

**MINUTES**

**MONTANA SENATE  
54th LEGISLATURE - REGULAR SESSION**

**COMMITTEE ON FINANCE & CLAIMS**

**Call to Order:** By SENATOR GARY AKLESTAD, Chairman, on January 26, 1995, at 4:55 P.M.

**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. Eve Franklin (D)  
Sen. Judy H. Jacobson (D)  
Sen. Greg Jergeson (D)  
Sen. John "J.D." Lynch (D)  
Sen. Mignon Waterman (D)

**Members Excused:** None.

**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 76  
Executive Action: SB 131 - AS AMENDED DO NOT PASS  
SB 83 - AS AMENDED DO PASS

**HEARING ON HOUSE BILL 76**

**Opening Statement by Sponsor:**

REPRESENTATIVE ROYAL JOHNSON, House District 10, Billings, sponsor, said HB 76 relates to cash management of state funds. It provides a mechanism for prompt payment of tax and revenue

anticipation notes, called TRANS, if there is insufficient revenue in the general fund. The State Treasurer can temporarily borrow from any state fund other than pension trust funds to meet general fund cash deficiencies and pay interest on certain loans. He explained that it can be borrowed from the coal tax trust as well as selling TRANS, short term investments that do not carry over the year end.

**Proponents' Testimony:**

**Connie Griffith, Administrator of Accounting and Management Support Division, Department of Administration,** said HB 76 allows the Department of Administration to more efficiently and effectively manage the general fund cash, as well as providing cost savings to the general fund. It creates a cost effective means of credit enhancement, the issuance of TRANS, to ensure that the State continues to receive the highest ratings on its TRANS and therefore pay less interest on its borrowings. She said the general fund from time to time has to borrow on a short term basis for cash flow purposes to pay expenditures until tax revenues are received. The general fund can borrow internally from other state funds up to one year. The highway trust is the primary fund that is borrowed from. Inter-entity loans can be made only if there is reasonable evidence that income will be sufficient to repay the loan within the calendar year. The general fund is limited to borrowing only from those accounts that do not retain their own interest because at this point in time it cannot pay interest on these loans. The general fund borrows externally through TRANS. The amount of TRANS issued is limited to the fiscal year appropriation amount and must be repaid no later than the end of the fiscal year in which it is issued. Section 2 of HB 76 states that the general fund can now pay interest. At the time that cash is needed, available accounts could be looked at to see what the interest rate would be for the short time that the cash is needed until tax revenue comes in. The general fund would not have to pay the issuance costs and legal fees associated with TRANS issuances.

**Opponents' Testimony:**

None.

**Questions From Committee Members and Responses:**

**SENATOR SWYSGOOD** said he assumed the accounts are invested where they are earning interest. He questioned if there was any penalty for withdrawing the money earlier than for the short term they are put in for.

**REPRESENTATIVE JOHNSON** said for the most part they have enough cash in STIP to handle this. Borrowing from the Board of Investments is an interagency loan. If assets had to be liquidated, there could possibly be a loss, but most of the accounts are invested short term.

**SENATOR SWYSGOOD** questioned if they would have to go to another account if there was not enough money in the general fund to pay back what was borrowed.

**Connie Griffith** said before the fiscal year, projections are made of what cash will be coming in and going out. This enables them to know when they are going to need extra cash and when they will have their low times. This determines when TRANS are issued. She added that the highway trust fund is not borrowed from unless they can afford to pay the money back. She related that they are aware on a daily basis where they are cash-wise, adding that the highway trust fund keeps a balance that they will not lend out. She concluded that if needed, they would be able to go to other funds.

In questioning from **SENATOR JENKINS** regarding special revenue, **Connie Griffith** said the fund borrowing the money is established and the general fund would have a liability to the other fund. The other fund would have a receivable from the general fund which is strictly a balance sheet. There is no appropriation needed because it is not an appropriation being made. It is a loan and is treated as a payable receivable.

Relative to a question from **SENATOR JENKINS** regarding money transferred between departments, **Connie Griffith** said this is not a transfer. In this case an expenditure is not being made out of a fund, but rather a loan and creating a receivable payable.

**SENATOR AKLESTAD** voiced concern that moving money around creates a greater risk, and he questioned if the risk factor had anything to do with the bond rating where the monies are moved around.

**REPRESENTATIVE JOHNSON** thought that in this case it would enhance our credit rating, and the bonding would be less costly than before.

When questioned by **SENATOR AKLESTAD** if there would be a problem with the bonding, **REPRESENTATIVE JOHNSON** said he could see no problems. He thought bond people would buy bonds based on how the current operation was being run.

In questioning from **SENATOR AKLESTAD** relative to saving money, **REPRESENTATIVE JOHNSON** felt it would save money. The decision can be made whether to sell TRANS or borrow it from the coal tax trust. When TRANS are sold, there is always a charge. If the money can be left where it is, there is a savings there.

**SENATOR JENKINS** questioned where the coal tax trust came in.

**REPRESENTATIVE JOHNSON** said it is managed by the Board of Investments. He added there is always money in the short term borrowing pool. Different areas are looked at for the money, and he added that the highway trust is the primary source of funds. He explained that there is cash available in the state which can

come from many different places.

Closing by Sponsor:

REPRESENTATIVE JOHNSON, in closing, said the amount of money this year is \$85 million, and they will probably issue or borrow about \$135 million over the next year.

EXECUTIVE ACTION ON SENATE BILL 131

Discussion: SENATOR AKLESTAD notified the committee that a proposed amendment by SENATOR KEATING was not acted on before SB 131 passed the committee.

Motion/Vote: SENATOR SWYSGOOD MOVED TO RECONSIDER ACTION TAKEN BY FINANCE AND CLAIMS COMMITTEE ON SB 131.

Motion CARRIED UNANIMOUSLY.

SENATOR KEATING distributed to the committee a proposed amendment relative to SB 131. EXHIBIT 1

Motion: SENATOR KEATING MOVED THAT SB 131 DO PASS.

Substitute Motion/Vote: SENATOR KEATING MADE A SUBSTITUTE MOTION TO ADOPT PROPOSED AMENDMENTS TO SB 131. EXHIBIT 1

Motion CARRIED UNANIMOUSLY.

Motion/Vote: SENATOR KEATING MOVED THAT SB 131 AS AMENDED DO PASS.

Motion FAILED ON A ROLL CALL VOTE, 5 to 8.

EXECUTIVE ACTION ON SENATE BILL 83

Discussion: SENATOR GROSFIELD referred to the seven technical notes on pages 2 and 3 of the fiscal note on SB 83. EXHIBIT 2 He said the subcommittee on SB 83 adopted the amendment requiring state agencies to come in and offer amendments to HB 2. The amendment was put on with an immediate effective date so if SB 83 cleared the Senate and the House by the middle of March, it would apply immediately and serve as formal notice to all agencies that they have to get amendments to HB 2 in this budget. In the fiscal note, numbers 2, 4, 5, 6 and 7 EXHIBIT 2 were dealt with in the amendments. Number 3 did not need an amendment. He concluded that all technical notes on the fiscal note EXHIBIT 2 are taken care of in the amendments.

SENATOR GROSFIELD explained his amendments that were discussed in the SB 83 subcommittee. EXHIBIT 2a He stated that explanations for each amendment are explained in a paragraph following the

proposed amendment. Amendments 1, 2, and 3 go to issue number 7 on the fiscal note. Amendment 4 is a technical amendment offered by Greg Petesch. Amendments 5 and 6 go to issue number 2 on the fiscal note. Amendments 7, 8 and 9 go to issue number 5 on the fiscal note. Amendments 10 and 11 go to issue number 6 on the fiscal note, and amendments 12 through 15 go to issue number 4 on the fiscal note.

When questioned by **SENATOR JENKINS** if the amendments discussed are on the subcommittee bill or the original bill, **SENATOR AKLESTAD** said the subcommittee met and considered **SENATOR GROSFIELD'S** amendments which will be in the original bill.

**Motion/Vote:** **SENATOR JACOBSON** MOVED THE AMENDMENTS REQUESTED BY **SENATOR GROSFIELD. EXHIBIT 2A**

Motion **CARRIED UNANIMOUSLY.**

**Discussion:** **SENATOR JACOBSON** presented amendments to SB 83 dealing with driver's license fees. **EXHIBIT 3** The percentage in the driver's license fees has been changed to reflect that it will come out as a user fee for service. In response to **SENATOR AKLESTAD**, she said the revenue stays approximately the same.

**Motion/Vote:** **SENATOR JACOBSON** MOVED THE AMENDMENTS DEALING WITH **DRIVER'S LICENSE FEES. EXHIBIT 3**

Motion **CARRIED UNANIMOUSLY.**

**Discussion:** **SENATOR GROSFIELD** discussed an amendment by the Department of Justice. **EXHIBIT 4** He stated there is a technical error on the amendment in striking Section 49 in its entirety. On page 20, line 25, there is a list of the statutory appropriations that is stricken and needs to be reinserted.

**CHAIRMAN AKLESTAD** asked the Department of Justice to address the proposed amendment.

**Beth Baker, Department of Justice**, said Section 49 is on page 42 of SB 83. There is a statutory appropriation that is provided in 17-7-502. On page 20, line 25, there has to be reinserction of 44-12-206.

**Motion/Vote:** **SENATOR LYNCH** MOVED THE AMENDMENT REQUESTED BY THE **DEPARTMENT OF JUSTICE. EXHIBIT 4**

Motion **CARRIED UNANIMOUSLY.**

**Motion:** **SENATOR JENKINS** MOVED THE COORDINATION AMENDMENT. **EXHIBIT 5**

**Discussion:** **SENATOR GROSFIELD** said he discussed the coordination amendment earlier in that departments would have to come in with amendments to HB 2.

Vote: Motion on coordination amendment EXHIBIT 5 CARRIED UNANIMOUSLY.

Motion: SENATOR TOEWS MOVED AN AMENDMENT REQUESTED BY OFFICE OF PUBLIC INSTRUCTION REGARDING SEA ACCOUNT, PAGE 2, LINE 1. EXHIBIT 6

Discussion: SENATOR SWYSGOOD asked what department is being referred to in the proposed amendment EXHIBIT 6

Madalyn Quinlan, Office of Public Instruction, said the Department of Commerce is being referred to. In order not to have a local government paying the state for these fees, the filing fee is paid out of state equalization aid account. When the account is de-earmarked, it makes sense to have the filing fee paid from an appropriation through the Department of Commerce.

Vote: SENATOR TOEWS' amendment motion EXHIBIT 6 CARRIED UNANIMOUSLY.

Motion: SENATOR TOEWS MOVED AN AMENDMENT REQUESTED BY THE OFFICE OF PUBLIC INSTRUCTION, INSERTING PER-ANB ENTITLEMENT. EXHIBIT 7

Discussion: When questioned by SENATOR SWYSGOOD why base aid was put into SB 83, SENATOR GROSFIELD said the amendment has nothing to do with earmarking or de-earmarking but is rather a correction to the statutes.

Madalyn Quinlan said the original language stated foundation program which inadvertently was not in HB 667 last session. By inserting per-ANB entitlement, a district's guaranteed tax base aid is not recalculated in addition to providing additional per student entitlement.

SENATOR AKLESTAD said a decision should be made if it is covered under the title.

SENATOR WATERMAN said the language is already amended in the bill.

Vote: SENATOR TOEWS' amendment motion EXHIBIT 7 CARRIED UNANIMOUSLY.

Motion: SENATOR FRANKLIN MOVED TO AMEND SECTION 44, PAGE 36. EXHIBIT 8

Discussion: SENATOR FRANKLIN said the amendment was presented by Eric Feaver.

Vote: SENATOR FRANKLIN'S amendment motion CARRIED with SENATOR JENKINS opposed.

SENATOR KEATING indicated that if funds are de-earmarked, maybe

all the lottery money should be put into the general fund and then let the Board of Crime Control come in for an appropriation.

**Motion:** SENATOR LYNCH MOVED THAT SECTION 8 BE STRICKEN FROM SB 83.

**Discussion:** SENATOR SWYSGOOD said he could not support the motion without additional language. He said the interim subcommittee originally recommended that it be put in state special revenue.

SENATOR WATERMAN questioned if the SB 83 subcommittee discussed Section 8. SENATOR AKLESTAD said the subcommittee agreed to put it into a state special revenue account, but they were aware that more discussion was needed on that issue.

**Motion:** SENATOR SWYSGOOD MADE A SUBSTITUTE MOTION THAT THE BED TAX BE PUT INTO THE STATE SPECIAL REVENUE ACCOUNT.

**Discussion:** SENATOR SWYSGOOD said that was the original subcommittee recommendation when they met during the interim. He asked Clayton Schenck to address the issue.

Clayton Schenck, Legislative Fiscal Analyst, said SB 83 currently puts the bed tax in the general fund and strikes the statutory appropriation. It is currently state special revenue, and he asked if it is the intent to leave it state special revenue and strike the statutory appropriation.

SENATOR SWYSGOOD said that was his intent in the substitute motion.

SENATOR JACOBSON remarked that no one originally envisioned that this was going to bring in over \$7 million. The Travel Promotion Bureau in the Department of Commerce budget goes from \$1.5 million to over \$7 million. She noted that although the budgets were approved, after the legislature adjourned and the Department of Commerce gets \$8 million, they incorporate it automatically into their budget because it is statutory and then is built into the base by the time the legislature convenes again. The intention of the interim subcommittee was to take some legislative control back by putting it into a state special revenue account and out of statutory, and then asking them to come in to get it appropriated.

When asked by SENATOR WATERMAN what would occur if it was not appropriated, SENATOR AKLESTAD said that portion remains in the fund until the next legislative session. He added there was also discussion regarding a cap on it which could be addressed by the committee if they desired.

In questioning from SENATOR CHRISTIAENS if this will keep it from increasing their base, SENATOR AKLESTAD said that was correct.

**SENATOR HARDING** asked if the Department of Corrections would then have to submit a budget to use the money.

**SENATOR AKLESTAD** said that was correct, but the dollars would be in the special revenue account. It would not be going through the general fund which is their fear. In this way the legislature would have a better handle on the appropriation.

{Tape: 1; Side: 2; Approx. Counter: ; Comments: .}

**SENATOR GROSFIELD** questioned the intent of the substitute motion by **SENATOR SWYSGOOD**.

**SENATOR SWYSGOOD** said it was his intent that when the statutory appropriation is struck, the percentages are eliminated. He declared that it was not his intention to strike the recipients of that money, but they would have to come to the legislature and justify their expenditures.

**SENATOR MOHL** asked if any other organization could come and ask for that money if it was put in the state special revenue account.

**SENATOR AKLESTAD** said they would have to justify it and that it would be appropriated out of the state special revenue fund. He asked **Roger Lloyd** to address the percentage issue.

**Roger Lloyd, Legislative Fiscal Analyst's Office**, said in regard to the motion, the percentages would still be struck. All the money would go into one state special revenue account. Currently the money is being used by a number of different uses. The uses would have to come to the legislature and get the appropriation, competing among themselves with the legislature for that appropriation. He noted that current law deposits the tax that state employees pay to the general fund and it does not go into this allocation. Also, the Department of Revenue gets an appropriation to administer and distribute the tax, and that is a state special revenue appropriation from this fund.

**SENATOR SWYSGOOD** amended his substitute motion to add that the remainder of the bed tax is allocated to the one special fund.

When questioned by **SENATOR SWYSGOOD**, **Roger Lloyd** said the Department of Revenue would get an appropriation to spend the money for collecting the tax and distributing it. That would come off before the money goes into the state special revenue. It may cover having one account so that Department of Revenue would get an appropriation out of the account and the other uses also would get an appropriation.

Substitute Motion amended: **SENATOR SWYSGOOD AMENDED HIS SUBSTITUTE MOTION TO ALLOW THE LFA STAFF TO PREPARE THE NECESSARY LANGUAGE TO DO WHAT HAS BEEN DISCUSSED, WITH THE DEPARTMENT OF REVENUE GETTING THEIR APPROPRIATION, THE GENERAL FUND GETTING THE**



**APPROPRIATION AND THE REMAINDER BEING DIVIDED AMONG THE OTHER RECIPIENTS.**

**SENATOR WATERMAN** stated she would like to see **SENATOR SWYSGOOD'S** substitute motion in writing. She voiced concern if the allocations at the bottom of page 9 are deleted, what would preclude other groups from coming in for funds out of the bed tax.

**SENATOR JACOBSON** said the interim subcommittee dealing with this issue carefully discussed this matter. An amendment was prepared at that time to do what **SENATOR SWYSGOOD** is attempting to do. She said the language names the groups. She commented that staff could go back to the amendments prepared last summer before they were brought to the Legislative Finance Committee.

**SENATOR WATERMAN** said she would like to have the language available before a vote is taken.

**CHAIRMAN AKLESTAD** said while he appreciates the concerns, he would like to have executive action taken on SB 83 at this meeting.

**SENATOR SWYSGOOD** said it was his assumption that the groups were not removed that are currently getting money from the bed tax, but that a percentage was taken away from them. They vie among themselves for what percentage they receive.

**Roger Lloyd** indicated that a sentence was needed in the amendment stating that the funds in those accounts would be for the use as appropriated by the legislature for the Historical Society, Montana Travel Research Program, Fish, Wildlife and Parks and Department of Commerce as the current statute is. It would be appropriated by the legislature for those uses. The same programs that currently have an allocation would be in statute and the money would still be for that use, but they would not have a specific percentage. He thought the Department of Revenue could be put in that language so they are also allowed an appropriation out of that one account to do their duties, which they have under current law.

**SENATOR WATERMAN** again noted the complexity of the amendment and stated she would like to see the amendment before it is voted on.

**CHAIRMAN AKLESTAD** said the language at the bottom of page 9 and onto page 10, if the percentages were stricken and the remainder of the language was left in, it would accomplish what the committee was attempting to do. Those entities would still be designated in the special revenue account as far as priority to be addressed in the next legislative session. The state employees will go through the general fund, and the Department of Revenue would go through the same fund.

**Vote:** **SENATOR SWYSGOOD'S AMENDED SUBSTITUTE MOTION CARRIED** with

**SENATOR WATERMAN** opposed.

**Discussion:** **CHAIRMAN AKLESTAD** asked if there were any other amendments to be offered regarding the bed tax.

**SENATOR GROSFIELD** said the only other issue that the committee has not discussed is the question of whether there should be a cap on the amount that goes to the bed tax fund.

**SENATOR SWYSGOOD** said that through the process of appropriating money, the legislature can cap it by limiting the appropriation authority. If it builds up in the fund after that, it is a carry over, and the next legislature would decide what they want to do. He said he currently would be uncomfortable capping the amount.

**SENATOR AKLESTAD** said he agreed with that and would be cautious about capping the amount.

**Motion:** **SENATOR JACOBSON** MOVED THAT SB 83 AS AMENDED DO PASS.

**Discussion:** **SENATOR KEATING** said with regard to page 9, line 3, this is coal tax money going to the Montana Growth Through Agriculture Act. He related that they heard the agricultural budget in committee and it was stated they were not interested in having the Growth Through Agriculture grants being given out anymore; that they did not want any money going to the Department of Commerce. They only needed money for marketing their wheat as they have been doing, and they would rather see this Growth Through Agricultural grant program be eliminated. The subcommittee did not appropriate any money for that program. In SB 83 it could be detached by giving them no money out of the fund.

**SENATOR AKLESTAD** said that language is already stricken.

**SENATOR KEATING** said they become part of the special account that divides up 22 percent of the funds. They could be stricken on lines 18 and 19 and put 20 percent of the funds into that account, and there would not be a statutory appropriation nor a special account fund to Montana Growth Through Agriculture. He noted there is approximately \$250,000 a year that could then be directed to the general fund.

In response to **SENATOR FRANKLIN'S** question as to which subcommittee that was in, **SENATOR KEATING** said it was in the Natural Resources subcommittee.

**SENATOR JENKINS** related he did not understand it that way.

**SENATOR FRANKLIN** said she had heard testimony from people in Growth Through Agriculture that did not see their program being deleted.

**SENATOR JERGESON** said a couple of years ago, people in the Growth

Through Agriculture program were getting frustrated with the Department of Commerce using the money for taking trips to Japan and other things. The program wants the money to do what they are supposed to be doing rather than being taken for other uses.

**SENATOR JACOBSON** said the interim subcommittee appropriated that money to the Department of Agriculture and the only change they made was saying that the automatic \$90,000 per year that the Department of Commerce was siphoning off was going to stay in the Department of Agriculture; and if the Department of Commerce wanted it, they would have to come to that board and request it instead of just taking the money.

**SENATOR SWYSGOOD** directed the committee to page 7. He said instead of allocating special percentages to some groups, there will be 22 percent going into a fund to be allocated by the legislature to these programs.

**SENATOR HARDING** questioned if the agricultural communities pay into the Growth Through Agriculture program.


**SENATOR AKLESTAD** said it is coal tax trust money that is given to various programs.

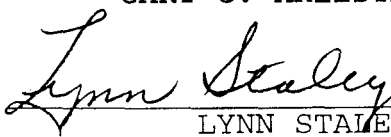
**SENATOR KEATING** said coal tax money is given to small private companies for marketing and promotion of their products. Some is given to the university for grants for studies. He added that the Department of Agriculture let it be known that they don't necessarily need this money for anything and that it would not bother them if the money went to the general fund.

**Vote:** **SENATOR JACOBSON'S** motion that **SB 83 AS AMENDED DO PASS CARRIED** with **SENATORS JENKINS, MOHL, WATERMAN** opposed.

**ADJOURNMENT**

**Adjournment:** 6:25 P.M.

  
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**GARY C. AKLESTAD**, Chairman

  
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**LYNN STALEY**, Secretary

MONTANA SENATE  
1995 LEGISLATURE

FINANCE AND CLAIMS COMMITTEE

*5:00 p.m. meeting*  
ROLL CALL

DATE

*1/26/95*

| 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    | ✓       |        |         |
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SENATE STANDING COMMITTEE REPORT

Page 1 of 2  
January 27, 1995

MR. PRESIDENT:

We, your committee on Finance and Claims having had under consideration SB 131 (first reading copy -- white), respectfully report that SB 131 be amended as follows and as so amended do not pass.

Signed:   
Senator Gary Aklestad, Chair

That such amendments read:

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. Page 1, line 11 through Page 2, line 24.  
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

  
Amd. Coord.  
Sec. of Senate

231431SC.SPV

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."

-END-

SB 131

MONTANA SENATE  
1995 LEGISLATURE  
FINANCE AND CLAIMS COMMITTEE  
ROLL CALL VOTE

DATE 1/26/95 BILL NO. SB 131 NUMBER \_\_\_\_\_

MOTION: Sen. Keating motion — As amended  
Do Pass

Motion Failed

| NAME                         | AYE | NO |
|------------------------------|-----|----|
| 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    |     | ✓  |
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Amendments to Senate Bill No. 131  
First Reading Copy

Requested by Senator Keating  
For the Committee on Senate Finance and Claims

Prepared by C. Schenck for Legislative Auditor  
January 25, 1995

SENATE FINANCE AND CLAIMS  
EXHIBIT NO. 1  
DATE 1/26/95  
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. Page 1, line 11 through Page 2, line 24.

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."

{Office of Legislative Fiscal Analyst

444-2986}

DESCRIPTION OF PROPOSED LEGISLATION: "An act generally revising laws concerning dedicated revenue and statutory appropriations; amending sections....MCA; and providing an effective date."

ASSUMPTIONS:

Legislative Fiscal Analyst

1. During the 1997 biennium, additional revenue in the general fund due to the de-earmarking of dedicated state special revenues will equal any additional appropriations from the general fund authorized to provide funding for the same services/state obligations formerly funded by dedicated state special revenue, whether requested in the Executive Budget or appropriated by the legislature.
2. Section 16 allows all appropriations made from dedicated revenue sources being de-earmarked by this legislation to the general fund to be made from the general fund. It is assumed that any present law statutory appropriations will be replaced by temporary appropriations enacted by the legislature as part of designated appropriation bills or sections designated as appropriations in other bills. It is further assumed that these temporary appropriations will be equal to the amount of the revenue available under present law.

Department of Transportation

3. A separate account will be created in the special revenue fund to account for nonrestricted revenues identified upon passage of this bill.
4. The following revenues will be deposited into the separate Highway nonrestricted account:
  - fleet vehicle reg permit fees
  - custom combine 37.5%
  - gvw special permits
  - gvw restricted route permits
  - gvw custom combine
  - gvw triples
  - cranes
  - temp PSC registration
  - western regional
  - doubles permits
  - transit dealers quarterly permits
  - restricted route permits
  - gasoline and vehicle fuels taxes interest and penalties
- 5) The amounts of penalty and interest for gasoline and vehicle fuels taxes cannot be reasonably estimated. The Department's current revenue collection systems do not separate penalties and interest amounts from the taxes. The systems would require major programming changes to comply with the passage of this bill. MDT does not have sufficient staff to preform this rewrite in-house. We estimate that it will take 200 hours @ \$44 per hour to perform the accounts receivable rewrite for a total cost of \$8,800.00

(Continued)

DAVE LEWIS 1-16-95 LORENTS GROSFIELD 1-17-95

DAVE LEWIS, BUDGET DIRECTOR

DATE

LORENTS GROSFIELD, PRIMARY SPONSOR DATE

Office of Budget and Program Planning

Fiscal Note for SB0083, as introduced

SB 83

(continued)

- 6) Amounts transferred from various state special revenue accounts to the general fund are illustrated below based on Revenue Oversight Committee estimates, except that fine and forfeiture revenues are assumed constant at FY 94 levels.

FISCAL IMPACT:Expenditures:

It is assumed general fund appropriations will be added to HB 2 to replace the statutory appropriations and de-earmarked funds proposed to be eliminated, including amounts for the state's share of K-12 education expenditures.

Revenues:

The following illustrates the major changes in revenue flows due to the proposal.

|                                    | <u>FY96</u>        | <u>FY97</u>        |
|------------------------------------|--------------------|--------------------|
|                                    | <u>Difference</u>  | <u>Difference</u>  |
| School Equalization Acc. (02)      | (295,741,000)      | (302,361,000)      |
| Accommodation Tax SSR Accounts     | (8,529,000)        | (8,830,000)        |
| Coal Tax Accounts Eliminated (02)  | (3,750,000)        | (3,541,000)        |
| Various Fines and Forfeitures (02) | (2,333,000)        | (2,333,000)        |
| New Coal Tax Account (02)          | 3,750,000          | 3,541,000          |
| <u>General Fund (01)</u>           | <u>306,603,000</u> | <u>313,524,000</u> |
| Total                              | 0                  | 0                  |

Net Impact:

The net impact of the proposal will depend on appropriation committee deliberations. If temporary appropriations are passed that are less than the general fund revenue deposits or statutory appropriation amounts, then the proposal will result in an improvement in the FY 97 general fund balance and visa versa. The net impact cannot be determined until these decisions are made.

TECHNICAL NOTES:**Legislative Fiscal Analyst**

1. If the legislature intends to continue funding the activities funded under present law by statutory appropriations being eliminated by this legislation, temporary appropriations must be enacted.
2. The legislature may wish to eliminate the statutory appropriation authority that would become statutory general fund appropriation authority with the enactment of this legislation. Any statutory general fund appropriations would become open-ended general fund appropriations.
3. Certain statutory appropriations authorized by present law and eliminated by this legislation have been requested in the Executive Budget. If this legislation is not enacted, there may be duplicate appropriation authority available, specifically a) travel promotion (Commerce); b) state parks maintenance (Fish, Wildlife and Parks); c) microbusiness finance program administration (Commerce).
4. Present law, in specific instances, both defines the revenue from fees, fines and/or forfeitures and states that this revenue "can be used for" or "must be appropriated for" specific purposes. This legislation states that appropriations "may be used" for specific purposes. Do these clauses contradict the intent to eliminate revenue dedication?

(Continued)

5. Section 16 reference to 17-1-504(1) should be amended to replace "from an account terminated pursuant to legislative review" with "from sources de-earmarked by the legislature". The reference to 17-1-504(2) should be amended to replace "pursuant to legislative review" with "by the legislature".
6. Section 34 reference to 20-9-343(1) should be amended to strike "the account in the state special revenue fund that receives" and "plus any legislative appropriation of money from other sources".

Office of Budget and Program Planning

7. Funding for the appellate defender commission and the office of the appellate defender is uncertain under the proposal. Section 2 appears to provide state funding only if vehicle revenues exceed district court expenses, with counties responsible for its funding in the event of a shortfall in revenue. No appropriation authority is provided, however. Given this uncertain nature, a minimum level of funding would need to be provided in HB 2, with the possibility that funds would be provided via section 2 for which no additional appropriation authority is provided. The requested funding is \$205,229 each year of the biennium.

Amendments to Senate Bill No. 83  
Introduced CopyDATE 1/26/95BILL NO. SB 83Requested by Senator Grosfield  
For the Committee on Senate Finance and ClaimsPrepared by Roger Lloyd  
January 18, 1995*revised*  
1. Page 2, line 21.

Following: "funding the"

Insert: "expenses listed in subsection (1)(f) and, to the extent that funds remain, the"

2. Page 2, line 25.

Strike: "to" through "and"

3. Page 2, line 28.

Following: "and"Insert: "the appellate defender commission and the office of appellate defender must  
be funded first and"

The above amendments are necessary to include the appellate defender program as the first priority for funding from revenue available under 61-3-509 before the district court expenses. As HB 83 reads before this amendment, district courts would be funded first. (Reference technical note #7 in the fiscal note.)

*corrected*  
4. Page 20, line 26.

Strike: "75-5-507;"

The above amendment strikes the reference to a section being deleted by the bill in the list of statutory appropriations.

*corrected*  
5. Page 32, line 10.

Following: "is"

Strike: "statutorily appropriated, as provided in 17-7-502, to"

6. Page 32, line 11.

Following: "~~(1)~~"

Strike: "the superintendent of public instruction"

The above amendments remove the remaining statutory appropriation of revenue for support of public schools that would become a general fund statutory appropriation

under SB 83 as introduced. To maintain funding at present law levels, authority must be appropriated in HB 2. (Reference technical note #2 in the fiscal note.)

7. Page 15, lines 10 and 11.

Following: "appropriated" on line 10

Strike: "the revenue from an account"

Insert: "revenue from sources de-earmarked"

8. Page 15, line 11.

Following: "~~31-1-602~~"

Strike: "terminated pursuant to legislative review"

Insert: "by the legislature"

9. Page 15, line 14.

Following: "~~31-1-602~~"

Strike: "pursuant to legislative review"

Insert: "by the legislature"

The above amendments clarify the intent that appropriations of de-earmarked state special revenue would become general fund appropriations. (Reference technical note #5 in the fiscal note.)

10. Page 29, line 7.

Following: "means"

Strike: "the account in the state special revenue fund that receives"

11. Page 29, line 8.

Following: "section"

Strike: "plus any legislative appropriation of money from other sources"

The above amendments removes reference to a state special revenue account the bill eliminates. (Reference technical note #6 in the fiscal note.)

12. Page 32, line 25.

Strike: "The"

Following: "the"

Strike: "department may use appropriations for enforcement of this part"

13. Page 32, line 26.

Strike: "."

14. Page 33, lines 4 and 5.

Following: "~~the~~"

Strike: "The department"

Following: "~~only~~"

Strike: "may use appropriations for snowmobile safety and education."

15. Page 36, lines 11 and 12.

Following: "fund"

Strike: "for distribution as state equalization aid to the public schools of Montana"

The above amendments remove reference to appropriations that would become general fund appropriations, thus clarifying that the revenue is not earmarked within the general fund. (Reference technical note #4 in the fiscal note.)

{Office of Legislative Fiscal Analyst

444-2986}

Amendments to Senate Bill No. 83  
Introduced

Requested by Senator Jacobson  
For Senate Finance & Claims

Prepared by Skip Culver  
January 25, 1995

SENATE FINANCE AND CLAIMS

EXHIBIT NO. 3

DATE 1/26/95

BILL NO. SB 83

1. Title, line 12.  
Following: 61-4-112,  
Insert: 61-5-121,

2. Page 46,  
Following: line 19  
Insert: "Section 55. Section 61-5-121, MCA, is amended to read:

"61-5-121. Disposition of fees. (1) The disposition of the fees from driver's licenses provided for in 61-5-111(7)(a), motorcycle endorsements provided for in 61-5-111(7)(b), commercial driver's licenses provided for in 61-5-111(7)(c), and duplicate driver's licenses provided for in 61-5-114 is as follows:

(a) The amount of 25% of each driver's license fee and of each duplicate driver's license fee must be deposited into an account in the state special revenue fund. The department shall transfer the funds from this account to the Montana highway patrol officers' retirement pension trust fund as provided in 19-6-404.

(b) (i) If the fees are collected by a county treasurer or other agent of the department, the amount of 3.75% of each driver's license fee and of each duplicate driver's license fee must be deposited into the county general fund.

(ii) If the fees are collected by the department, the amount provided for in subsection (1)(b)(i) must be deposited into the general fund.

(c) (i) If the fee is collected by a county treasurer or other agent of the department, the amount of 5% of each motorcycle endorsement must be deposited into the county general fund.

(ii) If the fee is collected by the department, the amount provided for in subsection (1)(c)(i) must be deposited into the general fund.

(d) The amount of ~~8.75%~~ 35.00% of each driver's license fee and of each duplicate driver's license fee must be deposited into the state traffic education account.

(e) In addition to the amounts deposited pursuant to subsections (1)(b)(ii) and (1)(c)(ii), the amount of ~~62.5%~~ 36.25% of each driver's license fee and of each duplicate driver's license fee must be deposited into the state general fund.



(f) If the fee is collected by the county treasurer or other agent of the department, the amount of 3.75% of each commercial driver's license fee must be deposited into the county general fund, otherwise all of the fee must be deposited in the state general fund.

(g) The amount of 95% of each motorcycle endorsement fee must be deposited into the state traffic education account in the state special revenue fund.

(2) (a) If fees from driver's licenses, commercial driver's licenses, motorcycle endorsements, and duplicate driver's licenses are collected by a county treasurer or other agent of the department, the county treasurer or agent shall deposit the amounts provided for in subsections (1)(b)(i) and (1)(c)(i) into the county general fund. The county treasurer or agent shall then remit to the state treasurer all remaining fees, together with a statement indicating what portion of each fee is to be deposited into the account in the state special revenue fund as provided in subsection (1)(a) and the state general fund. The state treasurer, upon receipt of the fees and statement, shall deposit the fees as provided in subsections (1)(a) and (1)(d) through (1)(g).

(b) If fees from driver's licenses, commercial driver's licenses, motorcycle endorsements, and duplicate driver's licenses are collected by the department, it shall remit all fees to the state treasurer, together with a statement indicating what portion of each fee is to be deposited into the account in the state special revenue fund as provided in subsection (1)(a), the state special revenue fund, and the state general fund. The state treasurer, upon receipt of the fees and statement, shall deposit the fees as provided in subsections (1)(a), (1)(b)(ii), (1)(c)(ii), and (1)(d) through (1)(g)."

Renumber: subsequent sections

Explanation: If driver's license \$3. This amendment increases the percentage of driver's license fees deposited to the state special account for traffic education and reduces by a like amount the amount of license fee deposited to the general fund. This is to keep the drivers account whole after SB 83 redirects revenue from traffic fines which had been deposited in to the drivers education account, but will be deposited into the general fund in SB 83 passes.

{Office of Legislative Fiscal Analyst

444-2986}

SENATE FINANCE AND CLAIMS

EXHIBIT NO. 4

DATE 2/26/95

Amendment to Senate Bill 83 BILL NO. SB 83  
First Reading Copy

Requested by Department of Justice  
Prepared by  
Beth Baker, Department of Justice

1. Page 42, line 1.  
Strike: Section 49 in its entirety.  
Renumber: Remaining sections.

Amendments to Senate Bill No. 83  
Introduced Copy

Requested by Senator Grosfield  
For the Committee on Senate Finance and Claims

Prepared by Roger Lloyd  
January 18, 1995

SENATE FINANCE AND CLAIMS  
EXHIBIT NO. 5  
DATE 1/26/95  
BILL NO. SB 83

1. Title, line 16.

Strike: "AN"

Strike: "DATE"

Insert: "DATES"

2. Page 57.

Following: Line 28

Insert: "NEW SECTION. Section 79. Coordination. Effective on passage and approval, agencies whose budgets are affected shall submit amendments to House Bill No. 2 to reflect the proper funding of activity."

Renumber: subsequent sections

3. Page 58, line 8.

Strike: "date"

Insert: "dates"

Strike: "[This act] is"

Insert: "(1) [Section 79 and this section] are effective on passage and approval.

(2) [Sections 1 through 78, 80, and 81] are"

This amendment would ensure that agencies receive proper funding for their activities.

{Office of Legislative Fiscal Analyst

444-2986}

1/26/95

Amendments to Senate Bill No. 83  
Introduced Copy

Requested by the Office of Public Instruction  
For the Committee on Senate Finance and Claims

Prepared by Kathy Fabiano  
January 25, 1995

SENATE FINANCE AND CLAIMS  
EXHIBIT NO. 6  
DATE 1/26/95  
BILL NO. SB 83

1. PAGE 2, LINE 1  
FOLLOWING: "be"  
STRIKE: "paid by the superintendent of public instruction"  
INSERT: "appropriated to the department from the state general  
fund"

Currently, as the agency responsible for administering the State Equalization Aid (SEA) account, OPI pays school district audit filing fees from the SEA to the Department of Commerce. The amount charged is determined by the Department of Commerce. Since the SEA is eliminated in SB83, OPI no longer needs to be involved in this payment; the general fund transfer appropriation for this purpose should be made directly to the Department of Commerce in HB2.

Amendments to Senate Bill No. 83  
Introduced Copy

SENATE FINANCE AND CLAIMS  
EXHIBIT NO. 7  
DATE 11/26/95  
BILL NO. SB 83

Requested by the Office of Public Instruction  
For the Committee on Senate Finance and Claims

Prepared by Kathy Fabiano  
January 25, 1995

1. PAGE 22, LINE 22  
FOLLOWING: "~~foundation~~"  
STRIKE: "BASE aid amount"  
INSERT: "per-ANB entitlement"
2. PAGE 23, LINE 19  
FOLLOWING: "~~foundation~~"  
STRIKE: "BASE aid amount"  
INSERT: "per-ANB entitlement"

Use of the term "BASE aid" would change the intent of this section to require that OPI recalculate a district's basic entitlement, per-ANB entitlement and guaranteed tax base subsidy to reimburse the district for students attending public schools out of state. Currently, OPI only reimburses the district the per-ANB amount the district would have received had the student attended school within the resident district.

SENATE FINANCE AND CLAIMS

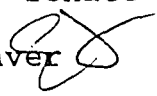
EXHIBIT NO. 8

DATE 1/26/95

BILL NO. SB 83

January 19, 1995

To: Members, Senate Finance and Claims

From: Eric Feaver 

Re: SB 83 (Grosfield)

Please consider amending SB 83, page 36, Section 44, subsection (3), lines 11-12, by deletion:

Delete: "for distribution as state equalization aid to the public schools of Montana"

As amended, the last sentence in subsection (3) would read: "Except for the amount required to be paid under subsection (5), net revenue must be transferred quarterly from the enterprise fund established by 23-7-401 to the state general fund."

In the spirit of de-earmarking, there is no reason not to de-earmark lottery revenue.

DATE January 26, 1995  
 SENATE COMMITTEE ON Finance and Claims  
 BILLS BEING HEARD TODAY: HB 76 Royal Johnson

< ■ > PLEASE PRINT < ■ >

Check One

| Name               | Representing  | Bill No. | Support | Oppose |
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| CONNIE L. GRIFFITH | DEPT OF ADMIN | HB 76    | X       |        |
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## VISITOR REGISTER

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