

MINUTES OF THE MEETING
TAXATION COMMITTEE
MONTANA STATE SENATE

April 12, 1977

The sixty-eighth meeting of the Taxation Committee was called to order on the above date in Room 415 at 6:20 p.m. by Chairman Mathers.

ROLL CALL: Roll call found all of the members present.

The committee first took up for consideration HB292 which had been previously heard. They looked at the amendment to the bill found on Exh. #1, attached, and voiced their acceptance of this amendment.

Sen. Towe Moved the Adoption of Amendment #1, the 'grand-father' clause as requested in the last meeting. His motion was passed unanimously.

DISPOSITION: Sen. Towe then Moved HB292 As Amended, Be Concurred In. His motion was carried unanimously.

The committee next discussed HB482, also heard previously. They talked about what the legislation would mean to the prudent man rule.

Sen. Turnage Moved HB482 Be Not Concurred In. A roll call vote was taken and the motion failed by a 4-6 vote.

Sen. Turnage then Moved the Bill be laid on the Table and a letter written to Priorities Committee requesting they accept the bill, requesting it be included in the [legislated] Study.

Next up for consideration was HB434. This bill had been scheduled for public hearing on April 21, but due to conflicts, Rep. Williams had not been able to present his bill; Chairman Mathers had invited him to present it at this time.

Rep. Williams stated the bill could do much to help people in agriculture. He said he had not intended the bill to interfere with the exempt status of present flood irrigation systems, but to provide an incentive for farmers and ranchers to install the sprinkler type irrigation systems. He recommended deletion of the word "pumps" and stated he would not accept the amendments that had been presented to the committee on Exh. #2, attached. He said there were many good reasons who the sprinkler irrigation is a good system, superior to flood irrigation, and read a letter from Dr. Leroy Luft from MSU at Bozeman indicating he believed these systems are a great improvement over the flood systems.

Following, a discussion and questions from the committee brought out the fact that there will be no fiscal impact since it would affect new systems. Rep. Williams stated there would be an affect in the future, as the tax base of the land would be increased as the land is improved, as it will be reclassified into irrigated land, thus having a higher appraised value. The committee discussed the bill further and following, moved the amendments suggested and the bill.

Sen. Turnage Moved Adoption of Amend. #1, of Rep. Williams, to strike the word "pumps" on page 7.

Sen. Towe Moved to add an amendment also, see committee report attached, specifying the items of equipment that will be exempted. Motion carried, Sen. Turnage voting "No."

DISPOSITION: Sen. Turnage Moved HB434 As Amended, Be Concurred In. The motion was carred unanimously.

DISPOSITION: Sen. Watt Moved HB754 be laid on the table and ask the Priorities Committee to accept it, requesting a study. His motion was carried unanimously.

The committee next discussed HB701 and Sen. Turnage made the motion to move the bill to Finance and Claims Committee. There followed a discussion on the bill with input from Mr. Rupp of DCA who had appeared at the morning's hearing. The committee agree the bill would have to go to Finance and Claims as they must balance the budget, however if the funds came out of the coal tax trust funds the funds would be available. Mr. Rupp also informed the committee that though the Federal did at one time finance totally such winterization projects, they have since changed to a matching fund basis.

An amendment was proposed to the bill and the committee accepted the amendment.

Sen. Towe Moved the Adoption of Amend. #1, see on committee report attached.


DISPOSITION: As a Substitute Motion, Sen. Towe Moved HB701 As Amended, Be Concurred In with the Chairman instructed to refer the bill to the Finance and Claims Committee. The motion carried unanimously.

The committee then discussed HB531. Sen. Roskie contributed information concerning the research programs going on in the state at this time and said he was of the opinion that the studies the witnesses testified to at this morning's meeting were already being done. He further believed that such an appropriation as is called for in HB531 would result in duplication of effort, thus he felt the \$80,000 was not justified.

3-4/12

DISPOSITION: Sen. Roskie Moved HB531 Be Not Concurred In.
The motion was seconded by Sen. Goodover and motion carried.
Sen. Manning voted "No."

Following disposition of this bill the meeting adjourned.



WILLIAM MATHERS CHAIRMAN

ROLL CALL

SENATE TAXATION COMMITTEE

45th LEGISLATIVE SESSION - - 1977

Date

4/12
P.M.

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

Each day attach to minutes.

SENATE COMMITTEE TAXATIONDate 4/12/77 House Bill No. 482 Time 6:25 p.m.

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

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Nita Fjeseth
SecretaryWilliam L. Mathers
Chairman

Motion:

Be Not Conc. Inv.Failed

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

Amend HB292, third reading bill

4/12

Eph. #1

Amend page 21, line 22.

Following: line 22

Insert: "Section 8. Extension of existing classifications. Any classification of property under the provisions of 84-7403, R.C.M. 1947, that existed prior to the effective date of this act, approved by the department of revenue before April 19, 1977, shall continue in effect until December 31, 1982. On January 1, 1983, the taxable percentage of such property shall be determined under Chapter 3, title 84, R.C.M. 1947 or that chapter as it may be recodified or amended.

Remember: following section

Classification
Chapter

COMMITTEE OF THE WHOLE AMENDMENT

MR. CHAIRMAN: I MOVE TO AMEND HOUSE BILL NO. 434, third reading copy, as follows:

1. Amend title, lines 6 and 7.

Following: "SYSTEMS"

Strike: lines 6 and 7 in their entirety.

Insert: "WITH PROPERTIES EXEMPT FROM TAXATION; ASSESSING THE LAND SO IRRIGATED ON A PRODUCTIVITY BASIS; AMENDING SECTIONS 84-202 AND 84-429.7, R.C.M. 1947."

2. Amend bill, page 1 through page 10.

Strike: all of the bill following the enacting clause.

Insert: "Section 1. Section 84-202, R.C.M. 1947, is amended to read as follows:

"84-202. Exemptions from taxation. (1)(a) The property of the United States, the state, counties, cities, towns, school districts, municipal corporations, public libraries, buildings with land they occupy and furnishings therein owned by a church and used for actual religious worship and for residences of the clergy, together with adjacent land reasonably necessary for convenient use of such buildings owned by a church, such other property as is used exclusively for agricultural and horticultural societies, for educational purposes, hospitals and places of burial not used or held for private or corporate profit, and institutions of purely public charity, evidence of debt secured by mortgages of record upon real or personal property in the state of Montana, and public art galleries and public observatories not used or held for private or corporate profit, are exempt from taxation, but no more land than is necessary for such purpose is exempt.

(b) As used in this subsection, the term "institutions of purely public charity" shall include organizations owning and operating facilities for the care of the retired or aged or chronically ill which are not operated for gain or profit; and the terms "public art galleries and public observatories" shall mean only such art galleries and observatories whether of public or private ownership, as are open to the public, without charge or fee at all reasonable hours, and are used for the purpose of education only.

(2) When a clubhouse or building erected by or belonging to any society or organization of honorably discharged United States soldiers, sailors or marines who served in army or navy of United States, is used exclusively for educational, fraternal, benevolent or purely public charitable purposes, rather than for gain or profit, together with the library and furniture necessarily used in any such building, such property is exempt from taxation, and all property, real or personal, in the possession of legal guardians of incompetent veterans of the World War or minor dependents of such veterans, where such property

is funds or derived from funds received from the United States as pension, compensation, insurance, adjusted compensation, or gratuity, shall be exempt from all taxation as property of the United States while held by the guardian, but not after title passes to the veteran or minor in his or her own right on account of removal of legal disability.

(3) All household goods and furniture, including clocks, musical instruments, sewing machines, wearing apparel of members of the family actually used by the owner for personal and domestic purposes, or for furnishing or equipping the family residence are exempt from taxation.

(4) Freeport merchandise shall be exempt from taxation. Freeport merchandise means those stocks of merchandise manufactured or produced outside this state which are in transit through this state and consigned to a warehouse or other storage facility, public or private, within this state, for storage in transit prior to shipment to a final destination outside the state, and which have acquired a taxable situs within the state.

Stocks of merchandise do not lose their status as freeport merchandise because while in the storage facility they are assembled, bound, joined, processed, disassembled, divided, cut, broken in bulk, relabeled or repackaged.

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 or form as may be required by the department.

(5) [The following agricultural products are exempt from :
taxation:]

(a) All unprocessed, perishable fruits and vegetables in farm storage and owned by the producer are exempt from taxation.

(b) All nonperishable unprocessed agricultural products except livestock, held in possession of the original producer for less than ~~seven~~-{7} months following harvest.

(c) Livestock, defined as cattle, sheep, horses, or mules, which have not attained the age of ~~nine~~-{9} months as of the last day of any month.

(6) Moneys and credits are exempt from taxation.

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

(8) Sprinkler irrigation systems are exempt from taxation. Such systems include all pipes, hoses, rollers, spray attachments,

connectors, and other items integral to the functioning of a sprinkler irrigation system, except pumps, installed and used on a farm or ranch, but exclude underground water distribution lines and other elements of the system sufficiently affixed to land that they become real property."

Section 2. Section 84-429.7, R.C.M. 1947, is amended to read as follows:

"84-429.7. Classification and appraisal - duties of the department of revenue. (1) It is hereby made the duty of the state department of revenue to accomplish the following:

- (a) The classification of all taxable lands.
- (b) The appraisal of all taxable city and town lots.
- (c) The appraisal of all taxable rural and urban improvements.

A record thereof must be kept upon such maps, plats and forms, and entered in such books of record as may be prescribed by the state department of revenue. Such maps, plats, forms and books of record shall be official records of the state. A certified copy of all such records as may be desired shall be furnished to the state department of revenue.

It shall be the duty of the state department of revenue to maintain current, the classification of all taxable lands and appraisal of city and town lots, and rural and urban improvements, as provided for herein.

(2) The department shall continue to assess, without consideration of any increase in productivity resulting from the introduction of a ~~sprinkler-type~~ an irrigation system other than a sprinkler type irrigation system, at the current rate all nonirrigated farm land and nonirrigated continuously cropped farm land for a period of ~~three-(3)~~ years after introduction to the land of a sprinkler type irrigation system.

The records of this assessment shall be maintained in the office of the agent of the department in each county of this state and a copy sent to the department."

STANDING COMMITTEE REPORT

.....April 12.....19 77..

MR.PRESIDENT.....

We, your committee onTAXATION.....

having had under considerationHOUSE..... Bill No.434..

Respectfully report as follows: That.....HOUSE..... Bill No.434..

third reading bill, be amended as follows:

1. Amend page 7, section 1, line 9.

Following: "system"

Strike: "PUMPS,"

2. Amend page 7, section 1, line 14.

Following: line 14

Insert: "Such property shall not include bords, rights of way, ditches, flumes, pipelines, dams, water rights, reservoirs, and all other irrigation and drainage property of like character."

AND AS SO AMENDED,

BE CONCURRED IN

~~DO PASS~~

STANDING COMMITTEE REPORT

April 12 19 77

MR. PRESIDENT

We, your committee on TAXATION

having had under consideration HOUSE Bill No. 701

Respectfully report as follows: That HOUSE Bill No. 701,

third reading bill, be amended as follows:

1. Amend page 2, section 1, line 10.

Following: "from"

Strike: "the"

Following: "fund"

Insert: "moneys generated by the coal tax trust"

AND AS SO AMENDED,

BE CONCURRED IN

DOE:ASB

STANDING COMMITTEE REPORT

April 12 19 77

MR. PRESIDENT

We, your committee on TAXATION

having had under consideration HOUSE Bill No. 531

Respectfully report as follows: That HOUSE Bill No. 531,

BE NOT CONCURRED IN

DO NOT PASS

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