

MINUTES

MONTANA SENATE
54th LEGISLATURE - REGULAR SESSION

COMMITTEE ON TAXATION

Call to Order: By CHAIRMAN GERRY DEVLIN, on March 13, 1995, at
8:00 a.m.

ROLL CALL

Members Present:

Sen. Gerry Devlin, Chairman (R)
Sen. Mike Foster, Vice Chairman (R)
Sen. Mack Cole (R)
Sen. Delwyn Gage (R)
Sen. Lorents Grosfield (R)
Sen. John G. Harp (R)
Sen. Dorothy Eck (D)
Sen. Barry "Spook" Stang (D)
Sen. Fred R. Van Valkenburg (D)

Members Excused: None

Members Absent: None

Staff Present: Jeff Martin, Legislative Council
Renée Podell, Committee Secretary

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

Committee Business Summary:

Hearing: HB 320, HB 343, HB 389, SB 219
Executive Action: SB 336, SB 306, SB 257, SB 338, HB 320

HEARING ON HB 389

Opening Statement by Sponsor:

REP. DON LARSON, HD 58, Powell, Granite and Missoula Counties, announced HB 389 is at the request of the Rural Tax Assessors of Montana. He explained last session HB 50 was passed allowing assessors in the state to become state employees. He reported the bill hasn't worked as well as everyone hoped it would. REP. LARSON reported local control, and local accountability is the reason this legislation is being proposed.

Proponents' Testimony:

Cele Pohle, President, Montana Assessors Association, requested the word "assessor" be reinstated in order for continuity to exist. She submitted written testimony. EXHIBIT 1.

Earl Martin, Granite County Commissioners, presented written testimony. EXHIBIT 2.

Cherie Hooten, Chairwoman, Sanders County Commissioners, submitted written testimony. EXHIBIT 3.

John Allhands, Chairman, Madison County Commissioners, presented written testimony. EXHIBIT 4.

Bill Rappolel, Chairman, Pondera County Commissioners, urged support for HB 389. He stated the most effective, efficient and responsible government is that closest to the people, which is local government.

Gail Jones, Powell County Commissioners, submitted written testimony. EXHIBIT 5.

Carol Kienenberger, Phillips County Commissioner, presented written testimony. EXHIBIT 6.

Wayne Stahl, Phillips County Commissioner, commented the basis of this bill boils down to local control. He presented letters of testimony from Yellowstone County Commissioners (EXHIBIT 7) and Hill County Commissioners (EXHIBIT 8).

Art Arnold, Valley County Commissioner, urged support for HB 389.

The following letters in support of HB 389 were received by the U.S Postal Service (mail) or by FAX and are made a part of this record:

Cindy L. Sellers, Treasurer, Yellowstone County, submitted written testimony. EXHIBIT 9.

Blaine County Commissioners, submitted written testimony. EXHIBIT 10.

Steve Hellenthal, Director of Data Processing, Yellowstone County, submitted written testimony. EXHIBIT 11.

Lincoln County Commissioners, submitted written testimony. EXHIBIT 12.

Informational Testimony:

REP. LARSON submitted written testimony opposing the amendments proposed by the DOR. EXHIBIT 13.

John E. Witt, Chouteau County Commissioners, submitted written testimony opposing the DOR amendments. **EXHIBIT 14.**

Earl A. Martin, Granite County Commissioners, submitted written testimony in opposition to the amendments offered by the DOR. **EXHIBIT 15.**

Lee Matejovsky, Roosevelt County Commissioners, submitted written testimony encouraging rejection of the proposed amendments by the DOR. **EXHIBIT 16.**

The following letter is in opposition to the proposed amendment of language in the bill dealing with the county computer system. The language was deleted by the House Taxation Committee.

Norm Calvert, Computer Services Manager, Flathead County, submitted written testimony. **EXHIBIT 17.**

Lewis and Clark County Commissioners submitted written testimony confirming their decision not to testify due to the fact HB 389 does not affect Lewis and Clark County. The testimony was sent to the House Taxation Committee and a copy was directed to the Senate Taxation Committee for the record. **EXHIBIT 18.**

Opponents' Testimony:

Mick Robinson, Director, Department of Revenue, commented the main concern with HB 389 was a computer issue and it was amended out of the bill in the House. He presented an amendment allowing the county to contract assessor services to the DOR. **EXHIBIT 19.**

Arletta Derleth, Property Assessment, Department of Revenue, remarked she has been employed in the Assessment Office in Gallatin County for 25 years. She stated during her 25 years she has seen and been involved in many controversial aspects of being elected versus being hired. **Ms. Derleth** urged a do not pass of this bill.

The following letters in opposition to HB 389 were received by the U.S. Postal Service (mail) or by FAX and are made a part of this record:

Dennis K. Tobiason, Property Assessment Division, submitted written testimony. **EXHIBIT 20.**

Linda M. Powell, Property Valuation Specialist, Sheridan County, submitted written testimony. **EXHIBIT 21.**

Jim Fairbanks, Region 3 Manager, Department of Revenue, submitted written testimony. **EXHIBIT 22.**

Michelle Kinsey submitted written testimony. **EXHIBIT 23.**

Missoula County Commissioners, submitted written testimony.
EXHIBIT 24.

Debbie L. Jurchich, Supervisor Office Operations, Region 6, Deer
Lodge County, submitted written testimony. EXHIBIT 25.

Tracie Long, Fergus County, Lewistown, submitted written
testimony. EXHIBIT 26.

Dolores Redensek Cooney, Appraisal/Assessment Professional,
submitted written testimony. EXHIBIT 27.

Neva Cavanaugh, Harlowton, submitted written testimony. EXHIBIT
28.

Rose Schindler, Appraiser/Assessment Office, Judith Basin County,
submitted written testimony. EXHIBIT 29.

Lee Zuelke, Regional Manager Property Assessment Division, Custer
County, submitted written testimony. EXHIBIT 30.

Myron A. Malnaa, Region 10 Manager, Glasgow, submitted written
testimony. EXHIBIT 31.

Mike Hofeldt, Former Hill County Appraisal Supervisor, and Marian
Olson, Former Hill County Assessor, submitted written testimony.
EXHIBIT 32.

Dallas Reese, President, Montana Appraisal Association, submitted
written testimony. EXHIBIT 33.

Connie Hilger, Dawson County, submitted written testimony.
EXHIBIT 34.

Dianna Hermann, Region 8 Field Operations Supervisor, submitted
written testimony. EXHIBIT 35.

Kris Todd, Harlowton, submitted written testimony. EXHIBIT 36.

Rick J. Billadeau, Harlowton, submitted written testimony.
EXHIBIT 37.

Dorothy Klotz, Choteau, submitted written testimony. EXHIBIT 38.

LaVinne Gilcher, Pondera County Property Valuation Technician,
submitted written testimony. EXHIBIT 39.

Karla Breding, Pondera County Property Valuation Technician,
submitted written testimony. EXHIBIT 40.

Sharon Miller, Cascade County, submitted written testimony.
EXHIBIT 41.

Sally Smith, Madison County Appraiser, submitted written testimony. EXHIBIT 42.

Larry E. Richards, Polson, submitted written testimony. EXHIBIT 43.

Carol L. McClure submitted written testimony. EXHIBIT 44.

Debra A. Gafford, Polson, submitted written testimony. EXHIBIT 45.

Deanna W. Parson, Polson, submitted written testimony. EXHIBIT 46.

Jody R. Richards, Polson, submitted written testimony. EXHIBIT 47.

Lenore Roat, Polson, submitted written testimony. EXHIBIT 48.

Carla Buys, Polson, submitted written testimony. EXHIBIT 49.

Catherine A. Roat, Polson, submitted written testimony. EXHIBIT 50.

Gary L. Larson, Bozeman, submitted written testimony. EXHIBIT 51.

Kory T. Hofland, Bozeman, submitted written testimony. EXHIBIT 52.

Questions From Committee Members and Responses:

SEN. BARRY "SPOOK" STANG asked Mr. Robinson if mandates in HB 50 have been lived up to. Mr. Robinson responded, "Yes". SEN. STANG asked Mr. Robinson if it has been a problem for the department. Mr. Robinson stated, "No". SEN. STANG asked Mr. Robinson will the department move towards the mandate if this bill passes. Mr. Robinson said he wouldn't read the present statute any differently.

CHAIRMAN DEVLIN commented he attended a meeting in Glendive and he couldn't remember one person supporting this concept. CHAIRMAN DEVLIN asked Mr. Robinson if he remembers any supporters. Mr. Robinson commented he was a supporter. CHAIRMAN DEVLIN asked Mr. Robinson how the commissioners or workers could access the mainframe after hours. Mr. Robinson stated presently there is no access after hours. He said county budget materials are on the county computer. He explained the only reason to access the state system would be to find out specific information about specific property.

SEN. MIKE FOSTER asked Mr. Robinson if he proposed the amendments in the House. Mr. Robinson stated the amendments were available for floor action in the House. He reported the bill got out of

the House Taxation Committee faster than the department expected. **SEN. FOSTER** asked **Mr. Robinson** if the House had a chance to debate the amendments. **Mr. Robinson** stated they didn't have a chance to debate the amendments. He said the sponsor decided to wait and have the Senate look at the amendments.

SEN. FOSTER asked **Ms. Hooten** about reinstating language on Page 26, Lines 16-18 as suggested in her testimony. **Ms. Hooten** explained information needs to be readily available to county employees to take care of county business. **SEN. FOSTER** questioned **Ms. Hooten** in regard to the counties that aren't computerized. **Ms. Hooten** stated she can't speak to that issue because her county is computerized. **Mr. Stahl** said Phillips County is computerized and the Clerk and Recorder keeps the plat book updated daily. **SEN. FOSTER** asked how many counties aren't computerized. **Mr. Stahl** responded there are about five or six counties not computerized.

{Tape: 1; Side: B; Comments: Tape Turned to Side B.}

SEN. DOROTHY ECK asked **Mr. Robinson** about requiring training for the assessors before they get state money. **Mr. Robinson** stated the requirement was removed in the original draft of HB 389. He said the amendments the department are proposing reinstate the language requiring training. **SEN. ECK** asked **Mr. Robinson** what happens in a case where a person is elected assessor but doesn't have any experience in the position. **Mr. Robinson** said under current law if an individual doesn't have any experience there is a time frame for the individual to train and meet the certification requirements. **SEN. ECK** questioned **Mr. Robinson** in regard to the department's fiscal responsibility. She asked **Mr. Robinson** if the department would pay ½ of one persons salary. **Mr. Robinson** remarked the DOR presently pays 50% of the salary plus benefits for one person.

CHAIRMAN DEVLIN asked **Mr. Robinson** if these are the same amendments presented in the House. **Mr. Robinson** said the concept is the same.

SEN. DELWYN GAGE asked **Mr. Robinson** if there is a better effective date for the bill. **Mr. Robinson** commented the October 1st deadline doesn't make a difference. **SEN. GAGE** asked **Ms. Pohle** to respond to the effective date issue. **Ms. Pohle** suggested a July 1st effective date.

Closing by Sponsor:

REP. LARSON commented he trusts his county assessor. He stated it is the local assessor who accommodates the people and answers their questions. He questioned if accommodations should be made for the convenience of the DOR or for the convenience of the people of Montana. He stated he hopes the committee will resist the amendments proposed by the DOR and pass the bill with

the amendment restoring the primary residency of information at the county level.

HEARING ON HB 320

Opening Statement by Sponsor:

REP. PATRICK GALVIN, HD 48, Great Falls, stated HB 320 is a clarification bill. He stated this bill implements the intent of the last legislature pertaining to old fund liability.

Proponents' Testimony:

Jerry Driscoll, Brotherhood of Locomotive Engineers, spoke in favor of this legislation. He stated last session the Old Fund Liability Tax was imposed and there should have been in the bill a definition stating if the employer could not be taxed then the employee should not be either.

Bernard F. McCarthy, Clerk of the United States Bankruptcy Court, submitted written testimony. EXHIBIT 53.

Ed Sheehy, National Association of Retired Federal Employees, requested support for HB 320.

Fran Marceau, State Director United Transportation Unit, went on record in support of this legislation.

Don Judge, Montana State AFL-CIO, announced support for HB 320.

Opponents' Testimony:

None

Informational Testimony:

None

Questions From Committee Members and Responses:

SEN. FRED VAN VALKENBURG asked Mr. Miller if the State Workers Compensation Fund has any objections to this bill due to the negative \$3½ million impact on the State Fund over the course of the biennium. Mr. Miller stated their thoughts and concerns are reflected in the fiscal note.

Closing by Sponsor:

REP. GALVIN commented because these people are denied access to any Montana land the Select Committee on Workers Comp in 1993 intended to exempt them from the claim.

HEARING ON HB 343Opening Statement by Sponsor:

REP. DON S. HOLLAND, HD 7, Forsyth, announced HB 343 is the coal severance exemption. He stated this bill is important for Montana's future economic development and current employment base. He commented it promotes value added Montana enterprises, maximizes economic and environmental benefits for Montana resources, promotes technological development, and protects and promotes basic industrial development both domestically and internationally. **REP. HOLLAND** stated coal upgrading processes are more labor intensive than surface coal mining processes. He explained without further assistance the clean coal technology in the State of Montana could be in great jeopardy. He stated the fiscal note will effect the coal severance tax by about \$528,000.00 in this biennium, however, there is a tremendous benefit from the production of SynCoal. **REP. HOLLAND** announced the payroll both direct and indirect would amount to an estimated \$242,000.00 in estimated income taxes, approximately \$300,000.00 in property taxes, the resource and indemnity trust tax would total about \$14,000.00, gross proceeds tax would be about \$175,000.00, federal royalties to Montana about \$218,000.00, and state royalties about \$26,000.00.

Proponents' Testimony:

Kenneth Williams, Entech, Inc. and its subsidiary, Western SynCoal, submitted written testimony. **EXHIBIT 54.** Mr. Williams presented a handout titled, "SynCoal - The Clean Burning Alternative". **EXHIBIT 55.**

Martin Spurlock, Operator, Western Energy Company, testified he has a good job with this company and he appreciates being able to stay in Montana to work. He said this is a good bill. He requested committee support for HB 343.

Garth W. Sessions, Operator, Western Energy Company, stated Western Energy Company is engaged in a good environmental cause. He urged support for this legislation.

Garrod Broadus, Western Energy Company, stressed the importance of passage of this legislation in order for him to work and live in Montana.

Duane Ankney, Supervisor, Western Energy Company, stated 85% of the workers at the mine are young, native born Montanans. He asked the committee to support these opportunities for the young people of Montana. He urged support for this bill.

Jim Mockler, Executive Director, Montana Coal Council, commented he hopes the committee will look at this legislation as a jobs bill. He said it is a small price to pay for the opportunity to move forward in today's market.

Jim Halverson, Oil, Gas and Coal Counties, went on record in support of this bill.

Opponents' Testimony:

Verner Bertelsen, submitted written testimony. EXHIBIT 56.

Richard Parks, Past Chairman of the Northern Plains Resource Council, Businessman (Sporting Goods Store) in Gardner, Montana, attested he doesn't believe jobs are at stake. He said the main problem is the fundamental philosophic bias presented by this bill.

Informational Testimony:

None

Questions From Committee Members and Responses:

SEN. MACK COLE asked Mr. Mockler about the possibility of another coal plant starting up. Mr. Mockler said there is a strong possibility. He mentioned Kennecot is interested in building in Montana.

SEN. VAN VALKENBURG asked Mr. Williams what is the projected annual coal production at the plant where he works. Mr. Williams stated the current facility is 300,000 ton per year design, per product.

SEN. VAN VALKENBURG asked Mr. Bertelsen what is so unique about the coal tax that it creates some great precedent of no taxation on the first 2 tons a year. Mr. Bertelsen responded the unique thing is coal established a unique history in Montana. He stated Montana has a tremendous resource of product that people don't want to see dissipated, thus sparking the efforts to get a reasonable severance tax on the coal. He said Montana should be reimbursed constantly for a portion of that coal. SEN. VAN VALKENBURG asked Mr. Bertelsen if his gravest concern is the potential extension of this exemption. Mr. Bertelsen commented, "Yes".

CHAIRMAN DEVLIN asked Mr. Williams how long the plant has been in existence in CoalStrip. Mr. Williams answered the plant was constructed in 1990-1991 and became operational in 1992.

SEN. ECK asked Mr. Williams if he had reliable feasibility studies that show if the size of the plant is increased will it be economically feasible without subsidizing. Mr. Williams asked Mr. Sheldon to respond to SEN. ECK'S question. Ray Sheldon, Director of Development for Western SynCoal, commented, "Yes". He stated it is necessary to take several smaller steps in development of the technology in order to proceed in a prudent and responsible manner. He said the facility as it is today will probably never be a real solid economic performer, however, it

allows them to demonstrate the technology on a scale of 2 to 3 tons a year on the new design.

{Tape: 2; Side: A.}

SEN. GAGE asked **Mr. Mockler** what the State of Wyoming is doing for businesses moving there. **Mr. Mockler** said wasn't sure, however, he will research the issue for him.

SEN. GAGE asked **Mr. Parks** what Northern Plains position is in regard to agricultural subsidizing. **Mr. Parks** responded he isn't sure that is relevant and he isn't in the position to comment.

SEN. JOHN HARP asked **Mr. Parks** why he was in opposition to this bill when it deals with clean coal and the environmental issue. **Mr. Parks** stated he has no opposition to the processes which improve coal performance in the environment. He said he has a fundamental problem with not collecting a severance tax at the mine as Constitutionally required on coal. **SEN. HARP** asked **Mr. Parks** if he has the same position in regard to subsidizing ethanol. **Mr. Parks** responded he is opposed to subsidizing at operational level.

SEN. VAN VALKENBURG asked **Mr. Sheldon** why a 10 year exemption at \$2 million tons a year is necessary and why six years wouldn't be sufficient. **Mr. Sheldon** stated the development time frame it takes to design, permit, construct, start operations, and gain the knowledge necessary to commercialize these technologies is in the range of five or six years at a minimum time frame to get the facility on line and operating.

Closing by Sponsor:

SEN. HOLLAND acknowledged a Montana resource is being dealt with and an effort is being made to enhance the value of the product. He stated this bill needs to be appraised in order to bring jobs to Montana. He commented this is a partnership of labor and industry working for the betterment of Montana. **SEN. HOLLAND** explained the 10 year window was addressed stating it takes lead time to get the facilities up and operating.

HEARING ON SB 219

Opening Statement by Sponsor:

SEN. STEVE DOHERTY, SD 24, Great Falls, affirmed SB 219 is a bill that arises out of a checkered history. He explained a bill was introduced a few sessions ago requiring individuals who possess dangerous drugs to pay a tax to the State of Montana. He stated the defense attorneys for a Fort Benton case took the case to the U.S. Supreme Court on the imposition of the tax and unfortunately, it was held to be unconstitutional by a violation of double jeopardy by a 5 to 4 margin. **SEN. DOHERTY** presented

amendments that specify there will be a mandatory fine instead of a tax. **EXHIBIT 57.**

Proponents' Testimony:

David Woodgerd, Chief Counsel, Department of Revenue, supported the bill with the amendments.

Opponents' Testimony:

None

Informational Testimony:

None

Questions From Committee Members and Responses:

SEN. GAGE asked SEN. DOHERTY how the feds can do this with income tax. SEN. DOHERTY stated, "They danced". He agreed with the minority opinion which upheld the tax as a valid tax and as a legitimate exercise in police power.

Closing by Sponsor:

SEN. DOHERTY commented with the amendments, if the committee adopts them, the adoption of the bill will send a definite message to big business that if drug dealers are caught, they will pay and pay heavily.

{Tape: 2; Side: A; Approx. Counter: 35.1.}

EXECUTIVE ACTION ON SB 336

Motion: SEN. HARP MOVED SB 336 DO PASS.

Discussion: SEN. VAN VALKENBURG commented when this bill is passed and the rates are put into the statutes, the next legislature will want to put things back into the Land Board's hands and this will balance back and forth.

SEN. STANG said the proponents of the bill said there is a conflict of interest because so many legislators are in the business of agricultural. He said that is a good reason not to pass this bill.

SEN. ECK said maybe going back to the old system means this will be settled once and for all, in the courts.

SEN. GAGE asked what the amendments will do. CHAIRMAN DEVLIN explained the recreational fees would be deleted. SEN. VAN VALKENBURG commented the fees don't appear to be deleted, even though the title indicates otherwise. He stated the Land Board

would still have authority to set a recreational use fee at full market value.

Vote: MOTION CARRIED 5 - 3 on roll call vote. SEN. LORENTS GROSFIELD was not in attendance.

EXECUTIVE ACTION ON SB 338

Discussion: Mr. Martin explained he didn't bring the coordination amendment for today's executive action.

SEN. GAGE asked the committee to hold action on SB 338.

EXECUTIVE ACTION ON SB 306

Discussion: SEN. GAGE commented SB 306 clears up a situation where an individual is taxed in another state on the contribution portion and the individual won't be taxed in Montana.

Mr. Martin discussed testimony given by an individual from Pennsylvania who paid into a retirement annuity account. He stated contributions were taxed by Pennsylvania at the time it went in, however, it wasn't taxed at the federal level. He stated when the individual received the benefit, it was a lump sum benefit, it was recorded on the individual's federal adjusted gross income and Montana recognized it as taxable income.

SEN. ECK commented this deals with the tax benefit rule. She stated there is another piece of legislation which deals with this. SEN. GAGE acknowledged this issue is contained in the committee bill he requested.

Motion: SEN. HARP MOVED TO TABLE SB 306.

Vote: MOTION CARRIED 6 - 2 on roll call vote. SEN. GROSFIELD was not in attendance.

EXECUTIVE ACTION ON SB 257

Motion: SEN. GAGE MOVED TO TABLE SB 257.

Vote: MOTION CARRIED 7 - 1 with SEN. VAN VALKENBURG voting in opposition. SEN. GROSFIELD was not in attendance.

EXECUTIVE ACTION ON HB 320

Discussion: SEN. HARP explained this bill is in response to the legislature saying railroads will be excluded.

Motion/Vote: SEN. GAGE MOVED DO CONCUR IN HB 320. THE MOTION CARRIED UNANIMOUSLY.

EXECUTIVE ACTION ON SB 219

Motion/Vote: SEN. STANG MOVED THE AMENDMENT FOR SB 219. MOTION CARRIED UNANIMOUSLY.

Discussion: None

Motion/Vote: SEN. STAND MOVED DO PASS AS AMENDED. MOTION CARRIED UNANIMOUSLY.

ADJOURNMENT

Adjournment: 11:15 a.m.



GERRY DEVLIN, Chairman



RENEE J. PODELL, Secretary

GD/rp

SENATE STANDING COMMITTEE REPORT

Page 1 of 1
March 13, 1995

MR. PRESIDENT:

We, your committee on Taxation having had under consideration SB 336 (first reading copy -- white), respectfully report that SB 336 do pass.

Signed: 
Senator Gerry Devlin, Chair

 Amd. Coord.
SA Sec. of Senate

581237SC.SRF

SENATE STANDING COMMITTEE REPORT

Page 1 of 1
March 13, 1995

MR. PRESIDENT:

We, your committee on Taxation having had under consideration HB 320 (third reading copy -- blue), respectfully report that HB 320 be concurred in.

Signed: Sen. Devlin
Senator Gerry Devlin, Chair

SA Amd. Coord.
Sec. of Senate

SEN. WARP
Senator Carrying Bill

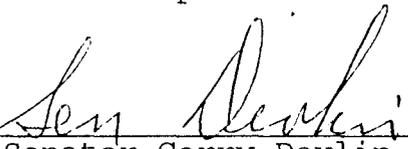
581235SC.SRF

SENATE STANDING COMMITTEE REPORT

Page 1 of 2
March 13, 1995

MR. PRESIDENT:

We, your committee on Taxation having had under consideration SB 219 (first reading copy -- white), respectfully report that SB 219 be amended as follows and as so amended do pass.

Signed: 
Senator Gerry Devlin, Chair

That such amendments read:

1. Title, line 4.

Strike: "AN ANNUAL PROPERTY TAX ON"

Insert: "A MANDATORY FINE FOR"

2. Title, lines 5 through 8.

Strike: "FOR" on line 5

Insert: "THAT"

Strike: "VALUATION" on line 5 through "THAT THE" on line 8

Following: "REVENUE" on line 8

Insert: "FROM THE FINE"

3. Page 1, lines 13 through 19.

Strike: lines 13 through 19 in their entirety

4. Page 1, line 23 through page 3, line 20.

Strike: sections 1 through 6 in their entirety

Insert: "NEW SECTION. Section 1. Mandatory fine for possession and storage of dangerous drugs -- disposition of proceeds.

(1) In addition to the punishments and fines set forth in Title 45, chapter 9, part 1, the court shall fine each person found to have possessed or stored dangerous drugs 35% of the market value of the drugs as determined by the court.

(2) The fines collected pursuant to subsection (1) during each calendar year must be transmitted by the clerk of court to the state treasurer no later than 10 days following the end of the calendar year. The state treasurer shall deposit the fines in the state general fund."

Renumber: subsequent sections

5. Page 4, line 23.

Strike: "[Sections 1 through 6] are"

Insert: "[Section 1] is"

 Amd. Coord.

 Sec. of Senate

581225SC.Srf

6. Page 4, line 24.

Strike: "15" in both places

Insert: "45" in both places

Strike: "[sections 1 through 6]"

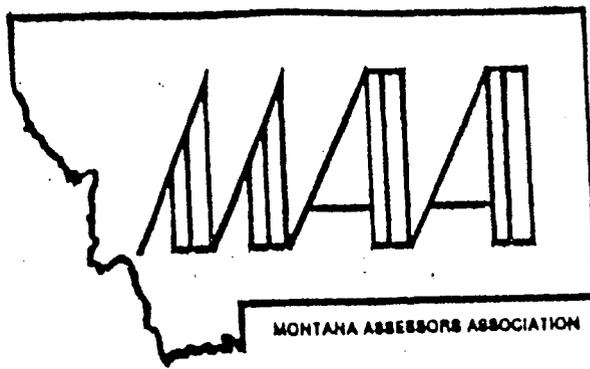
Insert: "[section 1]"

7. Page 4, line 30.

Strike: "tax years beginning"

Insert: "persons found to have possessed or stored dangerous
drugs"

-END-



SENATE TAXATION

DATE March 13, 1995

EXHIBIT NO. 1

BILL NO. HB 389

March 13, 1995

Mr. Chairman and Members of the Committee,

My name is Cele Pohle. I am President of the Montana Assessor's Association and the elected assessor from Powell County.

H.B. 389 merely allows county governments that so choose have the ability to deconsolidate an office. It also allows them the ability to reinstate the elected assessor office with the duties defined by statute again.

The November 1993 Special Session through H.B.50 deleted the word assessor and inserted the word department. It allowed for a fast track consolidation process of the assessor's office with another elected official's office. The choice was the assessors on whether they chose to become state employees or remain elected officials. It did allow an assessor to remain elected but the job duties would be through contractual services with the Department with shared salary and benefits responsibility at a

50/50 split.

The timeframes were as such:

- Jan 3 Interested counties should begin the process of consolidation.
- Jan 4 County assessors and deputy assessors must notify the Department in writing of their intent to become state employee.
- Jan 11 Last date for county commissioners to publish notice of hearing on consolidation.
- Jan 14 Last date to hold a hearing on consolidation. Order of the county commissioners consolidating the assessor with another county office must be complete.
- Jan 24 County assessor must resign from office by this date.

Perhaps such a limited timeframe truly did not allow a clear reflection on the ramifications of such a consolidation on local government and service to the residents of the counties. H.B. 389 hopes to rectify and restore that decision to the local governing body.

During the November 1993 Special Session, the legislators faced an enormous task of balancing the budget. Each state agency faced the dilemma of what to cut and still try to provide service. However, the pressure remained at both the State and County level to reduce taxes. Some counties thought that the consolidating of the assessor's office would provide some relief in their budgets as they would not have to pay the counties percentage of the assessor's salary. The percentage from county to county varied for fiscal year 1993, the state share ranged from a low of 53% to a high of 68%. This bill would statutorily set the percentage at 50% for each entity. Each county that might

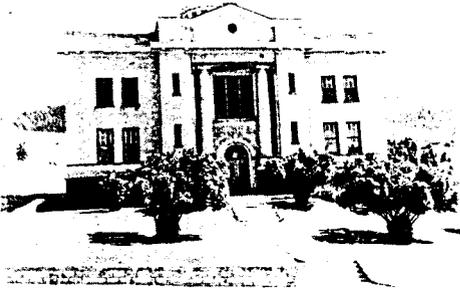
choose to reinstate an elected assessor would benefit the Department of Revenue's budget in that their FTE load in that county could be reduced by a .5 FTE.

EXHIBIT 1
DATE 3-13-45
HB 389

Unfortunately, H.B. 50 was passed because it was a matter of time and financial necessity that was the determinant not a policy mandated by the legislature. The 1972 Constitution established the current system of taxation. The intent of the Con-Con delegates was for the locally elected assessor to act a liaison official between local and state government offices so that the rights of the local taxpayers were protected.

H.B. 389 merely wants to restore that relationship and intent. The county governing body might want to restore an elected assessors office to county government. This bill gives them that right. It will also ensure a full time local presence in that county for service to their residents. H.B. 50 also gave the Department the right to adjust office hours dependent on need in the region. The county governing body will have to make the decision on what service they want to offer their residents and this bill will allow that choice,

The Montana Assessor's Association recommends a do pass on H.B. 389.



Office of

The Board of County Commissioners

SENATE TAXATION

Granite County DATE March 13, 1995

EXHIBIT NO. 2

BILL NO. HB 389

Post Office Box B

Philipsburg, Montana 59858

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HOUSE BILL 389 BEFORE SENATE TAXATION COMMITTEE

HEARING: March 13, 1995

TESTIMONY IN SUPPORT BY GRANITE COUNTY COMMISSIONER EARL MARTIN

MR. CHAIRMAN, COMMITTEE MEMBERS, LADIES AND GENTLEMEN:

My name is Earl Martin and I am a County Commissioner from Granite County. I am here with my colleagues today to testify in support of House Bill 389.

This is a bill sponsored at the request of Granite and Powell Counties to give those counties that surrendered their assessors to the state, and found it unsatisfactory, an option. This gives them an opportunity to reinstate their assessors as elected officials. It gives those counties that elected to keep their assessors the ability to retain information for county tax records.

We believe that this returns some control to the county level where locally elected assessors are familiar with the taxpayers, special improvement districts, plat books and property valuations.

HB389 does not replace HB50, it only gives counties the right to keep their records in their system. It does not change the method that the Department of Revenue uses to appraise property and it is not our desire to interfere with that process in any way.

This bill specifies coordination between the counties and the DOR. It further specifies this is a 50/50 proposition between the county and the DOR, including the assessors salary.

HB389 is not about the MODS system. It is not about the

CAMAS system. It is not about the BEVS system, or even about the county computer system. It is about people. It is about counties trying to preserve their identity and it is about people who wish to choose who they want to be their public servants. It is about counties preserving their customs, culture and economy. It is about counties having information available for constituents when they come to the courthouse with questions about their assessments and taxes.

It is about the Governor's desire to have a strong local government as stated in his speeches on the State of the State and at a gathering of the Montana Association of Counties. Thomas Jefferson said when he was writing the Constitution "It is not by concentration or consolidation but by equal distribution of powers that constitutes a strong and healthy government."

It is ironic that the Department of Revenue appeared before the House Taxation Committee in February to speak in opposition of this bill. This is the same Department of Revenue that authorized the release of a mailing list of county taxpayers to a private party without our knowledge or permission.

Certainly the DOR has made changes in the system to accommodate the needs of the counties, but this was done at the continued insistence by counties that changes were necessary.

Please remember that HB389 does not require counties to do anything, it simply gives them a choice. It does not make any changes whatsoever in the Department of Revenue's appraisal process. We were very pleased when HB389 passed the house with a vote of 61 to 38 and now we ask for the same support from this committee.

We thank Representative Don Larson for introducing this bill and our thanks to this committee for hearing our testimony today. We hope for a favorable recommendation on House Bill 389 to the entire senate.

Earl Q. Martin

Earl Martin, Granite County Commissioner

Sanders County

State of Montana

SENATE TAXATION

DATE March 13, 1995

EXHIBIT NO. 3

BILL NO. HB 389



March 9, 1995

TO: Senate Taxation Committee

ATTENTION: Senator Gerry Devlin, Chairman

The Sanders County Board of Commissioners are in favor of the passage of House Bill 389, but would like it returned to its original form. Sanders County supports and practices the idea of having an elected Assessor as we are one of only six counties in Montana that retained their elected official. In doing this we rationalized we could somewhat retain our local control. In the past, we have felt that the Department of Revenue (DOR) had continuously tried to obtain our County property tax records so that they would have complete control of those records in Helena. This is not conducive to the true meaning of local government if the State is the one controlling the information necessary for us to do business and serve our constituents.

The concept of the MODS System is to have a central residence for all tax records and the DOR has said the counties would have the information also. But several months ago the State employees in our County, as well as others, were told by the DOR area supervisors that they were no longer required to enter information onto the County computer, only the State computer. There was an out-cry from the counties and four statewide meetings were scheduled by the DOR to meet with the counties to rectify an explosive situation. The gist of the meetings were to assure the counties that the DOR employees would continue to enter tax information in the County computer as well as the State computer until all the problems with MODS is rectified. The main intention by the State is to have all information in Helena and download to us. Sound reasoning in theory but why not enter the information into the County computer and upload to the State? Same difference isn't it?

As a small rural County, we cannot afford any more unfunded expenses just to maintain our records to run our local government. If we lose local control of our tax records and are at the mercy of DOR to download necessary tax information to us, we are afraid the future expenses will be beyond our budget.

The ownership issue, which is defined in the original HB389, states the main residency of the tax records are in the County. If the DOR does not have a hidden agenda and is not concerned about where the records are kept, why was that portion struck from the original bill? We ask that the wording on page 26 Section 47 (part 2) be added back into the bill and believe that our Senator Barry "Spook" Stang will certainly support this, as he was the one who amended HB 50 in the 1993 Legislature hoping to assure that the counties retained custody of their own tax records.

We are concerned and dismayed that the DOR would take such an active role in trying to convince our Legislators and Senators to vote against this bill. It is imperative that Montana's counties have the option and the ability to have an elected Assessor and "stated residency" of their tax records in their own County. We urge you to amend the bill to it's original form and submit it to the floor for a vote.

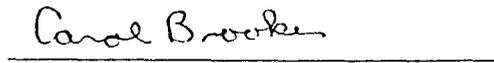
Sanders County thanks you for your time and your attention in this matter--a matter that is very important to us and our constituents!

Sincerely,

BOARD OF COUNTY COMMISSIONERS
Sanders County, Montana


Cherie Hooten, Chairman


Stephen D. Wheat, Member


Carol Brooker, Member



Julie Lueck
Administrative Assistant

Board of County Commissioners

P.O. Box 278

VIRGINIA CITY, MONTANA 59755

Phone 406-843-5392

SENATE TAXATION

DATE March 13, 1995

ITEM NO. 4

BILL NO. HB 389
COMMISSIONERS

John Allhands
District 1

Ward Jackson
District 2

Dorothy Stone
District 3

March 13, 1995

Senate Taxation Committee
Capitol Station
Helena, MT 59620

RE: HB 389

Dear Senate Taxation Committee:

The Board of Madison County Commissioners unanimously support HB 389 allowing the counties an option of an elected County Assessor to be designated as an agent to the Dept. of Revenue to be paid 50% by the State, to provide a method to deconsolidate county offices, and to provide that the computer system is the primary storage location for computerized tax records.

Madison County is very concerned about the future of Madison County's income generated by real and personal property taxes. Right now Madison County does not have control of the tax appraisal or assessment functions of Madison County. The Madison County taxpayers deserve the right to control the tax functions by representation of the County Commissioners and an Elected Assessor.

DOR

In the past 12 years as Commissioner, I cannot remember the Dept. of Revenue following through with their agreements or promises. For example:

HB 50 stated that the property tax records would be maintained within each county. As far as I can tell, through the proposed MOD system, the State is taking control of the property tax records and making the Counties pay to get the information back.

Through HB 50 the DOR also provided a \$1.2 million savings through restructuring. Prior to HB 50, the Elected Assessor was the office manager and was overseen by an area manager. The State had 7 area managers. Now, the DOR still has the previously Elected Assessors (called PVS) plus 13 Office Supervisors, 13 Field Supervisors and 13 Area Managers. Tell me how much money the DOR has saved? Even though the majority of the Counties have been opposed to the MOD system and

the legislature has not approved the MOD system, the DOR is still spending money to implement the system. Tell me how much more the DOR has really saved?

With the passage of HB 50 in the 1993 special session, many counties consolidated their Office of Assessor and acted out in good faith the terms set forth in HB 50. In fact, contracts were actually signed by Randy Wilke, DOR. The agreement outlined that the Assessor duties would not change, just their elected status. However in six short months this all changed again. The used to be Assessor's management duties were then replaced by an Office Supervisor.

HOW IS IT REALLY FUNCTIONING

Before HB 50 Madison County had an Elected Assessor plus 1 and 1/2 employees for the Assessment Functions. The Appraisal Office had 2 employees. Now, the Appraisal Office has two people in the field and one doing the paperwork. The Assessment Office has one person doing what 2 1/2 people used to do, but don't forget, the DOR has the team concept in place. This by the way means that if the office is falling behind, other staff members within your region will be sent to help. We have seen very little of this helpful staff, and if I am not mistaken, prior to this bill being presented at the legislature, the Area Manager had been to Madison County 3 times this year. One of those times was to help move furniture. And one of the other times she was here was just 2 days before this bill was heard in House Taxation Committee wondering what my concerns were with the MOD System and why I was supporting HB 389. She admitted that Madison County has been neglected over the past few months, due to the MOD meetings, work plan meetings, and training sessions that she and the supervisor had to attend.

The Assessment Office in Madison County is obviously behind with only one person doing the assessment work. Madison County relies on the mobile home taxes going out in March and the personal property taxes going out in April. Neither of these deadlines will be met. How will the Madison County Commissioners and Treasurer find the cash to get us through until the DOR can get the work done. Wait, maybe the team concept will work -- the team should have been here months ago, so I won't hold my breath.

The restructuring also provided that the PVS would spend 40-50% of her time in the field picking up personal property. With one person doing the assessment functions, how is this supposed to be possible?

MOD SYSTEM

First of all, as I have stated before, HB 50 provided that the property tax records would be maintained within each county. The information belongs to the counties not the State.

I have a letter from Mick Robinson of the DOR that states (quote) "You requested that names and addresses continue to be updated in both the MOD system and the county systems until we have worked out a suitable electronic update process with each county. **We will honor your request.** The Department will be proceeding with a limited development and implementation of the MOD System...." According to the Area Manager the MOD System will be installed and functioning on March 6, 1995, in Madison County and the information will be entered into the MOD System, not the County system starting March 6. Is that what you call limited development and working out a suitable process?

The State computer equipment is also something to be desired. Sometimes it works, sometimes it doesn't. The Counties cannot afford to depend on the State equipment for the daily information needed by taxpayers.

One of the items concerning the MOD system that really irritates me is that the information belongs to the Counties, not to the State. Why should the State be able to take that information and use it and then make the Counties pay to get the information back? Will the Counties get the information back on a timely basis? The DOR has stated that they need the information to print the tax assessments. Madison County would be more than glad to print and mail our own tax assessments.

I am also skeptical of the proposed downloading. Our assessment personnel cannot remember one download with the State that was 100% successful.

The DOR recently sent us a letter with attachments stating how much the download would approximately cost from the State system to the County system. Why should we have to pay for our own information? Through the limitations of I 105, how are we supposed to pay for the downloads? You know who will end up paying for the downloads -- you, the taxpayer!

SUMMARY

Madison County is opposed to the MOD system, where the Counties are the last to receive pertinent information that belongs to the Counties and that is needed on a daily basis. The taxpayers of Madison County and all

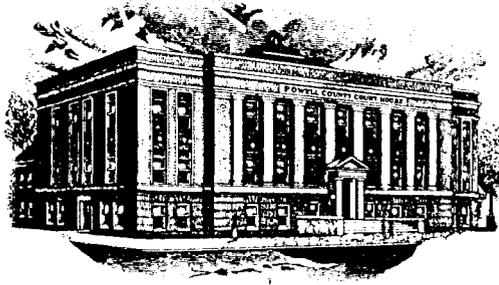
other counties should be able to have current assessment information at any given time of the day, any day, at no cost.

The DOR has continually upheaved the operation of probably the most important office of the County's Revenue Generating System. We need the functions of the Appraisal and Assessment Offices to run efficiently for stability of Madison County. In order for that to happen Madison County needs to be in control of the Assessment Office and the information in the County.

A vote for HB389 would give the Counties control of our own destiny and future.

Sincerely,

John Allhands, Chairman
Board of Commissioners
Madison County



COUNTY OF

POWELL

March 13, 1995

5
H.B. 389

DEER LODGE, MONT.

March 13, 1995

Mr. Chairman and Committee Member,

My name is Gail Jones. I am a Commissioner for Powell County. My testimony on H.B. 389 is on behalf of the Powell County Commissioners.

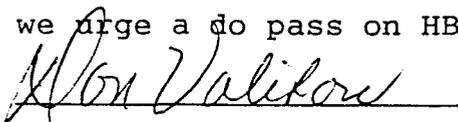
We support H.B. 389 because it allows choice for the counties that consolidated their assessor's office to deconsolidate. The County Commissioners must determine that the position of an elected assessor is vital to the day to day business of the county. The option to reverse that decision and restore the duties of the assessor in statute is the purpose of this bill.

Our Board has found through comment and conversations the value placed on our assessor by the citizens of Powell County. The personal services delivered in a timely manner is expected, deserved and necessary. The most effective and responsive government is that government that is closest to the people. In their talk with local officials on Friday, January 20,

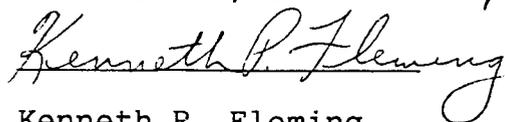
Governor Racicot, Speaker Mercer and President Brown stressed the need to return control to local government. County government is the government closest to the people. County Commissioners have the right and obligation to serve the needs of their county. Each county is unique and diversified. The choice of an elected county assessor should and must reside with that governing board.

We share an unique partnership with the Department of Revenue. The Department provides equalized valuation to all the counties in the State. Our individual county taxable valuation is what we are dependent on for our levy system and millage. The operation of our budget is dependent on accurate projections for that taxable value. In June, we are able to have a projection for our taxable value from our county computer system. Our computer system not only stores the valuation data but also all of specials, fire districts and fee districts. Therefore, it is imperative that the county computer system be and remains the primary residence for our records.

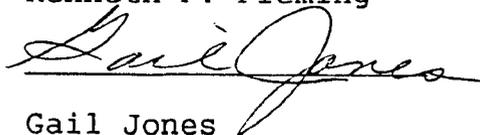
Thank you for the opportunity to speak to you on this issue and we urge a do pass on HB 389.



Don Valiton, Chairman



Kenneth P. Fleming



Gail Jones

DATE March 13, 1995

EXHIBIT NO. 6

BILL NO. HB 389

NAME Carol Kienenberger

ADDRESS Box 187 Dalson Mt.

HOME PHONE 658-2345 WORK PHONE 654-2429

REPRESENTING Phillips County

APPEARING ON WHICH PROPOSAL? HB 389

DO YOU: SUPPORT OPPOSE AMEND

COMMENTS:

Attached

WITNESS STATEMENT

PLEASE LEAVE PREPARED STATEMENT WITH COMMITTEE SECRETARY

COUNTY COMMISSIONERS

WAYNE C. STAHL
Saco, Montana

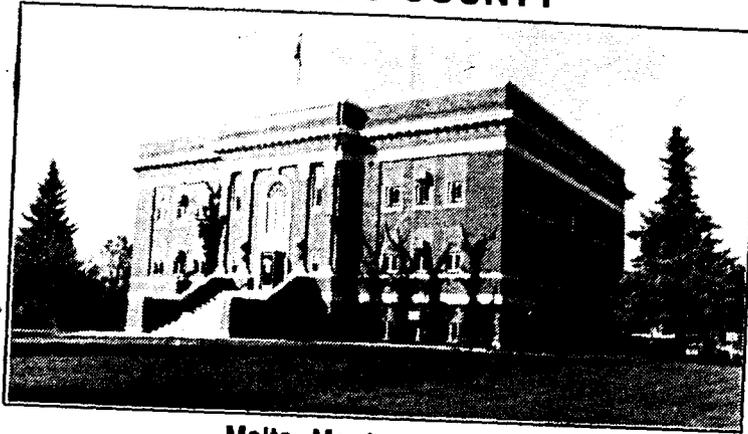
CAROL KIENENBERGER
Dodson, Montana

FRANCIS V. JACOBS
Malta, Montana

Clerk & Recorder
LAUREL N. HINES

Treasurer/Assessor
JEAN MAVENCAMP

PHILLIPS COUNTY



Malta, Montana 59538

Sheriff/Coroner
GENE PEIGNEUX

Clerk of Court
FRANCES WEBB

Superintendent of Schools
GARY A. BADEN

County Attorney
EDWARD A. AMESTOY

Justice of Peace
GAYLE STAHL

District Judge
JOHN C. McKEON

March 10, 1995

TO: CHAIRMAN GERRY DEVLIN and
MEMBERS OF THE TAXATION COMMITTEE

FROM: CAROL KIENENBERGER
PHILLIPS COUNTY COMMISSIONER

RE: SUPPORT FOR HB 389

Carol K.

I strongly support HB 389. Why are we supporting the option to again have an elected county assessor? We at the county government level believe we need to retain local control and local input. The Department of Revenue in the past has expressed surprise that more than forty counties chose to consolidate the elected assessor office with another county office and have the current assessor become an employee of the Department of Revenue. They had estimated that only twenty counties would choose to do so. From the counties' point of view, we were given three not so good choices. The first of three options was to retain the office as an elected county official with no duties. A second choice was to retain as an elected official with no duties unless the county contracted with the Department of Revenue. The Department of Revenue would determine the extent of the duties and also pay 50% of the Assessors salary. We were told the contract would only apply while the current assessor was in office. The third option was to consolidate with another office and the current assessor would become a state employee. Recently the Department of Revenue has requested 16 more FTE because of the number of counties that consolidated offices. One thing to keep in mind with this request is the DOR was already paying about 40% of the salary of the county assessor before consolidation. This consolidation process was to save money and be more efficient. The request for that many more FTE's makes it difficult to believe any savings will be realized. If counties are willing to make the position again an elected one, with the elected official an agent of the DOR, why not give them the opportunity.

We are also trying to work with the DOR and their proposed MODS system. Currently the DOR has two computer systems, which they have developed, the BEVS and the CAMAS. BEVS is the personal property valuation system and CAMAS is the real property system. These two programs do not talk to each other, they do not interact so DOR is writing another program to take care of this but in the process they want to take the property tax information from the counties and have the counties access the main frame computer in Helena to get it back. There was language in HB 389, currently ammended out, stating the primary residence of county tax record would be the county computer system. I am asking you to put this language back in. We have been assured the counties will not have to pay to get this information but for the record, I have several letters I would like to submit, which indicate otherwise. There have been many instances where promises made by state departments have not been kept. We do not want to be put in that position again. Counties who support this bill, have been accused of not wanting to step into the computer age, the age of technology, but that is a false accusation. What the DOR wants with its MODS system is to have the assessor enter the data at the county level one time. Then the data would be transmitted to Helena. If the county wanted information, they would have to access the main frame in Helena. This is where our differences are. We say, "With all the modern technology out there, enter the data once but have some means whereby it would go into the county system at the same time." Then the coounties would not have to access Helena each time they needed the information. The capability is there, lets use it.

The statement has been made that the language, "the primary residence of county tax records will be the county computer system." is already in HB 50 so it is repetitive to have it in this bill. I ask you, "if it is already in HB 50, why is it not being followed?" Why haven't we been able to get the DOR to adhere to that premise? Again I ask you to please reinstate that language to this bill.

The DOR has also stated the manual counties, those not computerized, had asked the State to have a program for tax billing. The manual counties were called and each one said they had not requested the State to set up a tax billing program. I would like to enter a copy of that letter for the record.

We feel very strongly about this bill and the need to have the option to have an elected assessor. But more importantly we request the right to maintain the county's tax records FIRST in the county computer system. This is where the information is generated and this is where it needs to be available. Thank you for this opportunity to present this information.

COUNTY COMMISSIONERS

EUGENE (GENE) COWAN
Loring, Montana

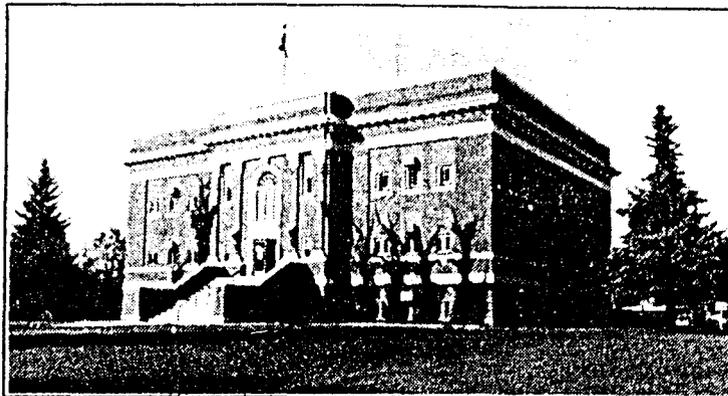
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JEAN MAVENCAMP

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GENE PEIGNEUX

Clerk of Court
FRANCES WEBB

Superintendent of Schools
GARY A. BADEN

County Attorney
EDWARD A. AMESTOY

Justice of Peace
GAYLE STAHL

District Judge
JOHN C. McKEON

August 15, 1994

TO: Nita Grendl, Information Systems Specialist
Management Services Bureau

FROM: Phillips County Commissioners

RE: Uploading ownership, addresses, and legal descriptions and
MOD System Mill Levies and Specials

As to the request for the ownership, addresses, and legal descriptions requested by the DOR: Phillips County will not be uploading this information to the state computer as requested by Marion Olsen. We cannot separate the ownership and addresses from the files that contain the balance of the county information. Also, we will not incur the added expense this request requires.

The questionnaire regarding the mill levies and special districts requests information that is used exclusively for the purpose of generating tax statements. We do not anticipate nor wish to have the Department of Revenue generate the tax statements for Phillips County. Until we specifically know why you have need of this and what it will be used for, we will not be providing the information you have requested.

Thank you for the opportunity to send our comments directly to you. While it seems the trend is to centralize all county departments and control in Helena, we feel the taxpayers in the counties are better served by the people from the counties elected to those positions. The argument of financial savings must be weighed against the service the people who pay the taxes receive.

Sincerely,

THE BOARD OF COUNTY COMMISSIONERS

Carol Kienenberger, Member

cc: Property Assessment Division
Ms Marion Olsen, Region 7 Office Supervisor

EXHIBIT 6
DATE 3-13-95
HB 389

CLARIFICATION ON CONSOLIDATION OF ASSESSOR'S OFFICE

The December 22, 1993 issue of the Phillips County News carried an article concerning the consolidation of the Assessor's office. There are comments in the article we would like to clarify.

When the commissioners voted to consolidate the assessor's office with that of the county treasurer, we were determining which elected office the assessor would preferably be consolidated with as opposed to consolidation with the county superintendent of schools or the clerk and recorder's office as an example. According to Montana Statutes, the commissioners are not able to vote to consolidate but can adopt a resolution of intention to consider consolidation of the offices. On Monday, December 27, 1993, the county commissioners did adopt such a resolution and a public hearing will be held on January 10, 1994 at 2 p.m. in the commission office. This hearing follows publication of the Notice to Consider Consolidation.

As stated in the news article, the commissioners were forced into making a choice. We wanted to retain local control but that was not one of the choices offered. After hearing details of all the options, County Attorney John McKeon first recommended we consolidate the offices. Current assessor Jeanne Barnard concurred with the recommendation realizing it was the best of three not so good choices. One choice is to retain the office as an elected county official with no duties. A second choice is to retain as an elected official with no duties unless the county contracts with the state Department of Revenue. The Department of Revenue would determine the extent of the duties and also pay 50% of the Assessor's salary. We are told the contract would only apply while the current assessor is in office. The third option is to consolidate with another office. If combined with the treasurer, the treasurer might be asked to perform some duties formerly done by the assessor. The current assessor, Jeanne Barnard, would become a full-time employee of the Montana Department of Revenue and would continue to perform nearly all her present duties.

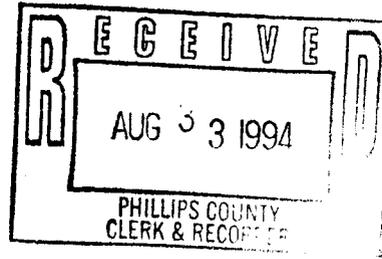
The County Commissioners would like anyone who wants to comment on the consolidation issue to attend the public hearing to be held on January 10 at 2 p.m. in the commissioners' office.

I wrote this to the local newspaper to clarify an article printed concerning the consolidation of offices,

Carol Kienberger

State of Montana

Marc Racicot, Governor



Department of Revenue

Mick Robinson, Director

Property Assessment Division

July 28, 1994

Dear County Commissioners,

We are currently in the process of gathering information regarding the handling of special improvement district and mill levy files in each county. This information will be utilized in the design process of the Department of Revenue's Master Ownership Database System (MODS).

Attached is a copy of the questionnaire we are using. We would appreciate your input in this process. Please feel free to share your ideas regarding these questions with our staff in your counties or to send your comments directly to the Property Assessment Division central office at:

Mitchell Building
PO Box 202701
Helena, MT 59620-2701

Attention: QPD Staff

I am also enclosing some information regarding electronic data transfer of information between county and state computers. We have been exchanging information on a regular basis with several county systems and have received numerous requests to work toward further automating this process. The attached outlines a method of doing this that will be able to be utilized once the MOD System is operational.

Your comments and suggestions will be greatly appreciated.

Sincerely,

A handwritten signature in cursive script that reads "Mary Whittinghill".

Mary Whittinghill, Administrator
Property Assessment Division

cc: Regional Supervisors
Supervisors of Office Operations
Gordon Morris, MACO

EXHIBIT 6

DATE 3-13-95

HB 389

ELECTRONIC DATA EXCHANGE

The Department of Revenue has devised a way to exchange data with county systems electronically, eliminating the need to mail tapes or diskettes. In order for counties to use this particular means of exchanging data, the county would need to first obtain the following: *with the county paying for these?*

1. Obtain a copy of Procomm Plus communications software or other communications package that supports ind\$file protocol.
2. Have or purchase a high speed modem (14.4 to 9600 baud), the higher speed the better especially if the files that would be transferred would be large. The extra money spent on the modem will be quickly saved in long distance phone charges.
3. Contact the Property Assessment Division, we will act as the liaison to set-up state mainframe clearance and provide instructions as to the dataset names and locations you would be obtaining.
4. Have or purchase a pc with sufficient h rd disk storage to write the CAMAS data files you would be receiving to. (We can select portions of counties, it is not necessary to do the entire county in one file.)

Our testing has been done using the Procomm Plus software, other software packages would probably work as well. We would create the CAMAS flat file exactly the way we are currently, we can then send the file to the state mainframe computer. Once clearance has been set-up, the county computer staff could access the mainframe through their modem. A series of commands has been written that would automatically log you into the mainframe, access the data in a specific dataset and download it to the hard drive on your local pc. Once the file is resident on your local pc, the county computer staff can load it into their system from the hard drive eliminating the need to mail tapes or diskettes. This same method could also be used to upload data from county systems into CAMAS.

CONTACT: Nita Grendal 444-0991
Dept of Revenue
Property Assessment Div
Mitchell Bldg
PO Box 202701
Helena MT 59620-2701

*Additional costs
next page*

July 18, 1994

=====
Procomm Plus for Windows version 2.0

Datastorm Technologies, Inc.
3212 Lemone Blve
Columbia, MO 62505

Phone - (314) 443-3282
FAX - (314) 875-0595

Retail Price - \$89.00 (windows version)
Upgrade Price - \$69.00
more than 50 copies - \$55.00

Competitive upgrade price is available if you are going from
another communications package

Be sure to tell Datastorm that you are a government agency

=====
July 18, 1994

CR
ML

State of Montana

Marc Racicot, Governor

RECEIVED
SEP 26 1994



Department of Revenue

Mick Robinson, Director

Property Assessment Division

PHILLIPS COUNTY
CLERK & RECORDER

September 21, 1994

EXHIBIT 6

DATE 3-13-95

HB 389

TO: Bureau Chiefs
Regional Managers
Supervisors of Field and Office Operations
MOD System Development Group
Computer Systems Support Team

FROM: Sharon Ferguson, Tax Specialist
Appraisal/Assessment Bureau

Nita Grendal, Information Systems Specialist
Management Services Bureau

RE: MOD System Development

There have been many inquiries recently regarding the MOD System. These questions have ranged from, will there be on-line access, to how will this system interact with the existing CAMA and BEV Systems. We will attempt to answer these questions and more in this document.

MODS FACTS

Background

The Master Ownership Database System (MODS) will reside on the state's mainframe. There will be a MOD record for every property (both personal and real) residing in BEVS and CAMAS. The key to the MOD System will be the ASSESSMENT CODE. (This is currently the assessor code, PIN number, taxpayer number, tax roll number, or whatever number is used in the county to roll-up values to an assessment notice and subsequent tax bill). All ownership data will be maintained on the MOD System. When MODS becomes operational, the first CAMAS PA screen (901), and the BEVS Master File screen, will be input restricted. The ownership information will be maintained on the MODS file and downloaded to the CAMA and BEV Systems electronically. The MOD System will contain

summary value information that it will receive from our different valuation systems, CAMAS, BEVS, UAS, etc.

Creation of Database

Initially, the MODS file will be created by converting CAMAS and BEVS records. There is a possibility that information may be converted from the county system directly to MODS (this would be dependent on the cost associated with doing the upload). Prior to any conversion, we of course must ensure that the information to be converted, is accurate. (One of the main purposes of the questionnaires was to determine where the most accurate data resides.) Based on the responses to the questionnaires and on other information we will gather from the county, we will be developing a conversion plan specifically for each county. A county's conversion plan may include changing assessment codes (assessor codes) as necessary.

The MOD System will be a multi-year system. We will be converting both 94 and 95 information to MODS from CAMAS and BEVS since the values associated with both years must be printed on the assessment notices.

Cost - Upload

We realize there will be some initial costs involved with creating the MODS database. The department will be responsible for these initial costs.

Cost - County System Download/Maintenance

Once MODS is operational, there most likely will be some cost associated with downloading information from MODS to county computer systems to keep those systems up to date. The department's position regarding the distribution of the \$80,000 computer allotment is to assist counties in this effort. Our plan is to give each county a set amount of money to help defray the download costs. The remainder of the \$80,000 allotment could then be disbursed in the usual manner, based on parcel count. The payments will be made directly to the counties, as in the past.

Does not include + costs for uploading/download information

We have set up a committee to explore the possible methods of transferring information and communication links. This committee will identify the different costs and benefits/setbacks associated with each. Counties may be able to select one of several options available.

Interaction with CAMAS/BEVS

Ownership and legal description information input into

the MOD System will be downloaded to the CAMA System electronically; this will include adding new geocodes. Value changes made on the CAMA System will be uploaded to the MOD System electronically. The frequency and method of the information exchange is being analyzed by a subcommittee of the MODS Development group.

Since MODS and BEVS are both on the mainframe computer, the exchange of information between them will be controlled within the programs.

Assessment Notices

One of the primary purposes of the MOD System is to generate assessment notices. Our intent is to produce and mail assessment notices for every county from Helena by utilizing the Department of Administration's laser printer, fold/seal machine, and Postal Service bar-code spraying machine. Each county will receive a printout of the assessment information that is mailed. **It is not our intent to generate tax bills from Helena.**

Enclosed are screen prints with explanations of the fields that have been defined. Please share this information with your staff and discuss the proposed implementation plans with them. The next MODS planning meeting is scheduled for September 29. If you have any comments or concerns regarding the MODS development, please send them to us in writing prior to the next meeting and the information will be shared with the system development group.

We will keep everyone posted as there are further developments.

cc: Mick Robinson, Director
Gordon Morris, MACO
County Commissioners
County Treasurers
County Clerk & Recorders

SENATE TAXATION

March 13, 1995

7

HB 389

County of Yellowstone



COMMISSIONERS

RM 303
SEC RENEW

(406) 256-2701

TO: Senate Taxation Committee

Box 35000
Billings, MT 59107

- Gerry Devlin, Chair
- Mike Foster, Vice-Chair
- Mack Cole
- Delwyn Gage
- Lorents Grosfield
- John Harp
- Dorothy Eck
- Barry Stang
- Fred Van Valkenburg

FROM: Board of County Commissioners
Yellowstone County, Montana

BK MM JR

DATE: March 10, 1995

SUBJ: House Bill #389

VIA FACSIMILE

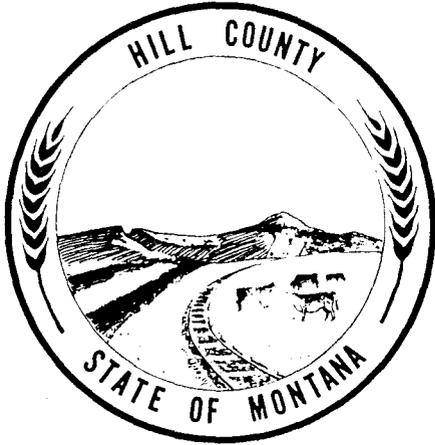
We thank the Committee for this opportunity to express our support for House Bill #389. Yellowstone County, as you know, is one of the few counties that chose to retain an elected County Assessor. We wish to re-iterate that support. We feel that the interests of the County are better served in this manner.

We are also concerned about the recent proposed changes in the entry of ownership data into the County computer system. We wish to express our concern that the computerization plans currently underway in Yellowstone County are not being addressed by the State agencies that provide support in our County.

Thank you for your cooperation.

March 12, 1995

COUNTY OF HILL

STATE OF MONTANA
Havre, Montana 59501BILL NO. HB 389

Lloyd Wolery, **Chairman**
 Nora Nelson, **Commissioner**
 Kathy Bessette, **Commissioner**

[406]265-5481 Ext. 27

March 10, 1995

To: Members of the Taxation Committee

We, the Hill County Commissioners, would like to go on record as supporting the general principles of House Bill-389. The content of this bill will give counties the opportunity to choose whether the assessor will be controlled by the County or the State.

We agree with the major points of the bill: 1. The property tax records reside primarily in the County, 2. The salary provision defining the county share at 50% and the Department of Revenue's share at 50%, and 3. The ability to unconsolidate previously consolidated offices.

Our areas of concern are: 1. The request to be exempt from I-105, even though this would be desirable, we feel this request could kill the bill, and 2. The lack of the State providing health coverage for the employees might be a draw back. In many instances county health plans require much more employee contribution than would be attractive to State employees.

Even though we have these concerns, we are able to support the major portions of House Bill-389.

Sincerely,

Kathy Bessette
 Kathy Bessette, Commissioner

Nora Nelson
 Nora Nelson, Commissioner

County of Yellowstone



TREASURER

P.O. Box 35010
Billings, MT 59107-5010
March 6, 1995

SENATE TAXATION

DATE March 13, 1995

EXHIBIT NO. 9

BILL NO. HB 389

Senator Gerry Devlin
Chair Taxation
Capitol Station
Helena, MT 59620

Dear Senator Devlin:

House Bill 389 will be heard in Senate Taxation on 3/13/95 @ 8:00 a.m. It is the bill that will give counties the option of having an elected assessor and will make the county computer system the primary residence of county tax records.

I believe that this bill returns local control to the county level rather than leaving it completely in the hands of the State Department of Revenue. I also feel that the county computer system should be the main residence of the county tax records.

At least this bill will allow counties to restore the duties of the Assessor's office to the county level if desired.

I strongly urge your support on House Bill 389.

Thank you.

Sincerely,

CINDY L. SELLERS
Treasurer
Yellowstone County

DATE *March 13, 1995*EXHIBIT NO. *10*JOHN G. MC KEON
District JudgeKAY O'BRIEN JOHNSON
Clerk of Court District #17MARK MARSHMAN
County AttorneyJOHN W. HARRINGTON
Sheriff and Public AdministratorCAROL L. ELLIOT
Superintendent of SchoolsMARVIN A. EDWARDS
CoronerB.W. MC GUIRE
Justice of PeaceCURTIS C. MOXLEY
CommissionerARTHUR KLEINJAN
CommissionerKEITH BENSON
CommissionerSANDRA L. BOARDMAN
Clerk and Recorder/AssessorSHIRLEY GRUBB
TreasurerPERRY W. MILLER
Justice of Peace

BLAINE COUNTY

Chinook, Montana 59523

Good Morning!

Chairman Devlin & Senate Taxation Committee Members

Blaine County would like to request your support of HB 389.

In recent speeches, both President Clinton and Governor Racicot have stated they support keeping local government at the local level. This bill will bring back some of the local control that was taken away from us in HB 50 in the 1993 Special Session.

The Bureaucratic System is slowly making the rural counties an endangered species. We would like our constituents at the local level to make this decision.

Once again, on behalf of all the people of Blaine County, we urge you to vote YES on HB 389.

Thank you.

Keith L. Benson
Keith L. Benson, Chairman

Curtis C. Moxley
Curtis C. Moxley, Commissioner

Arthur Kleinjan
Arthur Kleinjan, Commissioner

County of Yellowstone



DATA PROCESSING DIRECTOR

(406) 256-6901

Box 35043
Billings, Mt. 59107

SENATE TAXATION

DATE March 13, 1995

11

BILL NO. HB 389

TO: Senate Taxation Committee
FROM: Steve Hellenthal ^{SHH}
Director of Data Processing

DATE: March 10, 1995

RE: HB 389

Honorable Committee Members:

My name is Steve Hellenthal, Director of Data Processing for Yellowstone County. I am in support of House Bill #389.

In brief, the reasons I support this bill are as follows:

The providing of services to the public should be done at the local level.

The data necessary to provide these services must be current and on the county systems to be integrated with all the other sources of data used at the local level.

The proposed Department of Revenue MODS (Montana Ownership Database System) implementation makes this integration more difficult and costly to the county. It ignores the pending automation of the Clerk & Recorder offices which may eliminate the need for Revenue to enter the ownership information at all. This could result in the same duplication of information that is the stated reason for implementing the MODS system any way.

Enclosed is a more detailed explanation of these concerns. Thank you for your time.

SH/hq

County of Yellowstone



DATA PROCESSING DIRECTOR

(406) 256-6901

Box 35043
Billings, Mt. 59107

TO: Senate Taxation Committee

FROM: Steve Hellenenthal ^{THA}
Director of Data Processing

DATE: March 10, 1995

RE: HB 389

This letter is in support of House Bill 389, more specifically Section 47 concerning the property tax records on county computers.

As way of a brief summary, the following events have contributed to the formulation of this opinion:

Recent changes being implemented by the Department of Revenue called MODS (Montana Ownership Database system) have proposed doing away with the entry of property ownership information that is entered daily into the county computer systems.

Currently, Department of Revenue employees manually enter the data as described in this section of HB 389 into two computer systems, the county (if computerized) and the state computer in Helena over lease lines.

This is obviously not a perfect method of database management and the Department of Revenue decided to stop the entry into the county computers and send a copy (download) of the changes once a year prior to tax billing.

After much debate (several months across the state) the Department of Revenue reluctantly conceded that perhaps the counties would actually be losing an existing asset (i.e. timely ownership, address and property value information).

The Department then decided to allow the counties to dial-in over a modem to connect to the State computer to retrieve this data.

Once again, there is much debate as to the costs and man-power needed by the counties to retrieve the data in this manner. As of this date, the method and costs of downloading is still unknown.

With this history in mind, allow me, as Director of Data Processing for Yellowstone County, to express some of the reasons for supporting HB 389.

The duplication of data by various governmental agencies needs to be eliminated. It is our duty to effectively manage the limited tax dollars available to provide the best service and decision making that is humanly possible.

However, the methods available to achieve these goals are numerous and constantly changing. Therefore it is critical to develop strategies that identify the needs and services that are to be provided and then design the systems necessary to provide the services in the most cost effective and efficient manner.

The design and implementation of the MODS system does not meet this criteria. The needs are real, but the design is flawed. The property tax data is only one piece of the data needs being requested at the local level. The integration of this data with other types of data are required on a daily basis.

As an example, Yellowstone County is integrating the County Treasurer Tax data with the City of Billings Special Improvement data and with the Department of Revenue CAMAS data to allow one-stop retrieval of the data needed by realtors, appraisers and Title Companies.

This combination of data must be as current as possible to be of any practical use to these private sectors. In addition, the County Commission Board of Planning and the municipalities within Yellowstone County are in need of various combinations of this data to define new service districts and determine base valuations and Taxpayer impact.

Access to portions of this data will be available at the courthouse as well as through dial-up means. This is a similar concept to what is being proposed by the Department of Revenue, but with this one major difference:

These three data sources as well as other county databases will be available through one integrated computer system. The public and government decision makers can use one system to obtain and/or analyze all types of data. Under the current MODS implementation, these users will continue to go to different offices and access different computer systems.

While this service may not be needed nor available in all counties, the strategy to take advantage of these new technologies must be anticipated and designed for.

The State agencies including the Department of Revenue should spend their dollars and energies in cooperation and coordination with the other local governments in a coherent implementation plan that captures the data at the local level and then uploads to the appropriate agencies that data which is needed for their functions.

This bill can ensure that the county systems, if they so desire, be the primary source for the entry, storage and retrieval of this multitude of data sources, some of which are maintained by various State agencies. The concerns for standards and uniformity can still be ensured by the State offices by developing platform independent software that runs at the county offices.

This software should be designed, as is the practice in the private sector, to run either on an existing county computer system if available or on the existing State PC networks. There are other solutions that can meet both the needs of the various State agencies represented in the counties as well as the county needs.

For these reasons, I request that your committee re-introduce language that provides that the local government computers be designated as the primary system for data storage and data transfers, if they so desire. For the property assessment data, this is essentially a "status quo" until the strategic planning needed can be accomplished.

With this first small step, new technologies can be implemented in an integrated fashion that will avoid those issues that are causing all the disagreements now.

Thank you for this opportunity to address this critical and complicated issue of technology implementation.

EXHIBIT 11
DATE 3-13-95
A HB 389

BOARD OF COUNTY COMMISSIONERS

SENATE TAXATION

LINCOLN COUNTY
STATE OF MONTANA

DATE March 13, 1995

EXHIBIT NO. 12

BILL NO. HB 289

DISTRICT NO. 1, LIBBY
GERALD R. CRINER

DISTRICT NO. 2, TROY
LAWRENCE A. (LARRY) DOLEZAL

DISTRICT NO. 3, EUREKA
NOEL E. WILLIAMS

CLERK OF THE BOARD AND COUNTY RECORDER, CORAL M. CUMMINGS
512 CALIFORNIA AVENUE
LIBBY, MONTANA 59923

March 6, 1995

Senate Taxation Committee
Montana State Legislature

Dear Committee Members:

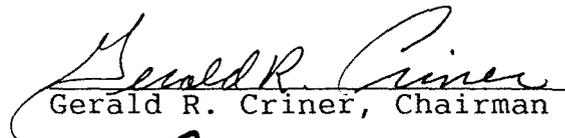
We are asking that you support and pass House Bill 389, scheduled for a hearing in your committee on Monday, March 13, at 8:00 a.m.

This bill gives counties the option of having an elected assessor, but does not force counties to do so. It also allows for an elected assessor to always remain in a county if desired.

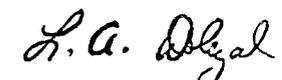
It is important that counties have immediate access to continuously updated tax information. This bill allows this. It does not require that all appraisal information be available on the county computer system, only the information needed for taxation purposes. It does not in any way interfere with the Department of Revenue's appraisal process.

The bill calls for the assessor to continue to be a partner with the Department of Revenue as they have been historically. We support this bill and hope that it leaves your committee with a "do pass" recommendation.

Sincerely,


Gerald R. Criner, Chairman


Noel E. Williams, Member


Lawrence A. Dolezal, Member



The Big Sky Country

SENATE TAXATION

DATE March 13, 1995

COMMITTEE NO. 13

HB 389

MONTANA HOUSE OF REPRESENTATIVES

REPRESENTATIVE DON LARSON
HOUSE DISTRICT 58

HELENA ADDRESS:
CAPITOL BUILDING
HELENA, MONTANA 59620-0400
PHONE: (406) 444-4800

HOME ADDRESS:
BOX 285
SEELEY LAKE, MONTANA 59868-0285
PHONE: (406) 677-2570

COMMITTEES:
AGRICULTURE
BUSINESS & LABOR
HIGHWAYS

MEMO

FROM: DON LARSON, SPONSOR, HOUSE BILL 389
TO: MEMBERS, SENATE TAXATION COMMITTEE

SUBJ: AMENDMENTS TO HB 389

I STRONGLY RESIST THE AMENDMENTS PROPOSED BY THE DEPARTMENT OF REVENUE. THEY WILL GUT THE BILL AND RESTORE RURAL ASSESSORS TO THE POSITION THEY NOW ENDURE UNDER THE DEPARTMENT OF REVENUE'S AUTHORITY.

PLEASE PASS THE BILL AS IS.

THANK YOU

HB 389

These amendments are not acceptable as written:

HB 389 provides the choice for counties to de-consolidate and re-instate an elected assessor. With the word assessor back in statute the duties are clearly defined. There is no need for contractual language with the Department of Revenue.

County government should determine whether or not they have a need for an elected assessor.

The elected assessor is already governed by statute. If they fail to become certified, they forfeit their office (MCA 7-4-3007).

In MCA 15-7-106 the course of instruction, examination and certification for elected assessors is outlined.

These two sections were not included in the bill draft.

The contract with DOR is unacceptable for the following reasons:

1. County government is in jeopardy if DOR decides to rescind the contract because they will be responsible for 100% of salary for the remainder of the elected assessor terms.
2. The contract is only good with the specific person.

County Commissioners should also be a participant in the contract. This is a three-way contract with no impact/participation by the Board of County Commissioners. DOR with the assigned job duties, specify that county responsibilities are subservient to the assigned duties.

<u>Wayne Cottrell</u>	<u>Cherie Hooten</u>
<u>Arthur B. Powell</u>	<u>County Commissioner Sr</u>
<u>Paul Jones</u>	<u>Cheryl S. Datz</u>
<u>Lee Stone</u>	_____
<u>Ken Davis</u>	_____
<u>John Gallardo</u>	_____
<u>County Commissioner</u>	_____
<u>Carl Martin</u>	_____

Effective Commercial Property Tax and General Sales Tax Rates for Selected Cities

<u>Out-of-State Cities</u>			
	Personal	Real	Sales Tax
Bismark, ND	0.00%	2.47%	6.00%
Rapid City, SD	0.00%	3.20%	6.00%
Casper, WY-Commercial	0.76%	0.76%	5.00%
Casper, WY-Industrial	0.92%	0.92%	5.00%
Reno, NV	1.14%	1.14%	7.00%
Spokane, WA	1.58%	1.58%	8.00%
Odgen, UT	1.89%	1.89%	6.25%
Boise, ID	2.31%	2.31%	5.00%
Salem, OR	2.39%	2.39%	0.00%
Boulder, CO	2.44%	2.44%	6.66%

<u>Montana Cities</u>			
	Personal	Real	Sales Tax
Great Falls	3.84%	1.65%	0.00%
Billings	3.86%	1.65%	0.00%
Bozeman	4.06%	1.74%	0.00%
Helena	4.07%	1.74%	0.00%
Butte	4.31%	1.85%	0.00%
Kalispell	4.44%	1.91%	0.00%
Missoula	5.08%	2.18%	0.00%

<u>Effective Tax Rates for Alternative Taxable Value Percentages</u>			
Montana Cities	Personal @ 9%	Personal @ 6%	Personal @ 3%
Great Falls	3.84%	2.56%	1.28%
Billings	3.86%	2.57%	1.29%
Bozeman	4.06%	2.70%	1.35%
Helena	4.07%	2.71%	1.36%
Butte	4.31%	2.87%	1.44%
Kalispell	4.44%	2.96%	1.48%
Missoula	5.08%	3.38%	1.69%

OFFICE OF
BOARD OF COUNTY COMMISSIONERS
CHOUTEAU COUNTY, MONTANA
P.O. BOX 459 — FORT BENTON, MT 59440
(406) 622-3631

SENATE TAXATION

DATE March 13, 1995

EXHIBIT NO. 14

BILL NO. HB 389

COMMISSIONERS:

Charles Danreuther, Chairman
John Witt
Kenneth H. Engellant

CLERK:

JoAnn L. Johnson
REGULAR MEETINGS:
Every Monday
First & Third Tuesdays

March 14, 1995

Senate Taxation Committee
Gerry Devlin, Chairman
Capital Station
Helena, MT 59620

RE: House Bill 389

Dear Senator Devlin:

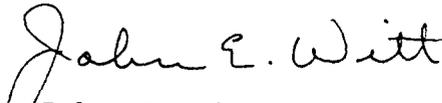
Chouteau County would like to go on record as opposing the amendments the Department of Revenue has offered on HB 389.

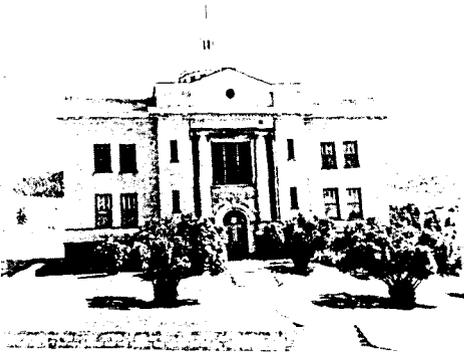
As you are aware, counties all across Montana have met with the Department many times voicing our concerns. They have been very reluctant to respond.

This is a local control issue. We believe the counties to be much more representative of the people than the state. Therefore, please pass HB 389 without Department of Revenue amendments.

Sincerely,

For The Board of Chouteau County Commissioners


John E. Witt



Office of
The Board of County Commissioners

COMMISSIONERS
ALLEN A. MORRISON, CHAIRMAN
5060 HIGHWAY ONE
PHILIPSBURG, MT 59858
FRANK WALDBILLIG
P.O. BOX L
PHILIPSBURG, MT 59858
EARL A. MARTIN
BOX 402
DRUMMOND, MT 59832
OFFICE TELEPHONE
406-859-3771

Granite County
SENATE TAXATION
DATE March 13, 1995
NO. 15
Post Office Box B
HB 389
Philipsburg, Montana 59858

March 14, 1995

Senator Gerry Devlin, Chair
Senate Taxation Committee
Capitol Station
Helena, Montana 59620

Dear Senator Devlin and Committee Members:

We appreciated the opportunity to testify yesterday in favor of House Bill 389. We feel very strongly that this is a local government issue and believe that the amendments proposed by the Department of Revenue alter the bill to the extent that the original meaning is completely lost.

We find it incomprehensible that a department of state government would oppose legislation that is clearly intended to restore some authority to county government.

We urge you to pass this bill out of committee without the proposed amendments.

Sincerely yours,

BOARD OF COUNTY COMMISSIONERS
OF GRANITE COUNTY


Earl A. Martin, Member

CC/mk

SENATE TAXATION

DATE March 13, 1995CREDIT NO. 16BILL NO. HB 389400 2nd Avenue South
Wolf Point, MT 59201

Commissioners
 Lee Matejovsky, Chairman
 Dean Harmon, Member
 Dorothy Cody, Member

COUNTY OF ROOSEVELT
 Office Of
COUNTY COMMISSIONERS

March 15, 1995

Gerry Devlin
 Chairman, Senate Taxation Committee

Dear Chairman Devlin and Senate Taxation Committee Members,

The Department of Revenue has offered 15 amendments to HB 389, which has been heard in your committee.

We would like to encourage you to reject these amendments for the following reasons:

1. The bill, as presented to you, is no threat to the Department's power or control. It merely allows Counties to deconsolidate the Assessor's office and return to an elected Assessor position. If that happens, the Assessor would be an Agent of the Department and would have their work directed by the Department. The amendments offered could and would upset that balance already in Statute between elected positions and the Department. There should be no fear, for the Department, that elected Assessor's would not do the job as requested by the Department.

2. The Bill also offers the Counties some assurances that the assessment records that are currently in residence in counties will remain so. The threat of the Department to move all records to the main frame in Helena is a very real fear of County Governments and past history has fueled that fear.

3. HB 50 that was passed in the special session of December in 1993 was a major change in law that affected both Counties and the Department of Revenue. HB 389 has been introduced this Session to clarify and simplify some of the changes that were made in HB 50.

We have been advised that the Governor will veto this bill if the amendments are not accepted and it should pass the Senate as it is now written. As supporters of this legislation, we would like to see the bill passed without the amendments. We do not believe the Governor will allow himself to be held captive by the Department of Revenue.

Sincerely,

Lee Matejovsky
 Lee Matejovsky

Chairman for the Roosevelt County Board of Commissioners

cc: Taxation Committee
 Gordon Morris, MACO Office

Flathead County Computer Services

SENATE TAXATION

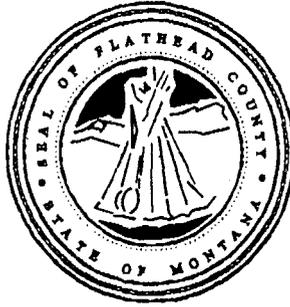
DATE March 13, 1995

EXHIBIT NO. 17

Phone ~~406-758-5564~~ 413 389

FAX 406-758-5882

800 S Main St
Kalispell MT 59901-5400



March 13, 1995

The Honorable Gerry Devlin
The State Senate
PO Box 201702
Helena MT 59620-1702

Dear Senator Devlin,

I was unable to appear before the Taxation Committee this morning to testify against a portion of HB 389. I wish to have the attached comments presented to your committee for their consideration. A copy of this letter was faxed to the Department of Revenue to be presented to you at the time of the hearing. If it was presented at that time, this is the signed original for you files.

Thank you.

Sincerely,

A handwritten signature in black ink, appearing to read "Norm Calvert", is written over a horizontal line.

NORM CALVERT
Computer Services Manager

Flathead County Computer Services

800 S Main St
Kaliispell MT 59901-5400



Phone 406-758-5564
FAX 406-758-5882

March 9, 1995

The Senate Committee on Taxation
The State Senate
PO Box 201702
Helena MT 59620-1702

Dear Senators,

I am writing you in reference to HB 389 which is scheduled for a hearing on March 13th. Previous commitments prevent me from traveling to Helena to present testimony before you and I request that you consider these written comments.

The major portion of this bill deals with the position of County Assessor and if that person should be elected or be an employee of the Department of Revenue. In Flathead County, having that person be a Department of Revenue employee works very well. How that position is filled is not the purpose of this letter. My primary concern with this bill is one line in Section 47 which would amend 15-8-701 to read "*The county computer system is the primary storage location of data for property tax records.*" This line was deleted by the House Taxation Committee and I understand there will be an effort made in the Senate to have this wording restored to the bill. I am concerned about this line for several reasons.

First, if this wording is included, I feel this bill will limit future technological advances that could benefit the citizens of this state. With the development of open systems (computer systems designed to easily communicate and work with systems developed by other manufactures) and client/server environments, the day of having all the information stored on one system at one location is coming to an end. Technology and communication advances will allow access to data by users without concern as to where it actually resides. I'm sure you will agree that it's more important to know if the data is accurate, secure and available, not whose computer room is housing the disk drives. I am also sure the taxpayers are more concerned about being assessed for only the property they own than whether their assessment notice was printed in Helena or keyed on the county's computer first. The taxpayers are demanding efficiency and cost effective solutions.

Second, I feel that supporters of this line are ignoring the inefficiencies the Department of Revenue must deal with by requiring staff members to be trained in the use of multiple computer systems, negotiate with multiple vendors and staff time required to key data into multiple systems.

1. Keying the same data into several computer systems is inefficient and an obvious source of errors. Currently, Department of Revenue staff members are required to enter data into the BEVS (personal property valuation) system, CAMA (real property valuation) system and the county's computer system. This data consists of names, addresses, property descriptions and valuation data. If this were being done on a typewriter and you wanted three copies to be the same and accurate, you would not want a clerk to type this data three times on a separate sheet of blank paper. You would want the effort to be expended to have it typed one time, as accurately as possible, then produce two copies on a copier.
2. An argument can be made for distributive processing and storing all valuation data locally on county systems. But, entering the data into one state-wide system supports the Department of Revenue's regional concept and permits appraisal staff to assist staff members in other counties (or transfer between regional offices) and not have to be trained on different county computer systems. It permits the staff to be used in the most effective way to complete the appraisal process.
3. Providing for the electronic transfer of data between state and county systems is efficient and cost effective. Also, providing data to counties in one file format simplifies this process to an even greater extent. Software vendors and county computer staff need to write an update program for the systems they support. If the county wishes to change computer systems, the new systems will need to be able to process this common format and can be part of the system specifications. The Department of Revenue will not have to contract for another file conversion process or provide additional formats. Flathead County has been electronically transferring data with the DOR for many years. The savings to the taxpayer will vary based on the size of the county and number of transactions processed. I feel confident that this process has resulted in a 3 to 5 FTE savings in Flathead County.

MODS provides a solution for the above problems and may not be the perfect or final answer. Yet, it meets current needs and provides an opening for future, more effective systems. The initial plans for data transfer by modem uses current technology will work quite well. I'm sure, this will be replaced by faster and more effective methods such as SUMMITNET. Please don't limit future developments, which will best meet the needs of Montana's citizens, for reasons based on current methods, outdated technology or unfounded fears of what change may bring.

If I can be of assistance or provide further input as you consider this bill, please do not hesitate to contact me.

Sincerely,



NORM CALVERT
Computer Services Manager

March 13, 1995
18

HB 389



LEWIS AND CLARK COUNTY

City County Building
P.O. Box 1724
316 North Park
Helena, Montana 59624
Telephone 406/447-8304

FEB 13 1995

Board of County Commissioners

February 9, 1995

The Honorable Chase Hibbard
Montana House of Representatives
Capitol Station
Helena, MT 59620

~~RECEIVED
FEB 09 1995
DIRECTOR'S OFFICE
DEPT. OF REVENUE~~

RECEIVED
FEB 10 1995
DIRECTOR'S OFFICE
DEPT. OF REVENUE

Dear Chase:

Today, the House Taxation Committee heard HB 389 which relates to the county assessor's office and the Department of Revenue. Lewis and Clark County was asked by both proponents and opponents of this bill to testify. We decided not to testify because the bill does not really affect our county.

The relationship between Lewis and Clark County and the Department of Revenue with regard to the county assessor's office and with regard to the computerized network for tax records is highly satisfactory and cooperative. We have not experienced the problems cited by other counties in these areas and are supportive of the efforts by the Department of Revenue to cut costs. We hope that you will consider HB 389 in light of our experience.

Sincerely,

MICHAEL A. MURRAY, CHAIRMAN

BLAKE J. WORDAL

MICHAEL J. GRIFFITH

cc: Mick Robinson, Director
Montana Department of Revenue

Amendments to House Bill 389
Second Reading Copy

Prepared by Department of Revenue
3/12/95 1:36pm

REASON FOR AMENDMENT: This amendment allows the county to contract assessor services to the Department of Revenue. Specifies the circumstances under which the Department may rescind the assessor contract.

-
1. Title, lines 5 through 6.
Following: "ALLOWING"
Strike: "AN ELECTED COUNTY ASSESSOR TO BE DESIGNATED AS AN AGENT OF"
Insert: "A COUNTY TO CONTRACT ASSESSOR SERVICES TO"
 2. Title, lines 6 through 7.
Following: "REVENUE;"
Strike: "PROVIDING THAT ONE-HALF OF THE SALARY OF AN ASSESSOR AGENT IS PAID BY THE STATE;"
 3. Title, line 10.
Following: line 9
Strike: "7-3-1309,"
 4. Title, line 10.
Following: "7-4-2310,"
Strike: "7-6-4409, 7-6-4410,"
 5. Title, line 11 through 22.
Following: line 10
Strike: lines 11 through 22 in their entirety
Insert: "AND 61-3-303, MCA."
 6. Page 1, line 27.
Following: "may"
Strike: "designate an "
Insert: "contract with the department of revenue pursuant to [section 162 of Chapter 27 of Special Laws November 1993] for the"
 7. Page 1, line 30.
Following: "duties"
Insert: "as assigned by the department of revenue"
 8. Page 2, lines 2 through 8.
Strike: subsections (b) and (c) in their entirety
Insert: "(b) Upon being notified by the county commissioners that the county intends to contract with the department pursuant to

subsection (a), the department shall enter into a contract with the county pursuant to the provisions of [section 162 of Chapter 27 of Special Laws November 1993].

(c) A contract entered into under this section must contain the following provisions:

(i) the contract is specific to the person who is the assessor when the contract is consummated;

(ii) the assessor shall perform satisfactory property tax assessment work as assigned by the department;

(iii) the assessor shall abide by the standards of work conduct, behavior and ethics applicable to other department employees;

(iv) the assessor shall satisfactorily complete the assessor certification training provided in 15-7-106(4); and

(v) the assessor may not commit acts of malfeasance of office.

(d) The contract may only be rescinded by the department for a breach of a material provision of the contract. The department cannot rescind a contract unless the department has first provided the county and the assessor with written notice of the deficiency and given the assessor an opportunity of not less than 30 days to correct the deficiency. A rescission by the department is effective the later of 30 days after the giving of the notice or at the end of the period allowed for correction of the deficiency."

9. Page 2, lines 11 through 22.

Strike: subsection (3) in its entirety

10. Page 2, line 24 through page 3, line 1.

Strike: section 2 in its entirety

Renumber: subsequent sections

11. Page 5, line 15 through page 50, line 27.

Strike: sections 10 through 87 in their entirety

Renumber: subsequent sections

12. Page 51, line 23.

Following: "department"

Strike: "of revenue"

13. Page 51, line 28.

Following: "department"

Strike: "of revenue"

14. Page 51, line 30.

Following: "department"

Strike: "of revenue"

15. Page 52, line 1 through page 63, line 11.

Strike: sections 89 through 110 in their entirety

Renumber: subsequent sections

SENATE TAXATION

DATE March 13, 1995

EXHIBIT NO. 20

BILL NO. HB 389

RECEIVED
MAR 06 1995

FEBRUARY 28 1995

SENATOR LORENZ GROSFIELD
CAPITAL STATION
HELENA MT 59620

DEPARTMENT OF REVENUE
PROPERTY ASSESSMENT DIVISION

SENATOR GROSFIELD:

I WOULD LIKE YOU TO CONSIDER OPPOSING HOUSE BILL #389, AS WRITTEN. THE LEGISLATION IS TOO VAGUE AND CREATES MULTIPLE CONCERNS WHEN EXAMINED.

THE LEGISLATION DOES NOT HAVE ANY CONTINGENCIES SHOULD THE BOARD OF COUNTY COMMISSIONERS OR THE DEPARTMENT OF REVENUE ELECT TO OR ELECT NOT TO ALLOW THE ELECTED ASSESSOR TO SERVE AS AN "AGENT" FOR THE DEPARTMENT OF REVENUE.

-- WHAT HAPPENS IF ONE ENTITY AGREES TO ALLOW AN ELECTED ASSESSOR TO SERVE AS AN "AGENT" AND THE OTHER DOES NOT?

-- WHAT DUTIES WILL EXIST FOR AN ELECTED ASSESSOR IF HE/SHE IS NOT ALLOWED TO SERVE AS AN "AGENT"?

HOUSE BILL #389 CONTINUALLY MAKES REFERENCE TO DUTIES BEING THOSE OF AN ELECTED ASSESSOR ONLY IF HE/SHE HAS BEEN APPOINTED AS AN "AGENT".

-- WHAT HAPPENS TO CURRENT EMPLOYEES OF THE DEPARTMENT OF REVENUE THAT NOW HANDLE THOSE DUTIES IF AN ELECTED ASSESSOR IS MADE AN "AGENT"?

-- WHICH ENTITY WILL BE REQUIRED TO HIRE THE SUPPORT PERSONNEL FOR AN ELECTED ASSESSOR? COUNTIES OR THE DEPARTMENT OF REVENUE?

-- WHAT EFFECTS WILL THIS HAVE ON THE DEPARTMENT OF REVENUE'S ATTEMPT TO STREAMLINE OPERATIONS AND CUT COSTS UNDER THE CURRENT REGIONALIZATION CONCEPT AND IMPLEMENTATION OF IT'S MODS PROGRAM?

-- WHAT ARE COST ESTIMATES ASSOCIATED WITH THIS LEGISLATION? WHICH ENTITY WILL BE RESPONSIBLE FOR THEM? WHERE WILL THE REVENUES COME FROM TO SUPPORT THIS LEGISLATION? NEW TAXES?

-- COULD THERE BE DUPLICATION OF EXPENSES' SINCE THE DEPARTMENT WILL BE REQUIRED UNDER HOUSE BILL #389 TO PROVIDE TRAINING, MAPS, FORMS, AND OTHER ITEMS IT PROVIDES TO IT'S EMPLOYEES TO AN ELECTED ASSESSOR REGARDLESS IF HE/SHE IS AN "AGENT"?

-- COULD COUNTIES END UP PAYING ONE HUNDRED PERCENT (100%) OF THE ELECTED ASSESSOR'S SALARY?

HOUSE BILL #389, REQUIRES THE DEPARTMENT OF REVENUE TO PAY FIFTY PERCENT (50%) OF AN "AGENTS" SALARY.

-- WHAT HAPPENS IF THE ELECTED ASSESSOR SALARY IS LESS THAN OR GREATER THAN THAT OF AN EMPLOYEE OF THE DEPARTMENT OF REVENUE HANDLING THE SAME TASKS? WILL ADJUSTMENTS BE MADE?

-- ELECTED ASSESSORS ARE CURRENTLY HANDLING TASKS ON BEHALF OF THE DEPARTMENT OF REVENUE AND ARE PARTIALLY FUNDED BY THE DEPARTMENT AND THEIR RESPECTIVE COUNTIES.

-- WHAT IS THE PURPOSE OF HOUSE BILL #389?

THE ONLY PURPOSE I CAN SEE, MAY BE TO CLARIFY HOUSE BILL #50, WHICH CAME OUT OF THE 1993 SPECIAL SESSION, CONCERNING THE CONSOLIDATION OF OFFICES. IF THIS IS ACTUALLY THE INTENT OF HOUSE BILL #389, I WOULD RECOMMEND RETAINING ONLY THOSE SECTIONS THAT ADDRESS CONSOLIDATION AND DE-CONSOLIDATION: SECTIONS 3-9. THE REMAINDER OF HOUSE BILL #389 SHOULD BE DISREGARDED, IT ADDRESSES NOTHING NOT ALREADY IN STATUTE OR BEING DONE.

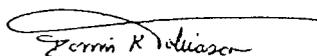
SENATOR GROSFIELD, HAVING BEEN AN ELECTED ASSESSOR AND NOW A DEPARTMENT OF REVENUE EMPLOYEE, I BELIEVE THAT CONSOLIDATION WAS THE BEST CHOICE. NOT ONLY FOR PARK COUNTY, BUT STATE WIDE. IT HAS GIVEN TAXPAYERS A MORE EFFICIENT, COST EFFECTIVE ASSESSMENT / APPRAISAL PROGRAM. BY ALLOWING THE DEPARTMENT OF REVENUE TO IMPLEMENT A SERIES OF PROGRAMS AIMED AT REDUCING COSTS, WHILE INCREASING PRODUCTIVITY.

IN CLOSING, I AGAIN ASK THAT YOU MIGHT CONSIDER OPPOSING HOUSE BILL #389 AS WRITTEN OR AT MOST SUPPORTING A MODIFIED VERSION TO INCLUDE ONLY THOSE SECTIONS THAT ACTUALLY DEAL WITH CONSOLIDATION AND DE-CONSOLIDATION OF OFFICES.

IF YOU HAVE ANY QUESTIONS, PLEASE CONTACT ME AT 406-222-7116 OR 430 N C ST LIVINGSTON MT 59047.

THANK YOU FOR YOUR ATTENTION CONCERNING THIS PIECE OF LEGISLATION.

SINCERELY,



DENNIS K TOBIASON

CC SENATOR GERRY DEVILAN

SENATE TAXATION

DATE March 13, 1995
EXHIBIT NO. 21
BILL NO. HB 389 RECEIVED
FEB 09 1995

February 6, 1995

TO: Senator Linda Nelson
Capitol Station
Helena MT 59620

FROM: Linda M. Powell
Property Valuation Specialist
Sheridan County
Plentywood MT 59254

RE: HB389

I am writing in opposition to HB 389 - the bill to abolish the consolidation of the assessor office. I am a former elected assessor of Sheridan County who chose to become a Department of Revenue employee when HB 50 passed in the special session of 1993.

As a Department of Revenue employee I have found that I am able to do a better job of gathering property for valuation than when I was an elected assessor. Even though I was bound by the same laws as I am now, the job doesn't have the pressure of local politics anymore. There has been a considerable increase in both personal and real property being reported in our county this year. I credit this to the training and work plans we have with the department and the lack of local political influence.

As a taxpayer I am not willing to see my local tax levy increased in order to pay for an elected position and office that is currently paid for by state funding. In checking other elected office budgets in our county I have found costs to run between \$150,000-\$165,000 per year. Are local taxpayers really willing to take on this extra burden of employees, training, computers, supplies and all other general office expenses? I don't think so.

Please consider these facts and vote against HB 389.

Sincerely,



Linda M. Powell

cc: Rep. C. Hibbard
M. Whittinghill
C. Devaney, Rep.

STATE OF MONTANA

SENATE TAXATION

Marc Racicot, Governor

March 13, 1995



HB 389
Bill No. 22
Jim Fairbanks, Region 3 Manager
Jon Kinzie, Field Operations

523-4887
383-3321

DEPARTMENT OF REVENUE

PROPERTY ASSESSMENT DIVISION

Mick Robinson, Director

February 22, 1995

To: Senator Gerry Devlin, Chair, Senate Taxation Committee
From: Jim Fairbanks, Region 3 Manager
RE: HB389, passed to Senate 2/13/95

HB389 as amended, seeks to re-establish the office of elected County Assessor as an agent of the Department of Revenue, if Counties so desire.

Last year the Department's Property Assessment Division underwent the most comprehensive of reorganizations establishing 13 regions of appraisal and assessment responsibilities (in place of county delineations), to better utilize our finite resources.

All but six of Montana's previously elected Assessors now serve the taxpaying public as local managers and assessment specialists. This bill pursues the re-creation of the office as an elected role officer, with responsibilities currently assumed by local DOR employees. HB389 seems to create yet another level of governmental administration competing for the Montana tax dollar.

The amended portion of the bill strikes language specifying that the county computer system would be the primary storage location for property tax data. Testimony from local data processing managers from Flathead and Gallatin Counties was persuasive in establishing the Helena data base as the most logical primary storage location, as substantially more data is collected on the state system, than resides in counties. Frequent electronic data exchange, and the commitment from DOR to timely update county systems at no cost, should belie all fears of loss of locally necessary computer data. We will continue to provide the cities and counties with property identification and assessment notices.

Sections 3 through 9 could be retained to satisfy concerns over local control of consolidation.

Thank you for reviewing my comments. If I can be of any help, call me at 721-5700 extension 3262.

AN EQUAL OPPORTUNITY EMPLOYER

SENATE TAXATION

DATE March 13, 1995

EXHIBIT NO. 23

BILL NO. HB 389 MAD. 02 1995

FILED

DEPARTMENT OF REVENUE
PROPERTY ASSESSMENT DIVISION

The Honorable Ric Holden
Capitol Station
Helena MT

Dear Senator Holden:

The taxpayers of Montana are stimulated by the notion of less government. We continually hear them say that government needs to be more efficient. I believe the use of a statewide computer system and the regionalization of Appraisal/Assessment offices are steps in this direction. This is the reason I am asking for your opposition when considering HB 389.

The effectiveness of regionalization relies on the staff of the Property Assessment Division to work as a team. A common goal of the team is to establish fair and equitable values of taxable property throughout the state and to provide taxing jurisdictions with taxable values. The responsibility of equalization of values lies with the Department of Revenue and is dependent on employees' consistency in the implementation of procedures established by the Department. Direct supervision of employees is necessary to ensure this.

Property Assessment staff located in each County utilizes the State computer system to value real and personal property. County computer system's are not programmed to carry out this function. The State computer system is capable of generating various forms and reports that enable statute requirements to be fulfilled and aid in work efficiency. County computer systems at present are not capable of generating some of these forms and reports. The accuracy of these reports and forms is reliant on maintaining current ownership records. Counties that do not have their own computer system rely on the State computer system to generate reports and forms. Individuals requesting, public records may access the State computer system to obtain the needed information.

Budget restraints have made it necessary to limit the number of employees in both County and State government. Regionalization and the accessibility of a statewide computer system have allowed us to utilize staff throughout the region to assist where the workload warrants.

Taxpayers are unhappy with the idea of state government continually passing expenses to local governments. The assessment functions are currently funded by the Department of Revenue. HB 389 would allow for one half of an elected County Assessor's salary to be paid from the county general fund. There is no mention of who pays benefits.

The issue of control should not be of our utmost concern but rather the way to accomplish our jobs in the most efficient way possible. My experience as an elected County Assessor and an employee of the Department of Revenue lead me to believe this is obtainable through regionalization and the use of one common computer system statewide.

Sincerely,

Michelle Kinsay

cc: Senator Gerry Devlin
- Mary Whittinghill -DOR



FEB 14 1995

DEPARTMENT OF REVENUE
PROPERTY ASSESSMENT DIVISION

(406) 721-5700

SENATE TAXATION

DATE March 13, 1995

EXHIBIT NO. 24

BILL NO. HB 389

BCC 95-58

February 9, 1995

FEB 13 1995

DIRECTOR'S OFFICE
DEPT. OF REVENUE

Representative Chase Hibbard, Chairman
House Taxation Committee
Montana State Legislature
Helena, MT 59620

Dear Representative Hibbard and Committee Members,

We are writing in opposition to HB 389 which would make County Assessors agents of the Department of Revenue.

Missoula County has had excellent support from our Department of Revenue Office. Our office has benefited from the consolidation of the Assessor and Appraiser functions as well as an appointed Department Head since 1984.

Recently, the Department of Revenue has combined the functions of Ravalli and Missoula County under the same management. We have seen no loss of service here in Missoula County as a result of that action. As an example of the continued teamwork, we are working with our Department of Revenue Office to adopt a parcel identification number which will be used by our Clerk and Recorder, Surveyor, Planning Office, and Treasurer. This number will be designated by our own local Department of Revenue Office.

We believe that all of these changes better serve the taxpayer. For those reasons, we oppose HB 389 and ask you to vote in opposition to this legislation.

Sincerely,

BOARD OF COUNTY COMMISSIONERS

Barbara Evans
Barbara Evans, Chairman

Fern Hart
Fern Hart, Commissioner

Michael Kennedy
Michael Kennedy, Commissioner

BCC:ss

cc: Jim Fairbanks, Missoula County Assessor/Appraiser
MACo

SENATE TAXATION

DATE March 16, 1995

EXHIBIT NO. 25

BILL NO. HB 389

March 16, 1995

Senate Taxation Committee
Capital Station
Helena, Mt. 59620

Re: HB389

Dear Committee Members:

I have several concerns regarding the HB389. These concerns are based on my experience with the Department of Revenue and with local county governments.

I have had 15 years of experience in property taxation, 7 years as an Appraisal Supervisor, 7 years as an Appraisal/Assessment Supervisor, and the past year as the Supervisor of Office Operations for Region 6. During my tenure as the Appraisal/Assessment Supervisor I performed the duties of the Assessor for Anaconda-Deer Lodge Co. Therefore have had the experience of what responsibilities are within that office.

The first issue I would like to address is in respect to the portion of the bill that was eliminated in the House, Section 47 of HB389 regarding the definition of the Property Tax Record. The bill as originally submitted to the house refers to the county computer system being the primary storage location of data for property tax records. The current situation of the county computers is that they are maintained by the current staff of the Department of Revenue simultaneously with the state computers, (BEVS, CAMAS, and MODS), the county computers are maintained for ownership, address changes, legal descriptions, property value, and special districts. The state computers are maintained with ownership, address, legal descriptions, but also generation of the values which are then placed on the county computers for generation of the tax bill. The various county computer systems have different configuration and memory capabilities. They generally do not have the required memory to store the data needed to determine the value of individual property, nor the programs needed to generate those values.

As you are well aware, the concern from the counties is about the information contained on the county computer being maintained on a current basis. In my discussions with various county officials, their concern in this matter is that the county computer be maintained as it has in the past so the information it contains is current and that they do not have any further expenses in loading data from the state systems. Also that when

data is loaded from the county system to the state system they do not incur expenses from that.

I believe that if this section is restored to this bill that it will cause considerable costs to the counties. They will have to upgrade their systems to be able to store the programs and data that do the actual valuation of property.

When the assessment of property was given to the state in 1972 one of the reasons that came about was due to inequities within the state regarding the valuation of property. If the county computer systems are the primary source of valuation this could become a problem again due to each county having the valuation system on the county computer. When it comes time to update that valuation system with the new costs and factors for reappraisal, the county is short on funding, it may look for a way to not make those updates.

You should review the amendments proposed by the Department of Revenue on Monday, March 13, 1995 with careful consideration. The amendment which allows the Department to contract with the elected Assessors is only a continuation of what was enacted by the Legislature under HB50. Those contracts outline what is expected in the line of duties performed by those elected Assessors. Those duties are no different than those performed by the employees in those counties that do not have an elected Assessor. They are in fact defining those duties in which the Assessors have performed in the past in the valuation of personal property, performing field audits of personal property, and ensuring that all taxable property is on the tax rolls of their particular counties. One of the concerns of the county governments is that all property is in fact on the taxrolls, and that their valuations are complete.

I would like to address the portions referred to in the bill under Sections 3 through 9. This portion of the bill allows for defined steps that individual county governments can take to consolidate or deconsolidate any offices. These are good points because it sets out in statute how that can be accomplished.

Due to the restructuring the Department of Revenue has gone through in the last year, which came about due to prior legislation, the offices of the assessment/appraisal duties have been cut in staffing. We have combined those two offices and now operate the assessment/appraisal duties under one unit. This has been very beneficial to the counties and the taxpayers. We have been able to eliminate duplication within those offices. What was performed by each office is now performed by one, ie. when a transfer of ownership previously was recorded the name was changed on the corresponding documents by both offices, the assessors office changed their records, then the appraisal office changed their records, now one person makes the change on any effected records, the county computer system, and the state computer system. We have become more responsive to the taxpayer

EXHIBIT 25
DATE 3-13-95
HB 389

by when they come in with questions, they are able to get them answered in one place instead of being sent from one office to another. And also the employees are becoming more aware of the entire assessment procedures instead of their individual areas of expertise. Overall we are able to utilize existing employees, equipment, and man hours in a more effective and cost efficient manner.

This change has not been easy and we are still going through the development stage of this restructuring. Many people have a hard time with change and revolt against it. I truly believe that given a little more time, with the support of the legislature, that this, in fact, will be a more efficient manner for the assessment of property. It will be more responsible to the county governments and to the taxpayers of Montana. Because this has been a massive change, and it has only been 9 months since the change, great strides have been made towards a more efficient and effective organization, but we need to be able to give it sufficient time to realize those results.

Thank you for your time.

Sincerely,



Debbie L. Jurcich
Supervisor Office Operations
Region 6

Tracie Long
State of Montana
Residential Appraiser
Fergus County Courthouse
712 West Main
Lewistown, Montana 59457

SENATE TAXATION

DATE March 13, 1995

EXHIBIT NO. 26

Phone: (406) 538-2483
BILL ~~HB 389~~ (406) 538-5723

March 15, 1995

To: House Taxation Committee

Attached, please find a copy of a letter dated March 1, 1995, to Senator John Hertel, regarding HB 389. This bill, as described in the letter, advocates the re-instatement of the elected county assessors for the State of Montana.

I am asking for your help and support in defeating this bill.

Thank you.

Sincerely,

Tracie Long, Res. Appraiser
Fergus County
Lewistown, MT 59457

Tracie Long
March 13, 1995

Tracie Long
State of Montana
Residential Appraiser
Fergus County Courthouse
712 West Main
Lewistown, Montana 59457

SENATE TAXATION

DATE _____

EXHIBIT NO. _____

BILL NO. _____

Phone: (406)538-2483

(406)538-5723

March 1, 1995

The Honorable Senator John R. Hertel
Capitol Station
Helena, Montana 59620

Dear Senator Hertel,

I am writing to you in reference to HB 389, concerning the reinstatement of the elected county assessors, which has passed the House and will be going to the Senate in the very near future. I feel, very strongly, that this bill should be defeated without question.

As you probably remember, I was elected to the office of Fergus County Assessor in 1990, and through re-structuring, the office was moved over to a state position in 1994. The reason my county commissioners agreed to me going full state instead of staying as an elected official, was the expense to the county and to general budget constraints. This bill, if passed, would put the counties back into a diverse situation of trying to provide salary and benefits for another elected official.

To my knowledge, there are only 5 elected assessors left in the state. This consensus should reflect how most of the counties feel about the position. In these times of financial difficulties for the counties, I don't feel we should add another problem. In my opinion, the re-structuring, as it is now, is very cost effective and very productive.

I respectfully urge you to vote "NO" on HB 389, and hope you will urge your constituents to vote likewise.

Thank you for your attention to this matter.

Sincerely,

Tracie Long, Res. Appraiser
Fergus County
Lewistown, MT 59457

SENATE TAXATION

DATE March 13, 1995ENACT NO. 27BILL NO. HB 389

Dolores Redensek Cooney

2718 Edwards

Butte, Montana 59701

March 15, 1995

Senate Taxation Committee
Capitol Station
Helena, Montana 59620

RE: House Bill 389

Dear Committee Members;

It has come to my attention, as members of the Senate Taxation Committee you will shortly be making a decision as to the future of House Bill 389. As an appraisal / assessment professional and as a taxpayer of the State of Montana I wish to express my non-support for this bill and to urge you to vote no on passage of House Bill 389 in it's original form.

For the last 19 years my working career has been in the field of appraisal / assessment. I hold a General Certification from the State of Montana Board of Appraisers and have advanced professional designation candidacy status with I.A.A.C. (International Association of Assessing Officers). I am currently a Regional Manager with the Department of Revenue. I address my concerns to you from this standpoint.

Throughout my career with the Department I have observed the dual structure of separate Appraisal and Assessor's Offices which existed prior to the implementation of House Bill 50, passed in the 1993 Special Session, and the reorganization of the Property Assessment Division in 1994. The dual office structure in each county was cumbersome and ineffective. Duplication of duties existed, work assignments and production was inconsistent and at times non-productive. The reorganization and consolidation of the Appraisal and Assessor's Offices which occurred under the reorganization and House Bill 50 has made tremendous improvements in the ability of the Department to perform the duties assigned. Because of these improvements I have seen first hand the cost savings and increased quality of service to the taxpayer.

Cost savings and efficient and effective service to the public must be our foremost concern as we look at this bill. I have stated earlier that the implementation of House Bill 50 and the reorganization of the Property Assessment Division has improved the quality and the effectiveness of the operations of the Department of Revenue. Within the Region of which I am a Regional Manager for the Department we have observed several examples of this.

1. Butte-Silver Bow

The separate offices were consolidated and cross training of staff has produced better service and work quality.

Since the consolidation approximately 600 personal property taxpayers were identified as not having been assessed. These personal property assessments will be generated for the first time for the 1995 tax year.

Field reviews of personal property will be conducted on an ongoing basis. This had not been done prior to the office consolidation.

2. Madison County

The office functions for both the Appraisal and Assessment Offices were combined. The backlog of work proved to be overwhelming to the office staff located in the county. Reorganization combined this county into a region allowed staff to be relocated into the Madison County office to assist in bringing the workload up to date.

3. Beaverhead County

The Appraisal and Assessment Offices were combined into one unit. This consolidation eliminated all duplication of duties and increased the effectiveness and efficiency of service to the taxpayer.

The above are but a few of the improvements I have seen since the implementation of House Bill 50. It is important that we allow the reorganization process to continue to a completion. Such change takes time. If House Bill 389 is passed it could present the situation of causing duplication of duties and incidents of non-compliance with law we have seen in the past.

On Monday, March 13, 1995, the Department of Revenue introduced amendments to House Bill 389. These amendments would assist in ensuring that we do not fall back into the tremendous duplication and ineffectiveness that often existed prior House Bill 50 and Property Assessment reorganization. If House bill 389 is passed these amendments must be included.

An additional concern I have with the original bill is the section in the title which states, "... Providing that the county computer system is the primary location for computerized tax records,...". I do not believe from a computerization standpoint this is the most cost effective way to proceed. Very few of the counties have the hardware or personnel resources to handle these records.

EXHIBIT 27
DATE 3-13-95
HB 389

Please consider these points as you make your decision as to the future of House Bill 389. Consider carefully the impact on the taxpayers and the importance of ensuring they are getting their full dollars worth from the staff of the Property Assessment Division and those elected Assessor's who currently have a contract with the Department.

Thank you for your time and consideration.

Sincerely,

Dolores Redensek Cooney
Dolores Redensek Cooney

SENATE TAXATION

DATE March 13, 1995

EXHIBIT NO. 28

BILL NO. HB 389

March 3, 1995

TO: Honorable Senator Mack Cole
Senate District 4
Capitol Station
Helena MT 59620

From: Neva Cavanaugh
P O Box 629
Harlowton MT 59036

RE: HOUSE BILL 389

I am writing in regards to HOUSE BILL 389. Please do not pass this bill. The counties already had the opportunity to keep their elected assessor or consolidate. Some chose to keep elected assessors and the others consolidated. We held an advertised meeting before consolidation and the only taxpayer present was the newspaper editor. That says something--whatever is the most effective and economical.

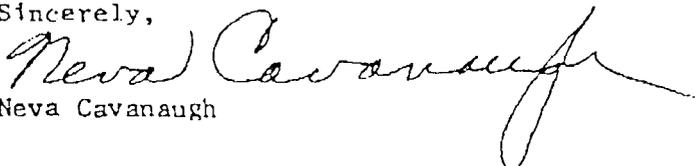
I am an ex-assessor and like the consolidation. Our office is working efficiently and effectively. I feel I am still giving taxpayers courteous and efficient treatment. This is my main concern even though I am not elected. I am confident if you contact any one of them, they would agree.

Small counties cannot afford a computer system large enough to store all the property data. Nor do they want to pay half the salary. The ones that can afford an elected assessor kept them.

Please leave the appraisal/assessment offices the way they presently are and DO NOT PASS HOUSE BILL 389. County appraisers are not elected and county personal property assessment officers shouldn't be either.

Thank you for this opportunity to be heard.

Sincerely,


Neva Cavanaugh

SENATE TAXATION

MARCH 13, 1995

29

4B 389

MARCH 15, 1995

SENATE TAXATION COMMITTEE
CAPITOL STATION
HELENA
MT 59620

TO WHOM IT MAY CONCERN:

MY NAME IS ROSE SCHINDLER AND I WAS THE ELECTED COUNTY ASSESSOR FOR JUDITH BASIN COUNTY FROM 1986 UNTIL JAN 1, 1994. ON JANUARY 1, THE ASSESSOR'S OFFICE WAS CONSOLIDATED WITH ANOTHER COUNTY OFFICE, AND I BECAME AN EMPLOYEE OF THE DEPARTMENT OF REVENUE AS PROPERTY VALUATION SPECIALIST.

MY FEELINGS ON THIS TRANSPOSITION: I LIKE IT.

- 1) I FEEL IT IS BETTER FOR THE COUNTY BUDGET:
- 2) THE STATES HEALTH PLAN IS MUCH BETTER:
- 3) THE "CONTROL" (SO TO SPEAK) OF THIS OFFICE WILL STILL BE WITH THE DOR. ALL OF THE DUTIES OF EITHER AN ELECTED ASSESSOR OR AN EMPLOYEE OF THE DOR IS MANDATED BY LEGISLATION. (SOME COMMISSIONERS FEEL THAT BY GETTING BACK THEIR ELECTED OFFICE, THEY WILL HAVE MORE CONTROL OF WHAT HAPPENS WITH THE OFFICE.)
- 4) I FEEL I DO MY JOB BETTER WITH A TAXPAYERS VALUES AS I DON'T WORRY ABOUT UPSETTING A VOTER!!

I WOULD LIKE FOR THIS OFFICE TO REMAIN AS IS:

APPRAISER/ASSESSMENT OFFICE
DEPARTMENT OF REVENUE
JUDITH BASIN COUNTY

SINCERELY,



ROSE M SCHINDLER
STANFORD MT 59479

SENATE TAXATION

DATE March 13, 1995EXHIBIT NO. 30BILL NO. HB 389

March 14, 1995

Jerry Devlin, Chairman
Senate Taxation Committee

Dear Senator Devlin:

I write this to urge you to reject HB 389. This bill would be a giant step backward in the administration of property taxation in Montana; and would benefit neither state nor county.

I am a Regional Manager in the Property Assessment Division, and acted in an Area Manager role before consolidation. Given the resources available, the system we have now is the most efficient use of the people in our Division. There has been a great deal of frustration and anguish involved in the consolidation and reorganization that we have went through in the past year but the major problem is a lack of money. That frustration has not only been felt by the people within this agency but by the affected county officials as well. There may have been lapses in our dealing with the feelings of all of the people affected by the decrease in our budget, however, bruised feelings seem a poor reason to gut a system that is just beginning to work well.

I believe that this bill is flawed in several different manners: first I believe that it would create an unfair ability for wealthy counties to have the option of having an elected Assessor when, in practical terms, poor counties do not have the same option. It would be just one more example of the legislature favoring wealthy counties over poor ones. Secondly, the taxpayers have benefited by having "one-stop shopping" for their tax questions and concerns. Unless there is money to hire a full staff for every county the taxpayers are best served by the system currently in place. Thirdly, making the county computer the repository for the values would be a terrible step backward. Most county computer systems don't have anywhere close to the storage capacity it would take to replace the valuation process that is currently done by the state. Nor do they have the money to upgrade the system they have or to buy a new system.

Lastly, in my travels and conversations with the people in this region; those individuals who have offered opinions as to the merits of this bill are universally opposed to it. I urge you to contact some individuals who were previously Assessors or appraisal supervisors to get their opinion of this bill before you support it.

Sincerely,


Les Zuelke

SENATE TAXATION

DATE March 13, 1995EXHIBIT NO. 31BILL NO. HB 389

February 28, 1995

TO: Senator Devlin, Chairman
Senate Taxation Committee
Montana Legislature

FROM: Myron A. Malnaa
Region 10 Manager
501 Court Square #7
Glasgow, Mt. 59230

RE: HB 389-Documentation against passage

In my nearly 20 years of employment with the Property Assessment Division of the Department of Revenue I have been affected by many changes both in policy and in legislation. As with anything, some of those changes were good and some not as good. One of the most positive changes to occur was the passage of HB50 in the 1993 special session of the Legislature. This bill allowed counties to consolidate the County Assessor with another elected position and relieve themselves of the financial obligation of the Assessor and Deputy Assessor while still receiving the same service for local government and schools and still providing the same services to the taxpaying public. I believe that the Counties had and still have the ability to retain an "elected Assessor" in HB50. I believe this part of HB389 is unnecessary.

HB 389 calls for a "method of deconsolidation of County offices". If this is the separation of the county offices I think it is not in the best interest of the Montana Taxpayers. In approximately 40 of the 56 counties in Montana the taxpayer is provided "one-stop shopping". The consolidation of the offices was not a spur of the moment decision but a well thought out process to determine how to provide the best service to the taxpayers of Montana at the most reasonable cost. The consolidation of these offices allows for the most cost effective and efficient utilization of staff.

I have been a manager for this division for approximately 3 years. In the first two years I managed 5 counties with elected Assessors. While these people were fine individuals they were subject to a lot of political pressure. I found that these individuals were accountable to the electorate only. The County Commissioners virtually had no control because they were supervised, so to speak, by the Department of Revenue and yet the Department had limited authority as they were "elected officials".

Another concern I have with HB389 is "providing that the county computer system is the primary storage for computerized tax records." None of the county computer systems in my Region are capable of providing that service. All that is and ever has been located on the county computer systems is the ownership, legal description, assessors code, property class code, and value. They do not have the capability of figuring square footage, acreage, or valuing any land or buildings. The systems don't have the ability to load cost tables or analyze market data to determine the values as directed by statute. I am certain that it is more cost effective to have one system that can do all of these things and provide local governments with the valuation they need to compute their budgets than to have each of the counties invest in a million dollar system.

In closing I would like to urge your committee to come out with a do not pass recommendation of HB389. The provisions that are included in the bill, that are feasible, are already contained in HB50 from the 1993 special session. I think the best testimonial as to how the system is working is the fact that all but 5 or 6 counties in Montana agreed to the original restructuring, and the majority of the people that previously were elected and are currently working for the Department of Revenue support the existing structure. If these people feel that the taxpayer of Montana is best served by the current system I believe we have taken the right approach to better serve the people of Montana.

SENATE TAXATION

DATE March 13, 1995PAGE 32BILL NO. HB 389

March 15, 1995

TO: Senate Taxation Committee

FROM: Mike Hofeldt *Mike Hofeldt*
Former Hill County Appraisal Supervisor

Marian Olson *Marian Olson*
Former Hill County Assessor

Subject: Opposition to House Bill 389

We would like to voice our opposition to House Bill 389 for the following reasons:

1. We believe that the consolidation of the county appraisal and assessment offices has been a very positive move.

There is now better service to the taxpayers with just one office to come to for help.

All the employees now work together instead of having a "them versus us" attitude.

We also feel that the County Commissioners already have the right to appoint an Assessor. The option was given to all the counties to keep the Assessor position. Very few Assessors elected to stay in their position. Almost all of them elected to become a State Employee.

2. We believe the provision to locate all tax records on the county system is unworkable and has not been researched adequately.

The present state computer system contains many large programs for valuation and reporting functions that are not on the county systems. It would be very costly to update all the county systems to make them large enough to accommodate all these programs.

There are many individual vendors that are operating the county systems. These vendors have their own programs and they would require time and money to implement the state programs into their system.

We have found that some of the county systems are not adequately doing the job that they are suppose to do now. We do not believe that these county systems can even begin to accommodate the state systems.

We firmly believe that if this bill is passed it would result in a large step backwards for property taxation in Montana.

Thank you for your consideration to our opposition to HB389.

SENATE TAXATION

DATE March 13, 1995

EXHIBIT NO. 33

BILL NO. HB 389

March 15, 1995

Montana State Legislature
Senate Taxation Committee

RE: House Bill 389

Dear Committee Members,

As an elected representative of the Montana Appraisal Association, I feel it is necessary to express my opposition to House Bill 389. It is the belief of our Association that passage of this bill is a step backwards for, what has become, a more efficient and productive Property Assessment Division. Consolidation of county offices has provided taxpayers with more convenience, uniformity and cost effectiveness. In addition, implementation of many of the provisions of this bill contain unnecessary costs for computer hardware and support.

Under the consolidation plan initiated by the passage of House Bill 50 during the 1993 Special Session of the Legislature, the issues of county autonomy and independence were discussed at length. A majority of the elected assessors at that time felt that productivity, efficiency and direction would be enhanced by consolidation of their offices with the offices of the Department of Revenue. The past year has proved that they were correct in their beliefs.

The authority for enacting the tax policy of the state, prior to the implementation of HB 50, was shared between the county assessment office and the Property Assessment Division. Clear cut decision making and implementation of policy decisions was subject to the pressures that the elected assessor felt in their respective counties. Under consolidation, the laws of Montana and the procedures and policies of the Department are more uniformly interpreted and enacted. In short, the process works much more efficiently and professionally than it did prior to HB 50.

The Department has experienced a certain amount of under staffing over the past few years. In some instances, the county assessment office and the county appraisal office were at odds over priorities and the use of their respective human resources. Consolidation has given the administrative staff throughout the Division the opportunity of focusing personnel on specific issues and problems. The result is an increase in the efficient use of the people working in the office and an office that is attuned to taxpayer assistance.

The taxpayer has benefitted by an increase in accuracy, cooperation and response time to problems. In many offices, the physical consolidation of the offices has provided the taxpayer with "one stop shopping" when they have questions about their assessment notices and valuation issues.

March 15, 1995

page 2

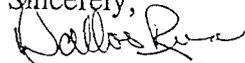
In addition to the benefits available to the taxpayer and the benefits received from more efficiency, productivity and uniformity, there are additional expenses that must be considered for each county if HB 389 is enacted. In order to facilitate the maintenance of the CAMAS computer system, on which all real property records now reside, each county would be required to:

- (1) purchase adequate computer equipment to accommodate the computer program and records for their county, and
- (2) would be required to enter into a contractual agreement with the computer software vendor for maintenance of those files.

Both of these points create a duplication of existing hardware and information.

On behalf of the Montana Appraisal Association, thank you for giving me an opportunity to express my opposition to House Bill 389.

Sincerely,



Dallas Reese

President

Montana Appraisal Association

SENATE TAXATION

DATE March 13, 1995

ENROLL NO. 34

BILL NO. HB 389

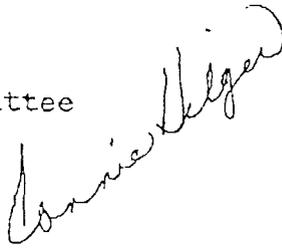
***** FAX TRANSMITTAL *****

To: 444-4406 From: 365-2022

March 15, 1995

To: Mr. Chairman,
Honorable Members,
Senate Taxation Committee

From: Connie Hilger
314 Georgetown Drive
Glendive, Mt. 59330



Re: OPPOSITION OF HB389

I have been employed by the County of Dawson as well as the State of Montana over the past 18 years. I have experienced the effects of county government on assessment administration first hand and have found that, as did the Constitutional Convention Committee in 1973:

. the only means to (even remotely) achieve EQUITY for property taxpayers across Montana is through the administration of property assessment on a statewide level by the Department of Revenue.

On the issue of the county's computer systems becoming the main data banks for property assessment I have the following to offer:

. County automation systems CANNOT support the data base necessary to produce both appraisals and assessments.

. To expand the capacity of these systems would be monies SPENT AND BURDENED by local governments.

Other parts of this bill need to be commented on as well, but for these main reasons I voice my opposition to HB389.

DEPARTMENT OF REVENUE
PROPERTY ASSESSMENT DIVISION
MUSSELSHELL CO. APPRAISAL/ASSESSMENT OFFICE

March 13, 1995

35

BILL NO. HB 389

506 MAIN STREET



STATE OF MONTANA

(406) 323-1513

ROUNDUP, MONTANA 59072-2498

March 15, 1995

Senate Taxation Committee
Capitol Station
Helena, Montana

RE: HB 389

I am writing to express my concerns regarding HB389. This bill gives the counties the option of deconsolidating the Appraisal/Assessment offices and having an elected Assessor who would be an agent of the Department of Revenue. It is my understanding that the statute allowing for the consolidation of the offices also made provisions for deconsolidating the offices.

There may be an assumption by some counties that if there is an elected, county employed, Assessor that they will be getting back some form of local control. That isn't the case however, because the majority of the tasks performed are legislatively mandated. It is my opinion that being an elected Assessor puts you in a bad position because if you assess the taxpayer as you should, it could cost you some votes when reelection time rolls around.

The bill also contains language that places the county computer system as the primary data base for determining costs & values. The only counties that I feel I can speak knowledgeably about are Judith Basin, Fergus, Petroleum, Wheatland, Golden Valley & Musselshell. The county computer systems in these counties are not capable of running the necessary software.

The Musselshell County Appraisal/Assessment office has been combined for quite some time now and works very efficiently. It has eliminated duplication of work, encouraged cross training of employees, and in my opinion made our office better prepared to serve the public.

Sincerely,

Dianna Hermann

Dianna Hermann
Region 8 Field Operations Supervisor

Post-It™ brand fax transmittal memo 7671		# of pages >
To <i>Mike Rohle</i>	From <i>Dianna Hermann</i>	
Co. <i>Dept of Revenue</i>	Co. <i>Dept of Revenue</i>	
Dept. <i>Property Assessment</i>	Phone # <i>323-1513</i>	
Fax # <i>444-4406</i>	Fax #	

SENATE TAXATION

DATE March 13, 1995

EXHIBIT NO. 36

BILL NO. HB 389

1 of 2 pg

March 1, 1995

TO: Honorable Senator Mack Cole
Senate District 4
Capitol Station
Helena, MT 59620

FROM: Kris Todd
P O Box 483
Harlowton, MT 59036
(406) 632-4768

RE: HOUSE BILL 389

I am writing to ask you to vote against House Bill 389. After reading House Bill 389 I find that this bill only creates more "GRAY AREAS" within the statues in which it references. Statue already states that one-half of the salary of the elected assessor will be paid by the state and the duties of the elected assessor are also addressed. Furthermore, there are currently provisions within the statues which allow for deconsolidation already. So why confuse the statues with more verbiage?

If this bill was meant to give "control" back to the Counties, they already have this control. An elected Assessor is "governed" by the laws of the legislature and directed by the administrative rules and policies of the Department of Revenue. I have been an "elected Assessor" and am currently an employee of the Department of Revenue. I now find that I no longer have to concern myself with loosing votes just because I am trying to do my job. I feel that I am more capable of doing the job in which I basically have always had. The county has just as much control over what I do now as what it did when I was an elected Assessor.

When this bill was introduced, it stated that the county computer system would be the primary storage location of the data for property tax records. Would this mean that each county would have to purchase a computer system that was capable of doing mass appraisal and personal property? Who would fund this? Are the individual counties going to have to fund this? Since the Department of Revenue already has this capability and the capability to download the information on to the county computers whenever they want the information, why put any additional tax burden on the Montana taxpayers to purchase this equipment again for each county?

After being an elected Assessor and now a state employee, I can see no advantages for anyone in this bill. I can however see many advantages for everyone by not having an elected assessor. Without the elected assessor there is more uniformity and equality "state" wide. It also alleviates the chances of

2 of 2 pg.

favoritism and special treatment. Some of the elected Assessors don't like having to account for their time. As a state employee each day is accounted for. I could list several more advantages I can see for the state by not having the elected assessor, but these are a few and if you have any questions concerning this issue, I would appreciate a call at 406-632-4768.

Please take these issues into consideration when voting on House Bill 389. I thank you for your time and keep up the good work!

Sincerely,

Kris Todd

CC: Honorable Gerry Devlin

SENATE TAXATION

March 13, 1995

37

BILL NO. HB 389

March 1, 1995

TO: Honorable Senator Mack Cole
Senate District 4
Capitol Station
Helena, MT 59620

FROM: Rick Billadeau
P O Box 116
Harlowton, MT 59036
(406) 632-5639

RE: HOUSE BILL 389

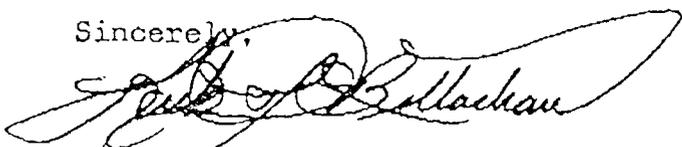
I am asking you to vote against HOUSE BILL 389. If you research the statues in which this bill references you will find that this bill changes nothing in some areas and created "GRAY AREAS" in other areas within these statues. Statue already states that the salary of an elected Assessor is paid one-half by the state and the duties of the elected Assessors are also currently there in. So why add more to confuse those issues?

The portion of this bill that causes me concern is in section 47 15-8-701 Subsection 2. It states that the county computer system is the primary storage location of data for property tax records. In some cases the county computers are outdated and almost to their full capacity. It would be another added expense for the already financially strapped Counties to acquire a new computer system.

Currently I am Regional Manager for Region 8, which comprises of Wheatland, Fergus, Judith Basin, Musselshell, Petroleum and Golden Valley Counties. Consolidation of the Assessor's office and Appraisal Office has been working effectively and more efficiently through out the region. We have reduced our work force, combined personnel into one office within each county and cross trained personnel. All these and more have been accomplished to better serve the taxpayers.

Please take these issues into consideration when you vote on HB389 and vote against it.

Sincerely,



Rick J. Billadeau

CC: Honorable Gerry Devlin

March 13, 1995

38

BILL NO. HB 389

March 15, 1995

Senator Mary Abbeard

State Capitol

Albany, NY 59621

Dear Ms Abbeard,

Please do not support

HB 389,

Our county has just com-
pleted the appraisal and
the assessment, we feel that
we need to give the office
combination a chance to work.

Being a former county

assessor, there has been many
bills in the legislature that
you opposed the assessors.

I prefer to stay a state
employee at this time.

I would do not want to
worry about the bills
that affect the assessors.

Secretary Kathy

P.O. Box 614

Chattanooga, TN 37412

March 13, 1995

39

HB 389

RE: HB # 389

3-15-95

Dear Senator Stuge,

I am not in support

of House Bill # 389.

I feel that since we

have just restructured

the Property Assessment

division in the past year,

we need to give the

new system some time

to see if it is going

to work. Because of

lot of time and money

has been spent on

this project.

I am currently work-

ing in a county that

has been consolidated

and it's working out

very well so please

vote No on this House

Bill.

Sincerely

Salvatore Bitcher

Fordson Co. Property

Valuation Dept.

SENATE TAXATION

DATE March 13, 1995

EXHIBIT NO. 40

BILL NO. HB 389

3-15-95

RE: HB 389

Dear Senator Egan,

I am a former Deputy Assessor and now a consultant employee of the State as a property valuation tech. in Pondera County. We have a consolidated Appraisal/Assessment office which works wonderfully. I feel the two offices belong together as they are. The previous way when an elected Assessor always seemed to create an us vs them situation. Please vote no on HB 389, let's give the current way a chance.

Sincerely,
Kalla Breding

SENATE TAXATION

DATE March 13, 1995EXHIBIT NO. 41BILL NO. HB 389

House Bill 389

Dear Senator

Many changes have been made in the last year or two but the combining of assessor to a State position, non-elected, in ~~Wade~~ Cascade County has saved the taxpayers a considerable amount of money. I do not know the attitude of taxpayers as to representation; but working in both appraisal & assessment office, most taxpayers never knew we were state employees anyway. I think the present law needs another year to let the ~~new~~ changes work.

Sharon A. Miller

SENATE TAXATION

DATE March 13, 1995E. 42BILL NO. SB 389

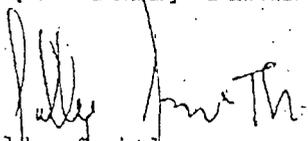
March 15, 1995

Senate Taxation Committee
Senator Dorothy Eck

SUBJECT: Anticipated defeat of H.B. 389.

I am concerned about possible passage of H.B. 389. The language "primary repository of county tax records" sounds a financial alarm for county budgets. The storage space and capabilities to compute values for tax purposes would require a computer system comparable to the AS-400 currently used by the State. The expense for each county would be enormous...our county (Madison) is trying to be "fiscally responsible". It would seem that duplicating a system for each county to one already in place for the State is NOT fiscally responsible and I would ask that you vote against passage of H.B. 389.

Respectfully submitted,



Sally Smith
Madison County Appraiser
Member of Montana Appraisers Association
Legislative Committee

SENATE TAXATION

DATE March 13, 1995ENROLL NO. 43BILL NO: SB 389

March 15, 1995

Senator Gerry Devlin, Chairman
Senate Taxation Committee
Capitol Station
Helena, MT 59620

Dear Senator Devlin,

As a member of the Montana Appraisers Association and a state employee, I oppose H.B. 389, putting the Assessment/Appraisal office back under the County.

This is a regressive bill which would not be cost effective.

Lanny E. Richards
Sincerely,

Lanny E. Richards
P.O. Box 319
Polson, MT 59860

SENATE TAXATION

DATE March 13, 1995EXHIBIT NO. 44BILL NO. S/B 389

March 15, 1995

Senator Gerry Devlin, Chairman
Senate Taxation Committee
Capitol Station
Helena, MT 59620

Dear Senator Devlin,

As a member of the Montana Appraisers Association and a state employee, I oppose H.B. 389, putting the Assessment/Appraisal office back under the County.

This is a regressive bill which would not be cost effective.

Sincerely,



PO Box 969

Polson, MT 59860

SENATE TAXATION

DATE March 13, 1995EMERGENCY CLAUSE 45BILL NO. AB 389

March 15, 1995

Senator Gerry Devlin, Chairman
Senate Taxation Committee
Capitol Station
Helena, MT 59620

Dear Senator Devlin,

As a member of the Montana Appraisers Association and a state employee, I oppose H.B. 389, putting the Assessment/Appraisal office back under the County.

This is a regressive bill which would not be cost effective.

Sincerely,

Debra A. Gafford

509 7th AVE EAST

Polson, MT 59860

SENATE TAXATION

DATE March 13, 1995

EXTENSION 46

BILL NO. 2/B 389

March 15, 1995

Senator Gerry Devlin, Chairman
Senate Taxation Committee
Capitol Station
Helena, MT 59620

Dear Senator Devlin,

As a member of the Montana Appraisers Association and a state employee, I oppose H.B. 389, putting the Assessment/Appraisal office back under the County.

This is a regressive bill which would not be cost effective.

Sincerely,

Donald W. Parsons
P.O. Box 821
Polson MT 59860

SENATE TAXATION

March 13, 1995

47

HB 389

March 15, 1995

Senator Gerry Devlin, Chairman
Senate Taxation Committee
Capitol Station
Helena, MT 59620

Dear Senator Devlin,

I oppose H.B. 389, putting the Assessment/Appraisal office back under the County.

This is a regressive bill which would not be cost effective.

Sincerely,

Jody R. Richards

PO Box 319

POLSON MT 59860

SENATE TAXATION

DATE March 13, 1995

LINE 48

BILL NO. HB 389

March 15, 1995

Senator Gerry Devlin, Chairman
Senate Taxation Committee
Capitol Station
Helena, MT 59620

Dear Senator Devlin,

As a member of the Montana Appraisers Association and a state employee, I oppose H.B. 389, putting the Assessment/Appraisal office back under the County.

This is a regressive bill which would not be cost effective.

Sincerely,

Lendre A. Roat

LENDRE ROAT
928 S. FINLEY POINT RD
POLSON MT 59860

SENATE TAXATION

DATE March 13, 1995

NO. 49

BILL NO. SB 389

March 15, 1995.

Senator Gerry Devlin, Chairman
Senate Taxation Committee
Capitol Station
Helena, MT 59620

Dear Senator Devlin,

I oppose H.B. 389, putting the Assessment/Appraisal office back under the County.

This is a regressive bill which would not be cost effective.

Sincerely,

Carla Buys

Carla Buys
776 Kerr Dam Rd
Polson MT 59860

SENATE TAXATION

March 13, 1995

50

BILL NO. HB 389

March 15, 1995

Senator Gerry Devlin, Chairman
Senate Taxation Committee
Capitol Station
Helena, MT 59620

Dear Senator Devlin,

As a member of the Montana Appraisers Association and a state employee, I oppose H.B. 389, putting the Assessment/Appraisal office back under the County.

This is a regressive bill which would not be cost effective.

Sincerely,

Catherine A. Spat

73 BILMAN LN
POLSON MT 59860

PHONE (406) 887-2056

SENATE TAXATION

DATE March 13, 1995-15-95

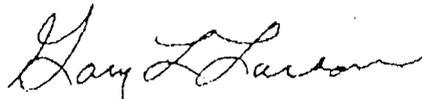
E. 51

BILL NO. HB 389

Dear Senate Taxation Committee,

As a resident of Montana, I must OPPOSE the passage of House Bill 389, and everything it is trying to accomplish. I feel the counties should not have total control of tax records. I therefore do not support House Bill 389 as I feel this would only cause disorganization in the System and would not accomplish any cost savings to the taxpayers of Montana.

Sincerely,



Gary L. Larson
1145 E. Kagy Blvd
Bozeman, MT 59715

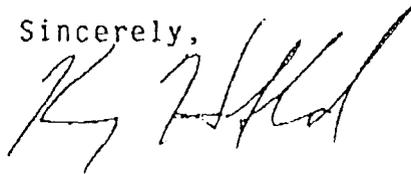
SENATE TAXATION

DATE March 13, 1995LETTER NO. 52BILL NO. HB 389

Dear Senate Taxation Committee,

As a Montana Native, I must have myself heard in regards to House Bill 389. I am totally opposed to everything it stands for. I do not support County Control of records. Please let it be known that I Do Not support House Bill 389.

Sincerely,



Kory T. Hofland
PO Box 7063
Bozeman, MT 59771-7063

DATE March 13, 1995EX. NO. 53BILL NO. HB 320NAME BERNARD F. MCCARTHYADDRESS 1941 ArgyleHOME PHONE 782-1455 WORK PHONE 782-3354REPRESENTING SELF / FEDERAL EMPLOYEESAPPEARING ON WHICH PROPOSAL? HB 320DO YOU: SUPPORT OPPOSE AMEND

COMMENTS:

This legislation will correct an inherent unfairness to federal employees by excluding them from taxation for OBIT. It will also settle many of the issues in a pending law suit. I encourage passing the legislation.

WITNESS STATEMENT

PLEASE LEAVE PREPARED STATEMENT WITH COMMITTEE SECRETARY

DATE March 13, 1995EXHIBIT NO. 54BILL NO. HB 343

TESTIMONY OF KENNETH L. WILLIAMS
ON BEHALF OF MPC/ENTECH
IN SUPPORT OF HB 343

March 13, 1995

Mr. Chairman, members of the Committee For the record, my name is Kenneth Williams. I am appearing today in support of HB 343 on behalf of Entech, Inc. and its subsidiary, Western SynCoal.

Western SynCoal is a partner with Northern States Power and operates a 300,000 ton-per-year clean-coal demonstration facility at Colstrip. HB 343 grants a severance tax exemption on the first two million tons of coal used as feedstock by a "coal enhancement facility." To qualify for the exemption under HB 343, a processing facility must enhance coal by thermally or chemically altering the characteristics of coal. Such alteration can be achieved by improving the per-pound BTU value of the coal by at least 25% or by reducing the sulfur content of the coal by at least 25%. Western SynCoal's process at Colstrip meets both of these tests.

HB 343 has two main purposes. First, it will bolster the economic viability of the existing plant at Colstrip. Second, it will encourage investment in additional coal-enhancement facilities in Montana.

Western Energy's involvement in research involving coal upgrading dates back to the late 1960s and early 1970s. Tests were conducted in North Dakota on drying Rosebud coal, but problems with spontaneous combustion soon became apparent.

In the early 1980s, Mountain States Energy (MSE), the company that operated the MHD facility in Butte, proposed a new concept for upranking coal. That process led Western Energy Company, in conjunction with MSE, to conduct bench-scale tests and build a 50 lb/hr pilot plant in Butte.

As a result of those tests, design engineering began in 1986 for a demonstration facility at Colstrip. The Montana Science and Technology Alliance provided a \$350,000 loan to help finance that engineering work.

Western applied for Department of Energy funding under the Clean Coal program and ultimately negotiated a 50/50 cost-sharing with DOE in June of 1990 for a \$69 million demonstration project at Colstrip. Western then formed a joint venture with Northern States Power to construct and operate the demonstration plant at Colstrip. Construction began in December of 1990 and the plant entered the operational phase in April of 1992. The current DOE participation will expire in June of 1995. DOE has agreed to additional participation at a 23 1/2% level until 1997.

This reduced DOE participation will subject the project to a per ton cash operating loss approximately equal to the severance tax collected on the raw coal that the facility processes.

Absent this legislation it is unlikely that this plant will remain viable. Western SynCoal is aggressively pursuing markets for this product and in fact, we are conducting a test burn at a paper plant in Wisconsin today. Industrial customers, such as cement plants, seem to be the primary market for this clean high quality fuel. However, due to its new nature and its special handling characteristics, gaining market acceptance is challenging.

We believe that the passage of HB 343 will allow Western SynCoal the time necessary to demonstrate commercial viability and can open up Montana coal fields to additional market opportunities that do not currently exist. Western SynCoal hopes to be able to construct an expansion of the plant at Colstrip, should the economics make sense.

Attached are two sheets that outline the economic benefit for Montana of both the current facility and a possible expansion at Colstrip.

We respectfully request your favorable consideration for HB 343.

EXHIBIT 54
 DATE 3-13-95
HB 343

CURRENT ECONOMIC BENEFITS TO MONTANA FROM
 SYNCOAL PLANT AT COLSTRIP

ITEM	ANNUAL AMOUNT	ANNUAL AMOUNT
PAYROLL DIRECT	\$ 3,000,000	\$ 242,000 (Est. state income tax)
PAYROLL INDIRECT	\$ 6,000,000	
PROPERTY TAXES		\$ 300,000
SEVERANCE TAX	* \$ 528,000	
RESOURCE INDEMNITY TRUST TAX		\$ 14,040
GROSS PROCEEDS TAX		\$ 175,000
FEDERAL ROYALTY TO MONTANA		\$ 215,800
STATE ROYALTY		\$ 26,400
MT SCIENCE & TECHNOLOGY ALLIANCE LOAN REPAYMENT		\$ 186,000
ECONOMIC BENEFIT TO STATE GOVERNMENT WITH THE PASSAGE OF HOUSE BILL 343		\$ 1,159,240
CURRENT PLANT EMPLOYS 40 PEOPLE MINING TO SUPPLY COAL EMPLOYS 13 PEOPLE TOTAL 53		

*Severance tax amount affected by HB 343 not included in economic benefit total.

ECONOMIC BENEFITS TO MONTANA FROM
 SYNCOAL PLANT EXPANSION IN COLSTRIP

ITEM	ANNUAL AMOUNT		ANNUAL AMOUNT
PAYROLL DIRECT	\$ 1,250,000		
		EST. STATE INCOME TAX	\$ 100,160
PAYROLL INDIRECT	\$ 2,475,000		
PROPERTY TAXES			\$ 230,000
GROSS PROCEEDS TAX			\$ 235,000
RITT			\$ 19,000
FEDERAL ROYALTY SHARE			\$ 213,000
MSTA REPAYMENT			\$ 248,000
BENEFITS TO MT FROM TAXES & REPMT.			\$ 1,045,160

NOTE: ASSUMES A 400,000 TPY EXPANSION, 600,000 TONS OF
 FEEDSTOCK, 20 DIRECT JOBS (PROCESSING & MINING), AND \$30 MILLION
 INVESTMENT.

Assumes passage of HB 343.



"THE CLEAN BURNING ALTERNATIVE"

The original of this document is stored at the Historical Society at 225 North Roberts Street, Helena, MT 59620-1201. The phone number is 444-2694.

ROSEBUD SYNCOAL PARTNERSHIP

Advanced Coal Conversion Process
Colstrip, Montana

Mr. Chairman, members of the Senate Taxation Committee: I am Verner Bertelsen and I rise in opposition to H.B. 343, since it completely exempts coal, which goes through certain beneficiation processes, from the coal severance tax.

I served in the House of Representatives from 1975 to 1985, so I had the opportunity of helping to establish the coal severance tax and Constitutional Coal Trust Fund. I have had the privilege of watching this idea grow into one of Montana's premier financial resources. It has grown into a fund which, in 1994, produced 47 million dollars to help finance the operation of Montana's government. That is 47 million dollars you and I didn't have to pay in taxes.

I have watched effort after effort to invade the trust for almost every imaginable need. I have also seen effort after effort to reduce the rate of taxation on coal and have seen it go from 30 per cent to 15 per cent. But now, we have legislation to completely eliminate the severance tax on this natural resource. THAT IS WRONG! We should not allow this coal to be removed without setting aside a small portion of its value through the coal severance tax.

When the people of Montana voted to establish the Coal Severance Tax Trust Fund, they voted that these funds were "to be held in perpetuity." They were not just voting for a "rainy day fund," or an "environmental clean-up fund." They were voting to set aside a portion of the value of this non-renewable natural resource for the benefit of this and future generations. The coal severance tax and the Constitutional Coal Trust Fund have done a remarkable

Page 2.

job in beginning to meet this role. H.B. 343 defeats the purpose of the Severance Tax and the Coal Trust Fund. We have seen the disastrous consequences in Butte and Anaconda of mining interests being allowed to reap the minerals of our land and return nothing to the State to compensate for the loss of the natural resource. This legislation is a return to that kind of thinking. If the coal, when extracted, is not of sufficient value to return something to Montana; then, let us leave it in the ground until it is.

This legislature will be setting a very dangerous precedent if it decides to exempt any natural resource from taxation so that the producer can more easily meet competition. Certainly, hundreds of businesses in Montana would jump at the chance to receive similar treatment.

H.B. 343 violates the very intent of the Coal Severance Tax. H.B. 343 could eventually rob Montana of millions of dollars in the Constitutional Coal Tax Trust Fund. Certainly Montanans deserve better protection of the Coal Severance Tax than this!!

I urge you to defeat H.B. 343.

Amendments to Senate Bill No. 219 BILL NO. SB 219
First Reading CopyRequested by Sen. Doherty
For the Committee on TaxationPrepared by Lee Heiman
February 12, 1995

1. Title, line 4.

Strike: "AN ANNUAL PROPERTY TAX ON"

Insert: "A MANDATORY FINE FOR"

2. Title, lines 5 through 8.

Strike: "FOR" on line 5

Insert: "THAT"

Strike: "VALUATION" on line 5 through "THAT THE" on line 8

Following: "REVENUE" on line 8

Insert: "FROM THE FINE"

3. Page 1, lines 13 through 19.

Strike: lines 13 through 19 in their entirety

4. Page 1, line 23 through page 3, line 20.

Strike: sections 1 through 6 in their entirety

Insert: "NEW SECTION. Section 1. Mandatory fine for possession
and storage of dangerous drugs -- disposition of proceeds.(1) In addition to the punishments and fines set forth in
Title 45, chapter 9, part 1, the court shall fine each
person found to have possessed or stored dangerous drugs 35%
of the market value of the drugs as determined by the court.(2) The fines collected pursuant to subsection (1) during
each calendar year must be transmitted by the clerk of court to
the state treasurer no later than 10 days following the end of
the calendar year. The state treasurer shall deposit the fines
in the state general fund."

Renumber: subsequent sections

5. Page 4, line 23.

Strike: "[Sections 1 through 6] are"

Insert: "[Section 1] is"

6. Page 4, line 24.

Strike: "15" in both places

Insert: "45" in both places

Strike: "[sections 1 through 6]"

Insert: "[section 1]"

7. Page 4, line 30.

Strike: "tax years beginning"

Insert: "persons found to have possessed or stored dangerous
drugs"

DATE March 13, 1995

SENATE COMMITTEE ON Taxation

BILLS BEING HEARD TODAY: HB 320 Rep. Palmer

HB 343 Rep. Holland HB 389 Rep. Larson
SB 219 Senator Doherty

< ■ > PLEASE PRINT < ■ >

Check One

Name	Representing	Bill No.	Support	Oppose
BERNARD McCARTHY	FEDERAL EMPLOYEES	HB320	X	
Verner Bertelsen	Self	HB343		X
John Allhands	Madison Co	HB389	X	
Abnetta Berleth	DOR-Property Assmnt	HB389		X
Jim Mockler	MT Coal Council	HB343	✓	
GARTH W. SESSIONS	SELF	HB343	X	
Dean Oakney	SELF	HB343	X	
Fran Marceau	UTU	HB320	✓	
Ray Sheldon	Western SynCoal	HB343	X	
Ed Sheehy	Retired	320	X	
Ken Williams	MFC Entech	HB-343	X	
Richard Parks	KPRC	HB-343		X
Cherie Forten	Sander County	HB389	X	
Pat Aldridge	Sander County	HB389	X	

VISITOR REGISTER

PLEASE LEAVE PREPARED STATEMENT WITH COMMITTEE SECRETARY

DATE _____

SENATE COMMITTEE ON _____

BILLS BEING HEARD TODAY: _____

< ■ > PLEASE PRINT < ■ >

Check One

Name	Representing	Bill No.	Support	Oppose
Carol Kiemenborger	Phillips County	389	✓	
Bill Rappold	Pondera Co.	389	✓	
Francis V Jacob	Phillips County	389	✓	
EARL MARTIN	Granite Co.	389	✓	
Cell Tohle	Int Assessors Assn	389	✓	
Art Arnold	Valley Co. Comm.	389	✓	
Martin Spurlock	Western Energy Co.	343	✓	
Don Allen	Poyelt & Grant Counties	389	✓	
GAIL JONES	Lawell County Commission	389	✓	
WAYNE STAHL	PHILLIPS COUNTY	389	✓	
Jerry Driscoll	BIO BLE	320	✓	
Don Judge	MT STATE AFL-CIO	HB 320	X	
Arnold Broadus	Western Energy	HB 343	X	
JIM HARVERSON	OIL-GAS-COAL Co.	HB 343	X	

VISITOR REGISTER

PLEASE LEAVE PREPARED STATEMENT WITH COMMITTEE SECRETARY

