The meeting of the Taxation Committee was called to order by Chairman Ramirez on February 20, 1987, at 7:30 a.m. in Room 312B of the State Capitol.

ROLL CALL: All members were present with the exception of Rep. Ream, who was excused. Also present was Greg Petesch, Director of Legal Services, Legislative Council.

DISPOSITION OF HOUSE BILL NO. 608: Rep. Keenan made a motion that HB 608 be TABLED at the request of the bill's sponsor. The motion CARRIED unanimously.


DISPOSITION OF HOUSE BILL NO. 583: Rep. Raney made a motion that HB 583 DO PASS.

Rep. Hanson made a motion that Rep. Donaldson's amendments be approved. The motion CARRIED unanimously. (Exhibit #1a)

Rep. Sands made a motion to amend the bill to sunset in two years. The motion CARRIED unanimously.

Greg Petesch advised that other rules in the legislative process would grant the PSC rulemaking authority.

Rep. Gilbert made a motion to delete the extension of rulemaking authority. The motion CARRIED unanimously.

Rep. Raney made a motion that HB 583 DO PASS AS AMENDED. The motion CARRIED with all members voting aye except Rep. Sands, who voted no.

DISPOSITION OF HOUSE BILL NO. 666: Rep. Patterson made a motion that HB 666 DO PASS. The motion CARRIED unanimously.

DISPOSITION OF HOUSE BILL NO. 678: Rep. Sands made a motion that HB 678 DO PASS.

Chairman Ramirez stated 10% is a large penalty for delinquent taxes of more than $10,000.

Rep. Keenan advised that most delinquent taxpayers are large property owners of income-producing property.
TAXATION COMMITTEE
February 20, 1987
Page 2

Rep. Hoffman stated the penalty must be in excess of the borrowing rate.

Rep. Sands made a motion to amend the penalty to 2% of the first $1,000 and 4% for any amount over $1,000. The motion CARRIED with all members voting aye, except Reps. Ellison, Koehnke, and Asay, who voted no.

Rep. Sands made a motion that HB 678 DO PASS AS AMENDED. The motion CARRIED 8-6, on a roll call vote (attached).

CONSIDERATION OF HOUSE BILL NO. 726: Rep. Gary Spaeth, House District #84, sponsor of HB 726, said the bill amends the resort tax introduced last session by Rep. Ellerd, and must apply to restaurants, bars, establishments selling luxury goods as well as hotels and motels. He told the Committee he wished he had deleted language requiring that all four services must be taxed.

PROONENTS OF HOUSE BILL NO. 726: There were no proponents of the bill.

OPPONENTS OF HOUSE BILL NO. 726: There were no opponents of the bill.

QUESTIONS ON HOUSE BILL NO. 726: Rep. Sands stated he preferred the bill as written. Rep. Spaeth replied he would prefer the bill in its present state, which allows voters to decide what kind of resort tax they wish to impose.

CLOSING ON HOUSE BILL NO. 726: Rep. Spaeth advised the bill would clarify what towns, such as West Yellowstone, are doing.

CONSIDERATION OF HOUSE BILL NO. 705: Rep. John Phillips, House District #33, sponsor of HB 705, said the bill was drafted at the request of the Revenue Oversight Committee, and deletes, "and who entered into active duty from Montana", on page 1, line 25 and page 2, line 1, to create consistency. He explained that the Governor's bill attempts to do just the opposite. (HB 705 exempts from state income tax the salary received from the armed forces by residents of Montana who are serving on active duty in the regular armed forces regardless of whether they entered active duty from Montana).

PROONENTS OF HOUSE BILL NO. 705: There were no proponents of the bill.

OPPONENTS OF HOUSE BILL NO. 705: There were no opponents of the bill.

QUESTIONS ON HOUSE BILL NO. 705: There were no questions on HB 705.

DISCUSSION OF HOUSE BILLS NO. 544 AND 545: Chairman Ramirez advised those present that Rep. Janet Moore, sponsor of the bills, was hospitalized and would not be present. Because proponents and opponents had come from distant areas, their testimony was heard this date. HB 544 would increase the cigarette sales tax, depositing the proceeds of the increase in the general fund, and HB 545 would increase the tax on tobacco products other than cigarettes, allocating all the revenue to state aid to education.

PROPOUNENTS OF HOUSE BILLS NO. 544 AND 545: Karen Malisani, American Cancer Society, told the Committee she believes individual lives are more important than tax dollars. She stated lung cancer is now the number one killer of men and women in the U.S.

OPPONENTS OF HOUSE BILLS NO. 544 AND 545: Tom Stump, Pennington's, Inc., told the Committee his family has owned a tobacco distributing business for the past 40 years, which employs 65 persons in northcentral Montana. Mr. Stump read from a prepared statement in opposition to the bills (Exhibit #1), and said last year the cigarette tax brought $12 million into the state. He urged the Committee to give the bills a do not pass recommendation.

Robert VanderVere, Helena citizen, told the Committee he is a smoker and believes the proposed tax increase is too much. He asked the Committee to table the bills.

Jerome Anderson, Tobacco Institute, stated his opposition to both bills.

Phil Campbell, Montana Education Association, said he is still opposed to a select sales tax.

QUESTIONS ON HOUSE BILLS NO. 544 AND 545: Chairman Ramirez asked if there were a constitutional issue in trying to tax a product to regulate its use. Karen Malisani replied there might be, but it would serve to promote better health.

CLOSING ON HOUSE BILLS NO. 544 AND 545: Chairman Ramirez advised Rep. Moore would be afforded an opportunity to present the bill and to close, at a later date.

CONSIDERATION OF HOUSE BILL NO. 709: Rep. Dave Brown, House District #72, sponsor of HB 709, said the bill is, essentially, HB 122 from the 1985 session, as passed by the House. He stated DOR raised concerns with allowing a local governing body to opt for a tax break, and that the bill would exempt the 45 mill levy, but retains elementary and high school districts, in an effort to generally revise the property tax incentive for new and expanding industry. He
explained that passage of the bill would result in a 50% reduction in property taxes over a period of five years. Rep. Brown provided copies of proposed amendments (Exhibit #2), allowing expansion of existing business at a $250,000 investment, and for new business at $500,000. He told the Committee he utilized 15-6-135, MCA, the present expansion code, to prevent piggy-backing, and said he hasn't seen many bills this session to promote economic development. Rep. Brown asked the Committee to support the bill.

PROPONENTS: Joe Weggenman, Executive Director, Helena Chamber of Commerce, said the passage of this bill would add to Montana's portfolio in attracting business to the state. He urged the committee to support the bill.

Stuart Doggett, Montana Chamber of Commerce, stated it is time Montana does something to attract business.

OPPONENTS OF HOUSE BILL NO. 709: Doug Schmitz, Jefferson County Commissioner, said he didn't know if he really opposed the bill, as Golden Sunlight Mine was denied a new industry designation by DOR last summer. He read from a county attorney opinion on 15-24-140, MCA, which he sent to DOR, the Jefferson County Attorney and Assessor, and to the Sunshine Mine. Mr. Schmitz stated it is a difficult issue for county commissioners to wrestle with, and said he was concerned the bill is industry-specific legislation.

QUESTIONS ON HOUSE BILL NO. 709: Rep. Asay asked if industry would be more enticed by a two year incentive, or by a broad-based approach. Joe Weggenman replied the answer would be yes, to both questions. He explained that incentives are needed, at least for a short period, to get new business off the ground.

Rep. Raney asked if the bill were not putting communities in Montana into direct competition with each other. Rep. Brown replied it would, but he didn't see anything bad about it.


Chairman Ramirez advised that there have been such incentives in the past, on which there are now second thoughts. He asked if it would not be better to consider the action taken by Tennessee, which gave a stable, low tax rate for a long time, instead of the "big bang" provided in Minnesota.

CLOSING ON HOUSE BILL NO. 709: Rep. Brown told the Committee that Gary Langley, Montana Mining Association, and Ken Williams, Entech, Inc, also support the bill. He stated the concerns of the Jefferson County Commissioners are addressed in his amendments, with the exception of the comment on
industry-specific legislation. Rep. Brown again asked the Committee to agree to the proposed amendments.

Chairman Ramirez agreed to note that the Montana Mining Association and Entech, Inc, be listed as proponents in the minutes of the meeting.

CONSIDERATION OF HOUSE BILL NO. 606: Rep. Bill Glaser, House District #98, sponsor of HB 606, said it is a simple bill, exempting land from taxation when such land is owned by a cooperative association or a non-profit corporation organized to furnish potable water to members or customers for uses other than irrigation of agricultural land.

PROPOONENTS OF HOUSE BILL NO. 606: Keith Hill, Manager, Lockwood Water Users Association, told the Committee that in 1979, the Association, told the Committee that in 1979, the Association purchased a new well on-system at 400 gallons per minute and increased the line system to 10" water lines for 10,000 feet. He explained the Association needed a loan, but could not get approval for a 7% loan because it didn't have tax exempt status, and ended up with 12% financing.

Bruce Rustad, General Manager, Billings Heights Water District, said he concurred with the statement made by Mr. Hill.

OPPONENTS OF HOUSE BILL NO. 606: Rep. Raney asked if DOR had suggestions for new language. Mr. Holliday replied "land used in conjunction with water purposes" could be inserted to clarify the intent of the bill.

Rep. Raney asked how large parcels of land need to be for water systems. Mr. Hill replied they may vary in size from one to three acres.

Rep. Ellison asked if use limitations could be imposed without affecting tax status. Mr. Hill replied he didn't see a problem if "land" is more clearly defined.

Rep. Asay asked if private property were included in the bill. Rep. Glaser replied it was not, and said he was speaking to non-profit associations covered in specific portions of the law.

CLOSING ON HOUSE BILL NO. 606: Rep. Glaser asked the Committee to keep in mind water users planning for future developments, and that they not exclude such land in proposed changes in language. He added that the bill wouldn't cost the state much in lost revenue.

DISPOSITION OF HOUSE BILL NO. 606: Rep. Sands made a motion that HB 606 DO PASS. Rep. Hoffman made a motion to amend the bill to specify that such land be used for potable
water, or planned for such use. The motion made by Rep. Hoffman CARRIED unanimously.

Rep. Sands made a motion that HB 606 DO PASS AS AMENDED. The motion CARRIED unanimously.


DISPOSITION OF HOUSE BILL 155: Rep. Raney made a motion that HB 155 DO PASS, and made a second motion to amend the bill to sunset July 1, 1989, and to approve coordinating amendments. The motion CARRIED unanimously.

Rep. Raney made a motion that HB 155 DO PASS AS AMENDED. The motion CARRIED with all members voting aye except, Reps. Sands, Gilbert, and Ramirez, who voted no.

DISPOSITION OF HOUSE BILL NO. 287: Rep. Raney advised that HB 287 is a complicated bill. Rep. Gilbert explained that the bill freezes mills, and said that if mills decrease they could no longer obtain the dollar amount I-105 calls for, making the bill doubly restrictive.

Rep. Hoffman made a motion to TABLE HB 287. The motion CARRIED unanimously.

DISPOSITION OF HOUSE BILL NO. 412: Rep. Harp made a motion that HB 652 DO PASS. He said the Revenue Estimating Advisory Council would only estimate revenue, leaving the Governor the option of accepting those estimates. Rep. Harp added he didn't believe the bill would harm the executive branch of government and would only serve to help it.

Rep. Ellison asked when the report would go to the Governor. Rep. Harp explained it would be necessary to allow for changes and said he had no problem with language to this effect.

Rep. Patterson said he concluded the bill would provide for council appointments to be made by the Governor. Rep. Ellison stated he disagreed on the basis that more experienced committee members do a better job, as evidenced by the Revenue Estimating Subcommittee.

Chairman Ramirez made a motion that subsection (3) on page 1, line 16, be amended to provide that the Council can prepare revised estimates as deemed necessary. The motion CARRIED unanimously. Greg Petesch was asked to draft the language.
Chairman Ramirez made a motion to strike "even" years on page 4, as an indication to the Governor to recommend any changes in budgets to meet revenue estimates.

Rep. Raney said he didn't see a need to change this language, as the LFA is working on the budget throughout the biennium.

Rep. Ellison asked if this action would apply to the current year or the upcoming biennium. Rep. Harp replied it would apply to the upcoming biennium.

Rep. Sands stated it appears such a council could force a special session. Chairman Ramirez withdrew his motion.

Rep. Harp advised that the Governor's bill, HB 500, would provide authority to decrease the budget by up to 15% when revenue is short.


DISPOSITION OF HOUSE BILL NO. 688: Rep. Gilbert made a motion that HB 688 DO PASS and made a second motion that the amendments proposed by Jerome Anderson, (Exhibit #3), be approved. He said the bill is more palatable with the amendments, and does need some form of incentive.

Rep. Keenan stated the bill is obviously a revenue bill, for which a fiscal note has not been completed. She suggested the rules be changed concerning revenue bills, because "revenue lost is revenue lost, whether now or a year from now".

Rep. Gilbert advised that because no movement is seen in seismograph activity now, it is an indication there will be no related activity. He explained it takes five to six years to build from a down period.

Chairman Ramirez advised that if the proposed amendment were approved, would be adjusted. Greg Petesch advised that sections 2 and 3 would be stricken as they only address total waiver of royalties.


Rep. Schye advised that the state gets one-fourth of farm production on state lands. He stated he believes the bill would pit vital industries against each other, because farmers will want the same kind of incentive.

Rep. Keenan asked when such incentives will stop. Rep. Harp replied the bill is an enabling act for the states' highest and best use of state lands, which is a fiduciary
responsibility of the Legislature. He stated he could appreciate the problems experienced by the oil, agricultural, and timber industries, but is uncertain the bill would achieve the desired result unless highest and best use is a priority.

Rep. Asay asked if there were no provisions in the bill for storage of grain grown on state lands. He stated a producer could purchase this grain and store it to obtain federal program payments. Rep. Gilbert advised that farmers have a break now on what they pay for state leases, versus what oil companies pay for leases on private lands.

Rep. Gilbert made a motion that HB 688 DO PASS AS AMENDED. The motion CARRIED, with all members voting aye except Reps. Raney and Koehnke, who voted no.

DISPOSITION OF HOUSE BILL NO. 716: Rep. Ellison made a motion to amend HB 716 to "35 cents" on page 1, line 16. The motion CARRIED unanimously.

Rep. Keenan made a motion to approve the amendment recommended by the State Auditor on blanket exemptions, to be revised by Greg Petesch. The motion CARRIED unanimously.

Rep. Ellison made a motion that HB 716 DO PASS AS AMENDED. The motion CARRIED, with all members voting aye except Reps. Koehnke and Gilbert, who voted no.

DISPOSITION OF HOUSE BILL NO. 726: Rep. Sands made a motion that HB 726 DO PASS and then made a motion to strike section (b) on page 2, lines 2-3.

Rep. Gilbert advised that the Committee is still not defining luxuries, and that it is still a problem.

Greg Petesch advised that the City of Red Lodge proposed a luxury tax, but only on certain items, to which the Attorney General responded such a tax must be imposed on all goods and services in the bill.

Rep. Sands made a substitute motion that HB 726 DO NOT PASS. The motion CARRIED with all members voting aye, except Reps. Schye, Keenan, Williams, Ream, and Koehnke, who voted no.

DISPOSITION OF HOUSE BILL NO. 730: Rep. Keenan made a motion that HB 730 DO PASS.

Rep. Raney made a motion to amend the effective date of the bill to July 1, 1988 (Exhibit #4). The motion CARRIED unanimously, and Chairman Ramirez asked Greg Petesch to make certificate of ownership and certificate of title changes in the bill, which are affected by the date change.

DISPOSITION OF HOUSE BILL NO. 743: Rep. Ellison made a motion that HB 743 DO PASS.

Rep. Keenan stated she doesn't know what the bill does, and made a motion to TABLE HB 743. The motion CARRIED unanimously.

Chairman Ramirez advised the permanent assessment on raw land would be applied against the purchase price without having to make that amount due.

DISPOSITION OF SENATE BILL NO. 122: Rep. Harp made a motion that SB 122 BE CONCURRED IN. The motion CARRIED unanimously.

DISPOSITION OF HOUSE BILL NO. 705: Rep. Hanson made a motion that HB 705 DO PASS. The motion CARRIED unanimously.

ADJOURNMENT: Chairman Ramirez advised the Property/Sales Tax Committee would meet on Tuesday, February 24, 1987, at 8 a.m. There being no further business before the Committee, the meeting was adjourned at 10:30 a.m.

Chairman Jack Ramirez
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Mr. Speaker: We, the committee on HOUSE TAXATION report SENATE BILL NO. 122

☐ do pass ☐ be concurred in ☐ as amended
☐ do not pass ☐ be not concurred in ☐ statement of intent attached

Representative Jack Ramirez, Chairman

[Signature]

THIRD reading copy (BLUE color)
STANDING COMMITTEE REPORT

February 20 19 83

Mr. Speaker: We, the committee on HOUSE TAXATION report HOUSE BILL NO. 135

☐ do pass ☐ be concurred in ☒ as amended
☐ do not pass ☐ be not concurred in ☐ statement of intent attached

Rep. Jack Ramirez, C Chairman

As amended as follows:

1. Title, line 7
   Strike: "ELIMINATING"
   Insert: "EXTENDING"

2. Title, line 9
   Following: "DATE"
   Insert: "AND A COORDINATION PROVISION"

3. Page 1, line 15
   Reinsert: stricken language

4. Page 1, line 18
   Reinsert: stricken language through "July-1,"
   Following: "1987:"
   Insert: "1989:"

5. Page 1, line 22
   Reinsert: Stricken language

6. Page 1, line 25
   Reinsert: Stricken language through "July-17"
   Following: "1987:"
   Insert: "1989:"

7. Page 2, line 4
   Reinsert: stricken language

8. Page 2, line 10
   Reinsert: Stricken language through "July-17"
   Following: "1987:"
   Insert: "1989:"

FIRST reading copy (white)
Mr. Speaker: We, the committee on HOUSE TAXATION
report HOUSE BILL NO. 193

☑ do pass ☐ be concurred in ☐ as amended
☐ do not pass ☐ be not concurred in ☐ statement of intent attached

Representative Jack Ramirez, Chairman
Mr. Speaker: We, the committee on HOUSE TAXATION report HOUSE BILL NO. 412

☐ do pass ☐ be concurred in ☐ as amended
☐ do not pass ☐ be not concurred in ☐ statement of intent attached

Representative Jack Ramires, Chairman

FIRST reading copy (WHITE)

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Mr. Speaker: We, the committee on HOUSE TAXATION report HOUSE BILL NO. 626

☐ do pass ☐ be concurred in ☑ as amended
☐ do not pass ☐ be not concurred in ☐ statement of intent attached

Be amended as follows:

1. Page 3, line 15
Following: "(m)"
Strike: "land."
Insert: "(i)"

Page 3, line 20
Following: Line 19
Insert: "(ii) land used or planned to be used for a water system by a cooperative association or nonprofit corporation described subsection (m)(i);"
Mr. Speaker: We, the committee on HOUSE BILL NO. 678 report as amended as follows:

1. Page 4, lines 17 and 18
   Following: "$1,000" on line 17
   Strike: remainder of line 17 through "5%" on line 18
   Insert: "4%"

2. Page 4, line 19
   Strike: line 19 in its entirety

Representative Jack Ramírez, Chairman

FIRST reading copy (WHITE color)
Mr. Speaker: We, the committee on HOUSE TAXATION report HOUSE BILL NO. 705

☐ do pass ☐ be concurred in ☐ as amended
☐ do not pass ☐ be not concurred in ☐ statement of intent attached

Representative Jack Ramirez, Chairman
Mr. Speaker: We, the committee on report HOUSE BILL NO. 716

☑ do pass ☐ be concurred in ☑ as amended
☐ do not pass ☐ be not concurred in ☐ statement of intent attached

Representative Jack Ramirez, Chairman

Be amended as follows:

1. Title, line 7
   Following: line 6
   Insert: "EXEMPTING CERTAIN GROUP DISABILITY POLICY HOLDERS;"

2. Page 1, line 11
   Following: "fee."
   Strike: "For"
   Insert: "Except as provided in [section 2], for"

3. Page 1, line 16
   Following: "pay"
   Strike: "40"
   Insert: "35"

4. Page 1, line 21
   Following: line 20
   Insert: "Section 2. Group disability policy exemption. The fee required in [section 1] does not apply to blanket group disability insurance as defined in Title 33, chapter 22, part 6 where the total premium charged per person is less than $10 a year. For these policies, the fee is to be assessed on the basis of the number of blanket group policy holders in Montana."

Renumber subsequent sections
Mr. Speaker: We, the committee on HOUSE TAXATION report HOUSE BILL NO. 726

☐ do pass ☐ be concurred in ☐ as amended
☐ do not pass ☐ be not concurred in ☐ statement of intent attached

Representative Jack Ramirez Chairman
Mr. Speaker: We, the committee on HOUSE TAXATION report HOUSE BILL NO. 739

☐ do pass ☐ be concurred in ☐ as amended
☐ do not pass ☐ be not concurred in ☐ statement of intent attached

Representative Jack Ramirez, Chairman

be amended as follows:

1. Title, line 6
   Following: "PROVIDING"
   Strike: "AN IMMEDIATE"
   Insert: "A DELAYED"

2. Page 3, line 12
   Following: "of"
   Strike: "title"
   Insert: "ownership"

3. Page 3, line 21
   Following: "of"
   Strike: "title"
   Insert: "ownership"

4. Page 10, line 9
   Following: "effective"
   Strike: "on passage and approval"
   Insert: "July 1, 1983"
Mr. Speaker: We, the committee on **HOUSE BILL NO. 583**
do pass □ be concurred in □ do not pass □ be not concurred in □ as amended □ statement of intent attached

Representative Jack Ramirez, Chairman

**STANDING COMMITTEE REPORT**

February 21, 1977

**HOUSE TAXATION**

Mr. Speaker: We, the committee on **HOUSE BILL NO. 583** do pass □ be concurred in □ do not pass □ be not concurred in □ as amended □ statement of intent attached

Representative Jack Ramirez, Chairman

be amended as follows:

1) Title, line 8
   Following: "RESOLVING TO PROVIDE THE DISTRIBUTION OF THE FEE THROUGH THE GENERAL FUND;"

2) Title, line 9
   Following: "69-1-123,"
   Insert: "69-1-124,"

3) Title, line 10
   Following: "DATE"
   Insert: "AND A TERMINATION DATE" 

4) Page 1, line 15
   Following: "data"
   Insert: "information date"

5) Page 1, line 17
   Following: "1957"
   Insert: "This act terminates July 1, 1959." 

6) Page 1
   Following: line 23
   Insert: Section 3. Section 69-1-124, ASA, is amended to read:

   "69-1-224. Determination of fee. (1) Within 30 days following enactment of this legislative appropriation for the office of the consumer counsel, the department of revenue shall:

   (a) determine the total gross operating revenue generated by all regulated activities within this state for all regulated companies for the previous fiscal year;

   (b) compute the percentage, subject to revision as provided in subsection (3), of the amount determined..."
equal to the basic appropriation to the office of the consumer counsel for the first year of the appropriation, except that no regulated company owned and operated by any municipal corporation within this state shall be required to pay a sum in excess of 0.06 or 1% of its gross operating revenue; and

(c) give notice by mail to each regulated company of the percentage determined in subsections (1) (a) and (b) to be applied to the gross operating revenue reported under 69-1-123(2) to determine the amount of the fee to be paid in the first year of the appropriation.

(2) On or before May 30 of the first year of the biennium, the department of revenue shall report the steps required by subsection (1) and compute the percentage multiplier for the second year, giving notice to the regulated companies.

(3) (a) The department of revenue may adjust the percentage multiplier quarterly if the department considers a change necessary to meet or to not exceed the amount to be raised by the fee because of:

(1) calculations in the actual gross operating revenue subject to the fee; or

(2) substitution and approval of a budget amendment authorizing the spending of money from a contingency appropriation included in the appropriation measure for the office of the consumer counsel and authorized to be raised by means of the fee.

(5) Adjustments of the percentage multiplier are subject to the exception provided in subsection (1) (b) for municipally owned and operated regulated companies.

(c) Regulated companies must be given at least 30 days' notice of any change in the percentage multiplier.

(4) In the event the fee charged in one year is in excess of the amount actually expended in that year, the excess shall be deducted from the amount required to be raised by the fee for the next year before the determination required by subsection (1) is made. Money in the account resulting unspent at the close of a fiscal year shall be used to reduce the percentage calculated in 69-1-124 in the subsequent fiscal year."

Repeal: Subsequent section

7) Page 3, lines 1 and 2
Following: "(1)" on line 1
Strike: remainder of line 1 through "all" on line 2
Insert: "All"

8) Page 3, line 3
Following: "deposited"
Strike: remainder of line 3 in its entirety
Insert: "in the general fund. All"

Rep. Jack Ramirez, Chairman
9) Page 3, line 1
Following: "paid"
Insert: "from the general fund"

10) Page 5, lines 4 through 7
Strike: section 5 in its entirety
Renumber: subsequent section

11) Page 5, line 6
Following: "date"
Insert: "examination date"

12) Page 5, line 9
Following: "as"
Strike: "on passage and approval."
Insert: "this act terminates July 1, 1989."

Rep. Jack Ramirez, Chairman
## ROLL CALL VOTE

**HOUSE TAXATION COMMITTEE**

**DATE** 2-20  **BILL NO.** HB 678

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Joann Banschbach  
Secretary

Rep. Jack Ramirez  
Chairman

**Motion:** HB 678

Sinda - DPA
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Secretary                    Chairman

Motion: ________________________

Form CS-31A
Rev. 1985
ROLL CALL VOTE

HOUSE TAXATION COMMITTEE

DATE 2-20 BILL NO. 688

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TALLY

Secretary Chairman

Motion: AB 1038

DEM - Gilbert - not failed
MEMORANDUM

TO: JACK RAMIREZ, CHAIRMAN
FROM: JOHN VINCENT, MINORITY LEADER

Please allow Representative Nancy Keenan to pair on any votes the Taxation Committee will take in Executive Session this date for Representative Mel Williams.

Thank you.
I am Tom Allen, representing one of Montana's oldest family businesses. Ernest Allen's is a forty year old Montana retail business just starting its fourth generation. We have six employees and service North Central Montana, from Glasgow to Glacier Park to Lincoln to Harlowton.

My reason for being here today is to stand in opposition to HB544. Historical data proves that each time taxes are raised on cigarettes, the consumption decreases resulting in a lower tax base and, hence, lower tax collections.

That is the result to the state. The result to us, business in Montana, is equally damaging. With consumption down, sales and profits go down resulting in less taxes, in the form of income taxes, paid to the state. With less sales and profits, we need less employees, resulting again in less taxes paid to the state by previously employed people. The conclusion is that the effect ripples through other facets of government ending up in more than just lost excise tax revenue.

In the wholesale distribution industry, lost sales effect not only our company and customers but the people that service us. To name a few, gas stations, local truckers, repair garages, and car dealerships. These are the people that are relying on you for a sound decision. Raising excise taxes is a short term solution to a long term problem.

By raising the excise tax on cigarettes, you shift the tax burden to a smaller percentage of people and lose the broader based taxing power of the income tax structure.

Thank you for letting me voice my opinion and I trust that you will take into consideration the above comments in your decision making process.
1. Title, line 8.
Following: "RESALE;"
Insert: "TO PROVIDE FOR THE DISTRIBUTION OF THE FEES THROUGH THE GENERAL FUND;"

Following: line 23.
Insert: "Section 3. Section 69-1-224, MCA, is amended to read:

69-1-224. Determination of fee. (1) Within 30 days following enactment of the legislative appropriation for the office of the consumer counsel, the department of revenue shall:

(a) determine the total gross operating revenue generated by all regulated activities within this state for all regulated companies for the previous fiscal year;

(b) compute the percentage, subject to revision as provided in subsection (3), of the amount determined in subsection (1)(a) which will produce an amount equal to the base appropriation to the office of the consumer counsel for the first year of the appropriation, except that no regulated company owned and operated by any municipal corporation within this state shall be required to pay a sum in excess of .06 of 1% of its gross operating revenue; and

(c) give notice by mail to each regulated company of the percentage determined in subsections (1) and (b) to be applied to the gross operating revenue reported under 69-1-223(2) to determine the amount of the fee to be paid in the first year of the appropriation.

(2) On or before May 30 of the first year of the biennium, the department of revenue shall repeat the steps required by subsection (1) and compute the percentage multiplier for the second year, giving notice to the regulated companies.

(3) (a) The department of revenue may adjust the percentage multiplier quarterly if the department considers a change necessary to meet or to not exceed the amount to be raised by the fee because of:

(i) fluctuations in the actual gross operating revenue subject to the fee; or

(ii) submission and approval of a budget amendment authorizing the spending of money from a contingency appropriation included in the appropriation measure for the office of the consumer counsel and authorized to be raised by means of the fee."
(b) Adjustments of the percentage multiplier are subject to the exception provided in subsection (1) (b) for municipally owned and operated regulated companies.

(c) Regulated companies must be given at least 30 days' notice of any change in the percentage multiplier.

(4) In the event the fee charged in one year is in excess of the amount actually expended in that year, the excess shall be deducted from the amount required to be raised by the fee for the next year before the determination required by subsection (1) is made. Money in-the-account remaining unspent at the close of a fiscal year shall be used to reduce the percentage calculated in 69-1-224 in the subsequent fiscal year.'"

   Strike: "Section 3."
   Renumber: subsequent sections

   Following: "(1)"
   Strike: "There is an account in the state special revenue fund to which all"
   Insert: "All"

5. Page 3, line 3.
   Following: "deposited"
   Strike: "and from which"
   Insert: "in the general fund."
   Following: "which"
   Strike: "all"
   Insert: "All"

   Following: "paid"
   Insert: "from the general fund."

   Following: "effective"
   Strike: "on passage and approval."
   Insert: "July 1, 1987."
NAME: DAVID LACKMAN
DATE: 2/20/87

ADDRESS: 1400 Winne Avenue Helena, Montana

PHONE: 443-3494


APPEARING ON WHICH PROPOSAL: HB 545 (Moore) Raise Tax on Smokeless tobacco for Aid to Schools. Friday, 2/20/87 8:00 A.M. Rm. 312-B

DO YOU: SUPPORT? YES AMEND? ____________ OPPOSE?

COMMENT: Here are the results of a survey on the use of smokeless tobacco in Montana: 1176 persons questioned; 22% had tried it; 6% currently used it;

89% believed it caused mouth cancer; 87% believed it caused gum disease;

92% believed it stained teeth; 62% believed it caused tooth decay.

My general comments concerning the use of tobacco are the same as those for HB 544.

Surgeon General Luther Terry, who promulgated the original report on the dangers inherent in the use of tobacco was a physician of unquestionable integrity. I knew him well during my career in the Public Health Service. He was a reformed smoker. Dr. Terry eventually succumbed to the effects of cardiovascular disease; probably aggravated by his earlier smoking habits.

Every Surgeon General since Dr. Terry’s term has confirmed and extended his original warnings. Now we know that the use of tobacco contributes much to our increasing fiscal crises in medical care.

THANK YOU

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY.
1. Title, line 6.
Following: "THE"
Strike: "TERM"
Insert: "TERMS "NEW", "EXPANDING", AND"

2. Page 1, line 15.
Following: ""
Strike: "New or expanding"
Insert: "Expanding"

3. Page 1, lines 16 through 18.
Following: "industry" on line 16
Strike: remainder of line 16 through "industry" on line 18

4. Page 1, line 18.
Following: "added"
Insert: "at least $250,000 worth of"

5. Page 2, line 8.
Following: line 7
Insert: "(3) "New" means that the industry is new to the jurisdiction approving the resolution provided for in 15-24-1402(2) and has invested at least $500,000 in the jurisdiction. New industry does not include property treated as new industrial property under 15-6-135."

Following: "industry"
Insert: "as designated in the approving resolution"

Following: "jurisdiction."
Insert: "The resolution may provide that real property, personal property, improvements, or any combination thereof are eligible for the tax benefits described in subsection (1)."
WITNESS STATEMENT

NAME Ken Williams

ADDRESS 16 East Granite

WHOM DO YOU REPRESENT? Entech/Western Energy

BILL NO. 709

DATE 2/20

SUPPORT √ OPPOSE ________ AMEND ________

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

Western Energy supports the expansion of the property tax incentive for new and expanding industry to include mining and processing facilities.

Modern mineral extraction and processing in Montana is often targeted at small low-grade ore deposits. The economics of these projects often are so close that an incentive at the front end of a project may make the difference in developing or not developing.

Should the local taxing authority, at its discretion, an incentive a project may continue for a period longer than otherwise would be the case. We believe this is a good policy option for local authorities.
PROPOSED AMENDMENTS
HB 688 (Introduced)

1. Title, line 4.
   Following: "WAIVING"
   Insert: "76% OF THE"

2. Title, line 6.
   Following: "77-3-432,"
   Strike: "77-3-434, AND 77-3-435,"

   Following: "1987,"
   Insert: "76% of"

4. Strike sections 2 and 3 in their entirety
   Renumber subsequent sections
Amendments to HB 730, white copy:

1. Title, line 6.
   Following: "PROVIDING"
   Strike: "AN IMMEDIATE"
   Insert: "A DELAYED"

   Following: "effective"
   Strike: "on passage and approval"
   Insert: "July 1, 1988"
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IF YOU CARE TO WRITE COMMENTS, ASK SECRETARY FOR WITNESS STATEMENT FORM. 

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

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If you care to write comments, ask secretary for witness statement form.

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IF YOU CARE TO WRITE COMMENTS, ASK SECRETARY FOR WITNESS STATEMENT FORM.

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.
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