

**SENATE JOURNAL
58TH LEGISLATURE
SIXTY-THIRD LEGISLATIVE DAY**

Helena, Montana
March 25, 2003

Senate Chambers
State Capitol

Senate convened at 1:00 p.m. President Keenan presiding. Invocation by Pastor Keith Johnson. Pledge of Allegiance to the Flag.

Roll Call. All members present except Senator Schmidt, excused. Quorum present.

The presiding officer has authenticated the daily journal for the sixty-second legislative day.

REPORTS OF STANDING COMMITTEES

BILL REPORT

Correctly engrossed: **SB 54, SB 169, SB 190, SB 197, SB 277, SB 289, SB 298, SB 388, SB 433, SB 435, SB 527, SB 653.**

Correctly enrolled: **SB 109, SB 143.**

BUSINESS AND LABOR (Mahlum, Chairman): 3/24/2003
HB 507, be concurred in. Report adopted.

EDUCATION AND CULTURAL RESOURCES (Glaser, Chairman): 3/25/2003
HJR 12, be concurred in. Report adopted.

JUDICIARY (Grimes, Chairman): 3/25/2003
HB 155, be amended as follows:

1. Page 54, line 16.

Following: "instruction."

Insert: "(1)"

Strike: "___ Bill No. ___ [LC219]"

Insert: "House Bill No. 87"

2. Page 54.

Following: line 18

Insert: "(2) If House Bill No. 201 and [this act] are both passed and approved, then:

(a) [section 13] of House Bill No. 201, amending 13-13-211, is void and [section 35] of [this act], amending 13-13-211, must read as follows:

Insert: "**Section 35.** Section 13-13-211, MCA, is amended to read:

"13-13-211. Time period for application. ~~¶~~ (1) Except as provided in 13-13-222, [section 4 of House Bill No. 201], and subsection (2) of this section, an application for an absentee ballot must be made during a period beginning 75 days before the day of election and ending at noon on the day before the election.

(2) ~~However, a~~ A qualified elector who is prevented from voting at the polls as a result of illness or health emergency occurring between 5 p.m. of the Friday preceding the election and noon on election day may request to vote by absentee ballot as provided in 13-13-212(3)."

(b) [section 16] of House Bill No. 201, amending 13-13-214, is void and [section 37 of this act], amending 13-13-214, must read as follows:

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Insert: "Section 37. Section 13-13-214, MCA, is amended to read:

"13-13-214. Mailing absentee ballot to elector -- delivery to person other than elector. (1) (a) Except as provided in 13-13-213 and in subsection (1)(b) of this section, as soon as the official paper absentee ballots are printed, the election administrator shall immediately send by mail, postage prepaid, to each elector from whom the election administrator has received a valid application under 13-13-211 and 13-13-212 whatever official ballots are necessary. ~~Ballots must be sent immediately to electors submitting valid requests after the official ballots are printed.~~

(b) The election administrator may deliver a ballot in person to an individual other than the elector if:

(i) the elector has designated the individual, either by a signed letter or by making the designation on the application form in a manner prescribed by the secretary of state;

(ii) the individual taking delivery of the ballot on behalf of the elector verifies, by signature, receipt of the ballot;

(iii) the election administrator believes that the individual receiving the ballot is the designated person; and

(iv) the designated person has not previously picked up ballots for four other electors.

(2) The election administrator shall enclose with the ballots:

(a) a secrecy envelope, free of any marks that would identify the voter; and

(b) ~~a self-addressed an~~ envelope for the return of the ballots. ~~An~~ The envelope must be self-addressed by the election administrator and an affirmation in the form prescribed by the secretary of state must be printed on the back of the envelope.

(3) The election administrator shall ~~stamp~~ ensure that the ballots provided to an absentee elector are marked as provided in 13-13-116 and remove the stubs from the ballots, attaching the stubs to the elector's absentee ballot application.

~~(4) Both the envelope in which the ballot is mailed to an elector in the United States service and the return envelope must have printed across the face the information and graphics and be of the color prescribed by the secretary of state consistent with the regulations established by the federal election commission, the U.S. postal service, or other federal agency.~~

~~(5)~~(4) If the ballots sent to the elector are for a primary election, the election administrator shall enclose an extra envelope marked "For Unvoted Party Ballot(s)". This envelope may not be numbered or marked in any way so that it can be identified as being used by any one elector.

~~(6)~~(5) Instructions for voting must be enclosed with the ballots. Instructions for primary elections must include use of the envelope for unvoted ballots. The instructions must include information concerning the type or types of writing instruments that may be used to mark the absentee ballot. The instructions must include information regarding use of the secrecy envelope and use of the return ~~and verification~~ envelope. The election administrator shall include a voter information pamphlet with the instructions if:

(a) a statewide ballot issue appears on the ballot mailed to the elector;

(b) the elector is out of the state or will be out of the state at the time of the election; and

(c) the elector requests a voter information pamphlet.

~~(7) The return envelope must be self-addressed to the election administrator."~~

(3) If both [this act] and House Bill No. 190 are passed and approved, then:

(a) [section 40 of this act], amending 13-13-231, is void.

(b) [section 41 of this act], amending 13-13-232, is void.

(c) [section 44 of this act], amending 13-13-241, is void.

(d) [section 45 of this act], amending 13-13-244, must read as follows:

"Section 45. Section 13-13-244, MCA, is amended to read:

"13-13-244. Opening of return envelopes after deposit. If ~~an~~ a return envelope containing an absentee ballot has been deposited unopened in the ballot box and the envelope has not been marked rejected, the return envelope ~~shall~~ must be opened without a court order and the ballot cast processed as provided in 13-13-241."

And, as amended, be concurred in. Report adopted.

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HB 224, be amended as follows:

1. Title, line 6.
Following: the first "OF"
Strike: "DISTRICT COURTS TO SET THE COMPENSATION OF"
Insert: "COUNTIES TO APPOINT"
2. Title, page 7 through page 8.
Following: "MASTERS;" on line 7
Strike: remainder of line 7 through "COURT;" on line 8
3. Title, line 10 through line 11.
Following: "SYSTEM;" on line 10
Strike: remainder of line 10 through the first "MCA;" on line 11
4. Title, line 11.
Following: "REPEALING"
Strike: "SECTION"
Insert: "SECTIONS 3-5-123 AND"
5. Page 1, line 16 through line 26.
Strike: section 1 in its entirety
Renumber: subsequent sections
6. Page 1, line 28.
Following: "Repealer."
Strike: "Section"
Insert: "Sections 3-5-123 and"
Following: "MCA,"
Strike: "is"
Insert: "are"

And, as amended, be concurred in. Report adopted.

HB 308, be amended as follows:

1. Title, line 4.
Following: "CLARIFYING"
Strike: "THAT A"
Insert: "THE REQUIREMENTS FOR"
Following: "VIOLENT"
Strike: "OFFENDER MUST"
Insert: "OFFENDERS TO"
2. Title, line 6.
Strike: "PROVIDING THAT A"
Insert: "REQUIRING CERTAIN"
Following: "VIOLENT"

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Strike: "OFFENDER"
Insert: "OFFENDERS"
Following: "WHO"
Strike: "IS"
Insert: "ARE"
Following: "REGISTER"
Strike: "MUST"
Insert: "TO"

3. Page 2, line 6.
Following: "(5)"
Insert: "(a)"
Strike: "The"
Insert: "An"
Following: "responsible"
Insert: "who was given a level 3 designation under 46-23-509"

4. Page 2, line 13.
Following: line 12
Insert: "(b) An offender not required to pay costs by subsection (5)(a) shall, if able, pay the costs required by subsection (5)(a) if the court, in its discretion, orders the offender to pay."

5. Page 3, line 19.
Following: "(4)"
Insert: "(a)"
Strike: "The"
Insert: "An"
Following: "offender"
Insert: "who was given a level 3 designation under 46-23-509"

6. Page 3, line 24.
Following: line 23
Insert: "(b) An offender not required to pay costs by subsection (4)(a) shall, if able, pay the costs required by subsection (4)(a) if the court, in its discretion, orders the offender to pay."

And, as amended, be concurred in. Report adopted.

HB 453, be amended as follows:

1. Title, page 1, line 4.
Strike: "AND"
Insert: ", "
2. Title, page 1, line 5.
Following: "INCOME"
Insert: ", AND ASSETS"

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3. Page 2, line 8.

Following: "(4)"

Insert: "An inmate is responsible for the inmate's medical and dental expenses and is obligated to repay the department for reasonable costs incurred by the department for the inmate's medical and dental expenses."

4. Page 2, line 9.

Following: "expenses"

Insert: "any assets of the inmate or"

Strike: "earned by or accruing to an"

Insert: "of the"

And, as amended, be concurred in. Report adopted.

HB 496, be concurred in. Report adopted.

HB 521, be amended as follows:

1. Title, line 7.

Following: "FACILITY;"

Strike: "AND"

2. Title, line 8.

Following: "MCA"

Insert: "; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE"

3. Page 2, line 1.

Following: "and is"

Strike: "only"

Following: "payable"

Insert: "only"

4. Page 2, line 9.

Following: "officer"

Strike: "of this state"

Following: "facility"

Insert: "of this state"

5. Page 2, line 13.

Insert: "NEW SECTION. Section 3. Effective date. [This act] is effective on passage and approval."

And, as amended, be concurred in. Report adopted.

PUBLIC HEALTH, WELFARE AND SAFETY (O'Neil, Chairman):

3/24/2003

HB 499, be amended as follows:

1. Page 7, line 15.

Strike: "in" through "department"

And, as amended, be concurred in. Report adopted.

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HB 647, be amended as follows:

1. Title, page 1, line 10.

Strike: "50-16-205,"

2. Page 1, line 25.

Strike: "or"

Following: "dentists"

Insert: ", physician assistants-certified, professional counselors, or social workers"

3. Page 1, line 29.

Strike: "medical treatment"

Insert: "health services"

4. Page 2, line 1.

Strike: "medical or surgical care or"

Insert: "health"

Following: "services"

Insert: "and to control access to protected health care information"

5. Page 2, line 2.

Strike: "medical or surgical care or"

Insert: "health"

6. Page 2, line 3.

Following: "state"

Insert: "a"

Strike: "an unemancipated"

Insert: "a"

7. Page 4, line 20 through line 24.

Strike: section 6 in its entirety

Renumber: subsequent sections

8. Page 7, line 11.

Strike: "consented"

Insert: "authorized"

Following: "writing"

Strike: "to"

9. Page 10, line 23.

Following: "Sections"

Strike: "16"

Insert: "15"

10. Page 10, line 28.

Following: "sections"

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Strike: "16"

Insert: "15"

11. Page 12, line 1.

Strike: "A"

Insert: "To the extent provided in 39-71-604 and 50-16-527, a"

12. Page 12, line 3 through line 11.

Following: "provider." on line 3

Strike: "The" through "law." on line 11

13. Page 12, line 21.

Strike: "consented"

Insert: "authorized"

Following: "writing"

Strike: "to"

14. Page 13, line 10.

Following: "Sections"

Strike: "16"

Insert: "15"

15. Page 13, line 13.

Insert: NEW SECTION. **Section 21. Method of compulsory process.** (1) Unless the court for good cause shown determines that the notification should be waived or modified, if health care information is sought under [section 20(1)(b), (1)(d), or (1)(e)] or in a civil proceeding or investigation under [section 20(1)(i)], the person seeking compulsory process or discovery shall mail a notice by first-class mail to the patient or the patient's attorney of record of the compulsory process or discovery request at least 10 days before presenting the certificate required under subsection (2) of this section to the health care provider.

(2) Service of compulsory process or discovery requests upon a health care provider must be accompanied by a written certification, signed by the person seeking to obtain health care information or by the person's authorized representative, identifying at least one subsection of [section 20] under which compulsory process or discovery is being sought. The certification must also state, in the case of information sought under [section 20(1)(b), (1)(d), or (1)(e)] or in a civil proceeding under [section 20(1)(i)], that the requirements of subsection (1) of this section for notice have been met. A person may sign the certification only if the person reasonably believes that the subsection of [section 20] identified in the certification provides an appropriate basis for the use of compulsory process or discovery. Unless otherwise ordered by the court, the health care provider shall maintain a copy of the process and the written certification as a permanent part of the patient's health care information.

(3) In response to service of compulsory process or discovery requests, when authorized by law, a health care provider may deny access to the requested health care information. If access to requested health care information is denied by the health care provider, the health care provider shall submit to the court by affidavit or other reasonable means an explanation of why the health care provider believes that the information should be protected from disclosure.

(4) When access to health care information is denied, the court may order disclosure of health care information, with or without restrictions as to its use, as the court considers necessary. In deciding whether to order disclosure, the court shall consider the explanation submitted by the health care provider and any arguments presented by interested parties.

(5) A health care provider required to disclose health care information pursuant to compulsory process may charge a reasonable fee, not to exceed the fee provided for in [section 22], and may deny examination or copying of the information until the fee is paid.

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(6) Production of health care information under [section 20] and this section does not in itself constitute a waiver of any privilege, objection, or defense existing under other law or rule of evidence or procedure."

Renumber: subsequent sections

16. Page 13, line 19.

Following: "sections"

Strike: "16"

Insert: "15"

17. Page 13, line 21.

Following: "sections"

Strike: "16"

Insert: "15"

18. Page 13, line 24.

Following: "sections"

Strike: "16"

Insert: "15"

19. Page 13, line 26.

Following: "sections"

Strike: "16"

Insert: "15"

20. Page 14, line 2.

Following: "sections"

Strike: "16"

Insert: "15"

21. Page 14, line 4.

Following: line 3

Insert: "(7) A health care provider who relies in good faith upon certification pursuant to [section 21] is considered to have received reasonable assurances and is not liable for disclosures made in reliance on that certification."

22. Page 14, line 9.

Strike: "9"

Insert: "8"

23. Page 14, line 11.

Strike: "9"

Insert: "8"

24. Page 14, line 12.

Strike: "16"

Insert: "15"

25. Page 14, line 13.

Strike: "16"

Insert: "15"

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And, as amended, be concurred in. Report adopted.

HB 681, be amended as follows:

1. Page 2, line 4.
Strike: "37-7-701"
Insert: "37-7-101"

And, as amended, be concurred in. Report adopted.

HB 693, be concurred in. Report adopted.

STATE ADMINISTRATION (Cobb, Chairman):
HB 218, be amended as follows:

3/25/2003

1. Page 1, line 6.
Strike: "PROVIDE" through "REPORT,"
2. Title, page 1, line 7.
Strike: "POST" through "BOND,"
3. Title, page 1, line 9.
Strike: "EQUIPMENT PURCHASE,"
4. Title, page 1, line 15.
Strike: "TRANSPORTERS"
Insert: "OWNERS"
5. Title, page 1, line 23.
Strike: "CONSTRAINTS ON"
Insert: "RECOMMENDATIONS FOR"
6. Title, page 1, line 27.
Strike: "AN IMMEDIATE"
Insert: "A DELAYED"
7. Page 2, line 1.
Strike: "12"
Insert: "10"
8. Page 2, line 4.
Strike: "12"
Insert: "10"
Strike: ":",
9. Page 2, line 5.
Strike: "(1)"

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10. Page 2, line 7 through line 10.

Strike: "AND" on line 7 through "ENVIRONMENT" on line 10

11. Page 2, line 12.

Strike: "12"

Insert: "10"

12. Page 2, line 30.

Strike: "EQUIPMENT PURCHASE."

13. Page 3, line 8.

Strike: "IF FEDERAL FUNDING IS INSUFFICIENT FOR TRAINING"

Following: "1"

Insert: "and"

14. Page 3, line 10.

Strike: "1"

Insert: "1"

15. Page 3, lines 11 through 16.

Strike: subsections (2)(d), (2)(e), and (2)(f) in their entirety

16. Page 3, line 17.

Strike: "10(3)"

Insert: "9(3)"

17. Page 3, lined 23 through 24.

Strike: first "TRANSPORTER" on line 23

Insert: "owner"

Strike: "A TRANSPORTER" on line 23 through "SHIPMENTS OF" on line 24

Insert: "Prior to shipping"

Following: "STATE"

Strike: "WITHOUT PROVIDING"

Insert: ", an owner and the originating shipper if not the owner shall provide to the transporter and"

18. Page 3, line 25.

Following: "DIVISION"

Strike: "IN ADVANCE OF SHIPMENT"

Insert: ", within limits set by the regulating federal authority"

19. Page 3, lines 27 through 28.

Strike: "REPORT" on line 27

Insert: "plan"

Strike: "FORWARDED"

Insert: "submitted"

Strike: "DEPARTMENT" through the second "RAIL SHIPMENTS." on line 28

Insert: "disaster and emergency services division"

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20. Page 3, line 30.

Strike: "AND"

21. Page 4, line 1.

Strike: "BY CREW MEMBERS"

Insert: "of an owner's escorts"

22. Page 4, line 2.

Strike: "(C) A SAFETY PLAN THAT INCLUDES:"

23. Page 4, line 3.

Strike: "(I)"

Insert: "(iii)"

24. Page 4, line 4.

Strike: "(II)"

Insert: "(iv)"

25. Page 4, line 5.

Strike: "(III)"

Insert: "(v)"

26. Page 4, line 6.

Strike: "(D)"

Insert: "(c)"

Renumber: subsequent subsections

Strike: "TRANSPORTER"

Insert: "owner and the originating shipper if not the owner"

27. Page 4, line 8.

Strike: first "TRANSPORTER"

Insert: "owner"

Strike: second "TRANSPORTER"

Insert: "owner"

28. Page 4, lines 9 through 11.

Strike: "FOR \$25 MILLION" on line 9 through "SPILLING" on line 11

Insert: "as required by the regulating federal authority"

29. Page 4, line 14.

Strike: "A TRANSPORTER"

Insert: "An owner or the originating shipper if not the owner"

30. Page 4, line 15.

Strike: "NUCLEAR REGULATORY COMMISSION"

Insert: "regulating federal authority"

31. Page 4, line 23 through line 30.

Strike: "AND THE BOARDS" on line 23 through "NOTIFICATION LIST" on line 30

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Insert: "or other agencies as appropriate"

32. Page 5, line 2.

Strike: "9"

Insert: "8"

33. Page 5, lines 10 through 11.

Strike: "THAT IS" on line 10 through "carrier" on line 11

Insert: "designed for transport by truck"

34. Page 5, line 12.

Following: "cask"

Strike: "that is" through "state"

Insert: "designed for transport by rail"

35. Page 5, line 13.

Following: "cask"

Insert: "designed for transport by rail"

36. Page 5, line 17.

Strike: "AND TO THE TRANSPORTER"

Strike: "ONE-TRIP"

37. Page 5, line 30 through page 6, line 11.

Strike: section 8 in its entirety

Renumber: subsequent sections

38. Page 6, lines 25 through 26.

Strike: "MAY BE" on line 25 through "ROUTES" on line 28

Insert: "must be determined by the department of transportation and the appropriate regulating federal authority"

39. Page 7, line 9.

Following: "TRANSURANIC WASTE"

Insert: "may not"

Strike: "NO MORE"

Insert: "greater"

40. Page 7, line 10.

Strike: "40 MILES AN HOUR"

Insert: "the speed required by federal regulations"

41. Page 7, line 16.

Strike: "12"

Insert: "10"

42. Page 7, line 28.

Strike: "12"

Insert: "10"

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43. Page 8, line 1.

Strike: "A person or entity"

Insert: "An owner"

44. Page 8, line 2.

Strike: "10"

Insert: "9"

45. Page 8, line 4.

Following: "ANY"

Insert: "other"

Strike: "ASSESSED" through "12]"

46. Page 8, line 5.

Strike: "TRANSPORTATION"

Insert: "justice"

47. Page 8, lines 7 through 9.

Strike: section 12 in its entirety

Renumber: subsequent sections

48. Page 8, line 11.

Strike: "12"

Insert: "10"

49. Page 8, line 13.

Strike: "12"

Insert: "10"

50. Page 8, line 20.

Strike: "ON PASSAGE AND APPROVAL"

Insert: "January 1, 2004"

And, as amended, be concurred in. Report adopted.

HB 253, be amended as follows:

1. Page 2.

Following: line 1

Insert: "NEW SECTION. Section 2. Coordination instruction. If [this act] and House Bill No. 468 are both passed and approved, then [section 1 of this act], amending 13-35-225, must read as follows:

"**Section 1.** Section 13-35-225, MCA, is amended to read:

"**13-35-225. Election materials not to be anonymous -- statement of accuracy -- prohibition.** (1)(a) ~~Whenever a person makes an expenditure for the purpose of financing~~ All communications advocating the success or defeat of a candidate, political party, or ballot issue through any broadcasting station, newspaper, magazine, outdoor advertising facility, direct mailing, poster, handbill, bumper sticker, internet website, or other form of general political advertising; ~~the communication~~ must clearly and conspicuously state include the attribution "paid for by" followed by the name and address of the person who made or financed the expenditure for the communication; including in When a candidate or a candidate's campaign finances the expenditure, the attribution must be the name and the address of the

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candidate or the candidate's campaign. In the case of a political committee, the attribution must be the name of the committee, the name of the committee treasurer, and the address of the committee or the committee treasurer.

(b) Communications in a partisan election financed by a candidate or a political committee organized on the candidate's behalf must state the candidate's party affiliation or include the party symbol.

(c) (i) Printed election material described in subsection (1)(a) that includes information about a candidate's voting record must include a reference to the particular vote or votes upon which the information is based and a statement, signed as provided in subsection (1)(c)(ii), that to the best of the signer's knowledge, the statements made about the candidate's voting record are accurate and true.

(ii) The statement must be signed:

(A) by the candidate if the election material was prepared for the candidate or the candidate's political committee and includes information about another candidate's voting record; or

(B) by the person financing the communication or the person's legal agent if the election material was not prepared for a candidate or a candidate's political committee.

(2) The state seal may not be used in any election material described in this section.

(3) If a document or other article of advertising is too small for the requirements of subsection (1) to be conveniently included, the person financing the communication shall file a copy of the article with the commissioner of political practices, together with the required information, prior to its public distribution.

(4) If information required in subsection (1) is inadvertently omitted or not printed, upon discovering discovery of or notification about the omission, the candidate responsible for the material or the person financing the communication shall:

(a) file notification of the omission with the commissioner of political practices within 5 days of the discovery or notification; and make every reasonable effort to

(b) bring the material into compliance with subsection (1) within 2 weeks; and

(c) withdraw any noncompliant communication from circulation as soon as reasonably possible.'''''

And, as amended, be concurred in. Report adopted.

HB 468, be concurred in. Report adopted.

HB 532, be amended as follows:

1. Page 1, line 14.

Strike: "The"

Insert: "Except as provided in subsection (2), the"

2. Page 2, line 1.

Following: "held"

Insert: "as provided in this subsection"

And, as amended, be concurred in. Report adopted.

HB 686, be concurred in. Report adopted.

HB 731, be concurred in. Report adopted.

MESSAGES FROM THE GOVERNOR

March 24, 2003

The Honorable Bob Keenan

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President of the Senate
State Capitol
Helena, Montana 59620

Dear Senator Keenan:

Please be informed that I have signed **Senate Bill 3** sponsored by Senator Harrington, **Senate Bill 14** sponsored by Senator McCarthy, **Senate Bill 17** sponsored by Senator McGee, **Senate Bill 21** sponsored by Senator McNutt, **Senate Bill 27** sponsored by Senator Johnson, **Senate Bill 32** sponsored by Senator Mahlum, **Senate Bill 33** sponsored by Senator Cobb, **Senate Bill 38** sponsored by Senator Mahlum, and **Senate Bill 40** sponsored by Senator Mahlum on March 24, 2003.

Sincerely,

JUDY MARTZ
Governor

MOTIONS

HB 610 - Senator Butcher moved the Senate reconsider its action in failing to concur in **HB 610** on third reading the previous legislative day. Motion carried.

HB 610 - Senator Butcher moved **HB 610** be placed on second reading the sixty-fourth legislative day, March 26, 2003. Motion carried.

SB 470 - Senator Mangan moved Black, Bohlinger, Cocchiarella, Cromley, DePratu, Ellingson, Glaser, Mahlum, McNutt, Sprague, Stapleton, Stonington, Story, Taylor and Wheat be added as sponsors to **SB 470**. Motion carried.

SB 332 and **SB 433** - Senator Thomas moved consideration of **SB 332** and **SB 433** on second reading this legislative day, be moved to second reading the 64th legislative day, March 26, 2003. Motion carried.

FIRST READING AND COMMITMENT OF BILLS

The following Senate bill was introduced, read first time, and referred to committee:

SB 484, introduced by Mangan, referred to Taxation.

**SECOND READING OF BILLS
(COMMITTEE OF THE WHOLE)**

Senator Thomas moved the Senate resolve itself into a Committee of the Whole for consideration of business on second reading. Motion carried. Senator Nelson in the chair.

Mr. President: We, your Committee of the Whole, having had under consideration business on second reading, recommend as follows:

HB 700 - Senator Laible moved **HB 700** be concurred in. After introduction, Senator Stonington moved **HB 700**, second reading copy, be amended as follows:

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1. Title, line 11.

Following: "SOURCES"

Insert: ", EXCEPT ANY POINT SOURCE DISCHARGES RELATED TO COAL BED METHANE DEVELOPMENT"

2. Page 14, line 5.

Following: "discharges"

Insert: ", except any point source discharges related to coal bed methane development"

Amendment **not adopted** as follows:

Yeas: Bohlinger, Cobb, Cocchiarella, Cooney, Cromley, Ellingson, Elliott, Hansen, Harrington, Johnson, Mangan, Nelson, Pease, Roush, Ryan, Stapleton, Stonington, Tester, Toole, Tropila, Wheat, Zook.

Total 22

Nays: Anderson, Bales, Barkus, Black, Butcher, Curtiss, DePratu, Esp, Gebhardt, Glaser, Grimes, Kitzenberg, Laible, Mahlum, McCarthy, McGee, McNutt, O'Neil, Perry, Shea, Sprague, Squires, Story, Tash, Thomas, Mr. President.

Total 26

Absent or not voting: Taylor.

Total 1

Excused: Schmidt.

Total 1

Senator Schmidt present at this time.

HB 700 - Senator Laible's motion that **HB 700** be concurred in carried as follows:

Yeas: Anderson, Bales, Barkus, Black, Butcher, Curtiss, DePratu, Gebhardt, Glaser, Grimes, Harrington, Laible, McCarthy, McGee, McNutt, O'Neil, Perry, Roush, Shea, Sprague, Stapleton, Story, Tash, Taylor, Thomas, Zook, Mr. President.

Total 27

Nays: Bohlinger, Cobb, Cocchiarella, Cooney, Cromley, Ellingson, Elliott, Esp, Hansen, Johnson, Kitzenberg, Mahlum, Mangan, Nelson, Pease, Ryan, Schmidt, Squires, Stonington, Tester, Toole, Tropila, Wheat.

Total 23

Absent or not voting: None.

Total 0

Excused: None.

Total 0

SB 89 - Senator Tash moved **SB 89** do pass. Motion carried with Senators Barkus and Cobb voting nay.

SB 385 - Senator Mangan moved **SB 385** do pass. Motion carried as follows:

Yeas: Barkus, Bohlinger, Butcher, Cobb, Cocchiarella, Cooney, Cromley, Ellingson, Elliott, Gebhardt, Hansen, Harrington, Kitzenberg, Mahlum, Mangan, McCarthy, Nelson, Pease, Roush, Ryan, Schmidt, Shea, Sprague, Squires,

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Stapleton, Stonington, Tash, Taylor, Tester, Tropila, Wheat, Zook, Mr. President.
Total 33

Nays: Anderson, Bales, Black, Curtiss, DePratu, Esp, Glaser, Grimes, Johnson, Laible, McGee, McNutt, O'Neil, Perry, Story, Thomas, Toole.
Total 17

Absent or not voting: None.
Total 0

Excused: None.
Total 0

HB 201 - Senator Wheat moved **HB 201** be concurred in. After discussion, Senator Wheat made a **substitute motion** that **HB 201**, second reading copy, be amended as follows:

1. Page 12, line 22.

Insert: "NEW SECTION. Section 25. Coordination instruction. If House Bill No. 190 and [this act] are both passed and approved, then [section 28 of House Bill No. 190] amending 13-13-212, is void and [section 14 of this act], amending 13-13-212, must read:

"**Section 14.** Section 13-13-212, MCA, is amended to read:

"**13-13-212. Application for absentee ballot -- special provisions.**(1) An elector may apply for an absentee ballot, using only a standardized form provided by rule by the secretary of state, by making a written request, which must include the applicant's birth date and must be signed by the applicant, The request must be submitted to the election administrator of the applicant's county of residence within the time period specified in 13-13-211.

~~_____ (2) An elector in the United States service absent from the state and county in which the elector is registered may apply for an absentee ballot as follows:~~

~~_____ (a) as provided in subsection (1);~~

~~_____ (b) by using the federal postcard application signed by the applicant and made within the time period specified in 13-13-211; or~~

~~_____ (c) if eligible, by using the federal write-in ballot as provided in 13-13-271(3).~~

~~(3)(2)~~ (a) If an elector requests an absentee ballot because of a sudden illness or health emergency, the application for an absentee ballot may be made by written request signed by the elector at the time that the ballot is delivered in person by the special absentee election board provided for in 13-13-225.

(b) The elector may request by telephone, facsimile transmission, or other means to have a ballot and application personally delivered by the special absentee election board at the elector's place of confinement, hospitalization, or residence within the county.

(c) A request under this subsection ~~(3)~~ (2) must be received by the election administrator by noon on election day.

~~(4)(3)~~ (3) An elector who has made a request for an absentee ballot by one of the methods provided in this section may, in the event of the death of a candidate after the primary election but before the general election, make a request for a replacement ballot. The request for a replacement ballot may be made orally to the election administrator.""

Amendment **adopted** unanimously.

HB 201 - Senator Wheat moved **HB 201**, as amended, be concurred in. Motion carried unanimously.

HB 222 - Senator Grimes moved **HB 222** be concurred in. Motion carried unanimously.

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HB 272 - Senator Johnson moved **HB 272** be concurred in. Motion carried with Senators Barkus, Esp and O'Neil voting nay.

HB 414 - Senator Pease moved **HB 414** be concurred in. Motion carried with Senators McGee, Ryan and Schmidt voting nay.

HB 548 - Senator Gebhardt moved **HB 548** be concurred in. Motion carried with Senator McGee voting nay.

HB 557 - Senator Bohlinger moved **HB 557** be concurred in. Motion carried unanimously.

HB 639 - Senator Cooney moved **HB 639** be concurred in. Motion carried as follows:

Yeas: Anderson, Bales, Barkus, Bohlinger, Butcher, Cobb, Cocchiarella, Cooney, Cromley, DePratu, Ellingson, Elliott, Glaser, Grimes, Hansen, Harrington, Johnson, Kitzenberg, Laible, Mahlum, Mangan, McCarthy, McNutt, Nelson, Pease, Roush, Ryan, Schmidt, Shea, Sprague, Squires, Stonington, Story, Tash, Taylor, Tester, Thomas, Toole, Tropila, Wheat, Zook, Mr. President.

Total 42

Nays: Black, Curtiss, Esp, Gebhardt, McGee, O'Neil, Perry, Stapleton.

Total 8

Absent or not voting: None.

Total 0

Excused: None.

Total 0

HJR 17 - Senator Bales moved **HJR 17** be concurred in. Motion carried with Senators Cromley, Esp, McGee and Stapleton voting nay.

HJR 30 - Senator Cobb moved **HJR 30** be concurred in. Motion carried as follows:

Yeas: Anderson, Bohlinger, Cobb, Cocchiarella, Cooney, Cromley, DePratu, Ellingson, Elliott, Glaser, Grimes, Hansen, Harrington, Johnson, Kitzenberg, Laible, Mahlum, Mangan, McCarthy, McNutt, Nelson, O'Neil, Pease, Roush, Ryan, Schmidt, Shea, Sprague, Squires, Stonington, Tash, Taylor, Tester, Thomas, Toole, Tropila, Wheat, Zook, Mr. President.

Total 39

Nays: Bales, Barkus, Black, Butcher, Curtiss, Esp, Gebhardt, McGee, Perry, Stapleton, Story.

Total 11

Absent or not voting: None.

Total 0

Excused: None.

Total 0

Senator Thomas moved the committee rise and report. Motion carried. Committee arose. Senate resumed. President Keenan in the chair. Chairman Nelson moved the Committee of the Whole report be adopted. Report adopted

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unanimously.

SPECIAL ORDERS OF THE DAY

A PROCLAMATION OF THE SENATE AND THE HOUSE OF REPRESENTATIVES
OF THE STATE OF MONTANA

WHEREAS, Kristi Benson, an esteemed resident of Dillon and a student at Beaverhead County High, has achieved national recognition for exemplary volunteer service by receiving a 2003 Prudential Spirit of Community Award; and

WHEREAS, this prestigious award, presented by Prudential Financial in partnership with the National Association of Secondary School Principals, honors young volunteers across America who have demonstrated an extraordinary commitment to serving their communities; and

WHEREAS, Ms. Benson earned this award by giving generously of her time and energy to create a non-profit organization that has raised more than \$27,000 to provide essential educational materials to public schools and students in her rural county that cannot afford to buy them; and

WHEREAS, the success of the State of Montana, the strength of our communities, and the overall vitality of American society depend, in great measure, upon the dedication of young people like Ms. Benson who use their considerable talents and resources to serve others;

NOW THEREFORE, pursuant to a motion of Senator Tash and Representative Barrett:

BE IT RESOLVED BY THE SENATE AND THE HOUSE OF REPRESENTATIVES OF THE STATE OF MONTANA; that the 58th Legislature hereby congratulates and honors Ms. Benson as a recipient of a Prudential Spirit of Community Award, recognizes her outstanding record of volunteer service, peer leadership and community spirit, and extends best wishes for her continued success and happiness.

Senator Bill Tash

Representative Debby Barrett

Senator Bob Keenan
President of the Senate

Representative Doug Mood
Speaker of the House

THIRD READING OF BILLS

The following bills having been read three several times, title and history agreed to, were disposed of in the following manner:

SB 469 passed as follows:

Yeas: Bohlinger, Butcher, Cobb, Cocchiarella, Cooney, DePratu, Ellingson, Elliott, Glaser, Hansen, Harrington, Kitzenberg, Mahlum, Mangan, McCarthy, McNutt, Nelson, Pease, Roush, Ryan, Schmidt, Shea, Squires, Stonington, Story, Tash, Taylor, Tester, Thomas, Toole, Tropila, Wheat, Zook.

Total 33

Nays: Anderson, Bales, Barkus, Black, Cromley, Curtiss, Esp, Gebhardt, Grimes, Johnson, Laible, McGee, O'Neil, Perry, Sprague, Stapleton, Mr. President.

Total 17

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Absent or not voting: None.
Total 0

Excused: None.
Total 0

HB 169, as amended by the Senate, concurred in as follows:

Yeas: Anderson, Bales, Barkus, Black, Bohlinger, Butcher, Cobb, Cocchiarella, Cooney, Cromley, Curtiss, DePratu, Ellingson, Elliott, Esp, Gebhardt, Glaser, Grimes, Hansen, Harrington, Kitzenberg, Laible, Mahlum, Mangan, McCarthy, McNutt, Nelson, O'Neil, Pease, Perry, Roush, Ryan, Schmidt, Shea, Sprague, Squires, Stapleton, Stonington, Story, Tash, Taylor, Tester, Thomas, Toole, Tropila, Wheat, Zook, Mr. President.
Total 48

Nays: Johnson, McGee.
Total 2

Absent or not voting: None.
Total 0

Excused: None.
Total 0

HB 190, as amended by the Senate, concurred in as follows:

Yeas: Anderson, Bales, Barkus, Black, Bohlinger, Butcher, Cobb, Cocchiarella, Curtiss, DePratu, Esp, Gebhardt, Glaser, Grimes, Kitzenberg, Laible, Mahlum, Mangan, McGee, McNutt, O'Neil, Perry, Shea, Sprague, Squires, Stapleton, Story, Tash, Taylor, Thomas, Zook, Mr. President.
Total 32

Nays: Cooney, Cromley, Ellingson, Elliott, Hansen, Harrington, Johnson, McCarthy, Nelson, Pease, Roush, Ryan, Schmidt, Stonington, Tester, Toole, Tropila, Wheat.
Total 18

Absent or not voting: None.
Total 0

Excused: None.
Total 0

HB 298, as amended by the Senate concurred in as follows:

Yeas: Anderson, Bales, Barkus, Black, Bohlinger, Butcher, Cobb, Cocchiarella, Cooney, Cromley, DePratu, Ellingson, Elliott, Esp, Gebhardt, Glaser, Grimes, Hansen, Harrington, Johnson, Kitzenberg, Laible, Mahlum, Mangan, McCarthy, McGee, McNutt, Nelson, O'Neil, Pease, Perry, Roush, Ryan, Schmidt, Shea, Sprague, Squires, Stapleton, Stonington, Story, Tash, Taylor, Tester, Thomas, Toole, Tropila, Wheat, Zook, Mr. President.
Total 49

Nays: Curtiss.

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Total 1

Absent or not voting: None.

Total 0

Excused: None.

Total 0

HB 585 concurred in as follows:

Yeas: Anderson, Barkus, Black, Bohlinger, Butcher, Cobb, Cocchiarella, Cooney, Cromley, Curtiss, DePratu, Ellingson, Elliott, Esp, Gebhardt, Glaser, Grimes, Hansen, Harrington, Johnson, Kitzenberg, Laible, Mahlum, Mangan, McCarthy, McNutt, Nelson, O'Neil, Pease, Perry, Roush, Ryan, Schmidt, Shea, Sprague, Squires, Stapleton, Stonington, Story, Tash, Taylor, Tester, Thomas, Toole, Tropila, Wheat, Zook, Mr. President.

Total 48

Nays: Bales, McGee.

Total 2

Absent or not voting: None.

Total 0

Excused: None.

Total 0

REPORTS OF STANDING COMMITTEES

TAXATION (DePratu, Chairman):

3/25/2003

SB 462, introduced bill, be amended as follows:

1. Page 1, line 18.

Strike: "used"

Insert: "specifically designed"

2. Page 1, line 20.

Following: "or"

Insert: "wood waste"

3. Page 1, line 21.

Strike: "and"

4. Page 1, line 22.

Strike: "renewable and reclaimable resources"

Insert: "byproducts of reforestation and fire management projects associated with dead, dying, and small diameter trees;
and

(d) used to process or reclaim tires in a manner that involves destruction of the tire carcasses"

5. Page 1, lines 23 and 24.

Strike: "but are not limited to"

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6. Page 1, line 25.

Strike: "health"

Insert: "renovation"

7. Page 1, line 27 through line 29.

Strike: "nonhazardous" on line 27 through "waste" on line 29

Insert: "tires"

And, as amended, do pass. Report adopted.

SB 470, introduced bill, be amended as follows:

1. Title, page 1, lines 12 through 15.

Strike: "REDUCING" ON line 12 through "RELIEF;" on line 15

Insert: "REMOVING THE TRIGGER FOR THE PHASE-OUT ELIMINATION OF CLASS EIGHT PROPERTY TAX; PROVIDING AN INDIVIDUAL INCOME TAX CAPITAL GAINS CREDIT; PROVIDING AN INDIVIDUAL INCOME TAX AND CORPORATE LICENSE TAX CREDIT FOR THE AMOUNT OF PROPERTY TAXES PAID FOR STATEWIDE SCHOOL AND UNIVERSITY SYSTEM PROPERTY TAX LEVIES; PROVIDING A REFUNDABLE INDIVIDUAL INCOME TAX CREDIT TO OFFSET PAYMENT OF SALES TAXES DETERMINED BY HOUSEHOLD COMBINED FEDERAL ADJUSTED GROSS INCOME; CLARIFYING THE DEFINITION OF "CONSUMER PRICE INDEX" RELATING TO INDIVIDUAL INCOME TAX PROVISIONS; AMENDING THE LIMITATIONS ON RECEIPTS FROM POLITICAL COMMITTEES TO CONFORM TO THE CHANGE IN THE DEFINITION OF "CONSUMER PRICE INDEX"; AMENDING THE INDIVIDUAL INCOME TAX INCOME BRACKETS AND RATES; LIMITING THE INDIVIDUAL INCOME TAX DEDUCTION FOR FEDERAL INCOME TAX PAID; AMENDING THE AMOUNT OF INDIVIDUAL INCOME TAX DEDUCTION AND EXEMPTION AMOUNTS; ESTABLISHING A REVENUE STABILIZATION AND DISASTER ACCOUNT THAT CAN BE APPROPRIATED ONLY AFTER A DECLARATION BY THE GOVERNOR AND BY A TWO-THIRDS VOTE OF EACH HOUSE OF THE LEGISLATURE; PROVIDING FOR A REFUND OF EXCESS SALES TAX REVENUE WHEN THE REVENUE STABILIZATION AND DISASTER ACCOUNT REACHES A THRESHOLD AMOUNT;"

2. Title, page 1, line 17.

Following: "FUND;"

Insert: "PROVIDING A CONTINGENT VOIDNESS PROVISION;"

3. Title, page 1, line 17 through line 18.

Strike: "15-1-111, 15-1-112," line 17

Insert: "13-37-218,"

Strike: "15-10-420" on line 17 through "15-24-2002," on line 17

Insert: "15-6-138, 15-6-201, 15-16-101, 15-30-101, 15-30-103, 15-30-112, 15-30-121, 15-30-122, 15-30-142,"

Strike: "17-3-213,"

4. Title, page 1, line 19.

Strike: "20-5-324,"

Strike: "20-9-212,"

Strike: "20-9-331, 20-9-333,"

5. Page 1, line 20.

Strike: "20-9-347,"

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6. Title, page 1, line 21.

Following: "61-3-303,"

Insert: "AND"

Strike: "90-6-309, AND 90-6-403,"

Following: "MCA"

Insert: ", SECTION 25, CHAPTER 13, SPECIAL LAWS OF AUGUST 2002, AND SECTIONS 27 AND 31, CHAPTER 285, LAWS OF 1999"

Strike: "REPEALING SECTION 20-9-360, MCA;"

7. Title, page 1, line 22.

Strike: "AN IMMEDIATE"

Insert: "A DELAYED"

8. Page 13, line 19.

Following: "following"

Insert: "business"

9. Page 13, line 25 through line 26.

Strike: ", except" on line 25 through "114)" on line 26

10. Page 14, line 23.

Strike: "exception"

Insert: "utilities"

11. Page 14, line 27.

Strike: "telecommunications services,"

Strike: "or"

Insert: "and"

12. Page 14, line 28.

Strike: "not"

13. Page 14, line 7.

Strike: "and"

14. Page 14, line 8.

Following: "5418)"

Insert: "; and

(j) fitness and recreational sports centers (NAICS industry 713940)"

15. Page 15, line 15.

Following: "Exemption"

Insert: " -- motor vehicles"

Following: "fuel."

Insert: "(1) The sale and use of a vehicle with a gross vehicle weight in excess of 12,000 pounds that is subject to a tax or fee imposed under Title 61, chapter 3, part 5, are exempt from the sales tax and use tax."

Renumber: subsequent subsections

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16. Page 16, line 5.

Following: "property"

Insert: ", other than a motor vehicle,"

17. Page 18, line 13.

Strike: "to miner or manufacturer"

Insert: "for manufacturing and mining uses"

Following: "sale"

Insert: "or use"

Following: "property"

Insert: "or a service"

18. Page 18, line 14.

Strike: "engaged in the business of mining or manufacturing"

19. Page 18, line 15.

Strike: "and"

20. Page 18, line 16 through line 20.

Strike: subsection (b) in its entirety

Insert: "(b) the purchaser is engaged in and uses the property or service in either of the following:

(i) mining. For the purposes of this section, the term "mining" means the carrying on of operations of any kind for the purpose of extracting from the earth any mineral, as defined in 15-38-103, and includes operations of any kind for the extraction of any mineral from any other mineral. The term does not include manufacturing.

(ii) manufacturing. For the purposes of this section, the term "manufacturing" has the meaning provided in the North American Industry Classification System Manual (1997) prepared by the United States office of management and budget.

(c) (i) the purchaser incorporates the property as an ingredient or component part of the product in the business of mining or manufacturing; or

(ii) the purchaser uses the property to extract a mineral and the property is required to be abandoned in place, in accordance with state regulations, when production of the mineral from a mine or wellhead permanently ceases.

(2) The sale or use of any chemical, reagent, or other substance that is used or consumed in the processing of ores or petroleum in a mill, smelter, refinery, or reduction facility or in acidizing oil wells is nontaxable if the purchaser has an exemption certificate and the purchaser is engaged in and uses the property or service in mining or manufacturing."

Renumber: subsequent subsection

21. Page 24, line 22.

Strike: "\$100 a month"

Insert: "\$2,500 a quarter"

22. Page 26, line 21.

Strike: "monthly"

23. Page 26, line 22 through line 25.

Following: "location"

Insert: "for each filing period"

Strike: "1.5%" on line 22 through "less" on line 25

Insert: "5% of tax liability up to \$100 and 0.5% of tax liability over \$100, not to exceed \$50 for each filing period"

Renumber: subsequent subsection

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24. Page 36, line 14 through page 37, line 1.

Strike: line 14 through line 1 in their entirety

Insert: "(a) for collections made during calendar year 2004:

(i) to direct state aid to schools, in an amount equal to the difference between 44.7% and 80% of the basic entitlement plus the 40% of the special education allowable cost payment; and

(ii) of the remainder:

(A) 60% to the revenue stabilization and disaster account established in [section 62]; and

(B) 40% to the state general fund;

(b) for collections made between January 1, 2005, and June 30, 2005:

(i) the amount necessary to the state general fund for reimbursement for increased direct state aid to schools, the tax credits for payments of statewide school levies, the low-income sales tax refundable income tax credit, the reduction of income tax rates, and the capital gains income tax credit; and

(ii) the balance to the revenue stabilization and disaster account established in [section 62];

(c) for each fiscal year beginning after June 30, 2005:

(i) the amount necessary to the state general fund for reimbursement for increased direct state aid to schools, the tax credits for payments of statewide school levies, the low-income sales tax refundable income tax credit, the reduction of income tax rates, and the capital gains income tax credit; and

(ii) the balance to the revenue stabilization and disaster account established in [section 62]."

Renumber: subsequent subsections

25. Page 37, line 6 through page 44, line 17.

Strike: sections 62 through 64 in their entirety

Insert: "NEW SECTION. Section 62. Revenue stabilization and disaster account. (1) There is within the state special revenue fund a revenue stabilization and disaster account. Except as provided in subsection (4), money in the account may be used only for extraordinary expenses relating to disasters or fiscal emergencies related to unanticipated sales tax revenue shortfalls. To appropriate money in the account, the governor shall declare that either a disaster or fiscal emergency as contemplated by this section exists and the legislature shall pass an implementing appropriation measure by a two-thirds vote of those present and voting in each house.

(2) The revenue stabilization and disaster account must be managed by the department of administration. Interest earned on the account must be retained in the state special revenue fund.

(3) Except as provided in subsection (4), the revenue stabilization and disaster account is limited to an amount equal to 6% of all general fund appropriations for the biennium, including statutory appropriations of the general fund. The amount in excess of the account limit must be distributed as provided in subsection (4).

(4) (a) If on July 1 the balance in the revenue stabilization and disaster account exceeds the account limit by at least \$15 million, the legislature may transfer an amount not to exceed 20% over the account limit to the state general fund and shall appropriate at least 80% of the amount in excess of the account limit to the department of revenue for distribution as a refund to income taxpayers who filed an income tax return for taxes due under 15-30-103 for the sales tax refund tax year. The sales tax refund tax year is the income tax year immediately preceding the previous calendar year. The amount available for refund must be refunded on a pro rata basis to each taxpayer who filed a state income tax return, pursuant to 15-30-103, for the sales tax refund tax year. The amount must be calculated by the department of revenue by dividing the amount available for refund by the total individual income tax liability as determined by the department from all returns for the sales tax refund tax year. The department of revenue shall calculate the amount of each taxpayer's refund based on the amount in the "total tax" line of the taxpayer's return. A refund may not be issued if the amount of the refund is \$10 or less. The payments must be mailed to the most current address for the taxpayer on the department's records no later than December 15.

(b) For the purposes of this subsection (4):

(i) the term "taxpayer" does not include a fiduciary or a beneficiary of an estate or trust who was required to file an income tax return pursuant to 15-30-135 unless a return was filed on behalf of a decedent;

(ii) a return filed using the filing status married filing jointly is considered to have been filed by a single

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taxpayer.

(5) The limit on the revenue stabilization and disaster account in subsection (3) must be multiplied by the inflation factor, as defined in 15-30-101, each year."

Insert: "NEW SECTION. Section 63. Sales tax refundable income tax credit. (1) One individual taxpayer in each household is allowed a credit against the taxes imposed by 15-30-103 to partially offset the payment of household sales taxes in an amount that is a percentage of the household combined federal adjusted gross income, as follows:

| Household Combined Federal Adjusted Gross Income | Percentage Allowed |
|--------------------------------------------------------|-----------------------|
| \$15,000 or less | 3.1% |
| \$20,001 to \$25,000 | 1.15% |
| \$25,001 to \$30,000 | 0.575% |
| \$30,001 to \$35,000 | 0.30% |
| Over \$35,000 | 0.1% |

(2) If the amount of the credit determined under subsection (1) is more than the amount of tax owed under 15-30-103, the excess must be refunded to the taxpayer.

(3) A fiduciary or a beneficiary of an estate or trust who was required to file an income tax return pursuant to 15-30-135 is not considered a taxpayer unless a return was filed on behalf of the decedent for the previous year."

Insert: "NEW SECTION. Section 64. Capital gains credit. An individual taxpayer is allowed a credit against the taxes imposed by 15-30-103 in an amount equal to 2% of the taxpayer's net capital gains as shown on the taxpayer's individual income tax return filed pursuant to 15-30-142. The credit allowed under this section may not exceed the taxpayer's income tax liability."

Insert: "NEW SECTION. Section 65. School equalization credit for individual. (1) (a) A taxpayer is entitled to a credit against the taxes imposed in 15-30-103.

(b) The amount of the credit is equal to the amount of property tax reported to the taxpayer under 15-16-101(2)(a)(vii) for the levies imposed in 15-10-107, 20-9-331, 20-9-333, and 20-9-360, not to exceed \$5,000.

(c) If the amount of the credit determined under this subsection (1) is more than the amount of tax owed under 15-30-103, the excess must be refunded to the taxpayer.

(2) A return filed using the filing status married filing jointly is considered to have been filed by one taxpayer.

(3) A fiduciary or a beneficiary of an estate or trust who was required to file an income tax return pursuant to 15-30-135 is not considered a taxpayer unless a return was filed on behalf of the decedent for the previous year."

Insert: "NEW SECTION. Section 66. State equalization credit -- penalty for violation. (1) A person who falsely or fraudulently claims the credit allowed in [section 65] shall pay as a penalty an amount equal to three times the amount of the credit claimed.

(2) The penalty imposed in this section is in addition to any other penalty imposed under this chapter and must be paid to the department for deposit in the state general fund."

Insert: "NEW SECTION. Section 67. School equalization credit for business. (1) (a) A taxpayer is entitled to a credit against the taxes imposed under this chapter.

(b) The amount of the credit is equal to the amount of property tax reported to the taxpayer under 15-16-101(2)(a)(vii) for the levies imposed in 15-10-107, 20-9-331, 20-9-333, and 20-9-360, not to exceed \$5,000.

(c) If the amount of the credit determined under this subsection (1) is more than the amount of tax owed under this chapter, the excess must be refunded to the taxpayer.

(2) If the credit under this section is claimed by a small business corporation, as defined in 15-30-1101, or a partnership, the credit must be attributed to shareholders or partners using the same proportion used to report the corporation's or partnership's income or loss for Montana income tax purposes."

Insert: "NEW SECTION. Section 68. State equalization credit -- penalty for violation. (1) A person who falsely

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or fraudulently claims the credit allowed in [section 67] shall pay as a penalty an amount equal to three times the amount of the credit claimed.

(2) The penalty imposed in this section is in addition to any other penalty imposed under this chapter and must be paid to the department for deposit in the state general fund."

Insert: "**Section 69.** Section 13-37-218, MCA, is amended to read:

"13-37-218. Limitations on receipts from political committees. A candidate for the state senate may receive no more than ~~\$1,000~~ \$2,300 in total combined monetary contributions from all political committees contributing to the candidate's campaign, and a candidate for the state house of representatives may receive no more than ~~\$600~~ \$1,400 in total combined monetary contributions from all political committees contributing to the candidate's campaign. The limitations in this section must be multiplied by the inflation factor as defined in 15-30-101 for the year in which general elections are held. The resulting figure must be rounded off to the nearest \$50 increment. The commissioner shall publish the revised limitations as a rule. In-kind contributions must be included in computing these limitation totals. The limitation provided in this section does not apply to contributions made by a political party eligible for a primary election under 13-10-601."

Renumber: subsequent sections

26. Page 45, line 16 through page 53, line 23.

Strike: sections 66 through 72 in their entirety

Renumber: subsequent sections

Insert: "**Section 71.** Section 15-6-138, MCA, is amended to read:

"15-6-138. (~~Temporary~~) Class eight property -- description -- taxable percentage. (1) Class eight property includes:

- (a) all agricultural implements and equipment that are not exempt under 15-6-201(1)(bb);
- (b) all mining machinery, fixtures, equipment, tools that are not exempt under 15-6-201(1)(r), and supplies except those included in class five;
- (c) all oil and gas production machinery, fixtures, equipment, including pumping units, oil field storage tanks, water storage tanks, water disposal injection pumps, gas compressor and dehydrator units, communication towers, gas metering shacks, treaters, gas separators, water flood units, gas boosters, and similar equipment that is skidable, portable, or movable, tools that are not exempt under 15-6-201(1)(r), and supplies except those included in class five;
- (d) all manufacturing machinery, fixtures, equipment, tools, except a certain value of hand-held tools and personal property related to space vehicles, ethanol manufacturing, and industrial dairies and milk processors ~~as provided~~ as provided in 15-6-201, and supplies except those included in class five;
- (e) all goods and equipment that are intended for rent or lease, except goods and equipment that are specifically included and taxed in another class;
- (f) special mobile equipment as defined in 61-1-104;
- (g) furniture, fixtures, and equipment, except that specifically included in another class, used in commercial establishments as defined in this section;
- (h) x-ray and medical and dental equipment;
- (i) citizens' band radios and mobile telephones;
- (j) radio and television broadcasting and transmitting equipment;
- (k) cable television systems;
- (l) coal and ore haulers;
- (m) theater projectors and sound equipment; and
- (n) all other property that is not included in any other class in this part, except that property that is subject to a fee in lieu of a property tax.

(2) As used in this section, "coal and ore haulers" means nonhighway vehicles that exceed 18,000 pounds per axle and that are primarily designed and used to transport coal, ore, or other earthen material in a mining or quarrying environment.

(3) "Commercial establishment" includes any hotel; motel; office; petroleum marketing station; or service,

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wholesale, retail, or food-handling business.

(4) Class eight property is taxed at 3% of its market value.

(5) (a) If, in any year beginning with tax year 2004, the percentage growth in inflation-adjusted Montana wage and salary income, in the last full year for which data is available, is at least 2.85% from the prior year, then the tax rate for class eight property will be reduced by 1% each year until the tax rate reaches zero:

(b) The department shall calculate the percentage growth in subsection (5)(a) by using the formula $(W/CPI) - 1$, where:

(i) W is the Montana wage and salary income for the most current available year divided by the Montana wage and salary income for the year prior to the most current available year; and

(ii) CPI is the consumer price index for the most current available year used in subsection (5)(b)(i) divided by the consumer price index for the year prior to the most current available year as used in subsection (5)(b)(i):

(c) For purposes of determining the percentage growth in subsection (5)(a), the department shall use the wage and salary data series referred to as the bureau of economic analysis of the United States department of commerce Montana wage and salary disbursements. Inflation must be measured by the consumer price index, U.S. city average, all urban consumers (CPI-U), using the 1982-84 base of 100, as published by the bureau of labor statistics of the United States department of labor:

(6) The class eight property of a person or business entity that owns an aggregate of \$5,000 or less in market value of class eight property is exempt from taxation. (Repealed on occurrence of contingency--secs. 27(2), 31(4), Ch. 285, L. 1999.)"

Insert: "Section 72. Section 15-6-201, MCA, is amended to read:

"15-6-201. (Temporary) Exempt categories. (1) The following categories of property are exempt from taxation:

(a) except as provided in 15-24-1203, the property of:

(i) the United States, except:

(A) if congress passes legislation that allows the state to tax property owned by the federal government or an agency created by congress; or

(B) as provided in 15-24-1103;

(ii) the state, counties, cities, towns, and school districts;

(iii) irrigation districts organized under the laws of Montana and not operating for profit;

(iv) municipal corporations;

(v) public libraries; and

(vi) rural fire districts and other entities providing fire protection under Title 7, chapter 33;

(b) buildings, with land that they occupy and furnishings in the buildings, that are owned by a church and used for actual religious worship or for residences of the clergy, together with adjacent land reasonably necessary for convenient use of the buildings;

(c) property used exclusively for agricultural and horticultural societies, for educational purposes, and for nonprofit health care facilities, as defined in 50-5-101, licensed by the department of public health and human services and organized under Title 35, chapter 2 or 3. A health care facility that is not licensed by the department of public health and human services and organized under Title 35, chapter 2 or 3, is not exempt.

(d) property that is:

(i) owned and held by an association or corporation organized under Title 35, chapter 2, 3, 20, or 21;

(ii) devoted exclusively to use in connection with a cemetery or cemeteries for which a permanent care and improvement fund has been established as provided for in Title 35, chapter 20, part 3; and

(iii) not maintained and operated for private or corporate profit;

(e) subject to subsection (2), property that is owned or property that is leased from a federal, state, or local governmental entity by institutions of purely public charity if the property is directly used for purely public charitable purposes;

(f) evidence of debt secured by mortgages of record upon real or personal property in the state of Montana;

(g) public museums, art galleries, zoos, and observatories that are not used or held for private or corporate profit;

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(h) all household goods and furniture, including but not limited to clocks, musical instruments, sewing machines, and wearing apparel of members of the family, used by the owner for personal and domestic purposes or for furnishing or equipping the family residence;

(i) truck canopy covers or toppers and campers;

(j) a bicycle, as defined in 61-1-123, used by the owner for personal transportation purposes;

(k) motor homes;

(l) all watercraft;

(m) motor vehicles, land, fixtures, buildings, and improvements owned by a cooperative association or nonprofit corporation organized to furnish potable water to its members or customers for uses other than the irrigation of agricultural land;

(n) the right of entry that is a property right reserved in land or received by mesne conveyance (exclusive of leasehold interests), devise, or succession to enter land with a surface title that is held by another to explore, prospect, or dig for oil, gas, coal, or minerals;

(o) (i) property that is owned and used by a corporation or association organized and operated exclusively for the care of persons with developmental disabilities, persons with mental illness, or persons with physical or mental impairments that constitute or result in substantial impediments to employment and that is not operated for gain or profit; and

(ii) property that is owned and used by an organization owning and operating facilities that are for the care of the retired, aged, or chronically ill and that are not operated for gain or profit;

(p) all farm buildings with a market value of less than \$500 and all agricultural implements and machinery with a market value of less than \$100;

(q) property owned by a nonprofit corporation that is organized to provide facilities primarily for training and practice for or competition in international sports and athletic events and that is not held or used for private or corporate gain or profit. For purposes of this subsection (1)(q), "nonprofit corporation" means an organization that is exempt from taxation under section 501(c) of the Internal Revenue Code and incorporated and admitted under the Montana Nonprofit Corporation Act.

(r) (i) the first \$15,000 or less of market value of tools owned by the taxpayer that are customarily hand-held and that are used to:

(A) construct, repair, and maintain improvements to real property; or

(B) repair and maintain machinery, equipment, appliances, or other personal property;

(ii) space vehicles and all machinery, fixtures, equipment, and tools used in the design, manufacture, launch, repair, and maintenance of space vehicles that are owned by businesses engaged in manufacturing and launching space vehicles in the state or that are owned by a contractor or subcontractor of that business and that are directly used for space vehicle design, manufacture, launch, repair, and maintenance;

(s) harness, saddlery, and other tack equipment;

(t) a title plant owned by a title insurer or a title insurance producer, as those terms are defined in 33-25-105;

(u) timber as defined in 15-44-102;

(v) all trailers as defined in 61-1-111, semitrailers as defined in 61-1-112, pole trailers as defined in 61-1-114, and travel trailers as defined in 61-1-131;

(w) all vehicles registered under 61-3-456;

(x) (i) buses, trucks having a manufacturer's rated capacity of more than 1 ton, and truck tractors, including buses, trucks, and truck tractors apportioned under Title 61, chapter 3, part 7; and

(ii) personal property that is attached to a bus, truck, or truck tractor that is exempt under subsection (1)(x)(i);

(y) motorcycles and quadricycles;

(z) ~~the following percentage 31%~~ of the market value of residential property as described in 15-6-134(1)(e) and

(1)(f)-

~~(i) 23% for tax year 2000;~~

~~(ii) 27.5% for tax year 2001; and~~

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- ~~(iii) 31% for tax year 2002 and succeeding tax years;~~
(aa) the following percentage 13% of the market value of commercial property as described in 15-6-134(1)(g):
- ~~(i) 9% for tax year 2000;~~
~~(ii) 11% for tax year 2001; and~~
~~(iii) 13% for tax year 2002 and succeeding tax years;~~
- (bb) personal property used by an industrial dairy or an industrial milk processor and dairy livestock used by an industrial dairy;
- (cc) items of personal property intended for rent or lease in the ordinary course of business if each item of personal property satisfies all of the following:
- (i) the acquired cost of the personal property is less than \$15,000;
- (ii) the personal property is owned by a business whose primary business income is from rental or lease of personal property to individuals and no one customer of the business accounts for more than 10% of the total rentals or leases during a calendar year; and
- (iii) the lease of the personal property is generally on an hourly, daily, or weekly basis;
- (dd) all manufacturing machinery, fixtures, equipment, and tools used for the production of ethanol from grain during the course of the construction of an ethanol manufacturing facility and for 10 years after completion of construction of the manufacturing facility; and
- (ee) light vehicles as defined in 61-1-139.
- (2) (a) For the purposes of subsection (1)(e):
- (i) the term "institutions of purely public charity" includes any organization that meets the following requirements:
- (A) The organization offers its charitable goods or services to persons without regard to race, religion, creed, or gender and qualifies as a tax-exempt organization under the provisions of section 501(c)(3), Internal Revenue Code, as amended.
- (B) The organization accomplishes its activities through absolute gratuity or grants. However, the organization may solicit or raise funds by the sale of merchandise, memberships, or tickets to public performances or entertainment or by other similar types of fundraising activities.
- (ii) agricultural property owned by a purely public charity is not exempt if the agricultural property is used by the charity to produce unrelated business taxable income as that term is defined in section 512 of the Internal Revenue Code, 26 U.S.C. 512. A public charity claiming an exemption for agricultural property shall file annually with the department a copy of its federal tax return reporting any unrelated business taxable income received by the charity during the tax year, together with a statement indicating whether the exempt property was used to generate any unrelated business taxable income.
- (b) For the purposes of subsection (1)(g), the term "public museums, art galleries, zoos, and observatories" means governmental entities or nonprofit organizations whose principal purpose is to hold property for public display or for use as a museum, art gallery, zoo, or observatory. The exempt property includes all real and personal property reasonably necessary for use in connection with the public display or observatory use. Unless the property is leased for a profit to a governmental entity or nonprofit organization by an individual or for-profit organization, real and personal property owned by other persons is exempt if it is:
- (i) actually used by the governmental entity or nonprofit organization as a part of its public display;
- (ii) held for future display; or
- (iii) used to house or store a public display.
- (3) For the purposes of subsection (1)(bb):
- (a) "industrial dairy" means a large-scale dairy operation with 1,000 or more milking cows and includes the dairy livestock and integral machinery and equipment that the dairy uses to produce milk and milk products solely for export from the state, either directly by the dairy or after the milk or milk product has been further processed by an industrial milk processor. After export, any unprocessed milk must be further processed into other dairy products.
- (b) "industrial milk processor" means a facility and integral machinery used solely to process milk into milk products for export from the state.

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(4) The following portions of the appraised value of a capital investment in a recognized nonfossil form of energy generation or low emission wood or biomass combustion devices, as defined in 15-32-102, are exempt from taxation for a period of 10 years following installation of the property:

- (a) \$20,000 in the case of a single-family residential dwelling;
- (b) \$100,000 in the case of a multifamily residential dwelling or a nonresidential structure.

~~15-6-201. (Effective on occurrence of contingency) Exempt categories. (1) The following categories of property are exempt from taxation:~~

- ~~(a) except as provided in 15-24-1203, the property of:~~
 - ~~(i) the United States, except:~~
 - ~~(A) if congress passes legislation that allows the state to tax property owned by the federal government or an agency created by congress; or~~
 - ~~(B) as provided in 15-24-1103;~~
 - ~~(ii) the state, counties, cities, towns, and school districts;~~
 - ~~(iii) irrigation districts organized under the laws of Montana and not operating for profit;~~
 - ~~(iv) municipal corporations;~~
 - ~~(v) public libraries; and~~
 - ~~(vi) rural fire districts and other entities providing fire protection under Title 7, chapter 33;~~
- ~~(b) buildings, with land that they occupy and furnishings in the buildings, that are owned by a church and used for actual religious worship or for residences of the clergy, together with adjacent land reasonably necessary for convenient use of the buildings;~~
- ~~(c) property used exclusively for agricultural and horticultural societies, for educational purposes, and for nonprofit health care facilities, as defined in 50-5-101, licensed by the department of public health and human services and organized under Title 35, chapter 2 or 3. A health care facility that is not licensed by the department of public health and human services and organized under Title 35, chapter 2 or 3, is not exempt.~~
- ~~(d) property that is:~~
 - ~~(i) owned and held by an association or corporation organized under Title 35, chapter 2, 3, 20, or 21;~~
 - ~~(ii) devoted exclusively to use in connection with a cemetery or cemeteries for which a permanent care and improvement fund has been established as provided for in Title 35, chapter 20, part 3; and~~
 - ~~(iii) not maintained and operated for private or corporate profit;~~
- ~~(e) subject to subsection (2), property that is owned or property that is leased from a federal, state, or local governmental entity by institutions of purely public charity if the property is directly used for purely public charitable purposes;~~
- ~~(f) evidence of debt secured by mortgages of record upon real or personal property in the state of Montana;~~
- ~~(g) public museums, art galleries, zoos, and observatories that are not used or held for private or corporate profit;~~
- ~~(h) all household goods and furniture, including but not limited to clocks, musical instruments, sewing machines, and wearing apparel of members of the family, used by the owner for personal and domestic purposes or for furnishing or equipping the family residence;~~
- ~~(i) truck canopy covers or toppers and campers;~~
- ~~(j) a bicycle, as defined in 61-1-123, used by the owner for personal transportation purposes;~~
- ~~(k) motor homes;~~
- ~~(l) all watercraft;~~
- ~~(m) motor vehicles, land, fixtures, buildings, and improvements owned by a cooperative association or nonprofit corporation organized to furnish potable water to its members or customers for uses other than the irrigation of agricultural land;~~
- ~~(n) the right of entry that is a property right reserved in land or received by mesne conveyance (exclusive of leasehold interests), devise, or succession to enter land with a surface title that is held by another to explore, prospect, or dig for oil, gas, coal, or minerals;~~
- ~~(o) (i) property that is owned and used by a corporation or association organized and operated exclusively for the care of persons with developmental disabilities, persons with mental illness, or persons with physical or mental~~

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impairments that constitute or result in substantial impediments to employment and that is not operated for gain or profit; and

_____ (ii) property that is owned and used by an organization owning and operating facilities that are for the care of the retired, aged, or chronically ill and that are not operated for gain or profit;

_____ (p) all farm buildings with a market value of less than \$500 and all agricultural implements and machinery with a market value of less than \$100;

_____ (q) property owned by a nonprofit corporation that is organized to provide facilities primarily for training and practice for or competition in international sports and athletic events and that is not held or used for private or corporate gain or profit. For purposes of this subsection (1)(q), "nonprofit corporation" means an organization that is exempt from taxation under section 501(c) of the Internal Revenue Code and incorporated and admitted under the Montana Nonprofit Corporation Act.

_____ (r) (i) the first \$15,000 or less of market value of tools owned by the taxpayer that are customarily hand-held and that are used to:

_____ (A) construct, repair, and maintain improvements to real property; or

_____ (B) repair and maintain machinery, equipment, appliances, or other personal property;

_____ (ii) space vehicles and all machinery, fixtures, equipment, and tools used in the design, manufacture, launch, repair, and maintenance of space vehicles that are owned by businesses engaged in manufacturing and launching space vehicles in the state or that are owned by a contractor or subcontractor of that business and that are directly used for space vehicle design, manufacture, launch, repair, and maintenance;

_____ (s) harness, saddlery, and other tack equipment;

_____ (t) a title plant owned by a title insurer or a title insurance producer, as those terms are defined in 33-25-105;

_____ (u) timber as defined in 15-44-102;

_____ (v) all trailers as defined in 61-1-111, semitrailers as defined in 61-1-112, pole trailers as defined in 61-1-114, and travel trailers as defined in 61-1-131;

_____ (w) all vehicles registered under 61-3-456;

_____ (x) (i) buses, trucks having a manufacturer's rated capacity of more than 1 ton, and truck tractors, including buses, trucks, and truck tractors apportioned under Title 61, chapter 3, part 7; and

_____ (ii) personal property that is attached to a bus, truck, or truck tractor that is exempt under subsection (1)(x)(i);

_____ (y) motorcycles and quadricycles;

_____ (z) the following percentage of the market value of residential property as described in 15-6-134(1)(e) and (1)(f):

_____ (i) 23% for tax year 2000;

_____ (ii) 27.5% for tax year 2001; and

_____ (iii) 31% for tax year 2002 and succeeding tax years;

_____ (aa) the following percentage of the market value of commercial property as described in 15-6-134(1)(g):

_____ (i) 9% for tax year 2000;

_____ (ii) 11% for tax year 2001; and

_____ (iii) 13% for tax year 2002 and succeeding tax years;

_____ (bb) personal property used by an industrial dairy or an industrial milk processor and dairy livestock used by an industrial dairy;

_____ (cc) items of personal property intended for rent or lease in the ordinary course of business if each item of personal property satisfies all of the following:

_____ (i) the acquired cost of the personal property is less than \$15,000;

_____ (ii) the personal property is owned by a business whose primary business income is from rental or lease of personal property to individuals and no one customer of the business accounts for more than 10% of the total rentals or leases during a calendar year; and

_____ (iii) the lease of the personal property is generally on an hourly, daily, or weekly basis;

_____ (dd) all agricultural implements and equipment;

_____ (ee) all mining machinery, fixtures, equipment, tools, and supplies except those included in class five;

_____ (ff) all manufacturing machinery, fixtures, equipment, tools, and supplies except those included in class five;

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_____ (gg) all goods and equipment that are intended for rent or lease, except goods and equipment that are specifically included and taxed in another class;

_____ (hh) special mobile equipment as defined in 61-1-104;

_____ (ii) furniture, fixtures, and equipment, except that specifically included in another class, used in commercial establishments as defined in this section;

_____ (jj) x-ray and medical and dental equipment;

_____ (kk) citizens' band radios and mobile telephones;

_____ (ll) radio and television broadcasting and transmitting equipment;

_____ (mm) cable television systems;

_____ (nn) coal and ore haulers;

_____ (oo) theater projectors and sound equipment; and

_____ (pp) light vehicles as defined in 61-1-139.

_____ (2) (a) For the purposes of subsection (1)(c):

_____ (i) the term "institutions of purely public charity" includes any organization that meets the following requirements:

_____ (A) The organization offers its charitable goods or services to persons without regard to race, religion, creed, or gender and qualifies as a tax-exempt organization under the provisions of section 501(c)(3), Internal Revenue Code, as amended.

_____ (B) The organization accomplishes its activities through absolute gratuity or grants. However, the organization may solicit or raise funds by the sale of merchandise, memberships, or tickets to public performances or entertainment or by other similar types of fundraising activities.

_____ (ii) agricultural property owned by a purely public charity is not exempt if the agricultural property is used by the charity to produce unrelated business taxable income as that term is defined in section 512 of the Internal Revenue Code, 26 U.S.C. 512. A public charity claiming an exemption for agricultural property shall file annually with the department a copy of its federal tax return reporting any unrelated business taxable income received by the charity during the tax year, together with a statement indicating whether the exempt property was used to generate any unrelated business taxable income.

_____ (b) For the purposes of subsection (1)(g), the term "public museums, art galleries, zoos, and observatories" means governmental entities or nonprofit organizations whose principal purpose is to hold property for public display or for use as a museum, art gallery, zoo, or observatory. The exempt property includes all real and personal property reasonably necessary for use in connection with the public display or observatory use. Unless the property is leased for a profit to a governmental entity or nonprofit organization by an individual or for-profit organization, real and personal property owned by other persons is exempt if it is:

_____ (i) actually used by the governmental entity or nonprofit organization as a part of its public display;

_____ (ii) held for future display; or

_____ (iii) used to house or store a public display.

_____ (3) For the purposes of subsection (1)(bb):

_____ (a) "industrial dairy" means a large-scale dairy operation with 1,000 or more milking cows and includes the dairy livestock and integral machinery and equipment that the dairy uses to produce milk and milk products solely for export from the state, either directly by the dairy or after the milk or milk product has been further processed by an industrial milk processor. After export, any unprocessed milk must be further processed into other dairy products.

_____ (b) "industrial milk processor" means a facility and integral machinery used solely to process milk into milk products for export from the state.

_____ (4) The following portions of the appraised value of a capital investment in a recognized nonfossil form of energy generation or low emission wood or biomass combustion devices, as defined in 15-32-102, are exempt from taxation for a period of 10 years following installation of the property:

_____ (a) \$20,000 in the case of a single-family residential dwelling;

_____ (b) \$100,000 in the case of a multifamily residential dwelling or a nonresidential structure."

Insert: "Section 73. Section 15-16-101, MCA, is amended to read:

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"15-16-101. Treasurer to publish notice -- manner of publication. (1) Within 10 days after the receipt of the property tax record, the county treasurer shall publish a notice specifying:

(a) that one-half of all taxes levied and assessed will be due and payable before 5 p.m. on the next November 30 or within 30 days after the notice is postmarked and that unless paid prior to that time the amount then due will be delinquent and will draw interest at the rate of 5/6 of 1% per month from the time of delinquency until paid and 2% will be added to the delinquent taxes as a penalty;

(b) that one-half of all taxes levied and assessed will be due and payable on or before 5 p.m. on the next May 31 and that unless paid prior to that time the taxes will be delinquent and will draw interest at the rate of 5/6 of 1% per month from the time of delinquency until paid and 2% will be added to the delinquent taxes as a penalty; and

(c) the time and place at which payment of taxes may be made.

(2) (a) The county treasurer shall send to the last-known address of each taxpayer a written notice, postage prepaid, showing the amount of taxes and assessments due for the current year and the amount due and delinquent for other years. The written notice must include:

(i) the taxable value of the property;

(ii) the total mill levy applied to that taxable value;

(iii) the value of each mill in that county;

(iv) itemized city services and special improvement district assessments collected by the county;

(v) the number of the school district in which the property is located; ~~and~~

(vi) the amount of the total tax due that is levied as city tax, county tax, state tax, school district tax, and other tax; and

(vii) the amount of the total tax due that is levied pursuant to 15-10-107, 20-9-331, 20-9-333, and 20-9-360. The amount reported under this subsection (2)(a)(vii) is the amount of the school equalization credit that may be claimed under [section 65 or 67] because of the enactment of the sales tax. The notice must have a conspicuous explanation to the taxpayer that the amount is refundable through an income or corporate tax filing. The notice or a copy of the notice is intended to be saved for use when filing an individual or corporate tax return.

(b) If the property is the subject of a tax sale for which a tax sale certificate has been issued under 15-17-212, the notice must also include, in a manner calculated to draw attention, a statement that the property is the subject of a tax sale and that the taxpayer may contact the county treasurer for complete information.

(3) The municipality shall, upon request of the county treasurer, provide the information to be included under subsection (2)(a)(iv) ready for mailing.

(4) The notice in every case must be published once a week for 2 weeks in a weekly or daily newspaper published in the county, if there is one, or if there is not, then by posting it in three public places. Failure to publish or post notices does not relieve the taxpayer from any tax liability. Any failure to give notice of the tax due for the current year or of delinquent tax will not affect the legality of the tax.

(5) If the department revises an assessment that results in an additional tax of \$5 or less, an additional tax is not owed and a new tax bill does not need to be prepared."

Insert: "Section 74. Section 15-30-101, MCA, is amended to read:

"15-30-101. Definitions. For the purpose of this chapter, unless otherwise required by the context, the following definitions apply:

(1) "Base year structure" means the following elements of the income tax structure:

(a) the tax brackets established in 15-30-103, but unadjusted by 15-30-103(2), in effect on June 30 of the taxable year;

(b) the exemptions contained in 15-30-112, but unadjusted by 15-30-112(6), in effect on June 30 of the taxable year;

(c) the maximum standard deduction provided in 15-30-122, but unadjusted by 15-30-122(2), in effect on June 30 of the taxable year.

(2) "Consumer price index" means the consumer price index, United States city average, for all items, for all urban consumers (CPI-U) using the ~~1967~~ 1982-84 base of 100 as published by the bureau of labor statistics of the U.S. department of labor.

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- (3) "Corporation" or "C. corporation" means a corporation, limited liability company, or other entity:
- (a) that is treated as an association for federal income tax purposes;
 - (b) for which a valid election under section 1362 of the Internal Revenue Code (26 U.S.C. 1362) is not in effect;
- and
- (c) that is not a disregarded entity.
 - (4) "Department" means the department of revenue.
 - (5) "Disregarded entity" means a business entity:
 - (a) that is disregarded as an entity separate from its owner for federal tax purposes, as provided in United States treasury regulations 301.7701-2 or 301.7701-3, 26 CFR 301.7701-2 or 26 CFR 301.7701-3, or as those regulations may be labeled or amended; or
 - (b) that is a qualified subchapter S. subsidiary that is not treated as a separate corporation, as provided in section 1361(b)(3) of the Internal Revenue Code (26 U.S.C. 1361(b)(3)).
 - (6) "Dividend" means:
 - (a) any distribution made by a C. corporation out of its earnings and profits to its shareholders or members, whether in cash or in other property or in stock of the corporation, other than stock dividends; and
 - (b) any distribution made by an S. corporation treated as a dividend for federal income tax purposes.
 - (7) "Fiduciary" means a guardian, trustee, executor, administrator, receiver, conservator, or any person, whether individual or corporate, acting in any fiduciary capacity for any person, trust, or estate.
 - (8) "Foreign government" means any jurisdiction other than the one embraced within the United States, its territories, and its possessions.
 - (9) "Gross income" means the taxpayer's gross income for federal income tax purposes as defined in section 61 of the Internal Revenue Code (26 U.S.C. 61) or as that section may be labeled or amended, excluding unemployment compensation included in federal gross income under the provisions of section 85 of the Internal Revenue Code (26 U.S.C. 85) as amended.
 - (10) "Inflation factor" means a number determined for each tax year by dividing the consumer price index for June of the tax year by the consumer price index for June ~~1980~~ 2004.
 - (11) "Information agents" includes all individuals and entities acting in whatever capacity, including lessees or mortgagors of real or personal property, fiduciaries, brokers, real estate brokers, employers, and all officers and employees of the state or of any municipal corporation or political subdivision of the state, having the control, receipt, custody, disposal, or payment of interest, rent, salaries, wages, premiums, annuities, compensations, remunerations, emoluments, or other fixed or determinable annual or periodical gains, profits, and income with respect to which any person or fiduciary is taxable under this chapter.
 - (12) "Internal Revenue Code" means the Internal Revenue Code of 1986, as amended, or as it may be labeled or further amended. References to specific provisions of the Internal Revenue Code mean those provisions as they may be otherwise labeled or further amended.
 - (13) "Knowingly" is as defined in 45-2-101.
 - (14) "Limited liability company" means a limited liability company, domestic limited liability company, or a foreign limited liability company as defined in 35-8-102.
 - (15) "Limited liability partnership" means a limited liability partnership as defined in 35-10-102.
 - (16) "Lottery winnings" means income paid either in lump sum or in periodic payments to:
 - (a) a resident taxpayer on a lottery ticket; or
 - (b) a nonresident taxpayer on a lottery ticket purchased in Montana.
 - (17) (a) "Montana source income" means:
 - (i) wages, salary, tips, and other compensation for services performed in the state or while a resident of the state;
 - (ii) gain attributable to the sale or other transfer of tangible property located in the state, sold or otherwise transferred while a resident of the state, or used or held in connection with a trade, business, or occupation carried on in the state;
 - (iii) gain attributable to the sale or other transfer of intangible property received or accrued while a resident of the state;

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- (iv) interest received or accrued while a resident of the state or from an installment sale of real property or tangible commercial or business personal property located in the state;
 - (v) dividends received or accrued while a resident of the state;
 - (vi) net income or loss derived from a trade, business, profession, or occupation carried on in the state or while a resident of the state;
 - (vii) net income or loss derived from farming activities carried on in the state or while a resident of the state;
 - (viii) net rents from real property and tangible personal property located in the state or received or accrued while a resident of the state;
 - (ix) net royalties from real property and from tangible real property to the extent the property is used in the state or the net royalties are received or accrued while a resident of the state. The extent of use in the state is determined by multiplying the royalties by a fraction, the numerator of which is the number of days of physical location of the property in the state during the royalty period in the tax year and the denominator of which is the number of days of physical location of the property everywhere during all royalty periods in the tax year. If the physical location is unknown or unascertainable by the taxpayer, the property is considered used in the state in which it was located at the time the person paying the royalty obtained possession.
 - (x) patent royalties to the extent the person paying them employs the patent in production, fabrication, manufacturing, or other processing in the state, a patented product is produced in the state, or the royalties are received or accrued while a resident of the state;
 - (xi) net copyright royalties to the extent printing or other publication originates in the state or the royalties are received or accrued while a resident of the state;
 - (xii) partnership income, gain, loss, deduction, or credit or item of income, gain, loss, deduction, or credit:
 - (A) derived from a trade, business, occupation, or profession carried on in the state;
 - (B) derived from the sale or other transfer or the rental, lease, or other commercial exploitation of property located in the state; or
 - (C) taken into account while a resident of the state;
 - (xiii) an S. corporation's separately and nonseparately stated income, gain, loss, deduction, or credit or item of income, gain, loss, deduction, or credit:
 - (A) derived from a trade, business, occupation, or profession carried on in the state;
 - (B) derived from the sale or other transfer or the rental, lease, or other commercial exploitation of property located in the state; or
 - (C) taken into account while a resident of the state;
 - (xiv) social security benefits received or accrued while a resident of the state;
 - (xv) taxable individual retirement account distributions, annuities, pensions, and other retirement benefits received while a resident of the state; and
 - (xvi) any other income attributable to the state, including but not limited to lottery winnings, state and federal tax refunds, nonemployee compensation, recapture of tax benefits, and capital loss addbacks.
- (b) The term does not include:
- (i) compensation for military service of members of the armed services of the United States who are not Montana residents and who are residing in Montana solely by reason of compliance with military orders and does not include income derived from their personal property located in the state except with respect to personal property used in or arising from a trade or business carried on in Montana; or
 - (ii) interest paid on loans held by out-of-state financial institutions recognized as such in the state of their domicile, secured by mortgages, trust indentures, or other security interests on real or personal property located in the state, if the loan is originated by a lender doing business in Montana and assigned out-of-state and there is no activity conducted by the out-of-state lender in Montana except periodic inspection of the security.
- (18) "Net income" means the adjusted gross income of a taxpayer less the deductions allowed by this chapter.
- (19) "Nonresident" means a natural person who is not a resident.
- (20) "Paid", for the purposes of the deductions and credits under this chapter, means paid or accrued or paid or incurred, and the terms "paid or accrued" and "paid or incurred" must be construed according to the method of accounting

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upon the basis of which the taxable income is computed under this chapter.

(21) "Partner" means a member of a partnership or a manager or member of any other entity, if treated as a partner for federal income tax purposes.

(22) "Partnership" means a general or limited partnership, limited liability partnership, limited liability company, or other entity, if treated as a partnership for federal income tax purposes.

(23) "Pass-through entity" means a partnership, an S. corporation, or a disregarded entity.

(24) "Pension and annuity income" means:

(a) systematic payments of a definitely determinable amount from a qualified pension plan, as that term is used in section 401 of the Internal Revenue Code (26 U.S.C. 401), or systematic payments received as the result of contributions made to a qualified pension plan that are paid to the recipient or recipient's beneficiary upon the cessation of employment;

(b) payments received as the result of past service and cessation of employment in the uniformed services of the United States;

(c) lump-sum distributions from pension or profit-sharing plans to the extent that the distributions are included in federal adjusted gross income;

(d) distributions from individual retirement, deferred compensation, and self-employed retirement plans recognized under sections 401 through 408 of the Internal Revenue Code (26 U.S.C. 401 through 408) to the extent that the distributions are not considered to be premature distributions for federal income tax purposes; or

(e) amounts received from fully matured, privately purchased annuity contracts after cessation of regular employment.

(25) "Purposely" is as defined in 45-2-101.

(26) "Received", for the purpose of computation of taxable income under this chapter, means received or accrued, and the term "received or accrued" must be construed according to the method of accounting upon the basis of which the taxable income is computed under this chapter.

(27) "Resident" applies only to natural persons and includes, for the purpose of determining liability to the tax imposed by this chapter with reference to the income of any taxable year, any person domiciled in the state of Montana and any other person who maintains a permanent place of abode within the state even though temporarily absent from the state and who has not established a residence elsewhere.

(28) "S. corporation" means an incorporated entity for which a valid election under section 1362 of the Internal Revenue Code (26 U.S.C. 1362) is in effect.

(29) "Stock dividends" means new stock issued, for surplus or profits capitalized, to shareholders in proportion to their previous holdings.

(30) "Taxable income" means the adjusted gross income of a taxpayer less the deductions and exemptions provided for in this chapter.

(31) "~~Taxable year~~" or "~~tax year~~" "Tax year" means the taxpayer's taxable year for federal income tax purposes.

(32) "Taxpayer" includes any person, entity, or fiduciary, resident or nonresident, subject to a tax or other obligation imposed by this chapter and unless otherwise specifically provided does not include a C. corporation."

Insert: "Section 75. Section 15-30-103, MCA, is amended to read:

"15-30-103. Rate of tax. (1) There ~~shall~~ must be levied, collected, and paid for each ~~taxable tax~~ year ~~commencing on or after December 31, 1968,~~ upon the taxable income of ~~every each~~ taxpayer subject to this tax, after making allowance for exemptions and deductions as ~~hereinafter~~ provided in this chapter, a tax on the ~~following~~ brackets of taxable income as adjusted under subsection (2) at the following rates:

(a) on the first ~~\$1,000~~ \$2,300 of taxable income or any part ~~thereof~~ of that income, ~~2%~~ 1%;

(b) on the next ~~\$1,000~~ \$1,800 of taxable income or any part ~~thereof~~ of that income, ~~3%~~ 2%;

(c) on the next ~~\$2,000~~ \$2,100 of taxable income or any part ~~thereof~~ of that income, ~~4%~~ 3%;

(d) on the next ~~\$2,000~~ \$2,200 of taxable income or any part ~~thereof~~ of that income, ~~5%~~ 4%;

(e) on the next ~~\$2,000~~ \$2,400 of taxable income or any part ~~thereof~~ of that income, ~~6%~~ 5%;

(f) on the next ~~\$2,000~~ \$3,100 of taxable income or any part ~~thereof~~ of that income, ~~7%~~ 6%;

~~(g) on the next \$4,000 of taxable income or any part thereof, 8%;~~

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- ~~_____ (h) on the next \$6,000 of taxable income or any part thereof, 9%;~~
~~_____ (i) on the next \$15,000 of taxable income or any part thereof, 10%;~~
~~_____ (j)(g) on any taxable income in excess of \$35,000 \$13,900 or any part thereof of that income, 11% 6.9%.~~

(2) By November 1 of each year, the department shall multiply the bracket amount contained in subsection (1) by the inflation factor for that ~~taxable tax~~ year and round the cumulative brackets to the nearest \$100. The resulting adjusted brackets are effective for that ~~taxable tax~~ year and ~~shall must~~ be used as the basis for imposition of the tax in subsection (1) of this section."

Insert: "Section 76. Section 15-30-112, MCA, is amended to read:

"15-30-112. Exemptions. (1) Except as provided in subsection (6), in the case of an individual, the exemptions provided by subsections (2) through (5) ~~shall must~~ be allowed as deductions in computing taxable income.

(2) (a) An exemption of \$800 ~~\$1,840 shall be is~~ allowed for ~~taxable years beginning after December 31, 1978,~~ for the taxpayer ~~all taxpayers~~.

(b) An additional exemption of \$800 ~~\$1,840 shall be is~~ allowed for ~~taxable years beginning after December 31, 1978;~~ for the spouse of the taxpayer if a separate return is made by the taxpayer and if the spouse, for the calendar year in which the ~~taxable tax~~ year of the taxpayer begins, ~~has no does not have~~ gross income and is not the dependent of another taxpayer.

(3) (a) An additional exemption of \$800 ~~\$1,840 shall be is~~ allowed for ~~taxable years beginning after December 31, 1978;~~ for the taxpayer if ~~he the taxpayer~~ has attained the age of 65 before the close of ~~his taxable the taxpayer's tax~~ year.

(b) An additional exemption of \$800 ~~\$1,840 shall be is~~ allowed for ~~taxable years beginning after December 31, 1978;~~ for the spouse of the taxpayer if a separate return is made by the taxpayer and if the spouse has attained the age of 65 before the close of ~~such taxable the tax~~ year and, for the calendar year in which the ~~taxable tax~~ year of the taxpayer begins, ~~has no does not have~~ gross income and is not the dependent of another taxpayer.

(4) (a) An additional exemption of \$800 ~~\$1,840 shall be is~~ allowed for ~~taxable years beginning after December 31, 1978;~~ for the taxpayer if ~~he the taxpayer~~ is blind at the close of ~~his taxable the taxpayer's tax~~ year.

(b) An additional exemption of \$800 ~~\$1,840 shall be is~~ allowed for ~~taxable years beginning after December 31, 1978;~~ for the spouse of the taxpayer if a separate return is made by the taxpayer and if the spouse is blind and, for the calendar year in which the ~~taxable tax~~ year of the taxpayer begins, ~~has no does not have~~ gross income and is not the dependent of another taxpayer. For the purposes of this subsection (4)(b), the determination of whether the spouse is blind ~~shall must~~ be made as of the close of the ~~taxable tax~~ year of the taxpayer, except that if the spouse dies during ~~such taxable the tax~~ year, ~~such the~~ determination ~~shall must~~ be made as of the time of ~~such~~ death.

(c) For purposes of this subsection (4), an individual is blind only if ~~his the person's~~ central visual acuity does not exceed 20/200 in the better eye with correcting lenses or if ~~his~~ visual acuity is greater than 20/200 but is accompanied by a limitation in the fields of vision ~~such to an extent~~ that the widest diameter of the visual field subtends an angle no greater than 20 degrees.

(5) (a) An exemption of \$800 ~~\$1,840 shall be is~~ allowed for ~~taxable years beginning after December 31, 1978;~~ for each dependent:

(i) whose gross income for the calendar year in which the ~~taxable tax~~ year of the taxpayer begins is less than \$800; or

(ii) who is a child of the taxpayer and who:

(A) has not attained the age of 19 years at the close of the calendar year in which the ~~taxable tax~~ year of the taxpayer begins; or

(B) is a student.

(b) ~~No An~~ exemption ~~shall be is not~~ allowed under this subsection (5) for ~~any a~~ dependent who has made a joint return with ~~his the dependent's~~ spouse for the ~~taxable tax~~ year beginning in the calendar year in which the ~~taxable tax~~ year of the taxpayer begins.

(c) For purposes of subsection (5)(a)(ii), the term "child" means an individual who is a son, stepson, daughter, or stepdaughter of the taxpayer.

(d) For purposes of subsection (5)(a)(ii)(B), the term "student" means an individual who, during each of 5

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calendar months during the calendar year in which the taxable tax year of the taxpayer begins:

- (i) is a full-time student at an educational institution; or
- (ii) is pursuing a full-time course of institutional on-farm training under the supervision of an accredited agent of an educational institution or of a state or political subdivision of a state. For purposes of this subsection (5)(d)(ii), the term "educational institution" means only an educational institution ~~which~~ that normally maintains a regular faculty and curriculum and normally has a regularly organized body of students in attendance at the place where its educational activities are carried on.

(6) The department, by November 1 of each year, shall multiply all the exemptions provided in this section by the inflation factor for that taxable tax year and round the product to the nearest \$10. The resulting adjusted exemptions are effective for that taxable tax year and ~~shall~~ must be used in calculating the tax imposed in 15-30-103."

Insert: "Section 77. Section 15-30-121, MCA, is amended to read:

"15-30-121. Deductions allowed in computing net income. (1) In computing net income, there are allowed as deductions:

(a) the items referred to in sections 161, including the contributions referred to in 33-15-201(5)(b), and 211 of the Internal Revenue Code of 1954 (26 U.S.C. 161 and 211), or as sections 161 and 211 are labeled or amended, subject to the following exceptions, which are not deductible:

- (i) items provided for in 15-30-123;
- (ii) state income tax paid;
- (iii) premium payments for medical care as provided in subsection (1)(g)(i);
- (iv) long-term care insurance premium payments as provided in subsection (1)(g)(ii);

(b) federal income tax paid within the tax year, not to exceed \$5,000 for each taxpayer filing singly, head of household, or married filing separately or not to exceed \$10,000 for taxpayers using the filing status married filing jointly;

(c) expenses of household and dependent care services as outlined in subsections (1)(c)(i) through (1)(c)(iii) and (2) and subject to the limitations and rules as set out in subsections (1)(c)(iv) through (1)(c)(vi), as follows:

(i) expenses for household and dependent care services necessary for gainful employment incurred for:

- (A) a dependent under 15 years of age for whom an exemption can be claimed;
- (B) a dependent as allowable under 15-30-112(5), except that the limitations for age and gross income do not apply, who is unable to provide self-care because of physical or mental illness; and
- (C) a spouse who is unable to provide self-care because of physical or mental illness;

(ii) employment-related expenses incurred for the following services, but only if the expenses are incurred to enable the taxpayer to be gainfully employed:

- (A) household services that are attributable to the care of the qualifying individual; and
- (B) care of an individual who qualifies under subsection (1)(c)(i);

(iii) expenses incurred in maintaining a household if over half of the cost of maintaining the household is furnished by an individual or, if the individual is married during the applicable period, is furnished by the individual and the individual's spouse;

(iv) the amounts deductible in subsections (1)(c)(i) through (1)(c)(iii), subject to the following limitations:

(A) a deduction is allowed under subsection (1)(c)(i) for employment-related expenses incurred during the year only to the extent that the expenses do not exceed \$4,800;

(B) expenses for services in the household are deductible under subsection (1)(c)(i) for employment-related expenses only if they are incurred for services in the taxpayer's household, except that employment-related expenses incurred for services outside the taxpayer's household are deductible, but only if incurred for the care of a qualifying individual described in subsection (1)(c)(i)(A) and only to the extent that the expenses incurred during the year do not exceed:

- (I) \$2,400 in the case of one qualifying individual;
- (II) \$3,600 in the case of two qualifying individuals; and
- (III) \$4,800 in the case of three or more qualifying individuals;

(v) if the combined adjusted gross income of the taxpayers exceeds \$18,000 for the tax year during which the expenses are incurred, the amount of the employment-related expenses incurred, to be reduced by one-half of the excess

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of the combined adjusted gross income over \$18,000;

(vi) for purposes of this subsection (1)(c):

(A) married couples shall file a joint return or file separately on the same form;

(B) if the taxpayer is married during any period of the tax year, employment-related expenses incurred are deductible only if:

(I) both spouses are gainfully employed, in which case the expenses are deductible only to the extent that they are a direct result of the employment; or

(II) the spouse is a qualifying individual described in subsection (1)(c)(i)(C);

(C) an individual legally separated from the individual's spouse under a decree of divorce or of separate maintenance may not be considered as married;

(D) the deduction for employment-related expenses must be divided equally between the spouses when filing separately on the same form;

(E) payment made to a child of the taxpayer who is under 19 years of age at the close of the tax year and payments made to an individual with respect to whom a deduction is allowable under 15-30-112(5) are not deductible as employment-related expenses;

(d) in the case of an individual, political contributions determined in accordance with the provisions of section 218(a) and (b) of the Internal Revenue Code (now repealed) that were in effect for the tax year ended December 31, 1978;

(e) that portion of expenses for organic fertilizer and inorganic fertilizer produced as a byproduct allowed as a deduction under 15-32-303 that was not otherwise deducted in computing taxable income;

(f) contributions to the child abuse and neglect prevention program provided for in 52-7-101, subject to the conditions set forth in 15-30-156;

(g) the entire amount of premium payments made by the taxpayer, except premiums deducted in determining Montana adjusted gross income, or for which a credit was claimed under 15-30-128, for:

(i) insurance for medical care, as defined in 26 U.S.C. 213(d), for coverage of the taxpayer, the taxpayer's dependents, and the parents and grandparents of the taxpayer; and

(ii) long-term care insurance policies or certificates that provide coverage primarily for any qualified long-term care services, as defined in 26 U.S.C. 7702B(c), for:

(A) the benefit of the taxpayer for tax years beginning after December 31, 1994; or

(B) the benefit of the taxpayer, the taxpayer's dependents, and the parents and grandparents of the taxpayer for tax years beginning after December 31, 1996;

(h) light vehicle registration fees, as provided for in 61-3-560 through 61-3-562, paid during the tax year; and

(i) per capita livestock fees imposed pursuant to 15-24-921, 15-24-922, 81-6-104, 81-6-204, 81-6-209, 81-7-118, or 81-7-201.

(2) (a) Subject to the conditions of subsection (1)(c), a taxpayer who operates a family day-care home or a group day-care home, as these terms are defined in 52-2-703, and who cares for the taxpayer's own child and at least one unrelated child in the ordinary course of business may deduct employment-related expenses considered to have been paid for the care of the child.

(b) The amount of employment-related expenses considered to have been paid by the taxpayer is equal to the amount that the taxpayer charges for the care of a child of the same age for the same number of hours of care. The employment-related expenses apply regardless of whether any expenses actually have been paid. Employment-related expenses may not exceed the amounts specified in subsection (1)(c)(iv)(B).

(c) Only a day-care operator who is licensed and registered as required in 52-2-721 is allowed the deduction under this subsection (2)."

Insert: "Section 78. Section 15-30-122, MCA, is amended to read:

"15-30-122. Standard deduction. (1) A standard deduction equal to 20% of adjusted gross income is allowed if elected by the taxpayer on a return. The standard deduction is in lieu of all deductions allowed under 15-30-121. The minimum standard deduction is ~~\$665~~ \$1,530, as adjusted under the provisions of subsection (2), or 20% of adjusted gross income, whichever is greater, to a maximum standard deduction of ~~\$1,500~~ \$3,460, as adjusted under the provisions of subsection (2). However, in the case of a single joint return of husband and wife or in the case of a single individual who

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qualifies to file as a head of household on the federal income tax return, the minimum standard deduction is ~~\$1,330~~ twice the amount of the minimum standard deduction for a single return, as adjusted under the provisions of subsection (2), or 20% of adjusted gross income, whichever is greater, to a maximum standard deduction of ~~\$3,000~~ twice the amount of the maximum standard deduction for a single return, as adjusted under the provisions of subsection (2). The standard deduction may not be allowed to either the husband or the wife if the tax of one of the spouses is determined without regard to the standard deduction. For purposes of this section, the determination of whether an individual is married must be made as of the last day of the tax year unless one of the spouses dies during the tax year, in which case the determination must be made as of the date of death.

(2) By November 1 of each year, the department shall multiply both the minimum and the maximum standard deduction for single returns by the inflation factor for that tax year and round the product to the nearest \$10. ~~The minimum and maximum standard deduction for joint returns and qualified head of household returns must be twice the amount of the minimum and maximum standard deduction for single returns.~~ The resulting adjusted deductions are effective for that tax year and must be used in calculating the tax imposed in 15-30-103. ""

Insert: "Section 79. Section 15-30-142, MCA, is amended to read:

"15-30-142. Returns and payment of tax -- penalty and interest -- refunds -- credits. (1) For both resident and nonresident taxpayers, each single individual and each married individual not filing a joint return with a spouse and having a gross income for the tax year of more than ~~\$1,500~~ \$3,460, as adjusted under the provisions of subsection (7), and married individuals not filing separate returns and having a combined gross income for the tax year of more than ~~\$3,000~~ \$6,920, as adjusted under the provisions of subsection (7), are liable for a return to be filed on forms and according to rules that the department may prescribe. The gross income amounts referred to in the preceding sentence must be increased by ~~\$800~~ \$1,840, as adjusted under the provisions of 15-30-112(6), for each additional personal exemption allowance that the taxpayer is entitled to claim for the taxpayer and the taxpayer's spouse under 15-30-112(3) and (4).

(2) In accordance with instructions set forth by the department, each taxpayer who is married and living with husband or wife and is required to file a return may, at the taxpayer's option, file a joint return with husband or wife even though one of the spouses has neither gross income nor deductions. If a joint return is made, the tax must be computed on the aggregate taxable income and the liability with respect to the tax is joint and several. If a joint return has been filed for a tax year, the spouses may not file separate returns after the time for filing the return of either has expired unless the department consents.

(3) If a taxpayer is unable to make the taxpayer's own return, the return must be made by an authorized agent or by a guardian or other person charged with the care of the person or property of the taxpayer.

(4) All taxpayers, including but not limited to those subject to the provisions of 15-30-202 and 15-30-241, shall compute the amount of income tax payable and shall, at the time of filing the return required by this chapter, pay to the department any balance of income tax remaining unpaid after crediting the amount withheld, as provided by 15-30-202, and any payment made by reason of an estimated tax return provided for in 15-30-241. However, the tax computed must be greater by \$1 than the amount withheld and paid by estimated return as provided in this chapter. If the amount of tax withheld and the payment of estimated tax exceed by more than \$1 the amount of income tax as computed, the taxpayer is entitled to a refund of the excess.

(5) As soon as practicable after the return is filed, the department shall examine and verify the tax.

(6) If the amount of tax as verified is greater than the amount paid, the excess must be paid by the taxpayer to the department within 60 days after notice of the amount of the tax as computed, with interest added as provided in 15-1-216. In that case, there may not be a penalty because of the understatement if the deficiency is paid within 60 days after the first notice of the amount is mailed to the taxpayer.

(7) By November 1 of each year, the department shall multiply the minimum amount of gross income necessitating the filing of a return by the inflation factor for the tax year. These adjusted amounts are effective for that tax year, and persons who have gross incomes less than these adjusted amounts are not required to file a return.

(8) Individual income tax forms distributed by the department for each tax year must contain instructions and tables based on the adjusted base year structure for that tax year. ""

Renumber: subsequent sections

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27. Page 63, line 25 through page 65, line 4.

Strike: section 74 in its entirety

Renumber: subsequent sections

28. Page 70, line 7 through page 72, line 2.

Strike: section 78 in its entirety

Renumber: subsequent sections

29. Page 72, line 14.

Following: "and"

Insert: "basic county tax for elementary equalization and"

30. Page 72, line 16.

Following: "and"

Insert: "basic county tax or high school equalization and"

31. Page 75, line 9 through page 76, line 30.

Strike: section 82 in its entirety

Renumber: subsequent sections

32. Page 81, line 6.

Following: "and"

Insert: "; and

(f) a BASE budget levy on the taxable value of all property within the district"

33. Page 81, line 11 through page 83, line 15.

Strike: section 86 through section 87 in their entirety

Renumber: subsequent sections

34. Page 85, line 18 through page 86, line 8.

Strike: section 90 in its entirety

Renumber: subsequent sections

35. Page 98, line 15.

Following: "verification"

Insert: "from a motor vehicle dealer"

36. Page 98, line 16.

Following: "paid"

Insert: "or payment has been made to the county treasurer of the sales or use tax on the vehicle based upon the valuation determined under 61-3-503 for light vehicles or by a nationally recognized valuation guide specified by the department"

37. Page 100, line 26 through page 102, line 26.

Strike: section 103 through section 106 in their entirety

Insert: "**Section 104.** Section 25, Chapter 13, Special Laws of August 2002, is amended to read:

"**Section 25.** Section 244, Chapter 574, Laws of 2001, is amended to read:

"**Section 244. School district block grants.** (1) (a) ~~The Except for the district general fund, the~~ office of public instruction shall provide a block grant to each school district based on the revenue received by each district in fiscal year

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2001 from vehicle taxes and fees, corporate license taxes paid by financial institutions, aeronautics fees, state land payments in lieu of taxes, and property tax reimbursements pursuant to sections 167(1) through (5) and 169(6), Chapter 584, Laws of 1999.

(b) Block grants must be calculated using the electronic reporting system that is used by the office of public instruction and school districts. The electronic reporting system must be used to allocate a portion of the block grant amount into each district's fiscal year 2002 budget as an anticipated revenue source by fund, except the district general fund.

(c) With the exception of vehicle taxes and fees, the office of public instruction shall use the amount actually received from the sources listed in subsection (1)(a) in fiscal year 2001 in its calculation of the block grant for fiscal year 2002 budgeting purposes. For vehicle taxes and fees, the office of public instruction shall use 93.4% of the amount actually received in fiscal year 2001 in calculating the block grant for fiscal year 2002.

(2) If the ~~biennial~~ fiscal year 2003 appropriation provided in [section 248(1)] is insufficient to fund the school district block grants in fiscal year 2003 at the fiscal year 2002 level, the office of public instruction shall prorate the block grants to meet the remaining appropriation. School districts shall anticipate the prorated block grant amounts provided by the office of public instruction in their budgets for fiscal year 2003.

(3) Each year, 70% of each district's block grant must be distributed in November and 30% of each district's block grant must be distributed in May at the same time that guaranteed tax base aid is distributed. ~~If the appropriation for block grants is greater than or less than the amount received by schools from the sources enumerated in subsection (1), the office of public instruction shall prorate the amount appropriated based upon the fiscal year 2001 revenue.~~

(4) The average ~~amount~~ of the block grants in fiscal years 2002 and 2003 must be increased by 0.76% in fiscal year 2004 and in each succeeding fiscal year."

Insert: "Section 105. Section 27, Chapter 285, Laws of 1999, is amended to read:

"Section 27. **Repealer.** ~~(†)~~ Sections 15-6-136, 15-24-901, 15-24-920, 15-24-926, 15-24-927, and 15-24-931, MCA, are repealed.

~~(2) Section 15-6-138, MCA, is repealed."~~

Insert: "Section 106. Section 31, Chapter 285, Laws of 1999, is amended to read:

"Section 31. **Effective dates.** (1) [Sections 1, 11, 12, 15, 22, 26, 28 through 30, and 32 and this section] are effective on passage and approval.

(2) [Sections 3 through 9 and 23] are effective July 1, 2000.

(3) [Sections 2, 10, 13, 14, 16 through 21, 24, 25, and 27~~(†)~~] are effective January 1, 2003.

~~(4) [Sections 13(1)(aa) through (1)(ll) and 27(2)] are effective if the tax rate in [section 12], amending 15-6-138, reaches zero."~~

Insert: "NEW SECTION. Section 107. **Contingent voidness -- election required by 2007.** [This act] is void on January 1, 2007, unless, by January 1, 2007, this section is repealed by a ballot issue at a statewide general election."

Renumber: subsequent sections

38. Page 102, line 30.

Strike: "[Section 61] is"

Insert: "[Sections 61 and 62] are"

39. Page 103, line 1.

Strike: "[section 61]"

Insert: "[sections 61 and 62]"

40. Page 103, line 2.

Strike: "[Section 62] is"

Insert: "[Sections 63 through 66] are"

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41. Page 103, line 3.

Strike: "[section 62]"

Insert: "[sections 63 through 66]"

42. Page 103, line 4.

Insert: "(4) [Sections 67 and 68] are intended to be codified as an integral part of Title 15, chapter 31, and the provisions of Title 15, chapter 31, apply to [sections 67 and 68]."

43. Page 103, line 9.

Strike: "passage and approval"

Insert: "July 1, 2004"

44. Page 103, line 13 through line 14.

Strike: "(a)" on line 13 through "2003" on line 14

Insert: "[Sections 63, 64, 69, and 74 through 79] apply to tax years beginning after December 31, 2004.

(3) [Sections 65 through 68] apply to property taxes imposed after October 1, 2003"

45. Page 103, line 15 through line 16.

Strike: subsection (b) in its entirety

And, as amended, do pass. Report adopted.

SB 478, introduced bill, be amended as follows:

1. Title, page 1, line 8.

Following: "LEVY"

Insert: "OR DOLLAR AMOUNT"

2. Page 1, line 25.

Strike: "The"

Insert: "If tax-billing software is capable, the"

3. Page 1, line 26.

Following: "levy"

Insert: "or dollar amount"

4. Page 1, line 26.

Following: "15-16-101(2)."

Insert: "The amount must also be reported to the department of administration pursuant to 7-6-4003."

5. Page 1, line 29.

Following: "under"

Insert: "7-1-2121 or"

Strike: "complying with the provisions of 7-1-4131"

And, as amended, do pass. Report adopted.

SB 480, do pass. Report adopted.

HB 517, be amended as follows:

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1. Title, line 4.

Strike: "AUTHORIZING"

Insert: "CLARIFYING THAT A CITY OR COUNTY MAY IMPOSE"

Strike: "THAT HAVE"

Insert: "EVEN IF THE AIRPORT OR AIRPORT AUTHORITY HAS"

2. Title, lines 5 through 7.

Following: "YEARS;" on line 5

Strike: remainder of line 5 through "AMOUNT;" on line 7

3. Page 3, lines 6 and 7.

Strike: "UP TO 2" on line 6

Following: "under" on line 6

Strike: remainder of line 6 through "OF" on line 7

Insert: "as authorized in"

4. Page 3, line 9 through line 11.

Following: "time." on line 9

Strike: remainder of line 9 through "year." on line 11

And, as amended, be concurred in. Report adopted.

HB 642, be amended as follows:

3/24/2003

1. Page 1, line 14.

Following: "adjustment"

Insert: "and tracking"

2. Page 1, line 17.

Following: "adjustment"

Insert: "and tracking"

3. Page 1, line 19.

Following: "PROTEST."

Insert: "The rate schedules must include permanent provisions for annual rate adjustments, including both tax increases and decreases."

4. Page 1, line 20.

Following: the first "on"

Insert: "January 1 following"

5. Page 1, line 24.

Following: "may"

Insert: ", "

Following: "schedule,"

Insert: "ask for comment and"

And, as amended, be concurred in. Report adopted.

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ANNOUNCEMENTS

Committee meetings were announced by committee chairs.

Majority Leader Thomas moved that the Senate adjourn until 12:30 p.m., Wednesday, March 26, 2003. Motion carried.

Senate adjourned at 3:06 p.m.

ROSANA SKELTON
Secretary of the Senate

BOB KEENAN
President of the Senate