

HOUSE BILL 878

Introduced by O'Keefe, et al.

2/15	Introduced
2/15	Referred to Taxation
2/16	First Reading
2/16	Fiscal Note Requested
2/23	Fiscal Note Received
2/24	Fiscal Note Printed
3/09	Revised Fiscal Note Printed
3/13	Hearing
3/13	Tabled in Committee

1 HOUSE BILL NO. 878
 2 INTRODUCED BY Rep. Brian Bensch
 3 Southwest Park Theresa Anderson Timothy Foster
 4 A BILL FOR AN ACT ENTITLED: "AN ACT TO PROVIDE FOR THE
 5 CANCELLATION OF A STATE LEASE BY THE DEPARTMENT OF STATE
 6 LANDS OF A LESSEE WHO IS DELINQUENT IN PAYMENT OF PROPERTY
 7 TAXES, INDIVIDUAL INCOME TAXES, OR CORPORATE LICENSE TAXES;
 8 TO ALLOW THE STATE AUDITOR TO WITHHOLD AS A STATE DEBT ANY
 9 INDIVIDUAL INCOME TAX OR CORPORATE LICENSE TAX REFUND OF A
 10 STATE LAND LESSEE WHO IS DELINQUENT IN PAYMENT DUE ON ANY
 11 STATE LEASE; AND PROVIDING AN APPLICABILITY DATE."
 12
 13 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

14 NEW SECTION. Section 1. Cancellation of lease for tax
 15 delinquency. Notwithstanding other penalties under the
 16 provisions of this title, the department shall cancel the
 17 state land lease of a lessee who is more than 90 days
 18 delinquent in the payment of property taxes, individual
 19 income taxes, or corporate license taxes under the
 20 provisions of Title 15.

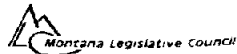
21 NEW SECTION. Section 2. Withholding of individual
 22 income or corporate license tax refund for delinquent lease
 23 payment. Notwithstanding other penalties and cancellations
 24 for nonpayment of state land leases under the provisions of
 25 this title, the state auditor shall collect, under the

1 provisions of 17-4-105, from any individual income tax or
 2 corporate license tax refund that is due to a person or
 3 corporation that is a state land lessee an amount equivalent
 4 to the annual lease payment due if the lessee is more than
 5 90 days delinquent on a state lease.

6 NEW SECTION. Section 3. Codification instruction.
 7 [Sections 1 and 2] are intended to be codified as an
 8 integral part of Title 77, chapter 1, part 1, and the
 9 provisions of Title 77, chapter 1, part 1, apply to
 10 [sections 1 and 2].

11 NEW SECTION. Section 4. Applicability. [This act]
 12 applies to state land lease payments due after December 31,
 13 1991.

-End-



-2- INTRODUCED BILL
 HB 878

STATE OF MONTANA - FISCAL NOTE

Form BD-15

In compliance with a written request, there is hereby submitted a Fiscal Note for HB0878, as introduced.

DESCRIPTION OF PROPOSED LEGISLATION:

This bill provides for the cancellation of a state lease by the Department of State Lands of a lessee who is delinquent in payment of property taxes, individual income taxes, or corporate license taxes; allows the state auditor to withhold as a state debt any individual income tax or corporate license tax refund of a state land lessee who is delinquent in payment due on any state lease; and provides an applicability date.

ASSUMPTIONS:


Department of Revenue:

1. The department does not monitor persons delinquent in the payment of property taxes. Individual county treasurers are currently responsible for collection of property taxes.
2. Department of State Lands will be responsible for obtaining lists of persons delinquent in paying property taxes from the individual county treasurers.
3. The department will provide the Department of State Lands with a list of all lessees with delinquent income or corporate license taxes in a warrant for distraint status.
4. Department of State Lands will be responsible for notifying the State Auditor's Office of those lessees which are delinquent in their lease payments.

Department of State Lands:

5. This legislation only applies to state property, individual income and property taxes.
6. Approximately 13,000 lessees with all types of state leases, i.e., grazing, agricultural, special use and all minerals, are affected.
7. DSL would provide a semi-annual listing of all state lessees to the Department of Revenue (DOR) to determine delinquent income and corporate taxpayers. A data link would be required between the DSL and the DOR to derive the needed information.
8. DSL would be required to deal with each individual county to determine delinquent property taxpayers. This communication would also require some measure of data base sharing.
9. The cancellation for tax delinquency would be final with no hearings for reinstatement. Lease rentals paid in advance of a tax delinquency cancellation will not be refunded to the lessee.

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ROD SUNDSTED, BUDGET DIRECTOR
Office of Budget and Program Planning

2-22-91
DATE

MARK O'KEEFE, PRIMARY SPONSOR

DATE

Fiscal Note for HB0878, as introduced

HB 878

10. DSL assumes that the same percentages of delinquent taxpayers for the entire state are applicable to state lessees. In consultation with the DOR, the DSL assumes the following statewide percentages: a) 2% of all individual income taxpayers are delinquent on an annual basis b) 8% of all property taxpayers are delinquent on an annual basis. However, 10% would be applicable to the first year due to property tax delinquencies in the previous year c) 0% of all corporate taxpayers are delinquent on an annual basis.
11. A total of four staff would be needed: 1.00 FTE attorney (grade 17); 1.00 FTE land management specialist (grade 14); 1.00 FTE land use specialist (grade 13); and 1.00 FTE clerical (grade 8).
12. Operating and equipment costs for the new FTE are \$86,500 in FY92 and \$61,500 in FY93.

FISCAL IMPACT:

Department of State Lands:

	FY '92			FY '93		
	Current Law	Proposed Law	Difference	Current Law	Proposed Law	Difference
<u>Expenditures:</u>						
F.T.E.	0.00	4.00	4.00	0.00	4.00	4.00
Personal Services	0	110,810	110,810	0	110,810	110,810
Operating Costs	0	73,000	73,000	0	61,500	61,500
Capital Outlay	0	13,500	13,500	0	0	0
Total	0	197,310	197,310	0	172,310	172,310
<u>Funding:</u>						
General Fund	0	197,310	197,310	0	172,310	172,310
General Fund Impact			(197,310)			(172,310)

LONG-RANGE EFFECTS OF PROPOSED LEGISLATION:

1. This legislation will substantially increase the DSL workload for lease cancellations from around 600 per year to 1,900.

STATE OF MONTANA - FISCAL NOTE

Form BD-15

In compliance with a written request, there is hereby submitted a Fiscal Note for HB0878, as introduced, revised.

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5. This legislation only applies to state property, individual income and property taxes.
6. Approximately 13,000 lessees with all types of state leases, i.e., grazing, agricultural, special use and all minerals, are affected.
7. DSL would provide a semi-annual listing of all state lessees to the Department of Revenue (DOR) to determine delinquent income and corporate taxpayers. A data link would be required between the DSL and the DOR to derive the needed information.
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ROD SUNDSTED, BUDGET DIRECTOR
Office of Budget and Program Planning

DATE

3-8-91

MARK O'KEEFE, PRIMARY SPONSOR

DATE

Fiscal Note for HB0878, as introduced, revised

HB 878
Rev.

Fiscal Note Request, HB0878, as introduced, revised

Form BD-15

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Personal Services	0	110,810	110,810	0	110,810	110,810
Operating Costs	0	73,000	73,000	0	61,500	61,500
Capital Outlay	0	13,500	13,500	0	0	0
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<u>Funding:</u>						
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General Fund Impact			(197,310)			(172,310)

LONG-RANGE EFFECTS OF PROPOSED LEGISLATION:

1. This legislation will substantially increase the DSL workload for lease cancellations from around 600 per year to 1,900. This will result in greater animosity between lessees and the department.
2. There may be a loss of income to the seasonal trusts due to vacant tracts with no interested bidders. Additionally, the current improvement settlement procedures may result in desirable tracts remaining vacant, with unpaid rentals, until the improvements are settled.

TECHNICAL NOTES:

1. This legislation needs to include rule making authority for the department to require all lessees to provide either a social security number or a federal tax ID number to the department. This number will be required for the DSL and the DoR to link data bases and determine delinquent taxpayers.
2. The legislation also needs to be clarified as to whether a delinquent taxpayer is eligible to competitively bid on his/her former lease again.

HB 878 Rev.