

**SENATE JOURNAL
56TH LEGISLATURE / SPECIAL SESSION MAY 2000
FOURTH LEGISLATIVE DAY**

Helena, Montana
May 11, 2000

Senate Chambers
State Capitol

Senate convened at 9:00 a.m. President Crippen presiding. Invocation by Reverend Keith Johnson. Pledge of Allegiance to the Flag.

Roll Call. All members present except Senator Bohlinger and members of the Select Committee on Taxation, Senators Cocchiarella, Cole, DePratu, Devlin, Eck, Ekegren, Ellingson, Ellis, Glaser, Grosfield, Harp, Holden, Keenan, McNutt, Stang, Taylor, excused. Quorum present.

Mr. President: We, your committee on Bills and Journal, having examined the daily journal for the third legislative day, find the same to be correct.

Miller, Chairman

The Senate stood at ease until the Select Committee on Taxation returned from their meeting.
Roll Call. All members present except Senator Bohlinger, excused.

REPORTS OF STANDING COMMITTEES

BILLS AND JOURNAL (Miller, Chairman): 5/11/2000
Examined by the sponsor and found to be correct: SR 1, SR 2, SR 3.
Delivered to the Secretary of State at 9:00 a.m., May 10, 2000: SR 1, SR 2, SR 3.

TAXATION (Devlin, Chairman): 5/11/2000
HB 4, be amended as follows:

1. Title, line 5.

Following: "PERCENT;"

Insert: "PROVIDING INCREASED STATE FUNDING OF BASIC AND PER-ANB ENTITLEMENTS;
ELIMINATING THE PROPERTY TAX EXEMPTION FROM MARKET VALUE FOR CERTAIN LAND
BEGINNING TAX YEAR 2002;"

2. Title, line 10.

Following: "APPROPRIATION;"

Insert: "RESERVING \$37 MILLION OF GENERAL FUND MONEY TO BE USED DURING THE BIENNIUM
BEGINNING JULY 1, 2001, TO FULFILL THE LEGISLATURE'S OBLIGATION TO PROVIDE
ALTERNATIVE FUNDING FOR LOCAL GOVERNMENTS AS CONTEMPLATED IN SECTIONS 167
AND 168, CHAPTER 584, LAWS OF 1999;"

3. Title, line 11.

Following: the first "SECTIONS"

Insert: "15-6-136, 15-6-138, 15-6-201, 15-7-111, 15-8-111,"

4. Title, line 12.

Strike: "AN"

SENATE JOURNAL
FOURTH LEGISLATIVE DAY - MAY 11, 2000

5. Title, line 13.

Strike: "DATE"

Insert: "DATES"

6. Page 1, line 16.

Insert: "Section 1. Section 15-6-136, MCA, is amended to read:

"15-6-136. (Temporary) Class six property -- description -- taxable percentage. (1) Class six property includes:

(a) livestock that are not exempt under 15-6-201~~(+)(ee)~~(1)(bb) and other species of domestic animals and wildlife raised in domestication or a captive environment, except for cats, dogs, and other household pets not raised for profit;

(b) 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 when no one customer of the business accounts for more than 10% of the total rentals or leases during a calendar year;

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

(c) machinery and equipment used in canola seed oil processing facilities if:

(i) the operators of those facilities employ a minimum of 15 full-time employees; and

(ii) a canola seed oil processing facility locates in the state of Montana after July 25, 1989; and

(d) machinery and equipment used in a malting barley facility.

(2) "Canola seed oil processing facility" means a facility that:

(a) extracts oil from canola seeds, refines the crude oil to produce edible oil, formulates and packages the edible oil into food products, or engages in any one or more of those processes; and

(b) employs at least 15 employees in a full-time capacity.

(3) "Malting barley facility" means a facility and integral machinery and equipment used principally to malt malting barley and includes machinery and equipment to mix, blend, transport, transfer, or process the barley and malt at the facility.

(4) Class six property is taxed at:

(a) 4% of its market value for tax years ending on or before December 31, 1999;

(b) 3% of its market value for tax year 2000;

(c) 2% of its market value for tax year 2001; and

(d) 1% of its market value for tax year 2002. (Repealed effective January 1, 2003--secs. 27, 31, Ch. 285, L. 1999.)"

Insert: "Section 2. 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~~(+)(ee)~~(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 that are not exempt under 15-6-201(1)(r) or ~~(+)(ee)~~(1)(bb), and supplies except those included in class five;

SENATE JOURNAL
FOURTH LEGISLATIVE DAY - MAY 11, 2000

(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, wholesale, retail, or food-handling business.

(4) Class eight property is taxed at:

(a) 6% of its market value for tax years beginning after December 31, 1997; and

(b) 3% of its market value for tax years beginning after December 31, 1999.

(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) Beginning with tax year 2000, 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 3. 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;

SENATE JOURNAL
FOURTH LEGISLATIVE DAY - MAY 11, 2000

- (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 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

SENATE JOURNAL
FOURTH LEGISLATIVE DAY - MAY 11, 2000

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) 16% for tax year 1999;
 - (ii) 23% for tax year 2000;
 - (iii) 27.5% for tax year 2001; and
 - (iv) 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) 6.5% for tax year 1999;
 - (ii) 9% for tax year 2000;
 - (iii) 11% for tax year 2001; and
 - (iv) 13% for tax year 2002 and succeeding tax years; and
 - ~~(bb) the percentage of valuation of land calculated pursuant to 15-7-111(4); and~~
 - ~~(cc)~~(bb) personal property used by an industrial dairy or an industrial milk processor and dairy livestock used by an industrial dairy.

(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.

SENATE JOURNAL
FOURTH LEGISLATIVE DAY - MAY 11, 2000

(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)(ee)~~ (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.

15-6-201. (Effective January 1, 2003) 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

SENATE JOURNAL
FOURTH LEGISLATIVE DAY - MAY 11, 2000

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 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

SENATE JOURNAL
FOURTH LEGISLATIVE DAY - MAY 11, 2000

- (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) 16% for tax year 1999;
(ii) 23% for tax year 2000;
(iii) 27.5% for tax year 2001; and
(iv) 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) 6.5% for tax year 1999;
(ii) 9% for tax year 2000;
(iii) 11% for tax year 2001; and
(iv) 13% for tax year 2002 and succeeding tax years;
~~(bb) the percentage of valuation of land calculated pursuant to 15-7-111(4);~~
~~(cc)~~ ~~(bb)~~ personal property used by an industrial dairy or an industrial milk processor and dairy livestock used by an industrial dairy; and
~~(dd)~~ ~~(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.
- (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)(ee)~~ (1)(bb):

SENATE JOURNAL
FOURTH LEGISLATIVE DAY - MAY 11, 2000

(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.

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;

SENATE JOURNAL
FOURTH LEGISLATIVE DAY - MAY 11, 2000

- (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 of the market value of residential property as described in 15-6-134(1)(e) and (1)(f):
 - (i) 16% for tax year 1999;
 - (ii) 23% for tax year 2000;
 - (iii) 27.5% for tax year 2001; and
 - (iv) 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) 6.5% for tax year 1999;

SENATE JOURNAL
FOURTH LEGISLATIVE DAY - MAY 11, 2000

- (ii) 9% for tax year 2000;
 - (iii) 11% for tax year 2001; and
 - (iv) 13% for tax year 2002 and succeeding tax years;
 - ~~(bb) the percentage of valuation of land calculated pursuant to 15-7-111(4);~~
 - ~~(cc)~~ ~~(bb)~~ personal property used by an industrial dairy or an industrial milk processor and dairy livestock used by an industrial dairy;
 - ~~(dd)~~ ~~(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;
 - ~~(ee)~~ ~~(dd)~~ all agricultural implements and equipment;
 - ~~(ff)~~ ~~(ee)~~ all mining machinery, fixtures, equipment, tools that are not exempt under 15-6-201(1)(r), and supplies except those included in class five;
 - ~~(gg)~~ ~~(ff)~~ all manufacturing machinery, fixtures, equipment, tools that are not exempt under 15-6-201(1)(r), and supplies except those included in class five;
 - ~~(hh)~~ ~~(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;
 - ~~(ii)~~ ~~(hh)~~ special mobile equipment as defined in 61-1-104;
 - ~~(jj)~~ ~~(ii)~~ furniture, fixtures, and equipment, except that specifically included in another class, used in commercial establishments as defined in this section;
 - ~~(kk)~~ ~~(jj)~~ x-ray and medical and dental equipment;
 - ~~(ll)~~ ~~(kk)~~ citizens' band radios and mobile telephones;
 - ~~(mm)~~ ~~(ll)~~ radio and television broadcasting and transmitting equipment;
 - ~~(nn)~~ ~~(mm)~~ cable television systems;
 - ~~(oo)~~ ~~(nn)~~ coal and ore haulers; and
 - ~~(pp)~~ ~~(oo)~~ theater projectors and sound equipment.
- (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

SENATE JOURNAL
FOURTH LEGISLATIVE DAY - MAY 11, 2000

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)(ee)~~ (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 4. Section 15-7-111, MCA, is amended to read:

"15-7-111. Periodic revaluation of certain taxable property. (1) The department of revenue shall administer and supervise a program for the revaluation of all taxable property within classes three, four, and ten. All other property must be revalued annually. The revaluation of class three, four, and ten property is complete on December 31, 1996. The amount of the change in valuation from the 1996 base year for each property in classes three, four, and ten must be phased in each year at the rate of 25% of the change in valuation from December 31, 1998, to the appropriate percentage of taxable market value for each class.

(2) The department shall value and phase in the value of newly constructed, remodeled, or reclassified property in a manner consistent with the valuation within the same class and the values established pursuant to subsection (1). The department shall adopt rules for determining the assessed valuation and phased-in value of new, remodeled, or reclassified property within the same class.

(3) Beginning January 1, 2001, the department of revenue shall administer and supervise a program for the revaluation of all taxable property within classes three, four, and ten. A comprehensive written reappraisal plan must be promulgated by the department. The reappraisal plan adopted must provide that all class three, four, and ten property in each county is revalued by January 1, 2003, and each succeeding 6 years. The resulting valuation changes must be phased in for each year until the next reappraisal. If a percentage of change for each year is not established, then the percentage of phase in for each year is 16.66%. The department shall furnish a copy of the plan and all amendments to the plan to the board of county commissioners of each county.

~~(4) (a) If the value of an individual property is equal to or less than 75% of the appraised value of the improvements situated on the land, then the assessed value of the land is the land's appraised value as phased in under subsection (1) and the other provisions of subsection (1) do not apply.~~

~~(b) Subject to subsection (4)(c), if the value of an individual property is greater than 75% of the appraised value of the improvements situated on the land, then the value of the land must be determined as follows:~~

- ~~(i) the department shall calculate the average value of improvements in the state;~~
- ~~(ii) if the value of the improvements on an individual property is greater than the state average value of improvements, then the land is valued at 75% of the appraised value of the improvements situated on the land and the remainder of the land value is exempt from taxation; and~~
- ~~(iii) if the value of the improvements on an individual property is less than or equal to the state average value of improvements, then the land is valued at 75% of the appraised value of the improvements situated on the land and the remainder of the land value is exempt from taxation.~~

SENATE JOURNAL
FOURTH LEGISLATIVE DAY - MAY 11, 2000

~~_____ (c) The value of land upon which improvements are situated may not exceed the phased-in value of the land.~~

~~_____ (5) For purposes of subsection (4), the following definitions apply:~~

~~_____ (a) "average value of improvements" means the statewide arithmetic mean of the appraised value of all improvements that have a market value in excess of \$7,500;~~

~~_____ (b) "improvements" means residential dwellings and includes housetrailers, mobile homes, and manufactured homes;~~

~~_____ (c) "land" includes contiguous parcels or lots under single ownership up to 5 acres."~~

Insert: "Section 5. Section 15-8-111, MCA, is amended to read:

"15-8-111. Assessment -- market value standard -- exceptions. (1) All taxable property must be assessed at 100% of its market value except as otherwise provided.

(2) (a) Market value is the value at which property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or to sell and both having reasonable knowledge of relevant facts.

(b) If the department uses construction cost as one approximation of market value, the department shall fully consider reduction in value caused by depreciation, whether through physical depreciation, functional obsolescence, or economic obsolescence.

(c) If the department uses the capitalization of net income method as one approximation of market value and sufficient, relevant information on comparable sales and construction cost exists, the department shall rely upon the two methods that provide a similar market value as the better indicators of market value.

(d) Except as provided in subsection (3), the market value of special mobile equipment and agricultural tools, implements, and machinery is the average wholesale value shown in national appraisal guides and manuals or the value before reconditioning and profit margin. The department shall prepare valuation schedules showing the average wholesale value when a national appraisal guide does not exist.

(3) The department may not adopt a lower or different standard of value from market value in making the official assessment and appraisal of the value of property, except:

(a) the wholesale value for agricultural implements and machinery is the average wholesale value category as shown in Guides 2000, Northwest Region Official Guide, published by the North American equipment dealers association, St. Louis, Missouri. If the guide or the average wholesale value category is unavailable, the department shall use a comparable publication or wholesale value category.

(b) for agricultural implements and machinery not listed in an official guide, the department shall prepare a supplemental manual in which the values reflect the same depreciation as those found in the official guide; and

(c) as otherwise authorized in Titles 15 and 61.

(4) For purposes of taxation, assessed value is the same as appraised value.

(5) The taxable value for all property is the percentage of market or assessed value established for each class of property.

(6) The assessed value of properties in 15-6-131 through 15-6-134, 15-6-143, and 15-6-145 is as follows:

(a) Properties in 15-6-131, under class one, are assessed at 100% of the annual net proceeds after deducting the expenses specified and allowed by 15-23-503 or, if applicable, as provided in 15-23-515, 15-23-516, 15-23-517, or 15-23-518.

(b) Properties in 15-6-132, under class two, are assessed at 100% of the annual gross proceeds.

(c) Properties in 15-6-133, under class three, are assessed at 100% of the productive capacity of the lands when valued for agricultural purposes. All lands that meet the qualifications of 15-7-202 are valued as agricultural lands for tax purposes.

(d) Properties in 15-6-134, under class four, are assessed at the applicable percentage of market value minus any portion of market value that is exempt from taxation under 15-6-201(1)(z); ~~and (1)(aa), and (1)(bb).~~

(e) Properties in 15-6-143, under class ten, are assessed at 100% of the forest productivity value of the land when valued as forest land.

SENATE JOURNAL
FOURTH LEGISLATIVE DAY - MAY 11, 2000

(f) Railroad transportation properties in 15-6-145 are assessed based on the valuation formula described in 15-23-205.

(7) Land and the improvements on the land are separately assessed when any of the following conditions occur:

- (a) ownership of the improvements is different from ownership of the land;
- (b) the taxpayer makes a written request; or
- (c) the land is outside an incorporated city or town. " "

Renumber: subsequent sections

7. Page 2, line 11.

Strike: "a"

Insert: "an increased"

8. Page 7, line 10.

Strike: "\$200,000"

Insert: "\$206,000"

9. Page 7, line 11.

Strike: "\$18,000"

Insert: "\$18,540"

10. Page 7, line 15.

Strike: "\$18,000"

Insert: "\$18,540"

11. Page 7, line 17.

Strike: "\$200,000"

Insert: "\$206,000"

12. Page 7, line 29.

Strike: "\$4,869"

Insert: "\$5,015"

13. Page 8, line 4.

Strike: "\$3,653"

Insert: "\$3,763"

14. Page 8, line 9.

Strike: "\$3,653"

Insert: "\$3,763"

15. Page 8, line 12.

Strike: "\$4,869"

Insert: "\$5,015"

16. Page 11, line 22.

Strike: "15-10-107,"

SENATE JOURNAL
FOURTH LEGISLATIVE DAY - MAY 11, 2000

17. Page 11, line 23.

Following: "20-9-331"

Strike: " 1 "

Insert: "and"

Following: "20-9-333"

Strike: " , and 20-9-360"

18. Page 14, line 26.

Strike: "\$6.51"

Insert: "\$20"

19. Page 14, line 29.

Insert: "NEW SECTION. Section 15. General fund reserve. The amount of \$37 million of general fund money is set aside as a reserve to be used by the 57th legislature for purposes of fulfilling the legislature's obligation to provide alternative funding for local governments as contemplated in sections 167 and 168, Chapter 584, Laws of 1999."

Renumber: subsequent sections

20. Page 15, line 29.

Strike: "a"

Insert: "an increased"

21. Page 16, line 9.

Strike: "6"

Insert: "11"

22. Page 16, lines 22, 26, and 29.

Strike: "section 2"

Insert: "sections 1 through 3"

23. Page 17, lines 3, 14, 23, 25, and 27.

Strike: "section 2"

Insert: "sections 1 through 3"

24. Page 17, line 22.

Strike: "or flat fee"

25. Page 18, line 10.

Strike: "or flat fee"

26. Page 18, line 11.

Strike: "section 2"

Insert: "sections 1 through 3"

27. Page 18, lines 12 and 13.

Strike: "or" on line 12 through "flat fee" on line 13

Strike: "section 2" on line 13

Insert: "sections 1 through 3"

SENATE JOURNAL
FOURTH LEGISLATIVE DAY - MAY 11, 2000

28. Page 18, line 15.

Strike: "section 2"

Insert: "sections 1 through 3"

29. Page 18, line 17.

Strike: "or flat fee"

30. Page 18, line 18.

Strike: "or fee"

31. Page 18, line 19.

Strike: "or fee"

32. Page 18, lines 21 and 22.

Strike: subsection (4) in its entirety

33. Page 18, line 28.

Strike: "1"

Insert: "6"

Strike: "8"

Insert: "13"

34. Page 19, line 1.

Strike: "10"

Insert: "16"

35. Page 19.

Following: line 1

Insert: "(3) [Sections 1 through 5] apply to tax years beginning after December 31, 2001."

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

MESSAGES FROM THE OTHER HOUSE

House bills passed and transmitted to the Senate for concurrence:

5/11/2000

HB 7, introduced by Younkin

HB 9, introduced by Harper

House joint resolution passed and transmitted to the Senate for concurrence:

5/11/2000

HJR 2, introduced by Witt

The motion of Representative Hibbard to call a special session concurrent with this special session to consider a resolution urging Congress to modify the estate tax, received the following votes:

Ayes 94

No 4

SENATE JOURNAL
FOURTH LEGISLATIVE DAY - MAY 11, 2000

The motion of Representative Krenzler to call a special session concurrent with this special session for the purpose of amending Chapter 212, Laws of 1999, received the following votes:

Ayes	95
No	3

FIRST READING AND COMMITMENT OF BILLS

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

HB 9, introduced by Harper, referred to Judiciary.

The following House joint resolution was introduced, read first time, and referred to committee:

HJR 2, introduced by Witt, referred to Select Committee on Natural Resources.

ANNOUNCEMENTS

Committee meetings were announced.

Majority Leader Harp moved that the Senate stand in recess until the hour of 1:30 p.m. Motion carried.

Senate recessed at 9:23 a.m.

Senate reconvened at 1:30 p.m.

Roll Call. All members present except Senator Bohlinger, excused.

REPORTS OF STANDING COMMITTEES

BILLS AND JOURNAL (Miller, Chairman):	5/11/2000
Examined by the sponsor and found to be correct: SB 2, SB 6, SB 7.	
Delivered to the Governor for his approval at 11:00 a.m., May 11, 2000: SB 2, SB 6, SB 7.	

SELECT COMMITTEE ON NATURAL RESOURCES (Crismore, Chairman):	5/11/2000
HJR 2 , be concurred in. Report adopted.	

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

Session I

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

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

SENATE JOURNAL
FOURTH LEGISLATIVE DAY - MAY 11, 2000

HB 4 - Senator Glaser moved HB 4 be concurred in. Motion carried unanimously.

Senator Harp moved the committee rise, report progress, and beg leave to sit again. Motion carried. Committee arose. Senate resumed. President Crippen in the chair. Chairman F. Thomas moved the Committee of the Whole report be adopted. Report adopted unanimously.

THIRD READING OF BILLS

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

HB 4, as amended concurred in as follows:

Yeas: Bartlett, Beck, Berry, Bishop, Bohlinger, Christiaens, Cocchiarella, Cole, Crismore, DePratu, Devlin, Doherty, Eck, Ekegren, Ellingson, Ellis, Franklin, Glaser, Grimes, Grosfield, Halligan, Hargrove, Harp, Hertel, Holden, Jabs, Jergeson, Keating, Keenan, Lynch, Mahlum, McCarthy, McNutt, Mesaros, Miller, Mohl, Nelson, Roush, Shea, Sprague, Stang, Swysgood, Taylor, Tester, Thomas, Toews, Waterman, Wells, Wilson, Mr. President.

Total 50

Nays:

Total 0

Excused:

Total 0

FIRST READING AND COMMITMENT OF BILLS

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

HB 7, introduced by Younkin, referred to Taxation.

MESSAGES FROM THE OTHER HOUSE

Senate bills concurred in and returned to the Senate:

5/11/2000

SB 7, introduced by Hertel

SB 9, introduced by Swysgood

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

Session II

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

We, your Committee of the Whole, having had under consideration business on second reading, recommend as

SENATE JOURNAL
FOURTH LEGISLATIVE DAY - MAY 11, 2000

follows:

HJR 2 - Senator Tester moved HJR 2 be concurred in. Motion carried as follows:

Yeas: Beck, Berry, Cole, Crismore, DePratu, Devlin, Ekegren, Ellis, Glaser, Grimes, Grosfield, Hargrove, Harp, Hertel, Holden, Jabs, Jergeson, Keating, Keenan, Mahlum, McCarthy, McNutt, Mesaros, Miller, Mohl, Nelson, Roush, Shea, Sprague, Stang, Swysgood, Taylor, Tester, Thomas, Toews, Wells.
Total 36

Nays: Bartlett, Bishop, Christiaens, Cocchiarella, Doherty, Eck, Ellingson, Franklin, Halligan, Lynch, Waterman, Wilson, Mr. President.
Total 13

Excused: Bohlinger.
Total 1

Senator Harp moved the committee rise, report progress, and beg leave to sit again. Motion carried. Committee arose. Senate resumed. President Crippen in the chair. Chairman F. Thomas moved the Committee of the Whole report be adopted. Report adopted unanimously.

THIRD READING OF BILLS

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

HJR 2 concurred in as follows:

Yeas: Beck, Berry, Cole, Crismore, DePratu, Devlin, Ekegren, Ellis, Glaser, Grimes, Grosfield, Hargrove, Harp, Hertel, Holden, Jabs, Jergeson, Keating, Keenan, Mahlum, McCarthy, McNutt, Mesaros, Miller, Mohl, Nelson, Roush, Shea, Sprague, Stang, Swysgood, Taylor, Tester, Thomas, Toews, Wells.
Total 36

Nays: Bartlett, Bishop, Christiaens, Cocchiarella, Doherty, Eck, Ellingson, Franklin, Halligan, Lynch, Waterman, Wilson, Mr. President.
Total 13

Excused: Bohlinger.
Total 1

MESSAGES FROM THE OTHER HOUSE

Senate bill concurred in and returned to the Senate: 5/11/2000

SB 11, introduced by McNutt

House joint resolution passed and transmitted to the Senate for concurrence: 5/11/2000

HJR 3, introduced by Hibbard

SENATE JOURNAL
FOURTH LEGISLATIVE DAY - MAY 11, 2000

FIRST READING AND COMMITMENT OF BILLS

The following House joint resolution was introduced, read first time, and referred to committee:

HJR 3, introduced by Hibbard, referred to Taxation.

MOTIONS

SB 12 - Senator Keenan moved that Senators Berry, DePratu, Franklin, McNutt, L. Nelson, Waterman, and Representative Barnett be added as additional sponsors to SB 12. Motion carried.

SB 13 - Senator Keenan moved that Senators Berry, DePratu, Franklin, McNutt, L. Nelson, Waterman and Representative Barnett be added as additional sponsors to SB 13. Motion carried.

ANNOUNCEMENTS

Committee meetings were announced by committee chairmen.

Majority Leader Harp moved that the Senate stand in recess until the hour of 4:30 p.m. this legislative day. Motion carried.

Senate recessed at 2:32 p.m.

Senate reconvened at 4:30 p.m.

Roll Call. All members present except Senator Bohlinger, excused.

REPORTS OF STANDING COMMITTEES

JUDICIARY (Grosfield, Chairman):

5/11/2000

SB 10, introduced bill, be amended as follows:

1. Title, page 1, lines 6 and 7.

Following: "APPLICATION;" on line 6

Strike: remainder of line 6 through "MONTANA;" on line 7

Insert: "REQUIRING THE DEPARTMENT OF PUBLIC HEALTH AND HUMAN SERVICES TO REQUEST A FEDERAL EXEMPTION FROM THE REQUIREMENT THAT SOCIAL SECURITY NUMBERS BE PROVIDED BY APPLICANTS FOR HUNTING OR FISHING LICENSES; PROVIDING THAT THE REQUEST FOR EXEMPTION REFLECT A TRACKING SYSTEM DEVELOPED BY THE DEPARTMENT OF PUBLIC HEALTH AND HUMAN SERVICES;"

2. Title, page 1, line 8.

Following: "DATE"

Insert: "AND A CONTINGENT TERMINATION DATE"

3. Page 3, line 17.

Following: line 16

Insert: "NEW SECTION. **Section 3. Request for exemption.** The department of public health and human

SENATE JOURNAL
FOURTH LEGISLATIVE DAY - MAY 11, 2000

services shall request an exemption from the requirement that an applicant for a hunting or fishing license provide a social security number on the application in order for the state to continue to receive federal funds. The request for an exemption must contain the draft tracking system provided for in [section 4]."

Insert: "NEW SECTION. Section 4. Draft tracking system -- rulemaking authority. (1) The department shall develop an alternative method of using an identifier other than social security numbers to be used to track parents who are delinquent in the payment of child support. The alternative method, which may include driver's license numbers or other identification specified by the department, must apply to applicants for hunting and fishing licenses and may apply to other recreational license applicants. The department shall complete its draft within 60 days after [the effective date of this act]. The department may solicit assistance from the department of fish, wildlife, and parks.

(2) The department may adopt rules necessary to implement the draft tracking system if the exemption provided for in [section 3] is granted."

Insert: "NEW SECTION. Section 5. Draft tracking system -- rulemaking authority. The department may adopt rules necessary to implement the draft tracking system if the exemption provided for in [section 3] is granted."

Insert: "NEW SECTION. Section 6. Contingent termination. [This act] terminates on the date that the director of the department of public health and human services certifies to the governor and the secretary of state that the federal government has denied the request for exemption, withheld funds, or notified the department in writing that it will withhold funds because Montana does not require that an applicant for a hunting or fishing license provide the applicant's social security number on the application for the license."

Insert: "NEW SECTION. Section 7. Codification instruction. (1) [Section 4] is intended to be codified as an integral part of Title 40, chapter 5, part 2, and the provisions of Title 40, chapter 5, part 2, apply to [section 4].

(2) [Section 5] is intended to be codified as an integral part of Title 87, chapter 2, part 4, and the provisions of Title 87, chapter 2, part 4, apply to [section 5]."

Renumber: subsequent sections

4. Page 3, line 18.

Strike: "This act"

Insert: "[This act]"

Following: "effective"

Strike: "upon"

Insert: "on passage and"

Following: "approval"

Strike: "by the electorate"

5. Page 3, line 20 through line 26.

Strike: section 4 in its entirety

And, as amended, do pass. Report adopted.

TAXATION (Devlin, Chairman):

5/11/2000

HJR 3, be concurred in. Report adopted.

MESSAGES FROM THE GOVERNOR

SENATE JOURNAL
FOURTH LEGISLATIVE DAY - MAY 11, 2000

May 11, 2000

The Honorable Bruce Crippen
President of the Senate
State Capitol
Helena, Montana 59620

Dear Senator Crippen:

Please be informed that I have signed **Senate Bill 2** sponsored by Senator Sprague, **Senate Bill 6** sponsored by Senator McNutt, and **Senate Bill 7** sponsored by Senator Hertel on May 11, 2000.

Sincerely,

MARC RACICOT
Governor

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

Session III

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

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

SB 10 - Senator J. Wells moved SB 10 do pass. Motion carried as follows:

Yeas: Beck, Berry, Bishop, Cocchiarella, Cole, Crismore, DePratu, Devlin, Ekegren, Ellis, Glaser, Grimes, Grosfield, Halligan, Hargrove, Harp, Hertel, Holden, Jabs, Keating, Keenan, Lynch, Mahlum, McCarthy, McNutt, Mesaros, Miller, Mohl, Nelson, Roush, Shea, Sprague, Stang, Swysgood, Taylor, Tester, Thomas, Toews, Wells, Mr. President.

Total 40

Nays: Bartlett, Christiaens, Doherty, Eck, Ellingson, Franklin, Jergeson, Waterman, Wilson.

Total 9

Excused: Bohlinger.

Total 1

HJR 3 - Senator Ellis moved HJR 3 be concurred in. Motion carried with Senators Bartlett, Eck, Ellingson and Waterman voting nay.

Senator Harp moved the committee rise, report progress, and beg leave to sit again. Motion carried. Committee arose. Senate resumed. President Crippen in the chair. Chairman F. Thomas moved the Committee of the Whole report be adopted. Report adopted unanimously.

SENATE JOURNAL
FOURTH LEGISLATIVE DAY - MAY 11, 2000

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 10 passed as follows:

Yeas: Beck, Berry, Bishop, Cocchiarella, Cole, Crismore, DePratu, Devlin, Ekegren, Ellis, Glaser, Grimes, Grosfield, Halligan, Hargrove, Harp, Hertel, Holden, Jabs, Keating, Keenan, Lynch, Mahlum, McCarthy, McNutt, Mesaros, Miller, Mohl, Nelson, Roush, Shea, Sprague, Stang, Swysgood, Taylor, Tester, Thomas, Toews, Wells, Wilson, Mr. President..

Total 41

Nays: Bartlett, Christiaens, Doherty, Eck, Ellingson, Franklin, Jergeson, Waterman.

Total 8

Excused: Bohlinger.

Total 1

HJR 3 concurred in as follows:

Yeas: Beck, Berry, Christiaens, Cocchiarella, Cole, Crismore, DePratu, Devlin, Doherty, Ekegren, Ellis, Franklin, Glaser, Grimes, Grosfield, Halligan, Hargrove, Harp, Hertel, Holden, Jabs, Jergeson, Keating, Keenan, Lynch, Mahlum, McCarthy, McNutt, Mesaros, Miller, Mohl, Nelson, Roush, Shea, Sprague, Stang, Swysgood, Taylor, Tester, Thomas, Toews, Wells, Wilson, Mr. President..

Total 44

Nays: Bartlett, Bishop, Eck, Ellingson, Waterman.

Total 5

Excused: Bohlinger.

Total 1

MOTIONS

HB 9 - Senator Franklin moved that HB 9 be taken from the table in the Judiciary Committee, printed and placed on second reading this legislative day. Motion **failed** as follows:

Yeas: Bartlett, Christiaens, Cocchiarella, Doherty, Eck, Ellingson, Franklin, Halligan, Jergeson, Lynch, McCarthy, Nelson, Roush, Shea, Stang, Tester, Waterman, Wilson.

Total 18

Nays: Beck, Berry, Bishop, Cole, Crismore, DePratu, Devlin, Ekegren, Ellis, Glaser, Grimes, Grosfield, Hargrove, Harp, Hertel, Holden, Jabs, Keating, Keenan, Mahlum, McNutt, Mesaros, Miller, Mohl, Sprague, Swysgood, Taylor, Thomas, Toews, Wells, Mr. President.

Total 31

Excused: Bohlinger

SENATE JOURNAL
FOURTH LEGISLATIVE DAY - MAY 11, 2000

Total 1

MOTIONS

Majority Leader Harp moved that the Senate stand in recess until the hour of 7:00 p.m. this legislative day. Motion carried.

Senate recessed at 5:26 p.m.

Senate reconvened at 7:00 p.m.

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

REPORTS OF STANDING COMMITTEES

SELECT COMMITTEE ON TAXATION (Devlin, Chairman):

5/11/2000

HB 7, be amended as follows:

1. Title, page 1, line 29.

Strike: "A RETROACTIVE"

Insert: "AN"

2. Page 26, lines 1 and 2.

Strike: "Retroactive applicability" on line 1

Insert: "Applicability"

Strike: "retroactively, within the meaning of 1-2-109," on lines 1 and 2

Strike: "1999" on line 2

Insert: "2000"

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

MESSAGES FROM THE OTHER HOUSE

Senate bills concurred in and returned to the Senate:

5/11/2000

SB 11, introduced by McNutt

SB 13, introduced by Keenan

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

Session IV

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

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

SENATE JOURNAL
FOURTH LEGISLATIVE DAY - MAY 11, 2000

HB 7 - Senator Stang moved HB 7, second reading copy, be amended as follows :

1. Title, page 1, line 6 through line 7.

Strike: "PROVIDING" on page 1, line 6 through "MONTANA;" on page 1, line 7

2. Title, page 1, line 29.

Following: "AN"

Insert: "IMMEDIATE"

3. Page 25, line 29.

Strike: "upon approval by the electorate"

Insert: "on passage and approval"

4. Page 26, line 4 through line 8.

Strike: section 39 in its entirety

Amendment **failed** as follows:

Yeas: Bartlett, Christiaens, Cocchiarella, Doherty, Eck, Ellingson, Ellis, Franklin, Halligan, Jergeson, Keating, Lynch, McCarthy, Nelson, Roush, Shea, Stang, Tester, Waterman, Wilson.

Total 20

Nays: Beck, Berry, Bishop, Cole, Crismore, DePratu, Devlin, Ekegren, Glaser, Grimes, Grosfield, Hargrove, Harp, Hertel, Holden, Jabs, Keenan, Mahlum, McNutt, Mesaros, Miller, Mohl, Sprague, Swysgood, Taylor, Thomas, Toews, Wells, Mr. President.

Total 29

Excused: Bohlinger

Total 1

HB 7 - Senator Devlin moved HB 7 be concurred in. Motion carried as follows:

Yeas: Beck, Berry, Bohlinger, Cole, Crismore, DePratu, Devlin, Ekegren, Grimes, Grosfield, Hargrove, Harp, Hertel, Holden, Keenan, Mahlum, McNutt, Mesaros, Miller, Mohl, Sprague, Swysgood, Taylor, Thomas, Wells, Mr. President.

Total 26

Nays: Bartlett, Bishop Christiaens, Cocchiarella, Doherty, Eck, Ellingson, Ellis, Franklin, Glaser, Halligan, Jabs, Jergeson, Keating, Lynch, McCarthy, Nelson, Roush, Shea, Stang, Tester, Toews, Waterman, Wilson.

Total 24

Voting in absentia: Bohlinger

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

THIRD READING OF BILLS

SENATE JOURNAL
FOURTH LEGISLATIVE DAY - MAY 11, 2000

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

HB 7, as amended concurred in as follows:

Yeas: Beck, Berry, Bohlinger, Cole, Crismore, DePratu, Devlin, Ekegren, Grimes, Grosfield, Hargrove, Harp, Hertel, Holden, Keenan, Mahlum, McNutt, Mesaros, Miller, Mohl, Sprague, Swysgood, Taylor, Thomas, Wells, Mr. President.

Total 26

Nays: Bartlett, Bishop, Christiaens, Cocchiarella, Doherty, Eck, Ellingson, Ellis, Franklin, Glaser, Halligan, Jabs, Jergeson, Keating, Lynch, McCarthy, Nelson, Roush, Shea, Stang, Tester, Toews, Waterman, Wilson.

Total 24

Paired votes: Keating, Nay - Bohlinger, Aye.

Excused:

Total 0

SENATE PROCLAMATION

WHEREAS: the Governor called the legislature into special session; and

WHEREAS: it was decided to hold the special session in the State Capital complex with the Senate housed in the Scott Hart Building Auditorium; and

WHEREAS: Director of Agriculture Ralph Peck allowed the Senate to use not only his conference room but his office, his staff and all other support services; and

WHEREAS: He put up with all the noise, confusion and inconvenience with grace and equanimity;

NOW, THEREFORE, BE IT RESOLVED; THAT THE SENATE OF THE STATE OF MONTANA WOULD LIKE TO EXPRESS THEIR SINCERE GRATITUDE TO RALPH PECK, DIRECTOR OF AGRICULTURE, AND HIS STAFF FOR THEIR HELP AND SUPPORT DURING THIS SPECIAL SESSION.

SENATOR BRUCE CRIPPEN

President of the Senate

SENATOR JOHN HARP

Majority Leader

SENATOR STEVE DOHERTY

Minority Leader

SENATE PROCLAMATION

WHEREAS: the Governor called the legislature into special session; and

SENATE JOURNAL
FOURTH LEGISLATIVE DAY - MAY 11, 2000

WHEREAS: it was decided to hold the special session in the State Capital complex with the Senate housed in the Scott Hart Building Auditorium; and

WHEREAS: Jan Dee May and Dean Roberts of the Department of Justice were extremely cooperative in finding spaces, furniture and other support to make it possible for the Senate to function during this second special session; and

WHEREAS: They put up with all the noise, confusion and inconvenience with grace and equanimity;

NOW, THEREFORE, BE IT RESOLVED; THAT THE SENATE OF THE STATE OF MONTANA WOULD LIKE TO EXPRESS THEIR SINCERE GRATITUDE TO JAN DEE MAY AND DEAN ROBERTS AND THEIR STAFF FOR THEIR HELP AND SUPPORT DURING THIS SPECIAL SESSION.

SENATOR BRUCE CRIPPEN
President of the Senate

SENATOR JOHN HARP
Majority Leader

SENATOR STEVE DOHERTY
Minority Leader

MOTIONS

HB 9 - Senator Franklin moved that the Senate reconsider its action in rejecting her previous motion this legislative day to have HB 9 taken from the table in the Judiciary Committee and printed and placed on second reading this legislative day. Motion **failed** as follows:

Yeas: Bartlett, Beck, Bishop, Christiaens, Cocchiarella, Doherty, Eck, Ellingson, Franklin, Halligan, Jergeson, Lynch, McCarthy, Nelson, Roush, Shea, Stang, Tester, Waterman, Wilson.
Total 20

Nays: Berry, Cole, Crismore, DePratu, Devlin, Ekegren, Ellis, Glaser, Grimes, Grosfield, Hargrove, Harp, Hertel, Holden, Jabs, Keating, Keenan, Mahlum, McNutt, Mesaros, Miller, Mohl, Sprague, Swysgood, Taylor, Thomas, Toews, Wells, Mr. President.
Total 29

Excused: Bohlinger
Total 1

ANNOUNCEMENTS

Closing remarks were made by Senate Minority Leader Doherty, Senate Majority Leader Harp and Senate President Crippen.

Majority Leader Harp moved that the Senate adjourn sine die. Motion carried.

The Second Special Session of the 56th Legislature adjourned sine die at 8:24 p.m., Thursday, May 11, 2000.

SENATE JOURNAL
FOURTH LEGISLATIVE DAY - MAY 11, 2000

ROSANA SKELTON
Secretary of Senate

BRUCE CRIPPEN
President of the Senate