

MINUTES OF THE MEETING
TAXATION COMMITTEE
MONTANA STATE SENATE

March 9, 1981

The 41st meeting of the committee was called to order at 4:20 p.m. in room 415 of the State Capitol Building, Chairman Pat Goodover presiding.

ROLL CALL: All members were present, with the exception of Senator S. Brown.

DISPOSITION OF SENATE BILL 96:

AN ACT TO REQUIRE THE DEPARTMENT OF SOCIAL AND REHABILITATION SERVICES TO DRAFT RULES TO SPECIFY WHEN PUBLIC ASSISTANCE MAY BE DENIED TO A PERSON WHO HAS TRANSFERRED PROPERTY FRAUDULENTLY.

Cort prepared amendments to SB 96, passed them to the committee, and read through them.

DISCUSSION: Sen. McCallum said we didn't have to have 5%, but if there was 5% it was to be used to pay back the taxpayers and the only way we could think of was to give it back and pay on the last bond due in the district.

Elliott: To be exact, it would be the last assessment against that property.

Senator Towe: We worked over these amendments and I want to change a little bit. The idea that we wanted was the amount of money deposited to the revolving fund to go back to the benefit of the landowners at the last payment date.

Severson: Why should interest go back to the city?

McCallum: We talked about the interest. If we didn't give to the cities, the money would have gone back to the general fund.

Elliott: The problem is there is an accounting nightmare if you tried to attach interest to the amount of principal in the revolving fund. Once money is there it's easy to keep track of principal, but it would be difficult to keep track of the interest because monies are consolidated and invested.

Cort: Another thing that came to our attention after the amendments were adopted was that there are a lot of loans that are FHA guaranteed loans requiring SIDS be paid ahead of time. When you give this back to the property owners, only those who haven't prepaid their SIDS will benefit.

Towe: What happens is that at the last payment we will pull out their \$5,000 out of the fund and then you don't have to assess the property owners as much. Senator Towe moved that the amendments be adopted with this change and modification: On the new section, Section 4, disposal of bonds proceeds deposited in the revolving fund. I suggest striking "the proceeds of the issuance of bonds and warrants that are" and would insert "any sum, without interest" and then after figure (2) "less the amount of any loan made to the district fund which has not been repaid."

The amendments were carried unanimously. Senator Towe then moved the amendments as amended to the bill.

He then explained what the amendments do:

The bill as it is before you un-amended would allow the governing body to require 5% of the amount of the bond to be put in the revolving fund and will further allow that sum to be added in the bonding amount. Question was raised whether after bonds are all paid, shouldn't we give that money to the people who put it up? We have done that by going into that section of the code which says any excess monies that are in the revolving fund can be transferred to the city's general fund. We had to go into that and provide that these monies, this 5%, are not excess funds so cities cannot get at them. Section 4 then provides that any sum without interest that is deposited pursuant to the new material on page 1 shall be returned less any amount they used of the revolving fund because they needed it to pay off bonds that shall be returned to the property owners be used for the last payment or payments to the bond. Therefore, the assessments are reduced by the amount covered with this initial payment.

Senator Towe moved the amendments to the bill. The motion carried unanimously. Senator Towe then moved that SB 96 be given a DO PASS, AS AMENDED. The motion carried unanimously.

DISPOSITION OF SENATE BILL 382

AN ACT TO CLARIFY AND REVISE THE ISSUANCE AND PAYMENT OF SPECIAL IMPROVEMENT DISTRICT AND RURAL SPECIAL IMPROVEMENT DISTRICT AND RURAL SPECIAL IMPROVEMENT DISTRICT BONDS CLARIFYING THAT THE BONDS ARE NOT GENERAL OBLIGATION BONDS CLARIFYING THAT RESTRICTING THE LEVYING OF A TAX TO PROVIDE FUNDS FOR THE REVOLVING FUND TO INSTANCES WHEN THE REVOLVING FUND TO INSTANCES WHEN THE REVOLVING FUND DOES NOT EXCEED 5 PERCENT OF THE OUTSTANDING BONDS; REQUIRING THAT FUNDS IN THE REVOLVING FUND MAY NOT BE TRANSFERRED TO THE GENERAL FUND IF THE BALANCE IN THE REVOLVING FUND IS LESS THAN 5 PERCENT.

Cort presented two pages of amendments which he went through for the benefit of the committee. Senator Towe moved that SB 382, be given a DO PASS, as amended. Motion carried, with Senators Bob Brown and Manley dissenting.

Senator Severson presented a proposed committee bill for sponsorship. He said the bill becomes necessary with the passage of Senate Bill 47. This was not an oversight by the Livestock Department because they thought they could handle the problem through the appropriations process. With the passage of the livestock bill we have cut the Livestock Department in half, because they support their department with revenues which were reduced in SB 47.

Senator Manley said two years ago something was passed to do with livestock to cut taxes and the Dept of Revenue raised valuations. When they did that, they also doubled the amount of money coming to the department. He asked if Senator Severson had any information on what money was in that department two years ago and then what it brings in with the revaluation.

Senator Towe concurred with Senator Manley's point, but thought that the bill should be prepared as a possible committee bill first before any discussions were held on the questions raised.

Senator Severson said he will furnish what it was in the 1979 action and find out what mill levies are at the present time.

Senator Severson then moved that the proposed committee bill be passed with an amendment to create an effective date on the passage and upon signature of the Governor on SB 47.

The motion was carried to adopt Senator Severson's proposed bill as a committee bill.

Senator Goodover announced that HJR 5 considered this morning had been taken out of the Taxation Committee because it didn't belong here. HJR 5 is a House Resolution and the committee was suspending the rules to get it introduced. To introduce this bill you have to get up on the floor to suspend the rules to sponsor a committee bill.

The meeting was adjourned at 5:30 p.m.


PAT M. GOODOVER, CHAIRMAN

ROLL CALL

TAXATION COMMITTEE

47th LEGISLATIVE SESSION - - 1981

Date 3/09/81

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.

STANDING COMMITTEE REPORT

March 9

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MR. PRESIDENT:

We, your committee on TAXATION

having had under consideration Senate Bill No. 96

Respectfully report as follows: That Senate Bill No. 96
be amended, as follows:

1. Page 3.

Following: line 10

Insert: "Section 3. Section 7-12-4227, MCA, is amended to read:

"7-12-4227. Utilitation of excess money in revolving fund.
Whenever there is an amount in the revolving fund in excess of
the amount deposited in the revolving fund under 7-12-4169(2)
and in excess of the amount which the council deems necessary
for payment or redemption of maturing bonds or warrants or
interest thereon, the council may:

(1) by vote of all of its members at a meeting called for
that purpose, order such excess or any part thereof transferred
to the general fund of such city or town; or

*Section 7-12-4227 was added to title by
J. Farrow, amendments coordinator. He called
me 3-10-81, 4:05 p.m.*

DO PASS

(CONTINUED)

(2) use such excess or any part thereof for the purchase of property at sales for delinquent taxes or assessment, or both, or property which may have been struck off or sold to the county for delinquent taxes or assessments, or both, and against which property there then be any unpaid assessment for special improvements on account whereof there are outstanding special improvement district bonds or warrants of the city or town."

NEW SECTION. Section 4. Disposal of funds deposited in revolving fund. Any funds, without interest, deposited in the revolving fund under 7-12-4169(2) less the amount of any loan to the district fund not repaid shall be used to make the final payment or payments on the district's bonds or warrants. The assessment on the property of the district shall be reduced for the final payment or payments of the bonds or warrants by the amount the revolving fund paid under this section."

And, as so amended,

DO PASS

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

Chairman.

BETTY

Taxation Committee

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SB 96--continued

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(2) use such excess or any part thereof for the purchase of property at sales for delinquent taxes or assessment, or both, or property which may have been struck off or sold to the county for delinquent taxes or assessments, or both, and against which property there then be any unpaid assessment for special improvements on account whereof there are outstanding special improvement district bonds or warrants of the city or town."

NEW SECTION. Section 4. Disposal of funds deposited in revolving fund. Any funds, without interest, deposited in the revolving fund under 7-12-4169(2) less the amount of any loan to the district fund not repaid shall be used to make the final payment or payments on the district's bonds or warrants. The assessment on the property of the district shall be reduced for the final payment or payments of the bonds or warrants by the amount the revolving fund paid under this section."

2. Title, line 8.

Following: "7-12-4169"


Strike: "AND"

Insert: ", "

Following: "7-12-4222,"

Insert: "AND 7-12-4227,"

And, as so amended,
DO PASS


PAT M. GOODOVER,

STANDING COMMITTEE REPORT

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MR. **PRESIDENT:**

We, your committee on **TAXATION**

having had under consideration **Senate** Bill No. **382**

Respectfully report as follows: That **Senate** Bill No. **382**

be amended, as follows:

1. Title, line 7.
Following: "OBLIGATION BONDS;"
Strike: "CLARIFYING THAT"
Insert: "RESTRICTING THE LEVYING OF A TAX TO PROVIDE FUNDS FOR THE
REVOLVING FUND TO INSTANCES WHEN"
2. TITLE, line 8.
Following: "FUND"
Strike: "MAY"
Insert: "DOES"
3. TITLE, line 9.
Following: "BONDS;"
Strike: remainder of the text through "WITH A BOND ISSUE" on line 11.
Insert: "AND REQUIRING THAT FUNDS IN THE REVOLVING FUND MAY NOT BE TRANS-
FERRED TO THE GENERAL FUND IF THE BALANCE IN THE REVOLVING FUND IS
LESS THAN 5%"

~~DOXKASEX~~

(CONTINUED)

4. TITLE, line 12.
Following: line 11
Strike: "7-12-2185"
Insert: "7-12-2186"
Strike: "7-12-4225"
Insert: "7-12-4227"

5. Page 4, line 13.
Following: "fund"

Strike: remainder of the sentence.

Insert: "However, a tax may not be levied if the balance in the revolving fund exceeds 5% of the principal amount of the then outstanding rural special improvement district bonds and warrants. If a tax is levied, the tax may not be an amount that would increase the balance in the revolving fund above 5% of the then outstanding rural special improvement district bonds and warrants."

6. Page 4.

Strike: lines 17 through 19.

Renumber: subsequent subsections.

7. Page 5.

Strike: Section 3, lines 5 through 25.

Insert: "Section 3. Section 7-12-2186, MCA, is amended to read:

"7-12-2186. Utilization of excess money in revolving fund.

Whenever there is in the revolving fund an amount in excess of the amount which the board deems 5% of the then outstanding rural special improvement district bonds and warrants and the board considers any part of the excess to be greater than the amount necessary for payment or redemption of maturing bonds or warrants or interest thereon, the board may order such excess the amount the board considers greater than the amount necessary or any part thereof transferred to the general fund of the county."

8. Page 8, line 21.

Following: "fund"

Strike: remainder of the sentence

Insert: "However, a tax may not be levied if the balance in the revolving fund exceeds 5% of the principal amount of the then outstanding special improvement district bonds and warrants. If a tax is levied, the tax may not be an amount that would increase the balance in the revolving fund above 5% of the then outstanding special improvement district bonds and warrants."

9. Page 8.

Strike: line 25 on page 8 through line 3 on page 9.

Renumber: subsequent subsections.

10. Page 9, line 15.

Strike: section 6, lines 15 through 25 on page 9, and lines 1 through 14 on page 10.

Insert: "Section 6. Section 7-12-4227, MCA, is amended to read:

(CONTINUED)

"7-12-4227. Utilization of excess money in revolving fund. Whenever there is an amount in the revolving fund in excess of the amount-which-the-council-deems 5% of the outstanding special improvement district bonds and warrants and the council considers any part of the excess to be greater than the amount necessary for payment or redemption of maturing bonds or warrants or interest thereon, the council may:

(1) by vote of all of its members at a meeting called for that purpose, order such the amount of the excess that is greater than the amount necessary for the payment or redemption of maturing bonds or warrants or interest thereon or any part thereof transferred to the general fund of such city or town; or

(2) use such the excess that is greater than the amount necessary for the payment or redemption of maturing bonds or warrants or interest thereon or any part thereof for the purchase of property at sales for delinquent taxes or assessments, or both, or property which may have been struck off or sold to the county for delinquent taxes or assessments or both, and against which property there then be any unpaid assessment for special improvements on account whereof there are outstanding special improvement district bonds or warrants of the city or town."

And, as so amended,

DO PASS