

MINUTES OF THE MEETING
TAXATION COMMITTEE
MONTANA STATE SENATE

February 10, 1979

The twenty-third meeting of the committee was called to order on the above date in Room 415 of the State Capitol Building with Chairman Turnage presiding.

ROLL CALL: Roll call found all present with the exception of Senator Severson, who was excused.

Witnesses giving testimony are listed on attached Register.

CONSIDERATION OF SENATE BILL 298: Senator Thomas, sponsor of the bill said the bill merely limits amount of bonded indebtedness for counties, municipalities and school districts. The senator then turned further introduction of the bill over to Mr. Harrison, representing D.A. Davidson Company, who said the bill was meant to correct the bill from 18% of the taxable to 5% of market value and thus double the amount of the bonding capacity. Also he said, this would tie the debt limitation to a fixed figure, the market value figure rather than a flexible figure, as is the present law. Mr. Verwolf, representing the City of Helena, also testified in support of Mr. Harrison's statements. He said this legislation would allow limits to change as property values changed. Chad Smith supported the bill as well, and said he felt this to be a more equitable way to determine the bonding limit, and allows for increase in bonding limit. He said there have been big growths in some areas with no impact assistance and this bill would help to solve such problems. He spoke for the School Boards Association.

The Chairman called for additional proponents and there being none, asked for opposing testimony. The committee was then permitted to question witnesses. The question was raised about amending the bill to 2% in cities and counties and 3% in school districts. It was also asked about possibility of using term, "assessed value" rather than market value and Mr. Huffert of the D.A. Davidson Company said he thought assessed and market value are the same at this time. The point was also made assessed valuation is readily available and market value fluctuates. The question was also raised how value could be ascertained in a totally agricultural area. Question was also asked if the intent of the bill was to raise the bonding limitations or to stabilize the method by which the local government arrives at its bonding limitations.

Following discussion the hearing on SB298 was closed.

CONSIDERATION OF SENATE BILL 299: Sen. Thomas said this bill provides for dispensing with the need of publishing a notice, hearing and protest provisions to create an RID. The point was made it is the same as SB270 heard by this committee previously. Mr. Harrison said there was some concern with abutting property

owners living within the district. The Chairman called for further proponents, or opponents, and Mr. Ellis, Chairman of the Board of Helena Irrigation Districts spoke briefly and said he would like to have the bill amended to take in codes 7-31-4207, exempting irrigation ditch owners. There were no additional witnesses and following brief questioning, hearing on SB299 ended.

CONSIDERATION OF SENATE BILL 318: Senator Thomas introduced his bill briefly, again deferring to Mr. Harrison. The bill involved a revolving fund for cities, permitting that city to include an extra 5% in an SID bond, to create the revolving fund which could then be used to pay interest due on bonds before the revenues are received from county taxpayers. He explained further points of the bill which 2) allowed payments of principal due on SID bonds to be made either periodically or annually to insure equal payment of principal and interest; 3) allow loans from the SID revolving fund to pay interest or principal due when there are insufficient funds in the SID district fund; and 4) it provides that tax levies for an SID revolving fund would not be counted in the maximum allowed county levies.

Mr. Huffert again spoke as a proponent of the bill as did Mr. Verwolf, who said this 5% extra is being placed in the revolving fund of the City of Helena. Senator Watt also spoke as a proponent of the bill, representing the City of Missoula. The point was made that a number of cities maintain a revolving fund at present, and require a sub-divider to deposit that percentage in the fund, thus putting the burden on them, rather than the entire community.

Following questions by the committee, the hearing on SB318 was closed.

CONSIDERATION OF SENATE BILL 324: Senator Watt distributed Exh. #1, attached, and said his bill raised the gasoline license tax from 8¢ to 10¢ with 1¢ going to local governments and 1¢ to the state Highway Department. He said local governments would receive \$11,500 under this bill, according to the Fiscal Note. He also had an amendment to recommend, page 4, sub (5), "to encourage citizen creation of S.I.D. local governments may use funds provided by this act to finance up to 30% of such S.I.D.'s." He had a further amendment, p. 4, also on lines 21, 22, "none of the funds authorized by this sectionbe used for capital improvement" to be stricken.

Mr. Verwolf said the City of Helena wants to go on record as supporting the bill, as did Mr. Mizner and Mr. Zinnecker. Mr. Beck of the Highway Department said he did not take a position on the bill, but said HB63 is on second reading and would increase tax on diesel fuel and gasoline, and funds from this are earmarked solely for completion of interstate program.

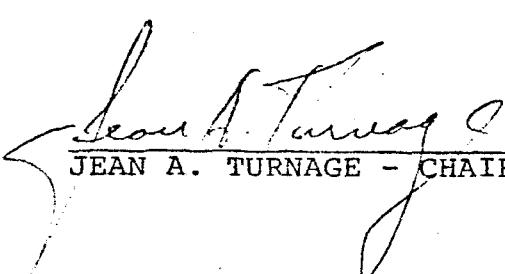
Opposing the bill was Keith Anderson, representing the Montana Taxpayers Association, who said at present cities and towns are receiving some gas tax moneys and reminded the committee of a little-used statute that allows counties to use a mill levy for roads. He made note of this in view of the testimony of Senator Watt, whose aim in the bill was to assist cities and towns with

extra revenues for their streets and roads. Mr. Anderson also noted that SB135 and 300 provided funds for roads from Coal Tax revenue. He also said the association membership were willing to pay additional gas taxes for highway system but believed in letting the people vote on it. Mr. Tobiason reminded the committee of the forecast of higher gasoline prices and thought too, that the people should vote on a state gas tax, saying he thought the counties could impose their own taxes on a county-wide basis if they wished. Mr. Paulsen voiced his opposition to the bill and referred to seven other measures that deal with tax increases. He felt as some of the other witnesses, there is a need to improve county roads, but did not favor the statewide approach, feeling the local option to be the better approach. He said Mons Teigen, Montana Stockgrowers Association, had also wished to be noted as an opponent. Mr. Beck reminded the committee too that they are overlooking the taxing of diesel fuels saying the consumption of diesel will go up in the next years as more vehicles convert to the burning of diesel fuel. Others opposing the bill included Mr. Manion and Ms. Kirkland.

Senator Watt said his bill should perhaps include diesel fuel and too, that he had no opposition to HB63; he hoped that one bill out of all similar bills referred to in the testimony would be used.

The point was made during following discussion that the tax should be a users tax, not property tax, if there is an increase of tax for road use.

Following discussion, meeting was adjourned.



JEAN A. TURNAGE - CHAIRMAN

Date FEB. 10, 1979

ROLL CALL.

SENATE TAXATION COMMITTEE

46th LEGISLATIVE SESSION - 1979

Each Day Attach to Minutes.

SEN.

SENATE TAXATION COMMITTEE

VISITORS' REGISTER

BILL 298, 299,
318, 324

DATE 2-10-72

Please note bill no.

NAME	REPRESENTING	BILL #	(check one) SUPPORT	OPPO
Larry Tobison	Montana Auto Assoc	324	X	
James J. Harmon	D. A. Davidson	298 299-318	X	
J. Harald Paulsen	Hughes Lumber	324	X	
James T. Nelson	M. A. A.	324	X	
Tom Donthoff	Mont. R.R. Assn	298-318		
Stone Huford	W.A. Davidson & Co	348 318-299	X	
Ed. V. MacLean	Mont. Electric Co.	298-300		
Bill Vensel	City of Helena	298, 318 324	X	
Keith Anderson	Minimax	324	X	
Alfred J. Beck	Hughes	324		
Wm. Teigen	Mont. Electric Co.	324	X	
William C. Beck	T. O. M. A.	324		
Robert H. Ellis	1735 Sierra Madre Helena, Montana	299	X	
Carol L. Kirkland	Mont. Petroleum Co.	3241		

Exh. #1

TESTIMONY FROM TOM CROWLEY, CITY ENGINEER, CITY OF MISSOULA

I support SENATE Bill 324

The following comments are offered in support of HB 479:

1. Cities cannot adequately maintain the streets under their jurisdiction at the current funding levels.

Example:

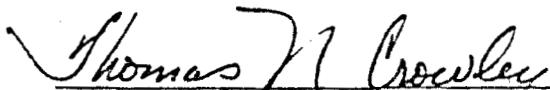
- a. Missoula has approximately 1700 blocks of developed streets.
 - b. The cost per average block to reconstruct only the paving of a 37 foot asphalt section is \$14,000 \pm .
 - c. Funds received currently to Missoula are:

\$ 249,000	Per year gas tax fund
110,000	Per year license fees
<u>\$ 359,000</u>	Total per year
 - d. \$359,000 at \$14,000 per block will allow approximately 26 blocks of reconstruction per year.
 - e. 1700 blocks total at 26 blocks per year produces a 65 year cycle where a 30 year cycle is recommended.
2. With a 30 year life cycle a yearly street maintenance fund of \$777,800 should be provided.
 3. The Missoula City Council has gone on record that the vehicle should pay its own way to avoid special assessments to property owners. The Council currently desires that gas tax funds also be used to pay for curbs, as opposed to assessing the residential property owners. Our current yearly curb program exceeds \$100,000 per year and is rising due to inflation.

These added costs would further lengthen the reconstruction life cycle to 94 years.

4. General maintenance such as snow removal, street cleaning, signing, striping and chip seals are currently funded by the general fund through property taxes. Actually, it would be reasonable to have gas tax fund this work to ease the burden of property taxes.

Respectfully submitted,



Thomas N. Crowley, P.E.
City Engineer/Director of Public Works

TNC:vv