

MINUTES OF THE MEETING
TAXATION COMMITTEE
MONTANA STATE SENATE

April 21, 1981

The 69th meeting of the committee was called to order at 9:05 a.m. in Room 415 of the State Capitol Building, Chairman Pat Goodover presiding.

ROLL CALL: All members were present, except Senator Crippen.

The first order of business was a discussion of a letter requested by Ellen Feaver from the Senate Taxation Committee. Ms. Feaver requested the letter be addressed to the Department of Revenue making known the Senate Taxation Committee's wish that some type of notice be sent to taxpayers who pay taxes on their residences advising that if the assessed value exceeds 5% of what the taxpayer believes to be market value, the taxpayer has a right of appeal to their County Tax Appeals Board.

Senator B. Brown explained the background leading up to the writing of the letter. Copy of said letter attached, attachment #1.

CONSIDERATION OF SENATE BILL 487:

"AN ACT TO MAKE THE COAL TAX OVERSIGHT SUBCOMMITTEE OF THE REVENUE OVERSIGHT COMMITTEE A PERMANENT SUBCOMMITTEE; AMENDING SECTION 2, CHAPTER 619, LAWS OF 1979; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

Senator Dave Manning, District 25, said this bill relates to extending the life of the Oversight Committee on coal taxation. He said Speaker Marks said he would support the bill if Senator Manning were able to get the rules suspended. "I have been on this committee since 1965, first with 8 people. Last session it was reduced to 4 and put under the Finance Committee. Finance Committee is busy--should have special group relating to a wealth of experience in Eastern Montana. The Coal Board still has 7 people; under the new administration, 4 of those people are rookies and three old timers. Considering experience we have had over the years, I think we should meet with them. Two mines are about to open up in the area. I think this committee should be extended. A like amount appropriated this year (\$8,000) would be well spent. I think the first order of business would be to meet with the coal board and give them our thinking on things. We need the money for this committee.

McCALLUM: I talked to Representative Ramirez to get this bill, and it was just an extension for two years. Now it will be permanent?

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MANNING: Yes, but we could jerk it out next session if we don't need it.

MCCALLUM: Could this board work with the oil industry, too?

MANNING: I suppose we could. This, too, is a finite area. On Senate Bill 409, the water projects bill, we were quite familiar with what it was all about.

SEVERSON: In answer to George's question, I think you would be better off having a separate revenue oversight for that kind of thing. I don't know all the answers, but I know more than I did 4 years ago.

MANNING: The Revenue Oversight Committee is so busy. Four appointees are out now, but they have a pipeline to us.

ELLIOTT: You referred to the Coal Tax Board. How does that fit in? Is that used in conjunction with the oversight committee?

MANNING: No. The Coal Tax Board is 7 men with full authority to spend money. The coal board is separate.

ELLIOTT: Then why is it associated with the revenue oversight committee instead of the coal tax board?

MANNING: The Coal Tax Board are not legislators; they are from other fields.

TOWE: Senator Manning is the one that came up with the idea of an oversight committee for all coal programs enacted in 1975. I think we really helped steer the Department of Natural Resources, helped them with their program. As a practical matter, I think the coal tax oversight committee got hung up on working with the Coal Board. One of the reasons they did such a good job was that we were there.

GOODOVER: What would happen if we didn't renew the board?

TOWE: The Coal Tax Oversight Committee would go out of existence. If the Revenue Oversight Committee attempts to do it it will be too busy.

MCCALLUM: The interim finance committee also met with the Coal Board.

GOODOVER: Do we want to make a permanent committee?

MCCALLUM: I would like to see it every two years myself.

B. BROWN: The Revenue Oversight Committee is a permanent committee. This is an adjunct of that. If we retain the stricken language and make it 1983.....

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MANNING: I would have no objection to that. Let's keep this alive now in its expanding period of the coal's taking.

Senator Towe moved amendments that would retain the committee, but not on a permanent basis. The amendments were approved unanimously.

Senator Towe moved SB 487 DO PASS, as amended.

S. BROWN: It seems to me that one of the problems we are facing in the legislature is that we don't make good use of our own committees. If we are worried about coal as a resource, we need to combine some member from EQC. The idea of creating committees or subcommittees bothers me when we have committees set up in an area. I would hope that sometime we wouldn't appoint committees to split functions. We need to consolidate our functions without creating adjuncts to them.

McCALLUM: I think that next session an energy committee should be appointed.

The motion carried unanimously to DO PASS Senate Bill 487, except for Senator S. Brown who voted a reluctant "no".

DISPOSITION OF HOUSE BILL 474:

Senator Bob Brown said that Representative Fabrega asked him to bring up HB 474 in the committee this morning. It had been tabled in the committee. A roll call vote was taken to remove HB 474 from the table and passed by a 9-4 margin.

McCALLUM: Bob, when this was in effect, was it used?

B. BROWN: In Great Falls.

McCALLUM: I think the concept is good, but usually you get penalized for improving a place.

TOWE: When they repealed MELDA, they repealed this one, too. When the mess was done we ended up with this off the books. This was a casualty. I would support the bill.

McCALLUM: But if it's optional?

Senator Bob Brown moved HB 474 BE CONCURRED IN.

ELLIOTT: While it might be elected by the local officials, I am sure the majority aren't going to accept that kind of situation. It would be a nightmare in the assessor's office to have to continually move these values upward over a 5-year period. This has no dollar limit. Any improvement the appraiser might decide should be added will have to be assessed over a 5-year period if the local body picks it up. I think we are putting something on the books that will never be used.


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TOWE: I would disagree. I think when someone undertakes to remodel an existing building, whether downtown or out of town, I think we should encourage them to do it. Most of the time the assessors wink at that. It says the first year following construction you still pay a tax on the increase only.

SEVERSON: I'll bet the biggest share won't get put in until the next appraisal anyway. I think it is excess baggage.

Roll call vote was taken on HB 474 and by a 9-4 vote was given a BE CONCURRED IN by the committee.

The meeting adjourned at 10:00 a.m.



PAT M. GOODOVER, Chairman

ROLL CALL

TAXATION COMMITTEE

47th LEGISLATIVE SESSION - - 1981

Date Apr. 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.



The Big Sky Country

MONTANA STATE SENATE

SEN. PAT M. GOODOVER
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HELENA, MONTANA 59601

COMMITTEES:
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VICE-CHAIRMAN
COUNCIL OF STATE
GOVERNMENTS
GOVERNING BOARD
CSG TRANSPORTATION

Apr. 21, 1981

Ms. Ellen Feaver
Department of Revenue
Sam W. Mitchell Building
Helena, Montana 59601

Dear Ms. Feaver:

House Bill 539, introduced by Rep. Herb Huennekens, limited taxable value to no more than 5% of market value on residences. Similar provision was placed in Senate Bill 483 by the House Taxation Committee. House Bill 539 has failed to pass the Senate, and Senate Bill 483 has been amended to delete the 5% restriction on taxable value.

It is the understanding of the Senate Taxation Committee that the Department of Revenue will instruct all county assessors to include, either on the assessment notice or with the notice, a statement to the effect that a taxpayer who receives a taxable valuation on his residence in excess of 5% of what the taxpayer believes to be market value may wish to consider appealing the market value, as determined by the Department, to the County Tax Appeal Board. The statement should make it clear to the taxpayer that there is no guarantee of success on appeal because the 5% figure is exceeded and that each appeal is considered on a case-by-case basis.

Sincerely,

A handwritten signature in cursive script that reads "Pat M. Goodover".

Senator Pat M. Goodover, Chairman, and Members of the Senate
Taxation Committee

STANDING COMMITTEE REPORT

April 21 19 81

PRESIDENT:

MR.

TAXATION

We, your committee on

having had under consideration **Senate** **487** Bill No.

Respectfully report as follows: That **Senate** **487** Bill No.
introduced copy, be amended, as follows:

1. **TITLE, Line 4.**

Following: "AN ACT TO"

Strike: "MAKE"

Insert: "CONTINUE"

2. **TITLE, line 5 and 6.**

Following: "COMMITTEE" on line 5

Strike: "A PERMANENT SUBCOMMITTEE"

Insert: "FOR THE BIENNIUM ENDING JUNE 30, 1983"

3. **Page 1, line 14.**

Following: "oversight committee"

Reinsert: "for the biennium ending June 30,"

Following: "1981"

Insert: "1983"

And, as so amended,

DO PASS

STANDING COMMITTEE REPORT

April 21

81

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PRESIDENT:

MR.

TAXATION

We, your committee on

having had under consideration **House** Bill No. **474**

Fabrega (B. Brown)

Respectfully report as follows: That **House** Bill No. **474**

~~that~~

BE CONCURRED IN

~~DO-PASS~~

SENATE COMMITTEE TAXATION

Date 2/2/81 House Bill No. 474 Time 9:50 am

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

Betty Dean

Secretary

Motion:

Pat M. Goodover

Chairman

Off the table

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

SENATE COMMITTEE TAXATION

Date 4/21/81 House Bill No. 474 Time 9:50 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)	✓	

9-4

Betty Dean Secretary Motion: Be conc in Pat M. Goodover Chairman

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