

Montana State Legislature

2015 SESSION

ADDITIONAL DOCUMENTS

May include the following:

Business Page

[Signed by Chairman]

Roll Call

Standing Committee Reports

Tabled Bills

Fiscal Reports

Rolls Call Votes

Proxy Forms

Visitor Registrations

***Any other documents, which were submitted after the committee hearing has ended and/or was submitted late [within 48 hours], regarding information in the committee hearing.**

***Witness Statements that were not presented as exhibits.**

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2015 Legislative

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BUSINESS REPORT

**MONTANA SENATE
64th LEGISLATURE - REGULAR SESSION**

SENATE FINANCE AND CLAIMS COMMITTEE

Date: Monday, April 27, 2015
Place: Capitol

Time: 2:00 P.M.
Room: 317

BILLS and RESOLUTIONS HEARD:

SB 415 - Create presumptive illness for firefighters - Sen. Pat Connell
SB 417 - Generally revise laws on medical marijuana - Sen. Diane Sands

EXECUTIVE ACTION TAKEN:

SB 20 DO PASS AS AMENDED
SB 212 DO PASS
SB 326 DO PASS
SB 386 DO PASS
SB 394 DO PASS
SB 395 DO PASS
SB 415 BE TABLED
SB 417 BE TABLED

Comments:



SEN. Llew Jones, Chair

MONTANA STATE SENATE
 ROLL CALL
 FINANCE AND CLAIMS
 COMMITTEE

DATE: March 27, 2015 *had meeting*

NAME	PRESENT	ABSENT/ EXCUSED
Chairman Jones	x	
Vice Chair Keenan		x
Senator Blasdel	x	
Senator Brenden	x	
Senator Caferro	x	
Senator Hamlett		x
Senator Hansen		x
Senator Howard		x
Senator Keane	x	
Senator Moore	x	
Sen. Phillips	x	
Senator Ripley	x	
Senator Rosendale	x	
Senator Sesso	x	
Senator Smith	x	
Senator Taylor	x	
Senator Webb	x	
Senator Windy Boy	x	
Senator Wolken	x	



SENATE STANDING COMMITTEE REPORT

March 27, 2015
Page 1 of 5

Madame President:

We, your committee on **Finance and Claims** report that **Senate Bill 20** (first reading copy -- white) **do pass as amended.**

Signed: _____

A handwritten signature in cursive script, appearing to read "Llew Jones".

Senator Llew Jones, Chair

And, that such amendments read:

1. Title, page 1, line 6.

Strike: "TO THE ENVIRONMENTAL QUALITY PROTECTION FUND"

Following: "FUND;"

Insert: "PROVIDING A TRANSFER OF FUNDS TO THE ENVIRONMENTAL QUALITY PROTECTION FUND;"

2. Title, page 1, line 7.

Strike: "7-6-2225, 7-6-2226,"

Strike: "20-9-231, AND"

Following: "75-10-704,"

Insert: "AND 75-10-743,"

3. Page 1, line 12 through page 2, line 19.

Strike: sections 1 and 2 in their entirety

Renumber: subsequent sections

4. Page 2, line 25.

Strike: "10%"

Insert: "47%"

5. Page 3, line 1.

Following: "and"

Insert: "and"

6. Page 3, line 2 through line 3.

Strike: subsection (e) in its entirety

Committee Vote:

Yes 15, No 0

Fiscal Note Required X

Renumber: subsequent subsections

7. Page 3, line 8.

Strike: "25%"

Insert: "35%"

8. Page 3, line 11.

Strike: "(1)(f)(i)"

Insert: "(1)(e)(i)"

9. Page 3, line 20.

Strike: "(1)(f)"

Insert: "(1)(e)"

10. Page 3, line 23.

Strike: both instances of "(1)(f)"

Insert: "(1)(e)" after each

11. Page 3, line 26 through page 4, line 5.

Strike: section 4 in its entirety

Renumber: subsequent sections

12. Page 5, line 3 through line 6.

Strike: subsection (i) in its entirety

13. Page 5, line 6.

Following: line 6

Insert: "(i) funds transferred from the orphan share account pursuant to 75-10-743(10). The full amount of these funds must be dedicated each fiscal year as follows:

(i) 50% to the state's contribution for cleanup and long-term operation and maintenance costs at the Libby asbestos superfund site; and

(ii) 50% to metal mine reclamation projects at abandoned mine sites, as provided in 82-4-371. This subsection (4)(i)(ii) does not apply to exploration or mining work performed after March 9, 1971. Projects funded under this subsection (4)(i)(ii) are not subject to the requirements of Title 75, chapter 10, part 7."

14. Page 6.

Following: line 19

Insert: "**Section 3.** Section 75-10-743, MCA, is amended to read:

"**75-10-743. Orphan share state special revenue account -- reimbursement of claims -- payment of department costs.** (1) There is an orphan share account in the state special revenue fund established in 17-2-102 that is to be administered by the department. Money in the account is available to the department by appropriation and, except as provided in subsections (9),

(10), and (11), must be used to reimburse remedial action costs claimed pursuant to 75-10-742 through 75-10-751 and to pay costs incurred by the department in defending the orphan share.

(2) There must be deposited in the orphan share account:

(a) all penalties assessed pursuant to 75-10-750(12);

(b) funds received from the distribution of oil and natural gas production taxes pursuant to 15-36-331;

(c) unencumbered funds remaining in the abandoned mines state special revenue account;

(d) interest income on the account;

(e) funds received from settlements pursuant to 75-10-719(7); and

(f) funds received from reimbursement of the department's orphan share defense costs pursuant to subsection (6).

(3) If the orphan share fund contains sufficient money, valid claims must be reimbursed subsequently in the order in which they were received by the department. If the orphan share fund does not contain sufficient money to reimburse claims for completed remedial actions, a reimbursement may not be made and the orphan share fund, the department, and the state are not liable for making any reimbursement for the costs. The department and the state are not liable for any penalties if the orphan share fund does not contain sufficient money to reimburse claims, and interest may not accrue on outstanding claims.

(4) Except as provided in subsections (6) and (7), claims may not be submitted and remedial action costs may not be reimbursed from the orphan share fund until all remedial actions, except for operation and maintenance, are completed at a facility.

(5) Except as provided in subsection (6), reimbursement from the orphan share fund must be limited to actual documented remedial action costs incurred after the date of a petition provided for in 75-10-745. Reimbursement may not be made for attorney fees, legal costs, or operation and maintenance costs.

(6) (a) The department's costs incurred in defending the orphan share must be paid by the persons participating in the allocation under 75-10-742 through 75-10-751 in proportion to their allocated shares. The orphan share fund is responsible for a portion of the department's costs incurred in defending the orphan share in proportion to the orphan share's allocated share, as follows:

(i) If sufficient funds are available in the orphan share fund, the department's costs incurred in defending the orphan share must be paid from the orphan share fund in proportion to the share of liability allocated to the orphan share.

(ii) If sufficient funds are not available in the orphan share fund, persons participating in the allocation under 75-10-742 through 75-10-751 shall pay all the orphan share's allocated share of the department's costs incurred in defending the orphan share in proportion to each person's allocated share of liability.

(b) A person who pays the orphan share's proportional share of costs has a claim against the orphan share fund and must be reimbursed as provided in subsection (3).

(c) A state agency that is liable for remedial action costs incurred has a claim against the orphan share fund and must be reimbursed as provided in subsection (3). The agency may submit a claim before or after remedial action is complete. Reimbursement may not be made for attorney fees, legal costs, or operation and maintenance costs. The agency may be reimbursed only after:

(i) its liability has been determined pursuant to 75-10-742 through 75-10-751 or by a court of competent jurisdiction;

(ii) it has received a notice letter pursuant to 75-10-711; and

(iii) the department has approved the costs.

(7) (a) If the lead liable person under 75-10-746 presents evidence to the department that the person cannot complete the remedial actions without partial reimbursement and that a delay in reimbursement will cause undue financial hardship on the person, the department may allow the submission of claims and may reimburse the claims prior to the completion of all remedial actions. A person is not eligible for early reimbursement unless the person is in substantial compliance with all department-approved remedial action plans.

(b) The department may reimburse claims from a lead liable person upon completion and department approval of a report evaluating the nature and extent of contamination and a report formulating and evaluating final remediation alternatives. This early reimbursement is limited to those eligible costs incurred by the lead liable person for the preparation of the reports.

(8) A person participating in the allocation process who received funds under the mixed funding pilot program provided for in sections 14 through 20, Chapter 584, Laws of 1995, may not claim or receive reimbursement from the orphan share fund for the amount of funds received under the mixed funding pilot program that are later attributed to the orphan share under the allocation process.

(9) (a) For the biennium beginning July 1, 2005, up to \$1.25 million may be used by the department to pay the costs incurred by the department in contracting for evaluating the extent of contamination and formulating final remediation alternatives for releases at the Kalispell pole and timber, reliance refinery company, and Yale oil corporation facility complex. If the department spends less than \$1.25 million for those purposes, the remaining funds must be spent for remediation of the facility complex. The department may not seek recovery of the \$1.25 million from potentially liable persons.

(b) The money spent pursuant to subsection (9)(a) must be credited against the amount owed by the state agency in a judgment or settlement agreement for payment of the remedial action costs at the facility for which the money was spent.

(10) (a) The department shall transfer from the orphan share

account to the long-term or perpetual water treatment permanent trust fund provided for in 82-4-367 \$1.2 million in each fiscal year until the board of investments makes the certification pursuant to subsection (10)(b) of this section.

(b) (i) The board of investments shall monitor the long-term or perpetual water treatment permanent trust fund provided for in 82-4-367 to determine when the amount of money in the long-term or perpetual water treatment permanent trust fund will be sufficient, with future earnings, to provide a fund balance of \$19.3 million on January 1, 2018.

(ii) When the board of investments makes the determination pursuant to subsection (10)(b)(i), the board of investments shall notify the department and certify to the department the amount of money, if any, that must be transferred during the fiscal year in which the board of investments makes its determination pursuant to subsection (10)(b)(i) in order to provide a fund balance of \$19.3 million on January 1, 2018.

(iii) In the fiscal year that the board of investments makes its determination and notifies the department, the department shall transfer only the amount certified by the board of investments, if any, and may not make additional transfers during subsequent fiscal years.

(c) After July 1, 2018, the department shall transfer \$1.2 million in each fiscal year from the orphan share state special revenue account to the environmental quality protection fund provided in 75-10-704.

(11) The orphan share account is subject to legislative fund transfers."

"

Renumber: subsequent sections

15. Page 6, line 23.

Strike: "2021"

Insert: "2027"

- END -



SENATE STANDING COMMITTEE REPORT

March 27, 2015
Page 1 of 1

Madame President:

We, your committee on **Finance and Claims** report that **Senate Bill 212** (second reading copy -- yellow) **do pass**.

Signed: _____

A handwritten signature in cursive script, appearing to read "Llew Jones".

Senator Llew Jones, Chair

- END -

Committee Vote:

Yes 15, No 0

Fiscal Note Required X

SB0212003SC.spt



SENATE STANDING COMMITTEE REPORT

March 27, 2015

Page 1 of 1

Madame President:

We, your committee on **Finance and Claims** report that **Senate Bill 326** (second reading copy -- yellow) **do pass**.

Signed: _____


Senator Llew Jones, Chair

- END -

Committee Vote:

Yes 15, No 0

Fiscal Note Required X

SB0326002SC.spt



SENATE STANDING COMMITTEE REPORT

March 27, 2015
Page 1 of 1

Madame President:

We, your committee on **Finance and Claims** report that **Senate Bill 386** (second reading copy -- yellow) **do pass**.

Signed:

A handwritten signature in cursive script, appearing to read "Llew Jones".

Senator Llew Jones, Chair

- END -

Committee Vote:

Yes 14, No 5

Fiscal Note Required X

SB0386003SC.spt



SENATE STANDING COMMITTEE REPORT

March 27, 2015

Page 1 of 1

Madame President:

We, your committee on **Finance and Claims** report that **Senate Bill 394** (second reading copy -- yellow) **do pass**.

Signed:



Senator Llew Jones, Chair

- END -

Committee Vote:

Yes 12, No 7

Fiscal Note Required X

SB0394002SC.spt



SENATE STANDING COMMITTEE REPORT

March 27, 2015

Page 1 of 1

Madame President:

We, your committee on **Finance and Claims** report that **Senate Bill 395** (second reading copy -- yellow) **do pass**.

Signed:

A handwritten signature in cursive script, appearing to read "Llew Jones".

Senator Llew Jones, Chair

- END -

Committee Vote:

Yes 14, No 1

Fiscal Note Required X

SB0395002SC.spt

BILL TABLED NOTICE

SENATE FINANCE AND CLAIMS COMMITTEE

The **SENATE FINANCE AND CLAIMS COMMITTEE** TABLED

SB 415 - Create presumptive illness for firefighters - Sen. Pat Connell

by motion, on **Friday, March 27, 2015** (PLEASE USE THIS ACTION DATE IN LAWS BILL STATUS).



(For the Committee)



(For the Secretary of the Senate)
7:15, 3/27

(Time) (Date)

March 27, 2015 (7:04pm)

Prudence Gildroy, Secretary

Phone: 444-4816

BILL TABLED NOTICE

SENATE FINANCE AND CLAIMS COMMITTEE

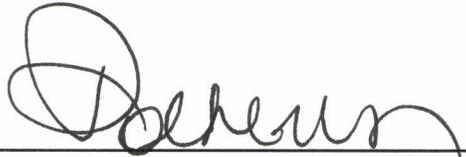
The **SENATE FINANCE AND CLAIMS COMMITTEE** TABLED

SB 417 - Generally revise laws on medical marijuana - Sen. Diane Sands

by motion, on **Friday, March 27, 2015** (PLEASE USE THIS ACTION DATE IN LAWS BILL STATUS).



(For the Committee)



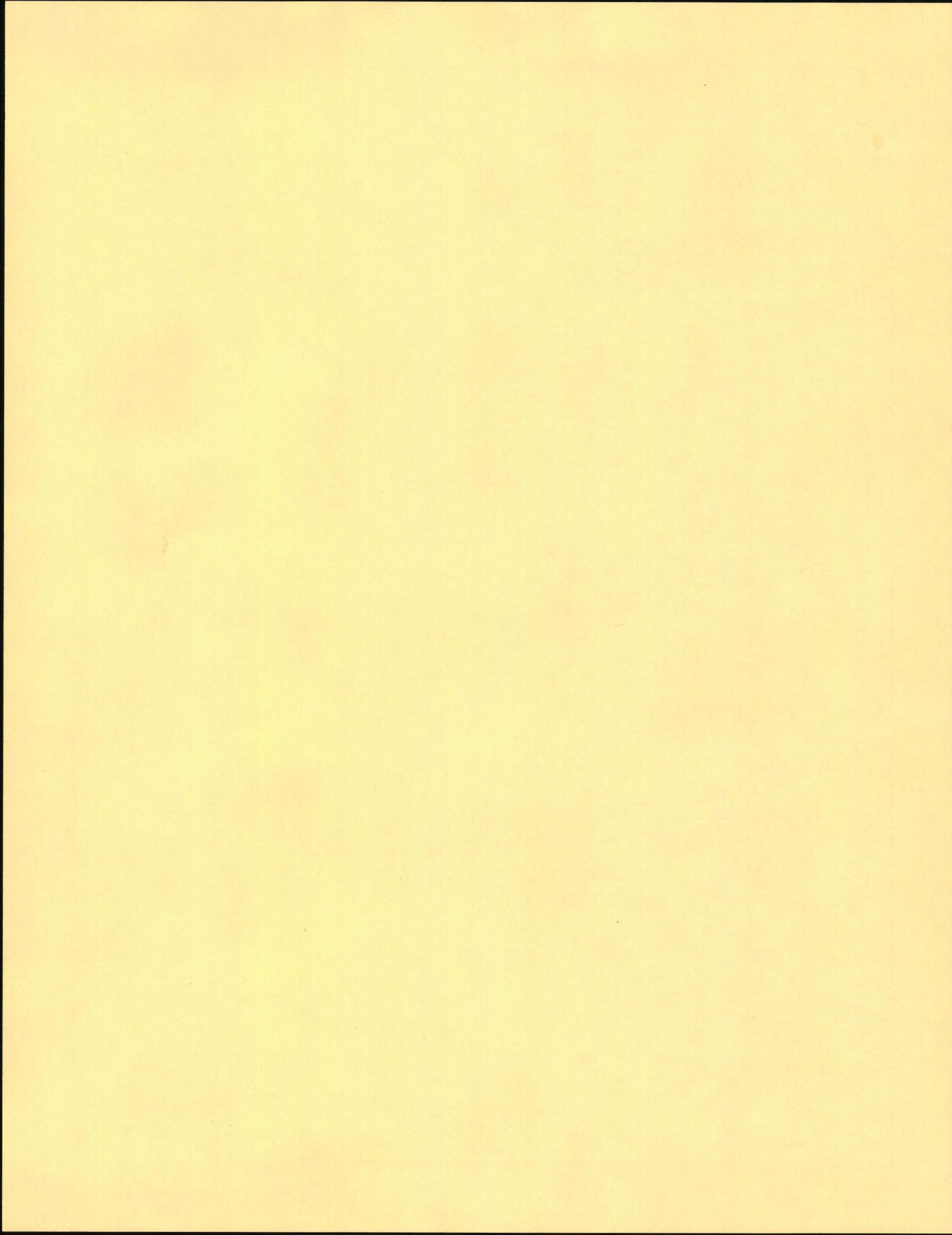
(For the Secretary of the Senate)
7:15p / 3/27

(Time) (Date)

March 27, 2015 (6:39pm)

Prudence Gildroy, Secretary

Phone: 444-4816



SENATE PROXY

I, Senator Kris Hansen, hereby authorize Senator ~~Mark Blossel~~ Cary Smith to vote my proxy before the Senate Finance & Claims Committee meeting held on 3-27, 2015.

[Signature]
 Senator Signature

3-27-15
 Date

Said authorization is as follows: *(mark only one)*

- All votes, including amendments.
- All votes as directed below on the listed bills, and all other votes.
- Votes only as directed below.

Bill No. / Amendment No.	Aye	No
SB 20	Y	
{	213	
	326	
	386	
	394	
	415	N
	467	N
	395	Y
SB 20 Amendment	Y	
n 2	Y	

SENATE PROXY

I, Senator Bob Keenan, hereby authorize Senator ~~MARK BLASDEL~~ Cory Smith to vote my proxy before the Senate Finance & Claims Committee meeting held on 3-27, 2015.

Bob Keenan
 Senator Signature

3-27-15
 Date

Said authorization is as follows: *(mark only one)*

- All votes, including amendments.
- All votes as directed below on the listed bills, and all other votes.
- Votes only as directed below.

Bill No./Amendment No.	Aye	No
SB 20	Y	
212	Y	
326	Y	
386	Y	
394	Y	
415	Y	N
417	Y	N
395	Y	
SB 20 Amendment 1	Y	
1 2	Y	

**MONTANA STATE SENATE
ROLL CALL VOTE
FINANCE AND CLAIMS
COMMITTEE**

DATE: March 27, 2015

BILL # 58386 VOTE 14-5

MOTION: Do Pass

NAME	AYE	NO	PROXY	EXCUSED
VICE CHAIR KEENAN	X		X	
SENATOR KEANE	X			
SENATOR RIPLEY		X		
SENATOR HANSEN	X		X	
SENATOR CAFERRO	X			
SENATOR BLASDEL	X			
SENATOR SMITH	X			
SENATOR WEBB	X	X		
SENATOR WINDY BOY	X			
SENATOR WOLKEN	X			
SENATOR HOWARD	X		X	
SENATOR BRENDEN		X		
SENATOR HAMLETT	X		X	
SENATOR MOORE	X			
SENATOR PHILLIPS	X			
SENATOR TAYLOR		X		
SENATOR SESSO	X			
SENATOR ROSENDALE		X		
CHAIRMAN JONES	X			

**MONTANA STATE SENATE
ROLL CALL VOTE
FINANCE AND CLAIMS
COMMITTEE**

DATE: March 27, 2015

BILL # 28394 VOTE 12-7

MOTION: to Pass

NAME	AYE	NO	PROXY	EXCUSED
VICE CHAIR KEENAN	X		X	
SENATOR KEANE		X		
SENATOR RIPLEY	X			
SENATOR HANSEN	X		X	
SENATOR CAFERRO		X		
SENATOR BLASDEL	X			
SENATOR SMITH	X			
SENATOR WEBB	X			
SENATOR WINDY BOY		X		
SENATOR WOLKEN		X		
SENATOR HOWARD	X		X	
SENATOR BRENDEN	X			
SENATOR HAMLETT		X	X	
SENATOR MOORE	X			
SENATOR PHILLIPS		X		
SENATOR TAYLOR	X			
SENATOR SESSO		X		
SENATOR ROSENDALE	X			
CHAIRMAN JONES	X			

**MONTANA STATE SENATE
ROLL CALL VOTE
FINANCE AND CLAIMS
COMMITTEE**

DATE: March 27, 2015

BILL # 58415 VOTE 8-11

MOTION: Do Pass

NAME	AYE	NO	PROXY	EXCUSED
VICE CHAIR KEENAN		X	X	
SENATOR KEANE	X			
SENATOR RIPLEY		X		
SENATOR HANSEN		X	X	
SENATOR CAFERRO	X			
SENATOR BLASDEL	X			
SENATOR SMITH		X		
SENATOR WEBB		X		
SENATOR WINDY BOY	X			
SENATOR WOLKEN	X			
SENATOR HOWARD		X	X	
SENATOR BRENDEN		X		
SENATOR HAMLETT	X		X	
SENATOR MOORE		X		
SENATOR PHILLIPS	X			
SENATOR TAYLOR		X		
SENATOR SESSO	X			
SENATOR ROSENDALE		X		
CHAIRMAN JONES		X		

**MONTANA STATE SENATE
ROLL CALL VOTE
FINANCE AND CLAIMS
COMMITTEE**

DATE: March 27, 2015

BILL # SB 417 VOTE 15-41

MOTION: table SB 417

NAME	AYE	NO	PROXY	EXCUSED
VICE CHAIR KEENAN	X		X	
SENATOR KEANE	X			
SENATOR RIPLEY	X			
SENATOR HANSEN	X		X	
SENATOR CAFERRO	X			
SENATOR BLASDEL	X			
SENATOR SMITH	X			
SENATOR WEBB	X			
SENATOR WINDY BOY		X		
SENATOR WOLKEN		X		
SENATOR HOWARD	X		X	
SENATOR BRENDEN	X			
SENATOR HAMLETT		X	X	
SENATOR MOORE	X			
SENATOR PHILLIPS		X		
SENATOR TAYLOR	X			
SENATOR SESSO	X			
SENATOR ROSENDALE	X			
CHAIRMAN JONES	X			

MONTANA STATE SENATE
Visitors Register
SENATE FINANCE AND CLAIMS COMMITTEE

Friday, March 27, 2015

SB 417 - Generally revise laws on medical marijuana

Sponsor: **Sen. Diane Sands**

PLEASE PRINT

Name	Representing	Support	Oppose	Info
Shauna Helfert	Dor			X

Please leave prepared testimony with Secretary. Witness Statement forms are available if you care to submit written testimony.



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2017 Biennium

Bill # SB0326

Title: Revise state land laws

Primary Sponsor: Hinkle, Jedediah

Status: As Amended in Senate Committee

- Significant Local Gov Impact
 Needs to be included in HB 2
 Technical Concerns
 Included in the Executive Budget
 Significant Long-Term Impacts
 Dedicated Revenue Form Attached

FISCAL SUMMARY

	<u>FY 2016 Difference</u>	<u>FY 2017 Difference</u>	<u>FY 2018 Difference</u>	<u>FY 2019 Difference</u>
Expenditures:				
General Fund	\$9,420	\$9,453	\$822	\$833
Trust Admin Account SSR (02)	\$10,900	\$10,900	\$914	\$927
Revenue:				
General Fund	\$0	\$0	\$0	\$0
State Special Revenue	\$1,480	\$1,447	\$92	\$94
Other	(\$1,480)	(\$1,482)	(\$126)	(\$128)
Net Impact-General Fund Balance:	<u>(\$9,420)</u>	<u>(\$9,453)</u>	<u>(\$822)</u>	<u>(\$833)</u>

Description of fiscal impact: SB 326, as amended, requires the Department of Natural Resources and Conservation (DNRC) Trust Land Management Division (TLMD) to post notice and issue a press release or public service announcement prior to implementing restrictions to recreational use on state lands. It also requires a biennial report to the Environmental Quality Council (EQC) on existing and proposed road closures and restrictions, as well as travel management planning by the department and in conjunction with federal agencies.

FISCAL ANALYSIS

Assumptions:

1. TLMD manages approximately five million surface acres and six million subsurface acres on behalf of the numerous trust beneficiaries. Land management activities on these acres are in four programs: agriculture and grazing (including recreational use), real estate, minerals and forest management. The land management activities are diverse and statewide, including minerals management for oil, gas, and coal; real estate activities, including commercial development, rights-of-way, utility leases, land sales, exchanges, and acquisitions; agriculture and grazing leases, and recreational use; and forest management, including timber

- harvest, and forest improvement activities. The division has four bureaus, six area offices and numerous unit offices that are responsible for land management activities statewide.
2. For fiscal note purposes, it is assumed that three restrictions would be implemented on an annual basis. Section 1 of the bill requires public notice and posting of the proposed restriction at frequent access points on the tract. Public notice costs are estimated to be \$250 and posting costs are estimated to be \$50 for each restriction, for a total annual cost of \$900.
 3. Approximately 66 tracts have restrictions in place under current administrative rules.
 4. Section 2 of the bill requires reporting to EQC on road closures and restrictions and travel management planning. Additional GIS work will be necessary to develop a road layer map that can be used for planning and reporting to the EQC. Contracted services costs to develop these maps are estimated to be \$10,000 for FY 16 and \$10,000 for FY 17.
 5. These costs would be paid from the division's primary funding source, the state special revenue account – trust administration account (fund 02938). The account is funded by a portion of the revenues generated by land management activities from the trust beneficiaries' distributable revenue stream.
 6. An inflation factor of 1.5% has been added to costs for FY 18 and FY 19.
 7. An increase in the trust administration account represents a reduction in the distributable revenue stream for the trust beneficiaries. The costs for fiscal note purposes were allocated based on surface acres by trust. The trust beneficiaries are common schools (K-12), the university system (Montana State University, Montana Tech, the state normal school [Eastern and Western] and University of Montana), other trusts (School for the Deaf and Blind, State Reform School – Pine Hills) and the public buildings trust.
 8. Reductions to the common schools distributable revenue are allocated 95% to the guarantee account and 5% to the common schools permanent fund.
 9. Reductions in the deposits to the common schools permanent fund reduce interest in the fund and distributable interest to the trust.
 10. The permanent fund generates interest for the trust beneficiaries. Interest for the common schools trust is distributed 95% to the common school guarantee account annually with 5% reinvested in the permanent fund. Interest on the common schools permanent fund is forecasted at a rate of 3.70% for FY 2016, 3.50% for FY 2017, 3.30% for FY 2018, and 3.10 for FY 2019. Interest rates were provided by the Board of Investments, whose responsibility it is to manage the trust and legacy fund.

Fiscal Note Request – As Amended

(continued)

Expenditures:

Operating Expenses	<u>\$10,900</u>	<u>\$10,900</u>	<u>\$914</u>	<u>\$927</u>
TOTAL Expenditures	<u><u>\$10,900</u></u>	<u><u>\$10,900</u></u>	<u><u>\$914</u></u>	<u><u>\$927</u></u>

Funding of Expenditures:

General Fund (01)	\$9,420	\$9,453	\$822	\$833
Trust Admin Account SSR (02)	\$10,900	\$10,900	\$914	\$927
SSR Guarantee Acct - Base Aid	<u>(\$9,420)</u>	<u>(\$9,453)</u>	<u>(\$822)</u>	<u>(\$833)</u>
TOTAL Funding of Exp.	<u><u>\$10,900</u></u>	<u><u>\$10,900</u></u>	<u><u>\$914</u></u>	<u><u>\$927</u></u>

Revenues:

General Fund (01)	\$0	\$0	\$0	\$0
Trust Admin Account	\$10,900	\$10,900	\$914	\$927
SSR Com School Guar Acct	<u>(\$9,420)</u>	<u>(\$9,453)</u>	<u>(\$822)</u>	<u>(\$833)</u>
Perm Fund (09)-CS Trust	(\$495)	(\$497)	(\$43)	(\$44)
University Trusts Dist	(\$367)	(\$367)	(\$31)	(\$31)
Other Trusts Dist	(\$222)	(\$222)	(\$19)	(\$19)
Public Buildings Dist	<u>(\$396)</u>	<u>(\$396)</u>	<u>(\$33)</u>	<u>(\$34)</u>
TOTAL Revenues	<u><u>\$0</u></u>	<u><u>(\$35)</u></u>	<u><u>(\$34)</u></u>	<u><u>(\$34)</u></u>

Net Impact to Fund Balance (Revenue minus Funding of Expenditures):

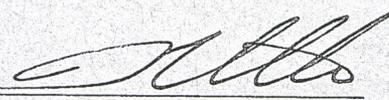
General Fund (01)	(\$9,420)	(\$9,453)	(\$822)	(\$833)
Trust Admin Account	\$0	\$0	\$0	\$0
SSR Com School Guar Acct	<u>(\$9,420)</u>	<u>(\$9,453)</u>	<u>(\$822)</u>	<u>(\$833)</u>
Perm Fund (09)-CS Trust	(\$495)	(\$497)	(\$43)	(\$44)
University Trusts Dist	(\$367)	(\$367)	(\$31)	(\$31)
Other Trusts Dist	(\$222)	(\$222)	(\$19)	(\$19)
Public Buildings Dist	<u>(\$396)</u>	<u>(\$396)</u>	<u>(\$33)</u>	<u>(\$34)</u>

Sponsor's Initials

Date

Budget Director's Initials

Date

 3/26/15



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2017 Biennium

Bill # SB0394

Title: Revise intangible personal property exemption and unit valuation methodology

Primary Sponsor: Blasdel, Mark

Status: As Amended in Senate Committee

- Significant Local Gov Impact
- Needs to be included in HB 2
- Technical Concerns
- Included in the Executive Budget
- Significant Long-Term Impacts
- Dedicated Revenue Form Attached

FISCAL SUMMARY

	<u>FY 2016 Difference</u>	<u>FY 2017 Difference</u>	<u>FY 2018 Difference</u>	<u>FY 2019 Difference</u>
Expenditures:				
General Fund	\$0	\$1,947,697	(\$889,199)	(\$905,076)
State Special Revenue	\$0	\$0	\$0	\$0
Revenue:				
General Fund	\$0	(\$10,786,674)	(\$11,147,305)	(\$11,544,472)
State Special Revenue	\$0	(\$679,404)	(\$702,119)	(\$727,134)
Net Impact-General Fund Balance:	<u>\$0</u>	<u>(\$12,734,371)</u>	<u>(\$10,258,106)</u>	<u>(\$10,639,396)</u>

Description of fiscal impact: SB 394, as amended, revises the intangible personal property (IPP) exemption for centrally assessed companies by exempting additional items from taxation and by requiring that the value of IPP be determined by the asset value as reflected on the taxpayers' books and records, or based on market value. The estimated reduction in state property tax revenue is \$11.466 million in FY 2017, \$11.849 million in FY 2018, and \$12.272 in FY 2019. SB 394 would have a significant revenue impact to local governments and schools.

FISCAL ANALYSIS

Assumptions:

Department of Revenue

- Under current law, centrally assessed companies are valued as a unit and given an exemption for intangible personal property (IPP). This determines their market value for property tax purposes.
- To determine the centrally assessed companies IPP value, they are given either a standard IPP exemption based on their industry or they may request an alternative IPP exemption based on the definition of IPP in current statute (15-6-218, MCA). The standard exemption, the average exemption currently being taken, and the total number of centrally assessed companies are listed in the table below.

Fiscal Note Request – As Amended in Senate Committee

Industry	Current Law - IPP Exemption		Companies
	Standard IPP	Average IPP	
Airlines	10.0%	11.1%	16
Electric	10.0%	10.1%	14
Electric Co-op	5.0%	5.0%	32
Pipelines	5.0%	6.7%	24
Railroads	5.0%	8.3%	8
Telecommunications	15.0%	23.0%	28
Telephone Co-ops	5.0%	5.2%	10
Total	7.3%	10.6%	132

- SB 394 revises the definition of IPP to include a number of items not previously included such as customer relationships and going concern. SB 394 also specifies that IPP is to be determined based on the asset value as reflected on the books and records of the taxpayer or the market value.
- There are 17 companies that do not take the standard IPP exemption. SB 394 would increase their current exemption to account for additional IPP value that is not included under current law but is proposed under SB 394. In addition, two of these companies have undergone an IPP study that valued their market value of IPP greater than their book value of IPP. The table below lists these 17 companies average current exemption, their estimated average SB 394 exemption, and the number of companies by industry type. Since the original fiscal note was prepared, the average IPP rate for telecommunications companies not taking the standard exemption was revised (lowered from 53.8% to 52.1%). This change is responsible for the bulk of the change in the new fiscal note.

Industry	Companies Not Taking the Standard Exemption		Companies
	Average IPP Exemption		
	Current IPP Rate	Proposed IPP Rate	
Airlines	18.6%	33.3%	2
Electric	11.0%	13.1%	1
Electric Co-op	5.4%	5.4%	1
Pipelines	25.2%	28.9%	2
Railroads	31.3%	34.2%	1
Telecommunications	39.8%	52.1%	9
Telephone Co-ops	6.6%	9.0%	1
Total	30.9%	40.6%	17

- For centrally assessed companies that currently take the standard IPP exemption, this fiscal note assumes that under SB 394, additional companies would submit IPP studies for use in determining their IPP market value. Under this assumption, the remaining companies may, on average, receive an IPP exemption approximately equivalent to the average IPP exemption of the companies listed in assumption #4.
- Taxable value (TV) for centrally assessed companies for TY 2014 (FY 2015) is approximately \$689.84 million. If the exemption would have been in place the taxable value would have been \$586.15 million, a difference of \$103.69 million. This bill applies to tax years beginning TY 2016 (FY 2017). Applying HJ 2 growth rates for FY 2016 and FY 2017, and OBPP rates for FY 2018 and FY 2019, the following table shows the current law TV, proposed TV, and the difference.

Fiscal Note Request – As Amended in Senate Committee

Change in TV			
FY	Current TV	Proposed TV	Difference
FY 2017	753,352,352	640,118,323	113,234,029
FY 2018	778,539,249	661,519,456	117,019,793
FY 2019	806,277,754	685,088,673	121,189,081

7. The following table shows the state loss of revenue due to SB 394. State revenue includes the 6 mills levied for the University system and 95.26 mills which are the weighted average mills levied on centrally assessed companies for the general fund (95 school equalization mills and 1.5 vo-tech mills levied on select counties).

Change in State Taxes			
FY	Loss in 6-Mill	Loss in GF Mills	Total Revenue Loss
FY 2017	\$679,404	\$10,786,674	\$11,466,078
FY 2018	\$702,119	\$11,147,305	\$11,849,424
FY 2019	\$727,134	\$11,544,472	\$12,271,606

8. This bill will affect more than centrally assessed property owners; at this time, the department does not receive sufficient detail from those owners to fully evaluate the effect of the expanded list of intangible personal property.

9. There are no costs to the department for implementation.

Office of Public Instruction

10. Local school district mills would shift among tax types to provide the necessary revenue for school district budgets. The amount each taxpayer pays will change based on the change in value of property with respect to the district average but total local school taxes paid would essentially match present law.

11. SB 394 proposed changes to property tax classes creates a guaranteed tax base aid (GTB) cost in FY 2016 of approximately \$2.0 million and a GTB savings of approximately \$0.9 million in each year thereafter. The effects on the state general fund are outlined below:

FY 2016	FY 2017	FY 2018	FY 2019
	\$1,947,697	(\$889,199)	(\$905,076)

12. Revenue received from county school levies for all district funds will not change due to this bill as tax shifting occurs.

13. There is a negligible change to retirement GTB.

Fiscal Note Request – As Amended in Senate Committee

<u>Fiscal Impact:</u>	<u>FY 2016 Difference</u>	<u>FY 2017 Difference</u>	<u>FY 2018 Difference</u>	<u>FY 2019 Difference</u>
Office of Public Instruction (OPI)				
<u>Expenditures: (OPI)</u>				
Guaranteed Tax BASE aid (GTB)	\$0	\$1,947,697	(\$889,199)	(\$905,076)
TOTAL Expenditures	\$0	\$1,947,697	(\$889,199)	(\$905,076)
<u>Funding of Expenditures:</u>				
General Fund (01)	\$0	\$1,947,697	(\$889,199)	(\$905,076)
TOTAL Funding of Exp.	\$0	\$1,947,697	(\$889,199)	(\$905,076)
Department of Revenue (DOR)				
<u>Revenues: (DOR)</u>				
General Fund (01)	\$0	(\$10,786,674)	(\$11,147,305)	(\$11,544,472)
State Special Revenue (02)	\$0	(\$679,404)	(\$702,119)	(\$727,134)
TOTAL Revenues	\$0	(\$11,466,078)	(\$11,849,424)	(\$12,271,606)
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>				
General Fund (01)	\$0	(\$12,734,371)	(\$10,258,106)	(\$10,639,396)
State Special Revenue (02)	\$0	(\$679,404)	(\$702,119)	(\$727,134)

Effect on County or Other Local Revenues or Expenditures:

1. The reduction in taxable value would change the mill rates set by local governments and schools. To the extent that local governments (under the provisions of 15-10-420, MCA) and schools (under the school funding provisions of Title 20) are able to adjust mills to account for the loss in taxable value, these taxes will shift to other taxpayers.
2. The following tables show the current centrally assessed weighted average mills for local governments and schools, and an estimate of the amount of revenue that will be shifted to other taxpayers.

Local Government - Tax Shift from SB 394			
<u>FY</u>	<u>Reduction in TV</u>	<u>Current Mills</u>	<u>Revenue Tax Shift</u>
FY 2017	113,234,029	199.58	\$22,599,248
FY 2018	117,019,793	199.58	\$23,354,810
FY 2019	121,189,081	199.58	\$24,186,917

Schools - Tax Shift from SB 394			
<u>FY</u>	<u>Reduction in TV</u>	<u>Current Mills</u>	<u>Revenue Tax Shift</u>
FY 2017	113,234,029	189.28	\$21,432,937
FY 2018	117,019,793	189.28	\$22,149,506
FY 2019	121,189,081	189.28	\$22,938,669

Sponsor's Initials

Date

Budget Director's Initials

Date



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2017 Biennium

Bill # SB0395

Title: Revise laws related to youth hunting

Primary Sponsor: Blasdel, Mark

Status: As Amended

- Significant Local Gov Impact
 Needs to be included in HB 2
 Technical Concerns
 Included in the Executive Budget
 Significant Long-Term Impacts
 Dedicated Revenue Form Attached

FISCAL SUMMARY

	<u>FY 2016 Difference</u>	<u>FY 2017 Difference</u>	<u>FY 2018 Difference</u>	<u>FY 2019 Difference</u>
Expenditures:				
General Fund	\$0	\$0	\$0	\$0
State Special Revenue	\$0	\$0	\$0	\$0
Revenue:				
General Fund	\$0	\$0	\$0	\$0
State Special Revenue	\$36,975	\$36,975	\$36,975	\$36,975
Net Impact-General Fund Balance:	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

Description of fiscal impact: SB 395 would create a new "apprentice hunting certificate" for \$5.00 each for youth between 10 and 17 years of age.

FISCAL ANALYSIS

Assumptions:

1. Licensing:

- a. In calendar year 2014, FWP sold 385,000 resident and non-resident over-the-counter hunting licenses for \$9,600,000.
- b. FWP assumes a 0.35% increase in the sale of over-the-counter licenses by individuals who qualify for the apprentice hunting certificate (ages 10 to 17). The additional 1,350 licenses sold (385,000 x .0035) would generate \$33,600 in revenue (\$9,600,000 x .0035).
- c. Hunters purchase an average of 2 hunting licenses each, so FWP estimates that these 1,350 licenses would be purchased by 675 hunters (1,350/2). Apprentice certificates would raise \$3,375 (\$5 x 675) earmarked for Hunter Education.
- d. The creation of the apprentice certificates and issuance of additional licenses would be absorbed in normal operating expenses.

	<u>FY 2016 Difference</u>	<u>FY 2017 Difference</u>	<u>FY 2018 Difference</u>	<u>FY 2019 Difference</u>
<u>Fiscal Impact:</u>				
<u>Expenditures:</u>				
TOTAL Expenditures	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>Funding of Expenditures:</u>				
General Fund (01)	\$0	\$0	\$0	\$0
State Special Revenue (02)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
TOTAL Funding of Exp.	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>Revenues:</u>				
General Fund (01)	\$0	\$0	\$0	\$0
State Special Revenue (02)	<u>\$36,975</u>	<u>\$36,975</u>	<u>\$36,975</u>	<u>\$36,975</u>
TOTAL Revenues	<u>\$36,975</u>	<u>\$36,975</u>	<u>\$36,975</u>	<u>\$36,975</u>
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>				
General Fund (01)	\$0	\$0	\$0	\$0
State Special Revenue (02)	\$36,975	\$36,975	\$36,975	\$36,975

Technical Notes:

1. Bill language states that a person who is 10 years of age or older and who has not completed a hunter safety and education course is eligible to apply for an apprentice hunting certificate. This may create a problem for those between 10 and 12 that choose to complete a Hunter Education course. By current policy FWP does not certify anyone less than 12 years of age, but they are allowed to take and complete the course. This could make those who complete the course ineligible for the apprentice certificate.
2. If HB 140 and SB 395 pass in their current form, coordinating language is needed.

Sponsor's Initials

Date

Budget Director's Initials

Date