

1 HB BILL NO. 83
2 INTRODUCED BY Brand Drouot

3
4 A BILL FOR AN ACT ENTITLED: "THE MONTANA TIMBER TAXES ACT;
5 IMPOSING A YIELD TAX AND A SURTAX ON ALL TIMBER HARVESTED
6 AND PROVIDING A ROLL-BACK TAX AND FOREST LAND TAX AS A
7 METHOD OF TAXING AND APPRAISING TIMBERLANDS AS PROVIDED IN
8 SECTION 84-429.12, R.C.M. 1947; AND PROVIDING AN EFFECTIVE
9 DATE."

10
11 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:
12 Section 1. Short title. This act may be cited as the
13 "Montana Timber Taxes Act".

14 Section 2. Legislative findings. The legislature
15 finds:

16 (1) the interests of the state require that steps be
17 taken to modernize the system of taxation of timber;

18 (2) the existing ad valorem property tax system is
19 unsatisfactory for taxation of standing timber and will
20 increasingly discourage good forestry, private ownership,
21 and investment of capital in reforestation;

22 (3) it is desirable to replace the revenue from ad
23 valorem taxation of private timber with a tax based on the
24 stumpage value at the time of harvest of any timber and
25 continue taxing forest lands under the ad valorem taxation

1 system.

2 Section 3. Legislative purpose. It is the purpose of
3 this act to exempt private timber from levy and collection
4 of the general ad valorem property tax and, in lieu of the
5 revenue therefrom, to impose on all harvested timber a yield
6 tax and continue to assess and tax forest land in accordance
7 with general ad valorem property tax laws.

8 Section 4. Definitions. As used in this act, unless
9 the context requires otherwise the following definitions
10 apply:

11 (1) "Department" means the department of revenue.
12 (2) "Director" means the director of the department of
13 revenue.

14 (3) "Forest land" means all land in any contiguous
15 ownership of 20 or more acres, exclusive of 5 acres of land
16 designated by the department as being used for, or in
17 connection with, a residence, growing forest tree species
18 which are capable or could be capable of furnishing raw
19 material used in the manufacture of lumber or other forest
20 products. The term also includes all land from which forest
21 tree species have been removed but have not yet been
22 restocked, but it does not include land converted to uses
23 other than the growing of forest tree species.
24 Identification and designation of forest lands shall be made
25 by the department, utilizing existing or future assessment

1 rolls, land classification information or as provided in
 2 [section 12], provided that the acreage limitation contained
 3 in this subsection does not apply to any land assessed as
 4 timberland prior to [the effective date of this act] and
 5 such land is entitled to retain its timberland assessment
 6 until the owner demonstrates a different use.

7 (4) "Harvest" means an activity related to the cutting
 8 or the removal of forest trees for use or sale as a forest
 9 product.

10 (5) "Harvest factor" for the purposes of this act is
 11 the average of the aggregate value of all timber harvested
 12 within the school district in the most recent 5-year period
 13 if the act has been in effect for 5 years. If the act has
 14 not been in effect for 5 years, the period shall be the
 15 number of years the act has been in effect. The aggregate
 16 value shall be determined from the yield tax returns filed
 17 with the department.

18 (6) "Owner" means each person, partnership,
 19 corporation, or association of whatever nature who from
 20 privately or publicly owned land, whether upon his own land
 21 or the land of another, under a right or license granted by
 22 lease or contract, either directly or by contracting with
 23 others for the necessary labor or mechanical services,
 24 fells, cuts, or takes timber for sale or use. It does not
 25 include persons performing under contract the necessary

1 labor or mechanical services for an owner.

2 (7) "Timber" is synonymous with forest tree species
 3 and means all wood growth, mature or immature, growing or
 4 dead, standing or down, on all land that is capable of
 5 furnishing raw material used in the manufacture of lumber or
 6 other forest products. It does not mean Christmas trees that
 7 are grown on land prepared by intensive cultivation and
 8 tilling, such as by plowing or turning over the soil, and on
 9 which all unwanted plant growth is controlled continuously
 10 for the exclusive purpose of raising such Christmas trees.

11 Section 5. Rate of yield tax — measurement of amount
 12 harvested. Each owner of timber in Montana is subject to a
 13 tax at the time of harvest equal to the immediate harvest
 14 value of the timber multiplied by the appropriate rate as
 15 follows:

16 (1) for timber harvested between January 1, 1979, and
 17 December 31, 1979, inclusive, 3%;

18 (2) for timber harvested between January 1, 1980, and
 19 December 31, 1980, inclusive, 3.25%;

20 (3) for timber harvested between January 1, 1981, and
 21 December 31, 1981, inclusive, 3.5%;

22 (4) for timber harvested between January 1, 1982, and
 23 December 31, 1982, inclusive, 3.75%;

24 (5) for timber harvested after January 1, 1983, 4%.

25 Section 6. Determination of immediate harvest values

1 — application by areas. (1) The department shall determine
 2 at least once each year, on or before December 1, the
 3 immediate harvest values to be used in computing the yield
 4 tax imposed. The values shall be determined for each species
 5 or subclassification, as provided in subsections (2) and (3)
 6 of this section. The department shall determine which areas
 7 shall be treated as units for the application of immediate
 8 harvest values determined under this section. The areas
 9 shall be selected within the discretion of the department
 10 based on administrative feasibility to include timber having
 11 similar growing, harvesting, and marketing characteristics.

12 (2) Immediate harvest values shall be the amount that
 13 each species or subclassification would sell for at a
 14 voluntary sale made in the ordinary course of business for
 15 purposes of immediate harvest and shall be expressed in
 16 terms of a dollar amount per thousand board feet or other
 17 unit of measure. Such immediate harvest values shall be
 18 determined from the gross proceeds from sales on the stump
 19 of similar timber of like quality and character at similar
 20 locations and in similar quantities and shall be determined
 21 in a manner that makes reasonable and adequate allowance for
 22 age, size, quality, cost of removal, accessibility to point
 23 of conversion, market conditions, and all other relevant
 24 factors. Upon application from any owner who plans to
 25 harvest damaged timber, the immediate harvest values for

1 which have been materially reduced from the values shown in
 2 the applicable tables due to damage resulting from fire,
 3 blowdown, ice storm, flood, infestation, or other sudden
 4 unforeseen cause, the department shall revise such tables
 5 for any area in which such timber is located and shall
 6 specify any additional accounting or other requirements to
 7 be complied with in reporting and payment of tax thereon.
 8 The amount harvested shall be determined by the Scribner
 9 decimal scale C or other prevalent measuring device adjusted
 10 to arrive at substantially equivalent measurements.

11 (3) A copy of immediate harvest value tables shall be
 12 furnished to anyone who submits a written request to the
 13 department. Any owner may appeal to the department for a
 14 review of designated harvest values submitted by the
 15 department for a specified area or areas.

16 Section 7. Notification of intent to harvest —
 17 payment of yield tax — filing of returns — order of
 18 crediting payments — exemption. (1) Prior to the harvesting
 19 of any timber, all owners except those planning to harvest
 20 less than \$200 of timber for personal use in any quarter
 21 must notify the department of the intent to harvest and must
 22 secure from the department a yield tax collection number.
 23 When more than one harvest is to be conducted in separate
 24 areas by the same owner, all harvests may be included on one
 25 notice. The notification required by this section shall be

1 on forms prescribed by and provided by the department and
 2 shall include all relevant information the department
 3 considers necessary. Promptly upon receipt of the notice the
 4 department shall provide to the owner his yield tax
 5 collection number(s), instructions, immediate harvest value
 6 tables for each area in which he will harvest, and tax
 7 reporting forms.

8 (2) The yield tax is due and payable quarterly on or
 9 before the last day of April, July, October, and January of
 10 each year for all timber harvested during the preceding
 11 calendar quarter commencing with the calendar quarter
 12 beginning January 1, 1979. Timber is considered harvested
 13 for purposes of this subsection at the time when in the
 14 ordinary course of business the quantity of timber harvested
 15 is first definitely determined. The tax is delinquent if not
 16 paid by the due date or within the additional time allowed
 17 for filing under subsection (3) of this section.

18 (3) On or before the last day of April, July, October,
 19 and January, each owner shall make out a return on the form
 20 prescribed by the department showing the amount of tax for
 21 which he is liable for the preceding calendar quarter and
 22 such other relevant information as the department considers
 23 necessary to correctly determine the tax due and shall mail
 24 or deliver the return, together with a remittance for the
 25 amount of the tax, to the office of the department at

1 Helena, Montana. The return shall be signed and verified by
 2 the owner or a duly authorized agent of the owner. Whenever
 3 in its judgment good cause exists, the department may allow
 4 further time not exceeding 30 days for filing a return and
 5 payment of the tax due.

6 (4) All payments received under this act shall be
 7 credited first to penalty and then to interest accrued on
 8 the tax being paid and then to the tax. Penalty, interest,
 9 and tax for prior delinquent quarters shall be paid in full
 10 chronologically before any payments are credited to any
 11 subsequent quarter.

12 (5) Owners incurring less than \$10 total tax liability
 13 under this act in any calendar quarter are excused from the
 14 payment of such tax but may be required to file a quarterly
 15 return.

16 Section 8. Timber tax account and subaccounts. (1) The
 17 revenue from the yield tax shall be deposited in a suspense
 18 account established under the provisions of 79-412. After
 19 payment of refunds pursuant to subsection (2) of this
 20 section, the balance remaining shall be deposited in the
 21 general fund to the credit of the timber tax account which
 22 account is hereby established.

23 (2) The amount of moneys necessary to pay refunds of
 24 the taxes levied under this act are appropriated
 25 continuously to the department from the suspense account

1 referred to in subsection (1) of this section and shall be
 2 used by the department for the payment of all refunds of
 3 taxes levied under this act which have been audited and
 4 approved by the department. Any penalties, interest, and
 5 taxes then due from the taxpayer shall be applied in that
 6 order in computing any refund, and only the balance due the
 7 taxpayer, if any, may be refunded.

8 (3) Subject to subsection (2) of this section the
 9 records of the department shall reflect the tax credit for
 10 each school district in the same proportion that the harvest
 11 factor in each school district bears to the sum of all the
 12 harvest factors for all school districts in the state.

13 (4) In addition to the rates specified in [section
 14 5(1) of this act], there is imposed upon each owner a surtax
 15 at a rate of 1/2 of 1% on the immediate harvest value of
 16 timber, as specified in subsection (2) of [section 6], upon
 17 timber harvested between January 1, 1979, and December 31,
 18 1979, inclusive. The revenues from such surtax shall be
 19 deposited in a separate fund, designated as the "reserve
 20 fund subaccount", which is hereby established within the
 21 timber tax account. The surtax shall be reimposed for 1 year
 22 at any time the balance in the reserve fund subaccount is
 23 reduced to less than \$300,000.

24 Section 9. Department to furnish estimates of
 25 distributions from timber tax account — county

1 commissioners to fix levies using the amount certified —
 2 apportionment to school districts. (1) On or before July 1
 3 of each year, commencing with 1979 and ending with 1983, the
 4 department shall furnish to the county assessor the
 5 estimated amount of yield taxes to be distributed to each
 6 school district in the county for the current fiscal year
 7 converted to taxable value by the department. The assessor
 8 shall include such taxable value in the total taxable values
 9 to be used by the county commissioners in setting mill levy
 10 rates for the various school districts for the current
 11 fiscal year. The estimated annual amount of yield tax to be
 12 distributed to each taxing school district shall be
 13 determined by the department according to the proportion
 14 that the taxable value of standing timber in 1978 of that
 15 school district bears to the taxable value of all standing
 16 timber in the state, as applied to the harvest factor for
 17 the entire state for the year in question plus any
 18 distributions from the timber tax reserve fund subaccount,
 19 pursuant to subsection (4) of this section.

20 (2) On or before July 1 of each year, commencing with
 21 1984, the estimated amount of yield taxes converted to
 22 taxable values and furnished to the county assessor shall
 23 reflect a tax credit assigned to each school district in the
 24 same proportion that the harvest factor for each district
 25 bears to the sum of the harvest factors for all school

1 districts in the state.

2 (3) All moneys to be distributed by the department to
3 the various counties pursuant to subsections (1) and (2) of
4 this section must be credited to the proper school districts
5 by the department and remitted to the respective county
6 treasurers on or before the 15th day of the month following
7 April 30, July 31, October 31, and January 31. Remittances
8 to the county treasurers shall be made by the department
9 commencing May 15, 1979. The county treasurer shall
10 distribute such moneys to the various funds within the
11 proper school district in the same proportions that
12 collections from ad valorem taxes within the district are
13 distributed.

14 (4) At the end of the fourth quarter of 1979 and at
15 the end of every fourth quarter thereafter, any moneys in
16 the timber tax reserve fund subaccount in excess of \$400,000
17 shall be transferred to the timber tax account, and
18 one-fourth of the transferred moneys shall be distributed
19 with each quarterly distribution to the counties in the
20 immediately following year. Moneys shall be transferred in
21 the same proportion that each school district's credit in
22 the reserve fund subaccount bears to the total value in the
23 reserve fund subaccount as a whole.

24 Section 10. Deficiency below scheduled revenues. If
25 the amount of revenues available for crediting to the

1 various school districts pursuant to subsection (3) of
2 [section 8] for any quarter is less than the estimates
3 computed by the department under subsections (1) and (2) of
4 [section 9], the deficiency shall be made up as far as
5 possible out of any available funds in the reserve fund
6 subaccount, which funds are continuously appropriated for
7 such purpose.

8 Section 11. Excess over scheduled revenues. If the
9 amount of revenues available for crediting to the various
10 school districts pursuant to subsection (3) of [section 8]
11 for any quarter exceeds the department's estimates computed
12 under [section 9], the excess shall be credited to the
13 reserve fund subaccount and only the amount equal to the
14 estimated revenues may be credited to the school districts
15 in the designated fiscal year.

16 Section 12. Forest land classification, assessment,
17 and tax. (1) Forest lands designated by the department shall
18 continue to be subject to ad valorem taxation,
19 notwithstanding 84-401, and shall be valuated, assessed, and
20 taxed with the value being based only on those indicia of
21 value which such land has for forest use.

22 (2) In any year commencing with January 1, 1979, an
23 owner of land, whose intent is to utilize the land primarily
24 for growing and harvesting timber and which land is not
25 designated as forest land by the department, may request the

1 department, in a manner and on a form to be prescribed by
 2 the department, for designation of such land as forest land.
 3 The application form shall be prepared by the department and
 4 made available to owners by the county appraiser and shall
 5 include provisions for the following information:

6 (a) a legal description of all land the applicant
 7 desires to be designated as forest land;

8 (b) a brief description of the timber on the land or,
 9 if the timber has been harvested, the applicant's plan for
 10 restocking;

11 (c) whether the land is subject to a lease, option, or
 12 other right which permits it to be used for any purpose
 13 which conflicts with growing and harvesting timber;

14 (d) a statement of the applicant's intent to utilize
 15 the land primarily for growing and harvesting timber; and

16 (e) all other relevant information the department
 17 considers necessary.

18 (3) The department shall notify the applicant of
 19 approval or disapproval within 30 days of the date the
 20 application was filed. When the department disapproves an
 21 application, the reasons therefor shall be given the
 22 applicant in writing and the applicant may appeal the
 23 decision.

24 (4) Land classified as forest land is subject to an
 25 additional tax known as the "roll-back tax" that is a lien

1 upon the land and due and payable at the time of change of
 2 use. The word "roll-back" means the period preceding the
 3 change in use of the land, not exceeding 5 years, during
 4 which the land was appraised, assessed, and taxed as forest
 5 land under the provisions of this act.

6 (5) The department shall determine the amount of
 7 roll-back tax chargeable on forest land by ascertaining:

8 (a) the full and fair value of the land under the
 9 valuation standards applicable to land in the county not
 10 designated as forest land;

11 (b) the amount of land assessment for the period of
 12 the roll-back by multiplying such full and fair market value
 13 by the number of years in the roll-back and by multiplying
 14 the product obtained by the assessment ratio in effect in
 15 the year in which the change in use of the land is made;

16 (c) the average mill levy applied in the taxing
 17 district in which the land is located by dividing the
 18 aggregate mill levy actually applied in each year of the
 19 roll-back by the number of years included in the roll-back;
 20 and

21 (d) the amount of the roll-back tax by multiplying the
 22 taxable value computed from the amount of assessment
 23 computed under (b) by the average mill levy computed under
 24 (c), less the amount of real property taxes actually paid
 25 during the period of the roll-back.

1 (6) The assessment of roll-back taxes on former forest
2 land, the attachment of the lien for such taxes, and the
3 right of the owner or other interested party to review of
4 any judgment of the department are governed by the general
5 provisions of Title 84 for collection of property taxes. The
6 roll-back collected shall be paid into the county treasury
7 and paid by the treasurer to the various taxing units pro
8 rata in accordance with the levies for the current year.

9 (7) Designation and appraisal of land as forest land
10 depends upon continued use of the land primarily for growing
11 and harvesting timber and not upon continuance of the same
12 owner of title to the land.

13 Section 13. Appeals. Any owner may appeal for the
14 revision or refund of any tax of this act as provided in
15 84-403.

16 Section 14. Procedure to determine taxes -- penalty --
17 tax lien. (1) If any person fails, neglects, or refuses to
18 file any statement required by this act or fails to make
19 payment of such taxes within the time required, the
20 department shall, immediately after such time has expired:

21 (a) proceed to inform itself, as best it may,
22 regarding the amount of timber harvested and the number of
23 acres of forest land held by such person during such quarter
24 or year;

25 (b) determine and fix the amount of the taxes due to

1 the state from such person for such quarter or year and
2 complete a statement in duplicate, showing the same;

3 (c) add to the amount of such taxes, 10% thereof as a
4 penalty.

5 (2) One copy of the statement shall be filed in the
6 office of the county clerk and recorder of the county in
7 which the timber was harvested or land is located.

8 (3) The department shall proceed to collect the amount
9 of the taxes, with the penalty added thereto and interest on
10 the whole thereof, at the rate of 8% a year, from the date
11 of completion of the statement by the department, until
12 paid. Upon request of the department, the attorney general
13 or any county attorney shall commence and prosecute to final
14 determination in any court of competent jurisdiction an
15 action at law to collect the same.

16 (4) The taxes assessed against any person under this
17 act, together with penalties and interest thereon, are a lien
18 upon all property owned by such person within this state,
19 including the timber and forest land owned by such person.
20 The lien attaches on the date when the taxes are certified
21 to the county clerk and recorder by the department and may
22 be enforced in the name of the state of Montana in the same
23 manner as other liens are enforced at law.

24 Section 15. Rules -- forms. The department may
25 promulgate rules and prescribe forms it considers necessary

1 to administer the provisions of this act.

2 Section 16. Department to review act. At the end of at
3 least 4 years' operation of this act, the department shall
4 present a review to the legislature of the rate of yield tax
5 imposed by this act and recommendations as to any proposed
6 changes in the method of distribution of collected revenues
7 under this act to the school districts.

8 Section 17. Transition provision. Timber harvested
9 before July 1, 1980, pursuant to a contract signed before
10 January 1, 1977, is not subject to the yield tax imposed by
11 [section 5].

12 Section 18. Severability and nonseverability
13 provisions. It is the intent of the legislature that if a
14 part of this act is invalid, all valid parts that are
15 severable from the invalid part remain in effect. If a part
16 of this act is invalid in one or more of its applications,
17 the part remains in effect in all valid applications that
18 are severable from the invalid applications. In the event
19 this tax is held not to apply to timber cut on national
20 forest lands, this act is invalid in its entirety.

21 Section 19. Effective date. This act is effective
22 January 1, 1979.

-End-

STATE OF MONTANA

REQUEST NO. 37-77

FISCAL NOTE

Form BD-15

In compliance with a written request received January 10, 19 77, there is hereby submitted a Fiscal Note for House Bill 83 pursuant to Chapter 53, Laws of Montana, 1965 - Thirty-Ninth Legislative Assembly. Background information used in developing this Fiscal Note is available from the Office of Budget and Program Planning, to members of the Legislature upon request.

DESCRIPTION OF PROPOSED LEGISLATION

This act imposes a yield tax and a surtax on all timber harvested and provides a roll-back tax and forest land tax as a method of taxing and appraising timberland.

ASSUMPTIONS

1. Even though the law takes effect January 1, 1979, a bureau would need to be funded for the entire FY 79 to allow time to prepare returns, calculate tax tables, etc.. The cost of this bureau would be \$155,000 per year.
2. The bill will have no impact on state revenues in FY 79 because tax bills will be sent out for FY 79 by August 78 and no new tax bills will be sent until August 79, after the biennium.
3. The cost of the current program is \$20,000.

FISCAL IMPACT

	<u>FY 78</u>	<u>FY 79</u>
Estimated property tax going to state from tax on timber land under current law	\$39,000	\$ 39,000
Estimated property tax going to state from tax on timber land under proposed law	<u>39,000</u>	<u>39,000</u>
TOTAL REVENUE IMPACT	<u>\$ 0</u>	<u>\$ 0</u>
Estimated expenditures under current law by category:		
Personal Services	\$16,000	\$ 16,000
Operating Expenses	4,000	4,000
TOTAL EXPENDITURES	<u>\$20,000</u>	<u>\$ 20,000</u>
Estimated expenditures under proposed law by category:		
Personal Services	\$16,000	\$117,000
Operating Expenses	4,000	38,000
TOTAL EXPENDITURES	<u>\$20,000</u>	<u>\$155,000</u>
TOTAL INCREASED EXPEND.	<u>\$ 0</u>	<u>\$135,000</u>

NET EFFECT during the biennium will be an increase in state expenditures of \$135,000.

(Continued on page 2)

Richard L. Tracy for
 BUDGET DIRECTOR
 Office of Budget and Program Planning
 Date: 1-14-77

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EFFECT ON LOCAL GOVERNMENT REVENUES

The long range effect on total local government revenues from timber sources controlled by the state will be an increase of approximately \$700,000 per year.

LONG-RANGE EFFECTS OF PROPOSED LEGISLATION

State expenditures will increase much more than the revenue generated to the state by this bill. The state will lose approximately \$85,000 per year by implementing this bill once it is in full effect.

TECHNICAL NOTE

Section 3 subsection 5. No average is computed, merely a total.

Section could read: "Harvest factor" for the purposes of this act is the average of the total market value of all timber harvested within the school district within the most recent 5 year period divided by 5. If the act has not been in effect for 5 years, the total market value for the years the act has been in effect divided by the number of years the act has been in effect shall constitute the harvest factor. The total market value shall be determined from the yield tax returns filed with the department.

PREPARED BY: Department of Revenue

BUDGET DIRECTOR

Office of Budget and Program Planning

Date: _____

STATE OF MONTANA

REQUEST NO. 37-77 Amended

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DESCRIPTION OF PROPOSED LEGISLATION

This act imposes a yield tax and a surtax on all timber harvested and provides a roll-back tax and forest land tax as a method of taxing and appraising timberland.

ASSUMPTIONS

1. Even though the law takes effect January 1, 1979, a bureau would need to be funded for the entire FY 79 to allow time to prepare returns, calculate tax tables, etc.. The cost of this bureau would be \$155,000 per year.
2. The bill will have no impact on state revenues in FY 78 and FY 79 due to the date of implementation.
3. The cost of the current program is \$40,000.

FISCAL IMPACT

	<u>FY 78</u>	<u>FY 79</u>
Estimated property tax revenues going to state from tax on timber land under current law.	\$39,000	\$39,000
Estimated property tax revenues going to state from tax on timber land under proposed law.	\$39,000	\$39,000
TOTAL DECREASE	<u>\$ 0</u>	<u>\$ 0</u>
Estimated expenditures under current law by category:		
Personal Services	\$32,000	\$32,000
Operating Expenses	\$ 8,000	\$ 8,000
TOTAL EXPENDITURES	<u>\$40,000</u>	<u>\$40,000</u>
Estimated expenditures under proposed law by category:		
Personal Services	\$32,000	\$117,000
Operating Expenses	\$ 8,000	\$ 38,000
TOTAL EXPENDITURES	<u>\$40,000</u>	<u>\$155,000</u>
TOTAL INCREASE	<u>\$ 0</u>	<u>\$115,000</u>

NET EFFECT during the biennium will be a decrease in state revenues of \$115,000.

(Continued on page 2)

BUDGET DIRECTOR

Office of Budget and Program Planning

Date: _____

STATE OF MONTANA

REQUEST NO. 37-77 Amended

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EFFECT ON LOCAL GOVERNMENT REVENUES

The long range effect on total local government revenues from timber sources controlled by the state will be an increase of approximately \$750,000 in each fiscal year.

LONG-RANGE EFFECTS

State expenditures will decrease by approximately \$100,000 each fiscal year after implementation of this bill. This decrease is due to the fact that under the current law timber lands would have to be periodically inventoried, which is not required under the proposed legislation.

TECHNICAL NOTE

Section 3 subsection 5. No average is computed, merely a total.

Section could read: "Harvest factor" for the purposes of this act is the average of the total market value of all timber harvested within the school districts within the most recent 5 year period divided by 5. If the act has not been in effect for 5 years, the total market value for the years the act has been in effect divided by the number of years the act has been in effect shall constitute the harvest factor. The total market value shall be determined from the yield tax returns filed with the department.

PREPARED BY DEPARTMENT OF REVENUE

Richard L. Denny
BUDGET DIRECTOR

Office of Budget and Program Planning

Date: 1-21-77