

MINUTES

MONTANA SENATE 54th LEGISLATURE - REGULAR SESSION

COMMITTEE ON FINANCE & CLAIMS

Call to Order: By **SENATOR GARY AKLESTAD, CHAIRMAN** , on Tuesday,
January 17, 1995, at 4:10 P.M., Room 108.

ROLL CALL

Members Present:

Sen. Gary C. Aklestad, Chairman (R)
Sen. Thomas F. Keating, Vice Chairman (R)
Sen. Thomas A. "Tom" Beck (R)
Sen. James H. "Jim" Burnett (R)
Sen. Loren Jenkins (R)
Sen. Ethel M. Harding (R)
Sen. Arnie A. Mohl (R)
Sen. Charles "Chuck" Swysgood (R)
Sen. Daryl Toews (R)
Sen. Larry J. Tveit (R)
Sen. B.F. "Chris" Christiaens (D)
Sen. Judy H. Jacobson (D)
Sen. Greg Jergeson (D)
Sen. John "J.D." Lynch (D)
Sen. Mignon Waterman (D)

Members Excused: Senator Franklin

Members Absent: None

Staff Present: Clayton Schenck, Legislative Fiscal Analyst
Lynn Staley, Committee Secretary

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

Committee Business Summary:

Hearing: HB 14, SB 131
Executive Action: HB 14 - BE CONCURRED IN

HEARING ON HOUSE BILL 14

Opening Statement by Sponsor:

REPRESENTATIVE TOM ZOOK, House District 3, sponsor, said the Department of State Lands (DSL) because of fire fighting activities is out of money, and there is a need to meet their payrolls. He added that the State will not know their net fire fighting costs until March when settlement is received from the

federal government. He concluded that DSL is having a meeting on January 18 to discuss the severity of the fire fighting season and the costs associated with it.

Proponents' Testimony:

Bob Kuchenbrod, Administrator, Central Management Division, Department of State Lands, presented information relative to fire costs and how they are handled in the Department of State Lands **EXHIBIT 1**. He explained that DSL is not appropriated money to suppress fire costs and that their operation monies are used for that purpose. Regarding the appropriation transfer, when anticipating fires for fiscal year 1994, DSL estimated what the fires of the summer of 1993 would cost plus anticipated needs during the spring to fight fires with an estimate of \$373,874. Through the appropriation transfer process that spending authority was moved from fiscal year 1995 to fiscal year 1994 to cover those costs. The approximately \$93,000 remaining from those funds reverted back to the general fund. Since this authority was taken out of 1995, reimbursement of the \$373,874 is necessary. He said money was spent from forestry operations, Central Management Division and the Lands Division. He noted they also required emergency monies available from the Governor's office, with the combination of those monies paying for the fires. DSL asked the Office of Budget and Program Planning if they could have an early fire supplemental bill where they would get the money as quickly as possible. They now have approximately \$475,000 left to run the forestry division which is not enough for this fiscal year. The remainder of the \$5 million left over after paying forestry operations, central management division and lands division would be used to offset the next bills from the Forest Service and Bureau of Land Management. He concluded that the first part of the money would be obligated up front and the second part would be obligated when billed by the Forest Service.

Opponents' Testimony:

None.

Questions From Committee Members and Responses:

SENATOR SWYSGOOD asked if the balance of the unspent funds would be obligated to continue paying the bills, and **Mr. Kuchenbrod** said that was correct.

When questioned by **SENATOR SWYSGOOD** regarding Section 1 of HB 14, line 13 regarding the unspent balance of the appropriation reverting to the general fund, if that balance would be the difference of what is actually paid and what is asked for.

Mr. Kuchenbrod said they are to cover fire costs. Fire costs would be about \$15 million, and if the legislature tells them they have to revert the balance, it will add that much money that

is needed to the next supplemental.

SENATOR SWYSGOOD questioned if the language in HB 14 is making the Department of State Lands revert it.

REPRESENTATIVE ZOOK said it is for the fiscal year ending June 30, 1995.

In answer to a question from **SENATOR SWYSGOOD** regarding the \$5 million, **Mr. Kuchenbrod** said they will apply what is left of the \$5 million to the bills that come in at the end of March. They anticipate getting the next supplemental to help pay for those bills, and anything left over will be reverted to the general fund.

SENATOR SWYSGOOD said there was approximately \$12.1 million estimated fire suppression costs that may possibly be a supplemental this biennium. He asked **Mr. Kuchenbrod** if State Lands is now saying that could be as high as \$17 million.

Mr. Kuchenbrod said that was true. When the \$5 million supplemental and the \$7.7 million supplemental was put together, it was relatively early in the year as far as figuring those numbers. Recently the newspapers said Montana fires ranged at about \$100 million; about \$23 million is State Lands. There are many bills and they are working primarily with the Forest Service to make sure DSL knows which bills are their obligation as DSL does not want to pay anymore than is necessary.

CHAIRMAN AKLESTAD requested a breakdown as to what crews are paid and what is paid for various types of equipment during a fire.

Don Artley, Administrator of the Forestry Division, said they have a fire business handbook showing pre-established rates for equipment rental and pay rates for individuals serving in various capacities in support of fire suppression efforts. This is done to ensure uniformity of rates within the state.

When questioned by **CHAIRMAN AKLESTAD** if there are different schedules for state and federal fires, **Mr. Artley** said equipment rates are standardized with federal agencies and local government. He noted they do not agree with the federal agencies on how much to pay for people's time. Federal agencies pay a higher rate than DSL for the same job on fires.

When questioned by **CHAIRMAN AKLESTAD** as to who establishes the costs, **Mr. Artley** said they are established internally in consultation with other partners in the fire protection business. They are then put in a manual for access to all field offices who use them in paying rates.

Mr. Artley in response to a request from **CHAIRMAN AKLESTAD** said he would provide a copy of the manual.

Closing by Sponsor:

REPRESENTATIVE ZOOK, in closing, said he was told the figures change daily, but in September he was advised that the net cost to the state was approximately \$8 million. He acknowledged that the figure has changed significantly since that time and noted that changes need to be made in the current system.

HEARING ON SENATE BILL 131Opening Statement by Sponsor:

SENATOR TOM KEATING, Senate District 5, Billings, sponsor, said a legislative audit revealed that there was approximately \$14,000 collected yearly at the weigh station from custom combiners coming into Montana. The money is then distributed to the counties for distribution to school districts, et cetera. This situation causes accounting problems which added up to more than the fees collected. The intent of SB 131 is to send the \$14,000 to the general fund rather than to the counties and eliminate unnecessary bookkeeping.

SENATOR KEATING related that because of a drafting error, the language in section 1 of SB 131 is the incorrect section. He asked that the committee strike section 1 and then offered an amendment of a new section 1 in the codes EXHIBIT 2.

Proponents' Testimony:

Wayne Kedish, Office of the Legislative Auditor, said he was available to answer any questions relative to SB 131.

Opponents' Testimony:

None.

Questions From Committee Members and Responses:

When questioned by SENATOR SWYSGOOD if the Montana Department of Transportation issued the permits at the weigh station, Dave Galt, Administrator, Motor Carrier Services Division, Montana Department of Transportation, said that was correct.

SENATOR SWYSGOOD questioned why the Department of Transportation did not keep the money collected for permits. Dave Galt said there are three issued permits rolled into one, consisting of a temporary fuel permit, temporary registration permit for the truck for hauling the grain, and an in lieu of tax payment for the combine. The fuel permits go into the special highway revenue fund. When the registration permit is issued, 62.5 percent of that money is passed to the county where that cutter does the majority of his business and 37.5 percent is deposited into the state highway revenue account for the highways. That is

the money in the original bill. They also collect a \$35 fee in lieu of property tax for the combine, which is the proposed amendment **EXHIBIT 2**, and that money goes to the county tax boards.

When questioned by **SENATOR SWYSGOOD** if the combine fee is the money being discussed, Mr. Galt said in the amendment being offered to replace Section 1 of SB 131, **EXHIBIT 2**, that is the money being talked about.

SENATOR LYNCH questioned if some counties get a larger portion of the money than other counties and if Silver Bow County got any of this fee.

Dave Galt said Silver Bow County did not get any. He related that the majority of the money goes to the counties of Big Horn, Chouteau, Roosevelt, Custer, Hill and Yellowstone, although there are approximately 28 counties in Montana that get money ranging from \$62.50 to \$11,000.

In questioning from **SENATOR LYNCH** as to who gets \$11,000, **Mr. Galt** said Big Horn County gets the total amount of \$11,000. When it comes to in lieu of tax payments for the combine, that total is \$6,230 for the high county.

In response to a request from **SENATOR BECK** for a fiscal note, **SENATOR KEATING** said he would have a fiscal note prepared to show what each of the counties get. **CHAIRMAN AKLESTAD** said executive action would not be taken on the bill until the fiscal note is prepared.

SENATOR MOHL asked if the counties have any expenses involved in collecting the money.

SENATOR KEATING said no fee was charged to the Department of Transportation for collecting it. The auditor has determined that the costs of accounting for these small amounts of money going to the school districts and other jurisdictions is more than what the funds are worth. He commented that as little as 17 cents would be distributed to some areas.

When questioned by **SENATOR MOHL** if there would be no expense at all if the money is taken away, **SENATOR KEATING** said that was correct, the money would go into the general fund.

Closing by Sponsor:

SENATOR KEATING closed.

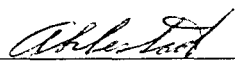
EXECUTIVE ACTION ON HOUSE BILL 14

Motion/Vote: **SENATOR LYNCH** moved that HB 14 BE CONCURRED IN.

Motion CARRIED UNANIMOUSLY. Senator Keating will carry HB 14 on the Senate floor.

ADJOURNMENT

Adjournment: 4:40 P.M.



SENATOR GARY AKLESTAD, Chairman



LYNN STALEY, Secretary

GCA/ljs

MONTANA SENATE
1995 LEGISLATURE
FINANCE AND CLAIMS COMMITTEE

ROLL CALL

DATE

1/17/95

NAME	PRESENT	ABSENT	EXCUSED
SWYSGOOD, CHUCK	✓		
BURNETT, JIM	✓		
MOHL, ARNIE	✓		
JERGESON, GREG	✓		
FRANKLIN, EVE			✓
TVEIT, LARRY	✓		
JENKINS, LOREN	✓		
JACOBSON, JUDY	✓		
LYNCH, J.D.	✓		
HARDING, ETHEL	✓		
TOEWS, DARYL	✓		
CHRISTIAENS, B.F. "CHRIS"	✓		
WATERMAN, MIGNON	✓		
KEATING, TOM - VICE CHAIRMAN	✓		
BECK, TOM	✓		
AKLESTAD, GARY - CHAIRMAN	✓		

SENATE STANDING COMMITTEE REPORT

Page 1 of 1
January 18, 1995

MR. PRESIDENT:

We, your committee on Finance and Claims having had under consideration HB 14 (third reading copy -- blue), respectfully report that HB 14 be concurred in.

Signed: 
Senator Gary Aklestad, Chair

SA Amd. Coord.
SA Sec. of Senate

Keating
Senator Carrying Bill

151251SC.SPV

DATE 1/17/95
 BILL NO HB 14

DEPARTMENT OF STATE LANDS

HB 14 FIRE SUPPLEMENTAL

APPROPRIATION TRANSFER	\$373,874
FORESTRY OPERATIONS	2,843,909
CENTRAL MANAGEMENT DIVISION	300,000
LANDS DIVISION	300,000
OUTSTANDING OBLIGATIONS OR TO BE APPLIED TO USFS, BLM, OR OTHER STATE AGENCIES	<u>1,182,217</u> \$5,000,000

SB131

AMENDMENT TO SENATE BILL NO. 131

SENATE JOURNAL AND CLAIMS

DATE 1/17/95
BILL NO. SB 131

1. Title, page 1, line 6
Following : line 5
Strike: "SPECIAL PERMIT FEE"
Insert: "FEE IN LIEU OF TAXATION".

2. Title, line 7.
Following: "SECTION"
Strike: "61-30-130"
Insert: "15-24-301".

3. Line 11
Strike section 1 in its entirety.
Insert:

Section 1. Section 15-24-301, MCA, is amended to read:

15-24-301. Personal property brought into the state — assessment — exceptions — custom combine equipment. (1) Except as provided in subsections (2) through (5), property in the following cases is subject to taxation and assessment for all taxes levied that year in the county in which it is located:

(a) any personal property (including livestock) brought, driven, or coming into this state at any time during the year that is used in the state for hire, compensation, or profit;

(b) property whose owner or user is engaged in gainful occupation or business enterprise in the state; or

(c) property which comes to rest and becomes a part of the general property of the state.

(2) The taxes on this property are levied in the same manner and to the same extent, except as otherwise provided, as though the property had been in the county on the regular assessment date, provided that the property has not been regularly assessed for the year in some other county of the state.

(3) Nothing in this section shall be construed to levy a tax against a merchant or dealer within this state on goods, wares, or merchandise brought into the county to replenish the stock of the merchant or dealer.

(4) Any motor vehicle not subject to a fee in lieu of tax brought, driven, or coming into this state by any nonresident person temporarily employed in Montana and used exclusively for transportation of such person is subject to taxation and assessment for taxes as follows:

(a) The motor vehicle is taxed by the county in which it is located.

(b) One-fourth of the annual tax liability of the motor vehicle must be paid for each quarter or portion of a quarter of the year that the motor vehicle is located in Montana.

(c) The quarterly taxes are due the first day of the quarter.

(5) Agricultural harvesting machinery classified under class eight, licensed in other states, and operated on the lands of persons other than the owner of the machinery under contracts for hire shall be subject to a fee in lieu of taxation of \$35 per machine for the calendar year in which the fee is collected. The machines shall be subject to taxation under class eight only if they are sold in Montana.

The \$35 fee must be deposited in the state general fund."

DATE January 17, 1995

SENATE COMMITTEE ON Finance and Claims

BILLS BEING HEARD TODAY: SB 131 Senator Keating
HB 14 Rep. Tom Zook

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PLEASE PRINT

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Check One

Name	Representing	Bill No.	Support	Oppose
Galt, David	MD 1	131	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Kedosh, Wayne	Legislative Auditor	131	<input checked="" type="checkbox"/>	<input type="checkbox"/>

VISITOR REGISTER

PLEASE LEAVE PREPARED STATEMENT WITH COMMITTEE SECRETARY