

MINUTES OF THE MEETING
TAXATION COMMITTEE
MONTANA STATE SENATE

March 18, 1977

The forty-sixth 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 8:10 a.m.

ROLL CALL: Roll call found Sens, Healy and Roskie absent, excused.

The following witnesses were present:

John Toole	Missoula Action
Ray Clark	City of Billings
Polly Prchal	Mont. League of Cities
Eddie Gallagher	City of Anaconda
Larry Gallagher	City of Helena
John C. Bulen	City of Great Falls
Lee K. Rodebaugh	"
Rod Wilson	Blgs. Cham. of Comm.
Dan. Mizner	Mont. League Cities & Towns
Ed Nelson	Mont. Taxpayers Assoc.
Stan Aby	Dain, Kalman & Quail

CONSIDERATION OF HOURSE BILL 595: Rep. Fagg introduced this bill and said it was the third time this issue has been heard but there were several minor problems in the tax increment program. He said there are several cities in the state that want to begin work under an urban renewal program and are awaiting clarification of the law which he said is hopefully corrected in HB595. Ms. Prchal said 90% of downtown business in Billings is owned by property owners in the town who favor the tax increment program and the city council has also called for this type financing. She said they favored the amendment to the bill that specified that bonds could not be issued for more than a 10-year period. Mr. Bulen said Great Falls had just become aware of the tax increment financing and their tax consultant indicated to them that the amendments to the present law, as in HB595, would be necessary to finance their urban renewal program. Ed Gallagher said the city of Anaconda felt this type of financing would be of great benefit to the community. Larry Gallagher spoke next and said the process does work and the competition of private enterprise working with local governments does much to improve the city. He said Helena had depleted their funds at this time, but thought it important to give other cities some tool to make it possible for them to improve their cities under the renewal program.

Mr. Rodebaugh said this would serve also to bring jobs to the city as well, thereby increasing their tax base for another source of revenue. Mr. Toole said some city improvements are imminent for Missoula which made the passage of this bill absolutely essential for them. Mr. Mizner spoke also as a proponent and said they had been in on the forming of the background for the bill and

the amendments in this bill are necessary in order that the legislation passed several years ago be acceptable. Mr. Wilson said this is not just a downtown interest bill, but thought it had great benefit for all the people of the community. Mr. Nelson also stated his support of the bill. Mr. Clark said they had looked at other means of financing the downtown development and tax increment programs seem to be the answer. He said he believed it was in the public interest. Mr. Aby testified next and distributed Exh. #1, showing the codes as they are, those that would be amended under HB595. He said if this bill is approved by the Senate he would assure the cities they would be able to get their money for the renewal programs.

Rep. Fagg made a brief closing statement saying Billings is ready to sell bonds to begin their program, and he hoped the bill would go through the committee with as few amendments as possible.

Vice Chairman was in charge of the meeting at this point as the Chairman was testifying in the House. The Vice Chairman called for other proponents of the bill and there being none, opened the hearing to the opponents, however there were none present. Several of the committee members then asked questions of the witnesses and Rep. Fagg. Sen. Towe asked the reason for the bill and the amendments and Rep. Fagg said apparently the law as passed during last legislature was not clear and bonding companies were awaiting the clarification of the law before buying bonds for the planned programs. Ms. Prchal said it was thought necessary to include in the law that city councils would have to notify school districts about proposed renewal programs, and also they thought it imperative a limit be made on the issuance of the bonds so the projects did not go on forever. The discussion brought out the fact that Anaconda had increased their tax base by over 400%, thus increasing revenues to the city. Mr. Aby said the areas to be renewed could be compared to SID's.

The Vice Chairman asked for other questions from the committee and there being none at this time, closed hearing on HB595.

An informal discussion was then held by the committee on the bill, HB595, and the point was made that contrary to what many of those at the hearing believed, the bill does not specify a 10-year limit, but rather the council could continue issuing bonds for the downtown improvements. Sen. Turnage pointed out this wording in the bill, appearing on page 13, line 3. Bonds could instead be issued at will, and it was felt by the committee that the bill should be amended to limit the time that such bonds could be issued for the renewal programs, for the protection of the city's taxpayers.

There followed open discussion on the bill and the members agreed that though they would not oppose the bill, they nevertheless felt some amendments should be made to it and therefore decided to delay action on it.

They then took up HB73, previously heard. Several amendments were discussed and Sen. Towe moved the amendments as listed on the committee report. His motion was carried.

3-3/18

DISPOSITION: Sen. Towe Moved HB73 As Amended Be Concurred In. A roll call vote was taken, attached, and the motion carried 6-1.

During the following discussion the members again discussed the taxing of lending institutions and reiterated their plans to have Mr. Tippy, the Legislative Attorney, draw up such a bill to be a committee bill. He is to consult with Mr. Dore of the Department of Revenue on several matters to be contained in the bill. The committee agreed they would like to see such a bill and reserved the right to agree or disagree when the bill has been drafted. Sen. Turnage Moved the committee authorize Mr. Tippy to continue preparing the bill. His motion carried.

The committee next took up HB324, also previously heard. This bill had been discussed at a previous meeting.

DISPOSITION: Sen. Turnage Moved HB324 Be Not Concurred In. Sen. Goodover seconded his motion and motion carried by a 4-3 vote.

Because of the absence of 3 committee members who had expressed an interest in the bill, it was thought the bill should be held until they had a chance to vote and/or discuss it further.

Sen. Turnage then Moved HB422, previously acted upon by the committee, Be Reconsidered. His motion carried and the bill will again be up for consideration.

Following this discussion, the meeting was adjourned.



WILLIAM MATHERS CHAIRMAN

SENATE COMMITTEE TAXATION

Date 3/18 7/ Bill No. 73 Time _____

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

6 1

Nita Fjeseth
Secretary

William L. Mathers
Chairman

Motion: Be Conc. As Amended

Carried

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

SENATE COMMITTEE TAXATION

Date 3/18 N. Bill No. 324 Time _____

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

4 3

Nita Fjeseth
Secretary

William L. Mathers
Chairman

Motion: Be Not Done.

*Motion
Failed Carried*

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

HB 595
Urban Renewal

3/18

Eph. #1

URBAN RENEWAL LAW

11-3923

cept that taxes for the payment of all bonds and interest of each taxing body must be levied against all taxable property within the taxing body without limitation by the provisions of this subsection. Until the actual assessed valuation of all property in the urban renewal area exceeds the prior assessed value of all taxable property within such area, the actual assessed value of all property shall be used for taxation purposes.

(5) The portion of taxes allocated in subsection (4) above, and the special fund into which they are paid, may be pledged by a municipality for the payment of the principal and interest on bonds issued under the authority of section 11-3910, or bonded indebtedness, incurred by a municipality to refinance in whole or in part, the urban renewal project. Prior to the sale of any bonds, there shall be (a) an election under sections 11-2308 and 11-2309 approving such sale, or (b) a petition for the sale signed by the owners of record of at least fifty-one per cent (51%) of the land within the urban renewal district.

(6) After all bonds and interest have been paid, all moneys received from taxes upon property within the urban renewal area shall be allocated as taxes on all other property.

History: En. 11-3921 by Sec. 1, Ch. 287, L. 1974; amd. Sec. 1, Ch. 452, L. 1975.

Title of Act

An act authorizing self-liquidation by cities of costs of urban renewal projects; and amending sections 11-3910 and 84-4701.3, R. C. M. 1947.

Amendments

The 1975 amendment inserted the subsection (1) designation; substituted "benefit of the state, any city, county, or other political subdivisions for which taxes are levied (hereafter referred to as taxing bodies)" in subsection (1) for "benefit of any city which has the power to levy a tax"; substituted references to taxing bodies for references to cities throughout the section; added "as provided in subsections (3) and (4) of this section" to the end of subsection (1); inserted subsection (2);

redesignated former subdivision (1) as subsection (3); inserted "prior" before "assessed value" in the first sentence of subsection (3); deleted "as shown upon the assessment roll used in connection with the taxation of such property for such city last equalized prior to the effective date of the urban renewal plan" in the first sentence of subsection (3) after "urban renewal area"; added the second sentence of subsection (3); substituted subsection (4) for former subdivision (2) which read "that portion of the levied taxes for such city each year in excess of such amount shall be allocated to and when collected, shall be paid into a special fund held by the city treasurer to pay the principal and interest on bonds, the issue of which is authorized by section 11-3910, R. C. M. 1947"; added subsections (5) and (6); and made minor changes in phraseology.

11-3922. Time when act applies. The provisions of subsection 1 of section 1 [11-3921] of this act shall first apply to the assessment roll next following the enactment or amendment to the urban renewal plan authorizing the allocation of funds under this act.

History: En. 11-3922 by Sec. 2, Ch. 287, L. 1974.

11-3923. Disposition of unexpended funds. All moneys remaining unexpended from the special fund created by this act after payment of all the principal and interest on such bonds shall be paid into the city's general fund.

History: En. 11-3923 by Sec. 3, Ch. 287, L. 1974.

Repealed

11-3924. Maximum term of bonds. No bond for the payment of which the special fund described in section 1 [11-3921] is used may be issued for a longer term than twenty (20) years.

History: En. 11-3924 by Sec. 5, Ch. 287, L. 1974.

Repealed

11-3925. Use of funds generated by bonds. Money generated by the sale of bonds for which funds are allocated pursuant to section 11-3921 may be used by a city only for improvement or construction of streets, curbs, gutters, sidewalks, pedestrian malls, alleys, parking lots, sewers, waterlines, waterways, land acquisition, demolition, and removal of structures, relocation of occupants, or improvements. All bonds financed must be sold within five (5) years after the adoption of the original urban renewal plan prior to the adoption of any amendment.

History: En. 11-3925 by Sec. 7, Ch. 287, L. 1974; amd. Sec. 2, Ch. 452, L. 1975.

added "land acquisition, demolition, and removal of structures, relocation of occupants, or improvements" at the end of the first sentence; and added the second sentence.

Amendments

The 1975 amendment substituted "section 11-3921" for "section 1 of this act";

CHAPTER 40—OPEN DITCHES

Section

- 11-4001. Purpose of act.
 11-4002. Open ditch declared nuisance.
 11-4003. Powers of governing body.
 11-4006. Commercial irrigation ditches exempt.

11-4001. Purpose of act. The legislative assembly declares that the control of ditch water in inhabited areas of Montana is affected with the public interest. The purpose of this act is to prevent drowning of children in ditches filled or partially filled with water within the limits of an incorporated city or town. This act shall be deemed an exercise of the police power of the state in and for the protection of the welfare, health, peace and safety of the people of Montana.

Nothing in this act shall be construed as intending to effectuate the abandonment of any valid water right. This act shall be construed merely as a regulation in the public interest so that the diversion, transportation and use of water in such ditches in cities and towns shall be in a safe manner, as defined by this act.

History: En. Sec. 1, Ch. 63, L. 1961; amd. Sec. 1, Ch. 306, L. 1969.

ditches terminate within the limits of such city or town" at the end of the second sentence of the first paragraph.

Amendments

The 1969 amendment deleted "if such

11-4002. Open ditch declared nuisance. Notwithstanding any provision contained in Title 89, Revised Codes of Montana, 1947, or any law pertaining to the use of water in Montana, it is hereby declared that water which flows through the limits of an incorporated city or town in an open

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MR. PRESIDENT

We, your committee on TAXATION

having had under consideration HOUSE Bill No. 73

Respectfully report as follows: That HOUSE Bill No. 73,
third reading bill, be amended as follows:

1. Amend the title, line 9.
Following: "1947"
Insert: "; and providing an effective date"
2. Amend page 2, section 1, line 5.
Following: line 4
Strike: "depositories"
Insert: "financial institutions recognized as such in the state of their domicile"
3. Amend page 2, section 1, line 7.
Following: "if"
Insert: "the loan is originated by a lender doing business in Montana and assigned out-of-state and"
4. Amend page 2, section 1, line 24.
Following: line 24
Insert: "Section 2. Application. The amendments made in section 1 apply to taxable years ending after September 12, 1976."

~~DO NOT~~ AND AS SO AMENDED,

BE CONCURRED IN

PL