

MINUTES

**MONTANA HOUSE OF REPRESENTATIVES
57th LEGISLATURE - REGULAR SESSION
COMMITTEE ON TAXATION**

Call to Order: By **CHAIRMAN BOB STORY**, on March 28, 2001 at 8:00 A.M., in Room 472 Capitol.

ROLL CALL

Members Present:

Rep. Bob Story, Chairman (R)
Rep. Ron Erickson, Vice Chairman (D)
Rep. Roger Somerville, Vice Chairman (R)
Rep. Joan Andersen (R)
Rep. Keith Bales (R)
Rep. Joe Balyeat (R)
Rep. Gary Branae (D)
Rep. Eileen Carney (D)
Rep. Larry Cyr (D)
Rep. Rick Dale (R)
Rep. Ronald Devlin (R)
Rep. John Esp (R)
Rep. Gary Forrester (D)
Rep. Daniel Fuchs (R)
Rep. Verdell Jackson (R)
Rep. Jesse Laslovich (D)
Rep. Trudi Schmidt (D)
Rep. Butch Waddill (R)
Rep. Karl Waitschies (R)
Rep. David Wanzenried (D)

Members Excused: None.

Members Absent: None.

Staff Present: Jeff Martin, Legislative Branch
Rhonda Van Meter, Committee Secretary

Please Note: These are summary minutes. Testimony and discussion are paraphrased and condensed.

Committee Business Summary:

Hearing(s) & Date(s) Posted: SB 325, SB 303, SB 280, SB
273, SB 346, 3/26/2001
Executive Action: SB 398, HB 367, HB 623, HB 581

HEARING ON SB 325

Sponsor: SEN. DALE MAHLUM, SD 35, MISSOULA

Proponents: Allen Thiessen, MT. Electrical Co-ops
David Wheelihan, MT. Electric Cooperatives
Association
Doug Hardy, MT. Electric Cooperatives
Terry Holzer, MT. Electric Cooperative Association
Warren McConkey, Flathead Electric Co-op/Energy
Northwest

Opponents: None

Opening Statement by Sponsor:

SEN. DALE MAHLUM, SD 35, MISSOULA, said this bill clears up discrepancies from 1939, relating to modifications to the electric cooperative enabling law. He stated this bill would allow the law to become current and avoid conflicts within the newer restriction law. He gave a background of the law from the 1939 law and provided reasons for the modification. He explained by purchasing Co-ops, formally owned by public utility would be placed under a class nine property tax.

Proponents' Testimony:

Allen Thiessen, MT. Electrical Co-ops, handed in a testimony **EXHIBIT** (tah70a01).

David Wheelihan, MT. Electric Cooperatives Association, directed the committee to page three of the bill and explained the compromised amendment.

Doug Hardy, MT. Electric Cooperatives, presented his testimony **EXHIBIT** (tah70a02).

Terry Holzer, MT. Electric Cooperative Association, handed in a testimony **EXHIBIT** (tah70a03).

Warren McConkey, Flathead Electric Co-op/Energy Northwest, handed in his testimony **EXHIBIT** (tah70a04).

Opponents' Testimony: None

Questions from Committee Members and Responses:

REP. GARY FORRESTER asked how much load was used with energy. **Warren McConkey** explained the total load of Energy Northwest being 28 megawatts.

REP. FORRESTER asked how much of it was industrial. **Warren McConkey** said within the Energy Northwest system, none of it would be used for industrial.

REP. FORRESTER asked for the difference of power purchased. **Warren McConkey** said currently they were paying a delivered price of \$24 per megawatt hour. He explained the index price and difference of power.

{Tape 1; Side B}

REP. FORRESTER asked if rates would increase. **Warren McConkey** explained the rates and how it would be effective.

CHAIRMAN BOB STORY asked if there was a need for two bills relating to this area. **Warren McConkey** said the other bill would take another approach. He said SB 325 was a broader bill.

CHAIRMAN STORY asked about classes of membership and the response. **Warren McConkey** explained the classes of membership.

Closing by Sponsor:

SEN. DALE MAHLUM, SD 35, MISSOULA, urged the committee to pass this legislation.

HEARING ON SB 303

Sponsor: **SEN. DON HARGROVE, SD 16, BELGRADE**

Proponents: **Michael Lang, Rancher, Gallatin County**
Grace Morgan, Gallatin County Open Land Board
Bill Long, MT. Land Trust
Dick McConan, Bozeman
Glenna Noise, Gallatin County
Verna Landis, Cattle Rancher, Bozeman
Dell Cameron, Rancher, Gallatin County
John Bloomquist, MT. Stockgrowers Association
Gordan Morris, Director, MT. Association of
Counties
Tim Davis, MT. Smart Growth Coalition
Nancy Schlepp, MT. Farm Bureau
Roger Halver, MT. Association of Realtors

John Vincent, Gallatin County Commission
Terry Lonner, Citizens to Save Open Space, Bozeman

Opponents: **Bill Farehurst, Three Forks**

Opening Statement by Sponsor:

SEN. DON HARGROVE, SD 16, BELGRADE, handed out a map of open space band demographics **EXHIBIT (tah70a05)**. He stated this bill would deal with open space issue within counties. He explained the handout he presented to the committee.

Proponents' Testimony:

Michael Lang, Rancher, Gallatin County, explained boards he was a member of relating to open space for Gallatin County. He talked about the bond support and how this bill would be effective.

Grace Morgan, Gallatin County Open Land Board, felt this bill would assist farmers and ranchers. She felt the legislation to be fair and equal way to handle the bond money.

Bill Long, MT. Land Trust, felt this bill was important for open space areas in Montana.

Dick McConan, Bozeman, explained the population growth within the county and the need for open space bonds. He felt the passage of the bill would be feasible for agricultural lands.

Glenna Noise, Gallatin County, stated she was from a farming community and understood the need for preserving land.

Verna Landis, Cattle Rancher, Bozeman, stated she supported this legislation and the need for open space for agricultural lands.

Dell Cameron, Rancher, Gallatin County, said they need to keep open space for farming and ranching. He was in support of this legislation.

John Bloomquist, MT. Stockgrowers Association, felt with strong agriculture there was a need for open space available.

Gordan Morris, Director, MT. Association of Counties, supported the bill.

Tim Davis, Executive Director, MT. Smart Growth Coalition, supported the bill.

Nancy Schlepp, MT. Farm Bureau, gave her support and asked the committee to pass the bill.

Roger Halver, MT. Association of Realtors, asked for support of the legislation. He felt it would reduce burdens on landowners.

John Vincent, Gallatin County Commission, supported the bill and explained the need for open space in Gallatin County.

Terry Lonner, Citizens to Save Open Space, Bozeman, supported the bill and urged a do pass.

Opponents' Testimony:

Bill Farehurst, Three Forks, felt this bill was unfair to people residing in the communities it would effect.

Questions from Committee Members and Responses:

REP. FORRESTER asked if this would represent state law. **Gordan Morris** answered yes, it represents the law. He explained the open space bond.

{Tape 2; Side A}

REP. RON ERICKSON asked if people would have to pay three percent more for property. **John Vincent** said residents would be paying an additional percentage.

REP. ROGER SOMERVILLE asked who would qualify for agriculture. **SEN. HARGROVE** offered definitions.

REP. SOMERVILLE asked if this would include people with land and animals, but they are not ranchers. **SEN. HARGROVE** answered no, due to their classification.

CHAIRMAN STORY asked about paying for a school bond and people who don't use these areas. **SEN. HARGROVE** explained how this would effect people and the communities.

REP. JOHN ESP asked about the billing for open space. **SEN. HARGROVE** explained the billing and the affects.

REP. ESP asked for more definition of areas involved. **SEN. HARGROVE** offered definitions and explained the need for this legislation.

Closing by Sponsor:

SEN. DON HARGROVE, SD 16, BELGRADE, closed on his bill and explained the growth policy and the effect this legislation would have for communities.

HEARING ON SB 280

Sponsor: **SEN. WALT MCNUTT, SD 50, SIDNEY**

Proponents: **John Rabeberg, Chairman, MT. Aeronautics Board & Governor's Essential Air Service Task Force**
Bill Farehurst, Chairman, Gallatin County Airport
Bob Gilbert, MT. Aviation Trades Association
Bob Hollister, President, MT. Pilots Assoc.
Jack Gillespie, Private Pilot & Owner
Bill Burkland, Private Pilot, MT. Pilots Assoc.
John Semple, MT. Arial Applicators
Tom Ebsery, MT. Airport Managers Association
Jim Steffick, Self
Mike Ferguson, Administrator, Aeronautics Division, Department of Transportation
Tim Orthmyer, Designer of Airports

Opponents: **None**

Opening Statement by Sponsor:

SEN. WALT MCNUTT, SD 50, SIDNEY, stated this would reinstate the aviation fuel tax. He gave a background of the fuel tax and explained the need for the legislation.

Proponents' Testimony:

John Rabenberg, Chairman, MT. Aeronautics Board & Governor's Essential Air Service Task Force, presented a written testimony **EXHIBIT** (tah70a06).

Bill Farehurst, Chairman, Gallatin County Airport, explained the project for land needed. He supported the bill.

Bob Gilbert, MT. Aviation Trades Association, strongly supported SB 280. He felt this would assist smaller airports around the state.

Bob Hollister, President, MT. Pilots Association, explained the airport grant system and the need for this bill.

Jack Gillespie, Private Pilot & Owner, supported this bill.

Bill Burkland, Private Pilot, MT. Pilots Association, explained the leverage this legislation would offer. He handed out information of airport classification **EXHIBIT (tah70a07)**.

John Semple, MT. Arial Applicators, supported the bill.

Tom Ebsery, MT. Airport Managers Association, supported the bill.

Jim Steffick, Self, asked for support of the bill.

Mike Ferguson, Administrator, Aeronautics Division, Department of Transportation, urged support of the bill.

Tim Orthmyer, Designer of Airports, felt this bill has come at a good time to support airports.

Opponents' Testimony: None

Questions from Committee Members and Responses:

REP. FORRESTER asked about the taxes involved. **SEN. MCNUTT** offered a background and what implications there would be.

{Tape 2; Side B}

REP. FORRESTER asked if the tax was to sunset, would it be reimposed. **SEN. MCNUTT** explained the effects of the bill.

REP. JOAN ANDERSEN asked about the money from federal aviation. **SEN. MCNUTT** said it could be used towards maintenance.

REP. ANDERSEN asked about the maintenance involved. **SEN. MCNUTT** gave examples to explain maintenance involved with airports.

REP. ANDERSEN asked about grants received. **SEN. MCNUTT** explained the application process of grants.

REP. SOMERVILLE asked about the additional funds. **Tim Orthmyer** explained federal legislation and funds involved.

Closing by Sponsor:

SEN. WALT MCNUTT, SD 50, SIDNEY, summarized the need for the bill and felt it was good and had strong support.

HEARING ON SB 273

Sponsor: SEN. COREY STAPLETON, SD 10, BILLINGS,

Proponents: Dustin Stewart, Associated Students of MT.
Webb Brown, MT. Chamber of Commerce

Opponents: None

Opening Statement by Sponsor:

SEN. COREY STAPLETON, SD 10, BILLINGS, handed out a newspaper article **EXHIBIT (tah70a08)**. He addressed young people needing to be offered opportunities to stay in the state. He explained the article he handed out and said this bill would assist at keeping young people in the state.

Proponents' Testimony:

Dustin Stewart, Associated Students of MT., felt this was good legislation offering students to stay within Montana. He gave a background of Montana State University students and the need for opportunities to keep them in Montana. He explained the \$1,000 as a benefit to students to stay in state.

Webb Brown, MT. Chamber of Commerce, supported the bill and felt more graduates needed to stay in the state. He explained the growth in population within the university system. He felt there needed to be recruitment efforts.

Opponents' Testimony: None

Questions from Committee Members and Responses:

REP. EILEEN CARNEY asked about the incentive to the employer.

SEN. STAPLETON commented on the reality of a pay incentive.

REP. CARNEY referred to page two and asked for an explanation.

SEN. STAPLETON offered a background and the tax credit to be carried forward.

REP. KARL WAITSCHIES asked if this would be subsidizing the money involved. SEN. STAPLETON explained the background of offering \$1,000 and how students are delinquent on loans due to low paying jobs.

REP. WAITSCHIES asked about the qualifications for this. SEN. STAPLETON explained a qualified graduate, who would be offered this opportunity.

REP. VERDELL JACKSON asked if this would exclude private colleges. **SEN. STAPLETON** answered no.

REP. JACKSON asked about teachers qualifying. **SEN. STAPLETON** gave definitions of who would qualify by this bill.

{Tape 3; Side A}

REP. SOMERVILLE asked why companies don't stay in state. **Dustin Stewart** mentioned Montana State University and the need for companies to offer opportunities to students.

REP. ERICKSON asked about the fiscal note. **SEN. STAPLETON** explained the fiscal note and the determination date involved.

REP. ERICKSON asked about the determination date and the requirements. **SEN. STAPLETON** addressed how this bill was drafted and did not oppose to any amendment for change.

REP. GARY BRANAE asked if there was financial reasons for exclusions. **SEN. STAPLETON** answered no, there were not financial reasons involved with exclusions. He explained similar student bills and definitions of the groups involved.

REP. KEITH BALES asked if the bill would be geared to a student beginning a business. **SEN. STAPLETON** clarified the qualifications involved and how the bill would offer encouragement.

REP. BALES asked about students in the consulting field. **SEN. STAPLETON** explained qualifications and what would be included from the bill that would offer tax credits.

CHAIRMAN STORY asked about Section six and seven of the bill. **Jeff Martin, Legislative Staff**, explained the affects of each section.

Closing by Sponsor:

SEN. COREY STAPLETON, SD 10, BILLINGS, closed on his bill and stated it was directed towards college students for opportunities to stay in state.

HEARING ON SB 346

Sponsor: **SEN. JOHN COBB, SD 25, AUGUSTA**

Proponents: Dolores Cooney, Department of Revenue
Robert Throssell, MT. County Treasurers

Opponents: None

Opening Statement by Sponsor:

SEN. JOHN COBB, SD 25, AUGUSTA, handed out code definitions **EXHIBIT** (tah70a09). He referred to sections of the bill and asked to strike them. He stated this would offer amnesty for low income families.

Proponents' Testimony:

Dolores Cooney, Department of Revenue, said after sections one and five were taken out of the bill would offer a 25 day grace period to taxpayers, who qualify for low income tax assistance program. She explained recipients of low income within the state and gave a brief of the tax program.

Robert Throssell, MT. County Treasurers, supported the bill and offered reasons for a do pass motion.

Opponents' Testimony: None

Questions from Committee Members and Responses: None

Closing by Sponsor:

SEN. JOHN COBB, SD 25, AUGUSTA, closed on his bill.

EXECUTIVE ACTION ON SB 398

Motion: REP. STORY moved SB 398 BE AMENDED. Amendments were handed out **EXHIBIT** (tah70a10).

Discussion:

{Tape 3; Side B}

REP. ERICKSON talked about air quality standards. He stated the affects of the bill.

REP. FORRESTER couldn't understand how an entity would work under certain emissions.

Substitute Motion/Vote: REP. WANZENRIED made a substitute motion to segregate Section five of the bill. Motion carried unanimously.

CHAIRMAN STORY said the segregation offers assistance to the other sections. He mentioned a temporary permit for the process involved with the bill.

Jeff Martin went through the amendments and gave explanations towards clarification.

Vote: Motion on AMENDMENTS 1-4, 6-8 carried 18-2 with REP. ERICKSON and REP. BRANAE voting no.

{Tape 4; Side A}

Motion: REP. STORY moved SB 398 DO CONCUR AS AMENDED.

Discussion:

REP. FORRESTER mentioned concerns over the air quality issue. **REP. CARNEY** was concerned over the amount of people and if they would be monitored.

REP. TRUDI SCHMIDT wondered about the power being sold within the state.

Amend Motion: REP. FORRESTER made amend motion offering a conceptual amendment removing language on page four.

REP. BALYEAT talked about striking language for clarifications. He explained 50% offered for sale and 25% at least used.

Vote: Substitute Motion carried 19-1 with REP. ESP voting no.

Amend Motion: REP. ESP made a amend motion adding language of the use of power.

Discussion:

REP. RICK DALE didn't understand how they could make someone use power. **REP. ESP** mentioned shipping power out of state.

REP. SCHMIDT asked what was offered and used. **REP. FORRESTER** explained the percentage of power used.

Withdrawn Motion: REP. ESP withdrew his amendment motion.

Vote: Motion SB 398 BE CONCURRED IN AS AMENDED carried 18-2 with REP. ERICKSON and REP. ESP voting no.

EXECUTIVE ACTION ON HB 367

Motion/Vote: REP. LASLOVICH moved HB 367 BE TAKEN OFF OF THE TABLE. Motion failed 10-10 with REP. SOMERVILLE, REP. ANDERSEN, REP. BALES, REP. BALYEAT, REP. DALE, REP. DEVLIN, REP. FUCHS, REP. JACKSON, REP. WAITSCHIES and CHAIRMAN STORY voting no.

EXECUTIVE ACTION ON HB 623

Motion/Vote: REP. STORY moved HB 623 BE TAKEN OFF OF TABLE. Motion carried 11-9 with REP. SOMERVILLE, REP. ANDERSEN, REP. BALES, REP. BALYEAT, REP. DALE, REP. DEVLIN, REP. ESP, REP. JACKSON and REP. WAITSCHIES voting no.

Discussion:

Motion: REP. STORY moved HB 623 BE AMENDED. Amendments were handed out **EXHIBIT**(tah70a11).

Discussion:

CHAIRMAN STORY explained the amendments and reductions involved for clarifications.

REP. DAVE WANZENRIED pointed to concepts of the amendment that would assist the telephone companies.

REP. BALYEAT wondered about the amendments and asked about being licensed for construction purposes. **CHAIRMAN STORY** explained the process of being licensed.

{Tape 4; Side B}

Vote: Motion carried 19-1 with REP. SOMERVILLE voting no.

Motion: REP. STORY moved HB 623 DO PASS AS AMENDED.

Discussion:

REP. SCHMIDT talked about concerns involved.

Amended Motion: REP. JACKSON moved an amendment to have this reexamined within two years and offer a sunset.

Discussion:

CHAIRMAN STORY offered a clarification of how the law would revert back to existing law.

Vote: Substitute motion carried 16-4 with **REP. WANZENRIED**, **REP. DEVLIN**, **REP. LASLOVICH** and **REP. CYR** voting no.

Substitute Motion/Vote: **REP. WAITSCHIES** made a substitute motion reducing 25 to 15. Motion carried 11-9 with **REP. ERICKSON**, **REP. BRANAE**, **REP. CARNEY**, **REP. CYR**, **REP. FUCHS**, **REP. LASLOVICH**, **REP. WADDILL**, **REP. WANZENRIED** and **CHAIRMAN STORY** voting no.

Vote: Motion Do Pass As Amended carried 16-4 with **REP. BALES**, **REP. ESP**, **REP. SOMERVILLE** and **REP. JACKSON** voting no.

EXECUTIVE ACTION ON HB 581

Motion/Vote: **REP. WADDILL** moved HB 581 DO PASS. Motion failed 9-11 with **REP. ERICKSON**, **REP. BALYEAT**, **REP. BRANAE**, **REP. CARNEY**, **REP. DALE**, **REP. ESP**, **REP. JACKSON**, **REP. SCHMIDT** and **REP. WADDILL** voting aye.

Motion/Vote: **REP. LASLOVICH** moved to reverse vote and table. Motion carried 11-9.

ADJOURNMENT

Adjournment: 11:55 A.M.

REP. BOB STORY, Chairman

CECILE M. TROPILA, Transcriptionist

BS/RV

EXHIBIT (tah70aad)