

MINUTES OF THE MEETING  
TAXATION COMMITTEE  
MONTANA STATE SENATE

April 15, 1977

The seventy-first meeting of the Taxation Committee was called to order on the above date by Chairman Mathers in Room 415 of the State Capitol Building.

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

CONSIDERATION OF HOUSE JOINT RESOLUTION 98: Rep. Williams, Dist. 70, presented the bill which asks the Senate and House to go into a study of Montana property classification system. He said there had been a number of bills asking for changes to be made, other studies of the various tax problems in the state.

The Chairman called for other proponents or opponents and there were none; Mr. Burr of the Dept. of Revenue said that he believed this was a good idea.

CONSIDERATION OF HJR 99: Rep. Williams was also sponsor of this bill which he said calls for a study of old methods of taxing financial institutions. He said he believed we should include all financial institutions including savings and loan agencies, credit unions, etc., and felt a study should be made of the whole picture.

There followed some questions and it was pointed out that such a study as Rep. Williams was proposing was already amended into HB737, but felt these resolutions would further point up the need for the studies.

DISPOSITION: Sen. Towe Moved HJR98 Do Pass. The motion was carried unanimously.

Sen. Turnage Moved HJR99 Do Pass. This motion also passed unanimously.

The committee then directed their attention again to HB630 and Sen. Turnage Moved to put in his amendments, noted as the Mini-Melda. Sen. Roskie made a Substitute Motion at this point, to Adopt the Amendmends as introduced April 14.

Sen. Turnage Moved Adoption of Amendment to strike "unless" on page 10, line 10, insert "if" and strike "against" and insert "for" on line 14. This motion carried; however, Sens. Towe, Roskie and Brown voted "No."

Sen. Goodover Moved to Amend the bill page 26, line 7, regarding deletion of vacant lots here and wherever else in the bill it applies. His motion failed.

Sen. Roskie Moved the Huss amendment. This motion carried, Sens. Towe and Watt voting "No."

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Sen. Goodover Moved the deletion of commercial lots from the bill, page 30, lines 7 through 14. This motion failed.

Sen. Watt then Moved where Melda applies, Class 7, or 7% provisions under new industrial tax incentive program will not apply. This motion was carried unanimously.

Sen. Roskie then Moved another amendment, to insert on page 33, line 4, following "benefits" the word "or penalties" and this motion carried unanimously.

DISPOSITION: Sen. Roskie then Moved HB630 As Amended Be Concurred In. The motion carried 7-3.

Sen. Turnage then Moved the committee obtain a Fiscal Note on the bill. The motion carried with Sen. Watt voting "No."

The committee then took up for consideration HB689 and discussed a number of amendments.

Sen. Towe Moved adoption of amendments, see committee report attached. The motion carried.

Sen. Towe then Moved HB689 As Amended Be Concurred In. The motion failed .

DISPOSITION: Sen. Turnage then Moved HB789 As Amended Be Not Concurred In. This motion carried 5-2.

Sen. Norman then Moved HB706 be taken from the Table. This motion failed.

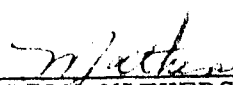
DISPOSITION: Sen. Watt Moved HB706 be Tabled. This motion carried.

DISPOSITION: Sen. Goodover Moved HB207 Be Not Concurred In. This motion carried by a 5-3 vote.

Sen. Towe then went through some amendments to HB204, incorporating portions of SB435 into the bill. After a discussion of the amendments Sen. Towe Moved the Adoption of the Amendments to HB204; the motion carried.

DISPOSITION: Sen. Towe then Moved HB204 As Amended, Be Concurred In. The vote on this was pending as several of the committee members were gone at the time of the vote. At a later meeting of the committee, April 16, the bill was acted upon again and the bill went out As Amended, WITHOUT RECOMMENDATION. (See minutes of April 16.)

The meeting then adjourned.

  
WILLIAM MATHERS

CHAIRMAN



# STANDING COMMITTEE REPORT

April 15 19 77

MR. PRESIDENT

We, your committee on TAXATION

having had under consideration HOUSE Bill No. 204

Respectfully report as follows: That HOUSE Bill No. 204,

third reading bill, be amended as follows:

1. Amend the title, line 6.  
Following: line 5  
Strike: "OF"  
Insert: "to coordinate"  
Following: "WITHIN"  
Strike: "THE GOVERNOR'S OFFICE"  
Insert: "the department of natural resources and conservation and to appropriate one-sixth of the income from the constitutional coal tax trust fund to fund the office"
2. Amend page 2, section 3, lines 17 through 25 through line 10 on page 3.  
Following: line 16  
Strike: line 17 through 25 on page 2 through line 10, page 3  
Renumber: subsequent sections
3. Amend page 3, line 11.  
Following: "Duties of"  
Strike: "office"  
Insert: "department of natural resources and conservation"

CONTINUED

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4. Amend page 3, section 5, line 12.  
Following: line 11

Strike: "office of energy and resource policy"  
Insert: "department of natural resources and conservation"

5. Amend page 5, line 7.  
Following: line 6  
Strike: "the office of energy and resource policy"  
Insert: "natural resources and conservation"

6. Amend page 5, line 20.  
Following: line 20  
Insert: "Section 5. Energy conservation account. (1) There is within the coal tax constitutional trust fund, provided for by Article IX, section 5, of the Montana constitution, an energy conservation account.  
(2) In the biennium ending June 30, 1979, one-sixth of the income of the coal tax constitutional trust fund, not to exceed \$1 million, shall be credited to the energy conservation account.  
(3) The funds in the energy conservation account are to be used for carrying out the duties imposed by this act.

Section 6. Appropriation. (1) There is appropriated to the department of natural resources and conservation the money credited to the energy conservation account established under [section 5] for the biennium ending June 30, 1979. This appropriation is to be used to carry out the duties imposed by this act and to fund the programs established pursuant to [section 3].

(2) The department shall determine the allocation of the money appropriated under this section in consultation with the Montana energy advisory council."

AND AS SO AMENDED,

BE NOT CONCURRED IN

WILLIAM MATHERS

CHAIRMAN

# STANDING COMMITTEE REPORT

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MR. PRESIDENT

We, your committee on TAXATION

having had under consideration HOUSE Bill No. 689

Respectfully report as follows: That HOUSE Bill No. 689

third reading bill, be amended as follows:

1. Amend the title, line 5.  
Following: "TAXES"  
Insert: "and individual income taxes"
2. Amend page 1, section 1, line 14.  
Following: "84-1501"  
Strike: ", "  
Insert: "and 84-4902, in addition to all other credits,"
3. Amend page 1, section 1, line 16.  
Following: "to"  
Insert: "one-fifth of"  
Following: "the"  
Strike: "percentage"  
Insert: "amount"

AND AS SO AMENDED,  
BE NOT CONCURRED IN  
DO PASS

WILLIAM MATHERS

Chairman.

# STANDING COMMITTEE REPORT

April 15 19 77

MR. PRESIDENT

We, your committee on

TAXATION

having had under consideration

HOUSE Bill No. 207

Respectfully report as follows: That

HOUSE Bill No. 207

BE NOT CONCURRED IN

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**STANDING COMMITTEE REPORT**

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MR. **PRESIDENT**

We, your committee on **TAXATION**

having had under consideration **HOUSE JOINT RESOLUTION**

Bill No. **99**

Respectfully report as follows: That **HOUSE JOINT RESOLUTION**

Bill No. **99**

**BE CONCURRED IN**  
**DO PASS**

**WILLIAM MATHERS**

Chairman.



# STANDING COMMITTEE REPORT

April 15

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MR. PRESCOTT

We, your committee on TAXATION

having had under consideration HOUSE JOINT RESOLUTION Bill No. 98

Respectfully report as follows: That HOUSE JOINT RESOLUTION Bill No. 98

DO CONCUR IN  
DO PASS

WILLIAM MATHERS

Chairman.

# STANDING COMMITTEE REPORT

April 15 1977

MR. PRESIDENT

We, your committee on TAXATION

having had under consideration HOUSE Bill No. 630

Respectfully report as follows: That HOUSE Bill No. 630,

third reading bill, be amended as follows:

1. Amend page 2, section 1, lines 12 through 14.

Following: line 11

Strike: lines 12 through 14 in their entirety

2. Amend page 3, section 2, lines 9 through 11.

Following: line 8

Strike: lines 9 through 11

3. Amend page 5, section 3, lines 16 through 23.

Following: line 15

Strike: subsection (8) in its entirety

Insert: "(8) "Corporate limits", in the case of a consolidated city-county government, means the boundaries of a class 1 or class 2 city as they existed prior to consolidation."

4. Amend page 5, section 3, lines 24 and 25.

Following: "means"

Strike: "a board of county commissioners,"

RRRASS

CONTINUED

5. Amend page 6, section 3, line 25.

Following: "27,"

Strike: "and Title 16, chapter 47, or those chapters as they"

Insert: "or that chapter as it"

6. Amend page 7, lines 13 and 14.

Following: "AREA."

Strike: "IN MUNICIPALITIES OTHER THAN CLASS 1 AND 2 CITIES,"

7. Amend page 7, lines 17 through 19.

Following: "limits"

Strike: "in class 1 or 2 cities, or from the central business district to the corporate limits in other cities"

8. Amend page 7, lines 20 through line 4, page 8.

Following: line 19

Strike: lines 20 through 25 page 7 through line 4, page 8

Renumber: following subsections

9. Amend page 8, lines 7 and 8.

Following: "are"

Strike: "three"

Insert: "two"

Following: "land:"

Strike: "productive, nonproductive,"

Insert: "vacant and unimproved"

10. Amend page 8, line 8.

Following: "these"

Strike: "three"

Insert: "two"

11. Amend page 8, lines 11 through 25 through line 10, page 9.

Following: line 10, page 8

Strike: lines 11, page 8 through line 10, page 9.

12. Amend page 9, line 11.

Following: line 10

Strike: "(c)"

Insert: "(a)"

13. Amend page 9, line 19.

Following: "production"

Insert: "or"

Following: "PRODUCING,"

Strike: "or mining of"

14. Amend page 9, line 24.

Following: line 23

Strike: "(21)"

Insert: "(6)"

15. Amend page 10, line 6.

Following: line 5

Strike: "TOWNS, AND COUNTIES"

Following: "SHALL"

Strike: "FOLLOW"

Insert: "Incorporated"

16. Amend page 10, line 8.

Following: "(A)"

Strike: "ANY"

Following: "OR 2"

Strike: "CITY OR-TOWN THAT IS"

Insert: "cities"

Following: "ALREADY"

Insert: "planned and"

17. Amend page 10, line 9.

Following: "ACT"

Strike: "ON"

Insert: "which will become effective on"

18. Amend page 10, line 10.

Following: "1978,"

Strike: "UNLESS A PETITION FOR REFERENDUM AGAINST"

Insert: "if an initiative for"

19. Amend page 10, section 4, line 14.

Following: "VOTE"

Strike: "AGAINST"

Insert: "for"

20. Amend page 10, line 15 through 25 through line 12, page 25.

Following: line 14, page 10

Strike: line 15 through 25 page 10 through line 12, page 25.

21. Amend page 25, section 7, lines 18 through 20.

Following: "residential"

Strike: ", and these lands so designated shall be a part of the final plan as called for in 84-7505.1(4) (5)"

22. Amend page 27, line 7 through 11.

Following: line 6

Strike: lines 7 through 11 in their entirety

Renumber: following subsections

23. Amend page 27, line 21 through line 17 page 29.

Following: line 20

Strike: lines 21, page 27 through line 17, page 29 in their entirety.

24. Amend page 29, section 8, lines 23 through 25.

Following: "commercial"

Strike: ", and the lands so designated shall be a part of the final plan as called for in 84-7505.1(4) ~~---All-new-construction---~~ 84-7505.1(5)"

25. Amend page 32, lines 2 through 25 through line 1, page 33.

Following: line 1.

Strike: lines 2 through 25 page 32 through line 1, page 33

Renumber: following subsection.

26. Amend page 33, line 4.

Following: "BENEFITS"

Insert: "or penalties"

Following: "THROUGH"

Strike: "(5)"

Insert: "(4)"

27. Amend page 33 lines 12 through 15.

Following: "industrial"

Strike: ", and the lands are designated shall be a part of the final plan as-called-for-in-84-7505.1(5);--All-new-construction-or-expansion 84-7505.1(3)"

28. Amend page 33 lines 20.

Following: "body."

Insert: "Improvements classified as "new industrial property" under Class Seven in 84-301 or under 84-301.19 may not qualify for benefits under this section."

29. Amend page 34 lines 14 through 16.

Following: "WOULD"

Strike: "not have significant adverse effects on the EXISTING natural environment and would not cause undue air or water pollution."

Insert: "meet existing air and water pollution requirements"

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30. Amend page 34, line 17.

Following: "RETURNED"

Insert: "substantially"

31. Amend page 34 lines 19 through 21.

Following: line 18

Strike: lines 19 through 21 in their entirety

Reletter: subsequent subsections

32. Amend page 35, line 2.

Following: "(2)"

Strike: "(E)"

Insert: "(D)"

33. Amend page 35, line 4.

Following: "(2)"

Strike: "(E)"

Insert: "(D)"

34. Amend page 35, line 6.

Following: "(2)"

Strike: "(E)"

Insert: "(D)"

34. Amend page 35, lines 10 through 11.

Following: line 9

Strike: lines 10 through 11 in their entirety.

35. Amend page 35, section 9, lines 22 and 23.

Following: "IN"

Strike: "84-7509(3), (5), AND (7)"

Insert: "84-7509.1(3) and (5)"

37. Amend page 37, section 11, line 13 through line 12, page 38.

Following: line 12

Strike: line 13 on page 37 through line 12 on page 38 in their entirety

Re-number: following subsection

38. Amend page 38, section 12, line 23.

Following: "benefits"

Insert: "in lieu of those provided under Class Nine, 84-301, or 84-301.14,"

39. Amend page 40, section 12, line 2.

Following: "body"

Strike: "has the authority to"

Insert: "shall"

40. Amend page 40, section 12, line 3.

Following: "section"

Strike: "if"

Insert: "unless"

Following: "that"

Insert: "lack of"

41. Amend page 40, section 12, line 4.

Following: "has"

Strike: "adequately"

Insert: "failed to"

42. Amend page 40, section 12, line 5.

Following: line 4

Strike: "maintained"

Insert: "maintain"

Following: "property"

Strike: "SO"

Insert: "and"

43. Amend page 40, section 12, line 6.

Following: "HAS"

Strike: "NOT"

Following: "PROPERTY"

Insert: "more than 2 1/2"

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44. Amend page 41, section 13, lines 2 through 20.

Following: line 1

Strike: lines 2 through 20 in their entirety

Renumber: subsequent/<sup>848</sup>Sections

45. Amend page 41, section 13, line 25 through line 23 on page 43.

Following: line 24

Strike: line 25 on page 41 through line 23 on page 43 in their entirety

Renumber: following subsection

46. Amend page 44, section 13, lines 2 and 3.

Following: "SHOULD"

Strike: "AT THE TERMINATION OF PLANNING,"

47. Amend page 44, section 13, lines 7 through 11.

Following: line 6

Strike: lines 7 through 11 in their entirety.

48. Amend page 45, section 14, line 7.

Following: "affected"

Strike: "municipal, regional, or county"

49. Amend page 45, section 14, line 11.

Following: "held"

Strike: "in the county"

50. Amend page 47, section 19, line 11.

Following: "ALL"

51. Amend page 47, section 20, line 22 through line 7 on page 48.

Following: "Effective date"

Strike: "the remainder of section 20 in its entirety"

Insert: "This act is effective January 1, 1973."

AND AS SO AMENDED,

BE CONCURRED IN

WILLIAM MATHERS

CHAIRMAN

"Mini-MELDA"

There is a new R.C.M. section numbered 84-301.14 that reads as follows:

"84-301.14. Class thirteen property - description - taxable percentage.

(1) Class thirteen property includes:

(a) any additions to or renovation of existing improvements made after January 1, 1977;

(b) newly constructed commercial or industrial improvements, not classified as "new industrial property," located within the central business district of a first class city and zoned for industrial or commercial uses by ordinance adopted prior to January 1, 1977, when the construction of such improvements commences after January 1, 1977; and

(c) newly constructed multi-family rental housing constructed within the boundaries of a first class city, construction of which commences after January 1, 1977.

(2) "Additions to or renovations of existing improvements" means any remodeling, renovation, addition, or improvement, either interior or exterior, physically attached to an existing improvement to real estate. The value of such additions or renovations is the incremental increase in the market value of the structure as a consequence of the addition or renovation.

(3) "Central business district" means that <sup>single and contiguous</sup> portion of a city, delineated by its governing body under rules of the department of revenue, which forms the center of the city's financial, commercial, and professional activities.

(5) Any person seeking to qualify his property for inclusion in this class shall apply to the department in the manner and on the form required by the department.

(6) Class thirteen property is taxed at 7% of its market value for the first five taxable years following its qualification. On the sixth annual assessment day following qualification, such property shall be reclassified into [the class in which improvements to real property are ordinarily taxed] [class eleven].

(4) "Industrial park" means that single and contiguous portion of a city delineated by its governing body for the prospective location of industrial improvements.



SENATE COMMITTEE TAXATION

Date 4/15/77 21 Bill No. 689 Time 9:42

NAME	YES	NO
SEN. WATT		
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	

*pass*

*gone  
gone*

5 2

Nita Fjeseth  
Secretary

William L. Mathers  
Chairman

Motion: As Am. Be Conc In.

Carried

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

SENATE COMMITTEE TAXATION

Date 4/15/77 H. Bill No. 689 Time 9:40

NAME	YES	NO
SEN. WATT		
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

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Nita Fjeseth Secretary  
William L. Mathers Chairman

Motion: As Am. to Conc. Inv.

Failed

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

SENATE COMMITTEE TAXATION

Date 4/15/77 House Bill No. 630 Time 9:30

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  
Secretary

William L. Mathers  
Chairman

Motion: As Am, Be Conc. Inv.

Carried

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

SENATE COMMITTEE TAXATION

Date 4/15/77 21 Bill No. 630 Time 9:20

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  
Secretary

William L. Mathers  
Chairman

Motion: Vacant Comm. slot  
Amend #4 Deletion pub.  
page 30 - lines 7-14 (1)  
Filed

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

SENATE COMMITTEE TAXATION

Date 7 Bill No. 630 Time 9:15

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	<del>X</del>
CHAIRMAN MATHERS	X	
	8	2

Nita Fjeseth  
Secretary

William L. Mathers  
Chairman

#3 Motion: Huss Amend - page 39

Respic Motion

Carried

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

SENATE COMMITTEE TAXATION

Date 2/1 Bill No. 207 Time 9:15

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

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Nita Fjeseth  
Secretary

William L. Mathers  
Chairman

Motion: Be Not Conc. In.

Carried

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

SENATE COMMITTEE TAXATION

Date 4/15/77 11 Bill No. 630 Time 9:00 a.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	

Nita Fjeseth  
Secretary

William L. Mathers  
Chairman

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#2 Motion: Goodover's Motion  
vacant lots  
page 26 lines 7-24

Failed

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

SENATE COMMITTEE TAXATION

Date 4/15/77 N Bill No. 204 Time \_\_\_\_\_

NAME	YES	NO
SEN. WATT	X	
SEN. BROWN <i>absent.</i>		
SEN. GOODOVER		X
SEN. HEALY	X	
SEN. MANNING <i>absent</i>		
SEN. NORMAN	X	
SEN. ROSKIE		X
SEN. TOWE	X	
SEN. TURNAGE		X
CHAIRMAN MATHERS		X

4 4

Nita Fjeseth  
Secretary

William L. Mathers  
Chairman

Motion: As Am - Be Conc. In. - Tie -

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