

TAXATION COMMITTEE  
45TH LEGISLATURE

Rep. Herb Huennekens, Chairman of the Taxation Committee, called the committee to order January 18, 1977, at 8:00 a.m. in room #434, Capitol Building, Helena. All members were present except Rep. John Vincent, who was excused. House Bills 141, 85, 88, 89, 191 were scheduled to be heard.

Rep. Willie M. Day, District # 54, Dawson Co., sponsor of HB 88, explained this bill was introduced at the request of the County Treasurers' Association. Rep. Day left a letter from Margaret Temple, County Treasurer from Gallatin Co., wherein she explained  
HOUSE BILL that for six months cattle are grazed in Gallatin County  
88 and then taken home. She feels taxes should be paid on  
these cattle before they are removed. See her testimony  
attached..

Ray White, County Assessors' Association, offered an amendment on his testimony sheet stating that an owner of migratory livestock should pay taxes due for the time they are in another county. See his testimony attached.

There were no opponents.

Questions from the committee revealed that when cattle were moved back and forth between counties, they were taxed by their home county and the pasturing county was reimbursed proportionately. Dennis Burr, DOR, advised another bill along this line might be coming. The DOR do get brand inspections on cattle moved across county lines. 1977 taxes are based on cattle owned in 1976. There is a question of constitutionality in the month-by-month assessment of cattle.

Rep. Day closed by saying that he could not object to HB 88 being combined with another such bill that might be coming. It would be all right to hold this bill until then.

Rep. Willie M. Day, District # 54, sponsored HB 89 at the request of the County Treasurers' Association. HB 89 would revise and clarify property taxes on mobile homes. A letter from Margaret Temple, president of the Montana County Treasurers' Association, advises that property taxes on mobile  
HOUSE BILL homes cannot be paid on January 1 because they are not  
89 assessed by then. The first payment will be due 30  
days after notice; 120 days after notice, the second  
payment is due. Those assessed after July 1 would have  
only one payment. It would be best if all forms were  
issued by the County Treasurers' Office and not by the  
trailer owners. Dealers can pull them out on the deal-  
ers' license. See exhibit A - a letter from Margaret Temple.

Ross Cannon, Montana Mobile Homes Association, advised that the payment of taxes in two installments in comparison with taxation of homes, would make the payment of taxes closer together than that for homes. It would hamper a moving company to have to get a case-by-case sticker showing the tax paid before moving a trailer. Implore the committee

not to require a mover or dealer to get a declaration of moving sticker.

Rep. Day closed saying a M-1 moving permit isn't hard to get by going to the County Treasurer and paying taxes due.

In answer to questions from the committee, Margaret Temple advised tax notices are being sent out all the time. Assessment is done when they come into the county. No penalty on personal property. Mr. Cannon doesn't think there is a problem, since the law mandated the declaration of moving sticker. Mr. Burr is unaware of a great problem with the assessment. Mr. White, County Assessors' Association, is in support of HB 89. He stated many trailers are being moved without declarations. Dealers and movers get a book of permits from the county treasurer, and they fill them out themselves. Sometimes it is 3 or 4 months before a dealer sends them back to the county treasurer, and the trailers are moved before a check to see if taxes have been paid is made. There are many delinquencies on trailers that have moved out. When the trailer is sold, the second buyer gets stuck with the first owner's taxes. The DOR advises that a new owner has to pay taxes on any type of property.

Tax notices on mobile homes are in use until later in the year. The County Treasurer wants control over MH-1 forms.

Rep. Jim Burnett, District #71, Carbon County, sponsor of HB 191, Montana Economic Land Development Act, requested that this bill be held over until Friday for further testimony. Rep. Sivertsen moved that those people that wanted to testify on this bill should do so today. This motion carried unanimously.

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191 Roger Young, Great Falls, opponent, does not want repeal of this act. See his testimony sheet.

Joe Stinchfield thinks "Melda" is highly innovative. It establishes a penalties method of land planning. He will supply a copy of what he read and a letter from Harold Price. He thinks this law has peculiar and special applications that would apply to Great Falls. He recommends doing work to improve implementation and not to repeal this act.

James A. Woodahl, developer from Great Falls, had developed at \$3.5 million dollar project in downtown Great Falls, and strongly opposes repeal of MELDA. Great Falls needs tax incentives offered in HB 672. Tax income would be cut in half if this act is repealed. He would like to know how HB 191 would affect projects like his when the law gets changed part way down the stream. How would people be treated who are or have been building under the effects of this law? This approach makes very good sense and if they have worked out implementation problems in the last three months, would like to have the bill left in. See his testimony attached.

Lee Loucks, realtor from Great Falls, feels MELDA allows tax incentives for upgrading low cost housing, and for upgrading existing properties. Opposes HB 191.

Rep. Fagg advised that where taxes are advantageous, land use follows.

Favors a local plan. The tax incentive was cut to 25% of taxes on agricultural land in the last Legislature. Another bill is in the coffer, which has a repeal on a county basis - wants to take it to the local level; and repeal it on the local level.

Rod Wilson, Billings Chamber of Commerce, opposes repeal. He would like to maintain the status of MELDA. Doesn't want it repealed without giving it a chance to work. See his testimony. Zack Stevens, Montana Farm Bureau, Helena, opposes repeal of MELDA. He supports the agricultural land use philosophy. H.S. Hanson, Montana Technical Council, opposes HB 191 and supports the concept but believes modifications should be made. Alice Fryslie, Montana Cattlemen's Association, Helena, opposes HB 191, and supports the concept of MELDA. See her testimony attached. Eugene D. Walker, Montana Cattlemen's Association International, opposes HB 191. George Roskie, Great Falls, expressed his views for MELDA. He approves the concept very much. A great many taxpayers like the idea of tax incentives. He strongly opposes passing a repealer to this act. Cliff Christian, Montana Association of Realtors, Helena, opposes HB 191. Rep. Fabrega doesn't believe the tax incentive is good enough and would wipe out rural tax base. Need to review the basic concept of rural taxation. He agrees with the basic principle, but voted against the Senate amendments. Tom Winsor, Montana Chamber of Commerce, Helena, opposes HB 191. Torian Donohue, Environmental Information Center, Helena, opposes HB 191. Ed Nelson, Montana Taxpayers Association, recommends amending HB 672. Rep. Dassinger took chairmanship of the committee.

Steve Turkiewicz, Montana Association of Counties, Helena, supports repeal of MELDA as it stands today. See his testimony. John Clark, Department of Revenue, supports HB 191.

Rep. Burnett reserved his closing remarks until the end of the next hearing. Questions from the committee included what happens to projects that have been started? Bill Groff, DOR, advised there has been no implementation in any area that he knows about. Further discussion revealed that some Billings projects have been started with this incentive in the offing.

Mr. Woodahl approves this concept and wants to protect his investment. Building costs have risen 16% per foot per year. If have to eat part of the owners will be unhappy. They thought MELDA would stick and went ahead on this basis.

HB 672 contains about 25 subject matters and if it is killed now, it cannot be brought up again.

REP. DASSINGER, Vice-Chairman, took chairmanship of the committee.

Rep. Herb Huennekens, District #68, Yellowstone County, Billings, sponsor of HB 141, advised this bill is a result of an initiative last November. A homestead is a dwelling and up to one acre of land not used

for agricultural land. \$5,000 is deducted from the top of

HOUSE BILL house values. The Department of Revenue supplies forms which have to be filled out and filed with the county assessors, then the state returns to the county the amount subtracted from the house tax bill.

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Bill Groff, DOR, advised this will amount to taking off the tax rolls approximately 20,000 homes in the state of Montana and

approximately 30% of local homes except for LIDS, etc. This can be done quite competently in the Department of Revenue if mass appraisal is used.

Dennis Burr, DOR, advised this act passed by 70% of the voters. The state will not pick up the taxpayer's share of any service districts. Agricultural land is excluded from tax relief. The effective date is changed to January 1, 1977 instead of July. This would help mobile home owners who might be caught between January and July.

The DOR wants to get this bill through quickly so they can get figures to the county assessors. They plan on mailing applications to home owners which would cover 80% of home owners in the state. Those who don't receive an application in the mail will pick up theirs at the county courthouse of assessor's office. These would be three-part forms - one to keep, one for the DOR, and one for the assessor who will add some information, then the form will be returned to the DOR and they should be able to calculate the tax for the county assessors. County assessors will compute the complete tax and then will subtract the amount of relief. This information will go to the treasurer. Total tax amount state will pay and the amount the taxpayer has to pay will be shown. Sufficient money has been requested for administration of this act. It has to be administered since it has been passed and has to be done as soon as possible in order to get information back to the assessor by March 1.

Cliff Christian, Montana Association of Realtors, supports HB 141. Tom Winsor, Montana Chamber of Commerce, Helena, supports HB 141. Ed Nelson, Montana Taxpayers Association, Helena, supports any relief for property taxation. He suggests a simplified percentage of value be used to determine home owners' tax. This would simplify administrative process and the county treasurers could make the computation in their own offices. This would cost \$700,000 to administer and this is too much. See his testimony.

Steve Turkiewicz, MACO, supports HB 141. He proposed an amendment shown on his testimony sheet. He recommends the administrative cost to the county for administration of this act should be refunded to the county by the state.

Margaret Temple, County Treasurers' Association, is not opposed to getting relief but opposes administration of this act which presents a problem in handling figures on county treasurers' office forms. This would require more supplies and a great deal more work. It would require much higher additional cost to the counties. She suggests that taxes be paid in full by the taxpayer and the state refund to the taxpayer instead of the county doing so. See her testimony, Exhibit A, which suggests ways of handling this problem.

Mr. Burr thinks the Temple proposal is no less work than there would be in the Department of Revenue. The DOR will compute the home owners' share of relief for each county.

Rep. Huennekens resumed chairmanship of the committee.

Rep. Dassinger, District #50, Rosebud County, sponsor of HB 85, explained HB 85 which lowers the tax assessment on livestock by changing the classification of livestock from class three to class two.

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HOUSE BILL     Alice Fryslie, Montana Cattleman's Association, sup-  
                  ports HB 85. Eugene D. Walker, Montana Cattlemen's  
                  85     Association, International supports HB 85.

Ray White, County Assessors' Association, Bozeman, supports this bill with great reluctance. He feels livestock is being treated unfairly. They are being assessed at present market value - lowering tax classification puts more burden on the land. Recommends an effective date of January 1, 1978 because assessments are already being processed for 1977.

Tom Winsor, Montana Chamber of Commerce, supports HB 85 because agriculture can be helped by reducing taxes. Recommends a do pass. He supports reduction of livestock tax base.

Rep. Severson, District #92, Ravalli County, supports this bill because of the inequity of livestock taxation.

There were no opponents.

Meeting adjourned at 11:30 a.m.

  
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REP. HERB HUENNEKENS, CHAIRMAN