

## **MINUTES**

### **MONTANA HOUSE OF REPRESENTATIVES 54th LEGISLATURE - REGULAR SESSION**

#### **COMMITTEE ON TAXATION**

**Call to Order:** By **CHAIRMAN CHASE HIBBARD**, on April 6, 1995, at 8:00 A.M.

#### **ROLL CALL**

##### **Members Present:**

Rep. Chase Hibbard, Chairman (R)  
Rep. Marian W. Hanson, Vice Chairman (Majority) (R)  
Rep. Robert R. "Bob" Ream, Vice Chairman (Minority) (D)  
Rep. Peggy Arnott (R)  
Rep. John C. Bohlinger (R)  
Rep. Jim Elliott (D)  
Rep. Daniel C. Fuchs (R)  
Rep. Hal Harper (D)  
Rep. Rick Jore (R)  
Rep. Judy Murdock (R)  
Rep. Thomas E. Nelson (R)  
Rep. Scott J. Orr (R)  
Rep. Bob Raney (D)  
Rep. John "Sam" Rose (R)  
Rep. William M. "Bill" Ryan (D)  
Rep. Roger Somerville (R)  
Rep. Robert R. Story, Jr. (R)  
Rep. Emily Swanson (D)  
Rep. Jack Wells (R)  
Rep. Kenneth Wennemar (D)

**Members Excused:** None.

**Members Absent:** None.

**Staff Present:** Lee Heiman, Legislative Council  
Donna Grace, Committee Secretary

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

##### **Committee Business Summary:**

Hearing: None.  
Executive Action: SB 274 - Concurred In as Amended  
SB 421 - Concurred In as Amended  
SB 39 - Concurred In as Amended  
SB 257 - Concurred In as Amended  
SB 417 - Concurred In as Amended  
SB 358 - Concurred In as Amended  
SB 338 - Concurred in as Amended  
HB 227 - Attempt to Remove from Table  
SB 260 - Attempt to Remove from Table  
SB 414 - Attempt to Remove from Table

{Tape: 1; Side: A.}

EXECUTIVE ACTION ON SB 274

Motion:

REP. STORY MOVED THAT SB 274 BE CONCURRED IN.

Discussion:

REP. STORY said the sub-committee had met to discuss the language in sub-section (2). He reported that the Committee had developed three options for the Committee's consideration and they would also recommend a change in the ballot language. EXHIBIT 1.

REP. STORY said his preference would be option one which would allow the Legislature to set the cap. He stated that the Legislature already has the authority contained in option two.

REP. HARPER said another concern the sub-committee had, and didn't know how to resolve, was how to protect the owners of similar property within the same class. He said the idea of acquisition value being used to base taxes on was the one the realtors were concerned about and this option would allow the Legislature to consider that. He said there was no way to pass the bill with its original intent without allowing acquisition value.

REP. STORY said Rep. Harper's comments were accurate but the Legislature could flat tax houses or go to some other type of taxation on houses.

Motion/Vote:

REP. STORY MOVED TO ADOPT OPTION ONE. The motion passed 19 - 1.

Discussion:

REP. REAM asked if the sub-committee had considered adding the words "in the increase" following the word "reduction." REP. STORY said the sub-committee had discussed it but noted that the sponsor had said the addition of the language was not necessary.

REP. HARPER remarked that it was true that if the ballot language were to accurately describe the proposed constitutional amendment, the language would probably say, "allowing the Legislature to reduce or limit property tax increases and allow reductions of property taxes by statute." Voting for this does not limit property tax increases or allow reductions without the action of the Legislature. The Constitutional Amendment authorizes the Legislature to act.

REP. REAM said he would favor language to that effect. REP. STORY said they had discussed it and it would be a matter of what the Committee wanted to place on the ballot.

REP. RANEY said the second word should be "allowing."

Motion/Vote:

REP. REAM MOVED TO AMEND THE BALLOT LANGUAGE TO READ: "FOR ALLOWING THE LEGISLATURE TO LIMIT OR REDUCE PROPERTY TAXES OR CHANGES IN VALUATION OF PROPERTY" AND "AGAINST ALLOWING THE LEGISLATURE TO LIMIT OR REDUCE PROPERTY TAXES OR CHANGES IN VALUATION OF PROPERTY." On a voice vote, the motion passed unanimously.

Motion/Vote:

REP. HANSON MOVED THAT SB 274 AS AMENDED BE CONCURRED IN. On a voice vote, the motion passed 19 - 1.

EXECUTIVE ACTION ON SB 414

REP. HARPER said he had talked with a number of people following the Committee's action on SB 414. He said he was prepared to offer an amendment to strip the amendments added to the bill and Rep. Rose and Rep. Ream have also proposed amendments which would make the bill more palatable and reduce the cost. EXHIBIT 2. He said the bill could accomplish a number of good things. He presented written testimony urging the Committee to remove SB 414 from the table and vote do pass. EXHIBIT 3.

Motion/Vote:

REP. HARPER MOVED TO REMOVE SB 414 FROM THE TABLE. On a roll call vote, the motion failed 10 - 9.

EXECUTIVE ACTION ON SB 421

CHAIRMAN HIBBARD stated that because of time constraints, the Committee had not had an opportunity to ask questions at the hearing on SB 421. He said he had asked Sen. Harp to be present during executive action to furnish information. Without objection, he encouraged Committee Members to ask questions of the sponsor and others who had testified at the hearing.

REP. SWANSON said she had a lot of questions as to how the bill would affect her as an individual taxpayer. She presented a number of scenarios, and the effect of the bill in each of those scenarios was explained by Dave Woodgerd, DOR Attorney.

REP. ELLIOTT commented that the bill would severely penalize cities and counties in eastern Montana that have seen large decreases in their mill levies.

*{Tape: 1; Side: B.}*

REP. ELLIOTT said he was also concerned about how the bill would make up the one-third of local property tax which is the state-wide mill.

REP. SWANSON said she didn't understand what would be limited in the bill. She said it looked like a "bunch of false promises." She said people want residential property tax relief and the Legislature is finding it hard to do that. If the bill is passed, the voters will not get what they are expecting and they will be back saying "you guys are just what we thought you were." It is not responsible legislation.

REP. STORY said one of the things the bill does is require mill levy reduction when values increase. He said he was under the assumption that a sub-committee had looked at amendments.

Motion:

REP. ARNOTT MOVED THAT SB 421 BE CONCURRED IN.

Discussion:

CHAIRMAN HIBBARD asked if there were amendments.

REP. SOMERVILLE said a sub-committee had not been appointed but several Committee Members had worked with the Office of Public Instruction to draft amendments in addition to the Harp amendments. EXHIBIT 4.

CHAIRMAN HIBBARD said an additional amendment had been proposed by the Rural Fire Districts. EXHIBIT 5.

Mr. Heiman said Rep. Harp's amendments relate to budget authority, clarify the limitation on statewide mill levy increases, and clarifies further that it applies only to the general fund. The next three amendments strike material from the voting requirements in the bill that relate more to emergency situations than operations of general government. The last amendment addresses the reduction in nonlevy revenue received in 1994.

REP. SOMERVILLE asked Mr. Woodgerd to explain the last amendment. Without objection, Mr. Woodgerd said the concern was for the counties in eastern Montana where there had been a reduction in nonlevy revenue such as the local government severance tax and federal payments that represent revenue to the county but are not a result of mills levied. The amendment would allow a taxing

unit to increase mills to make up for a loss of nonlevied revenues.

REP. STORY said it would be a difficult amendment because it would apply to the Fallon County situation. Because they lost nonlevied revenue, they could shift it back to mills. Counties that have gone to using fees could shift back to property tax.

REP. REAM said he would like to deal with the Harp amendments separately from the others.

Motion:

REP. ROSE MOVED TO ADOPT THE HARP AMENDMENTS.

Discussion:

REP. REAM asked if the first amendment would make the bill consistent with the statewide equalization 80% cap. Madalyn Quinlan, Office of Public Instruction, explained that the amendment would make it clear that the school districts are subject to a separate set of voting requirements under school law for property tax increases.

REP. REAM asked about "property tax increases to fund a non-voted portion of the general fund budget." Ms. Quinlan said that, under school law, the district must vote any increases in its budget in excess of the prior year's budget; but the district could have a situation where they have fewer nonlevied revenues than they had in the prior year so they would have to have a property tax increase to retain the budget. The amendment would allow them to increase property tax to replace nonlevied revenue.

In response to questions from Committee Members, Ms. Quinlan explained how the first amendment would affect school budgeting processes.

Vote:

On a voice vote, amendments 1, 2 and 3 were adopted, 20 - 0.

Motion:

REP. MURDOCK MOVED THAT AMENDMENTS 4, 5, 6 AND 7 BE ADOPTED.

Motion/Vote:

REP. ELLIOTT MOVED TO SEGREGATE AMENDMENT 7 FROM AMENDMENTS 4, 5 AND 6. The motion passed unanimously.

Vote:

On a voice vote, amendments 4, 5 and 6 were adopted, 19 - 1.

**Motion:**

REP. MURDOCK MOVED THAT AMENDMENT 7 BE ADOPTED.

**Discussion:**

REP. MURDOCK said it would be detrimental to her county to freeze levels at 1994. The amendment is an attempt to allow schools to keep themselves whole.

REP. ALVIN ELLIS, House District 23, Red Lodge, said the Carbon County had testified against the bill because of nonlevied revenues. When the tax freeze came on in 1986 counties had benefited from oil tax which was later changed to local government severance tax and the state apportioned the oil revenues throughout the state and reimbursed the counties. In most counties this had a dramatic effect. Carbon County's taxable value dropped from \$31 million to \$16 million. The old wells are producing less every year so the counties receive less local government severance tax each year. In some counties there are new oil discoveries and revenues from new production are not included in the local government severance tax distribution. If taxes are frozen at 1994 levels, they must run a levy to replace the revenue that would come from declining production. Schools are allowed to do that and this amendment would allow counties to do the same thing.

REP. HANSON asked what the amendment would do for Powder River County where the valuation dropped from \$80 million to \$6 million and taxes have continued to go up. Eric Feaver, MEA, said the amendment would allow counties and cities to raise levies without a vote to recover losses.

*{Tape: 2; Side: A.}*

REP. ARNOTT referred to Rep. Ellis's testimony relative to Carbon County. She asked why, if the situation was so bad in Carbon County, they had not passed the local option tax when it was offered. REP. ELLIS said there were talking about two separate issues. The success of the local option tax would depend on a lot of things and in Red Lodge they tried to do too many things with the tax. He said that if the Committee were to adopt the 7th amendment, it would hold the taxpayer harmless from increasing valuations. It would dramatically affect local county, city and school levies in western Montana where valuations are going up; but it would also help eastern Montana because it would affect the total amount of money raised by the 95 statewide mills and the mills would go down.

REP. ELLIOTT said some counties had been responsible and have lowered their mills. He asked how the amendment would affect them. REP. ELLIS said it would hold them at the 1994 level. If new property comes into the district they would be allowed those increases.

**REP. ELLIOTT** asked if there was any provision in the bill for inflation. **REP. ELLIS** said to his understanding there was not.

**REP. ELLIOTT** asked Alec Hansen to respond to the same question. **Mr. Hansen** said the sponsor had talked about fairly significant tax increases that had occurred in the last two years. The problem of moving forward to the 1994 limit is that the increase would be captured under the new cap. The entities that have "kept the lid on taxes" would be limited. He said he did not see anything in the bill that would help eastern Montana. The thing that drives value, particularly in eastern Montana, is inflation which also drives the cost of government and there must be some way to connect those two things or there will be significant financial problems in eastern Montana.

**REP. REAM** asked if the amendment would help the problem. **Gordon Morris, Montana Association of Counties**, said it would definitely help and he encouraged the Committee's support. He pointed out that the bill, as it is amended, is becoming more acceptable.

**REP. STORY** asked what percentage of an average county's budget was nonlevied revenue. **Mr. Morris** said it would vary but, generally speaking, non-tax revenues make up 40 - 45% of the total appropriation for county purposes. **REP. STORY** asked if that was because there had been a shift from tax to fees. **Mr. Morris** said local governments have not used their fee authority to create non-tax revenue with the exception of counties that have used authority to create special improvement districts for roads. Counties don't have significant fee authority. **REP. STORY** then asked about the solid waste fees that are collected in his county. **Mr. Morris** said the situation was different because solid waste is operated as an enterprise program which means the income has to match the expenditures.

**REP. STORY** said his concern was with school budgets because a portion is nonlevied and the bill provides for manipulation through a loophole that allows them to adjust their mills. **Mr. Morris** said that as the bill is proposed, there would be a one-time only opportunity to take advantage of an "artificial reduction" in anticipation of new tax revenue. **REP. STORY** said that if that was the case he would not be concerned.

**Vote:**

On a voice vote, the motion to adopt amendment 7 passed, 18 - 2.

**Discussion:**

**REP. ROSE** asked if the amendment just passed included the amendment proposed by the rural fire districts. **REP. SOMERVILLE** said he thought it would.

**Mr. Heiman** explained that the amendment would pick up all taxing jurisdictions as far as non-tax revenue was concerned, but the

limitation in the bill on page 6, line 1, does not include rural fire districts.

Motion:

REP. ROSE MOVED THE AMENDMENT BE ADOPTED.

Discussion:

REP. HARPER spoke in favor of the amendment.

REP. STORY said he didn't know why they should be exempt.

REP. WENNEMAR said he could understand why they should be exempt. He cited, for example, that the Alberton Fire District has had problems and have conducted bake sales to provide maintenance for their equipment. Capping the mill levies at "the good old days" rate when few people lived in rural areas is not realistic.

Vote:

On a voice vote, the amendment was adopted, 18 - 2.

Discussion:

REP. ELLIOTT said that nothing has every been done to address the inflationary costs of government. He said the Legislature has addressed the effect of inflation on income and has indexed income tax; but tax limitations have never been indexed.

Motion:

REP. ELLIOTT MOVED A CONCEPTUAL AMENDMENT TO INDEX INFLATION IN THE BILL TO THE CPI.

Discussion:

REP. WELLS said that in the meeting of the Committee Members who proposed amendments to this bill, it was suggested that a 2% inflation factor per year be included. This would not be as flexible as the CPI but it would allow for some growth in the cap.

REP. STORY asked if the CPI was reflective of the Montana situation.

REP. ELLIOTT said it was not reflective of any particular state, but the major costs that go into the CPI represent the most accurate measure available.

Vote:

On a roll call vote, the motion failed on a tie vote, 10 - 10.



{Tape: 2; Side: B.}

**Motion:**

REP. ELLIOTT MOVED AN AMENDMENT TO ALLOW INCREASES UP TO 2%.

**Discussion:**

REP. ROSE asked what the amendment would do to school funding at 80%. He asked if the schools would be exempt. **Kathy Fabiano, Office of Public Instruction**, said it was her understanding that the schools would be exempt.

**CHAIRMAN HIBBARD** asked if the amendment would allow inflationary increases not to exceed 2%. **REP. ELLIOTT** said it could go up by 2% a year and he could not remember inflation ever being below 2% in the last 30 years.

**REP. STORY** asked if it would apply to each taxing jurisdiction. **REP. ELLIOTT** said that was correct.

Without objection, **REP. ELLIS** commented that this was a better amendment because the Chairman of the Federal Reserve has pointed out that the CPI could be skewed by the fact that the products that make up the index get better as time goes on. Beyond that, the school funding mechanism does not allow schools to increase mill levies once they reach the target of 80 to 90% without a vote, regardless of inflation.

**Vote:**

On a roll call vote, the amendment passed, 12 - 8.

**Discussion:**

**REP. HARPER** said it was important to remember that Gary Buchanan had presented strong testimony against the bill. He said Mr. Buchanan had said, "The state has overly-constrained, overly controlled local governments. I regard the bill as a complete unfunded mandate of the highest order. This is a sign of surrender." **REP. HARPER** advised that Mr. Buchanan was one of the primary authors of I-105. He said I-105 contained two messages, both aimed at the Legislature. The message was for the Legislature to reform property tax and, instead of listening to that message, it was turned back on the local governments because "this message isn't for us, it's for you." That is what this bill does. The thing that made Gary Buchanan mad was that the Legislature is now using his tools to prevent itself from dealing with legitimate tax reform. The question for this Legislature is, where is the tax reform? The people want reform. **REP. HARPER** said there was no way a reasonably thinking person could support this bill. The amendments strike unequally across the state and will allow some taxpayers to have their taxes raised

without a vote and in other areas they are deprived of that. There is no fairness in the bill.

REP. ROSE said the people have told the Legislature they do not want more taxes and the bill is a means of limiting taxes and meeting the needs of the people; therefore, he would strongly support the bill with the amendments.

REP. ELLIOTT said that in regard to Rep. Harper's statement, he would offer a further amendment.

Motion:

REP. ELLIOTT MOVED TO REINSERT LANGUAGE ON PAGE 1, LINES 23 - 28.

Discussion:

REP. ELLIOTT said the amendment would put responsibility back on the Legislature to develop tax reform.

REP. HARPER said he would agree with the amendment. He suggested reinserting lines 29 and 30 as well.

REP. ELLIOTT said he was not sure the property classes would still apply. He said he would be amenable to putting in line 29 in its entirety and "relieve the tax burden on property" on line 30.

Vote:

On a voice vote, the amendment was adopted, 11 - 9.

Motion/Vote:

REP. ELLIOTT MOVED TO AMEND THE BILL BY REINSERTING LINE 29 IN ITS ENTIRETY AND "RELIEVE THE TAX BURDEN ON PROPERTY" FROM LINE 30. On a voice vote, the motion failed, 11 - 9.

Motion:

REP. ARNOTT MOVED THAT SB 421 AS AMENDED BE CONCURRED IN. On a roll call vote, the motion passed, 16 - 4.

EXECUTIVE ACTION ON SB 39

Motion:

REP. HANSON MOVED THAT SB 39 BE CONCURRED IN.

Discussion:

CHAIRMAN HIBBARD asked how the 25% tax credit was arrived at. Mr. Robinson said he was not sure but he thought the initial

discussion in the special session had produced the language because there wasn't enough money to pay it all at one time.

**CHAIRMAN HIBBARD** said it was his understanding that if a retiree were to die before he had received the entire credit, the estate would receive the balance. **Mr. Robinson** said that was correct.

**CHAIRMAN HIBBARD** asked for the reason the individual must apply prior to September 30, 1995. **Mr. Robinson** said the intent was to provide a window of opportunity and he did not know why that date was chosen.

**CHAIRMAN HANSON** asked if the payment would be subject to inheritance tax if the retiree had died. **Mr. Robinson** said it would be considered taxable income but, whether or not it would be subject to inheritance tax would depend on who the funds would flow to because if it were to go to a family member, there would be no tax.

**REP. ELLIOTT** said he had opposed the concept in the bill originally but he supports it now because he was asked by a constituent to do something about it. He said he had asked the Department of Revenue for information they had used when informing people of their ability to apply. When he looked at the tax return, he noted that the language was vague. He said he could not understand it and didn't think anyone else could. Now he feels it is a matter of fairness provide an opportunity to return the illegally collected taxes to those retirees who were not aware that they could file a claim when they filed their tax return. He said he would offer amendments to the bill. EXHIBIT 6.

**Motion:**

**REP. ELLIOTT MOVED THAT THE AMENDMENTS BE ADOPTED.**

**Discussion:**

**REP. ELLIOTT** said he believed that many of the people eligible for the refund would not be paying any tax. Since there was going to be more money in the budget than anticipated and the total cost would be \$8 million spread out over four years, it would be fair to return the money to those who paid it because it was collected illegally.

**REP. REAM** said he understood the tax credit could be carried forward to tax years 1996, 1997 and 1998. He said it sounded to him like they would receive the full amount back at the end of four years. **Mr. Robinson** said that was correct. **REP. REAM** asked if the net impact of Rep. Elliott's amendment would be zero after four years. **Mr. Robinson** said it would be in the third biennium. **REP. REAM** said it was a fair amendment.

{Tape: 3; Side: A.}

Vote:

On a voice vote, the amendment was adopted, on a unanimous vote.

Motion:

REP. HARPER MOVED TO REMOVE THE CONTINGENT VOIDNESS CLAUSE.

Discussion:

REP. HARPER said he made the motion because the bill is complicated and the Committee had discussed it at length and, unless the contingent voidness is removed, the bill would be placed in the hands of a committee that has not heard the bill. The money was illegally and unconstitutionally collected and it should be paid back and it should not be dependent on the budget committee.

REP. ARNOTT opposed removing the contingent voidness clause.

REP. ELLIOTT pointed out that with the contingent voidness clause on the bill a decision to kill it could be made by four people. He said he would have liked to have seen the retirees get all the money back right now. He said the money was available and he did not want to see it used to balance the budget.

Vote:

On a roll call vote, the motion failed, 13 - 7.

Motion:

REP. WENNEMAR MOVED AN AMENDMENT TO STRIKE "NOT" ON PAGE 3, LINE 7.

Discussion:

REP. WENNEMAR said the amendment would allow payment of interest on taxes paid on federal pension income for tax years 1983, 1984, 1985, 1986, and 1987. He said it was only fair that since the state had collected the taxes illegally, the retirees should receive the accumulated interest.

REP. ROSE opposed the motion.

REP. HANSON said she would not support the motion.

REP. ELLIOTT asked what the cost of the amendment might be. Mr. Robinson estimated it would add another \$6 - \$7 million to the cost. He said that a 3% interest rate had been included in the settlement.

Vote:

On a voice vote, the motion failed, 17 - 3.

Motion:

REP. HANSON MOVED THAT SB 39 AS AMENDED BE CONCURRED IN.

Discussion:

REP. REAM asked what would be mailed out to the people having federal retirement income. Mr. Robinson said there was no appropriation in the bill. Without funding, they would have a difficult time accomplishing that.

REP. REAM said he had concern about the September 30 date. He asked how the Department planned to notify retirees. Mr. Robinson advised that they would utilize press releases which are low cost but not the best method of communication. They have a mailing list which is not complete because some people have never filed a claim but they could use it if they had funding. They would ask the retiree organizations to provide information through their publications.

REP. REAM asked what the last date would be that they could file a claim. Mr. Robinson said that for extension returns, they could go until October 15, 1995. REP. REAM asked if it would help to delay the date until the end of the year. Mr. Robinson said the change in the date wouldn't make any difference if they don't have the money to notify retirees.

REP. WELLS commented that he was retired Air Force, but the bill would not affect him.

REP. ARNOTT said she would agree with Rep. Ream that the date should be moved up to allow more time for notification.

CHAIRMAN HIBBARD suggested passing the bill out as it was. He said that he would be carrying the bill on the floor and he would discuss the matter with the retiree groups and the DOR and, if necessary to extend the time limit, he would be glad to offer an amendment on the floor.

REP. SOMERVILLE advised that he was retired Army, but the bill would not affect him.

Vote:

On a voice vote, the motion passed, 20 - 0.

EXECUTIVE ACTION ON HB 227Motion:

REP. RANEY MOVED THAT HB 227 BE REMOVED FROM THE TABLE.

Discussion:

REP. RANEY said HB 227 was Rep. Galvin's bill on the bed tax. He said he would like to get it off the table and offer amendments to fund projects people would like to have funded that are presently tied up by HB 599.

REP. RANEY asked Rep. Ryan if this would be a way to obtain funding for the Lewis and Clark Interpretive Center. REP. RYAN said it would be. It would give communities an option to fund projects with revenue from the tourism industry. The local option tax works in towns where they have been allowed. He said the Governor is in support of the Lewis and Clark Interpretive Center. He said local communities need help to support projects such as local visitor centers.

CHAIRMAN HIBBARD said the issue had been debated thoroughly and it should not be necessary to spend time debating the issue again.

REP. HARPER said the projects were included in HB 599 and, while he did not see any way that bill could pass, the Governor had gone on record in favor of the projects. He said the title of the bill clearly allows what was being proposed. He said it looked like the Legislature was going to adjourn without funding the projects that everyone says they want. This bill would allow a way to fund them. He said he would support the bill as amended.

CHAIRMAN HIBBARD said that in deference to those who are very strong advocates of the bill, he would allow some discussion.

REP. SOMERVILLE spoke in opposition to the motion. The bed tax is critical to the tourist industry which is the major industry in the Flathead Valley. He said the bill would hurt the tourist industry.

REP. RYAN clarified that the bill was a local option bill and the people would have to vote to add 1% and would not take money away from anything that already exists. He said he was asking for permission for his community to have the option to vote for the project.

REP. RANEY said his amendments would specify that the 1% local option tax would have to be voted on and could only be used for tourist-related infrastructure. It would have to be written so tightly that the money could only be used to build or develop something that would draw tourists to the community.

**Vote:**

On a roll call vote, the motion failed, 12 - 8.

**EXECUTIVE ACTION ON SB 257****Motion:**

REP. SWANSON MOVED THAT SB 257 BE NOT CONCURRED IN.

**Discussion:**

REP. SWANSON said the bill would lock in a tax that was unfair to begin with and, if the bill was passed as written with the speed formula, preferential treatment would be given to unit car trains at the expense of smaller trains. She said it was not appropriate for the Legislature to write tax policy that, in effect, negotiates for the State of Montana. She commented that the timing, the concept and the effects of the bill are all bad.

REP. ELLIOTT said he had called Mr. Morrison, the former Chief of the Property Assessment Division of the DOR, who provided some background history on the bill. He said that originally the tax on railroad cars was paid through a gross receipts tax through the Income Tax Division. The railroad car companies determined the gross receipts, the railroads collected the tax for the car companies and sent it to the DOR. He said an audit of the car companies was challenged and they objected to the gross receipts tax in reference to the "Four R" act. The system was switched to the present system and, since that time, they have paid their taxes under protest. He said the car companies lost a similar case in the State of Oregon. REP. ELLIOTT said he now agrees with Rep. Swanson that this is not the time to pass this bill. He said he had also noted that the smaller car companies had not come in to support the bill.

*{Tape: 3; Side: B.}*

REP. RANEY explained how the formula in the bill would subsidize other forms of rail transportation if the bill were to pass. A graingrower's car would have three times the tax on it as a coal car would have. He noted that there was no fairness in the bill.

**Substitute Motion:**

REP. STORY MOVED THAT SB 257 BE CONCURRED IN.

**Discussion:**

REP. STORY advised that the DOR had prepared amendments to the bill. EXHIBIT 7.

**Motion:**

REP. STORY MOVED THE DOR AMENDMENTS BE ADOPTED.

**Discussion:**

REP. STORY agreed that there were some problems with the way rail cars are taxed, especially in relation to surrounding states. The bill did not come at a good time but it may move the process along.

REP. SWANSON commented that if the bill were to pass, the amendments were good. The amendments change the formula to 1/3 miles and 2/3 equivalent car count.

REP. SOMERVILLE asked if the cities and counties would receive more revenue. Mr. Robinson explained that the total dollar amount is allocated to counties based on a formula that would not be changed. However, the amendments would provide less tax dollars to be distributed.

REP. HANSON asked what the amendments would do to the bill. Mr. Mockler, Montana Coal Council, replied that they would "screw the whole mess up worse than it is now." He noted that the final amendment is a repealer in two years and the law would go back to the way it was.

REP. REAM said his concerns were the impacts the bill might have on current litigation. He asked if the bill would jeopardize the litigation. Mr. Robinson said what he would propose to the railcar companies would be that they settle the lawsuit and they could go forward over the next two years to work in unison to come up with a formula that they could all agree on that would be fair.

REP. HARPER noted that by passing SB 257, the railcar companies' tax liability would be reduced by \$1.1 million per year.

**Motion/Vote:**

REP. FUCHS MOVED TO SEGREGATE AMENDMENTS 3 AND 13. On a voice vote, the motion passed.

**Discussion:**

REP. SWANSON suggested that the proper procedure would be to take action on the Story amendments first and then consider the segregation. CHAIRMAN HIBBARD agreed.

**Motion/Vote:**

REP. STORY MOVED THAT THE AMENDMENTS BE ADOPTED. On a voice vote, the motion passed, 16 - 4.



Motion/Vote:

REP. FUCHS MOVED TO SEGREGATE AMENDMENTS 3 AND 13 FROM THE BILL.  
On a roll call vote the motion passed, 12 - 7.

Motion:

REP. ELLIOTT MOVED TO PLACE A CONTINGENT VOIDNESS CLAUSE ON THE  
BILL.

Discussion:

REP. ELLIOTT said there would be a significant fiscal impact from  
the bill.

CHAIRMAN HIBBARD said he was not sure how the contingent voidness  
amendment would apply.

REP. ELLIOTT WITHDREW HIS MOTION.

REP. HARPER said he would speak against the do pass motion and  
for the original do not pass motion. He said the Committee by  
passing the bill would be substituting for the courts. The bill  
sets a terrible precedent. The railcar companies can come in and  
beat the tax and beat the lawsuit. If the bill is passed, it  
would encourage any group that sees the Legislature as more  
favorable than a court as a forum.

REP. STORY said that in every session people come in and try to  
get their tax adjusted whether they are in court or not.

REP. WENNEMAR commented that the DOR had "made a deal" with the  
railcar companies in 1971 and, now that they are being placed on  
the same playing field, they say they are going to leave. He  
said they should not be coming before the Legislature, demanding  
special deals.

Motion/Vote:

On a roll call vote, the do concur as amended motion passed, 13 -  
7.

EXECUTIVE ACTION ON SB 417

Motion:

REP. WENNEMAR MOVED THAT SB 417 BE NOT CONCURRED IN.

{Tape: 4; Side: A.}

**Discussion:**

REP. ELLIOTT distributed a chart showing what the estimated cumulative revenue losses to counties due to SB 417 through FY 2010 would be. EXHIBIT 8. He said the chart assumed that the historical growth of personal property of 3.5% would continue.

REP. ELLIOTT answered questions pertaining to the chart. He advised that the information had been provided by the Legislative Fiscal Analyst's Office. Inflation, population growth, new jobs created by the tax break, and new taxable value were not taken into account but the charts do include 3.5% historical growth. He noted that all counties do not have that historical growth. In summary, REP. ELLIOTT commented that SB 417 would work in the high growth and urban areas of the state but, in the low growth and rural areas of the state, there would be a significant loss of revenue that would not be made up by the State of Montana in reimbursements. Jim Staendert, Legislative Fiscal Analyst's Office, provided further clarification of some of the statistics.

**Substitute Motion:**

REP. SOMERVILLE MOVED THAT SB 417 BE CONCURRED IN.

**Discussion:**

REP. SOMERVILLE said he looked at the bill as a "savings for the taxpayer" bill with the potential for half a billion dollars that could be reinvested into the economy of the State of Montana.

REP. FUCHS proposed an amendment which would replace the advisory committee in the bill with a task force that would examine all aspects of taxation in Montana and make recommendations to the Governor and the Legislature on short-term and long-term tax policy strategies; and provides for an appropriation of \$15,000. EXHIBIT 9.

**Motion:**

REP. FUCHS MOVED ADOPTION OF THE AMENDMENT.

**Discussion:**

REP. SWANSON said she was in support of the amendment but thought there was a problem with the appropriation. She said she did not think an appropriation of \$15,000 would cover the expenses of the task force.

REP. FUCHS noted that legislative members would not receive anything more than regular pay. He said he thought the appropriation would be sufficient.

{Tape: 4; Side: B.}

REP. HARPER said he would support the amendments but objected to the makeup of the committee because the majority of the members were individuals who depended on tax dollars. REP. HARPER said that when the amendments had been offered in previous sessions, they were accompanied by a fiscal note of \$200,000 and had realized that even that amount was low.

Vote:

On a voice vote, the motion passed, 18 - 2.

Motion:

REP. SWANSON MOVED TO STRIKE SECTION 4 ON PAGE 8 OF THE BILL.

Discussion:

REP. SWANSON explained that the local governments had been promised that the state would "keep them whole" and, therefore, she was suggesting that Section 4 be struck from the bill. This would allow the Legislature to stick with the promise that was made and also reduce the fiscal burden on local governments.

Vote:

On a roll call vote, the motion failed, 13 - 7.

Discussion:

REP. RANEY proposed an amendment that would move it to the 1996 biennium to provide tax relief in the current biennium. In order to go to 7% and 6% in the following biennium, the next Legislature would have to pass a local option tax so communities would be able to make themselves whole from the loss of revenue. EXHIBIT 10. He said he had initially included an amendment to eliminate the reimbursement to local governments completely; however, he had decided to delete amendment eight. He said he would like to have the amendments considered separately.

Motion:

REP. RANEY MOVED TO ACCELERATE THE FIRST 1% REDUCTION INTO THE CURRENT BIENNIUM.

Discussion:

CHAIRMAN HIBBARD asked what the cost would be. Mr. Robinson said the 1% reduction for a full tax year would be about \$11 million.

REP. REAM said \$4 million was already in this biennium so the addition would be approximately \$11 million.

REP. RANEY said the 8% would be moved to 1996, and the 7% and 6% rates would be left where they were in 1998 and 1999. The reason was to give an opportunity for the local option tax to be put into place. The amendment would accelerate only one year into the current biennium.

REP. HARPER said Rep. Raney's amendment would go part way toward forcing the Legislature to deal with the problem it is creating for local governments. The bill as currently written is the height of fiscal irresponsibility.

REP. SOMERVILLE spoke against the amendment. He said the bill is no different from any other that adds FTEs to the budget because the next Legislature will have to pay for them. The local option issue is a unique idea but it should be considered on its own merits, and not as an effort to hold a bill hostage. He said he would also prefer to move all three years forward instead of just one.

REP. ELLIOTT said he would support Rep. Raney's amendment but he was more supportive of Rep. Somerville's suggestion that all three years should be moved forward and made effective January 1, 1995.

REP. RANEY said his amendment was to move one year forward from 1997 to 1996. Mr. Heiman pointed out that the Committee would be voting on amendments 3, 4, 9 and 10.

Vote:

On a roll call vote, the motion passed 11 - 9.

Motion:

REP. RANEY MOVED AMENDMENTS WHICH WOULD VOID THE 7% AND 6% REDUCTIONS UNLESS THE 55TH LEGISLATURE ENACTS ENABLING LEGISLATION ALLOWING LOCAL OPTION TAXES TO BE IMPOSED BY A VOTE OF THE LOCAL ELECTORATE. On a roll call vote, the motion failed, 11 - 9.

Discussion:

REP. RANEY said it would be necessary to make a technical amendment on the amendment that passed. Mr. Heiman explained that based on moving one year forward, it would be necessary to change the date to coordinate with the previous amendment.

{Tape: 5; Side: A.}

Motion/Vote:

REP. RANEY MOVED THE TECHNICAL AMENDMENT. On a voice vote, the motion passed, 15 - 5.

**Motion:**

REP. ELLIOTT MOVED A CONCEPTUAL AMENDMENT THAT WOULD INCLUDE CLASS 9 PROPERTY.

**Discussion:**

REP. ELLIOTT explained that class 9 property includes utilities which are taxed at 12% of market value. He distributed a handout showing the description, reappraisal cycle and taxable valuation of the different classes of property, noting that class 9 represents 24% of the taxable valuation of the state. EXHIBIT 11. REP. ELLIOTT stated that when, and if, the tax rate on class 8 property is lowered to 6%, the utilities would file suit to have their rates reduced. If they were successful, approximately \$81 million would be lost to the taxing jurisdictions in the state. He said it's a matter of "we do it now or we do it later."

REP. RANEY commented that when the rate goes to 6%, class 12 rates on railroads and airlines will also be reduced, costing an additional amount of tax revenue.

REP. REAM asked if the amendment would take the rate from 12% to 9%. REP. ELLIOTT said class 9 would be treated the same as class 8 property, reducing the rate from 12% the first year to 8% and then conform with the rest of the bill.

REP. RYAN said he had considered an amendment which would reduce class 9 property at the same percentage as class 8. He said this amendment would have less of a fiscal impact and would go a long way towards keeping the state out of court.

REP. SOMERVILLE said the bill was geared toward class 8 business property and not toward utilities.

CHAIRMAN HIBBARD asked if the cost of including utilities would be \$81.5 million. REP. ELLIOTT said that would be the potential loss if the utilities should sue the state and win. He said his primary purpose for bringing the amendment forward was to illustrate what the affects of SB 417 could be. He commented that the bill would be the beginning of a landslide in property tax decreases and would force the state to go to a sales tax because there would be no other alternative.

REP. ELLIOTT WITHDREW THE AMENDMENT.

**Motion:**

REP. RYAN MOVED A CONCEPTUAL AMENDMENT TO REDUCE CLASS 9 PROPERTY AT THE SAME RATE CLASS 12 PROPERTY WOULD BE REDUCED AS A RESULT OF THE REDUCTION IN CLASS 8 RATE.

**Discussion:**

**REP. RYAN** said this would be a more conservative way to go. Through the year 2000, it would add \$23.1 million to the cost of the bill. When taxes are reduced on utilities, it is almost automatic that the utility rate for consumers goes down and the money will go back into the economy.

**Mr. Heiman** stated that the bottom rate would be 9.7% at the end of the three-year period.

**Vote:**

On a roll call vote, the motion failed, 12 - 8.

**Discussion:**

**REP. REAM** emphasized that SB 417 was the most irresponsible bill the Committee had dealt with in the current session. His main objection was the ultimate impact on local government. The bill would pass a tremendous unfunded mandate on to local governments and schools which adds up to \$51 million. Taking away the revenue promised under HB 20 is the most reprehensible part of the bill. The debt would be passed on to future Legislatures and nothing is being done about tax reform. **REP. REAM** said the idea that there would be an influx of expenditures on machinery that would make up the difference is absurd because it won't happen. He said the bill does not represent tax reform, it is a give-away of mammoth proportions. He said he was not against lowering personal property tax if a way could be found to fund it.

**REP. ELLIOTT** commented that he opposed the bill and thought it was important to note that \$11.5 million would represent tax reductions for 25 mining and refining companies, only two of which are located in Montana. He agreed that it was an unfunded mandate on local governments who would not see an increase in their economy. He said he was offended because there would not be any significant tax relief for homeowners while \$33 million would be spent on business relief at the expense of property taxpayers.

*{Tape: 5; Side: B.}*

**REP. HARPER** said passing the bill would be like using someone else's credit card. He predicted that if the bill is passed, homeowners' taxes would skyrocket.

**REP. RANEY** said he wanted to see the bill passed but it was also necessary to protect the local citizenry. Citizens, in order to have the services they want -- police, water, sewer, etc. -- would have to significantly raise their taxes. Without adding a funding mechanism for local governments, he would not support the bill.

REP. ARNOTT said she thought passing increased budgets was also fiscally irresponsible because they continue to expand state and local governments. This bill may add some benefits to business and produce additional revenue. She stated that she would support the bill.

REP. STORY commented that over the life of the bill, it would take 5% of the total tax base of the State of Montana.

Vote:

On a roll call vote, SB 417 as amended was concurred in, 14 - 6.

EXECUTIVE ACTION ON SB 358

Motion:

REP. HARPER MOVED THAT SB 358 BE CONCURRED IN.

Discussion:

Mr. Heiman explained that the Department of Revenue had requested amendments to clarify that the tax credit would apply to each piece of equipment and not the aggregate amount of machinery. EXHIBIT 12.

Motion/Vote:

REP. HARPER MOVED THE AMENDMENT. On a voice vote, the motion passed unanimously.

Discussion:

REP. ARNOTT said the bill, as drafted, would have eliminated the sunset on the existing statute. The amendments would extend that sunset for six years and places a two-year sunset on the new equipment being added in the bill. She said Sen. Halligan and the Washington Corporation and the small contractors have all agreed to the amendments. EXHIBIT 13.

Motion/Vote:

REP. ARNOTT MOVED THE AMENDMENTS. On a voice vote, the motion passed unanimously.

Motion:

REP. HANSON MOVED THAT SB 358 AS AMENDED BE CONCURRED IN.

Discussion:

REP. ELLIOTT said he would propose an amendment to the bill which would limit the maximum amount of the tax credit to \$50,000. As

the bill was written, a corporation could claim \$125,000 in tax credits on a \$1 million piece of equipment as well as depreciating the equipment out. EXHIBIT 14.

REP. REAM asked if the amendment would reduce the amount of the credit given for equipment covered under current legislation.

REP. ELLIOTT said it would, but he didn't think many of the small operators would be purchasing \$1 million equipment.

REP. ELLIOTT also suggested amending the amendment by striking lines 4, 5 and 6. Mr. Heiman clarified that the amendment would provide that the tax credit available would be 10% of the first \$500,000.

REP. STORY asked what would happen to someone who was expecting a 25% credit and finds the credit is only 10%. Mr. Heiman explained that the bill doesn't have a "carry forward" feature. It would only apply in the year the property was purchased and would not affect prior purchases.

CHAIRMAN HIBBARD said that, by passing this amendment, the amount the small recyclers could claim as a credit would be affected. The intent of the amendment was to disallow such a large credit for the "big ticket" items.

REP. STORY suggested leaving sub-sections (a) and (b) in the bill, leaving everything under \$250,000 at 25% and everything over that at 10%.

REP. RANEY said the solution would be to limit the amount of dollars to be claimed as a credit on one piece of equipment.

Motion:

REP. ELLIOTT WITHDREW HIS PREVIOUS AMENDMENT AND MOVED THAT THE AMOUNT OF CREDIT THAT MIGHT BE CLAIMED WOULD BE 25% OF THE FIRST \$250,000.

Discussion:

REP. ELLIOTT said the amendment would satisfy the people who had concerns for the small recyclers and still cap the amount of credit for the large contractors.

Vote:

On a roll call vote, the motion failed, 16 - 4.

Motion/Vote:

REP. ARNOTT MOVED THAT SB 358 AS AMENDED BE CONCURRED IN. On a voice vote, the motion passed, 16 - 4.



{Tape: 6; Side: A.}

Motion:

REP. ELLIOTT MOVED TO ADD THE CONTINGENT VOIDNESS CLAUSE TO THE BILL.

Discussion:

Discussion followed relative to the necessity to add the contingent voidness clause. REP. REAM said there was a revised fiscal note stating the bill would cost \$200,000.

Mike Walsh, Governor's Budget Office, said the original fiscal note had revenue estimates that did not include the sunset. The fiscal note was revised after third reading in the Senate and the impact was estimated to be \$200,000.

CHAIRMAN HIBBARD advised that the new fiscal note put the cost of the bill below the threshold established by the Committee.

REP. ELLIOTT WITHDREW HIS MOTION.

EXECUTIVE ACTION ON SB 338

Motion:

REP. ROSE MOVED THAT SB 338 BE CONCURRED IN.

Discussion:

REP. ROSE said that Rep. Feland had requested amendments to the bill which would reduce the two-year tax holiday to 18 months. EXHIBIT 15. Charts showing the fiscal impact with the 18-month exemption were distributed. EXHIBIT 16.

Motion:

REP. ROSE MOVED THE FELAND AMENDMENTS.

Discussion:

CHAIRMAN HIBBARD said that the cost of SB 338 would be reduced by the amendments and, with changes in HB 90, the stripper well bill, the cost of the two bills, as amended, would be the same as the cost of the stripper bill would have been.

REP. REAM asked if SB 338 would add three classes back into SB 412, the oil and gas tax simplification bill. Mr. Hoffman, DOR, said there would be the same number of charts whether it was 18 months or 24 months so there would be no additional effect on SB 412 in terms of the number of classes.

**REP. REAM** said he would propose amendments which would give a 12-month holiday instead of 18 or 24 which would keep the simplification in place but would change the 5.7% rate for 12 months and put it back to the full rate thereafter. With Rep. Rose's amendment, three more lines would be added to the table. He said he was bothered by adding classes immediately after the Committee had voted for simplification.

**REP. ROSE** said he would agree.

**Mr. Hoffman** said that with the revised fiscal note, it would not impact FY 96 at all and it would be reduced by one-half in FY 97. He said Rep. Rose's amendment would reduce the fiscal impact in FY 97 by \$144,000. Rep. Ream's suggestion would reduce it by approximately \$400,000.

**REP. REAM** said he didn't understand the reason for tying the stripper bill to this bill. He said the important thing was to keep the simplification bill intact even though there would be a relatively small difference when looking at total tax liability.

**CHAIRMAN HIBBARD** asked if there was any way to stay with Rep. Ream's simplification suggestion if Rep. Rose's amendment is passed. **Mr. Hoffman** said he had not been able to identify a way to do that. He said they would have to add more lines to the tax table.

**REP. RANEY** said he would vote against the Rose amendment because of what happens in the oil fields. He said the big "bubble" of oil comes in the first 24 months and they end up being strippers after that.

**REP. BOHLINGER** said 12.7% of nothing is still nothing. This bill would encourage exploration, provide jobs and expand the tax base.

**Vote:**

On a roll call vote, the motion passed, 16 - 4.

**Discussion:**

**REP. RANEY** said he thought the bill should have a sunset on it.

The Committee did not express an interest in placing a sunset on the bill.

**Motion:**

**REP. HARPER MOVED TO ADOPT A CONTINGENT VOIDNESS AMENDMENT.** On a voice vote, the motion passed, 17 - 3.

Motion/Vote:

REP. HARPER MOVED THAT SB 338 AS AMENDED BE CONCURRED IN. On a voice vote, the motion passed, 17 - 3.

EXECUTIVE ACTION ON SB 260

REP. BOHLINGER stated that the Committee had acted rather hastily on SB 260 which would have provided for a gambling indemnity trust fund which had a \$400,000 fiscal note attached to it. The money that would have been set aside was money provided by the gamblers representing 1/10 of 1% of the 15% tax on video gaming machines. He said the money would provide help for people who are addicted to gambling and the state has a moral responsibility to deal with it. He asked the Committee to reconsider its action on the bill.

Motion/Vote:

REP. BOHLINGER MOVED TO TAKE SB 260 FROM THE TABLE. On a show of hands, the motion passed, 11 - 9.

Motion/Vote:

REP. BOHLINGER MOVED THAT SB 260 BE CONCURRED IN.

Discussion:

REP. WELLS asked if the state had an alcohol indemnity trust fund. REP. HARPER replied that the state, as well as the federal government, funds extensive programs dealing with alcoholism through the Department of Corrections. REP. BOHLINGER commented that the alcohol and drug treatment center at Galen is state supported.

REP. SOMERVILLE proposed a conceptual amendment to the bill to finance the program from the gaming tax so that the local governments would not be affected.

Motion:

REP. SOMERVILLE MOVED THE CONCEPTUAL AMENDMENT.

{Tape: 6; Side: B.}

Discussion:

REP. REAM pointed out that it would be an impact on each local government that receives the income from the gambling tax and he did not think it would be worth amending for that small amount. The revenue has been growing at a more rapid rate than other sources of revenue and they have been reaping a windfall.

REP. ORR said he would support the amendment.

REP. ELLIOTT said the Somerville amendment would kill the bill.

REP. RYAN said taking the money from local governments would be a way to start "weaning" government away from the gambling tax revenue.

Vote:

On a show of hands, the motion failed, 12 - 8.

Discussion:

REP. ORR said that just because the Committee had voted to reconsider the bill did not mean everyone was in favor of it. He saw a need for discussion. He said that, by looking at gambling in other states, it was obvious that there would be an impact on local governments and there would be a gambling addiction problem. Asking the government to help is not what should be done. There are programs operating tax-free in Montana such as Gamblers Anonymous. They will continue to grow because there will be a continuing problem. This bill takes state tax dollars and funds a bureaucracy that will continue to grow. He suggested that the private sector, through Gamblers Anonymous, should be allowed to work with the problem because they have been, and will continue to do a good job.

REP. STORY agreed that the volunteer program worked and \$400,000 was not enough money to make a difference because it would represent only \$100 per person.

REP. ROSE said he also opposed the bill. He said the Committee had refused to fund the trauma center which would have helped all the people throughout Montana. Funding had also been cut in other critical area because of the fiscal impact and he objected to legislation of social and moral issues.

Vote:

On a roll call vote, the motion failed, 11 - 9.

EXECUTIVE ACTION ON SB 414

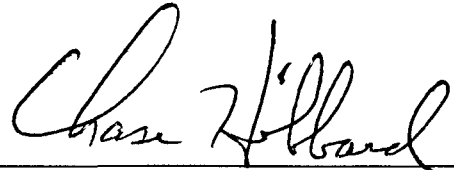
REP. HARPER asked the Committee to reconsider SB 414. He said the cost could be cut from the original estimate to less than half and the playing field could be leveled.

Motion:

REP. HARPER MOVED TO REMOVE SB 414 FROM THE TABLE. On a show of hands, the motion failed, 11 - 9.

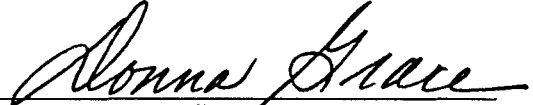
**ADJOURNMENT**

**Adjournment:** 2:00 p.m.



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CHASE HIBBARD, Chairman



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DONNA GRACE, Secretary

CH/dg

# HOUSE OF REPRESENTATIVES

## Taxation

ROLL CALL

DATE April 6, 1995

NAME	PRESENT	ABSENT	EXCUSED
Rep. Chase Hibbard, Chairman	✓		
Rep. Marian Hanson, Vice Chairman, Majority	✓		
Rep. Bob Ream, Vice Chairman, Minority	✓		
Rep. Peggy Arnott	✓		
Rep. John Bohlinger	✓		
Rep. Jim Elliott	✓		
Rep. Daniel Fuchs	✓		
Rep. Hal Harper	✓		
Rep. Rick Jore	✓		
Rep. Judy Rice Murdock	✓		
Rep. Tom Nelson	✓		
Rep. Scott Orr	✓		
Rep. Bob Raney	✓		
Rep. Sam Rose	✓		
Rep. Bill Ryan	✓		
Rep. Roger Somerville	✓		
Rep. Robert Story	✓		
Rep. Emily Swanson	✓		
Rep. Jack Wells	✓		
Rep. Ken Wennemar	✓		

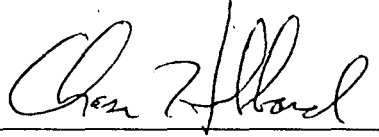


## HOUSE STANDING COMMITTEE REPORT

April 6, 1995

Page 1 of 1

Mr. Speaker: We, the committee on Taxation report that Senate Bill 274 (third reading copy -- blue) be concurred in as amended.

Signed:   
Chase Hibbard, Chair

And, that such amendments read:

Carried by: Rep. Mercer

1. Page 1, line 23.

Strike: "The tax"

Insert: "Taxes

Following: "individual"

Insert: "pieces of"

Strike: "shall" through "unless,"

Insert: "may be limited or reduced"

2. Page 1, line 24 through page 1, line 27.

Strike: ", THE" on line 24 through "IN" on 27

Insert: ". A change in"

Strike: "in any class or the tax on property in"

Insert: "within"

3. Page 2, lines 3 and 4.

Strike: "LIMITING" on line 3 through "taxes" on line 4

Insert: "allowing the legislature to limit or reduce property  
taxes or changes in valuation of property"

4. Page 2, lines 5 and 6.

Strike: "LIMITING" on line 5 through "taxes" on line 6

Insert: "allowing the legislature to limit or reduce property  
taxes or changes in valuation of property"

-END-

Committee Vote:

Yes 19, No 1.

791514SC.Hdh



## HOUSE STANDING COMMITTEE REPORT

April 6, 1995

Page 1 of 3

Mr. Speaker: We, the committee on Taxation report that Senate Bill 421 (third reading copy -- blue) be concurred in as amended.

Signed: \_\_\_\_\_

A handwritten signature in cursive script, appearing to read "Chase Hibbard", is written over a horizontal line.

*Chase Hibbard, Chair*

And, that such amendments read:

Carried by: Rep. Elliott

1. Title, line 10.

Strike: "DELETING CERTAIN"

Insert: "CHANGING THE"

2. Page 1.

Following: line 30

Insert: "(2) The legislature's failure to give local governments and local school districts the flexibility to develop alternative sources of revenue will only lead to increases in the tax burden on the already overburdened property taxpayer.

(3) The legislature is the appropriate forum to make the difficult and complex decisions to develop:

(a) a tax system that is fair to property taxpayers; and

(b) a method of providing adequate funding for local government and education."

Renumber: subsequent subsection

3. Page 3.

Following: line 17

Insert: "(3) If the increase in taxable value under subsection (2) does not result in tax revenue equal to the prior year's tax revenue adjusted for inflation, the taxing unit may levy additional mills, not to exceed 2% in additional revenue, to compensate for the difference. For the purposes of this

Committee Vote:

Yes 16, No 4.

791612SC.Hdh



subsection, inflation is measured by the consumer price index for all urban consumers, United States city average, for all items, as published by the bureau of labor statistics of the U.S. department of labor."

Renumber: subsequent subsections

4. Page 4.

Following: line 10

Insert: "(5) The limitation on the amount of taxes levied does not prohibit an increase in the total taxes levied by a taxing unit in order to compensate the taxing unit for any loss in the total amount of nonlevy revenue received in 1994."

Renumber: subsequent subsections

5. Page 5, line 25.

Following: "(i)"

Insert: "the general fund of"

6. Page 5, line 29.

Strike: "AND"

7. Page 5, line 30.

Strike: "."

Insert: "; and"

8. Page 5.

Following: line 30

Insert: "(m) rural fire districts organized under Title 7, chapter 33, part 21."

9. Page 6, lines 16 through 19.

Strike: subsections (ii) through (iv) in their entirety

Renumber: subsequent subsections

10. Page 6, line 20.

Following: ";

Insert: "and"

11. Page 6, line 21.

Strike: subsection (vi) in its entirety

Renumber: subsequent subsection

12. Page 7, line 20.

Following: "VALUATION"

Insert: ", for reasons other than those set forth in subsection (2),"

13. Page 7, line 26.

Insert: "(12) School district general fund budgets are subject to the voting requirements in 20-9-308. Property tax increases to fund the nonvoted portion of the general fund budget as calculated in 20-9-308 are not subject to the limitations of this section."

-END-

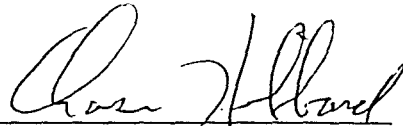


## HOUSE STANDING COMMITTEE REPORT

April 6, 1995

Page 1 of 2

Mr. Speaker: We, the committee on Taxation report that Senate Bill 39 (third reading copy -- blue) be concurred in as amended.

Signed:   
Chase Hibbard, Chair

And, that such amendments read:

Carried by: Rep. Hibbard

1. Title, lines 11 and 12.  
Strike: "ANY REMAINING" on line 11  
Insert: "THE"  
Strike: "AND ANY CARRYOVER" on line 11  
Following: "REFUNDABLE" on line 11  
Strike: remainder of line 11 through "1998" on line 12  
Strike: "AND ANY CARRYOVER"
2. Page 1, line 25.  
Strike: "Except" through "the"  
Insert: "The"
3. Page 1, lines 26 through 30.  
Following: "15-30-147(2)(f)" on line 26  
Strike: remainder of line 26 through "if" on line 30  
Insert: ". If"  
Strike: "and any carryover"
4. Page 2, lines 1 and 2.  
Following: "credit" on line 1  
Strike: remainder of line 1 through "amount," on line 2

Committee Vote:  
Yes 20, No 0.

791543SC.Hdh

5. Page 3, lines 2 and 3.

Following: "credit" on line 2

Strike: remainder of line 2 through "amounts" on line 3

-END-



## HOUSE STANDING COMMITTEE REPORT

April 6, 1995

Page 1 of 2

Mr. Speaker: We, the committee on Taxation report that Senate Bill 257 (third reading copy -- blue) be concurred in as amended.

Signed: \_\_\_\_\_

A handwritten signature in cursive script, appearing to read "Chase Hibbard", is written over a horizontal line.

*Chase Hibbard, Chair*

And, that such amendments read:

Carried by: Rep. Story

1. Title, lines 4 and 5.

Following: "BY" on line 4

Strike: remainder of line 4 through the second "CARS" on line 5

Insert: "ALLOCATING VALUE BASED UPON MILES AND EQUIVALENT CAR  
COUNT; USING THE AVERAGE MILL LEVY APPLIED TO RAILROAD  
PROPERTY"

2. Title, line 6.

Following: "DATE"

Insert: ", "

Strike: "AND"

3. Title, line 7.

Following: "DATE"

Insert: ", AND A TERMINATION DATE"

4. Page 1, line 14.

Strike: "statewide" through "industrial"

Insert: "mill levy applied to all railroad transportation"

5. Page 1, line 15.

Following: "property"

Insert: "specified in 15-6-145, except for railroad car company  
property"

Committee Vote:

Yes 13, No 7.

791616SC.Hdh

6. Page 1, lines 16 through 23.

Strike: subsections (2) and (3) in their entirety

Renumber: subsequent subsections

7. Page 2.

Following: line 17

Insert: "(5) the total car miles traveled, loaded and unloaded,  
within and outside of the state during the calendar year  
preceding the date of filing;"

Renumber: subsequent subsections

8. Page 2, line 26.

Strike: "made on the"

9. Page 2, lines 28 and 29.

Strike: first "average" on line 28 through "miles" on line 29

Insert: "calculated by taking one-third of the ratio of car miles  
traveled within the state to the total car miles traveled,  
plus two-thirds of the ratio of equivalent car count to the  
total number of cars. The equivalent car count"

Following: "company's"

Strike: remainder of line 29 in its entirety

10. Page 2, line 30.

Following: "mileage"

Insert: "for all its cars"

Strike: "the miles" through "car"

Insert: "500 miles per day"

11. Page 3, line 9.

Insert: "NEW SECTION. Section 5. Termination. [This act]  
terminates December 31, 1997."

-END-



## HOUSE STANDING COMMITTEE REPORT

April 6, 1995

Page 1 of 6

Mr. Speaker: We, the committee on Taxation report that Senate Bill 417 (third reading copy -- blue) be concurred in as amended.

Signed: \_\_\_\_\_

A handwritten signature in cursive script, appearing to read "Chase Hibbard".

*Chase Hibbard, Chair*

And, that such amendments read:

Carried by: Rep. Somerville

1. Title, line 16.

Strike: "AN ADVISORY COMMITTEE"

Insert: "A TASK FORCE"

Following: "FUNDING"

Insert: "AND TO EXAMINE ALL ASPECTS OF TAXATION IN MONTANA AND  
MAKE RECOMMENDATIONS TO THE GOVERNOR AND THE LEGISLATURE ON  
SHORT-TERM AND LONG-TERM TAX POLICY STRATEGIES;  
APPROPRIATING FUNDING FOR THE TASK FORCE"

2. Title, line 17.

Strike: "AND"

3. Title, line 19.

Following: "MCA"

Insert: "; AND PROVIDING A TERMINATION DATE"

4. Page 2, line 24.

Strike: "1996"

Insert: "1995"

5. Page 2, line 25.

Strike: "year"

Insert: "years 1996 and"

6. Page 2, line 30.

Strike: "1997"

Committee Vote:

Yes 18, No 5.

791637SC.Hdh

Insert: "1996"

7. Page 3, lines 8, 9, 14, 15, 17 (twice), 18, 19, 20, 21, 26, 27, 29 (twice), and 30.

Strike: "1996"

Insert: "1995"

8. Page 3, line 11.

Strike: "year"

Insert: "years 1996 and"

9. Page 3, line 12.

Following: "unless the"

Insert: "current"

Strike: "1997"

10. Page 3, line 15.

Following: "If the"

Insert: "current"

Strike: "1997"

11. Page 3, line 16.

Following: "for"

Insert: "the"

Strike: "1997"

12. Page 3, line 17.

Strike: "1997"

Insert: "current"

13. Page 3, line 19.

Strike: "1997"

Insert: "current"

14. Page 3, line 20.

Strike: "1997"

15. Page 3, line 21.

Strike: "1997"

Insert: "current"

16. Page 4, lines 1, 2, 3, 8, 9, 11 (twice), 12, 13, 14, and 15.

Strike: "1996"

Insert: "1995"

17. Page 4, line 29.

Following: "June of"

Insert: "1996 and"



18. Page 5, line 4.  
Following: "December of"  
Insert: "1996 and"

19. Page 5, line 5.  
Following: "amount for"  
Insert: "that"  
Strike: "1997"

20. Page 7, lines 12 and 13.  
Strike: "Advisory committee"  
Insert: "Task force"  
Following: "of"  
Insert: "taxation and"  
Following: "(1)" on line 12  
Strike: remainder of line 12 through "review" on line 13  
Insert: "There is a Montana tax policy task force to study all aspects of taxation in Montana and to make findings regarding the burden of state and local taxation borne by various segments of the state's economy and by various categories of individual taxpayers. The task force in its study shall consider but not limit itself to:  
(a) the existing sources and levels of taxation, with particular attention given to the classification of property and the taxable percentages applied to that property, and an evaluation of the sources and levels of taxation;  
(b) the relationship between federal income tax laws and state income tax laws and the impact of federal tax laws on the state;  
(c) the relative portion of the total amount of taxes that is collected from each segment of the business community and each category of individual taxpayer;  
(d) the impact of state and local taxation on economic development;  
(e) the relationship between taxes and the revenue needs of the state and local governments;  
(f) the relationship between tax burden, ability to pay, and benefits received from government;  
(g) alternative methods of taxation from existing sources as well as new sources of revenue and an evaluation of the alternative methods and new sources; and  
(h) "

21. Page 7, lines 17 through 25.  
Strike: subsection (2) in its entirety  
Insert: "(2) Based on the findings pursuant to the study required under subsection (1), the task force shall develop

recommendations, alternatives, or both, for 2-year, 10-year, and 25-year tax policy strategies for Montana.

(3) The task force, in its deliberations, shall solicit the knowledge and advice of economists, tax policy experts, representatives of tax reform coalitions, local governments, small business organizations, large industries, agriculture, the Montana chamber of commerce, appropriate state agencies, and the general public."

Renumber: subsequent subsections

22. Page 7, line 26.

Strike: "The committee"

Insert: "In reviewing local government funding, the task force"

23. Page 8, lines 5 through 12.

Strike: subsections (4) through (6) in their entirety

Insert: "(5) The task force is allocated to the department of revenue for administrative purposes only as provided in 2-15-121."

NEW SECTION. Section 4. Membership -- appointment -- vacancies. (1) The task force created by [section 3] is composed of the following members:

(a) eight members appointed by the governor, who are broadly representative of taxpayer groups, business and industry, labor organizations, local government, and consumers of governmental services;

(b) four members of the house of representatives, of which no more than two may be of the same political party, appointed by the speaker of the house; and

(c) four members of the senate, of which no more than two may be of the same political party, appointed by the committee on committees.

(2) Task force members must be appointed and designated no later than July 15, 1995.

(3) The task force shall elect its presiding officer.

(4) A vacancy occurring on the task force must be filled in the same manner as the original appointment.

NEW SECTION. Section 5. Remuneration. (1) Each member of the task force provided for in [section 3], except the legislative members, is entitled to reimbursement for expenses as provided in 2-18-501 through 2-18-503.

(2) Each legislative member of the task force is entitled to compensation as provided in 5-2-301 and 5-2-302, as applicable.

(3) In addition to expenditures referred to in subsections (1) and (2), task force funds may be spent for staff support,

contracted services, and other expenses required to fulfill the purpose and needs of the task force.

NEW SECTION. **Section 6. Meetings -- report to governor and legislature.** (1) The task force provided for in [section 3] shall meet by September 15, 1995, and at the request of the presiding officer thereafter.

(2) The task force shall submit its findings and recommendations to the governor and the legislature on or before October 1, 1996.

NEW SECTION. **Section 7. Gifts and grants.** The task force provided for in [section 3] may accept payments, contributions, gifts, and grants, in money or otherwise, for the purposes set forth in [section 3]. All payments, monetary contributions, gifts, and grants received by the task force must be deposited in an account in the state special revenue fund provided for in [section 8].

NEW SECTION. **Section 8. Special revenue account.** There is an account in the state special revenue fund. The account consists of all payments, monetary contributions, gifts, and grants received pursuant to [section 7]."

Renumber: subsequent sections

24. Page 11, line 11.

Page 12, line 2.

Page 12, line 16.

Page 13, line 5.

Page 13, line 30.

Page 14, line 13.

Page 14, line 23.

Strike: "1998"

Insert: "1997"

25. Page 11, line 12.

Page 11, line 13.

Page 11, line 15.

Page 12, line 3.

Page 12, line 5.

Page 12, line 7.

Page 12, line 17.

Page 12, line 18.

Page 12, line 20.

Page 13, line 6.

Page 13, line 8.

Page 13, line 10.

Page 14, line 1.

Page 14, line 3.  
Page 14, line 5.  
Page 14, line 14.  
Page 14, line 15.  
Page 14, line 17.  
Page 14, line 24.  
Page 14, line 25.  
Page 14, line 27.

Strike: "1996"

Insert: "1995"

26. Page 15, line 19.

Insert: "NEW SECTION. Section 16. Appropriation. There is appropriated from the general fund to the department of revenue \$15,000 for the use of the task force provided for in [section 3]."

Renumber: subsequent section

27. Page 15, line 22.

Insert: "NEW SECTION. Section 18. Termination. [Sections 4 through 8] terminate June 30, 1997."

-END-



## HOUSE STANDING COMMITTEE REPORT

April 6, 1995

Page 1 of 2

Mr. Speaker: We, the committee on Taxation report that Senate Bill 358 (third reading copy -- blue) be concurred in as amended.

Signed: \_\_\_\_\_

A handwritten signature in cursive script, appearing to read "Chase Hibbard", is written over a horizontal line.

*Chase Hibbard, Chair*

And, that such amendments read:

Carried by: Rep. Ream

1. Title, line 10.  
Following: "DATE"  
Insert: "AND A TERMINATION DATE"
2. Page 1, line 13.  
Strike: "2"  
Insert: "6"
3. Page 2, lines 16 and 17.  
Page 4, lines 24 and 25.  
Strike: "(TERMINATES" through "1991.)"
4. Page 2, line 27.  
Following: "cost of"  
Strike: "the"  
Insert: "each item of"
5. Page 3, line 7.  
Strike: "(Terminates" through "1991.)"
6. Page 4, line 29.  
Strike: "1997"  
Insert: "2001"

Committee Vote:

Yes 16, No 4.

791540SC.Hdh

7. Page 4.

Following: line 30

Insert: "NEW SECTION. Section 5. Termination -- exception. (1)

[Sections 1 through 3] terminate December 31, 1997.

(2) Notwithstanding subsection (1), 15-32-603(3), as numbered by [this act], which reads: "A credit under this section may be claimed by a taxpayer for a business only if the qualifying property is purchased before January 1, 1998.", is deleted in its entirety on December 31, 1997."

Renumber: subsequent section

-END-



## HOUSE STANDING COMMITTEE REPORT

April 6, 1995

Page 1 of 3

Mr. Speaker: We, the committee on Taxation report that Senate Bill 338 (third reading copy -- blue) be concurred in as amended.

Signed: \_\_\_\_\_

*Chase Hibbard*  
Chase Hibbard, Chair

And, that such amendments read:

Carried by: Rep. Devaney

1. Title, line 5.  
Strike: "24"  
Insert: "18"

2. Title, line 8.  
Following: "DATE"  
Insert: ", "  
Strike: "AND"  
Following: "DATES"  
Insert: ", AND A CONTINGENT VOIDNESS PROVISION"

3. Page 7, line 26.  
Strike: "24"  
Insert: "18"

4. Page 8, line 21.  
Strike: "24"  
Insert: "18"

5. Page 9, line 9.  
Strike: "12"  
Insert: "6"

6. Page 9, line 11.  
Strike: "24"  
Insert: "18"

Committee Vote:  
Yes 17, No 3.

791500SC.Hbk

7. Page 9, line 15.

Strike: "24"

Insert: "18"

8. Page 9, line 27.

Strike: "12"

Insert: "6"

9. Page 9, line 29.

Strike: "24"

Insert: "18"

10. Page 10, lines 5 and 6.

Strike: subsection (ii) in its entirety

Renumber: subsequent subsection

11. Page 10, line 7.

Strike: "24"

Insert: "18"

12. Page 10, line 19.

Strike: "24"

Insert: "18"

13. Page 10, line 22.

Strike: "subsections"

Insert: "subsection"

Strike: "and (4) (c) (ii)"

14. Page 10, line 24.

Strike: "24"

Insert: "18"

15. Page 11, line 22.

Strike: "12"

Insert: "6"

16. Page 11, line 24.

Following: "i"

Insert: "and"

17. Page 11, lines 27 through 30.

Following: "FUNDS" on line 27

Strike: remainder of line 27 through "GOVERNMENTS" on line 30

18. Page 12, line 8.

Insert: "NEW SECTION. Section 6. Contingent voidness. In order



April 6, 1995

Page 3 of 3

to maintain a balanced budget, because [this act] reduces revenue, it may not be transmitted to the governor unless a corresponding identified reduction in spending is contained in House Bill No. 2. If a corresponding identified reduction in spending is not contained in House Bill No. 2, [this act] is void. "

-END-

# HOUSE OF REPRESENTATIVES

## ROLL CALL VOTE

DATE 4/6/95 BILL NO. SB414 NUMBER       

MOTION: Remove from Table

NAME	YES	NO
Vice Chairman Marian Hanson		✓
Vice Chairman Bob Ream	✓	
Rep. Peggy Arnott		✓
Rep. John Bohlinger	✓	
Rep. Jim Elliott		✓
Rep. Daniel Fuchs		✓
Rep. Hal Harper	<del>Handwritten signature</del> ✓	
Rep. Rick Jore		✓
Rep. Judy Rice Murdock		✓
Rep. Tom Nelson		✓
Rep. Scott Orr		—
Rep. Bob Raney	✓	
Rep. Sam Rose	✓	
Rep. Bill Ryan	✓	
Rep. Roger Somerville		✓
Rep. Robert Story		✓
Rep. Emily Swanson	✓	
Rep. Jack Wells		✓
Rep. Ken Wennemar	✓	
Chairman Chase Hibbard	✓	

9

10

# HOUSE OF REPRESENTATIVES

## ROLL CALL VOTE

DATE 4/6/95 BILL NO. SB 421 NUMBER       

MOTION: Estate Conceptual Amendment  
to tie to inflation

NAME	YES	NO
Vice Chairman Marian Hanson		✓
Vice Chairman Bob Ream	✓	
Rep. Peggy Arnott		✓
Rep. John Bohlinger	✓	
Rep. Jim Elliott	✓	
Rep. Daniel Fuchs		✓
Rep. Hal Harper	✓	
Rep. Rick Jore		✓
Rep. Judy Rice Murdock		✓
Rep. Tom Nelson	✓	
Rep. Scott Orr		✓
Rep. Bob Raney	✓	
Rep. Sam Rose		✓
Rep. Bill Ryan	✓	
Rep. Roger Somerville		✓
Rep. Robert Story	✓	
Rep. Emily Swanson	✓	
Rep. Jack Wells		✓
Rep. Ken Wennemar	✓	
Chairman Chase Hibbard		✓

*faies*

*16*

*10*

# HOUSE OF REPRESENTATIVES

## ROLL CALL VOTE

DATE 4/6/95 BILL NO. SB 421 NUMBER       

MOTION: West 290 Amendment

NAME	YES	NO
Vice Chairman Marian Hanson		✓
Vice Chairman Bob Ream	✓	
Rep. Peggy Arnott		✓
Rep. John Bohlinger	✓	
Rep. Jim Elliott	✓	
Rep. Daniel Fuchs		✓
Rep. Hal Harper	✓	
Rep. Rick Jore		✓
Rep. Judy Rice Murdock		✓
Rep. Tom Nelson	✓	
Rep. Scott Orr		✓
Rep. Bob Raney	✓	
Rep. Sam Rose	✓	
Rep. Bill Ryan	✓	
Rep. Roger Somerville		✓
Rep. Robert Story	✓	
Rep. Emily Swanson	✓	
Rep. Jack Wells	✓	
Rep. Ken Wennemar	✓	
Chairman Chase Hibbard		✓

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8

# HOUSE OF REPRESENTATIVES

## ROLL CALL VOTE

DATE 4/6/95 BILL NO. SB 421 NUMBER       

MOTION: Concur as Amended

NAME	YES	NO
Vice Chairman Marian Hanson	✓	
Vice Chairman Bob Ream		✓
Rep. Peggy Arnott	✓	
Rep. John Bohlinger	✓	
Rep. Jim Elliott	✓	
Rep. Daniel Fuchs	✓	
Rep. Hal Harper		✓
Rep. Rick Jore	✓	
Rep. Judy Rice Murdock	✓	
Rep. Tom Nelson	✓	
Rep. Scott Orr	✓	<del>SB</del>
Rep. Bob Raney	✓	
Rep. Sam Rose	✓	
Rep. Bill Ryan	✓	
Rep. Roger Somerville	✓	
Rep. Robert Story	✓	
Rep. Emily Swanson		✓
Rep. Jack Wells	✓	
Rep. Ken Wennemar		✓
Chairman Chase Hibbard	✓	

16 4  
passes

# HOUSE OF REPRESENTATIVES

## ROLL CALL VOTE

DATE 4/6/95 BILL NO. SB 39 NUMBER       

MOTION: Harper Remove P.V. clause

NAME	YES	NO
Vice Chairman Marian Hanson		✓
Vice Chairman Bob Ream	✓	
Rep. Peggy Arnott		✓
Rep. John Bohlinger	✓	
Rep. Jim Elliott	✓	
Rep. Daniel Fuchs		✓
Rep. Hal Harper	✓	
Rep. Rick Jore		✓
Rep. Judy Rice Murdock		✓
Rep. Tom Nelson		✓
Rep. Scott Orr		✓
Rep. Bob Raney	✓	
Rep. Sam Rose		✓
Rep. Bill Ryan	✓	
Rep. Roger Somerville		✓
Rep. Robert Story		✓
Rep. Emily Swanson		✓
Rep. Jack Wells		✓
Rep. Ken Wennemar	✓	
Chairman Chase Hibbard		✓

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13

# HOUSE OF REPRESENTATIVES

## ROLL CALL VOTE

DATE 4/6/95 BILL NO. SB 227 NUMBER       

MOTION: Remove 227 from Table

NAME	YES	NO
Vice Chairman Marian Hanson		✓
Vice Chairman Bob Ream	✓	
Rep. Peggy Arnott		✓
Rep. John Bohlinger	✓	
Rep. Jim Elliott	✓	
Rep. Daniel Fuchs		✓
Rep. Hal Harper	✓	
Rep. Rick Jore		✓
Rep. Judy Rice Murdock		✓
Rep. Tom Nelson		✓
Rep. Scott Orr		✓
Rep. Bob Raney	✓	
Rep. Sam Rose		✓
Rep. Bill Ryan	✓	
Rep. Roger Somerville		✓
Rep. Robert Story		✓
Rep. Emily Swanson	✓	
Rep. Jack Wells		✓
Rep. Ken Wennemar	✓	
Chairman Chase Hibbard		✓

*fails*

*8*

*12*

# HOUSE OF REPRESENTATIVES

## ROLL CALL VOTE

DATE 4/6/95 BILL NO. SB 257 NUMBER       

MOTION: Segregated  
amendment 3-13  
be adopted

NAME	YES	NO
Vice Chairman Marian Hanson	✓	
Vice Chairman Bob Ream	✓	
Rep. Peggy Arnott		—
Rep. John Bohlinger	✓	
Rep. Jim Elliott	✓	
Rep. Daniel Fuchs		✓
Rep. Hal Harper	✓	
Rep. Rick Jore		✓
Rep. Judy Rice Murdock		✓
Rep. Tom Nelson	✓	
Rep. Scott Orr	✓	
Rep. Bob Raney	✓	
Rep. Sam Rose		✓
Rep. Bill Ryan		✓
Rep. Roger Somerville	✓	
Rep. Robert Story		✓
Rep. Emily Swanson	✓	
Rep. Jack Wells		✓
Rep. Ken Wennemar	✓	
Chairman Chase Hibbard	✓	

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7



# HOUSE OF REPRESENTATIVES

## ROLL CALL VOTE

DATE 4/6/95 BILL NO. SB 257 NUMBER       

MOTION: Concur as Amended

NAME	YES	NO
Vice Chairman Marian Hanson	✓	
Vice Chairman Bob Ream		✓
Rep. Peggy Arnott	✓	
Rep. John Bohlinger	✓	
Rep. Jim Elliott		✓
Rep. Daniel Fuchs	✓	
Rep. Hal Harper		✓
Rep. Rick Jore	✓	
Rep. Judy Rice Murdock	✓	
Rep. Tom Nelson	✓	
Rep. Scott Orr	✓	
Rep. Bob Raney		✓
Rep. Sam Rose	✓	
Rep. Bill Ryan		✓
Rep. Roger Somerville	✓	
Rep. Robert Story	✓	
Rep. Emily Swanson		✓
Rep. Jack Wells	✓	
Rep. Ken Wennemar		✓
Chairman Chase Hibbard	✓	

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# HOUSE OF REPRESENTATIVES

## ROLL CALL VOTE

DATE 4/6/95 BILL NO. 417 NUMBER       

MOTION: Swanson Amendment  
Strike Sec. 4

NAME	YES	NO
Vice Chairman Marian Hanson		✓
Vice Chairman Bob Ream	✓	
Rep. Peggy Arnott		✓
Rep. John Bohlinger		✓
Rep. Jim Elliott	✓	<del>✓</del>
Rep. Daniel Fuchs		<del>AM</del> ✓
Rep. Hal Harper	✓	
Rep. Rick Jore		✓
Rep. Judy Rice Murdock		✓
Rep. Tom Nelson		✓
Rep. Scott Orr		✓
Rep. Bob Raney	✓	
Rep. Sam Rose		✓
Rep. Bill Ryan	✓	
Rep. Roger Somerville		✓
Rep. Robert Story		✓
Rep. Emily Swanson	✓	
Rep. Jack Wells		✓
Rep. Ken Wennemar	✓	
Chairman Chase Hibbard		✓

*Passed to follow to vote*

*5/1*

*13*

copy  
for  
Chase

# HOUSE OF REPRESENTATIVES

## ROLL CALL VOTE

DATE \_\_\_\_\_ BILL NO. <sup>SB</sup> 417 NUMBER \_\_\_\_\_

MOTION: Raney Amendment to 89d -  
# 3 + 4 9+10 1995

NAME	YES	NO
Vice Chairman Marian Hanson		✓
Vice Chairman Bob Ream	✓	
Rep. Peggy Arnott	✓	
Rep. John Bohlinger	✓	
Rep. Jim Elliott	✓	
Rep. Daniel Fuchs	✓	
Rep. Hal Harper	✓	
Rep. Rick Jore	✓	
Rep. Judy Rice Murdock		✓
Rep. Tom Nelson		✓
Rep. Scott Orr		✓
Rep. Bob Raney	✓	
Rep. Sam Rose		✓
Rep. Bill Ryan	✓	
Rep. Roger Somerville		✓
Rep. Robert Story		✓
Rep. Emily Swanson	✓	
Rep. Jack Wells	<del>✓</del>	✓
Rep. Ken Wennemar	✓	
Chairman Chase Hibbard		✓

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# HOUSE OF REPRESENTATIVES

## ROLL CALL VOTE

DATE 4/6/95 BILL NO. SB 417 NUMBER       

MOTION: Elliott to Include Class 9  
Withdraw

NAME	YES	NO
Vice Chairman Marian Hanson		
Vice Chairman Bob Ream		
Rep. Peggy Arnott		
Rep. John Bohlinger		
Rep. Jim Elliott		
Rep. Daniel Fuchs		
Rep. Hal Harper		
Rep. Rick Jore		
Rep. Judy Rice Murdock		
Rep. Tom Nelson		
Rep. Scott Orr		
Rep. Bob Raney		
Rep. Sam Rose		
Rep. Bill Ryan		
Rep. Roger Somerville		
Rep. Robert Story		
Rep. Emily Swanson		
Rep. Jack Wells		
Rep. Ken Wennemar		
Chairman Chase Hibbard		

# HOUSE OF REPRESENTATIVES

## ROLL CALL VOTE

DATE 4/6/95 BILL NO. SB417 NUMBER       

MOTION: Reyan to allow Class 9 same  
rate as class 8,

NAME	YES	NO
Vice Chairman Marian Hanson		✓
Vice Chairman Bob Ream	✓	
Rep. Peggy Arnott	✓	
Rep. John Bohlinger		✓
Rep. Jim Elliott	✓	
Rep. Daniel Fuchs		✓
Rep. Hal Harper	✓	
Rep. Rick Jore		✓
Rep. Judy Rice Murdock		✓
Rep. Tom Nelson		✓
Rep. Scott Orr		✓
Rep. Bob Raney	✓	
Rep. Sam Rose		✓
Rep. Bill Ryan	✓	
Rep. Roger Somerville		✓
Rep. Robert Story		✓
Rep. Emily Swanson	✓	
Rep. Jack Wells		✓
Rep. Ken Wennemar	✓	
Chairman Chase Hibbard		✓

*fail*

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# HOUSE OF REPRESENTATIVES

## ROLL CALL VOTE

DATE 4/6/95 BILL NO. <sup>SB</sup>417 NUMBER       

MOTION: Raney (2)

First phase into begin - 1993-1996  
790 & 890 remain adust bonded under

NAME	YES	NO
Vice Chairman Marian Hanson		✓
Vice Chairman Bob Ream	✓	
Rep. Peggy Arnott		✓
Rep. John Bohlinger	✓	
Rep. Jim Elliott	✓	
Rep. Daniel Fuchs	✓	
Rep. Hal Harper	✓	
Rep. Rick Jore		✓
Rep. Judy Rice Murdock		✓
Rep. Tom Nelson		✓
Rep. Scott Orr		✓
Rep. Bob Raney	✓	
Rep. Sam Rose		✓
Rep. Bill Ryan	✓	
Rep. Roger Somerville		✓
Rep. Robert Story		✓
Rep. Emily Swanson	✓	
Rep. Jack Wells		✓
Rep. Ken Wennemar	✓	
Chairman Chase Hibbard		✓

# HOUSE OF REPRESENTATIVES

## ROLL CALL VOTE

DATE 4/6/95 BILL NO. SB 417 NUMBER       

MOTION: No Pass as Amended

NAME	YES	NO
Vice Chairman Marian Hanson	✓	
Vice Chairman Bob Ream		✓
Rep. Peggy Arnott	✓	
Rep. John Bohlinger	✓	
Rep. Jim Elliott		✓
Rep. Daniel Fuchs	✓	
Rep. Hal Harper		✓
Rep. Rick Jore	✓	
Rep. Judy Rice Murdock	✓	
Rep. Tom Nelson	✓	
Rep. Scott Orr	✓	
Rep. Bob Raney		✓
Rep. Sam Rose	✓	
Rep. Bill Ryan	✓	
Rep. Roger Somerville	✓	
Rep. Robert Story	✓	
Rep. Emily Swanson		✓
Rep. Jack Wells	✓	
Rep. Ken Wennemar		✓
Chairman Chase Hibbard	✓	

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# HOUSE OF REPRESENTATIVES

## ROLL CALL VOTE

DATE 4/6/95 BILL NO. SB358 NUMBER       

MOTION: Elliott Amend

NAME	YES	NO
Vice Chairman Marian Hanson		✓
Vice Chairman Bob Ream		✓
Rep. Peggy Arnott		✓
Rep. John Bohlinger		✓
Rep. Jim Elliott	✓	
Rep. Daniel Fuchs		✓
Rep. Hal Harper		✓
Rep. Rick Jore		✓
Rep. Judy Rice Murdock		✓
Rep. Tom Nelson		✓
Rep. Scott Orr		✓
Rep. Bob Raney		✓
Rep. Sam Rose	✓	
Rep. Bill Ryan		✓
Rep. Roger Somerville		✓
Rep. Robert Story		✓
Rep. Emily Swanson	✓	
Rep. Jack Wells		✓
Rep. Ken Wennemar	✓	
Chairman Chase Hibbard		✓

4

16



# HOUSE OF REPRESENTATIVES

## ROLL CALL VOTE

DATE 4/6/95 BILL NO. SB 338 NUMBER       

MOTION: Rose Amend  
24 78 18

NAME	YES	NO
Vice Chairman Marian Hanson	✓	
Vice Chairman Bob Ream		✓
Rep. Peggy Arnott	✓	
Rep. John Bohlinger	✓	
Rep. Jim Elliott	✓ <del>thru</del>	
Rep. Daniel Fuchs	✓	
Rep. Hal Harper		✓
Rep. Rick Jore	✓	
Rep. Judy Rice Murdock	✓	
Rep. Tom Nelson	✓	
Rep. Scott Orr	✓	
Rep. Bob Raney		✓
Rep. Sam Rose	✓	
Rep. Bill Ryan		✓
Rep. Roger Somerville	✓	
Rep. Robert Story	✓	
Rep. Emily Swanson	✓	
Rep. Jack Wells	✓	
Rep. Ken Wennemar	✓	
Chairman Chase Hibbard	✓	

16

4

# HOUSE OF REPRESENTATIVES

## ROLL CALL VOTE

DATE 4/6/95 BILL NO. SB260 NUMBER       

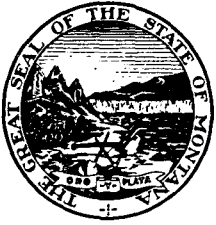
MOTION: Concur

NAME	YES	NO
Vice Chairman Marian Hanson		✓
Vice Chairman Bob Ream	✓	
Rep. Peggy Arnott		✓
Rep. John Bohlinger	✓	
Rep. Jim Elliott	✓	
Rep. Daniel Fuchs		✓
Rep. Hal Harper	✓	
Rep. Rick Jore		✓
Rep. Judy Rice Murdock		✓
Rep. Tom Nelson		✓
Rep. Scott Orr		✓
Rep. Bob Raney	✓	
Rep. Sam Rose		✓
Rep. Bill Ryan	✓	
Rep. Roger Somerville		✓
Rep. Robert Story		✓
Rep. Emily Swanson	✓	
Rep. Jack Wells		✓
Rep. Ken Wennemar	✓	
Chairman Chase Hibbard	✓	

*fail*

*9*

*11*



*The Big Sky Country*

**MONTANA HOUSE OF REPRESENTATIVES**

4/6/95

TAXATION

I LEAVE MY PROXY WITH  
VICE CHAIR HANSON ON  
ALL MOTIONS, AMENDMENTS  
AND BILLS.

Sf On

I delegate Roger Somerville to vote  
for me on exe. Action 4-6-75

Dan Fuchs

Copy for 4/4/95  
House Taxation

~~SB 97~~ { Yes on Elliott Amendment  
Yes, if amended by Elliott  
No, if not amended

SB 161 ✓ Yes, on Story Amendment  
Yes on bill

SB 219 ✓ Yes

SB 336 ✓ No

~~SB 340~~ No  
Judy Musdock can vote no on other motions  
Rep Tom Nelson -

SB 224

Repair

Not to

Amendment

Yes to Bill

April 5 1935

I give Rep Dean my proxy to  
vote on all action.

Rep Wickersham

EXHIBIT 1

DATE 4/6/95

~~TS~~ SB 274

March 6, 1995

Option 1:

Taxes on individual pieces of property may be limited or reduced as provided by law. A change in the value of property within any class may be limited or reduced as provided by law.

Option 2:

Taxes on individual pieces of property may be limited or reduced as provided by law. A change in the value of any class of property may be limited or reduced as provided by law.

Option 3:

Taxes on individual pieces of property may be limited or reduced as provided by law. A change in the value of any class of property or in the value of any property within a class may be limited or reduced as provided by law.

Ballot Language:

Ream FOR allowing the legislature ~~by statute~~ to limit or reduce property taxes or changes in valuation of property.



COMMITTEE 21  
DATE 4/6/95  
SB 414

## Fact Sheet on Proposed Revival of SB 414 (Tax Credit for Endowments)

The committee decided this morning by a vote of 9 to 11 not to take SB 414 off the table.

Listed below are the amendments to be offered if SB 414 were taken off the table:

1. Harper Amendment - This amendment would strip off the amendments added yesterday that make the bill applicable to all endowments.
2. Rose Amendment - This amendment would strike community foundations from the bill and replace it with permanent endowments with assets in excess of \$500,000.
3. Ream Amendment - This amendment would reduce the tax credit from 50% to 10% and restore the deductibility of the contribution. In other words, this amendment would make the credit similar to that provided earlier this session by this committee in HB 199 which applies to University endowments.

The following arguments are relevant to the three amendments described above:

1. Fiscal Impact Reduced - If Representative Ream's amendment were adopted, the fiscal impact likely will be reduced from the current estimate of \$200,000 to less than half that amount.
2. It would level the playing field for all permanent, efficient and professionally-managed endowments in the State of Montana.
3. It would allow the credit for smaller endowments of other charities that are placed with qualifying endowments.
4. The credit would be available for all contributors, no matter how small their contribution, thereby encouraging the expansion of charitable giving. (In other words, this credit is not just for "high rollers".)
5. Enacting a credit of this type addresses a genuine problem in Montana (particularly in rural areas), which is the relatively weak presence of endowed philanthropy in our state. For a state with a long tradition of boom-bust economic cycles, it is important that Montana communities obtain a greater stability that comes from broad-based permanent endowments.
6. When Montana expands its base of stable, professionally-managed permanent endowments, it increases the likelihood of garnering contributions from out-of-state entities and individuals who are interested in Montana.

*John N. Etchart*

---

April 6, 1995

Honorable Chase Hibbard, Chairman  
House Taxation Committee  
Capitol Station  
Helena, MT 59602

Dear Chase and Members of the Committee:

Please reconsider and do pass S. B.414 this morning. Having worked in the charitable giving field, I know from experience that communities which have endowed wealth are light years ahead of those that don't.

This bill, allowing a state tax credit for contributions to endowments, would encourage philanthropic giving by Montanans in all income brackets. Endowments are the key to financial security and sustainability for communities throughout our state.

Thank you for any help you can lend to this worthwhile effort.

Best Regards,



John Etchart

**FERGUS COUNTY**  
**STATE OF MONTANA**

*Lewistown, Montana 59457*

April 5, 1995

Chase Hubbard, Chairman  
House Taxation Committee  
State Capitol  
Helena, MT 59620

Dear Mr. Chairman and Members of the Committee,

I am very concerned with the amendment proposed for SB 414 to include tax credits for all non profit organization giving. This would be a tremendous impact on tax collections for the state when you consider you would be including churches especially. You already get a tax deduction for that giving which is appropriate.

The key here that we should not lose track of is endowed. Almost, if not all, other donations are spent and the organization is usually back the next month or year or project asking for more. The state should not be funding up to half of these donations.

Endowed gifts are never spent, only the earnings are used. Therefore, it is appropriate for the government to make a significant incentive as proposed in SB 414 to encourage these endowments to grow. They can then keep on giving forever without more tax credits or deductions.

Please bring the bill back out and to the house without amendments.

Thank you for you consideration.

Sincerely,



Vernon Petersen  
Central Montana Foundation  
Vice President, MACO

## TURNER *and Associates*

### International Consulting Group

April 5, 1995

Hon. Chase Hibbard, Chairman  
Taxation Committee  
Montana House of Representatives  
Capitol Station  
Helena, MT 59620

Dear Representative Hibbard:

I understand that the House Taxation Committee amended and then tabled SB414 this morning. I urge you to remove the Bill from the table, remove the amendment, and pass the Bill out of committee.

As a member of the Governor's Task Force on Endowed Philanthropy, I want to share our rationale for limiting the tax credit to endowments held in community foundations. Mr. Paul Stahl, who testified against the Bill on behalf of the Montana Cultural Advocacy, stated that nonprofit organizations may need to "raid" their endowment funds for immediate expenses. This is exactly the circumstance the Task Force sought to avoid as we developed our recommendation for the tax credit bill. We were seeking a vehicle to provide permanent, long-term capacity for communities to meet their own needs.

As Mr. Stahl testified, when an "endowment" is managed by a nonprofit organization, the Board of Directors of a nonprofit organization can override the intentions of a donor, and the endowment can be invaded for other purposes. **I was Executive Director of the organization to which Mr. Stahl referred**, and I, along with other Board members including the District Court judge who launched the endowment, objected to the raid because it was unethical, if not illegal. When established with a community foundation, the endowment fund must remain permanent, and its principal cannot be invaded. As a professional fundraiser with more than twenty-three years experience in nonprofit administration in several states including Michigan and Montana (not for community foundations), I would call the kind of fund Mr. Stahl described a *cash reserve*, not a permanent endowment.

Mr. Stahl and Kevin Justis from United Way of Yellowstone County both spoke of *unfair advantage* to community foundations. In developing our recommendation for a tax credit, the Task Force sought to provide *equal advantage* to all Montana communities. We singled out community foundations for a number of reasons.

First, community foundations are intended, designed, and organized to serve **entire communities**, whereas individual organization endowment funds serve only one organization.

Turner and Associates

page 2

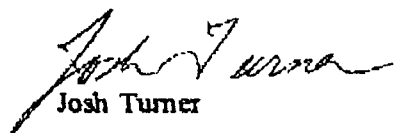
And, unless donors specify contributions to the unrestricted funds of community foundations, there is ~~no advantage to community foundations~~. The donor-designated organization and/or local community endowments receive the contributions, and the donors receive the tax credit.

The fact is, no charitable organizations or communities are excluded from the benefits of this tax credit as it stands unless they choose to exclude themselves. All nonprofit organizations can establish a permanent endowment within in a Montana-based community foundation; and, organizations that already have an endowment trust fund can create an additional endowment fund within a community foundation. **By doing so, they also strengthen the spirit of this bill, which is to help Montana's communities provide for their own futures.**

I have successfully raised millions of dollars for nonprofit operating funds, capital campaigns, and endowments, often simultaneously for all three. Never did an endowment campaign diminish my other fundraising efforts. On the contrary, by demonstrating that my organization intended to be around for a long, long time, creating an endowment actually increased my fundraising success for other activities. And, as the Executive Director of several non-United Way agencies, I certainly understand the competitive nature of fundraising, where it would have been easy to point the finger and blame fundraising difficulties on the presence of United Way. However, I do not hail from the *limited pie* school of fund raising philosophy. I believe, and experience has confirmed, that people of philanthropic intent can work together to bake a bigger pie.

Community foundations by their design seek to expand the size of the charitable pie.. SB 414, as unamended, is a tangible way of enlarging the charitable pie rather than continuing to argue about how thinly it might be sliced. This is a win-win Bill as submitted. I urge you to bring it off the table and remove the amendments so it can achieve its intent. Thank you.

Sincerely,



Josh Turner

Amendments to Senate Bill No. 421  
Third Reading Copy

For the Committee on Taxation

Prepared by Lee Heiman  
April 5, 1995

Requested by Sen. Harp at Hearing:

1. Page 7, line 26.  
Insert: "(10) School district general fund budgets are subject to the voting requirements in 20-9-308. Property tax increases to fund the non-voted portion of the general fund budget as calculated in 20-9-308 are not subject to the limitations of this section."
2. Page 7, line 20.  
Following: "VALUATION"  
Insert: "for reasons other than those set forth in subsection (2),"
3. Page 5, line 25.  
Following: "(i)"  
Insert: "the general fund of"

Further amendments:

4. Page 6, lines 16 through 19.  
Strike: subsections (ii) through (iv) in their entirety  
Renumber: subsequent subsections
5. Page 6, line 20.  
Following: ";"  
Insert: "and"
6. Page 6, line 21.  
Strike: subsection (vi) in its entirety  
Renumber: subsequent subsections
7. Page 4.  
Following: line 10  
Insert: "(4) The limitation on the amount of taxes levied does not prohibit an increase in the total taxes levied by a taxing unit in order to compensate the taxing unit for any loss in the total amount of nonlevy revenue received in 1994."

EXHIBIT 5  
DATE 4/6/95  
~~REF~~ SB 421

AMENDMENT TO SB-421

SECTION 3

SUBSECTION 5

PAGE 6

LINE 1

( M ) RURAL FIRE DISTRICTS ORGANIZED UNDER TITLE 7, CHAPTER 33,  
PARE 21.

Justification. -- Fire districts have been hit hard under I-105, by not being able to raise more revenue. Inflation increases on everything the fire districts buy, makes it almost impossible to maintain a current level of service, that our taxpayers come to expect.

Submitted by the Montana Fire Districts Association.

Amendments to Senate Bill No. 39  
Third Reading Copy

For the Committee on Taxation

Prepared by Greg Petesch  
April 6, 1995

1. Title, lines 11 and 12.  
Strike: "ANY REMAINING" on line 11  
Insert: "THE"  
Strike: "AND ANY CARRYOVER" on line 11  
Following: "REFUNDABLE" on line 11  
Strike: remainder of line 11 through "1998" on line 12  
Strike: "AND ANY CARRYOVER"
2. Page 1, line 25.  
Strike: "Except" through "the"  
Insert: "The"
3. Page 1, lines 26 through 30.  
Following: "15-30-147(2)(f)" on line 26  
Strike: remainder of line 26 through "if" on line 30  
Insert: ". If"  
Strike: "and any carryover"
4. Page 2, lines 1 and 2.  
Following: "credit" on line 1  
Strike: remainder of line 1 through "amount," on line 2
5. Page 3, lines 2 and 3.  
Following: "credit" on line 2  
Strike: remainder of line 2 through "amounts" on line 3



**Amendments to Senate Bill 257**  
**Third Reading Copy**

**Prepared by Department of Revenue**  
**4/ 3/95 7:07am**

**REASON FOR AMENDMENT:** This amendment makes a change on the allocation formula. The allocation of property is weighted on the basis of 1/3 for miles traveled and 2/3 for equivalent car count. The equivalent car count is based upon 500 miles per day for all types of cars. The amendment also changes the rate of taxation to be the average mills applied to other railroad transportation property. The third amendment terminates the act on December 31, 1997.

---

1. Title, lines 4 and 5.

Following: "TAX BY"

Strike: "DEFINING CLASSES OF RAIL CARS AND MILEAGE ATTRIBUTABLE TO CLASSES OF RAIL CARS"

Insert: "ALLOCATING VALUE BASED UPON MILES AND EQUIVALENT CAR COUNT; USING THE AVERAGE MILL LEVY APPLIED TO RAILROAD PROPERTY"

2. Title, line 6.

Following: "DATE"

Strike: "AND"

Insert: ", "

3. Title, line 7.

Following: "DATE"

Insert: ", AND A TERMINATION DATE"

4. Page 1, lines 14.

Following: "average"

Strike: "statewide rate of taxation on commercial and industrial"

Insert: "mill levy applied to all railroad transportation"

5. Page 1, line 15.

Following: "property"

Insert: "specified in 15-6-145, except for railroad car company property"

6. Page 1, lines 16 through 23.

Following: line 15

Strike: subsections (2) and (3) in their entirety

ReNUMBER: subsequent subsections

7. Page 2, line 15.

Following: line 14

Insert: "(5) the total car miles traveled, loaded and unloaded,

within and outside of the state during the calendar year proceeding the date of filing;"

Renumber: subsequent subsections

8. Page 2, lines 26.

Following: "must be"

Strike: "made on the"

9. Page 2, line 28.

Following: "~~formula~~"

Strike: average number of cars necessary to make the Montana miles

Insert: "calculated by taking one-third of the ratio of car miles traveled within the state to the total car miles traveled, plus two-thirds of the ratio of equivalent car count to the total number of cars"

10. Page 2, lines 28 and 29.

Following: "The"

Strike: "average number of cars necessary to make the Montana miles"

Insert: "equivalent car count"

11. Page 2, line 29.

Following: "the company's"

Strike: "class of car's or cars'"

12. Page 2, line 30.

Following: "mileage"

Insert: "for all its cars"

Following: "product of"

Strike: "the miles per day per class of car"

Insert: "500 miles per day"

13. Page 3, line 9.

Following: line 8

Insert: "NEW SECTION. Section 5. {standard} Termination. [This act] terminates December 31, 1997."

Cumulative Revenue Losses due to SB417 from  
Fiscal 1998 through Fiscal 2010, Assuming Historical  
Statewide Growth in Bus Equipment of 3.5%/year. \*

	State	Counties	Schools	Cities
Beaverhead	(2,507,969)	(1,221,230)	(2,318,784)	(179,734)
Big Horn	(6,422,305)	(2,245,674)	(3,124,958)	(149,518)
Blaine	(1,716,539)	(953,075)	(1,390,944)	(134,368)
Broadwater	(1,563,049)	(727,813)	(1,106,816)	(53,647)
Carbon	(1,764,828)	(774,177)	(1,552,257)	(161,295)
Carter	(847,022)	(483,182)	(468,015)	(13,740)
Cascade	(7,344,465)	(4,129,665)	(7,833,414)	(2,703,905)
Chouteau	(4,372,561)	(2,142,451)	(3,256,997)	(126,887)
Custer	(1,732,673)	(1,068,315)	(2,059,670)	(504,563)
Daniels	(1,317,252)	(861,576)	(1,439,265)	(65,534)
Dawson	(2,598,719)	(1,670,831)	(3,313,214)	(610,815)
Deer Lodge	(1,141,004)	(884,465)	(810,381)	(21,760)
Fallon	(2,386,064)	(856,092)	(1,468,755)	(104,469)
Fergus	(4,129,301)	(1,747,197)	(3,751,896)	(376,094)
Flathead	(11,844,533)	(5,993,433)	(11,624,277)	(2,846,692)
Gallatin	(9,313,385)	(3,646,412)	(9,117,352)	(2,213,053)
Garfield	(897,025)	(531,470)	(453,249)	(15,191)
Glacier	(3,049,100)	(1,611,276)	(2,723,304)	(218,672)
Golden Valley	(446,231)	(172,029)	(393,145)	(4,775)
Granite	(1,035,284)	(692,828)	(885,893)	(78,729)
Hill	(4,348,593)	(2,108,703)	(4,341,278)	(394,021)
Jefferson	(6,771,598)	(2,324,331)	(4,951,631)	(50,262)
Judith Basin	(1,240,186)	(698,005)	(1,064,613)	(15,118)
Lake	(2,876,876)	(1,307,720)	(2,313,215)	(315,216)
Lewis And Clark	(6,611,710)	(3,168,402)	(7,359,864)	(2,435,610)
Liberty	(1,783,967)	(948,042)	(1,157,800)	(22,629)
Lincoln	(3,515,963)	(1,612,046)	(4,452,505)	(180,835)
Madison	(2,955,137)	(1,212,838)	(2,236,382)	(77,794)
McCone	(1,630,513)	(1,101,364)	(1,136,165)	(61,647)
Meagher	(766,889)	(337,737)	(452,927)	(35,178)
Mineral	(1,070,361)	(680,837)	(1,459,085)	(44,490)
Missoula	(22,096,700)	(10,909,342)	(23,735,180)	(5,011,021)
Musselshell	(917,688)	(557,812)	(667,119)	(46,908)
Park	(2,603,500)	(942,700)	(2,284,903)	(596,924)
Petroleum	(383,300)	(132,410)	(250,366)	(1,968)
Phillips	(3,847,964)	(1,245,576)	(2,465,337)	(126,853)
Pondera	(2,727,049)	(1,608,341)	(2,222,437)	(169,992)
Powder River	(1,799,348)	(1,510,274)	(1,454,379)	(28,808)
Powell	(1,045,539)	(623,486)	(1,220,034)	(56,054)
Prairie	(861,211)	(643,822)	(651,348)	(38,476)
Ravalli	(3,014,778)	(1,395,446)	(2,343,545)	(383,118)
Richland	(4,540,115)	(1,992,285)	(4,475,282)	(271,392)
Roosevelt	(3,044,631)	(1,485,243)	(2,834,997)	(172,431)
Rosebud	(8,506,090)	(972,462)	(2,286,867)	(117,100)
Sanders	(1,303,917)	(742,683)	(1,434,298)	(96,083)
Sheridan	(2,883,251)	(1,609,911)	(2,834,579)	(149,684)
Silver Bow	(7,678,403)	(5,134,142)	(9,082,011)	(163,767)
Stillwater	(3,297,562)	(1,470,722)	(2,515,843)	(396,690)
Sweet Grass	(979,748)	(541,392)	(1,007,010)	(80,839)
Teton	(2,581,957)	(1,576,578)	(2,252,945)	(93,737)
Toole	(3,325,837)	(2,025,326)	(2,323,168)	(208,849)
Treasure	(541,764)	(344,702)	(560,390)	(13,760)
Valley	(2,655,878)	(1,149,948)	(2,981,459)	(287,147)
Wheatland	(785,172)	(390,540)	(562,498)	(32,855)
Wibaux	(1,053,443)	(1,000,724)	(391,660)	(31,813)
Yellowstone	(38,337,483)	(14,021,248)	(34,574,940)	(5,196,725)
Total	(220,813,428)	(101,940,332)	(197,430,645)	(27,989,232)

\* Assumes no new growth due to SB417

SB417  
Annual Business Property Growth Rates Needed  
to Breakeven between Fiscal 1998 and  
Fiscal 2010 for Revenue from Class 8 (Bus Prop)  
And Class 12 (RR and Airline Prop)

	Percent Loss in Class 8 & 12 Taxable Value due to SB417 (TY99/FY00)	Percent Loss in Total Taxable Value due to SB417 (TY99/FY00)	County	Schools	Cities
Beaverhead	28.55%	5.46%	5.92%	5.68%	6.44%
Big Horn	31.05%	12.60%	7.61%	6.44%	6.89%
Blaine	25.77%	5.83%	5.60%	5.80%	6.23%
Broadwater	25.80%	5.78%	5.74%	5.18%	6.14%
Carbon	28.26%	3.74%	5.82%	5.81%	6.52%
Carter	33.33%	4.52%	6.46%	6.23%	8.63%
Cascade	27.57%	2.94%	5.85%	5.84%	6.43%
Chouteau	31.38%	6.57%	6.21%	6.04%	7.04%
Custer	25.72%	4.63%	5.58%	5.53%	6.21%
Daniels	29.92%	8.18%	6.28%	6.04%	6.98%
Dawson	22.91%	5.83%	5.16%	5.08%	5.33%
Deer Lodge	31.90%	3.69%	6.27%	6.06%	6.94%
Fallon	30.44%	9.78%	6.16%	5.97%	6.95%
Fergus	31.60%	6.60%	6.35%	6.14%	6.90%
Flathead	29.31%	3.55%	5.93%	5.83%	7.68%
Gallatin	28.88%	3.89%	6.09%	5.81%	6.50%
Garfield	33.33%	6.17%	6.57%	6.39%	7.05%
Glacier	25.69%	5.11%	5.23%	5.17%	6.00%
Golden Valley	22.54%	3.67%	5.07%	4.89%	5.77%
Granite	21.44%	4.94%	4.87%	4.85%	4.77%
Hill	24.20%	5.78%	5.44%	5.12%	6.05%
Jefferson	30.77%	10.33%	6.15%	5.95%	6.67%
Judith Basin	23.78%	5.52%	5.30%	5.03%	6.10%
Lake	28.58%	2.72%	5.91%	5.68%	6.80%
Lewis And Clark	28.68%	3.33%	6.09%	5.86%	6.48%
Liberty	28.56%	7.35%	5.92%	5.57%	6.49%
Lincoln	25.52%	6.67%	5.58%	5.94%	6.11%
Madison	29.17%	5.25%	6.11%	5.83%	6.58%
McCone	31.51%	7.85%	6.45%	6.12%	6.94%
Meagher	33.33%	3.37%	6.50%	6.21%	6.87%
Mineral	21.86%	4.98%	4.99%	4.96%	5.46%
Missoula	30.48%	5.50%	6.35%	5.95%	6.75%
Musselshell	33.33%	5.22%	6.64%	6.65%	7.21%
Park	27.02%	3.73%	5.67%	5.54%	5.79%
Petroleum	33.33%	7.38%	6.56%	6.33%	6.33%
Phillips	29.24%	8.10%	5.95%	5.84%	6.46%
Pondera	29.35%	6.89%	5.99%	5.88%	6.40%
Powder River	33.33%	9.18%	6.90%	6.11%	7.35%
Powell	22.56%	3.88%	5.35%	5.17%	6.07%
Prairie	20.99%	7.97%	4.90%	4.57%	5.34%
Ravalli	28.57%	2.98%	5.79%	5.78%	6.52%
Richland	31.60%	9.69%	6.93%	6.54%	6.95%
Roosevelt	24.63%	5.08%	5.40%	5.34%	6.13%
Rosebud	31.06%	2.26%	5.77%	5.94%	6.88%
Sanders	17.31%	2.29%	4.58%	4.40%	5.45%
Sheridan	29.83%	10.51%	5.93%	6.42%	6.71%
Silver Bow	31.33%	5.25%	6.47%	6.25%	33.27%
Stillwater	29.52%	6.03%	6.07%	5.97%	5.82%
Sweet Grass	23.21%	4.58%	5.18%	4.99%	5.63%
Teton	28.31%	6.52%	5.85%	5.75%	6.48%
Toole	26.83%	7.78%	5.71%	5.54%	6.30%
Treasure	19.20%	5.25%	4.74%	4.54%	5.77%
Valley	25.53%	4.23%	5.57%	5.46%	6.02%
Wheatland	27.15%	3.90%	5.60%	5.47%	6.30%
Wibaux	28.29%	9.56%	5.64%	5.96%	6.77%
Yellowstone	30.09%	6.41%	6.17%	5.88%	6.60%
Total	28.71%	4.97%	5.98%	5.79%	6.58%

These are annual rates of growth in revenue from class 8 and class 12 property required to generate the same revenue as would be generated under current law in fiscal 2010. It is assumed that under current law normal growth is 3.5 percent per year. These rates of growth would be required to overcome the loss in taxable value of personal property and the loss of HB20 personal property reimbursements due to SB417.

Percent Loss  
in Class 8 & 12  
Taxable Value  
due to SB417  
(TY99/FY00)

Percent Loss  
in Total  
Taxable Value  
due to SB417  
(TY99/FY00)

SB417  
Estimated Loss in Revenue in Fiscal 2010  
due to SB417, by Taxing Jurisdiction \*\*\*

			State	County	Schools	Cities
Beaverhead	28.55%	5.46%	(39,444)	(179,722)	(335,437)	(27,278)
Big Horn	31.05%	12.60%	(264,768)	(356,081)	(471,908)	(23,074)
Blaine	25.77%	5.83%	(29,200)	(138,021)	(204,448)	(20,279)
Broadwater	25.80%	5.78%	(53,479)	(106,505)	(154,431)	(8,055)
Carbon	28.26%	3.74%	(32,489)	(113,270)	(226,981)	(24,594)
Carter	33.33%	4.52%	(24,936)	(72,650)	(69,479)	(2,234)
Cascade	27.57%	2.94%	110,436	(606,292)	(1,149,799)	(410,962)
Chouteau	31.38%	6.57%	(106,020)	(319,059)	(480,126)	(19,688)
Custer	25.72%	4.63%	25,823	(154,503)	(296,541)	(76,073)
Daniels	29.92%	8.18%	8,083	(129,243)	(212,844)	(10,172)
Dawson	22.91%	5.83%	17,202	(234,473)	(461,198)	(87,090)
Deer Lodge	31.90%	3.69%	(12,240)	(132,006)	(119,392)	(3,359)
Fallon	30.44%	9.78%	(90,394)	(127,372)	(215,973)	(16,181)
Fergus	31.60%	6.60%	(58,575)	(262,204)	(555,994)	(57,986)
Flathead	29.31%	3.55%	13,281	(881,205)	(1,697,156)	(453,671)
Gallatin	28.88%	3.89%	(60,047)	(542,385)	(1,330,445)	(336,652)
Garfield	33.33%	6.17%	(26,601)	(80,391)	(67,897)	(2,349)
Glacier	25.69%	5.11%	(72,049)	(226,022)	(379,676)	(32,571)
Golden Valley	22.54%	3.67%	(16,679)	(23,948)	(53,614)	(705)
Granite	21.44%	4.94%	(25,630)	(94,626)	(120,717)	(10,620)
Hill	24.20%	5.78%	(79,411)	(302,650)	(604,685)	(59,023)
Jefferson	30.77%	10.33%	(237,838)	(345,402)	(726,292)	(7,683)
Judith Basin	23.78%	5.52%	(33,608)	(99,073)	(147,021)	(2,274)
Lake	28.58%	2.72%	(60,800)	(192,378)	(334,724)	(48,665)
Lewis And Clark	28.68%	3.33%	91,037	(471,439)	(1,078,282)	(370,340)
Liberty	28.56%	7.35%	(56,447)	(139,522)	(166,142)	(3,443)
Lincoln	25.52%	6.67%	9,211	(233,195)	(660,935)	(27,122)
Madison	29.17%	5.25%	(86,525)	(180,469)	(326,782)	(11,878)
Mccone	31.51%	7.85%	(23,189)	(166,220)	(168,233)	(9,524)
Meagher	33.33%	3.37%	(25,380)	(50,906)	(67,131)	(5,398)
Mineral	21.86%	4.98%	(2,568)	(94,083)	(201,025)	(6,429)
Missoula	30.48%	5.50%	125,276	(1,641,272)	(3,484,698)	(769,062)
Musshells	33.33%	5.22%	(11,279)	(84,664)	(101,331)	(7,303)
Park	27.02%	3.73%	(47,991)	(136,875)	(328,330)	(87,399)
Petroleum	33.33%	7.38%	(14,067)	(20,019)	(37,381)	(294)
Phillips	29.24%	8.10%	(155,174)	(183,385)	(360,305)	(19,244)
Pondera	29.35%	6.89%	(39,723)	(237,432)	(325,744)	(25,708)
Powder River	33.33%	9.18%	2,932	(232,050)	(214,184)	(4,509)
Powell	22.56%	3.88%	(6,111)	(89,161)	(171,467)	(8,435)
Prairie	20.99%	7.97%	(25,646)	(88,363)	(85,549)	(5,517)
Ravalli	28.57%	2.98%	(63,158)	(203,607)	(341,691)	(58,372)
Richland	31.60%	9.69%	(25,800)	(307,531)	(678,582)	(41,935)
Roosevelt	24.63%	5.08%	(63,482)	(212,122)	(402,708)	(25,928)
Rosebud	31.06%	2.26%	(616,421)	(140,766)	(334,985)	(18,059)
Sanders	17.31%	2.29%	(36,043)	(98,805)	(185,347)	(14,017)
Sheridan	29.83%	10.51%	(10,717)	(236,403)	(428,560)	(22,965)
Silver Bow	31.33%	5.25%	100,573	(775,935)	(1,355,990)	(29,644)
Stillwater	29.52%	6.03%	(71,062)	(218,091)	(370,659)	(57,837)
Sweet Grass	23.21%	4.58%	(17,176)	(76,054)	(138,739)	(11,800)
Teton	28.31%	6.52%	(34,515)	(231,068)	(327,959)	(14,267)
Toole	26.83%	7.78%	(76,103)	(295,069)	(333,815)	(31,569)
Treasure	19.20%	5.25%	(14,139)	(46,594)	(73,693)	(2,046)
Valley	25.53%	4.23%	(24,872)	(166,175)	(427,120)	(42,824)
Wheatland	27.15%	3.90%	(23,814)	(56,383)	(80,317)	(4,964)
Wibaux	28.29%	9.56%	(24,336)	(144,430)	(57,823)	(4,907)
Yellowstone	30.09%	6.41%	(668,993)	(2,089,117)	(5,057,426)	(792,570)
<b>Total</b>	<b>28.71%</b>	<b>4.97%</b>	<b>(3,085,081)</b>	<b>(15,066,682)</b>	<b>(28,789,714)</b>	<b>(4,276,548)</b>

Loss in revenue due to SB417 relative to current law assuming normal growth in revenue from business property at 3.5 % per year. Loss includes loss of HB20 property tax reimbursements for counties, schools and cities, and HB20 savings for state.

County	Tax Year 1990 Taxable Value Class 8	Tax year 1994 Taxable Value Class 8	Annual Percent Change	Tax Year	Historical Market Value Class 8	Annual Percent Change
				1985	2,687,141,974	
Beaverhead	2,406,836	2,940,890	5.14%	1986	2,446,238,122	-8.97%
Big Horn	10,817,344	10,111,031	-1.67%	1987	2,312,605,491	-5.46%
Blaine	1,800,260	2,210,170	5.26%	1988	2,198,349,860	-4.94%
Broadwater	1,648,556	2,093,882	6.16%	1989	2,255,486,648	2.60%
Carbon	1,613,559	2,025,134	5.84%	1990	2,455,434,096	8.86%
Carter	771,152	949,393	5.34%	1991	2,572,339,142	4.76%
Cascade	7,331,486	9,192,523	5.82%	1992	2,626,184,253	2.09%
Chouteau	4,355,534	4,755,742	2.22%	1993	2,798,468,297	6.56%
Custer	1,501,402	1,909,226	6.19%	1994	3,001,873,099	7.27%
Daniels	1,332,197	1,433,415	1.85%			
Dawson	2,311,176	2,541,007	2.40%	Change 1985 - 1994		1.24%
Deer Lodge	568,804	1,097,376	17.86%			
Fallon	3,297,966	2,925,426	-2.95%			
Fergus	3,582,973	4,481,575	5.75%			
Flathead	11,155,376	13,736,621	5.34%			
Gallatin	8,609,053	10,588,576	5.31%			
Garfield	836,429	1,084,630	6.71%			
Glacier	2,506,031	2,685,520	1.74%			
Golden Valley	457,594	464,039	0.35%			
Granite	846,978	1,013,912	4.60%			
Hill	4,193,812	4,559,532	2.11%			
Jefferson	5,126,204	7,738,635	10.85%			
Judith Basin	1,015,684	1,270,969	5.77%			
Lake	2,358,987	3,488,690	10.28%			
Lewis And Clark	5,816,954	7,279,493	5.77%			
Liberty	1,730,613	1,961,733	3.18%			
Lincoln	7,566,967	5,107,676	-9.36%			
Madison	3,279,012	3,505,208	1.68%			
McCone	1,826,262	1,856,023	0.40%			
Meagher	714,732	874,310	5.17%			
Mineral	880,713	1,183,311	7.66%			
Missoula	21,377,228	22,757,842	1.58%			
Musselshell	1,106,907	1,121,574	0.33%			
Park	2,561,689	3,442,015	7.66%			
Petroleum	259,009	462,830	15.62%			
Phillips	3,491,802	4,682,219	7.61%			
Pondera	2,723,917	2,966,556	2.16%			
Powder River	1,599,484	1,764,435	2.48%			
Powell	1,572,207	1,222,264	-6.10%			
Prairie	676,165	804,362	4.44%			
Ravalli	2,564,026	3,384,439	7.19%			
Richland	6,833,423	6,229,712	-2.29%			
Roosevelt	3,463,234	3,421,668	-0.30%			
Rosebud	10,465,140	13,428,763	6.43%			
Sanders	1,271,993	1,273,271	0.03%			
Sheridan	3,990,648	3,545,186	-2.92%			
Silver Bow	8,782,713	8,295,877	-1.42%			
Stillwater	3,604,727	3,771,750	1.14%			
Sweet Grass	718,771	983,628	8.16%			
Teton	2,693,226	2,767,339	0.68%			
Toole	3,743,545	3,788,979	0.30%			
Treasure	456,883	523,559	3.46%			
Valley	2,736,187	2,937,714	1.79%			
Wheatland	572,799	844,006	10.18%			
Wibaux	1,131,980	1,135,190	0.07%			
Yellowstone	27,198,496	46,822,193	14.55%			
Total	217,856,845	259,443,039	4.46%			
Total (non Exempt Only)	216,226,982	248,468,690	3.54%			

Amendments to Senate Bill No. 417  
Third Reading Copy

For the Committee on Taxation

Prepared by Greg Petesch  
April 5, 1995

1. Title, line 16.

Strike: "AN ADVISORY COMMITTEE"

Insert: "A TASK FORCE"

Following: "FUNDING"

Insert: "TO EXAMINE ALL ASPECTS OF TAXATION IN MONTANA AND TO  
MAKE RECOMMENDATIONS TO THE GOVERNOR AND THE LEGISLATURE ON  
SHORT-TERM AND LONG-TERM TAX POLICY STRATEGIES;  
APPROPRIATING FUNDING FOR THE TASK FORCE"

2. Title, line 17.

Strike: "AND"

3. Title, line 19.

Following: "MCA"

Insert: "; AND PROVIDING A TERMINATION DATE"

4. Page 7, lines 12 and 13.

Strike: "Advisory committee"

Insert: "Task force"

Following: "of"

Insert: "taxation and"

Following: "(1)" on line 12

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

Insert: "There is a Montana tax policy task force to study all  
aspects of taxation in Montana and to make findings  
regarding the burden of state and local taxation borne by  
various segments of the state's economy and by various  
categories of individual taxpayers. The task force in its  
study shall consider but not limit itself to:

(a) the existing sources and levels of taxation, with  
particular attention given to the classification of property and  
the taxable percentages applied to that property, and an  
evaluation of the sources and levels of taxation;

(b) the relationship between federal income tax laws and  
state income tax laws and the impact of federal tax laws on the  
state;

(c) the relative portion of the total amount of taxes that  
is collected from each segment of the business community and each  
category of individual taxpayer;

(d) the impact of state and local taxation on economic  
development;

(e) the relationship between taxes and the revenue needs of  
the state and local governments;

(f) the relationship between tax burden, ability to pay,  
and benefits received from government;

(g) alternative methods of taxation from existing sources  
as well as new sources of revenue and an evaluation of the

alternative methods and new sources; and  
(h) "

5. Page 7, lines 17 through 25.

Strike: subsection (2) in its entirety

Insert: "(2) Based on the findings pursuant to the study required under subsection (1), the task force shall develop recommendations, alternatives, or both, for 2-year, 10-year, and 25-year tax policy strategies for Montana.

(3) The task force, in its deliberations, shall solicit the knowledge and advice of economists, tax policy experts, representatives of tax reform coalitions, local governments, small business organizations, large industries, agriculture, the Montana chamber of commerce, appropriate state agencies, and the general public."

Renumber: subsequent subsections

6. Page 7, line 26.

Strike: "The committee"

Insert: "In reviewing local government funding, the task force"

7. Page 8, lines 5 through 12.

Strike: subsections (4) through (6) in their entirety

Insert: "(5) The task force is allocated to the department of revenue for administrative purposes only as provided in 2-15-121.

NEW SECTION. Section 4. Membership -- appointment -- vacancies. (1) The task force created by [section 3] is composed of the following members:

(a) eight members appointed by the governor, who are broadly representative of taxpayer groups, business and industry, labor organizations, local government, and consumers of governmental services;

(b) four members of the house of representatives, of which no more than two may be of the same political party, appointed by the speaker of the house; and

(c) four members of the senate, of which no more than two may be of the same political party, appointed by the committee on committees.

(2) Task force members must be appointed and designated no later than July 15, 1995.

(3) The task force shall elect its presiding officer.

(4) A vacancy occurring on the task force must be filled in the same manner as the original appointment.

NEW SECTION. Section 5. Remuneration. (1) Each member of the task force provided for in [section 3], except the legislative members, is entitled to reimbursement for expenses as provided in 2-18-501 through 2-18-503.

(2) Each legislative member of the task force is entitled to compensation as provided in 5-2-301 and 5-2-302, as applicable.

(3) In addition to expenditures referred to in subsections (1) and (2), task force funds may be spent for staff support,



contracted services, and other expenses required to fulfill the purpose and needs of the task force.

NEW SECTION. **Section 6. Meetings -- report to governor and legislature.** (1) The task force provided for in [section 3] shall meet by September 15, 1995, and at the request of the presiding officer thereafter.

(2) The task force shall submit its findings and recommendations to the governor and the legislature on or before October 1, 1996.

NEW SECTION. **Section 7. Gifts and grants.** The task force provided for in [section 3] may accept payments, contributions, gifts, and grants, in money or otherwise, for the purposes set forth in [section 3]. All payments, monetary contributions, gifts, and grants received by the task force must be deposited in an account in the state special revenue fund provided for in [section 8].

NEW SECTION. **Section 8. Special revenue account.** There is an account in the state special revenue fund. The account consists of all payments, monetary contributions, gifts, and grants received pursuant to [section 7]."

Renumber: subsequent sections

8. Page 15, line 19.

Insert: "NEW SECTION. **Section 16. Appropriation.** There is appropriated from the general fund to the department of revenue \$15,000 for the use of the task force provided for in [section 3]."

Renumber: subsequent section

9. Page 15, line 22.

Insert: "NEW SECTION. **Section 18. Termination.** [Sections 4 through 8] terminate June 30, 1997."

Amendments to Senate Bill No. 417  
Third Reading Copy

Requested by Rep. Raney  
For the Committee on Taxation

Prepared by Lee Heiman  
April 5, 1995

1. ~~Title, lines 13 through 16.~~

Strike: "REIMBURSING" on line 13 through "FUNDING" on line 16

Insert: "PROVIDING THAT THE PHASED-IN REDUCTIONS TO 7 PERCENT AND  
TO 6 PERCENT ARE VOID UNLESS THE 55TH LEGISLATURE ENACTS  
ENABLING LEGISLATION ALLOWING LOCAL OPTION TAXES TO BE  
IMPOSED BY A VOTE OF THE LOCAL ELECTORATE"

2. Title, line 18.

Strike: "15-1-111,"

3. Page 2, line 24.

Strike: "1996"

Insert: "1995"

4. Page 2, line 25.

Strike: "year 1997"

Insert: "years beginning after December 31, 1996"

5. Page 2, line 26.

Following: "(c)"

Insert: "if permissible under the provisions of subsection (5),"

6. Page 2, line 27.

Following: "(d)"

Insert: "if permissible under the provisions of subsection (5),"

7. Page 2, line 28.

Insert: "(5) Subsections (4)(c) and (4)(d) terminate on December  
31, 1997, unless the 55th legislature enacts enabling  
legislation for local option taxes that may be imposed if  
approved by a vote of the local electorate and if the  
revenue of the local option tax may be used to replace tax  
revenue foregone by the reductions in subsections (4)(c) and  
(4)(d)."

~~8. Page 2, line 29 through page 10, line 10.~~

~~Strike: sections 2 through 4 in their entirety~~

~~Renumber: subsequent sections~~

9. Page 11, line 11.

Page 12, line 2.

Page 12, line 16.

Page 13, line 5.

Page 13, line 30.

Page 14, line 13.

Page 14, line 23.

Strike: "1998"  
Insert: "1997"

10. Page 11, line 12.

Page 11, line 13.  
Page 11, line 15.  
Page 12, line 3.  
Page 12, line 5.  
Page 12, line 7.  
Page 12, line 17.  
Page 12, line 18.  
Page 12, line 20.  
Page 13, line 6.  
Page 13, line 8.  
Page 13, line 10.  
Page 14, line 1.  
Page 14, line 3.  
Page 14, line 5.  
Page 14, line 14.  
Page 14, line 15.  
Page 14, line 17.  
Page 14, line 24.  
Page 14, line 25.  
Page 14, line 27.

Strike: "1996"  
Insert: "1995"

11. Page 15, lines 20 and 21.

Strike: section 11 in its entirety

EXHIBIT 11  
 DATE 4/6/95  
SB 417

**SB421 - Distribution of Tax Year 1994 Property Tax Base**

Class	Description	Reappraisal Cycle	Taxable Valuation	% of Total
1	Net Proceeds	1 Year	3,953,607	0.22%
2	Gross Proceeds	1 Year	9,668,914	0.54%
3	Agricultural Land	4(3) Years	143,242,021	8.02%
4	Residential/Commercial Property	4(3) Years	824,724,682	46.15%
5	Rural Elec.&Tel.; Pollution Control	1 Year	25,755,360	1.44%
6	Livestock, Lease/Rental Equip.	1 Year	30,055,879	1.68%
7	Independent Telephone	1 Year	869,825	0.05%
8	Business Equipment	1 Year	259,443,039	14.52%
9	Utilities	1 Year	421,112,094	23.56%
10	Timber Land	4(3) Years	7,277,628	0.41%
12	Railroads/Airlines	1 Year	60,961,506	3.41%
Totals			1,787,064,555	100.00%

**ORI/MDOR**  
**29-Mar-95**

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12% CURRENT UTILITY TAXES @ 387 mills \$163 million  
 6% POTENTIAL LOSS " " " " \$ 81.5 "

EXHIBIT 12  
DATE 4/6/95  
~~HB~~ SB 358

Amendments to Senate Bill No. 358  
Third Reading Copy

Requested by DOR  
For the Committee on Taxation

Prepared by Lee Heiman  
March 30, 1995

1. Page 2, line 27.  
Following: "cost of"  
Strike: "the"  
Insert: "each item of"

Amendments to Senate Bill No. 358  
Third Reading Copy

Requested by Rep. Arnott  
For the Committee on Taxation

Prepared by Lee Heiman  
April 3, 1995

Extends termination of existing law for 6 years and provides that the new provisions relating to soil treatment terminate in 2 years.

1. Title, line 10.

Following: "DATE"

Insert: "AND A TERMINATION DATE"

2. Page 1, line 13.

Strike: "2"

Insert: "6"

3. Page 2, lines 16 and 17.

Page 4, lines 24 and 25.

Strike: "(TERMINATES) through "1991.)"

4. Page 3, line 7.

Strike: "(Terminates" through "1991.)"

5. Page 4, line 29.

Strike: "1997"

Insert: "2001"

6. Page 4.

Following: line 30

Insert: "NEW SECTION. Section 5. Termination -- exception. (1)  
[Sections 1 through 3] terminate December 31, 1997.

(2) Notwithstanding subsection (1), 15-32-603(3), as numbered by [this act], which reads: "A credit under this section may be claimed by a taxpayer for a business only if the qualifying property is purchased before January 1, 1998.", is deleted in its entirety on December 31, 1997."

Renumber: subsequent section

EXHIBIT 14  
DATE 4/6/95  
~~HB~~ SB 358

Amendments to Senate Bill No. 358  
Third Reading Copy

Requested by Rep. Elliott  
For the Committee on Taxation

Prepared by Lee Heiman  
April 3, 1995

1. Page 3, line 3.

Strike: "25%"

Insert: "10%"

Strike: "\$250,000"

Insert: "\$500,000"

2. Page 3, line 4.

Strike: "(b)" through "i."

Renumber: subsequent subsection

Amendments to Senate Bill No. 338  
Third Reading Copy

Requested by Representative Feland  
For the Committee on Taxation

Prepared by Greg Petesch  
April 6, 1995

1. Title, line 5.  
Strike: "24"  
Insert: "18"
2. Page 7, line 26.  
Strike: "24"  
Insert: "18"
3. Page 8, line 21.  
Strike: "24"  
Insert: "18"
4. Page 9, line 9.  
Strike: "12"  
Insert: "6"
5. Page 9, line 11.  
Strike: "24"  
Insert: "18"
6. Page 9, line 15.  
Strike: "24"  
Insert: "18"
7. Page 9, line 27.  
Strike: "12"  
Insert: "6"
8. Page 9, line 29.  
Strike: "24"  
Insert: "18"
9. Page 10, lines 5 and 6.  
Strike: subsection (ii) in its entirety  
Re-number: subsequent subsection
10. Page 10, line 7.  
Strike: "24"  
Insert: "18"
11. Page 10, line 19.  
Strike: "24"  
Insert: "18"
12. Page 10, line 22.  
Strike: "subsections"



Insert: "subsection"  
Strike: "and (4)(c)(ii)"

13. Page 10, line 24.  
Strike: "24"  
Insert: "18"

14. Page 11, line 22.  
Strike: "12"  
Insert: "6"

15. Page 11, line 24.  
Following: "i"  
Insert: "and"

16. Page 11, lines 27 through 30.  
Following: "FUNDS" on line 27  
Strike: remainder of line 27 through "GOVERNMENTS" on line 30

## Impact of SB-338 with 18th Month Exemption

<u>Revenue Source</u>	<u>FY95</u>	<u>FY96</u>	<u>FY97</u>
Oil Severance Tax	(15,000)	(294,000)	(588,000)
Gas Severance Tax	<u>(5,000)</u>	<u>(97,000)</u>	<u>(141,000)</u>
Total	(20,000)	(391,000)	(729,000)

Prepared by the Office of Research and Information, Montana Department of Revenue

EXHIBIT 16  
DATE 4/6/95  
# SB 338

# Natural Gas Tax Impacts - FY1996

## Current Law vs. Proposed Law (SB-412 with HB-418 and SB-338)

### Working Interest "Old"

Current Production Type (Regular)	Gross Value	Current Rate	Proposed Rate	Current Liability	Proposed Liability	Difference
LGST Working Interest	18,300,261	18.60%	18.85%	\$3,403,849	\$3,449,599	\$45,751

### Working Interest "New"

Current Production Type (Regular)	Gross Value	Current Rate	Proposed Rate	Current Liability	Proposed Liability	Difference
Net Proceeds Working Interest	17,905,679	15.35%	15.45%	2,748,522	2,766,427	\$17,906
Net Proceeds (12-mo. Exempt) Working Interest	4,468,795	3.35%	0.80%	149,705	35,750	(\$113,954)
Net Proceeds (24-mo. Exempt) Working Interest	0	15.35%	12.80%	0	0	\$0
Total	\$22,374,473	12.95%	12.52%	\$2,898,226	\$2,802,178	(\$96,049)

### STRIPPER

Current Production Type	Gross Value	Current Rate	Proposed Rate	Current Liability	Proposed Liability	Difference
LGST-Working Interest (St. Sev. Taxable)	3,469,301	12.29%	11.30%	\$426,377	\$392,031	(\$34,346)
LGST-Working Interest (St. Sev. Exempt)	23,634,613	10.70%	11.30%	2,528,904	2,670,711	141,808
Net Proceeds-Working Interest (St. Sev. Taxable)	1,465,412	14.29%	11.30%	209,407	165,592	(43,816)
Net Proceeds-Working Interest (St. Sev. Exempt)	9,983,119	12.70%	11.30%	1,267,856	1,128,092	(139,764)
Net Proceeds (12-mo. Exempt) W.I. (St. Sev. Taxable)	501,218	2.29%	0.80%	11,478	4,010	(7,468)
Net Proceeds (24-mo. Exempt) W.I. (St. Sev. Taxable)	0	14.29%	12.80%	0	0	0
Net Proceeds (12-mo. Exempt) W.I. (St. Sev. Exempt)	3,414,550	0.70%	0.80%	23,902	27,316	3,415
Net Proceeds (24-mo. Exempt) W.I. (St. Sev. Exempt)	0	12.70%	12.80%	0	0	0
Total	\$42,468,212	10.52%	10.33%	\$4,467,924	\$4,387,752	(\$80,171)

### ROYALTY

Current Production Type	Gross Value	Current Rate	Proposed Rate	Current Liability	Proposed Liability	Difference
LGST- Non-Working Interest Regular	2,849,347	18.60%	15.10%	\$529,979	\$430,251	(\$99,728)
LGST-NWI Stripper (St. Sev. Taxable)	332,733	17.54%	15.10%	58,361	50,243	(8,119)
LGST-NWI Stripper (St. Sev. Exempt)	2,266,745	15.95%	15.10%	361,546	342,278	(19,267)
Net Proceeds-NWI Regular	3,524,630	15.35%	15.10%	541,031	532,219	(8,812)
Net Proceeds-NWI Stripper (St. Sev. Taxable)	172,437	14.29%	15.10%	24,641	26,038	1,397
Net Proceeds-NWI Stripper (St. Sev. Exempt)	1,174,725	12.70%	15.10%	149,190	177,383	28,193
Exempt NP - NWI Regular	450,963	3.35%	15.10%	15,107	68,095	52,988
12-mo. Exempt NP- NWI Stripper (St. Sev. Taxable)	66,413	2.29%	15.10%	1,521	10,028	8,507
24-mo. Exempt NP- NWI Stripper (St. Sev. Taxable)	0	14.29%	15.10%	0	0	0
12-mo. Exempt NP- NWI Stripper (St. Sev. Exempt)	452,437	0.70%	15.10%	3,167	68,318	65,151
24-mo. Exempt NP- NWI Stripper (St. Sev. Exempt)	0	12.70%	15.10%	0	0	0
Total	\$11,290,429	14.92%	15.10%	\$1,684,543	\$1,704,854	20,311
Grand Total	\$94,433,376	13.19%	13.07%	\$12,454,542	\$12,344,384	(\$110,158)

# Oil Production Tax Impacts - FY1996

Current Law vs. Proposed Law (SB-412 with HB-090, HB-418, SB-338)

## Working Interest "OLD"

Current Production Type	Current Gross Value	Current Rate	Proposed Rate	Current Liability	Proposed Liability	Difference
LGST-Working Interest	115,459,371	14.10%	14.20%	\$16,279,771	\$16,395,231	\$115,459

## Working Interest "NEW"

Current Production Type	Current Gross Value	Current Rate	Proposed Rate	Current Liability	Proposed Liability	Difference
Net Proceeds-Working Interest	47,660,652	12.70%	12.80%	\$6,052,903	\$6,100,563	\$47,661
Net Proceeds (12 Mo. Exempt) W.I.	6,038,448	5.70%	0.80%	344,192	48,308	(295,884)
Net Proceeds (24 mo. Exempt) W.I.	0	12.70%	5.80%	\$0	\$0	\$0
Total Production and Effective Tax Rates	\$53,699,100	11.91%	11.45%	\$6,397,094	\$6,148,871	(\$248,223)

## STRIPPER

Current Production Type	Current Gross Value	Current Rate	Proposed Rate	Current Liability	Proposed Liability*	Difference
LGST-Working Interest	20,343,933	10.70%	11.10%	\$2,176,801	\$1,468,817	(\$707,984)
Net Proceeds Working Interest	1,769,530	12.70%	11.10%	\$224,730	\$127,778	(\$96,952)
Net Proceeds (12 Mo. Exempt) W.I. Stripper	989,755	5.70%	0.80%	\$56,416	\$7,918	(\$48,498)
Net Proceeds (24 Mo. Exempt) W.I. Stripper	0	12.70%	5.80%	\$0	\$0	\$0
Total Production and Effective Tax Rates	\$23,103,219	10.64%	6.94%	\$2,457,947	\$1,604,512	(\$853,435)

## ROYALTY

Current Production Type	Current Gross Value	Current Rate	Proposed Rate	Current Liability	Proposed Liability	Difference
LGST NWI	17,026,695	18.20%	17.20%	\$3,098,859	\$2,928,592	(\$170,267)
Net Proceeds NWI	7,475,818	12.70%	15.10%	\$949,429	\$1,128,849	\$179,420
Net Proceeds (Exempt) NWI	1,063,212	5.70%	15.10%	\$60,603	\$160,545	\$99,942
Total Production and Effective Tax Rates	\$25,565,725	16.07%	16.50%	\$4,108,891	\$4,217,985	\$109,095

All current law horizontal and enhanced recovery tax incentives are not included.

Grand Total	217,827,415	13.43%	13.02%	29,243,703	28,366,599	(\$877,104)
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\* Stripper production also receives a 3-barrel per day exemption from a portion of the tax under HB-090.