

MINUTES OF THE MEETING
TAXATION COMMITTEE
MONTANA STATE SENATE

March 29, 1977

The fifty-seventh 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 all members present.

The following witnesses were present:

Joe A. Renders	Mont. Farmers Union
Jack C. Crosser	Dept. of Admin.
Ernest Post	Mont. State AFL-CIO
Jim Mockler	Mont. Coal Council
Fred Barrett	Employ. Sec. Division
Jerry Gonroth	Northern Ski Area
Harold Dover	Self

CONSIDERATION OF HOUSE BILL 389: Mr. Crosser introduced this bill and said the state has a law on the books which provides the state shall insure all passenger tramways or ski lifts shall be maintained in a safe condition through inspections. Such provisions provided only about \$2,000 or \$2,500 per year and he said this amount is not adequate to provide such inspections. If this legislation were passed it would generate about \$15,000 per year and enable the Department to engage an engineer, on contract, to inspect the equipment, etc., for safety. He said several managers of ski resorts had appeared in support of the bill in the House as they feel this is the best way to accomplish this.

The Chairman asked for further proponents or opponents and there being none, permitted questions by the committee. Sen. Norman asked if there would be objection to amending the bill so the money would go into the General Fund and then be appropriated from there. Mr. Crosser said he would prefer this method. Sen. Roskie asked how the inspections had been paid for before and he was informed the lift operators had paid for the inspections. Mr. Hauck answered some questions from the committee and told them there would be no fulltime employees employed to accomplish these inspections; they are to be done by contract. Sen. Healy asked about the certified engineers, as specified in the bill. Mr. Hauck replied they are civil engineers with some experience in such inspections. Mr. Gonroth was a proponent of the bill also, as amended.

Sen. Norman Moved the Amendments to HB389, see committee report attached. His motion was carried unanimously.

DISPOSITION: Sen. Turnage Moved HB389 As Amended, Be Concurred In. The motion was carried unanimously.

CONSIDERATION OF HOUSE BILL 402: Mr. Barrett spoke on this bill in the absence of the sponsor, Rep. Menehan. He said the bill had been introduced at the request of the Employment Security Commission. The bill would make the officers of a corporation liable for delinquent contributions to the unemployment compensation trust fund when filing the annual report of the corporation to the state. He said that because of corporations going defunct, they had lost about \$60,000 in delinquent contributions with no way to attach wages or collect these contributions. He thought this law would help the ESC collect such contributions. Other employers in the state have to make up the contributions. Mr. Kansier said prior to 1967 the law permitted the Department to pursue the individual. He said in many instances they find employers will dispose of the corporation shell and move on to another corporation. The total tax involved was over \$100,000 which they had no way of collecting.

Mr. Post spoke also as a proponent saying there was much talk about a deficit in unemployment compensation funds and this bill would help the ESC collect from the corporations. It is not just the employees who were depleting this fund, but also the employers, and he felt this legislation would address itself to the collecting of delinquent payments. He said there are approximately 3,100 corporations on the books that exist only on paper and possibly some of these 3,100 corporations might owe the state money, with the state having no way of collecting such taxes. He felt reliable corporations would also appreciate this legislation.

Following presentations by the witnesses the committee asked a number of questions of Mr. Barrett and Mr. Kansier. The committee debated about making corporative officers liable and it was decided to amend the bill to include only 'officers' as they specified. It was pointed out that if the officers are reliable and the annual report is filed, there is no liability to them, thus the legislation should encourage more efficient corporate report filing with the office of the Secretary of State. If however, the report is not filed, the ESC then has law to support them in their pursuit of the officers who would become liable for delinquent contributions.

Sen. Turnage moved to amend HB402, to strike "corporate officers" and insert "president, vice president, secretary and treasurer" and also to strike the work "directors" and insert "such officers." His motion was carried unanimously.

DISPOSITION: Sen. Turnage then Moved HB402 As Amended, Be Concurred In. The motion was carried. Note for the record that Sen. Towe voted "No."

CONSIDERATION OF SENATE JOINT RESOLUTION 44: Sen. Towe introduced his bill which authorized a study on investment of some of the coal trust moneys in Montana. He said this resolution is aimed at helping young people get started in agriculture in particular. He had several amendments to suggest to his bill, and after a brief mention of these, continued his presentation, say-

ing he had seen the results of large corporate farming practices in the eastern part of the state and noted their methods appeared to be aimed at quick profit with little regard for the future of the land, whereas the family farm manager is more concerned about safeguarding the land for the future. He therefore observes better conservation practices and is protective of the land for his own family's future. Sen. Towe continued, stating this should be encouraged by loaning money to young people in order that they could get a start in farming, thus keeping the coal trust money in Montana, with the idea of caring for the state's land and its future production. He thought by making these moneys available through bank loans, etc., a number of things might be accomplished: 1 - promotion of industries and jobs in the state; 2 - would allow investment in Montana real estate loans; 3 - young people interested in agriculture would be given a start; and 4 - would revitalize the family farms.

Sen. Watt spoke also as a proponent of the bill saying he thought it good to give young people assistance in getting started in the farming business. Sen. Goodover said he thought it a commendable goal, but asked why they couldn't also buy a parcel of land and start a business, rather than limit the goal to farming only. Mr. Renders also spoke as a proponent and distributed Exh. #1, containing his testimony.

Opponents of the bill included Mr. Mockler who said as a representative of the coal industry they had a vested interest in the funds and didn't see any reason why farms in particular should be singled out for the assistance, whereas many people might be interested in starting a business with a loan obtainable at a low interest rate. Further, he felt that farming was a high risk business and thought the Legislature should take a better look at the resolution. Sen. Dover also spoke as an opponent and distributed his testimony in Exh. #2, attached. He said FHA does make loans to people interested in farming and did not believe the state's tax-payer money should be loaned on such high-risk loans.

Following the opponents' presentations, Sen. Towe made a brief closing statement.

Due to pressure of time the Chairman closed the hearing on SJR 44 in order that the committee could further discuss HB70 which had been amended by the committee. These amendments were distributed, see Exh. #3, and discussed at length.

Following the discussion Sen. Norman Moved to Adopt the Amendments to HB70, as on Exh. #3. The motion carried unanimously.

DISPOSITION: Sen. Turnage then Moved HB70 As Amended Be Concurred In. His motion carried unanimously.

They briefly discussed the reappraisal program which they believed could be amended into HB215 which is also still in committee. Following this, the meeting adjourned.

W. T. Towe

ROLL CALL

SENATE TAXATION COMMITTEE

45th LEGISLATIVE SESSION - - 1977

Date 3/29/77

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

SENATE *100-110-10* COMMITTEE

BILL. 784-942

VISITORS' REGISTER

DATE

NAME	REPRESENTING	BILL #	(check one) SUPPORT	OPPO.
Rep. H. Rundus	Montana Farm Bureau	54K44	<input checked="" type="checkbox"/>	
John C. Cressler	Dept. of Agric.	H/B 381	<input checked="" type="checkbox"/>	
Ernest E. Post	Mont. State F-1-16	H/B 402	<input checked="" type="checkbox"/>	
Jim McRae	Mont. Coal Council	SJR44	<input checked="" type="checkbox"/>	
Ed Burnett	Employ. Sec. Division	H/B 402	<input checked="" type="checkbox"/>	
John C. Cressler	Montana Farm Bureau	H/B 381	<input checked="" type="checkbox"/>	
John C. Cressler	Mont. State F-1-16	H/B 402	<input checked="" type="checkbox"/>	

TESTIMONY BEFORE THE TAXATION COMMITTEE, MONTANA STATE SENATE,
HEARING ON SENATE JOINT RESOLUTION 44, MARCH 29, 1977.

I am Joe A. Renders, administrative assistant to the president of Montana Farmers Union, a statewide farm and ranch organization of approximately 7,500 family members, with headquarters in Great Falls.

Our organization, and others with a basic interest in agriculture, have shown increased interest in the "land bank" approach in recent years.

At our last annual state convention, delegates from county and local units throughout the state, recommended:

"That a land bank be established to buy land from retiring farmers to be leased and/or sold to young farmers, with preference given to direct heirs, over a long-term period at low interest rates."

This resolution, requesting the Legislature's committee on priorities to expand the scope of the interim study on coal tax trust fund investments to include an investigation of the feasibility of an agricultural land bank, certainly addresses itself to that issue.

We are aware that high initial capital requirements bar many younger persons from entering farming and ranching and causes them to leave the agricultural sector.

The value of in-state investment of the permanent coal tax trust fund and the security and growth potential of Montana land are obvious.

Therefore, we believe the concept in this resolution of blending those needs and assets is certainly worth study and consideration.

###

Editorial

Mr. Chairman members of the board. I oppose SJR 44. I object to any further socialization of the State and particularly in an area as sensitive as the individual's right to own property. I assume the State or trust fund would become the owner of the property if the operator did not pay.

The bill assumes that a state agricultural land bank can help young people get started in farming and intimates that existing credit sources cannot. I fail to see how any vehicle for this purpose can do better than the Federal Land Bank and Farmers Home Administration are already doing without the new state bank incurring a larger risk and/or lesser income from the investment. Credit must be based on ability to repay, not individual or social need. Based on any other criteria, you not only will create a mess in a state owned operation but in the long run, you will do great damage to the young man who doesn't make it. I also object to taxpayer money being invested in no-risk loans of any kind.

Please keep in mind it is not only the high price for land per acre that restricts the beginners, but the fact that it takes such a large number of acres to have a viable and profitable operation. An agricultural credit bank or any other sound credit source will not change that fact anymore than the social need does. Even admitting (which I don't believe) that the reason for the demise of the small family farm is lack of availability of credit, we cannot escape the hard fact that it is not available only because it cannot make a

Ex. #3

Adopted

6/16/66

Dele. 6/16/66

Amend page 18, section 9, line 18.

Following: "tools"

Strike: "and implements included in Class 14;"

Insert: ", implements and machinery included in Class 14;"

Amend page 20, section 12, line 17.

Following: "value"

Insert: ", or so much of 12% as is determined under 84-309, whichever is less"

Amend page 22, lines 19 through 21.

Following: line 18

Strike: lines 19 through 21 in their entirety

Insert: "(c) electric transformers and meters and gas regulators and meters that are not part of the single and continuous property of a utility that is centrally assessed; and, electric light and power substation machinery, compressor station machinery, measuring and regulating station equipment, and tools used in the repair and maintenance of the property included in this subsection."

Amend page 24, section 16, line 25.

Following: "value"

Insert: ", or in the case of property classified under (1) (b) of this section, so much of 6% as is determined under 84-309, whichever is less"

To check page 25, lines 7 thru 9, concerning "Mobile machines"

Check 6/16/66

Amend page 30, section 19, line 11.

Following: "value"

Insert: ", or in the case of property classified under (1) (a) of this section, so much of 2.8% as is determined under 84-309, whichever is less"

Amend page 110, section ____ line 5.

Following:

Strike: "1 mill"

Insert: "3 mills"

Amend page 123, section ____ line 17.

Following: line 17

Insert: "Section 71. There is a new R.C.M. section numbered 84-309 that reads as follows:

"84-309. Reappraised real property -- limitation on percentages."

(4) Each registration shall expire on September 30 of the year following the year of issuance.

(5) Each operator shall cause the registration certificate for passenger tramway registered to be displayed conspicuously at the place where passengers load.

History: En. Sec. 7, Ch. 436, L. 1971;
and. Sec. 2, Ch. 63, L. 1974.

Amendments

The 1974 amendment substitutes "partment" for "board" throughout this section.

69-6608. Fees. The application for registration, or supplemental application shall be accompanied by such annual fees as the department may fix from year to year, not to exceed the following annual fees: passenger tramways described in section 2 (5) (e) and (f) [69-6602 (5) (e) and (f)], twenty-five dollars (\$25) each; (c) and (d), fifty dollars (\$50) each; and (b), one hundred dollars (\$100) each.

History: En. Sec. 8, Ch. 436, L. 1971;
and. Sec. 2, Ch. 63, L. 1974.

Amendments

The 1974 amendment substitutes "partment" for "board."

69-6609. Deposit of fees. All fees collected by the department shall be deposited in ~~an earmarked revenue fund~~ passenger tramway account.

History: En. Sec. 9, Ch. 436, L. 1971;
and. Sec. 2, Ch. 63, L. 1974.

Amendments

The 1974 amendment substitutes "partment" for "board."

69-6610. Additional powers and duties of department. (1) In addition to all other powers and duties conferred and imposed upon the department by this article, the department shall have and exercise the following powers and duties:

(a) To adopt reasonable rules and regulations relating to the safety in the design, construction and operation of passenger tramways, but which shall not relate or pertain to an area served by a passenger tramway. In adopting such rules and regulations the department shall use as a guideline the standards contained in "The American National Standards Institute—Safety Requirements for Aerial Passenger Tramways" A13.1-B-77.1—1970, as amended from time to time, or equivalent, and as adopted or supplemented from time to time by the department, and shall not be discriminatory in their application to operators of passenger tramways and shall hold hearings and take in all evidence relating to the adoption of these rules and regulations; and the department shall supply to each operator a copy of its rules and regulations and each amendment thereto or revision thereof.

(b) To hold hearings and take evidence in all matters relating to the exercise and performance of the powers and duties vested in the department, subpoena witnesses, administer oaths, and compel the testimony of witnesses and the production of books, papers and records relevant to any inquiry;

(c) To approve, deny, revoke, and renew the registrations provided for in this chapter;

the general fund.
It is the legislature's intent that such fees and assessments generate sufficient for a general fund appropriation for contracted inspection services.

STANDING COMMITTEE REPORT

.....March 29.....1977.....

MR. President.....

We, your committee on.....**Taxation**.....

having had under consideration.....**House Bill**..... Bill No. **70**.....

Respectfully report as follows: That.....**House**..... Bill No. **70**.....

third reading bill, be amended as follows:

1. Amend page 18, section 9, line 18.

Following: "tools"

Strike: "and implements included in Class 14;"

Insert: ", implements and machinery included in Class 14;"

2. Amend page 20, section 12, line 17.

Following: "value"

Insert: ", or so much of 120 as is determined under 84-309,
whichever is less"

3. Amend page 22, lines 19 through 21.

Following: line 18

Strike: lines 19 through 21 in their entirety

Insert: "(c) electric transformers and meters and gas regulators and
meters that are not part of the single and continuous property of a
utility that is centrally assessed; and, electric light and power
substation machinery, compressor station machinery, measuring and
DOXASAX

regulating station equipment, and tools used in the repair and
maintenance of the property included in this subsection."

CONTINUED

March 29, 1977
Page 3

Committee on Taxation
House Bill 70

218	10.13
228	10.05
238	9.98
248	9.91
258	9.84
268	9.77
278	9.70
288	9.64
298	9.57
308	9.51
318	9.44
328	9.38
338	9.32
348	9.26
358	9.20
368	9.14
378	9.08
388	9.03
398	8.97
408	8.91
418	8.86
428	8.81
438	8.75
448	8.70
458	8.65
468	8.60
478	8.55
488	8.50
498	8.45
508	8.40

"Section 72. There is a new R.C.M. section that reads as follows:
"Temporary authority to exceed mill levy limitations in certain
cases.

"Taxing jurisdictions may adopt and levy for a budget equal to 105% of the preceding year's budget, statutory mill levy limitations notwithstanding, unless the taxable valuation therein has increased to a level which would allow statutory mill levies to produce a budget equal to 105% of the preceding year's budget."

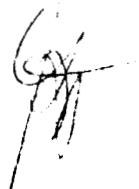
Renumber: following section

2. Amend page 123, section 71, line 20.

Following: "repealed."

Insert: "However, amendments to 84-301, 84-302, or 84-303, R.C.M. 1947, enacted by this legislative session shall be incorporated into the equivalent sections enacted in this act as directed by such other amendatory acts."

AND AS SO AMENDED, BE CONCURRED IN


William L. Mathers, Chairman

March 29, 1977
Page 2

Committee on Taxation
House Bill 70

4. Amend page 24, section 16, line 25.

Following: "value"

Insert: ", or in the case of property classified under (1) (b) of this section, so much of 6% as is determined under 84-309, whichever is less"

5. Amend page 30, section 19, line 11.

Following: "value"

Insert: ", or in the case of property classified under (1) (a) of this section, so much of 2.8% as is determined under 84-309, whichever is less"

6. Amend page 110, section 60, line 5.

Following: line 4

Strike: "1 mill"

Insert: "3 mills"

7. Amend page 123, section 70, line 17.

Following: line 17

Insert: "Section 71. There is a new R.C.M. section numbered 84-309 that reads as follows:

"84-309. Reappraised real property -- limitation on increased appraisals -- table of taxable percentages.

(1) The director of revenue shall certify to the governor, before June 30, 1978, the percentage by which the market value of all property in the state classified under sections 84-301.12, 84-301.16 (1) (b), and 84-301.19 (1) (a) as of January 1, 1977 has increased due to the revaluation conducted under 84-429.14. This figure is the "certified statewide percentage increase." (2) The taxable value of property in these three classes is determined as a function of the certified statewide percentage increase in accordance with the following table:

Certified statewide percentage increase	84-301.12	84-301.16 (1) (b)	84-301.19 (1) (a)
0			
1%	\$ 11.89	one-half of the equivalent	7/30 of the
2%	11.79	equivalent	equivalent
3%	11.69	millage under	millage under
4%	11.58	84-301.12	84-301.12
5%	11.49		
6%	11.39		
7%	11.29		
8%	11.20		
9%	11.11		
10%	11.02		
11%	10.93		
12%	10.84		
13%	10.76		
14%	10.67		
15%	10.59		
16%	10.51		
17%	10.43		
18%	10.35		
19%	10.28		

STANDING COMMITTEE REPORT

March 29 1977

MR. PRESIDENT

We, your committee on TAXATION

having had under consideration

HOUSE Bill No. 389

Respectfully report as follows: That

HOUSE Bill No. 389,

third reading bill, be amended as follows:

1. Amend the title, line 7.

Following: "MONTANA"

Insert: ";" amending section 69-6609, R.C.M. 1947;"

2. Amend page 1, section 1, lines 19 and 20.

Following: "to the"

Strike: "department of administration's passenger tramway safety account"

Insert: "general fund"

3. Amend page 1, section 1, line 23.

Following: line 23

Insert: "Section 2. Section 69-6609, R.C.M. 1947, is amended to read as follows:

"69-6609. Deposit of fees. All fees collected by the department shall be deposited in an-earmarked-revenue-fund-passenger-tramway-safety-account the general fund. It is the legislature's intent that such fees and assessments generate sufficient for a general fund appropriation for controlled inspection services."

Renumber: following section

DO PASS AND AS SO AMENDED, BE CONCURRED IN

STANDING COMMITTEE REPORT

March 29 1977

MR. PRESIDENT.....

We, your committee on **TAXATION**

having had under consideration **HOUSE** Bill No. 402.....

Respectfully report as follows: That **HOUSE** Bill No. 402.....

third reading bill, be amended as follows:

1. Amend page 3, section 1, line 22.

Following: "division"

Strike: "may"

Insert: "shall"

Following: "the"

Strike: "corporate officers"

Insert: "president, vice president, secretary and treasurer"

2. Amend page 4, section 1, lines 1 and 2.

Following: "specified,"

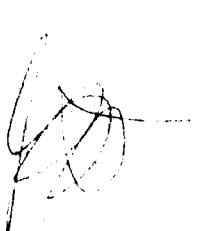
Strike: "the directors"

Insert: "such officers"

AND AS SO AMENDED,

BE CONCURRED IN

XXXXXX



WILLIAM MATHERS

Chairman.

TESTIMONY BEFORE THE TAXATION COMMITTEE, MONTANA STATE SENATE,
HEARING ON SENATE JOINT RESOLUTION 44, MARCH 29, 1977.

Eph. #1

I am Joe A. Renders, administrative assistant to the president of Montana Farmers Union, a statewide farm and ranch organization of approximately 7,500 family members, with headquarters in Great Falls.

Our organization, and others with a basic interest in agriculture, have shown increased interest in the "land bank" approach in recent years.

At our last annual state convention, delegates from county and local units throughout the state, recommended:

"That a land bank be established to buy land from retiring farmers to be leased and/or sold to young farmers, with preference given to direct heirs, over a long-term period at low interest rates."

This resolution, requesting the Legislature's committee on priorities to expand the scope of the interim study on coal tax trust fund investments to include an investigation of the feasibility of an agricultural land bank, certainly addresses itself to that issue.

We are aware that high initial capital requirements bar many younger persons from entering farming and ranching and causes them to leave the agricultural sector.

The value of in-state investment of the permanent coal tax trust fund and the security and growth potential of Montana land are obvious.

Therefore, we believe the concept in this resolution of blending those needs and assets is certainly worth study and consideration.

###