MINUTES

MONTANA SENATE
54th LEGISLATURE - REGULAR SESSION

COMMITTEE ON TAXATION

Call to Order: By **CHAIRMAN GERRY DEVLIN**, on March 14, 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:
Hearing: SB 414, HB 424, HB 449, HJR 16
Executive Action: HB 424, SB 338, SB 358, SB 412, HJR 16

HEARING ON SB 414

Opening Statement by Sponsor:

SEN. BOB BROWN, SD 40, Whitefish, reported this bill was prompted by the Governor's Task Force on Endowed Philanthropy. He explained SB 414 will allow individuals, partnerships, limited liability companies, estates, or business corporations a credit against taxes in an amount of 50% of the aggregate amount of charitable contributions made to any permanent endowment fund of a community foundation located in Montana. **SEN. BROWN** presented a written example of how the credit works. **EXHIBIT 1.**

<u>Proponents' Testimony</u>:

GOVERNOR MARC RACICOT acknowledged Montanan's are personally generous in many ways, however, there isn't a tradition of endowed philanthropy. He stated we tend to focus on immediate needs rather than long term needs in the State of Montana. **GOV. RACICOT** explained the credit will start, or in some instances, expand permanent endowments which will help achieve financial security to devise and implement strategies and solutions for problems that may present themselves in the future. He acknowledged the credit will generate $400,000 to $800,000 in contributions and the tax credit will mean at least $2 million in new money coming into permanent endowments over the next five years. **GOV. RACICOT** said once people take recognition in the fact that people are investing in their own state and in their own communities it is a sign of good faith. He attested SB 414 encourages community self determination as opposed to reliance on government in the future. He stated it creates an incentive for local communities and non-profit organizations to create and expand permanent endowments that truly give local communities the financial security to choose their own best strategies in the future.

Susan A. Talbot, Montana Community Foundation Board Member, submitted written testimony. **EXHIBIT 2.**

Vern Petersen, Fergus County Commissioner, Central Montana Foundation Member, and Vice President, Montana Association of Counties, presented written testimony. **EXHIBIT 3.**

J. Thomas Alfrey, Community Affairs/Foundation Manager, U.S. West Communications, submitted written testimony in support of SB 414. **EXHIBIT 4.**

Stanley A. Nicholson, Director, Montana Fiscal Forums, presented written testimony. **EXHIBIT 5.**

Tom Harrison, Montana Society of Certified Public Accountants, and the Montana Cable Television Association, urged support for SB 414.

Jacqueline Lenmark remarked this bill is an important bill for Montana and will help encourage donations.

Joan Rudberg, retired Director of United Way in Gallatin County, presented written testimony. **EXHIBIT 6.**

John Heizer, retired Cardiovascular Surgeon from Billings, submitted written testimony. **EXHIBIT 7.**

Gloria Hermanson, Montana Cultural Advocacy, presented written testimony and amendments to SB 414 from **K. Paul Stahl, Chairman, Montana Cultural Advocacy. EXHIBIT 8. Ms. Hermanson** stated without the amendments the **Montana Cultural Advocacy** would most likely oppose SB 414.

Tom Cote, the Beacon Community Foundation, submitted written testimony. **EXHIBIT 9. Mr. Cote** presented letters of testimony in support for SB 414 from the **City of Scobey Mayor, Ronald Audet, EXHIBIT 10; Tom Kibbe, Director, Montana Community Foundation, Scobey, EXHIBIT 11;** and **Patricia P. Audet, President, Daniels-Sheridan Federal Credit Union, Scobey, EXHIBIT 12.**

Rose Anne Penwell, Montana Community Foundation, acknowledged SB 414 is the eye and vision of the future.

Joyce Grande, a Big Sky Regional Representative of the Montana Community Foundation, presented written testimony. **EXHIBIT 13.**

Sidney Armstrong, Executive Director, Montana Community Foundation, presented a handout titled, "What is a Community Foundation?". **EXHIBIT 14. Ms. Armstrong** submitted investment policies for the **Montana Community Foundation, EXHIBIT 15** and **EXHIBIT 16,** written testimony from the **West Yellowstone Foundation.**

Steve Browning, Council of Michigan Foundations, submitted an independent valuation of the tax credit that this proposal is based on. **EXHIBIT 17.**

John Delano, Montana Community Foundation, stated this is a wonderful opportunity for the State of Montana. He said he didn't review the amendment previously presented, however, he would be opposed to it.

Gloria Paladichuk, Richland Development, acknowledged support for SB 414.

Opponents' Testimony:

None

Informational Testimony:

None

Questions From Committee Members and Responses:

SEN. DELWYN GAGE asked **Mr. Browning** if there was an applied credit would a deduction be available. **Mr. Browning** stated a person would not be entitled to a deduction if a credit was applied for. **SEN. GAGE** asked **Mr. Browning** who will handle informing the public of this matter. **Mr. Browning** responded the Montana Community Foundation has applied for a grant from the MONT Foundation and seminars will be held around the state with Certified Public Accountants and tax advisers. He explained the

Community Foundation is independently audited and it has no incentive to spend the principle.

SEN. LORENTS GROSFIELD asked **Mr. Browning** how does an endowment work on a local basis. **Mr. Browning** responded the minimum requirement is $250.00 and it has to grow to $5,000.00 in five years. He explained the entity applying for the fund, if the money is going to go back to them, have to file a 501. C3. **SEN. GROSFIELD** asked **Mr. Browning** if there is a board of directors who accepts or rejects the fund, and is there local politics involved. **Mr. Browning** stated there is a donor advised fund where the advisers are those members who reside in the county. He said they advise the state board of directors of the Montana Community Foundation.

Closing by Sponsor:

SEN. BROWN commented he was given an amendment by the Department of Revenue which is housekeeping in nature and will be presented in executive session.

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

HEARING ON HB 424

Opening Statement by Sponsor:

REP. BOB KEENAN, HD 75, reported he is carrying HB 424 for **Patricia J. Cook, Montana County Treasurer's Association.** He stated it is an attempt to be consistent statewide and clarify only those properties with no habitable dwellings and special improvements district assessments qualifying for the 24 month redemption. **REP. KEENAN** presented written testimony from **Patricia J. Cook. EXHIBIT 18.**

Proponents' Testimony:

Cort Harrington, Attorney, stated in 1987, the county treasurer's were involved in a major revision of the tax deed process. He said each legislature there is some issue on the process that needs to be fine tuned. **Mr. Harrington** explained the purpose of the bill is to clarify that the shorter redemption period only applies to subdivisions that have delinquent SID's or RSID's.

W. James Kembel, City of Billings, requested committee support for the bill.

Opponents' Testimony:

None

Informational Testimony:

None

Questions From Committee Members and Responses:

None

Closing by Sponsor:

REP. KEENAN offered no further comment in closing.

EXECUTIVE ACTION ON HB 424

Motion: **SEN. JOHN HARP MOVED HB 424 BE CONCURRED IN.**

Discussion: None

Vote: **MOTION CARRIED UNANIMOUSLY.**

HEARING ON HB 449

Opening Statement by Sponsor:

REP. EMILY SWANSON, HD 30, Bozeman, acknowledged HB 449 is a service being proposed by the State Auditor's Department to help counties in collecting bad debts. She explained how the process would work. She stated the program pays for itself through a debt collection fee and only applies to personal property taxes which the county decides it is ready to write off. **REP. SWANSON** reported Lewis and Clark County estimated the program would generate approximately $66,000.00 the first year and $118,000.00 the second year. She explained the program is not obligatory, it would be used at the county's request and only if the county believed it was to their benefit.

Proponents' Testimony:

Tom Crosser, Deputy of Fiscal Control and Management, State Auditor's Office, reported one reason the legislation was proposed was to broaden the business base in order to keep collection rates down and offer a service to local governments which aren't offered now. He submitted written testimony. **EXHIBIT 19.**

Cort Harrington, Montana County Treasurer's Association, commented the association reviewed this legislation and they support the concept.

Opponents' Testimony:

None

Informational Testimony:

None

Questions From Committee Members and Responses:

CHAIRMAN DEVLIN asked **Mr. Crosser** what kind of mechanism is used currently to collect fees. **Mr. Crosser** explained there are three different techniques for collection. He stated the most productive system is the off-set system. He reported direct contact with the individuals and private collection agencies are other methods used.

SEN. HARP asked **Mr. Crosser** if this bill will require extra staffing coordination in his department's budget. **Mr. Crosser** stated there are no additional staffing needs related to this bill.

SEN. BARRY "SPOOK" STANG asked **Mr. Crosser** what kind of notice is sent to individuals. **Mr. Crosser** responded payments going out are flagged and a letter is sent to the payee indicating why the debt has been taken. He explained a 30 day grace period is given wherein no money is taken until determination is made if it is a valid debt. **Mr. Crosser** stated if it is a valid debt the payee receives a letter indicating what the off-set is for.

SEN. STANG asked **REP. SWANSON** if the technical notes were taken care of with the amendments that were added in the House. **REP. SWANSON** responded they were taken care of.

CHAIRMAN DEVLIN asked **Mr. Crosser** if the counties can put a lien on certain individuals presently. **Mr. Crosser** stated he believes they can, however, the problem is often the county won't know which agency is going to issue a refund.

Closing by Sponsor:

REP. SWANSON acknowledged this bill has been before the legislature before and there was resistance to it. She explained the primary source of resistance was it included real property taxes, and the counties felt there were too many variables. She stated the way the law was written stated counties couldn't accept partial payments for old taxes. **REP. SWANSON** acknowledged written into HB 449, partial payments can be accepted. She urged support for this legislation.

HEARING ON HJR 16

Opening Statement by Sponsor:

REP. JOHN COBB, HD 50, Augusta, explained HJR 16 started out as a bill. He stated it was too cumbersome, so it became a resolution giving money back to taxpayers. He reported the Legislative Fiscal Analyst Office submitted amendments.

Proponents' Testimony:

None

Opponents' Testimony:

None

Informational Testimony:

None

Questions From Committee Members and Responses:

None

Closing by Sponsor:

REP. COBB offered no further comment in closing.

{Tape: 1; Side: B; Approx. Counter: 28.2.}

EXECUTIVE ACTION ON SB 338

Motion: **SEN. HARP MOVED COORDINATING AMENDMENTS TO SB 338 AND SB 412 (sb033802.ajm). EXHIBIT 20.**

Discussion: **SEN. HARP** asked **Mr. Martin** to explain the purpose of the amendments.

SEN. DOROTHY ECK asked **SEN. HARP** what is expected to happen with with contingent voidness proposals. **SEN. HARP** responded cuts will be made in the Free Conference Committee with HB 2. He explained the budget will be reviewed close to the end of the session in light of certain bills with the contingent voidness clause and if the bills can't fit into the budget, they die.

SEN. HARP explained on this particular issue this is not a reduction with existing revenue, this is a reduction of potential new revenue. He stated he wasn't aware the contingency voidness provision was included in this, and he would like to separate the question excluding it from his motion. **CHAIRMAN DEVLIN** clarified that **SEN. HARP** moved everything down to Section 4 (excluding Section 4), amendment number 1 and the title.

SEN. ECK commented she has a problem with **SEN. HARP'S** definition of contingent voidness. She stated she will support the bill, the amendments and the deletion of the contingent voidness language, however, a more careful definition of what contingent voidness really is would be helpful.

Motion/Vote: **QUESTION WAS CALLED ON THE AMENDMENT PROPOSED BY SEN. HARP. THE MOTION CARRIED UNANIMOUSLY.**

Motion: **SEN. HARP MOVED SB 338 DO PASS AS AMENDED.**

<u>Discussion</u>: **SEN. DELWYN GAGE** asked if this bill passes will the amendments put into this bill have to be put into SB 412. **Mr. Martin** stated, "Yes".

<u>Vote</u>: **MOTION PASSED UNANIMOUSLY.**

<u>EXECUTIVE ACTION ON SB 358</u>

<u>Motion</u>: **SEN. HARP MOVED AMENDMENTS PRESENTED BY CHAIRMAN DEVLIN (601117SC.SRF).**

<u>Discussion</u>: **Mr. Martin** explained the amendments.

<u>Motion/Vote</u>: **MOTION CARRIED ON THE AMENDMENTS UNANIMOUSLY.**

<u>Vote</u>: **SEN. MIKE FOSTER MOVED SB 358 DO PASS AS AMENDED.**

<u>EXECUTIVE ACTION ON SB 412</u>

<u>Motion</u>: **SEN. LORENTS GROSFIELD MOVED AMENDMENTS TO SB 412 (prepared by SEN. GROSFIELD, Mr. Martin and Mr. Hoffman).**

<u>Discussion</u>: **Mr. Martin** explained the amendments.

SEN. HARP asked **SEN. GROSFIELD** if the proponents are in agreement with the amendments. **SEN. GROSFIELD** stated this is just a clean-up amendment.

<u>*{Tape: 2; Side: A; Comments: Insert second tape.}*</u>

Mr. Martin commented SB 45 is in conflict with SB 412. He stated SB 45 amends a couple sections of law, one of which, is already repealed.

CHAIRMAN DEVLIN asked **Mr. Hoffman** where SB 45 is in the process. **Mr. Hoffman** stated it has been signed by the Governor.

Mr. Martin said a coordination instruction can be done if both bills are passed and approved. He said he would repeal 15, 16, and 102 if both bills are passed and approved, and insert the following language, "the amendment to 15, 16, and 102 in SB 45 is void".

<u>Vote</u>: **MOTION CARRIED UNANIMOUSLY.**

<u>Motion/Vote</u>: **SEN. HARP MOVED SB 412 DO PASS AS AMENDED.**

<u>Discussion</u>: **SEN. GAGE** voiced concern with Page 7, Line 25 in regard to pre-1985 old production wells. He stated the royalty owner's proposal is 16½% in this bill. He said currently it is 18.2%. **SEN. GAGE** said he doesn't know anyone in the State of Montana that is getting that kind of tax break this session. He

explained on the royalty schedules that he pays royalty from 78% of those people are non-residents of Montana. He commented it doesn't make sense to him to give a 10% tax break to non-residents of the State of Montana. He stated these wells are ultimately going to phase out. **SEN. GAGE** further explained that the pre-1985 stripper wells are going from a 10.7% rate under current law to a 11% rate. He said the stripper well operators are in the toughest economic shape of anyone in the State of Montana.

CHAIRMAN DEVLIN asked **SEN. GAGE** what the remedy is without upsetting the whole bill. **SEN. GAGE** stated he isn't sure there is a remedy because the Governor has told the people who worked on this bill and who were in support of what is in this bill, if there is a change to this bill in a material way he would veto the bill. He suggested perhaps the committee could bring this to the Governor with the rate changes in it.

SEN. FOSTER commented **SEN. GAGE** is much more familiar with these issues than he. He stated it would be a disservice to this bill and to this effort to tinker with it in a material way. He said the best approach to this bill is to approve the bill as it was currently amended and then in the next session review how the process worked.

SEN. GROSFIELD acknowledged he agrees with **SEN. FOSTER** in the fact that **SEN. GAGE** knows more about this issue, however, **SEN. TVEIT** discussed the rates, and he doesn't recall anyone else in the hearing talking about the rates. He said the Governor has given some assurance that this is a package.

SEN. GAGE commented **Mr. Montalben** attended several meetings with him. He said the last meeting **Mr. Montalben** attended he stated the Northern Montana Oil and Gas Association was opposed to the bill with the 11% figure in it. **SEN. GAGE** acknowledged **Mr. Montalben** had changed his mind when he appeared at the hearing on SB 412. **SEN. GAGE** relayed he had previously informed **Mr. Montalben** that he was supporting a bill that would cost the stripper operators a 2.8% increase, and that he was supporting a bill that with the distribution change will cost Glacier County something close to $300,000.00. **SEN. GAGE** announced this bill has the possibility of raising taxes twice.

CHAIRMAN DEVLIN asked **SEN. TVEIT** to discuss the impact of his amendments on the bill. **SEN. TVEIT** said he discussed with **Mr. Hoffman** the importance of leaving the 10.7% in instead of 100% for the stripper wells. He stated when the DOR put the bill together they wanted a simplification of tax, however, they also wanted neutrality. He explained the bill is about $180,000.00 off with the royalty owners in neutrality. **SEN. TVEIT** acknowledged his amendments change the rates but don't effect the bill or the fiscal note at all. He explained in his formula the numbers go from 17.1 instead of 16.5 on the new oil after 1995, making the royalty in this area off by $128.00, which is close to revenue neutrality.

CHAIRMAN DEVLIN commented there is time to amend this bill on the floor or in the House and the figures can be digested by the department, the oil and gas producers, and by the Governor. He affirmed possibly a Conference Committee could meet on this bill.

Vote: **THE MOTION OF DO PASS AS AMENDED CARRIED 7 - 2 WITH SEN. GAGE AND SEN. FRED VAN VALKENBURG VOTING IN OPPOSITION** on a roll call vote.

EXECUTIVE ACTION ON HJR 16

Motion/Vote: **SEN. STANG MOVED AMENDMENTS SUGGESTED BY REP. COBB TO INCLUDE THE LEGISLATIVE FISCAL ANALYST OFFICE LANGUAGE. MOTION CARRIED UNANIMOUSLY.**

Motion/Discussion/Vote: **SEN. VAN VALKENBURG MOVED TO STRIKE THE LANGUAGE ON PAGE 1, LINES 26 AND 27.** He explained this language is the reason why the resolution is before the committee. He stated there is no way anybody can look into the future and know what the situation is going to be for the State of Montana, if and when there were any federal tax reform and what effect it would have on Montana. He declared this language ties everyone down to a few good statements that occurred in 1995, that may well be in the exact opposite interest of the State of Montana at the time a federal tax reform went through.

CHAIRMAN DEVLIN commented he likes the language in the bill. **SEN. VAN VALKENBURG** said where the real problem occurred was in 1981, when there was no federal tax windfall, but a significant state surplus which got put into the base.

QUESTION WAS CALLED ON THE MOTION. MOTION FAILED 3 - 4.

Motion/Vote: **SEN. FOSTER MOVED HJR 16 BE CONCURRED IN AS AMENDED. MOTION CARRIED 6 - 1 WITH SEN. VAN VALKENBURG VOTING IN OPPOSITION.**

{Tape: 2; Side: 1; Approx. Counter: 48.0.}

COMMITTEE BILL DISCUSSION

SEN. ECK AND SEN. HARP WERE NOT IN ATTENDANCE.

Discussion by **SEN. GAGE** took place on the proposal of a committee bill. He explained when HB 28 was passed there was a switch from a net proceeds tax to a flat tax on oil. He commented as a part of the whole program each of the taxing jurisdictions basically had a different rate because of the fact the millages were all different. **SEN. GAGE** stated non-stripper wells agreed to go to an 8.4% rate in order to drop the stripper wells down to a ½% and keep the pot of money coming in which would be given back to the local taxing jurisdictions, tax neutral. He explained HB 383 proposes a roll back to liability bases in distribution of the money. He said if the bill passes, some taxing jurisdictions which were getting as little as 1% under net proceeds tax, based on gross, will get 8.4% and others who are getting as little as 20% or 22% will be dropped down to 5%, based on unit value. **SEN. GAGE** acknowledged the legislature didn't envision when the unit values were calculated some counties would be taking money from producing counties. He proposed a committee bill be prepared calling for calculation of unit values disregarding emergency levies.

Motion/Vote: **SEN. GAGE MOVED SENATE TAXATION COMMITTEE REQUEST A COMMITTEE BILL FOR THE PURPOSE DISCUSSED ABOVE. 7 COMMITTEE MEMBERS VOTED IN FAVOR OF THE MOTION** on roll call vote.

{Tape: 2; Side: A; Approx. Counter: 59.5.}

DISCUSSION TO RECONSIDER HB 287-no action.

ADJOURNMENT

Adjournment: 11:10 a.m.

Sen Gerry Devlin
GERRY DEVLIN, Chairman

Renee J. Podell
RENEE J. PODELL, Secretary

GD/rp

MONTANA SENATE
1995 LEGISLATURE
TAXATION COMMITTEE

ROLL CALL DATE March 15, 1995

NAME	PRESENT	ABSENT	EXCUSED
MACK COLE	✓		
DELWYN GAGE	✓		
LORENTS GROSFIELD	✓		
JOHN HARP	✓		
DOROTHY ECK	✓		
BARRY "SPOOK" STANG	✓		
FRED VAN VALKENBURG	✓		
MIKE FOSTER, VICE CHAIRMAN	✓		
GERRY DEVLIN, CHAIRMAN	✓		

SEN:1995
wp.rollcall.man
CS-09

SENATE STANDING COMMITTEE REPORT

March 14, 1995

MR. PRESIDENT:
We, your committee on Taxation having had under consideration HB 424 (third reading copy -- blue), respectfully report that HB 424 be concurred in.

Signed: Gerry Devlin
Senator Gerry Devlin, Chair

___ Amd. Coord.
___ Sec. of Senate

Sen. Baer
Senator Carrying Bill

591216SC.SRF

SENATE STANDING COMMITTEE REPORT

March 14, 1995

MR. PRESIDENT:
We, your committee on Taxation having had under consideration SB 338 (first reading copy -- white), respectfully report that SB 338 be amended as follows and as so amended do pass.

Signed: ________________
Senator Gerry Devlin, Chair

That such amendments read:

1. Page 8, line 12.
Following: line 11
Insert: "NEW SECTION. **Section 3. Coordination instruction.** If Senate Bill No. 412 is passed and approved, then Senate Bill No. 412 is amended as provided in subsections (1) and (2) of this section and the distribution of revenue must be modified as provided in subsection (3) of this section. If necessary, the code commissioner shall correct all erroneous internal references within Senate Bill No. 412 caused by this section.

(1) The definition section, [section 3], of Senate Bill No. 412 is amended by adding the following definition, in alphabetical order, and renumbering subsequent subsections:

"(19) "Qualifying production" means the first 24 months of production of oil or natural gas from any post-1985 well drilled after March 31, 1995, or from a well that has not produced oil or natural gas during the 5 years immediately preceding the first month of qualifying production. Qualifying production does not include oil production from a horizontally recompleted well."

(2) The section imposing tax rates on natural gas and oil production, [section 4] of Senate Bill No. 412, is amended to read:

"NEW SECTION. **Section 4. Production tax rates imposed on oil and natural gas.** (1) The production of oil and natural gas is taxed as provided in this section. The tax is distributed as provided in [section 18].

(2) Natural gas is taxed on the gross taxable value of production based on the type of well and type of production according to the following schedule for working interest and nonworking interest owners:

	Working Interest	Nonworking Interest
(a) pre-1985 wells	18.75%	15%
(b) post-1985 wells		
(i) first 12 months of qualifying production	~~3.35%~~0.7%	15%
(ii) ~~after~~ next 12 months		

Amd. Coord.
Sec. of Senate

591235SC.SRF

of qualifying production	~~15.35%~~12.7%	15%
(iii) after 24 months	15.35%	15%
(c) stripper natural gas		
pre-1985 and post-1985 wells	11.2%	15%

(3) The reduced tax ~~rate~~ rates under ~~subsection~~ subsections (2)(b)(i) and (2)(b)(ii) ~~on natural gas production~~ for the first ~~12~~ 24 months of natural gas production from a post-1985 well begins following the last day of the calendar month immediately preceding the month in which natural gas is placed in a natural gas distribution system, provided that notification has been given to the department.

(4) Oil is taxed on the gross taxable value of production based on the type of well and type of production according to the following schedule for working interest and nonworking interest owners:

	Working Interest	Nonworking Interest
(a) primary recovery production		
(i) pre-1985 wells	14.1%	16.5%
(ii) post-1985 wells		
(A) first 12 months of qualifying production	~~5.7%~~0.7%	16.5%
(B) ~~after~~ next 12 months of qualifying production	~~12.7%~~7.7%	16.5%
(C) after 24 months	12.7%	16.5%
(b) stripper oil production		
pre-1985 and post-1985 wells	11%	16.5%
(c) horizontally completed well production		
(i) first 18 months of qualifying production	~~5.7%~~0.7%	5.7%
(ii) next 6 months of qualifying production	7.7%	12.7%
(iii) after ~~18~~ 24 months	12.7%	12.7%
(d) incremental production		
(i) new or expanded secondary recovery production		
(A) pre-1985 well	8.7%	16.2%
(B) post-1985 well	8.7%	10.7%
(ii) new or expanded tertiary production		
(A) pre-1985 well	6%	15.2%
(B) post-1985 well	6%	9.7%
(e) horizontally recompleted well		
(i) first 18 months	5.7%	5.7%
(ii) after 18 months	12.7%	12.7%

(5) (a) The reduced tax ~~rate~~ rates under ~~subsection~~ subsections (4)(a)(ii)(A) and (4)(a)(ii)(B) ~~on oil production~~ for the first ~~12~~ 24 months of oil production from a post-1985 well begins following the last day of the calendar month immediately preceding the month in which oil is pumped or flows, provided that notification has been given to the department.

(b)(i) The reduced tax ~~rate~~ rates under ~~subsection~~ subsections (4)(c)(i) and (4)(c)(ii) on oil production from a horizontally completed well ~~and the reduced tax rate under subsection (4)(e)(i) on oil production from a horizontally recompleted well~~ for the first ~~18~~ 24 months of production begins following the last day of the calendar month immediately preceding the month in which oil is pumped or flows, provided that the well has been certified as a horizontally completed well ~~or as a horizontally recompleted well~~ to the department by the board.

(ii) The reduced tax rate under subsection (4)(e)(i) on oil production from a horizontally recompleted well for the first 18 months of production begins following the last day of the calendar month immediately preceding the month in which oil is pumped or flows, provided that the well has been certified as a horizontally recompleted well to the department by the board.

(c) Incremental production is taxed as provided in subsection (4)(d) if the average price per barrel of oil as reported in the Wall Street Journal for west Texas intermediate crude oil during a calendar quarter is less than $30 a barrel. If the price of oil is equal to or greater than $30 a barrel in a calendar quarter as determined in subsection (5)(d), incremental production is taxed at the rate imposed on primary recovery production under subsection (4)(a)(i) for production occurring in that quarter.

(d) For the purposes of subsection (5)(c), the average price per barrel must be computed by dividing the sum of the daily price for west Texas intermediate crude oil as reported in the Wall Street Journal for the calendar quarter by the number of days on which the price was reported in the quarter."

(3) The department of revenue shall, by rule, change the distribution formulas under [section 18] of Senate Bill No. 412 for distribution of taxes on oil and natural gas production collected under [section 4] of Senate Bill No. 412. In recalculating distribution rates for the revenue raised by Senate Bill No. 412, the department of revenue shall determine the revised distribution rates according to a formula that presumes that the reduction in the tax rates on natural gas production for working interest owners from post-1985 wells and in the tax rates on oil production for working interest owners from post-1985 wells, as provided in subsection (2) of this section that amends [section 4] of Senate Bill No. 412, as follows:

(a) for the first 12 months of qualifying production under [section 4(2)(b) and (4)(a)(ii)], the reduction in tax rates must be borne by the state general fund and not by other state funds;

(b) for the next 12 months of qualifying production under [section 4(2)(b) and (4)(a)(ii)], the reduction in the tax rates must be borne by the state general fund and not by other state funds or by local governments;

(c) for the first 18 months of qualifying production under [section 4(4)(c)], the reduction in the tax rates must be borne by the state general fund and not by other state funds; and

(d) for the next 6 months of qualifying production under [section 4(4)(c)], the reduction in the tax rates must be borne by the state general fund and not by other state funds or by local governments."

Renumber: subsequent sections

-END-

SENATE STANDING COMMITTEE REPORT

March 15, 1995

MR. PRESIDENT:

We, your committee on Taxation having had under consideration SB 358 (first reading copy -- white), respectfully report that SB 358 be amended as follows and as so amended do pass.

Signed: Sen Devlin
Senator Gerry Devlin, Chair

That such amendments read:

1. Title, line 5.
Strike: "DELETING"
Insert: "EXTENDING"
Following: "THAT"
Insert: "CERTAIN"

2. Title, line 7.
Following: "15-32-601"
Insert: ", 15-32-602,"
Following: "MCA"
Insert: ", AND SECTION 9, CHAPTER 712, LAWS OF 1991"

3. Title, lines 7 and 8.
Strike: "REPEALING" on line 7 through "1991" on line 8
Insert: "PROVIDING AN APPLICABILITY DATE"

4. Page 1, line 13.
Following: "~~**Temporary**~~"
Insert: "Temporary"

5. Page 2, line 2.
Following: "~~1991.)~~"
Insert: "(Terminates December 31, ~~1995~~ 1997--sec. 9, Ch. 712, L. 1991.)"

6. Page 2, line 4.
Following: line 3
Insert: "**Section 2.** Section 15-32-602, MCA, is amended to read:

"**15-32-602. (Temporary) Amount and duration of credit -- how claimed.** (1) An individual, corporation, partnership, or small business corporation, as defined in 15-31-201, may receive a credit against taxes imposed by Title 15, chapter 30 or 31, for investments in depreciable property to collect or process reclaimable material or to manufacture a product from reclaimed material, if the taxpayer qualifies under 15-32-603.

(2) Subject to 15-32-603~~(2)~~ (3) and subsection (4) of this section, a taxpayer qualifying for a credit under 15-32-603 is

____ Amd. Coord.
SP Sec. of Senate

entitled to claim a credit ~~in an amount equal to 25% of~~, as provided in subsection (3), for the cost of the property purchased to collect or process reclaimable material or to manufacture a product from reclaimed material only in the year in which the property was purchased. If qualifying property was purchased prior to January 1, 1992, but on or after January 1, 1990, a taxpayer is entitled to a credit for tax year 1992.

(3) The amount of the credit that may be claimed under this section for investments in depreciable property is determined according to the following schedule:

(a) 25% of the cost of the property on the first $250,000 invested;

(b) 15% of the cost of the property on the next $250,000 invested; and

(c) 5% of the cost of the property on the next $500,000 invested.

(4) A credit may not be claimed for investments in depreciable property in excess of $1 million. (Terminates December 31, ~~1995~~ 1997--sec. 9, Ch. 712, L. 1991.)""
Renumber: subsequent sections

7. Page 2, line 5.
Following: "~~Temporary~~"
Insert: "Temporary"

8. Page 3, line 3.
Following: line 2
Insert: "(2) A credit for depreciable property that treats soil contaminated by hazardous wastes applies only to property that treats contaminated soil and not to auxiliary property."
Renumber: subsequent subsections

9. Page 3, line 4.
Strike: "was"
Insert: "is"
Strike: "on or after January 1, 1990"
Following: "~~1996~~"
Insert: "before January 1, 1998"

10. Page 3, line 15.
Following: "~~1991.)~~"
Insert: "(Terminates December 31, ~~1995~~ 1997--sec. 9, Ch. 712, L. 1991.)"

11. Page 3, line 17.
Strike: section 3 in its entirety
Insert: "**Section 4.** Section 9, Chapter 712, Laws of 1991, is

amended to read:

"**Section 9. Termination.** [This act] terminates December 31, ~~1995~~ 1997."

NEW SECTION. **Section 5. Applicability.** [This act] applies to tax years beginning and to depreciable property purchased after December 31, 1995."

-END-

SENATE STANDING COMMITTEE REPORT

March 14, 1995

MR. PRESIDENT:
We, your committee on Taxation having had under consideration SB 412 (first reading copy -- white), respectfully report that SB 412 be amended as follows and as so amended do pass.

Signed: [signature]
Senator Gerry Devlin, Chair

That such amendments read:

1. Title, line 21.
Strike: "AND"

2. Title, line 22.
Following: "82-11-135,"
Insert: "AND 82-11-162,"

3. Page 15, lines 1 and 2.
Strike: "this" on line 1 through "(8)" on line 2
Insert: "[section 17]"

4. Page 19, line 27.
Strike: "county taxing units"
Insert: "a county"

5. Page 47, line 28.
Following: line 27
Insert: "**Section 49.** Section 82-11-162, MCA, is amended to read:
"**82-11-162. Release of producing oil or gas well from drilling bond -- fee.** Upon receipt of notification by the owner on a form prescribed by the board, payment by the owner of $125, and proof from the owner that a well completed after June 30, 1989, is producing oil or gas in commercial quantities and is subject to the tax under ~~15-38-104~~ <u>[sections 1 through 20]</u>, the board shall release ~~and absolve~~ the owner of the well from the bond required under 82-11-123."
Renumber: subsequent sections

6. Page 49, line 4.
Following: "government"
Insert: "severance tax"

-END-

87 Amd. Coord.
SP Sec. of Senate

591339SC.SRF

SENATE STANDING COMMITTEE REPORT

March 15, 1995

MR. PRESIDENT:
We, your committee on Taxation having had under consideration HJR 16 (third reading copy -- blue), respectfully report that HJR 16 be amended as follows and as so amended be concurred in.

Signed: Gerry Devlin
Senator Gerry Devlin, Chair

That such amendments read:

1. Title, line 5.
Strike: the first "AND"
Insert: ","

2. Title, line 6.
Following: "PLANNING"
Insert: ", AND THE OFFICE OF LEGISLATIVE FISCAL ANALYST"

3. Title, line 7.
Following: "REVENUE"
Insert: "AND THE OFFICE OF LEGISLATIVE FISCAL ANALYST"

4. Title, line 10.
Following: "PLANNING"
Insert: "AND THE OFFICE OF LEGISLATIVE FISCAL ANALYST"

5. Page 2, line 1.
Strike: the first "and"
Insert: ","
Following: "Planning"
Insert: ", and the Office of Legislative Fiscal Analyst"

6. Page 2, line 4.
Following: "Revenue"
Insert: "and the Office of Legislative Fiscal Analyst"

7. Page 2, line 15.
Following: "report"
Insert: ", in conjunction with the Office of Legislative Fiscal Analyst,"
Following: "Committee"
Insert: "and to the 55th Legislature"

-END-

Amd. Coord.
Sec. of Senate

Senator Carrying Bill

601108SC.SRF

MONTANA SENATE
1995 LEGISLATURE
TAXATION COMMITTEE
ROLL CALL VOTE

DATE March 15, 1995 BILL NO. SB 412 NUMBER 1

MOTION: D.P.A.A.

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

SEN:1995
wp:rlclvote.man
CS-11

MONTANA SENATE
1995 LEGISLATURE
TAXATION COMMITTEE
ROLL CALL VOTE

DATE March 15, 1995 BILL NO. ____________ NUMBER 1

MOTION: Sen. Gage moved committee bill

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	

SEN:1995
wp:rlclvote.man
CS-11

S.B. 414: Tax Credit Bill

What is S.B. 414, and how will the tax credit work?

Senate Bill 414 will allow individuals, partnerships, limited liability companies, estates, or business corporations a credit against taxes in an amount of 50% of the aggregate amount of charitable contributions made to any permanent endowment fund of a community foundation located in Montana. The maximum tax credit an individual may claim is $500; the maximum for an estate or business corporation is $10,000 per year. However, because of the generous 50% credit, contributions taken as a tax credit will not also qualify as itemized deductions from Montana income tax, and the credit may not exceed the taxpayer's income tax liability. (Note: a tax deduction is subtracted from a taxpayer's income before the tax is computed; a tax credit is subtracted directly from the taxes owed.)

Example of the out-of-pocket cost for an individual contribution of $100 under the proposed tax credit:

$100	**amount of contribution**
- 50	50% tax credit (not to exceed $500)
- 15	federal tax deduction (15% bracket)
$35	**out-of-pocket cost of contribution**

Where did this proposal come from?

In his State of the State address, Governor Racicot indicated that he would be encouraging an active role for the State in promoting endowed philanthropy to help provide a more secure future for communities across Montana. Toward that end, he appointed a representative Task Force on Endowed Philanthropy to examine options and present recommendations. This draft tax credit bill is its first recommendation to the State.

Why does Montana need a tax credit?

The Task Force designed this tax credit proposal as an initial response to the void in endowed philanthropy in Montana. Although Montanans are generous in many ways, among the fifty states, Montana ranks at or near the bottom with regard to per capita charitable giving, number of foundations, size of foundations, and value of foundation gifts granted and received. Montanans should be concerned about the implications for the future. With few Montana-based major corporations or foundations, Montana must turn to individuals and government to help provide philanthropic resources for the future of our state. Meanwhile, government at all levels continues to shift responsibility back to local communities without providing tools to help communities assume control.

How will a tax credit help?

Montana is vast, and its widely-scattered communities have differing needs and opportunities. This tax credit will encourage Montana communities to start (or expand) permanent endowments that can help them achieve the financial security to devise and implement their own best strategies and solutions. The tax credit will provide an incentive to donors to help demonstrate that endowments will work. The Department of Revenue anticipates the credit will generate $400,000 - $800,000 per year in contributions. This tax credit could mean at least two million dollars in new money coming in to permanent endowments in Montana over the next five years. Experience shows that, once in place, community endowments have a proven track record of successfully attracting additional contributions.

(over)

Why restrict the credit to community foundations?

One reason the bill restricts contributions to permanent endowments of community foundations is that this approach simplifies administration and holds down costs for the Montana Department of Revenue, which will be responsible for administering the tax credit. Another reason is that community foundations can easily and economically establish endowment funds for nonprofit organizations and create affiliate funds for local communities, which will also be eligible for this tax credit. Most nonprofit organizations do not have the administrative capability, investment expertise, oversight experience, and investment guidelines to manage endowments effectively; whereas, community foundations provide professional oversight and administration of funds; better, more cost-effective management of funds; and accurate information about tax advantages for donors. Because community foundations aggregate funds into a larger portfolio, they also provide a better return on investments. Community foundations are structured to accept various kinds of gifts, including real property, charitable remainder trusts, and other more complex ways of giving. It is also important to note that endowments created for a nonprofit can be invaded by a board of directors. When established with a community foundation, the endowment fund must remain permanent, and its principal cannot be invaded. This insures the integrity of the endowment fund. Any organization can benefit from this tax credit simply by establishing within in a Montana community foundation a permanent endowment for purposes that satisfy IRS 501(c)(3) charitable intentions.

How will endowment giving affect contributions for current charitable needs?

Endowments will provide funding for needs now and in the future. Contributors to an organization's annual campaign are often the best candidates to provide additional gifts for endowment purposes. Contributions to endowments tend to be larger gifts, often made in conjunction with planned giving and estate planning. Because they demonstrate an organization's commitment to endure, endowments also can heighten public confidence in that organization and spur increased giving for current needs. By their design, community foundations augment the effectiveness of other charitable organizations and work in cooperation, not in competition, with them. Through endowments, community foundations work to expand the size of the charitable pie, cooperate with other charitable organizations, and provide grants and other resources. Endowment funds will not take money away from existing charities. On the contrary, by attracting bequests and contributions that would not otherwise come to the community, they provide an additional, permanent source of funds to help meet local needs. A tax credit is a simple way to encourage those bequests and contributions.

How much will it cost?

According to the bill's attached fiscal note, S.B. 414 will cost $15,168 in FY 1996 for new tax forms, changes to computer systems, and other administrative costs for corporation license tax and individual income tax, and $2,850 in FY 1997 and each succeeding year for individual income tax. It is estimated that the credit will reduce revenue by $200,000 per year. The bill also specifies that cost of administering the tax credit should not exceed 5% of the total contributions claimed over the five year period.

Has any other state tried this?

S.B. 414 is modelled on a similar tax credit in effect in Michigan since 1988. The Montana bill was drafted following discussions with Dr. Russell Mawby, Chairman and CEO of the W.K. Kellogg Foundation and chief architect of the concept, and representatives of the Council of Michigan Foundations, who helped craft the Michigan bill.

Susan A. Talbot
11 Greenbrier Drive
Missoula, Montana 59802
(406) 549-8438

SENATE TAXATION
DATE March 14, 1995
EXHIBIT NO. 2
BILL NO. SB 414

Testimony in support of Senate Bill 414. Senate Taxation Committee, March 14, 1995.

Thank you, Senator Brown and members of the committee. My name is Sue Talbot and I am here to speak in support of Senate Bill 414.

As a member of the Montana Community Foundation Board since 1988, I have seen the importance of community foundations in the development of permanent endowments which serve the entire state and the whole spectrum of philanthropy . It has bee rewarding to see organizations for which I have been a volunteer invest in security for their futures.

The Missoula Children's Theatre and the International Choral Festival will be able to serve children all over the state and audiences in the future , due to the permanence and stability assured by their endowments with MCF. When I look at other MCF endowments -- the United way of Cascade County, the Plymouth Christian Education Endowment, the YMCA of Billings, the Pondera Medical Center in Conrad, I realize that organizations of many kinds have welcomed the opportunity to begin an endowment by placing it with a community foundation.

Here they know it will be professionally managed, invested, and secure. This endowment creation in our early years was stimulated by offering incentive grants to those over one hundred organizations and private endowments who joined with MCF. Over $360,000 was awarded to those endowments.

Indeed, it is the mission -- the very cornerstone of a community foundation -- to stimulate the establishment of endowments. These are intended to serve the local community -- in our case, the entire state -- now and in the future, and to enhance the quality of community life through the support of a broad range of services -- health, education, economic development, social welfare, arts and culture, conservation and environment. And, MCF can tailor funds to suit the donor's wishes. The second part of our mission is to address community needs by providing leadership and resources.

I assure you, we are not a fly-by-night kind of organization. Community foundations were first started in 1914 and are now the fastest growing field of philanthropy. The Council on Foundations estimates there are over **600** in U.S. with over **$9 billion** in assets in 1993. They gave away over **$650 million** to charitable organizations.

As Governor Racicot has stated, there is a serious lack of endowed philanthropy in Montana. Indeed, that is one of the reasons we began MCF. At that time, there were many people who said it couldn't be done -- Montana was too vast, distances were too great, rural and urban interests wouldn't cooperate, and on and on. Well, I am delighted to report we have proved the skeptics wrong and we have had real success.

What have we accomplished since 1988? Let me tell you very briefly some highlights:

- We raised $3 million in endowment funds to earn $2 million in challenge grants by mid-1991.

- We have expanded the charitable pie and attracted private foundation money of over $3 million which would not otherwise been available to our state.

- We began general grantmaking in 1993. In 1994, we gave away $66, 000 in general grants, with about the same amount given in donor-advised grants.

- Approximately $15,000 went for scholarships to help Montana youth from the various scholarship funds established with MCF.

- MCF was chosen as one of four community foundations in the country to work as a **Ford Foundation partner** to design and implement an initiative aimed at better economic security for rural families, beginning August, 1993. This includes $500,000 in challenge grant money, with extensive technical assistance from Ford.

- In 1994, we provided five free fundraising workshops for non-profit organizations and interested citizens, led by a nationally known fundraiser, in Billings, Glendive, Glasgow, Great Falls and Polson. We also provided two fundrasising consultants to the three Beacon communities for day-long planning and fundraising sessions.

- MCF serves as a catalyst and convener. As a neutral, non-partisan third party, a community foundation can bring together community resources and disparaging groups, taking a leadership role in addressing specific needs and creating new opportunities. Current MCF special projects include the **Montana Competitiveness Initiative,** which brings together business, labor, government, agriculture, Native Americans and the university system to improve the competitiveness of Montana businesses through collaborative efforts and the **Montana Fiscal Forums,** a citizen education program on tax and revenue policy.

- **MCF** also serves as an umbrella organization and fund custodian for other projects such as **the Community Financial Project,** a program of Billings business leaders and Native Americans to assist micro-businesses on the Crow Reservation, funded by Northwest Area Foundation; and the **Women's Capital Fund,** including a revolving loan fund and other assistance to stimulate micro-business development, funded by NWAF, private contributions and the Department of Commerce.

Of course, we make it easy for any charitable organization, local community, association or individual to establish an endowment with us. All they need is $250 to begin -- which must grow to $5000 in five years.

We hope that many more organizations and local communities will establish endowments with community foundations in Montana -- and that the tax credit will enable their supporters and community members -- especially the average donors like most of us -- to help those endowments grow.

We ask for your support of Senate Bill 414. Thank you.

FERGUS COUNTY

SENATE TAXATION
DATE March 14, 1995
3
SB 414

STATE OF MONTANA

Lewistown, Montana 59457

To: Mr. Chairman and Members of the Committee
Presenter: Vern Petersen

I, as most of you wear many hats, but two of mine I will mention are that I am a County Commissioner from Fergus County and I am a board member of the Central Montana Foundation.

Our Foundation is about 12 years old and we have topped a million dollars in assets, none of which are matching grants. They all come from the Community in many forms such as estates contributions etc. These funds are dedicated to a variety of causes as well. Some examples are college scholarships, swimming pool slide, library, Historic preservation, Central Montana Medical Center, Sophomore basketball, Community Athletic Facility, Central Montana Fair, Ambulance and many more.

What this points out to me as an Elected County Official and I will in turn point out to you is that there are alternative ways of funding things other than taxes.

I think we can expand on what we have, to fund, Fire Districts, Councils on Aging, Local addiction programs and many others like these examples.

I believe in this day and age of cut taxes but continue services we must look at many alternatives of funding. This is a good one and Senate Bill #414 will only enhance it.

I ask you to please give SB #414 a do pass as is without amendments.

Thank you,

Vern Petersen

U S WEST Foundation
401 1st Avenue North
Great Falls, Montana 59401
406 771-2515

J. Thomas Alfrey
Foundation Manager

U S WEST
FOUNDATION

SENATE TAXATION
DATE March 14, 1995
EXHIBIT NO. 4
BILL NO. SB 414

March 14, 1995

TESTIMONY

SENATE BILL 414

TAX CREDIT BILL

Testimony provided by:

J. Thomas Alfrey
Community Affairs/Foundation Manager
U S WEST Communications

U S WEST Communications is in the connections business, helping customers share information, entertainment and communications services in local markets worldwide. The U S WEST Foundation is one of the largest corporate foundations in the western United States. The Foundation manages charitable contributions and grantmaking programs on behalf of U S WEST, Inc., and its family of companies.

The Foundations focus areas are Education, Human Services, Arts and Culture and Civic and Community Improvement.

U S WEST strives to be a good corporate citizen by giving back to the communities we serve, however, the need is far greater than the resources available from us, other corporate foundations, businesses and individuals. This need continues to grow as government shifts responsibilites back to the communities.

Endowed Philanthropy through a Tax Credit (S.B. 414) is a way to encourage the citizens of Montana to become involved in the needs of their communites through charitable giving. This will help to fill the gap, particularly on a long term basis.

U S WEST encourages your support of S.B. 414. This bill will begin to position Montana as a state that is doing something to help take care of it's own. Being progressive in this area will also help position us with large out of state foundations and individual philanthropists who will be more likely to invest in Montana projects and programs.

This bill is the beginning to helping Montana towards a future of solid assets rather than a future of debts accumulated to help our fellow Montanans.

VOTE IN FAVOR OF S.B. 414

Thank you!

Tom Alfrey

SENATE TAXATION
DATE March 14, 1995
EXHIBIT NO. 5
BILL NO. SB 414

Montana Fiscal Forums

Reasons for Supporting SB 414

I will outline three reasons why Montana should support the establishment and growth of community foundations, all of which are grounded in my professional experience since my return to Seeley Lake in 1990. I direct the Montana Fiscal Forums which is a project supported by a $208,000 grant from the Northwest Area Foundation in Saint Paul Minnesota. Fiscal Forums in 11 Montana towns provide members with objective revenue and spending data and "safe places" for community leaders to discuss and better understand their fiscal reality and some possible solutions to current fiscal issues.

1. Community Foundations Make It Easier for National Foundations to Make Grants to Montana Organizations Experimental projects such as the Montana Fiscal Forums need an institutional home. The Montana Community Foundation has provided that home for our project and four other projects funded by the Northwest Area Foundation and the Ford Foundation. With a neutral base provided by the Montana Community Foundation, our project has been well received in 11 Montana communities. We draw upon the best economic and fiscal research of state and local governments, the Uof M and MSU and the county extension network to support our work. That neutrality and objectivity in the intensively competitive Montana environment helps attract grants from national foundations that would not be available without community foundations.

2. Private Giving for Public Projects Can Energize Montana Communities In our work with the Lewistown Fiscal Forum we discovered and then documented the critical effect of private giving to expand, enhance, or fund community projects. Marlene Nesary, Editor of the Montana Business Quarterly, and I told the story, "Lewistown: a community profile", in the Summer, 1994 issue of the Quarterly. We found that the citizens of Lewistown and Fergus County are raising something like $1 million per year for targeted community betterment projects and their Central Montana Community Foundation. That amounts to $1 for each $12 of operating spending of the schools, town and county government. Taxes are necessary to support our schools and local governmental services, and Lewistown has demonstrated the power of private philanthropy in corralling public spirit and dollars in support of public projects.

3. Un-incorporated Towns Can Use Community Foundations as Fund Gathering and Organizing Mechanisms to Support Community Vitality My town, Seeley Lake, depends upon Missoula County, two school districts and four special taxing districts for its government. There are approximately 2,500 residents in School District 34 which roughly defines Seeley Lake. As far as I can tell citizens of Seeley Lake are not interested in creating more government, but they may rally around a private community foundation. A community foundation would provide an alternative to yet another government, perpetual bake sales, or unending appeals to local businesses for dollars to support community-determined projects.

I urge you to support SB 414, which would provide tax credits to encourage the formation and growth of community foundations.

Stanley A. Nicholson

SENATE TAXATION
DATE March 14, 1995
EXHIBIT NO. 6
BILL NO. SB 414

Good Morning thank you for allowing me to speak in support of Senate Bill 414

My name is Joan Rudberg and I just retired as Director for United Way in Gallatin County.

Endowment funds are the only way we can insure future eleeomosanary deeds can be served.

Most agencies in Montana either have or have as their goals an endowment fund - most put those funds in a savings account

An endowment such as Montana Community Foundation is a win-win

We pay no administrative charges or duplications
We are in a large portfolio which allows us to receive a better return for our money and the endowment fund can seek other grants to match monies raised - We also have established credibity to increase our individual agency endowments

Montanans that are planning for the future should be rewarded - we have too few stewards

This is not a competion - it is a collaborative effort - funds placed in by individual agencies can be designated be it arts, human services, the environment etc.

Government can neither continue to be all thing to all people nor should it - most non-profits do a better job - nothing beats volunteers.

SENATE TAXATION
DATE March 14, 1995
NO. 7
SB 414

TESTIMONY OF JOHN HEIZER, M.D., BILLINGS, IN SUPPORT OF SENATE BILL 414, PROVIDING A TAX CREDIT FOR CONTRIBUTIONS MADE TO GENERAL ENDOWMENT FUNDS OF COMMUNITY FOUNDATIONS, BEFORE THE SENATE TAXATION COMMITTEE, TUESDAY, MARCH 14, 1995.

I am John Heizer, a retired cardiovascular surgeon from Billings, and I serve as a Greater Yellowstone Regional Representative for the Montana Community Foundation. I am involved with the community foundation and support Senate Bill 414 because of my interest in Montana's future.

For me, Montana has been a great place to live, to practice medicine and to raise a family. I would like to see our state remain the "last best place" and retain the special qualities which have made Montana the "last best place." I believe the best way to do so is for the people of Montana to have a permanent savings account.

Community foundations provide the opportunity and the ideal means for this savings account through permanent endowment. The tax credit will be a positive incentive to increase the number and amount of contributions for this purpose. It will also help in efforts to educate Montanans about the value of permanent endowment.

In my view, anyone's long-term survival plan should include having money in the bank to provide the financial resources to meet needs which may now be unknown and unpredictable. This is necessary first of all for survival, and, once those needs are met, it is important to have the resources for other vital issues, such as helping small business thrive and preserving our environment.

Most of all, I believe the incentive provided by the tax credit, will help continue and strengthen the charitable attitudes I have observed in those who hold leadership positions in the Montana Community Foundation.

It is critical that we invest and save to provide for our future. However, it is more usual for government to borrow against the future, rather than save for it. I hope that you will ensure the means for government to support a sound plan for investing in the future by supporting Senate Bill 414.

Thank you very much.

SENATE TAXATION
DATE March 14, 1995
EXHIBIT NO. 8
BILL NO. SB 414

MONTANA CULTURAL ADVOCACY AMENDMENTS TO SB NO. 414

1. page 1, lines 16-18
   delete: lines 16-18

2. page 1, line 30 and page 2, lines 1-2
   delete: page 1, line 30 and page 2, lines 1-2

3. page 2, line 13
   after: "fund"
   delete: "of a community foundation"

4. page 3, line 2
   after: "endowment"
   delete: "of a community foundation"

5. page 3, lines 6-7
   after: "fund"
   delete: "of a community foundation"

Without the amendments the MCA must oppose SB No. 414. MCA strongly endorses the concept of providing financial incentives through tax credits for all not-for-profit organizations, not just community foundations. Why would a business corporation give to the general endowment of a community theater or museum when a tax credit is available only when giving to the Montana Community Foundation? Other cultural groups want to control their own resources rather than having to "pass the donation through" a community foundation. Passage of SB 414 without these amendments would give legislative endorsement to one cultural group over another without any justification for doing so. Tax policy should discriminate only when there is a rational and justifiable reason.

K. Paul Stahl
Chair, Montana Cultural Advocacy

SENATE TAXATION
DATE March 14, 1995
EXHIBIT NO. 9
BILL NO. SB 414

To: Senate Taxation Committee

From: Tom Cote, Scobey, Montana
Representing the Beacon Community Foundation

RE: STATE TAX CREDIT FOR ENDOWED PHILANTHROPY - SB 414

This testimony is submitted in support of Senate Bill 414 that would provide for a tax credit for contributions made to the general endowment funds of community foundations.

For the past three years, I had been the project director for the Scobey Alumni Foundation, Inc. (SAFI), a nonprofit organization formed to meet the educational needs of our rural community members. Last spring, SAFI submitted a proposal to the Montana Community Foundation (MCF) in hopes of being part of the Ford Foundation's "Rural Initiative Program." Scobey was selected as one of the three "Beacon Communities," and we have established a community foundation for Daniels County called the Beacon Community Foundation. The Ford Foundation would only make their grant to a community foundation. Without MCF, the Ford Foundation's program would not have been available to us.

The grant from MCF under the "Rural Initiative Program" amounted to $117,000 for the community to pursue programs that would promote the economic stability and viability of the community. The only requirement was for the community to establish its own community foundation with matching funds. We were able to establish our community fund immediately because MCF already had the structure in place for which we could function as a charitable organization, utilize the benefits of pooled investments, and have a guarantee on the permanency of an endowment fund. In addition to structure, MCF has been providing us with technical assistance on the projects we are pursuing. Just this last fall they sponsored a fund raising workshop which helped us in planning for long-term giving. I have had the pleasure of working with MCF personally, and I know they are genuine in their concern for rural communities. The partnership we have formed with MCF has opened many resources not previously available to our community.

MCF was looking for communities that could demonstrate their ability to promote the stability and viability of their rural community. Viability is the capability of success or continuing effectiveness. The people of Daniels County have proven their viability through previously completed projects. As far as being a stable community, few communities can match their track record for being "consistently dependable" or "resistant to sudden changes."

Daniels County has a great history of raising money for local projects as they arise. Our community has been successful on many projects. There are communities across Montana that could match project for project what has been accomplished in Daniels County. Community members dedicated to preserving the rural way of life which includes high morals, sound ethics, hard work, and many volunteers. The story that is not being told is what is going on between the successful fund raising projects. There is no program within the community that deals with long-term financial planning for the community's future needs. We have been taught to take care of what has to be done today. Those needs of tomorrow will be dealt with when they reach a crisis level.

This cannot continue if we are to maintain our rural way of life. The problem is that the community is not accustomed to giving to a "community endowment fund." This community savings account would be a source of funds to help fund future projects that would promote the stability and viability of the rural community, whatever they may be. But this is a new idea for our rural community, a community that has maintained its existence by raising money only when needed. This is where the stability of the community surfaces. They are resistant to change the way they raise money for community projects because they have been so successful. The other problem is that each time they raise money it is for some tangible project; an ambulance, a senior citizens center, a firehall, all things they can see and touch. This is a major hurdle for our community foundation to overcome.

Our goal is to convince the people that an endowment fund will assist in meeting the needs of the community over and over again. The people do give to charities in our area, but the large donations, the $300,000 contributions, are not going to community charities. Just in Daniels County alone, there are numerous individuals who have given to large foundations outside of Daniels County and Montana. One reason is that there has not been a community foundation in place for the people to give. Another reason is that we are dealing with people who have given for projects that result in tangible benefits. We cannot tell them that their donation to a community fund will build the "new wing" or "feed the poor in Africa," all we can really tell them is that their gift today will be returned to the community over and over through future projects. But they still want to know what future projects, and it is all but impossible to know what those future community needs will be.

With Senate Bill 414, we would be able to build the community endowment fund on the back of the tax credit initially. It would give us the ability to overcome the hesitation of individuals to give by showing them the tremendous tax credit they would receive. This would give our community foundation time to develop and promote this new concept within our community, time to grow in experience, and to raise enough dollars to be ready to meet the future needs of our community. About the time the tax credit runs out, we will be standing on our experience and projects completed with the financial assistance from the community endowment fund.

On behalf of the Daniels County and the Beacon Community Foundation, passage of Senate Bill 414 will give our rural communities the thrust needed to develop and promote the idea of community endowment funds. I truly believe community endowment funds will grow once people are educated on the benefits of giving back to their community through a permanent community endowment fund. They may well be the single most positive factor for the future of the rural community, next to its people.

Sincerely,

Thomas Cote

Thomas D. Cote, CPA

MAYOR: RONALD AUDET

CITY COUNCIL:
ROBERT HAUGO
JAY CRANDELL
JON BAKER
DAROLD GIRARD

CITY OF SCOBEY

706 First Avenue West
P.O. Box 68 SCOBEY, MONTANA 59263

Thomas Kibbe,
Administrative Assistant,
Finance Director
Art Holum,
Shop Foreman
Phyllis Kaul,
Deputy Clerk

Phone 406 487-5581

SENATE TAXATION
March 14, 1995
10
SB 414

March 13, 1995

Senator Devlin, Chairman and
Members of the Senate Taxation Committee

Re: SB 414 Providing for a tax credit for contributions made to the general endowment fund of community foundations.

Dear Senator Devlin and members of the Committee,

I would like to take this opportunity to support SB 414 which would allow a tax credit for contributions made to community foundations.

Montana has very few foundations which is quite suprising for a state this large and diverse. I believe a tax credit on contributions will stimulate growth of these important funding sources.

In our community many projects are funded only through the efforts of volunteers participating in fund raising projects. A community foundation stimulated by contributions for which the donors were receiving tax credit could make available a source of revenue which is currently not available due to economic situations.

I do not need to remind you that as the Federal and State government shift responsibilities back to local governments, often times without funding sources, efforts of volunteers and alternative sources of revenue for community based projects becomes more and more important.

We in Montana are not blessed with an abundance of large corporate sponsors for community foundations, therefore, some assistance in the form of a tax credit seems reasonable and prudent.

You have the opportunity to allow Montanans to invest in Montana, please support SB 414.

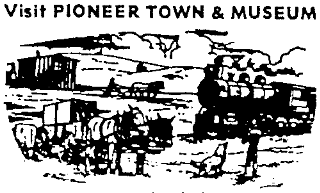
Thank you in advance for your careful consideration.

Sincerely,

Ronald Audet

Ronald Audet, Mayor
City of Scobey

Visit PIONEER TOWN & MUSEUM



SENATE TAXATION
DATE March 14, 1995
EXHIBIT NO. 11
BILL NO. SB 414

Tom Kibbe

P.O. Box 1125 • Scobey, Montana 59263 • ~~Telephone (406) 487-5010~~

March 13, 1995

Senator Gerry Devlin, Chairman and
Senate Taxation Committee Members

<u>RE: SB 414</u> Tax credit for contributions made to community foundations.

Senator Devlin and Committee Members,

As a volunteer worker in my community who has been called upon many times to assist in fund-raising activities I would request your support of SB 414.

Community foundations have the capability of filling a void in most Montana communities. Community foundations can keep Montana dollars at home and provide a way for local donors to invest in their own community.

A tax credit on these dollars would "jump start" many foundations and provide future consideration for business and corporate sponsors.

I am sure you have been exposed to representatives from out of state foundations requesting contribuitions in your own community. The dollars used to support these out of state foundations are gone forever from Montana. They may be used for Universities, Churches, Boys and Girls Groups, or whatever, but the point is these monies could be used for the same purposes locally.

Community foundations provide an opportunity to invest in Montana and your support of this bill, will give community foundations a vital tool in their effort to assist all Montanans.

Thank you for your consideration and support of SB 414.

Sincerely,

Tom Kibbe

Tom Kibbe, Director
Montana Community Foundation

Daniels-Sheridan Federal Credit Union

P.O. Box 1160
404 Main Street
Scobey, Montana 59263
(406) 487-5391 FAX (406) 487-5400

P.O. Box 267
112 Main Street
Medicine Lake, MT 59247
(406) 789-2209

SENATE TAXATION
DATE March 14, 1995
EXHIBIT NO. 13
BILL NO. SB 414

March 10, 1995

TO THE SENATE TAXATION COMMITTEE:

I applaud Bob Brown, the primary sponsor of SB414, and Governor Racicot for taking an active role in promoting endowed philanthropy in the State of Montana. We must recognize the need to look to individuals for a more active role in monetary support of their communities. Establishment of community endowment agencies must be encouraged and then we must provide incentive to fund them.

Government at all levels continues to shift responsibility back to local communities without providing tools to help communities assume control. The realization that government cannot afford to be "all things to all" is slowly becoming reality and the politicians are beginning to believe it. The manner in which much of our tax dollar has been spent up to now is nothing short of pathetic, but we must be open minded enough to recognize good legislation when it is presented. And I feel that SB414 is good legislation.

This is what must be done to fill the void in philanthropy in Montana. Much of our philanthropic giving in Montana is directed to institutions, etc. outside our state boundaries and even more so, outside the giver's own economic area. If we could persuade those inclined to give that their own area is in need of their philanthropy, we would be accomplishing much in the way improving and maintaining rural Montana.

This is the role government was meant to play in economic development and we must encourage continued attention to legislation of this type.

Sincerely yours,

Patricia P. Audet

Patricia P. Audet
President

SENATE TAXATION
DATE March 14, 1995
EXHIBIT NO. 13
BILL NO. SB 414

Joyce Grande
Lennep Route
Martinsdale, Montana 59053

March 14, 1995

To: Senate Taxation Committee

I am Joyce Grande, a Big Sky Regional Representative of the Montana Community Foundation. I also serve as a member of the Regional Advisory Board of the Museum of the Rockies and as Chairman of the Research, Education and Endowment Foundation of Montana Stockgrowers Association.

I support Senate Bill 414.

Over the years, I have learned that money which is invested well to provide a dependable and regular income is pretty important to individuals and to communities. Alas, too few individuals and very few communities have trustworthy endowments for the things they would like to do.

We who live in rural Montana usually pay our bills and do a little something extra when its a "good year" and there is money. In poor years, we cut back some and rely on our good credit. Somehow we fail to set money aside for a steady, reliable source of income in those poor years of the future. Ranchers are guilty, communities are guilty and sometimes state legislatures are guilty. When a good opportunity comes up that will enhance whatever entity we represent, we fail to have an endowment with its income to be drawn.

And most of us don't understand what an endowment is. In Meagher County, when we needed to improve the hospital or library or had a special project, we just ran to Alberta with our hands out. Now we must prepare a grant request and send it to the Bair Family Trust, then wait and hope and wonder if we will get the money. That's for the big stuff.

For smaller things, (Volunteer Firemen, High School Annual, 4-H, etc.) we just go around and beg for small checks. Some are pretty small, but they add up and we get the job done. And those who give us the checks can wonder if it is legitimately tax-deductible.

Wouldn't it be lovely to have a more dependable way?

A tax credit would be a strong incentive to start and build community foundation endowment funds. Saving a little from what we send the government gives such a sense of triumph and satisfaction.

Our money could stay at home, meeting local needs, but managed and invested professionally through the Montana Community Foundation.

Main Street businessmen could write a good-sized check to the Foundation instead of those weekly little checks to each do-gooder who comes by begging for a special project - and get a tax credit for it. Ranchers and others who want to leave a sizeable bequest to benefit the local area could do so easily - and also receive a healthy tax credit.

We do have some knowledge about endowments in our county. To be specific:

Many years ago, a former resident left his entire estate to the county. The County Commissioners of that time, in their infinite wisdom, decided to invest this money and use only the income. First, they paid a debt on the new nursing home and now they fund the operating costs of the hospital. Instead of using it all at once, this decision ensured continued critical funding for the hospital.

The Meagher County Historical Society has begun a small endowment with the Montana Community Foundation and we hope to be able to build on this good beginning.

One more story of what an endowment is doing in our community: Through hard work and a lot of time, all volunteer of course, we have public television in White

Sulphur Springs. And we have a local woman who has started a video program operated by some mighty interested young people.

With help from the high school journalism teacher, BJ and the students produce a news show instead of the usual high school paper. With help from some 4H leaders, BJ and the members produce a weekly 4-H video magazine. They film public meetings and interview participants. They were hired to produce a professional quality informational video for the 4-H Foundation, and it is now being aired throughout the state.

This year, these students made a grant application to the Montana Community Foundation for a pilot series entitled "Montana Teen Vision." It will deal with the consequences of teen behavior in the areas of alcohol and drug abuse and other health and social teen issues. These young people want to communicate with other teen-agers, hoping to have a more positive impact than another scolding from adults.

The series will be distributed through other low-power public TV stations, a potential broadcast audience of 150,000, and the series will be available to all Montana high schools and libraries.

I am proud to tell you that the Montana Community Foundation made this project a reality by awarding it a $5000 grant from its Unrestricted Endowment Fund at the end of 1994.

The teens perform as talent, camera operators, interviewers, technical directors, switchers, floor directors and editors. Teachers, local doctors, social workers and other community leaders have agreed to participate. BJ and her adult helpers will be executive producers, teachers of video skills and resource providers. While these young people may not make television a career, they are learning the business skills of planning, research, budgeting, keeping track of the money involved and marketing. And, the series may well have a real influence for good on the behavior of other

Montana teens.

I have one more story about endowments. Though it is not a local fund, it is about a subject I personally consider very worthwhile. Along with other endowment monies, the Museum of the Rockies has a small endowment with the Montana Community Foundation. It is important to note that several organizations have endowments in more than one place. The Museum, like other organizations who have funds with MCF, will be able to take advantage of the tax credit.

At this time when national and state government are considering turning some responsibility for their own welfare back to the local communities, I suggest that this tax credit could be the inspiration for building endowments to be created, developed and disbursed by local citizens.

The opportunity to build a local community endowment with the incentive of a tax credit could make a significant difference in the future of rural Montana communities.

Thank you.

What is a Community Foundation?

Council of Michigan Foundations
Community Foundation - Working Definition

Approved at the
CMF Board Meeting
February 26, 1991

The Council of Michigan Foundations adopts the following Definition for Community Foundations. The Definition is intended as a basis for determining community foundation membership eligibility in the Council. It will also provide guidelines for the Council in providing technical assistance to member community foundations and, as appropriate, in other Council programs relating to community foundations.

It should be emphasized that there is no official definition of a community foundation in federal or Michigan law. The Definition was drawn by CMF from the provisions and requirements of the U.S. Internal Revenue Code and related Treasury Regulations.

The Definition is followed by a Glossary of technical and legal terms. Reference to the Glossary is critical for the proper application of the Definition since the terms in these sections are often used in a specific technical or legal sense. The two sections are to be taken together as reference for the Council. CMF expects and welcomes comments from community foundation colleagues as the field moves toward greater precision and clarity regarding the core activities and common characteristics of community foundations.

Definition

1. A community foundation is a tax-exempt, independent publicly supported philanthropic organization organized and operated as a permanent collection of endowed funds for the longterm benefit of a defined geographic area. The foundation is commonly known as a community trust, fund or foundation or a similar name conveying the concept of an endowment fund to support charitable activities in the geographic area served.

2. It seeks new, typically large, contributions of permanent endowment from a wide range of donors who are

generally indigenous to the area, and provides services to assist those donors in fulfilling their philanthropic interests. The community foundation generally encourages donors to make unrestricted gifts in order to build a flexible, permanent endowment.

3. Using interest income from invested assets, a community foundation functions primarily as a grantmaking institution supporting a broad range of charitable activities that creatively address emerging and changing community needs. A community foundation may also provide leadership on pervasive community problems by serving as a facilitator, convener or mediator around significant community issues, and provides technical advice to area nonprofits.

4. A community foundation has an independent governing body representing the broad interests of the community, with members serving limited terms and without compensation. The foundation is not controlled or influenced by other organizations, government units or charities, and adheres to a sense of "community" that overrides interests and objectives of any particular individuals and groups.

5. A community foundation's funds are invested, either by trustee banks and/or the foundation's governing body, to preserve the value of substantially all of the contributions received as permanent assets of the organization. Annual audits are performed and investment managers undergo periodic review by the governing body to ensure a reasonable rate of return on all funds entrusted to the foundation.

6. A common governing instrument covers all gifts and funds, including a "variance power" to modify the use of restricted funds if such restrictions become unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community or area served.

7. A community foundation is committed to the principles of equity and diversity, inclusiveness, and public accountability.

Glossary of Technical and Legal Terms

The following definition and characteristics are an integral part of this definition and serve to clarify and interpret its intent:

Tax exempt

The community foundation qualifies for exemption from federal tax under section 501(c)(3) of the Internal Revenue Code, as evidenced by receipt of an IRS tax exemption letter and continued listing in IRS Publication 78.

Publicly supported

The community foundation is publicly supported as defined by the regulations of the U.S. Department of Treasury, 26 C.F.R. 1.170A-9(e)(10), and is meeting the public support test through direct contributions.

Philanthropic

All legal and public relations materials reflect a mission of philanthropic service. This means grants and activities devoted to systemic change, enhancement of community activities, as well as direct relief of suffering.

Permanent

All legal and public relations documents state permanent funds are the primary mission of the community foundation. Community foundations with experience have a record of attracting, receiving, and investing permanent funds.

Endowed funds

All legal and public relations documents state that endowment funds are the mission of the community foundation, i.e., funds created to

EXHIBIT 14
DATE 3-14-95
SB 414

provide income which will be used for charitable purposes. A community foundation can demonstrate that significant endowed funds exist.

Defined Geographic Area

The community foundation serves a geographic area of natural cohesion such as municipality, county or state that has adequate indigenous resources to support the long-term growth and development of the foundation. The communit foundation's name and all legal and public relations materials indicate the geographic area of service. Grantmaking records demonstrate that grants are overwhelmingly made for the benefit of the defined area.

Seeks new, typically large, contributions

Growth in assets comes primarily from new gifts, generallysignificant in size and often initially from a small number of donors. Matur community foundations typically attract contributions from a large number of donors.

Broad range of charitable activities

Records indicate that grants, loans and other services promote the public good in a wide variety of fields of interest and that grantees an the purposes of the grants change over time. Foundations whose charitable activity has a limited number of targeted and specific activities, rather than serving the general charitable purposes of the specific geographic area, are not community foundations.

Creatively addresses emerging and changing needs

A community foundation plays a leadership role in identifying immediate and emerging needs in the community, especially as they affect underserved populations, and supports progressive new ideas and programs designed to address those needs. A community foundation generally does not support the annual operating costs of area nonprofits, but assists nonprofits in specific need which aid or enlarge their scope of service.

Independent governing body

Legal and public relations documents and practices indicate that the governing body is independent of other entities. When appointing authorities are in place, no one appointing agent or related agents names a majority of members.

Independent of other organizations

The community foundation is not controlled by or subject to the influence of another organization or group of organizations such as governmental units, and is not a supporting organization as defined under section 509(a)(3) of the Internal Revenue Code and the relevant U.S. Treasury regulations.

Broadly representative of the community

The composition of the organization in its advisory committees, governing body and staff reflects the demographic characteristics of the community such as ethnicity and gender, and includes members knowledge-able of the community and recognized for their personal involvement in civic affairs.

Common governing instruments

The community foundation meets the requirements for treatment of a single entity contained in the regulations of the U.S. Department of Treasury 26 C.F.R. 1.170A-9(e)(11). (See Footnote at the end.)

1. The organization must be commonly know as a community trust, fund or foundation or similar name conveying the concept of an endowment fund to support charitable activities in the geographic area served.

2. All funds must be subject to a common governing instrument (i.e., articles and/or by-laws or a master trust agreement).

3. The organization must have a common governing body which directs the distribution of all funds for charitable purposes.

4. The governing body must have the power to:
   a. modify any restrictions or conditions on the distribution of funds if such limits become unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community or area served;
   b. replace any trustee, custodian o agent for breach of fiduciary duty; and
   c. replace any trustee, custodian o agent for failure to produce a reasonable return of net income

5. The organization must prepare periodic financial reports treating all funds as funds of the organization.

EXHIBIT 14
DATE 3-14-95
SB 414

Principles of equity and diversity

Staff, members of the governing body, advisory committees, and grantmaking policies and procedures reflect the demographic characteristics of the community relative to its diversity such as ethnicity and gender.

Inclusiveness

Grantmaking policies and guidelines have been adopted to inform the public. They delineate the community foundation's own priorities and funding restrictions to encourage the fullest possible public participation in grant applications. Policies and guidelines are periodically revised to make certain that they reflect current and emerging community concerns.

Public accountability

At a minimum, the community foundation publishes and disseminates an annual report presenting organizational and financial information.

Footnote: Community foundations are described in U.S. Department of Treasury 26 C.F.R. 1.170A-9(e). A full and careful reading of the regulations is required and suggested.

Council of Michigan Foundations
One South Harbor Avenue, Suite 3
P.O. Box 599
Grand Haven, Michigan 49417
616-842-7080
Fax: 616-842-1760

Printed on Recycled Paper

SENATE TAXATION
DATE March 14, 199
EXHIBIT NO. 15
BILL NO. SB 414

The MONTANA COMMUNITY FOUNDATION

Executive Offices: 111 N. Last Chance Gulch, Suite 3-D Helena, Montana 59601

406/443-8313; 1-800/443-8314 (In MT) Fax: 406/442-0482

INVESTMENT POLICIES

(As adopted by the Board of Directors June 11, 1994.)

MONTANA COMMUNITY FOUNDATION, INC.

I. Investment Manager Guidelines

1. Purpose of Statement

A. The purpose of this Statement of Investment Policy (hereinafter referred to as the "Statement") is to establish, document and communicate to the Investment Manager(s) the investment goals, philosophy, guidelines and tolerance for risk of the Montana Community Foundation, Inc. (hereinafter referred to as the "Fund").

B. It is intended that this Statement provide meaningful guidance in the management of the fund's assets.

2. General Issues

A. Organization. Montana Community Foundation, Inc., was incorporated on January 29, 1988 and began operations in July, 1988. The primary purpose of the foundation is to receive and accept property to be administered exclusively for charitable purposes, primarily for the benefit of inhabitants of the state of Montana.

B. Parties of Interest

1. **Board of Directors.** The Board bears ultimate responsibility for the Fund and the appropriateness of its investment policy and execution. This includes establishing clear and reasonable investment objectives, asset allocation parameters between asset classes, guidelines, and goals, and tolerance for risk as documented in this Statement.

2. **Investment Committee.** The Investment Committee is established by the Board and is responsible for all aspects of the investments of the Fund's assets. This includes:

   (a) hiring an Investment Manager(s) who has/have an investment philosophy that is consistent with the philosophy of the Board, and who can reasonably be expected to adhere to the Board's investment guidelines and to meet the Board's investment objectives stated herein;

   (b) communicating to the Investment Manager(s) its current and any future changes to its role and responsibilities;

   (c) terminating any Investment Manager(s) who does not adequately discharge its duties, including but not limited to the failure to meet the investment objectives, failure to adhere to the investment guidelines or failure to adequately communicate with the Board or Investment Committee; and

   (d) evaluating the performance of the Investment Manager(s) with regard to the investment goals, guidelines and objectives stated herein.

3. **Investment Manager(s)**. The Investment Manager(s) is responsible for the day-to-day investment of the Fund's assets. Within the investment guidelines described herein, the Investment Manager(s) has discretionary authority to determine the individual securities, bond maturities and quality, security transactions and turnover. The Investment Manager(s) is expected to meet the investment objectives and adhere to the investment goals and guidelines stated herein. The Investment Manager(s) has the authority to vote all proxies received for assets held in the Fund.

3. Investment Goals and Philosophy

A. General. The investment goals stated in Section **III. B** below explain the investment philosophy of the Board and general goals of the investments of the Fund. They should provide the Investment Manager with an understanding of the Board's risk tolerance and the relative importance of other issues. The Fund's assets are to be invested as a balanced portfolio consisting of equity, fixed income and cash equivalent securities in a moderately conservative manner. The Board shall determine overall asset allocation between asset classes. Equity investment managers shall invest the equity portion and fixed investment managers shall invest the fixed income portion.

B. Goals and Philosophy. Stated below are the investment goals of the Fund and the investment philosophy of the Board.

1. **Current Income.** Generate a level of current income sufficient to meet withdrawal needs. Any shortfall in current income required to meet spending needs may be made from net capital appreciation.

2. **Long-Term Growth of Capital**. The asset value of the Fund, exclusive of contributions or withdrawals, should grow in the long run exceeding the rate of inflation and earn through a combination of investment income and capital appreciation a rate of return in excess of the Foundation's annual distribution rate.

4. Investment Guidelines and Restrictions

A. General. The purchase and sale of securities should be transacted and capital gains and losses should be realized based upon the merit of the investment without consideration of capital gains and losses. Investment should be limited to only liquid securities which have readily available prices and which have sufficient trading volume so that the securities can be purchased and sold easily without significantly impacting the prices of the securities.

B. Portfolio Volatility and Risk. The volatility of the quarterly rates of return should be controlled to preserve capital. It is expected that the volatility of the equity and fixed income segments will be reasonably close to the volatility of appropriate market indices.

C. Asset Allocation. It shall be the policy of the Fund to invest the assets in accordance with the maximum and minimum range for each asset category as stated below.

Asset Category	Minimum	Policy	Maximum
Equity	25%	55%	70%
Fixed Income	25%	45%	65%
Cash & Equivalents	0%	0%	20%

The Asset Mix Policy and acceptable minimum and maximum ranges established by the Board represent a long-term view. As such, rapid and significant market movements may cause the Fund's actual asset mix to fall outside the policy range, but any divergence should be of a short-term nature.

D. Fixed Income Guidelines for Fixed Income Managers(s)

1. These guidelines apply to fixed income securities with greater than one year to maturity.

2. The purpose of holding fixed income assets in the Fund is to provide income, help control the volatility of the rate of return of the total portfolio, and to preserve capital.

3. The weighted (by market) average maturity of the fixed income portfolio, excluding pass-through securities, should not exceed ten years.

4. The minimum quality rating of any single fixed income security held in the Fund is "A" by Standard and Poor's and "A" by Moody's.

5. At a maximum, no more than 5% of the market value of the Fund's assets should be held in the fixed income securities of any single issuer, exclusive of U.S. Government securities and Federal agency securities.

E. Cash Equivalent Securities Guidelines for Equity and Fixed Income Manager(s)

1. Cash equivalent securities are defined to be securities with one year or less to maturity at time of issue.

2. The purpose of holding cash equivalent securities is to have cash available for anticipated withdrawals and to be an investment vehicle to be used by the Investment Manager(s) when equity, fixed income or other securities are sold and no attractive equity or fixed income securities are available for purchase.

3. The minimum rating of any single issue of Commercial Paper held in the Fund should be by Standard and Poor's "A1" and "P1" by Moody's.

4. At a maximum, 5% of the market value of the total Fund assets are to be held in the cash equivalent securities of any single issue, excluding U.S. Government securities and Federal agency securities.

F. Equities Guidelines for Equity Investment Manager(s)

1. Unless otherwise noted, equities include common and convertible preferred stocks and convertible bonds.

2. The purpose of holding equity securities is to provide capital growth for the fund.

3. At a maximum, no more than 5% of the cost value of the fund's assets should be held in the equity securities of any one issue.

4. All common and convertible preferred stock (and preferred stocks) held in the portfolio should be traded on the New York or American Stock Exchange or using the NASD National Market trading system.

G. Total Fund. At a maximum,no more than 5% of the assets of the Fund at market may be held in the securities of any single issue with the exception of the U.S. Government or its Federal agencies. The following types of securities are permitted in the Fund, subject to other guidelines and policies stated herein.

EXHIBIT 15
DATE 3-14-95
SB 414

Equities

Common Stocks
Convertible Preferred Stocks
Convertible Bonds
American Depository Receipts
Preferred Stocks

Fixed Income

Mutual Funds
U.S. Government Securities
U.S. Government Agency Securities
Corporate Bonds
Mortgage-Backed Pass-Through Securities
Other Asset-Backed Pass-Through Securities (e.g., bonds backed by credit card receivables, auto loans)
Collateralized Mortgage Obligations

Cash Equivalents

Certificates of Deposit
Commercial Paper
Bankers Acceptances
U.S. Government Securities
Short-Term Investment Funds (or other money market funds)

Other

Warrants and Rights

5. Investment Objectives

A. General. The investment objectives stated below are believed to be reasonable and obtainable by the Investment Manager(s) within the stated investment restrictions and guidelines, and are consistent with the investment philosophy and goals of the Fund and the nature and structure of the Fund. The investment objectives are to be achieved over a three-to-five year time horizon.

B. Objectives

1. **Total Portfolio**. (a) Exceed the Policy Index on an annualized basis The Policy Index is composed of 55% Standard and Poor's 500 (S & P 500) stock index and 45% Merrill Lynch Government Corporate Bond Index, "A" rated or better. (b) On an annualized basis, exceed the rate of Inflation as measured by the Consumer Price Index, by 3.5%. (c) The Fund is to perform at least as well as the median account of the Merrill Lynch Balanced Fund Universe.

2. **Equity Portfolio**. (a) Exceed the Standard & Poor's 500 by 50 basis points. (b) The Equity Portfolio is to perform at least as well as the median account of the Merrill Lynch Equity Fund Universe.

3. **Fixed Income Portfolio**. (a) Exceed the Merrill lynch Government Corporate Bond Index, A rate or better by 25 basis points. (b) The Fixed Income portfolio is to perform at least as well as the median account of the Merrill Lynch Fixed Income Fund Universe.

6. Investment Performance Review

A. Purpose. The purpose for reviewing the investment performance of the fund and its Investment Manager(s) are to:

1. Fulfill the fiduciary responsibility of the Board to monitor the performance of the Investment Manager(s);

2. determine if the Investment Manager(s) is meeting its investment objectives and to ensure that the Investment Manager(s) is adhering to its investment guidelines and restrictions;

3. ensure that the Investment Manager(s) has not taken excessive risk in achieving the rates of return; and

4. determine if the Investment Manager(s) has added value through active management (e.g., security selection, changes in asset allocation).

B. Comparisons

1. The total portfolio performance will be compared against the investment goals described in Section III.B. and specially constructed market indices, including the Policy Index described in Section V.B.

2. The performance of the total portfolio and each asset category will be assessed on a risk-adjusted basis to help determine if the Investment Manager(s) has added value through active management.

3. The rate of return of the total portfolio will be compared against the Merrill Lynch Fund Universes.

C. Reporting

1. Performance measurement reports will be mailed to Investment Committee members and the Executive Director on a quarterly basis.

2. A Financial Consultant or other qualified representative of Merrill Lynch will meet with the Board or Investment Committee designated representatives to review the performance of the fund and of the Investment Manger(s) as requested.

7. Communications

A. Responsibilities of the Investment Committee. The Investment Committee will advise the Investment Manager(s) of current and future changes in the nature and structure of the Fund, the assets to be managed, the level of expected contribution to or withdrawals from the Investment Manager(s), the investment objectives against which the Investment Manager(s) will be assessed, and the investment guidelines and restrictions to which it must adhere.

B. Responsibilities of the Investment Manager(s)

1. Written Reports. On a quarterly basis, the Investment Manager(s) will provide the Board with a list of the assets held in the Fund, transactions that occurred during the latest quarter and year-to-date, a report of capital gains and losses, and a summary of the investment performance of the Investment Managers; provide a quarterly "market commentary" explaining the performance of the Investment Manager(s), its beliefs about the current and expected future investment environment, and a description of the current investment portfolio strategy; explain any and all occurrences when the portfolio falls outside of the guidelines and policies stated in Section IV.

2. **Meetings with the Board**. On an annual basis, a qualified representative of the Investment Manager(s) will meet with the Investment Committee, and review the investment environment, and its current investment strategy.

C. **Other**. Inform the Investment Committee immediately of major changes in the Firm, including a change in ownership, the departure of one or more investment professionals or a change in investment style and/or approach.

8. Summary

A. This Statement will be reviewed, at a minimum, on an annual basis and will be revised if necessary.

B. This Statement is meant, among other things, to provide guidance to the Investment Manager(s) in its management of the Fund's assets. It is believed that the investment guidelines and policies stated herein are sufficiently flexible to achieve the investment goals described herein.

C. This Statement and any subsequent revisions should be reviewed by the Investment Manager(s) immediately upon receipt of this Statement. If the Investment Manager(s) disagrees with any part of this Statement, the concerns should be communicated to the Investment Committee. Failure to do so will be assumed to mean that the Investment Manager(s) accepts this Statement as written in its entirety.

D. The Investment Manager(s) should always be aware that the assets of the Fund are to be managed consistent with the safeguards and diversity to which a prudent investor would adhere, i.e., exercising judgment and care, under the circumstances prevailing, which persons of ordinary prudence would employ in the management of their own affairs...not in regard to speculation, but to the permanent disposition of their funds, considering both income and safety of capital.

Adopted this _______ day of _____________, 1994.

For the Montana Community Foundation, Inc.

____________________ Director	____________________ Director
____________________ Director	____________________ Director

II. GUIDELINES FOR ACCEPTANCE OF REAL AND PERSONAL PROPERTY GIFTS

The Montana Community Foundation encourages the gifts of real and personal property to the Foundation as a means of furthering the purposes of the Foundation. The gift of real and personal property may, in specific instances, be the most advantageous gifting method for the donor.

Policy The Foundation may accept a real or personal property gift if it is in accordance with the purposes of the Foundation, will not incur inappropriate future Foundation liabilities, and the conditions of acceptance are clearly specified.

Procedures

In compliance with this policy, prior to accepting a gift of real or personal property, the Foundation will:

1. obtain a written statement of the specific intentions of the donor;

2. clarify any donor disposition restrictions applicable to the gift;

3. determine the value of the gift on the date title is to be transferred to the Foundation; and

4. determine Foundation acquisition, disposition, and operational costs relating to the gift.

The Investment Committee will review any proposed acceptance or disposition of real property and recommend action to the Board.

Disposition of Property

Normally, the Foundation will expedite disposition of the property at fair market value. In the case of real estate, this will be done through multiple listings with qualified real estate agents. The Board may authorize retention of property which, in the Board's judgment, has potential for appreciation in value until its value is not likely to materially increase further.

The Board may authorize disposition of the property at other than the fair market value if, in judgment of the Board, market fluctuations or other considerations justify the action. Consideration of tax implications to the donor may be a factor in disposition of the property.

Value of Real and Personal Property Gifts*

The fair market value of real and personal property gifts will be the appraised value less any encumbrances against the property on the date the gifts were given to the Foundation. The appraised value will be determined at the discretion of the Foundation as either the value documented by the donor or the value determined by a qualified appraiser selected by the Foundation. Industrial sites or other property that have the potential of becoming involved in environmental issues will require an evaluation by a technically-qualified firm.

The amount applied to the beneficiary's account will be the proceeds of the sale of the property less any acquisition, disposition, operating, administrative, or other costs relating to administration of the gift.

* This language to be revised to comply with 1994 IRS guidelines.

EXHIBIT 15
DATE 3-14-95
SB 414

Acquisition, Disposition, and Operational Costs

Acquisition and disposition costs include, but are not limited to:

1. appraisal fees;

2. legal, real estate agent, and other professional fees;

3. liability, fire and extended coverage, business interruption, and other insurance premiums;

4. foundation administrative costs, loan closing costs, and other administrative costs;

5. taxes, SIDs, or liens against the property;

6. reduction or elimination of any other encumbrances against the property;

7. operational and maintenance costs necessary to maintain the property or comply with the conditions of the gift.

Gifts Restricted to the Use of the Beneficiary

Gifts of property intended to be utilized by the beneficiary in carrying out the functions, programs, administration, or other activities of their organization should not be treated as an investment by the Foundation. Such gifts are not intended to produce revenue for the beneficiary and have the potential of incurring liabilities, costs, and administrative expenses that may exceed any advantages to the Foundation by holding title. Normally, gifts of this nature should be gifted directly to the beneficiary entity.

If such gifts are accepted by the Foundation, the conditions of acceptance will specify:

1. all acquisition costs will be assumed by the beneficiary;

2. all future maintenance, operating, ownership, administrative, and other costs related to the property will be assumed by the beneficiary; and

3. provisions for the disposition and/or transfer of the property should the beneficiary be unable to fulfill their financial obligations related to the property.

Gifts with Disposition Restrictions

Gifts of property which are intended to be revenue producing for a beneficiary, but have donor restrictions upon their disposition, will be subject to the conditions of acceptance specified in the above-entitled section, "Gifts Restricted to the Use of the Beneficiary." Restrictions which may have adverse tax implications to the Foundation will not be accepted.

Gifts of Undivided Interests in Real and Personal Property

Gifts of undivided interests in real or personal property will be subject to these guidelines.

III. POLICY ON INVESTMENT MANAGERS

Primary Investment Managers. Through selective search processes, the Montana Community Foundation has engaged several Investment Managers for specific parts of the Foundation's primary pooled investment portfolio. The Foundation's Investment Committee oversees the performance of the several Managers and contracts with an independent investment firm to measure and compare the performance with others. These reports are then provided to the Board of Directors on a quarterly basis.

Other Investment Managers. MCF also has endowment funds with financial institutions other than the primary investment managers, to fit the particular circumstances of a beneficiary or at the specific request of a donor.

Transfers of Endowments. Any bank, trust department or other financial institution which transfers or establishes an endowment fund with MCF may manage that fund provided it complies with MCF requirements.

Requirements for Investment Managers.

1. Investments must comply with the Foundation's Investment Policy.

2. Fees and charges will closely approximate those levied by the primary investment manager.

3. The proposed investment manager's overall organization, reporting and philosophy have been reviewed by the Executive Director and the Investment Committee.

4. Agreements shall contain provisions similar to those in the agreement with the primary investment manager.

IV. PROCEDURE FOR HANDLING DONATED SECURITIES

The Montana Community Foundation may acquire various types of securities through donations, gifts, bequests and other means from time to time and in some cases with some advice and instructions from the donor that will be considered seriously by the Board and the acceptance process.

Acceptance process and sequential steps for liquidation of the donated securities will vary depending on whether the securities are publicly traded and, therefore, have a "ready market" or are closely held or not publicly traded and therefore conversion to cash may involve some due diligence, investigation and time.

Generally, in the case of publicly traded securities the Foundation will immediately upon receipt transfer the securities to the designated custodial agent with instructions to convert the securities to cash as quickly as practical. Should the donor offer advice to the Foundation as a result of his special knowledge of the security with regard to timing of sale, etc., then the Foundation shall consider such advice.

The sequential steps for securities that are not publicly traded are:

1. A determination before acceptance that the security is free of present and future encumbrances;

2. That a valid immediate market does exist (both of these prior to acceptance), and then after acceptance:

(a) immediate evaluation of the gift; and

(b) a conversion of the securities to cash as quickly as possible and practical, again considering donor advice with regard to timing, etc., that may enhance the ultimate value of the security; and, finally

(c) an allocation of the cash based on the pro rata value allocation to the various funds that may be designated by the donor.

MONTANA COMMUNITY FOUNDATION

V. ADMINISTRATIVE FEE SCHEDULE

As amended by the Board of Directors
September 26, 1992

Our administrative fee schedule for funds accepted after September 26, 1992, is as follows:

ENDOWMENT FUNDS

The fee for permanent endowment funds will be **1.5% of the endowment fund principal per annum**, to be charged on a monthly basis at the rate of **.125%, or $25 per annum, whichever is greater.**

ENDOWMENT FUND MINIMUMS

Because small funds which do not increase are costly to administer, for those funds established after March 6, 1992, there is a **minimum of $250** to establish an endowment fund and the fund must grow by a minimum of **$1000 during the first eighteen months** and reach a **minimum of $5000 in five years**. If the fund does not reach those levels, the fund may select an alternative MCF fund to which to transfer. *(These minimums may be negotiated by the MCF Executive Committee under special circumstances.)*

NON-PERMANENT FUNDS

From time to time, MCF accepts temporary non-permanent funds, under certain conditions. There is a minimum of $5,000 for non-permanent funds, except for temporary funds held less than one month. The fee for these non-permanent funds will be 2% over a year to be charged on a monthly basis at the rate of .167%, provided no fee shall be less than $100. Fees for funds held less than one month shall be 2% or $100, whichever is greater. Non-permanent funds are non-interest bearing funds because they are not held as investments by MCF. Fees for non-permanent funds are higher since these funds have more activity, necessitating higher administrative costs.

Special Projects Fees. The fee for special projects administered by MCF will be 15%, plus direct costs; however, fees for certain projects, depending upon the administrative activities demanded by the project, may be established with the concurrence of the Executive Committee.

WHAT ADMINISTRATIVE FEES COVER

The administrative fees cover our costs for accounting, tax filings, fund reporting and contracted professional investment management fees of approximately .75%, as well as oversight of the investment manager's performance. An organization or an individual donor is totally relieved of all administrative responsibilities associated with the maintenance of funds.

BETTER INVESTMENT RETURN

Because permanent endowment funds are part of our pooled investment portfolio, your fund will be able to join with us in investments yielding higher returns.

WEST YELLOWSTONE FOUNDATION

PO Box 255 • 617 Apollinaris Avenue • West Yellowstone MT 59758-0255 • Phone (406) 646-9500

SENATE TAXATION
DATE March 14, 1994
EXHIBIT NO. 16
BILL NO. SB 414

13 March 1995

TO: SENATE TAXATION COMMITTEE

FROM: WEST YELLOWSTONE FOUNDATION

RE: SUPPORT FOR SENATE BILL 414

The West Yellowstone Foundation is an affiliate fund of the Montana Community Foundation which is the legal entity with the capacity and expertise to create and manage funds for highest yield, maximum safety and minimum overhead cost.

It is also important that the people understand the benefit of their contribution will return to their community. Local people provide local funding both directly to projects they wish to support and indirectly through the Foundation Endowment designation.

The West Yellowstone Foundation is a steward through which private assets entrusted to us by donors are invested to meet the challenges of contemporary life. We are committed to respecting the trust and intent of our donors, while maintaining our integrity and responsiveness as a community foundation.

We want to tell you what can be accomplished by a local foundation with the support of the Montana Community Foundation.

Our first very large project was in obtaining a Senior/Disabled bus for the community. We now have a 1994 Ford Goshen, 14 passenger bus that makes a weekly trip to Bozeman, MT, 91 miles away. For this to happen we worked directly with the Montana Community Foundation using their tax exempt status. We also obtained the cooperation of the Gallatin County Commissioners, The Town of West Yellowstone, Area IV Council on Aging, Human Resources Development Council and the Bozeman Galavan Fleet Director.

Our members serve on various Advisory Boards in West Yellowstone. These Boards were formed in most part because of the cares, concerns and needs of the community as expressed at the West Yellowstone Foundation Board meetings. They are West Yellowstone:

- Health Services Board
- Transportation Board
- Foundation Coalition Group (made up of nine groups in West Yellowstone, dedicated to meeting the basic needs and educational needs of our youth.)
- Task Force GCPC (dedicated to reduce the illegal use and abuse of drugs and alcohol.)

Since our inception in 1992 we have been able to help support the following projects through direct giving:

- Summer Recreation Program
- School Excellence Awards
- Library Book Fund
- Shakespeare in School and Artist in Residence
- MSU Architectural Department Designing Project (anticipating a community center)
- School Earth Day (spring clean-up project in the community)
- Red Cross Disaster Training assistance

IN THE AMOUNT OF $6,850.00

Total monies held in MCF Endowment accounts from the West Yellowstone Foundation as of December 1994, is $43,730.75

We are working on a Grant called "Law Related Educational Court Ordered Program". This program has had tremendous success in our neighbor State over the last four years and if we are fortunate enough to obtain funding the West Yellowstone Foundation, together with the Montana Community Foundation can act as a catalyst in bringing the program to other communities in the State.

We tell you of these accomplishments because we feel they demonstrate what can happen in a community and in the State when a Foundation gets going. Every Montana Community has people who would support a Foundation if they have the option and understand the concept.

Our West Yellowstone Foundation is exceptionally blessed to have a Founder who has the foresight and desire to start the funding of a Foundation. Senate Bill 414 will help other communities do the same.

Senate Bill 414 is the first step toward assisting Montana Communities in heading that direction.

The West Yellowstone Foundation supports Senate Bill 414, as it is an important vehicle to build the Montana Community Foundation Endowments as well as assisting local Montana communities.

Thank you.

Carolyn Colman /SA

Sincerely,

Carolyn Colman, Co-Chair
West Yellowstone Foundation

Senatbil.ltr

03/13/95 20:19 ☎ 616 842 3010

SENATE TAXATION
DATE March 14, 1995
EXHIBIT NO. 17
BILL NO. SB414

Council of MICHIGAN FOUNDATIONS

Suite 3 / One South Harbor Avenue / P.O. Box 599 / Grand Haven, MI 49417 / (616) 842-7080 / FAX (616) 842-1760

March 13, 1995

Steve Browning
Chairman
Montana Community Foundation
111 North Last Chance Gulch
Suite 3 D
Helena, Montana, 59601

Dear Steve:

Thank-you for your follow-up inquiries regarding the tax credit for community foundations. I will respond to the concerns raised by the other charities based on our seven years of experience with the community foundation tax credit in Michigan. Please feel free to call if these comments raise further questions.

<u>Overall Experience</u>

Charities in Michigan raised some of the same issues during the early discussions of the Michigan Tax Credit. These proved to be unfounded. The Council of Michigan Foundations' Board of Trustees were concerned that the credit should not have a detrimental effect on other charities. Our member foundations as grantmakers have, literally, invested in the development of the nonprofit organizations in our state.

For this reason we commissioned two independent university based studies to assess the effect of the credit. The results of these studies have been forwarded to you previously. The first study, following the first year of implementation of the credit, was completed by the Evaluation Center at Western Michigan University. This study included a survey of the United Way Agencies in the state. Looking at the data, there was no negative effect on United Way giving. In fact, giving to United Way increased. A telephone survey of the United Way Executive Directors found that not one mentioned the credit as having any effect on their local campaigns.

In the second study, following the passage of the second credit, we asked an economist from Michigan State University to investigate the leveraging effect of the credit. Did it in fact encourage giving? The results from this study were also supportive of the credit performing as expected-an incentive for giving.

In looking at the results across the years of the credit, we have some community foundations which receive more gifts annually for the endowment funds of other nonprofits within the foundation-than they receive for the more flexible funds. We see this as success.

If the intent of the credit was only to benefit community foundations, the legislation would have limited the credit to gifts to the foundations' unrestricted and/or field of interest funds. Instead, local organizations are taking advantage of the credit without needing to go into the endowment business.

As in Montana, the Michigan community foundations hold many United Way, United Way member organizations, hospitals, and arts groups endowment funds within the community foundation. This joint venturing, which places United Way endowments within community foundations, has been endorsed by a special United Way-Community Foundation joint committee sponsored by United Way of America and the Council on Foundations.

<u>Questions Raised by the United Way</u>

Community foundations are 501c3 organizations with distinguishing characteristics. Following the 1969 Tax Act, these characteristics were distinctive enough to warrant the IRS developing several pages of "transitional" rules to assist community foundations to comply with the regulations. These Treasury Regulations have been used by the Michigan Department of Treasury to clearly identify community foundations. This definition has been shared with the State of Montana.

Community foundations have existed as identifiable and unique organizations for over 75 years. In fact, their history parallels the United Way. There is no confusion historically.

Community foundations have characteristics which identify them for membership purposes as part of the Council on Foundations. They are endowment based, grantmaking institutions designed to serve donors and nonprofit organizations in a specific geographic location. Other nonprofits would not qualify to join the Council, just as community foundations would not qualify to be United Ways. In other words, the professional field has defined community foundations as distinct.

CMF has on file articles published in the major national professional journals for accountants, attorneys, stockbrokers, and certified life underwriters which define the unique characteristics of community foundations.

EXHIBIT 17
DATE 3-14-95
SB 414

Finally, the history and operating practices of community foundations demonstrate their uniqueness. Comparisons of the case statements, literature, bylaws and annual reports of community foundations relative to any other nonprofit organization will show the following:

Community Foundation	Nonprofit Foundation
Service to donor interests	Specific case statement for the nonprofit
Specific geographic area	Specific organization
Makes grants to other nonprofits	Endowment funds used to support the specific nonprofit
Broad areas of grantmaking- health, environment, arts human service, education community development etc.	Specific area of interest, normally just the organization
Pooled investment of a variety of funds (designated, advised, restricted, special project)	Pooling of funds for the purpose of the specific area of the foundation

In our 20+ years as the largest regional association of grantmakers in the country: as the home to 46 community foundations: and as a founder of the Michigan Nonprofit Forum which represents nonprofit organizations in Michigan, we know of no other public charity foundation which has the characteristics of a community foundation.

Specific to the United Way questions we would suggest:

1. The tax credit in Michigan is available to all community foundations. We have 46 in Michigan and several of these have geographic funds which allow for community foundation service to small communities which would not otherwise have access to this type of philanthropy. Many of these community foundations developed after the initiation of the tax credit. Only people in Montana can decide what is the appropriate configuration of community foundation service.

2. The tax credit is not to community foundations, but to donors. The donors can give for the benefit of any charity within the community foundation and to the community itself. Tax policy which encourages the pooling of resources within the community foundation will result in stronger organizations, greater investment returns, and therefore better returns on the tax credits than a policy which encourages the division of endowment into small, scattered funds.

3. The Michigan tax credit is available to organizations which demonstrate the characteristics of a community foundation in their bylaws, articles of incorporation, operations, and written materials including their annual report. These characteristics are

defined in the Treasury Department transitional rules, over 70 years of operations, and by the professionals in the field.

The beauty of the tax credit within the community foundation is that it establishes "win-win" scenarios within local communities. Community foundations are not just another nonprofit organization, but are a vehicle for giving, for managing endowments, and they serve as a grantmaker to nonprofits. When a nonprofit secures a gift for the endowment using the tax credit-both the nonprofit and the foundation grow stronger. When the community foundation publishes its annual report with the listing of the agencies with endowment funds....the nonprofit's fund is exposed to an array of new donors.

Frankly, those who should know best about "win-win" strategies...the nonprofits...are often not the best at negotiating these relationships. The United Way and other letters demonstrate this shortcoming in our field. The tax credit is one tangible way of structuring relationships which will result in the charitable pie being enlarged, rather than continuing to argue about how thinly it might be sliced.

Hospital Concerns

The tax credit will have no effect on large planned gifts. First, the tax credit generally encourages smaller donations. We do not know of any case where a donor has written or changed a planned gift based on the tax credit. Planned gifts are most frequently the last gift asked for by a fund-raiser, after having carefully cultivated a long-term relationship with a donor for that specific charity. These donors, by definition, are loyal to that specific charity. In some cases, the donor might take comfort in an estate gift being held by a community foundation in a restricted fund for their favorite charity because they will be assured that the corpus will not be erroded through "borrowing" or short term use by the charity. Spending the endowment is too frequently a problem, especially for smaller nonprofits. This is an advantage the nonprofit might wish to use in their solicitation of planned gifts.

Second, many of the hospitals in Michigan have their current foundation and also open a fund in the community foundation. In this way they can concentrate their efforts on the larger planned gifts and take advantage of the tax credit for the smaller gifts. This adds another "tool" to the fund-raising "kit" with no negative consequences. The funds donated for the hospital in the community foundation must always be used for the hospital.

Uniqueness

The issue of uniqueness is addressed above, sufficient to say that if the foundation has the characteristics of a community foundation-then it is one. If it doesn't, it isn't. These characteristics are not held by any other foundation in the community. My guess is that the hospital foundation is organized to work in the area of healthcare and to support the hospital.....not to serve donor's interests in, for example, the arts, community development, and scholarships for high school students to study mechanical engineering.

EXHIBIT 17
DATE 3-14-95
SB 414

The history of community foundations is to work with and through other charitable institutions. In Michigan, for example:

1. The Community Foundation for Southeastern Michigan (Detroit) is sponsoring with the Kresge Foundation a challenge grant of $34 million to local nonprofits to help them build endowment funds. The CFSEM is providing education and ongoing technical assistance regarding raising these funds. The nonprofits are using the tax credit as an incentive.

2. The Kalamazoo Foundation is sponsoring a joint venture with 20+ local nonprofits to build individual endowment funds. The foundation is providing ongoing technical assistance. The Kalamazoo Foundation President has offered that their United Way Director would be happy to elaborate on the positive impact of the tax credit in Kalamazoo.

3. The Battle Creek Community Foundation sponsors a funding resource center which provides access to all of the materials on foundation giving needed by a fund-raiser (the Foundation Center Collection etc) and provides monthly training on how to secure foundation resources and to successfully fund-raise.

4. The Grand Rapids Foundation, in cooperation with the United Way, sponsors a separate nonprofit organization which provides technical assistance to the area nonprofits. They also helped launch the Center on Philanthropy at Grand Valley State University which provides graduate level education in nonprofit management and philanthropy for area nonprofit executives.

The examples go on and on. This assistance is above and beyond the grantmaking from community foundations, all of which goes to nonprofit organizations. The piece of information not yet understood by these charities is that they are the beneficiaries of any efforts to strengthen the community foundation.

Limited Dollars

Our experience in Michigan is that the giving patterns to nonprofit organizations did not change as a result of the credit....the gifts increased. As a Board member of a local hospital in Muskegon, Michigan and a member of the Development Committee of the hospital, I can speak to the strong, positive relationship between this local institution and the community foundation. Our hospital chose to move its endowment into the community foundation and continues to work closely with it. The tax credit was one incentive to encourage this collaboration, rather than to "draw the lines" and act competitively.

While a nonprofit organization might speculate about the unintended consequences of the tax credit, our seven years of experience and two research studies find that the credit has performed as expected and has strengthened the permanent pool of resources available for nonprofit organizations in Michigan's communities.

In the end, the donor decides where to give. The tax credit is a small incentive to encourage those who can, to give permanently to any nonprofit organization in their community. The nonprofit can establish the fund, or the donor can establish the fund for the nonprofit. Essential to understanding community foundations and the credit is that it becomes available to all nonprofits. The "bait", as described by the hospital letter, is for giving.

I hope this is helpful to your analysis. Please feel free to call if we can be of further help.

Sincerely,

Kathryn A. Agard

Kathryn Ann Agard, EdD
Vice President for Programs

SENATE TAXATION
DATE March 14, 1995
18
HB 424

TESTIMONY IN FAVOR OF HB-424

When property taxes become delinquent, either the county or an individual may purchase the tax lien at the time of the tax sale which is held by the county. When the tax lien is sold, the county issues what is known as a tax sale certificate.

Originally, all tax lien assignments had 36 months in which the owner or a legally interested party could redeem the tax lien assignments. Because of special improvement district assessments, legislation was to be drafted that would reduce this redemption period from 36 months to 24 months to support bond payments that had to be made. For instance, when a sewer, lighting or pavement district is created bonds are sold to finance the improvement. These assessments attach to the tax notice and usually are collected with the first half of the property taxes. When these assessments are not paid, it creates a problem for the bond holders. The intent of legislation passed in 1989 was to allow only 24 months in which to redeem this type of property instead of 36 months. The language was not worded correctly and reads as follows: "For property subdivided as a residential or commercial lot upon which taxes <u>OR</u> special assessments are delinquent and upon which no habitable dwelling or commercial structure is situated, redemption of a property tax lien acquired at a tax sale or otherwise may be made by the owner, the holder of an unrecorded or improperly recorded interest, or any interested party <u>within</u> <u>24 months</u> from the date of the first day of the tax sale or within 60 days following the giving of notice required in 15-18-212, whichever is later."

Treasurers are requested by the purchaser of a tax lien to issue a tax deed to ANY property which has been subdivided and upon which there in no habitable dwelling, regardless of whether there are special improvement district taxes attached to it or not. We cannot get our county attorneys to give us a definition of "subdivided" lands. In Lake County, there are government platted villa sites around the lake. No one will disqualify these lands as "subdivided". In other counties, the 24-month redemption law is being applied to lands that are divided just by a certificate of survey.

We are striving to be consistent statewide and to clarify that only those properties that have no habitable dwelling and special improvement district assessments qualify for a 24 month redemption. All other delinquent tax properties should be treated equally!

Respectfully,

Patricia Cook

Patricia J Cook
Legislative Chairman
Montana County Treasurer's Association

STATE AUDITOR

STATE OF MONTANA

SENATE TAXATION
March 14, 1995
19
HB 449

Mark O'Keefe
STATE AUDITOR

COMMISSIONER OF INSURANCE
COMMISSIONER OF SECURITIES

HB 449

Testimony

Collection of Bad Debts for Counties:

Introduction:
This legislation gives counties the option to refer personal property tax debt to the State Auditor's Office for collection purposes.

The State Auditor currently collects debts for state agencies by offsetting warrants issued through the warrant system. This legislation would create a voluntary program for collecting unpaid personal property taxes for counties.

The bill is at the request of the Governor's Budget Office and the State Auditor.

The Bad Debt Program:
The bad debt bureau currently has the capability to offset state issued warrants to satisfy debts owed state programs.

In FY93, $1,500,095 was collected for state agencies, with $600,000 of that being general fund revenue. In FY94, $2,234,691 in debts owed governmental programs were collected by the collection effort. Of this amount, $804,489 was direct general fund revenue. In addition, 25% of every child support debt collected by the program is general fund. These indirect general fund benefits are not included in the general fund totals listed above.

The cost of the program is divided among all agencies who submit debts for collection. The current rate is 7.5% of the amount of the funds actually collected. The rate varies by year and is set to recover the costs of operating the program. (Private collection agencies rates are 18% and up.)

Bad Debt Collection for Counties:
Currently, the State Auditor does not have the authority to collect debts for local governments. Through this legislation, counties could elect to turn personal property debt over to the program for collection purposes if the county felt the debt was uncollectible through their standard debt collection process.

These collections would have impact on state run programs. Statewide, approximately 40% of property tax revenue offsets state general fund expenditures through the school foundation program and the 6 mill university levy.

Bad debts has run a limited test on debts owed in Lewis and Clark County. Results of the test project show that the state is making payments on a regular basis to persons owing Lewis and Clark County property tax delinquencies.

Total revenue potential from this debt collection source is unknown at this time. We believe that there is sufficient benefit potential for both state and county government to proceed with a voluntary program.

The program is optional for counties. Counties may submit all of their delinquent personal property taxes or only property they feel they cannot cost effectively collect themselves.

Personal property often times disappears and their is no property for the treasurer to attach to collect the unpaid taxes. Under the bad debt program, a taxpayer who is issued a state warrant can have the warrant offset to collect the unpaid tax.

Costs:
Counties will be charged the same 7.5% administrative fee that is charged to all other state agencies. If there is substantial participation by counties, the greater volume will allow the costs to be shared among a larger pool. This could reduce the rate to all user agencies.

Implementation of the legislation will increase computer, travel, printing, and mailing costs of the State Auditor, but will not require increased FTE. The costs will be covered by the 7.5% charge levied against collected funds.

Conclusion:
This is a good bill for county and state governments. It raises revenue without raising taxes. It provides an additional tool for counties to collect taxes they might otherwise never collect or that they would spend more resources collecting than by turning the debt over to the State Auditor.

EXHIBIT 19
DATE 3-14-95
HB 449

HISTORY OF COLLECTIONS AND EXPENSES FOR THE BAD DEBT PROGRAM

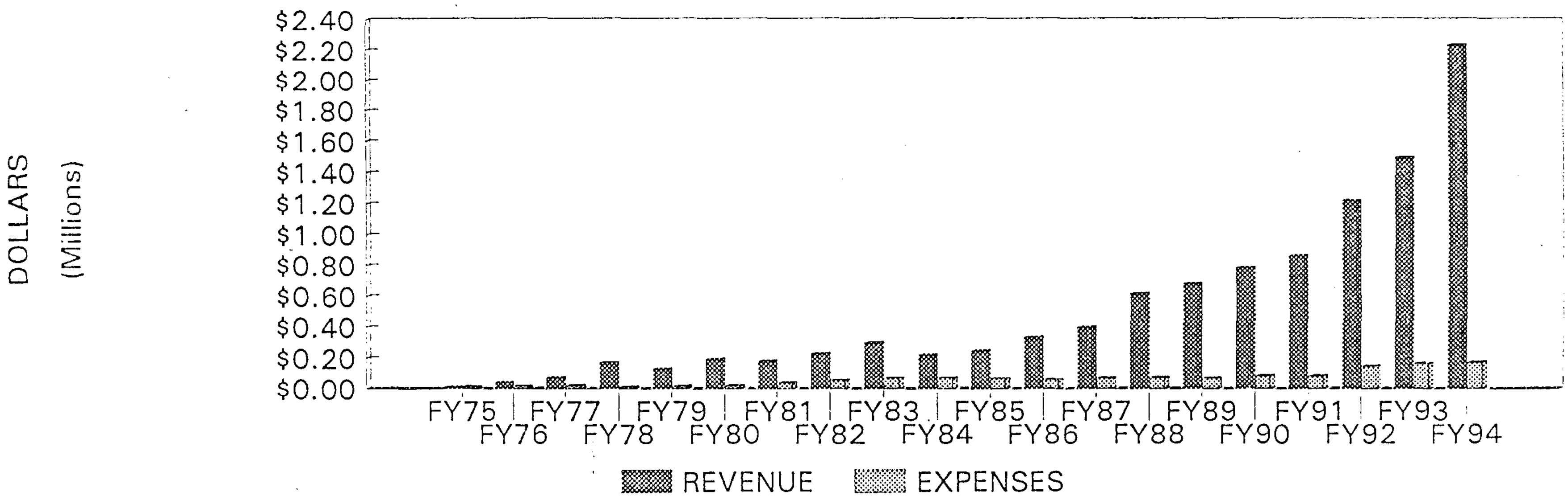
DEPARTMENT OF REVENUE

	REVENUE	COST	PROFIT
FY75	$12,277	$13,300	($1,023)
FY76	$43,513	$20,195	$23,318
FY77	$75,008	$22,397	$52,611
FY78	$174,859	$15,748	$159,111
FY79	$133,844	$18,169	$115,675
FY80	$197,284	$21,579	$175,705
FY81	$186,665	$41,823	$144,842
FY82	$232,532	$58,711	$173,821
FY83	$304,887	$70,400	$234,487
FY84	$226,101	$75,672	$150,429
FY85	$253,470	$71,274	$182,196
FY86	$339,744	$65,103	$274,641
FY87	$405,203	$73,441	$331,762
FY88	$618,891	$77,467	$541,424
FY89	$682,783	$76,671	$606,112
FY90	$787,566	$88,256	$699,310
16 YEAR TOTAL	$4,674,627	$810,206	$3,864,421

STATE AUDITOR'S OFFICE

	REVENUE	COST	PROFIT
FY91	$865,716	$89,156	$776,560
FY92	$1,226,572	$153,000	$1,073,572
FY93	$1,501,095	$168,500	$1,332,595
FY94	$2,234,691	$176,540	$2,058,151
4 YEAR TOTAL	$5,828,074	$587,196	$5,240,878

STATE AUDITOR'S OFFICE BAD DEBT PROGRAM
REVENUE AND EXPENSES



SENATE TAXATION
DATE March 14, 1995
EXHIBIT NO. 20
BILL NO. SB 338

Amendments to Senate Bill No. 338
First Reading Copy

Requested by Senator Devlin
For the Committee on Taxation

Prepared by Jeff Martin
March 13, 1995

1. Title, line 7.
Strike: "AND"
Insert: ","
Following: "DATES"
Insert: ", AND A CONTINGENT VOIDNESS PROVISION"

2. Page 8, line 12.
Following: line 11
Insert:"NEW SECTION. **Section 3. Coordination instruction.** If Senate Bill No. 412 is passed and approved, then Senate Bill No. 412 is amended as provided in subsections (1) and (2) of this section and the distribution of revenue must be modified as provided in subsection (3) of this section. If necessary, the code commissioner shall correct all erroneous internal references within Senate Bill No. 412 caused by this section.

(1) The definition section, [section 3], of Senate Bill No. 412 is amended by adding the following definition, in alphabetical order, and renumbering subsequent subsections:

"(19) "Qualifying production" means the first 24 months of production of oil or natural gas from any post-1985 well drilled after March 31, 1995, or from a well that has not produced oil or natural gas during the 5 years immediately preceding the first month of qualifying production. Qualifying production does not include oil production from a horizontally recompleted well."

(2) The section imposing tax rates on natural gas and oil production, [section 4] of Senate Bill No. 412, is amended to read:

"NEW SECTION. **Section 4. Production tax rates imposed on oil and natural gas.** (1) The production of oil and natural gas is taxed as provided in this section. The tax is distributed as provided in [section 18].

(2) Natural gas is taxed on the gross taxable value of production based on the type of well and type of production according to the following schedule for working interest and nonworking interest owners:

	Working Interest	Nonworking Interest
(a) pre-1985 wells	18.75%	15%
(b) post-1985 wells		
(i) first 12 months of qualifying production	~~3.35%~~0.7%	15%
(ii) ~~after~~ next 12 months of qualifying production	~~15.35%~~12.7%	15%
(iii) after 24 months	15.35%	15%

sb033802.ajm

(c) stripper natural gas pre-1985 and post-1985 wells	11.2%	15%

(3) The reduced tax ~~rate~~ rates under ~~subsection~~ subsections (2)(b)(i) and (2)(b)(ii) ~~on natural gas production~~ for the first ~~12~~ 24 months of natural gas production from a post-1985 well begins following the last day of the calendar month immediately preceding the month in which natural gas is placed in a natural gas distribution system, provided that notification has been given to the department.

(4) Oil is taxed on the gross taxable value of production based on the type of well and type of production according to the following schedule for working interest and nonworking interest owners:

	Working Interest	Nonworking Interest
(a) primary recovery production		
(i) pre-1985 wells	14.1%	16.5%
(ii) post-1985 wells		
(A) first 12 months of qualifying production	~~5.7%~~0.7%	16.5%
(B) ~~after~~ next 12 months of qualifying production	~~12.7%~~7.7%	16.5%
(C) after 24 months	12.7%	16.5%
(b) stripper oil production pre-1985 and post-1985 wells	11%	16.5%
(c) horizontally completed well production		
(i) first 18 months of qualifying production	~~5.7%~~0.7%	5.7%
(ii) next 6 months of qualifying production	7.7%	12.7%
(iii) after ~~18~~ 24 months	12.7%	12.7%
(d) incremental production		
(i) new or expanded secondary recovery production		
(A) pre-1985 well	8.7%	16.2%
(B) post-1985 well	8.7%	10.7%
(ii) new or expanded tertiary production		
(A) pre-1985 well	6%	15.2%
(B) post-1985 well	6%	9.7%
(e) horizontally recompleted well		
(i) first 18 months	5.7%	5.7%
(ii) after 18 months	12.7%	12.7%

(5) (a) The reduced tax ~~rate~~ rates under ~~subsection~~ subsections (4)(a)(ii)(A) and (4)(a)(ii)(B) ~~on oil production~~ for the first ~~12~~ 24 months of oil production from a post-1985 well begins following the last day of the calendar month immediately preceding the month in which oil is pumped or flows, provided that notification has been given to the department.

(b)(i) The reduced tax ~~rate~~ rates under ~~subsection~~ subsections (4)(c)(i) and (4)(c)(ii) on oil production from a horizontally completed well ~~and the reduced tax rate under subsection (4)(e)(i) on oil production from a horizontally recompleted well~~ for the first ~~18~~ 24 months of production begins following the last day of the calendar month immediately preceding the month in which oil is pumped or flows, provided that the well has been certified as a horizontally completed well ~~or as a horizontally recompleted well~~ to the department by the board.

(ii) The reduced tax rate under subsection (4)(e)(i) on oil production from a horizontally recompleted well for the first 18 months of production begins following the last day of the calendar month immediately preceding the month in which oil is pumped or flows, provided that the well has been certified as a horizontally recompleted well to the department by the board.

(c) Incremental production is taxed as provided in subsection (4)(d) if the average price per barrel of oil as reported in the Wall Street Journal for west Texas intermediate crude oil during a calendar quarter is less than $30 a barrel. If the price of oil is equal to or greater than $30 a barrel

EXHIBIT 20
DATE 3-14-95
SB 338

in a calendar quarter as determined in subsection (5)(d), incremental production is taxed at the rate imposed on primary recovery production under subsection (4)(a)(i) for production occurring in that quarter.

(d) For the purposes of subsection (5)(c), the average price per barrel must be computed by dividing the sum of the daily price for west Texas intermediate crude oil as reported in the Wall Street Journal for the calendar quarter by the number of days on which the price was reported in the quarter."

(3) The department of revenue shall, by rule, change the distribution formulas under [section 18] of Senate Bill No. 412 for distribution of taxes on oil and natural gas production collected under [section 4] of Senate Bill No. 412. In recalculating distribution rates for the revenue raised by Senate Bill No. 412, the department of revenue shall determine the revised distribution rates according to a formula that presumes that the reduction in the tax rates on natural gas production for working interest owners from post-1985 wells and in the tax rates on oil production for working interest owners from post-1985 wells, as provided in subsection (2) of this section that amends [section 4] of Senate Bill No. 412, as follows:

(a) for the first 12 months of qualifying production under [section 4(2)(b) and (4)(a)(ii)], the reduction in tax rates must be borne by the state general fund and not by other state funds;

(b) for the next 12 months of qualifying production under [section 4(2)(b) and (4)(a)(ii)], the reduction in the tax rates must be borne by the state general fund and not by other state funds or by local governments;

(c) for the first 18 months of qualifying production under [section 4(4)(c)], the reduction in the tax rates must be borne by the state general fund and not by other state funds; and

(d) for the next 6 months of qualifying production under [section 4(4)(c)], the reduction in the tax rates must be borne by the state general fund and not by other state funds or by local governments.

NEW SECTION. **Section 4. Contingent voidness.** In order to maintain a balanced budget, because [this act] reduces revenue, it may not be transmitted to the governor unless a corresponding identified reduction in spending is contained in House Bill No. 2. If a corresponding identified reduction in spending is not contained in House Bill No. 2, [this act] is void."

Renumber: subsequent sections

DATE March 14, 1995

SENATE COMMITTEE ON Taxation

BILLS BEING HEARD TODAY: SB 414 Senator Brown HB 424 Rep. Keenan HB 449 Rep. Swanson HJR. 16 Rep. Cobb

< ■ > PLEASE PRINT < ■ >

Check One

Name	Representing	Bill No.	Support	Oppose
JOHN DELANO	MONT. COMM. FOUND	414	X	
Susan Talbot	Mont. Community Fdn	414	X	
Sidney Armstrong	MT. Comm. Found.	414	X	
JOSH TURNER	Gov's Task Force on Endowed Philanthropy	414	X	
Gloria Paladichuk	Richland Development	414	V	
Vernon Petersen	Cent MT Foundation	414	X	
Joyce M. Grande				
Tom Cote	Beacon Community Funds	414	X	
John W. Heizer HEIZER	RegRep MCF	414	X	
Stanley H. Nicholson	MT Fund for Seeley Lake	414	X	
MARC RACICOT	Gov office	414	V	
Lance Clark	MT ASSN. REALTORS®	424	X	
TOM ALFREY	US WEST COMM	414	X	
[illegible] Pennwell	MT Comm Foundation	414	X	

VISITOR REGISTER

PLEASE LEAVE PREPARED STATEMENT WITH COMMITTEE SECRETARY

REGISTER.F10

DATE March 14, 1995

SENATE COMMITTEE ON Taxation

BILLS BEING HEARD TODAY: SB 414, HB 424, HB 449, HJR 16

< ■ > PLEASE PRINT < ■ >

Name	Representing	Bill No.	Check One: Support	Oppose
Joan Rudberg	United Way	SB 414	✓	
Tom Crosser	St. Auditor	HB449	–	
Gloria Hermanson	MT Cultural Advocacy	SB414	Amend	
W. James Kembel	City of Billings	SB424	✓	

VISITOR REGISTER

PLEASE LEAVE PREPARED STATEMENT WITH COMMITTEE SECRETARY

REGISTER.F10