

TAXATION SUBCOMMITTEE  
HB 70

Chairman Rep. E. N. Dassinger called the hearing on HB 70 to order at 8:00 p.m., January 24, 1977, in room 434 of the Capitol Building, Helena. This was the second hearing on HB 70 by the subcommittee for the purpose of checking the figures proposed at the first hearing. Two exhibits were handed out, Exhibit A and B of the proposed reclassification figures.

John Lahr, Montana Power representative, Helena, said he had no questions on the proposed figures on Exhibit A, and recommended they be incorporated into HB 70.

Thomas J. O'Neill, 40 East Broadway, Butte, MT, representing Montana Power gas field production, advised that gas field equipment, machinery and supplies for their field equipment in Toole and Glacier counties are assessed in class 2. This brought up the question if this equipment was improperly assessed and classified, or whether some preceding ruling by the DOR or STAB had placed it in this classification. This is to be checked into before the subcommittee makes its report to the whole committee. Class 5 is the class this equipment probably should be in. Mr. Lahr will supply some other material in regard to gas field equipment. Dennis Burr will check on the question of proper classification in the two counties. Mr. Neill would like to discuss the matter of the casing of oil and gas wells in the process of drilling in connection with taxation.

Bill Sternhagen, 1625 11th, Anaconda, Montana, Anaconda Co, stated the bill is O.K. if it stays the way it is amended - the levies should be restored to the way they now exist in the law.

Bob Cannon, 40 E. Broadway, Montana Power representative, agrees with the proposed amendments.

Chris Johansen, Box 67, Great Falls, MT, representing the Montana Grain Elevator Association, is in favor of the subcommittee recommendations re the tax on unprocessed small grains.

Rod Hanson, Fairfield, MT, representing Montana Association Utilities, was present to see what been done by the subcommittee.

Ed Nelson, Montana Taxpayers Association, 1706 9th Ave., Helena, suggested that the present class 4, Land and Land Improvements as shown in the proposal at 12%, class 8, would be a significant increase over the present tax rates. This is reflected in the study information.

Dennis Burr advised that market value in the statute is 12% on the appraised value and that is defined as market value. They are not going to make any change in assessment of real estate improvements. Reappraisal regarding changing from 12% of market value from 40% of market and 30% rate doesn't make any difference. It was 9.6% before the new Constitution went into effect, and has

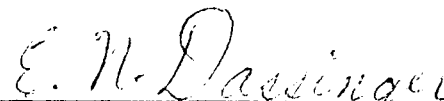
been 12% ever since; however, with no new reappraisal which will raise this tax. Believe this question has yet to be resolved. Before new values are set, there will be a fantastic amount of raised taxable value. There is a question of levying some lower rate of tax if the values are raised.

There is also a problem of checking into the Green Belt Law to make sure that it is still adequate with the raise in valuation.

Charles Brown, Department of Livestock, Helena, recommends amending HB 70 on page 91, line 8, following: "and ~~three-~~4, strike "3", insert "9". See his testimony attached.

Gregg McCurdy, MACo, Helena, supports HB 70 when it actually simplifies tax rates so the public can readily understand how taxes are arrived at. See testimony attached.

Hearing adjourned at 8:00 p.m.

  
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REP. E. N. DASSINGER, CHAIRMAN  
Subcommittee on HB 70