

SENATE BILL NO. 426

2/15 Introduced
2/15 Referred to Taxation
2/15 Rereferred to Business & Industry
2/15 Fiscal Note Requested
2/18 Hearing
2/23 Fiscal Note Received
3/14 Committee Report-Bill Pass As Amended
3/14 Statement of Intent Attached
3/19 2nd Reading Indefinitely Postponed

1 Senate BILL NO. 426
2 INTRODUCED BY Neuman Dir.
3
4 A BILL FOR AN ACT ENTITLED: "AN ACT PROVIDING FOR AN
5 ASSESSMENT ON AGRICULTURAL PRODUCTS SOLD IN MONTANA TO BE
6 USED TO FUND THE CAPITAL RESERVE ACCOUNT; AND PROVIDING A
7 CONTINGENT EFFECTIVE DATE."
8
9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:
10 Section 1. Assessment -- procedure for collection. (1)
11 There is levied an annual assessment according to the table
12 contained in [section 4] on all cattle, swine, sheep,
13 chickens, wool, eggs, milk and cream, wheat, barley, hay,
14 dry beans, oats, corn, potatoes, sweet cherries, sugar
15 beets, honey, and beeswax produced in the state of Montana
16 and sold through commercial channels. The assessment is
17 levied and imposed on each producer as follows:
18 (a) in the case of a sale, at the time of the sale,
19 the assessment must be collected by the first purchaser from
20 the producer at the time of settlement for the product
21 purchased; or
22 (b) in the case of a pledge or mortgage of a product
23 as security for a loan under any federal price support
24 program, the assessment must be collected by deducting the
25 amount of the assessment from the proceeds of the loan at



1 the time the loan is made by the agency or person making the
2 loan.

3 (2) The assessment levied under the provisions of
4 [this act] must be deducted and collected as provided in
5 [this act] whether the product assessed is stored in this or
6 any other state. The assessment attaches to each
7 transaction, but no producer is subject to assessment more
8 than once, irrespective of the number of times the product
9 is the subject of a sale, pledge, mortgage, or other
10 transaction. The assessment is imposed and attaches to the
11 initial sale, pledge, mortgage, or other transaction in
12 which the producer parts with title to the product or
13 creates some interest therein in a pledgee, mortgagee, or
14 other person.

15 Section 2. Purchaser's delivery of invoice to producer
16 -- form -- filing of sworn statement -- payment of
17 assessment. (1) The purchaser of a product subject to
18 assessment, at the time of sale, or the pledgee, mortgagee,
19 or other lender, at the time of the loan or advance, shall
20 give separate invoices for each purchase to the producer.
21 The invoices must be on forms approved by the authority and
22 must show:

23 (a) the name and address of the producer and seller;
24 (b) the name and address of the purchaser or the
25 lender, mortgagor, or pledgor;

1 (c) the amount in units prescribed by the table in
2 [section 4] of the product sold, mortgaged, or pledged;

3 (d) the date of the purchase, mortgage, or pledge; and

4 (e) the amount of assessment collected and remitted to
5 the authority.

6 (2) The purchaser, mortgagee, or pledgee shall file
7 with the authority, on forms prescribed by the authority,
8 within 20 days after the end of a month in which he
9 purchases a product subject to assessment or in which a
10 lender makes a loan or advance on a producer's product, a
11 sworn statement of the units as prescribed by the table in
12 [section 4] purchased in Montana or the units mortgaged,
13 pledged, or otherwise transferred as security for a loan
14 during the preceding calendar month. At the time the sworn
15 statement is filed, the purchaser or lender shall pay to the
16 authority the assessment provided for in [section 2] for
17 deposit in the reserve account for retirement of the general
18 obligation bonds authorized by [section 1].

19 Section 3. Assessment table. The assessment provided
20 for in [section 2] is computed as follows:

21 Product	Unit Measure
22 cattle	pounds
23 calves	pounds
24 swine	pounds
25 sheep and lambs	pounds

1 wool	pounds
2 chickens	pounds
3 eggs	dozen
4 milk and cream	pounds
5 all wheat	bushel
6 all hay	ton
7 barley	bushel
8 dry beans	hundredweight
9 oats	bushel
10 corn	bushel
11 potatoes	hundredweight
12 sweet cherries	ton
13 sugar beets	ton
14 honey	pounds
15 beeswax	pounds

16 Multiply the number of units marketed (UM) in terms of
17 unit measure by the unit price at the time of sale (P) to
18 determine the price received (PR). Multiply the price
19 received by the assessment percentage (.0015) to determine
20 the assessment amount (A). $UM \times P = PR$; $PR \times .0015 = A$.

21 Section 4. Reserve account. (1) The authority shall
22 pay into the capital reserve account all amounts received

23 from assessments on products under [sections 1 through 3].

24 (2) All funds held in the capital reserve account must
25 be used solely for the payment of principal or interest on

1 only obligations for which the agricultural authority
2 investment fund has been pledged for repayment as provided
3 in [___Bill No.__(LC 1670)]. Any interest or income earned
4 on the capital reserve account must be redeposited in the
5 capital reserve account.

6 Section 5. Codification instruction. This act is
7 intended to be codified as an integral part of Title 80,
8 chapter 12, and the provisions of Title 80, chapter 12,
9 apply to this act.

10 Section 6. Coordination -- effective date. If this act
11 and ___Bill No.__(LC 1670) are both passed and approved,
12 this act is effective July 1, 1985. If ___Bill No.__(LC
13 1670) is not passed and approved, this act is void.

-End-

STATE OF MONTANA
FISCAL NOTE

REQUEST NO. FNN 453-85

Form BD-15

In compliance with a written request received February 15, 19 85, there is hereby submitted a Fiscal Note for S.B. 426 pursuant to Title 5, Chapter 4, Part 2 of the Montana Code Annotated (MCA). 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:

An act providing for an assessment on agricultural products sold in Montana to fund the Capital Reserve Account.

ASSUMPTIONS:

- 1) Effective date of July 1, 1985 contingent upon passage of S.B. 425.
- 2) All assessments are deposited in the Capital Reserve Account with no provision for administrative expenses.
- 3) Operational costs to administer collection of the assessment are paid from the General Fund.
- 4) All interest earned on the assessments is deposited in the reserve account. Assume 9% interest earnings in 1987.

FISCAL IMPACT:

	<u>FY 86</u>		<u>FY 87</u>	
	<u>Current</u>	<u>Proposed</u>	<u>Current</u>	<u>Proposed</u>
Revenue	\$ -0-	\$2,046,344	\$ -0-	\$2,046,344
Interest	\$ -0-	-0-	\$ -0-	184,171
	\$ -0-	\$2,046,344	\$ -0-	\$2,230,515
Expenditures:				
Personal Services	\$ -0-	\$ 33,397	\$ -0-	\$ 33,397
Operations	\$ -0-	35,365	\$ -0-	27,704
General Fund Cost	\$ -0-	\$ 68,762	\$ -0-	\$ 61,101

AFFECT ON COUNTY OR OTHER LOCAL REVENUE OR EXPENDITURES:

None

LONG-RANGE EFFECTS OF PROPOSED LEGISLATION:

Could provide additional source of financing for farmers/ranchers.

David L. Hunter

BUDGET DIRECTOR
Office of Budget and Program Planning

Date: Feb 20, 1985

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RE-REFERRED AND
APPROVED BY COMM. ON
BUSINESS & INDUSTRY

SENATE BILL NO. 426

INTRODUCED BY NEUMAN, TOWE

A BILL FOR AN ACT ENTITLED: "AN ACT PROVIDING FOR AN
ASSESSMENT ON AGRICULTURAL PRODUCTS SOLD IN MONTANA TO BE
USED TO FUND THE CAPITAL RESERVE ACCOUNT; AMENDING SECTIONS
80-11-207, 80-12-312, 81-8-608, AND 81-8-804, MCA; AND
PROVIDING A CONTINGENT EFFECTIVE DATE AND A TERMINATION
DATE."

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

Section 1. Assessment -- procedure for collection. (1)
There is levied an annual assessment according to the table
contained in [section 4 3] on all cattle, swine, sheep,
chickens, wool, eggs, milk and cream, wheat, barley, hay,
dry beans, oats, corn, potatoes, sweet cherries, sugar
beets, honey, and beeswax produced in the state of Montana
and sold through commercial channels. The assessment is
levied and imposed on each producer as follows:

(a) in the case of a sale, at the time of the sale,
the assessment must be collected by the first purchaser from
the producer at the time of settlement for the product
purchased; or

(b) in the case of a pledge or mortgage of a product
as security for a loan under any federal price support

program, the assessment must be collected by deducting the
amount of the assessment from the proceeds of the loan at
the time the loan is made by the agency or person making the
loan.

(2) The assessment levied under the provisions of
~~this act~~ [SECTIONS 1 THROUGH 4] must be deducted and
collected as provided in ~~this act~~ [SECTIONS 1 THROUGH 4]
whether the product assessed is stored in this or any other
state. The assessment attaches to each transaction, but no
producer is subject to assessment more than once,
irrespective of the number of times the product is the
subject of a sale, pledge, mortgage, or other transaction.
The assessment is imposed and attaches to the initial sale,
pledge, mortgage, or other transaction in which the producer
parts with title to the product or creates some interest
therein in a pledgee, mortgagee, or other person.

Section 2. Purchaser's delivery of invoice to producer
-- form -- filing of sworn statement -- payment of
assessment. (1) The purchaser of a product subject to
assessment, at the time of sale, or the pledgee, mortgagee,
or other lender, at the time of the loan or advance, shall
give separate invoices for each purchase to the producer.
The invoices must be on forms approved by the authority and
must show:

(a) the name and address of the producer and seller;

SECOND READING

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1 (b) the name and address of the purchaser or the
2 lender, mortgagor, or pledgor;

3 (c) the amount in units prescribed by the table in
4 [section 4 3] of the product sold, mortgaged, or pledged;

5 (d) the date of the purchase, mortgage, or pledge; and

6 (e) the amount of assessment collected and remitted to
7 the authority.

8 (2) The purchaser, mortgagee, or pledgee shall file
9 with the authority, on forms prescribed by the authority,
10 within 20 days after the end of a month in which he
11 purchases a product subject to assessment or in which a
12 lender makes a loan or advance on a producer's product, a
13 sworn statement of the units as prescribed by the table in
14 [section 4 3] purchased in Montana or the units mortgaged,
15 pledged, or otherwise transferred as security for a loan
16 during the preceding calendar month. At the time the sworn
17 statement is filed, the purchaser or lender shall pay to the
18 authority the assessment provided for in [section 2 1] for
19 deposit in the reserve account ~~for retirement of the general~~
20 ~~obligation bonds authorized by [section 1]].~~

21 Section 3. Assessment table. The assessment provided
22 for in [section 2 1] is computed as follows:

23 Product	Unit Measure
24 cattle	pounds
25 calves	pounds

1 swine	pounds
2 sheep and lambs	pounds
3 wool	pounds
4 chickens	pounds
5 eggs	dozen
6 milk and cream	pounds
7 all wheat	bushel
8 all hay	ton
9 barley	bushel
10 dry beans	hundredweight
11 oats	bushel
12 corn	bushel
13 potatoes	hundredweight
14 sweet cherries	ton
15 sugar beets	ton
16 honey	pounds
17 beeswax	pounds

18 Multiply the number of units marketed (UM) in terms of
19 unit measure by the unit price at the time of sale (P) to
20 determine the price received (PR). Multiply the price
21 received by the assessment percentage (.0015) to determine
22 the assessment amount (A). $UM \times P = PR$; $PR \times .0015 = A$.

23 Section 4. Reserve account. (1) The authority shall
24 pay into the capital reserve account AUTHORIZED UNDER
25 80-12-312 all amounts received from assessments on products

under [sections 1 through 3].

(2) All funds held in the capital reserve account must be used ~~solely~~ for THE COSTS OF COLLECTION OF THE ASSESSMENT PROVIDED FOR IN [SECTION 1] AND FOR the payment of principal or interest on only obligations for which the agricultural authority investment fund has been pledged for repayment as provided in Senate Bill No. 425. Any interest or income earned on the capital reserve account must be redeposited in the capital reserve account.

SECTION 5. SECTION 80-12-312, MCA, IS AMENDED TO READ:

"80-12-312. Reserve funds and appropriations. (1) The authority shall pay into one or more capital reserve accounts any:

(a) money appropriated and made available by the state for the purpose of the fund;

(b) proceeds of sale of bonds to the extent provided in the resolutions of the authority authorizing their issuance or in any trust indenture securing their repayment; and

(c) other money that may be available to the authority for the purpose of such a fund from any other source.

(2) ~~All~~ Except as provided in [section 4], all amounts held in a capital reserve account must be used solely for the payment of principal, interest, and a redemption premium with respect to bonds secured in whole or in part by the

account. Funds in an account may not be withdrawn at any time in an amount that reduces the amount of the account to less than the minimum capital reserve requirement established for the account except for the purpose, with respect to bonds secured in whole or in part by the account, of making payment, when due, of principal, interest, or redemption premiums for the payment of which other money pledged is not available."

SECTION 6. SECTION 80-11-207, MCA, IS AMENDED TO READ:

"80-11-207. Buyer's delivery of invoice to grower -- form -- filing of sworn statement -- payment of assessment -- refund. (1) The purchaser of the wheat or barley at the time of sale or the pledgee, mortgagee, or other lender at the time of the loan or advance shall give separate invoices for each purchase to the grower. The invoices shall be on forms approved by the department and shall show:

(a) the name and address of the grower and seller;

(b) the name and address of the purchaser or the lender;

(c) the number of bushels of wheat or hundredweights of barley sold, mortgaged, or pledged;

(d) the date of the purchase, mortgage, or pledge and the amount of assessment collected and remitted to the department.

(2) The purchaser, mortgagee, or pledgee shall file

with the department, on forms prescribed by the department, within 20 days after the end of a month in which he purchases a grower's wheat or barley or in which a lender makes a loan or advance on a grower's wheat or barley, a sworn statement of the number of bushels of wheat or hundredweights of barley purchased in Montana or the number of bushels of wheat or hundredweights of barley mortgaged or pledged or otherwise transferred or lien as security for a loan during the preceding calendar month. At the time the sworn statement is filed, the purchaser or lender shall pay to the department the assessment provided for in 80-11-206 for deposit in the wheat research and marketing account in the other special revenue funds.

(3) The statement referred to in subsections (1) and (2) of this section shall be legibly written and shall be entirely free of any corrections or erasures. A person may not alter any part of a statement.

~~(4) After 30 days and before 90 days following the deduction of the assessment by the first purchaser or the first lender, the grower may, upon the submission of a written, verified request to the department, obtain a refund of the assessment. The request shall be accompanied by the original invoices received by the grower at the time of settlement. The department shall keep complete records of all refunds made under the provisions of this section.~~

~~Records of refunds may be destroyed 2 years after the refund is made. All original invoices shall be returned to the grower with the refund payment.~~

SECTION 7. SECTION 81-8-608, MCA, IS AMENDED TO READ:

"81-8-608. Purchaser's delivery of invoice to producers -- form -- filing of sworn statement -- payment of assessment. (1) The purchaser of swine at the time of settlement shall make and deliver invoices for each purchase to the producer. Such invoices shall show:

(a) the name and address of the producer and purchaser;

(b) the number of swine sold;

(c) the date of the purchase and the amount of assessment collected and remitted to the department of livestock.

(2) The purchaser shall deliver to and have on file with the department on forms prescribed by the committee by the 20th day of each calendar month following any calendar month in which purchaser shall purchase swine of a producer, beginning on August 20, 1975, a sworn statement of the number of swine purchased in Montana during the preceding calendar month. At the time the sworn statement is filed, the purchaser shall pay and remit to the department the assessment provided for in this part for deposit in the swine research and marketing account.

(3) The statement referred to in subsections (1) and (2) of this section shall be legibly written and shall be entirely free of any corrections or erasures on the face thereof. Any person who shall alter any part of any statement shall be guilty of a misdemeanor and, upon conviction thereof, shall be punished as is provided herein.

~~(4) Any time after 30 days from the deduction of the assessment and before the expiration of 90 days following such deduction by the purchaser, the producer may, upon the submission of a written, verified request therefor to the committee through the department, obtain a refund in the amount of the assessment deducted by said purchaser. The request shall be accompanied by the original invoices received by the producer at the time of settlement. The pork research and marketing committee shall keep complete records of all refunds made under the provisions of this part. All original invoices shall be returned to the producer with the refund payments.~~

SECTION 8. SECTION 81-8-804, MCA, IS AMENDED TO READ:

"81-8-804. Assessments -- refunds. (1) There is levied, in addition to the tax on livestock prescribed in Title 15, chapter 24, part 9, a per head tax of 25 cents on each head of cattle that is more than 9 months of age and is owned or possessed within a county for the support and maintenance of research into beef production as provided in

this part. The tax shall be paid to the county treasurer of that county on or before March 1 of each year.

(2) The tax required in subsection (1) must be paid for each head of cattle that is more than 9 months of age and is brought into the county after March 1 and is subject to taxation and assessment under 15-24-301.

(3) Each county is entitled to receive \$250 annually as reimbursement for the administration of this section.

~~(4) A person who has paid the tax required by this section may obtain a refund of the tax upon submission of a written request to the department. The application must be made within 30 days after the payment of the tax and on forms furnished by the department. The department shall, upon receipt of a timely and otherwise properly submitted refund request, refund the tax."~~

NEW SECTION. SECTION 9. EXTENSION OF AUTHORITY. ANY EXISTING AUTHORITY OF THE AGRICULTURAL LOAN AUTHORITY TO MAKE RULES ON THE SUBJECT OF THE PROVISIONS OF THIS ACT IS EXTENDED TO THE PROVISIONS OF THIS ACT.

Section 10. Codification instruction. ~~This act is~~ SECTIONS 1 THROUGH 4 ARE intended to be codified as an integral part of Title 80, chapter 12, and the provisions of Title 80, chapter 12, apply to ~~this act~~ SECTIONS 1 THROUGH 4.

Section 11. Coordination -- effective date --

1 TERMINATION. (1) If this act and Senate Bill No. 425 are
2 both passed and approved, this act is effective July 1,
3 1985. If Senate Bill No. 425 is not passed and approved,
4 this act is void.

5 (2) THIS ACT TERMINATES ON JULY 1, 1987.

-End-