

MINUTES OF THE MEETING  
TAXATION COMMITTEE  
MONTANA STATE SENATE

January 18, 1977

The seventh meeting of the Taxation Committee was called to order on the above date in Room 415 of the State Capitol Building by Chairman Mathers at 8:00 a.m.

ROLL CALL: Roll call found all members present but Senator Towe who was excused for a meeting in the House Taxation Committee; he arrived later in the meeting.

The following witnesses were present:

Leland J. Pond	Northern Cheyenne Tribe
Craig A. Floerchinger	Univ. of Mont.
Carrie Hahn	Mont. Student Lobby
Bob Cochran	Dept. of Rev.
Frank Montibeller	Coal Board
Steve McCurdy	Mont. Assoc. of Counties
Glen Drake	Mont. League of Cities & Towns
Mike Meloy	Repr., H.D. 29

CONSIDERATION OF SENATE BILL 65: Sen. Turnage said his bill, to exempt certain nonprofit community service buildings from property taxation, was a product of the reappraisal tax program being conducted by the Dept. of Rev. He said assessors and the State Board of Equalization had assessed certain community service buildings at a token or minimal rate but under the new constitution and the ensuing reappraisal of the Dept. of Rev., it had been made clear that owners of such property would be assessed at the full market value, regardless of the fact that they were nonprofit. If the new appraisal plan is carried out, many of these properties will have to be abandoned. The exemption, Sen. Turnage continued, would not include . . . community services, such as lodges, etc., that are profit oriented.

A Fiscal Note accompanied the bill and Sen. Turnage noted the absence of a cost estimate. Such cost estimate could not be prepared in the limited time allowed, the Fiscal Note stated. It was brought out, however, that there would be few such buildings affected in the larger towns in the state but it was anticipated that the greatest savings to such facilities would be found in the smaller towns and urban areas.

Following Sen. Turnage's presentation Chairman Mathers called for other witnesses and first to speak was Ms. Hahn who asked how such legislation would affect campus fraternity and sorority buildings. Mr. Floerchinger presented a list of figures showing the property taxes being paid at the two major universities in Montana, Exhibit #1, attached.

Mr. Cochran stated the Department took no stand on the bill. Following his testimony Mr. McCurdy testified that the Association was opposed to the bill, excluding the portion of the bill that exempts facilities used for senior citizens' activities. He said he felt that this was another deterioration of the tax basis and without a solid Fiscal Note to go by, he felt he must oppose the bill. Mr. Drake next spoke and said he also opposed the bill for similar reasons to those of Mr. McCurdy and thought the bill would open the door to other organizations which could then come in and glean the benefits of the bill. In later discussion Sen. Turnage pointed out that the bill had a 'lock-in' clause of January 1, 1976, which would prevent this problem from occurring.

Chairman Mathers then asked for others to testify and there being no other witnesses, permitted questions by the committee. He asked Mr. Drake if he had an estimate of what the tax loss in the City of Helena might be. Sen. Turnage noted for the record also, that the bill was not intended to give any commercial activity a break, nor that any organization that might rent a portion of its building to another business, should benefit from such tax exemption.

Following conclusion of the hearing, members discussed several matters before beginning hearing on SB66.

CONSIDERATION OF SENATE BILL 66: Sen. Towe presented his bill which is an amendment to the Coal Tax law which establishes the authority for the Coal Board to dispense with coal revenue funds to local government units, and to include Indian tribes as 'local government units' as specified in the present law. He stated that the Attorney General had ruled that Indian tribal governments would not be included in the definition of such units. Sen. Towe continued, stating that some of the coal being mined at this time is very near Indian reservations and it is likely that there will be some mined on the reservations in the future. He said this does not touch the problem that would allow the state to tax coal mined on the reservation.

Mr. Pond next spoke in support of SB66, and cited some of the problems that the tribes are facing as a result of the impact of the coal mining. He stated that increase in the population had resulted in numerous problems, including law enforcement, roads, increased school enrollment. He said also that the tribes had asked for increased Federal assistance but that such funds were very slow in being granted and more and faster assistance is and would be needed.

Chairman Mathers then asked for other proponents of the bill and Mr. Cochran stated that the Department did not oppose the bill but there were several points about tax on ceded land and on leaseholds that had created some problems for the Department

Mr. Meloy said he thought the bill was a good idea, and further pointed out some of the problems that the Indian tribes had encountered as the result of the coal impact. Mr. Drake then stated his opposition to the bill saying that in the event that reser-

vation coal is taxable they suggested that the law be changed to allow for the setting aside of a portion of the coal tax on reservation coal and for use on the reservation. Mr. McCurdy also spoke in opposition to the bill saying at present the Indian reservations are not subdivisions of the state but of the Federal Government and that assistance from Federal agencies, mentioning the BIA in particular, is available for tribal assistance when needed.

Chairman Mathers then permitted Sen. Towe to close and he added that there are impacts that are taking place on the reservations that can be solved locally if the funds are shared as his legislation is aimed.

The Chairman then called for questions from the committee and the question was raised that if the Indian tribes shared in the coal tax, would they at some future time be assessed and be expected to pay Montana taxes. Also, Sen. Goodover mentioned the fact that he felt Indian tribes should attempt to integrate with this culture and the responsibilities involved, rather than again ask for separate assistance which would continue keeping them separate. Sen. Towe responded by saying he felt designating the tribes also as 'local government units' would do more to integrate them.

DISPOSITION OF SB66: Sen. Watt Moved Senate Bill be given a Do Pass.

Since there were a number of questions raised, the committee felt perhaps action on the bill should be withheld until additional information can be obtained. For this reason, Sen. Turnage made a Substitute Motion that the Committee Withhold Action on SB66. The motion was seconded and was carried. Note for the record that Sen. Watt voted "Nay."

There followed additional discussion and Mr. Montibeller submitted some figures showing the amounts that the Coal Board had granted to some of the Indian tribes affected by the coal impact, including \$800,000 to the Ashland School District.

Sen. Towe then introduced legislation that is being proposed by the Fish & Game Dept. They would ask for coal tax funds to help maintain parks that were obtained through earmarked coal tax revenue funds. The committee discussed this, also input was heard from Roger Tippy, legal aide, who said perhaps SB44 could contain an amendment that would specify such maintenance funds be allocated, rather than introduce a bill for just that one purpose. Such amendment will be prepared for the committee's consideration.

Following this discussion, the meeting adjourned. Motion was made by Sen. Turnage, seconded by Sen. Watt, for adjournment.