

MINUTES OF THE MEETING  
TAXATION COMMITTEE  
MONTANA STATE SENATE

April 16, 1985  
(Second Meeting)

The seventy-third meeting of the Senate Taxation Committee was called to order by Chairman Thomas E. Towe at 3:40 pm in Room 413-415 of the State Capitol.

ROLL CALL: All members of the committee were present.

CONSIDERATION OF HB 943: Senator Brown said that the finance committee wanted to act on this bill this afternoon and that its passage affects other considerations.

MOTION: Senator Brown moved that HB 943 be concurred in. Senators Brown, Goodover, Hager, Hirsch, Lybeck, McCallum, Severson voted yes. Senators Eck, Halligan, Mazurek, Neuman and Towe voted no. The motion carried. Senator Brown agreed to carry the bill.

CONSIDERATION OF HB 651:

MOTION: Senator Brown moved that HB 651 be tabled.

MOTION: Senator Eck moved as a substitute motion that Representative Winslow's amendments to HB 651 be adopted and that HB 651 be concurred in.

Senator Brown said that HB 374 could be amended to care for the indigent adolescent problem and that HB 651 had a lot of opposition. He said that a conference committee would be hard way to go and that the industry, at least Roger Tippy, had agreed not to oppose further amendment to HB 374.

Senator Towe asked if the increase could be \$1 instead of \$.30. Senator Brown said that would run the risk of killing the whole thing. Senator Neuman said he was in favor of Senator Eck's motion because the tavern owners already had a windfall with the poker machine bill.

Senator Eck said there was no rules problem with HB 651. Senator Towe agreed. He said the constitutional provision does not apply because there was no bonded indebtedness left in the bill. Senator Eck said that she didn't want to jeopardize SB 374.

Question was called. Senators Brown, Goodover, Hager, Halligan, Hirsch, Mazurek and Severson voted no. Senators Eck, Lybeck, Neuman and Towe voted yes. The motion failed.

Question was called on the original motion. With the Chairman voting no and all others voting yes, the motion carried.

CONSIDERATION OF HB 374: Senator Brown explained that the amendments proposed in compromise were to place an additional \$.30 tax on a barrel of beer to fund the indigent youth programs.

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MOTION: Senator Brown moved that HB 374 be amended per Exhibit 1, and that the amendments put on the bill at the first meeting of April 16 be stripped. Senators Neuman and Hager voted no. All other members of the committee voted yes. The motion carried.

Senator Hirsch asked if these amendments would be accepted in the House. Mr. Tippy said that his client, the Beer and Wine Wholesalers, would accept the amendments, though it would be difficult to advise everyone as a mail campaign to the contrary was underway. He said, "We're happy." Mr. Strobe said that the tavern industry would not support the bill. Mr. Browning said, no, his client would also not support the bill.

Senator Neuman said he would oppose the bill because he did not like earmarking funds. He said that it should go through the general fund.

MOTION: Senator Brown moved that HB 374 be concurred in as amended.

Senator Goodover said, "It's a tax increase, so I am against it."

Senator Lybeck clarified that the amendments put the beer tax at the total of \$1.30 per barrel and said he felt that was reasonable and prudent.

Question was called. With Senator Goodover voting no and other committee members voting yes, the motion carried. Senator Brown agreed to carry the bill.

CONSIDERATION OF HB 870: Chairman Towe said the question of the bill is funding the local block grant program. It was noted that there would be some local government funding available in the poker machine bill.

Senator Goodover said the funding mechanism was irresponsible.

Senator Eck said that poker machines should be added to the referendum.

In response to a question by Senator Severson, Senator Towe, said that the amendments would put the figure at full funding of the local block grant program.

MOTION: Senator Goodover moved that HB 870 be tabled.

Senator Halligan said that it is legislative responsibility to fund the local block grant program. He noted that the bill does not hit the real property taxpayer.

The committee discussed the other sources of funding to the local block grant program.

Senator Towe said that without this bill the Legislature would be deficient in its obligation to local government.

Senator Brown said that the old ad valorem system was more fair, but the fee system is more popular and that the bill had to be passed.

Question was called. Senators Goodover and Severson voted yes. All other members, except Senator McCallum who was absent, voted no. The motion failed.

MOTION: Senator Mazurek moved that HB 870 be amended per Exhibit 2.

Senator Hirsch said that other considerations would allow less than full funding of the block grant program. Senator Towe said it must be fully funded even if the source is objectionable.

Question was called. Senators Hirsch and Goodover voted no. Senator McCallum was absent. Other committee members voted yes. The motion carried.

MOTION: Senator Halligan moved that HB 870 be concurred in as amended. Senators Goodover, Severson and Hirsch voted no. Senator McCallum was still absent. All other members voted yes. The motion carried.

#### CONSIDERATION OF HB 892:

MOTION: Senator Mazurek moved that HB 892 be concurred in as amended.

MOTION: Senator Goodover moved as a substitute motion that HB 892 be not concurred in. Senators Goodover, Hager, Hirsch, Lybeck, McCallum, Neuman and Severson voted yes. Senators Brown, Eck, Halligan, Mazurek and Towe voted no. The motion carried.

MOTION: Senator Eck moved that SB 434 be brought from the table.

Senator Mazurek said that the House had already killed similar bills and that it would require a suspension of their rules to accept this one. He said the resort tax is all that is left.

Senator Eck withdrew the motion.

#### CONSIDERATION OF HB 701:

MOTION: Senator Eck moved that HB 701 be concurred in without amendment. She said there were already too many constraints in the bill.

Senator Towe said that the amendments would require that any procedure be returned to the Legislature for a decision in the future and that the committee approve the acquisition of the Daly Mansion. He said there were problems with the bill in its current form.

Senator Severson said that the mansion is very hard to appraise as it is simply a judgement. He said he supported the Towe amendments.

Senator LYbeck said he would support Senator Eck's motion. He said that the idea should be allowed to work or the bill should be killed. He noted that a broad range of people would participate in the decision.

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Senator Goodover suggested that the committee making the decision should be from outside Ravalli County. He suggested that a county commissioner, a senator and a representative from another geographic location should sit on the committee. Senator Hager resisted the suggestion based on his experience with the state purchase of Lake Elmo in Billings.

Senator Hirsch said that a realistic appraisal would be better protection than a cap on the amount authorized.

Senator Severson said he feared the cap could become a floor, but he still preferred that cap.

Senator Halligan asked why the in-kind amount should be limited. Senator Towe said it was an effort to make the bill apply fairly. He said that the termination date was also stricken by the proposed amendments and that it would be a case-by-case recommendation from the Department of Revenue to the Legislature.

Senator Brown said that he opposed the motion but not the bill.

MOTION: Senator Severson moved as a substitute motion to amend HB 701 per Exhibit 3.

The committee discussed the wisdom of the bill as it related to the single goal of acquisition of the Daly Mansion and the concept of this kind of purchase as a matter of tax policy. They also discussed the need for latitude in the negotiation process. Senator Severson still wanted the cap left in, Senator Towe still wanted it tied to a bona fide appraisal and not a dollar amount.

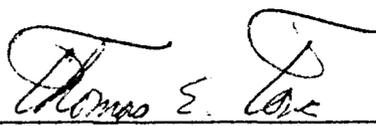
Senator Hirsch suggested that the estate just pay the taxes and the state buy the mansion as a separate transaction if it was desirable. Senator Goodover agreed saying that there was no way to know what the eventual cost to the state would be.

Senator Towe noted to the committee that the cash flow problems in estates would put the state in a good bargaining position to acquire it in this manner.

Question was called on the amendments. Senators Eck, Halligan and Lybeck voted no. All other committee members voted yes. The motion carried.

MOTION: Senator Severson moved that HB 701 be concurred in as amended. Senators Brown, Eck, Halligan, Severson and Towe voted yes. Senators Goodover, Hager, Hirsch, Lybeck, McCallum and Neuman voted no. The motion failed.

Chairman Towe adjourned the meeting.

  
\_\_\_\_\_  
Chairman

ROLL CALL

SENATE TAXATION COMMITTEE

49th Legislative Session -- 1985

Date April 16, 1985 Second meeting

Location -- Room 413-415

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Name Present Absent Excused

Senator Brown	✓		
Senator Eck	✓		
Senator Goodover	✓		
Senator Hager	✓		
Senator Halligan	✓		
Senator Hirsch	✓		
Senator Lybeck	✓		
Senator Mazurek	✓		
Senator McCallum	✓		
Senator Neuman	✓		
Senator Severson	✓		
Senator Towe	✓		

D. Brown Amend.

3 & Gas tax killed.

Is sunset on the bill.

7.4 Million

AMENDMENTS TO HOUSE BILL 870

1. PAGE 3, LINE 6.

STRIKE: "\$7.50"

INSERT: "\$14.00"

STRIKE: "\$6.00"

INSERT: "\$12.00"

2. PAGE 3, LINE 10.

STRIKE: "\$4.00"

INSERT: "\$7.00"

STRIKE: "\$3.00"

INSERT: "\$6.00"

WITH THESE AMENDMENTS, HB-870 WILL GENERATE APPROXIMATELY \$7.06-MILLION FOR THE BIENNIUM. THE BILL AS IT PASSED THE HOUSE WOULD HAVE PROVIDED ABOUT \$4-MILLION IN SUPPLEMENTAL FUNDING FOR THE BLOCK GRANT PROGRAM. THE AMENDMENTS WILL ADD ABOUT \$3-MILLION TO SET UP THE FOLLOWING FINANCING PACKAGE:

BLOCK GRANT FUNDING (1986/87)	
ONE THIRD OIL SEVERANCE TAX	\$24-MILLION ✓
GENERAL FUND APPROPRIATION	3-MILLION ✓
HB-870 (WITH AMENDMENTS)	7-MILLION ✓
TOTAL	34-MILLION

THE ESTIMATED COST TO FUND THE MOTOR VEHICLE TAX REPLACEMENT ACCOUNT FOR THE BIENNIUM IS \$34-MILLION.

THE AMENDMENTS WILL ADD AN AVERAGE OF APPROXIMATELY \$2.00 TO THE LICENSE FEE. THIS WILL BRING THE AVERAGE INCREASE TO \$5.35 PER VEHICLE.

*Reconsider.*

*367  
434 ← Tabled.*

*4.00 / to fund  
Dist - Ct System.*

Amend HB 701, Third Reading Copy

1. Title, line 9.

Following: "COMMITTEE"

Insert: "AND APPROVAL BY THE LEGISLATURE"

2. Title, line 14.

Following: "~~AUTHORITY,~~"

Insert: "APPROVING ACCEPTANCE BY THE DEPARTMENT OF IN-KIND PAYMENT OF THE DALY MANSION;"

3. Page 2, line 7.

Following: "ARE"

Strike: "RECEIVED"

Insert: "recommended"

4. Page 3, line 25.

Following: line 24

Insert: "a certified appraiser selected by"

5. Page 5, lines 10 and 11.

Following: "TO" on line 10

Strike: "APPROVE OR DISAPPROVE THE APPLICATION"

Insert: "Recommend that the legislature approve the in-kind payment"

6. Page 5, line 12.

Following: "HAS"

Strike: "90"

Insert: "180"

7. Page 5, lines 24 and 25.

Following: "may" on line 24

Strike: through "donor" on line 25

Insert: "recommend that the legislature approve acceptance by the department"

8. Page 6, lines 12 and 13.

Following: "accept" on line 12

Insert: "an"

Following: "payment" on line 12

Strike: "only when"

Insert: "if"

9. Page 6, line 15.

Following: line 14

Strike: "\$250,000"

Insert: "\$100,000"

Following: ";

Strike: "AND"

10. Page 6.

Following: line 15

Insert: "(b) the value of the in-kind payment does not exceed \$400,000; and"

11. Page 6, lines 16 and 17.

Following: line 15

Strike: "(B) AFTER"

Insert: "(C)"

Following: "OF THE" on line 16

Strike: "BOARD OF EXAMINERS"

Insert: "legislature"

12: Page 6, lines 22 through 25.

Strike: subsection (4) in its entirety

13. Page 7, lines 1 through 7.

Following: "(1)" on line 1

Strike: through "(2)" on line 7

14. Page 7.

Following: line 24

Insert: "Section 7. Approval of Daly Mansion for in-kind payment. The department of revenue is authorized to receive in-kind payment of the Daly Mansion for a portion of the estate and inheritance taxes due the state in the matter of the Bessingye estate, the legislature having found that: *if.*

(1) the total estate and inheritance taxes due exceed \$100,000; and

(2) the value of the in-kind payment does not exceed \$400,000."

Renumber: subsequent sections

15. Page 8, lines 4 through 9.

Following: "act" on line 4

Strike: through "1985" on line 9

ROLL CALL VOTE

SENATE TAXATION COMMITTEE  
49 th Legislative Session -- 1985

Time 3:50 Date April 16, 85 Room 413-415

Motion: to concur in HB943 Brewer

Name	Yes	No	Excused
Senator Brown	✓		
Senator Eck		✓	
Senator Goodover	✓		
Senator Hager	✓	✓	
Senator Halligan		✓	
Senator Hirsch	✓		
Senator Lybeck	✓		
Senator Mazurek		✓	
Senator McCallum	✓		
Senator Neuman		✓	
Senator Severson	✓		
Senator Towe		✓	

ROLL CALL VOTE

SENATE TAXATION COMMITTEE  
49 th Legislative Session -- 1985

Time 4pm Date April 14, 1985 Room 413-415

Motion: that HB651 be amended per  
Rep Winslow's discussion and be  
concurrent in. Motion by Eck.

Name	Yes	No	Excused
Senator Brown		✓	
Senator Eck	✓		
Senator Goodover		✓	
Senator Hager		✓	
Senator Halligan		✓	
Senator Hirsch		✓	
Senator Lybeck	✓		
Senator Mazurek		✓	
Senator McCallum			
Senator Neuman	✓		
Senator Severson		✓	
Senator Towe	✓		

ROLL CALL VOTE

SENATE TAXATION COMMITTEE  
49 th Legislative Session -- 1985

Time \_\_\_\_\_ Date April 16, 1985 Room 413-415

Motion: Not in HB 892  
Goodover.

Name	Yes	No	Excused
Senator Brown		✓	
Senator Eck		✓	
Senator Goodover	✓		
Senator Hager	✓		
Senator Halligan		✓	
Senator Hirsch	✓		
Senator Lybeck	✓		
Senator Mazurek		✓	
Senator McCallum	✓		
Senator Neuman	✓		
Senator Severson	✓		
Senator Towe		✓	

ROLL CALL VOTE

SENATE TAXATION COMMITTEE  
49 th Legislative Session -- 1985

Time \_\_\_\_\_ Date April 16, 1985 Room 413-415

Motion: amends in Exhibit 3 to HB 701  
Severson

Name	Yes	No	Excused
Senator Brown	✓		
Senator Eck		✓	
Senator Goodover	✓		
Senator Hager	✓		
Senator Halligan		✓	
Senator Hirsch	✓		
Senator Lybeck		✓	
Senator Mazurek	✓		
Senator McCallum			
Senator Neuman	✓		
Senator Severson	✓		
Senator Towe	✓		

ROLL CALL VOTE

SENATE TAXATION COMMITTEE  
49 th Legislative Session -- 1985

Time \_\_\_\_\_ Date April 16, 1985 Room 413-415

Motion: bcu as amended AB 901

Name	Yes	No	Excused
Senator Brown	✓		
Senator Eck	✓		
Senator Goodover		✓	
Senator Hager		✓	
Senator Halligan	✓		
Senator Hirsch		✓	
Senator Lybeck		✓	
Senator Mazurek	✓		
Senator McCallum		✓	
Senator Neuman		✓	
Senator Severson	✓		
Senator Towe	✓		