

MINUTES OF THE MEETING OF THE HOUSE TAXATION COMMITTEE
January 19, 1983

The meeting was called to order at 8:00 a.m. by Chairman Yardley. Roll call was taken and all committee members were present except Representative Asay, who was excused.

Testimony was heard on HB 29, HB 202 and HB 241 during this meeting.

HOUSE BILL 202

REPRESENTATIVE JAN BROWN, sponsor of HB 202, said the bill was requested by the County Treasurer's Association. It amends the present statutes allowing personal property to be seized and sold for nonpayment of taxes by also providing that personal property may be seized for the nonpayment of fees in lieu of taxes. She submitted written testimony. (See EXHIBIT 1.)

Proponents

CHARLES GRAVELEY, representing the county treasurers, said HB 202 would "plug a loophole". Property that formerly had been subject to a tax could be seized for nonpayment of those taxes. Under HB 202, individuals that have property that is subject to fees can also have that property seized for nonpayment of those fees. There had been some sheriffs who were reluctant to seize property for nonpayment of fees so if HB 202 passes, those sheriffs will have the right to seize that property.

There were no opponents to HB 202.

REPRESENTATIVE JACOBSEN asked if this law would apply to vehicles that are not licensed. Mr. Graveley said if a fee is required to be paid on that property, then the vehicle may be seized.

The hearing was closed on HB 202.

HOUSE BILL 241

REPRESENTATIVE GARY SPAETH, District 71, sponsor of HB 241, said the bill will allow and require mobile home park owners to report the movement of mobile homes in their park. He submitted written testimony on HB 241. (See EXHIBIT 2.)

Proponents

CHARLES GRAVELEY, representing the county treasurers, told committee members there was a concern whether the mobile home dealers and park owners would go along with the bill as it does impose a penalty for noncompliance. He talked with individuals who were involved with mobile home parks and they had no problem with the bill. They said the bill would be beneficial for a park owner because the owner would be able to recoup losses if the mobile home owner left without paying bills. The park owners did feel the 10 day reporting period should be reduced to 5 days. Mr. Graveley asked the committee to consider that change as an amendment to HB 241.

MR. GRAVELEY said it is illegal to move mobile homes without paying taxes on the mobile home or obtaining a moving declaration. Mobile home movers feel it is not their responsibility to make sure the taxes have been paid and a moving declaration has been received before that mobile home is moved. The county treasurers disagree and some mobile home movers have been prosecuted.

There were no opponents testifying on HB 241.

REPRESENTATIVE UNDERDAL asked who would furnish the moving declaration forms. Mr. Graveley said those forms are furnished by the county assessors. He said if HB 241 passes, the mobile home park owners and movers will receive copies of the law and will be made aware they need to have these forms filed.

CHAIRMAN YARDLEY asked Mr. Graveley to define a mobile home park. Mr. Graveley said a mobile home park is an area with spaces for more than one mobile home.

REPRESENTATIVE HARP asked if any consideration has been given to reimbursing mobile home park owners for doing the work for the county treasurers. Mr. Graveley said the park owners look upon HB 241 as being protection for them. The park owners are not responsible for the collection of taxes so they would not be reimbursed for reporting the movement of mobile homes.

REPRESENTATIVE VINGER was surprised there were no opponents testifying on HB 241 and asked if all mobile home park owners were notified of this bill. Mr. Graveley said they were not notified because that would have been impossible to do considering the time frame involved with the introduction of this bill.

REPRESENTATIVE REAM asked the sponsor of the bill if he concurs with the amendment offered by Mr. Graveley or would the sponsor be agreeable to amending the reporting period from 10 days to one week. Representative Spaeth said he would have no problem with that. Mr. Graveley said he would have no problem with that change either.

CHAIRMAN YARDLEY asked if it is known how much taxes are being lost because of this type of movement. Mr. Graveley said Lewis and Clark County, last year, filed six actions against people who moved their mobile homes without paying taxes. As a result, between \$2,500-\$3,500 in taxes was recovered.

The hearing on HB 241 was closed.

HOUSE BILL 29

REPRESENTATIVE KEN NORDTVEDT, District 77, sponsor of the bill, said during last legislative session a bill was passed that would allow each taxpayer to have a certain amount of exempt income from taxation. The Governor, by an amendatory veto, limited the exemption to people 65 years of age or older. House Bill 29 would take that age limit off.

REPRESENTATIVE NORDTVEDT said this country has one of the poorest savings records in the industrialized world. Historically, it takes about 3% return on savings in order to get people to save instead of spending their wages.

REPRESENTATIVE NORDTVEDT passed out copies of EXHIBITS 3 and 4 and went over the handouts with the committee. He used an example where the inflation rate is 6%, the interest rate would have to be 14% in order to make the net yield on savings worthwhile for people to save. Because people are not saving, we are "creating" money and inflation rates will keep going up. Representative Nordtvedt also said if a saver receives 5% interest on his savings, his net interest would end up to be -2.85%; therefore, we are confiscating his money.

Proponents

ED SHEEHY, representing the National Association of Retired Federal Employees, said they are in favor of the concept of the tax break on interest earned. The association does not believe age should be a factor.

Opponents

ELLEN FEAVER, Director of the Department of Revenue, said there are three reasons the department is opposed to HB 29:

1. It is doubtful that creating a state tax incentive is going to provide enough of an impetus to encourage savings.
2. According to past statistics, 43% of the benefits of this bill would go to 18% of the filers with interest income. That 18% would be in the highest tax bracket.

3. Looking at the fiscal note, there is a \$6 million factor, each year of the biennium, that the state cannot afford.

DAVE SEXTON, representing the Montana Education Association, said the passage of HB 29 would have a serious impact on the state's revenue. He feels HB 29 would reward the wealthy at the expense of the average wage earning Montanan.

JESS LONG, Executive Secretary for School Administrators of Montana, said the exclusion would, personally, be very good but it favors people on the upper end on the income scale. Mr. Long said HB 29 is an erosion to the state revenue fund.

REPRESENTATIVE NORDTVEDT said if HB 29 is considered to be a revenue decreasing bill, then the same thing must be said of the "Build Montana" program because much of the implementation of that program will also cost the state treasury money. Representative Nordtvedt said that program is defended because they say the money will be paid back by the jobs created by the implementation of the program. He feels the same thing will happen if HB 29 passes.

REPRESENTATIVE NORDTVEDT said the fiscal impact felt by the passage of HB 29 is more like \$3 million a year, rather than \$6 million.

REPRESENTATIVE HARRINGTON said legislation has been passed in the last two years, both on federal and local levels, that was directed basically at this type of philosophy. He asked if this type of philosophy has given a great deal of tax break. Representative Nordtvedt said he doesn't consider HB 29 to be a tax break. It is a moral issue of stopping the confiscation of people's savings. He said the savings rate two years ago was under 5% and now it is 8%.

REPRESENTATIVE JACOBSEN asked where the money will come from to cover the shortfall in revenue. Representative Nordtvedt said he would like to see a cut in FTEs in state government and have people's savings left alone.

CHAIRMAN YARDLEY asked what information the fiscal note is based on. Ms. Feaver said the fiscal note was built on a sampling of 1980 tax returns.

The hearing on HB 29 was closed.

CHAIRMAN YARDLEY said he will be holding Executive Session on some bills after the hearings on Friday.

CHAIRMAN YARDLEY suggested going over Representative Nordtvedt's proposed amendments to HB 50. (See EXHIBIT 5.)

REPRESENTATIVE NORDTVEDT moved the amendments to HB 50.

REPRESENTATIVE NORDTVEDT went over the amendments with committee members.

CHAIRMAN YARDLEY asked the Department of Revenue and the Department of Justice to review the amendments and submit to this committee an explanation in written form of any problems or suggestions they might have on the amendments.

CHAIRMAN YARDLEY also asked for a fiscal note on HB 50 with the proposed amendments.

REPRESENTATIVE REAM made a substitute motion that the maximum fee of \$160 be taken out of the proposed amendments.

REPRESENTATIVE JACOBSEN said he would like to see the fiscal note on the amendments before this committee takes a vote on the motion.


REPRESENTATIVE REAM withdrew his motion.

REPRESENTATIVE NORDTVEDT's motion of accepting the amendments to HB 50 was voted on.

The motion PASSED with all committee members voting yes except Representatives Keenan and Zabrocki, who voted no. Representatives Asay and Harrington were not present during the vote.

JULIE CRANE, representing the sovereign citizen, was not able to attend the hearings on HB 202 and HB 241 so she left written testimony with the secretary. Copies of the testimony were placed in the committee members' notebooks.

The meeting was adjourned at 9:30 a.m.


DAN YARDLEY, Chairman


Vicki Lofthouse, Secretary

House Bill 202

Mr. Chairman and Members of the Committee:

For the record, I am Jan Brown, representing House District 32.

House Bill 202 was requested by the County Treasurers' Association. It amends the present statutes allowing personal property to be seized and sold for nonpayment of taxes by also providing that personal property may be seized for the nonpayment of fees in lieu of taxes. If you will notice in the bill, the only changes are the addition of the words "or fees" following the word "taxes" throughout the bill, except for page 2, lines 11 and 12, where the words "and fees payable to him" are added.

As you know, the 1981 legislature removed automobiles from the tax rolls and placed them under a fee system. Your committee has already heard a bill this session that would also place motorcycles under a fee system.

Prior to the 1981 legislation, if taxes on automobiles, which are personal property, were not paid, the treasurer could order the sheriff to levy upon the automobile and sell it at sheriff's sale to satisfy the tax obligation of the delinquent taxpayer.

Since the fee system replaced the tax on automobiles, and possibly on motorcycles after this session, some method must be provided to enforce the payment of that fee. This bill is designed to do that, and provides for enforcement of the obligation to pay the fee.

Charles Graveley, representing the County Treasurers, is here to answer any questions you may have regarding this bill.

Thank you.

There has been a considerable problem over the years with people having mobile homes moved to a different county without complying with the requirements of obtaining a moving declaration required under Section 15-24-206. Many of the homes are moved during the night when enforcement personnel are at a minimum and the weigh stations are closed. The people not only fail to execute the moving declarations but fail to pay the taxes as well. This bill will make it possible to track the movement of the mobile homes and preserve for the counties the ability to find the property so the taxes can be collected.

The mobile home dealers association has been advised of the bill and indicate they have no problem with it because it will help in the collection of taxes.

Mr. Cravaley, who represents both the county treasurers and county assessors is here to answer any questions.

1/19/83

The Big Sky Country

MONTANA STATE HOUSE OF REPRESENTATIVES

Ken Nordvedt
118 Sourdough Ridge
Bozeman, MT 59715

Committees:
Taxation, ~~Chairman~~
Natural Resources

Interest rate needed on savings to
yield a net 3% after taxes & inflation
for taxpayer in 37% tax bracket (30% federal
plus 7% state)

inflation rateinterest rate

0%

4.76%

2%

7.94%

4%

11.11%

6%

14.26%

8%

17.46%

10%

20.63%

12%

23.81%



The Big Sky Country

MONTANA STATE HOUSE OF REPRESENTATIVES

Ken Nordtvedt
118 Sourdough Ridge
Bozeman, MT 59715

Committees:
Taxation, ~~Chairman~~
Natural Resources

With 6% inflation, net yield after taxes and inflation is shown for taxpayer in 37% bracket (30% federal + 7% state)

gross interest

net interest

5%

-2.85%

6%

-2.22%

8%

-.96%

10%

+ .3%

12%

1.56%

14%

2.82%

PROPOSED AMENDMENTS TO H.B. 50

1. Page 1, line 23.

Following: "vehicle"

Insert: ",exclusive of any extra equipment,"

Following: "recent"

Insert: "January"

2. Page 1, line 25.

Following: "Edition"

Insert: ". For vehicles too old to appear in the price guide, middle book value is considered to be \$625. New vehicles not appearing in the price guide are considered to have a value of 80% of the f.o.b. factory list price or the f.o.b. port-of-entry list price, exclusive of any extra equipment"

3. Page 2, line 21 through page 3, line 25.

Following: "of" on line 21

Strike: line 21 on page 2 through line 25 on page 3 in their entirety

Insert: "1.6% of the middle book value of the vehicle rounded to the nearest \$10, except that no fee shall be less than \$10 or more than \$160.

(2) The motor vehicle division of the department of justice shall determine the ad valorem fees based on middle book value imposed on light vehicles in Montana and shall make fee schedules available to county treasurers by March 1 of each year."

4. Page 4, line 10.

Following: " ; "

Insert: "each year"

5. Page 4, line 17.

Following: "CT"

Insert: "(Y)"

6. Page 4, line 18 through line 13 on page 5.

Following: line 17 on page 4

Strike: line 18 through line 13 on page 5

Insert: "(b) the total amount that was received during the same period of the previous year under the license fee system denoted CF(Y); and

(c) the number of light vehicles registered in the county on December 31, 1981, denoted NC; and

(d) the number of light vehicles registered in the county on December 31 of the previous year, denoted NC(Y).

(2) The quantity NC shall be certified to the department of revenue on or before February 1, 1982, and the quantities CT(Y), NC(Y), and CF(Y) shall be certified to the department by February 1 of year Y. The department must compute for each county a quantity called county revenue loss, denoted CRL(Y), defined as follows:

the larger of 0 or,

$$CRL(Y) = CT(Y) \frac{NC(Y)}{NC} - CF(Y)$$

(3) On March 1 of year Y, the department shall transmit to each county treasurer a warrant in the amount of CRL(Y)."

Renumber: subsequent subsection

WITNESS STATEMENT

NAME Julie Crane BILL No. HB 202
ADDRESS 2040 Orofino Dr. DATE 1-19-83
WHOM DO YOU REPRESENT The Sovereign Citizen
SUPPORT _____ OPPOSE ✓ AMEND _____

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

The "State" has so much power that it is destroying all initiative on parts of the individual and passing of this bill would only cause people to throw up their hands once more & say "what's the use. Why try?"

The Dept. of Revenue already has too much power & has instilled fear in your voters. Passage of this bill would only make it worse.

Experience with this dept. has been very bad - some incompetent employees - some in their struggle for power & some who appear to try to justify their wages at the expense of the citizen.

Using their arbitrary power that they already have and further power of HB 202 would be very harmful to your voters. The Dept. of Revenue can make arbitrary assessments and then operate on the Unconstitutional theory of "Guilty till proven Innocent." Then your citizenry has to violate their Constitutional rights to prove their innocence. I have seen this happen even to the extent that people have spent several hundred days in jail when they

WITNESS STATEMENT

NAME Julie Crane BILL No. ~~240~~ 241
ADDRESS 2040 Oro Fino Drive DATE 1-19-83
WHOM DO YOU REPRESENT The Sovereign Citizen
SUPPORT _____ OPPOSE ✓ AMEND _____

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

Every time the legislature comes to Helena, the citizen has lost some more of the few remaining rights & privileges that we had in America & Montana.

This bill will only help drive a worse wedge between people - the mobil home park owner & the owner of the mobil home.

You are asking the free enterprising mobil home park owner to fill out more paperwork, and live in fear of his government - the same government who was originally planned & set up to serve the citizen & the same government who is supposed to serve & protect the private citizen.

You, as elected representatives of the people, are here to represent your voters - not government. It seems that HB 202 is written by the public servants to make their job easier & also instill more fear in your voters & grant more power & force to the "government."

WITNESS STATEMENT

NAME B. J. ... BILL No. 1122

ADDRESS 1731 5th Avenue N.W. DATE 1-19-83

WHOM DO YOU REPRESENT Atlanta Board of Education

SUPPORT ☒ OPPOSE ☐ AMEND ☐

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments: Exemption on interest income,
Yusufi income tax, should be with the
TAXPAYERS not just those over 65

Swat

COMMITTEE

HB 29

1-19-23

Hydrocotyle

Elle Schae	Helena	Kept gk		✓
Aug, Harris				
Ed Cheeky	Helena	Retired Federal Employees	✓	
Jessie M. Toney	Helena	School Admin / MT		✓
DAVID SEXTON	Helena	MT CD ASN		✓

FORM CS-33

VISITOR'S REGISTER

HOUSE Taxation

COMMITTEE

BILL HB 202

DATE 1-19-83

SPONSOR J. Brown

[illegible]

IF YOU CARE TO WRITE COMMENTS, ASK SECRETARY FOR LONGER FORM.

WHEN TESTIFYING PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

STATE OF MONTANA

REQUEST NO. 033-83

FISCAL NOTE

Form BD-15

In compliance with a written request received January 6,, 19 83, there is hereby submitted a Fiscal Note for House Bill 29 pursuant to Title 5, Chapter 4, Part 2 of the Montana Code Annotated (MCA).

Background information used in developing this Fiscal Note is available from the Office of Budget and Program Planning, to members of the Legislature upon request.

DESCRIPTION OF PROPOSED LEGISLATION:

House Bill 29 extends to all taxpayers the exclusion of interest income for income tax purposes (to a maximum of \$800) which is now available to taxpayers 65 years of age or older.

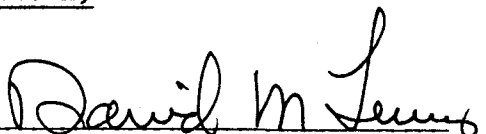
ASSUMPTIONS:

- 1) Individual Income Tax is as forecasted by the Department of Revenue.
- 2) Extending the proposed exclusions to all taxpayers would result in a 3.38% reduction in total tax receipts, which is based on a study from the 1980 tax returns.

FISCAL IMPACT:

	<u>FY84</u>	<u>FY85</u>
Individual Income Tax Collections		
Under Current Law	167.908M	181.814M
Under Proposed Law	162.233M	175.669M
Estimated Decrease	<u>(5.675M)</u>	<u>(6.145M)</u>
General Fund		
Under Current Law	107.461M	116.361M
Under Proposed Law	103.829M	112.428M
Estimated Decrease	<u>(3.632M)</u>	<u>(3.933M)</u>
Earmarked Revenue Fund		
Under Current Law	41.977M	45.454M
Under Proposed Law	40.558M	43.918M
Estimated Decrease	<u>(1.419M)</u>	<u>(1.536M)</u>
Sinking Fund		
Under Current Law	18.470M	19.999M
Under Proposed Law	17.846M	19.323M
Estimated Decrease	<u>(.624M)</u>	<u>(.676M)</u>

FISCAL NOTE2:F/1



BUDGET DIRECTOR

Office of Budget and Program Planning

Date: 1-10-83

STATE OF MONTANA

REQUEST NO. 112-83

FISCAL NOTE

Form BD-15

In compliance with a written request received January 17, , 19 83 , there is hereby submitted a Fiscal Note for House Bill 202 pursuant to Title 5, Chapter 4, Part 2 of the Montana Code Annotated (MCA).

Background information used in developing this Fiscal Note is available from the Office of Budget and Program Planning, to members of the Legislature upon request.

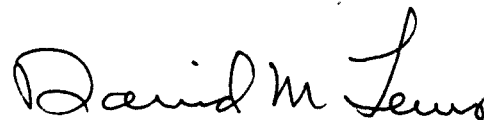
DESCRIPTION OF PROPOSED LEGISLATION:

House Bill 202 allows personal property to be seized and sold for nonpayment of fees in lieu of tax on the property.

FISCAL IMPACT:

The proposed legislation will give counties the same authority to collect delinquent personal property fees as they now have to collect delinquent personal property taxes. The fiscal impact should be minimal.

FISCAL NOTE 4:BB/1



BUDGET DIRECTOR

Office of Budget and Program Planning

Date: 1-18-83

STANDING COMMITTEE REPORT

January 25,

19 83

MR. **SPEAKER:**

We, your committee on **TAXATION**

having had under consideration **HOUSE** Bill No. **202**

First ~~reading~~ **(White)**
color

A BILL FOR AN ACT ENTITLED: "AN ACT TO ALLOW PERSONAL PROPERTY
TO BE SEIZED AND SOLD FOR NONPAYMENT OF FEES IN LIEU OF TAX ON
THE PROPERTY; AMENDING SECTIONS 15-16-111, 15-16-113, 15-17-901,
AND 15-17-902, MCA."

Respectfully report as follows: That..... **HOUSE** Bill No. **202**

DO PASS

STANDING COMMITTEE REPORT

January 25, 19 83

MR. **SPEAKER:**

We, your committee on **TAXATION**

having had under consideration **HOUSE** Bill No. **241**

First reading copy (**White**)
Color

A BILL FOR AN ACT ENTITLED: "AN ACT REQUIRING REPORTS FROM
OPERATORS OF MOBILE HOME PARKS OF MOVEMENTS OF MOBILE HOMES;
AND PROVIDING PENALTIES."

Respectfully report as follows: That **HOUSE** Bill No. **241**
be amended as follows:

1. Page 1, line 12.
Following: line 11
Strike: "10"
Insert: "7"

~~DO PASS~~ **AND AS AMENDED**
DO NOT PASS