

MINUTES OF THE MEETING
TAXATION COMMITTEE
MONTANA STATE SENATE

January 26, 1979

The eleventh meeting of the committee was held in the State Capitol Building on the above date in Room 415 with Chairman Turnage presiding.

ROLL CALL: Roll call found all members present.

There were but two witnesses who gave oral testimony: Gail Stoltz of the Montana Human Resources Directors Association, and Bill Groff, Department of Revenue.

CONSIDERATION OF SENATE BILL 200: Senator Norman was sponsor of this bill which he said was intended to correct an injustice he felt was done to residents of Patty Creek Canyon near Missoula. He said many homes were destroyed by fire in that canyon some years ago but the homeowners were assessed for the full amount of their property by the County Assessors, even though their houses were destroyed by fire. He said an inquiry had been made to the Department of Revenue but they said they could do nothing about it. He said this bill would pro-rate the property for the period it actually exists. Thus, when the property is judged a total loss the owner would not have to pay total taxes on the property. He said the bill had been broadened to include other catastrophes as well, but thought perhaps the committee might wish to make amendments to the bill should they see too many loopholes in present form.

Chairman Turnage asked for testimony from opponents or proponents and there being none, permitted questions by the committee. Several of the members mentioned flood damage done, not only real property, but to land as well. It was felt too, that the bill must be tightened so any small damage would not result in the homeowner asking for minor revaluations and several amendments were proposed and discussed. The committee agreed that it would be most difficult to legislate for land damage due to flood and negated broadening the bill's intent, to assist homeowners whose homes were destroyed by fire, in having that real property pro-rated for taxation purposes.

They voted to adopt amendments as are listed on attached Committee Report.

Sen. Towe Moved to Amend SB200; motion carried unanimously.
Sen. Manley then Moved SB 200, As Amended, Do Pass. This motion carried unanimously also.

CONSIDERATION OF SENATE BILL 188: Senator Watt read the explanation of his bill as on attached Exh. #1. He said since the Board of Investments follows the prudent man rule, as established by law, he felt this legislation was necessary to give them license to invest at lower interest rate, so long as the funds are invested in Montana. He gave some background on the

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present method of assisting lower-income groups to purchase homes and said his bill would take 2% of Coal Tax Trust Funds and reinvest in Montana, helping to finance such house purchases. He said at the present the Board of Housing is doing a good job, but people with incomes less than \$13,000 per year are not able to afford the payments on such homes due to the present 7% interest.

Ms. Stoltz appeared as a proponent of the bill and said this bill would give people at a lower income an opportunity to purchase a home in Montana.

The Chairman called for further testimony and there being no other proponents or opponents, permitted Mr. Groff and Mr. Lewis to speak. Mr. Groff said the Department had approved some loans to individuals with \$8 to \$9,000 annual income and found no problems with their being able to meet their payments. Mr. Lewis also spoke briefly to the group, saying he felt this bill constituted a rent subsidy.

There followed considerable discussion on the present method of financing house purchases in the state. Sen. Watt said he was satisfied that the Board of Housing was doing a more than adequate job of this financing, but hoped additional housing could be available for more Montanans, feeling this promoted stability in the state's population.

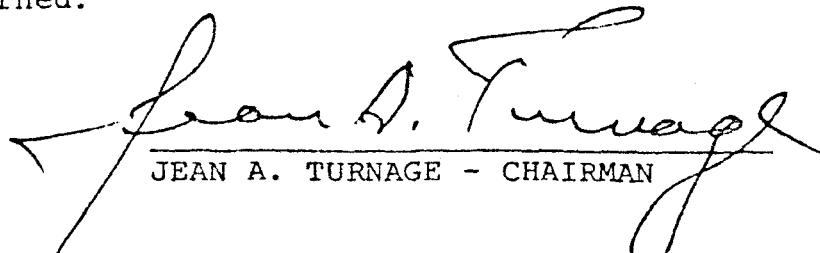
Sen. Manning reminded the committee of the suits pending regarding the Coal Taxes and felt this bill, as others dealing with use of Coal Tax moneys, should be Laid on the Table until such time as these suits are settled by the courts.

Sen. Manning then Moved SB188 Be Laid on the Table. His motion carried unanimously.

Sen. Towe said in view of the objections from the Board of Investments to his bill, SB158, he had amendments to propose to the bill. In the bill it is to "invest to the maximum extent possible in the state, and his amendment would change this to read, "may if it can do so".

Sen. Towe Moved to Amend SB158. His motion was carried unanimously. Sen. Manning then Moved SB188 Be Laid on the Table, and this motion too carried unanimously.

Meeting was then adjourned.



JEAN A. TURNAGE - CHAIRMAN

BILLS TO BE HEARD BEFORE
THE SENATE TAXATION COMMITTEE
January 26, 1979

Exh. #1

SB 188 - Sponsor: Senator Watt and others.

This bill requires that (with certain exceptions) at least 2% of the principal of the coal severance tax trust fund must be invested each year in low-interest residential mortgages made to persons and families of lower income. These mortgages would be made and serviced by private lending institutions and purchased by the board of housing with the funds. The board would establish by rule, who is eligible for the low-interest loans and the rate of interest.

Fiscal Impact: Yes Rule-making Authority: Yes

SB 200 - Sponsors: Senator Norman and Representative Kemmis

This bill would require a county treasurer to prorate the property tax due in any year on real or personal property destroyed by catastrophe for that portion of the year the property existed. The treasurer would lower the amount of tax due or issue the taxpayer a refund.

Fiscal Impact: Yes Rule-making Authority: No

Date JAN 26-1979

ROLL CALL

SENATE TAXATION COMMITTEE

46th LEGISLATIVE SESSION - 1979

Each Day Attach to Minutes.