

MINUTES OF THE MEETING
TAXATION COMMITTEE
MONTANA STATE SENATE

March 16, 1981

The 47th meeting of the committee was called to order at 8:05 a.m. in Room 415 of the State Capitol Building, Chairman Pat Goodover presiding.

ROLL CALL: All members were present, except Senators S. Brown and Manley who were absent.

CONSIDERATION OF HOUSE BILL 525:

"AN ACT TO PROVIDE THAT 90 PERCENT OF THE PROPERTY TAX COLLECTED BY A COUNTY ON AIRLINE FLIGHT PROPERTY BY REASON OF A STATE REPORT 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 SECTION 15-23-106, MCA."

Rep. Ellerd said this bill will allow West Yellowstone to get 90% of the taxable value of the state airport that airline companies pay to the general fund. The amount of money involved is from \$1,000 to \$7,000.

Dave Kneedler, Montana Aeronautics Association, said the money is presently going into the county general fund of Gallatin County. We are proposing that 90% of the revenue in question be put into the dedicated revolving fund from which the Yellowstone airport is operated.

There were no further proponents or opponents, so questions were called from the Committee.

It was determined that somewhere between \$1,000 and \$7,000 would be the amount involved, depending on what kind of equipment the airlines will be using, that there is only one state airport, and that 90% instead of 100% would be taken because the county has the burden of collecting the tax and they would be given 10% as reimbursement.

Sen. Elliott clarified that this bill will re-direct money to the Dept. of Community Affairs, but the airline is paying it all. These statements were agreed to by Rep. Ellerd and Mr. Kneedler.

The hearing was closed on House Bill 525.

CONSIDERATION OF HOUSE BILL 581:

"AN ACT TO CLARIFY THE PROVISIONS OF CHAPTER 165, LAWS OF 1979, RELATING TO SPECIAL IMPROVEMENT DISTRICT ASSESSMENTS AND INSTALLMENTS; PROVIDING FOR SEMIANNUAL ASSESSMENTS; AMENDING SECTION 7-12-4188, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

Rep. Donaldson, District 29, said that prior to 1979 SID assessments were paid in one installment. In the 1979 session an attempt was made to get them split. House Bill 278, which passed in 1979, that split the installment payment to November and May had confusing language. It was thought the simplest way to correct it would be to introduce another bill. Under this bill SID installment payments will be made in November and May on SIDS sold after July 1, 1981.

Sen. Elliott commented that the committee had sent Senate Bill 221 to the House about the same subject. Later in the meeting, Sen. Norman moved that HB 581 be tabled until Cort finds out about 221's progress. The vote was unanimous to table.

CONSIDERATION OF HOUSE BILL 569:

"AN ACT AUTHORIZING UTILITY LOANS FOR INSTALLATION OF RECOGNIZED NONFOSSIL FORMS OF ENERGY GENERATION SYSTEMS IN A DWELLING ON THE SAME BASIS AS UTILITY LOANS FOR INSTALLATION OF ENERGY CONSERVATION SYSTEMS IN A DWELLING; AND RAISING THE TAX CREDIT CEILING ON SUCH LOANS BY UTILITIES AND FINANCIAL INSTITUTIONS; PROVIDING AN IMMEDIATE EFFECTIVE DATE; AND AMENDING SECTION 15-32-107, MCA."

Rep. Kemmis, District 94, said the 1975 legislature passed a bill that would allow utilities to make low-interest loans for conservation purposes and charge their customers in the monthly billing. The difference between what the company was charging and what could be charged for conventional home improvement could be charged against their tax as a tax credit. In the 1979 session at least one utility had come up with a program to make use of this and in 1979 the law was amended to allow them to make interest-free loans. This has been a successful program--successful enough so that one utility is now getting near the point where they are coming up against the limit we set last session. The limit has been \$200,000; the purpose of this bill is to raise the credit to \$500,000. The bill goes even beyond that and says they can make loans for solar systems as well.

PROPOSERS:

Bob Gannon, Montana Power Company; Gene Phillips, Pacific Power and Light; Pat Osborne, NPRC. Mr. Phillips said if NPRC had a preference it would be that conservation and alternate energy measures would be covered by the utility through the rate base so that the general taxpayer would not be underwriting these programs. Ann Wilsnak, Alternate Energy Resources Organization, was also a proponent.

There were no opponents and questions were called from the committee.

Sen. McCallum asked if the utilities were receiving payments from the people who had received the interest free loans. Mr. Gannon said about \$150,000 a month is going out and repayment is from \$50,000 to

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\$52,000 a month. The payments are being made, but the money is going out faster than it's coming in. Mr. Gannon said the repayment program is a separate coupon-type payment and doesn't show on the billing.

ECK: Are the loans made only on single-family dwellings?

GANNON: Loans are available to single-family dwellings, including 4-plexes.

Gordon Barnes of Pacific Power and Light said they have been in the loan business for some time. They make loans to customers and don't require repayment until the property is transferred.

The hearing was closed on House Bill 569.

CONSIDERATION OF HOUSE BILL 622:

"AN ACT TO INCREASE THE PERMISSIVE COUNTY ROAD LEVY; AMENDING SECTION 7-14-2501, MCA."

Rep. Neuman, District 33, said the bill is to increase the permissive rural road levy by 3 mills. In the higher class counties it would raise from 12 to 15 mills and others 15 to 18 mills. The rural road system in Montana has been abused--costs have risen annually at 12 1/2%. The revenues county road departments receive have not kept up. Thirty-four counties are at the mill levy maximum. Resurfacing a road costs \$45,000 a mile. The extra money is needed for maintenance and equipment.

PROPOSERS: Mike Stephen, Montana Association of Counties.

There were no further proponents or opponents so questions were called from the committee. Rep. Neuman, in answer to Sen. Norman's question, said the levy for the road fund is strictly rural. The only tax that people in the city pay is to the bridge fund.

TOWE: Why is Treasure County only levying 21.65 when their limit is 15?

STEPHEN: You can levy an additional 10 mills up to the taxable property in the county, but it must be subjected to a vote by the people. On this bill you wouldn't.

ELLIOTT: What authorities do county commissioners have to transfer money between funds?

STEPHEN: None.

NORMAN: Why aren't roads closed down if they can't be maintained by existing levies?

STEPHEN: It is very difficult to close a road--it is probably easier not to accept a subdivision or a road rather than close one.

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MCCALLUM: Most of this money you would want would be for maintenance. A county does have a right to set the weight limits. How many counties are up to the maximum mill levy for road fund, and how many have asked for the emergency 2-mill levy without the vote of the people. The answer was that 34 counties are up to maximum and there are less than 6 who have asked for emergency levy. There are quite a few other funds that counties get--portion of the gas tax for maintenance. How does that compare.

STEPHEN: There are 7 funding sources: 1) general fund tax, 2) additional road and bridge tax, 3) levying of emergency tax, 4) forest receipt monies of 25%--part to schools and part to roads, 5) payments in lieu of taxes, 6) gasline license tax, and 7) tax on diesel and volatile liquids.

ELLIOTT: HB 191, which is the 55 all-purpose mill levy limit, is in this committee. Would you oppose amending that bill to include road funds and raise it to 65 mills? This would decrease the difference by 5 mills but we would also be giving them 10 mills.

STEPHEN: Didn't know what present form HB 191 was in. It was decided that a subcommittee would look at HB's 191 and 622.

The hearing was closed on House Bill 622.

The Chairman asked if the committee wanted to consider HB 525. A motion was made that House Bill 525 BE CONCURRED IN. The motion carried unanimously. Senator Eck will carry it on the floor.

Senator Towe moved that House Bill 569 BE CONCURRED IN. The motion carried with Senator Elliott dissenting. Senator Towe said he would check with Senator Dover to see who will carry the bill on the floor.

Senator Norman moved that House Bill 581 be tabled and that Cort find out the progress of Senate Bill 221 which is related. The motion carried unanimously.

The subcommittee which met on the business improvement district bill, SB 339, recommended that it be given a DO NOT PASS. Then Senator Mazurek said he would try and get amendments which would take care of the subcommittee's objections to SB 339. Senator Norman suggested that with the sponsor's agreement, one of us will present his amendments when we get them and action be postponed until later. Senator Towe made a motion we pass consideration of this bill until the next meeting. The motion carried unanimously.

CONSIDERATION OF SENATE BILL 260:

Senator Towe moved that SB 260 DO NOT PASS. Senator McCallum made a substitute motion that SB 260 DO PASS.

Discussion of SB 260 brought out the fact that possibly it would be best to leave the 5% equalization money where it is. Cort will

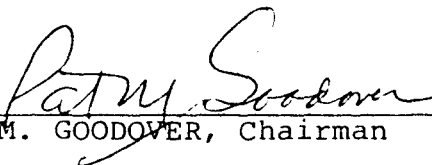
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draw up the amendments, and action be deferred until tomorrow.

CONSIDERATION OF SENATE BILL 476:

Senator Towe proposed an amendment to SB 476 on page 10, line 18. The motion passed for adoption of the amendment by voice vote. Senator Towe made a motion SB 476 be given a DO PASS, as amended. The motion carried by a 7 - 5 vote.

The meeting was adjourned at 10:00 a.m.



PAT M. GOODOVER, Chairman

ROLL CALL

TAXATION

COMMITTEE

47th LEGISLATIVE SESSION - - 1981

Date Mar. 16, 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 March 16, 1981

COMMITTEE ON Integration

VISITORS' REGISTER

[illegible]

(Please leave prepared statement with Secretary)

STANDING COMMITTEE REPORT

March 16 19 81

MR. **PRESIDENT:**

We, your committee on **TAXATION**

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

Ellerd (Eck)

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

BE CONCURRED IN

~~XXXXX~~
~~DO PASS~~

STANDING COMMITTEE REPORT

March 16

81

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PRESIDENT:

MR.

TAXATION

We, your committee on

House

569

having had under consideration Bill No.

~~Kemmis~~ (Halligan)

House

569

Respectfully report as follows: That Bill No.

BE CONCURRED IN

~~XXXXX~~
~~DO PASS~~

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STANDING COMMITTEE REPORT

March 16, 1931

MR. PRESIDENT:

We, your committee on TAXATION

having had under consideration SENATE Bill No. 476

Respectfully report as follows: That SENATE Bill No. 476,
the introduced bill, be amended as follows:

1. Title, line 6.

Following: "MUNICIPALITIES"

Strike: ", SPECIAL IMPROVEMENT DISTRICTS, SPECIAL TAXING DISTRICTS,
AND OTHER POLITICAL SUBDIVISIONS"

Insert: "AND SCHOOL DISTRICTS"

2. Page 1, line 25.

Following: "by"

Strike: "counties,"

Following: "towns"

Strike: ", "

Insert: "or"

3. Page 2, line 1.

Following: "districts"

Strike: ", special taxing districts, or other political subdivisions
or public corporations"

~~EXHIBIT~~

(CONTINUED)

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4. Page 4, line 7.

Following: "any"

Strike: "county,"

5. Page 4, line 8.

Following: "municipality, or"

Strike: "municipal corporation;"

Following: "district"

Strike: " ; "

6. Page 4, line 9 through line 14.

Following: line 8

Strike : line 9 through "commission" on line 14

And, as so amended,
DO PASS

SENATE COMMITTEE TAXATION

Date Mar. 16, 1981 SB Bill No. 476 Time 9:45 p.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)	✓	

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Betty Dean
Secretary

Pat M. Goodover
Chairman

Motion: To reconsider SB 476

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

Date Mar 16, 1981 SB Bill No. 476 Time 10:02 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)		✓

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Betty Dean

Secretary

Pat M. Goodover

Chairman

Motion: Bill ~~amended~~ as amended do pass.

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