

MINUTES OF THE MEETING
TAXATION COMMITTEE
MONTANA STATE SENATE

January 25, 1979

The tenth meeting of the committee was called to order on the above date in Room 415 of the State Capitol Building by the Chairman.

ROLL CALL: Roll call found all members present.

Witnesses giving testimony are listed on attached Register.

CONSIDERATION OF SB174: Sen. Hager presented his bill which will redefine agricultural land to include land that is used to raise animals in a confined area, such as poultry as he was primarily interested in. He said it would effect only the land, not the improvements such as buildings, etc.

Chairman Turnage asked for further testimony from proponents or opponents and there being none permitted questions from the committee. Sen. Norman inquired if this legislation would put the land under the Greenbelt law. Mr. Burr offered some testimony and said such land is not now classified as industrial, however Sen. Hager said Yellowstone County classifies his land as industrial, rather than agricultural and for this reason he had sponsored this bill. Sen. Watt pointed out that agricultural is assessed on productivity and questioned the way the Department of Revenue assesses such land.

Following the questioning the hearing on SB174 was closed.

CONSIDERATION OF SB181: Sen. Hazelbaker said the bill was introduced at the request of the Motor Fuels Div., of D of R and introduced Mr. Nichols to further explain the bill. Mr. Nichols said the bill merely extends the present exemption from the state's special fuels tax for counties, cities and school districts, to the United States and the state vehicles. He said this would save a great deal of bookkeeping and unnecessary problems for some of the state agencies. He said this would also make it legal for reciprocal agreement with adjoining states and federal government's vehicles purchasing fuels in the state as well. Following questioning of the witnesses the members agreed to act on the bill.

Sen. Goodover Moved SB181 Do Pass. The motion was passed unanimously. The Motion was also made to put the bill on the Consent Calendar. This motion also passed unanimously.

CONSIDERATION OF SB121: Sen. Hager presented this bill and said it would require the D of R to use an appraisal method based on '72 values in assessing all improvements for 1978 until the next cycle of reappraisal is complete. He said some business property owners have taken the Department to court and at present there is a case awaiting a decision by the Supreme Court. He said there were property owners who had not filed suit and had

paid the tax voluntarily. His bill would result in a refund to them by the county. Mr. Harrison gave testimony in regard to a suit filed by 1500 persons who had appealed to the State Tax Appeals Board. He also referred to a suit filed by a group in Great Falls, the Countryside Village suit; this suit is also pending.

Mr. Stephens was not opposed to the bill but he was concerned with the part of the bill that specified that counties must refund to the taxpayers who had made what might be overpayments, depending on the decision of the courts. Mr. Groff said the courts should decide in about a month and wondered if the bill could be held in the committee for a time, awaiting the court's decision. He said if this bill were passed it would cost approximately \$8 million, for the refund, and as it now stands, he would be opposed to the legislation.

There followed considerable discussion on the tax appraisal system, why values were set at the '72 level, how often is the appraisal program undertaken, how the 34% STAB estimate of market value was arrived at, and how the courts' decision would change present law. Mr. Burr was questioned at length and stated statewide reappraisals are to be completed about every 5 years. He said commercial properties were appraised with values taken from the Marshall-Swift directory.

Since the discussion indicated members were reluctant to vote on the bill at this time, and would rather await the decision of the court on the suits pending at this time, members agreed to temporarily lay on the table SB121.

Sen. Watt Moved SB181 Be Laid on the Table with the stipulation that any member could take it off by a simple majority. The motion carried, however it is noted for the record that Senators Hager and McCallum voted "No."

The members then discussed again SB174 and agreed to pass it out of the community. It was found an amendment should be made, re-inserting the "or's" on lines 22 and 23, page 1.

Sen. Hager Moved to Amend the bill by adding "or" as referred to above. His motion carried; note for the record a "No" vote was cast by Sen. Towe.

Sen. Hager then Moved SB174 Do Pass As Amended. The motion carried unanimously.

Sen. Severson then gave a summary on the bill he had sponsored, SB58, and said at present he was unable to get any accurate figures on actual loss due to fuel evaporation and/or loss by expansion and contraction. It was suggested by a representative of the oil companies, Mr. Allen, that such information could be obtained during the interim and Sen. Severson said he would prefer the bill be killed until such information is available.

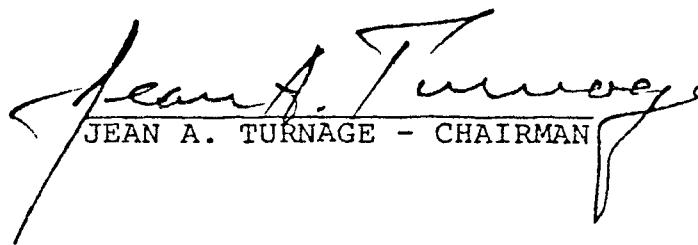
At this point Researcher Terry Cohea distributed to the committee copies of a study she had done on the problem, and

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discussed briefly with the committee, figures she had obtained on the losses, and percentage of allowances allowed, by other states.

Sen. Severson then Moved SB58 Do Not Pass. His motion carried unanimously.

Chairman Turnage then called for adjournment of the meeting.



JEAN A. TURNAGE - CHAIRMAN

Date JAN. 25 1979

ROLL CALL

SENATE TAXATION COMMITTEE

46th LEGISLATIVE SESSION - 1979

Each Day Attach to Minutes.

SEN.

SENATE TAXATION COMMITTEE

BILL 121,174,181

VISITORS' REGISTER

DATE 1-25-79

Please note bill no.

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY

SENATE MEMBERS

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CHAIRMANFRANK HAZELBAKER
VICE CHAIRMAN

CHET HAYLOCK

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DIRECTOR, ACCOUNTING

Montana Legislative Council

State Capitol

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January 19, 1979

1-25-79

To: Senate Taxation Committee members

From: Teresa Olcott Cohea, Staff Researcher *Terry*

Re: SB 58

At its last meeting, the Committee raised two questions regarding the bill. The information I've gathered on these questions is summarized below.

#1) Is the current 2% allowance for evaporation and other losses excessive?

A. Three recent studies concluded that actual evaporation losses and temperature correction losses occurring during handling were much less than 2%. A 1971 study by the American Petroleum Institute concluded that the distributors' average loss in transfer to underground storage tanks is about 0.18% per year. A 1975 Sun Oil Company report estimated that vapor loss averages 0.2% for every transfer of fuel. A 1970 South Dakota legislative study quoted motor fuel tax administrators as saying losses of 1% were high and a 2% allowance was excessive for temperature correction and evaporation loss only.

Don Allen contacted several distributors who estimated 30% of handling loss is due to evaporation loss and 70% to temperature correction. These distributors felt that these losses amounted to 1.8% in Montana.

two
combined
losses,
handling
temperature

STANDING COMMITTEE REPORT

January 25 1979

MR. President.....

We, your committee on **Taxation**

having had under consideration **Senate** Bill No. **58**

Respectfully report as follows: That **Senate** Bill No. **58**

DO NOT PASS

~~DO NOT PASS~~

STATE PUB. CO.
Helena, Mont.

JEAN A. TURNAGE -

Chairman.

W.C.

STANDING COMMITTEE REPORT

January 25 1979

MR. President

We, your committee on Taxation

having had under consideration Senate Bill No. 174

Respectfully report as follows: That Senate Bill No. 174,

introduced bill, be amended as follows:

1. Page 1, line 22.
Following: "vegetables;"
Insert: "or"

2. Page 2, line 23.
Following: "grazing;"
Insert: "or"

And, as so amended,

DO PASS

CHAMBER OF COMMERCE COMMITTEE REPORT

January 25, 1979

MR. President

We, your committee on **Taxation**

having had under consideration **Senate** Bill No. **181**

Respectfully report as follows: That **Senate** Bill No. **181**

Unanimously passed and unanimously placed on the Consent Calendar **SB 181**.

DO PASS