

MINUTES OF THE MEETING  
TAXATION COMMITTEE  
MONTANA STATE SENATE

February 12, 1979

The twenty-fourth 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 the members present. Witnesses giving testimony are listed on attached Register.

CONSIDERATION OF SENATE BILL 325: Senator Steve Brown presented his bill and said it provides that the Department of Health's determination of whether air pollution control equipment qualifies for the reduced tax rate in Class 18 may be appealed only to the Board of Health, not to the County Tax Appeals Board of State Board. He said the burden will shift from the Department of Revenue legal division to the Department of Health's legal division. Mr. Groff, representing the Department of Revenue supported the bill very strongly.

The Chairman called for other witnesses, either in support or opposition to the bill, and there being none, permitted the committee to discuss and ask questions relating to it. The committee agreed to move the bill.

Senator Towe Moved SB325 Do Pass. The motion was carried unanimously.

CONSIDERATION OF SENATE BILL 303: Senator Norman said the language as used in the statutes which this bill addresses, is very confusing. He felt the law should be clarified in regard to cemeteries, similar land use, as far as property tax exemptions. Mr. Shanahan gave brief testimony as well, referring to specific examples where the statute was unclear insofar as tax exemptions for a non-profit cemetery.

The Chairman called for further proponents or opponents to the bill and there being none, asked for discussion by the committee. Since the bill itself appeared to the committee to be still confusing, the suggestion was made that the bill be rewritten after the enacting clause. Hearing on SB303 was closed.

CONSIDERATION OF SENATE BILL 312: Senator Norman introduced this bill which is similar to SB198 and sets in the statutes the percentage of taxation to 8.55% from the 12% used after reappraisal. Mr. Groff agreed, and also mentioned the percentage used on page 7, line 18, asking it be changed from 1.995% to 2%. Mr. Nelson of the MTA spoke as proponent of the bill also.

There followed some discussion and what affect this bill might have on the reduction of the number of property classes as a House bill proposes to do. Following their discussion the

hearing on SB312 was closed.

CONSIDERATION OF SENATE BILL 343: Senator Severson said his bill would amend the definition of agricultural land that is eligible for valuation on its productive capacity, and requiring that it must have produced at least an average of \$1,000 in agricultural products during the previous 3 years. Representative Thoft also spoke as one the proponents of the bill and said the increase in revenues, which should be resultant of this bill, would help school districts with increased bonding capacity. Senator Manley also spoke, asking to go on record as supporting the bill. The question was raised about the affect of this bill on the roll-back provision of the subdivision laws.

There followed considerable discussion on the subdivision laws, Greenbelt laws, as the problem is affected by those laws. Representative Thoft said the intent of the bill was to get the valuation on smaller tracts that call for more services and are definitely an impact on that particular area. Mr. Groff and Mr. Hutchinson, Department of Revenue, gave some testimony on the procedures followed by that department when land is actually subdivided; the classification is not changed until the subdivision plat is actually filed.

Several witnesses gave pertinent testimony, including Gene Spilde and Perry Mohalt, both relating their own circumstances and how the introduced legislation would affect them. Following the discussion, the hearing was closed on SB343.

The members then looked at SB182 by Senator Thiessen and presented, along with amendments, on February 6th. The members had at that time adopted the amendments as listed on Exh. #1, attached.

Senator Watt Moved Senate Bill 182, As Amended, Do Pass.  
His motion was carried unanimously.

The committee discussed the bill further, and the point was made that counties with very low mill levies through good county management, and who had suffered impact through gas, oil or coal development, should not be penalized by being forced to raise their mill levy due to impact. They agreed, after discussion, that it would be difficult to write such controls into the law, difficult to word a statute decreeing a county could not receive impact funds until its mill levy moved up to a certain levy.

Chairman Turnage then suggested the Legislature take a look at the law periodically, and if the production level increases and the allocation would become excessive then the Legislature should consider alternatives.

Senator Goodover then made a motion that the Revenue Oversight Committee monitor the results of this legislation, in the event that Senate Bill 182 should become law. The committee was in unanimous agreement that this legislation should be looked

at again.

The committee then looked at the proffered amendments to SB220, see Exh. #2, attached. They discussed the bill, to authorize use of a Hearings Office for STAB, under certain conditions, and after discussion, agreed to move the bill.

Senator Towe Moved To Adopt the Amendments to SB220. His motion carried.

Senator Towe then Moved SB220, As Amended, Do Pass. "No" votes were cast by Senators Goodover, Manley, Roskie and Severson. Motion carried.

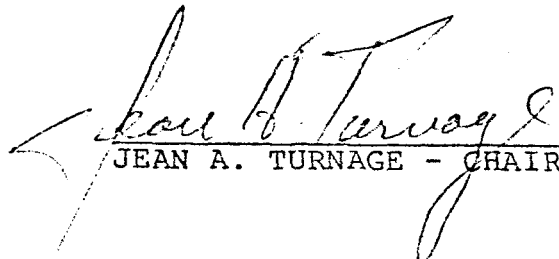
The dissenting voters mentioned their concern with the use of a Hearings Officer and the point was made that the backlog of appeals cases, prompting the writing of this bill, was the fault of the Department of Revenue who were late in sending out the reappraisal notices and County Tax Appeal Boards were no longer sitting to hear local appeals. The law states a taxpayer must be heard at a local level first, before his case goes to the STAB. It was the thought of the STAB and the bills's sponsor, Senator Turnage, that with a backlog of cases (of at least 500 cases as a result of the amendments,) the STAB could then use the services of the Hearings Officer for which the bill provides.

Senator Norman made the comment that if a taxpayer had a case for appeal, the CTAB must review the case (on the local level) or the taxpayer's case will be deemed valid.

The idea was then mentioned to have a committee bill drawn up which would insure appeals are heard locally first, and instructions for the CTAB's to attempt to hear such cases, if it involved change in the time the board sits.

Senator Towe made the motion that the Taxation Committee so instruct Researcher Terry Cohea to draft a bill that will indicate the committee's intent and their concerns, as stated above, be made apparent in that bill. The committee viewed the hearing of the tax appeals on the local level initially, to be of the utmost concern and so wished this bill to illustrate.

Following this motion, the meeting was adjourned.

  
JEAN A. TURNAGE - CHAIRMAN

Date FEB. 12, 1979

ROLL CALL

SENATE TAXATION COMMITTEE

46th LEGISLATIVE SESSION - 1979

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NAME	PRESENT	ABSENT	EXCUSED
SEN. GOODOVER (Vice Chairman)	✓		
SEN. BROWN	✓		
SEN. HAGER	✓		
SEN. MANLEY	✓		
SEN. MANNING	✓		
SEN. McCOLLUM	✓		
SEN. NORMAN	✓		
SEN. ROSKIE	✓		
SEN. SEVERSON	✓		
SEN. TOWE	✓		
SEN. WATT	✓		
CHAIRMAN TURNAGE	✓		

Each Day Attach to Minutes.

SENATE TAXATION COMMITTEE

SEN.

BILL 303, 312, 325, 343 VISITORS' REGISTER

DATE 2-12-79

Please note bill no.

NAME	REPRESENTING	BILL #	(check one)	
			SUPPORT	OPPOS
Mantz Hutchinson	Dept of Revenue			
Bill Luff	<i>C - C</i>			
Ward Graydon	Resurrection Cemetery	303	<input checked="" type="checkbox"/>	
Edward Wilson	Mount. Fairway 2nd Assn.	SB312	<input checked="" type="checkbox"/>	
Alan Finckel	Mt. Green of Country			
Steve Brown	Sen. Dist. 15	SB 325	<input checked="" type="checkbox"/>	
Larry Mohr	Engel			

# STANDING COMMITTEE REPORT

February 12, 1979

MR. President

We, your committee on Taxation

having had under consideration Senate Bill No. 220

Respectfully report as follows: That Senate Bill No. 220, introduced bill, be amended as follows:

1. Title, line 8.  
Following: "TRANSCRIPT"  
Insert: "UNDER CERTAIN CONDITIONS; PROVIDING A PERIOD OF EFFECTIVENESS"
2. Page 2, line 8.  
Following: "(2)"  
Insert: "(a)"
3. Page 2, line 17.  
Following: "officer"  
Insert: " under the conditions imposed in subsection (2)(b),"
4. Page 2, line 23.  
Following: line 23  
Insert: "(b) The board may not employ a hearings officer unless:  
(i) it has over 500 appeals awaiting hearing; and  
(ii) the hearing officer has legal training or experience in tax appraisal, classification, and administration."

~~DO PASS~~

(continued)

5. Page 3, line 17.

Following: line 17

Insert: "Section 2. Period of effectiveness. This act is effective on passage and approval and remains in effect through June 30, 1981."

And, as so amended,  
DO PASS

# STANDING COMMITTEE REPORT

February 12 19 79

MR. President

We, your committee on Taxation

having had under consideration Senate Bill No. 325

Respectfully report as follows: That Senate Bill No. 325,

DO PASS

JEAN A. TURIAGE -

Chairman.



STANDING COMMITTEE REPORT

*Mita*

*Room 415*

.....February 12..... 19 79.....

MR. President.....

We, your committee on .....Taxation.....

having had under consideration .....Senate..... Bill No. 182.....

Respectfully report as follows: That .....Senate..... Bill No. 182.....  
introduced bill, be amended as follows:

- 1. Title, line 8.  
Following: "MCA"  
Insert: ", AND PROVIDING AN EFFECTIVE DATE"
- 2. Page 2, line 5.  
Following: "any"  
Strike: "calendar"  
Insert: "fiscal"
- 3. Page 2, line 7.  
Following: line 6  
Strike: "calendar"  
Insert: "fiscal"

~~DO PASS~~  
~~XXXXXX~~

.....(continued).....

4. Page 2, lines 14 through 16.

Following: line 13

Strike: line 14 through "county." on line 16 in their entirety

Insert: "the following manner. The county receives the available money multiplied by the ratio of the rural population to the county population. Each incorporated municipality receives the available money multiplied by the ratio of the population of the incorporated municipality to the county population. The Rural population is that population of the county living outside the boundaries of an incorporated municipality."

5. Page 4, line 9.

Following: line 8

Insert: "Section 4. Effective Date. This act will be effective on passage and approval and applies to all tax collections received after September 30, 1978."

And, as so amended  
DO PASS

Eph. # 1

AMENDMENTS ADOPTED BY TAX COMMITTEE ON FEB. 6th, 1979, on:

SENATE BILL 182

be amended as follows:

1. Title, line 8.

Following: "MCA"

Insert: ", AND PROVIDING AN EFFECTIVE DATE"

2. Page 2, line 5.

Following: "any"

Strike: "calendar"

Insert: "fiscal"

4. Page 2, line 7.

Following: line 6

Strike: "calendar"

Insert: "fiscal"

5. Page 2, lines 14 through 16.

Following: line 13

Strike: line 14 through "county." on line 16 in their entirety

Insert: "the following manner. The county receives the available money multiplied by the ratio of the rural population to the county population. Each incorporated municipality receives the available money multiplied by the ratio of the population of the incorporated municipality to the county population. The rural population is that population of the county living outside the boundaries of an incorporated municipality."

6. Page 4, line 9.

Following: line 8

Insert: "Section 4. Effective Date. This act will be effective on passage and approval and applies to all tax collections received after September 30, 1978."

AND, AS SO AMENDED,

DO PASS

AMENDMENTS TO SB 220

*Eph. #2*

1. Page 1, line 8  
Following: "TRANSCRIPT"  
Insert: " UNDER CERTAIN CONDITIONS; PROVIDING A PERIOD  
OF EFFECTIVENESS
  
2. Page ~~1~~ 2, line 8  
Following: "(2)"  
Insert: "(a)"
  
3. Page 2, line 17  
Following: " officer "  
Insert: under the conditions imposed in subsection (2)(b),"
  
4. Page 2, line 23  
Following: line 23  
Insert: "(b) The board may not employ a hearings officer unless:  
(i) it has over 500 appeals awaiting hearing; and  
(ii) the hearing officer has legal training or  
experience in tax appraisal, classification, and  
administration."
  
5. Page 3, line 17  
Following: line 17  
Insert: "Section 2. Period of effectiveness. This  
act is effective on passage and approval and  
remains in effect through June 30, 1981."