

MINUTES OF THE MEETING
TAXATION COMMITTEE
MONTANA STATE SENATE

March 20, 1979

The fifty-third 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 providing testimony on this morning's bill are listed on attached Register.

CONSIDERATION OF HOUSE BILL 411: Representative Lund introduced his bill which he said changes only one item in the present law, and that would permit county commissioners to raise from 3 to 6 mills the levies for a hospital district, if voted in by the people. He said the reason for the bill is that the hospital in his town of Scobey had had an organization managing the hospital but it was losing money, and rather than lose the hospital, this bill was being introduced so the people of Scobey could vote, and if they approved, the mill levy could be raised an additional 3 mills.

Following his testimony Chad Smith of the Montana Hospital Association gave supporting testimony as well, saying most hospitals need a means of financing operations, particularly in small localities. He reiterated Representative Lund's statement that the tax can only be imposed if the people vote it in, and only the basic 3 mills can be imposed. The next section of the law referred to in the bill sets forth the election procedure. Mr. Zinnecker also stated their support of the bill, emphasizing that the people vote the levy and it cannot be imposed without this vote.

The Chairman called for further proponents and there being none, permitted opponents to speak. Ms. Larson related a situation in her area where a hospital had been built but with new regulations established by the federal government they had been unable to operate at a profit and said she had doubts about whether the additional 3 mills would be sufficient to meet ever-increasing regulations. Her objections dealt with no specific portion of HB411, it appeared, but did call attention to the problem people face about being in hospital districts and their option of voting themselves out of it as well.

Following this testimony the committee asked a number of questions of Representative Lund who stated the money would be used for the operation of the hospital only; there would be no new construction. He also stated it was imperative if the committee favored the bill, that it be passed out soon as the Scobey people were in financial straits insofar as the hospital operation was concerned. Following this discussion the hearing on HB411 was closed.

The committee next took up for discussion their committee bill which is SB522. They had presented the bill Saturday and Mr. Groff of the Department of Revenue had asked for time in order that they might go over the possible complications of the bill from admini-

strative viewpoint. He suggested amending the bill to include definition of head of household. He also suggested a tougher penalty. It was also again discussed about the subsidized housing and it was mentioned that people living in such accommodations not be permitted to file for the tax credit. Several tax appeals cases had been filed regarding exemption of property taxes and the copies of the decisions were presented as evidence, see Exh. #1 and #2, attached, by the Department.

There followed additional discussion and the committee also wished to include an amendment in the bill, at the suggestion of Senator Watt, that the Legislature take a look at the legislation in two years so it is not made a permanent part of the statutes. The sunset provision was thus voted and agreed upon.

Senator McCallum Moved to Adopt Amendments on the Penalty for SB522; motion was carried. Senator Watt Moved to Adopt Sunset Provision Amendments to the bill; this motion was also carried.

The committee also expressed their concern with people who maintained a home, yet were gone from the state for 2 months or more. Senator Severson Moved to Amend the bill to read 'maintained a residence' in the state. His motion carried unanimously.

Senator Severson then Moved SB522 As Amended, Do Pass. Motion carried unanimously.

The committee then discussed SB300 and Senator Mathers was present to give his reasons for the committee to take the bill from the table in order to incorporate some amendments he recommended. He wanted to eliminate some of the special earmarked funds, saying he felt if particular groups needed funds for a legitimate project they should come and appear before the Legislature with their petitions and give facts, reasons, for such grants. He did not feel large amounts of Coal Trust moneys should be put aside indiscriminately, with no regard to actual need.

He continued, saying 50% of the moneys have already been put in a trust fund; he did not think it logical that 10% more should be put into the trust fund where it cannot be touched. He said he felt the people today should get some benefit of the Coal Trust, as tax relief is needed today. He further stated the Legislature should look at the revenues every two years and see what is happening not only to the coal production, but also to the money. He said we are still not putting as much into the General Fund as first was done.

Following his presentation Senator Watt Moved SB300 be taken off the table. Motion carried unanimously.

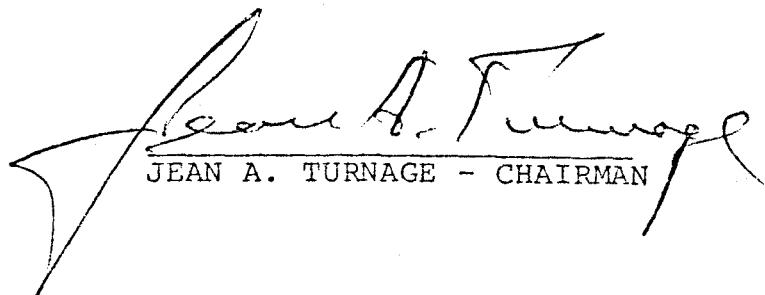
The committee asked that the new distributions, as Senator Mathers suggested, be printed in amendment form so they could better see the percentages.

Senator Towe then introduced amendments to his bill, SB241. These were discussed by the committee. Senator Manning also said he had received a proposed amendment to SB195. There followed a brief discussion on the amendments.

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The committee then discussed HB411 and agreed the vote for the additional mill levy should be voted every other year in order to assure it did not stay on permanently. Researcher Terry Cohea was asked to prepare such amendments to the bill.

Following this discussion, meeting was adjourned.



JEAN A. TURNAGE - CHAIRMAN

H.B.
411

DATE MAR. 20, 1979

COMMITTEE ON TAXATION

VISITORS' REGISTER

1

BILL NO. _____

2 INTRODUCED BY _____

3

4 A BILL FOR AN ACT ENTITLED: "AN ACT TO LIMIT THE TAXABLE
5 VALUE ON MOST RESIDENTIAL, INDUSTRIAL, AND COMMERCIAL
6 PROPERTY TO 5% OF ITS TRUE MARKET VALUE; AND PROVIDING
7 AN EFFECTIVE DATE."

8

9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

10 Section 1. Limitation on taxable value. (1) The
11 taxable value as determined under the provisions of 15-8-111
12 of property in 15-6-112, 15-6-116, and 15-6-119(1)(a) may
13 not exceed 5% of its true market value.

14 (2) "True market value" means the most current value
15 at which property would change hands between a willing buyer
16 and a willing seller, neither being under any compulsion to
17 buy or sell and both having reasonable knowledge of relevant
18 facts. (The most current value is that value reflected in
19 sales price data for comparable property in similar areas as
20 reported under the provisions of 15-7-304.)

21 Section 2. Effective date. This act is effective on
22 passage and approval and applies to taxable years beginning
23 after December 31, 1978.

24

25

COMMITTEE AMENDMENTS TO SENATE BILL 241

1. Title, line 6.

Strike: "AND TO PROVIDE FOR ITS ADMINISTRATION;"

2. Page 2, line 2.

Following: "collected"

Insert: ", exclusive of special district assessments,"

3. Page 3, line 3.

Following: "subsections"

Strike: "(3)"

Insert: "(2)"

4. Page 2, line 5.

Strike: subsection (2) in its entirety

Renumber: subsequent section

5. Page 2, line 13

Following: "agricultural"

Insert: "land"

6. Page 2, line 19.

Strike: "(1)"

7. Page 2, line 21.

Following: "department"

Strike: "shall"

Insert: "may"

8. Page 2, line 23.

Strike: subsection 2 in its entirety

1 BEFORE THE STATE TAX APPEAL BOARD
2 OF THE STATE OF MONTANA

3
4 GALLATIN MANOR, INC.,)
5 Appellant,) Doc. No. PT-1977-112
6 -vs-) FINDINGS OF FACT,
7 THE COUNTY COMMISSIONERS) CONCLUSIONS OF LAW
8 OF GALLATIN COUNTY,) AND ORDER
9 Respondent.)
10

11 Hearing on the appeal of GALLATIN MANOR, INC., pursuant to
12 Section 84-708, R.C.M., from a decision of the Gallatin County Tax
13 Appeal Board overruling a decision of the Montana Department of
14 Revenue and returning a property declared tax exempt by that Department
15 to full value on the tax rolls of Gallatin County, came on regularly
16 for hearing on September 20, 1977 at 3:00 p.m., in the City of
17 Bozeman, Montana before the Board. The Appellant, Gallatin Manor,
18 Inc., appeared through its attorney, H. A. Bolinger, and through
19 Jack Huber, President, and Charlotte Waldo, Secretarial-Manager.
20 The Respondent, Gallatin County Commissioners, appeared through
21 George M. Sager, Chairman. Appearing for the Montana Department
22 of Revenue were Erwin "Swede" Schock, District Supervisor, and
23 Theodore W. Kelley, Gallatin County Appraiser. Also appearing were
24 John N. Thompson, Chairman of the Gallatin County Tax Appeal Board,
25 and Ray White, Gallatin County Assessor. The Board having heard
26 the testimony and having examined all of the evidence offered by
27 all parties, and the Board being fully advised in the premises, does
28 hereby make its Findings of Fact, Conclusions of Law and Order as
29 follows:

30 FINDINGS OF FACT

31 I.

32 The property which is the subject of this appeal is an

1 BEFORE THE STATE TAX APPEAL BOARD
2 OF THE STATE OF MONTANA

3
4 GALLATIN MANOR, INC.,)
5 Appellant,) Doc. No. PT-1976-53
6 -vs-)
7 THE DEPARTMENT OF REVENUE)
8 OF THE STATE OF MONTANA,)
9 Respondent.)
10

11 Hearing on the appeal of GALLATIN MANOR, INC.,
12 pursuant to Section 84-708, R.C.M., from a decision of the
13 Gallatin County Tax Appeal Board regarding the exempt status
14 of certain property in Gallatin County, came on regularly
15 for hearing on November 1, 1976, at 11:00 a.m., in the City
16 of Bozeman, Montana, before the Board; the Appellant, Gallatin
17 Manor, Inc., appearing through its attorney, H. A. Bolinger,
18 and through Howard Erwin, Manager; and the Respondent, Montana
19 Department of Revenue, appearing through Theodore W. Kelley,
20 Gallatin County Appraiser, and through Ray White, Gallatin
21 County Assessor; and the Board having heard the testimony and
22 having examined all of the evidence offered by all parties,
23 and the Board being fully advised in the premises, does hereby
24 make its Opinion and Order as follows:

25 The Appellant, Gallatin Manor, Inc., has appealed
26 from a decision of the Gallatin County Tax Appeal Board
27 affirming the assessment of its property by the Gallatin
28 County Assessor. The basis of the appeal is that the subject
29 property is exempt from taxation. Evidence at the hearing
30 disclosed that the Appellant had not, as yet, applied to the
31 Montana Department of Revenue for a tax exempt status for
32 the subject property pursuant to Section 84-202, and it

STANDING COMMITTEE REPORT

March 20 1970

MR. President

We, your committee on Taxation

having had under consideration Senate Bill No. 522

Respectfully report as follows: That Senate Bill No. 522, introduced bill, be amended as follows:

1. Title, line 8.

Following: "DATE"

Insert: "AND PERIOD OF APPLICABILITY"

2. Page 1, line 25.

Following: "dwellings"

Insert: ", that is subject to property taxation"

3. Page 2, line 4.

Following: "(a)"

Strike: "\$65"

Insert: "\$50"

4. Page, 2, line 11.

Following: "have"

Strike: "occupied the"

Insert: "maintained a"

Following: "residence"

Insert: "within the state"

CONTINUED

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Page 2 Senate Bill 522 Taxation Committee

5. Page 2.

Following: line 15

Insert: "(5) The credit is limited to the amount of rent or property taxes paid by the taxpayer."

6. Page 3.

Following: line 6

Insert: "Section 6. Sunset provision. This act shall terminate on December 31, 1980."

Renumber: subsequent section

7. Page 3, line 9.

Following: "1978"

Insert: "and ending December 31, 1980"

And, as so amended,

DO PASS

JEAN A. TURNAGE - CHAIRMAN

Late MAR. 20, 1979

ROLL CALL.

SENATE TAXATION COMMITTEE

46th LEGISLATIVE SESSION - 1979

Each Day Attach to Minutes.