

MINUTES OF THE MEETING
TAXATION COMMITTEE
MONTANA STATE SENATE

March 2, 1979

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

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

CONSIDERATION OF HOUSE BILL 572: Representative Manuel introduced the bill, briefly, and presented Chris Johanson who read his testimony, see Exh. #1, attached. The bill would change the present double licensing which grain elevators are now forced to pay. Following their presentation Vice Chairman Goodover asked for other proponents, or opponents, and following, permitted questions from the committee. There was brief discussion of the bill.

CONSIDERATION OF HOUSE BILL 340: Representative Ramirez said the bill pertains to the Montana Estate Tax which is due 9 months after the death. The bill would permit this tax to be paid 18 months after death, as inheritance taxes are. Mr. Stoll of the Department testified in support of the bill as well, and said because of administrative problems he felt this change was necessary so the taxes could be paid at the same time as federal. Vice Chairman Goodover called for other witnesses and since there were none, there was discussion by the committee, and following, hearing on HB340 was closed.

CONSIDERATION OF HOUSE BILL 288: Representative Donaldson presented his bill which would allow the governing body of a city or town to pass a resolution allow SID assessments to be collected semi-annually, at the time real property taxes are due. Mr. Lee also gave testimony in support of the bill saying it was a hardship to pay taxes just before holiday season. Mr. McHugh also gave supporting testimony and said this would save them interest money if they could pay their taxes this way. Mr. Verwolf also supported the bill although he said it had some problems, specifying the matter of collection of taxes. However, he stated, he felt the benefit to the taxpayers over rides the collection problem.

Vice Chairman Goodover called for other proponents or opponents and following, discussion by the committee members. Senator Norman asked about the collection problems as mentioned by Mr. Verwolf. He responded saying the governing body might have problem in determining just how much money would be collected but he repeated, he felt the benefits would be greater than such inconvenience for the counties. Hearing on HB288 was concluded.

CONSIDERATION OF HOUSE BILL 45: Representative Conroy said the bill was requested by the interim subcommittee on subdivision laws, and would allow counties to issue revenue bonds to finance water and sewer systems, other revenue-producing projects. Mr. Rehberg then spoke as a proponent, and following his supporting

testimony, other witnesses were given opportunity to testify on the bill. Senator Watt asked about the issuing of such bonds without an election and it was pointed out that this bill dealt with revenue bonds only. Mr. Mizner of the Montana League of Cities and Towns also spoke and answered a number of questions regarding the bill, saying revenue bonds of a city are sold on the basis of the revenue that undertaking will bring in. The rates are set and are earmarked for the payment of the revenue bonds. Senator Towe asked if that special rate would be set in that particular area only, so the entire city or county would not be forced to pay off the bond. Mr. Mizner stated the revenue bond would be paid off by the users only.

The point was made that without a revolving fund the bond buyer ran risk of not having the bond paid off, thus would buy at higher interest rate. During ensuing discussion this point was discussed at length and committee members agreed that the bond buyer ran his own risk at such bond buying.

The members also asked if it was mentioned in the bill that the city would not be obligated to pay back the bonds and further, if the bill limited the revenues from outside the district so they could not be pledged to repay it also. It was pointed out, in answer to a question from Senator Hager, that this was a revenue bond bill with no requirements for reserves. This point was made by Researcher Terry Cohea. Following this, the hearing on HB45 was closed.

CONSIDERATION OF HOUSE BILL 543: Representative Teague presented his bill and read from written testimony which is attached, see Exh. #2. The bill requires that cities of first or second class levy 1 to 4 mills on all taxable property for firefighters' disability and pension. Mr. Blom gave supporting testimony also and referred the committee to the charts that accompanied Representative Teague's testimony. Mr. Sampson of the Montana Fire Chiefs Association also gave their support of the bill. Mr. Mizner said he had an amendment he wished added to the bill, suggesting the words "in addition to all-purpose levy limitations" on page 2, line 1, following "shall be".

Vice Chairman Goodover asked for comments on the amendment or other testimony. Mr. Taylor of the City of Great Falls said they had problems with the bill as it puts no limit to the growth of the pension fund, and the bill does not say when the levies should stop and takes no account of those cities who fund their liability. Mr. Nelson of the MonTax rose to endorse the testimony of Mr. Taylor, for the reasons he stated.

Questions by the committee brought a comment from Mr. Mizner that the League too felt there should be a limit on the size of the fund. He said some cities in the state did not respond to a questionnaire sent out on this matter. There followed additional discussion on the bill and hearing on HB543 then ended.

Chairman Turnage returned from having testified at a hearing in the House and asked if the committee wished to take executive action on any of the bills.

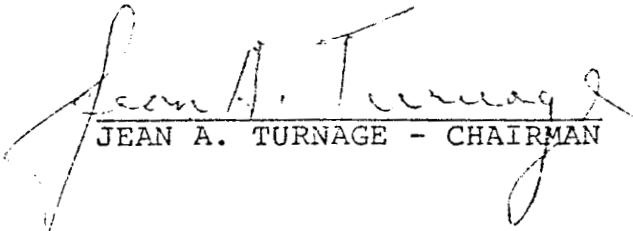
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Senator Roskie Moved HB340 Be Concurred In. Motion carried unanimously.

Senator Roskie Then Moved HB572 Be Concurred In. Motion carried unanimously. Note for the record, Senator Hager voted "No."

The afore-mentioned bills were discussed again, briefly, before committee action, giving the Chairman a brief summary of each of the bills. The committee then discussed the matter of subdivision in Montana and the problems that have been and are being encountered by subdividers in an effort to please environmental regulations, local government and state laws, as well as prospective home owners. The committee agreed that one of the problems has been security with bonding companies reluctant to buy the bonds without a revolving or 'slush' fund to back up repayment of the bonds.

Senator Towe Moved HB288 Be Concurred In. Motion carried unanimously.


JEAN A. TURNAGE - CHAIRMAN

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88, 340 COMMITTEE ON TAXATION
43, 572

DATE MAR. 2, 1979

VISITORS' REGISTER

NAME	REPRESENTING	BILL #	Check One	
			Support	Oppos
Tom Stohr	Dept. of Revenue	HB-340	✓	
Miss. Johansen	Montana Council of Govts.	HB572	✗	
Bel. Lef	City of Missoula			
W.S. Verweif	City of Helena	HB 233	✓	
Don Taylor	City of Great Falls	HB 543		✓
George Lee	He Self	HB 288	✓	
Ed McHugh	" " "	HB 288	✓	

(Please leave prepared statement with Secretary)

E.L.H./

Members of the committee, I am Chris Johansen and I am representing the Montana Grain Elevator Association and the Montana Council of Cooperatives and urge your support of House Bill No. 572.

Gentlemen, Montana grain elevators solely engaged in the business of grain merchandising have never had to purchase either a wholesale or retail store license, but have to purchase a Public Warehouse license issued by the Department of Agriculture. On November 1, 1978 the Montana Department of Revenue issued a regulation that grain elevators were required to have a wholesale store license to sell grain.

All grain elevators have to obtain a public warehouse license in order to operate. If any convenience items are offered for sale to the public, a retail store license is obtained from the Department of Revenue. If any items such as feed, fertilizer or chemicals are sold to other retail outlets, a wholesale store license is required, also issued by the Department of Revenue. Our elevators certainly have no quarrel with these requirements but do object to the requirement of having to obtain a wholesale store license in order to merchandise grain.

Again I urge your support of House Bill 572.

STANDING COMMITTEE REPORT

March 2 1979

MR. President

We, your committee on
Taxation

having had under consideration
House Bill No. 572

Respectfully report as follows: That.....
House Bill No. 572

DO NOT CIRCULATE

91
DO PASS

STANDING COMMITTEE REPORT

March 2 1979

MR. President.....

Taxation

We, your committee on.....

having had under consideration.....

House Bill No. 340

Respectfully report as follows: That.....

House Bill No. 340

BE CONCURRED IN

DO PASS *P.A.*

STANDING COMMITTEE REPORT

March 2 1979

MR. President.....

We, your committee on **Taxation**

having had under consideration **House** 288 Bill No.

Respectfully report as follows: That **House** Bill No. 288

BE CONCURRED IN

DO PASS *PA*

JERRY A. TURNAGE - Chairman.

Date MAR. 2, 1979

ROLL CALL.

SENATE TAXATION COMMITTEE

46th LEGISLATIVE SESSION - 1979

Each Day Attach to Minutes.