

MINUTES OF THE MEETING OF THE HOUSE TAXATION COMMITTEE
January 17, 1983

The meeting was called to order at 9:00 a.m. by Chairman Yardley. Roll call was taken and all committee members were present except Representative Harrington, who was excused, and Representative Nordtvedt, who appeared later.

Testimony on HB 146 was heard during the meeting.

Executive Session was held on HB 33, HB 50, and HB 146.

HOUSE BILL 146

REPRESENTATIVE ZABROCKI, sponsor of the bill, said HB 146 is an act changing due dates for installments of taxes on a mobile home not taxed as an improvement; striking an erroneous citation.

REPRESENTATIVE ZABROCKI said the bill was introduced to justify mobile home taxes where an owner could pay taxes twice a year, like an owner of a stationary home.

REPRESENTATIVE ZABROCKI said there are some problems with the bill as it is written and he requested the bill be tabled until those problems are rectified.

There were no other proponents or opponents testifying on HB 146.

CHAIRMAN YARDLEY asked what, specifically, was wrong with the bill. Representative Zabrocki said the dates of payments are wrong. The mobile home would be assessed for a two year period instead of a one year period.

REPRESENTATIVE JACOBSEN asked if there are going to be some amendments prepared to clean up the bill. Representative Zabrocki said the dates for tax payments will have to be worked out.

REPRESENTATIVE WILLIAMS asked if this bill would provide for the taxation of a mobile home as real property instead of personal property. Representative Zabrocki told him that was correct.

REPRESENTATIVE DEVLIN asked Greg Groepper, Department of Revenue, if this bill could be cleaned up. Mr. Groepper said the Department of Revenue does not take a position on this bill but they did have some concerns regarding the bill as is. Those concerns have been addressed by Representative Zabrocki.

The hearing on HB 146 was closed.

CHAIRMAN YARDLEY read a letter to the committee that he had received from Representative Dan Kemmis, Speaker of the House. Chairman Yardley informed committee members that hearings are scheduled for every bill placed in the Taxation Committee except three bills that the sponsors have requested delaying hearings on.

CHAIRMAN YARDLEY told committee members there will be a joint hearing between the Taxation Committee and the Highways and Transportation Committee. The hearing will be on HB 6, a gross vehicle weight bill, and HB 16, a gas tax bill. The hearing will be January 29, 1983. Chairman Yardley said he would like to have the hearing before the House goes into session on that day, if the Speaker is agreeable. Representative Bertelsen told the Chairman that he has a committee meeting every Saturday after noon and it would be better for him if the joint hearing was held in the morning.

At this time, Chairman Yardley called the meeting into Executive Session.

EXECUTIVE SESSION

House Bill 146

REPRESENTATIVE ZABROCKI moved HB 146 BE TABLED and reconsidered at some other date.

The motion was voted on and PASSED unanimously.

House Bill 33 and House Bill 50

REPRESENTATIVE NEUMAN said there are some bills in the Senate on the taxation of boats and aircrafts that are similar to this bill. He suggested combining all the bills, dealing with tax fee systems or ad valorem systems, together in one bill, possibly a committee bill.

REPRESENTATIVE WILLIAMS suggested creating a subcommittee to research these bills and come up with a recommendation for this committee.

REPRESENTATIVE NORDTVEDT was present at this time.

REPRESENTATIVE DEVLIN asked if there could be a committee bill that would cover all vehicles, motorcycles, boats, aircrafts, etc. Chairman Yardley said that could be a controversial bill and may not be passed.

REPRESENTATIVE WILLIAMS suggested having the subcommittee deal with HB 33 and HB 50, only, and not worry about the Senate bills. Chairman Yardley said this committee could amend the Senate bills if necessary. He said this committee might not hear any Senate bills until the end of February.

REPRESENTATIVE NORDTVEDT said in order not to create too much opposition, maybe each bill should fly on its own merits.

REPRESENTATIVE NORDTVEDT said he met with Dave Lewis, Director of the Office of Budget and Program Planning, and Ellen Feaver, Director of the Department of Revenue, and is ready to offer some amendments to HB 50. Representative Nordtvedt said the fee schedule will have to be raised from 1% of the middle book value to 2%. Rather than making another tax table, there is a verbal way to raise the fees. He said he would like a consensus from the committee as to whether he should work up those amendments or not.

REPRESENTATIVE NORDTVEDT said the number of vehicles over \$10,000-\$12,000 in book value is very low and the amount of revenue to be gained is almost nil.

REPRESENTATIVE KEENAN said within two years we are going to see the cost of cars and trucks go up to \$12,000, in book value. She asked if the next legislature will have to change the fee schedule or should this legislature deal with this matter on a long-term basis.

REPRESENTATIVE DEVLIN asked what the transition cost to go from the present system to the system contained in HB 50 will be. Representative Nordtvedt said it will cost \$10,000 per year to reprogram the computers.

REPRESENTATIVE BERTELSEN made a motion that this committee go with the new system of prorating funds to the counties.

CHAIRMAN YARDLEY asked how many committee members are in favor of proceeding with the ad valorem changes. The result was that most of the committee members were in favor of the changes.

REPRESENTATIVE WILLIAMS asked Representative Nordtvedt to explain why the increase from 1% to 2% of the middle book value is necessary. Representative Nordtvedt said if the 2% is accepted, the \$5 add on fee will be eliminated. He said the average fee being paid under the present system is \$40 per vehicle. Under the new table, only vehicles that have a book value of \$5,000 or above would have an average of \$40 paid in taxes.

REPRESENTATIVE NORDTVEDT said he could insert language to the effect that "the fee shall be 2% of the middle book value, rounded off to the nearest \$10, with the minimum fee being \$10 and the maximum fee being \$150.

CHAIRMAN YARDLEY reminded the committee that there was a motion to have the reimbursement factor included in the cost increase of inflation.

The motion was voted on and PASSED unanimously.

CHAIRMAN YARDLEY said this committee will pass action on HB 50 until Representative Nordtvedt can prepare his amendments and offer them to this committee for consideration.

House Bill 33

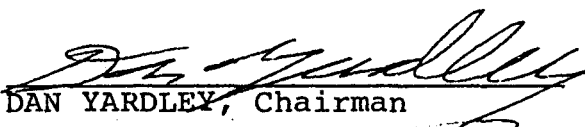
CHAIRMAN YARDLEY asked Jim Oppedahl, Legislative Council staff researcher, if amendments could be drawn up on HB 33 to make it a workable bill. Jim said many of the amendments to be drawn up on HB 50 will be applicable to HB 33.

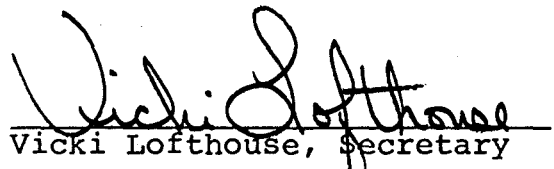
REPRESENTATIVE ZABROCKI asked if cycles that are not titled are not affected by this legislation. Jim Oppedahl said everything under the property tax system is taxable unless specifically exempted and no bikes are specifically exempted except for mopeds and bicycles. Taxes have to be paid when a motorcycle is registered and licensed. If a motorcycle is not registered or licensed, no taxes are paid.

CHAIRMAN YARDLEY said if Jim Oppedahl is going to draft some amendments to HB 33, this committee should decide whether or not to go with the minimum fee of \$10. The committee members agreed they want to go with the minimum fee of \$10.

CHAIRMAN YARDLEY said there should also be an amendment to HB 33 to say the bill applies to titled motorcycles because HB 33 provides that an owner has to license a motorcycle whether he uses it on the road or not. Representative Jacobsen said there are some motorcycles that cannot be driven on the roads because they are strictly "dirt bikes". Chairman Yardley said he would have Jim Oppedahl write amendments to apply to licensed vehicles.

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


DAN YARDLEY, Chairman


Vicki Lofthouse, Secretary