 to these minutes.

MOTION/VOTE:

Senator Grosfield moved to adopt the amendment to HB 167. The motion CARRIED UNANIMOUSLY on oral vote. (Hb016701.agp)

MOTION/VOTE:

Senator Harp moved HB 167 BE CONCURRED IN AS AMENDED. The motion CARRIED on oral vote with Senators Gage and Stang voting "NO". (741556SC.Sma) Senator Harp will carry the bill on the Senate Floor.

EXECUTIVE ACTION ON HB 539DISCUSSION:

Senator Towe said that HB 539 has a lien provision that he thinks should not be in the bill, and he asked to reconsider the Committee's action on 4/1/93 so the lien provision can be stricken. The language appears on Lines 12 and 13, Page 40. The Department of Transportation (DOT) is given the right to use a warrant of distraint, and "the resulting lien has precedent over any other claim, lien, or demand filed or recorded thereafter." Senator Towe recommends striking the quoted language. He thinks the DOT should not have a super lien with their warrant of distraint. It was pointed out that this language is in the statutes governing the DOR. Senator Stang suggested that if the DOT has been using this procedure for the last 20 years, it is undoubtedly working, and if someone wants to change the warrant of distraint, let them bring in a bill during the next legislative session.

Senator Towe suggested to strike the language as above-stated, and add, "and it shall have the same affect as a warrant of distraint in Title 15, Chapter 1, Part 7".

MOTION/VOTE:

Senator Towe moved to reconsider previous action on HB 539. The motion CARRIED UNANIMOUSLY on oral vote.

MOTION/VOTE:

Senator Towe moved to strike language in Lines 12 and 13 on Page 40 from HB 539, which reads, "The resulting lien has precedent over any other claim, lien, or demand filed or recorded thereafter", and add the language, "and it shall have the same affect as a warrant of distraint in Title 15, Chapter 1, Part 7". The motion FAILED on oral vote with Senator Towe voting "yes".

MOTION/VOTE:

Senator Eck moved HB 539 BE CONCURRED IN. The motion CARRIED on oral vote with Senator Stang voting "NO". (731537SC.Sma) Senator Eck will carry the bill on the Senate floor.

EXECUTIVE ACTION ON HB 645MOTION/VOTE:


Senator Doherty moved to adopt the amendment requested by Senator Grosfield, as shown in Exhibit No. 8 to these minutes. (hb064501.ajm) The motion CARRIED on oral vote with Senators Stang, Towe and Eck voting "NO".

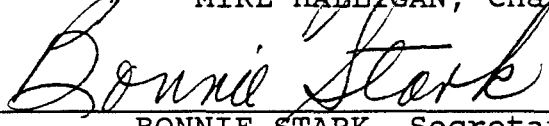
MOTION/VOTE:

Senator Stang moved HB 645 BE CONCURRED IN AS AMENDED. The motion CARRIED UNANIMOUSLY on oral vote. (741601SC.Sma) Senator Weeding will carry the bill on the Senate floor.

ADJOURNMENT

Adjournment: The meeting adjourned at 11:45 a.m.

  
\_\_\_\_\_  
MIKE HALLIGAN, Chair

  
\_\_\_\_\_  
BONNIE STARK, Secretary

MH/bjs

# ROLL CALL

SENATE COMMITTEE      TAXATION

DATE 4-2-93

[illegible]

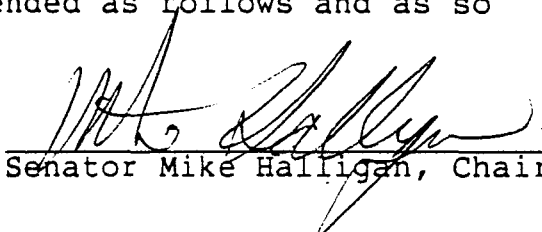


SENATE STANDING COMMITTEE REPORT

Page 1 of 1  
April 2, 1993

MR. PRESIDENT:

We, your committee on Taxation having had under consideration House Bill No. 505 (third reading copy -- blue), respectfully report that House Bill No. 505 be amended as follows and as so amended be concurred in.

Signed: 

Senator Mike Halligan, Chair

That such amendments read:

1. Page 6, line 5.  
Strike: "53-2-721"  
Insert: "52-2-721"

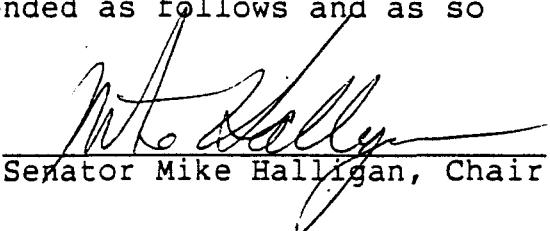
-END-

SENATE STANDING COMMITTEE REPORT

Page 1 of 1  
April 2, 1993

MR. PRESIDENT:

We, your committee on Taxation having had under consideration House Bill No. 495 (third reading copy -- blue), respectfully report that House Bill No. 495 be amended as follows and as so amended be concurred in.

Signed: 

Senator Mike Halligan, Chair

That such amendments read:

1. Page 2, lines 5 and 6.

Following: "held." on line 5

Strike: the remainder of line 5 through "NOTICE." on line 6

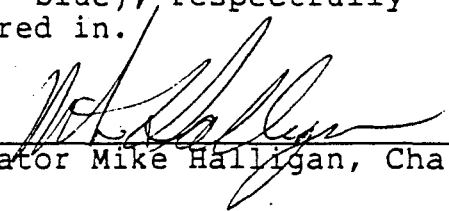
-END-

SENATE STANDING COMMITTEE REPORT

Page 1 of 1  
April 2, 1993

MR. PRESIDENT:

We, your committee on Taxation having had under consideration House Bill No. 588 (third reading copy -- blue), respectfully report that House Bill No. 588 be concurred in.

Signed: 


Senator Mike Halligan, Chair

SENATE STANDING COMMITTEE REPORT

Page 1 of 1  
April 2, 1993

MR. PRESIDENT:

We, your committee on Taxation having had under consideration House Bill No. 516 (third reading copy -- blue), respectfully report that House Bill No. 516 be amended as follows and as so amended be concurred in.

Signed: 

Senator Mike Halligan, Chair

That such amendments read:

1. Page 1, line 24.

Strike: "(6)"

Insert: "(8)"

-END-

SENATE STANDING COMMITTEE REPORT

Page 1 of 3  
April 5, 1993

MR. PRESIDENT:

We, your committee on Taxation having had under consideration House Bill No. 350 (third reading copy -- blue), respectfully report that House Bill No. 350 be amended as follows and as so amended be concurred in.

Signed:   
Senator Mike Halligan, Chair

That such amendments read:

1. Title, line 7.

Following: "LOANS;"

Insert: "INCLUDING CERTAIN NEWLY CONSTRUCTED RAILROADS IN THE DESIGNATION FOR COAL IMPACT GRANTS; INCLUDING COAL-RELATED AQUIFER AND GROUND WATER IMPACTS IN THE DESIGNATION FOR COAL IMPACT GRANTS;"

2. Page 1, line 22.

Following: "development"

Insert: ":"  
(i)"

3. Page 1, line 24.

Following: ";"

Insert: "or  
(ii) changes to aquifers or ground water conditions;"

4. Page 2, line 14.

Strike: "or"

Following: line 14

Insert: "(iii) a newly constructed railroad serves a new, existing, or expanding coal mine;

Renumber: subsequent subsection

5. Page 2, line 22.

Following: ";"

Insert: "or  
(v) an existing mine continues to affect aquifers or ground water conditions;"

6. Page 2, line 23.

Strike: "50"

Insert: "100"

7. Page 3, line 1.

Strike: "or (1)(b)(iii)"

Insert: "(1)(b)(iv), or (1)(b)(v)"

8. Page 3, line 5.  
Strike: "or"

9. Page 3, line 11.  
Following: "year"  
Insert: "; or

(iii) aquifers or ground water conditions may be affected by a mine or coal-burning facility located in an adjacent Canadian province or in an adjacent state"

10. Page 3, line 24.  
Following: "(3)"  
Insert: "(a)"  
Strike: "EACH YEAR"  
Insert: "beginning July 1, 1993, and ending June 30, 1995"

11. Page 3, line 25.  
Strike: "10%"  
Insert: "20%"

12. Page 4, line 1.  
Following: "IT"  
Insert: "each year"

13. Page 4.  
Following: line 4  
Insert: "(b) Except as provided in 90-6-205(5)(b), beginning July 1, 1995, and thereafter, the coal board may not award more than 10% of the funds appropriated to it each year for grants and loans to governmental units and state agencies for meeting the needs caused by coal development to local governmental units other than those governmental units designated under subsection (1)."

14. Page 4, line 5.  
Strike: "For"  
Insert: "Except as provided in subsection (8), for"

15. Page 5, line 1.  
Strike: "All"  
Insert: "Except as provided in subsection (8), all"

16. Page 5, lines 3 and 7.  
Following: "mine"  
Insert: ", railroad,"

17. Page 5, line 9.

Strike: "UP TO 10%"

Insert: "not more than 20% and beginning July 1, 1995, not more than 10%"

18. Page 5, line 19.

Following: line 18

Insert: "(8) A designation determined for aquifer and ground water purposes under subsection (1)(a)(ii), (1)(b)(iv), or (1)(d)(iii) is not limited by time or availability of local tax revenue because of the need for long-term evaluation of aquifer and ground water conditions affected by coal mining."

-END-

SENATE STANDING COMMITTEE REPORT

Page 1 of 1  
April 2, 1993

MR. PRESIDENT:

We, your committee on Taxation having had under consideration House Bill No. 196 (third reading copy -- blue), respectfully report that House Bill No. 196 be concurred in.

Signed:   
Senator Mike Halligan, Chair




SENATE STANDING COMMITTEE REPORT

Page 1 of 2  
April 5, 1993

MR. PRESIDENT:

We, your committee on Taxation having had under consideration House Bill No. 436 (third reading copy -- blue), respectfully report that House Bill No. 436 be amended as follows and as so amended be concurred in.

Signed: 

Senator Mike Halligan, Chair

That such amendments read:

1. Page 4, lines 16 and 17.  
Following: "the" on line 16  
Insert: "certification,"  
Following: "classification" on line 17  
Insert: ",,"
2. Page 4, line 19.  
Strike: "classification"  
Insert: "certification"
3. Page 4, line 20.  
Strike: "defendant"  
Insert: "respondent"
4. Page 4, line 21.  
Strike: "value"  
Insert: "classification or valuation"
5. Page 4, line 24.  
Strike: "defendant"  
Insert: "respondent"
6. Page 6, line 17.  
Following: "~~rulemaking~~"  
Insert: "-- rulemaking"
7. Page 6, line 18.  
Following: "~~(1)~~"  
Insert: "(1)"
8. Page 6, line 19.  
Strike: "1994"  
Insert: "1993"

9. Page 6, line 25.

Following: line 24

Insert: "(2) The department of revenue and the department of health and environmental sciences may institute rulemaking under Title 2, chapter 4, prior to October 1, 1993, to implement [this act], but the rules may not be effective prior to October 1, 1993."

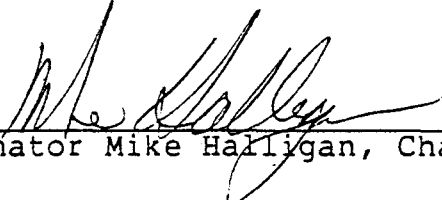
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SENATE STANDING COMMITTEE REPORT

Page 1 of 1  
April 2, 1993

MR. PRESIDENT:

We, your committee on Taxation having had under consideration House Bill No. 303 (third reading copy -- blue), respectfully report that House Bill No. 303 be amended as follows and as so amended be concurred in.

Signed: 

Senator Mike Halligan, Chair

That such amendments read:

1. Title, line 7.

Strike: "OR" through "ENVIRONMENT"

2. Page 3, lines 6 and 7.

Following: "pollution" on line 6

Strike: the remainder of line 6 through "environment" on line 7

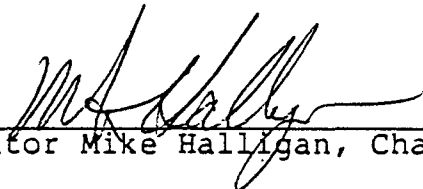
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SENATE STANDING COMMITTEE REPORT

Page 1 of 3  
April 2, 1993

MR. PRESIDENT:

We, your committee on Taxation having had under consideration House Bill No. 330 (third reading copy -- blue), respectfully report that House Bill No. 330 be amended as follows and as so amended be concurred in.

Signed: 

Senator Mike Halligan, Chair

That such amendments read:

1. Title, line 7.

Strike: "AND"

2. Title, line 8.

Following: "15-30-149,"

Insert: "AND 15-30-303,"

Following: "MCA;"

Insert: "REPEALING SECTION 15-30-322, MCA;"

3. Page 3, line 21.

Following: "filing."

Insert: "If the department has revised a return pursuant to 15-30-145(3), the taxpayer may revise the same return until the liability for that tax year is finally determined."

4. Page 6, line 10.

Following: line 9

Insert: "Section 4. Section 15-30-303, MCA, is amended to read:

"15-30-303. Confidentiality of tax records. (1) Except in accordance with proper judicial order or as otherwise provided by law, it is unlawful for the department or any deputy, assistant, agent, clerk, or other officer or employee to divulge or make known in any manner the amount of income or any particulars set forth or disclosed in any report or return required under this chapter or any other information secured in the administration of this chapter. It is also unlawful to divulge or make known in any manner any federal return or federal return information disclosed on any return or report required by rule of the department or under this chapter.

(2) The officers charged with the custody of such reports and returns shall not be required to produce any of them or evidence of anything contained in them in any action or proceeding in any court, except in any action or proceeding to which the department is a party under the provisions of this chapter or any other taxing act or on behalf of any party to any action or proceedings under the provisions of this chapter or

such other act when the reports or facts shown thereby are directly involved in such action or proceedings, in either of which events the court may require the production of and may admit in evidence so much of said reports or of the facts shown thereby as are pertinent to the action or proceedings and no more.

(3) Nothing herein shall be construed to prohibit:

(a) the delivery to a taxpayer or his duly authorized representative of a certified copy of any return or report filed in connection with his tax;

(b) the publication of statistics so classified as to prevent the identification of particular reports or returns and the items thereof; or

(c) the inspection by the attorney general or other legal representative of the state of the report or return of any taxpayer who shall bring action to set aside or review the tax based thereon or against whom an action or proceeding has been instituted in accordance with the provisions of 15-30-311 and ~~15-30-322~~.

(4) Reports and returns shall be preserved for 3 years and thereafter until the department orders them to be destroyed.

(5) Any offense against subsections (1) through (4) of this section shall be punished by a fine not exceeding \$1,000 or by imprisonment in the county jail not exceeding 1 year, or both, at the discretion of the court, and if the offender be an officer or employee of the state, he shall be dismissed from office and be incapable of holding any public office in this state for a period of 1 year thereafter.

(6) Notwithstanding the provisions of this section, the department may permit the commissioner of internal revenue of the United States or the proper officer of any state imposing a tax upon the incomes of individuals or the authorized representative of either such officer to inspect the return of income of any individual or may furnish to such officer or his authorized representative an abstract of the return of income of any individual or supply him with information concerning any item of income contained in any return or disclosed by the report of any investigation of the income or return of income of any individual, but such permission shall be granted or such information furnished to such officer or his representative only if the statutes of the United States or of such other state, as the case may be, grant substantially similar privileges to the proper officer of this state charged with the administration of this chapter.

(7) Further, notwithstanding any of the provisions of this section, the department shall furnish:

(a) to the department of justice all information necessary to identify those persons qualifying for the additional exemption

for blindness pursuant to 15-30-112(4), for the purpose of enabling the department of justice to administer the provisions of 61-5-105;

(b) to the department of social and rehabilitation services information acquired under 15-30-301, pertaining to an applicant for public assistance, reasonably necessary for the prevention and detection of public assistance fraud and abuse, provided notice to the applicant has been given;

(c) to the department of fish, wildlife, and parks specific information that is available from income tax returns and required under 87-2-102 to establish the residency requirements of an applicant for hunting and fishing licenses; and

(d) to the board of regents information required under 20-26-1111."

NEW SECTION. Section 5. Repealer. Section 15-30-322, MCA, is repealed."

Renumber: subsequent section

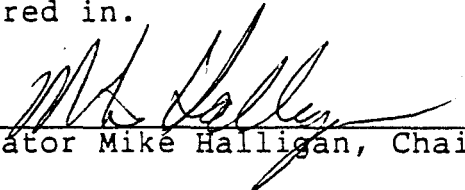
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SENATE STANDING COMMITTEE REPORT

Page 1 of 1  
April 2, 1993

MR. PRESIDENT:

We, your committee on Taxation having had under consideration House Bill No. 382 (third reading copy -- blue), respectfully report that House Bill No. 382 be concurred in.

Signed: 

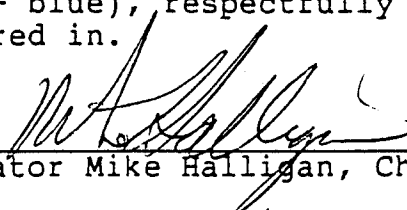
Senator Mike Halligan, Chair

SENATE STANDING COMMITTEE REPORT

Page 1 of 1  
April 2, 1993

MR. PRESIDENT:

We, your committee on Taxation having had under consideration House Bill No. 402 (third reading copy -- blue), respectfully report that House Bill No. 402 be concurred in.

Signed: 

Senator Mike Halligan, Chair

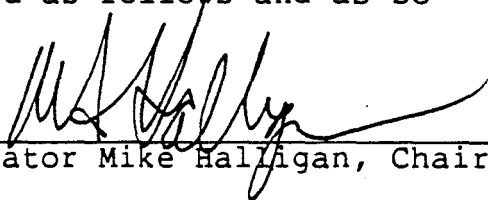


SENATE STANDING COMMITTEE REPORT

Page 1 of 1  
April 5, 1993

MR. PRESIDENT:

We, your committee on Taxation having had under consideration House Bill No. 413 (third reading copy -- blue), respectfully report that House Bill No. 413 be amended as follows and as so amended be concurred in.

Signed: 

Senator Mike Halligan, Chair

That such amendments read:

1. Page 5, line 24 through page 6, line 1.

Strike: "THE" on page 5, line 24 through "FUND" on page 6, line 1

Insert: "an account in the state special revenue fund to the credit of the department"

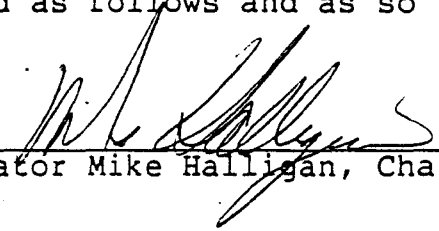
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SENATE STANDING COMMITTEE REPORT

Page 1 of 1  
April 2, 1993

MR. PRESIDENT:

We, your committee on Taxation having had under consideration House Bill No. 519 (third reading copy -- blue), respectfully report that House Bill No. 519 be amended as follows and as so amended be concurred in.

Signed: 

Senator Mike Halligan, Chair

That such amendments read:

1. Title, line 9.

Following: "TAXPAYER;"

Insert: "INCREASING THE DEDUCTION ALLOWED FOR PURCHASE OF  
RECYCLED MATERIAL TO 10 PERCENT FROM 5 PERCENT;"

Strike: "AND"

Insert: ", "

Following: "15-32-603,"

Insert: "AND 15-32-610,"

2. Page 8.

Following: line 8

Insert: "Section 4. Section 15-32-610, MCA, is amended to read:

"15-32-610. (Temporary) Deduction for purchase of recycled material. In addition to all other deductions from adjusted gross individual income allowed in computing taxable income under Title 15, chapter 30, or from gross corporate income allowed in computing net income under Title 15, chapter 31, part 1, a taxpayer may deduct an additional amount equal to ~~5%~~ 10% of the taxpayer's expenditures for the purchase of recycled material that was otherwise deductible by the taxpayer as business-related expense in Montana. (Terminates December 31, 1995--sec. 9, Ch. 712, L. 1991.)"

Renumber: subsequent sections


-END-

SENATE STANDING COMMITTEE REPORT

Page 1 of 1  
April 5, 1993

MR. PRESIDENT:

We, your committee on Taxation having had under consideration House Bill No. 593 (third reading copy -- blue), respectfully report that House Bill No. 593 be amended as follows and as so amended be concurred in.

Signed: 

Senator Mike Halligan, Chair

That such amendments read:

1. Page 1, line 25.

Following: "nontransferable"

Insert: ";

(c) does not permit gambling activities otherwise allowed under Title 23, part 5"

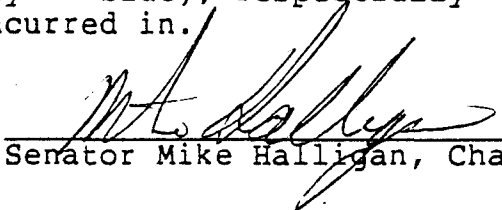
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SENATE STANDING COMMITTEE REPORT

Page 1 of 1  
April 2, 1993

MR. PRESIDENT:

We, your committee on Taxation having had under consideration House Bill No. 555 (third reading copy -- blue), respectfully report that House Bill No. 555 be concurred in.

Signed: 

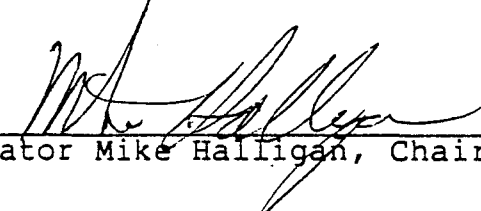
Senator Mike Halligan, Chair

SENATE STANDING COMMITTEE REPORT

Page 1 of 1  
April 2, 1993

MR. PRESIDENT:

We, your committee on Taxation having had under consideration House Bill No. 193 (third reading copy -- blue), respectfully report that House Bill No. 193 be amended as follows and as so amended be concurred in.

Signed: 

Senator Mike Halligan, Chair

That such amendments read:

1. Page 4, lines 12 and 13.

Following: "inspection" on line 12

Strike: ","

Insert: "and"

Following: "license" on line 12

Strike: remainder of line 12 through "penalty" on line 13

2. Page 5, line 20.

Following: "."

Insert: "The proceeds of a civil penalty must be deposited in the general fund."

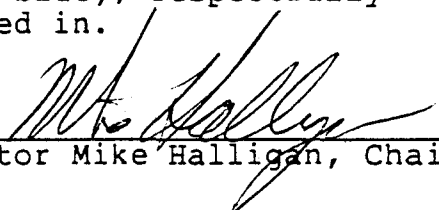
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SENATE STANDING COMMITTEE REPORT

Page 1 of 1  
April 2, 1993

MR. PRESIDENT:

We, your committee on Taxation having had under consideration House Bill No. 559 (third reading copy -- blue), respectfully report that House Bill No. 559 be concurred in.

Signed: 

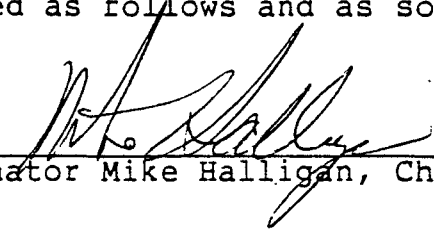
Senator Mike Halligan, Chair

SENATE STANDING COMMITTEE REPORT

Page 1 of 1  
April 2, 1993

MR. PRESIDENT:

We, your committee on Taxation having had under consideration House Bill No. 181 (third reading copy -- blue), respectfully report that House Bill No. 181 be amended as follows and as so amended be concurred in.

Signed: 

Senator Mike Halligan, Chair

That such amendments read:

1. Page 5, line 9.

Following: "."

Insert: "The proceeds of an administrative civil penalty must be deposited in the general fund."

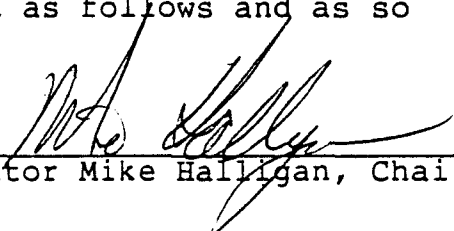
-END-

SENATE STANDING COMMITTEE REPORT

Page 1 of 1  
April 2, 1993

MR. PRESIDENT:

We, your committee on Taxation having had under consideration House Bill No. 167 (third reading copy -- blue), respectfully report that House Bill No. 167 be amended as follows and as so amended be concurred in.

Signed: 

Senator Mike Halligan, Chair

That such amendments read:

1. Page 5, line 19.

Following: "."

Insert: "A civil penalty collected under this section must be deposited in the general fund."

-END-

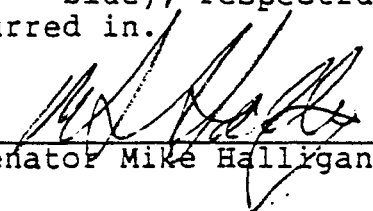


SENATE STANDING COMMITTEE REPORT

Page 1 of 1  
April 1, 1993

MR. PRESIDENT:

We, your committee on Taxation having had under consideration House Bill No. 539 (third reading copy -- blue), respectfully report that House Bill No. 539 be concurred in.

Signed: 

Senator Mike Halligan, Chair

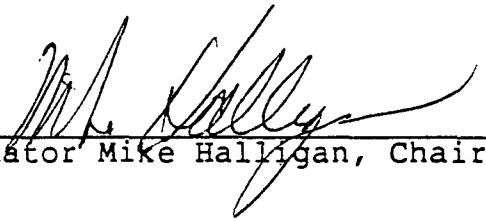
SENATE STANDING COMMITTEE REPORT

Page 1 of 1  
April 2, 1993

MR. PRESIDENT:

We, your committee on Taxation having had under consideration House Bill No. 645 (third reading copy -- blue), respectfully report that House Bill No. 645 be amended as follows and as so amended be concurred in.

Signed:

  
Senator Mike Halligan, Chair

That such amendments read:

1. Page 12, line 15.

Following: "passenger"

Insert: "or cargo"

2. Page 12, line 16.

Following: "121"

Insert: " , "

Following: "or"

Insert: "a scheduled passenger air carrier certified under 14  
CFR, part"

3. Page 14, line 13.

Following: "passenger"

Insert: "or cargo"

4. Page 14, line 14.

Following: "121"

Insert: " , "

Following: "or"

Insert: "a scheduled passenger air carrier certified under 14  
CFR, part"

-END-

ROLL CALL VOTE #1

SENATE COMMITTEE

## TAXATION

BILL NO.

AD 350

DATE \_\_\_\_\_

4-2-93

# TIME

$f: \mathcal{A}$

A.M.

P.M.

NAME \_\_\_\_\_

YES

NO

[illegible]

Donnie Stark  
SECRETARY

Mike Halligan  
CHAIR

MOTION: Adopt amendments on Exhibit # 10.  
Carried 4-2.

Karolin Jappe Stanger  
901 Hide Out  
Helena, Montana 59601  
(406) 449-4607  
Work 444-3889

SENATE TAXATION

EXHIBIT NO. 1

DATE 4-2-93

BILL NO. HB 505

April 2, 1993

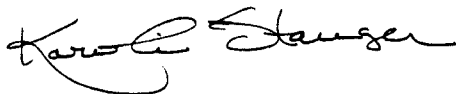
To Montana's Legislator:

I would like to add my two cents worth on house bill 505. I am highly in favor of this bill for several different reasons. Day care providers are so very much underpaid, and that is why the people of the State of Montana have so few individuals who are in the profession. This indeed limits the working people who struggle to know to whom they can take their kids. I feel if hb 505 were passed it would open the door for more people who have chosen to stay home with their kids the ability to help out other families with children as well as their own.

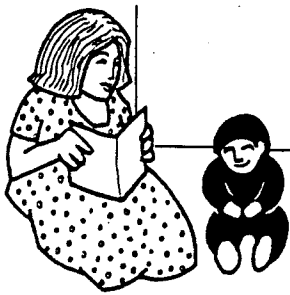
Right now in Helena, the availability of infant care is almost nill. I have served on the Child Care Task Force for the past two years and have also been a single working mother who has very much needed child care. As I served on the task force I learned that child care providers in 1992 were only making the 1988 market rates for providing services to our children.

We need to focus on better care for the children of Montana and offer individuals an incentive to provided child care in loving homes. I have seen here in Helena where a mother actually quit her job because of her inability to find affordable, caring child care. But she had no other choice. This woman is now on welfare once again. If I can further answer any questions, feel free to call me.

Yours truly,



Karolin Stanger



## PROPOSED DAYCARE PROVIDER CHILD CARE TAX DEDUCTION



### 1) MONTANA WORKERS DEPEND ON CHILD CARE

Montana's economy depends on the hard work of a group of self-employed small businesses: licensed and registered daycare providers.

### 2) DAYCARE PROVIDERS MAKE BELOW POVERTY WAGES

They care for 64% of our preschoolers, and without them many of our workers would be absent from their jobs. The average child care wage is only \$5.35/hour, with no benefits.

### 3) PARENTS WORKING AS DAYCARE PROVIDERS DON'T HAVE THE SAME TAX SUPPORT AS OTHER WORKING PARENTS

Currently, daycare providers must pay someone else to care for their own children in order to take advantage of state or federal dependent care tax credits. This policy is contradictory to the view that parents should be supported in their decision to care for their own children.

### 4) GIVE THEM A BREAK...THE SAME BREAK THAT OTHER WORKING PARENTS GET!

We ask the state of Montana to extend the Montana Child Care Tax Deduction to the licensed or registered provider who cares for his/her own child under the age of six as part of his/her regulated roster of children.

### 5) AN INVESTMENT IN STABLE, QUALITY CHILD CARE FOR EVERY MONTANA COMMUNITY

This additional income will have a significant impact on the availability of child care in Montana communities, and on the longevity of these small businesses.

### 6) IMPROVE THE FINANCIAL CONDITION OF MONTANA'S DAYCARE PROVIDERS AND LOWER THEIR HIGH RATE OF TURNOVER

The turnover rate of child care workers presently approaches 59% annually. This additional income will help lower turnover.

### 7) THE NEED FOR STABLE, QUALITY CHILD CARE IMPACTS MONTANA FAMILIES FROM ALL SOCIAL, POLITICAL AND ECONOMIC BACKGROUNDS—AND THEIR EMPLOYERS

Montana families and businesses will be supported in their child care needs when the state's day care providers are entitled to the same child care tax deduction that other working parents claim.

.....

## CURRENT MONTANA CHILD & DEPENDENT CARE DEDUCTION

### ELIGIBILITY REQUIREMENTS:

- Adjusted gross income must be less than \$22,800 if one child, \$25,200 if two children, or \$27,600 if three or more children;
- Care expenses for children under age 15 are included;
- If adjusted gross income is more than \$18,000, eligible expenses are reduced

### MAXIMUM DEDUCTION AVAILABLE:

- \$432

**THIS DEDUCTION IS NOT REFUNDABLE!**

SENATE TAXATION

EXHIBIT NO. 2

DATE 4-2-93

BILL NO. 4A 505



SENATE TAXATION

EXHIBIT NO. 3

DATE 4-2-93

BILL NO. HB 588

**MONTANA**

## **Association of Conservation Districts**

501 North Sanders, Suite 2  
Helena, MT 59601

(406) 443-5711  
FAX (406) 449-0119

### **CONSERVATION DISTRICTS**

In the early 1930's, mounting problems resulting from soil erosion, floods, and dust storms led to Congress passing Public Law 46 in 1935. This law declared soil and water conservation and wise land use a public policy, and in 1937 the president recommended that governors pass state legislation allowing landowners to form soil and water conservation districts. The result was the formation of 2950 conservation districts, representing all 50 states, the Virgin Islands, and Puerto Rico.

### **MONTANA'S CONSERVATION DISTRICTS**

The state of Montana contains 59 conservation districts which were formed in accordance with the Montana Soil Conservation District Law passed by the 26th General Assembly in 1939. Montana's conservation districts are political subdivisions of state government, responsible under state law for natural resource management and conservation within their boundaries.

The purpose of Montana's conservation districts is to develop and carry out long-range programs that will result in the conservation and development of soil and water resources; to provide assistance in the planning and application of conservation measures; and to encourage maximum participation by the general public and all local public and private agencies to fulfill this purpose.

In doing this, districts provide one-on-one technical assistance in planning and implementation of land management systems, vegetative practices, and necessary engineering structures. Conservation districts also conduct a variety of community programs where widespread resource problems require group action for solutions. Districts are managed by local citizens who are familiar with the problems in their area, resulting in an excellent example of local citizenry participating in government.

Montana's conservation districts are involved in many projects and programs that benefit the state and its people. Districts include the entire state of Montana, except for some areas in Custer and Prairie Counties. They represent over 15,000 cooperators totalling 43,600,000 acres of farm and ranch land. Approximately 8,000 cooperators are serviced yearly, which encompasses approximately 20 million acres. Conservation districts provide assistance to approximately 430 units of state

and local government each year. Two concepts key to conservation districts' strong statewide support are the desire for decentralized government and the need to wisely manage Montana's natural resources.

A list of subjects that conservation districts administer or are involved with follows:

- offstream storage
- soil survey development
- watershed projects
- Resource Conservation and Development projects
- water quality activities
- rangeland resources management
- saline seep
- streambank erosion control projects
- timber management
- youth camps
- conservation education programs
- conservation activity tours
- City-County Planning Board coordination
- coordinated resource management planning
- mining impacts
- water reservations
- wilderness studies
- Forest Service/BLM management plans
- weed control
- urban activities
- coordination and cooperation with federal, state, and local governments
- economic development
- riparian management
- wetland restoration and preservation
- farm plans
- sediment and flood control
- tree planting
- habitat development and enhancement projects
- groundwater assessments
- stream inventories
- Natural Streambed and Land Preservation Act administration

Especially notable is the fact that Montana's conservation districts were given the additional responsibility of administering the Natural Streambeds and Land Preservation Act (SB 310 of 1975). Under this law, anyone planning an activity between the high-water marks of a perennial stream must apply to and receive approval from the local conservation district. Districts receive no funding to carry out this responsibility, and may receive as many as ten permit applications per month requiring approximately ten work hours each process. No permit fee is charged, and supervisors (volunteers) often spend six hours or more in special meetings due to permit volume. Adjudication processes require additional time and money as well.

EXHIBIT 3  
DATE 4-2-93  
HB-588

## CONSERVATION DISTRICT FUNDING

Montana is one of the few states where district supervisors have the authority, through county commissioners, to levy taxes. By law, this tax may not exceed 1.5 mills on all real property within the district. Currently, mill levies are frozen at 1986 levels due to the passage of SB 71 in 1987. This, coupled with the devaluation of real property, has left many districts on the brink of closure. The only other source of funding available to districts' administration comes in the form of small administrative grants from the DNRC.



DISTRICT	CURRENT LEVY \$	ESTIMATED LEVY NEEDED FOR \$20,000	ADMIN. GRANT: REC'D FY 92
Beaverhead	\$9,499	3.29	-----
Big Horn	\$14,753	2.03	-----
Big Sandy	\$7,327	4.10	2900
Blaine	\$11,151	2.69	2400
Broadwater	\$4,185	7.17	3500
Carbon	\$17,552	1.71	1900
Carter	\$3,669	8.18	3500
Choteau	\$16,540	1.81	-----
Custer	\$11,984	2.50	900
Daniels	\$7,034	4.26	1400
Dawson	\$10,570	2.84	3000
Deer Lodge Valley	\$16,658	1.80	-----
Eastern Sanders	\$3,972	7.55	3400
Garfield	\$5,376	5.58	2900
Glacier	\$17,944	1.67	900
Granite	\$8,408	3.57	3000
Green Mountain	\$11,815	2.54	2000
Jefferson Valley	\$12,003	2.50	-----
Judith Basin	\$7,071	4.24	2500
Lincoln	\$19,089	1.57	900
Little Beaver	\$5,297	5.66	900
Lower Musselshell	\$8,418	3.56	2400
Madison	\$9,930	3.02	-----
McCone	\$6,734	4.45	3500
Meagher	\$4,214	7.12	4000
Mineral	\$9,689	3.10	-----
North Powell	\$1,526	19.65	-----
Park	\$14,129	2.12	4000
Petroleum	\$2,470	12.14	3300
Phillips	\$8,293	3.62	3400
Pondera	\$11,702	2.56	-----
Powder River	\$4,429	6.77	2600
Prairie	\$4,519	6.64	3100
Richland	\$13,269	2.66	900
Roosevelt	\$10,881	2.76	900
Ruby Valley	\$4,278	7.01	4000
Sheridan	\$9,442	3.18	2500
Stillwater	\$12,453	2.14	-----
Sweet Grass	\$2,389	12.56	4000
Teton	\$13,606	2.00	3500
Toole	\$13,188	2.77	1900
Treasure	\$6,052	4.96	-----
Upper Musselshell	\$9,320	3.22	3200
Valley	\$11,890	2.52	-----
Wibaux	\$2,654	11.30	3000

Intermittently, conservation districts receive various state and federal grant monies for special project purposes. These figures are not represented above.

3  
42-93  
HB-588

# 8 SAMPLE CONSERVATION DISTRICTS' ESTIMATED INCREASE PER PROPERTY UNIT

DISTRICT	ESTIMATED LEVY NEEDED FOR \$20,000	DIFFERENCE BETWEEN EST. LEVY AND CURRENT 1.5 MILL LEVY	ESTIMATED INCREASE PER AVERAGE PROPERTY UNIT
Big Sandy	4.10	2.60	\$3.33 per \$50,000 household
Carbon	1.71	0.21	\$0.39 per \$50,000 household \$0.20 per 60 acres
Glacier	1.67	0.17	\$0.50 per \$50,000 household
Judith Basin	4.24	2.74	\$0.60 per 60 acres
Petroleum	12.14	10.64	\$2.00 per household now paying \$0.20 \$4.04 per household now paying \$0.57
Phillips	3.62	2.12	\$3.99 per \$50,000 household
Sheridan	3.18	1.68	\$1.94 per \$30,000 household
Teton	2.20	0.70	\$2.40 per \$40,000 household

# HOUSE BILL 645

Representative Schye

SENATE TAXATION

EXHIBIT NO.

DATE

BILL NO.

4

4-2-93

HB 645

## History:

The current tax of one cent has been in place for over forty years without an increase.

Where the revenue from this tax was adequate in the past, it no longer will support the need.

Those that utilize the services that this revenue provides are exceptionally pleased with the service.

For many years all the states that border us have seen the wisdom of increasing the tax as needed in their states while we have chosen to take no action at all.

## Future:

If we don't take some action now, services that are vitally needed must be suspended.

Many rural airports across the state will fall into a disrepair that will be substantially more expensive to repair in the future.

These airports cannot depend on county resources to provide matching funds for Federal money that is currently available for repairs.

These airports provide a vital link for these smaller communities to the rest of Montana.

## Who Will Pay The Tax?

Those who use the services. The Montana Pilots Assoc. did a survey of ALL pilots in the state and more than the majority feel the services are needed and are willing to accept the tax increase.

## Do Pass Rational:

This Bill has been in the making for over a year. Those who formulated the rational have met with members of the Governor's Staff, Pilot Organizations across the State representing all phases of aviation, Retailers of Aviation Goods and Services, Etc.

This bill is the culmination of a great many points of view. It represents the fairest treatment for all concerned. As written it meets the needs for additional revenue without creating an undo burden on those affected. It was reviewed in the house and passed by both sides of the Isle. DO PASS, UNAMENDED

Thank you, TED BECK, Helena

# MONTANA AVIATION A BRIEFING

## STATISTICS

**110 Airports** - range from the seven air carrier airports to community airports to recreational strips; smaller airports provide vital links between rural communities and major airports for movement of airline passengers, delivery of goods and services, transportation to advanced medical care.

**3,924 Pilots** - include those who make their living through aviation; as well as those who use aviation as a major form of business and personal transportation.

**394 Aviation Mechanics** - make their living offering repair and service to the state's aircraft, both commercial and personal.

**148 Aerial Applicators** - provide aerial crop dusting/fertilization services as well as control of mosquitoes and other insects

**100 Fixed Base Operators/Air Taxi/Charter** - provide air transportation service to businesses, the State of Montana, and individuals, vital air ambulance services to link small rural communities with health care in larger in-state and out-of-state cities, and services such as fuel, navigation information, and mechanical support to state's flying public

There are **2,586 Montana Owned or Operated Aircraft** with a combined investment in excess of \$1 billion. This includes privately owned, commercial, business, and corporate aircraft but does not include major air carriers.

## ECONOMIC IMPACT

The aviation industry is responsible for over half a billion dollars of annual statewide economic impact through employment, purchase of goods and services, investment in capital assets, and payment of property and state income taxes.

## REGULATION AND SUPPORT

**Montana Aeronautics Division** - established in 1945 by legislative action

Division within the Montana Department of Transportation. Was originally a Commission directly answerable to the Governor. Has been administered under several State departments including the Department of Intergovernmental Affairs, Department of Community Affairs, and the Department of Commerce. In 1991 the Division was transferred to the Department of Transportation.

By statute, the Division is charged with fostering and promoting aviation in the state. The Division represents the State of Montana in state and national aviation related matters.

The **Montana Aeronautics Board** acts in an advisory capacity to the Aeronautics Division with quasi-judicial powers. Appointed by the Governor, the Board is made up of nine members representing: the Montana Pilots Association, Fixed Base Operators, the county commissioners, the Montana Chamber of Commerce, the League of Cities and Towns, the airline industry, aviation education, the Montana Airport Management Association, and a member at large.

**Funding for the Division** is solely through a 1 cent per gallon tax on aviation fuel. This funding level has never been raised since the inception of the Division in 1945. No general fund money has ever been used to fund the Montana Aeronautics Division.

Minor funding supplements include: pilot registration fees, sale of miscellaneous publications, resale of airport supplies, airport inspections, and 10% of the total collected aircraft registration fees (the remaining 90% is returned to the counties where aircraft are based).

The Division is made up of two bureaus:

The **Safety and Education Bureau** administers registration of aircraft and pilots; organizes and maintains a statewide air search organization; plans and organizes pilot, mechanics, and air search volunteer safety programs and seminars; organizes aviation/aerospace education programs.

The **Airport/Airways Bureau** provides technical assistance to community airports; operates and maintains various aviation navigational systems; updates and distributes the Montana Aeronautical Chart and Montana Airport Directory; operates and maintains state-owned airports; conducts annual safety inspections on public use airports; maintains a continuously updated Montana Aviation System Plan; provides local airport operators with a wholesale source of airport related supplies. The Airport/Airways Bureau also operates the air carrier airport at West Yellowstone, The Yellowstone Airport is self-sustaining.

## PROPOSED LEGISLATION

The Montana aviation community proposes an increase of 2 cents per gallon in the aviation fuel tax.

One cent of the proposed increase would be allocated to a fund to provide loans for airport improvements throughout the state. Interest and loan repayments would be returned to the trust account to provide a continued level of funding. No money from this account would be used for administrative purposes.

The Federal Aviation Administration typically funds airport construction projects for general aviation airports at \$4.5 million annually and an additional \$2 million in discretionary funds in those states showing a need and having projects and local financing available. Communities must provide 10% matching funds as the sponsor's share. The proposed loan/grant trust fund would be used as loans to small airports for this 10% match to leverage the 90% FAA funding of needed airport improvement projects. At the present time, nine Montana communities need a total of \$584,200 local funds to match federal funding for needed airport improvement projects.

They are:

Columbus	\$1,114,000
Gardiner	1,261,000
Glendive	250,000
Harlowton	500,000
Philipsburg	522,000
Deer Lodge	220,000
Malta	1,000,000
Choteau	800,000
Stevensville	175,000

Estimated construction costs total nearly \$5.9 million. Funds from the loan program would also provide needed financial support for improvement projects which are not eligible for federal funds.

The second cent of the proposed increase would be allocated for grants, safety features, navigational facilities, additional weather reporting, or other aeronautical purposes.

Among the needs of Montana airports which could be addressed under this category are cones, runway lighting systems, runway light radio controllers, rotating beacons, windsock standards, etc. The funds could also be used to purchase additional Pan Am WeatherMation units for Missoula, Kalispell, Bozeman, Sidney, Glendive, Glasgow, Miles City, and Lewistown. If FAA Flight Service Station consolidation proceeds, then additional sites should be contemplated for WeatherMation siting. A statewide zoning analysis needs to be done and support provided for storm water discharge permits for general aviation airports.

Under the proposed legislation, the Montana Aeronautics Board would approve projects and allocation of funds. No money received from the 2 cent tax increase would be allocated for department administrative or salary purposes. In addition, a rebate of 2 cents per gallon of the total 3 cents raised would be allowed for aviation fuel purchased by scheduled passenger carrying airlines.

## SENATE TAXATION

EXHIBIT NO. 6DATE 4-2-93BILL NO. HB 645

## AVIATION FUEL TAXES

## COMPARISON BY STATE

## COLORADO

Aviation Fuel Tax Dept. 303-534-1805

Aviation Gasoline:	6¢ per gallon
Commercial Jet A:	4¢ pr gallon
Federal Government:	Exempt from tax

## UTAH

Aviation Fuel Tax Auditing 801-538-3000

Aviation Gasoline:	4¢ per gallon
Commercial Jet A:	4¢ per gallon
Defense Fuel Supply Center:	Exempt from tax

## WASHINGTON

Department of Licensing

Fuel Tax Section 206-753-3256

Aviation Gasoline:	6¢ per gallon
Commercial Jet A:	6¢ per gallon
Defense Fuel Supply Center:	Exempt from tax

## IDAHO

Department of Revenue 208-334-7660

Aviation Gasoline:	5.5¢ per gallon
Commercial Jet A:	4.5¢ per gallon
Defense Fuel Supply Center:	Exempt from tax

## WYOMING

Department of Revenue 307-777-7961

Aviation Gasoline:	5¢ per gallon
Commercial Jet A:	5¢ per gallon
Federal Government:	Exempt from tax

## NORTH DAKOTA

Department of Revenue 701-224-3126

Aviation Gasoline:	8¢ per gallon
Commercial Jet A:	8¢ per gallon
Federal Government:	Exempt from tax

SOUTH DAKOTA

Department of Fuel Taxes 605-773-3311

Aviation Gasoline:	6¢ per gallon
Commercial Jet A:	4¢ per gallon
Federal Government:	Exempt from tax

MINNESOTA

Department of Revenue 612-296-0889

Aviation Gasoline:	5¢ per gallon
Commercial Jet A:	5¢ per gallon
Bulk Military Sales	Exempt from tax

Minnesota offers a volume discount to large purchasers:

First 50,000 gallons at 5¢  
Next 100,000 gallons at 2¢  
Next 50,000 gallons at 1¢  
All additional gallons at 1/2¢

ILLINOIS

Department of Revenue 217-782-3336

Aviation Gasoline:	19¢ per gallon
Commercial Jet A:	19¢ per gallon
Federal Government:	Exempt from tax

Airports in cities over one million people with more than 300,000 transactions are exempt.

GEORGIA

Motor Fuel Tax Department 404-651-5106

Aviation Gasoline:	7 1/2¢ per gallon
Commercial Jet A:	7 1/2¢ per gallon
Defense Fuel Supply Center:	Exempt from tax

## SENATE TAXATION

EXHIBIT NO. 7DATE 4-2-93BILL NO. HB 645COMMERCIAL JET-A PRICE COMPARISON  
CONTRACT PRICES IN CENTS PER GALLON

Price includes all earned discounts but does not include tax

<u>Date</u>	<u>Great Falls</u>	<u>Denver</u>	<u>Spokane</u>	<u>Salt Lake</u>	<u>Minneapolis</u>
1/13/92	62.90	59.71	64.81	67.45	58.42
3/16/92	63.90	61.31	66.15	64.23	59.27
4/20/92	63.90	63.08	67.81	67.11	60.63
5/25/92	66.90	67.83	72.65	71.73	63.95
6/15/92	70.40	69.50	73.81	72.73	66.24
7/27/92	72.40	71.83	75.48	74.80	67.65
8/31/92	72.40	72.08	74.15	72.98	67.60
9/28/92	69.45	73.83	77.23	76.27	70.42
10/26/92	73.25	75.16	77.23	76.27	70.42
11/30/92	65.91	71.50	74.76	74.46	66.42
12/28/92	65.91	69.08	73.76	72.46	63.52
1/25/92	62.81	68.91	73.43	70.90	62.87



Amendments to House Bill No. 645  
Third Reading Copy

Requested by Senator Grosfield  
For the Committee on Taxation

Prepared by Jeff Martin  
April 1, 1993

SENATE TAXATION

EXHIBIT NO. 8

DATE 4-2-93

BILL NO. HB 645

1. Page 12, line 15.

Following: "passenger"

Insert: "or cargo"

2. Page 12, line 16.

Following: "121"

Insert: ", "

Following: "or"

Insert: "a scheduled passenger air carrier certified under 14  
CFR, part"

3. Page 14, line 13.

Following: "passenger"

Insert: "or cargo"

4. Page 14, line 14.

Following: "121"

Insert: ", "

Following: "or"

Insert: "a scheduled passenger air carrier certified under 14  
CFR, part"

Amendments to House Bill No. 350  
Third Reading CopyRequested by Senator Yellowtail  
For the Committee on TaxationPrepared by Jeff Martin  
March 29, 1993

1. Title, line 7.  
Following: "LOANS;"  
Insert: "INCLUDING CERTAIN NEWLY CONSTRUCTED RAILROADS IN THE  
DESIGNATION FOR COAL IMPACT GRANTS;"
2. Page 1, line 23.  
Strike: "10%"  
Insert: "5%"
3. Page 2, line 14.  
Strike: "or"  
Following: line 14  
Insert: "(iii) a newly constructed railroad serves a new,  
existing, or expanding coal mine; or"  
Renumber: subsequent subsection
4. Page 2, line 23.  
Strike: "50"  
Insert: "100"
5. Page 3, line 1.  
Strike: "(1)(b)(iii)"  
Insert: "(1)(b)(iv)"
6. Page 3, line 24.  
Following: "(3)"  
Insert: "(a)"  
Strike: "EACH YEAR"  
Insert: "beginning July 1, 1993, and ending June 30, 1995"
7. Page 3, line 25.  
Strike: "10%"  
Insert: "20%"
8. Page 4, line 1.  
Following: "IT"  
Insert: "each year"
9. Page 4.  
Following: line 4  
Insert: "(b) Except as provided in 90-6-205(5)(b), beginning  
July 1, 1995, and thereafter, the coal board may not award  
more than 10% of the funds appropriated to it each year for  
grants and loans to governmental units and state agencies  
for meeting the needs caused by coal development to local  
governmental units other than those governmental units  
designated under subsection (1)."

10. Page 5, lines 3 and 7.

Following: "mine"

Insert: ", railroad,"

11. Page 5, line 9.

Strike: "UP TO 10%"

Insert: "not more than 20% and beginning July 1, 1995, not more than 10%"

Amendments to House Bill No. 350  
Third Reading Copy

Requested by Senator Weeding  
For the Committee on Taxation

Prepared by Jeff Martin  
March 30, 1993

SENATE TAXATION

EXHIBIT NO. 10

DATE 4-2-93

BILL NO. HB 350

1. Title, line 7.

Following: "LOANS;"

Insert: "ESTABLISHING PRIORITY DESIGNATIONS FOR AQUIFER AND  
GROUND WATER IMPACTS;"

2. Page 1, line 22.

Following: "development"

Insert: ":"  
(i)"

3. Page 1, line 24.

Following: ";"

Insert: "or"  
(ii) changes to aquifers or ground water conditions;"

4. Page 2, line 14.

Strike: "or"

5. Page 2, line 22.

Following: ";"

Insert: "or"  
(iv) an existing mine continues to affect aquifers or ground  
water conditions;"

6. Page 3, line 1.

Strike: "or"

Following: "(1)(b)(iii)"

Insert: ", or (1)(b)(iv)"

7. Page 3, line 5.

Strike: "or"

8. Page 3, line 11.

Following: "year"

Insert: "; or"

(iii) aquifers or ground water conditions may be affected by  
a mine or coal-burning facility located in an adjacent Canadian  
province or in an adjacent state"

9. Page 4, line 5.

Strike: "For"

Insert: "Except as provided in subsection (8), for"

10. Page 5, line 1.

Strike: "All"

Insert: "Except as provided in subsection (8), all"

11. Page 5, line 19.

Following: line 18

Insert: "(8) A designation determined for aquifer and ground water purposes under subsection (1)(a)(ii), (1)(b)(iv), or (1)(d)(iii) is not limited by time or availability of local tax revenue because of the need for long-term evaluation of aquifer and ground water conditions affected by coal mining."

Amendments to House Bill No. 196  
Third Reading Copy

For the Committee on Taxation

Prepared by Greg Petesch  
March 26, 1993

SENATE TAXATION

EXHIBIT NO. 11

DATE 4-2-93

BILL NO. HB 196

1. Title, lines 8 through 12.

Strike: line 8 through "JURISDICTIONS" on line 12

Insert: "REVISING THE PROCEDURE FOR COMPUTING REIMBURSEMENTS TO  
LOCAL GOVERNMENTS FOR LOSSES IN PERSONAL PROPERTY TAX AS A  
RESULT OF TAX RATE REDUCTIONS"

2. Page 2, line 17.

Following: line 16

Insert: "(1) Prior to November 1 of each year, the department of  
revenue shall determine, for each county, the number of  
mills levied for the current tax year in each taxing  
jurisdiction levying mills against personal property."

Renumber: subsequent subsections

3. Page 2, line 17.

Following: "(1)"

Insert: "(a)"

4. Page 2, lines 19 through 21.

Following: "The"

Strike: remainder of line 19 through "THE" on line 21

Insert: "The"

Following: "department"

Insert: "shall determine the amount of taxable value lost"

5. Page 2, line 22.

Strike: "FOR"

Insert: "within"

6. Page 2, line 23.

Strike: "i"

7. Page 3, lines 9 through 18.

Strike: subsections (A) through (D) in their entirety

Insert: "due to the reduction in personal property tax rates for  
property included in class eight, class nine, and class ten,  
as those classes existed in 1989. The determination must be  
based on 1989 taxable values for class eight, class nine,  
and class ten property as reported to the department by each  
taxing jurisdiction that existed in 1989, less the  
difference in taxable value for the same property in 1989 as  
determined by the 1991 tax rate for property included in 15-  
6-138.

(b) The department shall calculate the taxable value lost  
in a taxing jurisdiction as a result of a reduction in the  
taxable value rate in 15-6-145 that results from a reduction in

taxable value of property under 15-6-138.

(c) The amount of the reimbursement is calculated by multiplying the current year mill levy for each taxing jurisdiction times the total amount of taxable value lost as determined in subsections (2)(a) and (2)(b)."

8. Page 4, lines 16 through 22.

Following: "~~15-6-145-~~" on line 16

Strike: remainder of line 16 through "." on line 22

9. Page 4, line 24.

Strike: "(A)"

10. Page 5, line 2.

Strike: "(1)"

Insert: "(2)"

11. Page 5, lines 11 through 18.

Strike: subsection (B) in its entirety

12. Page 6, line 2.

Strike: "(7)"

Insert: "(8)"

13. Page 7, line 3.

Strike: "(7)(B)"

Insert: "(8)(b)"

SEN. TAX-TON

EXHIBIT NO.

DATE

BILL NO.

12  
4-2-93  
PB 4364

A person may appeal the classification, certification or valuation of the property to the state Tax Appeal Board. In the case of an appeal from a property certification issued by the Department of Health and Environmental Sciences (DHES), the DHES may be named as a respondent, as appropriate. Appeals on the classification or valuation of property shall name the Department of Revenue as respondent.

OK with Tom Nelson



Amendments to House Bill No. 330  
Third Reading CopyRequested by Senator Towe  
For the Committee on TaxationPrepared by Jeff Martin  
April 1, 19931. Title, line 7.  
Strike: "AND"2. Title, line 8.  
Following: "15-30-149,"  
Insert: "AND 15-30-303,"  
Following: "MCA;"  
Insert: "REPEALING SECTION 15-30-322, MCA;"3. Page 3, line 21.  
Following: "filing."  
Insert: "If the department has revised a return pursuant to 15-30-145(3), the taxpayer may revise the same return until the liability for that tax year is finally determined."4. Page 6, line 10.  
Following: line 9  
Insert: "Section 4. Section 15-30-303, MCA, is amended to read:  
"15-30-303. Confidentiality of tax records. (1) Except in accordance with proper judicial order or as otherwise provided by law, it is unlawful for the department or any deputy, assistant, agent, clerk, or other officer or employee to divulge or make known in any manner the amount of income or any particulars set forth or disclosed in any report or return required under this chapter or any other information secured in the administration of this chapter. It is also unlawful to divulge or make known in any manner any federal return or federal return information disclosed on any return or report required by rule of the department or under this chapter.

(2) The officers charged with the custody of such reports and returns shall not be required to produce any of them or evidence of anything contained in them in any action or proceeding in any court, except in any action or proceeding to which the department is a party under the provisions of this chapter or any other taxing act or on behalf of any party to any action or proceedings under the provisions of this chapter or such other act when the reports or facts shown thereby are directly involved in such action or proceedings, in either of which events the court may require the production of and may admit in evidence so much of said reports or of the facts shown thereby as are pertinent to the action or proceedings and no more.

(3) Nothing herein shall be construed to prohibit:

(a) the delivery to a taxpayer or his duly authorized representative of a certified copy of any return or report filed in connection with his tax;

(b) the publication of statistics so classified as to prevent the identification of particular reports or returns and the items thereof; or

(c) the inspection by the attorney general or other legal representative of the state of the report or return of any taxpayer who shall bring action to set aside or review the tax based thereon or against whom an action or proceeding has been instituted in accordance with the provisions of 15-30-311 and ~~15-30-322~~.

(4) Reports and returns shall be preserved for 3 years and thereafter until the department orders them to be destroyed.

(5) Any offense against subsections (1) through (4) of this section shall be punished by a fine not exceeding \$1,000 or by imprisonment in the county jail not exceeding 1 year, or both, at the discretion of the court, and if the offender be an officer or employee of the state, he shall be dismissed from office and be incapable of holding any public office in this state for a period of 1 year thereafter.

(6) Notwithstanding the provisions of this section, the department may permit the commissioner of internal revenue of the United States or the proper officer of any state imposing a tax upon the incomes of individuals or the authorized representative of either such officer to inspect the return of income of any individual or may furnish to such officer or his authorized representative an abstract of the return of income of any individual or supply him with information concerning any item of income contained in any return or disclosed by the report of any investigation of the income or return of income of any individual, but such permission shall be granted or such information furnished to such officer or his representative only if the statutes of the United States or of such other state, as the case may be, grant substantially similar privileges to the proper officer of this state charged with the administration of this chapter.

(7) Further, notwithstanding any of the provisions of this section, the department shall furnish:

(a) to the department of justice all information necessary to identify those persons qualifying for the additional exemption for blindness pursuant to 15-30-112(4), for the purpose of enabling the department of justice to administer the provisions of 61-5-105;

(b) to the department of social and rehabilitation services information acquired under 15-30-301, pertaining to an applicant for public assistance, reasonably necessary for the prevention and detection of public assistance fraud and abuse, provided notice to the applicant has been given;

(c) to the department of fish, wildlife, and parks specific information that is available from income tax returns and required under 87-2-102 to establish the residency requirements of an applicant for hunting and fishing licenses; and

(d) to the board of regents information required under 20-26-1111."

NEW SECTION. Section 5. Repealer. Section 15-30-322, MCA, is repealed."

Renumber: subsequent section

Amendments to House Bill No. 193  
Third Reading Copy

Requested by Senator Grosfield  
For the Committee on Taxation

Prepared by Greg Petesch  
April 2, 1993

SENATE TAXATION

EXHIBIT NO. 14

DATE 4-2-93

BILL NO. HB 193

1. Page 4, lines 12 and 13.

Following: "inspection" on line 12

Strike: ", "

Insert: "and"

Following: "license" on line 12

Strike: remainder of line 12 through "penalty" on line 13

2. Page 5, line 20.

Following: "."

Insert: "The proceeds of a civil penalty must be deposited in the  
general fund."

Amendments to House Bill No. 181  
Third Reading Copy

Requested by Senator Grosfield  
For the Committee on Taxation

Prepared by Greg Petesch  
April 2, 1993

1. Page 5, line 9.

Following: "."

Insert: "The proceeds of an administrative civil penalty must be  
deposited in the general fund."

Amendments to House Bill No. 167  
Third Reading Copy

Requested by Senator Grosfield  
For the Committee on Taxation

Prepared by Greg Petesch  
April 2, 1993

SENATE TAXATION

EXHIBIT NO.

DATE

BILL NO.

16  
4-2-93  
HB167

1. Page 5, line 19.

Following: "."

Insert: "A civil penalty collected under this section must be  
deposited in the general fund."

DATE 4-2-93SENATE COMMITTEE ON TaxationBILLS BEING HEARD TODAY: HB 495, 505, 588, 645

Name	Representing	Bill No.	Check One	
			Support	Oppose

John Ek	Air Transport Ass.	645		
Bill Sheets	AMAA	645	✓	
John Semple	AMAA	645	✓	
June Sheets	AMAA	645	✓	
Karen Tauger		505	✓	
Mike Ferguson	DOT Aeronautics	645	X	
Bob Spahr	MPA	645	X	
Frank Bass	G. A.	645	✓	
RON MERCER	MAD	645		
Will Mason	MPA	645	✓	
TED BECH	SELF	645	✓	
Virginia Knight	Family Resources	505	✓	
Carrie R. Lee	Bozeman Child Care Connections	505	✓	
Bill Knox	United Parcel Service	645		✓
Chauntel B. Lucier	Bozeman Child Care Connections	505	✓	
Susan Noble	Helena Family Resources	505	✓	

## VISITOR REGISTER

PLEASE LEAVE PREPARED STATEMENT WITH COMMITTEE SECRETARY

DATE \_\_\_\_\_

SENATE COMMITTEE ON \_\_\_\_\_

BILLS BEING HEARD TODAY: \_\_\_\_\_

Name	Representing	Bill No.	Check One	
			Support	Oppose
Debbie Charlick	Child Care Providers	505	✓	
Margie Bashaw	Missoula Child Care Assoc.	505	✓	
Janet Poth	Missoula Child Care Pos.	505	✓	
Kate Cholewa	MT Women's Lobby	505	✓	
Alan Hobb	Montana Refining Co.	465		✓
SHAWN YADON	Federal Express Corp	645		
Marilyn Lewis	Operation Organ. of MT	645	✓	
Jim Lewis	MT Flying Farmers	645	✓	
Nora Bessler	MPA General Priatn	645	✓	
Marina Little	Precision Design Corp	645	✓	
Loren Smith	MPA	645	✓	
Raymond	MPA	645	✓	
Mike Volosky	MT Assoc. Cons. Dist	588	✓	
Steve Schmitz	DMRC	588	✓	
Harold R. R. R.	MT V.C.E. Roundup	645	✓	
Jim Jensen	L+C Conserv. Dist	588	✓	

## VISITOR REGISTER

PLEASE LEAVE PREPARED STATEMENT WITH COMMITTEE SECRETARY