

MINUTES

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

COMMITTEE ON TAXATION

Call to Order: By **CHAIRMAN GERRY DEVLIN**, on March 6, 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: **SEN. JOHN HARP**

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:

Hearing: HB 188, HB 199
Executive Action: HB 188, HB 199, HB 141, HB 144, HB 164

HEARING ON HB 199

Opening Statement by Sponsor:

REP. JIM ELLIOTT, HD 72, Trout Creek, explained the legislature passed a bill in 1991 which allowed people who make contributions to private and public universities, and colleges in the State of Montana a 10% income tax credit on their donations. He said the credit is good up to an amount of \$500.00 off their taxes. **REP. ELLIOTT** commented the law sunsets on December 31st of this year and this bill will repeal the sunset. He reported

this has been a successful program, which in 1992 raised 3/4 of a million dollars for the university system.

Proponents' Testimony:

Jeff Baker, Commissioner of Higher Education, endorsed the bill on the part of the Commissioner's Office and the Board of Regents.

Marilynn Weisel, Montana State University and its campuses including the foundations from the three campuses, commented this bill has been very helpful to them in the last two years and urged support for the bill.

Bob Frazier, Campuses of the University of Montana, reported the primary use of funds of this type are student scholarships and equipment. He urged continuation of the tax credit.

Opponents' Testimony:

None

Informational Testimony:

None

Questions From Committee Members and Responses:

SEN. DELWYN GAGE asked **Dr. Baker** if any Indian Colleges in Montana qualify for this credit. **Dr. Baker** responded they do not qualify.

CHAIRMAN DEVLIN asked **Mr. Frazier** if there are administration costs. **Mr. Frazier** stated the administration costs, which is the costs to manage the money, is 5%.

Closing by Sponsor:

REP. ELLIOTT commented when the bill was heard in the House, David Owen and Russ Ritter testified as proponents to the bill.

HEARING ON HB 188

Opening Statement by Sponsor:

REP. WILLIAM WISEMAN, HD 41, Great Falls, explained funding civil courts has been a problem in Montana since the mid-80's. He commented the vehicle option tax has been extended and will sunset. He reported a commission met to discuss how to fund civil courts and determined a permanent 1/10th of 1% tax should be put on vehicles across the state. **REP. WISEMAN** stated this would raise enough money to form a pool for the smaller counties who have large unexpected civil court hearings. He said the smaller counties could be reimbursed out of the pool. He commented it is scheduled to sunset in July.

Proponents' Testimony:

Gordon Morris, Director of Montana Association of Counties, reported this is a major issue for counties across Montana. He stated there are currently 37 counties that access a portion of the local option vehicle tax up to the .5 currently allowed under the law. He said without the sunset being extended through the year 2005 the tax itself will not go away. **Mr. Morris** acknowledged the local option tax will continue with or without the sunset provision.

Larry Fasbender, Cascade County Commissioners, urged support for HB 188.

Pat Chenovick, Administrator, Supreme Court, supported this legislation because it allows revenue to be raised to support District Court activities.

Alex Hanson, League of Cities and Towns, stated this law has been in effect for several years and the majority of the cities and towns rely on the local option tax to provide supplemental funding that many desperately need under I-105.

Opponents' Testimony:

None

Informational Testimony:

None

Questions From Committee Members and Responses:

SEN. GAGE asked **Mr. Morris** if the first priority of the local option tax is for District Court. **Mr. Morris** commented this law is currently on the statutes and is due to sunset in July. He explained the county portion has to be dedicated principally to the District Court's financial problems.

SEN. MACK COLE asked **Mr. Morris** how long this bill has been in effect. **Mr. Morris** responded the local option vehicle tax has been on the books since 1985. He stated he prefers no sunset. **SEN. COLE** asked **Mr. Morris** if use of the local option tax has been increasing. **Mr. Morris** stated on an annual basis upward of three counties have adopted the tax.

CHAIRMAN DEVLIN asked **Mr. Morris** how long the counties hold on to the money before they use it for something rather than District Court. **Mr. Morris** acknowledged the law states any decision to implement a local option tax must be in place prior to July 1st. He stated the counties have to budget the money as anticipated revenue in the District Court Fund, or in other funds.

SEN. DOROTHY ECK asked REP. WISEMAN what kind of system he had in mind with what was stricken in the House out of the bill. REP. WISEMAN stated the fund would have been a Contingency Fund to literally work like the Criminal Contingency Fund currently works. REP. ECK stated in the small counties the amount of additional revenue that they would get by imposing this tax isn't going to be enough. She asked REP. WISEMAN what do the counties do when they can't cover the costs of an expensive suit. REP. WISEMAN said this is an insurance policy for the small rural counties and a source of funds to finance the civil costs that routinely go on.

Closing by Sponsor:

REP. WISEMAN commented the fiscal note doesn't have any bearing whatsoever, because that is what would have been raised if the 1/10 of 1% tax had gone through statewide. He stated this legislation is just extending the present system.

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EXECUTIVE ACTION ON HB 188

Motion/Vote: SEN. COLE MOVED HB 188 BE CONCURRED IN. MOTION FAILED 3 - 5 on a roll call vote.

Motion/Vote: SEN. MIKE FOSTER MOVED TO TABLE HB 188. MOTION FAILED 3 - 5 on a roll call vote.

Discussion: SEN. ECK commented it would help the committee to look at the original bill. Mr. Jeff Martin said he would locate the original bill for the committee's review.

SEN. COLE asked if this bill is a major change. CHAIRMAN DEVLIN responded the only change is the priority.

SEN. GAGE commented residents in his area simply don't like the option.

CHAIRMAN DEVLIN suggested committee action wait until Mr. Martin locates the original bill.

EXECUTIVE ACTION ON HB 199

Motion/Vote: SEN. LORENTS GROSFIELD MOVED HB 199 BE CONCURRED IN. MOTION CARRIED UNANIMOUSLY.

EXECUTIVE ACTION ON HB 141

Motion: SEN. ECK MOVED HB 141 BE CONCURRED IN.

Discussion: CHAIRMAN DEVLIN questioned why Section 3 has a January 1, 1996 date different from the other sections. SEN. GAGE responded Section 3 deals with full storage tanks.

SEN. COLE commented his notes indicate from testimony at the hearing there are between 400 and 500 users under the two tank system. **SEN. BARRY "SPOOK" STANG** acknowledged the fiscal note indicates there are 159 users.

Vote: QUESTION WAS CALLED ON THE MOTION AND IT CARRIED UNANIMOUSLY.

EXECUTIVE ACTION ON HB 144

Motion/Vote: SEN. STANG MOVED HB 144 BE CONCURRED IN. MOTION CARRIED UNANIMOUSLY.

EXECUTIVE ACTION ON HB 164

SEN. STANG, SEN. GROSFIELD, SEN. GAGE, SEN. COLE, SEN. VAN VALKENBURG, SEN. DEVLIN, AND SEN. FOSTER IN ATTENDANCE.

Discussion: SEN. GAGE stated Mr. Saisbury acknowledged the department doesn't care if the section of the bill dealing with bonding is eliminated. Mr. Martin presented amendments and explained they are similar to the way special fuel reporting is handled.

Motion/Vote: SEN. GAGE MOVED THE AMENDMENTS (hb016401.ajm). MOTION CARRIED UNANIMOUSLY.

Motion: SEN. GAGE MOVED HB 164 BE CONCURRED IN AS AMENDED.

Discussion: SEN. FOSTER stated this was the bill that REP. HARPER said he was embarrassed to present because the House Taxation Committee killed the bill last session. He explained the industry itself was totally disorganized last session on how the mechanics of the bill would work. SEN. FOSTER said the bill was not ready last session. He stressed the industry has worked hard on this bill and it is a good bill at this point.

Vote: MOTION CARRIED 6 - 1 with SEN. FOSTER VOTING IN OPPOSITION.

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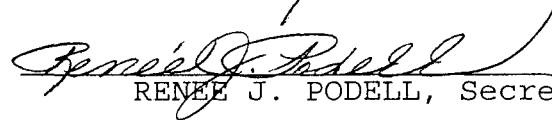
SEN. GAGE discussed the possibility of a committee bill. He explained the state has concerns because the Supreme Court ruled that currently in Montana an Indian who is a member of a recognized tribe working on another reservation, other than his own, are not taxable on that revenue.

CHAIRMAN DEVLIN called for a roll vote on a committee bill. **THE VOTE FOR A COMMITTEE BILL ON RESERVATION TAXATION CARRIED 7 - 1 WITH CHAIRMAN DEVLIN VOTING IN OPPOSITION.**

ADJOURNMENT

Adjournment: 9:21 a.m.


GERRY DEVLIN, Chairman


RENEE J. PODELL, Secretary

GD/rp

SENATE STANDING COMMITTEE REPORT

Page 1 of 1
March 6, 1995

MR. PRESIDENT:

We, your committee on Taxation having had under consideration HB 164 (third reading copy -- blue), respectfully report that HB 164 be amended as follows and as so amended be concurred in.

Signed: 
Senator Gerry Devlin, Chair

That such amendments read:

1. Page 3, line 3.

Strike: "A"

Insert: "Except as provided in this section, a"

2. Page 3, line 7.

Following: "17]."

Insert: "The department shall waive the bond requirement of a compressed natural gas dealer who is not subject to the provisions of subsection (2)(a) or (2)(b)."

3. Page 3, line 9.

Strike: "\$2,000"

Insert: "\$1,000 for any compressed natural gas dealer who:

(a) requests a compressed natural gas dealer's license to be reissued after the license was canceled for cause; or

(b) fails to file timely reports and pay the tax due as required by [section 11]"

-END-



Amd. Coord.
Sec. of Senate

SEN. GAGE
Senator Carrying Bill

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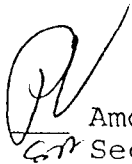
SENATE STANDING COMMITTEE REPORT

Page 1 of 1
March 6, 1995

MR. PRESIDENT:

We, your committee on Taxation having had under consideration HB 141 (third reading copy -- blue), respectfully report that HB 141 be concurred in.

Signed: Sen Devlin
Senator Gerry Devlin, Chair



Amd. Coord.
Sec. of Senate

SEN. ECK
Senator Carrying Bill

521109SC.SPV

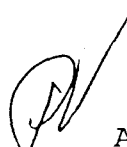
SENATE STANDING COMMITTEE REPORT

Page 1 of 1
March 6, 1995

MR. PRESIDENT:

We, your committee on Taxation having had under consideration HB 144 (third reading copy -- blue), respectfully report that HB 144 be concurred in.

Signed: 
Senator Gerry Devlin, Chair


Amd. Coord.
Sec. of Senate

SEN. STANG
Senator Carrying Bill

521111SC.SPV

SENATE STANDING COMMITTEE REPORT

Page 1 of 1
March 6, 1995

MR. PRESIDENT:

We, your committee on Taxation having had under consideration HB 199 (third reading copy -- blue), respectfully report that HB 199 be concurred in.

Signed: 
Senator Gerry Devlin, Chair



Amd. Coord.
Sec. of Senate

SEN. FOSTER
Senator Carrying Bill

521108SC.SPV

Amendments to House Bill No. 164
Third Reading Copy

Requested by Senator Gage
For the Committee on Taxation

Prepared by Jeff Martin
February 6, 1995

1. Page 3, line 3.

Strike: "A"

Insert: "Except as provided in this section, a"

2. Page 3, line 7.

Following: "17]."

Insert: "The department shall waive the bond requirement of a
compressed natural gas dealer who is not subject to the
provisions of subsection (2)(a) or (2)(b)."

3. Page 3, line 9.

Strike: "\$2,000"

Insert: "\$1,000 for any compressed natural gas dealer who:

(a) requests a compressed natural gas dealer's license to
be reissued after the license was canceled for cause; or

(b) fails to file timely reports and pay the tax due as
required by [section 11]"

