

MINUTES OF THE MEETING
TAXATION COMMITTEE
MONTANA STATE SENATE

March 15, 1977

The forty-third meeting of the Taxation Committee was called to order on the above date at 3:50 p.m., for executive action by Chairman Mathers in Room 415 of the State Capitol Building. All of the members were present for ROLL CALL.

Up for additional discussion for the meeting was SB211. Sen. Towe spoke briefly about his bill saying he wanted to give the landowner the right to purchase the mineral rights if they were to be sold for taxes under due process and he wished to put this amendment into the bill. He had ready some of the amendments that the committee had tentatively agreed upon, however, that portion of the bill dealing with the right of surface owners to have first chance to buy the rights was not amended to the satisfaction of all the members.

The Chairman then suggested an informaal vote to see if the bill would go out of committee, and this showed the vote would be very close.

DISPOSITION: Sen. Norman Moved SB211 Do Not Pass. A roll call vote was taken and it resulted in a 7-3 vote, thus the motion carried and the bill will go out with adverse report.

The committee then took up SB167 and Sen. Rasmussen was present to give additional input concerning his bill. The committee discussed it further and agreed to amend it to half the tax credits as the bill was written.

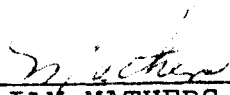
Sen. Towe moved to amend SB167 by reducing the percentages listed in the bill by 1/2. The motion carried unanimously.

DISPOSITION: Following additional discussion, Sen. Watt Moved SB167 As Amended, Do Pass. A roll call vote was taken on this also, and the motion carried 8-2.

DISPOSITION: The committee referred next to SB348, and were informed they had acted upon this bill with a Do Not Pass on February 10, but the report was being held pending action by the committee on SB167. Sen. Watt then Moved SB348 go out with same committee report, that of Do Not Pass. Motion unanimous.

Sen. Watt then Moved SB435 Be Tabled. Motion also carried.

Following this, the meeting adjourned.


WILLIAM MATHERS

CHAIRMAN

SENATE COMMITTEE TAXATION

Date 3/15 Bill No. 167 Time 4:30

NAME	YES	NO
SEN. WATT	✓	
SEN. BROWN	✓	
SEN. GOODOVER	✓	
SEN. HEALY	✓	
SEN. MANNING	✓	
SEN. NORMAN	✓	
SEN. ROSKIE	✓	
SEN. TOWE	✓	
SEN. TURNAGE		✓
CHAIRMAN MATHERS		✓

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Nita Fjeseth
Secretary

William L. Mathers
Chairman

Motion: Do Pass As Am

Motion Carried

(include enough information on motion—put with yellow copy of committee report.)

SENATE COMMITTEE TAXATION

Date 3/15 S Bill No. 211 Time 4:15 p.m.

NAME	YES	NO
SEN. WATT		✓
SEN. BROWN	✓	
SEN. GOODOVER	✓	
SEN. HEALY	✓	
SEN. MANNING	✓	
SEN. NORMAN	✓	
SEN. ROSKIE	✓	
SEN. TOWE		✓
SEN. TURNAGE	✓	
CHAIRMAN MATHERS		✓

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Nita Fjeseth
Secretary

William L. Mathers
Chairman

Motion: Do Not Pass

Carried
Motion Resisted

(include enough information on motion—put with yellow copy of committee report.)

STANDING COMMITTEE REPORT

March 16 19 77

MR. PRESIDENT

We, your committee on TAXATION

having had under consideration SENATE Bill No. 211

Respectfully report as follows: That SENATE Bill No. 211 introduced bill, be amended as follows:

1. Amend the title, line 6.

Following: line 5

Insert: "deleting rights of entry from Class One;"

2. Amend the title, line 6.

Following: "AMENDING"

Strike: "SECTION"

Insert: "sections"

Following: "84-429,"

Insert: "84-4122, and 84-301,"

3. Amend page 2, section 2, line 18.

Following: "production"

Insert: "or unless such interests are physically or legally incapable of being produced"

~~DEPASS~~

CONTINUED

4. Amend page 2, section 2, line 22.

Following: "be"

Strike: "clearly"

Insert: "conclusively"

Following: "severed"

Insert: "in whole or in part"

5. Amend page 2, section 2, line 24.

Following: "value"

Insert: "for the total mineral interest"

6. Amend page 3, section 2, line 1.

Following: "and"

Strike: "firm"

Insert: "conclusive"

7. Amend page 3, section 2, line 3.

Following: line 3

Insert. "Section 3. Section 84-4122, R.C.M. 1947, is amended to read as follows:

"84-4122 (2189) Manner of conducting sale. (1) On the day fixed for sale or on some subsequent day to which he may have postponed it, of which he must give notice, the county treasurer, between the hours of ten o'clock a.m. and three p.m., must commence the sale of the property advertised, commencing at the head of the list, and continuing in alphabetical or numerical order of lots and blocks until completed.

(2) When the property sold is a mineral interest severed from the rights to use and enjoyment of the surface of the overlying land, the surface owner has one year from the day fixed for said sale to purchase the mineral interests for the taxes due plus interest. If the property is struck off to the county as purchaser as provided in 84-4124, the surface owner shall have the first right to purchase the tax sale certificates. The rights of any other purchaser at a sale provided for in this section are subject to the surface owner's one year purchase rights established herein."

Section 4. Section 84-301, R.C.M. 1947, is amended to read as follows:

"84-301. (1999) Classification of property for taxation. For the purpose of taxation the taxable property in the state shall be classified as follows:

Class One. The annual net proceeds of all mines and mining claims, except coal mines, after deducting only the expenses specified and allowed by section 84-5403; ~~also where the right to enter upon land, to explore or prospect, or dig for oil, gas, coal or minerals is reserved in land or received by means conveyance (exclusive of leasehold interests), devise or succession by any person or corporation, the surface title to which has passed to or remains in another, the state department of revenue shall determine the value of the right to enter upon said tract of land for the purpose of digging, exploring or prospecting for gas, oil, coal or minerals, and the same shall be~~

Class Two. All agricultural and other tools, implements and machinery, gas and other engines and boilers, threshing machines and outfits used therewith, automobiles, motor trucks and other power-driven cars, vehicles of all kinds except mobile homes, boats and all watercraft, harness, saddlery and robes and except as provided in Class Five (a) of this section, all poles, lines, transformers, transformer stations, meters, tools, improvements, machinery and other property used and owned by all persons, firms, corporations, and other organizations which are engaged in the business of furnishing telephone communications, exclusively to rural areas, or to rural areas and cities and towns provided that any such city or town has a population of eight hundred (800) persons or less; and provided further, that the average circuit miles for each station on the system is more than one and one-quarter (1 1/4) miles.

Class Three. Livestock, poultry, and unprocessed products of both; furniture and fixtures used in commercial activities; the annual gross proceeds of underground coal mines; and all office or hotel furniture and fixtures, except improvements included in Class Nine.

Class Four. (a) All land, town and city lots, with improvements, except improvements included in Class Nine, and all trailers affixed to land owned, leased, or under contract or purchase by the trailer owner, manufacturing and mining machinery, fixtures and supplies, except as otherwise provided by the constitution of Montana, and except as such property may be included in Class Five, Class Seven or Class Eight.

(b) Mobile homes without regard to the ownership of the land upon which they are situated, except those held by a distributor or dealer of mobile homes as part of his stock in trade, and except as such property may be included in Class Eight.

Class Five. (a) All poles, lines, transformers, transformer stations, meters, tools, improvements, machinery and other property used and owned by co-operative rural electrical and co-operative rural telephone associations organized under the laws of Montana except those within the incorporated limits of a city or town in which less than ninety-five per cent (95%) of the electric consumers and/or telephone users are served by a co-operative organization, and as to the property enumerated in this subsection (a) within incorporated limits of a city or town in which less than ninety-five per cent (95%) of the electric consumers or users will be served by a co-operative organization, such property shall be put in Class Two.

(b) All unprocessed agricultural products either on the farm or in storage, irrespective of whether said products are owned by the elevator, warehouse or flour mill owner or company storing the same, or any other person whomsoever, except all perishable fruits and vegetables in farm storage and owned by the producer, and excepting livestock and poultry and the unprocessed products of both.

(c) The dwelling house, and the lot on which it is erected, owned and occupied by any resident of the state, who has been honorably discharged from active service in any branch of the armed forces, who is rated one hundred per cent (100%) disabled due to a service-connected disability by the United States veterans administration or its successors.

In the event of the veteran's death, the dwelling house, and the lot on which it is erected, so long as the surviving spouse remains unmarried and the owner and occupant of the property, shall remain within this classification.

Class Six. Property formerly included in this class is now classified by section 84-308, R.C.M. 1947.

Class Seven. (a) All new industrial property. New industrial property shall mean any new industrial plant, including land, buildings, machinery and fixtures which, in the determination of the state department of revenue, is used by a new industry during the first three (3) years of operation not having been assessed prior to July 1, 1961, within the state of Montana. New industry shall mean any person, corporation, firm, partnership, association, or other group which establishes a new plant or plants in this state for the operation of a new industrial endeavor, as distinguished from a mere expansion, reorganization, or merger of an existing industry or industries. Provided, however, that new industrial property shall be limited to industries that manufacture, mill, mine, produce, process or fabricate materials, or do similar work in which capital and labor are employed and in which materials unserviceable in their natural state are extracted, processed or made fit for use or are substantially altered or treated so as to create commercial products or materials; industries that engage in the mechanical or chemical transformation of materials or substances into new products in the manner defined as manufacturing in the 1972 Standard Industrial Classification Manual, prepared by the United States office of management and budget; and in no event shall the term new industrial property be included to mean property used by retail or wholesale merchants, commercial services of any type, agriculture, trades or professions. New industrial property does not include a plant which will create an adverse impact on existing state, county, or municipal services. The department shall promulgate regulations for the determination of what constitutes an adverse impact taking into consideration the number of people to be employed and the size of the community in which the location is contemplated. Once the department has made an initial determination that the industrial facility qualifies as new industrial property, the department shall then upon proper notice hold a hearing to determine if the new industrial classification should be retained by the property. The local taxing authority may appear at the hearing, and it also may waive its objection to retention of this classification if the industry agrees to the prepayment of taxes sufficient to satisfy tax requirements created by the location and construction of the facility during construction period.

In the event of a prepayment of taxes, the maximum amount of prepayment shall be the amount without the application of the Class 7 (a) to such property.

If a major new industrial facility qualifies under Class 7 (a) the reduction of its yearly payment of property taxes for reimbursement of its prepaid taxes as provided for in section 84-41-105, R.C.M. 1947, shall not begin until the Class 7 qualification expires. And provided further, that new industrial property shall not be included to mean property which is used or employed in any industrial plant which has been in operation in this state for three (3) years or longer. Any person, corporation, firm, partnership, association or other group seeking to qualify its property for inclusion in this class shall make application to the state department of revenue in such manner and form as may be required by said department.

(b) **Business inventories.** Business inventories shall include goods intended for sale or lease in the ordinary course of business, and shall include raw materials and work in progress with respect to such goods, but shall not include goods actually leased or rented on the lien date, or mobile homes held by a dealer or distributor as a part of his stock in trade.

(c) Air pollution control equipment as defined in section 69-3923.

(d) A capital investment in a recognized nonfossil form of energy generation, to the extent provided under section 84-7403.

Class Eight. (a) Any improvement on real property, trailers affixed to land or mobile home belonging to any person who qualifies under any one or more of the hereinafter set forth categories, with appurtenant land not exceeding ~~five~~ {5} acres, which together have a market value of not more than ~~twenty-seven-thousand-five-hundred-dollars~~ {~~\$27,500~~} , which dwelling is owned or under a contract for deed, and which is actually occupied for at least ~~ten~~ {10} months per year as the primary residential dwelling of:

(1) a widow ~~sixty-two~~ {62} years of age or older, whether with or without minor dependent children, who qualifies under the income limitations of (4), or

(2) a widower ~~sixty-two~~ {62} years of age or older, whether with or without minor dependent children, who qualifies under the income limitations of (4), or

(3) a widow or widower with minor or dependent children regardless of age, who qualifies under the income limitations of (4), or

(4) a recipient or recipients of retirement or disability benefits whose income from all sources is not more than ~~six-thousand-dollars~~ {~~\$6,000~~} for a single person and ~~six-thousand-eight-hundred-dollars~~ {~~\$6,800~~} for a married couple total per annum whether said dwelling is occupied by a single person or a married couple. Provided, further, that one who applies for classification of property under this class must make an affidavit to the state department of revenue on a form as may be provided by the state department of revenue supplied without cost to the applicant, as to his income, if applicable, as to his retirement benefits, if applicable, or, as to his marital status, if applicable, and to the fact that he or she actually occupies or maintains as his or her primary residential dwelling, such land and improvements with right of the county welfare board to investigate the applicant, on the completion of the form, as to answers given on the form. Provided further, the assessed value of said property shall not be increased during the life of the recipient of retirement benefits or widow or widower covered under this class, unless the owner-resident makes a substantial improvement in the dwelling. For the purposes of the affidavit required for classification of property under this class, it shall be sufficient if the applicant signs a statement swearing to or affirming the correctness of the information supplied, whether or not the statement is signed before a person authorized to administer oaths, and mails the application and statement to the department of revenue. This signed statement shall be treated as a statement under oath or equivalent affirmation for purposes of section 94-7-203, R.C.M. 1947, relating to the criminal offense of false swearing.

(b) A capital investment in a building for an energy conservation purpose, to the extent provided under section 84-7403.

Class Nine. The incremental increase in the value of real estate attributable to repairing, maintaining, or improving existing improvements.

Class Ten. The annual gross proceeds of coal mines using the strip mining method.

Class Eleven. Centrally assessed utility allocations after deductions of locally assessed properties and except as provided in Class Two for rural telephones and Class Five (a) for cooperatives, and all other property not included in the ten-~~(10)~~ preceding classes.

AND AS SO AMENDED,

DO PASS

WILLIAM MATHERS

CHAIRMAN

STANDING COMMITTEE REPORT

March 16 19 77

MR. PRESIDENT.....

TAXATION

We, your committee on.....

HOUSE 412

having had under consideration Bill No.

Respectfully report as follows: That..... HOUSE Bill No. 412

BE NOT CONCURRED IN

~~667438~~

WILLIAM MATHERS

Chairman.

STANDING COMMITTEE REPORT

March 25 16 19 77

MR. PRESIDENT

TAXATION

We, your committee on

having had under consideration HOUSE Bill No. 743

Respectfully report as follows: That HOUSE Bill No. 743

BE NOT CONCURRED IN

~~XXXXXX~~
~~DO PASS~~

WILLIAM MATHERS


Chairman.

STANDING COMMITTEE REPORT

March 16 19 77

MR. PRESIDENT

We, your committee on TAXATION

having had under consideration HOUSE Bill No. 101

Respectfully report as follows: That HOUSE Bill No. 101

HE CONCURRED IN

~~DO PASS~~

WILLIAM MATHERS


Chairman.

STANDING COMMITTEE REPORT

March 16 19 77

MR. PRESIDENT

We, your committee on TAXATION

having had under consideration HOUSE Bill No. 104

Respectfully report as follows: That HOUSE Bill No. 104

BE CONCURRED IN

~~DO NOT WRITE~~