

MINUTES OF THE MEETING
TAXATION COMMITTEE
MONTANA STATE SENATE

February 18, 1977

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

ROLL CALL: Roll call found all of the members present.

The following witnesses were present:

Lloyd Major	Golden Triangle Dev. Corp.
Rod Gudgel	Mont. Nursing Home Assoc.
Gordon McGowan	Mont. R.R. Ass'n.
Gene Phillips	ASARCO
John Nesbo	Toole County
Rae Kalbfleisch	"

CONSIDERATION OF SENATE BILL 192: This bill had previously been heard by the Local Government Committee, concerning raising the salaries of county officials. The figures were revised in the bill to allow a 5% raise for the biennium, 2 1/2% per year.

CONSIDERATION OF SENATE BILL 252: Sen. Turnage introduced his bill which moves the tax filing deadline for railroads that are centrally assessed, to April 15, to conform with other utilities, public services, etc. Mr. McGowan said the bill changes nothing insofar as the raising or lowering of taxes, and merely changes the law to conform. Mr. Groff said the Department of Revenue had no objections to the bill and agreed to the legislation for the sake of conformity.

Chairman Mathers asked for other proponents or opponents and there being none, asked for questions from the committee. Mr. Tippy, Leg. Atty., said that HB25 attempts to streamline this portion of the codes, but does not address itself to this particular part of the law. Following discussion, it was agreed to take action on the bill.

DISPOSITION: Sen. Turnage Moved SB252 Do Pass. The motion was carried unanimously. Note for the record Sen. Healy absent, excused for the day; Sens. Brown and Goodover excused temporarily.

CONSIDERATION OF SENATE BILL 384: Sen. McOmber introduced his bill which permitted county governing bodies to set a 3-mill additional levy for operation, maintenance costs, on vote of the people, bringing such mill levies up to total of 6 mills. He introduced amendments to the bill and explained them, see Exh. #1, attached. Other proponents of the bill included Mr. Kalbfleisch who said although a hospital could be built on the present 3-mill levy, operation and maintenance costs were very high and county hospitals often needed additional mill levies to help operate. Mr. Nesbo also spoke in support of the bill as did Mr. Gudgel.

Chairman Mathers asked for other proponents of the bill or

opponents, and following, permitted questions by the committee. It was established there must be a vote on the 3 mills for construction costs and again on the extra 3 mills for additional operation costs.

DISPOSITION: Sen. Towe Moved Amendments contained in Exh. #1, to SB384. Motion carried unanimously.

Sen. Towe then Moved Amendment #2 which also amended the title of the bill; this motion carried unanimously.

Sen. Turnage then Moved SB384, As Amended, Do Pass. Motion carried unanimously, note absence of Sen. Healy.

CONSIDERATION OF SENATE BILL 378: Sen. Roberts introduced his bill which relates to classification for new industry. He said ASARCO is planning to bring a mine into Lincoln County and the county is expecting a great deal of impact from the mining operations. Classification of the mine as 'new industry' would bring additional revenues into the county and would help pay a portion of the expected impact costs. He said there would be a difference of 7% of the investment on which assessment is based, as compared to 30%, under the proposed legislation.

Mr. Phillips spoke as an opponent to the bill and stated the companies he represent oppose the bill as they felt it discouraged new industry in the state. Rather than depressing the area where the new industry is planned, he said ASARCO would employ first approximately 225 people and this could increase to perhaps 310 people as the mine is developed. He said their investment would be considerable in developing the mine, however if they were to be classified as 'new industry' and thus placed in Class 7 rate, it would discourage their development of the copper and silver mine they are at present contemplating. He mentioned other mines in the state that might be influenced by such legislation.

Following his testimony, Chairman Mathers called for other opponents and there being none, permitted Sen. Roberts to close. The committee then asked questions of the witnesses.

After conclusion of the hearing on SB378, the committee discussed SB192, previously heard in another committee. They agreed to a raise for county officials and accepted amendments that accomplished this.

DISPOSITION: Sen. Turnage Moved the Amendments to SB192. Motion was carried.

Sen. Turnage then Moved SB192 As Amended, Do Pass. Motion carried. Note for the record Sen. Healy was absent. Sens. Norman and Roskie voted "No."

CONSIDERATION OF SENATE JOINT RESOLUTION 29: Sen. Brown briefly explained this bill and said the bill requested funds to make a study of both yield and severance tax on timber and thought it necessary some other system of taxing be agreed upon, other than the severance tax.

DISPOSITION: Sen. Norman Moved SJR29 Be Adopted. Motion carried unanimously. Sens. Healy and Manning were absent.

Following disposition of this bill the Chairman asked for motion to adjourn and motion carried.



WILLIAM MATHERS CHAIRMAN

SENATE TAXATION COMMITTEE

Date 2/18/77

[illegible]

TAXATION

COMMITTEE

BILL

384, 378

VISITORS' REGISTER

DATE _____

2/18

Please note bill no.

(check one)

NAME

REPRESENTING

BILL #

SUPPORT

OPPOS

GORDON Mc GOWAN

Mont. R.R.

252

✓

GENE PHILLIPS

SARIKO

378

JOHN NESBO

TOOLE Co. Comm.

384

✓

RAE KALBFLEISCH

TOOLE CO. ATTN:

384

✓

STANDING COMMITTEE REPORT

February 13, 1977

MR. PRESIDENT.....

We, your committee on TAXATION.....

having had under consideration SENATE Bill No. 192.....

Respectfully report as follows: That..... SENATE 192,
Bill No.

second reading, be amended as follows:

1. Amend section 1, from page 1, line 22 through page 4, line 6, as follows:

page 1, line 22 -- Strike:	"\$4,902"	Insert:	"\$4,299"
page 1, line 23 -- Strike:	"\$5,159"	Insert:	"\$4,514"
page 1, line 24 -- Strike:	"\$5,273"	Insert:	"\$4,614"
page 1, line 25 -- Strike:	"\$5,397"	Insert:	"\$4,713"
page 2, line 1 -- Strike:	"\$5,518"	Insert:	"\$4,828"
page 2, line 2 -- Strike:	"\$5,885"	Insert:	"\$5,149"
page 2, line 3 -- Strike:	"\$5,986"	Insert:	"\$5,237"
page 2, line 4 -- Strike:	"\$6,127"	Insert:	"\$5,361"
page 2, line 5 -- Strike:	"\$6,227"	Insert:	"\$5,448"
page 2, line 6 -- Strike:	"\$6,355"	Insert:	"\$5,561"
page 2, line 7 -- Strike:	"\$6,484"	Insert:	"\$5,673"
page 2, line 8 -- Strike:	"\$6,598"	Insert:	"\$5,773"
page 2, line 9 -- Strike:	"\$6,726"	Insert:	"\$5,885"
page 2, line 10 -- Strike:	"\$6,840"	Insert:	"\$5,985"
page 2, line 11 -- Strike:	"\$6,967"	Insert:	"\$6,096"

DO RASS

CONTINUED

page 2, line 12 -- Strike:	<u>"\$7,139"</u>	Insert:	"\$6,246"
page 2, line 13 -- Strike:	<u>"\$7,396"</u>	Insert:	"\$6,471"
page 2, line 14 -- Strike:	<u>"\$7,651"</u>	Insert:	"\$6,695"
page 2, line 15 -- Strike:	<u>"\$7,937"</u>	Insert:	"\$6,945"
page 2, line 16 -- Strike:	<u>"\$8,107"</u>	Insert:	"\$7,094"
page 2, line 17 -- Strike:	<u>"\$8,364"</u>	Insert:	"\$7,319"
page 2, line 18 -- Strike:	<u>"\$8,621"</u>	Insert:	"\$7,543"

page 2, line 21 -- Strike:	<u>"\$5,016"</u>	Insert:	"\$4,389"
page 2, line 22 -- Strike:	<u>"\$5,159"</u>	Insert:	"\$4,514"
page 2, line 23 -- Strike:	<u>"\$5,273"</u>	Insert:	"\$4,614"
page 2, line 24 -- Strike:	<u>"\$5,387"</u>	Insert:	"\$4,713"
page 2, line 25 -- Strike:	<u>"\$5,530"</u>	Insert:	"\$4,838"

page 3, line 1 -- Strike:	<u>"\$5,885"</u>	Insert:	"\$5,149"
page 3, line 2 -- Strike:	<u>"\$5,986"</u>	Insert:	"\$5,237"
page 3, line 3 -- Strike:	<u>"\$6,127"</u>	Insert:	"\$5,361"
page 3, line 4 -- Strike:	<u>"\$6,227"</u>	Insert:	"\$5,448"
page 3, line 5 -- Strike:	<u>"\$6,355"</u>	Insert:	"\$5,561"
page 3, line 6 -- Strike:	<u>"\$6,482"</u>	Insert:	"\$5,672"
page 3, line 7 -- Strike:	<u>"\$6,596"</u>	Insert:	"\$5,772"
page 3, line 8 -- Strike:	<u>"\$6,726"</u>	Insert:	"\$5,885"
page 3, line 9 -- Strike:	<u>"\$6,840"</u>	Insert:	"\$5,985"
page 3, line 10 -- Strike:	<u>"\$6,967"</u>	Insert:	"\$6,096"
page 3, line 11 -- Strike:	<u>"\$7,139"</u>	Insert:	"\$6,246"
page 3, line 12 -- Strike:	<u>"\$7,396"</u>	Insert:	"\$6,471"
page 3, line 13 -- Strike:	<u>"\$7,651"</u>	Insert:	"\$6,695"
page 3, line 14 -- Strike:	<u>"\$7,937"</u>	Insert:	"\$6,945"
page 3, line 15 -- Strike:	<u>"\$8,107"</u>	Insert:	"\$7,094"
page 3, line 16 -- Strike:	<u>"\$8,364"</u>	Insert:	"\$7,319"
page 3, line 17 -- Strike:	<u>"\$8,621"</u>	Insert:	"\$7,543"
page 3, line 18 -- Strike:	<u>"\$8,878"</u>	Insert:	"\$7,768"
page 3, line 19 -- Strike:	<u>"\$9,133"</u>	Insert:	"\$7,992"
page 3, line 20 -- Strike:	<u>"\$9,390"</u>	Insert:	"\$8,216"
page 3, line 21 -- Strike:	<u>"\$9,647"</u>	Insert:	"\$8,441"
page 3, line 22 -- Strike:	<u>"\$9,904"</u>	Insert:	"\$8,666"
page 3, line 23 -- Strike:	<u>"\$10,159"</u>	Insert:	"\$8,889"
page 3, line 24 -- Strike:	<u>"\$10,416"</u>	Insert:	"\$9,114"
page 3, line 25 -- Strike:	<u>"\$10,673"</u>	Insert:	"\$9,339"

page 4, line 1 -- Strike:	<u>"\$10,930"</u>	Insert:	"\$9,563"
page 4, line 2 -- Strike:	<u>"\$11,149"</u>	Insert:	"\$9,756"
page 4, line 3 -- Strike:	<u>"\$11,372"</u>	Insert:	"\$9,951"
page 4, line 4 -- Strike:	<u>"\$11,599"</u>	Insert:	"\$10,149"
page 4, line 5 -- Strike:	<u>"\$11,831"</u>	Insert:	"\$10,352"
page 4, line 6 -- Strike:	<u>"\$12,068"</u>	Insert:	"\$10,560"

AND AS SO AMENDED,
DO PASS

STANDING COMMITTEE REPORT

February 18 1977

MR. PRESIDENT

We, your committee on TAXATION

having had under consideration SENATE Bill No. 384

Respectfully report as follows: That SENATE Bill No. 384 introduced bill, be amended as follows:

1. Amend title, lines 4 and 5.
Following: "PROVIDE"
Strike: "FOR A 6-MILL OR LESS VOTED LEVY"
Insert: "funding by voted bond issues"
2. Amend title, line 5.
Following: "FOR"
Insert: "county"
3. Amend title, line 5.
Following: "HOSPITAL"
Strike: "DISTRICT"
4. Amend title, line 6.
Following: "SECTIONS"
Strike: "16-1046,"
Insert: "16-1045, and"
Following: "16-1047,"
~~agxxx~~ Strike: "16-4309, AND 16-4309.1."

CONTINUED

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5. Amend page 1, section 1, lines 10 through 20.

Following: "Section 1."

Strike: lines 10 through 20 in their entirety

Insert: "Section 16-1045, R.C.M. 1947, is amended to read as follows:

"16-1045. Bonds and other obligations. (1) Notwithstanding any limitation imposed by law upon the bonded indebtedness of a county, a county constructing a hospital or nursing home under section 16-1008A may borrow money and issue its bonds therefor, including refunding bonds, in such form and upon such terms as it may determine, payable out of any revenues of the facility, including revenues derived from:

- (a) fees and payments for hospital or nursing home services,
- (b) taxes levied under section 16-1046,
- (c) grants or contributions from the federal government, or
- (d) any other sources.

(2) The bonds may be issued by resolution or resolutions of the county governing body ~~without an election~~ and without any limitation of amount except as follows:

(a) no such bonds may be issued at any time if the total amount of principal and interest to become due in any year on such bonds, and on any then outstanding bonds for which revenues from the same source or sources are pledged, exceeds the amount of such revenues to be received in that year as estimated in the resolution authorizing the issuance of the bonds; and

(b) the county shall be obligated to take all action necessary and possible to impose, maintain and collect rates, charges, rentals and taxes, if any are pledged, sufficient to make the revenues from the pledged source or sources in such year at least equal to the amount of such principal and interest due in that year.

They may be sold at public or private sale and shall bear interest at a rate or rates not exceeding ~~ten per cent~~ {10%} a year. Except as otherwise provided herein, any bonds issued pursuant to this act by a county shall be payable as to principal and interest solely from revenues of the county, and shall state on their face the applicable limitations or restrictions regarding the source or sources from which such principal and interest are payable.

(c) no such bonds may be issued by any county until the question of approval of the issuance of such bonds has been submitted to the qualified electors of the county at a special election called for that purpose by the governing body of the county and the majority of the electors voting on the question have voted in favor thereof. The notice and conduct of the election shall be governed to the extent applicable by Section 16-2024 and 16-2026. If a majority of the electors voting thereon vote against the issuance of such bonds the county shall have no authority to issue such bonds under this act.

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(3) Bonds issued by a county pursuant to the provisions of this act are declared to be issued for an essential public and governmental purpose by a political subdivision within the meaning of section 84-4905 (2) (a). The bonds may be for a forty-(40) year period.

For the security of any such bonds, the county may by resolution make and enter into any covenant, agreement, or indenture and exercise any additional powers authorized to be made, entered into or exercised by a county. The sums required from time to time to pay principal and interest and to create and maintain a reserve for the bonds may be made payable from any and all revenues referred to in this act, prior to the payment of current costs of operation and maintenance of the facilities.

(4) The governing body of any county having a population in excess of ten thousand-(10,000) may, with respect to bonds issued pursuant to this act by the county, by resolution covenant that, in the event that at any time all revenues, including taxes, appropriated and theretofore collected for such bonds are insufficient to pay principal or interest then due, it will levy a general tax upon all of the taxable property in the county for the payment of such deficiency and may further covenant that at any time a deficiency is likely to occur within one-(1) year for the payment of principal and interest due on such bonds, it will levy a general tax upon all the taxable property in the county for the payment of such deficiency, and such taxes shall not be subject to any limitation of rate or amount applicable to other county taxes but shall be limited to a rate estimated to be sufficient to produce the amount of the deficiency. In the event more than one county having a population in excess of ten thousand-(10,000) is included in an authority issuing bonds pursuant to this act, the counties may apportion the obligation to levy taxes for the payment of or in anticipation of a deficiency in the revenues appropriated for such bonds in such manner as the counties shall determine. The resolution shall state the principal amount and purpose of the bonds and the substance of the covenant respecting deficiencies. ~~No such resolution is effective until the question of its approval has been submitted to the qualified electors of the county at a special election called for that purpose by the governing body of the county and a majority of the electors voting on the question have voted in favor thereof. The notice and conduct of the election shall be governed, to the extent applicable, by sections 16-2024 and 16-2026. If a majority of the electors voting thereon vote against approval of the resolution, the county shall have no authority to make the covenant or to levy a tax for the payment of deficiencies pursuant to this section but such county may nevertheless issue bonds under this act payable solely from the sources referred to in subsection (1) of this section.~~

6. Amend page 2, section 2, lines 6 through line 5 on page 4.
Following: line 5
Strike: Sections 3 and 4 in their entirety.

AND AS SO AMENDED,

DO PASS