

**MINUTES**

**MONTANA HOUSE OF REPRESENTATIVES  
52nd LEGISLATURE - REGULAR SESSION**

**COMMITTEE ON PROPERTY TAX**

**Call to Order:** By **CHAIRMAN COHEN**, on April 10, 1991, at 7:30 AM

**ROLL CALL**

**Members Present:**

Rep. Dan Harrington, Chairman (D)  
Rep. Ben Cohen, Vice-Chairman (D)  
Rep. Ed Dolezal (D)  
Rep. Orval Ellison (R)  
Rep. Russell Fagg (R)  
Rep. Ed McCaffree (D)  
Rep. Mark O'Keefe (D)  
Rep. Ted Schye (D)  
Rep. Fred Thomas (R)  
Rep. Dave Wanzenried (D)

**Members Excused:**

Rep. Russell Fagg (R)

**Members Absent:**

Rep. Orval Ellison (R)

**Staff Present:**

Lee Heiman, Legislative Council  
Julia Tonkovich, Committee Secretary

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

**DISCUSSION ON SB 412**

**Mr. Heiman** said HB 340 will not fit with SB 412. HB 340 depends on definitions which in turn depend on other definitions; it is logistically impossible to bring HB 340 into SB 412. A coordinating instruction would be better.

**REP. COHEN** said the language concerning calculating the rate in Section 4 should be tossed out, and replaced with language stating that the taxation rate for Class 13 property (temporary, three-year timber class) is 4%. Following the productivity study, in June of 1994, the class can be returned to its current rate.

**REP. COHEN** asked how the productivity study will be funded. **Ken Morrison, Department of Revenue (DOR)**, said there is a statutory appropriation provided in HB 340 to fund the study.

Additionally, the department can charge a ten cents/acre fee.

#### DISCUSSION ON SB 375

REP. COHEN asked for clarification of the term "satisfactory completion." Mr. Heiman says this does not mean they will need to take any tests or officially enroll in the course. They do, however, need to attend the entire week-long course.

REP. COHEN said SEN. BROWN justified the bill by saying the people on the state tax appeals board are making quasi-judicial decisions involving millions of dollars. Other people in similar positions are required to go through some type of training and periodic upgrading; these people should be also.

REP. HOFFMAN said there doesn't appear to be a problem with the tax appeal board. Every policy decision they have made has been supported by the Supreme Court.

Motion/Vote: REP. O'KEEFE moved the subcommittee DO RECOMMEND SB 375 to the full committee. Motion carried 5 to 4 with REPS. MCCAFFREE, THOMAS, HOFFMAN and FAGG (proxy) voting no.

#### DISCUSSION ON SB 390

Mr. Heiman explained the amendments, which limit the bill to personal property, and provide a penalty for not reporting as discussed in subcommittee on April 9. Exhibit 1

REP. THOMAS explained the amendments concerning fire, which insert language clarifying that a natural disaster includes fire of any origin, unless the homeowner is convicted of arson.

Motion/Vote: REP. THOMAS moved the subcommittee DO RECOMMEND SB 390 as amended to the full committee. Motion passed unanimously.

#### DISCUSSION ON SB 460

Brad Simshaw, DOR, presented information to the committee concerning the impacts of potential amendments to SB 460 to the counties. Exhibits 2-3 Taxes on secured personal property will not be shown on the handouts.

REP. HOFFMAN said he would like to see a revised fiscal note. Judy Rippingale, DOR, said the fiscal note has already been ordered.

Ms. Rippingale said personal property taxes are paid at different times than real property taxes. The first payment of personal property taxes occurs in May, so there will be an impact during the first year it is reduced. The state will lose a certain amount of personal property tax revenue before it gains from the increase in commercial property tax revenue, because of the

differing collection times.

**Greg Groepper, Office of Public Instruction (OPI)**, clarified that for personal property with a large enough tax bill to preclude securing a lien on real property, the law requires that the property be assessed in the spring and billed within 30 days. A construction firm with a lot of equipment but not enough land and buildings to secure a lien to pay the property tax will be billed in the spring. Some portion of this property will not be affected, because it's at the 9% level. The people billed for personal property taxes in the spring are those who do not have sufficient land and buildings to secure a lien on the personal property. Mobile homes, construction and logging companies often fall into this category.

**Ms. Rippingale** explained the handout on the third reading copy of the bill, which makes a new class (commercial real property) and changes the rate from 3.86% to 4.55%. **Exhibit 2** The remaining Class 4 property, including multi-family living units, remain in the residential property classification and are taxed at 3.86%. Residential and commercial property is split into two classes. A new Class 22 is also created, which will be taxed at 6% (from 9%, unless it is value-added property acquired after July 1, 1991, in which case it will be taxed at 5%). The county and governmental unit breakdown is given on subsequent pages.

**REP. COHEN** noted that there is a lot of commercial property in cities and towns, which is why they realize the biggest changes under SB 460.

**Ms. Rippingale** noted that local jurisdictions can lose taxable value and not necessarily lose revenue. If they increase the tax rate on the remaining property, revenue will not be lost. Under the bill, at current mill levels, cities lose, but counties gain.

**REP. COHEN** said in this case, the gain would be to local governments because of the increase in commercial values inside the city limits. Because the bill shows a net loss of \$5 million, the university system would lose approximately \$600,000.

**REP. COHEN** said **SEN. BROWN's** bill, which reduces the total number of classes to 12, could be used as a "fallback" bill. If his Class 4 and Class 8 properties were each divided into two classes, one residential and one commercial, that would bring the total number of classes to 14. The rates from SB 460 could then be applied to **SEN. BROWN's** bill. The Governor may veto a bill separating residential from commercial property, and in that case, the committee should have another bill that addresses some of the same concerns of SB 460, without separating the classes.

**REP. COHEN** asked why golf courses were given a lower rate than other similar property. **SEN. SVRCEK** said the golf courses are a minor part of the bill, and the lowered rate made the bill

acceptable to certain members of the Senate who would not have passed the bill otherwise.

REP. DOLEZAL explained his "option 1" amendments to SB 460. REP. COHEN asked why the amendments keep the mobile equipment at a higher rate and decrease the rate on fixed equipment. Mobile equipment can very easily leave the state, and a higher tax rate may prove an incentive for this to happen. SEN. SVRCEK said the equipment was kept at a higher rate so that the commercial, income-producing real property could be kept at a lower rate. Additionally, agricultural, mining and real property remains the same, so those people are held harmless under the bill.

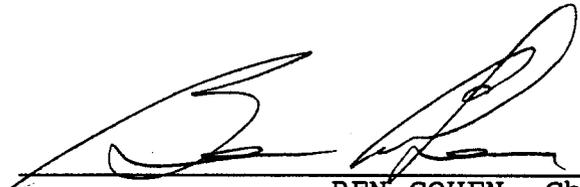
REP. THOMAS asked why the amendments change the rate on from 4.55% to 4.8%. REP. DOLEZAL said this was to keep the taxable value at a stable level.

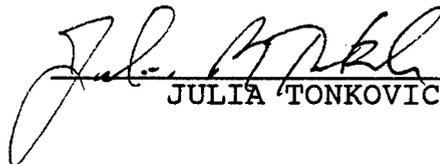
REP. COHEN said centrally assessed utilities would have to be exempted along with furniture and fixtures on the "option 2" amendments. REP. DOLEZAL said merely exempting furniture and fixtures causes a reduction in taxable value of \$9.1 million.

REP. DOLEZAL said his "option 3" amendments only differ from the "option 2" amendments in that the adjustments are centrally assessed.

ADJOURNMENT

Adjournment: 9:50 AM

  
BEN COHEN, Chair

  
JULIA TONKOVICH, Secretary

BC/jmt

HOUSE OF REPRESENTATIVES

PROPERTY TAX SUBCOMMITTEE

ROLL CALL

DATE

4/10/91

NAME	PRESENT	ABSENT	EXCUSED
REP. BEN COHEN, VICE-CHAIR	X		
REP. ED DOLEZAL	X		
REP. ORVAL ELLISON		X	
REP. RUSSELL FAGG			X
REP. DAVID HOFFMAN	X		
REP. ED MCCAFFREE	X		
REP. MARK O'KEEFE	X		
REP. TED SCHYE	X		
REP. FRED THOMAS	X		
REP. DAVE WANZENRIED	X		
REP. DAN HARRINGTON, CHAIRMAN			

EXHIBIT 1

DATE 4/10/91

SB 390

Amendments to Senate Bill No. 390  
Third Reading Copy

Requested by DOR  
For the Committee on Taxation

Prepared by Lee Heiman  
April 9, 1991

1. Title, line 6.

Following: "TAXPAYER"

Insert: "UNDER PENALTY"

2. Title, line 7.

Following: "DESTROYED"

Insert: "PERSONAL"

3. Title, line 8.

Following: "PROVIDING THAT"

Insert: "PERSONAL"

Following: "DESTROYED"

Insert: "PERSONAL"

4. Page 2, line 19.

Strike: "PROPERTY"

Following: "TAXES"

Insert: "on personal property"

5. Page 2, line 21.

Following: "DESTROYED"

Insert: "personal"

6. Page 2, line 22.

Following: the first "THE"

Insert: "personal"

Following: the third "THE"

Insert: "personal"

7. Page 2, line 23.

Following: "DESTROYED"

Insert: "personal"

8. Page 2, line 25.

Following: "365."

Insert: "A taxpayer who fails to notify the department within 30 days from the date of the replacement of the personal property is subject to the penalty prescribed in 15-1-303."

The "Fire" thing:

9. Page 3, line 2.

Following: "fire,"

Insert: "regardless of the origin,"

SB460 THIRD READING - PROPERTY RECLASSIFICATION PROPOSAL

EXHIBIT 2

HB# 4/10/91

DATE \_\_\_\_\_

HB SB 460

• SPLITS CURRENT CLASS 4 PROPERTY INTO TWO SEPARATE CLASSES:

- 1 - "INCOME-PRODUCING" COMMERCIAL REAL PROPERTY  
(New Class 21), Tax Rate Changes from 3.86% to 4.55%
  
- 2 - ALL REMAINING CURRENT CLASS 4 PROPERTY (Including multi-family, and other residential property),  
Tax Rate remains at 3.86%

• SPLITS CURRENT CLASS 8 (PERSONAL) PROPERTY INTO TWO SEPARATE CLASSES:

- 1 - "SELF-PROPELLED" VEHICLES AND MACHINERY
  - Agricultural Implements
  - Self-Propelled Mining and Manufacturing Machinery
  - Buses, Trucks, and Trailers
  - Coal and Ore Haulers
  - Heavy Construction Equipment
  - Oil and Gas Field Equipment/Flow Lines

Tax Rate Remains Unchanged at 9%

- 2 - ALL OTHER PROPERTY CURRENTLY IN CLASS 8 (New Class 22)
  - Mining and Manufacturing Equipment/Tools
  - Furniture, Fixtures, Supplies, Materials, etc.
  - X-Ray, Medical, Dental Equipment
  - Citizen Band Radios, Mobile Telephones
  - Radio/TV Broadcasting and Transmitting Equipment
  - Cable Television Systems
  - Theater Projectors/Sound Equipment
  - "Value-Added" Property as Defined in the Bill

Tax Rate Changes from 9% to 6%

(Value-added property acquired after July 1, 1991 is taxed at 5%)

# 3 460 - Third Reading

## Impact to Local Property Tax Revenues - By County

### \*\*\*\*\* Change in Property Tax Revenue \*\*\*\*\*

County	Change in Taxable Value	University (6 mills)	Foundation (95 mills)	Counties	Local Schools	Cities/Towns	Total
Beaverhead	(166,761)	(1,001)	(15,842)	(13,416)	(17,341)	7,635	(39,965)
Big Horn	(1,093,758)	(6,563)	(103,907)	(68,338)	(71,650)	5,878	(244,579)
Blaine	50,917	306	4,837	3,368	5,608	7,471	21,589
Broadwater	(173,291)	(1,040)	(16,463)	(12,526)	(8,318)	1,595	(36,752)
Carbon	82,699	496	7,856	4,891	9,555	8,778	31,576
Carrier	2,000	12	191	191	122	196	711
Cascade	1,485,505	8,913	141,123	140,187	200,956	132,376	623,555
Chouteau	6,628	40	630	503	605	1,762	3,539
Custer	145,297	872	13,803	13,545	21,666	13,715	63,601
Daniels	22,031	132	2,093	2,387	3,186	1,566	9,364
Dawson	151,033	911	14,424	13,127	21,069	12,607	62,139
Deer Lodge	129,658	778	12,317	21,814	13,876	856	49,641
Fallon	(8,849)	(53)	(841)	(250)	(333)	2,712	1,236
Fergus	(28,828)	(173)	(2,739)	(2,136)	(3,651)	11,094	2,395
Flathead	548,876	3,293	52,143	55,405	76,027	97,090	283,959
Gallatin	526,346	3,158	50,003	37,634	64,449	128,248	283,492
Garfield	5,727	34	544	599	307	295	1,779
Glacier	91,545	549	8,697	4,105	5,693	5,375	24,420
Golden Valley	6,264	38	595	325	499	121	1,578
Granite	(48,447)	(291)	(4,602)	(4,479)	(5,276)	(1,135)	(15,783)
Hill	340,395	2,042	32,338	24,750	30,504	26,801	116,435
Jefferson	(618,989)	(3,714)	(58,804)	(38,520)	(74,270)	2,373	(172,935)
Judith Basin	18,086	109	1,718	1,602	1,516	586	5,530
Lake	96,074	576	9,127	8,162	9,113	12,442	39,420
Lewis And Clark	669,721	4,018	63,623	67,501	97,060	45,926	278,129
Liberty	17,519	105	1,664	1,514	1,091	1,171	5,545
Lincoln	(1,024,431)	(6,147)	(97,321)	(42,995)	(124,411)	8,561	(262,313)
Madison	(172,191)	(1,033)	(16,358)	(10,230)	(13,553)	2,307	(38,867)
McCone	23,459	141	2,229	2,728	1,945	1,112	8,154
Meagher	(4,730)	(28)	(449)	(353)	(264)	1,026	(69)
Mineral	(116,201)	(697)	(11,039)	(10,434)	(18,115)	2,180	(38,104)
Missoula	(1,754,635)	(10,528)	(166,690)	(175,920)	(254,596)	239,523	(368,211)
Musselshell	17,910	107	1,701	1,602	1,900	2,167	7,478
Park	(36,682)	(220)	(3,485)	(2,410)	(3,596)	11,087	1,376
Petroleum	1,146	7	109	90	129	114	448
Phillips	(310,182)	(1,861)	(29,467)	(13,797)	(23,446)	5,479	(63,093)
Pondera	65,571	393	6,229	5,941	6,931	5,325	24,820
Powder River	18,962	114	1,801	2,399	1,331	1,462	7,107
Powell	(130,547)	(783)	(12,402)	(9,961)	(15,286)	2,750	(35,682)
Prairie	13,254	80	1,259	1,482	713	536	4,069
Ravalli	159,970	960	15,197	12,372	17,392	21,288	67,210
Richland	(156,273)	(938)	(14,846)	(9,658)	(18,510)	14,574	(29,378)
Roosevelt	(1,324)	(8)	(126)	(80)	(141)	3,254	2,899
Rosebud	(1,630,113)	(9,781)	(154,861)	(12,154)	(35,143)	3,633	(208,306)
Sanders	18,101	109	1,720	1,183	1,472	3,600	8,082
Sherridan	47,333	284	4,497	1,741	3,858	5,656	16,036
Silver Bow	(959,214)	(5,755)	(91,125)	(116,765)	(130,261)	(11)	(343,918)
Stillwater	(676,877)	(4,061)	(64,303)	(51,057)	(70,593)	(10,126)	(200,141)
Sweet Grass	57,969	348	5,507	5,266	6,829	3,156	21,106
Teton	(114)	(1)	(11)	(10)	(13)	2,857	2,822
Toole	(34,928)	(210)	(3,318)	(2,538)	(2,681)	2,407	(6,340)
Treasure	11,935	72	1,134	936	1,041	420	3,602
Valley	135,768	815	12,898	8,152	19,097	13,461	54,423
Wheatland	10,195	61	969	849	837	1,338	4,054
Wibaux	(127,353)	(764)	(12,099)	(9,886)	(5,750)	76	(28,423)
Yellowstone	(630,702)	(3,784)	(59,917)	(50,103)	(76,935)	256,262	65,522
<b>Total</b>	<b>(4,926,721)</b>	<b>(29,560)</b>	<b>(468,039)</b>	<b>(211,666)</b>	<b>(347,758)</b>	<b>1,133,009</b>	<b>75,985</b>

EXHIBIT 2  
 DATE 4/10/91  
 HB SB 460

## Impact of SB-460 (Third Reading) on Specific Firms

<u>Firm</u>	<u>Current TV</u>	<u>Current Taxes</u>	<u>Proposed TV</u>	<u>Proposed Taxes</u>	<u>Difference TV</u>	<u>Difference Taxes</u>
Montana Res Inc	4,134,270	1,759,463	3,340,506	1,421,653	(793,764)	(337,810)
Gen Mills	229,520	94,884	187,604	77,556	(41,916)	(17,328)
Exxon Refinery	5,784,635	2,155,644	4,189,902	1,561,367	(1,594,733)	(594,277)
Conoco Refinery	5,493,522	1,705,574	3,949,511	1,226,205	(1,544,011)	(479,369)
Decker Coal	4,502,364	748,788	3,903,389	649,173	(598,975)	(99,615)
Western Energy	5,619,991	776,121	4,987,700	688,801	(632,291)	(87,319)
Stillwater Mining	2,231,856	585,929	1,614,541	423,866	(617,315)	(162,064)
Champion-Libby	1,629,221	578,275	1,333,727	466,770	(295,494)	(111,505)
Stone Container	11,901,938	3,634,787	8,732,127	2,670,635	(3,169,811)	(964,152)
Ronan St Bank	40,316	13,189	41,242	13,492	926	303
Transwestern	395,874	147,522	431,192	160,684	35,318	13,161
Sheraton	1,046,924	390,136	945,276	352,257	(101,648)	(37,879)
Southgate Mall*	1,052,479	512,589	1,240,617	604,218	188,137	91,629

\*Includes only Commercial land and improvements.

# SB 460 - Third Reading

## Impact to Property Tax Revenues - City/Town

City/Town	Change in Taxable Value	Change in Revenue	City/Town	Change in Taxable Value	Change in Revenue
Alberton	1,965	149	Jordan	5,365	295
Anaconda	69,600	856	Judith Gap	889	43
Bainville	14	1	Kalispell	751,185	88,182
Baker	21,584	2,622	Kevin	2,393	195
Bearcreek	409	27	Laurel	94,741	10,990
Belgrade	67,601	7,199	Lavina	760	33
Belt	6,875	884	Lewistown	75,698	10,913
Big Sandy	4,808	313	Libby	98,248	6,494
Big Timber	37,511	3,156	Lima	(122)	(14)
Billings	3,011,859	245,165	Livingston	83,436	11,004
Boulder	11,804	1,340	Lodge Grass	543	50
Bozeman	917,377	114,168	Malta	43,976	5,198
Bridger	10,133	1,520	Manhattan	20,401	1,395
Broadus	13,478	1,462	Medicine Lake	1,548	255
Broadview	1,485	106	Molston	2,042	202
Brockton	339	0	Miles City	100,962	13,704
Browning	4,748	309	Missoula	1,845,896	239,523
Cascade	9,720	750	Moore	(3,660)	(140)
Chester	17,292	1,171	Nashua	2,123	300
Chinook	45,859	5,959	Neihart	(315)	(21)
Choteau	27,410	2,196	Opheim	925	60
Circle	9,442	1,112	Outlook	90	15
Clyde Park	1,667	82	Philipsburg	5,283	523
Columbia Falls	(39,281)	(4,279)	Pinesdale	311	20
Columbus	(103,940)	(10,126)	Plains	6,300	549
Conrad	56,186	5,152	Plentywood	47,770	5,515
Culbertson	8,117	697	Plevna	1,539	91
Cut Bank	60,658	5,067	Polson	103,111	9,659
Darby	13,612	928	Poplar	2,924	292
Deer Lodge	40,689	2,750	Red Lodge	58,963	6,594
Denton	1,799	179	Rexford	1,158	0
Dillon	86,574	7,650	Richoy	448	29
Dodson	731	47	Ronan	35,936	2,595
Drummond	(18,320)	(1,658)	Roundup	27,297	1,965
Dutton	1,831	167	Ryegate	1,542	88
East Helena	(311,512)	(22,740)	Saco	2,374	233
Ekalaka	1,616	196	Scobey	13,752	1,540
Ennis	12,229	796	Shelby	17,695	2,013
Eureka	18,859	1,509	Sheridan	11,434	972
Fairfield	5,260	494	Sidney	145,515	13,824
Fairview	8,520	750	Stanford	5,589	369
Flaxville	744	25	Stevensville	25,443	2,392
Forsyth	35,800	3,633	St. Ignatius	2,182	188
Fort Benton	11,565	1,478	Sunburst	1,544	199
Fort Peck	644	42	Superior	24,129	2,031
Froid	2,119	138	Terry	4,872	536
Fromberg	1,297	109	Thompson Falls	12,162	1,765
Geraldine	(420)	(29)	Throo Forks	22,488	2,088
Glasgow	89,249	13,059	Townsend	20,194	1,595
Glendive	97,845	12,578	Troy	6,271	558
Grass Range	1,385	86	Twin Bridges	7,777	521
Great Falls	1,402,432	130,763	Valier	2,655	173
Hamilton	169,228	17,948	Virginia City	280	18
Hardin	67,484	5,828	Walkerville	(228)	(11)
Harlem	7,652	1,512	West Yellowstone	57,595	3,398
Harlowton	12,084	1,296	Westby	(673)	(128)
Havre	242,372	26,739	White Sulphur S	12,000	1,026
Helena	887,624	68,667	Whitfish	149,433	13,187
Hingham	1,563	62	Whitehall	16,145	1,033
Hobson	3,249	217	Wibaux	670	76
Hot Springs	8,459	1,286	Winifred	1,176	57
Hysham	4,087	420	Winnell	1,656	114
Ismay	663	12	Wolf Point	22,928	2,126
Joliet	6,683	528	Total	11,197,172	1,133,009

# SB 460 - Third Reading

## Impact to Current Property Classes

2  
 DATE 4/6/91  
 HB SB 460

<u>Class</u>	<u>Description</u>	<u>Current Taxable Value</u>	<u>Estimated Change in Taxable Value</u>	<u>Estimated Change in Tax Revenue</u>
Class 1	Net Proceeds	16,099,308	0	0
Class 2	Gross Proceeds	10,145,292	0	0
Class 3	Ag Land	141,447,109	0	0
Class 4	Residential Real	416,558,894	0	0
Class 4	Commercial Real	182,858,324	32,687,111	12,457,266
Class 5	New Industry and Pollution Control	26,509,703	0	0
Class 6	Livestock	25,205,356	0	0
Class 7	Independent Telephone	888,135	0	0
Class 8	Personal Property	218,862,953	(38,303,489)	(12,582,424)
Class 11	Utilities	391,742,490	0	0
Class 12	Mobile Homes	16,285,556	0	0
Class 13	Timber	6,612,075	0	0
Class 14	Farmsteads	57,194,859	0	0
Class 15	Railroads	55,452,979	636,710	183,475
Class 17	Airlines	4,611,311	52,947	17,669
Class 18	Nonproductive Mining Claims	10,319	0	0
Class 19	Nonproductive Real Less Than 20 ac.	96,230	0	0
Class 20	Out of Production Ag and Timber	3,238	0	0
	State Total	1,570,584,132	(4,926,721)	75,986

**SB460 - PROPERTY RECLASSIFICATION PROPOSAL**

Dolezal Option 1 Apr 9 3:36 PM

• **SPLITS CURRENT CLASS 4 PROPERTY INTO TWO SEPARATE CLASSES:**

- 1 - "INCOME-PRODUCING" COMMERCIAL REAL PROPERTY  
(New Class 21),

**Tax Rate: 4.8%**

- 2 - ALL REMAINING CURRENT CLASS 4 PROPERTY (Including multi-family,  
and other residential property),

**Tax Rate: 3.86%**

• **SPLITS CURRENT CLASS 8 (PERSONAL) PROPERTY INTO TWO SEPARATE CLASSES:**

- 1 - "SELF-PROPELLED" VEHICLES AND MACHINERY

- Agricultural Implements - Self-Propelled Mining and Manufacturing Machinery
- Buses - Trucks - Trailers - Coal and Ore Haulers - Heavy Construction Equipment - Oil and Gas Field Equipment/Flow Lines

**Tax Rate: 9%**

- 2 - ALL OTHER PROPERTY CURRENTLY IN CLASS 8 (New Class 22)

- Mining and Manufacturing Equipment/Tools - Furniture and Fixtures - Supplies and Materials - X-Ray, Medical, and Dental Equipment - Citizen Band Radios and Mobile Telephones - Radio/TV Broadcasting and Transmitting Equipment - Cable Television Systems - Theater and Projectors/Sound Equipment - "Value-Added" Property as Defined in the Bill

**Tax rate: 6%**

(Value-added property acquired after July 1, 1991 is taxed at 5%)

# Impact of SB-460 on Specific Firms

## Dolezal Option 1

09-Apr

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<u>Firm</u>	<u>Current TV</u>	<u>Current Taxes</u>	<u>Proposed TV</u>	<u>Proposed Taxes</u>	<u>Difference TV</u>	<u>Difference Taxes</u>
Montana Res Inc	4,134,270	1,759,463	3,342,397	1,422,457	(791,873)	(337,005)
Gen Mills	229,520	94,884	187,758	77,619	(41,762)	(17,265)
Exxon Refinery	5,784,635	2,155,644	4,192,302	1,562,261	(1,592,333)	(593,383)
Conoco Refinery	5,493,522	1,705,574	3,950,558	1,226,530	(1,542,964)	(479,044)
Decker Coal	4,502,364	748,788	3,903,633	649,213	(598,731)	(99,575)
Western Energy	5,619,991	776,121	4,988,976	688,978	(631,015)	(87,143)
Stillwater Mining	2,231,856	585,929	1,614,686	423,903	(617,170)	(162,026)
Champion-Libby	1,629,221	578,275	1,337,102	467,875	(292,119)	(110,400)
Stone Container	11,901,938	3,634,787	8,739,611	2,673,481	(3,162,328)	(961,306)
Ronan St Bank	40,316	13,189	41,555	13,595	1,239	405
Transwestern	395,874	147,522	432,914	161,325	37,040	13,803
Sheraton	1,046,924	390,136	946,490	352,709	(100,434)	(37,427)
Southgate Mall*	1,052,479	512,589	1,256,469	611,938	203,989	99,349

\*Includes only Commercial land and improvements.

**SB 460**  
**Dolezal Option 1**

09-Apr

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EXHIBIT 3  
 DATE 4/10/91  
 HB SB 460

**Impact to Current Property Classes**

<u>Class</u>	<u>Description</u>	<u>Current Taxable Value</u>	<u>Estimated Change in Taxable Value</u>	<u>Estimated Change in Tax Revenue</u>
Class 1	Net Proceeds	16,099,308	0	0
Class 2	Gross Proceeds	10,145,292	0	0
Class 3	Ag Land	141,447,109	0	0
Class 4	Residential Real	416,558,894	0	0
Class 4	Commercial Real	182,858,324	44,388,640	16,924,579
Class 5	New Industry and Pollution Control	26,509,703	0	0
Class 6	Livestock	25,205,356	0	0
Class 7	Independent Telephone	888,135	0	0
Class 8	Personal Property	218,862,953	(38,303,489)	(12,582,424)
Class 11	Utilities	391,742,490	0	0
Class 12	Mobile Homes	16,285,556	0	0
Class 13	Timber	6,612,075	0	0
Class 14	Farmsteads	57,194,859	0	0
Class 15	Railroads	55,452,979	881,029	253,878
Class 17	Airlines	4,611,311	73,264	24,450
Class 18	Nonproductive Mining Claims	10,319	0	0
Class 19	Nonproductive Real Less Than 20 ac.	96,230	0	0
Class 20	Out of Production Ag and Timber	3,238	0	0
<b>State Total</b>		<b>1,570,584,132</b>	<b>7,039,444</b>	<b>4,620,483</b>

**Impact to Taxing Jurisdictions**

	<u>Estimated Change in Tax Revenue</u>
Universities (6 mills)	42,237
Foundation Program (95 mills)	668,747
Counties	815,489
Local Schools	1,132,484
Cities/Towns	1,961,526
	<u>4,620,483</u>

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**SB460 - PROPERTY RECLASSIFICATION PROPOSAL**

**Dolezal Option 2 Apr 9 3:39 PM**

• **SPLITS CURRENT CLASS 4 PROPERTY INTO TWO SEPARATE CLASSES:**

- 1 - "INCOME-PRODUCING" COMMERCIAL REAL PROPERTY  
(New Class 21),

**Tax Rate: 4.8%**

- 2 - ALL REMAINING CURRENT CLASS 4 PROPERTY (Including multi-family,  
and other residential property),

**Tax Rate: 3.86%**

• **SPLITS CURRENT CLASS 8 (PERSONAL) PROPERTY INTO TWO SEPARATE CLASSES - EXEMPT FURNITURE AND FIXTURES:**

- 1 - "SELF-PROPELLED" VEHICLES AND MACHINERY

- Agricultural Implements - Self-Propelled Mining and Manufacturing Machinery  
- Buses - Trucks - Trailers - Coal and Ore Haulers - Heavy Construction  
Equipment - Oil and Gas Field Equipment/Flow Lines

**Tax Rate: 9%**

- 2 - ALL OTHER PROPERTY CURRENTLY IN CLASS 8 (New Class 22)

- Mining and Manufacturing Equipment/Tools - Supplies and Materials - X-Ray,  
Medical, and Dental Equipment - Citizen Band Radios and Mobile Telephones -  
Radio/TV Broadcasting and Transmitting Equipment - Cable Television  
Systems - Theater and Projectors/Sound Equipment - "Value-Added" Property  
as Defined in the Bill

**Tax rate: 7%**

(Value-added property acquired after July 1, 1991 is taxed at 5%)

EXHIBIT 3  
 DATE 4/10/91  
 HB SB460

## Impact of SB-460 on Specific Firms Dolezal Option 2

09-Apr

3:39 PM

<u>Firm</u>	<u>Current TV</u>	<u>Current Taxes</u>	<u>Proposed TV</u>	<u>Proposed Taxes</u>	<u>Difference TV</u>	<u>Difference Taxes</u>
Montana Res Inc	4,134,270	1,759,463	3,655,854	1,555,858	(478,416)	(203,604)
Gen Mills	229,520	94,884	205,116	84,795	(24,404)	(10,089)
Exxon Refinery	5,784,635	2,155,644	4,706,144	1,753,745	(1,078,491)	(401,900)
Conoco Refinery	5,493,522	1,705,574	4,481,096	1,391,246	(1,012,426)	(314,328)
Decker Coal	4,502,364	748,788	4,101,456	682,113	(400,908)	(66,675)
Western Energy	5,619,991	776,121	5,228,248	722,021	(391,743)	(54,100)
Stillwater Mining	2,231,856	585,929	1,747,285	458,715	(484,571)	(127,214)
Champion-Libby	1,629,221	578,275	1,421,907	495,636	(207,314)	(82,638)
Stone Container	11,901,938	3,634,787	9,858,194	3,014,269	(2,043,744)	(620,518)
Ronan St Bank	40,316	13,189	33,379	10,920	(6,937)	(2,270)
Transwestern	395,874	147,522	388,217	144,669	(7,657)	(2,853)
Sheraton	1,046,924	390,136	600,369	223,727	(446,555)	(166,409)
Southgate Mall*	1,052,479	512,589	1,256,469	611,938	203,989	99,349

\*Includes only Commercial land and improvements.

**Impact to Current Property Classes**

<u>Class</u>	<u>Description</u>	<u>Current Taxable Value</u>	<u>Estimated Change in Taxable Value</u>	<u>Estimated Change in Tax Revenue</u>
Class 1	Net Proceeds	16,099,308	0	0
Class 2	Gross Proceeds	10,145,292	0	0
Class 3	Ag Land	141,447,109	0	0
Class 4	Residential Real	416,558,894	0	0
Class 4	Commercial Real	182,858,324	44,388,640	16,924,579
Class 5	New Industry and Pollution Control	26,509,703	0	0
Class 6	Livestock	25,205,356	0	0
Class 7	Independent Telephone	888,135	0	0
Class 8	Personal Property	218,862,953	(49,610,914)	(17,799,748)
Class 11	Utilities	391,742,490	(3,900,000)	(1,240,000)
Class 12	Mobile Homes	16,285,556	0	0
Class 13	Timber	6,612,075	0	0
Class 14	Farmsteads	57,194,859	0	0
Class 15	Railroads	55,452,979	7,404	2,133
Class 17	Airlines	4,611,311	616	205
Class 18	Nonproductive Mining Claims	10,319	0	0
Class 19	Nonproductive Real Less Than 20 ac.	96,230	0	0
Class 20	Out of Production Ag and Timber	3,238	0	0
	<b>State Total</b>	<b>1,570,584,132</b>	<b>(9,114,254)</b>	<b>(2,112,831)</b>

**Impact to Taxing Jurisdictions**

	<u>Estimated Change in Tax Revenue</u>
Universities (6 mills)	(54,686)
Foundation Program (95 mills)	(865,854)
Counties	(516,038)
Local Schools	(793,712)
Cities/Towns	117,459
	<b>(2,112,831)</b>

SB460 - PROPERTY RECLASSIFICATION PROPOSAL

EXHIBIT 3  
DATE 4/10/91  
HB SB 460

Dolezal Option 3 Apr 9 3:41 PM

• SPLITS CURRENT CLASS 4 PROPERTY INTO TWO SEPARATE CLASSES:

- 1 - "INCOME-PRODUCING" COMMERCIAL REAL PROPERTY (New Class 21),

**Tax Rate: 4.8%**

- 2 - ALL REMAINING CURRENT CLASS 4 PROPERTY (Including multi-family, and other residential property),

**Tax Rate: 3.86%**

• SPLITS CURRENT CLASS 8 (PERSONAL) PROPERTY INTO TWO SEPARATE CLASSES - EXEMPT FURNITURE AND FIXTURES:

- 1 - "SELF-PROPELLED" VEHICLES AND MACHINERY

- Agricultural Implements - Self-Propelled Mining and Manufacturing Machinery - Buses - Trucks - Trailers - Coal and Ore Haulers - Heavy Construction Equipment - Oil and Gas Field Equipment/Flow Lines

**Tax Rate: 9%**

- 2 - ALL OTHER PROPERTY CURRENTLY IN CLASS 8 (New Class 22)

- Mining and Manufacturing Equipment/Tools - Supplies and Materials - X-Ray, Medical, and Dental Equipment - Citizen Band Radios and Mobile Telephones - Radio/TV Broadcasting and Transmitting Equipment - Cable Television Systems - Theater and Projectors/Sound Equipment - "Value-Added" Property as Defined in the Bill

**Tax rate: 7%**

(Value-added property acquired after July 1, 1991 is taxed at 5%)

• INCREASE CURRENT TAX RATE OF 12% ON CLASS 11 (UTILITIES) TO OFFSET CLASS 11 LOSS IN TAXABLE DUE TO EXEMPTING FURNITURE AND FIXTURES:

**Tax rate: 12.121%**

**Impact to Current Property Classes**

<u>Class</u>	<u>Description</u>	<u>Current Taxable Value</u>	<u>Estimated Change in Taxable Value</u>	<u>Estimated Change in Tax Revenue</u>
Class 1	Net Proceeds	16,099,308	0	0
Class 2	Gross Proceeds	10,145,292	0	0
Class 3	Ag Land	141,447,109	0	0
Class 4	Residential Real	416,558,894	0	0
Class 4	Commercial Real	182,858,324	44,388,640	16,924,579
Class 5	New Industry and Pollution Control	26,509,703	0	0
Class 6	Livestock	25,205,356	0	0
Class 7	Independent Telephone	888,135	0	0
Class 8	Personal Property	218,862,953	(49,610,914)	(17,799,748)
Class 11	Utilities	391,742,490	50,072	(269,739)
Class 12	Mobile Homes	16,285,556	0	0
Class 13	Timber	6,612,075	0	0
Class 14	Farmsteads	57,194,859	0	0
Class 15	Railroads	55,452,979	273,933	78,937
Class 17	Airlines	4,611,311	22,779	7,602
Class 18	Nonproductive Mining Claims	10,319	0	0
Class 19	Nonproductive Real Less Than 20 ac.	96,230	0	0
Class 20	Out of Production Ag and Timber	3,238	0	0
	<b>State Total</b>	<b>1,570,584,132</b>	<b>(4,875,490)</b>	<b>(1,058,369)</b>

**Impact to Taxing Jurisdictions**

	<u>Estimated Change in Tax Revenue</u>
<b>Universities (6 mills)</b>	<b>(29,253)</b>
<b>Foundation Program (95 mills)</b>	<b>(463,172)</b>
<b>Counties</b>	<b>(288,048)</b>
<b>Local Schools</b>	<b>(452,769)</b>
<b>Cities/Towns</b>	<b>174,873</b>
	<b>(1,058,369)</b>

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EXHIBIT 3  
 DATE 4/10/91  
 HB SB460

## Impact of SB-460 on Specific Firms Dolezal Option 3

09-Apr

3:41 PM

<u>Firm</u>	<u>Current TV</u>	<u>Current Taxes</u>	<u>Proposed TV</u>	<u>Proposed Taxes</u>	<u>Difference TV</u>	<u>Difference Taxes</u>
Montana Res Inc	4,134,270	1,759,463	3,655,854	1,555,858	(478,416)	(203,604)
Gen Mills	229,520	94,884	205,116	84,795	(24,404)	(10,089)
Exxon Refinery	5,784,635	2,155,644	4,706,144	1,753,745	(1,078,491)	(401,900)
Conoco Refinery	5,493,522	1,705,574	4,481,096	1,391,246	(1,012,426)	(314,328)
Decker Coal	4,502,364	748,788	4,101,456	682,113	(400,908)	(66,675)
Western Energy	5,619,991	776,121	5,228,248	722,021	(391,743)	(54,100)
Stillwater Mining	2,231,856	585,929	1,747,285	458,715	(484,571)	(127,214)
Champion-Libby	1,629,221	578,275	1,421,907	495,636	(207,314)	(82,638)
Stone Container	11,901,938	3,634,787	9,858,194	3,014,269	(2,043,744)	(620,518)
Ronan St Bank	40,316	13,189	33,379	10,920	(6,937)	(2,270)
Transwestern	395,874	147,522	388,217	144,669	(7,657)	(2,853)
Sheraton	1,046,924	390,136	600,369	223,727	(446,555)	(166,409)
Southgate Mall*	1,052,479	512,589	1,256,469	611,938	203,989	99,349

\*Includes only Commercial land and improvements.