

MINUTES OF THE MEETING  
TAXATION COMMITTEE  
MONTANA STATE SENATE

February 20, 1981

The 32nd meeting of the committee was called to order at 7:00 a.m. in Room 415 of the State Capitol Building, Chairman Pat Goodover presiding.

ROLL CALL: All members were present.

DISPOSITION OF SJR 10:

Sen. Norman moved that SJR 10 be given a DO PASS. The motion carried unanimously.

DISPOSITION OF SENATE JOINT RESOLUTION 23:

Sen. Towe moved that SJR 23 be given a DO PASS. The motion carried except for Sen. Crippen's dissenting vote.

DISPOSITION OF SENATE BILL 183:

Cort Harrington presented amendments to the committee for consideration. Sen. Towe moved the amendments be adopted; the vote was unanimously in favor of the motion. A motion was then made by Sen. Towe to give SB 183 a DO PASS, as amended. The motion carried unanimously.

DISPOSITION OF SENATE BILL 207:

After Sen. Crippen's comment for the record that he does not agree to using constitutional funds for impacts, Sen. Towe made a motion that SB 207 be given a DO PASS. The motion carried unanimously.

DISPOSITION OF SENATE BILL 208:

Sen. Towe made a motion that SB 208 be given a DO PASS. The motion carried by a 7-6 vote.

DISPOSITION OF SENATE BILL 192:

Sen. Elliott made a motion to amend the bill changing 20 years to 10 years. The motion for the amendment carried unanimously. Sen. Elliott then moved to give SB 192 a DO PASS, as amended. The motion carried unanimously.

DISPOSITION OF SENATE BILL 269:

Amendments to page 6 were moved and carried unanimously. Sen. Crippen moved an amendment to insert "or summons, whichever occurs first" in two places in the bill. That motion carried unanimously. Sen. Towe then moved the bill be given a DO PASS, as amended. The vote was unanimous, except for Sen. Elliott's dissenting vote.

CONSIDERATION AND DISPOSITION OF SENATE BILL 284:

Sen. Stimatz, District 43, said this bill was introduced to clear up a technicality existing between county law and aeronautics law to provide that the county may borrow up to \$10,000 without going to electors for a vote. Aeronautics law says you must go to the people. The act, "AN ACT TO CLARIFY WHEN A VOTE OF ELECTORS IS REQUIRED TO INCUR AN INDEBTEDNESS ON BEHALF OF A LOCAL GOVERNMENT FOR AIRPORT PURPOSES; AMENDING SECTION 67-10-402, MCA." attempts to cure the discrepancy.

Jerry Burroughs, Dept. of Aeronautics, said the limit would be \$40,000 and because the government (federal) will loan up to 90% for airports desiring improvements, this makes it possible to get \$400,000 from a federal grant.

Sen. Stimatz closed by saying this bill clears up language to take care of a conflict between general county statute and the multiple airport borrowing act and makes them read the same way.

Sen. Towe made a motion to give SB 284 a DO PASS. The motion carried unanimously.

CONSIDERATION OF TAX COMMITTEE BILL 483:

Ellen Feaver said the primary purpose of this bill is to stop the seemingly endless litigation caused by using two different manuals for assessing property. The Supreme Court has ruled commercial property was overassessed 35%, the DOR maintains that the 35% which STAB would have rolled back for all commercial property is without support in a class basis, but they accept that on an individual basis there will always be questions on assessments. However, in so ruling on the 35% cases STAB has invited litigation involving 3,400 cases and the Court has ordered STAB to deal with each case individually. She felt separating property classes should stop litigation.

PROPONENTS: Al Thelen, City Administrator in Billings; Bill Verwolf, Finance Director for City of Helena; Larry Herman, Mayor of Laurel; Dan Mizner, Director, Montana League of Cities and Towns; John Campbell, Business Manager, Helena School District; and Dennis Burr, Montana Taxpayers Association.

OPPONENTS: Sen. Tom Hager and Tom Harrison, Jr.

Sen. Norman said the select committee has considered this bill and is in general agreement that something has to be done, but the greatest difficulty is breaking residential and commercial properties into two classes.

Ellen Feaver said the problem is not the procedural one. If procedural problem is resolved, then we will be addressing 3,400 individual assessment questions. She said this bill will not help for 1978, 1979, and 1980, but would help the Dept. of Revenue go forward.

CONSIDERATION OF SENATE BILL 384:

"AN ACT AMENDING SECTION 15-31-141, MCA, TO GIVE AFFILIATED CORPORATIONS THE OPTION OF FILING CONSOLIDATED RETURNS AND TO PROVIDE AN APPLICATION CLAUSE AND AN IMMEDIATE EFFECTIVE DATE."

Sen. Hager introduced Clark Pyfer, CPA, who said the bill talks about the ability to treat Montana corporations who elect to file consolidated returns under federal law be allowed to do the same thing in the state. He felt the fiscal note was twice as high as it should be, and also that there was some question about how cities will be affected. He felt that to the extent that dividends are passed from a bank to a holding company the dividends are not taxed in the holding company. He emphasized that Montana corporations have a potential to create holding companies in other states not having the consolidation feature and Montana would lose the money. Mr. Pyfer introduced a letter from Mr. Ray Dore, Attachment #1. Mr. Dore supported the bill as it would make it simpler to administer in that the same rules would apply for consolidation or "combination filing" for the corporation license tax as for the federal income tax for domestic corporations. Mr. Dore felt that whenever the Dept. of Revenue interprets or administers the section of Montana law referring to the "multi-state compact" corporations, it interprets it to mean that practically all corporations must be consolidated. He felt this bill makes things equitable for all taxpayers.

Ron Haugan of Peat, Maronick and Mitchell, said he saw 3 issues to be considered: 1) equitable tax treatment to corporations domiciled in Montana, 2) allowing Montana tax to track more closely with IR law, and 3) help Montana corporations that have a competitive disadvantage.

The hearing was closed on Senate Bill 384.

CONSIDERATION OF SENATE BILL 476:

"AN ACT TO CREATE A MONTANA MUNICIPAL BOND BANK; TO AUTHORIZE THE BOND BANK TO LEND MONEY TO MUNICIPALITIES, SPECIAL IMPROVEMENT DISTRICTS, SPECIAL TAXING DISTRICTS, AND OTHER POLITICAL SUBDIVISIONS THROUGH THE PURCHASE BY THE BANK OF MUNICIPAL SECURITIES; TO AUTHORIZE THE BANK TO ISSUE BONDS AND NOTES IN ORDER TO FINANCE ITS LOANS; TO PERMIT THE BOARD OF INVESTMENTS TO PURCHASE THE BONDS OF THE BANK; TO REMOVE INTEREST RATE CEILINGS AND OTHER RESTRICTIONS FROM THE BONDS OF POLITICAL SUBDIVISIONS FOR PURPOSES OF THIS ACT; AMENDING SECTION 17-6-103, MCA."

Sen. Towe said the bond bank would be that an executive director would consult with a locality that wanted to issue a bond. The locality hires a bond counsel, an application is submitted to the bond bank, then there is a presentation to the board. Once they are accepted, they set the contract. If sufficient contracts are in effect, they then negotiate with an underwriter. They sell bonds and receive money when bonds are sold, and distribute the checks the same day bonds are sold. Issues average between 9 and 10 million dollars. Sen. Towe then took committee members through the provisions of the bill. He said he would not object to limiting it to smaller issues.

February 20, 1981

PROPOSERS: Jan Huntington; Dan Mizner, Owen Nelson, Montana Education Association.

OPPOSERS: Bruce Mackenzie, D. A. Davidson, had 4 reasons for the company's opposition: 1) At the present time issuing entities within Montana are being provided low interest rate money by various bond dealers. Montana had the third lowest average net interest cost of all 50 states and was well below the five states with bond banks. D. A. Davidson rates are in many cases equal to and often below what A-rated bonds sell for on the national market, even though many of these issues would not be A rated. 2) Operating expenses of the bank must be passed on to the local communities. 3) Because of the low number of small project issues in the state, it could take a substantial amount of time to collect sufficient issues before the Bank could issue the bonds. 4) Since the Bank would, in effect, be packaging all Montana's small issues into one large issue, the Bank favors the larger eastern bond firms and not regional firms that have serviced the area for a number of years.

Senator Goodover was opposed to getting the state into a bonding situation. The hearing was closed on Senate Bill 476.

CONSIDERATION OF SENATE BILL 423:

"AN ACT TO PROVIDE FOR CONSOLIDATED FINANCING OF MUNICIPAL IMPROVEMENTS THROUGH AUTHORIZATION OF THE BOARD OF INVESTMENTS TO ISSUE REVENUE BONDS AND TO LEND THE PROCEEDS THEREOF TO MUNICIPALITIES FOR AUTHORIZED PURPOSES."

Sen. Dover said the bill has a limit of \$100,000 for issue of any project by a city or town and a maximum of \$10 million dollars for all the local government's obligations. The purpose is to save paperwork and possibly interest payments to small entities for small amounts.

PROPOSERS: Dan Mizner, Executive Director, Montana League of Cities and Towns.

OPPOSERS: Bruce MacKenzie, D. A. Davidson, saw problems in that it is limited strictly to multiple education bonds. He felt it would take a long time to pull a bond fund to provide an issue to create some interest. He thought administrative costs would be duplicated as you would have to have all costs and information and then bond bank is added.

The hearing was closed on Senate Bill 423.

CONSIDERATION OF SENATE BILL 446:

"AN ACT TO CLARIFY THE PERSONAL PROPERTY AND MOBILE HOME TAX COLLECTION LAWS; AMENDING SECTIONS 7-21-2094, 15-17-901, 15-24-202, 15-24-203, AND 15-24-302, MCA; AND PROVIDING AN EFFECTIVE DATE."

February 20, 1981

Sen. B. Brown said this bill will revise the state law regarding collection of personal property taxes on mobile homes. The County Treasurer's offices want to simplify and clarify personal property language. The bill consolidates the law in one section because treasurers wonder what they can do in the area of delinquent taxes.

PROPOSERS: Joe Roberts, representing Montana CTA, felt whatever lends clarity to the procedure would be favorably received by treasurers in the counties.

Roberta Wolfe, Flathead County Treasurer, Attachment #3. She said the county treasurers are asking for specific law in collecting delinquencies on mobile homes and felt SB 446 provided a way for the county to keep track of mobile homes. She said the bill provides no legal transfer of ownership can be made without certification that taxes are paid meaning that a new owner will be aware of outstanding taxes at the time of purchase. SB 446 provides that a landowner shall notify the assessor or the DOR when a mobile home is moved on his land. It also provides for fees to reimburse the county general fund for expenses connected in collecting delinquent personal property taxes.

Fern Clark, Missoula County Treasurer, said when she came to work for the county she got a tax expert to work with her, also the county attorney and sheriff. The first month they collected \$52,000 and the next \$72,000.

Joe Gottfried, Toole County Commissioner.

Ed Sheehy, Jr., Montana Manufactured Housing Association, said he did not basically object but would offer some amendments that would give the same protections we have now under existing law. This bill would require dealer to have a permit to move a home at any time. We want to insert language so that the owner would not have to have a license to move the trailer. His amendments are attached as Attachment #4.

Ellen Feaver, said one of the provisions in the bill provides for collection of taxes for an offset of income tax income, and she would request that the social security number of the person involved be included.

Mae Jenkins, Yellowstone County Treasurer, said she was not in opposition to the bill but felt existing law allowed the treasurer to repossess or otherwise get the delinquent taxes in.

The hearing was closed on Senate Bill 446.

CONSIDERATION OF SENATE BILL 408:

"AN ACT TO PROVIDE THAT A DEALER REPOSSESSING A MOBILE HOME OR HOUSE-TRAILER NEED PAY ONLY THE CURRENT YEAR'S PROPERTY TAXES IN ORDER TO GET A STICKER ALLOWING HIM TO MOVE THE MOBILE HOME OR HOUSE-TRAILER; AND AMENDING SECTIONS 15-24-202, 15-24-206, AND 15-24-208, MCA."

February 20, 1981

Sen. Mike Anderson said this bill seeks to eliminate a difficulty dealers have when moving mobile homes to their lots. If personal property taxes have not been paid for many years on the mobile home, the dealer is forced to pay them to get his mobile home back. This bill would allow a dealer to receive a sticker by paying the current year's taxes.

PROPONENTS: Ed Sheehy, Jr., Montana Manufactured Housing Association; George Swords, executive director of Manufactured Housing Association; John Johnson, Mobile Home Dealer, Manufactured Housing Association; Jack Bowles, mobile home dealer; Missoula County Treasurer, Fern Hart; and Joe Roberts, County Treasurer's Association.

Sen. Elliott asked if the sales contract didn't require that taxes be paid. He was told that we're talking about installment sales, and that is outside the scope of sales agreement. The hearing was closed on this bill. It will go into a subcommittee composed of Senators Bob Brown, Steve Grown, Crippen, and Severson.

CONSIDERATION OF SENATE BILL 412:

"AN ACT TO AUTHORIZE AND REQUIRE LICENSING BOARDS WITHIN THE DEPARTMENT OF PROFESSIONAL AND OCCUPATIONAL LICENSING TO ESTABLISH FEE SCHEDULES THAT SET FEES REASONABLY COMMENSURATE WITH THE COSTS INCURRED IN ADMINISTERING THE VARIOUS PROGRAM AREAS WITHIN THEIR JURISDICTION; AND AMENDING MANY SECTIONS."

Sen. Steve Brown said this bill has to do with fees charged by professional licensing boards and changes the law in removing ceilings and statutory setting of the fees, helping reserve build-up, and taking into account travel expenses of the board. He saw the benefit that legislators don't have to come back every session just to increase fees for the board as that will be between the board and the people that regulate.

Ed Karney, Director of Board of Professional Licensing, felt only lukewarm support for the bill as it is written. He thought statements like "commensurate with costs" and "sufficient" should be dealt with more specifically. Sen. S. Brown said he could sit down and clarify the language. Sen. Goodover said he had a problem allowing boards to set fees. Sen. Elliott said there was a bill in the House that carries fees for the boards needed in this session. Sen. Brown felt the legislature will have protection in that they can come in and look at the records. The hearing was closed on Senate Bill 412.

DISPOSITION OF SENATE BILL 17:

Sen. S. Brown moved amendments to SB 17. The motion was unanimously carried. Sen. Brown then moved the bill be given a DO PASS, as amended. The motion carried unanimously.

DISPOSITION OF SENATE BILL 483:

Sen. Steve Brown moved that SB 483 be given a DO PASS. A substitute motion was made by Sen. Elliott to reinsert stricken language referring to 15-7-111. The question was called to reinsert sub-paragraph 5 on pages 12 and 13. The motion carried with Sen. S. Brown dissēnting and Sen. Hager refusing to vote. A motion was then made to give SB 483 a DO PASS, as amended. This motion carried. A motion was then made to table Senate Bill 483. The vote was 6-4 in favor of tabling.

The meeting was adjourned at 11:30 a.m.

*Pat M. Goodover*  
\_\_\_\_\_  
PAT M. GOODOVER, Chairman

ROLL CALL

TAXATION COMMITTEE

47th LEGISLATIVE SESSION - - 1981

Date 2/20/81

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 February 20, 1981COMMITTEE ON Information

## VISITORS' REGISTER

NAME	REPRESENTING	BILL #	Check One				
			Support	Oppose			
<del>John J. ...</del>	<del>Mont. Int'l. Housing</del>		384	408	412	384	408
<del>...</del>	<del>Prod. Int'l. Housing</del>		X				
<del>...</del>	<del>Dept. of Revenue</del>						
<del>...</del>	<del>Urban Land Inst.</del>	483					
<del>...</del>	<del>Mont. ...</del>	473					
<del>...</del>	<del>City of ...</del>	473	X				
May ...	Ypl. Co. Treas.	408	X				
Gregory ...	Manufactured Housing Assoc	408	X				
...	Montana Mobile Homes		X				
Bruce A. MacKenzie	D.A. Davidson & Co	425 & 476					
...	Mt. Manufactured Housing Assoc.	408	X				
...	West Manu. Housing	408	X				
...	...	384	X				
...	Montana ...	384	X				
...	Montana ...	384	X				
Bill ...	Self	384	X				
...	Montana ...	384	X				
...	PEAT MARWICK ...	384	X				
...	...	384	X				
DR. GARY ENDALY	self.			X			
Dr. Carl A. ...	self			X			

(Please leave prepared statement with Secretary)

DATE \_\_\_\_\_

Insulation

# VISITORS' REGISTER

[illegible]

(Please leave prepared statement with Secretary)



GALUSHA  
HIGGINS &  
GALUSHA

HELENA, MONTANA

Attachment #1  
CERTIFIED PUBLIC ACCOUNTANTS  
POST OFFICE BOX 1699  
ARCADE BUILDING  
111 NORTH LAST CHANCE GULCH  
HELENA, MONTANA 59601  
TELEPHONE 406/442-5520

February 19, 1981

Mr. Ray Dore, CPA  
Vice-President  
Finance and Marketing  
Bruce-Anderson Company  
First National Bank Bldg.  
Bozeman, Montana 59715

Re: Committee to Reform State Corporation License Tax Law  
Senate Bill 384

Dear Ray:

It was certainly nice to visit with you today. We appreciate your letting us relate to the Senate Taxation Committee the substance of our phone conversation. There was not time to secure a statement from you before the testimony at 7:00 a.m. tomorrow morning.

You and I have had many conversations over the years, both while you were head of a CPA firm and after you became deputy director and later director of the Department of Revenue, regarding the inequities for filing consolidation of domestic affiliated corporations. Basically, we were in support of an "even-handed" interpretation of the total Montana Codes for allowing consolidation of corporations and neither of us have changed our support for that position.

Whenever the Department of Revenue interprets or administers the section of the Montana law referring to the "multi-state pack" corporations, it interprets it to mean that practically all corporations must be consolidated. With identical facts under the Code for consolidating domestic corporations, they rather consistently refuse to allow consolidations.

This Senate Bill 384 would do what you and I have discussed many times, to make it equitable for all taxpayers. It would also make it simple to administer as the same rules would apply for consolidation or "combination filing" for the corporation license tax as for the federal income tax for domestic corporations.

We certainly appreciate your willingness to allow me to repeat our telephone conversation and your continued support for this kind of bill. Your unique knowledge and familiarity with the situation from both sides, is of great value.

Warmest personal regards,

  
S. CLARK PYFER

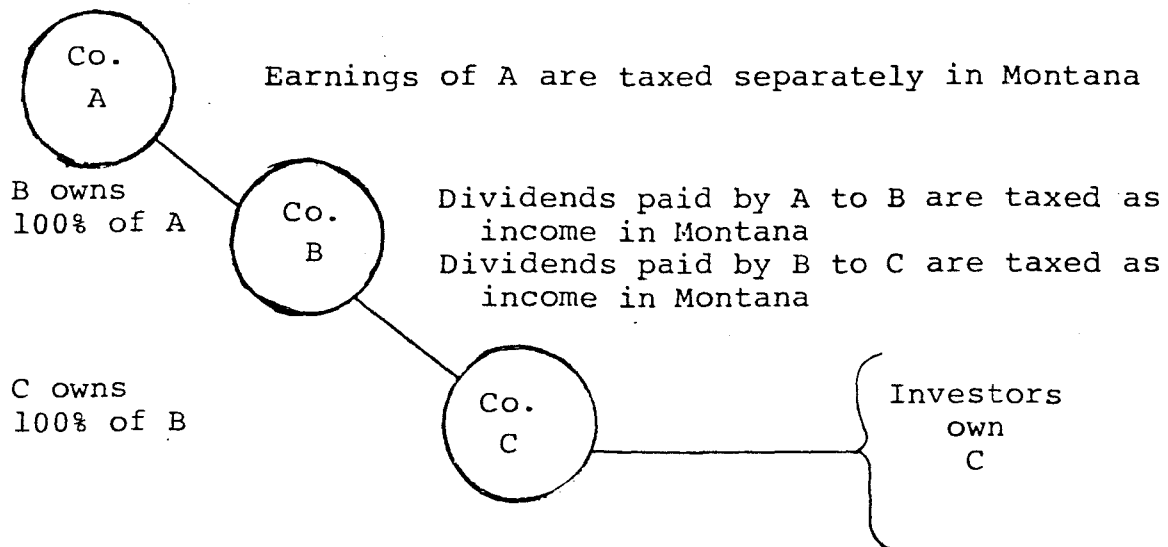
SCP/ag

OFFICES IN BILLINGS, BOZEMAN, GLASGOW, HELENA AND MISSOULA, MONTANA AND IDAHO FALLS, IDAHO

SENATE BILL NO. 384WHY ARE SUBSIDIARY OR AFFILIATED CORPORATIONS USED?

There are many reasons for the business decision to have subsidiary or affiliated corporations, none of which are to avoid taxes.

1. Regulatory (ICC, Federal Reserve, etc.)
2. Purchase agreements (seller requires entity to remain same until contract paid)
3. Franchise rights
4. Estate planning
5. Family reasons

HOW DOES THE PRESENT TAX SYSTEM WORK?

Then, the investors would be taxed the fourth time on their own personal returns.

WHAT ARE THE RESULTS?

1. Unfairness
2. Dissimilarity to Federal filing
3. Double (and triple) taxation
4. Inhibition to investors and infusion of venture capital.

WHAT IS THE SOLUTION?

By passing SB 384, the following would be achieved:

1. Same filing procedure as the Federal
2. No double (or triple) taxation
3. Easier preparation for Montana taxpayers
4. Easier audit and review for Dept. of Revenue
5. No inhibition to Montana investments.

Senate Bill No. 446  
Introduced by Senator Bob Brown

February 20, 1981

Senators: I am Roberta Wolfe, Flathead County Treasurer and President of the Montana County Treasurer's Association.

Last September the County Treasurer's Association passed a resolution that said:

Whereas, the Attorney General has issued an opinion that penalty and interest should be charged on personal property tax, and this decision has caused considerable confusion to County Treasurer's because of numerous statutes defining personal property with unclear delinquent dates,  
Therefore be it resolved,  
that the Montana County Treasurer's Association recommend to the 1981 Legislature to review all statutes concerning personal property tax and develop a system for administration.

Since that time we have hired an attorney who researched laws in other states and from the laws of Idaho and Indiana, merged in with our existing statutes we have come up with SB 446.

In this bill we have taken for granted that the Attorney General is correct and that the legislature did intend for penalty and interest to be charged on personal property and we have come up with a logical way that it would be charged and that is starting with the thirty-1st day after notification of taxes due, or in the case of mobile homes, the day after the due date of any installment.

County Treasurer's do not all agree with the Attorney General's opinion. Some of them feel that since we can take the property after thirty days, the legislature did not intend that these penalties be charged. What we are all asking is that the law be specific.

Senate Bill 446 addresses other problems with the current statutes. According to the law as it now stands, the treasurer notifies the taxpayer of the taxes due and, at the same time, notifies any lienholder that has perfected a security interest with the Registrar's office and within thirty days either collects the money or takes the property. You will note, it does not specify what type of notification or provide for a second notice nor does it say how a county treasurer with 5,000 or more personal property taxpayers and, maybe 4,000 or more of these are mobile homes, manages to achieve this feat. Flathead County had forty typewriter pages of delinquent mobile homes. We were able to find most of the lienholders through the terminals. However, it still took the Registrar's office two months to come through with those we could not find. Senate Bill 446 recognizes that it takes time to collect these taxes, provides protection for the property owner by stating what type of first notice and provides for a second notice and a step by step procedure whereby the county either collects the taxes due or takes the property, and still provides for notification to the lienholder.

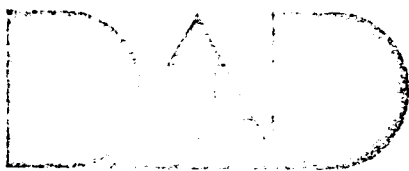
Senate Bill 446 provides a way for the county to get a better handle on the problems with keeping track of mobile homes. It provides that no legal transfer of ownership can be made without certification that taxes are paid. Many times, the department of revenue does not have the correct information as to the owner of a mobile home.

This amendment certifies that those transfers will be made through the County offices and not directly through the Registrar's office where we lose control of the information. It, also, means that a new owner will be aware of outstanding taxes at the time of purchase and not a year after the fact.

Senate Bill 446 provides that a landowner shall notify the assessor, (or the Department of Revenue), when a mobile home is moved on his land. The Dept. of Revenue presently does not have the staff to keep up with this problem. Therefore, mobile homes are not always taxed when they should be. Worse yet, quite often tax notices come back because wrong information in the Assessors office and the taxpayer is not being given a fair shake because those taxes are still a lien on his home.

Senate Bill 446 also provides for fees to reimburse the county general fund for the great expense in collection of delinquent personal property taxes. We are the collectors of taxes for the state, the schools, the cities, and others. Of the many dollars we collect using personnel paid out of the county general fund, very little is collected for that fund.

I respectfully request that you give consideration to the many problems in our present personal property statutes and that you will pass Senate Bill 446.



Because you want your money to do more.

February 17, 1981

Senate Taxation Committee  
Capitol Building  
Helena, Montana 59601

Re: SB 423 and 476  
~~House Bill No. 754~~

Mr. Chairman and Members of the Committee:

D.A. Davidson & Co. opposes the concept of a Municipal Bond Bank which would be created by Senate Bills No. 423 and 476. D.A. Davidson & Co. is a Montana based investment firm which over the years has been a major purchaser of Montana Municipal and School District Bond issues. The Company believes that it has continually purchased these bonds at competitive rates at or below the national market and views the concept of a State Bond Bank as an unnecessary intrusion into the private business sector. In addition, the Company believes there are other substantial reasons to reject the concept of a bond bank.

First, it must be assumed that the principal reason for the state to create a bond bank is to provide local communities and school districts with low interest rates. At the present time issuing entities within Montana are being provided low interest rate money by various bond dealers. There are presently five states which have bond banks: Vermont, Alaska, Maine, North Dakota and New Hampshire. As can be seen from the attached table prepared by the Public Securities Association for all issues for the period January through November 1980, Montana had the third lowest average net interest cost of all fifty states and was well below the five states with Bond Banks. Further, the rate for which D.A. Davidson & Co. has bid for bonds for both School Districts, as well as Municipal general obligation bonds, is in many cases equal to and often below what A rated bonds are selling for on the national market even though many of these issues would not be A rated. (See Second Attachment.)

Secondly, operating expenses of the Bank must be passed on to the local communities thereby increasing total costs to the communities. If costs are not passed on, the State must be prepared to subsidize the Bank from the general fund. These expenses can be significant, as evidenced by the operating expenses for the Alaska Municipal Bond Bank for the year 1978 (the most current figures we have available) which were as follows:

*2000 1st 9*

D.A.  
Davidson  
& Co.

Incorporated

Montana's Oldest  
Investment Firm

P.O. Box 5015  
Davidson Building  
Great Falls, Montana  
59403

(406) 727-4200

Offices: Billings,  
Bozeman, Butte,  
Havre, Helena, Kalispell,  
Missoula, Montana;  
Williston, North Dakota

Corporate Office:  
Davidson Building  
Great Falls,  
Montana 59401

Members:  
Midwest Stock  
Exchange Inc.  
Pacific Stock  
Exchange Inc.  
Securities Investor  
Protection Corp.

February 17, 1981

Page Two

Personal Services	\$50,213
Travel	5,463
Contractual Services	973
Office	3,011
Office Equipment	1,541
Board Travel and Per Diem	3,686
Office Rent	8,683
Printing	8,495
Advertising	766
Trust and Custodian Fees	12,331
Accounting	11,296
Financial Advisor	21,804
Bond Counsel	22,114
Bond Rating and Delivery	<u>4,316</u>
TOTAL	\$154,693

Assuming the state incurred similar expenses and charged the issuers 1% of the principal amount of bonds sold, the Bank would have to issue and loan to the issuers over \$15,000,000 to break even. In the opinion of the Company, less than \$3,000,000 of small issues are offered for sale each year within the state. Therefore, it would appear that the Bank would be financially impractical.

Third, because of the small number of small project issues within the State, it could take a substantial amount of time to collect sufficient issues before the Bank could issue its bonds. If interest rates are increasing during this period of time, the issuing entities will end up paying more in interest costs than if they issued their own bonds. Even if interest rates move down during this time period, the time delay could result in increased construction costs due to inflation.

In summary, it is the opinion of D.A. Davidson & Co. that a Bond Bank is not needed and if created would prove uneconomical and inefficient. Further, since the Bank in effect would be packaging all Montana's small issues into one large issue, the Bank favors the larger eastern bond firms and not the regional firms that have been servicing the State for a number of years.

We respectfully request a do not pass recommendation.

Sincerely,

Bruce A. MacKenzie  
Vice President & General Counsel

BAM:als

TABLE 7 - VOLUME BY STATE - JAN THRU NOV 1980

*** STATE ***	ALL ISSUES		
	SALES	AMOUNT	ANIC
50 States .....	4,934	42,956,509	8.50
Alabama .....	106	615,722	7.84
* Alaska .....	11	809,675	9.82
Arizona .....	71	921,072	7.46
Arkansas .....	65	333,200	7.68
California .....	181	3,424,040	8.57
Colorado .....	160	1,047,327	8.52
Connecticut .....	39	770,342	8.60
Delaware .....	12	181,086	7.94
Florida .....	103	2,000,946	8.89
Georgia .....	51	751,038	7.82
Hawaii .....	7	296,500	6.96
Idaho .....	27	226,730	8.04
Illinois .....	238	2,173,376	8.29
Indiana .....	110	885,951	8.43
Iowa .....	278	486,834	8.42
Kansas .....	183	878,488	7.69
Kentucky .....	93	353,423	7.94
Louisiana .....	68	1,007,081	6.90
* Maine .....	22	136,250	7.74
Maryland .....	34	966,280	7.34
Massachusetts .....	89	1,173,999	8.41
Michigan .....	250	1,244,521	9.07
Minnesota .....	287	1,156,879	8.00
Mississippi .....	54	387,469	7.37
Missouri .....	88	509,846	8.71
Montana .....	18	113,570	7.06
Nebraska .....	115	437,404	8.08
Nevada .....	21	201,298	8.37
* New Hampshire .....	18	166,786	7.49
New Jersey .....	123	869,922	7.87
New Mexico .....	50	388,397	7.40
New York .....	111	3,148,495	9.17
N. Carolina .....	62	577,225	7.93
* N. Dakota .....	49	69,716	7.25
Ohio .....	308	1,406,528	8.22
Oklahoma .....	122	948,179	7.93
Oregon .....	110	1,458,279	8.70
Pennsylvania .....	173	1,605,660	8.73
Rhode Island .....	21	154,680	8.30
S. Carolina .....	35	333,185	8.52
S. Dakota .....	43	216,042	8.33
Tennessee .....	82	839,674	7.95
Texas .....	412	3,660,509	8.14
Utah .....	54	436,565	7.58
* Vermont .....	18	161,118	7.56
Virginia .....	45	521,195	7.21
Washington .....	134	1,296,096	9.39
W. Virginia .....	24	413,170	7.99
Wisconsin .....	121	683,273	8.01
Wyoming .....	38	111,468	7.34

- Amounts in thousands.

- ANIC - average net interest cost weighted by  
average maturity (life) and size of issue.

\* Have Bond Bank

<u>1976</u>	<u>G.O.</u>	<u>DATE</u>	<u>NIC</u>	<u>BBI</u>
\$ 898,000	Culbertson Hospital G.O.	03/15/76	5.81%	6.92
750,000	Eureka Hospital District G.O.	11/10/76	5.34	6.39
55,000	Scobey, MT G.O. (est. Baa)	03/10/77	6.00	6.00
	<u>S.D.</u>			
1,046,000	Rosebud County HSD #19	02/08/75	6.605	7.15
1,847.730	Rosebud County SD #19	12/08/75	6.605	7.05
215,000	Lake County HSD 7J	03/22/76	5.97	6.92
215,000	Lake County SD 7J	03/22/76	5.97	6.92
319,400	Stillwater County HSD #5	03/29/76	5.73	6.72
279,700	Stillwater County SD #5	03/29/76	5.73	6.72
325,000	Madison County SD #52	05/19/76	5.52	6.83
100,000	Cascade Co. SD #97	06/08/76	5.34	6.89
25,000	Flathead Co. SD #20	07/06/76	7.00	6.87
30,000	Flathead Co. SD #26	08/30/76	7.00	6.58
95,500	Flathead Co. SD #15	12/01/76	5.69	6.16
708,000	Pondera Co., SD #10	12/16/76	4.9398	5.96
1,164,460	Big Horn Co. SD #17H	12/20/76	4.57	5.95
935,540	Big Horn Co. HSD #1	12/20/76	4.57	5.95

<u>1977</u>	<u>G.O.</u>	<u>DATE</u>	<u>NIC</u>	<u>BBI</u>
\$ 230,000	Bridger G.O.	05/19/77	5.46%	5.70
765,000	Madison County G.O.	03/25/77	5.25	5.88
	<u>S.D.</u>			
215,000	Flathead County SD #50	01/11/77	4.17	5.78
980,000	Flathead & Lake Counties HSD #38	01/06/77	4.88	5.83
145,000	Flathead County SD #9	01/12/77	5.14	5.78
650,000	Lewis & Clark County SD #3	01/13/77	4.97	5.89
775,000	Flathead County HSD #5	01/11/77	5.02	5.78
300,000	Big Horn County SD #27	01/18/77	5.45	5.89
2,825,000	Big Horn County SD #2	01/18/77	5.70	5.89
1,400,172	Lake Co. SD #30	01/20/77	5.28	5.90
600,000	Silver Bow Co. SD #3	11/15/77	6.00	5.89
980,000	Cascade Co. HSD #3	02/14/77	5.19	5.86
120,000	Cascade Co. SD #38	02/14/77	5.48	5.86
260,000	Jefferson County SD #1	03/29/77	5.15	5.88
195,000	Yellowstone Co. SD #52	05/18/77	5.31	5.82
845,000	Powell Co. SD #1	05/24/77	5.47	5.70
98,000	Missoula Co. SD #20	06/13/77	5.31	5.65
1,000,000	Lewis & Clark Co. SD #9	07/18/77	6.00	5.64
1,100,000	Gallatin Co. SD #44	07/25/77	4.93	5.62
745,000	Gallatin Co. HSD #44	07/25/77	4.93	5.62
507,000	Carbon Co. SD #7	08/01/77	4.88	5.63
92,500	Gallatin Co. HSD #69	08/02/77	4.62	5.63
2,651,000	Flathead Co. HSD #44	11/28/77	4.89	5.45
325,000	Ravalli & Missoula Co. SD 15-6	11/29/77	5.09	5.45
325,000	Ravalli & Missoula Co. HSD 15-6	11/29/77	5.09	5.45

<u>1978</u>	<u>S.D.</u>	<u>DATE</u>	<u>NIC</u>	<u>BBI</u>
\$ 375,000	Sanders Co. SD #6	01/04/78	5.06%	5.71%
1,296,700	Powell Co. SD #1	01/31/78	4.86	5.63
110,000	Missoula Co. SD #7	05/15/78	5.34	5.99
590,000	Lincoln Co. SD #1	05/22/78	5.24	5.98
330,738	Lincoln Co. HSD #1	05/22/78	5.29	5.98
295,905	Gallatin Co. SD #35	05/31/78	5.63	6.16
125,000	Richland Co. HSD #3	06/05/78	5.14	6.19
225,000	Richland Co. SD #3	06/05/78	5.14	6.19
1,150,000	Yellowstone Co. SD #26	07/10/78	6.09	6.31
590,900	Missoula Co. SD #4	08/14/78	5.90	6.03
150,000	Flathead Co. SD #58	08/28/78	5.68	6.11

G.O.

100,000	Fort Benton G.O.	03/10/78	5.32	5.61
75,000	Broadus G.O.	06/15/78	6.00	6.16

<u>1979</u>	<u>G.O.</u>	<u>DATE</u>	<u>NIC</u>	<u>BBI</u>
2,642,481	Gallatin Co. GO	02/13/79	5.57%	6.50%
90,000	East Helena GO	01/25/79	6.15	6.30
125,000	Stevensville GO	07/26/79	6.40	6.19
133,334	Three Forks GO (odd amounts)	05/17/79	6.71	6.30
1,800,000	Laurel GO	08/01/79	6.30	6.19
850,000	Lewistown, MT GO	12/31/79	5.69	7.77

S.D.

350,000	Yellowstone Co. SD #37	02/22/79	5.98	6.31
40,000	Flathead Co. SD #39	03/15/79	7.00	6.33
431,100	Teton Co. SD #30	06/26/79	6.05	6.13
503,300	Teton Co. HSD #30	06/26/79	6.05	6.13
250,000	McCone Co. HSD #1	06/07/79	6.17	6.13
149,000	Missoula Co. SD #20	06/08/79	6.75	6.13
379,500	Lewis & Clark Co. SD #38	05/23/79	6.03	6.25

<u>1980</u>	<u>G.O.</u>	<u>DATE</u>	<u>NIC</u>	<u>BBI</u>
99,000	Belgrade G.O.	12/08/80	7.00%	9.84%

S.D.

550,000	Richland Co. SD (Lambert)	01/20/80	7.00	7.28
350,000	Jefferson Co. SD (Montana City)	01/10/80	6.90	7.30
268,000	Flathead Co. SD (Cayuse)	01/10/80	6.81	7.30
304,000	Flathead Co. SD (West Valley)	01/15/80	7.00	7.30

# STANDING COMMITTEE REPORT

February 20, 1981

PRESIDENT:  
MR. \_\_\_\_\_

We, your committee on **TAXATION** \_\_\_\_\_

having had under consideration **Senate Joint Resolution** ~~SEN~~ No. **10** \_\_\_\_\_

Respectfully report as follows: That **Senate Joint Resolution** ~~SEN~~ No. **10** \_\_\_\_\_

AK

*4/6*

DO PASS

# STANDING COMMITTEE REPORT

February 20

1931

**PRESIDENT:**

MR. ....

**TAXATION**

We, your committee on .....

**Senate Joint Resolution** ~~xxx~~ No. **23**

having had under consideration .....

**Senate Joint Resolution** ~~xxx~~ No. **23**

Respectfully report as follows: That.....

DO PASS

# STANDING COMMITTEE REPORT

.....February 20..... 1981.....

**PRESIDENT:**

MR. ....

## TAXATION

We, your committee on .....

having had under consideration ..... **Senate** **183**  
Bill No. ....

Respectfully report as follows: That ..... **Senate** **183**  
be amended, as follows: Bill No. ....

1. Title, line 6.  
Following: line 5  
Strike: "UNCOLLECTABLE"  
Insert: "DISCHARGED"
2. Title, line 6,  
Following: "AMENDING"  
Strike: "SECTION"  
Insert: "SECTIONS 15-7-207,"
3. Title, line 6  
Following: "15-7-209"  
Insert: ", AND 15-7-210"
4. Title, line 7  
Following: "15-7-205,"  
Strike: "15-7-207, 15-7-210,"

~~XXXX~~  
DO NOT

(CONTINUED)

5. Title, line 8  
Following: "15-7-214,"  
Insert: "AND"

6. Title, line 8  
Following: "15-7-215,"  
Strike: "AND 15-7-403,"

7. Page 1, line 22.  
Following: line 21  
Strike: "uncollectable"  
Insert: "discharged"

8. Page 1, line 25  
Following: "are"  
Strike: "declared to be uncollectable"  
Insert: "discharged"

9. Page 2  
Following: line 1  
Insert: "Section 3. Section 15-7-207, MCA, is amended to read:  
'15-7-207. Continuance of valuation as agricultural land. Continuance of valuation, assessment, and taxation under this part shall depend upon continuance of the land in agricultural use and compliance with the other requirements of this part and not upon continuance in the same owner of title to the land. ~~Liability to the roll-back tax shall attach when a change in use of the land occurs but not when a change in ownership of the title takes place if the new owner continues the land in agricultural use under the conditions prescribed in this part.~~'

Section 4. Section 15-7-210, MCA, is amended to read:  
'15-7-210. Rollback-tax Tax on change of use of part of tract. Separation or split off of a part of the land which is being valued, assessed and taxed under this part, either by conveyance or other actions of the owner of such land, for use other than agricultural shall subject the land so separated to ~~liability for the rollback tax applicable thereto to reclassification by the department~~ but shall not impair the right of the remaining land to continuance of evaluation, assessment and taxation hereunder, provided it meets the minimum requirements of this part.'

Renumber: All subsequent sections."

10. Page 2, line 9.  
Following: line 8  
Strike: "15-7-207, 15-7-210,"  
Following: "15-7-214,"  
Insert: "and"  
Following: "15-7-215,"  
Strike: "and"

11. Page 2, line 10  
Following: line 9  
Strike: "15-7-403,"  
And, as so amended,  
DO PASS

# STANDING COMMITTEE REPORT

February 20

81

19

MR. **PRESIDENT:**

We, your committee on **TAXATION**

having had under consideration **Senate** Bill No. **192**

Respectfully report as follows: That **Senate** Bill No. **192**

be amended, as follows:

1. Title, line 5

Following: "TO"

Strike: "20"

Insert: "10"

2. Page 1, line 15

Following: stricken "5"

Strike: "20"

Insert: "10"

And, as so amended,

*J. C.*  
DO PASS

# STANDING COMMITTEE REPORT

February 20

81

19

**PRESIDENT:**

MR. ....

**TAXATION**

We, your committee on .....

**Senate**

**207**

having had under consideration ..... Bill No. ....

**Senate**

**207**

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

*J.C.*  
DO PASS

SENATE COMMITTEE

TAXATION

Date 2/20/81 Senate Bill No. 207 Time 7:19 a.m.

NAME	YES	NO
SEN. McCALLUM (Vice-Chairman)		✓
SEN. BOB BROWN	✓	
SEN. STEVE BROWN	✓	
SEN. CRIPPEN	✓	
SEN. ECK	✓	
SEN. ELLIOTT		✓
SEN. HAGER	✓	
SEN. HEALY	✓	
SEN. MANLEY		✓
SEN. NORMAN	✓	
SEN. OCHSNER		✓
SEN. SEVERSON	✓	
SEN. TOWE	✓	
SEN. GOODOVER (CHAIRMAN)		✓

9 5

Betty Dean

Secretary

Pat M. Goodover

Chairman

Motion: That Senate Bill 207 be passed.

(include enough information on motion--put with yellow copy of committee report.)

# STANDING COMMITTEE REPORT

February 20

31

19.....

MR. **PRESIDENT**.....

## TAXATION

We, your committee on .....

having had under consideration ..... **Senate** Bill No. **208**

Respectfully report as follows: That ..... **Senate** Bill No. **208**

DO PASS

*Y/a.*

SENATE COMMITTEE TAXATION

Date Feb. 20, 1981 Senate Bill No. 208 Time 7:30 a.m.

NAME	YES	NO
SEN. McCALLUM (Vice-Chairman)	<i>abstention</i>	
SEN. BOB BROWN	✓	
SEN. STEVE BROWN	✓	
SEN. CRIPPEN		✓
SEN. ECK	✓	
SEN. ELLIOTT		✓
SEN. HAGER	✓	
SEN. HEALY	✓	
SEN. MANLEY		✓
SEN. NORMAN	✓	
SEN. OCHSNER		✓
SEN. SEVERSON		✓
SEN. TOWE	✓	
SEN. GOODOVER (CHAIRMAN)		✓
	7	6

Betty Dean

Secretary

Pat M. Goodover

Chairman

Motion: Motion to do pass SB 208, one  
abstention

(include enough information on motion--put with yellow copy of committee report.)

# STANDING COMMITTEE REPORT

February 20

1981

**PRESIDENT:**

MR. ....

**TAXATION**

We, your committee on .....

**Senate**

**269**

having had under consideration ..... Bill No. ....

Respectfully report as follows: That ..... **Senate** ..... **269**  
be amended, as follows: ..... Bill No. ....

1. Page 6, line 1

Following: "easement."

Insert: "The defendant shall exercise the option granted in this section by filing a written election with the district court at least 15 days before trial. If the option is exercised the agreement, or court order for annual payments, shall be considered the just compensation required under Article 2, section 29, Montana constitution. It may not be changed or altered as a result of subsequent circumstances."

2. Line 1, page 7

Following: "possession"

Insert: "or summons, whichever occurs first"

3. Page 7, line 3

Following: "possession"

Insert: "or summons, whichever occurs first"

And, as so amended,

DO PASS

*Y/C.*

..... **PAT M. GOODOVER,**

Chairman.

# STANDING COMMITTEE REPORT

February 20

81

19.....

MR. **PRESIDENT:**.....

We, your committee on **TAXATION**.....

having had under consideration **Senate** Bill No. **284**.....

Respectfully report as follows: That..... **Senate** Bill No. **284**.....

DO PASS

*H.C.*

SENATE COMMITTEE TAXATION

Date 2/20/81 Senate Bill No. 483 Time 11:15

NAME	YES	NO
SEN. McCALLUM (Vice-Chairman)		
SEN. BOB BROWN		✓
SEN. STEVE BROWN	✓	
SEN. CRIPPEN		✓
SEN. ECK	✓	
SEN. ELLIOTT		✓
SEN. HAGER		✓
SEN. HEALY		
SEN. MANLEY		✓
SEN. NORMAN		
SEN. OCHSNER	✓	
SEN. SEVERSON		✓
SEN. TOWE		
SEN. GOODOVER (CHAIRMAN)	✓	

4 6

Betty Dean  
Secretary  
Motion: \_\_\_\_\_

Pat M. Goodover  
Chairman

Motion to pass SB 483

(include enough information on motion--put with yellow copy of committee report.)

## SENATE COMMITTEE

## TAXATION

Date 2/20/81 Senate Bill No. 483 Time 11:20

NAME	YES	NO
SEN. McCALLUM (Vice-Chairman)		
SEN. BOB BROWN	✓	
SEN. STEVE BROWN	✓	
SEN. CRIPPEN		✓
SEN. ECK	✓	
SEN. ELLIOTT	✓	
SEN. HAGER	✓	
SEN. HEALY		
SEN. MANLEY		✓
SEN. NORMAN		
SEN. OCHSNER		✓
SEN. SEVERSON	✓	
SEN. TOWE		
SEN. GOODOVER (CHAIRMAN)		✓
	6	4

Betty Dean

Secretary

Motion:

To Table

Pat M. Goodover

Chairman

(include enough information on motion--put with yellow copy of committee report.)

# STANDING COMMITTEE REPORT

February 20

1981

PRESIDENT:

MR. ....

## TAXATION

We, your committee on .....

Senate

17

having had under consideration ..... Bill No. ....

Respectfully report as follows: That ..... Senate ..... Bill No. 17

be amended, as follows:

1. Page 1, line 16.

Following: "protest"

Insert: "that may be appealed to a county or state tax appeal board"

2. Page 2, line 1.

Following: "appeal"

Strike: "board may not issue a"

Insert: "board's"

3. Page 2, line 2.

Following: line 1

Insert: "issued"

Following: "(1)"

Strike: "above if"

Insert: "shall be held in abeyance"

~~XXXXXX~~  
~~XXXXXX~~

(CONTINUED)

Chairman.

4. Page 2, line 3.  
Following: "(a)"  
Insert: "until"

5. Page 2, line 4.  
Following: "has"  
Strike: "not"

6. Page 2, line 5.  
Following: "(b)"  
Insert: "if"

7. Page 2, line 9.  
Following: "(1)"  
Insert: "(a)"

8. Page 3, lines 5 through 8.  
Strike: subsection (2) in its entirety

9. Page 3, line 9.  
Following: "(2)"  
Strike: "(3)"  
Insert: "(3)"

10. Page 3, line 14.  
Following: "(3)"  
Strike: "(4)"  
Insert: "(c)"

11. Page 3, line 22.  
Following: "(4)"  
Strike: "(5)"  
Insert: "(d)"

12. Page 4, line 4.  
Following: "funds."  
Insert: "(2) Upon the entering of judgement under [section 2], the county commissioners of the affected county shall order a refund of such portion of the taxes or license fees as the state tax appeal board has judged should be refunded."

13. Page 4, line 23.  
Following: "the"  
Insert: "administrative"

14. Page 5, line 24.  
Following: "unlawful"  
Insert: "by the state tax appeal board"

15. Page 5, line 25.  
Following: line 24  
Strike: "may also"  
Insert: "need not"

(CONTINUED)

16. Page 5, line 25.

Following: "be paid"

Strike: "under written protest"

17. Page 6, line 6.

Following: "him"

Insert: "or the right of the taxing authority to collect a subsequent installment not paid by the taxpayer plus interest from the date the subsequent installment was due"

18. Page 6, line 8.

Following: "protest"

Insert: "to a county or municipality"

19. Page 7, line 6.

Following: "from"

Strike: "a"

Insert: "the"

Following: "district"

Insert: "or supreme"

Following: "court"

Insert: ", as appropriate,"

And, as so amended,

DO PASS

*MC*

# STANDING COMMITTEE REPORT

February 20

1981

PRESIDENT:  
MR. ....

## TAXATION

We, your committee on .....

Senate Taxation Committee  
having had under consideration ..... Bill No. 461

Respectfully report as follows: That ..... Senate Bill No. 461  
be amended, as follows:

1. Title, line 9.

Following: "THAN"

Strike: "130"

Insert: "133"

2. Title, line 10.

Following: "16-4-202"

Insert: "AND"

3. Title, line 11.

Following: "16-4-204,"

Strike: "AND 16-4-501,"

4. Page 4, line 7

Following: "25%"

Strike: "30%"

Insert: "25%"

XXXXXX  
DO PASS

*Lo.*

(CONTINUED)

5. Page 4, line 10.

Following: "254"

Strike: "308"

Insert: "338"

6. Page 5, line 3.

Following: line 2

Strike: subsection (c) in its entirety.

Renumber subsequent subsection.

7. Page 7, line 9.

Following: line 8

Strike: Section 2 in its entirety.

And, as so amended,

DO PASS

*A.C.*

SENATE COMMITTEE TAXATION

Date 2/20/81 Senate Bill No. 412 Time 11:10 a.m.

NAME	YES	NO
SEN. McCALLUM (Vice-Chairman)		
SEN. BOB BROWN		
SEN. STEVE BROWN	✓	
SEN. CRIPPEN		
SEN. ECK	✓	
SEN. ELLIOTT		✓
SEN. HAGER	✓	
SEN. HEALY		
SEN. MANLEY	✓	
SEN. NORMAN		
SEN. OCHSNER	✓	
SEN. SEVERSON	✓	
SEN. TOWE		
SEN. GOODOVER (CHAIRMAN)		✓

6 3

Betty Dean  
Secretary  
Motion: No passed on 412.

Pat M. Goodover  
Chairman

(include enough information on motion--put with yellow copy of committee report.)