

MINUTES OF THE MEETING
TAXATION COMMITTEE
MONTANA STATE SENATE

February 20, 1979

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

ROLL CALL: Roll call found all the members present. Witnesses giving testimony are listed on the attached Register.

CONSIDERATION OF SENATE BILL 463: Senator Kolstad said his bill would set an upper limit if a county has to pay for district court costs. He said it has been required that each county pay its own costs and in some cases, he stated, the costs are extraordinarily high, resulting in a per capita cost of over \$14.00 in one particular case. This was very high, he believed, and his bill would levy up to 2 mills on taxable property to help pay the court costs. Mr. Zinnecker spoke also as a proponent and said in cases where a lengthy, costly trial is held, such a trial could bankrupt one of the smaller counties.

Speaking also as proponents were Mr. Anderson and Mr. Skaalure who stated their agreement with previous testimony. Senator Kolstad inquired for other proponents and distributed a chart showing present mill levy values, budgets for district courts for 1977 and mills being used for the budgets, see Exh. #1, attached. A question was raised concerning the Fiscal Note accompanying the bill, on the Full Time Employees' wages budgeted for. It was explained by Mr. Abley of the Supreme Court office that the FTE's would be needed when the Court reviews the county budgets for the coming year.

There followed discussion on the levies of the various counties; hearing on SB463 then closed.

CONSIDERATION OF SENATE BILL 438: Senator Smith said his bill freezes appraised value of land and improvements shown on assessment rolls as of January 1, 1977. The property would not be reappraised unless there was a substantial change in use or if there were improvements; taxable percentages for land and improvements used prior to reappraisal would be reinstated.

Following his presentation the Chairman asked for further proponent testimony, and there being none, heard the opponents. Mr. Zinnecker spoke first and said the association he represents is neither for nor against but he felt a closer look should be taken at the bill as the legislation would affect the General Fund. Mr. Nelson also spoke on the bill, opposing it, as did Mr. Burr of the Department of Revenue. He felt under this legislation the idea of the 'welcome neighbor' would be in effect and most property at 1972 or older would stay at old values whereas the new houses would go on at current market value. Mr. Hunter too felt the welcome neighbor concept would be in effect and felt it to be inequitable. Senator Smith made a brief closing statement.

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There followed questions from the committee and Mr. Zinnecker presented a chart to the committee, Exh. #2, showing values of a mill during the past 8 years and percentage of increase or decrease in the same period.

Following the discussion the hearing on SB438 was closed.

Senator Norman then said that if there was no objection from Senator Conover, and in view of foregoing bill presentation and discussion, he would vote that Senate Bill 507 Be Tabled. Senator Conover said he would have no objection and the motion followed:

Senator Norman Moved SB507 Be Tabled. Motion was carried unanimously.

SB507 was one of the bills to be presented by Senator Conover at the meeting and he then presented his second bill.

CONSIDERATION OF SENATE BILL 510: Senator Conover had his testimony prepared, see Exhibit #3, and he read from it, explaining portions of the bill as he progressed. Committee members followed his outline of the bill with his testimony. He also had amendments to the bill and he presented these as well, see Exh. #4, also attached.

Following his testimony other proponents included Kathleen Marks who spoke of the problems subdivisions had caused in many areas, and favored the agricultural districts as are proposed in Senator Conover's bill. She cited high costs in providing services to the subdivisions, mentioning road repairs particularly where the area is somewhat isolated from the nearby town. She also said she favored the bill in an effort to keep some of Montana's land as agricultural, thus preserving it in its present form. Connie Shindall spoke also as a proponent as did Mr. Hansen. A number of supporting letters were also entered as evidence, see Exh. #5 and #6, attached.

Senator Conover made his closing remarks stating there were over 300 similar agricultural districts in the state of New York and the voluntary programs had encountered very little opposition to their initiation.

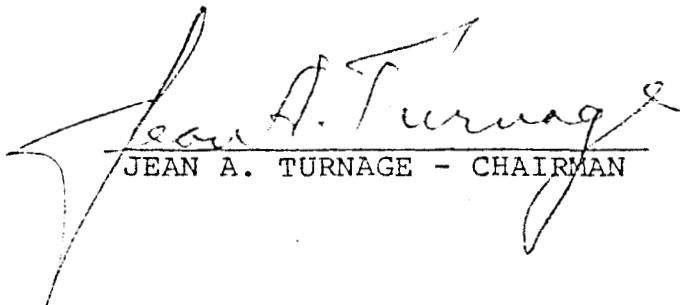
The Chairman then called for other proponents, or opponents, and there being none, permitted questions from the committee. Tina Torgrimson, who had helped with the drafting of the bill, volunteered some information, on questioning, concerning the benefits of the bill. The question was also raised about the reduction in tax rates for agricultural land that goes into the districts. A question was also directed at Terry Murphy who spoke as an individual. He said he felt the bill to be a good bill, that land owners could make their own decision and said he felt the lowered tax rate incentive probably could be viewed as a replacement for buying development rights. It was brought out that a report is filed with the Department of Natural Resources only for the record of such districts, and they would have no authority over such districts. The hearing was then closed on SB510.

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Senator Norman then asked the committee to reconsider their actions on Senate Bill 309.

Senator Norman Moved SB309 be Taken from the Table and A Do Pass Motion be made. His motion was seconded by Senator Manley. The motion failed 6-4, 6 "No" votes and 4 "Yes" votes. One member was Absent and one requested to Pass on the voting.

Following this motion the meeting was adjourned.



JEAN A. TURNAGE - CHAIRMAN

Date FEB. 20, 1979

ROLL CALL

SENATE TAXATION COMMITTEE

46th LEGISLATIVE SESSION - 1979

Each Day Attach to Minutes.

DATE FEB. 20, 1979COMMITTEE ON TAXATION

SEN.

BILL - 438, 463, 507, 510

VISITORS' REGISTER

NAME	REPRESENTING	BILL #	Check Or
			Support
Connie Sandell		510	✓
Al Sandell		510	✓
Ray Tracy		507	✓
Ryan Denowh		507	✓
Sam Ritter		507	✓
Mike Abley	Supreme Court	463	
Costine L. Parks		507	✓
Frank J. Paslawski		507	✓
David McMillen		507	✓
Sherrill Henderson		507	✓
Pat McMillen		507	✓
Dean Zimmerman	Mt. Gasson of Coates	463	✓
Larry Anderson	Liberty Co Comm	463	✓
David L. Shadwell	Frontier County	463	✓
Christine (Tru) Dorganian		510	✓
Ed Nelson	Dept of Revenue		
DAROLD BAUER	Mont. TAXP-ERS ASSOC.		
Zach Stevens	Billings Chamber	507	✓
Mirgretta Davis	Farm Bureau	463	
	League of Women Voters		

SENATE COMMITTEE

TAXATION

Date

2-26-79

J.W.

Bill No. 309

Time 9:20

NAME

YES

NO

SEN. GOODOVER (Vice Chairman)		X
SEN. BROWN		X
SEN. HAGER		X
SEN. MANLEY	X	
SEN. MANNING	X	
SEN. MCCOLLUM		X
SEN. NORMAN	X	
SEN. ROSKIE	absent	
SEN. SEVERSON		X
SEN. TOWE	Pass	
SEN. WATT	X	
CHAIRMAN TURNAGE		X

4

6

Nita Fjeseth
SecretaryJean A. Turnage
ChairmanMotion: Take the Table
Do Pass

(include enough information on motion--put with yellow copy of committee report.)

	Value of 1 Mill	Value of 1 Mill	% Increase or Decrease	
			1970-1977	1978-1979
Beaverhead	\$13,166	15,638	+21%	+12%
Big Horn	12,493	54,333	+75%	+75%
Blaine	9,512	19,558	+50%	+16%
Broadwater	4,927	6,660	+26%	-01%
Carbon	16,229	19,600	+16%	+01%
Carter	5,488	7,681	+28%	-06%
Cascade	75,648	91,805	+16%	+01%
Chouteau	17,761	24,794	+23%	+07%
Custer	13,975	18,875	+25%	+01%
Daniels	5,494	7,590	+25%	+06%
Dawson	15,251	20,155	+20%	+06%
Deer Lodge	15,215	17,124	+20%	+01%
Fairfax	15,664	37,564	+15%	+15%
Fergus	19,338	25,551	+22%	+17%
Flathead	45,238	63,152	+140	+28%
Gallatin	29,755	48,517	+52,069	+38%
Garfield	5,250	6,906	+6,254	+25%
Glacier	20,450	31,295	32,097	+34%
Golden Valley	3,312	4,050	3,873	+18%
Granite	5,086	5,496	5,272	+06%
Hill	19,695	30,155	35,689	+54%
Jefferson	7,223	9,143	8,822	+20%
Judith Basin	8,523	9,553	9,505	+10%
Lake	17,182	25,057	26,402	+25%
Lewis & Clark	34,541	50,929	53,575	+52%
Liberty	7,264	11,555	12,934	+57%
Lincoln	16,223	20,976	26,1C4	+22%
Madison	9,240	15,277	14,731	+59%
McCone	6,867	10,519	10,840	+51%
Meagher	4,586	5,515	5,007	+15%
Mineral	3,495	4,554	4,735	+19%
Missoula	52,057	87,893	115,361	+40%

	Value of 1 Mill 1970-71	Value of 1 Mill 1977-78	Value of 1 Mill 1978-79	% Increase or Decrease 1970-1977	% Increase or Decrease 1978-1979	% Increase or Decrease 1970-1979
Musselshell	\$ 7,153	\$16,255	13,470	+55%	-17%	+10%
Park	13,576	16,467	16,428	+17%	-0%	+15%
Petroleum	2,133	2,832	2,799	+24%	-01%	+25%
Phillips	10,454	15,049	14,543	+19%	+10%	+15%
Pondera	14,457	19,425	18,689	+25%	-03%	+14%
Powder River	32,242	76,085	76,803	+57%	-0%	+25%
Powell	8,367	10,299	11,560	+18%	+11%	+15%
Prairie	4,663	5,644	4,999	+17%	-11%	+10%
Rating	12,452	12,451	21,361	+1%	+12%	+17%
Red Lodge	13,521	13,422	11,305	-1%	-11%	-10%
Roseau	16,457	22,532	22,341	+38%	-03%	+14%
Rosebud	12,515	36,650	82,767	+35%	-04%	+28%
Sanders	13,412	17,657	18,835	+24%	+06%	+25%
Sheridan	11,649	15,701	19,395	+37%	+03%	+39%
Silver Bow	55,862	51,964	49,561	-06%	-11%	-12%
Stillwater	8,857	11,836	12,066	+25%	+01%	+24%
Sweet Grass	6,163	6,955	6,744	+11%	-03%	+05%
Teton	13,286	17,019	16,172	+21%	-04%	+15%
Toloe	15,564	22,411	26,684	+30%	+16%	+21%
Treasure	2,520	3,925	3,654	+35%	-06%	+51%
Valley	16,619	20,260	20,304	+17%	-0-	+16%
Wheatland	4,678	5,294	5,003	+11%	-05%	+66%
Wibaux	8,242	8,237	7,819	-0-	-05%	-05%
Yellowstone	102,718	150,826	175,255	+31%	+15%	+15%

Conover

#3

SB 510 -- AGRICULTURAL DISTRICTS BILL

The purpose of this bill is to:

*See Section 1,
p.1*

- 1) Conserve and encourage the productive use of agricultural lands, thus providing for the retention of agriculture as a major element in local economies.
- 2) Provide a voluntary, smooth process for farmers and ranchers to ensure the maintenance of their agricultural communities, particularly in urbanizing areas.
- 3) Provide property taxation relief for agricultural landowners who join in an agricultural district.
- 4) Keep productive lands in agricultural rather than residential use, thus encouraging appropriate community growth.

THE PROCESS:

I. Creation of an agricultural district.

*Sections 4 & 5,
p.3*

- A. Farmers initiate efforts to form an agricultural district on their lands by signing a petition.
 1. The petition:
 - a) Sets forth the boundaries of the proposed district in a map.
 - b) Requests the property within the boundaries be organized into an agricultural district.
 - c) Must be signed by at least 65% of the landowners in the proposed district.

*Section 6,
p.3*

- B. In order to qualify as a district, the proposed district must:
 1. Contain at least 500 acres.
 2. Have at least 80% of the land in proposed district in agricultural use.
 - a) Agricultural use is as defined in Montana's greenbelt law:

*Section 2,
2*

- 1) No less than 5 acres, actively devoted to agriculture during the last growing season and continuing to be devoted to agricultural use.
 - 2) Land which agriculturally produces for sale or income 15% or more of the landowner's annual gross income.

Section 7,
p. 3 & 4

C. The petition is then submitted to the county commissioners.

1) The commissioners appoint within 15 days of the receipt of the petition an agricultural district advisory committee of:

- a) Two landowners in the proposed district.
- b) One representative from the local conservation district.
- c) Two county planning board members (if county has no planning board, then two adjacent landowners).

2) The review committee has 45 days in which to:

a) Study the proposed district to:

1) Evaluate the extent and nature of farming or ranching in the area, and

2) Evaluate the extent of urban influences within the proposed district.

b) Hold a public hearing, held with written notice to all of the landowners in the proposed district, as well as public notice, and

c) Recommend approval or denial of the district to the county commissioners.

3) From the time of receiving the committee's recommendation, the county commissioners have 30 days in which to approve or deny the proposed district.

II. Life of an agricultural district

proposed
amendment

1) The proposed district immediately goes into effect when the petition is submitted to the county commissioners and stays in effect until such time as the commissioners deny the request for creation of the district.

2) The district shall be in effect for 8 years, unless the original petition request a 12- or 20-year effectiveness.

3) At the end of this 8, 12 or 20 year period, there is a county review process detailed in the bill to determine whether the district should be renewed, modified or abolished. (Section 13)

4) During the life of the district, adjoining landowners can petition county commissioners to be allowed to join the district and the request then undergoes the same procedure outlined for forming a district.

III. Effects of an agricultural district

1) Tax incentive--33% tax cut.

a. Agricultural property within a district is taxed at 20% of its assessed value for agriculture rather than the present 30%.

Section 21,
p. 12

*Section 17,
p.9*

2) Limits on subdivision

- No limit on subdivision for agricultural purposes within the district.
- No subdivision for residential purposes within the district.

*Section 20,
p. 10 & 11*

3) Limitation of the exercise of eminent domain or the advance of public funds.

- Any state agency, any corporation or any local government which intends to acquire lands or any interest therein (more than 10 acres from any one landowner or more than 100 acres in the agricultural district) or which intends to advance a grant, loan, interest subsidy or other funds for construction of dwellings, commercial or industrial facilities or water and sewer facilities to serve nonfarm structures must:
 - File notice of intent with the director of the Department of Natural Resources and Conservation at least 30 days before the proposed action is to take place.
 - The director then has 30 days to review the notice of intent.
 - If the director finds potential adverse impacts on the agricultural district, within the 30 days he orders the agency, corporation or local government not to take any action within 60 days following the initial 30 days.
 - During the 60-day period, the director holds a public hearing, with proper notice in the district, to discuss the proposed action.
 - If he decides the action will definitely have adverse impacts on the continuation of the agricultural district, he can request the attorney general to enjoin the agency, corporation or local government from taking the proposed action.
- Local governments are restricted from enacting laws or local ordinances within the agricultural district which would unreasonably restrict or regulate farm structures or farming practices unless such restrictions or regulations are necessary to the public health or safety.
- The policy of state agencies will encourage the maintenance of farming in agricultural districts and administrative rules and procedures shall be modified to this purpose if consistent with public health and safety.

*Section 18,
p.9*

*Section 19,
p.10*

Connor

#4

PROPOSED
AMENDMENTS TO SB 510

p. 3

Section 4: (add at the end of Section 4) From the time the petition is submitted to the commissioners to the time of their decision to approve or deny the agricultural district, the restrictions on subdivision, local regulation, state policy and eminent domain as described herein in Sections 17, 18, 19 and 20 shall apply to the lands in the proposed district.

p. 4

Section 7

#2

lines
14-17

All such board committee members shall serve without pay. The appointed members shall receive per diem as allowed by state law for each day when the board committee is actually in session and their necessary mileage as provided by law.

p. 5

Section 8

#2 (b)

lines
14-17

make a recommendation en for approval or denial of the proposed district to the county commissioners.

p. 6

Section 11

lines
14-17

Creation of an agricultural district. (1) The commissioners shall within 30 days after receiving the recommendation from the committee approve or disapprove the creation of an agricultural district. If the county commissioners do not act within this 30-day time period, the restrictions on subdivision, local regulation, state policy and eminent domain as described herein in Sections 17, 18, 19 and 20 remain in effect until the commissioners make their decision to approve or disapprove the agricultural district.

p. 7

Section 13

2(a)

lines
14-17

(a) ask for the recommendations of an-appointed-committee the advisory committee appointed for the agricultural district (as provided in Section 7 of this law) at least 120 days prior to the end of the effective life of the district;

p. 8

Section 17

Section 17. Limit on subdivision. Subdivision for the purposes of this act shall mean any division of land into smaller pieces. (1) Land within a district.....

Section 20

line 19

department of natural resources and conservation and the agricultural district advisory committee described in Section 7 of this act containing.....

February 19, 1979

Sen. Max Conover
Montana Senate
Capitol Station
Helena, MT 59601

Dear Sen. Conover:

Please submit this testimony to the Senate Taxation Committee on February 20 in support of SB 510.

My husband and I operate a cattle and sheep ranch near Nye, Montana. I am a former county commissioner and longtime member of the Stillwater County Planning Board and a former member of the Stillwater, Carbon and Sweet Grass TRI-County planning board.

There is no question in my mind that Montana's most important resource is its agricultural land. As a rancher and concerned citizen, I have seen thousands of acres of fine agricultural land go out of production. If we are to protect the backbone of Montana's economy and way of life, we must keep our agricultural lands in agriculture.

The reason that I can't be here today is that I have to attend a planning board meeting at home about the proposed subdivision of a neighboring ranch. This ranch has been in the family's hands for several generations, is a productive unit and is one of the best ranches in the Stillwater Valley. It is just one more recent and sad example of the conversion of agricultural land to non-productive uses. I know from experience that once one ranch in an area goes, others soon follow and it becomes more and more difficult for other area ranchers to stay in business.

Because of situations like this, we and some of our neighbors have recently been developing a proposed zoning district in our area that would keep ranches in agriculture. If we had this bill's provisions to work with, the formation of our zoning district would be significantly easier and the resultant district much more effective. Moreover, the bill would give us tax benefits for the commitment that we would make to keep our ranches in production and out of development.

A strong agricultural economy benefits all of us. I strongly support this bill because it not only keep certain areas in production and provides and voluntary and clear process for doing so, but it ultimately strengthens local economies and local communities.

I urge this committee to give SB 510 a do-pass recommendation at at the same time affirm your commitment to a strong agricultural base in Montana.

Sincerely,



Mary Donohoe
Nye, Montana

F 1977

66-44

Form 4256 Counties

State Publishing Co.
Helena, Montana

	1977 District Court Budget	Value of 1 mill-1977	Mills for District Crt.
Beaverhead	\$66,180.00	\$16,811.00	3.95
Big Horn	68,657.00	54,333.00	1.26
Blaine	65,061.00	19,358.00	3.36
Broadwater	26,543.00	6,660.00	3.98
Carbon	53,407.00	19,600.00	2.72
Carter	45,780.00	7,681.00	5.96
Cascade	424,244.00	91,805.00	4.62
Chouteau	52,757.00	24,794.00	2.11
Custer	83,621.00	18,875.00	4.41
Daniels	29,878.00	7,390.00	4.01
Dawson	76,442.00	20,135.00	3.79
Deer Lodge	108,584.00	19,424.00	5.60
Fallon	53,635.00	37,964.00	1.41
Fergus	100,631.00	23,334.00	4.31
Flathead	276,466.00	63,152.00	4.37
Gallatin	222,906.00	48,317.00	4.64
Garfield	25,930.00	6,906.00	3.75
Glacier	80,354.00	31,293.00	2.56
Golden Valley	14,066.00	4,050.00	3.47
Granite	31,061.00	5,466.00	5.63
Hill	118,422.00	30,135.00	3.92
Jefferson	46,362.00	9,143.00	5.07
Judith Basin	32,196.00	9,553.00	3.37
Lake	79,810.00	23,087.00	3.45
Lewis and Clark	304,756.00	50,929.00	5.98
Liberty	19,890.00	11,555.00	1.71
Lincoln	75,619.00	20,976.00	3.68
Madison	49,442.00	15,277.00	3.25
McCone	31,799.00	10,519.00	3.07
Meagher	14,150.00	5,313.00	2.66
Mineral	18,145.00	4,534.00	4.18
Missoula	233,807.00	87,898.00	2.65
Musselshell	21,944.00	16,255.00	1.33