

TAXATION COMMITTEE
45TH LEGISLATURE

The committee on taxation was called to order in executive session by Rep. Herb Huennekens, at 8:00 a.m., April 7, 1977, in room #434, Capitol Building, Helena. All members were present.

SENATE BILL 155 - Rep. Severson explained he would like to have SB 155 reconsidered because he thinks irrigation districts should be exempt from taxation. He made a motion that SB 155 be reconsidered. After a good deal of adverse discussion, and some question about constitutionality of taxing an irrigation district, the motion failed.

SENATE BILL 251 - Rep. Vincent moved SB 251 NOT BE CONCURRED IN. Rep. Bertelsen made a substitute motion that SB 251 BE CONCURRED IN. He moved an amendment to page 4, line 24, to strike "pumps"; and on page 5, line 1, following: "system", insert "except pumps". This motion carried - Rep. Williams voted No, and Rep. Gilligan was absent.

Rep. Bertelsen made a motion to adopt the amendments as described in the attached amendments. This motion carried with two members absent.

After further discussion, and several thoughts that sprinklers are somewhat like household equipment which is not taxed; that this question should be studied by an interim committee; that sprinklers be exempt from taxation provided they are owned by the surface owner; that basic evaluation is how many tons of alfalfa an acre will produce; whether this type of equipment should be taxed at all and if so, at what rate; the committee voted on the Be Concurred In motion which failed by a roll call vote of 7-9 with one absent. So SENATE BILL 251 is recommended AS AMENDED NOT BE CONCURRED IN.

SENATE BILL 352 - Rep. Williams made a motion that SB 352 NOT BE CONCURRED IN. Motion carried unanimously with Rep. Waldron absent.

SENATE BILL 431 - Rep. Lien moved that SENATE BILL 431 NOT BE CONCURRED IN. After discussion, the motion carried with 15 voting yes, Rep. Uhde No, and Rep. Waldron absent.

SENATE BILL 31 - This bill would have a fiscal effect of \$2.6 million dollars for a year or \$5.2 million dollars for the biennium. Senate Bill 25 would have repealed the inheritance tax law. SB 31 is a compromise with SB 25 based on the federal estate tax exemption. Tom Stoll, DOR, advised that when a gift tax is paid, they 1/2 of the estate would be taxable, otherwise it would be taxed at 100%.

Rep. moved that section 1 be reinserted - the stricken material on page 1, lines 12-25, page 2, lines 1-13. This amendment would return the language to what was recommended by the interim committee. This amendment was adopted unanimously. Reps. Uhde and Fagg were absent.

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Rep. Dassinger moved that SENATE BILL 31 AS AMENDED BE CONCURRED IN. Motion was unanimously adopted. Rep. Williams will carry SB 31 on the floor.

Mr. Stoll further explained the inheritance tax problems to the committee. When asked where he thought it would be best to cut down, his recommendation was to allow dependents a lesser exemption.

Rep. Dassinger recommends a rate change rather than a change in exemptions.

Rep. Fabrega moved to amend page 11, line 8, following: "When", insert: "permission has been granted to defer payment of taxes under 84-919. Motion carried.


Rep. Sivertsen moved to make this effective on passage and approval. Motion carried unanimously.

The above motions were made and voted on before the bill as an amended whole was recommended concurred in.

SENATE BILL 252 - Rep. Fabrega moved that SB 252 be taken off Tabled status. Motion carried unanimously.

Rep. Lien moved that SENATE BILL 252 BE CONCURRED IN. Motion carried.

Meeting adjourned at 10:30 a.m.



REP. HERB HUENNEKENS, CHAIRMAN

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HOUSE OF REPRESENTATIVES
COMMITTEE ON TAXATION AMENDMENTS TO SENATE BILL 31

APRIL 7, 1977

Amend in the third reading copy as follows:

1. Amend title, line 7.

Following: "EXEMPTIONS;"

Insert: "PROVIDING AN EFFECTIVE DATE;"

2. Amend page 1, section 1, line 13.

Following: line 13

Insert: "Section 1. Section 91-4405, R.C.M. 1947, is amended to read as follows:

"91-4405. Joint estates, government bonds, tenants by the entirety, joint bank accounts, and similarly held property. Whenever any property, however acquired, real or personal, tangible or intangible, including government bonds of the United States, is inscribed in co-ownership coownership form, or held by two or more persons in joint tenancy by-two-or-more-persons, or as tenants by the entirety, or is deposited in any bank or other depository in the joint names of two or more persons and payable to the survivor or survivors of them upon the death of one of them, the right of the survivor or survivors to the immediate possession or ownership is a taxable transfer. The tax is upon the transfer of decedent's-interest,-one-half-or-other-proper-fraction,-as-evidenced by-the-written-instrument-creating-the-same,-as-though-the-property-to-which the-transfer-relates-belonged-to-the-joint-tenants,-tenants-by-the-entirety, joint-depositors,-holders-in-co-ownership-form,-or-persons,-as-tenants-in-common, and-had-been,-for-inheritance-tax-purposes,-bequeathed-or-devised-to-the-survivor or-survivors-by-will,-except-such-part-thereof-as-may-be-shown-to-have-originally belonged-to-the-survivor-and-never-to-have-belonged-to-the-decedent- the full value of the property, except that portion owned by the survivor. This-section shall-not-be-construed-to-repeal-or-modify-the-provisions-of-section-91-4402-"

Renumber subsequent sections.

3. Amend page 11, section 4, line 8.

Following: "When"

Strike: "a bond"

Insert: "permission"

4. Amend page 11, section 4, line 9.

Following: line 8

Strike: "is given"

Insert: "has been granted to defer payment of tax"

5. Amend page 14, section 6, line 5.

Following: line 5

Insert: "Section 6. Effective date. This act is effective on passage and approval."

AS AMENDED

BE CONCURRED IN

HOUSE OF REPRESENTATIVES
TAXATION COMMITTEE AMENDMENTS ON SENATE BILL 251,

April 7, 1977

in the third reading copy as follows:

1. Amend title, page 1, line 8.

Following: "TAXATION;"

Insert: "ASSESSING THE LAND SO IRRIGATED ON A PRODUCTIVITY BASIS;"

Following: "AMENDING"

Strike: "SECTION"

Insert: "SECTIONS"

Following: "84-202,"

Insert: "AND 84-429.7,"

2. Amend page 4, Section 1 (8), line 24.

Following: "connectors,"

Strike: "pumps,"

3. Amend page 5, section 1(8), line 1.

Following: "system,"

Insert: "except pumps,"

4. Amend page 5, line 4.

Following: line 4

Insert: "Section 2. Section 84-429.7, R.C.M. 1947, is amended to read as follows:

"84-429.7. Classification and appraisal - duties of the department of revenue. (1) It is hereby made the duty of the state department of revenue to accomplish the following:

(a) The classification of all taxable lands.

(b) The appraisal of all taxable city and town lots.

(c) The appraisal of all taxable rural and urban improvements.

A record thereof must be kept upon such maps, plats and forms, and entered in such books of record as may be prescribed by the state department of revenue. Such maps, plats, forms and books of record shall be official records of the state. A certified copy of all such records as may be desired shall be furnished to the state department of revenue.

It shall be the duty of the state department of revenue to maintain current, the classification of all taxable lands and appraisal of city and town lots, and rural and urban improvements, as provided for herein.

(2) The department shall continue to assess, without consideration of any increase in productivity resulting from the introduction of a ~~sprinkler type~~ an irrigation system other than a sprinkler type irrigation system, at the current rate all nonirrigated farm land and nonirrigated continuously cropped farm land for a period of ~~three~~-~~(3)~~ years after introduction to the land of a sprinkler type irrigation system.

The records of this assessment shall be maintained in the office of the agent of the department in each county of this state and a copy sent to the department.