

MINUTES OF THE MEETING
TAXATION COMMITTEE
MONTANA STATE SENATE

March 25, 1977

The fifty-fourth meeting of the Taxation Committee was called to order on the above date by Chairman Mathers at 8:10 a.m.

ROLL CALL: Roll call found only Sen. Healy absent.

The following witnesses were present:

John McMillen	First Federal Savings
Jack Rehberg	Sec. Fed. S & L
Ross Cannon	Mont. League S & L
Dick Fossum	Mont. Bankers., Mtge. Loan
Harold Pitts	Mont. Independent Bankers
Maurice J. Hickey	M.E.A.
Mike Griffith	Mont. Bank. Assoc.
Edward W. Nelson	Mont. Taxpayers Assoc.
John T. Cadby	Mont. Bankers Assoc.
W. Montforten	Rancher, Realtor
Bennington	Am. Fed. S & L
Howeth	St. Board of Investments

CONSIDERATION OF HOUSE BILL 489: Rep. Eudaily, Dist. 100, said this bill allows voted school levies to be effective for 2-year periods. He said by extending the mill levies you coincide with the foundation program and as some teachers are now on 2-year contracts, this would work in with contract negotiating. The bill also provides for an emergency situation in the 2nd year of a 2-year mill levy so boards would not be locked in. Mr. Hickey was also a proponent of the bill and said school boards are negotiating more 2-year contracts and as the bill has an escape clause he would agree to it. Mr. Smith appeared also in support of the bill and said he thought this bill might save the cost of going through a levy election every year. He said efforts are being made to set up budgeting on a 2-year basis and this would also give officials opportunity to do some long range planning.

Chairman Mathers then called on the opponents of the bill and Mr. Nelson was first to speak and said this legislation is not a substitute for good planning. The Chairman called for other witnesses and there being none, permitted Rep. Eudaily to close. He said this system is being used in Missouri and Washington, and he hoped Montana could adopt the system as well. A number of questions were asked by the committee and the committee asked if this wouldn't result in 3 levies instead of 2. Following some discussion on the bill, the hearing was closed.

CONSIDERATION OF HOUSE BILL 321: Rep. O'Keefe said this act was introduced to further clarify the present law and delays formation of new taxing jurisdictions for a year until the following January 1. Mr. Groff appeared in support of the measure and following

a brief discussion, the bill was moved.

DISPOSITION: Sen. Turnage Moved HB321 Be Concurred In. The motion was seconded by Sen. Goodover and carried unanimously.

CONSIDERATION OF SENATE BILL 446: Sen. Murphy presented the bill as it had been introduced by this committee on his behalf. It does not allow a lender to collect a pre-payment penalty in case a mortgage is paid off ahead of the contract. He said the problem affects only some people with fairly large loans that are secured by out of state financing, but he said it does hurt some people and feels it is unnecessary, undesirable. Mr. Montforten appeared as a proponent of the bill and said some of these penalties were as much as 5% and is being arbitrarily imposed. He said he felt it was unnecessary because all expenses are being taken out by the companies at the time the loan is made, and he felt the penalty generally applied to the people least able to afford it.

Chairman Mathers called for other proponents and following, opponents. Mr. Cannon introduced Mr. Bennington who distributed Exh. #1, attached, showing a contract, and stated they do not have to use the pre-payment penalty on the contract. He continued, that if Montana law said we may not use such penalty in secondary financing, we might not be able to sell the loans. Mr. Fossom said he thought this legislation would work against Montana borrowers. Mr. Pitts thought the bill would work to the detriment of Montana. He said large capital would not come into the state and it might become more difficult to get larger loans. Mr. Howeth said it is a policy of the Board to buy up commercial mortgages and they do require a pre-payment penalty on commercial loans. Mr. Phillips said he supported the comments of the other opponents.

The Chairman called for other witnesses and there being none, permitted Sen. Murphy to close. He said many people are victimized by this system and he thinks it is a poor practice. He said California has laws protecting mortgagors and thought if Montana could also pass similar legislation it would be a step forward. Mr. Montforten also added to the discussion saying he did not believe that it would seriously affect capital from out of state.

Chairman Mathers then permitted questions from the committee and Mr. Pitts said that long-term investors often insist on pre-payment clauses in the contract in order that they are compensated for the re-handling of the loans. Sen. Norman asked if this is much of a concern with smaller loans, at under \$2 million. The committee asked about limiting the bill's effect on certain size of loans, however, Mr. Montforten thought limiting the percentage of the penalty would be effective. Following this discussion the Chairman closed the hearing on this bill.

CONSIDERATION OF HOUSE BILL 186: Rep. Pistoria said his bill amends the present election law on voting on bond issues. He distributed Exh. #2 and said at present the County Commissioners often rule on petitions, expecting them to be approved by the Clerk and Recorder, when in actuality the petitions are not in by the prescribed time. He said the bill would assure the legality of such

3-3/25


petitions in order to have the signatures verified, etc., before the time of the General Election. There were no further witnesses.

DISPOSITION: Sen. Towe Moved HB186 Be Concurred In. Sen. Goodover seconded the motion and it carried unanimously.

The committee again discussed SB446 and mentioned Mr. Tippy's suggestion that the penalty might be limited to agricultural and residential loans. Three amendments were proposed and the amendments, #1, 2 and 3, were moved by Sen. Towe, carried unanimously.

DISPOSITION: Sen. Norman Moved SB446 As Amended Do Pass. A roll call vote was taken which resulted in a vote of 6-2, carried.

Following disposition of this bill, meeting adjourned.



WILLIAM MATHERS

CHAIRMAN

ROLL CALL

SENATE TAXATION COMMITTEE

45th LEGISLATIVE SESSION - - 1977

Date 3/23/77

NAME	PRESENT	ABSENT	EXCUSED
SEN. WATT	✓		
SEN. BROWN	✓		
SEN. GOODOVER	✓		
SEN. HEALY			
SEN. MANNING	✓		
SEN. NORMAN	✓		
SEN. ROSKIE	✓		
SEN. TOWE	✓		
SEN. TURNAGE	✓		
CHAIRMAN MATHERS	✓		

DATE 3/25/77

S. B. 446

[illegible]

SENATE COMMITTEE TAXATION

Date 3/25 Sen. Bill No. 446 Time _____

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

6 2

Nita Fjeseth
Secretary

William L. Mathers
Chairman

Motion: Do Pass Carried
As Amended

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

NOTE

Eq. #1

US \$, Montana
" City
....., 19....

FOR VALUE RECEIVED, the undersigned ("Borrower") promise(s) to pay
....., or order, the principal sum of Dollars, with
interest on the unpaid principal balance from the date of this Note, until paid, at the rate of
..... percent per annum. Principal and interest shall be payable at
....., or such other place as the Note holder may
designate, in consecutive monthly installments of
..... Dollars (US \$), on the
..... day of each month beginning 19.... Such monthly installments
shall continue until the entire indebtedness evidenced by this Note is fully paid, except that any remaining indebted-
ness, if not sooner paid, shall be due and payable on

If any monthly installment under this Note is not paid when due and remains unpaid after a date specified by a
notice to Borrower, the entire principal amount outstanding and accrued interest thereon shall at once become due
and payable at the option of the Note holder. The date specified shall not be less than thirty days from the date such
notice is mailed. The Note holder may exercise this option to accelerate during any default by Borrower regardless of
any prior forbearance. If suit is brought to collect this Note, the Note holder shall be entitled to collect all reasonable
costs and expenses of suit, including, but not limited to, reasonable attorney's fees.

Borrower shall pay to the Note holder a late charge of percent of any monthly
installment not received by the Note holder within days after the installment is due.

~~Borrower may prepay the principal amount outstanding in whole or in part. The Note holder may require that
any partial prepayments (i) be made on the date monthly installments are due and (ii) be in the amount of that
part of one or more monthly installments which would be applicable to principal. Any partial prepayment shall be
applied against the principal amount outstanding and shall not postpone the due date of any subsequent monthly
installments or change the amount of such installments, unless the Note holder shall otherwise agree in writing. If,
within five years from the date of this Note, Borrower make(s) any prepayments in any twelve month period,
beginning with the date of this Note or anniversary dates thereof ("loan year") with money lent to Borrower by a
lender other than the Note holder, Borrower shall pay the Note holder (a) during each of the first three loan years
at least twenty percent of the amount by which the sum of prepayments made in any such loan year
exceeds twenty percent of the original principal amount of this Note and (b) during the fourth and fifth loan years
at least twenty percent of the amount by which the sum of prepayments made in any such loan year
exceeds twenty percent of the original principal amount of this Note.~~

Presentment, notice of dishonor, and protest are hereby waived by all makers, sureties, guarantors and endorser
hereof. This Note shall be the joint and several obligation of all makers, sureties, guarantors and endorser, and shall
be binding upon them and their successors and assigns.

Any notice to Borrower provided for in this Note shall be given by mailing such notice by certified mail addressed
to Borrower at the Property Address stated below, or to such other address as Borrower may designate by notice to
the Note holder. Any notice to the Note holder shall be given by mailing such notice by certified mail, return receipt
requested, to the Note holder at the address stated in the first paragraph of this Note, or at such other address as may
have been designated by notice to Borrower.

The indebtedness evidenced by this Note is secured by a Deed of Trust, dated
....., and reference is made to the Deed of Trust for rights as to acceleration of the indebtedness
evidenced by this Note.

Property Address

(Execute Original Only)

#2

COUNTY FINANCE—BONDS AND WARRANTS

16-2022

the whole of such floating indebtedness with the interest thereon before the 1st day of July, 1947.

The proceeds of every such special tax levy shall be by the county treasurer deposited in a special fund to be designated "debt reduction fund," and shall not be used for any purpose whatever except for payment of the principal and interest of such floating indebtedness incurred prior to and outstanding on February 15, 1943; provided, that after the principal and interest of such floating indebtedness have been fully paid, any amount remaining in such special fund, or afterwards coming into the same from protested or delinquent taxes, may be transferred to the general fund of the county, or to such other county fund as the board of county commissioners may order.

History: En. Sec. 1, Ch. 98, L. 1943.

16-2020. Procedure for taking advantage of act. The board of county commissioners having any such floating indebtedness, and desiring to take advantage of the provisions of this act, must, not later than the 15th day of March, 1943, adopt a resolution stating that it is the intention of the board of county commissioners of such county to provide for the payment of registered warrants outstanding at the close of business on February 15th, 1943, and the amount of such warrants issued and outstanding against each fund and which are to be paid. Said board shall, in its budget for the fiscal year commencing July 1, 1943, and in its annual budget each year thereafter, make an appropriation sufficient to pay the amount of such warrants as provided by such resolution, with the interest which will be due on such amount, and at the time of fixing tax levies for county purposes said board shall annually fix a special levy of such number of mills as may be necessary to raise such amount with such interest, until such warrants with the interest thereon are fully paid.

History: En. Sec. 2, Ch. 98, L. 1943.

16-2021. (4630.7) Petition and election required for bonds issued for other purposes. County bonds for any other purpose than those enumerated in section 16-2013 shall not be issued unless authorized at a duly called special or general election at which the question of issuing such bonds was submitted to the qualified electors of the county and approved, as provided in section 16-2027; and no such bond election shall be called unless there has been presented to the board of county commissioners a petition, asking that such election be held and such question be submitted, signed by not less than twenty per centum (20%) of the qualified electors of the county, who are taxpayers upon property within the county and whose names appear on the last completed assessment roll for state and county taxes.

History: En. Sec. 7, Ch. 188, L. 1931.

16-2022. (4630.8) Form, contents and proof of petition. Every petition for the calling of an election to vote upon the question of issuing county bonds shall plainly and clearly state the purpose or purposes for which the proposed bonds are to be issued, and shall contain an estimate of the amount necessary to be issued for such purpose or purposes. There may be a

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FORM. KY.
1943-1944
BY BOARD OF COUNTY COMMISSIONERS

separate petition for each purpose, or two (2) or more purposes may be combined in one (1) petition if each purpose, with an estimate of the amount of bonds necessary to be issued therefor, is separately stated in such petition. Such petition may consist of one (1) sheet, or of several sheets identical in form and fastened together after being circulated and signed so as to form a single complete petition before being delivered to the county clerk as hereinafter provided. The petition shall give the post-office address and voting precinct of each person signing the same.

Only persons who are qualified to sign such petitions shall be qualified to circulate the same, and there shall be attached to the completed petition the affidavit of some person who circulated, or assisted in circulating such petition, that he believes the signatures thereon are genuine and that the signers knew the contents thereof before signing the same. The completed petition shall be filed with the county clerk who shall, within fifteen (15) days thereafter, carefully examine the same and the county records showing the qualifications of the petitioners, and attach thereto a certificate under his official signature and the seal of his office, which certificate shall set forth:

(1) The total number of persons who are registered electors and whose names appear upon the last completed assessment roll for state and county taxes.

(2) Which and how many of the persons whose names are subscribed to such petition are possessed of all of the qualifications required of signers to such petition.

(3) Whether such qualified signers constitute more or less than twenty per centum (20%) of the registered electors whose names appear upon the last completed assessment roll for state and county taxes.

History: En. Sec. 8, Ch. 188, L. 1931.

16-2023. (4630.9) Consideration of petition—calling election. When such petition has been filed with the county clerk and he has found that it has a sufficient number of signers, qualified to sign the same, he shall place the same before the board of county commissioners at its first meeting held after he has attached his certificate thereto. The board shall thereupon carefully examine the petition and make such other investigation as it may deem necessary.

If it is found that the petition is in proper form, bears the requisite number of signers of qualified petitioners, and is in all other respects sufficient, the board shall pass and adopt a resolution which shall recite the essential facts in regard to the petition and its filing and presentation, the purpose, or purposes, for which the bonds are proposed to be issued, and fix the exact amount of bonds proposed to be issued for each purpose, which amount may be less than but must not exceed the amount set forth in the petition, determine the number of years through which such bonds are to be paid, not exceeding the limitations fixed in section 16-2011, and making provision for having such question submitted to the qualified electors of the county at the next general election, or at a special election which the board may call for such purpose.

History: En. Sec. 9, Ch. 188, L. 1931.

TRIBUNE-WED-SEPT. 8, 1976-FRONT-PAGE

Multipurpose center proposal on ballot

The Board of Cascade County Commissioners Tuesday, by resolution, ordered that the proposal to build the Great Falls multipurpose center be placed on the general election ballot for this coming November.

A delegation from the organization which circulated petitions indicated that the petitions now are in the process of being checked to determine whether the required number of legal signatures had been received.

Clerk and Recorder Joseph L. Lennon said the signatures, to be valid, must be the same as the voter signs at the polls when he votes and any deviation from this signature invalidates the signature in the eyes of the law.

Stan Tiffany, a member of the petition-gathering organization, told the commissioners that a number of individuals who signed the petition couldn't remember exactly how their names were listed on

the official voting register and asked if it would be permissible for representatives of his group to check the signatures so that those persons whose signatures are invalid could be contacted with the goal of obtaining signatures which are valid.

Commission Chairman Edward L. Shubat said this would be an allowable procedure in that these petitions were public documents and therefore were open to the public. Lennon said the petitions would have to be checked in his office because after they are filed they cannot be taken from his office.

The commissioners pointed out that the reason they had ordered the matter placed on the ballot, although the signature check was not yet completed, was because preparation of the ballot is a complex printing matter and, if they wanted to be sure that the ballots are completed in time for the November election, they had to order them now

IF
SAY
NO

NO

County explains ballot rationale

The Board of Cascade County Commissioners explained the reasoning in ordering the multipurpose center issue to be placed on the ballots which are to be printed for the November general election.

Commission Chairman Edward L. Shubat said, "There is no problem. We had to complete the order for the ballots and the petitions still are being checked to see if there are enough signatures to place it on the ballot. If the number of signatures is not sufficient and the matter doesn't reach a vote, all we have to do is lock the key adjacent to the printed measure and nobody will be able to vote for or against it. If the petitions are successful, we will have it on the ballot. It's as simple as that."

Commissioner John St. Jermain said, "We have to order the ballots 60 days before we get them to insure that we have them in time for the election. If the measure wasn't placed somewhere on the ballot which we are having printed and the petitions were successful, we would have to call a special election.

"It costs between \$17,000 and \$18,000 to run a special election. Machines have to be moved, election clerks have to be hired and ballots and books

have to be purchased. By doing it this way, we are saving Cascade County taxpayers the cost of the special election. We are neutral on the matter. If the petitions prove to be sufficient, it will be up to the voters to decide whether or not that they want it. If the petitions do not contain enough signatures for the measure to get on the ballot, the voting machines will be adjusted so that specific lever will not operate."

Multipurpose center now on ballot in November

By JOHN PEARSON
Tribune Staff Writer

The petition to put the multipurpose center on the November ballot has more than enough signatures to qualify. So, the issue of whether to build a center now will be up to the voters of Cascade County.

The petition needed 7,125 signatures to qualify. Joe Lennon, county clerk and recorder, said the petition had 7,350 certified signatures, 235 more than necessary.

The petition, sponsored by the Citizens Involvement Committee's (CIC) Multipurpose Center Task Force, had a total of 8,458 signatures, according to Lennon. He said his office had to reject 1,108 signatures that were invalid for a number of reasons. Some people signed more than once, some weren't currently registered as voters, some names were different from those in the voting records, some were unreadable and others had no address.

Lennon said the petition with certified names would go to the county commissioners.

"This was the No. 1 goal of the task force," chairman Gene Thayer said.

"We've now reached this goal. Until the election in November, we will continue to present the facts about the multipurpose center to the voters — what it's going to cost and the functions it will serve."

The last proposal was voted down 10 years ago, he said. "Had it passed at that time, it probably could have been built for \$3 million or \$4 million. Every year we delay, it's going to cost more."

"Hundreds of people have been working with us trying to secure the necessary signatures," he said. "The community owes them thanks for a job well done."

Thayer said that the task force had agreed to an arbitrary deadline of Sept. 2, two weeks earlier than the legal deadline of Sept. 17, so the issue could be placed on the November ballot.

Task force member Stan Tiffany said that when it became apparent Sept. 3 that the petition would have enough signatures, the county commissioners ordered the county clerk to proceed with ballot orders. Otherwise, he said, a special election would have been needed later.

"The reasoning was strictly economic," Thayer said. "The task force didn't get an extension. It was early."

STANDING COMMITTEE REPORT

March 25 1977

MR. PRESIDENT

We, your committee on TAXATION

having had under consideration HOUSE Bill No. 321

Respectfully report as follows: That HOUSE Bill No. 321

BE CONCURRED IN

~~DO PASS~~

STANDING COMMITTEE REPORT

March 25 19 77

MR. PRESIDENT

We, your committee on TAXATION

having had under consideration HOUSE Bill No. 136

Respectfully report as follows: That HOUSE Bill No. 136

BE CONCURRED IN

~~NO PASS~~

Wm

STANDING COMMITTEE REPORT

..... March 25 1977

MR. ~~PRESIDENT~~

We, your committee on **TAXATION**

having had under consideration **SENATE** Bill No. **446**

Respectfully report as follows: That **SENATE** Bill No. **446**

introduced bill, be amended as follows:

1. Amend page 1, section 1, line 16.

Following: "case of"

Insert: "such"

Following: "executed"

Insert: "by institutional lenders"

2. Amend page 1, section 1, line 17.

Following: "1977"

Insert: ", where the subject real estate is the residence of, or a farm or ranch operated by the mortgagor or his successor in interest"

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

Following: "power"

Insert: "and non-institutional lenders or individuals may have a greater need to refuse accelerated payment, for tax or other reasons"

AND AS SO AMENDED,

DO PASS

30