

MINUTES OF THE MEETING
TAXATION COMMITTEE
MONTANA STATE SENATE

March 23, 1977

The fifty-first 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 ^{12:30}~~5:40~~ p.m.

ROLL CALL: Roll call found all the members present except Sen. Healy, excused.

The committee moved to Reconsider their Actions of 3/23 a.m. in regard to SB446, as a number of people had asked to testify on the bill. It will be posed for a public hearing this Friday.

Discussion continued on HB50, heard this morning. Chairman Mathers said the committee will try to discuss the 2 bills, HB50 and HB70, and perhaps reach a decision and take some action. The committee would have to decide on Sen. Fasbender's proposals, so the budget office will know how much revenue will be generated for the foundation program.

Sen. Fasbender again discussed his amendments and said he thought it would be much easier to work out a schedule so the effective rates would be more easily understood. He said if the overall increase in the state was 30% the new rate would be 10.615% and the schedule could be worked out for Class 4 at this rate. Mr. Nelson of the Mont. Taxpayers Assoc. said if the increase went to 50% the rate schedule would be different and thought it more important to put it in HB70. Sen. Norman said if that 30% would generate the same amount of revenue, would the committee then want to levy the taxes as they are, or would they want to increase them.

Chairman Mathers said the Department of Revenue estimates the increase to be about 30% in Class 4 and 50% of that total increase would be about 15%. The question then is how much do we want to allow the counties to increase their spending authority. Sen. Watt said the Legislature had passed a number of bills reducing revenues to local governments and so felt the Legislature should do something to help them. Mr. Burr of the D.R. stated the taxable value is pretty much 50% personal and 50% real property and if the real property goes up 40% you would lower mill levies and this would change the proportion with increased taxes on real property, thus throwing the tax structure into an imbalance.

Mr. Sternhagen of the Anacoda Co., said he felt there is a need for a thorough study on the entire taxation problem. Mr. Nelson said if you let reappraised values go on the books and don't do anything about the level of valuation, you violate what is being done in HB70. Chairman Mathers said if there is another study, new home owners, now being taxed under the new appraisal rates, will continue to pay higher taxes for 2 more years. Mr. Burr stated that much property is over-assessed, as in some areas of a town that are deteriorating, some of the older houses there are over-

assessed.

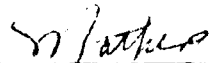
Chairman Mathers then attempted to phrase the questions the committee faces, asking for a voice vote on their preference: Whether they wished to go with HB50 and adopt this bill with an interim committee working on the problem and the Legislature must then come back in November and pass legislation, as Proposal #1.

Or Proposal #2, if they wished to establish a percentage agreeing to whatever other new special reappraisal program, establish that percentage in the law now and not have to come back, to proceed with the study and make the determination on what rate of taxes should be specified in one of the bills.

In the voting there were 3 votes for Proposal #1 and 6 votes for Proposal #2. (Note absence of Sen. Healy).

Sen. Watt moved that Chairman Mathers and Sen. Fasbender work with the D.R. and prepare a plan based on modifications of 70% and have ready for the committee, taking also into consideration Sen. Turnage's proposal, regarding limiting local governments to 105% of their previous year's budget.

The committee planned to resume discussion on these bills on adjournment Thursday.



WILLIAM MATHERS CHAIRMAN

ROLL CALL.

SENATE TAXATION COMMITTEE

45th LEGISLATIVE SESSION - - 1977

Date 3/23/77

12:30 P.M.

[illegible]