

MINUTES

MONTANA SENATE  
54th LEGISLATURE - REGULAR SESSION

COMMITTEE ON TAXATION

Call to Order: By CHAIRMAN GERRY DEVLIN, on January 30, 1995, at  
8:00 a.m.

ROLL CALL

Members Present:

Sen. Gerry Devlin, Chairman (R)  
Sen. Mike Foster, Vice Chairman (R)  
Sen. Mack Cole (R)  
Sen. Delwyn Gage (R)  
Sen. Lorents Grosfield (R)  
Sen. John G. Harp (R)  
Sen. Dorothy Eck (D)  
Sen. Barry "Spook" Stang (D)  
Sen. Fred R. Van Valkenburg (D)

Members Excused: None

Members Absent: None

Staff Present: Jeff Martin, Legislative Council  
Renée Podell, Committee Secretary

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

Committee Business Summary:

Executive Action: SB 75, SB 152, SB 169, SB 126  
(discussion)

EXECUTIVE ACTION ON SB 75

Motion: SEN. MIKE FOSTER MOVED AMENDMENT (SB007501.AJM) to  
strike "65 years of age or older".

Discussion: SEN. JOHN HARP asked SEN. FOSTER what the cost will  
be. SEN. FOSTER commented the Department of Revenue was  
compiling information on it.

SEN. FRED VAN VALKENBURG stated Medicare will pay 50% to 60% of  
the actual costs. He said if there isn't some other source, the  
supplier will take the Medicare bill as an assignment, and be  
satisfied with it. He acknowledged if there is another potential  
source, Medicare will want 100% payment.

SEN. DOROTHY ECK said she hesitates going ahead with this bill until there is more information, especially with the need for managed care.

SEN. GERRY DEVLIN stated he is under the opinion as this bill stands, it will fill in the other 40% or 50% that Medicare won't pay. He asked Mick Robinson if the DOR was able to supply more information. Mr. Robinson stated the DOR wouldn't be able to capture a number of people claiming that kind of deduction.

Motion/Vote: SEN. HARP MADE A SUBSTITUTE MOTION TO AMEND SB 75, ADOPTING AMENDMENT #4 (251236SC.SPV).

Vote: THE MOTION CARRIED UNANIMOUSLY.

Motion/Vote: SEN. HARP MOVED SB 75, DO PASS AS AMENDED.

Vote: THE MOTION CARRIED UNANIMOUSLY.

#### EXECUTIVE ACTION ON SB 161

Discussion: SEN. BARRY "SPOOK" STANG requested the committee hold action on SB 161, until the fiscal note is corrected. He said that he has contacted the Fiscal Analyst's Office.

SEN. FOSTER asked SEN. STANG if he was concerned with the hit on the counties in the fiscal note correction. SEN. STANG answered, "yes".

SEN. VAN VALKENBURG commented he asked Mr. Schoen during the hearing a question regarding the application of the county option tax, and at the time of the hearing he stated the county option tax was not applicable to the motorcycle tax. He reported subsequent to the hearing Mr. Schoen advised that his statement was incorrect. SEN. VAN VALKENBURG said the  $\frac{1}{2}$  county option tax would apply to the motorcycle tax or fee. SEN. DEVLIN asked SEN. VAN VALKENBURG if the bill would bring it up to  $1\frac{1}{2}\%$ . SEN. VAN VALKENBURG answered  $2\frac{1}{2}\%$ . He stated current law is  $2\frac{1}{2}\%$ , and with the change there is nothing in the bill regarding making those counties whole that have the local option tax.

SEN. DEVLIN said action will be deferred on SB 161, until more information on how it will effect local counties is obtained.

{Tape: 1; Side: A; Approx. Counter: 15.1.}

#### EXECUTIVE ACTION ON SB 152

Motion: SEN. VAN VALKENBURG MOVED SB 152, BE TABLED. SEN. DEVLIN commented this is a non-debatable motion. SEN. VAN VALKENBURG said he doesn't think it is. SEN. FOSTER stated, "yes, it is." SEN. VAN VALKENBURG said, "I don't think it is a non-debatable motion." SEN. DEVLIN said, "I will rule it as

such, Senator." SEN. VAN VALKENBURG commented, "I will withdraw the motion then."

**Discussion:** SEN. VAN VALKENBURG said, "reserving the right to make a motion to table, I will explain to the committee at this time, I would like to make such a motion because the Resource Indemnity Trust will not reach \$100 million during the coming biennium even under the sponsor's projections. First of all, it is premature to consider this issue in a legislative session that is prior to the time when another legislative session will meet before the \$100 million is reached. Secondly, I don't think because the current Constitution says the trust fund has to grow into \$100 million that there is a necessary connection between a repeal of the tax, in the fact, that the trust fund has reached, or will reach \$100 million. These funds are really kind of a minimal hit on the natural resource industry, but they provide a tremendous source of funding for very much needed projects in the State of Montana, ranging from reclamation of mines to environmental repair with respect to oil wells, but also for water projects, and in other needed resource areas. I think it's far too early to repeal this tax, and I will wait, and make my motion until others have an opportunity to respond to that."

SEN. LORENTS GROSFIELD commented the money that is generated for the many needed programs is actually the interest off the tax which pays for the programs. He commented the purpose of this whole thing was to raise a \$100 million trust as required by the Constitution. SEN. GROSFIELD said the bill has a lot of merit.

*{Tape: 1; Side: A; Approx. Counter: 23.0; Comments: Blower in hearing room was on and has caused difficulty in hearing the tape, poor quality..}*

SEN. ECK remarked that the trust was not the sole reason for the bill, it's really for environmental protection. She discussed DNRC recent audits outlining inadequate staff levels .

SEN. HARP said this tax has lost it's purpose.

SEN. DEVLIN commented the purpose of the fund has been expanded since he has been a legislator.

**Motion:** SEN. GAGE MOVED THE AMENDMENTS (251240SC.SPV).

SEN. HARP stated SEN. KEATING and Mr. Jensen mentioned there is a need to focus on reclamation activities because the purpose of what the tax was intended for has been lost. SEN. HARP asked SEN. KEATING if he wanted that language in this bill, and he stated there is another bill he is going to be introducing in this session that puts additional focus on reclamation activities within this account. SEN. HARP commented SEN. VAN VALKENBURG made a good case, but at this time we need to let agencies, and state government know, this is the direction we are going so they can prepare for the changes.

**SEN. VAN VALKENBURG** said the legislature is in a historically unusual position where there's at least as much money available as necessary to fund current level operations, and there is a tax in place to take tax out of existence before you have to. He stated to risk the situation of coming back in two years to find out the state isn't in as good an economic stead as it is today, is a mistake. **SEN. VAN VALKENBURG** attested it is very hard to put taxes in place, and when taxes are yanked out of place, the revenue balance expenditures picture, is turned around causing things to be out of balance in the future.

**SEN. GROSFIELD** stated current audits conducted at the DNRC concluded the management system definitely needed improvement.

**SEN. VAN VALKENBURG** commented on the capped trust, explaining when there is no further principal flowing into the trust, the value of the trust will drop off at the rate of whatever the cost of living is. He said it is not going to produce income at the same basis that it has in the past, and it won't have the same purchasing power.

**SEN. GAGE** said there are all kind of industries who are affecting the environment who pay nothing into this account. He stated if the fund is to indemnify the people for the lost of resources when it gets to \$100 million, then there is some light at the end of the tunnel.

**SEN. DEVLIN** affirmed when the fund hits \$100 million the principal is used, and also the interest. He said the argument to say the devaluation of the \$100 million will be worth only ½ of what it says, doesn't hold water with him because it will be capped.

**SEN. GAGE** presented amendments to SB 152. He remarked the amendments look extensive, but the two major provisions are: 1) provides an earmarking for the groundwater assessment account (#8); and 2) the balance is a provision in case the account falls below \$100 million again, interest from the earnings from the trust will be put back into the trust.

**Jeff Martin** made a comment to clarify the discussion. He explained if there is a taxpayer refund because of an amended return, the refund would come out of the trust fund, and it may be of an amount that would drop the balance below \$100 million. He said the interest is provided for going into the fund to get the principal up to \$100 million.

**SEN. GROSFIELD** asked if the amendments cover groundwater assessment. **SEN. GAGE** said, "yes, until the tax goes off, and then amendment #8 provides \$1.33 million (from interest) per biennium which will go into the groundwater assessment account."

**SEN. HARP** asked **Mr. Martin** to explain the coordination clause. **Mr. Martin** stated SB 46, allocates a portion of the metal mines

tax to the groundwater assessment program. He said SB 46, reduces the amount that goes directly to the Resource Indemnity Trust Fund.

SEN. VAN VALKENBURG asked Mr. Martin to explain what LC975 means. Mr. Martin stated it is a project the department named, Project 95, which will simplify the taxation of oil and natural gas.

Motion/Vote: SEN. DEVLIN CALLED THE QUESTION ON THE AMENDMENTS. THE MOTION CARRIED UNANIMOUSLY.

Motion: SEN. GAGE MOVED SB 152, DO PASS AS AMENDED.

Discussion: SEN. VAN VALKENBURG commented the committee is moving too fast on this bill without a long range view of what the impact passage of this bill will have.

SEN. HARP said all parties that have followed this issue supported this bill mainly because it hasn't lived up to it's obligation. He stated the purpose is lost in how the money is being spent.

SEN. ECK commented the committee really didn't hear from the environmental community.

SEN. GROSFIELD explained this is not the only tax the oil, gas, and mining industry pays. He said there is a lot of tax revenue that comes in from the industries, and it will continue. SEN. GROSFIELD said this in an attempt to move further down the road to restoring some faith in government, and in the ability of the legislature to respond to what has been perceived, and believed by the people. He declared the committee should support this.

Vote: QUESTION WAS CALLED ON THE MOTION, SB 152, DO PASS AS AMENDED CARRIED 7 - 2 (on roll call vote).

#### EXECUTIVE ACTION ON SB 169

Motion: SEN. VAN VALKENBURG MOVED TO AMEND PAGE 2, LINE 20, STRIKING \$15,000 AND INSERTING \$10,000.

Discussion: SEN. VAN VALKENBURG explained the effect of the amendment would be to reduce the fiscal note from \$45 million to \$30 million which was SEN. CHRISTIAENS' intent. He stated what he is doing is cutting the cost by 1/3.

SEN. DEVLIN commented it would be the amendment to cap it.

SEN. VAN VALKENBURG asked Mr. Robinson if the amendment would have the general effect to cap. Mr. Robinson said he doesn't have the exact figures, but it would be approximately \$30 million a year.

Vote: MOTION CARRIED ON SEN. VAN VALKENBURG'S AMENDMENT.

Discussion: SEN. FOSTER stated there are some parts of the bill that are appealing, but at this point in time, he is unwilling to support this bill. He suggested the committee hang on to the bill and look at later in the session.

SEN. ECK agreed with SEN. FOSTER. She stated the committee needs to look at property tax and residential tax reform in a broader sense before taking action on this bill.

{Tape: 1; Side: B; Comments: Turn Tape.}

SEN. GROSFIELD attested it makes sense to hold action on this bill.

Motion: SEN. FOSTER MOVED TO TABLE SB 169.

Vote: MOTION CARRIED.

{Tape: 1; Side: B; Approx. Counter: 8.6.}

Mary Whittinghill, Department of Revenue, presented a handout in reference to SB 126 (CAMA System Data Base Fees in Comparison to Fees Charged by Other States). EXHIBIT 1.

Mick Robinson, Department of Revenue, presented a written response to SB 97, as requested by SEN. STANG. EXHIBIT 2.

ADJOURNMENT

Adjournment: 9:28 a.m.

  
\_\_\_\_\_  
GERRY DEVLIN, Chairman

  
\_\_\_\_\_  
RENEE J. PODELL, Secretary

GD/rp

MONTANA SENATE  
1995 LEGISLATURE  
TAXATION COMMITTEE

ROLL CALL

DATE \_\_\_\_\_

January 30, 1995

[illegible]

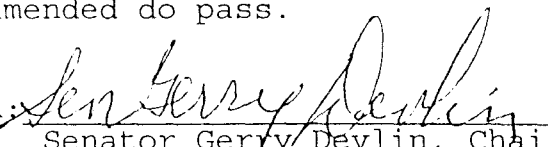
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SENATE STANDING COMMITTEE REPORT

Page 1 of 1  
January 30, 1995

MR. PRESIDENT:

We, your committee on Taxation having had under consideration SB 75 (first reading copy -- white), respectfully report that SB 75 be amended as follows and as so amended do pass.

Signed:   
Senator Gerry Devlin, Chair

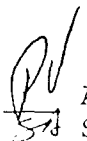
That such amendments read:

1. Page 3, line 19.

Following: "taxpayer"

Insert: ". The deduction allowed under this subsection may not be included as a deduction allowed in subsection (1) "

-END-

 Amd. Coord.  
Sec. of Senate

251236SC.SPV



SENATE STANDING COMMITTEE REPORT

Page 1 of 3  
January 30, 1995

MR. PRESIDENT:

We, your committee on Taxation having had under consideration SB 152 (first reading copy -- white), respectfully report that SB 152 be amended as follows and as so amended do pass.

Signed:   
Senator Gerry Devlin, Chair

That such amendments read:

1. Title, line 9.

Strike: "AN"

2. Title, line 10.

Strike: "PROVISION"

Insert: "PROVISIONS"

3. Page 1, line 22.

Following: "before"

Insert: "January 1 of the year following"

4. Page 1, line 25.

Following: "after"

Insert: "January 1 of the year following"

5. Page 2, line 20.

Following: "before"

Insert: "January 1 of the year following"

6. Page 2, line 25.

Following: "order."

Insert: "If the fund balance exceeds \$100 million on January 1 of the year following the date of the executive order, the excess must remain in the fund."



7. Page 2, line 27.

Following: "million."

Insert: "If the fund balance is below \$100 million on or after January 1 of the year following the date of the executive order, interest income earned from the fund must be deposited in the fund until the fund reaches \$100 million."

8. Page 3, following line 8.

Insert: "(iv) beginning in the fiscal year following January 1 of the year following the date that the governor certifies by executive order that the trust fund has reached \$100 million, an amount not to exceed \$1.33 million per biennium

  
Amd. Coord.  
 Sec. of Senate

251240SC.SPV

to the ground water assessment account established in 85-2-905;"

Renumber: subsequent subsections

9. Page 4, line 2.

Following: "before"

Insert: "January 1 of the year following"

10. Page 4, following line 20.

Insert: "(iv) beginning in the fiscal year following January 1 of the year following the date that the governor certifies by executive order that the trust fund has reached \$100 million, an amount not to exceed \$1.33 million per biennium to the ground water assessment account established in 85-2-905;"

Renumber: subsequent subsections

11. Page 7, following line 16.

Insert: "(a) the resource indemnity trust fund interest income as provided in 15-38-202(2) (b) (iv);"

12. Page 8, line 19.

Following: line 18

Insert: "NEW SECTION. **Section 9. Coordination instruction.** (1)

If [this act] and Senate Bill No. 46 are both passed and approved, then the 15.5% allocation to the resource indemnity trust fund in 15-37-117(1)(c) of [this act] is reduced to 13.3%.

(2) If \_\_\_\_ Bill No. \_\_\_\_ [LC 0975] is passed and approved and if it includes a provision that provides an allocation of oil and natural gas production taxes to the resource indemnity trust fund, that provision is void on [the effective date of this act].

(3) If the provision referred to in subsection (2) is void, then the amount that would have been allocated to the resource indemnity trust fund must be deposited into the general fund.

NEW SECTION. **Section 10. Saving clause.** [This act] does not affect rights and duties that matured, penalties that were incurred, or proceedings that were begun before [the effective date of this act]."

Renumber: subsequent sections

13. Page 8, line 20.

Following: "**Applicability.**"

Insert: "(1)"

Following: "previous"

Insert: "calendar"

14. Page 8, line 21.

Strike: "on July 1, 1995"

Insert: "prior to [the effective date of this act]"

15. Page 8, line 22.

Following: line 21

Insert: "(2) Taxes owed or refunds issued for production occurring in the calendar year immediately preceding [the effective date of this act] must be distributed pursuant to 15-38-106 as that section read prior to [the effective date of this act].

(3) [This act] does not affect any taxes, interest, or penalty that was incurred prior to [the effective date of this act].

(4) The department of revenue may audit any taxpayer subject to the resource indemnity trust tax prior to [the effective date of this act] and assess any tax, interest, or penalty due. The department may also undertake any action to collect the tax, interest, or penalty for any tax that was incurred under Title 15, chapter 38, as that law read prior to [the effective date of this act], subject only to the statute of limitations under 15-38-112 as that section read prior to [the effective date of this act]. Any additional taxes, interest, or penalty collected after [the effective date of this act] must be deposited into the state resource indemnity trust fund.

(5) The department shall issue tax refunds pursuant to 15-38-111 subject only to the statute of limitation provision of 15-38-112 as those sections read prior to [the effective date of this act]. Refunds must be paid from the state resource indemnity trust fund."

16. Page 8, line 23.

Following: "Sections 1"

Insert: ", "

Strike: the first "and"

Following: "2"

Insert: ", 9, and 10"

17. Page 8, line 25.

Strike: "9"

Insert: "8 and 11"

Strike: "on"

Insert: "January 1 of the year following"

-END-

MONTANA SENATE  
1995 LEGISLATURE  
TAXATION COMMITTEE  
ROLL CALL VOTE

DATE January 30, 1995 BILL NO. 5B 152 NUMBER \_\_\_\_\_

MOTION: \_\_\_\_\_

NAME	AYE	NO
GERRY DEVLIN, CHAIRMAN	✓	
MACK COLE	✓	
DOROTHY ECK		✓
DELWYN GAGE	✓	
LORENTS GROSFIELD	✓	
JOHN HARP	✓	
BARRY "SPOOK" STANG	✓	
FRED VAN VALKENBURG		✓
MIKE FOSTER, VICE CHAIRMAN	✓	
	7	2

DATE January 30, 1995  
NO. 5B 126

## Montana's CAMA System Data Base

### In Comparison to Other States CAMA Systems and Fees

Because of Montana's complicated tax structure, our CAMA system is the most unique and complex system that Cole Layer Trumble has designed. Montana's CAMA system stores more data elements per record than any other jurisdiction designed by CLT. Our system stores 3,050 bytes of information for every parcel.

Montana	-	3,050 bytes per parcel
Wisconsin	-	2,350 bytes per parcel
Kansas	-	2,793 bytes per parcel
Hawaii	-	2,041 bytes per parcel

Montana's large storage capacity is due largely to our multi-year/multi cycle logic, maintaining appraisal information for previous year, current year, and future reappraisals. Other jurisdictions maintain multi-year logic, but Montana's CAMA system is the only system designed by CLT that maintains multi-cycle appraisal information.

Most other CAMA systems designed by CLT store data for a single county, a city, or multiple taxing jurisdictions in a state. Montana's CAMA system is designed to maintain a data base for the entire state.

Our CAMA system is unique in that it's file structure is segmented into several different sub files in order to save disk space. Consequently, reports and other data base extracts take much longer to create than they would in a single file structure.

CAMAS was designed as a valuation tool to assist the Department in its reappraisal efforts. It was not designed to be a data base information center. Therefore, producing significant amounts of data base information often times becomes a time consuming process, requiring significant amounts of central processing unit (CPU) time from the AS/400.

Other states and taxing jurisdiction that we have communicated with do not routinely produce specialized requests of their data base information. They may occasionally grant a "special" request, but as a rule they have produced "canned reports" through selectability extracts and general flat files that identify specific information only. They typically will only produce these "canned" reports for people or businesses requesting data base information.

Attached is information pertaining to four other states we have checked with regarding their charges for CAMAS data base information. It should be noted that these states have mainframe computer systems, not mid-range computers like the Department's AS/400. Consequently, data processing time is significantly less to produce reports on these states' mainframe systems.

CHARGES IN OTHER STATES FOR CAMAS DATA BASE

Topeka, Kansas - Contact person: Kim Moore (913) 296-2365

Fee: In Kansas, the fee charged for CAMA data base information is directly tied to the salary of the staff person. The hourly wage earned is charged to the customer for time spent on the project.

The only other fee would be for the mode of media used for the data.

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Hawaii - Contact person: Janice Wong (808) 523-4871  
Eileen Tonaki (808) 523-4871

Fee: A \$250 fee is assessed for each file requested from the Dept. of Data Systems. Currently, there are 32 files available. These files are updated quarterly. No programming is required to retrieve the information from these files. Additionally, the county (four in Hawaii) charges \$500 for processing the paperwork, etc.

The customer is responsible for supplying the media needed for the data base information.

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Denver County, Denver CO - Contact person: Ben White (303) 640-2216

Fee: \$800 - \$900 for 2400 byte flat file - no special formats or fields - entire flat file is pulled for each request.

Media used is "initialized" 9 track tape that must be supplied by the requestor.

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Cheyenne, Wyoming - Contact person: Jim Felton (307) 777-5325

Fee: The cost of using the state system is \$2700 per hour. This cost must be broken down per cpu second. Recently, a job was run that was composed of approximately 30,000 parcels which cost \$250. At this time, there is no charge for the media used to capture the information.

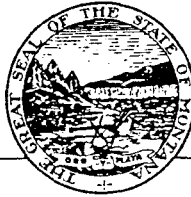
Currently, no programming is required for requests. A simple selectability is used to retrieve the necessary data base.

# State of Montana

Marc Racicot, Governor

SENATE TAXATION

DATE January 30, 1995  
2  
SB 97



## Department of Revenue

Mick Robinson, Director

P.O. Box 202701

Helena, Montana 59620-2701

Date: January 27, 1995

To: Senator Gerry Devlin, Chairman  
Senate Taxation Committee

From: Mick Robinson, Director *Mick*  
Department of Revenue

Re: SB97

During the hearing on SB 97, Senator Stang asked the Department to provide information concerning the bill. Senator Stang's question is:

How many married taxpayers would be affected if they were required to file as "Married Filing Jointly" versus "Married and Both Filing Separate Returns on this Form" to qualify for the child care credit proposed by SB97?

Approximately 97,000 married taxpayers file returns using the filing status of "Married and Both Filing Separate Returns on this Form." We are not able to identify how many of these married taxpayers would be affected by the filing requirement. Each married couple would have to determine which option was more tax advantageous: the filing status of "Married and Both Filing Separate Returns on this Form" or the child care credit.