

MINUTES OF THE HOUSE TAXATION COMMITTEE MEETING
January 8, 1981

VICE CHAIRMAN SIVERTSEN called the meeting of the Taxation Committee to order at 9:00 a.m. on January 8, 1981 in Room 102 of the State Capitol. The roll call was taken and all members were present. Chairman Nordtvedt was temporarily detained, but arrived later in the meeting.

Each Committee member received a copy of a publication entitled "Montana Property Tax Mill Levies 1980-81", courtesy of the Montana Taxpayers Association. VICE CHAIRMAN SIVERTSEN announced that House Bills 47, 34 and 17 would be heard.

HOUSE BILL 47: Rep. Joe Quilici, sponsor of the bill, explained that this bill would repeal Section 61-10-208 of the MCA's. The fee on campers and travel trailers was misinterpreted by some counties and fees were assessed using the codes directed at house trailers. The latter codes assessed the fee on a per foot basis and were only meant to apply to trailers longer than 32 feet. This bill would clarify the intent of the law. There were no further proponents.

There were no OPPONENTS to HB 47. Questions followed. It was confirmed by Rep. Quilici that a number of counties had misinterpreted the law concerning this matter. The hearing was then closed.

HOUSE BILL 34: Rep. Ernst, the sponsor of this bill, stated that HB 34 proposes to change the income requirements for tax exemption from property taxes for 100% Disabled Veterans and it provides for a retroactive applicability. Prior to 1979 disability benefits were not included in the income figures upon which the exemption was based. This bill would restore the previous wording to the codes and thus help reaffirm the original intent of the legislation.

Fred J. MacKintosh, Disabled American Veterans, expressed his approval of the bill, but proposed that Subsection C be stricken; see prepared statement. Gerald McIntyre, also a member of Disabled American Veterans, commended the sponsors of HB 34 and expressed his approval of it, but concurred with Mr. MacKintosh's suggestion that Subsection C be stricken. He pointed out that there had been no income restrictions when the bill was enacted, and the legislation had been meant to be an honorarium to service connected 100% disabled veterans. Striking of Subsection C in his opinion would restore the original intent to the bill.

John Sloan, also from the D. A. V., spoke in favor of the bill, but also preferred that Subsection C be stricken, pointing out that the people involved were service-connected disabled veterans, and not veterans on pensions. Frank Lewis, Missoula D. A. V., also spoke up in favor of the bill (see attached statement).

There were no OPPONENTS to HB 34. Questions followed. Representative Williams requested that a Fiscal Note be prepared to HB 34. There were no objections. Chairman Nordtvedt will order one. Rep. Underdal wanted to know how many people were affected by this bill and it was estimated by Mr. Sloan that there were less than 800. Rep. Brand inquired as to how many people would have incomes greater than the limitations in the bill. Mr. Sloan replied that it was

difficult to determine the actual number, because no employment statistics are kept on 100% Disabled Veterans. Dr. L. W. Edens commented that setting income limitations was an example of the erosion of Veteran's rights which is going on both on the Federal and the State level, and that this needed to be put to a halt. The hearing was then closed. It was announced that executive action would be taken on HB 34 at the January 9, 1981 Taxation Committee meeting.

Vice Chairman Sivertsen then took the opportunity to introduce Dennis Burr representing the Montana Taxpayers Association and the Department of Revenue; Larry Weinberg, Department of Revenue; and Ellen Feaver, the new Director of Department of Revenue. Ms. Feaver then passed out a new listing of the legislation which the Department of Revenue was considering, along with draft copies of each bill. She gave a brief description of the bills which were still in need of sponsors. Any Committee member interested in sponsoring a bill on behalf of the Department was asked to contact Larry Weinberg or Ellen Feaver. Vice Chairman Sivertsen encouraged the Committee members, and especially those that were Freshman Legislators, to consider sponsoring the bills. Ms. Feaver was wished well in her tenure as the Director of the Department of Revenue.


HB 17 was then heard. Rep. Nordtvedt, the sponsor, explained that there was an inequity between the interest rates taxpayers were required to pay on late tax returns and what the State paid on refunds for overpayment. This bill changes the State's interest payment from 6% to 9%, so that both the State and the Taxpayer pay the same rate of 9%. The Interim Revenue Oversight Committee was unanimously in favor of this bill. There were no further proponents.

There were no OPPONENTS to HB 17. Questions from the Committee followed. Rep. Nordtvedt agreed to see that a Fiscal Note was drawn up for HB 17. In closing, Rep. Nordtvedt added that HB 17 did not address the issue of grace periods; it simply clears up an inequity in interest rates.

Vice Chairman Sivertsen then relinquished control of the meeting to Chairman Nordtvedt, who proceeded to entertain input from the Committee members concerning minimum filing requirements for State Income tax returns. When the trigger mechanism for the State surplus raised the personal exemption level on income taxes, the minimum filing requirements were not changed, and the law still reads that one must file a return based on the \$800 income figure rather than on \$1,250. He suggested that the Committee might send a letter to the Department of Revenue to request that news releases be circulated informing the public of the higher minimum income requirement. Rep. Sivertsen moved that this be done and Rep. Asay seconded the motion. Rep. Williams wondered if this shouldn't be an action of the Committee of the Whole. Rep. Bertelsen brought up the possibility of a bill having to be drafted. Rep. Sivertsen then withdrew his motion and Chairman Nordtvedt agreed to confer with the House Speaker on the matter. Rep. Sivertsen said that the Revenue Oversight Committee might be able to take care of the matter, and that he would bring it up at the forthcoming meeting of that Committee, at noon (Jan.8). He invited any interested committee members to attend the meeting.

All of the Committee members agreed that they wanted the Fiscal Note for HB 34 to reflect estimated costs both with and without the proposed changes in Section 1, Subsections (1) (C) and (2) (C).

The meeting was adjoured at 9:50 a.m.



REP. KEN NORDVEDT, Chairman

da

61-10-204. Special fees — pole trailers, lowboys, and livestock. There shall be paid and collected annually a fee equal to 75% of the fees provided in Schedule I and Schedule II above on pole trailers; trucks, truck tractors, trailers, and semitrailers used exclusively in hauling livestock and logs; truck tractors and lowboy trailers used exclusively in hauling equipment; and truck tractors drawing or hauling said lowboy trailers.

History: En. Sec. 6-204, Ch. 197, L. 1965; amd. Sec. 1, Ch. 187, L. 1969; R.C.M. 1947, 32-3304.

61-10-205. Special fees — haulers of ready-mix concrete. There shall be paid and collected annually a fee equal to 55% of the fees provided in Schedule I and Schedule II, as provided in 61-10-201 and 61-10-202, on concrete mixer trucks, concrete mixer trailers, and concrete mixer semitrailers used exclusively for hauling ready-mix or ready-to-pour concrete and truck tractors used exclusively in hauling concrete mixer semitrailers.

History: En. 32-3304.1 by Sec. 2, Ch. 187, L. 1969; amd. Sec. 1, Ch. 102, L. 1971; R.C.M. 1947, 32-3304.1.

61-10-206. Special fees — certain farm vehicles. Except for motortrucks owned and operated by cooperative associations or cooperative marketing associations, there shall be paid and collected annually a fee equal to 16% of the fees provided in Schedule I and Schedule II above on motortrucks, trailers, and semitrailers owned and operated by ranchers or farmers in the transportation of their own ranch, farm, orchard, or dairy products from point of production to market, or of supplies, commodities, or equipment to be used on the ranch, farm, orchard, or dairy, or in the infrequent or seasonal transportation by one farmer for another for any purpose other than commercial hire of products of the farm, orchard, or dairy, or of supplies or commodities to be used on the farm, orchard, or dairy, and on one truck tractor and lowboy trailer used by contractors engaged exclusively in soil conservation work and land leveling activities that result in direct benefit to agriculture. However, the minimum fee so paid shall be \$6. The terms "trailers and semitrailers" as used herein shall not include farm wagons.

History: En. Sec. 6-206, Ch. 197, L. 1965; amd. Sec. 1, Ch. 143, L. 1967; amd. Sec. 6, Ch. 2, Ex. L. 1967; R.C.M. 1947, 32-3306.

61-10-207. Special fees — buses. There shall be paid and collected annually for each bus or auto stage with the exception of school buses a fee of \$7 per seat, exclusive of the first seven seats and the operator, for the maximum adult seating capacity thereof, except that motor vehicles which are regularly used to haul freight and passengers shall be taxed upon the basis of the gross weight schedule established in 61-10-201. School buses shall not be exempt if they enter charter service.

History: En. Sec. 6-207, Ch. 197, L. 1965; R.C.M. 1947, 32-3307.

61-10-208. Special fees — housetrailer. In addition to other fees for the licensing of vehicles, there shall be paid and collected annually for each housetrailer, based upon overall length of body as set by the licensee in his application, except as otherwise provided, a fee equal to 75 cents for each foot of overall trailer body length exclusive of bumpers and hitch.

History: En. Sec. 6-205, Ch. 197, L. 1965; amd. Sec. 5, Ch. 2, Ex. L. 1967; R.C.M. 1947, 32-3305.

61-3-521. Fee in lieu of tax for certain vehicles. (1) There is a fee in lieu of property tax imposed on motor homes, travel trailers, and campers. The fee is in addition to annual registration fees.

(2) The fee imposed by subsection (1) need not be paid by a dealer for vehicles that constitute inventory of the dealership.

History: En. Sec. 1, Ch. 712, L. 1979.

Compiler's Comments

Applicability. Sec. 31, Ch. 712, L. 1979, provided: "This act applies to motor homes, travel trailers, campers, and snowmobiles registered during and after 1980."

Incorporation into existing law. This section, 61-3-522, and 61-3-523, were enacted without

any codification instructions. The apparent intent of the Legislature was that they become part of Title 61, chapter 3, and the Code Commissioner has codified them accordingly. This arrangement may affect other sections in Chapter 3, including 61-3-601 and 61-3-602. See 1-11-103(4).

61-3-522. Schedule of fees for motor homes. (1) The owner of a motor home shall pay a fee based on the age of the motor home according to the following schedule:

| | |
|---|-------|
| less than 2 years old | \$200 |
| 2 years old and less than 3 years old | 180 |
| 3 years old and less than 4 years old | 145 |
| 4 years old and less than 5 years old | 100 |
| 5 years old and less than 6 years old | 75 |
| 6 years old and less than 7 years old | 50 |
| 7 years old and less than 8 years old | 25 |
| 8 years old and older | 15 |

(2) The age of a motor home is determined by subtracting the manufacturer's designated model year from the current calendar year.

History: En. Sec. 2, Ch. 712, L. 1979.

61-3-523. Schedule of fees for travel trailers and campers. (1) The fee imposed by 61-3-521 on a travel trailer less than 3 years old is \$40. In all other cases the fee is \$15.

(2) The fee imposed by 61-3-521 on a camper less than 3 years old is \$35. In all other cases the fee is \$15.

(3) The age of a travel trailer or camper is determined by subtracting the manufacturer's designated model year from the current calendar year.

History: En. Sec. 3, Ch. 712, L. 1979.

HOUSE COMMITTEE

WILL

Date _____

SPONSOR

| NAME | RESIDENCE | REPRESENTING | SUPPORT | OPPOSE |
|----------------------|----------------------|---|---------|---------|
| Elsie E. Mortman | Gallatin Gateway, MT | D.A.V. Chap. American Legion, Big Horn | H.B. 34 | Sec. C. |
| Paul J. Lane Sr. | Gallatin Gateway | Chapter 12 D.A.V. | H.B. 34 | Sec. C. |
| Janet McClure | Lolo, Mont. | D.A.V. aux Chapter 12 | H.B. 34 | Sec. C. |
| Istella Wilkie | Bozeman Mont | D.A.V. Lady | H.B. 34 | Sec. C. |
| Rae Wilkie | Bozeman | D.A.V. | H.B. 34 | Sec. C. |
| Ken E. Clark | Helena | D.A.V. | H.B. 34 | Sec. C. |
| Ken Clark | Lolo mt. | D.A.V. LEIGION | H.B. 34 | SEC/C |
| FRANK Lewis | Mission Mt | D.A.V. | | |
| Dr L.W. Edens | Helena, Mont | D.A.V. | H.B. 34 | Sec(C) |
| Fred O.J. MacKintosh | HELENA, MT. | DAV, | NB-34 | SECT'C |

IF YOU CARE TO WRITE COMMENTS, ASK SECRETARY FOR LONGER FORM.

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

NAME FRANK LEWIS Bill No. 34
ADDRESS 3312 PARK ST, MISSOULA MT DATE 1/8/81
WHOM DO YOU REPRESENT D.A.V.
SUPPORT _____ OPPOSE _____ AMEND ☒

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

I feel that section dealing with limits of income should be deleted. There are some D.A.V.'s who have an income larger than this and it would be unfair to them.

Many women earn in excess of 18,000.00 per year. (Mine earns less than ~~3~~ that amount)

I believe this tax exemption should be for all 100% rated disabled Vets.

Frank Lewis

1/8/81 TAX.

NAME Gerald T. McEntyre Bill No. HB-34
ADDRESS 209 Strand, Mississippi DATE 1/8/81
WHOM DO YOU REPRESENT Disabled American Veterans
SUPPORT OPPOSE AMEND Yes

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

1

Sr. Vice Cmdr, Dept of Mont.

1/8/81 FAX.

NAME MAC KINTOSH, FRED. J. Bill No. H13-34

ADDRESS 6390 BIRDSEYE ROAD, HELENA, MT. DATE _____

WHOM DO YOU REPRESENT DISABLED AMERICAN VETERANS / MILITARY ORDER OF THE AMERICAN LEGION

SUPPORT L OPPOSE _____ AMEND DELETION ON SUBSECTION "C"

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

WE, AS MEMBERS OF THE DISABLED AMERICAN VETERANS
APPROVE OF YOUR HOUSE BILL #34 ONLY, WITH THE DELETION
OF SUBSECTION # "C", (LINES #21 THROUGH & INCLUDING #24)-

WE DO NOT SEE, NOR UNDERSTAND WHY WE SHOULD BE PENTALIZED
AND/OR DISCRIMINATED AGAINST DUE TO OUR WIFE'S WANTING
TO ASSIST US IN GAINING EMPLOYMENT ALONG WITH THEIR
MANY DUTIES AT HOME.

THIS ORIGINAL LAW WAS ENACTED BY THE 42ND SESSION
OF THE LEGISLATION ASSEMBLY ON THE 15TH OF MARCH 1971
AND AT THE SAME TIME NO MAXIMUM TOTAL INCOME OR PROPERTY
VALUE ON WHAT WE OWN PRIOR TO OUR RISING OF 100%
WHEN WE WORKED, SHOULDN'T WE TOO, HAVE THE RIGHT OF TRYING
TO BETTER OURSELVES, TRULY, YOU KNOW THAT WE DID NOT WANT
OR TRIED TO BE INJURED OR WOUNDED.

THIS BILL WAS TO HONOR THOSE VETERANS WITH HONORABLE
THOSE VETERANS WITH HONORABLE SERVICE & HAVE BEEN DETERMINED
100% SERVICE CONNECTED.

SO, PLEASE DELETE ONLY PREVIOUS SECTION # "C" AS STATED.

DEPARTMENT OF REVENUE LEGISLATION

| Legislative Council Number | Sponsor | Description |
|-------------------------------|------------------|--|
| 197 | Bob Brown | Provides 90-day period to protest state taxes |
| 204 | Jim Burnett | Revises fee schedule for all-beverage licenses for veterans' organizations |
| 328 | | Revises liquor licensing law with respect to corporate licensees |
| 206 | | Provides for penalty and interest for failure to pay table wine tax or file report |
| 266 | Roger Elliot | Provides for automatic 6-month extension for personal tax returns |
| 210 | | Revises and clarifies employer withholding laws |
| 763 | Herb Huennekens | Five year statute of limitations with retroactive application |
| 327 | | Revises and clarifies procedures for issuance and execution of warrants for distraint |
| 260 | Frank Hazelbaker | Establishes temporary cash compliance bond for special fuel users |
| 261 | Bob Brown | Simplifies various reporting require- ments for various taxes administered by the Miscellaneous Tax Division |
| 331 | Frank Hazelbaker | Provides for civil and criminal actions with respect to false claims to public agencies |

| Legislative Council Number | Sponsor | Description |
|-------------------------------|-----------------|---|
| 336 | | Provides for using value as of January 1, for determining market value for motor vehicles subject to staggered registration |
| 332 | Bob Sivertsen | Includes Section 331 or Section 337, Internal Revenue Code (I.R.C.), gain in corporate income for Montana tax purposes if any stockholder is not subject to Montana tax authority |
| 254 | Herb Huennekins | Adds D.O.R. to list of requestor agencies in 40-5-113, MCA, relating to URESA |
| 256 | Herb Huennekins | Eliminates time constraints on parent-child relationship determinations in 40-6-108, MCA. |
| 253 | Herb Huennekins | Clarifies laws pertaining to administrative enforcement of child support |
| 257 | Herb Huennekins | Provides 5-year statute of limitations for collection of debts arising from payment of public assistance |
| 265 | Tom Asay | Provides for compliance with 4R Act with respect to valuation of railroad property |
| 333 | Bob Brown | Amends 15-2-303, MCA, to require service of notice of appeal on D.O.R. in State Tax Appeal Board appeals |
| 762 | Dorothy Eck | Raises the interest on delinquent Income tax from 9% to 15% (12% to 18% on purposeful and knowing violations and 15% for illegal medicaid payments) |
| 761 | Dorothy Eck | Raises the interest on delinquent corporate tax from 9% to 15% |

1/8/81

The Big Sky Country



MONTANA STATE HOUSE OF REPRESENTATIVES

Ken Nordtvedt
118 Sourdough Ridge
Bozeman, MT 59715

Committees:
Taxation, Chairman
Natural Resources

Dear Mr. Speaker:

The House Taxation Committee would like to request that a fiscal note be prepared on the following bill(s):
HOUSE BILLS 17 and 34.

The House Taxation Committee would further like to request that in considering the fiscal note, the following considerations be taken into account:
Please prepare figures for HB 34 reflecting estimated costs both with and without the proposed changes in Section 1, Subsections (1) (C) and (2) (C).

Ken Nordtvedt, Chairman

1/8/81
Date

STANDING COMMITTEE REPORT

January 15, 1961

MR. SPEAKER:

TAXATION

We, your committee on

having had under consideration House Bill No. 17

A BILL FOR AN ACT ENTITLED: "AN ACT TO PROVIDE THAT THE SAME INTEREST RATE APPLY TO OVERPAYMENT REFUNDS AS TO DELINQUENT TAX DUE FOR THE INCOME AND CORPORATION TAX; AMENDING SECTIONS 15-36-149 AND 15-31-531, MCA."

Respectfully report as follows: That House Bill No. 17

introduced (white), be amended as follows:

1. Page 2, line 23.
Following: "for,"
Strike: "effective with taxable years ending on or after December 31, 1962,"
2. Page 2, line 25.
Following: "the"
Insert: "same"
Following: "rate"
Strike: "of 6 9% per annum"
Insert: "as is charged on delinquent taxes due"
3. Page 4, line 12.
Following: "the"
Insert: "same"
Following: "rate"
Strike: "of 6 9% per annum"
Insert: "as is charged on delinquent taxes due"

AS AMENDED DO PASS

STANDING COMMITTEE REPORT

January 15 1981

MR. SPEAKER:

We, your committee on TAXATION

having had under consideration House Bill No. 34

A BILL FOR AN ACT ENTITLED: "AN ACT TO REVISE THE INCOME LIMITATIONS APPLICABLE TO PROPERTY TAX EXEMPTION FOR 100% DISABLED VETERANS; AMENDING SECTION 15-6-211, MCA; AND PROVIDING A RETROACTIVE APPLICABILITY DATE."

Respectfully report as follows: That House Bill No. 34, introduced (white), be amended as follows:

1. Title, line 7.
Following: "PROVIDING"
Strike: "A RETROACTIVE"
Insert: "AN"
2. Page 2, line 8.
Following: "2."
Strike: "Retroactive applicability"
Insert: "Applicability"
3. Page 2, line 10.
Following: "31,"
Strike: "1978"
Insert: "1980"

AS AMENDED

DO PASS

STANDING COMMITTEE REPORT

January 9, 1981

SPEAKER:

MR.

TAXATION

We, your committee on

having had under consideration House Bill No. 47

A BILL FOR AN ACT ENTITLED: "AN ACT TO CLARIFY THE FEES APPLICABLE TO CERTAIN VEHICLES; AMENDING SECTION 61-3-521, MCA."

Respectfully report as follows: That House Bill No. 47

~~DO PASS~~