

CHAPTER NO. 284.

HOUSE BILL NO. 367
INTRODUCED BY LIEN, SMITH

IN THE HOUSE

January 24, 1979	Introduced and referred to Committee on Taxation.
February 7, 1979	Committee recommend bill do pass as amended. Report adopted.
February 8, 1979	Printed and placed on members' desks.
February 9, 1979	Second reading, do pass.
February 10, 1979	Considered correctly engrossed.
February 12, 1979	Third reading, passed. Transmitted to second house.

IN THE SENATE

February 13, 1979	Introduced and referred to Committee on Taxation.
March 2, 1979	Committee recommend bill be concurred in as amended. Report adopted.
March 5, 1979	Second reading, concurred in.
March 7, 1979	Third reading, concurred in as amended.

IN THE HOUSE

March 8, 1979	Returned from second house. Concurred in as amended.
March 14, 1979	Second reading, amendments adopted.

March 15, 1979

Third reading, amendments
adopted.
Sent to enrolling.

Reported correctly enrolled.

1 HOUSE BILL NO. 367
2 INTRODUCED BY Leslie Smith

3
4 A BILL FOR AN ACT ENTITLED: "AN ACT TO EXEMPT WOOL PGOLS
5 FROM CORPORATION LICENSE TAX; AMENDING SECTION 15-31-102,
6 MCA; AND PROVIDING AN EFFECTIVE DATE."

7
8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

9 Section 1. Section 15-31-102, MCA, is amended to read:
10 "15-31-102. Organizations exempt from tax. (1) There
11 shall not be taxed under this title any income received by
12 any:

13 (a) labor, agricultural, or horticultural
14 organization;

15 (b) fraternal beneficiary, society, order, or
16 association operating under the lodge system or for the
17 exclusive benefit of the members of a fraternity itself
18 operating under the lodge system and providing for the
19 payment of life, sick, accident, or other benefits to the
20 members of such society, order, or association or their
21 dependents;

22 (c) cemetery company owned and operated exclusively
23 for the benefit of its members;

24 (d) corporation or association organized and operated
25 exclusively for religious, charitable, scientific, or

1 educational purposes, no part of the net income of which
2 inures to the benefit of any private stockholder or
3 individual;

4 (e) business league, chamber of commerce, or board of
5 trade not organized for profit and no part of the net income
6 of which inures to the benefit of any private stockholder or
7 individual;

8 (f) civic league or organization not organized for
9 profit but operated exclusively for the promotion of social
10 welfare;

11 (g) club organized and operated exclusively for
12 pleasure, recreation, and other nonprofitable purposes, no
13 part of the net income of which inures to the benefit of any
14 private stockholder or members;

15 (h) farmers' or other mutual hail, cyclone, or fire
16 insurance company, mutual ditch or irrigation company,
17 mutual or cooperative telephone company, or like
18 organization of a purely local character, the income of
19 which consists solely of assessments, dues, and fees
20 collected from members for the sole purpose of meeting its
21 expenses;

22 (i) any cooperative association or corporation engaged
23 in the business of operating a rural electrification system
24 or systems for the transmission or distribution of
25 electrical energy on a cooperative basis;

1 (j) corporations or associations organized for the
2 exclusive purpose of holding title to property, collecting
3 income therefrom, and turning over the entire amount
4 thereof, less expenses, to an organization which itself is
5 exempt from the tax imposed by this title;

6 ~~(k) wool pool, which is an association of agricultural~~
7 ~~producers organized to market association members' wool and~~
8 ~~the income of which consists solely of assessments, dues,~~
9 ~~and fees collected from members for the sole purpose of~~
10 ~~meeting its expenses.~~

11 (2) In determining the license fee to be paid under
12 this part, there shall not be included any earnings derived
13 from any public utility managed or operated by any
14 subdivision of the state or from the exercise of any
15 governmental function."

16 Section 2. Effective date and application. This act is
17 effective on passage and approval and applies to taxable
18 years beginning after December 31, 1978.

-End-

STATE OF MONTANA

REQUEST NO. 150-79

FISCAL NOTE

Form BD-15

In compliance with a written request received January 26, 19 79, there is hereby submitted a Fiscal Note for House Bill 367 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

This proposed bill exempts wool pools from corporation license tax and provides an effective date.

ASSUMPTIONS

- 1) Wool pools would pay \$5,000 per year under the corporation license tax for FY 80 and FY 81.
- 2) Corporation license tax revenues will be \$35.0 million for both FY 80 and FY 81.

FISCAL IMPACT

	<u>FY 80</u>	<u>FY 81</u>
Corporation License Tax		
under current law	\$35.000 M	\$35.000 M
under proposed law	34.995 M	34.995 M
Estimated Decrease	<u>(\$.005 M)</u>	<u>(\$.005 M)</u>

FUND INFORMATION

General Fund		
Estimated Decrease	<u>(\$3,200)</u>	<u>(\$3,200)</u>
Earmarked Revenue Fund (School Foundation Program)		
Estimated Decrease	<u>(\$1,250)</u>	<u>(\$1,250)</u>
Sinking Fund		
Estimated Decrease	<u>(\$ 550)</u>	<u>(\$ 550)</u>

PREPARED BY DEPARTMENT OF REVENUE

Richard L. Franzen
BUDGET DIRECTOR

Office of Budget and Program Planning

Date: 1/31/79

Approved by Committee
on Taxation

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(c) cemetery company owned and operated exclusively for the benefit of its members;

(d) corporation or association organized and operated exclusively for religious, charitable, scientific, or

educational purposes, no part of the net income of which inures to the benefit of any private stockholder or individual;

(e) business league, chamber of commerce, or board of trade not organized for profit and no part of the net income of which inures to the benefit of any private stockholder or individual;

(f) civic league or organization not organized for profit but operated exclusively for the promotion of social welfare;

(g) club organized and operated exclusively for pleasure, recreation, and other nonprofitable purposes, no part of the net income of which inures to the benefit of any private stockholder or members;

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3 income therefrom, and turning over the entire amount
4 thereof, less expenses, to an organization which itself is
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7 ~~agricultural producers organized to market association~~
8 ~~members' wool and SHEEP, the income of which consists solely~~
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6 ~~(k) wool AND SHEEP pool, which is an association of
7 OWNED AND OPERATED BY agricultural producers organized to
8 market association members' wool and SHEEP, the income of
9 which consists solely of assessments, dues, and fees
10 collected from members for the sole purpose of meeting its
11 expenses. INCOME, FOR THIS PURPOSE, DOES NOT INCLUDE
12 EXPENSES AND MONEY DISTRIBUTED TO MEMBERS CONTRIBUTING WOOL
13 AND SHEEP.~~

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15 this part, there shall not be included any earnings derived
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17 subdivision of the state or from the exercise of any
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March 2, 1979

SENATE STANDING COMMITTEE REPORT
(Taxation)

That House Bill No. 367 be amended as follows:

1. Page 3, line 6.

Following: "association"

Strike: "of"

Insert: "owned and operated by"

2. Page 3, line 10.

Following: "expenses."

Insert: "Income for this purpose does not include expenses and monies distributed to members contributing wool and sheep."