

MINUTES OF THE HOUSE TAXATION COMMITTEE MEETING  
February 11, 1981

A meeting of the House Taxation Committee was held on Wednesday, February 11, 1981 at 8:00 a.m. in Room 102 of the State Capitol. With Vice Chairman Rep. Bob Sivertsen presiding, all members were present except Rep. Brand, who was excused. Chairman Nordtvedt was excused for the first part of the meeting. HOUSE BILLS 512, 528, 525, and 579 were heard and EXECUTIVE ACTION was taken on HOUSE BILLS 92, 155, 126, 539, 427, 354, 525 and 549.

The first bill to be heard was HOUSE BILL 525, sponsored by Rep. Bob Ellerd. He said that this bill was directed at the only State Airport Montana has, located in West Yellowstone.

Mr. Ron Dent, Montana Aeronautics Division, then rose in support of the bill. The taxes on the airline are collected by virtue of the airline doing business in the State and the revenue goes to each county the airline does business with. Because of the West Yellowstone's State airport status, they have no outside funding other than what they generate themselves; they get no taxpayer assistance. This money should be put in the earmarked account to be returned to them. He stressed the importance of the airport. If the market is unprofitable, airlines will pull out and if the airport doesn't get help some airlines might pull out. Revenue gained to the airport might be \$3,000 - \$4,000 under this bill. It would be used for any future capital development and also to help keep costs down for the airlines.

There were no OPPONENTS to HB 525. Questions were asked. It was explained that passage of this bill would have a slight effect on the County's budget. Rep. Ellerd stated, however, that the Gallatin County Assessor and Commissioner had no objections to the bill. It was explained that the airport got its operating funds from landing fees; also, they can borrow money from the Aeronautics Division at 5%.

Rep. Williams wanted to know why it had been necessary to make the airport a State airport. Rep. Ellerd said that they had offered to sell it to the County, but no one would buy it. Mr. Dent explained that the airport had originally been set up to provide access to the Park. He stated that the total operating budget is about \$50,000 per year. They collect 3 1/2 months of revenue but have to pay 12 months of maintenance.

Rep. Roth wanted to know what revenue to the airport would be under the bill. Mr. Dent said that computation of the fee is very complex, and in addition they have a new airline in, so all they do know is that it will be less than \$8,000, and will probably be about \$4,000. No matter how slight the increase, it will definitely be of benefit to them. If the airport was owned by the County, there would be a two-mill levy, which the County is now paying to the Bozeman County airport.

Rep. Ellerd then closed, and the hearing on HOUSE BILL 525 was closed.

HOUSE BILL 512, sponsored by Rep. John Shontz was then heard. This bill was drawn up to help make more dollars available for alcoholism treatment, rehabilitation, and prevention. This would increase the tax from 10% to 12%. He feels the Fiscal Note is in great error, and would appreciate the Committee's indulgence in having another Fiscal Note prepared.

Rep. Switzer stated that he had had a discussion with Rep. Shontz, and moved that the bill be TABLED. Rep. Sivertsen explained that the bill would be heard at any rate.

Dick Baumberger, Alcoholism Program of Montana, then rose in support of the bill. Four years ago a bill was passed to provide funding for alcoholism, but since then appropriations have taken about half the revenue generated to support other programs. As a result the programs that were the intent of the Legislature to be funded are coming up short. Right now, local programs are either going to start closing their doors or find additional or alternative funding.

Don Larson, Montana Tavern Association, then rose in OPPOSITION TO the bill. Four years ago this program was presented and the Legislature was told that if the bill passed, this would be all they would request. Two years ago the Director of the Alcoholism Program said the funds from the present tax were more than adequate to carry on and there was no need for a tax increase. He suggested that this bill might be being used to treat hard drug addicts instead of alcoholics. Passage of this bill will put Montana in a noncompetitive position with neighboring States. A 20% increase in the base cost of their product has occurred since 1979. He suggested that the reason for the introduction of this bill might be an anticipation of the curtailment of federal funds.

Bob Durkee, also representing the Montana Tavern Association, then rose in opposition to the measure. He is opposed to the increase in the tax although they realize some adjustment is going to be made to the bill. If the need for more funding is so great, he wondered why the bill didn't earmark the money for alcoholism. A program audit of the Alcoholism Program was conducted and he suggested that the Committee look at it. He feels some of the questions asked in the audit have not been answered yet. He also suggested that the Committee review the Fiscal Analyst's findings, on the Alcohol and Drug Abuse Division. If federal funding is cut off almost \$2 million in revenue will be lost. He wanted to know if the State was going to pick up the difference if the Programs were going to be curtailed. He suggested that the \$400,000 surplus in the General Fund be earmarked for alcoholism. Right now, only \$200,000 comes out of the General Fund and the tax is more than \$3 million, so the balance is off already.

Questions were then asked. Rep. Vinger wanted to know why there were so many Halfway Houses in Montana. There were 40 and over the next 2 - 3 years, this would go down to 26 or 27, he was told. Rep. Vinger wanted to know why Montana didn't concentrate on one main center.

Mr. Baumberger pointed out that North Dakota had several main centers.

Rep. Dozier told Mr. Baumberger that several counties had wanted Galen to take care of their own funding, and that is why the fund was re-allocated. Mr. Baumberger said he didn't think there were any dishonest situations; Galen has increased their beds 20 - 25%. Rep. Dozier wanted to know about the fact that the Counties don't want to take care of these people and want them to go to Galen. He submitted that he had problems with what was going on within the Program. Mr. Baumberger stated that he felt the "track record" of the local programs has been very good. He pointed out that earmarked monies get appropriated out to a number of sources, some of them which have been traditionally funded out of the General Fund.

In response to questioning from Rep. Zabrocki regarding the success rate of the alcoholism program, Mr. Baumberger stated that they probably had in over two years or less a 50% recovery rate. He feels the State is getting excellent results for the amount of money the Program is getting. He pointed out the reformed alcoholic then becomes an economic asset to the Community.

Rep. Shontz then explained where he thought the Fiscal note was in error. This bill intends to address the local level of counseling services. The 20% increase shown in the Fiscal Note was supposed to be for funding at the local level, not for the entire budget. If the bill is not correct in this respect, then it should not be passed, he added.

Rep. Hart commented that in her area, there has been a great deal of impact from people coming into the area and increasing the alcoholism problem. A survey was done and many services have had to increase their budgets drastically, and these people should get some funding to help take care of this impact.

Rep. Switzer then brought up the Outreach Program. Rep. Shontz said that the intent of the original law was to attack the problem on the High school level, but right now they are only taking care of emergency problems. Rep. Williams said he realized there had been a difficult problem financing the Outreach Program. He suggested that rather than increasing the tax, maybe the present division of funds collected under the Program could be changed. The sponsor expressed no objection to this idea. Rep. Williams solicited Mr. Baumberger's opinion regarding amending the law to better fund the Outreach Program. He replied that he believed this would be possible, and they didn't care where the assistance came from so long as they could get some.

Rep. Hart wondered if, provided the money that was supposed to be going to the programs could be directed back to them, a tax increase would even be necessary.

Rep. Asay asked Mr. Baumberger if he felt the earmarked funding

approach was a better one than the appropriation approach. He answered that the earmarked route would probably be the most expedient way to approach the problem.

Rep. Hart then introduced Mr. Jack Pollari, District II Alcohol and Drug Program, and he stated that in his area, there was a crisis situation because of the oil impact and unless there is some additional funding, large cutbacks will have to be made. He expressed support of a 12% tax as a means of generating additional revenue. He stressed that all of the programs were in the same predicament as his.

Rep. Zabrocki wanted to know if the citizen had to pay a charge for treatment. Mr. Pollari replied that every Program in Montana was now charging for their services.

Doug Austin, District III Alcohol and Drug Program was then granted permission to testify on the bill. He rose in support of the bill, pointing out that the liquor tax was meant to go home to the local governments. This tax will raise prices a "shot of booze," or 1/2¢, and that is not much. The liquor industry made a \$13 million profit which went into the General Fund, and therefore he cannot see any reason why someone would oppose a 2% increase in the liquor tax. He submitted that alcoholism pays for alcoholism, and they are not trying to get into anyone else's funding.

Rep. Shontz then closed. (1) this is the one case where the industry is paying the full tax for the programs and is, in an abstract sense, creating the problem also. The concern is to provide dollars at the local level. It is important to remember that liquor in Montana is no more expensive than in neighboring states. He doesn't believe that if the bill passed and the intent was correct, the additional cost would be that tremendous to the industry. The hearing on HB 512 was then closed.

HOUSE BILL 579, sponsored by Rep. John Vincent, was then heard. He stated that he believed there were some reasonable arguments against the bill, and added that he had submitted the bill on request. There is a relatively small tax on fire insurance premiums. The revenue is used in part to fund the State Fire Marshall's Office. The tax is now generating more money than is necessary to fund that office. Possibly the tax should be lowered. The method of reducing might have some technical problems. The excess revenue presently goes to the General Fund. The opposition to the bill feels the extra money should be used by the Fire Marshall for needed programs. Others are saying that the General Fund excess revenue helps fund related programs. He asked the Committee to consider the bill and look at both sides of the argument. He added that the fiscal impact would probably have very little effect on the consumer.

Jo Driscoll, Deputy Insurance Commissioner for Montana, explained the bill. The intent of the Fire Marshall's tax was to fund his office. In 1972 the tax generated \$27,000; and in 1980 it generated

\$342,000. She presented a chart showing how the taxes have been generated; see Exhibit "A." The Fire Marshall's Office is saying that they really do need this funding, but since they aren't getting the money, maybe the tax should be reduced. She felt there was the possibility that the Legislature could do something to help direct the monies to the Fire Marshall's Office. She submitted some articles concerning arson control; see Exhibit "B," and said that instead of reducing the tax, the money might go to arson control. If only what was needed was collected for the Fire Marshall's office, the figures would fluctuate each year on the tax, and this would create a problem.

Mike McGrath, Department of Justice, then rose in OPPOSITION to the bill. He suggested that there were other uses related to fire prevention, etc., other than the Fire Marshall's Office budget. The tax doesn't go to the Fire Marshall directly anyway. Assuming there is not an increase in insurance premiums in the coming year, 87% of the revenue will go to the Fire Marshall.

Questions were then asked. Rep. Dozier asked Mr. McGrath about the status of the State-wide Program instituted a few years ago on the reporting of fires. Mr. McGrath reported that this program had funding problems, and the program is continuing, but is struggling. He added that arson is the #1 increasing problem in Montana.

Rep. Vincent then closed. If the Committee believes there is an unfair tax burden and those dollars should be paid to the people paying the premiums, the bill should be passed. However, if the Committee thinks the money should go towards programs, then the bill should be killed. The hearing on HOUSE BILL 579 was then closed.

HOUSE BILL 528, sponsored by Rep. Jerry Metcalf, was then heard. This is a housekeeping bill, attempting to correct an oversight made two years ago. Since 1977, the Department of Revenue has collected a wine tax, and earmarked part of it. In 1979, when the wine initiative was passed, there were two sources of distributing wine; the law was amended so that the tax could be collected from the distributors. But they neglected to continue to have the Department of Revenue distribute the 20% tax through the General Fund. This bill puts it back so that both tax sources will give 16¢ to the General Fund and 4¢ to the earmarked programs. The Fiscal Note simply reflects a shuffling of funds. This bill provides that the tax from both sources will be distributed the same.

Mr. Dick Baumberger, Alcohol Program, rose in support of the bill. This would mean that funding that they were getting before the wine initiative would be channeled to them once more.

Jack Pollari then rose in support of the measure.

There were no questions. Rep. Vincent then closed. (1) This kind of a tax is probably the fairest form of a tax and the best use of a tax.

(2) There is no opposition from the Department of Revenue on the bill, and none from the Montana Tavern Association. The hearing on HOUSE BILL 528 was then closed.

Control of the meeting was relinquished to Chairman Nordtvedt, and the Committee went into EXECUTIVE SESSION.

The Chairman of the Subcommittee on HOUSE BILL 92, Rep. Asay, moved that the bill DO PASS. He submitted several amendments (see Exhibit "C") which had been suggested by the Attorney General's Office and the Department of Revenue. He also moved the amendments. He then explained the Statement of Intent for HB 92; see Exhibit "D." There was some concern that the language in the bill might be too loose, but upon examination of the subject, it became clear to the Subcommittee that the 4-R Act put a lid on what the Department of Revenue can assess. With a floating figure, the Department can make the adjustment and be in compliance with the 4-R Act, and take into consideration the valuation and also the tax rate. This bill does not address valuation, but leaves it free to take this into consideration.

Rep. Sivertsen stated that the railroad suggested an amendment that would fix the rate at 10%, and this amendment was rejected. This bill gives the Department of Revenue the latitude to meet the 4-R Act's mandate.

Rep. Asay stated that the Attorney General's Office intends to re-evaluate and reassess the property, but if the railroad amendments had been accepted, one avenue of rectifying the problem would be closed off. This bill has no effect on the current litigation, and hopefully the bill would help avoid future litigation.

Rep. Nordtvedt stated that, assuming there was a mutually agreed upon value for the railroad, the bill was giving the Department of Revenue the flexibility to convert the value into a proper tax in compliance with the 4-R Act, however, this bill doesn't diminish the possibility of lawsuits regarding the value of the railroad.

Rep. Harrington expressed reluctance to giving the Department of Revenue a "blank check."

Rep. Williams said he felt the bill was giving the Department the tools to be able to settle out of court, and added that he felt the Department had come up with the best approach available for solving the problem.

Rep. Switzer said that if anyone was given a "blank check," it was the State of Montana and not the railroads. The goal is to stop litigation because the brunt of this falls on the counties.

Rep. Sivertsen said the Committee should see what the Department planned to do, and if it is agreeable, the bill should be passed. If any Committee members would like to, he agreed to set up a meeting with

Mr. Don Hoffman from the Department of Revenue, and he would go over their plan again. He stressed that the State cannot continue to go on like it has, because Montana is presently not in compliance with the 4-R Act, and this precarious situation has to be gotten out of.

The question was then called for on the motion of DO PASS AS AMENDED. Motion carried with Reps. Harrington and Dozier opposed. A vote was then taken on the Statement of Intent, and the Statement was accepted unanimously.

Chairman Nordtvedt then moved that HOUSE BILL 455 be TABLED, since a Select Committee was working on this problem. Rep. Burnett seconded the motion; motion carried unanimously.

HOUSE BILL 126 was then considered. Rep. Burnett moved that HB 126 DO NOT PASS; motion carried unanimously.

HOUSE BILL 539 was considered. Discussion took place regarding possible additional criteria for appraisers. Rep. Bertelsen suggested that the bill might end up creating an avenue for more lawsuits and might create problems for everybody along the entire process.

Rep. Nordtvedt said that if there were simple enough criteria for a change in the tax, it might stop some persons from proceeding with the Tax Appeals Board, but he acknowledged Rep. Bertelsen's objections.

Rep. Roth brought up the possibility that this bill could be extended to include commercial property, which would cause problems.

Rep. Williams questioned whether this bill wouldn't actually interfere with the process of appealing to the Tax Appeals Board. Rep. Nordtvedt pointed out that the bill would take the Board's discretion away from them.

Rep. Asay pointed out that the bill could cause problems in areas experiencing sudden economic setbacks, such as Anaconda.

Rep. Burnett moved that HOUSE BILL 539 DO NOT PASS. Rep. Dozier rose in opposition to the motion. He behooved the Committee to give the Tax Appeals Board some guidelines. This bill would help them to equate whether a person was being overtaxed.

Rep. Nordtvedt said that his complaint with the tax appeals process was that the average citizen tended to overpay his or her taxes, and at present the system is much too complicated for the citizen to make sense of. Theoretically, this bill would enable the taxpayer to find out if he or she is being overtaxed or not. He feels the 5% rate in the bill is probably at the correct level.

Rep. Oberg also rose in opposition to the motion. This bill provides the people with a simple, easy method of determining whether they have a solid case or not.

Rep. Williams submitted that the bill interfered with due process.

Rep. Nordtvedt brought up the fact that some Tax Appeals Boards weren't consistent with their rulings, and this bill might improve that.

Rep. Sivertsen stressed that by passing this bill a system which is working and will improve in the future will be disturbed.

Rep. Nordtvedt stated that typically, 1/2 of the properties of a certain type were appraised either more than 30% higher than the average or lower than 30% below the average, so there was substantial variation in the appraisal process.

Discussion took place regarding whether or not the bill would actually cause much change, and whether or not people would take advantage of it.

The question was then called for on the motion of DO NOT PASS; motion carried 10 - 8; see roll call vote.

Rep. Burnett then moved that HOUSE BILL 427 DO NOT PASS. Discussion took place; motion carried unanimously.

Rep. Williams moved that HOUSE BILL 354 be TABLED. Rep. Burnett made a substitute motion of DO NOT PASS. Rep. Oberg rose in opposition to the substitute motion. He said he felt this bill should be considered together with the revenue-sharing option. Rep. Bertelsen spoke up in defense of the cities, because they had a lot of mandates from the State, and felt the bill should be kept available for consideration.

Rep. Roth rose in support of letting the cities take care of their own problems. Rep. Nordtvedt pointed out that property tax relief would help the cities. Rep. Neuman said he preferred leaving as many options as possible open for helping the cities.

Rep. Harrington pointed out that many of the cities' problems had been brought on by the economy, and also problems were often forced on them by the surrounding areas.

Rep. Sivertsen said that nothing had been mentioned in the bill that was even workable within the framework of State government, and rose in opposition to the bill.

Rep. Dozier agreed that there were some problems in the bill, but it had some merit; and it shouldn't be killed.

Rep. Roth stated that this bill would cause a fragmentation of the power to impose taxes, a very serious consideration.

Rep. Harp submitted that if this bill passed, it wouldn't stand up in court.



Rep. Nordtvedt said that one of his problems with local option taxes was that in his city of Bozeman, there was a sector of the voting public which was not permanent residents, and this could have an unfair influence on the vote outcome. He added that he favored local control, however.

Rep. Williams said that the cities had created a lot of their own problems, but the Legislature had created some of their problems, also. He pointed out that elsewhere in the nation similar programs were being used, and were workable if properly applied. In addition they brought control back to the local level.

Rep. Vinger said that if this bill passed, all of the options would have to be dropped except the motel tax, because of the opposition they would meet.

The question was called for on the substitute motion of DO NOT PASS; motion carried 11 - 7; see roll call vote.

Rep. Asay then moved that HOUSE BILL 525 DO PASS. Motion carried unanimously.

Rep. Williams moved that HOUSE BILL 549 DO NOT PASS. Discussion took place. The Federal Homestead exemption is \$7,500. Rep. Williams pointed out that the Federal statutes contained a large loophole in this exemption. This bill would also leave a fairly large loophole for people trying to claim bankruptcy.

Rep. Roth submitted that the bill might encourage bankruptcy, and this is a poor precedent.

Rep. Oberg said that this bill would enable people to take advantage of both the Federal and the State laws concerning bankruptcy.

Rep. Dozier called for the question. Motion carried with Rep. Dozier opposed.

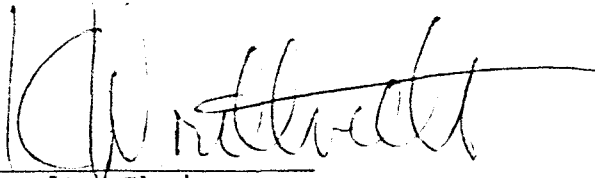
Rep. Harp then moved that HOUSE BILL 550 DO NOT PASS. Rep. Oberg rose in support of the bill. He pointed out that the State Constitution mandated that there be a liberal exemption.

Rep. Nordtvedt submitted that even a \$20,000 equity could be in a fairly expensive home in some instances. Rep. Underdal spoke up in favor of the mobile home inclusion in the bill. He submitted that the exemption amount could be amended back down to \$20,000. Rep. Roth suggested that on Page 2, line 15, the original language of 1/4 acre be gone back to. Rep. Oberg moved to include Rep. Roth's suggestion in his motion. Discussion then took place regarding whether the amendments would change the bill more than would be acceptable without a Committee bill. Rep. Sivertsen rose in support of the provision defining "family."

Rep. Neuman requested that action on the bill be postponed for one day in order to study the amendments. Rep. Harp withdrew his motion; Rep. Oberg withdrew his motion. There was agreement to postpone action on the bill for one day.

Rep. Sivertsen announced that the Fee Bill Subcommittee would be meeting upon adjournment of the Taxation Committee meeting of February 12.

The meeting adjourned at 10:30 a.m.

A handwritten signature in dark ink, appearing to read "Ken Nordtvedt", written over a horizontal line.

Rep. Ken Nordtvedt, Chairman

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## VISITORS' REGISTER

HOUSE

COMMITTEE

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Date 5/14/61

SPONSOR

[illegible]

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

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

NAME RON DENT BILL No. 525  
ADDRESS P.O. Box 306, West Yellowstone, MT DATE 2-11-81  
WHOM DO YOU REPRESENT MT. AERONAUTICS Div.  
SUPPORT X OPPOSE \_\_\_\_\_ AMEND \_\_\_\_\_

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

## VISITORS' REGISTER

HOUSE TESTS COMMITTEE

SPONSOR

Date 2/11/81

SPONSOR

[illegible]

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

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

NAME Miss Durr BILL No. HB 512  
ADDRESS HELENIA DATE 2/11  
WHOM DO YOU REPRESENT MONT TAVENR ALLEN  
SUPPORT \_\_\_\_\_ OPPOSE X AMEND \_\_\_\_\_

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

WILL LEAVE STATEMENT

NAME DOUG AUSTIN BILL No. 512  
ADDRESS 321 MAIN DATE \_\_\_\_\_  
WHOM DO YOU REPRESENT DISTILL ALKOHOL & DRUG PROGRAM  
SUPPORT yes OPPOSE \_\_\_\_\_ AMEND \_\_\_\_\_

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

NAME PHIL STREIT BILL No. HB 512-  
ADDRESS HELENA DATE 2-11-81  
WHOM DO YOU REPRESENT Mont TACERN ASS  
SUPPORT \_\_\_\_\_ OPPOSE X AMEND \_\_\_\_\_

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:



## VISITORS' REGISTER

HOUSE Texas

COMMITTEE

WILL

2576

Date 2/10/20

SPONSOR

11/16/81

[illegible]

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

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

NAME Josephine Kucial BILL No. HB 575  
ADDRESS Helena DATE 2-11-81  
WHOM DO YOU REPRESENT Montana Inc. Dept  
SUPPORT ✓ OPPOSE \_\_\_\_\_ AMEND \_\_\_\_\_

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments: Explanatory only

STATE OF MONTANA  
E. V. "Sonny" Osbolt  
State Auditor  
Commissioner of Insurance  
Helena, Montana


INSURANCE DEPARTMENT COLLECTIONS FOR FISCAL YEAR ENDING JUNE 30TH:

AGT., ETC., LIC.	AGT. FEES	CO. FEES	FIRE MARSHALL TAX	FIRE- MEN'S PENS. TAX	OTHER THAN LIFE PREMIUM TAX	LIFE & DISABILITY PREMIUM TAX	RETAIL- ATION TAX	HEALTH SER. CORP. FEES & TAX	TOTAL	# OF CO. AUTH. IN MT.	DEPT. OPER- ATING EXP.	% OF OPER. EXP. TO REVENUE
1962	\$101,165	\$ 48,302	\$ 27,512	\$	\$1,182,296	\$1,086,353	\$39,937	\$	\$ 2,485,565	563	N/A	N/A
1963	120,955	43,225	27,313		1,290,876	1,154,144	40,458		2,676,971	564	N/A	N/A
1964	91,153	59,897	27,818		1,331,861	1,303,426	40,083		2,854,238	582	\$ 69,168	2.4
1965	89,746	47,196	28,722		1,377,099	1,388,658	45,818		2,977,239	620	63,883	2.2
1966	90,004	55,246	29,881		1,480,737	1,460,357	50,828		3,167,053	648	75,429	2.4
1967	89,444	51,316	31,860		1,605,392	1,583,304	54,636		3,415,952	651	91,338	2.7
1968	91,092	56,418	29,972		1,643,372	1,643,098	53,555		3,517,507	707	93,021	2.6
1969	91,037	56,537	34,902		1,786,786	1,774,334	79,021		3,822,617	756	93,376	2.4
1970	99,760	253,806	60,952		2,239,370	2,245,201	26,611		4,931,700	805	104,101	2.3
1971	102,690	261,364	72,487		2,483,581	2,445,508	17,595		5,383,425	823	112,156	2.1
1972	106,524	267,131	129,231		2,921,201	2,665,545	26,119		6,115,751	842	137,565	2.3
1973	116,202	292,854	147,829		3,221,340	3,005,581	28,667		6,812,473	897	142,711	2.1
1974	126,619	301,538	158,521		3,519,525	3,222,842	37,878		7,366,923	945	239,480	3.3
1975	279,201	319,064	182,858		4,013,822	3,487,943	40,329		8,323,217	955	366,842	4.4
1976	274,750	309,253	191,153	381,684	4,591,501	3,690,125	44,835		9,483,281	969	338,409	3.6
1977	268,138	311,295	236,459	472,924	5,804,292	4,054,309	67,425	24,809	11,239,651	956	351,641	3.1
1978	344,201	324,678	274,848	549,670	6,541,861	4,513,215	84,519	23,330	12,656,322	985	400,108	3.2
1979	556,908	338,501	310,103	619,082	7,380,643	5,059,252	77,113	25,706	14,367,308	996	394,904	2.7
1980	417,868	336,024	342,138	684,276	8,049,699	5,232,148	88,253	26,686	15,177,033*	1018**	429,232	2.8
1981	417,868	336,024	342,138	684,276	8,049,699	5,232,148	88,253	26,686	15,177,033*	1018**	429,232	2.8

\*\*180% of 1962

1018 Actual Companies authorized at 6/30/80 (includes Health Service Corporations, Motor Clubs, Fraternal, Farm Mutuals, etc.)

5/11/81  
12



FEB 2 0 59 '81

# FULLY INVOLVED

FEDERAL EMERGENCY  
MANAGEMENT AGENCY  
U. S. Fire Administration

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Vol. II, no. 21

## NEW ARKANSAS GOVERNOR SUPPORTS OPERATION DIXIELAND

Operation Dixieland will continue in 1981 with the support of new Arkansas Governor Frank White.

On January 6, Gordon Vickery met in Little Rock with members of the USFA staff and a representative of Congressman Beryl Anthony's office to discuss the possibility of continuing Operation Dixieland with then Governor-elect Frank White. After the meeting, White issued this statement of support for the Dixieland Program:

"There are more fire deaths in Arkansas than there are in the vast majority of all other states. Our loss of lives, money and resources due to fire has reached epidemic proportions and has drawn national attention.

The U.S. Fire Administration, aware of our inordinately high fire death rate, started an innovative program to attack our fire losses. Operation Dixieland pledges extensive assistance to our state for the purpose of managing our severe fire problem. The program joins resources of the U.S. Fire Administration to the resources of the state of Arkansas for a comprehensive joint effort.

The commitment expressed by the U.S. Fire Administration and the avid support displayed by the Arkansas fire service, both paid and volunteer, has convinced me that the program, Operation Dixieland, will effect a decrease in the Arkansas fire loss."

With White's support, Operation Dixieland will deliver, on schedule, all USFA's programs to the state over the next three years.



## PUBLIC EDUCATION CAMPAIGN RESOURCES AVAILABLE

At the 1981 Conference, participants received a "Residential Resource Kit" containing valuable resources for use in residential fire safety public education campaigns. A limited number of these kits are still available through the USFA Communications Division.

The kits contain the following brochures: Warm Up to Wood Safety, Winter Fires, What You Should Know About Smoke Detectors, Would You Keep a Bomb in Your Basement?, excerpts from the National Estimates of Indirect Fire Costs, Fire Safety on Television for Preschoolers, Teaching Fire Safety Through Exhibits, and After the Fire: the First 24 Hours. In addition, the kit contains slide materials for producing a series of public service announcements.

Fire departments possessing a Residential Resource Kit will be equipped to develop a variety of public education campaigns. The written materials can be reproduced for distribution in the community, and color slides can be used to accompany short fire safety messages for television public service messages.

If you would like a Residential Resource Kit write: Residential Resource Kit, Communications Division, U.S. Fire Administration, Federal Emergency Management Agency, Washington, D.C. 20472. Supplies are limited, so file your request as soon as possible.

## USING NATIONAL FIRE DATA

In the fire department, fire data is used to identify the kinds of fire hazards that face the community. Through this information, the department is best able to make decisions as to where and how to utilize resources.

National fire statistics are used in a similar way. The USFA National Fire Data Center's Federal and Industrial Applications Division (F&IAD) evaluates the significance of fire statistics for Federal, state and local governments, industry, trade associations and other organizations requesting assistance.

Created in March of 1979, F&IAD has made significant contributions to fire safety. The following are a few examples of how F&IAD has made a dramatic impact on fire safety regulations, fire code development, the manufacturing of fire resistant products, and many other areas affecting the national level of fire safety.

### Federal Level

The Consumer Product Safety Commission requested that representatives from F&IAD present testimony on the flammability of upholstered furniture during their hearings on the need for regulations regarding such furniture. Concurrent with providing the testimony, the F&IAD submitted a paper on losses resulting from furniture fires.



F&IAD also assists in developing Federal legislation. In one instance, a Congressman was concerned about arson in places of worship. The information provided by F&IAD was used to back up a proposed bill making such arson a Federal crime. The report submitted by F&IAD was circulated among House Members to solicit support for the bill.

## State Level

The State of Kansas was conducting a performance audit of the enforcement of Life Safety Code requirements in housing for the aged and mentally handicapped. F&IAD provided statistics on boarding house and selected institutional property fires that helped the state compare and evaluate the effectiveness of their enforcement program.

## Industry

When E.I. DuPont de Nemours wanted to market a newly developed flame retardant interliner, they turned to F&IAD for help in identifying the potential markets for the new product. (An interliner is a material placed between an outer covering and the inner core of a mattress or a piece of upholstered furniture.) F&IAD analyzed data on mattress and upholstered furniture fires in selected occupancies, held discussions with DuPont to evaluate the properties of the new product, and then identified the most promising markets for it.

In little over a year, the F&IAD has established itself as an authoritative fire data evaluation center. The work they do promotes practical application of fire safety on a national level.

## USFA ASKS FOR LOCAL NEWS CLIPPINGS

The USFA would like local information on fires which result in 10 or more deaths. If such a fire occurs in your community, please send any local news clips to: Communications Division, U.S. Fire Administration, Federal Emergency Management Agency, Washington, D.C. 20472.

## NEW PUBLIC EDUCATION TOOLS TELL WHAT TO DO AFTER THE FIRE

After a fire, the average citizen turns to the local fire department and the insurance agency for advice on what must be done. Now, some essential information on what to do after a fire has been compiled in two new USFA publications: After the Fire: The First 24 hours, and After the Fire: Returning to Normal.

The first publication, After the Fire: The First 24 Hours, provides a checklist which outlines for the fire victim what must be done immediately after the fire. This short

**Fully Involved**  
Federal Emergency  
Management Agency  
John Macy, Director

U.S. Fire Administration  
Gordon Vickery, Administrator

Editor: Megan Carroll

A non-periodic publication of the  
U.S. Fire Administration

brochure covers such subjects as temporary housing, discarding burned items, the responsibilities of homeowners vs. the responsibilities of tenants, and important contact points.

The second publication, After the Fire: Returning to Normal, provides practical information on how to handle the problems which come up after one has experienced a fire. This 13-page booklet covers virtually every type of problem the fire victim may encounter. It discusses insurance considerations; methods of valuating property, methods to adjust the cost; ways to inventory the damage, replacement of documents and records, procedures for handling personal injury, estimation of the total cost of the fire, and finally, hints on how to salvage special items.

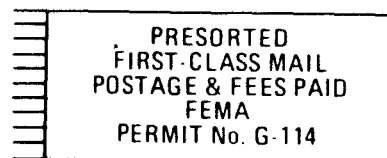
To obtain copies of these two informative publications for fire victims in your community, write The Communications Division, U.S. Fire Administration, Federal Emergency Management Agency, Washington, D.C. 20472.

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February 6, 1981

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## ARSON: A COMMUNITY AFFAIR

A siren pierces the silence of night. The pungent odor of smoke engulfs your senses.

You awaken to find your home in flames.

It's bad enough to have to suffer the injuries -- mental, physical, economical -- of fire. But, often greater is the insult of learning that your home -- and you -- have been victims of arson. Whether it's revenge arson or arson-for-profit really doesn't matter because you've lost your home and possessions to a fire you didn't start. Something should be done.

Each year suspicious fires cause approximately \$3 billion worth of damage. Arson is growing an alarming 25 percent a year and is reaching epidemic proportions in many areas in this country, according to an Allstate Insurance Company spokesperson. Some arson is for profit -- someone stands to benefit more from the death of a building than from its existence. But the majority of arson fires are set by juveniles or for revenge.

According to the Allstate spokesperson, arson is a difficult crime to detect and prove. The fire usually destroys or obscures much of the evidence. Of the approximately 250,000 suspicious fires each year, only 9 percent of the arsonists are arrested. Only 2 percent are convicted.

The insurance industry has a significant stake in the arson problem because one of every three homeowner and fire insurance premium dollars goes to pay for arson and related losses, according to the Allstate spokesperson. Several insurance industry task forces and committees have been formed to investigate the scope of the problem, to encourage industry cooperation in finding a solution and to make recommendations that would

- more -

**Allstate**



help either prevent or reduce arson. Many of these task forces and committees also aim to educate those affected by the arson problem, including community groups, police and fire personnel and local legislative agencies. One such industry task force is the Insurance Committee for Arson Control.

Another insurance industry organization, the Property Insurance Loss Register (PILR) aids in the detection of arson-for-profit. PILR is a computerized loss history data bank of fire and explosion losses. The PILR program assists insurance company claim personnel to determine if further investigation of a fire loss is necessary. The program discloses the loss history of the insured, the property and the former address of the insured. It also discloses if there is more than one insurance policy on the property. This information helps the claim adjuster determine if an insured or building has a history of fire losses. The PILR program has more than 484 subscribing insurance companies. This represents over 90 percent of all the fire insurance written in the country. The program helps prevent the payment of duplicate claims and provides law enforcement agencies with leads to prosecute arsonists.

Several cities across the nation are instituting arson early warning systems. Cities such as New Haven, Conn., Seattle, and Chicago, are looking at the characteristics of buildings that burn down. The designers of these early warning programs, such as Computerized Arson Prevention System (CAPS) in Chicago, feel it is possible to predict arson-for-profit and take preventive action. Early warning systems examine the stability of buildings by looking at property tax delinquencies, code violations, fire histories, vacancy rates, property transfers, insurance history and other information and compare this information to other buildings that have burned down. These programs encourage community and insurance industry support and participation.

The insurance industry actively supports laws and regulations that make it easier to work with enforcement agencies on arson and harsher penalties for arson. Immunity laws facilitate cooperation between insurance companies and law enforcement agencies

by granting insurance companies immunity from lawsuits when they provide information on insureds and suspicious claims.

While most insurance companies work with law enforcement agencies investigating arson, if there are no immunity laws in a state, the insurance company is open to suit from the insured. While immunity laws are effective in 40 states, industry organizations are attempting to get them passed in the remaining states.

Additionally, the insurance industry was a major supporter of the temporary classification of arson as a "Part 1" federal crime of the FBI's Uniform Crime Reports. Classifying arson as "Part 1" crime recognizes the depth of the problem and brings federal attention to it. Without federal attention there are few verified statistics on arson. Additionally, this attention is the first step to implementing federal penalties for convicted arsonists. A bill is underway in Congress trying to make arson permanent a "Part 1" federal crime.

Most major insurance companies have staffs of people working on the problem of arson. Primarily, these departments are working with law enforcement, citizens groups and legislative agencies to help educate the public on the scope of the problem and prevent it.

Arson is a problem that affects society as a whole. It costs lives and property damage and contributes to the downfall of our cities. The arson problem must be dealt with not only by insurance companies but also by community residents, law enforcement agencies and legislative bodies. The problem will only be solved when all parties cooperate together.

# # #

## VISITORS' REGISTER

HOUSE

COMMITTEE

WILL

HL 528

Date

SPONSOR

1784

[illegible]

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

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Proposed Amendments to HB 92  
Introduced copy

1. Title, line 11.  
Following: "MCA"  
Insert: "; PROVIDING AN APPLICABILITY DATE;  
AND PROVIDING AN IMMEDIATE EFFECTIVE  
DATE"
2. Page 3.  
Following: line 5  
Insert: "Section 3. Effective date - applicability. This act  
is effective on passage and approval and  
applies to tax years beginning after December  
31, 1980."

## Statement of Intent

### House Bill 92

The intent of this bill is to allow the department to comply with the federal Railroad Revitalization and Regulatory Reform Act of 1976, as amended. This act places restrictions on the property taxation of railroads by state and local governments. Basically, the local taxing jurisdictions may not tax railroads at a higher tax rate than that levied on commercial and industrial property in general (49 USC §11503). This bill provides a mechanism to the department of revenue to adjust the percentage multiplier for converting market value to taxable value for railroad property. It is intended that the department may adjust the multiplier, if necessary, to achieve compliance with the federal requirements.

In making the adjustment the department may take into account both:

- (1) differing percentages, as provided by statute, between various classes of property; and
- (2) differences in the determination of market value between commercial and industrial property on one hand and railroad property on the other, if any such differences exist.

The language chosen is selected to afford the department reasonable latitude in developing a method of adjusting the multiplier.

# STANDING COMMITTEE REPORT

FEBRUARY 14 1934

MR. SPEAKER

We, your committee on TAXATION

having had under consideration HOUSE Bill No. 512

A BILL FOR AN ACT ENTITLED: "AN ACT TO INCREASE THE LICENSE TAX ON LIQUOR SO THAT, AMONG OTHER RESULTS, THE AMOUNT OF REVENUE AVAILABLE TO THE DEPARTMENT OF INSTITUTIONS FOR THE TREATMENT, REHABILITATION, AND PREVENTION OF ALCOHOLISM IS INCREASED; AMENDING SECTION 16-1-404, MCA."

Respectfully report as follows: That HOUSE Bill No. 512

DO NOT PASS  
DO PASS

# STANDING COMMITTEE REPORT

FEBRUARY 12

19 81

MR. **SPEAKER**

We, your committee on **TAXATION**

having had under consideration **HOUSE** Bill No. **525**

A BILL FOR AN ACT ENTITLED: "AN ACT TO PROVIDE THAT 90 PERCENT OF THE PROPERTY TAX COLLECTED BY A COUNTY ON AIRLINE FLIGHT PROPERTY BY REASON OF A STATE AIRPORT BEING LOCATED IN THE COUNTY BE PAID TO THE STATE TREASURER TO BE DEPOSITED IN THE EARMARKED REVENUE FUND TO THE CREDIT OF THE DEPARTMENT OF COMMUNITY AFFAIRS FOR AERONAUTICAL PURPOSES; AMENDING SECTIONS 15-23-106, MCA."

Respectfully report as follows: That **HOUSE** Bill No. **525**

DO PASS

# STANDING COMMITTEE REPORT

FEBRUARY 14 1961

MR. SPEAKER

We, your committee on TAXATION

having had under consideration HOUSE Bill No. 528

A BILL FOR AN ACT ENTITLED: "AN ACT TO PROVIDE THAT A PORTION OF THE TAX IMPOSED ON TABLE WINE SOLD IN STATE LIQUOR STORES IS MADE AVAILABLE TO THE EARMARKED REVENUE ACCOUNT; AMENDING SECTION 16-1-411, MCA."

Respectfully report as follows: That TAXATION Bill No. 528

DO PASS



# STANDING COMMITTEE REPORT

FEBRUARY 14

19 91

MR. **SPEAKER**

We, your committee on **TAXATION**

having had under consideration **HOUSE** Bill No. **579**

**A BILL FOR AN ACT ENTITLED: "AN ACT TO PROVIDE A MEANS TO DETERMINE ANNUALLY THE AMOUNT OF THE TAX TO BE LEVIED AGAINST FIRE INSURANCE PREMIUMS FOR THE PURPOSE OF FUNDING THE STATE FIRE MARSHAL BUREAU; AMENDING SECTION 50-3-109, MCA."**

Respectfully report as follows: That **HOUSE** Bill No. **579**

**DO NOT PASS**  
**DO PASS**