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## HOUSE TAXATION COMMITTEE

### 46th Legislature

Representative Herb Huennekens, chairman, called the committee to order in Room 434, February 6, 1979, at 8:30 a.m. All members finally were present. Randy McDonald, Staff Attorney, was present.

Representative Hal Harper, House District #30, Helena, as sponsor of House Bill 457 explained this bill would require the department of revenue to include data relating to counties and cities in its annual report to the governor and the legislature.

#### HOUSE BILL

457 Dan Mizner, Executive Director of the League of Cities and Towns, Helena, supports HB 457. When trying to collect figures which represented tax base property for the cities and towns, he was referred to a cardboard box to look for himself. He was given broad statements containing no definite information as to the value of each taxed category. He felt the information must be available because the department had a taxable value. However, he was unable to get figures for specific tax base properties, such as buildings or automobiles, etc.

Bill Groff, Department of Revenue representative, thinks this is a good bill, but no funding for doing this work is provided. His attitude is neutral.

Dave Hunter, after the meeting, handed attached testimony to the secretary. He represented the City of Helena, and is in support of HB 457.

Rep. Harper closed.

During the question period, Mantz Hutchinson, Department of Revenue, advised each assessment is listed by name, type of property, market value, taxable percentage and taxable value. Most expenses shown in the fiscal note would be from reprogramming computers. Counties do this by hand. It is a big job just doing it for the counties - takes at least three months. Market value and taxable value for each city would be a big job.

The Department of Revenue takes all the property in the district on the assessment list and sums up taxable value - just maintain a running total of taxable value. Reclassification made for reprogramming computers by class. Personal property that is not attached to real property is assessed differently - mostly consists of motor vehicles. The department doesn't sum by school district or unincorporated towns. They don't do this by class of property.

Representative Fabrega asked who makes determinations as to boundaries. Mantz Hutchinson advised assessment is done by location of property. The Clerk & Recorder, appraiser, commissioners maintain most of the maps. Address of owner is matched against those maps to find where the property is located - in what district.

The Department of Revenue equipment includes several different makes of computers and each would have to be reprogrammed - several different languages are used.

Mr. Hutchinson said some classes have a much finer breakdown than others.

Rep. Bertelsen asked if in certain counties employment of one or more individuals would be required. Hutchinson said maybe for 3 or 4 months.

Rep. Fabrega said 15 counties have computers and most of the taxable value of the state is located in these counties. Might consider implementing those with computer potential and Rep. Harper agreed. Rep. Fabrega said the Department of Revenue wouldn't do this and it would have to be handled through them by contract with the company who makes the computer. This would have very little impact on the county as it would be covered, altho the information would have to be prepunched.

Representative Verner Bertelsen, sponsor for House Bill 461 at the request of the Department of Revenue, explained this bill in accordance with copy of his testimony attached. Essentially it adopts the "knowingly" and "purposely" mental states utilized by the criminal code for violations relating to collection of income tax.

HOUSE BILL Calvin Simshaw, Department of Revenue, explained Rep.  
Bertelsen's testimony might relate to an earlier or later  
461 bill and some sections might be numbered differently. He  
stated that a trend has developed in the last few years  
and an organized effort to avoid filing informative income tax returns is  
prevalent. The Department of Revenue is getting returns with no valid in-  
formation on them - getting all kinds of constitutional arguments and other  
trivia to eliminate payment of income taxes. He thinks the only way to  
reverse this trend is to go after these people. They aren't presenting  
any legally valid arguments for filing their returns as they do. HB 461  
simply changes language defining "intent" and is drafted with terms with  
which courts are familiar, understand, and are comfortable. This bill does  
adopt felony procedures and establishes venue in Lewis & Clark County.  
Many pretrial motions have had to be held and are costly to the state.

No statute of limitations says when the department can prosecute. They  
have one year in which to check income tax returns to learn if someone  
should have filed - HB 461 establishes 5 years for a misdemeanor charge  
and 10 years for a felony.

There were no opponents.

In closing Rep. Bertelsen said there is a definite need for this legisla-  
tion because of this growing trend of avoidance. The state needs the tools  
with which to check this problem.

The question of inconveniencing the defendants arose - somebody is going  
to be inconvenienced in any event. Felony was added because some of the

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taxes not paid were in the thousands of dollars when checked out. The suggestion that 5 years time would be enough in which to investigate and bring any necessary charges for either a misdemeanor or felony was suggested by Rep. Lien. There is cooperation between the federal IRS and the state IRS regarding exchange of information on problems.

Senator Hager, sponsor of Senate Bill 147, said this bill would define "poultry" for the codes, and since there was a need for a definition of "agricultural" in the codes, SB 147 includes such a definition.

SENATE BILL            tion.

147            There were no opponents.

The question of including game birds in the definition arose. Reference to farms raising pheasants for shooting on game farms was discussed.

Committee went into executive session.

Rep. Bertelsen moved Senate Bill 147 BE CONCURRED IN. Rep. Dozier moved to include birds raised for game purposes. Amend line 17 by adding "or for game purposes". Motion failed 2-17. Reps. Dassinger and Fagg voted Yes. Motion BE CONCURRED IN carried unanimously.

Rep. Robbins moved House Bill 457 DO PASS. After discussion on the question of funding, and as to which counties should be included, a subcommittee was appointed - Reps. Lien and Sivertsen. Rep. Robbins withdrew his motion.

Rep. Lien moved House Bill 461 be amended to have the statute of limitations be 5 years for both misdemeanor and felony charges. He withdrew his motion after it was suggested that this bill might be more in the jurisdiction of the Judiciary Committee than that of Taxation. Rep. Nordtvedt recommended that in Section 6 the venue be changed to that of the person who is being charged. Rep. Fagg moved HB 461 be transferred to the Judiciary Committee with the recommendation the concept is approved by the Taxation Committee, but without recommendations of specific elements. Rep. Bertelsen would rather specify concerns of the Taxation Committee. Rep. Burnett moved for all motions pending that the Taxation Committee proceed to act formally without any reference to the Judiciary Committee. A roll call vote failed 7-9 with three members absent.

Rep. Williams moved HB 461 with no specific recommendations, but that the general concept is approved by the Taxation Committee, be referred to the Judiciary Committee. Motion was approved by a roll call vote of 13-3 with three absent.

Rep. Robbins moved House Bill 430 DO NOT PASS. Motion carried with Rep. Vinger voting "no".

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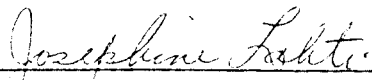
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Rep. Vinger moved House Bill 433 DO NOT PASS. Motion carried with Rep. Harrington voting "No".

House Bill 269 was discussed. Rep. Fabrega moved to amend HB 269 by reinserting stricken language, and including "is an issue" in the title. See proposed amendment on standing committee report. Motion was unanimously adopted by members. Reps. Fagg, Gilligan, Robbins and Dassinger were absent.

Meeting adjourned at 11:15 a.m.

  
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REP. HERB HUENNEKENS, CHAIRMAN

  
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Secretary