

MINUTES

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

Call to Order: By **CHAIR BOB STORY**, on August 7, 2002 at 8:00 A.M., in Room 472 Capitol.

ROLL CALL

Members Present:

Rep. Bob Story, Chair (R)
Rep. Ron Erickson, Vice Chair (D)
Rep. Roger Somerville, Vice Chair (R)
Rep. Joan Andersen (R)
Rep. Keith Bales (R)
Rep. Joe Balyeat (R)
Rep. Gary Branae (D)
Rep. Eileen J. 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. Karl Waitschies (R)
Rep. David E. Wanzenried (D)

Members Excused: Rep. Butch Waddill (R)

Members Absent: None.

Staff Present: Jeff Martin, Legislative Branch
Chris Ahner, Sargent At Arms, Substitute

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

Committee Business Summary:

Hearing(s) & Date(s) Posted: HB11, 8/01/2002
Executive Action: HB11-Do Pass as Amended

There are no taped records from this hearing. Tape recorder was not used by the substitute secretary. Minimal notes were taken.

Motion/Vote: REP. BALES moved REMOVE HB11 FROM TABLE. Motion carried 11-8 with Branae, Carney, Cyr, Erickson, Forrester, Laslovich, Schmidt, and Wanzenried voting no.

Rep. Bales explained HB11. Coal Company expectation of production. Federal production goes up and down from year to year. Calendar year 2000-2001-reduction, 2002-increase, 2003-reduction. Forecast of National Coal Prices; use for base of Coal Severance Tax. Annual payments on mineral leaser; bonus payments up-front to acquire a lease.

Dan Dodds -Dept. of Revenue - Audit Revenue explanation. Minerals Management Service 6 month offline caused problems with payments and information. **Rep. Erickson** to **Dan Dodds** -What percentage come from coal? **Mr. Dodds** -3/4%. **Rep. Schmidt** to **Dodds** -Previous projections were how close or how far off? **Mr. Dodds** -Pretty close, perhaps projection \$1-2M range. **Rep. Carney** to **Dodds** -All money expected from Federal government? Counties get nothing? **Mr. Dodds** -Cap is the same. State gets projection any surplus; counties get excess. **Mr. Duffield** -Counties raise taxes based on excess from oil and gas. **Rep. Wanzenreid** to **Duffield** -From oil and gas; countries ok with bill? **Mr. Duffield** -Very reluctant to do this but it will 1.) help state get the representatives out of here. 2.) not believing the projection; so not budgeting in the \$1-2M. **Rep. Forrester** to **Rep. Bales**-Why is this a good deal for the counties? **Rep. Bales**-At present time, they are living with out these monies. If this takes effect; counties will have opportunity to lower taxes. Not raising taxes in these counties by passing this. Divided over number of counties will not make a significant difference. **Rep. Forrester** to **Rep. Story**-Do we need this money? **Rep. Story**-Yes. **Rep. Wanzenreid**-Status sheet reflected. Revenue estimate is lower; about \$1M less. **Rep. Carney**-Revenue estimate-do we do this again and will we be in the same mess? **Rep. Erickson**-I voted no for 2 reasons; Eastern counties have been had for a long time, and "funny money". Will vote no, because doesn't expect revenue projections will be there. **Rep. Carney**-will vote on **Rep. Bales** as (?) without amendment. **Rep. Schmidt** to **Rep. Bales**-No guarantees. **Rep. Story**-Protect the (?)out years. **Rep. Wanzenreid** to **Rep. Devlin**-Calculation? **Rep. Devlin**-Numbers supplied by the Dept. of Revenue. More confidence in \$21M projected revenue from federal mineral royalties. **Rep. Devlin** to **Dodds**-Is there a calculation? **Mr. Dodds**-Explained.

EXECUTIVE ACTION ON HB11

Motion/Vote: REP. BALES moved that HB11 BE AMENDED. Motion carried 14-5 with Branae, Carney, Cyr, Forrester, and Wanzenried voting no. Waddill absent.

EXECUTIVE ACTION ON HB11

Motion/Vote: REP. BALES moved that HB11 DO PASS AS AMENDED. Motion carried 11-9 with Branae, Carney, Cyr, Erickson, Forrester, Laslovich, Schmidt, Waddill, and Wanzenried voting no.

Please note again: No tape recording was made and minutes were in a very shortened form, due to a substitute secretary in attendance.

ADJOURNMENT

Adjournment: 8:55 A.M.

REP. BOB STORY, Chair

PAM SCHINDLER, Secretary

BS/PS

EXHIBIT (tah03aad)