

MINUTES OF THE MEETING
TAXATION COMMITTEE
MONTANA STATE SENATE

March 3, 1983

The thirty-eighth meeting of the Taxation Committee was called to order at 8 o'clock a.m. by Chairman Pat M. Goodover in Room 415 of the Capitol Building.

ROLL CALL: All members were present except Senators Halligan and Mazurek.

CONSIDERATION OF HOUSE BILL 423: Representative James Schultz, House District 48, sponsor of the bill, submitted written testimony, which is attached as Exhibit A. He suggested that the notices carry a statement such as "This is the only classification statement you will receive for this period."

PROPOSERS

Ellen Feaver, director of the Department of Revenue, said the budget committee has already taken the money out of budget in anticipation of the reduced number of notices to be sent out. This procedure will not affect a person's right to appeal.

Charles Graveley, representing the County Assessors Association, said the bill was prepared at their request. They also discussed this with Bob Raundal, from the State Tax Appeals Board, he said. He wondered if the committee would object to a notice being published in the paper for two weeks at an appropriate time stating that assessment notices are available for those who do not receive them. That would be for the benefit of those who want to appeal.

Bob Raundal, State Tax Appeals Board, said that many people do appeal from the notices received from the assessors' offices.

OPPOSERS

There were no opposers to HB 423.

Questions from the committee were called for.

In response to a question from Senator Lynch, Charles Graveley said he would prepare an amendment for publication of notice.

Senator McCallum asked Ellen Feaver if the old notices would remain for those with no changes, and she replied that yes, they would.

Senator Turnage asked Mr. Graveley why notice should be published. Mr. Graveley said some people might feel they lost their right to appeal if they didn't get tax notices.

Representative Schultz said the savings would begin immediately if HB 423 passes immediately. He did not object to the amendment suggested regarding publication of the notice.

The hearing on HB 423 was closed.

CONSIDERATION OF HOUSE BILL 227: Representative Dan Yardley, House District 74, said HB 227 eliminates the distinction between social security and other retirement benefits. It defines "household income" and raises the maximum credit to \$400. The bill provides for an immediate effective date.

PROPOSERS

Robert Vanderveer, representing the Montana Senior Citizens Association, said it's time that senior citizens got a break. They don't ask for too much, he said, and he hoped the committee would pass the bill.

Ellen Feaver, director of the Department of Revenue, said 15,000 people took advantage of this program last year. They have already received 4,200 applications for the credit for tax year 1982. Benefits come from the general fund, and relief is targeted for people who actually pay the taxes. She submitted a copy of the Elderly Homeowner/Renter Credit form to be used with 1982 tax returns, and a copy is attached as Exhibit B.

Thomas Ryan, representing the Montana Senior Citizens Association, submitted written testimony, attached as Exhibit C.

James T. Mular, Butte, representing the railroad retirees, submitted written testimony, attached as Exhibit D.

Stacy Flaherty, Women's Lobbyist Fund, submitted written testimony, attached as Exhibit E.

Charles Briggs, from the Governor's Office, announced that several senior citizens from around the state were traveling here to be heard, and he hoped they would be able to testify this morning. He said the tax credit is essential for senior citizens. It will allow them to maintain their independence in their own homes. See his comparison of the credit under current law and under HB 227 on Exhibit F attached hereto.

Jim Murry, executive secretary of the Montana AFL-CIO, supported the bill and submitted written testimony, attached as Exhibit G.

Several senior citizens present (who are listed on the visitors' register attached to these minutes) also testified in support of HB 227.

OPPOSERS

There were no opposers to HB 227.

Questions from the committee were called for.

Representative Dan Yardley first submitted Exhibit H, which shows assumptions and the effect of HB 227, and which puts a cap on the credit allowed. Representative Yardley also submitted amendments prepared by Representative Jay Fabrega which put a cap on the credit (amendments are to the third reading copy):

Title, line 12.

Following: "ELDERLY;"

Insert: "LIMITING THE MARKET VALUE AND RENT-EQUIVALENT PAID THAT QUALIFIES WHEN COMPUTING ELIGIBILITY;"

Page 3, line 10.

Following: "means"

Insert: "the first \$35,000 or less of the market value of"

Page 4, line 2.

Following: "15%"

Insert: "or \$1,200, whichever is less,"

Ms. Feaver commented that the number of senior citizens involved in the program are mostly in low income brackets.

Mr. Briggs noted that there is a limitation of one acre on a dwelling in this bill. Say, for example, a return shows a gross income of \$15,000 and \$800 paid in property taxes. The maximum credit in this instance would be \$272.

Senator Eck mentioned that the Department of Revenue income tax analysis shows one return with an income of \$50,000 who received the credit. People who don't need it are taking advantage of it.

Senator Towe commented that a lot of senior citizens live in \$70,000-\$80,000 houses.

The hearing on SB 227 was closed.

CONSIDERATION OF HOUSE BILL 264: Representative Kathleen McBride, House District 85, sponsored this bill. She said alternative sources of energy that would qualify under this bill are solar, wind, solid waste, decomposition, and reconversion (but woodburning is not included). HB 264 renews the tax credit for installing an alternative energy system. See Exhibit I, "Personal Tax Credits for Energy Conservation and Renewable Energy Systems," attached.

PROPOSERS

Leo Berry, from the Department of Natural Resources and Conservation, said the impacts are likely to be less than what is stated on the fiscal note.

John Hollow, representing the Montana Homebuilders Association, urged support of the bill. For every \$125 in credit given, the state gets \$100 back in taxes from employees' wages.

Jim McNairy, from the Alternative Energy Resource Organization, stated that two-thirds of the energy consumed in this state is imported. With alternative energy, local people who pay local taxes can be employed. AERO is counting on the credit being extended, but the ceiling is too low, he said. There is not much incentive to install an alternative system. He noted that SB 283 raises the ceiling to \$1,000.

Don Reed, Montana Environmental Information Center, supported the bill, saying it is a jobs bill, keeping money at work within local economies.

Senator John Mohar, Senate District 11, said there are 200 businesses in the solar energy field that have been just barely hanging on. This credit will give them the chance they need to get back on their feet.

OPPONENTS

There were no opponents to HB 264.

Questions from the committee were called for.

Senator Crippen asked Leo Berry if they had considered a tax credit for commercial property. Mr. Berry replied that that would be advantageous, but they tried to keep the impact low. He didn't know if other states provided credits for both residential and commercial property.

Senator Towe wondered how HB 264 would dovetail with SB 283 that the committee passed a few days ago. Cort Harrington, the committee's staff attorney, said SB 283 repeals HB 264.

Senator Eck thought SB 283 should be kept on. Senator Halligan noted there is no cap on SB 283. Ellen Feaver, director of the Department of Revenue, cautioned the committee about putting caps on bills because of equal protection problems.

Representative McBride, in closing, said she didn't realize that SB 283 repealed this bill. She urged the committee to look at SB 283 again to see if they would receive the same kind of credit.

The hearing on HB 264 was closed.

CONSIDERATION OF HOUSE BILL 202: Representative Jan Brown, House District 32, was the sponsor. Since the institution of fees in lieu of taxes, there is no way for a sheriff to legally seize and sell personal property. This bill should correct that situation.

PROPONENTS

Charles Graveley, representing the County Treasurers and County Assessors Associations, said we should have uniform enforcement of payment of fees in lieu of taxes. Some sheriffs don't feel that 15-16-111, MCA, applies to flat fees and they won't pursue seizure of property. He urged the committee's support of the bill. He noted that Monday's Independent Record showed 45 tickets were issued in Lewis and Clark County's clampdown on vehicles without current plates. If the sheriff interpreted 15-16-111, MCA, not to include fees in lieu of taxes, they would never collect the fines assessed.

OPPONENTS

There were no opponents to HB 202.

Questions from the committee were called for.

Senator Lynch said suppose he had a \$10,000 car and the sheriff takes it to collect \$108 in taxes or fees, and the car is sold for whatever price you can get. Does he take the \$108 and give the rest back to me, he asked. Mr. Graveley said that warning notices, not tickets, are issued first which say pay for your current plates or pay a \$25 late fee with the late payment of the motor vehicle fee. If the fee is not paid, a writ of execution is issued, and the vehicle is seized and sold. He said the local government charges the late fee if they want one; that is not a state problem.

Senator Turnage said that if someone has old cars in their backyard, technically, they could seize and sell all of those. Mr. Graveley stated, though, that those vehicles are not registered for driving on the highway.

Mr. Graveley was asked if the car of a man who is selling that car to his daughter who is in Korea could be taken if the fees were not up to date. Mr. Graveley replied that back taxes or fees would have to be collected on it.

Senator Turnage said this bill will allow them to seize the vehicles.

Gregg Groepper, Property Assessment Division administrator, referred to 15-8-202(2), MCA, and said there was another statute, too, which allows them to go back ten years on back taxes. Some counties go back ten years; others don't go back that far.

Senator Lynch said suppose a guy has a car worth \$1,100 sitting on blocks. He fixes it and gives it to his kid. Does he have to pay the \$1,800 or whatever amount in back taxes on it? Mr. Groepper replied that there is a law that says that can be done.

The hearing on HB 202 was closed.

DISPOSITION OF HOUSE BILL 227: Senator Norman moved that HB 227 BE CONCURRED IN. The motion was seconded.

Cort Harrington said it may be that railroad retirees will be left out altogether if this and the railroad retirees' bill both pass.

A vote was taken and the motion passed unanimously. Senator Norman will carry HB 227 on the floor.

DISPOSITION OF HOUSE BILL 423: Senator Turnage moved that HB 423 BE CONCURRED IN. The motion was seconded and passed unanimously. Senator Eck will carry HB 423 on the floor.

DISPOSITION OF HOUSE BILL 264: Senator Lynch moved that HB 264 BE CONCURRED IN. The motion was seconded and passed unanimously. Senator Brown will carry HB 264 on the floor.

CONSIDERATION OF HOUSE BILL 202: Senator Turnage moved that HB 202 be tabled. The motion was seconded and passed with Senators Crippen, Elliott, Halligan and Severson voting no.

RECONSIDERATION OF SENATE BILL 361: Senator Turnage said the amendments he has will liberalize the exclusions:

Page 2, line 21.
Following: "than"
Strike: "20"
Insert: "5"

Page 2, line 25.
Following: "plan;"
Insert: "or"

Page 3, line 2.
Following: "land of"
Strike: "520"
Insert: "100"
Following: "equivalent or"
Strike: "15"
Insert: "5"

Senator Elliott suggested the following amendments:

Page 3, line 1.
Following: "which means"
Insert: "annual"

Page 3, line 3.
Following: "equivalent;"
Insert: "or"

Page 3, line 5.
Following: line 4
Strike: "40"
Insert: "10"
Following: "equivalent;"
Insert: "or"

Page 3, line 6.
Following: "which means"
Insert: "annual"

Page 3, line 7.
Following: "at least"
Strike: "\$1,500, adjusted for inflation"
Insert: "\$500"

Page 3, lines 13 through 17.
Strike: subsection (3) in its entirety

Page 3, line 18 through page 6, line 5.
Strike: sections 2 and 3 in their entirety

Senator Eck asked Ellen Feaver, director of the Department of Revenue, what the point of having the bill would be if all these amendments were made. Ms. Feaver said they would be happy to have the committee do anything to make the bill clearer.

Senator Norman noted that there is no definition of "agricultural land." Ms. Feaver said that if this bill does nothing except define "agricultural land," they will be happy.

Senator Turnage stated that the real tax impact falls on the improvements anyway. The taxable value lies in the improvements, like the trees and buildings.

Senator Crippen raised the question of subdivided land being used for agricultural land. Mr. Groepper stated that a subdivision on the Rimrocks in Billings is raising wheat but there are streets and alleys. The problem is, is it below 5 acres and does it meet the income requirements. He suggested that where "contiguous acres" are referred to, the bill should also say something like "not including streets and alleys."

Senator Turnage suggested adding a provision for an immediate effective date.

The committee then discussed what an "animal unit" was.

Senator Turnage moved that SB 361 be taken from the table. The motion was seconded and passed unanimously.

Senator Turnage moved that the amendments suggested by himself, by Senator Elliott, and by Mr. Groepper be adopted. The motion was seconded and passed unanimously.

Senator Turnage moved that SB 361 DO PASS AS AMENDED. The motion was seconded.

Senator Crippen asked Mr. Groepper if he was comfortable with this, and Mr. Groepper replied that he was.

A vote was taken on Senator Turnage's motion, and it passed unanimously.

Mr. Groepper then indicated that the assessment notices for this year had already gone out.

Senator Turnage moved that the committee reconsider its action just taken on SB 361 and that SB 361 be further amended to not include the provision for an immediate effective date. The motion was seconded and passed unanimously.

Senator Turnage moved that SB 361 DO PASS AS AMENDED. The motion was seconded and passed unanimously.

A statement from Women Involved in Farm Economics (Mary Nielsen) setting forth their "Family Farm Policy" is attached as Exhibit J.

STATEMENT OF INTENT FOR SENATE BILL 283: Cort Harrington, the committee's staff attorney, explained the statement of intent. Senator Towe moved that the statement of intent for SB 283 be adopted. The motion was seconded and passed unanimously. A copy of the statement of intent is attached as Exhibit K.

STATEMENT OF INTENT FOR SENATE BILL 241: Cort Harrington explained the statement of intent for SB 241 also. Senator Turnage moved that the statement of intent for SB 241 be adopted. The motion was seconded and passed unanimously. A copy of the statement of intent is attached as Exhibit L.

The meeting adjourned at 10 o'clock a.m.

Chairman

ROLL CALL

SENATE TAXATION

COMMITTEE

48th LEGISLATIVE SESSION -- 1983

Date 3/3 /83

NAME	PRESENT	ABSENT	EXCUSED
SENATOR GOODOVER, CHAIRMAN	✓		
SENATOR McCALLUM, VICE CHAIRMAN	✓		
SENATOR BROWN	✓		
SENATOR CRIPPEN	✓		
SENATOR ELLIOTT	✓		
SENATOR GAGE	✓		
SENATOR TURNAGE	✓		
SENATOR SEVERSON	✓		
SENATOR HAGER	✓		
SENATOR ECK	✓		
SENATOR HALLIGAN	✗	✓	
SENATOR LYNCH	✓		
SENATOR NORMAN	✓		
SENATOR TOWE	✓		
SENATOR MAZUREK		✓	

COMMITTEE ON TAXATION (SENATE)

VISITORS' REGISTER

NAME (PLEASE PRINT)	REPRESENTING	BILL #	Check One	
			Support	Oppo
d L Woods		227	X	
Clay Johnson	Yellowstone Newz you			
Linda Kaegele	Mont. A. Cit.	227	X	
Mildred Schanz	Ryegeate Senior Citizens	227	X	
Catherine Agrimson	Gr Falls Senior Citizens	227	X	
Ralph Schanz	Ryegeate " "	227	X	
Earl Teal	MSCA	227	X	
Robert G. ...	MSCA	227	X	
Leo Beery	DNRC	264	X	
Cl.	202	X	
" "	" "	423	X	
John Mohar	SD # 11	264	X	
Hugh A. Flaherty	Women's Lobbyist Fund	HB227	X	
Don Reed	MEIC	HB 264	✓	
...	M. J. CA	HB 227	X	
...	M S C A	HB 227	X	
Bob	HB 227	X	
James Mylar	SRAC UTA BUREAU 314	HB 227	X	
Jim Murray	Mont. State AFL-CIO	HB 227	X	
J. Holloway	MT Home Builders	264	X	
...	M S C A	227	✓	
...	Great Falls M S C A	227	X	
Hedi Johnson	Great Falls, MT	227	X	
...	...	227	X	
Charles Bopp	Governor's Office	227	X	

LEGISLATIVE TAXATION COMMITTEE
EXHIBIT A
March 3, 1983
House BILL/RES. 423

See

MR. CHAIRMAN, MEMBERS OF THE COMMITTEE, FOR THE RECORD,
MY NAME IS JAMES SCHULTZ, REPRESENTATIVE DISTRICT 48,
LEWISTOWN.

MEMBERS OF THE COMMITTEE, THE BILL PRESENTED TO YOU TODAY
IS HB 423. THIS BILL IS PROBABLY ONE OF THE FEW BILLS TO
COME BEFORE ~~YOUR~~ ^{THIS} COMMITTEE THIS SESSION THAT CAN ASSIST
THE STATE IN HOLDING THE LINE ON COSTS.

AS YOU CAN SEE BY THE TITLE, "AN ACT REQUIRING THAT
CLASSIFICATION AND APPRAISAL NOTICES BE SENT TO PROPERTY
OWNERS ONLY WHEN CERTAIN CHANGES PERTAINING TO LAND OR
IMPROVEMENTS HAVE BEEN MADE:

IF YOU WILL DIRECT YOUR ATTENTION TO THE BODY OF
THIS BILL -

UNDER PRESENT LAW, THE SEC. 15-8-301 OF THE MONTANA
CODES SEEMS TO BE THE PRIMARY REQUIREMENT IN STATUTE FOR
THE ANNUAL ASSESSMENT LISTS, REGARDLESS OF WHETHER OR NOT
THE PROPERTY VALUED HAS CHANGED. ~~OTHER~~ SECTIONS OF THE CODE
THAT WOULD AT LEAST INFER ANNUAL NOTIFICATION WOULD BE SECTIONS
15-7-102 AND 14-14-101.

FOR FACTS AND FIGURES APPROXIMATELY 10% OF RESIDENTIAL
PROPERTY AND LOTS AND TRACTS CHANGE ON AN ANNUAL BASIS.
IF THE DEPARTMENT WOULD HAVE TO NOTIFY THOSE PEOPLE WHOSE
VALUE CHANGED, IT COULD SAVE APPROXIMATELY 400,000 ASSESSMENTS
WHICH WOULD SAVE \$80,000 IN POSTAGE NOT TO MENTION THE
STAFF TIME BY NOT HAVING TO CREATE NEW ASSESSMENT LISTS.

IN FERGUS COUNTY, IT TAKES 1.5 FTE TO PROCESS THE

The Fiscal effect is on the accompanying
Fiscal note

ASSESSMENTS - THE 1/2 FTE WAS ADDITIONAL HELP.

BECAUSE OF THE DIFFICULTY IN ATTEMPTING TO COLLECT ALL THE SHEETS FOR ONE TAXPAYER, MANY ASSESSMENTS ON EACH LAND UNIT ARE SENT IN AN INDIVIDUAL ENVELOPE. THIS IS A GREAT WASTE OF LABOR.

THE BILL SPELLS OUT THE CHANGES

BILL

THERE ARE OTHER PROPONENTS THAT WISH TO SPEAK ON THE BILL.

JMS/MAC

Gregg Groepper of the Dept. of Revenue Dept. has assured me that the assessment ~~form~~ ^{form} can have a ~~note~~ ^{notice} printed on the form that notifies the taxpayer that he will not receive an annual assessment and this ~~form~~ ^{form} should be retained by him.

The Bill carries an immediate effective date so that the savings can start immediately.

Closing: Mr. Speaker members of the committee, this bill is supported by the Dept of Revenue, and County Assessors class

R

Montana

ELDERLY HOMEOWNER OR RENTER CREDIT

File on or before April 15, 1983 or with your Form 2

Your First Name & Middle Initial	LAST NAME	Your Social Security No.	
Spouse's First Name & Initial		Spouse's Social Security No.	
If married ENTER			
Number and Street or Rural Route	City, Town or Post Office	State	Zip Code

IMPORTANT: If you file a Montana income tax return, attach this form to the return. If you do not file, mail this form to Income Tax Division, P.O. Box 5805, Montana Department of Revenue, Helena, MT 59604.

SENATE TAXATION COMMITTEE 1982
 EXHIBIT B
 March 3 1983
 House BILL/RES-227

DO NOT USE THIS SPACE

PART I

IF THE ANSWER TO ANY OF THESE QUESTIONS IS **NO**, YOU CANNOT TAKE THE CREDIT. DO NOT FILE THIS SCHEDULE.

Were you age 62 or older as of December 31, 1982?	YES	NO
Did you reside in this state for 9 months or more during 1982?		
Did you occupy this residence as an owner or renter for at least 6 months during 1982?		
Was this residence subject to property tax?		

PART II — List Your Household Income (See Instructions)

1. Enter total income received from wages, fees, bonuses, capital gains at 100%, ordinary income, dividends and interest 1. _____
2. Enter total income for business, partnerships, rent, royalties, etc. (do not include any losses) 2. _____
3. Enter all pensions and annuities, including Railroad Retirement, PERS, Veteran's Disability, Social Security, etc. 3. _____
4. Enter any payments and interest on Federal, State, County and Municipal Bonds 4. _____
5. Enter alimony, public assistance, unemployment, tax refunds, and all other income not listed above 5. _____
6. Total — All income (Add lines 1 - 5) 6. _____
7. Subtract: Social Security received 7. _____
8. _____
9. Total: Exclusion (Add lines 7 - 8) 9. (_____)
10. Total Household Income (Subtract Line 9 from line 6) 10. _____

PLEASE FOLLOW INSTRUCTIONS ON THE BACK WHEN COMPLETING THIS FORM

HOMEOWNER — Complete line 11 (Renters — Use line 12)

11. Property tax paid on residence and land in 1982, (not to exceed 1 acre, and do not include special assessments or fees in Total.) (See Instructions) 11. _____

RENTER — complete form on Reverse Side

12. Rent paid on resident in 1982 12. _____

13. Rent Equivalent — Multiply line 12 by 15% (.15) 13. _____

14. Total of allowable Property Tax and/or allowable rents paid — line 11 and/or line 13 14. _____

PERCENT OF HOUSEHOLD INCOME COMPUTATION

15. Total Household Income from line 10 15. _____

16. Enter Multiplier Figure from Tax table on reverse side 16. _____

17. Net allowable household income — multiply line 15 by line 16 17. _____

18. Subtract line 17 from line 14 (if this is zero or less, you cannot take the credit; do not file this schedule) 18. _____

19. Enter the amount from line 18 or \$150 whichever is smaller (the maximum refund is \$150.) 19. _____

If you file a Montana State Tax Form 2, enter amount from line 19 on line 62, page 2.

If you are not required to file Form 2, mail this claim form to the address stated above to receive your refund.

REFUNDS WILL BE ISSUED THROUGH THE INCOME TAX DIVISION

I declare under penalty of false swearing that the information in this return and attachment is true, correct and complete.

Telephone Number

Your signature and date

Spouse's signature and date

Instruction

1. Answer all questions. If the answer to any question is no, you are **not** eligible for the credit.
2. **Household Income** means all income received by individuals of a household while they are members of the household except payments received under Federal Social Security.
3. Your household income should include, but is not limited to:
 - a. Wages, Fees, Bonuses, Commissions, Dividends, and interest. Capital gains must be included at 100%. Dividend and Interest Income should be the total amount, including the Federal Exclusion.
 - b. Business, Partnerships, Rent, Royalties, Small Business Corporations and the full amount of Estates and Trusts.
 - c. The Gross amount of all Pensions or annuities received.
 - d. Payments and Interest on Federal, State, County Municipal Bonds.
 - e. Alimony, Support Money, Public Assistance, Strike Benefits, Unemployment, State or Federal Tax Refunds.
 - f. Subtract: Social Security Received in 1982.

4. **Homeowners:** Enter on line 11 the amount of allowable taxes paid in 1982 on your residence and surrounding land, not in excess of 1 acre. Do not include Special Assessments, penalties or interest. **To figure allowable tax on residence:** Take the total amount of property tax paid and subtract penalties, interest and any of the following special assessments; Transit Fees, City Assessments, Sprinkling, Sanitation, Maintenance Fees, Garbage, Refuse, Land Fill, Storm Sewer, Paving, Lighting, Irrigation, Water System, Sweeping, T.V. District, Predator or Mosquito Control, Livestock, Rural Fire, and any Special Improvement District (S.I.D.) charges. Place this figure on Line 11.

A Copy of Paid Property Tax Receipt Must be Attached

To figure allowable tax on residences over 1 acre: Divide the total land tax by total acres taxed. This is the tax for one acre. From your County Assessor, obtain the Fair Market Value (FMV) of the residence. Multiply this by 8.55% which is the taxable FMV. Take the FMV times the School District Levy. This is the tax on the residence. Add the land tax and residence tax and place figure on Line 11.

A Copy of Paid Property Tax Receipt Must be Attached

Skip Lines 12 and 13, go to Line 14.

5. **Renters:** Enter on line 12 the amount of rent paid. Multiply this amount by 15% (.15). Enter the result on line 13 and 14. A copy of a receipt showing gross rent paid must be attached.

6. **Homeowners and Renters:** Enter the amount from line 10 on line 15. Enter on line 16 the decimal figure from the Household Income Reduction Table for the income reported on line 15. Multiply line 15 by line 16 and enter result on line 17. Subtract line 17 from line 14 and enter result on line 18 (not less than zero). Enter on line 19 the amount from line 18 or \$150, whichever is smaller. This is the amount of your credit.

If you are required to file a Montana individual income tax return Form 2, enter this amount on line 62, page 2. If you are not required to file Form 2, mail this claim to Income Tax Division, P.O. Box 5805, Montana Department of Revenue, Helena, MT 59604.

Montana Elderly Homeowner or Renter Credit

The 1981 Montana legislature passed an act to provide property tax relief to persons 62 years old or over. A credit for a portion of the property taxes or rent paid may be allowable against your state income tax liability or as a direct refund if you are not required to file a Montana State return.

Please read the instructions and complete the form to see if you qualify for the credit.

Additional help is available by calling 1-800-332-6103 toll free January 1st-April 15th or 406-449-2837 after April 15th.

HOUSEHOLD INCOME REDUCTION TABLE

If your HOUSEHOLD INCOME on line 10 is:		Your Multiplier for line 16 is:
at least	but not more than	
\$ 0	\$ 1,999	0
2,000	2,999	.006
3,000	3,999	.016
4,000	4,999	.024
5,000	5,999	.028
6,000	6,999	.032
7,000	7,999	.035
8,000	8,999	.039
9,000	9,999	.042
10,000	10,999	.045
11,000	11,999	.048
12,000 & over		.050

RENTER

COMPLETE LINES A THROUGH G.

- A. Is your Rental Property subject to Property Tax? yes no
Check with your landlord. If your answer is no you are not eligible for the credit.
- B. Name of Landlord _____
- C. Address of Landlord _____
- D. Is your Landlord a Relative?
 Yes: Relationship _____
 No
- E. Telephone number of Landlord _____
- F. How many months did you rent in 1982? _____
- G. Enter here and on line 12 the total amount of rent paid in 1982.

\$ _____

Montana Senior Citizens Assn., Inc.

WITH AFFILIATED CHAPTERS THROUGHOUT THE STATE
P.O. BOX 423 - HELENA, MONTANA 59624



SENATE TAXATION COMMITTEE

EXHIBIT C

March 3 1983

House BILL/RES. 227

(406) 443-5341

March 4, 1983

TESTIMONY OF TOM RYAN OF THE MONTANA SENIOR CITIZENS ASSOCIATION, ON
HB 227

Mr. Chairman and Members of the Committee,

For the record, my name is Tom Ryan, from Helena, and I represent The Montana Senior Citizens Association. MSCA is strongly in favor of passage of HB 227.

For two years now, the State of Montana has made a commendable commitment to the aid of senior citizens in one of the basic necessities of life, an affordable place to live.

In the legislation passed two years ago, Social Security benefits were not included in the computations that determined eligibility. This method of determining eligibility has been a bone of contention because those on Railroad Retirement and those on Federal Retirement in some cases were excluded as 100% of their total income was used to determine eligibility.

House Bill 227 will be more equitable because it will allow for a \$4,000 exclusion for all those applying.

Under HB 227, the most needy will see their state benefits from the program raised from the present \$150 to \$400. This comes at a time when some federal programs for the elderly are being cut back. Those who are needy will benefit should HB 227 become law.

Few counties and towns, especially where basic industries dominated the economy, have escaped the impacts of poor margins, high costs, and diminishing demands. This has as a secondary effect caused distress in the construction and service industries.

As a representative of The Montana Senior Citizens Association, I come before you to plead the case of one group, the elderly.

Active groups are looking ahead to participating in the expected revival in the economy. The senior citizens as a group do not have hopes for jobs even in a much improved economy. We must place our hopes

on ways to cope with high costs. Savings, private and public pensions plus state and federal government programs and not expected jobs are the incomes that senior citizens will expect to provide the necessities of life.

Recent developments in the old age and survivors benefits of Social Security have emphasized ways to establish sound basis for long-range funding. This is cause for senior citizens to look inward at their state government. The governors of all 50 states are looking for indications that Federal-State relationships will be re-reviewed.

Finally, I would like to also point out an important aspect of this bill. Some people might look at the expansion of the maximum benefit and conclude that the effect of the bill is merely to increase revenue outlays. The Montana Senior Citizens Association views this bill as a moderation of the legislation passed two years ago. In the original legislation, all Social Security benefits were excluded. In the case of those receiving maximum Social Security benefits, this meant an exclusion of around \$7,500 for an individual and \$11,000 for a couple. While the proposed legislation extends an exemption to all applicants in determining eligibility, it reduces the allowable exemption for those in the upper benefit levels of Social Security. The effect of this bill is to moderate and equelize the Homeowners/Renters Credit rather than just expand it.

The Montana Senior Citizens Association does not believe that the changes proposed in this bill will be a cure for all of the difficulties faced by our state's elderly, but it does believe that the value of this program in the past has been great, and that the extension of the benefits of the credit to more of Montana's elderly, as proposed in HB 227, is necessary and certainly justified.

We would hope and ask that this committee will, after consideration, report this bill to the Senate floor with a "do pass" recommendation.

EXHIBIT D

March 3 1983

House Bill No. 227

NAME James T. Mular BILL NO. HB 227

ADDRESS Butte MT DATE 3/3/83

WHOM DO YOU REPRESENT BRAC WITH BMW & BLE

SUPPORT OPPOSE AMEND

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments: The above captioned organizations representing 8,600 MT RR Retirees support HB 227. We were omitted from this class of Tax Relief in the 1981 legis. This Bill will remedy our problems and include MT RR Retirees. We urge passage of HB 227.

WOMEN'S LOBBYIST FUND

Box 1099
Helena, MT 59624
449-7917

SENATE TAXATION COMMITTEE

EXHIBIT E

March 3, 1983

Senate BILL/RES. 227

TESTIMONY OF STACY A. FLAHERTY, WOMEN'S LOBBYIST FUND, ON MARCH 3, 1983,
BEFORE THE SENATE TAXATION COMMITTEE REGARDING HOUSE BILL 227.

According to the 1980 Census, women 65 and older are not only the fastest growing segment of our population, but also the poorest segment in American society. In Montana, women constitute 56% of the elderly citizens over 65.

One of the concerns of the elderly is the threat of being displaced from their homes, particularly in difficult economic times. For many women this uncertainty is accentuated by the reduction of minimum social security benefits. HB 227 would alleviate this fear by increasing the property tax credit from \$150 to \$400, therefore, increasing the amount of money returned to elderly property owners and enabling the elderly to hold onto their property.

The Women's Lobbyist Fund believes HB 227 fairly addresses the issue of property tax credit for the elderly. We urge the committee to pass HB 227.

athy A. van Hook
President

Sib Clack
Vice President

Connie Flaherty-Erickson
Treasurer

Celinda C. Lake
Lobbyist

Stacy A. Flaherty
Lobbyist

ELDERLY HOMEOWNER OR RENTER CREDIT

*Chas. Brygg
B 227*

	<u>Taxes Paid</u>	<u>Current Law</u>	<u>HB 227</u>
Impact with household income of \$3,600	400	150	342.40
	600	150	400
Impact with household income of \$5,000	400	150	260
	600	150	400
Impact with household income of \$8,500	400	68.50	68.50
	600	150	268.50
Impact with household income of \$15,000	400	-0-	-0-
	600	-0-	-0-
	800	150	272

Phase Out	Household Income	Multiplier	Reduction	Allowable Credit
Assuming Household Income as indicated, \$400 maximum credit, and \$600 taxes paid	2,000	.006	12	400
	3,000	.016	48	400
	4,000	.024	96	400
	5,000	.028	140	400
	6,000	.032	192	400
	7,000	.035	245	355
	8,000	.039	312	288
	9,000	.042	378	222
	10,000	.045	450	150
	11,000	.050	528	72
	12,000	.050	600	-0-

When column 3 = amount of taxes paid credit will = -0-

Prepared for the House Taxation Committee

by

Dept. of Revenue Staff
 Charles Briggs, Governor's Office
 Renee Brereton, M.S.C.A.
 Wade Wilkeson, L.I.S.C.A.



SENATE TAXATION COMMITTEE
EXHIBIT <u> A </u>
<u>March 3, 1983</u>
<u>House BILL/RES. 227</u>

Box 1176, Helena, Montana

JAMES W. MURRY
EXECUTIVE SECRETARY

ZIP CODE 59624
406/442-1708

TESTIMONY OF JIM MURRY ON HOUSE BILL 227, SENATE TAXATION COMMITTEE, MARCH 3, 1983

I am Jim Murry, executive secretary of the Montana State AFL-CIO. We support House Bill 227.

The Montana State AFL-CIO has always been in support of good treatment of Montana's senior citizens. With luck, all of us will become senior citizens some day.

With hard economic times upon us, it is not unusual that the elderly suffer most. This bill will provide some relief to Montana seniors, who are often on fixed incomes and are hardest hit by rising prices and increasing taxes.

We have testified against tax breaks in many forms, particularly for oil companies. But this is one segment of the population who does deserve a break in the name of fairness.

We realize that taxes are necessary, and that they fund essential services. We have supported some tax increases when they make the system fairer instead of more regressive. Our tax system is riddled with inequities, however, which often allow people with very large incomes to pay a very low rate of taxation. Large tax breaks at the national level and lesser tax breaks at the state level have led to tax increases, especially at the local level, just to keep needed programs in place.

Those tax increases hit the elderly very hard. We must once again move toward equitable taxation by charging more to those who can afford to pay more, and less from those who can afford to pay less. That is why we oppose the sales tax. And that is why we favor a break for senior citizens for property taxes. It is time that this state and nation begin to move toward tax fairness, which will provide essential services in the fairest manner. We urge you to pass House Bill 227.



RE: HOUSE BILL 227

Assume:

1) That the relationship of market value used for purposes of taxation is 40% of current market value.

Example:

Current market value \$87,500 x .40 = \$35,000. market value for purposes of taxation.

\$35,000 x .0855 = \$2,992.50 Taxable valuation.

\$ 2,992.50 X average mills for cities above 20,000 @ .36847 = \$1102.61 TAX

\$ 2,992.50 X " " " " " 10,000 to 20,000 @ .36682 = 1,097.70 TAX

\$ 2,992.50 X " " " " " 5,000 to 10,000 @ .33412 = 999.88 TAX

\$ 2,992.50 X " " " " " 2,000 to 5,000 @ .27412 = 820.30 TAX

\$ 2,992.50 X " " " " " 1,000 to 2,000 @ .31217 = 934.16 TAX

\$ 2,992.50 X average for all cities in the state @ .28164 = 842.80 TAX

EFFECT OF HOUSE BILL 227

Total income reported \$20,000

Deduction allowed in HB227 - \$ 4,000

ADJUSTED INCOME PER HB 227 \$16,000 X .050 = \$800.00

All taxes above \$800.00 qualify for the credit provided by House Bill 227

Rent equivalent provision of HB 227 should be limited not to exceed \$1,200.00 which is 15% of \$8,000.00 annual rent of \$666.66 rent per month.

PERSONAL TAX CREDITS FOR ENERGY CONSERVATION & RENEWABLE ENERGY SYSTEMS 264

STATE	MAXIMUM PERSONAL INCOME TAX CREDIT % COST/MAX. CREDIT	SYSTEMS INCLUDED	COMMENTS <div style="border: 1px solid black; padding: 5px; width: fit-content; margin: auto;"> SENATE TAXATION COMMITTEE EXHIBIT <u>I</u> <u>March 3, 1983</u> House BILL/RES. <u>264</u> </div>
ALABAMA	15%/\$1000	Active Solar	Passive Solar: 10%/\$1000
ALASKA	10%/\$200	Fuel Conservation	Residence, Joint Return
ARIZONA	35%/\$1000	Solar	
CALIFORNIA	*50%/\$75,000 *55%/\$3000	Solar Pumping Solar	For Farm Irrigation For Single Family Dwelling
COLORADO	30%/\$3000	Solar, Wind, Geoth.	
DELAWARE	No%/\$200	Solar Hot Water	
HAWAII	10%/No Max.	Solar, Wind	Includes Heat Pumps
INDIANA	25%/\$3000	Solar, Wind	For Single Family Dwelling
KANSAS	30%/\$1500	Solar, Wind	
MAINE	20%/\$100	Solar, Wind, Wood	
MASSACHUSETTS	35%/\$1000	Solar, Wind	
MICHIGAN	25%/\$500	Solar, Wind, Hydro.	15% Of Next \$8000
MINNESOTA	20%/\$2000	Solar, Methane	
MONTANA	5%/\$50 5%/\$150	Non-Fossil Fuel En. E. Consvtn. Impvt	5%/1st \$1000; 2 1/2%/Next \$3000. For Residential Buildings
NEBRASKA	20%/\$3000	Renewable Energy	For Residential Buildings
NEW MEXICO	25%/\$1000	Solar	Taxpayer's Residence
NEW YORK	55%/\$2750	Solar, Wind	For Residential Buildings
N. CAROLINA	25%/\$1000	Solar	
N. DAKOTA	5%/No Max.	Active Solar, Wind	
OHIO	10%/\$1000	Solar, Wind, Hythml	(Hythml.= Hydrothermal)
OKLAHOMA	35%/\$10,000	Passive Solar, Wind	For Residential Buildings
OREGON	25%/\$1000	Solar, Wind, Hydro.	For Residential Buildings
RHODE ISLAND	20%/\$1000 10%/\$1000	Energy Conservation Solar, Wind	Residential Rental Property Taxpayer's Residence
S. CAROLINA	25%/\$1000	Renewable Energy	Cons. Impvmts. Included
UTAH	10%/\$1000	Solar, Wind, Hydro.	
VERMONT	25%/\$1000	Solar	Taxpayer's Residence
VIRGINIA	25%/\$1000	Solar	

*These Are Combined Federal & State Credit Ceilings

I attended the hearing on S.B. 361 and felt that our position on agricultural lands would help clarify the situation.

FAMILY FARM POLICY
OF
MONTANA WOMEN INVOLVED IN FARM ECONOMICS

Senator George McCullum

Mary Tuller

SENATE IRRIGATION COMMITTEE
EXHIBIT
March 2, 1983
Senate Bill # 361

We support the right of every farm family to improve their financial situation, standard of living or status in life through their own investments, management decisions, determination and dedication. We believe that it should be the role of government to protect that inherent right.

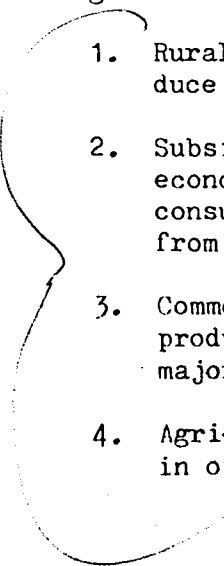
We believe that legislative impediments to expansion or prosperity are not in the best interest of this nation and are not representative of the free enterprise system. Such legislative or regulatory barricades would eventually prove detrimental to every American. Our government must consider the consequences of any attempt at land reform in terms of the food requirements of not only our country, but our planet and its expanding population.

We must create added incentives to production if we are to keep up with the world's food and fiber needs. Profit is the incentive that has made this country a nation of abundance. Profit which provides security, income stability, an acceptable standard of living, buying power which is commensurate with other segments of the economy, the opportunity to prosper--that is the incentive which must be made a realistic goal for the agriculture producers of this nation.

Profit is the incentive which is necessary in order to attract young people into farming. Estate and inheritance tax laws must be revised so that young descendants can continue farming without undue financial burden when their parents die or retire.

We strongly protest the use of "gross" income as a measure of size or wealth. We recommend that a comprehensive definition of family farm be adopted immediately by Congress, the USDA, and all other federal agencies, or that the sentimental term "family farm" be eliminated and that rural acreage be categorized in the following manner:

1. Rural residential acreage--owned for reasons other than to produce and supported by off-farm income.
2. Subsistence farm--a productive unit of land too small to be economically viable, on which food is produced for the owners' consumption with any surplus to be sold or given away. Income from other sources probably required to support owners.
3. Commerical farm--a unit of land on which crops or livestock are produced to be sold at a profit which is intended to be the major source of income for one or more family members.
4. Agri-business corporation--a farm corporation which is involved in other business and from which it derived substantial income.



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We believe that it is imperative that everyone who is interested in food production, farm programs and farm policy recognize the fact that the food for this nation and the world is produced on commercial farms and ranches, most of which are owned and operated by farm families who have chosen farming as their profession and their career, and who are dependent on that farm for their livelihood.

A FAMILY FARM is a form of commercial enterprise in which the management decisions are made by a family engaged in the production of food or fiber for profit, which is intended to provide the major source of income and capital for investment.

COMMITTEE OF THE WHOLE AMENDMENT

SENATE TAXATION COMMITTEE

EXHIBIT K

March 3, 1983

Senate
Statement of Intent 283

MR. CHAIRMAN: I MOVE TO AMEND Senate Bill No. 283, Statement of Intent follows:

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A statement of intent for Senate Bill No. 283 is necessary because Section 11 of the bill grants rulemaking authority to the Department of Revenue.

The purpose of Senate Bill No. 283 is to reduce the dependence on conventional sources of energy through the installation of solar energy systems. In order to achieve the goal, the legislature grants a tax credit to income taxpayers and corporate license taxpayers who install solar energy systems.

It is the intent of the legislature that the rules adopted by the Department of Revenue pursuant to the rulemaking authority granted in this act will insure that the solar energy systems for which a credit is claimed do in fact reduce the demand for conventional sources of energy thereby reducing the dependence for conventional sources of energy and that the costs upon which the credit is based is actually incurred and is an integral part of solar energy systems.

The legislature intends that the Department of Natural Resources and Conservation cooperate with and provide assistance to the Department of Revenue in developing and implementing the rules authorized by this act.

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.....
Senator Fuller

SENATE TAXATION COMMITTEE
EXHIBIT L
March 3, 1933
Senate BILL NO. 241

SENATE BILL 241

Statement of Intent

This act makes major changes to the provisions relating to the corporate license tax credit for new and expanding manufacturers and makes the credit available to qualified individual income taxpayers. The Department of Revenue has existing rulemaking authority with respect to the corporate license tax and has adopted rules which are more restrictive than the legislature intended. This act therefore directs the Department of Revenue to amend its existing rules to make them less restrictive.

This act authorizes the Department of Revenue to adopt rules to implement sections 6 through 10 of the act. Sections 6 through 10 are the provisions of the act which relate to the individual income taxpayer. It is the intent of the legislature that the rules adopted pursuant to the rulemaking authority granted in this act be essentially the same as the rules which implement the corporate license tax provisions as they relate to new and expanding manufacturers.

STANDING COMMITTEE REPORT

March 3

19 83

MR. **PRESIDENT**

We, your committee on **taxation**

having had under consideration **House** Bill No. **227**

Yardley (Norman)

Respectfully report as follows: That **House** Bill No. **227**

third reading

BE CONCURRED IN

~~XXXXXX~~

4/c

STANDING COMMITTEE REPORT

March 3

19 83

MR. PRESIDENT

We, your committee on taxation

having had under consideration House Bill No. 423

Schultz (Eck)

Respectfully report as follows: That House Bill No. 423

third reading

BE CONCURRED IN

~~XXXXXXXX~~

MC

STANDING COMMITTEE REPORT

March 3

19 83

MR. **PRESIDENT**

We, your committee on **taxation**

having had under consideration **House** Bill No. **264**...

McBride (Brown)

Respectfully report as follows: That **House** Bill No. **264**.....

third reading

BE CONCURRED IN

~~DO PASS~~

STANDING COMMITTEE REPORT

March 3 19 83

MR. PRESIDENT

We, your committee on taxation

having had under consideration Senate Bill No. 361

Respectfully report as follows: That Senate Bill No. 361

introduced bill, be amended as follows:

1. Title, line 6.
Following: "PURPOSES;"
Strike: "TO ESTABLISH A NEW CLASS OF PROPERTY FOR CERTAIN LAND;"
2. Title, line 7.
Following: "AMENDING"
Strike: "SECTIONS"
Insert: "SECTION"
Following: "15-7-202"
Strike: "AND 15-8-111"
3. Page 2, line 20.
Following: "parcels"
Insert: "that may be separated by a road, street or alley but"

~~DEPAXIX~~

(Continued on page 2)

M.C.

4. Page 2, line 21.
Following: "less than"
Strike: "20"
Insert: "5"

5. Page 2, line 25.
Following: "plan;"
Insert: "or"

6. Page 3, line 1.
Following: "which means"
Insert: "annual"

7. Page 3, line 2.
Following: "by the land of"
Strike: "520"
Insert: "100"
Following: "equivalent or"
Strike: "15"
Insert: "5"

8. Page 3, line 3.
Following: "equivalent;"
Insert: "or"

9. Page 3, line 5.
Following: line 4
Strike: "40"
Insert: "10"
Following: "equivalent;"
Insert: "or"

10. Page 3, line 6.
Following: "which means"
Insert: "annual"

11. Page 3, line 7.
Following: "at least"
Strike: "\$1,500, adjusted for inflation"
Insert: "\$500"

12. Page 3, lines 13 through 17.
Strike: subsection (3) in its entirety

13. Page 3, line 18 through page 6, line 5.
Strike: sections 2 and 3 in their entirety

And, as so amended

DO PASS

J.C.