

MINUTES OF THE MEETING
TAXATION COMMITTEE
MONTANA STATE SENATE

January 21, 1981

The ninth meeting of the Committee was called to order by temporary chairman, Sen. Bob Brown, at 8:00 a.m. in Room 415 of the State Capitol Building.

ROLL CALL: All members were present, except for Sen. McCallum who was excused.

CONSIDERATION OF SENATE BILL 42: Sponsoring Sen. Steve Brown presented the bill saying it was a very simple bill designed to deal with an apparent and obvious problem local governments are facing regarding the increasing number of people who are not paying their taxes on time. This bill would raise the 2/3 of 1% penalty charge to 1 percent per month. Sen. Brown said he was aware that Senators Eck and Van Valkenburg have similar bills which will be presented to the Committee. He suggested we have the hearing on the bill now and hold over on action until the other bills are in committee. He further stated he didn't think the opportunity to invest money at a higher rate was the only reason taxes weren't being collected; some people are waiting pending decisions from State Tax Appeals Board and others are short on money. Sen. Brown presented some figures prepared in March 1980 by the Montana Association of Counties showing that various counties have increases in delinquencies. Sen. Brown introduced Mike Stephen, executive director of Montana Association of Counties. Mr. Stephen said he would like to see a reasonable incentive offered for paying taxes. He felt the reasons tax monies were not coming in were: STAB orders, roll-back taxes, and lack of cash. He would like to see the 12% figure so that there is more incentive to pay taxes in a timely manner and then counties will have money for services.

There were no opponents so questions from the Committee were called for.

Senator Eck said her bill is being drafted and is tied to treasury interest rate. She wondered if, from county point of view, a new rate at the beginning of each year would cause problems. Mr. Stephen thought no.

Sen. Crippen said he empathized with counties as there are a lot of people who have used the low rates to get away with paying late, but suggested that the high property tax might be one reason and one way they can protest them.

Sen. Elliott asked if delinquency figures included taxes that are being protested and Sen. Brown said they were. In response to Sen. Severson's question about whether these are large or small taxpayers mostly, Sen. Brown said that a City of Helena spot check

revealed that many people who were not paying were those with whom there had never been a problem previously. He said he would check with them and have someone from the city come up to the committee.

Sen. Elliott requested Sen. Brown to get some figures and have delinquencies separated from protested tax monies and also would like to know how much in taxes is being written off.

Senator Eck said the suggestion in Gallatin County was that the larger developers were especially delinquent. She thought the developers have been up against it the last two years and that almost anything they don't have to pay immediately they aren't paying. She thought that rapidly-growing counties would face the same situation.

The hearing on Senate Bill 42 was closed.

CONSIDERATION OF SENATE BILL 85: Sen. Harold Dover, District 24, said this bill provides a means to raise money for beneficial purposes by raffles. Some charitable groups (i.e. Jaycees) try to help in the community and the raffle method has proved to be a lot of fun and involve many people. He said he was sponsoring this bill for his Lewistown Jaycee group who had held a successful raffle and then in applying for a license this year had found that it was illegal. The proceeds from the raffles can only be used for charitable purposes. He introduced the president of Lewistown Jaycees for more background.

Amos Anderson: In the summer of 1978 the hospital contacted us to see if we would donate \$10,000 for a blood gas machine. We bought it but were left short on funds, so we decided to hold a raffle and sell tickets--it was a complete success. Our prizes included a car and also \$100 cash prizes. Then, when they reapplied, they were told raffles were illegal so they drafted this amendment.

There were no other proponents, and no opponents, so committee was asked for questions or comments.

Sen. Steve Brown said it looked like safeguards needed to be built in so that non-profit organizations aren't being formed overnight. He thought they should apply for license and state what proceeds are going to be spent for or set up a non-profit corporation, and after the raffle file a complete accounting of proceeds distribution.

Senator Dover said he had no qualms about non-profit idea and thought there should be an accountability.

Sen. Towe said he saw it that the restrictions they were trying to eliminate were cash prizes and the thousand-dollar limitation. He guessed the \$1000 limit was the one you were faced with and asked about the cash.

Mr. Anderson said the cash prize was a spur-of-the-moment thing as they wanted to raise money in a hurry.

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Sen. Towe said his concern about non-profit is that the area most likely to be abused is the cash part. He said he would be inclined to support the bill for \$1000 limit, but not the \$100.

Senator Turnage said the problem is that the Supreme Court has seen its way clear to interpret our existing law to expand gambling. If you allow cash to get into anything, people will have a raffle machine at every checkout stand. He went on to say in 1947 the Legislature legalized slot machines and that they could be in non-profit social clubs. Every saloon in Montana was suddenly incorporated.

The hearing was closed on Senate Bill 85. It was decided to take it up again in executive session. The Chairman asked Cort Harrington to check with Jim Oppedahl and see about Sen. Thomas's amendments to his bill.


RECONSIDERATION OF SENATE BILL 17: Sen. Ellicott stated that section 4 referred to the period of time in which to protest, which reduced time from 90 days to 60 days. He suggested that be removed and changed back to 90 days, as he felt lots of cases are finally settled before a protest is filed within the last 30 days of the 90-day law.

Sen. Towe said on page 10 the time for appeal from a STAB decision is 30 days. There was a conflict between that and the 90 days for paying protested taxes. The idea was that it ought to be the same so we compromised to 60 days. Sen. Elliott thought that there would be no problem if mill levies were set if we extended the time because these are taxes that were assessed in July.

Sen. Healy requested his name be added as voting yes for the vote yesterday on adopting Dennis Burr's bill as a committee bill. This made the vote unanimous for adoption of the bill.

Sen. Steve Brown thought we should give Ellen Feaver SB 17 so we could begin getting fiscal ramifications.

The meeting was adjourned.


PAT M. GOODOVER, CHAIRMAN

ROLL CALL

TAXATION COMMITTEE

47th LEGISLATIVE SESSION - - 1981

Date Jan. 21, 1981

NAME	PRESENT	ABSENT	EXCUSED
Goodover, Pat M., Chairman	✓		
McCallum, George, Vice			✓
Brown, Bob	✓		
Brown, Steve	✓		
Crippen, Bruce D.	✓		
Eck, Dorothy	✓		
Elliott, Roger H.	✓		
Hager, Tom	✓		
Healy, John E. "Jack"	✓		
Manley, John E.	✓		
Norman, Bill	✓		
Ochsner, J. Donald	✓		
Severson, Elmer D.	✓		
Towe, Thomas E.	✓		

Each day attach to minutes.

DATE

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COMMITTEE ON

TAXATION

VISITORS' REGISTER

NAME	REPRESENTING	SENATE BILLS#	Check One			
			Support		Oppose	
Mike Stepherd	MT Assoc of Counties		42	85	42	85
Carol Felt	2.0		X			
Ann Anderson	Central Montana Jaycees	35		✓		
Heidi Varnes	Therapist K of C & H. J. 1st	85		✓		
Jan Brown	MT Assn of Churches	85				
Evelyn B. Joppa	Self			✓		
James Banks	County Treasurers Assoc.	42	✓			